

Financial Statements

EXTERNAL AUDITOR'S REPORT

To the board of directors of
EMPRESAS PÚBLICAS DE MEDELLÍN E.S.P. (EPM):

I have audited the consolidate balance sheet of EMPRESAS PÚBLICAS DE MEDELLÍN E.S.P., as of December 31, 2014 and the related statements of financial, economic, social and environmental activity, changes in equity, changes in financial position and cash flows for the year then ended, as well as the summary of the main accounting policies and other explanatory notes.

Management is responsible for the preparation and fair presentation of these financial statements in accordance with generally accepted accounting principles in Colombia and instructions issued by the General Accounting Office of the Nation of Colombia. This responsibility includes: designing, implementing and keeping an internal control system that is adequate for the preparation and presentation of financial statements, free from significant misstatement, whether due to fraud or error; selecting and applying the appropriate accounting policies, as well as making the accounting estimates that are deemed to be reasonable under the circumstances.

Our responsibility is to express an opinion on these financial statements based on our audits. We obtained the necessary information to fulfill our functions and carry out our work in accordance with generally accepted auditing standards in Colombia. These standards require planning and performing the audit in order to attain reasonable assurance of whether or not the financial statements are free of significant errors. An audit of the financial statements involves examining, on a selective test basis, the evidence that supports the figures and disclosures in the financial statements. The audit procedures selected depend on the auditor's professional judgment, including the assessment of the risks of significant error in the financial statements. In the evaluation of risk, the auditor considers the Company's internal control that are relevant for the preparation and fair presentation of the financial statements, in order to design audit procedures that are appropriate in the circumstances. An audit also includes assessing the accounting principles used and the significant accounting estimates made by Management, as well as the evaluation of the overall presentation of the financial statements. We consider that our audit provides us a reasonable basis to issue our opinion.

In our opinion, based on our audit, the financial statements referred to above, taken from the accounting books, present fairly, in all significant aspects, the financial situation of EMPRESAS PÚBLICAS DE MEDELLÍN E.S.P. as of December 31, 2014 and 2013, the results of its operations, the changes in its equity, the changes in its financial position and its cash flows for the year then ended, in accordance with generally accepted accounting principles in Colombia and instructions issued by the General Accounting Office of the National of Colombia, uniformly applied with those of the previous year.

As explained in note 2.1.3, and to the financial statements, in August 2014 the necessary authorizations were obtained for the merger between UNE EPM Telecomunicaciones S.A. and Millicom Spain Cable S.L. from the Superintendency of Industry and Commerce, Financial Superintendency and National Television Authority (ANTV), merger that was formalized by means of public deed on August 14, 2014. Considering the above, as of that time EPM E.S.P. transferred the administrative and operating control and acquired an important influence on UNE EPM Telecomunicaciones S.A. and the recognition of the investment in the mentioned entity was valued by the equity method, in accordance with the instructions issued by the General Accounting Office of the Nation. The effect of this transaction represented for the Entity as of December.

As a result of this transaction, the telecommunication segment, represented by UNE EPM Telecomunicaciones SA and its subsidiaries, is not consolidated with the group financial statements as at 31 December 2014. At 31 December 2013, these companies represented \$2,841,716 million of the Group's net assets, minority interest of \$126,875 million equity of \$2,714,841 million and a net result of \$27,495 million for that year, and incorporates the net investment of \$1,589,421 million valued through the equity method.


DELOITTE & TOUCHE LTDA.

February 23, 2015.



Certification by EPM's Legal Representative and Accountant

March 17, 2015.

For the Board of Directors of
Empresas Públicas de Medellín E.S.P.

We, the undersigning Legal Representative and Accountant of Empresas Públicas de Medellín E.S.P., certify that the balances of the consolidated accounting statements of Empresas Públicas de Medellín E.S.P., as of December 31, 2014, were duly taken from the ledgers. We certify that the accounting was performed in accordance with the regulations established in the Public Accounting Regime, and that the disclosed information trustworthily reflects the financial, economic, social and environmental condition of Empresas Públicas de Medellín E.S.P. We certify that the assertions contained in the basic accounting statements were verified, mainly the ones stating:

- a) That the facts, transactions and operations were acknowledged and carried out by Empresas Públicas de Medellín E.S.P. during the accounting period that ended on December 31, 2014.
- b) That the economic facts were disclosed in accordance with what is established in the Public Accounting Regime.
- c) That the total value of the assets, liabilities, equity, revenue, expenses, costs, and memorandum accounts was disclosed in the basic accounting statements of Empresas Públicas de Medellín E.S.P. up to the cut-off date, December 31, 2014.
- d) That the assets represent a potential of services or future economic benefits, and the liabilities represent past facts that imply an outgoing flow of resources in the carrying out of the state commitment functions of Empresas Públicas de Medellín E.S.P. as of December 31, 2014.

(Signed)


Juan Esteban Calle Restrepo
CEO

(Signed)


Carlos Mario Tobón Osorio
Accounting Manager
Professional ID Card No. 62.449-T

estamos ahí.

Empresas Públicas de Medellín E.S.P.
Consolidated Balance Sheets
At December 31
(Amounts stated in millions of Colombian pesos)

ASSETS	Notas	2014		2013	
		2014	2013	2014	2013
CURRENT ASSETS		6,019,640	6,306,990	4,182,758	4,173,817
Cash	5	915,994	1,306,580	496,528	880,609
Investments for liquidity management	6	2,036,021	1,289,538	2,875,567	2,123,326
Accounts receivable, net	7	2,768,334	3,303,599	348,100	462,063
Inventories, net	8	236,845	258,083	122,008	157,774
Prepaid expenses	9	39,232	64,590	101,105	241,793
Other assets, net	10	23,214	84,600	80,342	66,264
				159,108	241,988
NON-CURRENT ASSETS		32,730,615	31,991,689	12,463,239	11,109,051
Investments for liquidity management	6	15,574	8,185	9,614,329	8,418,325
Investments, net	11	1,555,954	501,370	414,655	300,941
Accounts receivable, net	7	972,071	959,692	422	2,805
Property, plant and equipment, net	12	16,464,668	16,023,149	45,875	67,194
Actuarial financial reserve	13	740,415	736,183	1,163,617	1,157,999
Prepaid expenses	9	122,951	200,678	217,737	219,558
Other assets, net	10	1,786,040	2,377,768	1,006,604	942,229
Revaluation off assets	14	11,072,942	11,184,664		
TOTAL ASSETS		38,750,255	38,298,679	16,645,997	15,282,868
Debit memorandum accounts	23	8,851,913	8,001,836	948,176	968,297
				21,156,082	22,047,514
TOTAL LIABILITIES AND EQUITY		38,750,255	38,298,679	38,750,255	38,298,679
Credit memorandum accounts	23	22,970,895	20,266,573		
Minority Intereses	30				
Equity (see financial statements attached)	22				

The accompanying notes are an integral part of the financial statements


JUAN ESTEBAN CALLE RESTREPO
General Manager
Certification enclosed


DIANA RÚA JARAMILLO
Corporate Finance Vice President


CARLOS MARIO TOBÓN OSORIO
Accounting Manager
Professional Card No. 62449-T
Certification enclosed

Empresas Públicas De Medellín E.S.P.
Consolidated Statement of financial, Economic, Social and Environmental Activity
For the period comprised between January 1 and December 31,
(Amounts stated in millions of Colombian pesos)

	Notas	2014	2013
Net income	24	11.519.303	12.986.466
Service rendering costs	25	-7.072.672	-8.123.451
Depreciation, provision and amortization	26	-510.343	-946.320
GROSS SURPLUS		3.936.288	3.916.695
Administrative expenses	27	-888.137	-1.069.680
Depreciation, provision and amortization	26	-209.104	-338.364
OPERATING SURPLUS		2.839.047	2.508.651
Non-operating income, net	28	454.158	691.225
Non-operating expenses, net	29	-758.338	-874.106
NON-OPERATING SURPLUS		-304.180	-182.881
SURPLUS FROM THE PERIOD BEFORE TAXES		2.534.867	2.325.770
Income tax provision and income tax for equity- CREE, net	17	-638.599	-599.016
SURPLUS FOR THE PERIOD BEFORE MINORITY INTERES		1.896.268	1.726.754
Minority interes		-113.036	-101.941
NET SURPLUS		1.783.232	1.624.813

The accompanying notes are an integral part of the financial statements


JUAN ESTEBAN CALLE RESTREPO
General Manager
Certification enclosed


DIANA RÚA JARAMILLO
Corporate Finance Vice President


CARLOS MARIO TOBÓN OSORIO
Accounting Manager
Professional Card No. 62449-T
Certification enclosed

Empresas Públicas De Medellín E.S.P.
Consolidated statement of changes in Equity
For the period comprised between January 1 and December 31,
(Amounts stated in millions of Colombian pesos)

	Tax capital	Surplus on donation	Reserves	Non-appropriate retained earnings	Equity revaluation	translation adjustment	Surplus on revaluation of assets	Surplus equity method	Total equity
Balances as of December 31, 2012	67	114.319	3.579.639	5.708.332	2.437.797	(68.150)	9.287.725	-	21.059.729
Appropriation of reserves	-	-	259.530	(259.530)	-	-	-	-	-
Revaluation movements	-	-	-	(526.122)	-	-	-	-	(526.122)
Ordinary and extraordinary surplus	-	-	-	(708.435)	-	-	-	-	(708.435)
Movements for the year	-	-	-	-	-	-	597.529	-	597.529
Net surplus for 2012	-	-	-	1.624.813	-	-	-	-	1.624.813
Balances as of December 31, 2013	67	114.319	3.839.169	5.839.058	2.437.797	(68.150)	9.885.254	-	22.047.514
Release of reserves	-	-	(52.833)	52.833	-	-	-	-	-
Revaluation movements	-	-	-	(1.007.402)	-	-	-	-	(1.007.402)
Ordinary and extraordinary surplus	-	-	-	(837.366)	-	-	-	-	(837.366)
Movements for the year	-	-	-	-	-	-	(1.919.636)	1.089.740	(829.896)
Net surplus for 2013	-	-	-	1.783.232	-	-	-	-	1.783.232
Balances as of December 31, 2014	67	114.319	3.786.336	5.830.355	2.437.797	(68.150)	7.965.618	1.089.740	21.156.082

The accompanying notes are an integral part of the financial statements



JUAN ESTEBAN CALLE RESTREPO
 General Manager
 Certification enclosed



DIANA RÚA JARAMILLO
 Corporate Finance Vice President



CARLOS MARIO TOBOÑ OSORIO
 Accounting Manager
 Professional Card No. 62449-T
 Certification enclosed


Empresas Públicas de Medellín E.S.P.
Consolidated Statement of Cash Flows
For the period comprised between January 1 and December 31,
(Amounts stated in millions of Colombian pesos)

	2014	2013
Cash flows from operating activities		
Period surplus	1.783.232	1.624.813
Movement of items not involving cash		
Deferred Income tax	(69.961)	7.511
Depreciation, provision and amortization	603.231	1.150.065
Actuarial computation	116.216	134.835
Traslation adjusment	12.911	288.469
Minority interest	113.036	101.941
Other non-cash items of income and expenditure	140.354	74.183
Changes from operation activities		
Accounts receivable	93.717	(619.676)
Inventories	(37.881)	(14.268)
Other assets	(133.034)	(87.208)
Accounts payable	375.492	82.499
Third parties collections and other liabilities	103.208	(289.153)
Labor obligations	(120.511)	(80.713)
Net cash provided by operating activities	2.980.010	2.373.298
Cash flow from investments activities		
Assets and infraestructure investments	(2.431.170)	(2.919.439)
Bussiness combination	-	(62.980)
Fusion UNE - Millicom, net	(342.670)	-
UNE Dividens	66.854	-
Other assets	(171.501)	(125.844)
Net cash used in investments activities	(2.878.487)	(3.108.263)
Cash flows from financing activities		
Public credit and treasury disbursements	2.128.325	1.484.653
Capital amortizations	(863.119)	(367.733)
Surplus paid to the Municipity of Medellin	(1.010.832)	(1.183.493)
Net cash used in financing activities	254.374	(66.573)
Net cash (decrease) increase and cash equivalents	355.897	(801.538)
Cash and cash equivalent at beginning of period	2.596.118	3.397.656
Cash and cash equivalents at end of period	2.952.015	2.596.118

The accompanying notes are an integral part of the financial statements


JUAN ESTEBAN CALLE RESTREPO
General Manager
Certification enclosed


DIANA RÚA JARAMILLO
Corporate Finance Vice President


CARLOS MARIO TOBÓN OSORIO
Accounting Manager
Professional Card No. 62449-T
Certification enclosed

**EPM Group
Consolidated Financial Statements
As of December 31, 2014 and 2013**

Contents

General Notes	7
1. Operations and Summary of Significant Accounting Policies	7
2. Significant changes in accounting information	45
3. Subsequent events	48
Notes of specific nature	49
4. Conversion of values in foreign currency	49
5. Cash	50
6. Investments for liquidity management	54
7. Accounts receivable, net	55
8. Inventories, net	57
9. Prepaid expenses	58
10. Other assets, net	59
11. Investments, net	62
12. Property, plant and equipment, net	66
As of December 31, revaluation of assets is comprised as follows:	69
15. Public credit transactions	70
16. Accounts payable	77
17. Taxes , levies and duties payable	78
18. Labor obligations	85
The balance of pension obligations and pensions commutation as of December 31 is comprised as follows:	86
20. Estimated liabilities	87
21. Other liabilities	88
22. Equity	89
23. Memorandum accounts	91
24. Operating income, net	93
25. Costs for rendering of services	94
26. Depreciation, provisions and amortization	95
27. Administration expenses	96
28. Non-operating income, net	97
29. Non-operating income, net	98
30. Minority interest	99
31. Transactions with related parties	99
32. Financial indicators	102

Empresas Públicas de Medellín E.S.P.
Consolidated Balance Sheets
At December 31

(Amounts stated in millions of Colombian pesos)

ASSETS	Notes	2014	2013	LIABILITIES	Notes	2014	2013
CURRENT ASSETS		6,019,640	6,306,990	CURRENT LIABILITIES		4,182,758	4,173,817
Cash	5	915,994	1,306,580	Public credit transactions	15	496,528	880,609
Investments for liquidity management	6	2,036,021	1,289,538	Accounts payable	16	2,875,567	2,123,326
Accounts receivable, net	7	2,768,334	3,303,599	Taxes payable	17	348,100	462,063
Inventories, net	8	236,845	258,083	Labor obligations	18	122,008	157,774
Prepaid expenses	9	39,232	64,590	Pension obligations and pension commutation	19	101,105	241,793
Other assets, net	10	23,214	84,600	Estimated liabilities	20	80,342	66,264
				Other liabilities	21	159,108	241,988
NON-CURRENT ASSETS		32,730,615	31,991,689	NON-CURRENT LIABILITIES		12,463,239	11,109,051
Investments for liquidity management	6	15,574	8,185	Public credit transactions	15	9,614,329	8,418,325
Investments, net	11	1,555,954	501,370	Accounts payable	16	414,655	300,941
Accounts receivable, net	7	972,071	959,692	Taxes payable	17	422	2,805
Property, plant and equipment, net	12	16,464,668	16,023,149	Labor obligations	18	45,875	67,194
Actuarial financial reserve	13	740,415	736,183	Pension obligations and pension commutation	19	1,163,617	1,157,999
Prepaid expenses	9	122,951	200,678	Estimated liabilities	20	217,737	219,558
Other assets, net	10	1,786,040	2,377,768	Other liabilities	21	1,006,604	942,229
Revaluation off assets	14	11,072,942	11,184,664				
				TOTAL LIABILITIES		16,645,997	15,282,868
				Minority intereses	30	948,176	968,297
				Equity (see financial statements attached)	22	21,156,082	22,047,514
TOTAL ASSETS		38,750,255	38,298,679	TOTAL LIABILITIES AND EQUITY		38,750,255	38,298,679

The accompanying notes are an integral part of the financial statements

Empresas Públicas De Medellín E.S.P.
Consolidated Statement of financial, Economic, Social and Environmental Activity
At December 31
(Amounts stated in millions of Colombian pesos)

The accompanying notes are an integral part of the financial statements

	Notes	2014	2013
Net income	24	11,519,303	12,986,466
Service rendering costs	25	(7,072,672)	(8,123,451)
Depreciation, provisions and amortization	26	(510,343)	(946,320)
GROSS PROFIT		3,936,288	3,916,695
Administrative expenses	27	(888,137)	(1,069,680)
Depreciation, provisions and amortization	26	(209,104)	(338,364)
OPERATING PROFIT		2,839,047	2,508,651
Non-operating income, net	28	454,158	691,225
Non-operating expenses, net	29	(758,338)	(874,106)
NON-OPERATING PROFIT		(304,180)	(182,881)
PROFIT FROM THE PERIOD BEFORE TAXES		2,534,867	2,325,770
Income tax provision and income tax for equity- CREE, net	17	(638,599)	(599,016)
PROFIT FOR THE PERIOD BEFORE MINORITY INTERES		1,896,268	1,726,754
Minority interest		(113,036)	(101,941)
NET PROFIT		1,783,232	1,624,813

The accompanying notes are an integral part of the financial statements

Empresas Públicas De Medellín E.S.P.
Consolidated statement of changes in Equity
At December 31

(Amounts stated in millions of Colombian pesos)

	Tax capital	Surplus on donation	Reserves	Non-appropriate retained earnings	Equity revaluation	translation adjustment	Surplus on revaluation of assets	Surplus equity method	Total equity
Balances as of December 31, 2012	67	114.319	3.579.639	5.708.332	2.437.797	(68.150)	9.287.725	-	21.059.729
Appropriation of reserves	-	-	259.530	(259.530)	-	-	-	-	-
Revaluation movements	-	-	-	(526.122)	-	-	-	-	(526.122)
Ordinary and extraordinary surplus	-	-	-	(708.435)	-	-	-	-	(708.435)
Movements for the year	-	-	-	-	-	-	597.529	-	597.529
Net surplus for 2012	-	-	-	1.624.813	-	-	-	-	1.624.813
Balances as of December 31, 2013	67	114.319	3.839.169	5.839.058	2.437.797	(68.150)	9.885.254	-	22.047.514
Release of reserves	-	-	(52.833)	52.833	-	-	-	-	-
Revaluation movements	-	-	-	(1.007.402)	-	-	-	-	(1.007.402)
Ordinary and extraordinary surplus	-	-	-	(837.366)	-	-	-	-	(837.366)
Movements for the year	-	-	-	-	-	-	(1.919.636)	1.089.740	(829.896)
Net surplus for 2013	-	-	-	1.783.232	-	-	-	-	1.783.232
Balances as of December 31, 2014	67	114.319	3.786.336	5.830.355	2.437.797	(68.150)	7.965.618	1.089.740	21.156.082

The accompanying notes are an integral part of the financial statements

Empresas Públicas de Medellín E.S.P.
Consolidated Statement of Cash Flows
For the year ended December 31,

(Amounts stated in millions of Colombian pesos)

	2014	2013
Cash flows from operating activities		
Period surplus	1,783,232	1,624,813
Movement of non - cash items		
Deferred Income tax	(69,961)	7,511
Depreciation, provision and amortization	603,231	1,150,065
Actuarial computation	116,216	134,835
Traslation adjusment	12,911	288,469
Minority interest	113,036	101,941
Other non-cash items of income and expenditure	140,354	74,183
Changes from operating activities		
Accounts receivable	93,717	(619,676)
Inventories	(37,881)	(14,268)
Other assets	(133,034)	(87,208)
Accounts payable	375,492	82,499
Third parties collections and other liabilities	103,208	(289,153)
Labor obligations	(120,511)	(80,713)
Net cash provided by operating activities	2,980,010	2,373,298
Cash flow from investing activities		
Assets and infraestructure investments	(2,431,170)	(2,919,439)
Bussiness combination	-	(62,980)
Fusion UNE - Millicom, net	(342,670)	-
UNE Dividends	66,854	-
Other assets	(171,501)	(125,844)
Net cash used in investing activities	(2,878,487)	(3,108,263)
Cash flows from financing activities		
Public credit and treasury disbursements	2,128,325	1,484,653
Capital amortizations	(863,119)	(367,733)
Surplus paid to the Municipity of Medellin	(1,010,832)	(1,183,493)
Net cash used in financing activities	254,374	(66,573)
Net cash (decrease) increase and cash equivalents	355,897	(801,538)
Cash and cash equivalent at beginning of period	2,596,118	3,397,656
Cash and cash equivalents at end of period	2,952,015	2,596,118

The accompanying notes are an integral part of the financial statements

Empresas Públicas de Medellín E.S.P.
Consolidated Financial Statements
As of December 31, 2014 and 2013

(Figures expressed in millions of Colombian pesos and in millions of US dollars, except the market's representative exchange rates that are expressed in Colombian pesos)

General Notes

1. Operations and Summary of Significant Accounting Policies

1.1. Note 1 Legal nature

Empresas Públicas de Medellín E.S.P. (hereinafter "EPM" or the "Company") is the Parent Company of a business group of 48 related parties and is present in Colombia, Chile, El Salvador, Guatemala, Mexico and Panamá.

EPM is a municipal decentralized entity created in Colombia by means of Agreement 58 of August 6, 1955 issued by the Administrative Council of Medellín as an autonomous public Establishment. It was transformed into a Municipal Government-owned industrial and commercial company through Agreement 069 of December 10, 1997, issued by the City Council of Medellín. As a result of its legal nature, EPM has administrative and financial autonomy and its own equity, in accordance with Article 85, Law 489 of 1998. All the capital of its incorporation and its current operation, as well as its equity, is public, its sole owner being the Municipality of Medellín. Its main domicile is located at Carrera 58 No. 42-125, Medellín, Colombia. No duration term has been established for the company.

The EPM Group offers its services through the following segments:

- Energy: made up by the business of Generation, Transmission, Distribution and Commercialization of Energy and Distribution of Natural Gas.
- Water: consisting of the waterworks, wastewater and cleaning and sanitation businesses.

Other segments: made up by the investment vehicles: EPM Inversiones, PDG, EPM Chile, EPM Capital Mexico. Additionally, there is Max Seguros Ltd, captive reinsurance company, incorporated to negotiate, contract and provide reinsurance services.

It participates, in addition, in the telecommunications business, segment where as of August 2014 it has an important influence in accordance with the accounting practices established by the General Accounting Office of the Nation, through UNE Telecomunicaciones and its affiliates Inversiones Telco S.A.S.: Edatel, Telefónica de Pereira, Orbitel Servicios Internacionales, Cinco Telecom Corp., Orbitel Comunicaciones Latinoamericanas, and Colombia Móvil; providing voice, data, internet, professional and data center services, among others.

1.2. Corporate Object

The EPM Group through its affiliates and subsidiaries provides domiciliary public utility services of water supply, cleaning, electric power and distribution of fuel gas. Through UNE Telecommunications, investment with a significant influence, provides the services of telephone landlines, mobile telephones and other telecommunications services.

1.3. EPM Group structure

The following is a detail of the companies related to the EPM Group, indicating the direct or indirect participation that EPM has within the companies:

Company	Location	Corporate purpose	Direct participation percentage		Creation date
			2014	2013	
NATIONAL ENERGY					
EPM Inversiones S.A.	Medellín	Capital investment in domestic or foreign societies organized as public utilities companies.	99.99 %	99.99 %	August 25, 2003
Central Hidroeléctrica de Caldas S.A. E.S.P. (CHEC)	Manizales	Rendering of essential public utilities of electric power, mainly generation of exploitation of electric power generation plants, transmission and sub transmission lines, and distribution network; purchase, sale and distribution of electric power; construction or acquisition of electric power generation plants, substations, transmission lines, distribution networks, and various installations related to production, purchase and sale of electric power, as well as commercialization, imports, distribution and sale of electric power.	80.10 %	80.10 %	September 9, 1950
Empresa de Energía del Quindío S.A. E.S.P. (EDEQ)	Armenia	Rendering of public utilities of electric power; purchase, sale and distribution of electric power; these activities are conducted through the execution of policies, plans, programs and projects concerning distribution and commercialization of electric power, as well as related management, handling and uses in conformity with the regulations, guidelines and standards issued by the MME, primarily fulfilling the social function framed by such activity.	92.85 %	92.85 %	December 22, 1988
Centrales Eléctricas del Norte de Santander S.A. E.S.P. (CENS)	Cúcuta	Rendering of electric power utility, for which the following operations are performed, among others: purchase, exports, imports, distribution and sale of electric power and other energy sources; construction and exploitation of electric power stations, generating plants and substations, and the construction and exploitation of transmission and sub transmission lines and distribution networks.	91.52 %	91.52 %	October 16, 1952
Electrificadora de Santander S.A. E.S.P. (ESSA)	Bucaramanga	Rendering of residential public utilities of electric power and related complementary activities of generation, transmission, distribution and commercialization, as well as rendering of services related to public utilities activities, in accordance with the legal and regulatory framework.	74.05 %	74.05 %	September 16, 1950
AGUAS					
Aguas de Malambo S.A. E.S.P.	(1) Malambo	Rendering of residential public utilities of water, draining and sanitation within the jurisdiction of the Municipality of Malambo in the Department of Atlántico.	88.73 %	87.99 %	November 20, 2010
Aguas de Urabá S.A. E.S.P.	(2) Apartadó	Rendering of residential public utilities of water, draining and sanitation and compensate for the underdevelopment of infrastructure for those services in associate municipalities.	75.45 %	63.42 %	January 18, 2006
Aguas Nacionales EPM S.A. E.S.P.	Medellín	Rendering of residential public utilities of water, sewage draining, sanitation, and treatment and use of waste material and related complementary activities and engineering services pertaining to those public utilities.	99.99 %	99.99 %	November 29, 2002

Company	Location	Corporate purpose	Direct participation percentage		Creation date
			2014	2013	
Empresa de Aguas del Oriente Antioqueño S.A. E.S.P.	El Retiro	Rendering of residential public utilities of water and draining, as well as other complementary activities related to each of those public utilities.	56.01 %	56.01 %	November 22, 1999
Empresas Públicas del Oriente S.A. E.S.P.	Rionegro	Rendering of public utilities of water and draining services for rural areas and sub urban areas of the Municipalities of Envigado, Rionegro and El Retiro, in the so called Valle de San Nicolás.	57.31 %	57.31 %	November 12, 2009
Regional de Occidente S.A. E.S.P.	San Jerónimo	Rendering of residential public utilities of water, draining and sanitation, as well as other complementary activities related to each of those public utilities and treatment and use of waste material.	62.11 %	62.11 %	December 26, 2006
Empresas Varias de Medellín S.A. E.S.P.	(3) Medellín	Rendering of cleaning service as part of the integral management waste collection treatment.	99.90 %	99.90 %	January 11, 1964

INTERNATIONAL

ENERGY

CHILE

EPM Chile S.A.	Santiago de Chile	Develop infrastructure projects of any kind, including but not limited to projects related to electric power, public lighting, gas, telecommunications, sanitation, treatment plants for potable water, draining, sewage treatment plants, wells; render electric power services, water and cleanliness; participate in all kind of competitiveness, tenders, of kind private or public.	100.00 %	100.00 %	February 22, 2013
Parque eólico Los Cururos Ltda.	(4) Santiago de Chile	Electricity generation through all types of fuels and renewable energy in any form, such as wind, photovoltaic and biomass. Transmission, purchase and sale of electricity to customers either or any interconnected system. Elaborate, execute, implement, manage and maintain projects related to the use of renewable energy, cogeneration or regeneration.	100.00 %	100.00 %	August 26, 2011
Parque eólico La Cebada S.A.	(4) Santiago de Chile	Electricity generation through all types of fuels and renewable energy in any form, such as wind, photovoltaic and biomass. Transmission, purchase and sale of electricity to customers either or any interconnected system. Elaborate, execute, implement, manage and maintain projects related to the use of renewable energy, cogeneration or regeneration.	N.A.	100.00 %	February 17, 2011

