



PROGRAM OF DISPOSAL OF THE SHARES THAT EMPRESAS PÚBLICAS DE MEDELLÍN E.S.P. HOLDS IN HIDROELÉCTRICA DEL RIO AURES S.A. E.S.P.

FIRST STAGE OFFER NOTICE

EMPRESAS PÚBLICAS DE MEDELLÍN E.S.P., hereinafter EPM or the Seller, Industrial and Commercial Company of the Municipal Order State, domiciled in Medellín, Colombia, invites the recipients of this offer to participate in the First Stage of the Sale Program, approved by the EPM Board of Directors in their session on August 27, 2019, all of which consists of the Acta No.1673 for that session, whose object is the sale of five hundred and eighty-one thousand, two hundred and eighty-eight (2,581,288) EPM's proprietary shares in HIDROELÉCTRICA DEL RIO AURES S.A. E.S.P. hereinafter AURES equivalent to thirty-two point ninety-nine percent (32.99%) of the capital subscribed and paid for that company.

The capitalized terms that are used in this First Stage Offer Notice and that have not been defined in this notice shall have the meaning attributed to them in the Disposal Regulations.

- 1 SELLER:** Empresas Públicas de Medellín E.S.P.
- 2 ISSUER:** HIDROELÉCTRICA DEL RIO AURES S.A. E.S.P.
- 3 OFFER RECIPIENTS**

This offer of sale is addressed to recipients of special terms and conditions that are covered in article 3 of the Law 226 of 1995 and in article 16 of the Law 798 of 2002, which for this case are as follows: (i) active and pensioned employees of AURES and of the entities where AURES is majority owned, (ii) AURES's former workers and the entities where it has a controlling interest as long as they have not been dismissed with just cause by the company, (iii) AURES employee and ex-employee associations, (iv) workers' unions duly established under law, (v) union federations and confederations duly incorporated under law, (vi) employee mutual funds duly incorporated under law, (vii) the mutual investment funds duly incorporated under the law, (viii) severance funds and pension funds duly constituted under law, (ix) cooperative entities defined by cooperative legislation duly constituted under law and (x) the compensation funds duly constituted under law.

4 SPECIAL OFFER CONDITIONS

Special conditions to acquire AURES shares by the Special Terms Recipients are:

4.1 Price per Share for First Stage



AURES shares are offered at a fixed price per Share of two thousand one hundred and five pesos (\$2,105), which must be paid in the form indicated in clause 10 of this notice.

4.2 Stock Purchase Credit

The Financial Entities of Bancolombia S.A., Banco de Occidente S.A. and Banco Bilbao Vizcaya Argentaria Colombia S.A. have established a special credit line to fund the purchase of the Shares by the Special Terms Recipients for a non-inferior aggregate amount, collectively, of ten percent (10%) of the total value of the Shares, which are detailed in the Disposal Regulations referred to in clause 12 of this notice.

4.3 Special Form of Payment

Where acquirers are individuals, they may use layoffs that have accrued for the purpose of purchasing the Shares offered, in accordance with the provisions of Decree 1171 of 1996, and the other rules that modify or supplement it.

5 STOCK PURCHASING RULES

5.1 Rules for submitting Acceptance by Special Terms Recipients who are individuals in accordance with the provisions of clause 6.5 of the Disposal Regulations

In order to promote effective democratization of stock, ensure that the acquisition of the Shares corresponds to the purchasing capacity of each of the Accepting Parties and prevent conduct that goes against the intended purpose in Articles 2, 4, and 5 of Law 226 and Article 60 of the Political Constitution, the Acceptance by each Special Terms Recipient who is an individual in the course of the First Stage shall be subject to the following rules and limits:

- a.** Concerning the maximum number of Shares to be purchased per person, the smallest amount arising from the following rules will be taken into account:
 - (i)** Acquirers may not purchase a number of Shares for an amount greater than one (1) time their Liquid Assets as of December 31 of the year corresponding to the income statement of the two thousand seventeen (2017) fiscal year.
 - (ii)** Acquirers may not be able to purchase a number of Shares greater than ten (10) times the annual total of the liquid income (Box 75 of the DIAN Form 210) on the taxable year's tax returns of the fiscal year two thousand seventeen (2017), or five (5) times the annual gross revenue reported on the taxable year's revenue and retention certificate for the fiscal year two thousand eighteen (2018).
 - (iii)** You will not be able to purchase more than seven thousand eight hundred and twenty five (7,825) shares.

