

CEO's Management Report

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Letter from the CEO

Medellín, March 17, 2015.

Members of the EPM Board of Directors

Medellín

Subject: CEO's report for the EPM Board of Directors

2014 was a year of major achievements in the history of EPM. I gladly present this management report in the 60-year anniversary, not only due to the outstanding financial results, but even more importantly, due to the progress achieved in the transformation process of the business group and in its higher purpose of helping to consolidate sustainable and competitive territories, with a greater quality of life and access to better opportunities for everyone through the provision of our basic public utility services and the carrying out of projects integrated to the development of the diverse regions.

This management statement is, first of all, an opportunity to thank our Board of Directors, the colleagues from the Directing Team and the extraordinary group of people working for the company, for making possible to keep advancing in the common dream of reaching the ambitious goals we established for 2022, with the purpose of helping to build a better company, a better city, a better country and a more equitable society. EPM Group's people evidence an authentic desire to serve, to offer their knowledge and experience so that employment, education and life quality flourish in the territories where we operate, contributing to turning the dreams of millions of people into reality.

The sustainability of the business group begins by achieving a balance among the financial results, the social responsibility and the environmental responsibility. That is why, for us, it is very satisfactory to be able to give account to the citizens about the soundness and good health of the public resources, as they were who trusted us with them. We closed 2014 with a net profit of COP

1.8 trillion, the greatest in our history. These results account for the good conditions of the business group, reflect the benefits of the transformation process we are undergoing and, the most important aspect, ensure a greater social investment both in Medellín and in the territories where we operate.

In this dimension of social responsibility that has been embedded in the company's DNA since 1955, we keep making progress and innovating with programs such as: "Dignifying Homes" (Habilitación Viviendas), which closed the year with an accumulated total of 797,055 service installations financed over the almost 50 years of existence of the program; "Antioquia Illuminated" (Antioquia Iluminada) which ended the year with 98,269 electrified households over its entire history, benefiting approximately 419,898 people in Antioquia; the Prepaid Energy program, which reached 147,634 connections; "Gas without Borders" (Gas Sin Fronteras), which has reached 63 municipalities and 16 rural districts, supplying them with natural gas through the service network; and the "Customized payment" program (Paga a tu Medida), a collection alternative launched in 2014 that allows that economically vulnerable Users pay their EPM bills in several installments (the program had 4,982 registered Users as of the end of 2014). Additionally, we deepened our philosophy of putting our infrastructure at people's service by opening the first two Articulated Life Units (abbreviated UVA in Spanish), which were built in the facilities of EPM's aqueduct tanks in Medellín, as part of the corporate citizenship actions.

In the environmental dimension, EPM became part of the CEO Water Mandate, an initiative that was launched by the U.N. and that is associated to the solution of water sustainability issues, at the same time it continued its partnership with the "Cuenca Verde" Corporation to contribute to the protection of the watersheds that supply the reservoirs, as well as its partnership with the BanCO2 program, which is a payment strategy for environmental services aimed at developing a compensation system for the conservation and restoration of natural forests. Furthermore, within the Ituango hydroelectric project environmental management plan, multiple activities have been implemented, such as: the contingency plan during and after the diversion of the Cauca river, which provided the resources for the contingent rescue of the fauna; the start of the operation of the Bolivia landfill; and the acquisition of 10,485 hectares of land for the protection and conservation of the vegetation.

The progress in sustainability was reflected on the rating obtained in the Dow Jones Sustainability Index, which allowed the company to be included in the sustainability yearbook with a bronze-medal accolade.

Therefore, in the presentation of this report, I would like to make a special recognition to all the business group people who have made a big effort to leave a print on this stage of the organization's history. EPM is still a business model and a lighthouse of hope in the management of public resources, and it continues to play an important role in the development of Medellín, Antioquia and the numerous other communities it serves through its programs and services, both in Colombia and abroad.

There are many good news we want to share this year about the main strategic decisions, the Group's internationalization, the progress of the main projects, and the consolidation of the business model.

The results of the evolution and outcome of the main strategic decisions can't be better:

We made major progress in the EPM Group transformation program. Improving the Group's governance and competitiveness by means of the integrated operation, the development of capabilities and the optimization of processes is the purpose of the EPM Group without Borders Program, which in 2014 adjusted the structure of both the Corporate Core and the Group's subsidiaries, and started the operation of the Shared-Service Center with the invoice payment and comparison processes, IT service board and third party matriculation, at the same time it generated benefits of approximately COP 34 billion with the optimization of the Supply Chain, the Management of Assets and the Productivity on the Field.

The importance of this transformation process is that it sets the foundations for continuing with EPM's consolidation process as a business group; additionally, it allows maintaining the search for a greater competitiveness and facilitates the growth and expansion of the company both locally and internationally.

We completed the UNE-Millicom merger with the signing of the merger agreement and the registration of the public deeds on August 14. This transaction will allow strengthening the Group's telecommunications business and providing it with sustainability, as well as safeguarding the copious public resources invested in the telecommunications sector and protecting EPM's transfer level to the Municipality of Medellín for the future. The first months of the integration can't be more positive. The UNE-TIGO joint operations closed the year with more than COP 5 trillion in income, which represents an 18%-growth in comparison to 2013 and an EBITDA of COP 1.3 trillion, with an approximate growth rate of 28% in relation to the previous year.

We can also satisfactorily state that we fulfilled the city's expectations regarding the first year of operations of Emvarias as part of the EPM Group. The implementation of the "Linda Calle Siglo XXI" (Pretty Street 21st Century) strategy for the comprehensive management of solid waste is producing a true revolution within the company and in the sector. The garbage compactor vehicle fleet was modernized and the first vehicles of this kind in Colombia and Latin America that run on natural gas were incorporated. The operation of the new cell (known as Altaír) in La Pradera landfill was started and, most importantly, a new contracting model for the sanitation operation was implemented. This operation will be carried out by the Universidad de Antioquia Foundation, dignifying the labor conditions of approximately 900 employees of the subsidiary, which include drivers, crewmen and sweeping operators, affectionately known as "escobitas" (little brooms). All this transformation was carried out in a year in which this company achieved the best financial results in its history with a net profit of COP 20 billion.

It was also a record-setting year for the Gas without Borders program, with the connection of more municipalities to the natural gas distribution service, closing the year with 79 municipalities

and rural districts in Antioquia that can enjoy this clean, environmentally friendly energy source, which also is more economic for the families, companies and businesses. That expansion of the gas program leaves us as challenge for the future the task to make the gas-powered sustainable mobility corridors a reality by opening EPM service stations in Antioquia's sub-regions and in other Colombian states too.

We took important steps forward in the search of the diversification of the Group's businesses: we signed an understanding agreement with ISA for structuring the urban road concession of the "Parques del Río Medellín" (Medellín River Parks) project, and we made progress in the studies and analysis for structuring a Public Real Estate Fund with the purpose of improving the value of the many properties owned by the business group.

By the same token, we keep moving forward with the design of the strategy to enter the distributed generation and the energy efficiency businesses, which we should approach in 2015. For our senior managing team, these income and business diversification and service portfolio expansion strategies are a proactive response to the great challenges and opportunities that EPM will face in the next 20 years in the light of the growing dynamics of changes in the public utility industry.

At a good pace we are making progress in the EPM internationalization process. From the good results obtained by all of our international subsidiaries in Mexico, Guatemala, El Salvador, Panama and Chile, we would like to highlight the milestone of the start of the operation of the Los Cururos Wind Farm in July 2014 in Chile, as well as the completion of the construction of the Bonyic hydroelectric power station in Panama. This project, which was in the stage of testing its first generation unit with water at the end of 2014, has already started operating in January of the present year, concluding thus one of the first internationalization experiences of the Group.

Regarding EPM's main projects, important achievements were attained during the term in question:

We made significant progress in the construction of the Ituango Hydroelectric Project. We reached the first important milestone with the deviation of the Cauca River in February, and we closed the year with a progress of 27.7% in the execution of the project. We are committed to the fulfillment of the timely start of the operation of the hydroelectric station, a fundamental event to be able to supply the growing energy demand in Colombia and make progress in the competitiveness of the country's electrical power fees. We continued making progress integrating the project into the territory: the Comprehensive Plan for the Ituango Hydroelectric Project persists in the process of consolidating institutionalism, development and hope in the 12 municipalities located in the area of influence.

On its part, the construction of the Bello waste water treatment plant closed the year with a progress of 42% of the schedule. In December 2015, we will start the operations of the water line, reaffirming in the eyes of the population of the metropolitan area our commitment to the

decontamination of the Medellín River, which is the pillar and best space for urban development of the region.

We also made important progress in the construction of the “Nueva Esperanza” power transmission project, a special work whose purpose is to increase the transmission capacity and the reliability of the electrical system that supplies the states of Cundinamarca (including Bogotá), Meta, Guaviare and Northern Tolima. We obtained the environmental licenses and concluded the year with a progress of 40% in relation to the project development.

In terms of the consolidation of EPM’s business model, which is focused on growth with social responsibility and innovation at people’s service, the following achievements are worth highlighting: the strengthening of our presence in Urabá and all of Antioquia’s regions with the Gas without Borders program, through which the households of 934,924 families have been connected to the service; the Antioquia Illuminated program, which amounts for 98,269 households connected throughout the entire history of the program; and other social responsibility programs such as Dignifying Homes, which at the end of 2014 accumulated 797,055 connections to public utilities in its financing history, confirming it is a fundamental program in relation to the company’s commitment to the universalization of public utilities. Furthermore, 863 household have been constructed within the framework of the “Aldeas” program, plus the benefits delivered through regional programs such as Education Scholarships and Water for Education-Education for the Water, among many other.

Additionally, EPM launched the first acknowledgement program in a Colombian public company: SOMOS. The purpose of this initiative is to highlight the good behavior of our Users and promoting the responsible use of public utilities by more people every day, the timely payment of their bills, the fair play towards the company, the region, and the country, helping thus to multiply a culture of values in their communities.