EL SALVADOR

Distribuidora de Electricidad del Sur (Delsur)	San Salvador	To transform, distribute and commercialize electricity, supplying energy to the Center-South of El Salvador, in Central America.	86.41 %	86.41 %	November 16, 1995
Innova Tecnología y Negocios S.A. de C.V.	San Salvador	To provide services specialized in electric engineering and electrical appliances sale to electricity users of Delsur.	86.41 %	86.41 %	October 19, 2010
Electricidad de Centroamérica Ltda. de C.V. (ELCA)	Santa Tecla	Investment in shares and other securities titles, and advisory to DELSUR company.	100.00 %	100.00 %	December 9, 1997

GUATEMALA

Distribución Eléctrica Centroamericana DOS S.A. (DECA II)	Guatemala City	Capital investments in companies dedicated to distribution and commercialization of electric power and to provide telecommunication services.	100.00 %	100.00 %	March 12, 1999
Almacenaje y Manejo de Materiales Eléctricos S.A. (AMESA)	Guatemala City	To provide outsourcing services to the materials administration area.	100.00 %	100.00 %	March 23, 2000
Comercializadora Eléctrica de Guatemala S.A. (COMEGSA)	Guatemala City	To commercialize energy.	80.52 %	80.52 %	November 5, 1998
Crediegsa S.A. (CREDIEGSA)	Guatemala City	To provide personnel hiring and other administrative services.	80.90 %	80.90 %	December 1, 1992
Empresa Eléctrica de Guatemala S.A. (EEGSA)	Guatemala City	To commercialize energy.	80.90 %	80.90 %	October 5, 1939
Enérgica S.A. (ENERGICA)	Guatemala City	To build and maintain projects and goods for energy sector.	80.90 %	80.90 %	August 31, 1999
Inmobiliaria y Desarrolladora Empresarial de América S.A. (IDEAMSA)	Guatemala City	Investment in real estate.	80.90 %	80.90 %	June 15, 2006

Company		Location	Corporate purpose	Direct participation percentage		Creation date
				2014	2013	
Transportista Eléctrica Centroamericana S.A. (TRELEC)		Guatemala City	Energy services (transport)	80.90 %	80.90 %	October 6, 1999
Gestión de Empresas Eléctricas S.A. (GESA)		Guatemala City	Provide advisory and consultancy services to companies of electric power distribution, generation and transportation.	100.00 %	100.00 %	December 17, 2004
PANAMA						
Panamá Distribution Group S.A. (PDG)		Panamá City	Capital investments in partnerships.	100.00 %	100.00 %	October 30, 1998
Elektra Noreste S.A. (ENSA)		Panamá City	Rendering of electric power utility, for which the following operations are performed, among others: purchase, transport through the distribution network, tension transformation, to install, operate and maintain public lighting in the concession area. Also, the entity is authorized to generate energy power with a limit of 15% in respect of the maximum energy in the concession area.	51.16 %	51.00 %	January 19, 1998
Hidroecológica del Teribe S.A. (HET)	(5)	Panamá City	Finance the construction of the Bonyic Hydroelectric project to meet the growing demand of electric power in the Isthmus of Panama.	99.19 %	99.04 %	November 11, 1994
AEI El Salvador Holding S.A.		Panamá City	Capital investments in partnerships.	100.00 %	100.00 %	May 17, 2007
AGUAS						
MEXICO						
EPM Capital México S.A. de C.V.		México City	Development of infrastructure projects related to energy, electricity, gas, telecommunications, sanitation, water treatment plants, sewage, waste water treatment plants, wells, and buildings.	100.00 %	100.00 %	May 4, 2012
Tecnología Intercontinental S.A. de C.V. (TICSA)	(6)	México City	Construction, development, procurement, operation and maintenance of water treatment plants, sewage, waste water treatment plants and wells.	80.00 %	80.00 %	July 28, 1980
Aquasol Morelia S.A. de C.V.	(6)	Morelia	Construction of a wastewater treatment plant, as well as the equipment and operation of the plant in Atapaneo in the Municipality of Morelia, Michoacan State.	80.00 %	80.00 %	November 13, 2003
Aquasol Pachuca S.A. de C.V.	(6)	Pachuca de Soto	Preparation of the final design, construction, equipping and operation of a wastewater treatment plant, in the city of Pachuca de Soto. Develop drineable water projects and water treatment plants.	57.60 %	57.60 %	July 5, 2004
Corporación de Personal Administrativo S.A. de C.V.	(6)	México City	Providing the professional services towards to operate, manage and carry out all the activities needed for the development of a company, commercial, industrial or services in the form of individuals or legal persons, as well as the management, recruitment, hiring and interchange of staff that perform functions at the petitioner companies.	80.00 %	80.00 %	Agosto 1, 2008
Desarrollos Hidráulicos de TAM S.A. de C.V.	(6)	Ciudad de México	Construction, procurement, operations and maintenance of a waste water treatment plant and provision of related services.	79.29 %	79.29 %	August 25, 1995
Ecoagua de Torreón S.A. de C.V.	(6)	Torreón	Provide services for wastewater treatment operation, whether municipal or domestic, as well as activities related to the treatment of wastewater.	80.00 %	80.00 %	October 25, 1999
Ecosistema de Ciudad Lerdo S.A. de C.V.	(6)	Lerdo Durango	Construction, equipping, commissioning, operation and maintenance for 20 years of a sewage treatment system in the City of Lerdo, Durango, and the execution of additional works in the mode of total private recoverable investment.	80.00 %	80.00 %	April 24, 2007
Ecosistema de Morelos S.A. de C.V.	(6)	Cuernavaca	Preparation of the final design, construction, equipping, testing, commissioning, operation, conserve and conservation and mantenece the wastewater treatment plant in Acapantzingo, Municipality of Cuernavaca, Morelos State.	80.00 %	80.00 %	November 17, 2009
Ecosistemas de Celaya S.A. de C.V.	(6)	Celaya	Preparation of the final design, construction, equipping and operation of a wastewater treatment plant, as well as the transportation and disposal of solid waste and sludge generated by the plant, in the city of Celaya, Guanajuato State.	80.00 %	80.00 %	December 5, 2008

Company		Location	Corporate purpose	Direct participation percentage		Creation date
				2014	2013	
Ecosistemas de Colima S.A. de C.V.	(6)	Colima	Preparation of the final design, construct, equipment and operation of a wastewater treatment plant, covering a period of one year for the construction, testing and commissioning, and 19 years for the operation, preservation and maintenance of the plant, and stabilization of sludge generated in the municipalities of Colima and Villa de Alvarez, in the Colima State.	79.99 %	79.99 %	February 14, 2006
Ecosistemas de Tuxtla S.A. de C.V.	(6)	Tuxtla	Construction, equipping, testing, commissioning, operation and maintenance of a wastewater treatment system, as well as the execution of additional works, in the form of total private recoverable investment. Develop drinkable water projects and water treatment plants.	80.40 %	80.40 %	November 17, 2006
Ecosistemas de Uruapan S.A. de C.V.	(6)	Uruapan	Rendering of residential public utilities of water, draining and sanitation within the jurisdiction of the Municipality of Uruapan, Michoacán. The company is also preparing of the final design for a wastewater treatment plant. It comprises a period of one year to prepare the final design, construction, equipment, testing and commissioning and 15 years for the operation, preservation and maintenance of the plant.	80.20 %	80.20 %	November 18, 2009
Proyectos de Ingeniería Corporativa S.A. de C.V.	(6)	México City	Providing the services of design, general, engineering or the construction, professional and technical services, managing and performing and carry out all the activities needed for the development of a company, commercial, industrial or services in the form of individuals or legal persons.	80.00 %	80.00 %	August 1, 2008
Sistema de Aguas de Tecomán S.A. de C.V.	(6)	Tecomán	Preparation of the final design, construction, equipping and operation of a wastewater treatment plant, covers a period of one year for the construction, testing and commissioning, and 19 years for the operation, preservation and maintenance of the plant, and stabilization of sludge generated.	49.60 %	49.60 %	August 21, 2009
OTHER						
Maxseguros EPM Ltd.		Bermudas	Negotiation, contracting and handling of reinsurance for policies covering equity.	100.00 %	100.00 %	April 23, 2008
PPLG El Salvador II		Cayman Islands	Capital investment in corporations	100.00 %	100.00 %	April 9, 1999
INVESTMENTS IN ASSOCIATES						
Company		Domicile	Corporate Object	Percentage participation		Creation Date
				2014	2013	
UNE EPM Telecomunicaciones S.A.	(7)	Medellín	Rendering of telecommunications services, information and communication technology services, information services and complementary activities.	50.00 %	99.99 %	June 29, 2006
Inversiones Telco S.A.S. (*)	(8)	Bogota	Investing in companies which corporate objects are based on the rendering Business Processes Outsourcing (BPO) services for companies, especially, but not limited to telecommunications services.	50.00 %	N.A.	November 5, 2013

- (1) In June 2014, EPM made an investment of \$1,894, reaching a participation of 88.73%.
- (2) In December 2014, EPM made an investment of \$20,000, reaching a participation of 75.45%.
- (3) On November 1, 2013 EPM acquired 99,90% of the shares.
- (4) In December 2014 a merger process was carried out through which the Aeolic Park Los Cururos Ltda. incorporated in its financial statements all rights and obligations of the Aeolic Park La Cebada S.A. The latter, in accordance with Law 18,046 on joint stock companies, was dissolved on December 23, 2014.
- (5) In 2014, EPM made investment of USD\$ 48 reaching a participation of 99.19%.

- (6) In September 2013 an investment of was made equivalent to 80% of the shares of the company Tecnología Intercontinental S.A. de C.V. (TICSA), through the affiliate EPM Capital México S.A. de C.V. TICSA is a holding company which has investment of 13 companies.
- (7) In August 2014, there was a change in the classification of the investment in UNE, which as of this date is recognized in the consolidated financial statements under the equity method as a consequence of the loss of control and recognition of significant influence.
- (8) In December 2014, EPM made investment in Inversiones Telco S.A.S. for \$55,224.

The Board of Directors of EPM authorized, at its meeting of June 10, 2014, the establishment of a branch of the organization in Costa Rica, within the framework of an internationalization strategy that seeks to explore new business opportunities in this country, catalogued as one of the target markets of the EPM Group.

Number of people employed by the EPM Group

The number of people employed by the EPM Group as of December 31, 2014 and 2013 with the detail of personnel expenses and costs was:

Item	2014	2013
Number of employees	10,025	14,506
Personnel costs *	459,037	898,210
Personnel expenses *	375,666	468,293
Total personnel costs & expenses*	834,703	1,366,503

* Figures in thousands of Colombian pesos

1.4 Legal and regulatory framework

The activities performed by EPM, rendering of domiciliary public utilities, are regulated in Colombia, Guatemala, El Salvador, Panamá, Chile and México. The most significant applicable regulatory aspects are the following:

1.4.1 Regulations in Colombia

EPM and its national affiliates provide public utilities, regulated in Colombia mainly by Law 142, Public Utilities Law, and Law 143 of 1994, Electric Law.

The General Accountant of the Nation has the function of establishing the accounting regulations that are to rule in the country for the public sector, as provided in Article 354 of the Political Constitution of Colombia of 1991, regulated by Law 298 of 1996.

The control, inspection and monitoring functions of entities that provide public utilities, are exercised by the Superintendency of Domiciliary Public Utilities (SSPD).

Since EPM is a decentralized municipal entity it is subject to the political control of the Council of Medellin, to the fiscal control of the General Controller's Office of Medellin and to the disciplinary control of the Attorney General's Office.

Regulation commissions

The President's function of establishing general policies for administration and efficiency control of residential public utilities was delegated to the Regulatory Commissions by means of Decree 1524 of 1994.

These entities are the following:

- The Energy and Gas Regulatory Commission (CREG, for its initials in Spanish) technical entity attached to the Ministry of Mines and Energy (MME) that regulates the energy sale rates and aspects related to the operation of the Wholesale Energy Market and the rendering of the electric power and gas services.
- The Potable Water and Basic Sanitation Regulatory Commission (CRA, for its initials in Spanish), regulates the water and sewage rates, technical entity attached to the Ministry of Housing, City and Territory.

Regulation by sector

Activities of the water supply, sewage and cleaning sector

Law 142, Law of Public Utilities, defined the services of water supply, sewage and cleaning:

Water supply: also called domiciliary public utility of potable water. Activity that consists in the municipal distribution of water fit for human consumption including its connection and measurement. It also includes complementary activities such as water abstraction, its processing, treatment, storage, conduction and transportation.

Sewage: activity that consists in the municipal collection of waste, mainly liquid waste, through pipes and ducts. It includes complementary transportation activities, treatment and final disposal of such waste.

Cleaning and Sanitation: activity that consists in the collection of municipal waste, mainly solid. It includes complementary activities of transportation, treatment, usage and disposal of that waste.

Electric power sector

Law 143 of 1994 segmented the electric power service into four activities: generation, transmission, distribution and commercialization, which may be carried out by independent companies. The legal framework's purpose is to supply the demand of electricity under

economic and financial viability criteria and move towards an efficient, secure and reliable operation of the sector.

Generation: Involved the production of electric power based on different sources (conventional or non-conventional), whether this activity is performed exclusively or combined with another or other activities of the electricity sector, regardless of which of them is the main activity.

Transmission: The national transmission activity is the transportation of electric power in the National Transmission System (STN, for its initials in Spanish). It is made up by the set of lines, together with their corresponding connection equipment, that operate at voltages equal to or higher than 220 kV. The National Transmitter is the legal body that operates and transport electric power in the STN or has incorporated a company whose purpose is the performance of said activity.

Distribution: Consists in transporting electric power through a set of lines and substations, with their associated equipment, that operate at voltages lower than 220 kv.

Commercialization: Activity consisting of the purchase of electric power in the wholesale market and its sale to other market agents or end subscribers (regulated or not regulated). This activity is performed exclusively or combined with other activities of the electric power sector, regardless of which of them is the main activity.

Law 143 of 1994 prohibits the vertical integration between generators and distributors, but allows that both agents may perform the commercialization activity. For the transmission, it defined that the companies that perform it must have this activity as their exclusive object. However, companies that as of the date of passing of Law 143 of 1994 were vertically integrated could continue being so, provided that they keep separate records for the various activities

Natural gas sector

Law 142 of 1994 defined the legal framework for the rendering of domiciliary public utilities, environment in which natural gas is defined as a public utility.

Gas: This set of activities involves to the distribution of fuel gas, through pipes or other means, from a place of accumulation of large volumes or from a central gas pipeline up to the facilities of a final consumer, including its connection and measurement. This Law also applied to the complementary activities of commercialization from the production and transportation of gas through a main gas pipeline, or other means, from the generation site to that where it is connected to a secondary network.

1.4.2 Regulations for Chile

In the Chilean electric market the activities of generation, transmission and distribution are identified, and regulated by the General Electric Service Law (LGSE).

In Chile there are four interconnected electric systems: The Interconnected System of the Large North (SING) that covers the territory between the cities of Arica and Antofagasta, with 28.06% of the country's installed capacity; the Central Interconnected System (SIC) that covers from the towns of Taltal and Chiloé, with 71.03% of the country's installed capacity; the Aysen System that serves the consumption of Region XI, with 0.29% of the capacity; and the Magallanes System that supplies the Region XII, with 0.62% of the country's installed capacity.

The reforms in the Chilean electric sector started in 1978 with the creation of the National Energy Commission and were formalized with the approval of the Electric Law in 1982. In Chile there is no participation by the State in the sector given that it was privatized as of 1980.

Regulatory framework

According to the General Law of Electric Services (LGSE), the National Energy Commission is the competent authority to calculate the rates by means of the technical reports for setting the base price, which is later established by decree from the Ministry of Economy, Promotion and Reconstruction. The legislation in effect establishes as basic premise that rates must represent the actual electricity generation, transmission and distribution costs in order that an optimum development of the electric systems can be obtained.

The legal framework of the Chilean electric sector consists mainly of:

- Law 20402 of 2009. It creates the Ministry of Energy, establishing modifications to Decree Law 2224 and to other legal regulations.
- Law 20257 of 2008. It introduces modifications to the General Law of Public Utilities – LGSE – in respect to the generation of electric power with renewable non-conventional energy sources.
- Decree with Force of Law No. 4 DFL No. 4 of 2007. It approves modifications to the Decree with Force of Law No 1 of 1982, General Law of Public Utilities, on the subject of electric power.
- Decree with Force of Law No. 1 DFL No. 1 of 1982. The General Law of Public Utilities establishes the fundamental provisions for the development of the economic activity in the electric industry. It can only be modified in Congress, its most relevant modifications being those applied by Law No. 19940 of 2004 (Short Law I) that reformed the regulatory framework of Transmission and Law Mo. 20018 of 2005 (Short Law II), which reformed the commercialization regime between generators and distributors for the supply of regulated customers. The regulations, in turn, are prepared by the sector entities of the Executive Branch and must be submitted to the provisions established by the Law.

Regulatory entities

Ministry of Economy, Encouragement and Reconstruction

Designs and monitors the implementation of public policies that affect the country's competitiveness. Its main lines of action are related to the design and promotion of Innovation and Enterprising Policies.

Ministry of Energy

It is the highest body of cooperation of the President of the Republic in the duties of government and administration of the energy sector. This public entity is responsible for determining the plans, policies and rules for the development of the electric sector. In addition, it grants concessions for hydroelectric plants, transmission lines, substations and electric distribution zones. The National Energy Commission (CNE) is an instrumentality of the Ministry of Energy.

National Energy Commission (CNE)

The National Energy Commission (CNE) is a public and decentralized organization with its own equity and full capacity to acquire and exercise rights and obligations that relate the President of the Republic through the Ministry of Energy.

In particular, the National Energy Commission conducts the setting of prices to electricity and network gas companies. It is responsible for designing techniques and calculating the regulated prices established in the Law. Likewise, it monitors and projects the current and expected operation of the energetic sector, through the generation of the works plan, which constitutes a guideline for the ten-year expansion of the system. Furthermore, it proposes to the Ministry of Energy the legal and regulatory rules that are required in its areas of supervision.

Superintendence of Electricity and Fuels (SEC)

This is the public entity whose purpose is to monitor the adequate operation of the electricity, gas and fuels services, in terms of their safety, quality and price. In addition to setting the technical standards, the objective of the SEC is to examine and oversee the compliance of legal and regulatory provisions on generation, production, storage, transportation and distribution of liquid fuels, gas and electricity to verify that the quality of the services rendered to users will be as indicated in those provisions and technical regulations and that the operation and the use of the energetic resources do not represent any danger for people or their possessions. The constitutional framework of the SEC is Law 18410 of 1985, modified by Law 20402.

Economic Load Dispatch Center (SIC)

The CDEC –SIC is the entity in charge of coordinating and determining the operation of the SIC facilities, including generating plants, lines and substations of the transmission system and free customer consumption bus-bars of free customers. Among its duties is to monitor the safety of the service in the electric system, guarantee the economic operation of the group of facilities of the electric system and guarantee the easement on the transmission systems established through electric concessions decree. The CDEC-SIC is made up by the generators, transmission companies and free customers that operate in the SIC and are its members which finance it. The institutional framework of the CDEC is Decree 291.

Economic Load Dispatch Center (SING)

The CDEC - SING is the entity in charge of coordinating and determining the operation of the facilities of the SING. It is analogous to the CDEC-SIC.

1.4.3 Regulations in El Salvador

A procedure for restructuring the electricity sector was developed in El Salvador. Such procedure was embodied in a legal and institutional framework aimed at promoting competition and necessary conditions to secure the availability of an efficient energetic offer, capable of supplying the demand under technical, social, economic, environmental and financial viability criteria.

In the 1990, El Salvador promoted a reform process in the energy sector that consisted in the restructuring of the hydrocarbon and electricity sectors, the privatization of most of the state companies that provided energetic goods or services and markets deregulation.

Regulatory framework

The legal framework of the Salvadorian electricity sector is made up by the Law for Creation of the General Superintendence of Electricity and Telecommunications (SIGET), enacted by means of Legislative Decree 808 of September 12, 1996, which gave legal life to the regulatory entity; the General Electricity Law (LGE), enacted by means of Legislative Decree 843 of October 10, 1996 and the Regulation of the General Electricity Law, established by means of Executive Decree 70 of July 25, 1997, including their amendments.

As a result of the electricity sector restructuring, two entities were created, the Unidad de Transacciones S.A. (UT), which manages the Wholesale Electric Energy Market, and Empresa de Transmisión de El Salvador (ETESAL); at the same time, distribution as well as thermal generation companies were privatized. Furthermore, the activities of hydroelectric and geothermal generation were separated, with a private partner incorporating the latter one.

Regulatory entities

Ministry of Economy (MINEC)

Institution of the Central Government, whose purpose consists of the promotion of the economic and social development through the increase of production, productivity and rational utilization of resources. Among its responsibilities is that of defining the country's commercial policy and the follow up and encouragement of economic in Integration Central America.

It has under its command the Direction of Electric Energy and the Social Investment Fund for Local Development; in addition, it heads the National Energy Council.

It also contributes to the development of competition and competitiveness of productive activities both for the internal and for the external market.

General Superintendence of Electricity and Telecommunications (SIGET)

This is a non-profit autonomous public service institution. Said autonomy consists of the administrative and financial aspects and it is the competent entity to apply the rules contained in international treaties about electricity and telecommunications in effect in El Salvador and in the laws that rule the electricity and telecommunications sectors and their regulations, in addition to deciding on their non-fulfillment.

Transactions Unit (UT)

Among the duties is that of managing with transparency and efficiency the wholesale electric energy market and operating the transmission system, maintaining the safety and quality and providing to the market operators satisfactory answers for the performance of their activities. Likewise, it coordinates with the Regional Operator Entity (EOR), the energy transactions performed by El Salvador with other countries at the Central American and international levels. Finally, it determines the responsibilities in case of failures in the systems.

National Energy Council (CNE)

It is a government entity in charge of the oversight of the formulation of the energetic policy of the country.

Prepares, proposes, coordinates and executes policies, programs, projects and actions that permit an efficient operation of the sector, taking into account the generation, transportation and distribution activities, that must be reflected in wellbeing for society. In addition, it analyzes the current energy problems and proposes short, medium and long-term measures, intended to the efficient use of energy, proposes to government entities and to the private sectors the actions necessary for the achievement of the measures that are decided to be implemented, among other functions. As of 2010, it performs the functions of the electric energy direction of the MINEC.

1.4.4 Regulations for Guatemala

The political constitution of the republic of Guatemala of 1985 declared as a national urgency the electrification of the country, based on plans formulated by the State and the municipalities, in a process that could have the participation by private initiative.

With the constitution as legal support, in 1996 the General Electricity law was passed, whereby fundamental legal regulations were established to facilitate the actions of the different sectors of the electric system.

Regulatory authorities

Ministry of Energy and Mines

The Ministry of Energy and Mines is the Guatemalan government's most important entity in the electric sector. It is responsible for enforcing the General Electricity Law and the related regulations, as well as for the coordination of policies between the CNEE and the AMM. This government division also has the authority to grant authorization permits for the operation of distribution, transmission and generation companies.

National Electrical Energy Commission (CNEE for its initials in spanish)

The Guatemalan electricity sector is regulated by the CNEE, a regulatory entity created pursuant to the General Electricity Law, as technical entity of the Ministry of Energy and Mines and subordinated to the latter. It is made up by three members appointed by the President of the Republic based on groups of three people proposed by the presidents of universities, the Ministry of Energy and Mines and the Wholesale Market agents. The term of each directory is of five years.

Wholesale Market Administrator (AMM)

The Guatemalan wholesale market is managed by the AMM, a private entity created by the General Electricity Law that coordinates the operation of the generation facilities, international interconnections and transmission lines that form the national electricity system. It is also responsible for the safety and operation of the system by carrying out an economically efficient dispatch and managing the electricity resources in such a way as to minimize the operating costs, including costs loss, within the restrictions imposed by the transmission system and the quality requirements of the service. Similarly, the AMM is in charge of scheduling the supply and dispatch of electricity.

The AMM regulations are subject to approval by the CNEE. If a generation, transmission or distribution company or an electricity agent or large user does not operate his facilities in accordance with the regulations established by the AMM, the CNEE has the capacity to penalize it with fines and, in case of a serious violation, it may require it to disconnect from the national electricity system.

1.4.5 Regulations for Mexico (Sanitation)

In the state environment, each one of the 32 federative entities has its respective water laws, with notably equal purposes, notwithstanding the various denominations. The modifications to the state legislature associated to the rendering of water supply and sanitation services derived mainly from a series of initiatives promoted by the National Water Commission – CAN in the nineties. The evolution that since then and up to the beginning of this decade has experienced the state legal regime on the subject of water and sanitation.

- Reforms of 1983 to constitutional article 115, whereby the municipal nature of the water supply and sanitation services was ratified and strengthened, which forced to redirect the role of the state authorities on this subject, in order to assign them a subsidiary role and to some extent, regulatory.
- Government policies established to promote the creation of decentralized organizations (decrees of creation) of the Municipal Administration, with the technical capacity and administrative and financial autonomy necessary for the efficient

provision of the services, together with the instruction of schemes of participation by the private sector.

- Greater participation of the state authorities in the administration of the national water, through agreements that, pursuant to the provisions of constitutional article 116, may be executed by the federation with the state F-42 governments, in order that the latter carry out or exercise different tasks or authorities, of the exclusive competence of the federal government. This possibility was reinforced even more with the reforms and additions to the National Water Law that entered into force in 2004.

Regulatory entities

SEMARNAT: Incorporates in the different environments of society and the public function, criteria that secure the optimum protection, conservation and use of the natural resources of the country, creating in this manner an integral and comprehensive environmental policy that permits to reach sustainable development, provided that they are not expressly entrusted to another agency; as well as on the subject of ecology, environmental sanitation, water environmental regulation of urban development and of the fishing activity, with the participation that corresponds to other agencies and entities.

CONAGUA: Administers and preserves national waters, with the participation of society, in order to achieve the sustainable use of the resource with the joint responsibility of the three government levels and society in general, it being an authority with technical quality and promoter of the government orders in the integrated management of the hydric resource and its inherent public goods and protects the bodies of water, guaranteeing sustainable development and preserving the environment.

SEDESOL: Defines the commitments of the administration to progress in the achievement of an effective social development. It formulates and coordinates the solidary and subsidiary social policy of the federal government, oriented towards the common good, and executes it in joint responsibility with the society.

1.4.6 Regulations for Panamá

The electricity sector of Panamá is divided into three areas of activities: generation, transmission and distribution. Panamá has established a regulatory structure for the electricity industry, which is based on the legislation approved between 1996 and 1998. This framework creates an independent regulator, the National Authority of Public Utilities – ASEP- and creates also a transparent pricing process for the sale of energy to regulated customers.

It mainly consists of the following regulations:

- Law 6 of February 3, 1997. It sets forth the regulatory and institutional framework for the rendering of the public service of electricity. It establishes the regime to which the distribution, generation, transmission and commercialization of electric energy are subject to.

- Law 57 of October 13, 2009. Several modifications to Law 6, 1997 are made, among which are the following: obligation by generating companies to participate in the energy or power purchasing processes, the obligation by the Company Transmisión Eléctrica S.A. (ETESA) to purchase energy in representation of the distributors and the increase in the fines that may be imposed by the regulator up to \$20 million Balboas, and at the same time establishes the right of customers to refrain from paying the portion being congested and grants them a term of 30 days to file a claim with the regulator in case of not being satisfied with the answer given by the distributor.
- Law 58 of May 30, 2011. The articles related to rural electrification are modified, among which we can mention the modification of the calculation of the subsidy that the Rural Electrification Office (OER) must pay to the distributors for a period of 4 years (previously it was paid at 20 years) and the creation of a rural electrification fund for 4 years that will be made up by the contributions by the market agents that sell electric energy, which shall not exceed 1% of their net profit before taxes.

Regulatory entities

Secretary of Energy

Its objective is to formulate, propose and promote the national energy policy in order to guarantee the safety of the supply, the rational and efficient use of resources and the energy in a sustainable manner, according to the National Development Plan. Currently it is processing with the Empresa de Transmisión Eléctrica (ETESA), the creation of an energetic parent company with more and more varied renewable and clean renewable resources (eolic, gas, among others).