- (iv) There is no minimum number of shares to purchase in the First Stage, i.e. Acceptants can purchase from one action up.
 - (v) For the specific case of persons holding senior management level positions at AURES, in addition to the limitations listed in paragraph (i), (ii) y (iii) above, they may not purchase Shares for an amount greater than five (5) times their AURES-derived annual remuneration, whose cutoff date is the date of publication of the First Stage Offer Notice. Individuals who attain senior management positions at AURES following the date of posting the First Stage Offering Notice may acquire shares in the First Stage as long as they are linked to AURES on the business day prior to the expiration of the Public Sale Offering term in the First Stage.
- b. The following will be taken for the purposes of applying to the rules set forth in paragraph 6.5.1 of the Disposal Regulations and determining the above limits:
- (i) The liquid equity (box 31 of DIAN Form 210) and the annual total of the liquid income (Box 75 of the DIAN Form 210) contained in the tax returns for the fiscal year of two thousand seventeen (2017).
 - (ii) The revenues that appear in the certificate of revenues and withholdings for the year two thousand eighteen (2018) for those not obliged to declare it.
 - (iii) The AURES-certified annual remuneration of each of the senior level positions.
- c. “Liquid Equity” shall mean that set forth on the tax return and it is determined by subtracting the gross equity held by the taxpayer on the last day of the year or the taxable period, the amount of the debts payable therein, in effect on that date (box 31 of Form 210 of the DIAN).
- d. Any Stock Purchase Acceptance for an amount greater than the limits set forth in paragraph a above, if it complies with the other conditions set forth in the Disposal Regulations, shall be presented, for the amount permitted in accordance with the rules and limitations stated in subparagraphs (i), (ii), (iii), (iv) y (v) of paragraph a of clause 6.5.1 of the Disposal Regulations.
- e. Declare that it acts at its own expense and benefit.

5.2 Rules for Submitting Acceptance by Special Terms Recipients other than Individuals, in accordance with the provisions of clause 6.5 of the Disposal Regulations

In order to promote the effective democratization of shareholdings, ensure that the acquisition of the Shares corresponds to the purchasing capacity of each of the Accepting Parties and prevent conduct from arising that may go against the intended purpose in Articles 2, 4 and 5 of Law 226 and Article 60 of the Political Constitution, the Acceptance of



each of the Special Terms Recipients other than individuals may not exceed the maximum limit authorized for this class of investments set forth in applicable statutory rules, as well as those provided in statutory rules governing the activity of such entities, without the following rules:

- a) In relation to the maximum number of Shares to be purchased by each Special Terms Recipient other than individuals, the lesser amount to apply the following rules will be taken into account:
 - (i) They may not acquire shares for an amount that exceeds one (1) time the value of the equity in the duly audited financial statements that have been submitted with the Acceptance or on the certification signed by the legal representative and the tax reviewer or certified public accountant in the event of less than one year of incorporation.
 - (ii) They will not be able to acquire shares for an amount that exceeds five (5) times their annual gross income that appears in the income or revenues and equity statement, as the case may be, corresponding to tax year two thousand eighteen (2018), or to two thousand seventeen (2017) in case the declaration of the year two thousand eighteen (2018) has not been presented because the term for this obligation has not been met, and in the duly audited financial statements that have been presented with the Acceptance or in the certifications signed by the legal representative and the fiscal auditor or public accountant in the event of less than one year of incorporation. If there are differences between the amounts of annual revenue above, the greatest value for the purposes of the application of this paragraph will be taken.
 - (iii) You will not be able to purchase more than seven thousand eight hundred and twenty five (7,825) shares.
 - (iv) There is no minimum number of shares to purchase in the First Stage, i.e. Acceptors can purchase from one action up.
- b) Any Acceptance for an amount greater than the limits set forth above, if it complies with the other conditions set forth in the Disposal Regulations, shall be deemed to be submitted by the amount permitted in accordance with the above rules and limits.
- c) Declare that it acts at its own expense and benefit.

6 NEGOTIABILITY LIMITS

Accepting parties are obliged not to negotiate, dispose of or limit their ownership of the Shares and to not conduct business that whose purpose or effect is that a third party becomes a real beneficiary of the Shares for twelve (12) months immediately following the Date of the Sale of Shares.