In April 2014, we opened to the community the first two articulated life units, built on the facilities of EPM’s aqueduct tanks in Medellín, putting our infrastructure at people’s service. These two articulated life units received more than 200,000 visitors over the months they were in operation in 2014. The purpose of this social innovation program is to contribute to the company’s approach to the community, opening for people’s enjoyment privileged spaces in our cities that were previously closed to the public and exclusively set aside for public utility technical operation. Today, thanks to the vision and the dreams of the communities themselves, 10 more articulated life units are under construction, which will be key spaces for the gathering, training, education and the enjoyment of our Users.

The dreams continue to rise and knowing that we have a very important place in people’s hearts encourages us. It is the result of teamwork and a commitment that we all profoundly live.

That is why, with the presentation of this 2014 management report, I would like to thank all the people, companies and institutions that have made it possible, and especially to everyone in EPM, as well as the Board of Directors, which works at our side and makes its decisions with the

responsibility deserved by an organization whose past and present history is the foundation of the aspirations of millions of Latin American families.

Sixty years later, EPM keeps growing and earning places in the community's heart. Its human talent, innovation and sustainability are part of its essence because more than public utilities, we provide human development.

Juan Esteban Calle Restrepo

EPM CEO and Leader of the EPM Group

In 2014, EPM renewed its will of alignment to the United Nations Global Compact and its commitment to the ten principles on Human Rights, labor standards, the environment and anti-corruption matters.

Business purpose

The EPM Group aims at contributing to the configuration of sustainable and competitive territories, generating well-being and development with equity in the environments where it operates. Therefore, the Group focuses on developing infrastructure projects and offering service solutions to our customers. It is a business philosophy embodied in actions committed to generating value for society, securing balance among the financial, social and environmental results.

Improvement in management in this area were reflected in the qualification scored in the Dow Jones Sustainability Index, main global indicator that monitors the comprehensive performance of leading companies in the environmental, social and economic fields. The company received a score of 78 points out of 100 in the multiservice and water sector, which implies an improvement in relation to the rating of 2013. It also achieved a RobecoSAM Bronze Class distinction, thus being

included in the prestigious Sustainability Yearbook 2015, which highlights the world leading companies for their sustainability performance.

Financial performance

Despite the global economic turmoil, the financial performance of EPM in 2014 showed very positive results. This favorable situation is explained by the combined effect of significant achievements in the operational management of business, a growing trend in the financial results of the subsidiary companies, the degree of investor confidence and the successful coverage of financial risks. Management actions on these areas allowed the company to end the year with a profit of COP 1.8 trillion. This represents a 9% growth in comparison with the results from 2013. These resources will be used to leverage the growth and consolidation of the EPM Group and to meet the level of transfers estimated in the Development Plan of the Municipality of Medellin (the company's owner). These transfers are used to further advance in social investment programs and the transformation of the city.

One of the most important aspects is the confidence generated by the company in the market. The rating agency Fitch Ratings has increased EPM's international rating from BBB to BBB +, while Moody's changed the outlook from stable to positive at the Baa3 international rating.

In 2014, the ratings achieved, both investment grades, allowed EPM to access resources from various sources to leverage the investment plan envisaged. Thus, EPM received loans that amount to COP 116 billion. These resources were allocated to the energy transmission project Nueva Esperanza for a 150-km line of 230 kV, another 50-km line of 500 kV and a power substation.

The company successfully launched an issue of bonds of domestic public debt totaling COP 500 billion with maturities of 12 and 20 years, after receiving demands from investors for COP 1,019 billion, that is 2.9 times the original amount offered, COP 350 billion. At the same time, in the international market bonds were placed in the amount of COP 965,745 million, with a 10-year maturity and a 7.62% yield. The demand for this emission exceeded four times the offer, considering the bids of international investors from the US, Europe, Asia, Chile, Peru and Colombia. These resources were allocated to the Ituango Hydroelectric Project.

As a strategy of minimizing currency risk, last year EPM made hedging transactions for USD 410 million and its debt transactions prioritized sources in Colombian pesos to carry out a placement of global bonds in Colombian pesos. Additionally, the company did not monetize the dollars from the international bond issue nor part of the bonds purchased from the Municipality of Medellin

resulting from the merger between UNE and Millicom, for USD 266 million. These decisions allowed to offset the impact of the devaluation of the Colombian peso against the dollar of 24% in the financial statements of the company.

With regard to the operative management, the revenue was higher than the budgeted target, reaching COP 5.8 trillion, a growth of 6% when compared with the previous year.

In general, the business showed a good performance. Some actions are worth highlighting. In energy generation, the increase in the provision of AGC (secondary frequency regulation) and the strategic decision to regulate the reserves at the reservoirs facing the possibility of El Niño conditions. In energy distribution, there was a 4% growth in sales to the end user of the regulated market, that is 5,231 GWh. In the gas, sales amounted to 644.7 million of m³ (including 268.7 million of m³ in the secondary market). In water supply, there were 30.888 new customers. The efficient use of resources has been a constant goal of the company and, taking this into consideration, in 2014 the EPM Group without Borders program implemented projects aimed at optimizing the operation processes.

The operating costs and expenses accounted for COP 3.3 trillion, which is a 108% budget performance. The increase is due to commercial operation costs, which represent 51% of the total and are caused by larger energy purchases and gas commercialization in the secondary market. The remaining corresponds to costs and expenses which guarantee the operation

These results enabled the company to achieve an EBITDA of COP 2.6 trillion, representing a growth of 10% compared with 2013 and a 103% budget performance. The operating profit was COP 2.1 trillion, a 13% increase and a 107% performance.

Local and international subsidiary companies continue to contribute significantly to the company's profit. In 2014, the subsidiaries reported COP 411.41 million in profits by the equity share method, which represents a 122% performance.

Social and environmental performance

In addition to the Dow Jones indicator, in 2014 EPM Group defined additional indicators to those in its Balance Scorecard. This dynamic seeks to strengthen the performance at the social and environmental dimensions. Thus, additional indicators were defined: Water protection; socio-political environment management; social, economic and environmental evaluation of suppliers and contractors, and access to services in areas with no coverage and comparability.

As an essential part of the CSR commitment, EPM assumes the universalization of the service by expanding it into two management fronts: coverage, understood as the expansion of networks to the entire served market; and purchasability, which refers to the design of business models that enable the entire population, especially the low-economic income population, to be connected to the service.

In terms of coverage in 2014, a total of 35,119 new connections of energy and gas services were completed in low-income areas as part of the Dignifying Homes program. With this, the program reaches 800,000 connections funded over its 50 years of implementation. Soft credits and long terms were granted to the residents of these areas to cover the connections costs, including the internal networks in each household. During this year with the Antioquia Illuminated (Antioquia Iluminada) program, 15,309 rural homes of the department were provided with energy service. Over six years, this program has brought electric energy to 98,269 homes, benefiting about 420,000 people from the base of the pyramid.

The coverage of the Gas without Borders Program, which aims at taking this service to all places in the Department of Antioquia, reached 79 municipalities and rural districts, with a total of 125,165 new houses connected over the year. During 2014, EPM obtained resources from the national government through various national and local funding sources. In total, it received COP 6,999 million in funding that benefit 56,000 families.

With regard to purchasability, there were 14,351 new installations to the Prepaid electric energy service. From these new installations, 6,325 correspond to customers with payment difficulties, 5,939 of them are located in areas with public energy dispensers or difficult management areas, and 2,087 of them are identified as vulnerable (low scores in the Sisbén system, less than or equal to 33 points). In total, 57,260 people benefited directly from the program. Currently, there are 174,646 homes linked to this program, which tries to solve the problem of disconnection for payment difficulties.

Similarly, aware of the importance of improving the conditions of the service, EPM has made significant efforts to expand the network of partners for the purchase of pins to top-up prepaid energy credit, thus providing access to refills and the energy service.

Meanwhile, the Prepaid water service is planned to start operations in 2015.

New initiatives were put into action, such as Paga a tu medida (“Customized payment” program), an alternative collection method that allows vulnerable customers to pay the EPM bill in installments (up to five per billing period). In 2014, the program included a total of 4,982 subscribe users.

Meanwhile, the home division of the Social Funding program became part of SOMOS program, a loyalty and recognition program of the EPM Group. Within this program, the productive sector is offered credits through the “Creceer” credit (an agreement between the IDB and EPM), aimed at

small and medium enterprises. EPM contributed about COP 1.27 billion in loans for the development of 1,020 companies.

The beneficiaries of these initiatives take advantage of a credit card with very competitive conditions to have access to public utility services by acquiring gas appliances, having their vehicles converted to natural gas, making improvements to their houses, and to the productive funding of micro and small enterprises. In total, 28,053 clients, counting families and enterprises where beneficiaries of this program. They received credits totaling COP 63,560 million, which represented combined estimated savings for all customers of COP 5,302 million, compared to the financial system. For many EPM users, especially for those at the base of the pyramid, this experience is the first step to enter the formal financial system, in environments where often the only option is resorting to unregulated loans.

In accordance with the business philosophy of EPM Group of integrating its projects and infrastructure to the development of the territories where it operates, the organization continues to innovate in the design and implementation of initiatives that give greater sustainability to the communities where it offers services. Thus, it shares value with the communities through programs that seek to contribute to the improvement of the quality of life, promote greater access to opportunities and support the integral development of individuals. This model of business activities will bring the company and its stakeholders closer over time. It will help build civic culture based on the EPM values, promote the responsible use of public services and environmental awareness, and will help to protect the income of the company and its sustainability over time.