National Authority of Public Utilities (ASEP)

Established in accordance with the law of the regulatory entity of public utilities of 1996. It is an autonomous entity of the Government with responsibility to regulate, control, monitor the rendering of the services of water and sanitary sewage, telecommunications, radio and television, electricity and natural gas.

On November 22, 2006, by Decree Law 10, the Regulatory Entity of Public Utilities (ERSP) was restructured and changed its name, and thus since April 2006 it is known as the ASEP, with the same responsibilities and functions that the regulatory entity had but with a general administrator and an executive director, each designated by the President of the Republic of Panama and ratified by the National Assembly. Similarly, it has three national directors under the authority of the general administrator, one for the electricity and water sector, one for the telecommunications sector and one for the customer service sector. The national directors are responsible for issuing resolutions related to their respective industries and their appeals are resolved by the general administrator as the final stage of the administrative process.

Planning Unit of the Empresa de Transmisión Eléctrica (ETESA)

This entity prepares the reference expansion plans. It projects the global requirements of energy and the forms to satisfy those requirements, including the development of

alternative sources and establishing programs to keep and optimize the use of energy. The public service companies are required to prepare and present their expansion plans to ETESA.

National Dispatch Center (CND)

This entity is operated by the ETESA. It plans, supervises and controls the integrated operation of the National Interconnected system. It receives the offers of the generators that participate in the energy spot market, determines the spot prices of energy, manages the transmission network and provides the settlement values between suppliers and producers and consumers, among others.

Rural Electrification Office (OER)

This is the entity responsible for promoting electrification in rural areas not served, not profitable and not concessioned.

1.5 Statutory audit

Empresas Públicas de Medellín E.S.P. has no obligation to have a statutory auditor, since it is an industrial and commercial company of the State, and since all the capital for its incorporation and operation is of a public nature. For the same reason, the entity is subject to full fiscal control by the Contraloría General de Medellín.

1.6 External audit

According to provisions of the Good Corporate Governance Code, as a control mechanism the external audit is established, whose purpose is the examination of the accounting information in general and of the financial statements, as well as the issuing of an independent opinion in respect to the reasonableness of the financial statements to indicate the financial condition of the company at the closing of each fiscal period. The Audit Committee of the Board of Directors previously reviews the External Audit Plan and follows up the auditors performance.

1.7 Accounting practices

For the preparation and presentation of the financial statements, the company, as a public entity, complies with the Public Accounting Regime (RCP, for its initials in Spanish), established by the Nation's General Accounting Office (CGN, for its initials in Spanish), a public entity of the Republic of Colombia. The RCP is harmonized with rules and practices accepted internationally for the public sector. Local regulations contain international elements applicable to the local context and strategic for the interaction of the public sector in a globalized environment.

The regulations in effect of the CGN that rule accounting matters are:

- Resolution 354 of 2007: adopted the RCP, established its structure and defined the scope of application.

- Resolution 355 of 2007: adopted the General Public Accounting Plan (PGCP, for its initials in Spanish), which contains the general public accounting regulations and the grounds to recognize and disclose the transactions, events and operations carried out.
- Resolution 356 of 2007: adopted the procedures manual of the public accounting regime consisting of the general catalogue of accounts, the accounting procedures and the accounting instructions manual.
- Resolution 357 of 2008: establishes the internal accounting control procedure and the remittance of the annual internal control evaluation report that must be sent to the CGN.
- The regulations of the Superintendence of Domiciliary Public Utilities (SSPD, for its initials in Spanish). Are also applicable the unified system of costs and expenses by activities of EPM is ruled by Resolution 20051300033635 of December 28, 2005, issued by the SSPD, updated with Resolution 20101300021335 of 2010, which was derogated with Resolution 20131300001025 of 2013.

Pursuant to Article 4 of its bylaws, EPM has the obligation to maintain a separation in the account of its income, costs and expenses associated to each one of the public utilities it provides, and guarantee the specific destination of the funds proceeding from the loans.

According to the regulations in effect, EPM adopts the accounting practices that are detailed below:

Practices of a general nature

1.7.1 Consolidation process

EPM consolidates its financial information with the companies in which it has an equity interest equal to or in excess of 50%, either directly or indirectly, or it has the administrative control.

The consolidated financial statements are issued quarterly and are presented to the Board of Directors. Once the board has approved them, they are published in the official page of EPM together with their respective notes.

- **Financial statements involved**

The financial statements of all affiliates and subsidiaries used in the consolidation process have as closing date December 31, 2014 and 2013. The financial statements of international affiliates prepared based on accounting principles different from those applied by the EPM Group are consolidated in work papers for such purpose.

- **Accounting practices consolidation adjustments**

The main adjustments made on the financial statements of the international affiliates and subsidiaries were:

Company	Adjustment
---------	------------

Distribución Eléctrica Centroamericana II S. A. - DECA II	Application of the equity method on investments in controlled companies.
	Recalculation of goodwill on the intrinsic value of the equity consolidation to accounting policies of the EPM Group.
Crediegsa S.A. (CREDIEGSA)	Application of the equity method on investments in controlled companies.
Empresa Eléctrica de Guatemala S.A. (EEGSA)	Update of the value of properties, plant and equipment through technical appraisals with the application of methodologies of recognized technical value.
	Reclassification to profit and loss of previous periods of deferred charges for issue of debt.
Transportista Eléctrica Centroamericana S.A. (TRELEC)	Update of the value of properties, plant and equipment through technical appraisals with the application of methodologies of recognized technical value.
Hidroecológica del Teribe S.A. (HET)	Adjustment of financial liabilities by valuation to amortized cost.
	Adjustment of impairment of constructions in progress.
EPM Chile S.A.	Application of the equity method on investments in controlled companies.
	Adjustment of financial liabilities and assets by valuation to amortized cost.
Parque Eólico Los Cururos Ltda.	Adjustment of financial liabilities by valuation to amortized cost.
	Reversal of provision for dismantling of fixed assets.
	Reversal of capitalization of financial cost for valuation of liabilities at amortized cost.
Distribuidora de Electricidad del Sur (Delsur)	Application of the equity method on investments in controlled companies.
	Reclassification to appreciation accounts of revalued costs of properties, plant and equipment and consequential adjustment to depreciation.
AEI El Salvador Holding S.A.	Application of the equity method on investments in controlled companies.
Panama Distribution Group S.A. (PDG)	Application of the equity method on investments in controlled companies.
Elektra Noreste S.A. (ENSA)	Update of the value of properties, plant and equipment through technical appraisals with the application of methodologies of recognized technical value.
EPM Capital México S.A. de C.V.	Application of the equity method on investments in controlled companies.
Tecnología Intercontinental S.A. de C.V. (TICSA)	Application of the equity method on investments in controlled companies.

The effect of the above adjustments in the financial statements of each affiliate or subsidiary is the following:

Company	Effect of homologation adjustment			
	Net result	Assets	Liabilities	Equity
Distribución Eléctrica Centroamericana II S. A. - DECA II	150,266	667,967	0	667,967
Crediegsa S.A. (CREDIEGSA)	339	1,816	0	1,816
Empresa Eléctrica de Guatemala S.A. (EEGSA)	30,187	240,688	-32,163	272,851
Transportista Eléctrica Centroamericana S.A. (TRELEC)	-471	113,292	0	113,292
Hidroecológica del Teribe S.A. (HET)	21,089	295,888	-6,551	302,439
EPM Chile S.A.	8,337	-15,507	-10,049	-5,458
Parque Eólico Los Cururos Ltda.	9,036	379,217	-24,027	403,243
Distribuidora de Electricidad del Sur (Delsur)	3,543	5,861	-13,300	19,161

AEI El Salvador Holding S.A.	-3,541	-28,674	0	-28,674
Panama Distribution Group S.A. (PDG)	748	-36,540	-470	-36,070
Elektra Noreste S.A. (ENSA)	1,411	75,827	78,010	-2,183
EPM Capital México S.A. de C.V.	-148	-1	0	-1
Tecnología Intercontinental S.A. de C.V. (TICSA)	57	-1	0	-1

Amounts stated in millions of Colombian pesos

1.7.2 Functional currency

The functional currency of Colombia is the Colombian peso. Consequently, the operations carried out by EPM and his domestic subsidiaries in other currencies are considered denominated in a "currency different from the peso" and are recording according to the exchange tariffs in effect on the dates of the operations. Colombia's economy is not hyperinflationary.

1.7.3 Exchange difference

For individual financial statements the differences between the historic exchange rate and the exchange rate in effect as of the date of collection or payment are recorded as exchange gain or loss and are presented in the "non operating result net" of the income statement. Excepted from this practice are investments made abroad in controlled companies, which are recorded in the equity through the equity method.

Balances in cash, banks, accounts receivable, investments, suppliers and financial obligations in foreign currency were expressed in Colombian pesos based on the Market's Representative Exchange Rate (MRER) certified by the Financial Superintendency of Colombia.

For the financial statements of the Group, the following procedure is used for the conversion of the companies abroad:

- Assets and liabilities are converted at the closing rate.
- Capital at historic rates.
- Results for the period at the average rate of the year.

The difference by the application of different exchange rates is recorded in an account called adjustment for conversion, which is presented in equity.

1.7.4 Accounting period

The company has defined by its bylaws to make a closing of its accounts, prepare and disclose general-purpose financial statements, at least once a year, as of December 31.

1.7.5 Accounting estimates and judgments

In the preparation of the financial statements estimates are used to quantify some of the assets, liabilities, income, expenses and commitments that are recorded in the accounting. Basically estimates refer to:

- Valuation of assets to determine the existence of losses by their impairment.
- Useful life of properties, plant and equipment and intangibles.
- Realization value to determine the inventories provision.
- Recoverability of accounts receivable to determine the receivables provision.
- Hypothesis used to calculate the reasonable value of properties, plant and equipment.
- Public utilities supplied to customers, corresponding to billing cycles with consumptions of December, but the invoices for which are issued in January of the following year. The records are made globally and at the respective tariffs of the specific income in consideration that the right to said income already exists.
- Some macroeconomic variables, particularly costs of the electric sector.
- Hypothesis used in the actuarial calculation of the retirement pension and seniority bonus calculations.
- Amount of liabilities associated to possible contingencies, which gives rise to recognition of provisions.
- Determination of reasonable value of investments that are not quoted in the public exchange market.

These estimates are made as a function of providing reasonable information that reflects the economic reality of the company as of the closing date. The end result of the operations referred to by those estimates may be different from the final values and originate future modifications according to their occurrence.

1.7.6 Materiality

The recognition and disclosure of the economic events is made according to their relative importance. An economic event is material when because of its nature or amount, its knowledge or lack of knowledge, taking into account the circumstances, may significantly alter the economic decisions for users of information. When preparing the financial statements, the relative importance for disclosure purposes was determined on 5% basis applied to each group of accounts.

1.7.7 Classification of assets and liabilities

Assets and liabilities are classified according to the use to which they are intended or according their degree of realization, enforceability or assessment in terms of times and values. The values realizable or payable within a term not exceeding one year are considered current assets and liabilities.

Character specific practices

1.7.8 Cash

Money in cash and in banks is considered cash. Funds that because of contractual or conventional reasons have a restricted availability are recorded separately.

1.7.9 Investments for liquidity management: Correspond to the investments made to optimize the excess liquidity surpluses, that is, all funds that are not immediately intended for the performance of activities that constitute the company's corporate object. Investment of excess liquidity is made under the criteria of transparency, security, liquidity, profitability, under the guidelines of an adequate control and at market conditions with no speculative purposes in accordance with Decree from the General Management 1651 of 2007.

The portfolio of liquidity investments is valued daily at market prices, according to the provisions of the regulations in effect. Prices and benchmark tariff used for the different categories of securities are: for local currency those published by the Stock Exchange of Colombia in its information for valuation page (Infovalmer), and for foreign currency those published by Bloomberg.

The purchase of investments, administration of fixed income liquidity, is recorded at purchase cost, which is the same reasonable value. The costs of these transactions are recognized as expenses when incurred. Subsequently to their initial recognition, they are valued at reasonable value taking into consideration the market value established in the stock exchange where said security is traded. Differences that arise between each valuation increase or decrease their cost, with debit or credit to the results accounts of financial income or expenses.

1.7.10 Equity investments

Consists of investment in controlled and uncontrolled entities.

- **Investments in controlled entities:** Equity investments in controlled entities consist of investments made with the intention of exercising control or joint control. They are recognized at their historic cost and the equity investments in which EPM exercises major influence are included.

Control is the power conferred on the public accounting entity to define or direct the financial and operating policies of another entity, given its equity greater than fifty percent (50%) , directly or indirectly, excluding shares with preferential dividends without voting, in order to ensure the development of state functions committed, or to benefit from the activities of the same

Joint control is the agreed sharing of control over an entity through a binding agreement.

For its part, the major influence is the power that an entity has, regardless of the percentage share in the share capital is not enough to be in control, to intervene in the definition and guidance of financial policies and operational of another entity so as to obtain benefits from the activities of the same. This ability is based on the relationship between the investor and the associate. The existence of significant influence is usually in one or more of the following ways:

- a. Representation on the board of directors or equivalent governing body of the associate;
- b. Participation in policy-making processes;
- c. Transactions between the investor and the associate;
- d. Interchange of managerial personnel; or
- e. Supply of essential technical information.

And are recognized at historical cost are included and Equity investments in which EPM exerts significant influence.

Historical cost consists of the purchase price or original amount plus all necessary expenses incurred in the EPM for the acquisition of the investment. These investments are not subject to adjustment for exchange differences, since the equity method incorporates these differences. However, the investments but are subject to intrinsic value adjustment to recognize at the time of purchase, the difference between the purchase price and the intrinsic value of the shares, quotas or social interest. If as a result of the comparison, the value of the investment is less than the intrinsic value, the difference is recognized as recovery. If, on the contrary, as a result of comparing the value of the investment is higher than the intrinsic value, the difference is recorded as a provision affecting results. The adjustment to the intrinsic value is modified by new acquisitions.

- **Equity investments in uncontrolled entities:** They consist of the participative securities classified as of low or minimum tradability or without any trading, which do not permit EPM to control, share the control or exercise any major influence on the issuing entity. These investments have the characteristic of not being available for sale. They are updated by the cost method quarterly, based on the value in the stock exchange or their intrinsic value. If the intrinsic value or stock exchange trading value is higher than the adjusted cost, the difference is recognized as appreciation, affecting the equity as surplus. If the intrinsic value or stock exchange trading value is lower than the adjusted cost, the appreciation created is reduced until it is extinguished, and beyond that value provisions are recognized against results for the period as other non-operating expenses.

1.7.11 Debtors

This balance constitutes the value of the rights in favor of the Group Companies originated in the rendering of the public utilities services. Within this item are the utilities of electric power, water, basic sanitation, fuel gas and their respective subsidiaries. The balance also includes other items such as related parties, prepayment and advances for contractors and suppliers of goods and services, sale of goods, loans to employees, financing for the conversion to gas and for gas appliances, rendering of other information technology services, technical assistance and leases, among others.

One of the following conditions must be met for their recognition:

- That the service or good has been satisfactorily delivered.

- That there is a right on which the transfer of money or its compensation in kind may be legally demanded.
- The existence of a collection document, agreement, court ruling or other document legally issued that supports the right.

1.7.12 Doubtful accounts

Doubtful accounts are considered to be those that are over six month past due or when they are sent to legal collection. In these cases, the amounts are reclassified from current account receivables to doubtful accounts. This reclassification debtors that are classified as official entities are not subject to this reclassification.

1.7.12.1 Provision for debtors

An administration provision is established for receivables, charged to the expense account of provision for debtors. When risks for the recovery of debtor balances are evidenced, the calculation of this provision corresponds to a technical evaluation that allow to determine the loss contingency or risks for eventual debtor's insolvency. Each month the collectability status of debtors is assessed using the cascade model; which requires a historic base of minimum 12 months to determine the non-collectability percentages.

When there are rights which recovery is not possible through legal process, coercive jurisdiction, or ordinary channels, the write-off will apply to recognize the extinction of the account receivable in favor of the Group.

The accounts receivable write-off does not release the Group Companies of the responsibility to continue with the collection efforts. The practice for the recognition of the receivable write-off a charge to the account of debtors provision and a credit to the account receivable from the customer or to doubtful accounts.

The value of the account receivable to be cancelled against the provision is recorded in memorandum accounts. In an eventual recovery, the balance of the memorandum account is reduced and an income for recovery is recorded.

1.7.13 Inventories

As inventories are classified the goods acquired with the intention to sell them or consume them in the process of rendering public utility services. They include goods in stock that do not require transformation such as power, gas and water meters, supplies, materials such as parts and accessories for rendering services and goods in transit and held by third parties.

The goods acquired will be incorporated to inventories at the time of their receipt for their acquisition cost, added with all costs and expenses necessary to put them in usable or saleable conditions. The weighted average method is used for their valuation. The consumption of materials and spares is recorded with credit to the account of inventory of

materials for rendering of services, for the average cost, with charge to the respective expense, cost or investment account.

In order to reflect the value of the inventory in accordance with its economic reality, in the Group Companies the inventories will be updated at their realization value, provided that this value is lower than the book value. In this case the provisions will be recognized for the difference; otherwise, provisions will be recovered when they exist, not exceeding the value created for this item. For the case of physical reductions, such as decreases, deterioration or obsolescence the inventory retirement will be made directly against expense.

Physical inventory counts are taken on a rotating basis throughout the year, in order to cover all articles catalogued in the inventories. Inventories keep their inventory nature, regardless of the fact that because of exogenous factors proper of the economy or by natural situations inherent to the business conditions they have a slow turnover. Although they continue as inventories, this low turnover gives them a "immobilized good" characteristic.

1.7.14 Properties, plant and equipment

Represents the tangible goods acquired, constructed or in process of construction, with the intention of using them permanently in operating activities for the production and rendering of services, to lease them or to use them as administrative support of the organization, that are not intended for sale in the normal course of business and whose useful life exceeds one year.

The historic value of these assets includes all disbursements and charges necessary to put them in usable conditions. All disbursements made by the company to increase the useful life of these assets, extend their productive capacity and operating efficiency, improve the quality of products and services, or allow a significant reduction of operating costs are capitalized as higher value of the asset.

Pursuant to the provisions of Resolution 356 of September 2007, issued by the CGN, the company updates the value of properties, plant and equipment by means of technical appraisals with the application of methodologies of recognized technical value, which consider among other criteria, their useful life, economic life and remaining life, the location, condition, productive capacity, market situation, degree of tradability, obsolescence and deterioration suffered by goods.

The update of properties, plant and equipment is made every three years from the latest update made and the recording is made in the respective accounting period. However, if prior to the completion of this term the value in books of properties, plant and equipment experiences significant changes in respect to the replacement cost, or the realization value, a new update is made, recording its effect in the respective accounting period.

Useful lives of fixed assets in EPM Group are defined taking into account technical criteria, in accordance with the characteristics proper of the asset, considering future economic benefits, the potential of the asset service, the capacity or physical performance expected of it, as well as the physical and environmental conditions.

They shall be defined taking into account technical criteria and in the terms that it is expected that they will bring economic benefits to the company, taking into account the following factors to determine them:

- The use of the asset or its physical wear and tear, which is estimated by reference to the capacity or physical yield expected of it.
- The expected natural deterioration caused by reasons other than its use that depends on operating aspects such as: number of work shifts in which the asset will be used, the repairs and maintenance program, among others.
- The geographic location of the asset.
- The legal limits or similar restrictions on the use of the asset.

In case there are no technical criteria, the useful lives established by the CGN may be taken as reference.

The average of general useful life by type of asset used in EPM head office were:

Type of assets	2014	2013
Constructions		
Dams, repeating stations	48	49
Buildings, houses, offices, stores, booths, camps, parking, garages, warehouses, sports facilities	33	30
Storage tanks	33	30
Plants, ducts and tunnels		
Generation plants	37	43
Treatment plants	41	48
Conduction plants	52	45
Substations and regulation stations	31	24
Water works and channeling	30	30
Pumping stations	31	27
Networks, lines and cables		
Distribution and air networks	30	22
Wastewater collection networks	35	35
Transmission lines and cables	35	33
Gas supply networks	28	28
Machinery and equipment		
Construction equipment, industrial machinery	7	7
Tools and accessories	6	7
Equipment for pumping stations	5	7
Control center equipment		13
Dredging machinery and equipment, cleaning equipment, other machinery and equipment	7	7
Medical and scientific equipment		

Research equipment	7	6
Laboratory, medical and scientific equipment	11	11
Furniture, fixtures and office equipment	6	7
Communications and computer equipment	5	5
Transportation traction and lifting equipment	6	5
Dining, kitchen, pantry and hotel equipment	8	7

The following are among the classifications:

Constructions in progress: Presents all disbursements made by the company in the process of construction, expansion, modernization, rehabilitation or replacement of networks, plants and equipment, among others, until they are in conditions to be used in performance of the operation to guarantee the expansion and sustainability of the infrastructure to provide the services offered through construction.

The value for which the constructions in progress are recognized is given by the total disbursements necessary and indispensable that are directly associated to the acquisition or construction of the good from the date of initiation of the performance until the date when the asset is ready for its use or operation.

Commissions, financial costs, interest and exchange difference of interest originated in loans obtained for financing of works under construction, are capitalized up to the time when they are in operating conditions.

Disbursements made to carry out the pre-feasibility and feasibility phases in projects shall not be capitalized, that is, they must be recorded in expense accounts. If during these phases fixed assets or intangibles are acquired, they shall be recorded in the corresponding accounts of property, plant and equipment or intangibles.

In the power generation business investments are made, mainly for the construction, rehabilitation or modernization of power generation plants as well as for the repowering and replacement of their equipment.

Investments in infrastructure for the expansion and replacement of transmission the investment and distribution networks in different voltage levels are intended to the construction of general use networks in order to cover the needs arising from the growth of power demand to take care of the works aimed at the system's reliability. Additionally, to cover regulatory requirements, improvement of service quality level, shielding of networks to reduce fraudulent connections and the change of elements that show a high degree of deterioration.

In the gas distribution business, in turn, investments are made to address the non-residential market and the expansion beyond the Valle de Aburra through Compressed Natural Gas system in the municipalities where access with conventional gas pipelines is not yet possible.

In the Strategic Business Group of Water, investments are made intended for the modernization and replacement of waterworks and wastewater networks in the different circuits, expansion of conductions and acquisition of equipment for water treatment

plants and pumping stations. In addition, replacement of equipment in waste water treatment plants, as well as the construction, replacement, optimization and expansion of secondary networks and collectors as part of the "Sanitation Program of the Medellín River and its affluent streams".

Movable goods in storage: Correspond to the movable goods acquired in any modality, which are characterized as permanent because they will be used in the future in production or administration activities in EPM. While they maintain this condition they are not subject to depreciation, as provided in paragraph 171 of the General Public Accounting Plan.

Properties, plant and equipment not exploited: include assets that because of obsolescence, are not required for the operation of the business and those that are temporarily out of service, in rehabilitation or waiting for a technical decision to be rehabilitated or retired. Movable good assets that are retired by obsolescence or because they are no longer required by the company, are taken to the reuse warehouse where they are offered through public auctions (by internal regulations). Are retired at the time they are reintegrated, with the exception of vehicles that are removed from the accounting when sold.

Buildings: Represents the value of buildings and houses, offices, booths, parking, garages, warehouses, sports and recreational facilities, dams and storage tanks among others, acquired by the company for the performance of its functions and the provision of public utilities.

Plants, ducts and tunnels: Represents the value of plants, ducts and tunnels acquired by the company for the generation, transmission and distribution of energy, distribution of gas, provision of water and sanitation.

In the operating infrastructure used by EPM in the power generation, transmission and distribution of power, natural gas, water supply and sanitation are, among others, the civil works and equipment of the generation, treatment, conduction plants, gas pipelines, power substations, channeling and pumping stations.

Networks, lines and cables: Represents the value of the distribution networks of energy, waterworks, collection of wastewater, gas supply networks, power transmission and distribution lines used in the business operation.

Depreciation: It is calculated on the historic cost under the straight-line method. The base used is the useful life determined according to technical criteria, such as additions or improvements, technological advances, maintenance and repairs policies, obsolescence, physical exposure of the goods and other factors.

Deferred depreciation reflects the value obtained by the excess of the fiscal over the accounting depreciation expense, because the tax regulation provides the use of depreciation methods and useful lives different from those used for accounting purposes, which permits that for tax purposes an asset will be depreciated in a more accelerated manner.

1.7.15 Actuarial financial reserve

It is the set of assets that have been intended by the public accounting entity according to legal provisions in effect or by its own initiative to take care of pension obligations. These assets are recorded in accounts associated to funds and the payments of retirement pension and pension bonds are paid against them.

1.7.16. Expenses paid in advance

These are disbursements that are paid before receiving the good or service required. They are deferred during the period in which the services are received or the costs or expenses are accrued. Expenses paid in advance are measured for their original cost, as provided in the contractual agreements or the prices set and agreed with third parties.

1.7.17. Deferred charges

Are disbursements corresponding to the supply of goods or rendering of services received that, with reasonable certainty, will generate future benefits. The amortization is recognized during the periods in which it is expected to receive the benefits of the costs and expenses incurred, according to the feasibility studies for their recovery, the estimated periods of consumption of goods or services or the effective periods of the respective agreement.

The balances of deferred assets must be appraised at their net recovery value. At the end of each year, it must be determined if the deferred charges will generate future benefits; otherwise, their value will be fully amortized.

1.7.18. Intangibles

Are those disbursements made for the acquisition or development of the set of incorporeal goods, or without physical appearance, such as rights, licenses and software, from which future benefits may be obtained. Intangibles will be recognized in the balance sheet accounts for, among others, those goods that are intended for the performance of primary activities of the value chain, Through on which it is expected to obtain future economic benefits. These goods are recognized if they are:

- Identifiable: their value can be established.
- Controllable: they can be transferred or their access can be restricted.
- Generate future economic benefits or a service potential.
- Their monetary measurement is reliable.

Intangibles are:

- **Goodwill:** Corresponds to the additional amount that is paid in the purchase of shares or quotas of corporate interest, above their equity value, as recognition of attributes such as good name, qualified personnel, good credit reputation or the control of the economic entity.

In order to reflect the economic reality of the operation and its direct association with the economic benefits that are expected to be obtained from the investment, the goodwill must be amortized based on methodologies of recognized technical value, during the term in which, according to the technical study made for the acquisition, the investment is expected to be recovered. Nevertheless, the goodwill with indefinite useful life is not subject to amortization.

At the closing of each accounting period, the Group Companies assesses the goodwill in order to verify if the conditions of generation of future economic benefits are maintained, taking into account the financial projects of each company.

- **Licenses and software:** Are those right acquired by a company to exploit a determined invention, knowledge, trademark or technology that has their corresponding intellectual property.

The updates of licenses, that form a part of the support and maintenance agreement entered into, are accounted for as a maintenance cost.

Software is understood as the set of computer programs, procedures, rules, documentation and associated data that form part of the operations of a computer system.

- **Internally generated intangibles:** For their recognition it is necessary to identify and separate the research phase and the development phase, where the disbursements made in the research phase are recorded as cost or expense in the income statement in the period in which they are made, and disbursements made in the development phase may be, may be capitalized provided that each and all the characteristics for their recognition are evidenced.

The research phase includes all original and planned study is performed to obtain new scientific or technical knowledge. The development phase involves the application of research results , or any other type of scientific knowledge to a plan or design for the production of materials , products, methods , processes or systems new or substantially improved before its production or commercial use.

- **Easements:** they are amortized in accordance with the provisions of the act that originated them; that is, if the contract is in perpetuity, they will not be amortized; if, to the contrary, is for a definite term, it will be amortized upon expiration of the term agreed in the contract.

1.7.19. Asset appreciations

It corresponds to the excess of the valuation value and the book value of assets owned at the end of the period, in accordance with regulations in effect. EPM calculates and records appreciations for investments, properties, plant and equipment, and other assets, as follows:

- **Investments:** corresponds to the valuation of investments in entities controlled and not controlled, as follows:

Investments in controlled entities: these are subject to adjustment to their intrinsic value, in order to recognize the difference between the acquisition price and the intrinsic price of shares, quotas or part of corporate interest, at the time of purchase.