In order to ensure compliance with this obligation, the Tenderer must pledge its Shares in favor of the Seller, for which it shall subscribe to the Seller for an Open Security Contract without Ownership, in accordance with the terms set forth in the clause 6.7 of the Disposal Regulations.

7 ACCEPTANCES

Acceptances in the First Stage must be submitted by completing the Acceptance Form, which shall be signed and marked on each of the two (2) pages which can be downloaded from the website www.epm.com.co or can be obtained from one of the offices enabled by the First Stage Acceptance Receiving Entity. This form is the only valid format in which to submit an Acceptance. The Acceptance shall only be deemed to be submitted once the First Stage Acceptance Receiving Entity has received the Acceptance Form along with the appendices stated in the Disposal Regulations.

The different channels through which Acceptances may be submitted to the Acceptance Receiving Entity are as follows:

- In person or via a legal representative to the Acceptance Receiving Entity at any of the offices listed below:

CITY	OFFICE NAME	ADDRESS	TELEPHONE	CONTACT
Medellin	Oficina IQ ITAGUI	Cra 42 Autop Sur No.75-83 Piso 1. Local 135 CENTRO COMERCIAL IDEO	Phone: 4038410 3013684062 3013684114	Olga Lucia Quintero Ruth Cristina Jaramillo
Bogota	PGD	Carrera 13a No. 29-30 Local 101	3043754332 3177870609 3183121206	Mónica M Correa Miguel Diego Rodriguez Camilo Escobar
Cali	-	Avenida 9a norte # 9-24 barrio Granada - Cali Valle	3218806285 3176703099	Lyda Carolina Lozada Edwin Mosquera
Barranquilla	-	Carrera 46 No. 45-39 Piso 2. Ed. Banco República	3002185162	Gina Rondón
Bucaramanga	-	Calle 35 No.18-21 Piso 2. Ed. Surabic	3002185142	Melba Amorocho

Interested parties who wish to submit their Acceptance in person or through a legal representative may do so from the start date of the term for submitting Acceptances as announced in the First Stage Offer Notice, until the end date for submitting



Acceptances that is stated in the same notice, during the times as stated in section 6.5 of the Disposal Regulations in reference to point number 12 of this notice.

- The Acceptances may be sent by registered mail according to the procedure described below:

Interested parties wishing to submit their Acceptances by certified mail may do so by sending it to the office of the Acceptance Receiving Entity, located at Carrera 42 Autopista Sur No.75-83 Piso 1. Local 135 Centro Comercial IDEO, in the city of Medellín. Acceptances sent by certified mail must arrive at the office of the Acceptance Receiving Entity between the start date of the term for submitting Acceptances as announced in the First Stage Offer Notice, until the end date of the term for submitting Acceptances that is stated in the same notice.

The Acceptances must be sent in a closed envelope, clearly labeled as follows:

FOR THE ATTENTION OF:

IQ OUTSOURCING S.A.S.

REFERENCE: PROCESS OF SELLING SHARES OF HIDROELÉCTRICA DEL RIO AURES S.A. E.S.P.

ACCEPTANCE DOCUMENTS

SENT BY: (Name, address, city and telephone number of the Accepting Party)

All direct and indirect costs and expenses, related to participation in the Tender for the Sale of Shares, shall be at each interested party's expense. EPM shall not be liable, in any case, for such costs and expenses, whichever the result of the First Stage Award. Likewise, interested parties shall have sole and exclusive responsibility to carry out the activities necessary to submit their Acceptance.

According to the numeral 5.15 of the Disposal Regulations, the Special Terms Recipients should follow the customer linkage process of the stockbroker Corredores Davivienda S.A., in accordance with the internal policies established by this entity and with the corresponding rules and procedures set forth in the Disposal Regulations. Corredores Davivienda will not make any charge any of the Acceptances for conducting the linkage process as a client.

8 SALE OFFER TERM

The term of the exclusive and total offer in this stage for the Special Terms Recipients shall be two (2) months from the Business Day following the posting of this notice.

In the event that, within the mentioned term, and by determination of the Seller, it is decided to interrupt the First Stage, the Seller shall publish a Notice of Interruption. The Tender for the Sale of Shares shall be discontinued from the day the Interruption Notice is posted, until the Date of Resumption. During interruption, the Seller may resume the process in the First Stage by posting a First Stage Resume Notice, which will include the new conditions under



which the Public Sale Offering will continue in the First Stage. In any case, the new term that is set, added to the initial term, may not be fewer than two (2) months.