According to this philosophy, the following actions were carried out in 2014:

- Opening of the first two Articulated Life Units (abbreviated UVA in Spanish) —Los Sueños y La Esperanza— that serve the communities in Versalles and Moscú neighborhoods in Medellín. During the time they were in operation, they received more than 200,000 visitors. Additionally, two more UVAs, Santa Inés and Santa Elena, were awarded and their construction works have already started. The design for the Orfelinato UVA are also completed. Thanks to this program, with an investment of nearly COP 150 trillion, the company is "opening the fences" of 12 water supply tanks to become closer to the community by using space in the city that was previously closed to the public and intended exclusively for the operation of public services. The UVAs will provide Medellín and the surrounding areas with quality spaces for leisure, culture, sports and to enjoy life. This aims at contributing to the social and cultural transformation of the territories.
- In 2014, a total of 304 families in the municipalities of San Andrés de Cuerquia, Briceno, Yarumal, Yolombó and Concepción saw their dreams of having their own houses become reality thanks to the Aldeas program, an EPM social innovation initiative that seeks to dignify and improve the quality of life of people living in socio-economic vulnerability. This program stems from the idea of taking advantage of the wood from the forest plantations that reach their maturity cycle and that are located near the EPM reservoirs, to build

priority-interest houses for families with scarce economic resources. Since the program started in 2011, it has delivered 863 houses. This initiative materialized thanks to the willingness of the people involved and the combination of public and private resources. It represents an investment that amounts to COP 46.566 million. These are opportunities for social growth. Every year, this project contributes greatly to boost economic activity in the region.

- In 2014 EPM's Christmas lights were displayed in 14 municipalities in Antioquia. The towns were chosen through the contest "Encendamos la alegría" (Let's turn on the joy). For the first time, EPM organized a cocreation exercise together with the community in Medellín. There were 25,000 proposals and the conceptual axis was defined as: The values light Christmas on. A pilot experiment to test solar energy as the source to light some of the Christmas lights figures was implemented. 441 direct jobs were generated and 350 spots were allocated to street peddlers.
- Through the EPM Foundation, EPM continues participating in the Medellín-Antioquia Alliance (AMA) (together with the Medellín Mayor's Office, the Antioquia Government and IDEA). The alliance aims at generating opportunities of access to higher education for the young people of the Department of Antioquia. In 2014, 3,328 new students became beneficiaries of the program, for a total of 6,056 beneficiaries. During this year, 500 thousand people visited the EPM Library. This amount of users is an indicator of the consolidation of the library as a space of free-access to knowledge, with the purpose of supporting the scientific, technologic and business development. Among the most remarkable achievements, we count the strengthening Plan de Lectura (Reading Plan) and the benefits for the 14,000 users of the program training offer.
- EPM aims at continuing with the same model of performance through projects in all the cities and the territories where it operates. Thanks to the good outcome of the energy distribution subsidiary companies in recent years and the implementation of their business plans, their boards of directors made the decision to allocate a percentage of their profit to support city projects in Manizales, Armenia, Bucaramanga and Cucuta. The BioMA, EDEQ Library, Santander Theater and Pamplonita Ecoparc projects, all scheduled to be delivered in 2015, follow the business philosophy of EPM Group to strive to support sustainability in the territories and communities where the organization operates, making the community participant of the value and generating greater opportunities.

EPM is aware of its interdependence with the environment, and as such, it has committed, from its environmental policy to carry out an integral management in a proactive manner, with business competitive criteria and environmental sustainability. In 2014, the organization was linked to the CEO Water Mandate, launched by the UN Secretary General in 2007 with the aim of moving towards solving the problems of water sustainability by implementing sustainable water policies in companies.

The company continued its link to the "Cuenca Verde" Corporation, a water fund that helps to protect the watersheds that fed Riogrande II and La Fe reservoirs now and will take care of them in

the future. These reservoirs supply more than 90% of the water for the Aburrá Valley. The company signed an agreement for COP 4 trillion for the development of projects that contribute to environmental conservation and improvement of these watersheds.

EPM partnership with Cornare's BankCO2 program is also worth highlighting. It consists of a payment strategy for environmental services aimed at developing a compensation system for the conservation and restoration of natural forests, funded voluntarily by companies and individuals. Paying for environmental services to rural families has become a mechanism to reduce deforestation and promote forest conservation services. EPM has joined the program supporting 82 families in different municipalities in Antioquia: La Ceja, La Unión, El Retiro, Abejorral, San Rafael, San Carlos, San Vicente, Alejandría, Carmen del Viboral y El Peñol.

As part of the social and environmental management in the development of Ituango Hydroelectric Project:

- The contingency plan was activated during and after the diversion of the Cauca River. Resources were allocated for the contingent rescuing of fauna. Additionally, hiring for logging at the reservoir is also being carried forward. Other preparation activities for the construction of the regional plant nursery activities, the implementation of alternative projects for fishermen and monitoring of fish communities in the river are being carried out. The acquisition of 10,485 hectares of land for the protection and conservation of vegetation, as well as the award of two new contracts to comply with biotic component of the Environmental Management Plan are also worth highlighting: Study population of the cougar (puma concolor) and population and ecological study of six species of birds.
- The Bolivia landfill started operations; the building works of the master plan of the water and sewer system of El Valle de Toledo rural district were completed. In the same district, a recreation, culture and sport project is being carried out. In Puerto Valdivia, the sports center is being reformed, as well as schools in San Andrés de Cuerquia and Sabanalarga.
- As part of the IOM-Government of Antioquia-EPM agreement, the 12 municipalities in the area covered by the project received the plans for promoting the rights of children and adolescents (NNA, as per the name of the program in Spanish). Meanwhile, the inhabitants of the municipalities of Ituango, Briceño, Valdivia, Yarumal, Toledo y San Andrés de Cuerquia received supplies for setting up 1,200 home orchards.

In the Power Generation business, EPM defined and discussed with stakeholders the new framework Partnerships for Development, which aims to environmental and social sustainability and reconsiders the EPM involvement in the territories departing from a retrospective and prospective assessment.

Corporate governance

For the EPM Group, 2014 was a particularly busy year in implementing corporate governance practices, in order to enable the joint work of the group's companies and the relationship with our partners.

Regarding EPM Group Boards of Directors, the assessment processes were strengthened by designing a model with the highest world standards in the field and the implementation of a plan to reinforce the power of the Boards of Directors the group.

The Governance Agreement was implemented by all the operative companies of the EPM Group in Colombia. More than 200 synergies among the group companies were formalized through deeds, as well as the application of the methodology for the evaluation of all corporate managers in the organization, in line with the Balanced Scorecard and the variable compensation of the companies that apply this mechanism. Aligning our organizational goals with the performance evaluations and bringing the variable compensation scheme to EPM and all group companies remain one of our main goals.

EPM Group without Borders Program

Improving the Group's governance and competitiveness by means of the integrated operation, the development of capabilities and the optimization of processes are the objectives of the EPM Group without Borders Program, which started the implementation stage in 2014 by developing 14 projects.

These are the main advances in its projects:

The structure of the Corporate Core was adjusted and integrated, and the structures of the local subsidiaries were also adjusted. Tactic and operative committees were implemented, and the adjustment to the organizational structure was introduced for the infrastructure projects and the technical excellence centers, with the identification of the required capabilities.

In the Supply Chain, early earnings were generated and synergies were captured, totaling an amount of COP 15.6 billion. Additionally, the Supply Chain Policy, the contracting handbook and regulations, and the administration of contracts were defined. Simultaneously, the main supply

chain processes were implemented, from which the Centralized Contract Administration pilot stands out.

The Shared-Service Center started operating in 2014 with the processes of invoice payment and comparison, IT service board and third party matriculation, and progress was also made in the design of the selection, payroll, office automation, aerial transport and hotel services.

Within the framework of the Productivity on the Field project, the productivity pilot was implemented in the South Distribution Zone, and several replicas were initiated in other zones and businesses, optimizing different processes and generating benefits close to COP 4 billion.

What is more, an Asset Management maturity diagnosis was performed within the business group and more than COP 15 billion in benefits were generated as part of the development of this project.

The Board of Directors approved the business plan within the Integrated Planning process, and progress was made in the design and implementation of commercial, financial and human development and organizational capabilities processes. Likewise, the Information Management policy was prepared for EPM and work was made on the diagnosis and construction of the Corporate Architecture Model.

As part of the loyalty project, with the purpose of highlighting the good behavior of the Users through the allocation of redeemable points, the SOMOS program was launched in the Aburrá Valley metropolitan area.

Local and international growth

In 2014 EPM invested COP 1.5 trillion to develop expansion, modernization, and growth projects in the energy, gas and water sectors, as well as social and environmental responsibility programs that promote the sustainable growth of the organization and territories where it operates.

Important Projects

Ituango Hydroelectric Project

2014 marked one of the most important moments in the construction of this work, which will contribute 2,400 MW to the country. It was a milestone for Colombian engineering, economy and

development since it was possible to deviate the Cauca River to facilitate the construction of this hydroelectric. It was also possible to make the main fillings of the dam (rockfill cofferdam with waterproof mantle) and the dump excavations up to elevation 435, the transformer cavern, and the central plant construction, ventilation and drainage galleries. Progress was also made in the construction of the Puerto Valdivia-Dam road with 13.9 km of full section excavation, 3.9 km of paved road, 4 built tunnels and 14 bridges completed.

The development of the communities living in the area of influence is particularly important for this project. On the initiative of EPM, in 2013 an alliance was made with project partners Antioquia Governor's Office and the Institute for the Development of Antioquia (IDEA) in order to launch the Comprehensive Plan for Ituango Hydroelectric, a model for integrating infrastructure projects to the territory allowing to enhance project benefits for the 12 municipalities of the area of influence.

Out of the USD 100 million assigned to the program, in 2014 COP 46,507 million were implemented, achieving significant progress in psychosocial care programs, works for the provision of gas service in six municipalities, civil works of the Water Supply and Sewerage Master Plan for some villages, and resources for each of the hospitals, including primary healthcare programs and telemedicine. Other important institutional presence on this regard was housing and school improvement, while working on the construction of secondary and tertiary roads, as well as bridle paths.

By the end of 2014, the Ituango Hydroelectric Project achieved a 27.7% progress, with an investment of COP 2.7 trillion.

Bello Wastewater Treatment Plant

In order to continue working on the sanitation plan of the Medellín River, EPM keeps advancing on the construction of this new wastewater treatment plant, which will receive residential, industrial and commercial wastewaters from Medellín and Bello, the two largest municipalities of the Aburrá Valley.