Equity investments in not controlled entities: they are updated quarterly by the cost method, based on the intrinsic value or stock market value of the entity.

Properties, plant and equipment: corresponds to the excess between the valuation value and the book value of assets owned at the end of the period, in accordance with regulations in effect. EPM with calculates and records provisions and appreciations for investments, properties, plant and equipment, and other assets.

1.7.20. Financial Obligations

Correspond to the acts or contracts that, in accordance with legal provisions on public credit, are intended to provide EPM the resources for the acquisition of goods or services with a term for their payment such as loans, issue and placement of bonds and public debt securities. They are recognized for the value disbursed. Bonds and securities must be recognized for their face value. Guarantees granted to secure the payment of the debt are recognized for the value of the payments corresponding to capital that could be made, which are recorded in memorandum accounts.

Public credit operations are classified as:

- According to the place where they are agreed:
 - Internal: operations in the national territory
 - External: operations outside of the national territory
- According to the expiration:
 - Short term: the obligation expires in a term of one year.
 - Long term: its expiration is over one year.

Public credit operations agreed in foreign currency must be recognized at the Market's Representative exchange rate (TRM, for its initials in Spanish) on the date of the transaction. This value must be re-expressed monthly applying the TRM of the end of the month. In the case of operations made in different units of value or specific indexes, they must be recognized for the price of the unit on the date of the obligation and be re-expressed periodically, applying the price of the unit or the index of the date of the update. The higher or lower value obtained as a result of the re-expression is recognized in the period in profit and loss accounts.

1.7.21. Hedging operations

They represent the value of financial operations that are entered into in order to cover the risk of liabilities and may be carried out to purchase or sell assets, such as foreign currency, securities or financial futures on exchange rates, interest rates, stock exchange indexes or any other underlying asset agreed, which will be calculated on a future date agreed.

They are recognized for the value agreed in the agreement. If made in currencies other than the Colombian peso, they are recognized at the TRM of the date of the transaction. Monthly they are re-expressed with the TRM certified by the Financial superintendence of Colombia at the end of the month. The higher or lower value obtained as result of the re-expression is recognized in the period of in the profit and loss accounts. International subsidiaries re-express figures in accordance with the official rates of their respective countries.

1.7.22. Accounts payable

Includes the payment rights in favor of third parties originated in services received or purchase of goods, use of assets owned by third parties and other obligations incurred in favor of third parties. These obligations are recognized at the time that the service or good has been satisfactorily received and in accordance with the value agreed, complying with these conditions:

- That the good or service has been satisfactorily received and that its risks and benefits have been received.
- That it is probable that from the payment of that obligation a disbursement of funds will derive that incorporate economic benefits.
- That the value may be determined in a reliable manner.

1.7.23. Taxes , levies and duties

- **Ordinary income tax:** The Companies in Colombia are a taxpayer of the ordinary income tax regime, at the general rate of 25%. The income tax is recognized as a current expense in accordance with calculation adjustment made between the income for tax purposes and the accounting profit or loss, affecting the item 'income tax' as an offsetting entry in the accounts payable called 'taxes payable'. In intermediate periods a current income tax estimate is recognized based on the forecast of fiscal results for the year, and thus during the year the provision account is used. The deferred tax is recognized separately from the income tax as expense or recovery.
- **Deferred tax:** This balance arises from the application of the income tax to the temporary differences between the tax income and the accounting profit or loss. This tax is recognized to the extent that there is a reasonable expectation that such differences will be reversed in the future. The income tax rate applicable is that in effect at the time when the mentioned differences will be reversed.

If the temporary difference entails a higher payment of income tax in the future, it is recognized as a deferred liability in the account of other liabilities, deferred taxes and its

offsetting entry will be a lower value of the income tax expense of the current year; this entry is presented separately from the current tax.

If the temporary difference entails a lower payment of income tax in the future, it is recognized as an asset in the account of other assets and its offsetting entry will be a higher value of the income tax expense of the current year and will be presented separately from the current tax.

- **Wealth tax:** with the passing of Law 1739 of 2014 the wealth tax is created for tax years 2015, 2016 and 2017. This tax will be eliminated as of 2018 for legal entities. For the purposes of this tax the notion of wealth is equivalent to the taxpayer's total gross equity owned as of January 1st of each year, less his debts outstanding on that date. The taxable base on which it is calculated, corresponds to the net equity of the taxpayer owned as of January 1, 2015, 2016 and 2017, less some exceptions specifically indicated in the tax regulation. It will be recognized as expense, affecting the item 'taxes, contributions and rates' as an offsetting entry in accounts payable, denominated 'taxes payable', in January of each of the years indicated.

Its marginal rate corresponds to the following:

Taxable base ranges	2015	2016	2017
From \$ 0 to \$2,000,000	0.20%	0.15%	0.05%
From \$2,000,000 to \$3,000,000	0.35%	0.25%	0.10%
From \$3,000,000 to \$5,000,000	0.75%	0.50%	0.20%
Over \$5,000,000	1.15%	1.00%	0.40%

Other provision: Law 1739 of 2014 establishes the mechanisms for conciliation, settlement and special payment conditions to end the processes or discussions that taxpayers may have with the authorities, related to tax matters, contributions to the social security system and customs and exchange matters.

- **Sales tax:** The domestic Companies of EPM Group are a taxpayer of the common regime. This tax is generated by the sale of goods and services taxed, as well as by the exempt income derived from the exports of services. The utilities of energy, waterworks, sewage and domiciliary gas are excluded from the tax.

The sale tax that is not discountable is a higher value of the asset, cost or expense and is recognized at the time that the payment is made or the respective invoice is accrued.

- **Transfers of Law 99 of 1993:** companies that generate hydroelectric energy, which a total rated capacity installed exceeds 10,000 kilowatts, will transfer to the regional autonomous corporations (CAR) and to the municipalities and districts where the reservoir or hydrographic basin is located, 6% of gross sales of energy by own generation, in accordance with the rate that for sales in block is indicated by the CREG. In the case of the thermal plants the transfer is of 4%.

For the settlement of transfers, Resolution CREG 135 of 1996 established the rate for sale of electric power in block at \$62.88/kWh (set in Resolution CREG 060 of 1995 and its modifications), which is increased annually as of January 1, 1997, with an index equivalent to the inflation goal provided by the competent authority for each period.

- **FAZNI Contribution** (Financial Support Fund for Energizing of not Interconnected Zones): created according to Article 81 of Law 633 of 2000: for every kWh dispatched in the Wholesale Power Pool, ASIC (Administrator of Commercial Interchanges) charges one peso to the power generation agents. The CREG, in Resolution 102 of December 2006, made adjustments in compliance with Article 1 of Law 1099 of 2006, which extended the term of this contribution up to December 31, 2014, updating the peso again as of January 1, 2007 with the Producer Price Index (PPI), calculated by the Central Bank.
- **FAER Contribution** (Financial Support Fund for Energizing of Interconnected Rural Zones): created according to Article 105 of Law 788 of 2002 and regulated by Decree 3652 of December 17, 2003 as owner of assets of the National Transmission System, EPM must contribute one peso, legal tender, for every kilowatt/hour dispatched in the Wholesale Power Pool. These recourses will be managed by the Ministry of Mines and Energy and will be used to projects for construction and installation of new rural electric infrastructure.
- **PRONE Contribution** (Program of Standardization of Electric Networks in Subnormal Neighborhoods): created by means of laws 812 of 2003, 1112 of 2006 and 1151 of 2007: the MME manages the fund, having as taxpayers the users of the energy transportation; the taxable event is the transmission of energy, the taxable base is the kWh, at a rate of one peso per kW/hour transmitted. With the funds from this program the Colombian Government has as objective the legalization of users, the optimization of the service and the reduction of non-technical losses through the installation or adaptation of the distribution networks, the connection to the user's home and installation of power meter.
- **Social Energy Fund (FOES)**: created by Article 118 of Law 812 of 2003 as a national special fund, financed with the funds from the congestion revenues calculated by the ASIC, as a result of exports of electric power to neighboring countries within covenants of the Andean Community of Nations (CAN).
- **Subsidies and contributions:** At the time of billing, subsidies are recorded as an account receivable and contributions as an account payable; at the end of the period subsidies and contributions are applied for each service and an account receivable or payable is recorded according to the deficit or surplus that has been generated.

1.7.24. Pension obligations

Pension obligations by EPM have two components, pension bonds and pensions, which in turn include the pension quota shares. Their calculation has its legal base on legal regulations in effect on pensions. For the purposes of the actuarial evaluation, the parameters established in Decree 2783 of 2001 of the National Government were followed.

Labor obligations are adjusted at the end of each period based on the provisions and legal agreements in effect.

1.7.25. Estimated liabilities

These are recognized when the following conditions are met:

- The EPM Group Companies has obtained a benefit from the good or service, but the supporting document has not been received from the supplier to be recognized as real.
- The EPM Group Companies has the obligation, according to the provisions of the law, to make payments or to give up resources in the future to take care of credits, on a date established by the parties.
- The value of the resources to be delivered or the payment may be reasonably estimated and very close to their actual value.

Contingencies: for the recognition of the contingencies associated to legal processes it follows the procedure established by the CGN in chapter V for "the recognition and disclosure of legal processes, arbitration awards, out of court conciliations and attachments decreed and executed on bank accounts". It is established therein that the processes with a rating of probable must be recorded as provision, while the processes with lower probability of loss must be recorded in memorandum account as potential obligations.

The situation or set of circumstances that generate uncertainty on possible losses and which final result will only become known when one or more events occur or cease to occur and that are not classified within the described procedure, are recognized taking into account the principle of prudence for the recording of expenses.

Pension obligations: pension obligations have two components, pension bonds and pensions, which in turn include the pension quota shares. Their calculation has its legal base on legal regulations in effect on pensions. For the purposes of the actuarial evaluation, the parameters established in Decree 2783 of 2001 of the National Government were followed.

The pension adjustment rate as of December 31, 2014 was of 2.41% (as of December 31, 2013 it was 2.99%). Pension bonds were updated at an interest rate of 4%, from the closing date to the date of update, and in 2009 they formed part of type B bonds, corresponding to the defined benefit plan and that were valued at a rate of 3%. The values already known of the bonds as of the closing date, after deducting those paid during the year were taken as the balance.

The pension liability is 100% amortized for EPM as the Head office. In compliance with Resolution 356 of 2007, since 2009 pension payments are recorded affecting the liability account.

Pension Commutation: according to Minutes 1466 of December 4, 2006, EPM assumed in 2007 the pension liabilities of Empresa Antioqueña de Energía E.S.P. (EADE), liquidated.

The methodology used for the actuarial calculation of pensions and pension bonds of EADE follows the parameters and technical bases established by the competent authority and are

the same ones used for measuring pension liabilities in EPM. These pension liabilities are amortized 100%.

Pursuant to the provisions of Decree 941 of 2002, which regulates Law 100, the respective trust funds were created to guarantee the payment of pension obligations derived from pension funds and pension quota shares that correspond to EPM, as well as the payment of pensions and from the pension commutation. The fund is forecasted in such a way that it will extinguish at the time of payment of the last pension payable by EPM (year 2065). With the creation of these funds the availability of resources to take care of the payment of the pension liabilities and pension bonds of the companies is guaranteed, at the same time that their financial management is independent.

1.7.26. Equity

Is made up by the accounts that represent the tax capital, reserves, profits from previous periods, results for the period, surplus and equity appreciation.

Reserves: In compliance with tax provisions contained in Articles 130 (70% reserve for excess tax depreciation over accounting) and 211 of the Colombian Tax Code, EPM has been required reserves to enjoy special tax treatment and obtain a rationalization in the payment of income tax and complementary.

In compliance with Decree 2336 of 1995, Article 1, a reserve was created by the application of the equity participation method. The reserve corresponds to the profits that are generated at the closing of the accounting period as a consequence of the application of special valuation systems at market prices and that have not been realized in the name of the company, in accordance with the rules of Article 27 (income realization) and other concurring regulations of the Colombian Tax Code.

- **Financial surpluses:** in compliance with Municipal Agreement 12 of 1998, from the Council of Medellín, it was established in Article 5 that the base for assessment of the financial surpluses that are transferred to the Municipality of Medellín is the net profit. With this base, the COMPES (Municipal Council for Economic and Social Policy) determines the amount or percentage of the financial surpluses that will form part of the resources of the budget of the municipal budget.

Additionally, Municipal Agreement 69 of 1997, in its Article 13, mentions: "The percentage of EPM financial surpluses, in conformity with Article 97 of Decree 111 of 1996, cannot be transferred by a percentage over 30% to the Municipality of Medellín and will be intended by the latter exclusively to social investment and payment of city lighting".

Financial surpluses to be transferred to the Municipality of Medellín are recognized when the COMPES determines them, in compliance with legal formalisms, based on the financial statements of the previous year approved by the Board of Directors and sent by the General Manager of EPM to the Secretary of Finance of the Municipality, through a decrease in the profits of previous periods.

In those exceptional cases in which the Municipal Council approves extraordinary or additional financial surpluses, the recognition will be made with the document that gives rise to the obligation for EPM to transfer the financial surpluses, that is, when the certain

amount is determined as well as the condition of method, place and time to make their transfer.

- **Equity appreciation:** This records the value of inflation adjustments of the equity account balances made since 1992 to 2000, year in which the CGN eliminated them. According to regulations in effect, this balance cannot be distributed as profit until the company is liquidated or decapitalized.
- **Surplus for appreciation:** Represents the value of the net increase of the book value of assets, determined as result of the update, in accordance with technical rules. In EPM the excess of the intrinsic value of investments compared to their book value and the excess of the realization value or replacement cost of goods over the book value are recognized as appreciation. Las valoraciones de inversiones y propiedades, planta y equipos comprenden:
 - **Investments in controlled entities:** These are subject to adjustment at their intrinsic value, in order to recognize the difference between the acquisition price and the intrinsic price of the shares, quotas or parts of corporate interest, at the time of purchase.
 - **Properties, plant and equipment:** Corresponds to the excess between the valuation value and the book value of the assets owned at the end of the period, in accordance with regulations in effect.

1.7.27. Memorandum accounts

Debtor and creditor memorandum accounts represent the estimate of events or circumstances that may affect the financial, economic, social and environmental situation of the public accounting entity, as well as the value of the goods, rights and obligations that require to be controlled. It also includes the value originated in the differences that arise between the public accounting information and that used for tax purposes.

1.7.28. Operating income

is the cash flow received by the EPM Group Companies in the accounting period, originated in the performance of its main activity. The returns, discounts and rebates for these items are recorded in separate accounts as lower value of the income. For the recognition of revenues the following conditions must be fulfilled:

- That the service has been effectively rendered or the good has been delivered.
- That the value of the service of good may be reasonable quantified.
- That it is expected to receive the product of the service provided or good sold.
- That the income is susceptible of increasing the net equity.

The income will not be recognized if there are any doubts about its realization.

1.7.29. Non-operating income:

- a) Represents the income obtained by the EPM Group Companies in operations other than the provision of the public utility, including also the income for entries of an extraordinary nature.

EPM will recognize as non-operating income those that are not framed within its main corporate object, on which the risks or benefits have been transferred or the service has been effectively provided, that their value may be reasonably quantified and that it is probable to obtain the proceeds of the good or service delivered.

1.7.30. Costs of services

- b) These are the disbursements necessary to provide the public utility service, without which it would not be possible to provide it or its quality would not be optimum. These costs are connected directly to the rendering of the service, at a difference of the expenses that are disbursements associated to administrative activities. For the recognition of costs it is necessary to fulfill the following:

- That the good or service subject of the costs has been satisfactorily received or is being received (for the case of services provided in several periods).
- That the risks and benefits of the good or service have been received.
- That the value of the cost may be reliably measured.
- It is probable that from the payment of the good or service received the outflow of resources that involve future benefits may be derived.
- That the good or service subject of the cost is related to the rendering of services or is an element necessary in those services.

1.7.31. Expenses

- c) These expenses are necessary disbursements, derived from the normal operation of the organization, that serve as support for the rendering of the service. EPM recognizes its expenses to the extent that the financial, economic, social and environment events occur, in such a way that they will be systematically contemplated in the corresponding accounting period, regardless of the flow of monetary or financial resources. For this purpose it will be necessary to take into account that the recognition will be made when:

- The good or service subject of the expense has been satisfactorily received or is being received.
- That the risks and benefits of the good or service have been received.
- That the value of the expense may be reliably measured.
- It is probable that from the payment of the good or service received the outflow of resources that involve future benefits may be derived.

1.7.32. Reclassifications

In order to present the figures of both periods in a way that their comparability is propitiated, the following reclassifications were made in the presentation of the figures of the previous year:

- At the closing of December 2014, reclassifications were made in the presentation of the figures in respect to 2013, related to the exchange difference, in order to present this income and expense net. Thus, the non-operating income reported in 2013 changes from \$827,025 to \$691,225 and the non-operating expense changes from \$1,009,906 to \$874,106.
- In the public credit operations the balances of public credit and hedging operations were grouped: current portion for \$496,528 (2013 - \$880,609) and noncurrent for \$9,614,329 (2013 - \$8,418,325).
- In the balance of the liabilities for tax, contributions and rates payable, the balance of the income tax for equality CREE was reclassified as higher value of the item of Income tax: current portion for \$96,642 (2013 - \$72,138).

Others accounting aspects

1.7.33. International Financial Reporting Standards (IFRS) Adoption

The International Financial Reporting Standards (IFRS) are a set of standards and interpretations of a technical nature, approved, issued and published by the International Accounting Standards Board (IASB). These standards established the criteria for the recognition, valuation, presentation and disclosure of financial information.

These standards are becoming the universal accounting language enforceable and accepted to make sure that in all countries the same financial language is used, with greater consistency in the accounting policies and comparability of the companies' financial information.

EPM began the adoption project of International Financial Standards (IFRS) since 2009, to respond to its growth strategy and facilitate the access to international capital markets.

In Colombia, the approval of Law 1314 of 2009, whereby accounting and financial reporting and information assurance principles and standards are regulated, has gained great importance. In December 2013, the CGN issued Resolution 743 whereby the Public Accounting Regime, the regulatory framework provided in the annex to National Decree 2784 of 2012 from the Ministry of Trade, Industry and Tourism of Colombia whereby the International Financial Reporting Standards are officially adopted in the country. According to these regulations, EPM belongs to Group 1 of preparers of financial information and therefore, it presented to the authorities in charge of monitoring the company the IFRS implementation plan and progress reports of 2013, as per the information requirements established in the different resolutions. The issue of the first financial statements under International Financial Reporting Standards will be December 31, 2014.

1.7.34. General operating or administrative limitations and deficiencies that have an accounting impact

The accounting process was carried out normally during the period and the procedures established for handling documents and accounting supports were followed.

2. Significant changes in accounting information

During 2014, no significant changes were made of the accounting information in the Group companies. However, in 2013 adjustments were made in the methodologies of valuation of the receivables provision, litigations and lawsuits, as follows:

- Methodology to determine the receivables provision: up to 2012 the methodology for establishing the receivables provision was the individual provision, as of 2013 a method of recognized technical value, the cascade method is used.
- Methodology to value litigations and lawsuits: up to 2012 the value of litigations and lawsuits corresponded to the value of the claim or the amount expected to be paid; as of 2013 the value of litigations and lawsuits classified as long term, determined as indicated in the policy of estimated liabilities – contingencies, is established as the present value of the estimated value to be paid using as discount rate that of the fixed term Government TES bonds.

2.1 Business combination and corporate restructure

Under Colombian regulations, equity investments in controlled companies are subject to adjustments, recognizing as goodwill the excesses between their acquisition price and their book value. If the purchase value is lower than the book value of the entity acquired, the difference is recognized as an increase of the equity, affecting the business combination in the respective equity accounts.

In Colombia no negative goodwill is recorded in the income statement for the period. However, the net equity is affected by the surplus for appreciation.

The following is a description of the business combinations, mergers and liquidations made in 2014:

2.1.1 Liquidation of the company EPM Ituango S.A. E.S.P.

On January 15, 2014 the commercial registry of this company in the Chamber of Commerce of Medellin was cancelled.

2.1.2 Liquidation of the company Espíritu Santo Colombia S.A. E.S.P.

On June 9, 2014 the final liquidation account of this company was recorded in the Chamber of Commerce of Bogota on June 9, 2014.

2.1.3 Master merger agreement EPM -Millicom

On August 14, 2014 the public deed of merger between UNE EPM Telecomunicaciones S.A. and Millicom Spain Cable S.L. was signed, whereby EPM and Millicom closed the transaction to integrate their interest in the landline and mobile businesses in Colombia, represented by UNE EPM Telecomunicaciones and its subsidiaries, and Colombia Móvil-TIGO. By virtue of this merger, EPM kept a direct interest of 50% plus one (1) share of UNE EPM Telecomunicaciones S.A., and Millicom assumed the administrative and operating control.

Consequently, the investments in UNE and its subsidiaries, Emtelco S.A., Edatel S.A. E.S.P., Empresa de Telecomunicaciones de Pereira S.A., Cinco Telecom Corporation, Orbital Comunicaciones Latinoamericanas S.A.U. and Orbital Servicios Internacionales S.A., as of August 2014 are recognized in the consolidated financial statements under the equity method.

The main consolidated figures of UNE and its subsidiaries as of December 31, 2013 and as of July 31, 2014, were:

	Net Result	Assets	Liabilities	Minority Interest	Equity
31/12/2013	27,495	5,080,251	2,238,535	126,875	2,714,841
31/07/2014	35,011	4,691,954	1,953,848	61,482	2,676,624

Figures in millions of Colombian pesos

The following detail the effect on the balance sheet and the statement of financial, economic, social and environmental activity of 2014, not including the contribution of UNE and its affiliates in 2013:

Balance sheet

	2014	2013	UNE and subsidiaries 2013	2013 without UNE and subsidiaries	% Change without UNE and subsidiaries
Assets					
CURRENT ASSETS	6.019.640	6.306.990	1.308.845	4.998.145	20%
Cash	915.994	1.306.580	543.456	763.124	20%
Investments for liquidity management	2.036.021	1.289.538	94.447	1.195.091	70%
Accounts receivable, net	2.768.334	3.303.599	530.104	2.773.495	0%
Inventories, net	236.845	258.083	59.157	198.926	19%
Prepaid expenses	39.232	64.590	16.573	48.017	-18%
Other assets, net	23.214	84.600	65.108	19.492	19%
NON-CURRENT ASSETS	32.730.615	31.991.689	3.771.406	28.220.283	16%
Investments for liquidity management	15.574	8.185	0	8.185	90%
Investments, net	1.555.954	501.370	66.687	434.683	258%
Accounts receivable, net	972.071	959.692	35.903	923.789	5%
Property, plant and equipment, net	16.464.668	16.023.149	2.091.137	13.932.012	18%
Actuarial financial reserve	740.415	736.183	52.962	683.221	8%
Prepaid expenses	122.951	200.678	125.233	75.445	63%
Other assets, net	1.786.040	2.377.768	841.012	1.536.756	16%
Revaluation off assets	11.072.942	11.184.664	558.472	10.626.192	4%
Liabilities					
CURRENT LIABILITIES	4,182,758	4,173,817	784,885	3,388,932	23%
Public credit transactions	496,528	880,609	80,000	800,609	-38%
Accounts payable	2,875,567	2,123,326	327,065	1,796,261	60%
Taxes payable	348,100	462,063	137,925	324,138	7%
Labor obligations	122,008	157,774	63,842	93,932	30%
Pension obligations and pension commutation	101,105	241,793	56,113	185,680	-46%
Estimated liabilities	80,342	66,264	9,188	57,076	41%
Other liabilities	159,108	241,988	110,752	131,236	21%
NON-CURRENT LIABILITIES	12,463,239	11,109,051	1,453,650	9,655,401	29%
Public credit transactions	9,614,329	8,418,325	1,230,000	7,188,325	34%
Accounts payable	414,655	300,941	443	300,498	38%
Taxes payable	422	2,805	2,876	(71)	-694%
Labor obligations	45,875	67,194	1,498	65,696	-30%
Pension obligations and pension commutation	1,163,617	1,157,999	66,407	1,091,592	7%
Estimated liabilities	217,737	219,558	48,299	171,259	27%
Other liabilities	1,006,604	942,229	104,127	838,102	20%
TOTAL LIABILITIES	16,645,997	15,282,868	2,238,535	13,044,333	28%

Consolidated Statement of Financial, Economic, Social and Environmental Activity

	2014	2013	UNE and subsidiaries 2013	2013 without UNE and subsidiaries	% Change without UNE and subsidiaries
Net income	11,519,303	12,986,466	2,474,120	10,512,346	10%
Service rendering costs	(7,072,672)	(8,123,724)	(1,626,571)	(6,497,153)	9%
Depreciation, provision and amortization	(510,343)	(946,047)	(478,740)	(467,307)	9%
GROSS SURPLUS	3,936,288	3,916,695	368,809	3,547,886	11%
Administrative expenses	(888,137)	(1,069,680)	(213,489)	(856,191)	4%
Depreciation, provision and amortization	(209,104)	(338,364)	(121,361)	(217,003)	-4%
OPERATING SURPLUS	2,839,047	2,508,651	33,959	2,474,692	15%
Non-operating income, net	454,158	691,225	115,097	603,623	-25%
Non-operating expenses, net	(758,338)	(874,105)	(101,053)	(773,052)	-2%
NON-OPERATING SURPLUS	(304,180)	(182,880)	14,044	(169,429)	80%
SURPLUS FROM THE PERIOD BEFORE TAXES	2,534,867	2,325,771	48,003	2,305,263	10%
Income tax provision and income tax for equity- CREE, net	(638,599)	(599,016)	(17,222)	(581,794)	10%
SURPLUS FOR THE PERIOD BEFORE MINORITY INTERES	1,896,268	1,726,755	30,781	1,723,469	10%
Minority interes	(113,036)	(101,942)	(3,286)	(98,656)	15%
NET SURPLUS	1,783,232	1,624,813	27,495	1,624,813	10%

- For the purposes of the analysis, in 2013 without UNE and affiliates, the adjustment for equity method with UNE was incorporated into in the non-operating income, as if it had been realized that period, simulating the effect in the result as it is made in 2014.

2.1.4 Merger Aeolic Park Los Cururos- Aeolic Park La Cebada

The Aeolic Park Los Cururos Ltda. through purchase from EPM Chile S.A. acquired 100% of the shares of Aeolic Park La Cebada S.A. The latter is dissolved on December 23 and the Aeolic Park Los Cururos Ltda. assumes all rights and obligations of Aeolic Park La Cebada S.A.

The major figures of Aeolic Park Los Cururos after incorporation of the goods, rights, obligations and operations of the Aeolic Park La Cebada are the following:

	Net result	Assets	Liabilities	Equity
31/12/2014	(1,987)	238,187	242,384	(4,197)

Figures in thousands of U.S. dollars

3. Subsequent events

- **TICSA will carry out project for reutilization of water in Mexico**

Through an agreement executed in January 2015 between PEMEX Refineria Madero and the COMAPA (Water Operating Entity of Tampico), TICSА, will be in charge of carrying out and operating the works to supply treated waste water to PEMEX Refinaci3n of Ciudad Madero, in a project which investment amounts to USD \$45 million.

- **TRELEC was won the bid to construct new electric power transmission network in Guatemala**

In January 2015 the company Transportista Electrica Centroamericana S.A. (TRELEC), was the successful bidder of the international open bidding process to design and construct 160 kilometers of 69 kW lines and 12 substations at 230, 138 and 69 kV to supply high quality electric energy in the Guatemalan Southeast.

The project will benefit the inhabitants of the departments of Escuintla, Jutiapa, Jalapa, Santa Rosa, Zacapa and Chiquimula.

- **Bonyic Hydroelectric Plant started commercial operation in Panama**

The Bonyic hydroelectric power generation plant, built by Hidroecol3gica del Teribe S.A. (HET), started its commercial operation in January 2015. The plant is located in the district of Changuinola, in the province of Bocas de Toro, in the Northeast of Panama, frontier with Costa Rica. With its generation capacity of 31.8 megawatts (MW) will contribute to the reliability of the Panamanian electric system.