If an interruption occurs, all submitted Acceptances shall be deemed withdrawn. Once the Notice of Resumption has been published, the First Stage Acceptance Receiving Entity must inform the Accepting Parties, in order to establish whether they wish to present a ratification. The new conditions published in the Notice of Resumption of the First Stage shall be understood to have been ratified, through the subscription of a new Acceptance Form containing the new conditions of the Public Sale Offering, and also submitting the update of the annexes required for this purpose in accordance with section 6.4 of the Disposal Regulations.

In accordance with the above, the First Stage Public Sale Offer will be effective between October 30, 2019 and December 30, 2019, inclusive.

9 AWARD CRITERIA

The awards will be made by EPM after the public offering term has lapsed, as set forth in the Disposal Regulations set forth in clause 12 of this notice.

Only valid Acceptances that meet the conditions set out in the Tender for the Sale of Shares, Disposal Regulations and their addenda will be considered.

10 PAYMENT OF SHARES

The sale price of the Shares awarded during the First Stage shall be paid in the manner and conditions provided in the Disposal Regulations, which allows payment to be made with its own resources, which are part of the Special Form of Payment of Clause 4.3, or by the Stock Purchase Credit listed in numeral 4.2, both clauses of this notice.

In all cases, upon completion of the Award, the Funding Entity and the unemployment administrators shall pay for the Awarded Shares within five (5) Business Days from the date that the First Stage Award is notified to Accepting Parties that presented their Acceptance. If not, EPM will declare the contract for the sale of shares as resolved unilaterally without the need for a court.

In the event that the payment of the Shares by the Funding Entities, the suspension administrators or the Awarding entities is not paid within the timeframe set forth in the Disposal Regulations, Acceptance shall be rejected.

11 CIRCULATION REGIME

The Shares are common and registered, and their transfer only takes effect with respect to AURES and third parties once the transfer in favor of the new holder is registered in the registry books and stockholder ledgers of AURES.



12 DISPOSAL PROGRAM

For a thorough understanding of the Public Offering in the First Stage, the Accepting Parties shall study the Tender for the Sale of Shares, Disposal Regulations, together with all of their appendices, which will be available to them on the website www.epm.com.co at no cost and whose publication to the market will be reported in the relevant information icon on the Colombian Financial Superintendence website www.superfinanciera.gov.co. AURES's end-of-year, quarterly and relevant information can be found on the website of Colombia's Financial Superintendence.

WARNINGS

THE SHARES OF AURES S.A. E.S.P. WERE TEMPORARILY REGISTERED IN THE NATIONAL REGISTER OF SECURITIES AND ISSUERS BY MEANS OF RESOLUTION NUMBER 1342 OF OCTOBER 8, 2019 OF THE FINANCIAL SUPERINTENDENCE OF COLOMBIA.

IT IS CONSIDERED INDISPENSABLE TO READ THE DISPOSAL PROGRAM, DISPOSAL REGULATIONS AND THE INFORMATION PROSPECTUS SO THAT POTENTIAL INVESTORS CAN ADEQUATELY ASSESS THE APPROPRIATENESS OF THE INVESTMENT.

THE DECISION TO SUBMIT ACCEPTANCES IS A FREE AND INDEPENDENT DECISION OF SPECIAL TERMS RECIPIENTS BASED ON THEIR OWN ANALYSES, RESEARCH, EXAMINATIONS, INSPECTIONS, AND NOT IN ANY DOCUMENT, MATERIAL OR INFORMATION, OR IN ANY COMMENT OR SUGGESTION ARISING FROM EPM, THE ACCEPTANCE RECEIVING ENTITY OF THE FIRST STAGE, CONSULTANTS OR ANY OF ITS REPRESENTATIVES, DIRECTORS OR EMPLOYEES.

THE TEMPORARY LISTING IN THE NATIONAL REGISTRY OF SECURITIES AND ISSUERS AND THE AUTHORIZATION OF THE PUBLIC OFFERING DO NOT IMPLY RATING NOR RESPONSIBILITY WHATSOEVER BY THE FINANCIAL SUPERINTENDENCE OF COLOMBIA IN CONNECTION TO THE NATURAL OR LEGAL PERSONS REGISTERED, TO THE PRICE, FITNESS OR NEGOTIABILITY OF THE SECURITIES, AS WELL AS IN CONNECTION TO THE CORRESPONDING ISSUE OR ABILITY TO PAY OF THE ISSUER.

October 29, 2019