In 2014, progress was made in the construction of the plant and the northern interceptor, while the organization also started the request for bids for the collecting canals, and advanced in the implementation of a complete awareness and education plan for the community. By the end of 2014, the project achieved a 42% progress, with an investment of COP 329,650 million.

Nueva Esperanza Project

EPM still has the challenge to develop the energy transmission project "Nueva Esperanza", which is part of the National Transmission System (STN). During the year, the environmental permits for both lines (230 thousand and 500 thousand volts) were settled and began the construction of the

first one in the Guavio area, in Cundinamarca, as well as Nueva Esperanza substation in Soacha municipality.

The archaeological rescue, a task we have developed with the utmost responsibility and respect for the Colombian heritage, comes to an end during this period in the area designated for the construction of the substation, with the support of the Colombian Institute of Anthropology and History (ICANH) and the participation of about 180 people, including archaeologists, field workers and administrative staff. In the archaeological rescue area, trace of communities settled in the Tequendama region since 900 BC until the arrival of the Spaniards were identified.

By the end 2014, the Nueva Esperanza project reports a 40% progress with an investment of COP 131,697 million.

Bello–Guayabal–Ancón Transmission Line

In June 2014, the Mining and Energy Planning Unit (UPME) selected EPM as an investor for the design, procurement of supplies, construction, operation and maintenance of Guayabal 230 kV substation and associated transmission lines that affect Medellin and its metropolitan area.

The project, which is at initial phase, costs COP 230,792 million and is expected to be operational in November 2016.

Implementation of the Los Cururos Wind Farm, Chile

This park went into commercial operation on July 23, 2014, with 57 turbines and a capacity of 109 MW. It has the support of the Danish firm Vestas for the operation of machines and Siemens for the substation operation.

Bonyic Hydroelectric, Panama

Assembly of the substation, dam, the reservoir filling and testing of the first unit with a capacity of 10.8 MW out of the 31.8 MW of its final total capacity was accomplished during the year. This project became operational in January 2015.

EPM Investments

Services of Information and Communication Technologies (ICT). -UNE-Millicom Merger

After signing the public deed regarding the merger between UNE EPM Telecomunicaciones S.A. and Millicom Spain Cable S.L., EPM and Millicom closed the transaction in order to integrate their interests in the fixed and mobile businesses in Colombia, represented by UNE EPM Telecomunicaciones and its subsidiaries, and Colombia Móvil-TIGO. Thus, the telecommunications business of the group is strengthened and EPM's transfer level to the Municipality of Medellín is protected for the future. Joint operations of UNE-TIGO ended the year with an income over COP 5 trillion, which represents an 18% growth compared to 2013 and an EBITDA of COP 1.3 trillion, with an approximate growth rate of 28% in relation to the previous year.

Thanks to this growth alliance, which combines the complementary strengths of UNE and TIGO, Colombians have access to a new integrated alternative that will offer a wide variety of digital solutions to millions of households in Colombia, including fixed and mobile telephony, broadband and mobile Internet, and subscription television.

Participation in the process of ISAGEN's shares alienation

In order to participate in the process of ISAGEN's shares alienation, EPM prequalified together with Brazilian Companhia Energética de Minas Gerais (Cemig), firm which announced its decision to retire in June 2014. In parallel, the PAC 267 draft agreement was submitted to Medellín Council in order to authorize the sale of EPM's shares in Isagen, aiming to strengthen the position of the company given the possible sale of this Colombian distribution and commercialization company. This project was withdrawn due to the decision of the national government to postpone the sale of shares.

New growth options

Creating a branch office in Costa Rica

Our organization continues to seek business options in Central America by creating a branch in Costa Rica to move into the electricity, water, sewage, and solid waste sectors and other services included in the corporate purpose of Empresas Públicas de Medellín E. S. P.

River Parks

A memorandum of understanding was established with Interconexión Eléctrica S.A. (ISA) for structuring the urban road concession of River Parks. This project seeks to promote the Medellín River as an environmental and public space axis for the region and city, optimizing its current role as the main focus of mobility, in order to turn it into the structuring and integrating element of the different systems of the territory and the main stage for citizens' gathering and enjoyment. It will be developed through four key components: mobility, environmental, urban/architectural and

social. This and other new business opportunities aim to diversify EPM's income as a proactive response to the great challenges and opportunities coming in the next 20 years, given the growing changes in the public utility industry.

Innovation and development of new businesses and solutions

One of the achievements and major advances in the structuring of new businesses is the Solar Energy business, for which we identified the action strategy in order to address it both in Colombia and in Central America countries where EPM has a presence in the energy business. The implementation is expected to take place in 2015.

Aiming to determine a strategy to create an ESCO-type business (Energy Service Company Outsourcing), EPM Group conducted a feasibility study in nine countries with the Ernst & Young enterprise, which took into account the legal, technical, economic, commercial, regulatory and financial aspects. In light of the results obtained, which show great potential in some of the markets assessed, we have been structuring a strategic alliance with a partner.

Regarding sustainable mobility, we are working on finding a supplier of vehicles to be a strategic partner for implementing the pilot electric vehicle project and for the implementation of operational tests on automobiles and battery chargers, taking into account the effects on power distribution networks. Additionally, we initiated the contracting process for a pilot project that will provide us with public charging equipment at strategic locations to increase users' autonomy and confidence.

As for solar solutions in not connected areas, we began the execution of two contracts: one with the IPSE to install 100 solar kits in Caquetá (San Vicente del Caguán) and another one with Antioquia Governor's Office to install 14 solar solutions in rural schools and indigenous reservations.

Moreover, we managed and signed a USD 871,000 grant with the U.S. Trade and Development Agency (USTDA) in order to continue the second phase of the Nereidas Valley Geothermal Project. The firm Dewhurst Group LLC was selected to carry out the study on conceptual geological modeling, definition of drilling sites, infrastructure engineering, and calculation and estimation of economic performance.

Regarding the Solid Waste Management Master Plan for Valle del Aburrá, its conceptualization was already finished and we are currently contacting potential partners for its development: IFC, Portland city (United States) and the Dutch Agency for Enterprise Development (RVO).

In 2014, investments on development and innovation projects amounted to COP 8,863 million.

Customer-user focus

As part of the value proposal for public services and a solution portfolio with a comprehensive focus on the User, the following activities were developed:

We sought to facilitate Users' subscription. For this reason, during 2014 we provided gas service to 82,471 homes, of which 40,140 were located in Aburrá Valley and 42,331 in other regions of Antioquia. 8,490 homes had access to water supply service and 8,640 to the sewerage service. Regarding energy service, we reached 35,119 new homes in Antioquia, of which 13,835 were located in the municipalities of Aburrá Valley and 6,301 in other areas of Antioquia.

On the other hand, Gas without Borders program began in 33 new municipalities and infrastructure was built in 4 more, where we plan to provide this service by the first quarter of 2015. Thus, at the end of 2014, EPM was addressing 79 towns inside and outside Aburrá Valley (63 municipalities and 16 rural settlements), with a total of 934,924 Users connected to this service, which places EPM Natural Gas as the third company in Colombia with the biggest amount of clients connected, having a 11.9% participation.

Regarding sustainable mobility, new alternatives and projects were implemented to achieve consolidation. Currently, there are 51,765 vehicles converted to natural gas in Antioquia. EPM continues to expand its own network of VNG stations by starting up four new stations. Two of them are for exclusive use: the Universidad de Medellín station for Metroplús mass transit system, and Tasajera station for the Emvarias' compactor fleet. And two are open to the public: one in the municipality of Sabaneta, and another in the municipality of Apartadó, in Urabá, which is the first EPM's regional station from the 13 existing ones at the end of year.

In 2014, our billing portal had great importance, with a 185% usage increase thanks to market dynamics and the use of new technologies. It went from 3,214 registered members in January 2014 to about 9,300 in December.

For ensuring pleasant experiences in service processes, and permanently looking to improve communication channels with customers, we highlight the management scheme for Large Customers, Government and Enterprises branches. Thanks to these actions, now we provide full service to more than 22,000 facilities with assigned account executives to meet all their needs with EPM.

We achieved to account for 45,329 registered Users during the year thanks to this offer of value contained in the SOMOS loyalty and recognition program, which seeks to reward customers' good behavior in service use and bill payment through the allocation of redeemable points for EPM services and a broad network of partners.

Operational performance

In 2014, hydrological levels under the historical averages were recorded in Colombia (81% in EPM, 91% in the country), a reduction that considerably affected EPM's generation of hydraulic energy.

Hydric contribution decrease occurred between April and September and was mainly due to a warming of the Pacific Ocean. It made it necessary to manage the operation of the generation plants and their associated reservoirs with special care, minimizing the economic impact without risking the fulfillment of the company commitments in relation to the reliability in the electric power supply to the country.

In order to achieve this purpose, several adjustments were made to the business commercial strategy, such as non-firm gas acquisition in the gas secondary market to enable the operation with natural gas of La Sierra thermal power station from April to September.

On the other hand, the PPI as indexer of the prices of the energy sold through contracts had a performance above expectations, with an accumulated growth of 5.6% in 2014, which helped to achieve budgeted incomes.

Despite the contribution reduction, EPM managed to be the top hydraulic energy generator agent in the country and to take the reservoirs to a safe level in energy terms for starting 2015. As of December 31, 2014, EPM's total aggregated reservoir reached 84% and El Peñol reservoir reached 87% of their useful volume.

By identifying opportunities to optimize the existing infrastructure and making the appropriate management with competent authorities, the Generation business was able to increase net effective capacity of the Porce III (from 660 MW to 700 MW) and Playas (from 201 MW to 207 MW) hydroelectric plants. This management meant higher revenues in 2014 amounting to COP 669 million and it is estimated that it will be COP 4,627 million by 2015.

In this same working front, leaks in the uptake and gates of Guadalupe III were corrected, representing an additional business revenue worth COP 7,215 million. Besides, cost savings

totaling COP 3,408 million were achieved by managing the consumption of auxiliary circuits and associated services in generating plants and by implementing energy efficiency initiatives.