Notes of specific nature

Notes related to the valuation

4. Conversion of values in foreign currency

The balances in cash, banks, accounts receivable, investments, suppliers and financial obligations in foreign currency were expressed in Colombian pesos based on the Market's Representative Exchange Rate (TRM, for its initials in Spanish) certified by the Financial Superintendence of Colombia. As of December 31st the values are:

Currency	2014	2013
US dollar (USD)	2,392.46	1,926.83
Euro (EUR)	2,895.00	2,655.08
Japanese yen (JPY)	19.95	18.32
Sterling pound (GBP)	3,730.44	3,191.31
Swiss franc (CHF)	2,407.75	2,166.57
Quetzal (Q)	314.93	245.73
Mexican peso (MXN)	162.30	147.12
Chilean peso (CLP)	3.86	3.66

The effects in results for exchange difference as of December 31st were the following:

	2014	2013
Non-operating income from exchange differences		
Cash	49,876	(1,885)
Acquisition of goods and services	(8,490)	39,731
Investments	312,278	15,180
Others debtors	178,629	(2,591)
Public credit transactions	(532,842)	7,932
Other adjustments for exchange difference	258	(228,266)
Total non-operating income from exchange differences	(291)	(169,899)

Amounts stated in millions of Colombian pesos

Balance Sheet

Assets

5. Cash

As of December 31, cash are comprised as follows:

		2014	2013
Cash		2,203	6,738
Banks		882,522	1,243,154
Others available resources	(1)	31,269	56,688
Total cash		915,994	1,306,580
Restricted cash	(2)	138,581	144,945

Amounts stated in millions of Colombian pesos

(1) Includes funds in foreign currency payable on demand, realized through overnight operations that generate a financial return.

(2) Cash in banks includes the following accounts with special destination:

Fund	Destination	2014	2013
Restricted resources EPM parent			
Agreements			
IADB Credit 2120	Disbursement for the construction of the wastewater treatment plan (PTAR) Bello.	23,008	43,246
Master Agreement Municipality of Medellin No. 4600049285	Construction by EPM of sidewalks and other roadway elements in the center of the city, taking advantage of the Centro Parilla project, that is, the renewal of the waterworks and sewage networks.	11,292	-
Governor's Office of Antioquia - Gas without Frontiers	Support the development of the expansion component through the construction of domiciliary gas connections, in the framework of the program "Gas without Frontiers", in the sub-regions of the Department of Antioquia.	6,627	2,398
Municipality of Medellin - Water	Integral management of water for human consumption of the inhabitants of the Municipality of Medellin.	5,925	5,124

Ministry of Mines and Energy - Special Promotion Quota Fun	Co-financing agreements of the construction, distribution and connection infrastructure to lower income subscribers in the municipalities of Amagá, Santa Fe de Antioquia, Sopetrán, San Jerónimo and Ciudad Bolívar, Colombia. Compressed natural gas and connect subscribers to Don Matías, Entrerriós, San Pedro, Santa Rosa and Yarumal. Agreement No. 106 construction infrastructure to lower income subscribers of Valle de Aburrá, La Ceja, La Unión, and El Retiro. Agreement 179: includes the municipality of Sonsón	2,504	2,415
Green Basin	Manage the resources assigned for the fulfillment of the objectives of the Green Basic Corporation	2,015	-
Aldeas program	Take advantage of the wood that completes its maturity cycle in the forests planted by EPM around its reservoirs, to construct low-income homes in the municipalities of Antioquia out of Valle de Aburrá and deliver them to low income people, preferably who have been forced or voluntary displaced.	1,194	260
Municipality de Medellín - Moravia	Construction, repair and replacement of waterways and sewage networks and paving in the Municipality of Medellín of the streets affected by these works in the neighborhood of Moravia.	1,082	1,069
Department of Antioquia and IDEA -Antioquia lighted	Carry the electric power service to rural homes in Municipalities of the Department of Antioquia.	1,053	2,974
Multilateral Fund of the Montreal Protocol	Agreement with the Ministry of Environment and Sustainable Development for the performance of activities in the framework of the implementation of the Montreal Protocol in Colombia.	590	-
Public lightning and sanitation and cleaning rate agreements with municipalities	Agreement to manage resources of territorial entities for the payment to municipalities with agreements for collection of public lighting and sanitation and cleaning; these are funds exempt from the Tax on Financial Transactions.	584	-
IPSE-EPM Agreement	Performance of integral project of individual photovoltaic solar systems, as rural energy solution with nonconventional sources of energy (FNCE), in zones not interconnected.	425	-
Fondo Nacional de Regalías - Gas	Construction of the compressed natural gas distribution infrastructure and subsidies for the connection of users of social economic level 1 and 2 of the municipalities of El Peñol and Guatapé.	274	1
City of Caldas	Management of resources assigned by the city to develop the project for the re-siting and modernization of secondary aqueduct and sewage networks together with their associated works.	220	-
Department of Antioquia and IDEA -Antioquia lighted	Carry the electric power service to rural homes in Municipalities of the Department of Antioquia.	139	135
Municipality de Barbosa	Replacement and modernization of secondary waterways and sewage networks and their complementary works in the neighborhoods of Robles, Centro, La Bicentenario, Los Angeles and El Portón in the Municipality of Barbosa	65	1,039
Espíritu Santo	EPM - Espíritu Santo Liquidation	62	-
City of Barbosa - Subsidies	Agreement to partially subsidize the connection of users in stratum 1 and 2	52	-
Municipality de Medellín - Land	Acquisition of pieces of land identified and characterized within the zones of protection of the hydrographic basins that supply the water systems of the Municipality of Medellín.	47	47
Thermal District	Agreement with the Ministry of Environment and Sustainable Development for the performance of activities of La Alpujarra Thermal District.	20	290
Ministry of Mines and Energy - Trust management	Manage the funds and make the payment of the agreement entered into with the Ministry of Mines and Energy FAER GGC 225 2012 (CT-2012-001774 in EPM), to extend and improve the electric power services in the zones of the National Interconnected System located in the Commercialization Market of the Network Operator.	-	673
Rural Electrification Agreements	Construction and works supervision of domiciliary installations by EPM, to develop rural electrification programs in different municipalities of the Department of Antioquia.	-	369
Conventional			
Sinpro Housing Fund	Contribute to the acquisition of homes and their improvement, of workers beneficiary of the labor agreements entered into between EPM and the labor unions.	29,985	14,897
Sintraemdes Housing Fund		16,371	15,501
Sintraemdes Disaster Fund		936	912

Sinpro Disaster Fund	Promote the wellbeing of its workers through the availability of funds in order that they may take care of their urgent and unforeseen needs or those of their primary family group.	869	851
Sinpro Education Fund	Promote the wellbeing of workers in order that they may take care of their payment needs of school tuition, textbooks and supplies required to carry out their own studies or those of their family group.	879	796
Sintraemdes Education Fund		930	904
Motorcycle Repair Fund	Promote the wellbeing of official workers who perform their work in the regional market and use motorcycles owned by them for the performance of their work.	155	152
Motorcycle Replacement Fund		63	61
Guarantees			
Entidad Adaptada de Salud Fund and Fosyga Fund	Control and Monitoring mechanism to the collection of contributions of the Contributive Regime of the General Social Security System for Healthcare.	865	641
International Energy Transactions	Corresponds to the "compensation" that should be performed between the invoice transaction and prepayments bag, looking that perform the actual payment XM.	533	358
Deposits Law 820	Corresponds to the guarantee required by the landlord to the tenant for the payment of public utilities. According to Article 15 of Law 820 of 2003 and Regulatory Decree 3130 of 2003.	44	40
Total restricted resources EPM parent		108,808	95,153
Restricted Resources ESSA			
Self-insurance Agreement	Self-insurance Agreement	5,075	4,960
Covenant Faer 090	Interconnected System – SIN located in the commercialization market of the NETWORK OPERATOR, through execution of resources of the Financial Support Fund for Energizing of Interconnected Rural Zones FAER.	2,318	4,867
Faer 030	Technical assistance agreement between the Nation's Ministry of Mine and ESSA for the administration and execution of resources from the Financial support fund for electric power supply to Interconnected Rural Areas (FAER).	1,294	1,260
FAER Agreements	Administration of FAER resources	560	-
Public lighting San Gil	Resources from surplus from Public lighting of the Municipality of San Gil.	478	348
Covenant Provincial Government -ESSA Stage IV	Construction of low and medium voltage networks, assemble of transformers and internal installations for rural electric power supply in villages of the Department of Santander	413	498
Faer 014	Administration and execution of resources from the Financial support fund for electric power supply to Interconnected Rural Areas (FAER), allocated to rural electric power supply and normalization of electric power networks.	215	342
Covenant Faer 235	Extend coverage, improve quality and continuity of electric power service and satisfy its demand in the zones of the National	192	4,940
Covenant Jesus María	Construction of low and medium voltage networks, assemble of transformers and internal installations for rural electric power supply in villages of the Department of Jesús - María, Santander.	138	138
Public hearings	General administration and execution of resources from Public hearings by ESSA allocated to projects for construction of low and medium voltage networks for Rural Electric Power Supply.	97	93
FAER GSA 160 2012 Agreement	Technical assistance agreement between the Nation (Ministry of Mines) and ESSA for the management and execution of resources of the financial support fund for energizing of interconnected rural zones (FAER).	81	395
Macaravita Agreement	Construction of medium and low voltage networks, setup of transformers and internal installations for rural electrification of villages of municipality of Macaravita - Santander	26	-
Puerto Wilches Barranca Line	Construction of a double circuit line Termobarranca Puerto Wilches 115/34.5 kv, a substation in Puerto Wilches 115/34.5 kV, and expansion of the Termobarranca substation.	24	-
Governor's Office of Santander – ESSA Phase IV	Construction of medium and low voltage networks, setup of transformers and internal installations for rural electrification of villages in he department of Santander	-	203
Prone	Execution of resources from the Program for Normalization of Electric Power Supply Networks - PRONE	-	817
Governor's Office of Santander – ESSA Phase III	Construction of medium and low voltage networks, setup of transformers and internal installations for rural electrification of villages in he department of Santander	-	296

Total restricted resources ESSA		10,911	19,157
Restricted resources EDEQ			
Housing fund	Resources destined to improve workers' quality of life by granting loans for the purchase or improvement of houses.	1,114	554
Social Wellbeing and Training Fund	Resources intended to facilitate to the workers and their families the access to higher education, healthcare, wellbeing and recreation.	168	-
Fund for household damages	Resources destined to cover damages caused by difficult and unforeseen events affecting the workers or their families.	10	11
Total restricted resources EDEQ		1,292	565
Restricted resources CENS			
Contract FAER GGC 105 - 2013 entered into between the Nation (MINISTRY OF MINES) AND CENS. (FAER CATATUMBO III)	Execution of the works for the rural electrification of the municipalities of Convención, San Calixto, Cáchira, Hacarí, Ocaña, La Playa, Villa Caro, Teorama and La Esperanza Department of Norte de Santander.	3,031	14,829
CONVENIO CENS - ECOPETROL	Execution of the works for the rural electrification of the municipalities of Tibu and El Carmen, Department of Norte de Santander.	2,950	4,007
Convenio CENS - Gobernación de Santander	Implementation of rural electrification works in the municipalities of Abrego , El Carmen and El Tarra , Department of Norte de Santander.	2,354	-
Fundescat	Implementation of rural electrification works in the municipalities of Abrego , El Carmen and El Tarra , Department of Norte de Santander.	2,253	5,275
Rotating Housing Fund	Financing the value of a home for those workers that do not own it.	233	178
Convenio FAER 021	General administration and execution of some resources of the financial support fund for energizing of interconnected rural zones - FAER.	215	124
AOM Contract	Administration, operation, maintenance and replacement of the rural electrification assets constructed with the resources of the project "program of rural electrification zone of Catatumbo and province of Ocaña, phase 1, Norte de Santander".	62	62
FAER 003 Agreement	General administration and execution of some resources of the financial support fund for energizing of interconnected rural zones - FAER.	3	3
Electrificadora Vereda Aguablanca - FNR	Construction of medium and low voltage interconnection networks village Aguablanca Municipality of Bucarasica Norte de Santander.	-	106
Total restricted resources CENS		11,101	24,584
Restricted resources CHEC			
Malecón (Boardwalk) Agreement	Delegated Administration of Boardwalk Cameguadua	200	-
Geo Mark Agreement	Account intended for the Mipymes project.	239	-
Building Maintenance agreement	Account intended for the maintenance of the building.	100	-
Housing Fund	Resources intended to improve the living quality of its workers through the granting of credits for home purchase and improvement.	2,112	-
Financing Plan Agreement	Resources intended for the social financing plan of the company.	911	-
Total restricted resources CHEC		3,562	-
Restricted resources Regional de Occidente			
Covenant 10000083 Sopetrán	Resources received during 2011 form inter-administrative covenant 08-CF-124850 agreed between the Department of Antioquia and Municipalities of Santafé de Antioquia and San Jerónimo, as well as resources received during 2011 under the inter-administrative covenant for financial support agreed between the Ministry of Environment, Housing and Territorial Development, the Department of Antioquia and Regional de Occidente with the purpose of providing financial support to the regional schemes for the rendering of water and draining services.	-	22
Covenant-San Jerónimo		-	13
Covenant- Santafé		-	2
Covenant 5847		-	1
Total restricted resources Regional de Occidente		-	38
Restricted resources Aguas de Urabá			
Contributions 10005141- 143 EAU	Inter-administrative contract for the construction of the aqueduct master plans - II phase of the region of Urabá, cities of Turbo, Carepa, Apartadó and Chigorodó.	2,007	3,402
Financial yields 10004502 Balance of resources from capitalization received from the	Financial yields 10004502 Balance of resources from capitalization received from the	611	582

Dwelling Fund	Resources destined for improving the quality of life of its workers by granting credits aimed at buying and improving the home	84	-
Interadministrative contract between the department of Antioquia and Aguas de Urabá	Interadministrative contract for the development of system optimization wastewater collection in the municipality of Turbo. Convention 122 .	62	371
Financial support 10005431- 07-CF12-4842	Balance of agreement signed with Department of Antioquia for the execution of works	2	2
Financial performance 10005141	Inter-administrative agreement for the construction of the master plans of waterworks – Phase II of the region of Uraba, Municipalities of Turbo, Carepa, Apartado y Chigorodo.	-	5
Total restricted resources Aguas de Urabá		2,766	4,362
Restricted resources Aguas Nacionales			
Financial charge FiduBogota 197517		-	1,002
Bancolombia FL 536423	Inter-administrative cooperation agreement No. 1 signed by EPQ in Liquidation and EPM, for the management of investments and their supervision, maintenance and operation of the aqueduct, sewer and sanitation systems in the urban zone of the city of Quibdó.	102	53
MN Main Cash		38	30
FL Petty Cash Restricted A		1	1
Total restricted resources Aguas Nacionales		141	1,086
Total restricted resources		138,581	144,945

Amounts stated in millions of Colombian pesos

6. Investments for liquidity management

As of December 31 investments for liquidity management are comprised as follows:

		2014		2013	
		Value	Average profitability	Value	Average profitability
Rights in securities funds and investment trust	(1)	39,945	3.34% E.A.	72,832	3.26% E.A.
Treasury securities –TES	(2)	22,196	4.64% E.A.	126,181	6.09% E.A.
Fixed term deposit certificates	(3)	321,342	5.98% E.A, 5.61% E.A. en GTQ, 1.40% E.A. en USD	633,692	4.06% E.A, 5.69% E.A. en GTQ, 3.85% E.A. en USD
Bonds and securities issued by financial entities	(4)	1,633,150	0.38% E.A. en USD	309,467	0.38% E.A. en USD
Bonds and securities issued by foreign entities	(5)	18,943	1.14% E.A. en USD	78,796	8.50% E.A. en GTQ 7.21% E.A. en USD
Bonds and securities issued by the National Government	(6)	-		51	
Bonds and securities issued by the private sector		-		31,492	
Other investments for liquidity		445	3.39% E.A en USD	37,027	0.99% E.A en USD
Current investments for liquidity management		2,036,021		1,289,538	
Other investments for admin of liquidity		15,574		8,185	
Non current investments for liquidity management		15,574		8,185	
Total investments for liquidity management		2,051,595		1,297,723	

Amounts stated in millions of Colombian pesos

- (1) Short-term investments made with own funds in investment funds. They are treated as a current account and are investments made to obtain a yield on cash surpluses.
- (2) Internal public debt securities issued by the National Government and administered by the Central Bank. These instruments are valued by price in case that they have been traded on the day of the valuation.
- (3) Includes mainly \$304 (2013 - \$45,646) of the Self-Insurance Fund created for the management of losses of vehicles owned by EPM, and \$454 (2013 - \$5,857) of Empresa Adaptada de Salud (EAS), entity created to guarantee the health care and the rendering of first level services to the employees who joined EPM before the entry into

force of Law 100 of 1993. The variation is due to the market strategy presented at the closing of each period.

- (4) Financial instruments for borrowing of savings; their interest rate is determined by the amount, term and market conditions at the time of creation. These instruments are valued at market prices and the investments include mainly \$71,515 (2013 - \$22,040) of the Self-Insurance Fund and \$16,490 (2013 - \$9,142) of Empresa Adaptada de Salud (EAS).
- (5) These correspond to term deposit investments, entered into with international financial institutions with a minimum rating of A+ for the long term, and A-1+ for the long term and branches abroad of banking institutions monitored by the Financial Superintendence of Colombia with the maximum rating in effect for long and short term. The position in bonds and securities issued by financial institutions is due to the international issue of bonds for USD \$500 million on September 10, 2014.
- (6) Investments in international investment mutual funds.
- (7) Correspond to Tax Refund Securities (TIDIS, for its initials in Spanish).

7. Accounts receivable, net

As of December 31 accounts receivable are comprised as follows:

		2014	2013
Rendering of public utilities			
Electric power service		1,269,388	1,268,526
Telecommunications service	(1)	-	296,898
Subsidy on telecommunications service	(1)	-	17,764
Subsidy on electric power service		24,887	5,741
Fuel gas service		107,867	98,402
Water service		64,344	62,123
Sewage draining service		52,105	69,140
Subsidy on fuel gas service		11,194	6,638
Subsidy on water service		8,270	5,511
Subsidy on sewage draining service		4,491	2,413
Cleaning service		17,471	6,929
Subsidy on cleaning service		1,281	1,451
Other accounts receivable			
Rendering of services other than public utilities	(1)	147,724	217,802
Advances or credit balances for taxes and contributions	(2)	160,899	351,273
Deposits and advances delivered		169,209	162,978
Loans to employees		24,810	28,481
Interests		188	328
Resources given for administration	(3)	437,900	664,976
Pension payment quotas		24,210	25,532
Collection schemes		73	10,732

Sales of goods		7,487	30,061
Payments on behalf of third parties		22,004	38,062
Leasing		5,875	8,706
Sales of assets		530	279
Fees and commissions		2,378	3,109
Dividends and shares receivable		1	-
Other minor accounts receivable	(4)	331,868	87,830
Doubtful accounts			
Electric power service		110,696	161,234
Telecommunications service		-	137,313
Water service		9,065	9,684
Fuel gas service		11,116	10,335
Sewage draining service		7,960	8,149
Cleaning service		864	73
Other doubtful accounts receivable		12,078	92,824
Current accounts receivable		3,048,233	3,891,297
Current portion provision	(5)	(279,899)	(587,698)
Current portion accounts receivable, net		2,768,334	3,303,599
Rendering of public utilities			
Fuel gas service		174,901	164,430
Electric power service		196,644	161,493
Water service		27,977	28,214
Sewage draining service		15,933	16,797
Cleaning service		113	-
Other accounts receivable			
Loans to employees		80,386	112,089
Deposits and advances delivered		105,827	91,539
Payments on behalf of third parties		3,081	3,091
Interests		188	319
Sales of assets		564	4,830
Rendering of services		1,179	1,370
Resources given for administration		7,947	1,506
Charging schemes		-	84
Others	(6)	366,596	374,108
Non-current accounts receivable		981,336	959,870
Non current portion provision	(5)	(9,265)	(178)
Non current Accounts receivable, net		972,071	959,692
Accounts receivable, net		3,740,405	4,263,291

Amounts stated in millions of Colombian pesos

- (1) Due to the merger process of UNE, the telecommunications services are not consolidated as of September 2014.
- (2) Includes mainly sales tax advances for \$59,365 (2013 - \$80,465), income tax for \$41,760 (2013 - \$36,443), and withholding for \$13,932 (2013 - \$52,033).

- (3) Includes trusts by Aguas Nacionales S.A E.S.P., associated to the construction of the PTAR of Bello. The variation of the period corresponds mainly to the utilization thereof in construction activities.
- (4) There was an increase in accounts receivable in ENSA of Panama for \$218,418, mainly by the increase in the state subsidy that has not been paid, higher value by rate of the regulatory asset and a higher product of the rate increase.
- (5) The movement of the allowance for doubtful accounts was as follows:

	2014	2013
Initial balance:	587,876	544,579
Increase for the year	39,178	110,882
Expense from previous periods	-	(1,565)
Translation adjustment	4,928	1,055
Business combinations	(277,938)	7,743
Reclassification of provision	-	(1,107)
Recovery of provision	(2,315)	(33,888)
Use of provision	(62,565)	(39,823)
Total provision for accounts receivable	289,164	587,876

Amounts stated in millions of Colombian pesos

(*) In 2014 it corresponds to the merger of UNE Telecomunicaciones (see note 2.1.3.).

(**) In 2014 it corresponds mainly to reduction in the affiliate CHEC for \$54,357.

As of 2013 the method of recognized technical value called "cascade model" is used.

- (6) The balance of other long term debtors is made up mainly by accounts receivable of the companies of the Ticsa Group of Mexico. A reclassification was made in 2013 for \$332,957 from the account of rendering of services to other debtors.

8. Inventories, net

As of December 31, inventories are comprised as follows:

		2014	2013
Materials for the rendering of services	(1)	204,989	218,720
Merchandise in stock	(2)	23,873	30,787
Merchandise in possession of third parties		6,407	7,685
Merchandise in transit		647	5,302
Products in progress		1,566	1,024
Subtotal inventories		237,482	263,518
Provision			
Materials for the rendering of services		(637)	(3,587)
Merchandise in stock		-	(1,848)
Total provisión	(3)	(637)	(5,435)
Total inventories		236,845	258,083

Amounts stated in millions of Colombian pesos

- (1) Includes minor spare parts used for the repair of company assets, also includes elements and accessories for the rendering of services.
- (2) Include elements of food and provisions associated to products commercialized in the supply stores of EPM.
- (3) The movement of the inventories provision was as follows:

	2014	2013
Initial balance	5,435	6,712
Increase of the period	507	2,319
Use of the provision	-	(476)
Adjustment from previous periods	(4,760)	-
Translation adjustment	(545)	(8)
Recovery of provisions	-	(1,392)
Reclassifications	-	(1,720)
End balance	637	5,435

Amounts stated in millions of Colombian pesos

9. Prepaid expenses

As of December 31, prepaid expenses are comprised as follows:

		2014	2013
Insurance		31,682	38,667
Leasing		10	6,776
Other prepaid expenses		7,540	19,147
Current prepaid expenses		39,232	64,590
Insurance	(1)	27,864	38,489
Leasing		212	30,806
Other expenses paid in advance	(2)	94,875	131,383
Non-Current prepaid expenses (see note 18)		122,951	200,678
Non-Current prepaid expenses		162,183	265,268

Amounts stated in millions of Colombian pesos

- (1) Includes mainly all risks policies and third party liability of the Hidroituango project in EPM Parent. Both policies have an effective term up to March 2020.
- (2) In 2013 expenses paid in advance were included, mainly for the rights of use of IRUS and Wilmax cables, among other items, belonging to UNE. Telecommunications services are not consolidated as of September 2014.

10. Other assets, net

The balance of other assets as of December 31 corresponds to:

		2014	2013
Goods given to third parties	(1)	23,214	35,667
Goods given to third parties	(2)	-	49,183
Provision of goods given to third parties	(2)	-	(250)
Total other current assets		23,214	84,600
Intangibles	(3)	1,268,597	2,322,117
Deferred charges	(1)	583,864	499,169
Trust fund rights	(4)	96,414	118,112
Works and improvements in third party property	(5)	94,427	133,158
Goods supplied to third	(2)	77,011	400,430
Goods acquired by financial leasing		1,685	-
Goods of arts and culture		29	77
Goods received as payment in kind		-	3,077
Total other non-current assets		2,122,027	3,476,140
Amortization of intangibles	(3)	(309,883)	(793,667)
Amortization of goods given to third parties	(2)	(26,100)	(301,787)
Depreciation of goods acquired in leasing		-	(2,914)
Provision on goods given to third parties	(2)	(4)	(4)
Total depreciations, amortizations and provisions other assets		(335,987)	(1,098,372)
Total other non-current assets		1,786,040	2,377,768
Total other assets , net		1,809,254	2,462,368

Amounts stated in millions of Colombian pesos

(1) Detail of the balance of deferred charges as of December 31st:

		2014	2013
Deferred tax	(1.1)	530,136	413,138
Studies and projects		48,161	72,641
Tax to preserve democratic security	(1.2)	-	16,671
Discount in bonds and securities of long term foreign public debt	(1.3)	15,868	18,616
Premium legal stability contracts	(1.4)	6,555	7,049
Organization and set up expenses		-	1,176
Other deferred charges		6,358	5,545
Total deferred charges		607,078	534,836

Amounts stated in millions of Colombian pesos

- (1.1) In 2013 deferred tax debit has been generated by receivables provision, actuarial calculation, provisions, exchange difference on investments abroad and goodwill, mainly.
- (1.2) Corresponds to the equity tax, pursuant to Law 1370 of 2009 in Colombia, for the Group companies that did not have in their equity appreciation of equity to be discounted. This tax will be amortized up to year 2014.
- (1.3) Corresponds to the discount granted by the issue of international bonds (coupon of 7.625%), by the credit of USD 500 million. The premium will be amortized up to its expiration date in July 2019.
- (1.4) Corresponds to the premium paid to the Nation for the legal stability agreement for the power generation activity of EPM. It was executed in a term of twenty years and its value was equivalent to 0.5% of the value of the investments made in the unproductive period and 1% in the operating phase. The initial value amounted to \$9,894.
- (2) The goods delivered to third parties as of December 31 correspond to:

		2014	2013
Goods given for administration		73,456	368,353
Goods given as loan for use		3,555	51,330
Other goods given to third parties		-	29,930
Subtotal goods given to third parties	(2.1)	77,011	449,613
Amortization	(2.2)	(26,100)	(301,787)
Provision		(4)	(254)
Total goods given to third parties		50,907	147,572

Amounts stated in millions of Colombian pesos

(2.1) In 2013 goods delivered in administration or loan, belonging to UNE and its subsidiaries are included. Telecommunications services are not consolidated as of september 2014 (see note 2.1.3).

(2.2) The movement the goods delivered to third parties amortization is:

	2014	2013
Initial balance	301,787	254,811
Increase for the period	21	70,149
Withdrawals	-	(21,343)
Loss patrimonial control UNE	(275,708)	-
Other increases (decreases)	-	(1,830)
End balance	26,100	301,787

Amounts stated in millions of Colombian pesos

(3) The detail of intangible as of December 31st is:

		2014	2013
Goodwill and know how	(3.1)	935,445	1,420,440
Software, licenses, rights	(3.2)	244,184	877,837
Brands, concessions and franchises		2,362	24
Easements		19,954	14,230
Other intangibles		66,652	9,586
Subtotal intangibles		1,268,597	2,322,117
Less amortization of goodwill and know how	(3.1)	(107,047)	(353,635)
Less amortization of software, licenses, rights	(3.2)	(167,141)	(426,737)
Less amortization of brands, concessions and franchises		(9)	(4)
Less amortization of easements and others		(35,686)	(13,291)
Subtotal amortization	(3.3)	(309,883)	(793,667)
Total intangibles		958,714	1,528,450

Amounts stated in millions of Colombian pesos

(3.1) The composition of the goodwill as of December 31st is the following:

Company	Cost	Amortization	Net value
Distribución Eléctrica Centroamericana II S. A. - DECA II	336,140	(32,818)	303,322
EPM Ituango S.A. E.S.P. en Liquidación	177,667	-	177,667
Panama Distribution Group S. A. - PDG	109,883	(22,961)	86,922
Del Sur S.A. de C.V.	56,946	(18,447)	38,499
Empresa de Energía del Quindío S.A. E.S.P. (EDEQ)	23,923	(23,923)	-
Gestión de Empresas Eléctricas S.A.	17,682	(1,648)	16,034
Tecnología Intercontinental S.A. de C.V. (TICSA)	140,143	-	140,143
Hidroecológica del Teribe S.A. (HET)	6,032	(6,032)	-
Central Hidroeléctrica de Caldas S.A. E.S.P. (CHEC)	593	(593)	-
Aguas de Malambo S.A. E.S.P.	64	(7)	57
Espíritu Santo Energy S. de R.L.	32,200	-	32,200
Aguas Nacionales EPM S.A. E.S.P.	3	-	3
Parque Eólico Los Cururos Ltda.	34,169	(618)	33,551
Total Goodwill	935,445	(107,047)	828,398

Amounts stated in millions of Colombian pesos

In 2013 UNE included goodwill for \$365,105 and know how for \$105,930.

The goodwill of EPM Ituango S.A. E.S.P. and of Espiritu Santo Energy S. de R.L will initiate their amortization, respectively, once the hydroelectric plants begin operations. In compliance with accounting regulations, in December 2013 EPM evaluated the generation condition of future economic conditions that supported the goodwill of HET and decided to amortize it in its entirety.

(3.2) In 2013 software, licenses and rights belonging to UNE and its affiliates were included. Telecommunications services are not consolidated as of september 2014, see note 2.1.3.

(3.3) The movement of the amortization is detailed below:

		2014	2013
Initial balance		793,667	716,946
Increase for the year		54,919	51,945
Withdrawal of intangibles		-	-
Loss control of UNE		(534,958)	-
Others		(3,745)	24,776
End balance		309,883	793,667

Amounts stated in millions of Colombian pesos

(4) Trust rights are the resources delivered by the group companies to companies in charge of the administration of autonomous trusts.

(5) In 2014 purchases were reported for \$46,646, which most important charges correspond to water networks. The investment in the program of replacement of water meters is emphasized.

11. Investments, net

As of December 31, balances of investments are comprised as follows:

		2014	2013
Investments in associates	(1)	1,122,098	-
In non-controlled entities	(2)	447,481	604,872
In entities under liquidation		102	102
Investments		1,569,681	604,974
Provision	(3)	(13,725)	(103,604)
Investments, net		1,555,954	501,370

Amounts stated in millions of Colombian pesos

(1) The investments recorded under the cost method as not controlled were:

Company	Domicile	Corporate Object	Participation Percentage		Creation Date
			2014	2013	
UNE EPM Telecomunicaciones S.A. (*)	Medellin	Rendering of telecommunications, information technology and communications services, as well as information services and complementary activities.	50.00%	99.99%	June 29, 2006
Inversiones Telco S.A.S. (*)	Bogota	Investing in companies whose corporate objects are based on the rendering of Business Process Outsourcing (BPO) services to companies, especially but not limited to telecommunications companies.	50.00%	N.A.	November 5, 2013

(2) The investments recorded under the cost method as not controlled were:

Company	Domicile	Corporate Object	Participation Percentage		Creation Date
			2014	2013	
Isagen S.A. E.S.P.	Medellín	Generation and commercialization of electric power, natural gas by grids, as well as commercialization of coal, steam and other energy sources of industrial use.	13.14%	13.14%	Abril 4, 1995
Interconexión Eléctrica S.A E.S.P.	Medellín	Operation and maintenance of its own transmission network, expansion of the national interconnection network, planning and coordination of the operation with resources from SIN.	10.17%	10.17%	Septiembre 14, 1967
Hidroeléctrica Ituango S.A. E.S.P.	Medellín	Operation and maintenance of its own transmission network, expansion of the national interconnection network, planning and coordination of the operation with resources from SIN.	46.47%	46.47%	Diciembre 29, 1997
Gestión Energética S.A. E.S.P. GENSA	Manizales	Rendering of one or more public utilities considered under ACT 142 of 1994 or the conduction of one or several activities considered as complementary or one and the other activity.	0.19%	0.19%	Mayo 4, 1993
Reforestadora Industrial de Antioquia RIA	Medellín	Produce, transform and sell timber products and non-timber products from forestry plantations, seeking high profitability and sustainability.	6.72%	6.72%	Febrero 28, 2003
Electrificadora del Caribe S.A.	Barranquilla	Distribution and sale of electricity in the Colombian Caribbean.	0.07%	0.07%	Junio 06, 1998
Promorient S.A. E.S.P.	Bucaramanga	Transportation of fuel gas by means of construction, operation and maintenance of gas pipelines, ducts and branches.	6.72%	6.72%	Marzo 24, 1994
Gas Natural del Oriente S.A. E.S.P.	Bucaramanga	Rendering of essential public utilities of residential fuel gas distribution in any part of the country.	10.00%	10.00%	Agosto 30, 1997

* Investments accounted under the equity method due to the significant influence of EPM

** Before Transorient S.A. E.S.P.

The value of investments recorded under the cost method, with detail of adjusted cost, revaluation and associated provisions, were:

2014					
Entity	Cost	Provision	Net	Revaluation	Dividends
Investments in associates					
UNE EPM Telecomunicaciones S.A.	1,061,826	-	1,061,826	527,595	66,854
Inversiones Telco S.A.S.	60,272	-	60,272	-	-
Total investments in associates	1,122,098	-	1,122,098	527,595	66,854
Investment uncontrolled					
Isagen S.A. E.S.P.	194,312	-	194,312	868,142	28,559
Interconexión Eléctrica S. A. E.S.P. - ISA	187,035	-	187,035	784,751	24,098
Hidroeléctrica Ituango S.A. E.S.P.	28,025	-	28,025	6,442	-
Gestión Energética S.A. E.S.P.	12,700	(12,042)	658	-	-
Promorient S.A. E.S.P. (*)	8,633	-	8,633	4,974	-
Gas Natural del Oriente S.A. E.S.P.	7,651	-	7,651	10,266	2,135
RIA - Reforestadora Integral de Antioquia S.A.	5,076	(393)	4,683	-	-
Electrificadora del Caribe S.A. E.S.P.	1,763	(335)	1,428	-	-
Hidroeléctrica del Río Aures S.A E.S.P.	446	-	446	11	-
Others	1,941	(955)	986	883,114	1,937
Total investment uncontrolled	447,582	(13,725)	433,857	2,557,700	56,729
Total	1,569,680	(13,725)	1,555,955	3,085,295	123,583

Amounts stated in millions of Colombian pesos

* Before Transorient S.A. E.S.P.

2013					
Entity	Cost	Provision	Net	Revaluation	Dividends
Isagen S.A. E.S.P.	194,312	-	194,312	955,907	24,460
Interconexión Eléctrica S. A. E.S.P. - ISA	187,035	-	187,035	837,676	21,170
Colombia Móvil S.A. E.S.P. (*)	152,073	(85,493)	66,580	-	-
Hidroeléctrica Ituango S.A. E.S.P.	28,111	-	28,111	6,314	1,977
Gestión Energética S.A. E.S.P.	12,700	(12,059)	642	-	-
Transorient S.A. E.S.P.	8,633	-	8,633	4,089	-
Gas Natural del Oriente S.A. E.S.P.	7,651	-	7,651	11,137	2,416
RIA - Reforestadora Integral de Antioquia S.A.	5,076	(125)	4,951	-	-
Electrificadora del Caribe S.A. E.S.P.	1,764	(336)	1,428	-	-
Hidroeléctrica del Río Aures S.A E.S.P.	446	-	446	12	-
Others	1,794	(213)	1,581	14,583	455
Total	599,595	(98,226)	501,370	1,829,718	50,478

Amounts stated in millions of Colombian pesos

(*) During 2014 UNE increased its participation in this company, acquiring control. Due to the merger process of UNE, this company is not presented as of December 2014. See note 2.1.3.

The main financial information of investments under which the equity method was applied, which was the basis for calculations, was:

2014

Company	Net result	Assets	Liabilities	Equity
UNE EPM Telecomunicaciones S.A.	(28,567)	5,038,399	1,859,557	3,178,842
Inversiones Telco S.A.S.	9,998	120,713	170	120,543

Amounts stated in millions of Colombian pesos

The effect of the application of the equity method meant a net expense for \$9,285 and an equity method surplus for \$1,089,740. The detail is as follows:

Company	Equity method results		Equity method other equity items	
	2014	2013	2014	2013
UNE EPM Telecomunicaciones S.A.	(14,284)	-	1,089,691	-
Inversiones Telco S.A.S.	4,999	-	49	-
Total effect of application of equity method	(9,285)	-	1,089,740	-

Figures in millions of Colombian pesos

The main financial information of the investments recorded under the cost method, as of December 31 was:

2014

Company	Net result	Assets	Liabilities	Equity
Interconexión Eléctrica S. A. E.S.P. – ISA	593,065	11,328,744	2,699,672	8,629,072
Isagen S.A. E.S.P.	436,583	8,560,230	4,311,930	4,248,300
Hidroeléctrica Ituango S.A. E.S.P.	239	94,098	19,690	74,408
Reforestadora Industrial de Antioquia -RÍA-	(4,055)	78,661	2,846	75,815

Amounts stated in millions of Colombian pesos

2013

Company	Net result	Assets	Liabilities	Equity
Interconexión Eléctrica S. A. E.S.P. – ISA	433,048	10,233,090	2,818,975	7,414,115
Isagen S.A. E.S.P.	391,483	7,286,515	3,453,641	3,832,874
Hidroeléctrica Ituango S.A. E.S.P.	834	92,436	18,005	74,431
Reforestadora Industrial de Antioquia -RÍA-	67	77,203	3,480	73,723

Amounts stated in millions of Colombian pesos

(3) The movement of the investments provision was as follows:

Concept	2014	2013
Initial balance	103,604	99,515
Increase for the year	1,171	4,097
Provision expense from previous years	-	855
Business combination	-	47
Recovery of provisions	(80)	(910)
Business combinations *	(90,970)	-
End balance	13,725	103,604

Amounts stated in millions of Colombian pesos

(*) The item Business Combination corresponds to the effect of the merger of UNE and Millicom (see note 2.1.3.)

12. Property, plant and equipment, net

As of December 31, the components of property, plant and equipment are comprised as follows:

		2014	2013
Constructions in process	(1)	4,620,762	3,204,013
Plants, pipelines and tunnels	(2)	7,107,666	7,966,692
Networks, lines and cables	(2)	6,768,886	7,980,215
Buildings	(2)	3,030,312	3,058,647
Communication and computer equipment		430,398	493,079
Machinery and equipment		362,079	1,298,462
Land		219,125	210,648
Transportation, traction and lifting equipment		205,892	203,365
Property, plant and equipment not used		118,399	103,530
Machinery, plant and equipment in assembly		83,978	113,978
Property, plant and equipment in transit		80,162	13,126
Movable winery		61,841	179,552
Medical and scientific equipment		35,452	29,787
Machinery, plant and equipment in assembly		12,519	131,409
Property, plant and equipment in maintenance		5,530	10,640
Others		10,951	11,215
Subtotal property, plant and equipment		23,153,952	25,008,358
Depreciation accrued			
Plants, pipelines and tunnels		(4,793,205)	(5,719,737)
Networks, lines and cables		(2,911,904)	(3,517,871)
Buildings		(829,638)	(780,247)

Communication and computer equipment		(267,112)	(855,934)
Machinery and equipment		(239,103)	(286,407)
Transportation, traction and lifting equipment		(164,383)	(161,560)
Furniture, fixtures and office equipment		(67,728)	(84,501)
Medical and scientific equipment		(19,564)	(17,483)
Others		(1,004)	(1,812)
Depreciation accrued (cr)	(3)	(9,293,641)	(11,425,552)
Deferred depreciation		2,628,745	2,561,246
Total depreciation		(6,664,896)	(8,864,306)
Provisions for protection of property, plant and equipment (cr)	(4)	(24,388)	(120,903)
Total property, plant and equipment, net		16,464,668	16,023,149

Amounts stated in millions of Colombian pesos

- (1) An increase of \$1,416,749, 44% in respect to the previous year is mostly, explained by the incorporation of the Hydroelectric Project Ituango to the balance sheet of EPM: acquisition of goods and services, mainly in the energy generation business for the construction of the Ituango Power Plant, which is under construction in relation with the tracks on the edge of the Cauca River, the construction of tunnels and of 13 vehicular bridges; construction of cofferdam and of the military facilities San Juan de Rodas; placement of fillings of dam; excavation of drain and of the intermediate discharge tunnel; construction of north and south galleries in the machine cavern, excavation of bar galleries and machine cavern, transformers and beacon.

The rest of the charges were incurred on to projects of expansion and replacement of Water, Energy and Gas networks.

- (2) Corresponds to operating infrastructure components of the business of Generation, Transmission and Distribution, Natural Gas, Waterworks, Wastewater and Sanitation.
- (3) The movement of the depreciation during the year is detailed below:

	2014	2013
Initial balance	11,425,552	10,392,462
Increase for the period	512,625	817,477
Business combination	(2,864,441)	46,735
Translation adjustments	-	59,601
Deferred depreciation, net	319,194	238,110
Discharge of property, plant and equipment charges previous years	(46,642)	(120,460)
Others	(52,789)	(12,130)
End balance	9,293,641	11,425,552

Amounts stated in millions of Colombian pesos

(4) The movement in the provision of property, plant and equipment was:

	2014	2013
Initial balance	120,903	103,291
Increase for the period	11,573	29,811
Provision expense from previous years	-	(706)
Discharge of property, plant and equipment	1,466	(223)
Translation adjustments	-	3
Business combination	(85,523)	26
Others	(24,031)	(8,934)
Recovery of provision	-	(2,365)
End balance	24,388	120,903

Amounts stated in millions of Colombian pesos

13. Actuarial financial reserve

The actuarial financial reserve as of December 31 is made up by:

Concept		2014	2013
Trust funds	(*)	740,415	736,183
Total trust funds		740,415	736,183

Amounts stated in millions of Colombian pesos

(*) This mainly comprises trust funds of EPM, the most relevant being:

- The autonomous equity trust was created with Fiduciaria Davivienda S. A. for the management of the resources intended to the payment of pension both of EPM and those derived from the pension commutation of EADE.

The amount for which the trust was created was of \$322,000 and in December 2014 a capitalization was made for \$100,000; with this figure plus the expected returns, it will be possible to cover through 2056 the total pension payments, in accordance with the actuarial study.

In 2013, UNE and its affiliates contributed to the group \$52,962. Due to the merger process UNE-Millicom, this company is not consolidated as of September 2014.

- An autonomous equity trust was created with the Consortium EPM 2008 (made up by BBVA Fiduciaria S.A. with the participation of 40%, BBVA Horizonte with a participation of 40% and Fiduciaria Corficolombiana with a participation of 20%) to guarantee the coverage of the obligations generated by the pension bonds, pension quota shares and the payment of substitution indemnification derived from the risks regulated by the general pension system.

The value of the autonomous equity trust is projected in such a way that it will extinguish at the time of the last pension bond payment due by EPM in 2065; therefore its creation guarantees the availability of funds to cover the pension liability of bonds and their financial management independent.

14. Revaluation of assets

As of December 31, revaluation of assets is comprised as follows:

		2014	2013
Equity participation investments	(*)	8,799,333	9,290,911
Property, plant and equipment		2,202,482	1,840,799
Other assets		71,127	52,954
Total revaluation of assets		11,072,942	11,184,664

Amounts stated in millions of Colombian pesos

(*) As of December 31 comprise:

		2014	2013
Networks, lines and cables		3,269,934	3,154,869
Plants, pipelines and tunnels		2,892,297	3,303,625
Lands		1,358,585	1,410,552
Buildings		1,181,694	1,263,924
Transportation, traction and lifting equipment		50,516	50,178
Machinery and equipment		19,960	33,187
Furniture, fixtures and office equipment		14,484	17,230
Communication and computer equipment		8,894	55,423
Medical and scientific equipment		2,950	1,885
Dining room, kitchen, pantry and hotel equipment		19	38
Total revaluation of property, plant and equipment		8,799,333	9,290,911

Amounts stated in millions of Colombian pesos

Liabilities

15. Public credit transactions

As of December 31st, public credit transactions are as follows:

		2014	2013
Domestic debt transactions	(1)	128,476	326,604
Foreign debt transactions	(2)	410,520	521,202
Obligations on derivative contracts	(3)	239,694	133,940
Rights in derivative contracts (db)	(3)	(282,162)	(101,137)
Current public credit transactions		496,528	880,609
Domestic debt transactions	(1)	2,898,893	3,473,724
Foreign debt transactions	(2)	6,772,108	4,908,966
Obligations on derivative contracts	(3)	406,317	141,029
Rights in derivative contracts (db)	(3)	(462,989)	(105,394)
Non current public credit transactions		9,614,329	8,418,325
Total public credit transactions		10,110,857	9,298,934

Amounts stated in millions of Colombian pesos

(1) Domestic debt transactions:

	2014	2013
Current domestic debt transactions	128,476	326,604
Non-current domestic debt transactions	2,898,893	3,473,724
Total public credit transactions	3,027,369	3,800,328

Amounts stated in millions of Colombian pesos

2014				2013	
Owing company debtor	Entity	Interest rate	Pesos (millions)	Interest rate	Pesos (millions)
EPM	Bonds *	IPC + 3.25% a 7.12%, Fija 10.80% a 13.80%	2,011,390	IPC + 3.25% a 7.12%, Fija 10.80% a 13.80%	1,662,990
EPM	Club Deal (Davivienda, BBVA, Santander, Helm Bank)	DTF + 2.7%	477,429	DTF + 2.7%	557,000
ESSA	Banco de Bogotá	DTF + 2,84%	183,500	DTF + 2,84	155,500
CHEC	Icel, Corpbanca y BBVA	Fija 6.5% e IPC + 4.5%	118,374	Fija 6.5%	486
EPM	Banco Agrario ***	IPC +4.7%	116,000		-
CENS	Bancolombia y Banco de Bogotá	DTF + 3.0%	70,000	DTF + 3.3% - DTF + 3.0%	70,000
Aguas de Urabá	Helm Bank, Banco Popular y BBVA	DTF -0.7% a DTF + 3.45 e IPC + 4.90%	21,066	DTF - 1% - DTF + 3.9%	17,844
EDEQ	Bancolombia y BBVA	DTF + 2.45% - DTF + 2.9%	21,390	DTF + 2.45% - DTF + 2.9%	20,508
Aguas de Occidente	Bancolombia y Popular	DTF + 2.75 %-3.5%	8,220	DTF + 2.75 %-3.5%	6,000
UNE	Bonds **		-	IPC + 3.67% a 5.10%	600,000
UNE	Local syndicated credit		-	DTF + 3,9%	400,000
UNE	Davivienda		-	DTF+1.36%	310,000
Total			3,027,369		3,800,328

Amounts stated in millions of Colombian pesos

* The EPM bonds do not have guarantee and included: i) \$1,000,000 million whose auction took place between November 2008 and March 2009, with expiration between the years of 2011 and 2024, and ii) \$500,000 million whose auction took place on December 14, 2010, with expiration in years 2016, 2022 and 2030.

subseries	amount awarded (COP) 2014	amount awarded (COP) 2013	amount awarded (COP) 2011	amount awarded (COP) 2010
A5a IPC 5 años	41.880	193.480	151.600	151.600
A10a IPC 10 años	409.220	409.220	313.010	313.010
A15a IPC 15 años	198.400	198.400	198.400	198.400
B3a DTF 3 años	-	-	-	204.290
C10a tasa fija 10 años	132.700	132.700	132.700	132.700
A6a IPC 6 años	237.700	112.700	112.700	112.700
A12a IPC 12 años	244.900	119.900	119.900	119.900
A20a IPC 20 años	746.590	496.590	267.400	267.400
TOTAL	2.011.390	1.662.990	1.295.710	1.500.000

*Amounts stated in millions of Colombian pesos

The detail of the current balance is shown below:

Issue	Currency	Amount	Rate	Years term	Due date
Local	COP	112,700	IPC+3.25 %	6	14/12/2016
	COP	174,410	IPC+7.12 %	10	20/11/2018
	COP	58,000	13.8%	10	20/11/2018
	COP	41,880	IPC+3.82 %	5	04/12/2018
	COP	138,600	IPC+5.8 %	10	22/01/2019
	COP	74,700	10.8%	10	22/01/2019
	COP	125,000	IPC+3.57 %	6	29/07/2020
	COP	119,900	IPC+4.2 %	12	14/12/2022
	COP	96,210	IPC+4.52 %	10	05/12/2023
	COP	198,400	IPC+6.24 %	15	21/04/2024
	COP	125,000	IPC+4.17 %	12	29/07/2026
	COP	267,400	IPC+4.94 %	20	14/12/2030
	COP	229,190	IPC+5.03 %	20	05/12/2033
Internacional	USD	500	7.63%	10	29/07/2019
	COP	1,250,000	8.38%	10	01/02/2021
	COP	965,745	7.63%	10	10/09/2024

** This item corresponds to bonds without guarantee whose auctions were carried out as follows: i) \$300,000 in March 12, 2010 with expiration in 2015 and 2020 and ii) \$300,000 in October 20, 2011 with expiration in 2016 and 2013.

As of September 2014 the financial debt of UNE and its affiliates is not included, due to the merger between UNE EPM Telecomunicaciones S.A. and Millicom Spain Cable S.L. (see note 2.1.3.)

*** In 2014 Banco Agrario de Colombia disbursed a credit for \$116,000 with expiration in 2030, which is intended to finance the investment plan and the growth opportunities of the business.

(2) Foreign debt transactions:

	2014	2013
Current foreign debt transactions	410,520	521,202
Non-current foreign debt transactions	6,772,108	4,908,966
Total public credit transactions	7,182,628	5,430,168

Amounts stated in millions of Colombian pesos

2014						2013			
Owing company debtor	Entity	Interest rate	Source currency	Balance source currency	Equivalent in pesos	Interest rate	Source currency	Balance source currency	Equivalent in pesos
EPM	Bonds **	7.625% - 8.375%	COP	2,215,745	2,215,745	8.375%	COP	1,250,000	1,250,000
EPM	Bonds *	7.625%	USD	500	1,196,230	7.625%	USD	500	963,415
EPM	AFD	4.32%	USD	269	643,572	4.32%	USD	195	375,732
EPM	IFC	Libor + 1.875% - 2.15%	USD	257	614,288	Libor + 1.875% - 2.15%	USD	349	672,464
EPM	BID 1664, 2120, 800, 792 y 2217	Libor + 1.05%, 1.43% ,2%	USD	266	637,581	Libor + 1.05%, 1.43% ,2%	USD	370	712,289
ENSA	Bonds	7.6% - Libor + 2.375% - 4,73% EA	USD	200	478,492	7.6% - Libor + 2.375% - 4,73% EA	USD	200	385,366
EPM	Bank of Tokyo y BBVA Tokyo	Libor + 0,95%	USD	150	358,859	Libor + 0,95%	USD	167	321,133
EEGSA	Citibank	8.5%	USD	0.00	-	8.25%	USD	97	187,355
EEGSA	Banco Industrial S.A.	TAPP USD -1.56%	USD	25.00	59,812				-
EEGSA	Interbanco	TAPP USD-1.50%	USD	3.00	7,177				-
EEGSA	Banrural	TAPP USD-1.20%	USD	10.00	23,925				-
EEGSA	Banco de America Central	TAPP USD-1.50%	USD	10.00	23,925				-
EPM***	BID 2120-1	6.2716%	COP	190,295	190,295				-
EEGSA	Banco Industrial	Tasa activa - 6.56%	GTQ	496.60	156,395	Tasa activa - 5.30%	GTQ	497	122,028
TICSA****	Interacciones	TIIE+3.00% ,3.90%, 4.0% y 4.07%	MXN	611	99,201	TIIE+3.00% ,3.90%, 4.0% y 4.07%	MXN	672	98,805
ENSA	Others	TF	USD	12	29,180			0	-
EEGSA	Banco G&T Continental	Tasa activa - 6.56%	GTQ	322.60	101,597	Tasa activa - 5.50%	GTQ	323	79,271
DEL SUR	Bonds	Min 4.5 % - Max 8%	USD	30	71,774	Min 4.5 % - Max 8%	USD	30	57,692
DEL SUR	Banco Davivienda	3.97%	USD	25	59,581	3.97%	USD	25	48,056

EEGSA	Banco Agromercantil de Guatemala	Tasa activa - 6.56%	GTQ	175.07	55,135	Tasa Activa - 6.56%	GTQ	175	43,002
TICSA****	Banco del Bajío	TIIE+2.75%	MXN	331	53,802	TIIE+2.75%	MXN	117	17,185
EEGSA	Banco Reformador	Tasa activa - 6.56% Tasa Piso 6%	GTQ	130.34	41,049	Tasa activa - 6.56% Tasa Piso 6%	GTQ	130	32,029
TICSA****	Banobras	8.16% , 8.28% , 9% y 11.5%	MXN	213	34,561	8.16% , 8.28% , 9% y 11.5%	MXN	217	31,994
TICSA****	Banorte	TIIE+4.00%	MXN	124	20,059	TIIE+4.00%	MXN	143	20,992
EEGSA	Banco Internacional	Tasa activa - 6.55% 13.48%	GTQ	33.00	10,393	Tasa activa - 6.55% 13.48%	GTQ	33	8,109
TICSA****	Santander	TIIE + 4.5%	MXN	-	-	TIIE + 4.5%	MXN	20	2,932
HET	Others	9.00%	USD	-	-	9.00%	USD	0	319
Total				7,182,628				5,430,168	

Amounts stated in millions of Colombian pesos

(*)Bonds without guarantee issued in July 2009, quoted in the Luxembourg Euro MTF stock exchange, placed in the United States, Europe, Asia and Latin American markets, with expiration in July 2019. They are exempt from compliance with financial covenants because they have double investment degree rating granted by Fitch Ratings and Moody´s. This issue was placed at a yield of 7.875% and a coupon of 7.625%.

(**)EPM issued in January 2011, global bonds in pesos in the international capital market for an amount of \$1,250,000 million, intended to the general investments plan. The issue, which received an investment grade rating of Baa3 by Moody´s and BBB- by Fitch Ratings, was placed at a yield of 8.5% with expiration on February 1, 2021 and coupon of 8.375%.

Likewise, on September 3, 2014, EPM placed bonds in the international capital market for \$965,745 at a term of 10 years and with a yield of 7.625%. The issue received from the firms Fitch Ratings and Moody´s the investment grade ratings "BBB", stable outlook, and "Baa3", positive outlook, respectively. This operation permits to achieve the availability of resources to advance in the execution of investments as relevant as the Ituango Hydroelectric project, securing partially the funds required for its construction during 2015.

(***) Credit for USD\$98 with the BID, monetized to pesos in 2014.

(****) In the month of September 2013 the EPM Group entered the Mexican water market, with the capitalization of USD 113 to the firm Tecnología Intercontinental SAPI de C.V., TICSA, equivalent to 80% of the shares of the company, through the affiliate EPM Capital México S.A. de C.V.