As for Transmission and Distribution, the Field Productivity project was developed. The Continuous Improvement of Service Quality project and the Loss Control and Reduction program were created and approved to group extent. Both initiatives will reduce future costs and increase revenue. Moreover, we made connection contracts to develop the infrastructure of customers such as Ecopetrol S.A., generators and large industries nationwide, ensuring income through connection charges close to COP 16.5 billion.

Regarding Water Provision business, there was a costs recovery in energy efficiency of COP 950 million, to which is added a substantial reduction in network and connection damage by 4.54% and 29.1% respectively, with clear strategies for preventive and predictive maintenance.

As for the Wastewater Management business and after many years of work, issuance of Decree 1287 was obtained in July 2014, which governs the use of bio-solids produced at the San Fernando wastewater plant, providing many use possibilities for this product. We also made progress in the construction of a composter located in Don Matías municipality, in Antioquia, where a third of bio-solids will be processed.

We managed to reduce damage and obstruction indicators in sewerage network per kilometer and a 99.8% of spillways in good condition, optimizing the process of waste water collection and transportation. Through a field research, we were able to bill 4,200 facilities that used to have this service without being invoiced, which increased service coverage and revenues.

Regarding Gas business, we participated in several projects during the year with a revenue of COP 1.5 billion, including Field Productivity where we developed actions aimed at optimizing the users subscription process.

In the solid waste business, we developed the Linda Calle Siglo XXI (XXI century Pretty Street) strategy together with Emvarias. We built Altair cell and started operation in the Pradera landfill, whose capacity for final disposal of waste is about 6 million m³, giving a period of about 14 years. Investment amounted to COP 22 billion. The leachate treatment plant for the landfill was designed and it is planned to be built and begin operations in 2015. In addition, the fleet of compaction vehicles was modernized and vehicles of this kind were adapted for VNG for the first time in Colombia and Latin America. A new contracting model for the cleaning process was implemented with Fundación Universidad de Antioquia, improving the working conditions of about 900 company employees such as drivers, crew and sweeping operators. Furthermore, this subsidiary achieved a net profit of COP 20 billion, the highest one in its history.

Human talent

Ensuring the talent the organization needs for fulfilling its ambitious goals requires a constant and dedicated work that includes the selection of human talent focused on opportunity and suitability. Through this process, the recruitment of 59 official workers and 4 public employees was ensured and, even more importantly, 45 labor contracts were modified, making a reality the dream of those 45 employees of improving their work conditions in terms of responsibility, position and salary. Internships for 483 apprentices and university students were also ensured after carrying out all the necessary procedures.

In order to ensure the quality of life of all the organization's workers, the following process was performed:

- 40,799 conventional benefits that totaled COP 18,296 million were assigned in 2014. 96.05% of EPM workers received at least one benefit during the one-year term.
- 486 loans totaling COP 39,340 million were approved for housing after the funds were broadened by signing the Collective Negotiation and the Extra-conventional Agreement. 69% of the company employees own their homes. The interest percentage was reduced for employees earning more than 6 smmlv (Colombian legal minimum monthly salary in force), the formula for extending the effective payment term of the credits was redesigned and adjusted to the fund regulations in order to make them more flexible and increase the coverage.
- The gym facilities in the EPM Building were modernized, as well as in several different branches and generation stations.
- The implementation of the telecommuting program pilot was started with 31 employees, and three new different working shifts were established in order to facilitate the entry to the building and contribute to the environmental management, mobility and sustainability.
- Events such as the following were held: EPM's Classic Day and the Family Day, which hosted more than 11,000 invited attendees, the Secretaries Day, the Children's Day, the Occupational Health Sessions, the "Recognizing my company" pilot program, and the alliance with the National Customs and Tax Direction Office (DIAN) for updating the Unique Tax Registry, which all the employees must have for their tax declaration.
- The psychosocial risk measurement was made with the participation of 83.27% of EPM's workers, and the activity was supported in many energy and water subsidiaries.
- A settlement was reached for the Collective Convention negotiation with the Sintraemdes workers union. Regarding the subject of pensions, the closeness with the Colpensiones pension fund and the improvement in the assistance to the pre-pensioners allowed 357 workers to start enjoying their pension after fulfilling the requirements to obtain it.

Administrative support

Terraces and green walls were built, and new food services were installed for the employees. Besides, the bicycle parking project was started inside and in the surroundings of the EPM Building, and at the same time, the work of the Eatic laboratories in Ruta N and CIEN was completed.

For the development of the Ituango, Gas, Water, Transmission & Distribution and Corporate projects, 87 land properties were purchased, 459 easements were constituted, and 379 miners were indemnified. An outsourcing model was developed and contracted for constituting easements in the Nueva Esperanza and the La Ceja-Sonsón line projects.

Through the Social Contracting program, 114 public works and service provision contracts were executed, totaling an amount of COP 22,756 million. This contracting mechanism is applied to community action boards, which not only generates employment opportunities, but also contributes to the strengthening of these community organizations by means of the surplus that are allocated to diverse works for the benefit of the communities.

The project for the comprehensive management of safety was designed based on infrastructure, people and electronic coverage risks.

As a contribution to the protection of the environment, office technologies were implemented to eliminate the use of paper and secure the information. In that sense, the digitalization of the documentation of property negotiations with a 17% reduction in the consumption of photocopies (approximately 216,000, and the file space was optimized too).

Quality Management System

Analysis of the Quality Management Policy

The current Quality Management Policy is adjusted to the needs of the organization; therefore, it is not necessary to update it.

Analysis of the Quality Management Policy				
Item	Yes	No	Observations	Person/department in charge
Is the quality management policy consistent with the comprehensive management policy and the strategic planning of the company?	X		Is the Comprehensive Management Policy consistent with the Strategic Planning elements?	Corporate Development Management Office
Is the quality management policy adequate for the company according to the regulatory framework that is currently in force?	X		Is the Comprehensive Management Policy (that was defined as the quality policy of the Quality Management System -QMS-) adequate for the entity's corporate purpose established in article 3 of EPM Bylaws, Municipal Agreement No. 12, 1998.	Corporate Development Management Office
Is the quality management policy consistent with the definitions of the QMS?	X		Is the Comprehensive Management Policy consistent with the definitions of the QMS that were posed based on the dispositions of the reference rules and the Public Function Administrative Department?	Corporate Development Management Office
Has the quality management policy been disclosed to and understood by the employees?	X		The Organizational Culture and Human Development Management Office established a work plan for identifying the topics (such as the quality management policy) that will be disclosed to EPM's contractors and/or public officers. In 2014, the MECI diagnosis and the control auto-evaluation were also used for obtaining a perception on the understanding of the employees about the basic quality management elements, input for the strategy that was defined and that will be implemented to achieve the understanding of the policy.	Organizational Culture and Human Development Management Office
Is it necessary to modify the quality management policy?		X	It is not necessary to adjust the comprehensive management policy, which was established as the quality policy for the Management System.	Corporate Development Management Office

Results of the internal quality audits

In 2014, the program was fulfilled with a combined-audit approach, that is, the Quality Management Systems were simultaneously audited in accordance with the Colombian Technical Standard for Public Management 1000 (NTCGP 1000), certified Management Systems (ISO 9001, ISO 14001), and they were accredited according to the Colombian Technical Standard ISO/IEC 17025, achieving the carrying out of a verification in the implementation of the referred management systems.

Findings that allow the continuous improvement in the audited processes were identified and important improvement opportunities were also identified in the accredited laboratories based on a thorough technical analysis.

Results of the internal quality audits		
Indicators	Goal	Score
Audit program compliance percentage	100%	100%
Audits Evaluation	4.8	4.9
Auditors Evaluation	4.5	4.7

Results of the internal quality audits								
Item	Total	%	Company QMS		QMS Certified		QMS Accredited	
			NTCGP 1000	%	NTC-ISO 9001 and 14001	%	NTC-ISO/IEC 17025	%
Strength	86	37%	14	41%	55	41%	17	26%
Improvement opportunity	117	50%	15	44%	70	52%	32	49%
Non-conformities	31	13%	5	15%	10	7%	16	25%
Total findings	234	100%	34	100%	135	100%	65	100%

Improvement Actions by Process

As product of the revision of the Quality Management System by last year's directing team, an aspect worth highlighting is the improvement made for a greater control and a timely follow-up to the improvement actions by process. These actions were migrated to the ERA-Kairos IT tool with the purpose of consolidating and managing in a more adequate way the improvement plans (which were previously recorded in an Excel template) within the continuous improvement of the Quality Management System.

In October 2014, the Learning Management, Organizational Design and Risk Engineering direction offices designed and offered a virtual course through the EPM Group University for training the target audience on the ERA Kairos tool: experts and people responsible for the processes, organizational managers, personnel from the Performance Units, staff from the Corporate Audit Department and risk managers, from which 272 workers have been trained.

The continuous improvement and management of the processes was consolidated with the implementation of the tool for risk management and the Business Group's Improvement Plans in November 2014, which was performed by the corresponding responsible teams. The improvement plans for 127 processes of the current Model were uploaded to the Kairos tool production database. From all the defined actions, 45% were preventive and improvement-related, which

evidences the continuous improvement of the Quality Management System in a proactive way, avoiding the materialization of risks in the processes.

Within the tool implementation process and the continuous improvement purpose of the Quality Management System, a unique improvement plan was consolidated for each process based on the diverse plans that were previously defined by each one of the sources of origin: internal audits, management auto-evaluation, external evaluations, comprehensive risk management, management by process, and revision by the Direction Office, among other. Furthermore, the software previews were designed; the rules, warnings and reports were revised and adjusted; and the licenses were assigned according to the users' profile.

The team of professionals from the Performance Management Units and the Organizational Managers worked on the assurance of the quality and completeness of the information that was migrated to the improvement plans of several processes, as well as in the updating process of said information.

This tool facilitates the comprehensive and effective follow-up and the analysis of the actions defined in the improvement plans. Some of the benefits are the following:

- Analysis and evaluation of risks in the diverse management levels that were defined.
- Centralized information of the risk and improvement plans.
- Real-time access to the information.
- Reliability and availability of the information of the risks and improvement plans.
- Integration of the improvement plans from different origins.
- Monitoring to the improvement plans that are the responsibility of the corresponding person/team in charge of each Process.
- Facilitation of the audit function management by the organization and other control bodies to the improvement plans.