(3) The operations with derivative instruments as of December 31, in their current portion, was:

Company		2014		
		Contractual rights	Contractual obligations	Coverage
Swap dólar-peso	Citibank	(21,605)	26,017	4,412
Cross Currency Swap	JP Morgan Tramo JBIC	(9,969)	7,442	(2,527)
	BBVA-JBIC	(15,951)	12,405	(3,546)
	Bancolombia-JBIC	(13,956)	10,891	(3,065)
Cross Currency Swap	JP Morgan Tramo-IFC	(95,317)	80,393	(14,924)
	BBVA -IFC	(31,899)	25,707	(6,192)
	BNP Paribas-IFC	(93,465)	76,839	(16,626)
Total current portion		(282,162)	239,694	(42,468)

* Amounts stated in millions of Colombian pesos

Company		2013		
		Contractual rights	Contractual obligations	Coverage
Swap dólar-peso	Citibank 1664	(69,022)	103,202	34,180
Cross Currency Swap	JP Morgan Tramo JBIC	(8,029)	7,442	(587)
	BBVA-JBIC	(12,846)	12,405	(441)
	Bancolombia-JBIC	(11,240)	10,891	(349)
Total current portion		(101,137)	133,940	32,803

* Amounts stated in millions of Colombian pesos

The operations with derivative instruments as of December 31, in their non current portion, was:

Company		2014		
		Contractual rights	Contractual obligations	Coverage
Swap dólar-peso	Citibank	(69,381)	84,274	14,893
Cross Currency Swap	JP Morgan Tramo-IFC	(96,464)	81,362	(15,102)
	BBVA-IFC	(95,698)	77,120	(18,578)
	BNP Paribas-IFC	(201,446)	163,561	(37,885)
Total non-current portion		(462,989)	406,317	(56,672)

* Amounts stated in millions of Colombian pesos

Company		2013		
		Contractual rights	Contractual obligations	Coverage
Swap dólar-peso	Citibank	(73,279)	110,291	37,012
Cross Currency Swap	JP Morgan Tramo V	(8,029)		(587)
	JBIC		7,442	
	BBVA-JBIC	(12,846)	12,405	(441)
	Bancolombia-JBIC	(11,240)	10,891	(349)
Total non-current portion		(105,394)	141,029	35,635

* Amounts stated in millions of Colombian pesos

Covenants related to loans

1. Bank of Tokyo Mitsubishi and Banco Bilbao Vizcaya Argentaria Tokyo with Guarantee from the Japan for International Cooperation JBIC:

- Debt to EBITDA ratio – EPM should not allow the total financial debt to EBITDA ratio to be higher than 3.5 to 1.
- Debt to capital ratio – EPM should not allow the total long term financial debt to capital ratio to be higher than 1.5 to 1.

2. Inter-American Development Bank "IADB"

- Total debt to EBITDA ratio of EPM Group must be lower than or equal to 3.5.
- Relationship between total long term debt and assets of EPM Group should not exceed 1.5 times its assets.

The result of covenant testing as of 2014 and 2013 is the following:

Loan	Covenants	2014	2013
Créditos Banco Interamericano de Desarrollo-BID	Deuda total / Ebitda	2.84	2.45
	Deuda largo plazo / patrimonio	0.45	0.38

3. International Finance Corporation "IFC"

- Total debt to EBITDA ratio of EPMs must be lower than or equal to 3.5.
- Interest coverage ratio must be higher than 3 times.

The result as of 2014 and 2013 is the following:

Loan	Covenants	2014	2013
International Financial Corporation-IFC	Deuda / Ebitda	2.88	2.54
	Ebitda / gasto intereses neto	11.93	12.20

4. French Development Agency – AFD

- Total debt to EBITDA ratio of the EPM Group must be lower than or equal to 3.5.
- Interest coverage ratio must be higher than 3 times.

The result as of 2014 and 2013 is the following:

Loan	Covenants	2014	2013
Agencia Francesa de Desarrollo- AFD	Deuda total / Ebitda	2.88	2.54
	Cobertura de intereses	6.23	6.68

5. Credit of EGGSA with Citibank

- Total debt to EBITDA ratio must be lower than or equal to 5.
- EBITDA / financial expenses ratio should be 3 times higher.

At December 31, 2013 and 2012, the EPM Group was in fulfillment of these covenants.

The detail of the expirations of public credit operations as of December 31st, corresponds to:

2014					
Year	US dollars (millions)	Quetzales (millions)	Colombian pesos(millions)	Mexican pesos (millions)	Equivalent in pesos (millions)
2015	158	5	128,476	103	525,568
2016	163	167	254,848	112	715,074
2017	106	167	155,784	135	483,199
2018	130	167	419,108	144	805,757
2019	574	167	355,618	157	1,806,463
2020 onwards	627	486	4,119,575	629	5,873,936
Total	1,758	1,159	5,433,409	1,280	10,209,997

2013					
Year	US dollars (millions)	Quetzales (millions)	Colombian pesos(millions)	Mexican pesos (millions)	Equivalent in pesos (millions)
2014	261	5	326,604	114	847,806
2015	148	5	583,272	89	882,032

2016	159	167	397,239	100	758,771
2017	102	167	212,672	120	468,068
2018	120	167	475,996	125	766,285
2019 onwards	1143	648	3,054,545	621	5,507,534
Total	1,933	1,159	5,050,328	1,169	9,230,496

The detail of expirations of hedging operations for the year is as follows:

2014			
Year	Contractual rights	Contractual obligations	Net
2015	(282,162)	239,694	(42,468)
2016	(291,689)	268,587	(23,102)
2017	(85,650)	68,865	(16,785)
2018	(85,650)	68,865	(16,785)
Total	(745,151)	646,011	(99,140)

2013			
Year	Contractual rights	Contractual obligations	Net
2014	101,137	(133,940)	(32,803)
2015	49,516	(56,755)	(7,239)
2016	55,878	(84,274)	(28,396)
Total	206,531	(274,969)	(68,438)

16. Accounts payable

As of December 31st, the balance of accounts payable is comprised as follows:

		2014	2013
Creditors	(1)	1,298,716	565,887
Acquisition of domestic goods and services		717,085	960,536
Acquisition of foreign goods and services		528,409	350,270
Interests payable		230,839	186,703
Other accounts payable		100,518	59,930
Current accounts payable		2,875,567	2,123,326
Other accounts payable	(2)	412,496	298,708
Acquisition of domestic goods and services		1,403	2,233
Acquisition of foreign goods and services		756	-
Non-current accounts payable		414,655	300,941
Total accounts payable		3,290,222	2,424,267

Amounts stated in millions of Colombian pesos

- (1) There was an increase for \$732,829 associated mainly to surpluses payable to the municipality of Medellin, where ordinary surpluses were accrued for \$511,165 and extraordinary surpluses for \$423,835, both to be paid in the 2015 period.
- (2) The increase of other accounts payable noncurrent in 2014 was due mainly to the reclassification from current to noncurrent in EPM of \$19,930 corresponding to account payable to the Municipality of Medellin for the acquisition of Emvarias, the receipt of advances in kind in EEGSA for \$21,692 and reclassification to noncurrent of the obligations of EPM Mexico with previous owners of TICSА.

17. Taxes , levies and duties payable

As of December 31, the balance of taxes payable is comprised as follows:

		2014	2013
Income tax	(1)	215,446	124,262
Tax on equity		59,222	80,359
Income withholdings		33,391	37,979
Value added tax - VAT		14,960	(4,049)
Industry and commerce tax	(2)	-	147,078
Other taxes, levies and contributions		25,081	76,434
Total current taxes payable		348,100	462,063
Tax on equity		422	-
Sales tax on temporary imports	(2)	-	2,085
Total non current taxes payable	(3)	-	720
Total taxes payable		422	2,805
Income tax		348,522	464,868

Amounts stated in millions of Colombian pesos

(1) Income tax: tax regulations applicable and in force provide the following:

- Colombia: The nominal rate of the income tax for equality (CREE) is of 9%. Guatemala: the tax is determined by the regime on the profits from lucrative activities (for 2014 a rate of 28% on the taxable income determined based on the net income) or by the optional simplified regime on income from lucrative activities (rate of 5% up to Q 30,000 of gross income, of 7% for over Q 30,000 and of 10% for capital gain).

El Salvador: the rate is of 30% for companies with taxable income over US\$150,000 and 25% for those that do not exceed that cap.

Panama and Mexico: there is a taxation rate of 30%.

Chile: has a rate of 20%.

The capital gains tax for national affiliates is 10%. This applies for the sale of fixed assets owned for more than two (2) years. For lotteries, raffles, bets and similar items the tax rate is of 20%.

- In Colombia, public utilities are excluded from determining the income tax by the presumptive income system, calculated based on the net tax equity of the immediately preceding year. For the calculation of the income tax for equality CREE this exclusion does not exist.
- Due to the operations that EPM performs with its related parties abroad, it is subject to the regulations on transfer pricing, introduced in Colombia with laws 788 of 2002 and 863 of 2003.

In 2012 Law 52 was issued in Panama, which contemplates obligations on the subject of transfer pricing applicable to the operations with related parties.

- The parent of the EPM Group uses the tax deduction called "special deduction for investments in productive fixed assets", equivalent to 40% of investments made during the fiscal year. This benefit continues for the parent company on occasion of the legal stability agreement signed with the National Government in 2008, contemplating the condition of applying the straight line depreciation system on assets subject to this deduction; of they are sold or cease to be used in the income producing activity before the expiration of the term of their economic life, it will be mandatory for the company to reimburse the value of the deduction claimed proportionately to the remaining useful life of the good in the income tax return of the tax period in which that event takes place. This benefit is transferred to the shareholders through the increase of dividends not taxed.
- With the entry into force of Decree 957 of December 2011, which modified the Law of ISR of El Salvador, the dividends paid or credited to partners or shareholders were taxed with a withholding of 5%.

The listing of the net taxable income for the entire Business Group as of December 31 is shown below:

		2014	2013
	Profit before income tax provision	2,534,867	2,325,770
Less	Less Profits before income tax provision in Guatemala ISR 6%(*)	54,521	39,761
Plus	Items increase income		
	Non- deductible expense for tax on equity	17,018	17,680
	Valuation of investments by straight line method	25,460	61,667
	Other non-deductible expenses	288,406	127,706
	Increase of non-deductible provisions	128,821	151,605
	Dividends received from companies where control is held	419,970	887,304
	Expenses and costs from previous periods	24,436	18,509
	Total items increasing net taxable income	541,518	158,112
Plus	Items increase income	1,445,629	1,422,583
Less	Items Decrease income		
	Special 40% deduction on investments in the year	439,004	268,247
	Excess property, plant and equipment depreciation	455,963	458,938
	Non-taxable income	462,208	519,829
	Income not subject to income tax- dividends	402,306	798,213
	Profits from liquidity investments appraisal	32,429	24,044
	Total items decreasing net income	1,791,910	2,069,271
	Net ordinary income for the period	2,134,065	1,639,321
Less	Exempt income	47,755	38,962
	Clearings	32,147	2,181
	Net taxable income	2,054,163	1,598,178

Considering the different income tax rates, the detail of the calculation of the provision for this tax is as follows:

	Tariff 31%	Tariff 30%	Tariff 25%	Tariff 15%	Total
Taxable income	62,869	107,713	1,871,818	11,763	2,054,163
Provision for current income tax before discounts	23,185	30,159	469,266	1,438	524,048
Tax discounts-water and draining / withholdings overseas	-	-	72,634	-	72,634
Provision for current income tax (1)	23,185	30,159	396,632	1,438	451,414
Tax on occasional gain	-	-	26	-	26
Net charge to income for deferred income tax	14,876	-	(21,670)	(24,504)	(31,301)
Income tax provision charge to income	38,061	30,159	374,988	-23,066	420,142
(+) ISR 6% on income taxable (****)	-	-	-	-	6,943
Total income tax					427,085
*El Salvador : A tax of 30% or 25 % depending on taxable income					

	Income tax for equity CREE	1,900,701
Plus	Items increase income	
	Special deduction in productive fixed assets	439,004
	Other special deductions	2,180
	Other increase items	317
	Total items increase taxable income	441,501
Less	Items decrease income	
	Other items decrease	838
	Total items decrease taxable income	838
	Taxable income for ordinary deputation	2,341,364
Plus	Minimum income tax base for equity CREE	8,791
	Total taxable income liquid	2,350,155
	Tax rate	9%
	Income tax for equity CREE , provision	211,514

The detail of the calculation of the provision for income tax in 2013 was the following:

	Tariff 31%	Tariff 30%	Tariff 25%	Tariff 15%	Total
Taxable income	111,325	107,241	1,365,057	14,555	1,598,178
Provision for current income tax before discounts	34,511	36,608	343,678	2,183	416,980
Tax discounts-water and draining / withholdings overseas	-	-	48,390	-	48,390
Provision for current income tax (1)	34,511	36,608	295,288	2,183	368,590
Tax on occasional gain	-	-	367	-	367
Net charge to income for deferred income tax	-	8,885	61,812	-	70,697
Income tax provision charge to income	34,511	45,493	357,467	2,183	439,654
(+) ISR 5% on income taxable (****)	-	-	-	-	5,268
Total income tax					444,922

(*) This excluded from the calculation of the net income because some Guatemalan affiliates are taxed on 5% or 7% of their income and not at the rate of 31% on taxable income.

(**)The excess of tax over accounting depreciation corresponds to: (i) the utilization of different useful lives; (ii) the application of the depreciation method of declining balances and additional shifts, and (iii) the increase in the depreciation base by the addition in the cost of historic inflation adjustments (2001-2006), since as of that date they were suspended by legal provision.

(***)In Colombia, the discount for investment in regional water networks and sewage companies is set forth in Article 104 of Law 788 of 2002, equivalent to 40% of the capital effectively paid in order to extend the service coverage.

(****) Tax calculated based on the income.

Movements of deferred taxes during the year were as follows:

	2014	2013
Initial balance of deferred tax asset	413,138	337,587
Initial balance of deferred tax liability	(978,430)	(878,073)
Subtotal	(565,292)	(540,486)
Net adjustment on income for the period	31,297	(70,696)
Adjustment on deferred tax charged to previous years	16,437	49,016
New investments / interests minority elimination	22,227	(3,126)
End balance of deferred tax asset	530,135	413,138
End balance of deferred tax liability	(1,025,466)	(978,430)
Total deferred tax, net	(495,331)	(565,292)

Amounts stated in millions of Colombian pesos

Reconciliation between accounting equity and tax equity at December 31 is shown below:

		2014	2013
	Accounting equity	21,156,082	22,047,514
Less			
	Revaluation of assets	(11,072,942)	(11,184,664)
	Adjustments for inflation, depreciation and tax amortization	(2,773,874)	(2,825,555)
	Excess of tax depreciation	(2,851,569)	(3,207,375)
	Income tax payable	(35,482)	(53,222)
	Credit deferred monetary correction, net	(530,135)	(413,138)
	Deferred tax, assets	(17,264,002)	(17,683,954)
	Tax inflation adjustments	3,258,259	4,313,778
Plus	Deferred tax, liabilities	1,025,466	978,430
	Actuarial computation	145,874	51,874
	Provisions and contingencies	188,692	252,677
	Provision for property, plant and equipment	24,388	120,903
	Provision accounts receivables	147,558	399,186
	Provisions of investments	13,725	103,604
		4,803,962	6,220,452
		8,696,042	10,584,012

- (2) Corresponds to the value of the equity tax, including the surtax. This was accrued in January 1, 2011 and was paid in eight equal installments (two installments annually) during four years. The payment of this tax was completed in September 2014.
- (3) Corresponds to the VAT payable for temporary imports of goods.

On a general basis, income tax returns of the EPM Group for the years 2011 and 2012 are opened to review by the tax authorities. The Administration of EPM and subsidiaries, as well as their legal advisors consider that the amounts recorded are sufficient and it is not likely that liabilities arise in excess of those already recorded.

Legal stability contracts

EPM Parent Company entered into a legal stability contract in Colombia based on Law 963 of 2005 (for the power generation business). The contract protects EPM against adverse tax changes and permits it to use the rules that are favorable to it; the main rules stabilized are:

- Income tax rate of 33%
- Tax on equity until 2010.
- Special deduction of 40% on the investment of real productive fixed assets.
- Special deduction for investment in science and technology and environmental.
- Other basic rules in the determination of income.

The agreement has a term of 20 years counted as of June 2008.

New regulations

Tax reform and emergency measures Colombia

The main changes incorporated by the Law 1607 of 2012 are summarized in:

- CREE tax: a surtax is created to the CREE that will be of 5% in 2015, 6% in 2016, 8% in 2017 and 9% in 2018, which is subject to an advance of 100% of the value thereof.
- Wealth tax: the wealth tax is created for tax years 2015, 2016 and 2017.
- The generating event of this tax is the ownership of wealth as of January 1, 2015, which value is equal to or higher than \$1,000 million pesos. For the purposes of this tax the notion of wealth is equivalent to the total gross equity of the taxpayer owned on that date less the debts payable by the taxpayer outstanding on that date.

Tax reform in Guatemala:

The major changes brought by the income tax reform (Decree 10-2012), whose effects take place as of January 1, 2013 are:

- Modification of the rate for determination of the taxable income of profitable activities as follows:
 - * Tax year 2013: 31%
 - * Tax year 2014: 28%
 - * Tax year 2015: 25%
- Modification of the rate for determination of capital income, capital gains and losses:
 - * Movable and immovable capital income: Rate 10% (formerly taxed in the general regime of 5% and the optional regime at a rate of 31%)
 - * Capital gains: Rate 10% (formerly taxed in the general regime of 10% and the optional regime at a rate of 31%)
 - * Distribution of dividends, gains and profits: Rate 5%. In the previous law they were not taxed.

Tax reform in Mexico:

- Mexico had a tax reform in December 2013. By means of Decree published in the Official Diary, on December 11, this new regulation abolished the Business Tax at Single Rate (IETU) and the Tax on Cash Deposits.
- A new Income Tax Law (ISR) was issued, maintaining for legal persons a taxation rate of 30%. A withholding of 10% is established on dividends paid to individuals and foreigners, which in the case of payment of dividends to Colombia do not apply because of the Double Taxation Treaty signed with Mexico and which entered into force on January 1, 2014. Based on said treaty, the withholding in the payment of interest to a Colombian creditor shall not be higher than 10%.
- The profit sharing received by the workers of the company (PTU) will be calculated on the same basis of the income tax, without being reduced by the profit sharing paid in the period or with the tax losses pending to be applied.

Tax Reform in Chile:

The tax reform Law 20,780 contemplates a gradual implementation, with full effectiveness as of January 1, 2017.

- Progressive increase of the First Category Tax, from the current 20% up to 25% or 27%, according to the taxation regime adopted by the company:
 - Attribution regime with a rate of 25% on the income obtained in each tax period, immediately attributed to shareholder ("Regime A").
 - Partial integration regime, with a rate of 27% on the income obtained ("Regime B"). In this regime, it will be permitted to defer the payment of final taxes that affect shareholders up to the effective withdrawal or distribution of the company profits. It only permits to use as credit 65% of the taxes paid by the Company, save that the shareholder is domiciled in a country with agreement.
- Additional Tax on Dividends: The rules related to withholding obligations are modified.
 - Regime A, the withholding of the Additional Tax will only be made for withdrawals or distributions and remittances that are attributed to "Fund D" (profits that have not paid final taxes).
 - Regime B, the withholding will be made for distributions or remittances that correspond to income subject to Additional Tax.
- Capital Gains: Elimination of the Single Tax.

Currently, capital gains obtained in the sale of shares in Chilean companies may be benefited by a single tax of 20%.

The tax reform eliminates this reduced rate and taxes the capital gains with final taxes as of year 2017. For those purposes, the option is granted to tax based on income received or earned. In case of non-residents, the Additional Tax of 35% would be applied

18. Labor obligations

The balance of labor obligations as of December 31st was:

		2014	2013
Severance	(1)	32,372	56,972
Vacations premium	(2)	22,390	34,738
Vacations		17,734	24,435
Interest on severance		7,308	10,488
Payroll payable		121	11,234
Other premiums	(3)	33,233	14,281
Other salaries and fringe benefits	(3)	8,850	5,626
Total current labor obligations		122,008	157,774
Severance	(1)	33,297	34,838
other premium		11,381	8,301
Compensations	(3)	439	23,962
Other salaries and fringe benefits		758	93
Total- non-current labor obligations		45,875	67,194
Total labor obligations		167,883	224,968

Amounts stated in millions of Colombian pesos

- (1) The current portion corresponds to the severance payments for employees that shall be transferred to the severance funds before February 14, 2014. The non-current portion corresponds to the severance payments for employees of the previous scheme.
- (2) This This corresponds to the Premium granted to employees of EPM and UNE EPM Telecomunicaciones S. A. who enjoy vacations equivalent to 32 days of ordinary salary per each year of service and proportional to each fraction of a year.
- (3) It corresponds to the estimate, at present value, of the future payments corresponding to the seniority bonus. In EPM, Central Hidroeléctrica de Caldas SA. E.S.P. and the Empresa de Energia de Quindío S.A. E.S.P. the official workers are entitled to this bonus every time they complete five years of service in the company, continuous or discontinuous. The estimated value is determined by the actuary, taking into account the average salary increase, discount rate of 5.77% and the mortality rates approved by the Financial Superintendence in Resolution 155 of 2010.

19. Pension obligations and pension commutation

The balance of pension obligations and pensions commutation as of December 31 is comprised as follows:

	2014	2013
Pension bonds	87,031	157,817
Retirement pensions	7,527	79,744
Pension commutation	6,547	4,232
Total current pension obligations and pension commutation	101,105	241,793
Retirement pension	625,389	637,867
Pension bonds	452,448	429,963
Pension commutation	85,780	90,169
Total non- current pension obligations and pension commutation	1,163,617	1,157,999
Total pension obligations and pension commutation (*)	1,264,722	1,399,792

Amounts stated in millions of Colombian pesos

(*) The movement of the actuarial calculation was:

	Cálculo actuarial	Saldo por amortizar	Pasivo neto
Balance at December 2012	1,368,907	(68,068)	1,300,839
Adjustment on actuarial computation	194,127	(194,127)	-
Amounts paid for pension liability	(96,708)	-	(96,708)
Charge to income - amortization	-	134,620	134,620
Bussines combination- Emvarias	174,086	(107,279)	66,807
Net movement pensions payable	86	-	86
Other charges to income	(5,852)	-	(5,852)
Balance at December, 2013	1,634,646	(234,854)	1,399,792
Adjustment on actuarial computation	88,112	(88,112)	-
Amounts paid for pension liability	(128,859)	-	(128,859)
Charge to income - amortization	-	116,216	116,216
Bussines combination- UNE	(154,542)	32,022	(122,520)
Net movement pensions payable	93	-	93
Other charges to income	-	-	-
Balance at December, 2013	1,439,450	(174,728)	1,264,722

Amounts stated in millions of Colombian pesos

The major factors in the actuarial calculations corresponding to retirement as of December 31st were:

	2014	2013
Number of people covered	7,035	6,811
Technical interest rate	4.80%	4.80%
Pension readjustment rate*	2.41%	2.99%

(*) This rate corresponds to the weighted average of inflation of 2011, 2012 and 2013, as follows: 3 points for 2013, 2 points for 2012 and 1 point for 2011, according to the provisions in Paragraph 1 of Article 1 of Decree 2783 of December 20, 2001.

20. Estimated liabilities

As of December 31, the estimated liabilities balance is comprised as follows:

		2014	2013
Provision for contingencies	(*)	73,449	49,735
Otrher provisions		6,893	16,529
Total current estimated liabilities		80,342	66,264
Provision for contingencies	(*)	115,243	108,454
Provision for insurance and reinsurance		102,494	111,059
Otrher provisions		-	45
Total non-current estimated liabilities		217,737	219,558
Total Estimated liabilities		298,079	285,822

Amounts stated in millions of Colombian pesos

(*)This includes provisions for civil and administrative litigations, labor lawsuits, tax proceedings and other contingencies. The main proceedings rated as probable were the following:

Third Party	Claim	2014	2013
Municipality of Tuta	Discussion of the industry and commerce tax by the commercialization activity in the municipality for the generator.	15,412	17,547
Consortium Dragados Porce II	Claim for undue compensation by EPM for USD\$4,10	11,856	-
Manuel Márquez and others	Riogrande II Project, indemnification to the community for not having acquired the mining reserves.	7,877	7,728
Carmen María Álzate Rivera	Damages resulting from the increase of the flow intensity of Guatape River by EPM to 42 families.	7,255	-
José Alberto Ruiz Betancur	Injuries for primary power lines of EPM that pass close to a residence in Copacabana.	5,848	5,546
Municipality of Yumbo	Discussion of the industry and commerce tax by the commercialization activity in the municipality for the generator.	4,152	3,940
Municipality of Caloto	Discussion of the industry and commerce tax by the commercialization activity in the municipality for the generator.	3,396	3,095
Concretos y Asfaltos S.A	Indemnification for damages for USD 3,298,054	-	6,325

* Amounts stated in millions of Colombian pesos

21. Other liabilities

As of December 31, other liabilities balance is comprised as follows:

		2014	2013
Collections in favor of third parties	(1)		
Public lighting		25,239	20,076
Collection of accounts receivables third parties		12,544	13,072
Taxes		11,232	14,011
Sales of public utilities and telecommunication		10,924	17,901
Sales on behalf of third parties		6,853	8,188
Other collections of third parties		4,130	7,632
Income received in advance			
Sales of public utilities and telecommunication		23,555	27,065
Other income received in advance		17,211	13,340
Sales	(2)	6,043	56,028
Leases		539	13,674
Deferred tax	(3)	40,838	50,892
Advance tax		-	109
Other current liabilities		159,108	241,988
Deferred tax	(3)	984,628	927,539
Other liabilities		21,976	14,690
Other non-current liabilities		1,006,604	942,229
Total other liabilities		1,165,712	1,184,217

Amounts stated in millions of Colombian pesos

- (1) Agreements for collection of receivables executed with entities such as Municipality of Medellin, Empresas Varias de Medellin E.S.P., Publicar S.A., Telmex S.A., Comcel S.A. and Colombia Movil S.A. E.S.P., among others.
- (2) Due to the merger process of UNE, the other liabilities for sales are not consolidated as of September 2014 (see note 2.1.3.).
- (3) The deferred tax is credit if the difference that originated implied the payment of a lower tax in the year.

The detail of the movement was the following:

	2014	2013
Beginning balance	978,431	878,074
Increase for the period	47,035	100,357
Ending balance deferred tax	1,025,466	978,431

Figures in millions of Colombian pesos

22. Equity

The equity as of December 31 was:

		2014	2013
Capital		67	67
Reserves	(1)	3,786,336	3,839,169
Surpluses of previous periods		4,047,123	4,214,245
Surpluses current period	(2)	1,783,232	1,624,813
Surplus for donation		114,319	114,319
Surplus for appreciation		7,965,618	9,885,254
Surplus for equity method		1,089,740	-
Appreciation of equity		2,437,797	2,437,797
Effect by conversion of currency		(68,150)	(68,150)
Total equity		21,156,082	22,047,514

Figures in millions of Colombian pesos

(1) As of December 31, the reserves balances are comprised as follows:

		2014	2013
Legal reserves		3,204,737	3,257,570
Occasional reserves		574,008	574,008
Equity funds	(1.1)	7,591	7,591
Total reserves	(1.2)	3,786,336	3,839,169

Amounts stated in millions of Colombian pesos

(1.1) As of December 31, the equity funds showed the following balances:

		2014	2013
Self- Insurance fund		3,491	3,491
Financing plan		3,108	3,108
Housing fund		992	992
Self- Insurance fund		7,591	7,591

Amounts stated in millions of Colombian pesos

(1) The Board of Directors or General Shareholders' meetings approve the following each year upon presentation of the financial statements at period end:

- Create and release reserves to comply Article 130 of the Colombian Tax Code.
- Create and release reserves to comply with Decree 2336 of 1995 for the profits in the application of the equity method.
- Create reserves for future reinvestments.

(2) Based on the determination by the COMPEs in the meeting of March 17, 2014, ordinary financial surpluses were accrued for \$496,237 (2013 -\$526,122) and extraordinary financial surpluses for \$413,531 (2013 -\$708,435). The total financial

surpluses paid as of December 2014 was \$1,010,832 (2013 - \$1,183,493). Additionally, according to minutes of the Government Council No. C-GO-65 of December 19, 2014, ordinary financial surpluses were accrued for \$511,165 and additional financial surpluses for \$423,835 to be paid in the fiscal period 2015.