Under the coordination of the MECI work team, led by the Corporate Development Management, a work plan will be developed to keep strengthening the management of the improvement plans in terms of their definition, follow-up and control, ensuring an adequate and complete processing in the information system, and a wider use of the tool for the analysis and the continuous improvement of the Quality Management System.

Conclusion of the Quality Management System status

The Quality Management System implemented by EPM in accordance with the Public Management Quality Technical Standard NTCGP 1000: 2009 is: convenient, adequate, suitable, efficient, and effective.

Quality Management System status summary			
Item analyzed	Yes	No	Observations
Convenience: Is the Quality Management System consistent with the strategy and the strategic objectives?	x		Currently, the objectives of the Quality Management System correspond to the strategic objectives, and recurring follow-up is made from the Balanced Scorecard by identifying improvement actions.
Adequacy: Are the actions and decisions defined and implemented for the Quality Management System enough for fulfilling the requirements of the customers and all other stakeholders of the company, and the requirements of the applicable legislation?	x		Senior managers base their decisions on the analysis and follow-up of the management to support the fulfillment of the strategic planning that was established.
Effectiveness: Have the planned activities been carried out and have the results planned for the Quality Management System been achieved?	x		The planned objectives have been achieved and the results are permanently monitored by means of diverse mechanisms, such as: Governance Committees or Integration and Coordination Meetings (ICM).
Efficiency: Have the results been achieved through the optimal use of the resources?	x		Resources are adequately used in and for the plans, programs and projects that are executed to achieve the organizational purposes.
Effectiveness: Has the company achieved the impact expected for its stakeholders?	x		Satisfactory progress is being made in the engagement with the stakeholders and in the execution of the plans defined with each one of them.

Control environment

In 2014, significant progress was made in the strengthening of the control culture and environment, which has been guided by the Internal Control Management Policy adopted by EPM's Board of Directors with the purpose of generating trust among the stakeholders.

In that sense, different actions were carried out to adapt and improve the internal elements to respond to the corporate needs, the regulatory requirements, and best associated practices:

- The company voluntarily participated for the seventh consecutive time in the Measurement of transparency policies and mechanisms, which is promoted by the "Transparencia por Colombia" (Transparency for Colombia) corporation, with a result of 93 points out of 100, increasing 2 points in comparison to the previous measurement. Significant improvements were achieved in the Dialog components, which includes the

interaction with Users and Suppliers, and Clear Rules, related to matters of business ethics and corporate governance.

- EPM Group's companies have also undergone the evaluation of their transparency mechanisms and practices, with results higher than the average of the sectors in which they operate. Thus, the companies consolidate a transparent management in the eyes of the stakeholders.
- EPM's audit activity obtained its international certification before the Global Institute of Internal Auditors (IIA), which recognized EPM as the Colombian company with the most certified auditors. An engagement and intervention plan was started with the purpose of standardizing control practices and achieving synergies among the EPM Group's audit teams.
- The Office of the Medellín Comptroller General closed the account for EPM and the Group's companies, which projects EPM's efficient fulfillment of the tax management regarding the public resources. All the requirements of the assurance suppliers were timely and effectively served, contributing to the strengthening of the control environment of both EPM and the Group's companies.

Awards and accolades

In 2014, the company was awarded significant Awards and accolades:

National Engineering Prize: the company was awarded the National Engineering Prize and Antioquia's Engineering Prize for the "Primavera" Solar Vehicle. Additionally, EPM was recognized as the most innovative company in the country in polls made by the Portafolio newspaper and the Dinero magazine.

Silver Category Accolade and the inclusion of EPM into The Sustainability Yearbook 2014, for its performance in the Dow Jones Sustainability Index: EPM was included in the recognized worldwide sustainability journal after getting a score of 77 over 100 in the Dow Jones Sustainability Index in 2013, which is why the company was awarded a silver accolade, being within 5% of the companies with the highest ratings in the multi-service and water sector.

Honorable mention: for being the Colombian company with the most professionals certified by The Institute of Internal Auditor.

Most creative internal means of communication: this accolade was awarded by the Spanish firm Inforpress for the Communication Management Office's Telephone Bulletin for the water and energy operators who do not have access to a computer or another means of communication.

"Emisores-IR" accolade: this accolade, which is valid for one year, was awarded to EPM by the Colombian Stock Exchange. This initiative promotes and recognizes the best practices in terms of information disclosure and stakeholders engagement in Colombia.

Future challenges

The business actions of the EPM Group will be developed more and more in changing and dynamic environments and settings.

Among the main topics identified that will have an impact on the development of the Group's future businesses, perhaps the most important is the fact that, in every market, there is a regulatory activity and stakeholders that become more and more demanding in terms of service quality, value proposals and efficiency levels. The expectation of our Users is to have more competitive public utility fees as an enabling factor of the development of the markets in which the organization operates.

From the geopolitical viewpoint, the following topics will be equally relevant: the evolution of the Peace Process and the elections of governors and mayors in Colombia, which will necessarily bring adjustments to the local and regional politics; as well as the reforms that are being conducted in important countries for the future growth of the Group, as it is the case of Mexico, Chile and Brazil.

The economy adjustments, the impact of the exchange rate volatility, the decrease in the oil prices and the deceleration of the world demand due to the low growth level in China and Europe are aspects that must be taken into account, along with an increase of the tax requirements, in the organization's operations.

Despite the foregoing, the most important challenge that the EPM Group will face in future years is the change dynamics in its main businesses. The technological evolution will stimulate the advance in its global trend markets, as it is the case of the distributed generation, the energy efficiency and the broader use of clean energies, with an increasingly growing trend of the environmental demands. This will bring important challenges and opportunities to two representative businesses of the Group: energy distribution and generation.

This outlook presents huge challenges and opportunities for making the Group more sustainable. Some of the strategic imperative aspects for 2015 are the crystallization of business diversification opportunities, the consolidation of the organization as a business group, the increase of the participation in the energy generation business in Central America, the incursion into new geographies, and the incorporation of businesses with non-conventional renewable energies.

The organization will strengthen the teamwork culture as a key element of its target culture, and it will set the foundations for a new talent management model (which will be necessary for achieving the expected growth) in matters of career design and follow-up, training plans, succession plans and compensation plans, all of which are key elements for the process of strengthening our organizational environment.

Financial Statements

EXTERNAL AUDITOR'S REPORT

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

I have audited the general balance sheet of EMPRESAS PÚBLICAS DE MEDELLÍN E.S.P., as of December 31, 2014 and 2013 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, 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, 9 and 13 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. As of December 31, 2014, the investment, net in UNE showed a decrease for \$1,021,267 million, mainly by the recognition of the dividends decreed and paid for \$1,074,798 million and an increase by the net effect of the merger operation for \$147,521 million.



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 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.
 General balance
 At December 31
 (Amounts stated in millions of Colombian pesos)

	Note	2014	2013
Assets			
Current assets			
Cash	4	3,183,741	2,488,896
Investments for liquidity management	5	274,369	301,883
Accounts receivable, net	6	1,773,894	757,227
Inventories, net	7	1,003,637	1,296,807
Prepaid expenses	8	107,398	104,318
Other assets, net	12	24,436	28,661
		7	-
Non-current assets		30,552,847	29,396,198
Investments for liquidity management	5	5,833	47
Investments, net	9	6,539,904	5,116,796
Accounts receivable, net	6	1,443,993	1,095,060
Property, plant and equipment, net	10	11,807,794	10,535,042
Actuarial financial reserve	11	618,546	549,736
Prepaid expenses	8	120,804	33,617
Other assets, net	12	1,326,485	1,178,480
Revaluation off assets	13	8,689,488	10,887,420
Liabilities			
Current liabilities			
Public credit transactions	14	2,607,480	1,902,283
Accounts payable	15	381,278	579,568
Taxes payable	16	1,761,329	903,558
Labor obligations	17	237,804	233,112
Pension obligations and pension commutation	18	86,407	61,273
Estimated liabilities	19	44,830	46,303
Other liabilities	20	17,267	19,756
		78,565	58,713
Non-current liabilities		9,782,540	7,723,480
Public credit transactions	14	7,980,971	6,003,894
Accounts payable	15	36,525	41,195
Labor obligations	17	27,059	53,338
Pension obligations and pension commutation	18	762,016	776,459
Estimated liabilities	19	111,297	81,307
Other liabilities	20	864,672	767,287

Total assets		33,736,588	31,885,094
Total liabilities		12,390,020	9,625,763
Equity (see financial statements attached)		21,346,568	22,259,331
Total liabilities and equity		33,736,588	31,885,094
Debit memorandum accounts	22	7,494,853	5,499,381
Credit memorandum accounts	22	21,320,990	20,286,382

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
 T.P 62449-T
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Empresas Públicas de Medellín E.S.P.
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)

	Note	2014	2013
Net income	23	5.845.331	5.533.100
Service rendering costs	24	(2.713.897)	(2.605.677)
Depreciation, provision and amortization	25	(341.105)	(325.385)
Gross surplus		2.790.329	2.602.038
Administrative expenses	26	(569.359)	(604.344)
Depreciation, provision and amortization	25	(84.409)	(111.068)
Operating surplus		2.136.561	1.886.626
Non-operating income, net	27	701.050	777.347
Non-operating expenses, net	28	(578.852)	(627.083)
Non-operating surplus		122.198	150.264
Surplus from the period before taxes		2.258.759	2.036.890
Income tax provision and income tax for equity- CREE, net	16	(456.688)	(382.766)
Net surplus		1.802.071	1.654.124

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Empresas Publicas de Medellin E.S.P.
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	Surplus equity method (note 9)	Reserves			Accumulated results (Note 21)	Surplus on revaluation of assets	Revaluation surplus (Note 13)	Total equity
				Reserves	Fondos patrimoniales	Total reserves (Note 21)				
Balances as of December 31, 2012	67	91.779	704.383	2.879.070	7.591	2.886.661	5.189.997	1.985.923	10.402.033	21.260.843
Increase by applying equity method	-	-	93.534	-	-	-	-	-	-	93.534
Ordinary and extraordinary surplus	-	-	-	-	-	-	(1.234,557)	-	-	(1.234,557)
Appropriation Reserves	-	-	-	259,530	-	259,530	(259,530)	-	-	-
Movements for the year	-	-	-	-	-	-	-	-	485,387	485,387
Net surplus for 2013	-	-	-	-	-	-	1.654,124	-	-	1.654,124
Balances as of December 31, 2013	67	91.779	797.917	3.138.600	7.591	3.146.191	5.350.034	1.985.923	10.887.420	22.259.331
Increase by applying equity method	-	-	1.327.866	-	-	-	-	-	-	1.327.866
Ordinary and extraordinary surplus	-	-	-	-	-	-	(1.844,768)	-	-	(1.844,768)
Apropiación de reservas	-	-	-	(52.834)	-	(52.834)	52.834	-	(2.197,932)	-
Movements for the year	-	-	-	-	-	-	-	-	(2.197,932)	(2.197,932)
Net surplus for 2014	-	-	-	-	-	-	1.802,071	-	-	1.802,071
Balances as of December 31, 2014	67	91.779	2.125.783	3.085.766	7.591	3.093.357	5.360.171	1.985.923	8.689.488	21.346.568

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Empresas Públicas de Medellín E.S.P.
Statement of changes in financial position
For the period comprised between January 1 an December 31,
(Amounts stated in millions of colombian pesos)

	2014	2013
Sources		
Surplus of the period	1.802.071	1.654.124
Movement of items not involving cash		
Deferred income tax	(22.765)	39.232
Depreciation, provisions and amortization	370.780	350.331
Actuarial computation	46.798	56.505
Participation subsidiaries Method	(411.418)	(478.258)
Other non-cash items of income and expenditure	633.456	209.968
Working capital provived by the operation	2.418.922	1.831.902
Investments		
Received Dividends	327.295	767.192
Restitution and sale of investments	171.080	929.128
Debt		
Increase in long term listed debt	1.834.631	736.119
Other sources		
Decrease in other assets	1.071	-
Decrease in other receivables	-	41.201
Total sources	4.752.999	4.305.542
Applications		
Investments		
Increased capitalization in subsidiaries and associates	(197.380)	(390.742)
Property, plant and equipment		
Increased construction in progress , Prop. , Plant and equipment	(1.707.734)	(2.046.592)
Other applications		
Increase in long-term debtors	(107.367)	(42.134)
Increased loans to subsidiaries	(241.567)	(468.651)
Other assets increase	(144.002)	(27.028)
Decrease in long-term liabilities	(520.533)	(731.043)
Surplus caused Municipality Medellin	(1.844.768)	(1.234.557)
Total other applications	(2.858.237)	(2.503.413)
Total applications	(4.763.351)	(4.940.747)
Net decrease in working capital	(10.352)	(635.205)

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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	1.802.071	1.654.124
Movement of items not involving cash		
Deferred Income tax	(22.765)	39.232
Depreciation, provision and amortization	378.717	377.697
Actuarial computation	46.798	56.505
Participation Method Subsidiaries	(411.418)	(478.258)
Other non-cash items of income and expenditure	467.263	160.933
Cash generated in the operation	2.260.666	1.810.233
Changes from operation activities		
Accounts receivable	114.600	(793.261)
Inventories	(3.081)	8.128
Other assets	(69.904)	(29.772)
Accounts payable	11.750	131.532
Third parties collections and other liabilities	(17.447)	(23.186)
Labor obligations	(63.860)	(41.682)
Net cash provided by operating activities	2.232.724	1.061.992
Cash flow from investments activities		
Assets and infrastructure investments	(1.707.734)	(2.046.592)
Investment in subsidiaries and associates	(197.380)	(390.742)
Restitution and sale of investments	171.080	929.128
Dividends caused controlled subsidiaries	327.295	767.192
Other assets	(68.809)	6.589
Net cash used in investments activities	(1.475.548)	(734.425)
Cash flows from financing activities		
Public credit and treasury disbursements	1.834.631	736.119
Capital amortizations	(591.822)	(175.753)
Surplus paid to the Municipality of Medellín	(1.010.832)	(1.183.493)
Net cash used in financing activities	231.977	(623.127)
Net cash (decrease) increase and cash equivalents	989.153	(295.560)
Cash and cash equivalent at beginning of period	1.059.110	1.354.670
Cash and cash equivalents at end of period	2.048.263	1.059.110

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**Financial Statements and notes
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. Legal nature, corporate purpose and business activities

1.1. Legal nature

Empresas Públicas de Medellín E.S.P. (hereinafter “EPM” or the “Company”) is the Parent Company of a business group that, consisting of 48 companies, is present in Colombia, Chile, El Salvador, Guatemala, Mexico, Panamá and Costa Rica.

EPM is a municipal decentralized entity created in Colombia by means of Agreement 58 of August 6, 1955 issued by the City Council of Medellín as an autonomous public Establishment. It was transformed into a 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 offices are located at Carrera 58 No. 42-125, Medellín, Colombia. No duration term has been established for the company.

1.2. Corporate object

EPM provides domiciliary public utilities of water, sewage, power and fuel gas distribution. It may also provide garbage removal, treatment and use services, as well as the complementary activities appropriate for each of these public utilities.

It participates in the telecommunications business, segment which, as of August 2014, it has significant influence according to the accounting practices established by the General Accounting Office of the Nation, through UNE Telecommunications and its affiliates: Edatel, Telefónica de Pereira, Orbitel Servicios Internacionales, Cinco Telecom Corp., Orbitel Comunicaciones Latinoamericanas, Inversiones Telco S.A.S. and Colombia Móvil. It provides voice, data, internet, professional, and data center services, among others.

1.3. Legal and regulatory framework

The most significant applicable regulatory aspects are the following:

1.3.1. Regulations for Colombia

The activity of rendering public utility services that EPM carries out, is 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 duty to establish the accounting regulations of the country for the public sector, as provided by Article 354 of the Political Constitution of Colombia of 1991, regulated by means of Law 298 of 1996.

In note 1.6 the accounting policies and practices applied in the company for the preparation and presentation of the financial statements in accordance with the Public Accounting Regime (RCP) are listed, established by General Accounting Office of the Nation (CGN), as regulating entity on the subject.

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

Because it is a decentralized entity of the municipal level, EPM 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 Public Ministry.

1.3.2. Regulations commission

Decree 1524 of 1994 delegates on the regulation commission the presidential function of indicating the general administration and efficiency control policies in domiciliary public utilities.

These entities are the following:

- Energy and Gas Regulation Commission (CREG) 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 Drinking Water and Basic Sanitation Commission (CRA), technical entity that is an instrumentality of the Ministry of Housing, City and Territory, regulates the water and sewage and cleaning and sanitation rates.

1.3.3. Regulation per sector

1.3.3.1. Drinking water and basic sanitation sector

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

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

Sewage: this activity involves 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 includes the collection of municipal waste, mainly solid. It includes complementary activities of transportation, treatment, usage and disposal of that waste.

1.3.3.2. 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: Consists of 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 person that operates and transporting electric power in the STN or has incorporated a company which object 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 in the purchase of electric power in the wholesale market and its sale to other market agents or end subscribers, regulated or not regulated, whether 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 integral integration between generators and distributors, but permits that both agents may perform the commercialization activity. The law defined that the companies that perform the transmission must have this activity as their exclusive purpose. However, companies that as of the date of passing of Law 143 of 1994 were vertically integrated could continue being so, provided they have separate accounts for the different activities.

1.3.3.3. Natural gas sector

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

Gas: this is the set of activities intended for 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 is 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. 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.

1.5. External audit

According to provisions of the Good Corporate Governance Code, the external audit is established as a control mechanism, 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.

1.6. 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 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.
- Also applicable are the regulations of the Superintendence of Domiciliary Public Utilities (SSPD, for its initials in Spanish). 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 replaced by 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

1.6.1. Consolidation process of accounting information:

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 approved by the board, they are published in the official page of EPM together with their respective notes.

1.6.2. 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 recorded according to the exchange tariffs in effect on the dates of the operations. Colombia’s economy is not hyperinflationary.

1.6.3. Exchange difference

During the period, differences between the historic exchange rate accounted for 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” of the income statement. Excluded from this practice are investments made abroad in controlled companies, which are recorded in equity through the equity method.

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

1.6.4. Accounting period

EPM has determined through by its bylaws to make a closing of its accounts, are prepare and disclose general-purpose financial statements, at least once a year, as of December 31.

1.6.5. 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 future modifications may occur.

1.6.6. Policy for disclosure

As policy for disclosure of the items that make up the financial statements for the purposes of determining the materiality of the figures, EPM has based itself on the relative importance that each subaccount represents in respect to the group of account to which it corresponds. Thus, it discloses those items of the balance sheet as of December 31, 2014 that are equivalent to more than 5% of the current assets, other assets, current and noncurrent liabilities and equity.

1.6.7. 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, the knowledge or lack of knowledge of its occurrence, 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.

1.6.8. Classification of assets and liabilities

Assets and liabilities are classified according to the use for 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.

Practices of a specific nature

1.6.9. 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.

1.6.10. Investments for liquidity management

These are to the investments made to optimize the excess liquidity surpluses, that is, all funds that are not immediately intended to 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.

Considering the stipulations of Decree 1525 of 2008 from the Ministry of Finance and Public Credit, modified by Decrees 2805 and 4471 of 2009, 4686 of 2010, 1468 of 2012 and 600 and 1117 of 2013, transitory investments in EPM may be created in treasury securities (TES), Class B, fixed Rate or indexed to the UVR (Real Value Unit) and in term deposit certificates (CDT, for its initials in Spanish), in checking or savings account or in term deposits with banking institutions monitored by the Financial Superintendence of Colombia or in entities with special regimes, contemplated in section ten of the financial system organizational structure and in collective investment portfolio of the monetary or open market, without pact of permanence, in entities with the second best rating in effect on strength or quality in the administration of portfolios and that comply with the investment regime provided for EPM.