Reconciliation of equity and consolidated profit

The effect of the consolidation of the financial statements of the Company and its subordinates for 2014 is the following:

	Balances before adjustments and eliminations	Adjustments of consolidation and eliminations	Consolidated balance
Assets	49,944,291	(11,194,037)	38,750,254
Liabilities	20,385,382	(2,791,210)	17,594,172
Equity	29,558,909	(8,402,827)	21,156,082

The reconciliation between the profit of EPM Parent and the consolidated profit is as follows:

	2014	2013
Individual profit	1,802,071	1,654,124
Profits not realized in sale of property, plant and equipment	-18,666	-30,373
Profits not realized in sale of investments	-14,253	0
Adjustment of consolidation on investments	14,080	1,062
Consolidated profit	1,783,232	1,624,813

The reconciliation between the equity of EPM Parent and the consolidated equity is as follows:

	2014	2013
Individual equity	21,346,568	22,259,331
Profits not realized in sale of property, plant and equipment	-204,755	-212,866
Profits not realized in sale of investments	14,253	0
Adjustment of consolidation on investments	16	1,049
Consolidated equity	21,156,082	22,047,514

23. Memorandum accounts

As of December 31, memorandum accounts are comprised as follows:

		2014	2013
Contingent rights	(1)	722,546	899,588
Tax debit	(2)	7,566,829	6,518,951
Control debit	(3)	562,538	583,297
Total debit memorandum accounts		8,851,913	8,001,836
Contingent liabilities	(4)	1,376,389	254,144
Tax credit	(5)	20,467,385	19,021,106
Control credit	(6)	1,127,121	991,323
Total credit memorandum accounts		22,970,895	20,266,573
Total memorandum accounts		14,118,982	12,264,737

Amounts stated in millions of Colombian pesos

- (1) The contingent rights correspond mainly to litigations in administrative processes for \$531,228 (2013 - \$78,416), the balance worth mentioning are a litigation against the Ministry of Defense for a value of \$441,249, a capitalization recorded by the affiliate EPM Aguas Nacionales S.A. E.S.P. of the Wastewater Treatment Plant (PTAR) project of Bello (in accordance with the contractual obligations acquired with the Inter American Development Bank for the disbursement of USD450 million for the construction thereof) for \$91,672 (2013 - \$91,672) and \$35,778 (2013 - \$39,492) of the trust that supports the contingent obligations of EADE at the time of liquidation.
- (2) Tax debit memorandum accounts refer to the differences between accounting and tax regulations. They include mainly the difference in the depreciation, inflation adjustments to property, plant and equipment, shares and contributions and addition to tax goodwill. In general, differences in asset, cost and deduction accounts.
- (3) This account records the operations that the companies of the EPM Group have with third parties or for internal control, without their nature affecting its financial situation. These accounts include the totally amortized assets, obsolete inventories and others. It includes receivables written-off for \$158,290 (2013 - \$158,290), the self-insurance fund for \$68,106 (2013 - \$68,106).
- (4) The contingent liabilities correspond to civil proceedings in which the companies of the EPM Group are sued by third parties, generally contractors that are considered to have failed to comply with their contractual obligations.

As of December 2014, the main processes included were:

Third	Claim	2014	2013
José Luis Padilla Sundhein	Obtain the protection of the law and collective interest to administrative morality and that currently is being contravened and threatened by EMP and the CRA, on occasion of the unfair charge of the sewage service.	213,800	-
Sociedad Minera Peláez y Hermanos S.C.S, José Alirio Zamora Ardila	To declare EPM and other entities responsible for the damages caused to the plaintiffs for the landslide in Calle Vieja of the neighborhood La Gabriela of Bello on December 5, 2010 and order them to pay the equity damages.	146,955	138,411
National Federation of Coffee Growers	Recognition and payment of investments made by the National Federation of Coffee Growers in electric Infrastructure works of EPM.	80,145	-
Alba Nancy Madrigal Maya	To declare EPM and other entities responsible for the damages caused to the plaintiffs for the landslide in Calle Vieja of the neighborhood La Gabriela of Bello on December 5, 2010 and order them to pay the equity damages.	49,377	-
Compañía Minera La Cuelga	Indemnification for economic damages caused to Compañía Minera La Cuelga, which originate in the works of execution, filling of dam and start up of the hydroelectric project Porce III of EPM.	24,370	23,283
CSS Constructores S. A.	Indemnification of damages caused for the loss of the right that the consortium had to be awarded the public works contract in the bidding process PC-009013, construction of the dam and works associated to the hydroelectric project Porce III of EPM.	-	22,853
To transporters	To order EPM to enable and classify the Transportation within the contracting process PC-2009-0480, rendering of people land transportation services.	16,424	15,576

- (5) Tax credit memorandum accounts are made up by the differences between accounting and tax regulations. They refer especially to the recording of appreciation of investments, the deferred monetary indexation and accumulated depreciation of properties, plant and equipment.

(6) This account records the operations payable that the companies of the EPM Group could have with third parties or for internal control, without their nature affecting their financial situation. It includes the following credits to be disbursed:

- IADB USD 301.2 million for the Sanitation program of the Medellin River – wastewater treatment plant project of Bello. 25-year term.
- AFD (French Development Agency) USD 69.2 million, for growth and expansion projects in the Energy Generation, Transmission and Distribution businesses. 15-year term.

Statement of financial, economic, social and environmental activities.

24. Operating income, net

As of December 31, operating income is comprised as follows:

		2014	2013
Rendering of services			
Electric power service	(1)	9,817,586	9,083,011
Fuel gas service		524,372	539,813
Sewage service	(3)	427,796	373,779
Water service	(3)	363,131	346,017
Other service		214,642	378,857
Cleaning service	(4)	151,684	26,650
Insurance and reinsurance service		4,800	5,561
Computation service		412	1,838
Telecommunications service	(2)	-	1,892,943
Communications service	(2)	-	323,158
Total service rendering		11,504,423	12,971,627
Sale of goods		52,667	100,338
Total sales of goods and rendering services		11,557,090	13,071,965
Discounts			
Sales of services			
Electric power service		(37,162)	(85,184)
Water service		(606)	(4)
Sewage service		(8)	-
Telecommunications service	(2)	-	(217)
Other service		(37,776)	(85,405)
Total sale of services		(11)	(94)
Sale of goods		(37,787)	(85,499)
Total discounts and returns		11,519,303	12,986,466

Amounts stated in millions of Colombian pesos

- (1) Energy services include the services of generation, transmission, distribution and commercialization. There was a growth for \$734,575 (2013 - \$73,647) compared to the previous year, due mainly to:
- ENSA reported a higher demand and increase in the price of energy.
 - EPM had increases in the Generation business, due mainly to the increase in the rendering of the AGC service and a higher participation in the Pool with a better price; and in the distribution business, because there was a higher demand of power with an increase in the price.
- (2) Due to the merger process of UNE, the telecommunications services are not consolidated as of September 2014 (see note 2.1.3).
- (3) The increase in waters is explained by the increase in the number of users and the rate increase.
- (4) The increase in cleaning and sanitation is explained by the incorporation of Empresas Varias de Medellín S.A. E.S.P. in November 2013.

25. Costs for rendering of services

As of December 31, costs for rendering of services, are comprised as follows:

		2014	2013
Cost of goods and public utilities - Sales	(1)	5,063,270	4,851,810
Personnel cost		459,037	898,210
Orders and contracts on account of other services		421,445	472,627
Maintenance and repair	(2)	271,427	413,715
Cost of distribution and marketing of gas natural		188,691	198,072
Materials and others operation costs		148,685	133,476
Licenses, contributions and royalty		111,838	180,744
General costs		100,354	205,382
Direct inputs consumption	(3)	62,523	81,137
Fees		58,156	65,998
Insurance		51,899	62,279
Taxes		48,223	46,092
Costs for sale of goods		44,578	118,720
Public utilities		20,471	36,822
Leases		18,993	123,235
Cost for services rendering losses		3,082	3,005
Access charge and interconnection for telecommunication services		-	232,127
Total rendering services losses	(4)	7,072,672	8,123,451

Amounts stated in millions of Colombian pesos

- (1) Includes energy purchases, payment for the use of networks and pipelines and restrictions.

- (2) Includes maintenance and repairs of lines, networks and ducts and maintenance and repairs of buildings.
- (3) Includes purchases of fuel for generation of the thermal plant La Sierra and chemical products for the treatment of drinkable water.
- (4) Due to the merger process of UNE, the telecommunicatins services are not consolidated as of September 2014 (see note 2.1.3.).

26. Depreciation, provisions and amortization

As of December 31, depreciation, provisions and amortization are comprised as follows:

	2014	2013
Depreciations		
Depreciation of transmission networks and lines	208,479	352,374
Depreciation of plants, pipelines and tunnels	182,028	257,558
Depreciacion of buildings	44,404	41,913
Depreciation of machinery and equipment	21,159	23,719
Other depreciations	17,299	15,202
Depreciation of communication and computing equipment	8,837	89,819
Total depreciation costs	482,206	780,585
Amortization costs		
Amortization of improvements in third party properties	13,654	12,409
Amortization of intangibles	10,291	77,990
Amortization of goods given to third parties	2,999	64,913
Projects and studies	495	9,934
Amortization of futures pension actuarial computation	395	215
Depletion	303	274
Total amortization costs	28,137	165,735
Total costs of depreciations and amortizations	510,343	946,320
Depreciations		
Depreciation of communication and computing equipment	18,146	17,517
Depreciation furniture and fixtures	3,646	6,270
Depreciation of buildings	2,836	5,170
Depreciation of machinery and equipment	2,804	4,972
Depreciation transpotation equipment	1,935	1,886
Other depreciation	1,052	1,077
Total depreciation expenses	30,419	36,892
Actuarial computation		
Udpate of retirement pensions	78,380	74,872
Udpate of bonds and pension payment quotas	25,372	15,697
Udpate future pension	6,075	12,052
Udpate of quotas in other parts	3,540	21,917
Udpate of pension commutation	2,454	10,081
Total actuarial calculation expense	115,821	134,619
Amortizations		
Amortization of intangibles	7,838	10,789
Goods given to third parties	16	86
Total amortization expenses	7,854	10,875
Provisions		
Provision for receivable	39,178	110,882
Provision for property, plant and equipment	3,148	29,811
Provision on inventories	507	2,319

Provision of industrie tax and trade		12,177	12,966
Other provisions		55,010	155,978
Total provisions expenses		209,104	338,364
Total depreciation, amortization and provisions expenses	(1)	719,447	1,284,684

Figures in millions of Colombian pesos

- (1) Due to the merger process of UNE, the telecommunications services are not consolidated as of September 2014 (see note 2.1.3).

27. Administration expenses

As of December 31, administration expenses are comprised as follows:

		2014	2013
Personal expenses			
Salaries and wages		292,928	354,832
Effective contributions		37,152	59,239
Imput contributions		41,998	48,193
Payroll contributions		3,588	6,029
Total personnel expenses		375,666	468,293
General expenses			
Commissions, fees and services		113,597	132,472
Leases		44,706	48,766
Maintenance		43,566	44,208
Promotion and disclosure		19,293	23,313
Advertisement		16,198	20,070
Intangibles	(1)	15,538	41,494
Project and studies		14,120	11,458
Monitoring and security		12,327	11,035
General insurances		10,187	7,868
Public utilities		9,950	8,597
Materials and supplies		6,250	10,882
Transportation and communication		5,213	6,148
Cleaning elements, laundry and cafeteria		1,347	3,481
Other administration expenses		59,903	47,968
Total general expenses		372,195	417,760
Industry and commerce tax		51,539	65,409
Financial movements lien		39,078	48,182
Supervision and audit fee		22,683	27,627
Contributions	(2)	17,018	17,790
Equity tax		1,123	2,176
Other taxes		8,835	22,443
Total taxes, levies and contributions		140,276	183,627
Total administrative expenses	(3)	888,137	1,069,680

Amounts stated in millions of Colombian pesos

- (1) Value of licenses and software of an administrative nature used in the support activities.
- (2) Corresponds to the tax on equity that was accounted for by the companies that did not have any balance in the account "revaluation of equity" as of December 31, 2010 (see note 23).

- (3) Due to the merger process of UNE, the telecommunications services are not consolidated as of September 2014 (see note 2.1.3).

28. Non-operating expense, net

As of December 31, non-operating expense is comprised as follows:

		2014	2013
Financial			
Dividends and participations	(1)	56,729	50,483
Other financial revenue		53,511	48,577
Profit from the appraisal of liquidity administrative investments in debt securities		45,692	40,622
Default interest		22,222	26,874
Interests on financial institutions deposits		16,449	31,840
Yields on administrative deposits		1,301	1,390
Accounts receivable interests		73,049	48,714
Others ordinary revenue		64,598	178,864
Extraordinary			
Recoveries	(2)	71,827	199,900
Uses		11,504	7,404
Compensations		5,810	13,279
Other Extraordinary income	(3)	32,097	42,915
Adjustment from previous years		(631)	363
Total non-operating income		454,158	691,225

Amounts stated in millions of Colombian pesos

- (1) Dividends received from companies associated or not controlled (see note 11).
- (2) Includes recovery of provisions of receivables, litigations and lawsuits, generated by the change in methodology in 2013. Among the most significant amounts that generated variation are recoveries in EPM of receivables for \$2,315 (2013 -\$14,630), of litigations and lawsuit for \$13,157 (2013 - \$56,065), properties, plant and equipment for \$11,597 (2013 -\$2,338) and investments for \$33 (2013 - \$2,819) and \$0 (2013 - \$876) of goodwill. In addition, UNE and affiliates contributed \$54,754 in 2013.
- (3) Includes income for recovery in the valuation of the trust the supports previous litigations of EADE in EPM for \$5,016 and income for reimbursement of the premium on placement of shares of CHEC in EPM Inversiones for \$24,522.

29. Non-operating income, net

As of December 31, non-operating income is comprised as follows:

		2014	2013
Interests			
Domestic public credit transactions		253,799	226,880
Foreign public credit transactions	(1)	143,856	200,679
Other interests		132,914	95,614
Commissions		23,008	8,852
Exchange differences adjustments	(2)	291	169,899
Financial Expenses			
Loss for investments valuation		3,902	3,374
Discount on financing bonds and securities		2,868	2,868
Securities administration and issuance		1,463	9,648
Other financial expenses		1,039	1,211
Other ordinary expenses	(3)	63,464	28,356
Extraordinary		954	4,281
Provision on equity investments		1,171	4,097
Provision for tax obligations		4,140	3,648
Provision for contingencies			
Litigation	(4)	97,466	57,134
Other provisions		-	1,206
Intangible expenses amortization	(1)	19,627	40,856
Adjustment from previous year		8,376	15,503
Total non-operating expenses, net		758,338	874,106

Amounts stated in millions of Colombian pesos

- (1) Due to the merger process of UNE, the telecommunications services are not consolidated as of September 2014 (see note 2.1.3).
- (2) During 2014 there was a devaluation of the peso in respect to the US dollar of 24.17% (2013 – devaluation of 8.97%), which represents a net expense by exchange difference for \$291 (2013 expense for \$169,899).
- (3) Includes the contributions to the EPM Foundation for \$23,593 (2013 - \$9,168) for the Alliance AMA (Alliance Medellin- Antioquia for higher education scholarships), the programs Library Networks, Spaces for Culture, Park Los Deseos, Casa de Musica and Buscando Navidad, among others.
- (4) Corresponds to the provision of litigations rated as probable and its increase in 2014 was due to the change of loss probability in the estimation of occurrence.

30. Minority interest

As of December 31, the minority interest for each of EPM Group subsidiaries was comprised as follows:

Company	2014		2013	
	Percentage	Value	Percentage	Value
Electrificadora de Santander S.A. E.S.P. (ESSA)	25.95%	255,975	25.95%	227,591
Central Hidroeléctrica de Caldas S.A. E.S.P. (CHEC)	19.90%	128,285	19.90%	166,850
Elektra Noreste S.A. (ENSA)	48.84%	206,234	49.00%	146,709
Edatel S.A. E.S.P.	N.A.	N.A.	44.00%	126,799
Empresa Eléctrica de Guatemala S.A. (EEGSA)	19.10%	139,033	19.10%	100,970
Transportista Eléctrica Centroamericana S.A. (TRELEC)	19.10%	65,078	19.10%	46,035
Tecnología Intercontinental S.A. de C.V. (TICSA)	20.00%	31,356	20.00%	44,020
Centrales Eléctricas del Norte de Santander S.A. E.S.P. (CENS)	8.48%	43,780	8.48%	41,721
Aguas de Urabá S.A. E.S.P.	24.55%	15,092	36.58%	15,244
Distribuidora de Electricidad del Sur (Delsur)	13.59%	19,125	13.59%	15,832
Empresa de Energía del Quindío S.A. E.S.P. (EDEQ)	7.15%	11,169	7.15%	10,774
Comercializadora Eléctrica de Guatemala S.A. (COMEGSA)	19.48%	9,457	19.48%	6,280
Regional de Occidente S.A. E.S.P.	37.89%	5,591	37.89%	5,123
Inmobiliaria y Desarrolladora Empresarial de América S.A. (IDEAMSA)	19.10%	6,771	19.10%	5,081
Aguas de Malambo S.A. E.S.P.	11.27%	2,315	12.01%	2,508
Empresas Públicas de Oriente S.A. E.S.P.	42.69%	2,303	42.69%	2,296
Enérgica S.A. (ENÉRGICA)	19.10%	2,714	21.81%	2,021
Empresa de Aguas del Oriente Antioqueño S.A. E.S.P.	43.99%	1,370	43.99%	1,251
Crediegsa S.A. (CREDIEGSA)	19.10%	1,131	19.10%	1,018
Empresas Varias de Medellín S.A. E.S.P.	0.10%	87	0.10%	67
Hidrocológica del Teribe S.A. (HET)	0.81%	3,418	0.96%	25
Empresa de Telecomunicaciones de Pereira S.A. E.S.P. (ETP)	N.A.	N.A.	0.01%	18
Sistema de Aguas de Tecomán S.A. de C.V.	50.40%	(2,041)	50.40%	-
Desarrollos Hidráulicos de TAM S.A. de C.V.	20.71%	319	20.71%	-
Aguas Nacionales EPM S.A. E.S.P.	0.00%	1	0.00%	16
Others	-	(387)	-	49
Total minority interests		948,176		968,297

Amounts stated in millions of Colombian pesos

31. Transactions with related parties

The balances of transactions with related parties as of December 31 were:

- With administrators and board of directors:

During 2014 EPM paid to its executive group for salaries and other fringe benefits \$42,788 (2013 \$41,439) and for fees to the members of the Board of Directors \$320 (2013 \$326).

With the executive group there are accounts receivable corresponding to loans for \$1,226 (2013 \$755), mainly for mortgage credits agreed in accordance with the collective bargaining agreement applicable to EPM employees.

- At December 31, transactions with related parties were as follows:

Company	December 2014			December 2013		
	Income for sale of goods and services	Other income	Costs and expenses	Income for sale of goods and services	Other income	Costs and expenses
Área Metropolitana del Valle de Aburrá	1,861	1	-	1,566	-	-
Comisión de Regulación de Energía y Gas	-	-	-	-	1,586	-
Corporación Autónoma Regional de las Cuencas de los ríos Negro y Nare	-	3,196	-	34	2,240	-
Corporación Autónoma Regional del Centro de Antioquia	-	5,954	-	-	5,451	-
Corporación Ruta N Medellín	140	335	-	1,700	737	-
Departamento de Antioquia	680	8,558	53	210	9,437	-
Dirección de Impuestos y Aduanas Nacionales	28	159,146	804	-	92,102	813
E.S.P. Empresa de Energía del Casanare - Enerca S.A.	120	154	-	112	156	-
E.S.P. Generadora y Comercializadora de Energía del Caribe S.A.	304	1,065	-	483	-	-
E.S.P. Transportadora de Gas Internacional S.A.	-	6,201	-	-	8,926	-
E.S.P. Enviaseo	-	-	1,342	-	10	1,310
E.S.P. XM Compañía de Expertos en Mercados S.A.	54,450	55,231	-	30,731	37,704	-
Ecopetrol S.A.	163	7,919	27	171	3,874	27
Electrificadora del Huila S.A. E.S.P.	245	217	-	661	394	3
Electrificadora del Meta S.A. E.S.P.	272	99	-	7,420	326	26
Electrificadora del Tolima S.A. E.S.P. en Liquidación	1,180	-	-	1,180	-	24
Empresa de Energía Eléctrica de Arauca	1,942	96	-	111	99	-
Empresa de Vivienda de Antioquia	1,586	1,993	-	1,820	-	-
Empresa Urrá S.A. E.S.P.	-	-	-	-	1,394	-
Empresas Municipales de Cali E.I.C.E.E.S.P.	22,232	2,523	-	7,827	2,790	94
E.S.P Epm Telecomunicaciones S.A. - Une	2,131	14,454	133	N.A	N.A	N.A
Fundación Empresas Públicas de Medellín	5,449	-	-	5,675	4,506	-
Isagen S.A.	2,884	5,606	-	3,311	20,118	-
Interconexion Electrica S.A. - Isa	13	-	-	105	156	-
Ministerio de Minas y Energía	65,175	33,391	-	58,052	2,611	-
Municipio de Amalfi	160	1,208	-	13	1,191	-
Municipio de Arboletes	1	57	-	13	34	-
Municipio de Barbosa	68	670	-	68	1,598	-
Municipio de Bello	352	1,029	1	495	2,169	1
Municipio de Caldas	896	423	-	292	583	-
Municipio de Envigado	591	1,770	-	208	1,388	-
Municipio de Itagüí	1,507	557	6	937	1,269	7
Municipio de Medellín	17,561	987,413	5,547	6,209	159,912	4,429
Municipio de Necoclí	-	90	-	72	76	-
Municipio de San Rafael	582	795	-	437	891	-
Municipio de Turbo	272	380	-	116	213	-
Municipio de Yolombó	433	278	-	421	333	-
Municipio de Yondó (Casabe)	-	16	-	1,405	31	-
Superintendencia de Servicios Públicos Domiciliarios	-	2	-	-	-	-
Universidad de Antioquia	4,302	1,979	3,022	5,290	1,462	2,356

Amounts stated in millions of Colombian pesos

Company	Diciembre 2014			December 2013		
	Income for sale of goods and services	Other income	Costs and expenses	Income for sale of goods and services	Other income	Costs and expenses
Área Metropolitana del Valle de Aburrá	459	-	6,074	-	-	9,343
Asociación Canal Local de Televisión de Medellín - Telemedellin	17,604	-	1,580	-	-	771
Centrales Eléctricas de Nariño S. A. E.S.P..	2,274	-	5,605	1,529	-	3,680
Comisión de Regulación de Energía y Gas	-	-	3,701	-	-	1,954
Corporación Autónoma Regional de las Cuencas de los ríos Negro y Nare	5	-	9,143	-	-	7,630
Corporación Autónoma Regional del Centro de Antioquia	251	-	22,287	-	-	12,028
Departamento de Antioquia	2,407	-	832	1,884	-	519
E.S.P. Empresa de Energía de Pereira S.A.	1,977	-	1413	1,323	-	933
E.S.P. Empresa de Energía del Casanare - Enerca S.A.	1,412	-	1,973	868	-	1,387
E.S.P. Empresa Distribuidora del Pacífico S.A.	1,191	-	3,009	15,114	-	1,755
E.S.P. Epm Telecomunicaciones S.A. - Une	22,158	2,839	23,233	N.A	N.A	N.A
E.S.P. Generadora y Comercializadora de Energía del Caribe S.A.	5,211	-	12,372	540	-	-
E.S.P. Transportadora de Gas Internacional S.A.	-	-	106,582	-	-	69,604
E.S.P. XM Compañía de Expertos en Mercados S.A.	584,445	-	16,510	-	-	9,142
Electrificadora del Caquetá S. A. E.S.P.	16,823	-	744	428	-	394
Ecopetrol S.A.	950	-	64,716	532	-	9,100
Electrificadora del Huila S. A. E.S.P.	2,758	-	5,197	11,208	-	3,265
Electrificadora del Meta S. A. E.S.P.	3,154	-	4,374	37,158	-	3,373
Empresa de Energía de Cundinamarca S. A. E.S.P	6,769	-	2,838	1,498	-	1,842
Empresa de Energía Eléctrica de Arauca	11,062	-	989	12,082	-	1,287
Empresa de Transporte Masivo del Valle de Aburrá Ltda.	212,688	-	-	1,399	-	-
Empresas Municipales de Cali E.I.C.E E.S.P.	128,885	-	5,591	132,977	3	6,741
Empresas Municipales de Cartago	495	-	118	9,270	-	47
Empresas Varias de Medellín	NA	NA	NA	222	4,259	15
Eutelco	-	579	21,130	NA	NA	NA
Instituto Colombiano de Bienestar Familiar	-	-	1,839	-	-	1,790
Isagen S.A.	19,333	20	61,935	15,479	15	35,347
Ministerio de Defensa Nacional	1,497	-	-	41	1	-
Ministerio de Transporte	21,565	-	-	-	-	-
Municipio de Amalfi	141	36	5,024	100	19	1,889
Municipio de Bello	465	734	2,924	208	592	2,423
Municipio de Carolina del Príncipe	-	7	3,381	-	7	2,084
Municipio de Envigado	1,467	-	1,986	876	-	1,347
Municipio de Guatapé	70	16	3,235	161	4	1,827
Municipio de Itagüí	1,750	563	3,072	1218	463	1,598
Municipio de Medellín	59,522	39	69,954	10,444	-	48,436
Municipio de Santa Rosa de Osos	213	88	2,962	-	34	1,818
Municipio de Yondó (Casabe)	1,163	19	369	325	6	22
Superintendencia de Servicios Públicos Domiciliarios	14	-	12,043	-	-	10,954
Universidad de Antioquia	6,152	175	3,922	4,289	184	3,839
Otros	29,264	7,161	59,672	18,884	3,681	38,994
Total	974,174	12,276	552,329	280,057	9,268	297,178

Figures in millions of Colombian pesos

32. Financial indicators

The main financial indicators as of December 31, were:

	Description	2014	2013
	Liquidity and hedging		
Current ratio	Payment capacity of short term debts	1.46	1.39
Current assets / current liabilities			
Ebitda/ gastos financieros	Identifies that the quantity of my cash flow is represented in financial expenses.	6.91	6.33
Ebitda / financial expenses			
Debt/ Ebitda (years of payment)	Identifies what quantity of my financial obligations are represented in the cash flow.	2.45	2.84
Financial obligations / Ebitda			
	Profitability		
Profitability of total assets	Remuneration for assuming the risk of the assets of the company.	4.24 %	4.60 %
Surplus of period / assets			
Profitability of equity	Remuneration for assuming the risk of the property of the company.	7.37 %	8.43 %
Surplus of period / equity			
Ebitda Margin	Contribution of income in the effective operating surplus.	29.23 %	30.92 %
Ebitda / Operating income			
Operating margin	Efficiency in accordance with level of income.	19.32 %	24.65 %
Operating result / operating income			
Net margin	Contribution of operating income in the result of the period.	12.51 %	15.48 %
Surplus of period / Operating income			
	Indebtedness		
Indebtedness Index	Percentage of company that corresponds to creditors.	42.43 %	45.40 %
Liabilities / assets			
Financial Indebtedness	Represents the percentage of the financial debt in respect to the total assets of the company.	24.28	26.09
Total financial liabilities (Financial obligations / total assets)			



Certification for the Colombian Financial Superintendency

JUAN ESTEBAN CALLE RESTREPO, acting as the legal representative of the Industrial and Commercial Company of Municipal Order named EMPRESAS PUBLICAS DE MEDELLÍN E.S.P., and complying with Article 46, Law 964 of July 08, 2005.

CERTIFIES:

That the consolidated accounting statements and other relevant reports for the public do not contain corruptions, inaccuracies, or errors that impede knowing the true equity condition or the operations of Empresas Públicas de Medellín E.S.P. as of December 31, 2014.


(Signed)

Juan Esteban Calle Restrepo
CEO
Citizenship Card No. 70.566.038

This certification has been issued in Medellín on March 17, 2015, for the purpose of complying with the requirements demanded by the Colombian Financial Superintendency to issuers of securities.

estamos ahí.