The bank establishment subject to investment of excesses must have a rating in effect corresponding to the maximum category for short term, in accordance with the scales currently used by the rating agencies BRC Investor Services S.A. (BRC1+), Value and Risk Ratings S. A. (VrR1+) and Fitch Ratings (F1+) and receive as minimum the third best rating in effect for the long term (AA) used by the respective corporations.

Foreign currency excesses may be investment in international governments or financial institutions with a minimum rate of A+ for the long term and A-1+ for the short term, the same that in branches abroad of banking establishments monitored by the Financial Superintendence of Colombia, that have the maximum rating in

effect for the long and short term according to the scale used by rating agencies that rate the Nation's foreign debt.

The portfolio of liquidity investments is valued daily at market prices, according to the provisions of the regulations in effect. Prices and benchmark rates 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 in 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, according to the case.

1.6.11. 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 have the joint control. They are recognized at their historic cost and the equity investments in which EPM exercises major influence are included.

The historic cost is made up by the acquisition price or original amount, plus all the disbursements necessary made by EPM for the acquisition of the investment. These investments are not subject to exchange difference adjustment, since the equity method incorporates it, but are subject to adjustment to intrinsic value in order to recognize at the time of the purchase the difference between the acquisition price and the intrinsic value of the shares, quotas or part of corporate interest. If as a result of the comparison the investment value is lower than the intrinsic value, the difference is recorded as appreciation. If, to the contrary, as a result of the comparison the value of the investment is higher than the intrinsic value, the difference is recorded as 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.

1.6.12. Debtors

It constitutes the value of the rights in favor of EPM originated in the rendering of the public utilities services. 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.

1.6.13. Doubtful accounts

As doubtful accounts are considered those that are over six month past due or when they are sent to legal collection, this event originates the reclassification of the respective amount from current account receivables to doubtful accounts. From this reclassification the debtors that are classified as official entities are exempted.

1.6.13.1. Provision for debtors

An administration provision is established for the protection of 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 permits the determination of the loss contingency or risks for eventual debtor's insolvency. Each month the collectability status 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 where recovery is not possible through legal process, coercive jurisdiction, or ordinary channels, the write-off of will apply to recognize the reduction of the account receivable in favor of EPM.

The account receivable write-off does not release EPM of the responsibility to continue with the collection efforts that will be relevant. The practice for the recognition of the receivable write-off, results in a charge to the account of debtors provision and a credit to the account receivable from the customer or to doubtful accounts, respectively.

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.

1.6.14. 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 a usable or saleable condition. 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 EPM 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 made 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 an “immobilized good” characteristic in EPM.

1.6.15. Properties, plant and equipment:

This balance 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 which 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 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 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.

If there are no other technical criteria to be considered, the useful lives established by the CGN may be taken as reference. These are as follows:

The average of general useful life by type of asset used in EPM head office		
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: represents 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 and distribution networks in different voltage levels are intended for 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 to 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 Medellin 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 process 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). This are retired at the time they are reintegrated, exception made of vehicles that are retired in 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 referring 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 and 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.

1.6.16. Actuarial financial reserve:

This 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.

1.6.17. 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.

1.6.18. 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.

1.6.19. 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. As intangibles will be recognized in the balance sheet accounts, among others, those goods that are intended to the performance of primary activities of the value chain, 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.

- **Intangibles generated internally:** 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 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 created:** 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.

1.6.20. 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 calculates and records provisions and appreciations for investments, properties, plant and equipment, and other assets.

1.6.21. Financial Obligations

This balance corresponds 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 currencies 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.

1.6.22. 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.

1.6.23. Accounts payable

This balance includes the payment obligations in favor of third parties originated in services received or goods purchased, 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 future benefits.
- That the value may be determined in a reliable manner.

1.6.24. 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:** it 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 was created for tax years 2015, 2016 and 2017. This tax will be eliminated as of 2018 for legal entities. The wealth is equivalent to the taxpayer’s total gross equity owned as of January 1st of each year, less the debts owed by him outstanding as of 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 provisions: Law 1739 of 2014 establishes the mechanisms for reconciliation, 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 in 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 transportation of energy, the taxable base is the kWh, at a rate of one peso per kW/hour transported. 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.

1.6.25. Labor and social security obligations

These are the commitments that EPM has established with its workers for the services rendered through an employment relationship established in accordance with the legislation, pact or collective agreement.

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

1.6.26. 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” is followed. 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 basis.

The pension liability is 100% amortized for EPM as 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 the pension liabilities of Empresa Antioqueña de Energía E.S.P. (EADE) in 2007, 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.

1.6.27. Equity

Is made up by the accounts that represent the tax capital, reserves, and 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 to register 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 Medellin 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 Medellin 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 account 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 appreciations:** represents the excess of the valuation over the book value of assets owned at the end of the period, in conformity with regulations in effect. In the companies of the EPM group the excess of the intrinsic value of investments in respect to their book value, and the excess of the realization value or replacement value of the goods over the book value are recognized as appreciation. Valuations of investments and properties, plant and equipment correspond to:

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.

1.6.28. 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.

1.6.29. Operating income

This 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.

1.6.30. Non-operating income:

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.

1.6.31. Costs of proving services:

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 to 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 will result in the outflow of resources.
- That the good or service subject of the cost is related to the rendering of services or is an element necessary in those services.

1.6.32. Expenses

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 an 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.

1.6.33. 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:

- In the statement of financial , economic , social and environmental activity, the ineffective portion of the account works and improvements to property for \$ 2.705 (2013 - \$ 2.251) is presented in ineffective overall costs.
- In payables were classified as non-current portion \$ 21.771 (2013 - \$ 25.490)
- And non-current for \$ 7,980,971 - In the operation of public credit operations of public credit and hedging , current portion of \$ 381.278 (579.568 USD 2013) were pooled (2013 - . \$ 6,003,894)

Other accounting issues

1.6.34. 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 are establish 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) in 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.

1.6.35. 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 practices

During 2014, no significant changes were made of the accounting information. However, in 2013 the following changes of practices were made:

- Methodology to determine the receivables provision: up to 2012 the methodology for establishing the receivables provision was the individual provision, and as of 2013 EPM uses the method of recognized technical value, including risk variables in obtaining the uncollectibility percentages to be provisioned, called the cascade method.
- 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; as of 2013 the value of litigations and lawsuits classified as long term 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 Relevant events of 2014

- Merger agreement EPM - Millicom

By virtue of Agreement 17 of 2013 the Municipal Council of Medellin permitted the transformation of the legal nature of UNE a mixed economy company, so that it should have a majority interest in the decentralized entities of the Municipality of Medellin.

Based on this agreement, the respective authorizations were requested from the Superintendency of Industry and Commerce, the Financial Superintendency and the National Television Authority (ANTV). When these were obtained, the merger process was initiated.

On August 14, 2014 the public deed of merger between UNE EPM Telecomunicaciones S.A. and Millicom Spain Cable S.L. was signed, whereby both parties closed the transaction that will permit the integration of their landline and mobile telecommunications businesses in Colombia, represented by UNE EPM Telecomunicaciones and its subsidiaries, and Colombia Móvil with its brand TIGO.

EPM kept a direct interest of 50% in UNE EPM Telecomunicaciones S.A., and the Institute of Sports and Recreation (INDER), one share, whereby the majority stockholding in public entities is maintained, and Millicom Spain S.L., together with 4 minority shareholders assumed the administrative and operating control as of the date of the deed.

- Costa Rica Branch

The Board of Directors of EPM authorized, in 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, considered as one of the target markets of the EPM Group. There are no financial statements of the branch.

Notes of specific nature

Notes related to the valuation

3. Conversion of values in foreign currency

As of December 31st the exchange rates were:

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

Assets and liabilities in foreign currencies at December 31 and its equivalent in local currency were

2014

Item	2014													
	USD	Millones \$	EUR	Millones \$	JPY	Millones \$	CHF	Millones \$	Q	Millones \$	MXN	Millones \$	CLP	Millones \$
Cash	161,215	386	-	-	-	-	-	-	-	-	-	-	-	-
Banks	35,816,093	85,689	1,845,786	5,344	3,872,231	77	-	-	-	-	-	-	-	-
Accounts receivable	402,341,235	962,585	-	-	-	-	-	-	-	-	-	-	-	-
Liquid investments for	682,623,697	1,633,150	-	-	-	-	-	-	-	-	-	-	-	-
Investments	290,924,787	696,026	-	-	-	-	-	-	3,514,629,530	1,106,869	633,538,815	102,826	12,697,341,116	50,124
Accounts payable	(38,882,346)	(93,024)	(1,357,203)	(3,929)	-	-	(75,000)	(181)	-	-	(14,905)	(2)	-	-
Public credit transactions	(1,442,251,785)	(3,450,530)	-	-	-	-	-	-	-	-	-	-	-	-
Liability/Asset position,	(69,267,104)	(165,718)	488,583	1,415	3,872,231	77	(75,000)	(181)	3,514,629,530	1,106,869	633,523,910	102,824	12,697,341,116	50,124

2013

Item	2013													
	USD	Millones \$	EUR	Millones \$	JPY	Millones \$	CHF	Millones \$	Q	Millones \$	MXN	Millones \$	CLP	Millones \$
Cash	54,367	104,756	-	-	-	-	-	-	-	-	-	-	-	-
Banks	59,312,813	114,286	1,552,941	4,123	3,925,409	72	-	-	-	-	-	-	-	-
Accounts receivable	385,722,562	743,222	5,565	15	-	-	-	-	-	-	-	-	-	-
Liquid investments for	160,076,684	308,441	-	-	-	-	-	-	-	-	-	-	-	-
Investments	237,615,901	457,845	-	-	-	-	-	-	3,202,435,201	786,922	690,844,341	101,636	10,085,214,183	36,983
Accounts payable	(36,873,610)	(71,049)	(862,610)	(2,290)	-	-	(171,931)	(372)	-	-	-	-	-	-
Public credit transactions	(1,580,333,232)	(3,045,033)	-	-	-	-	-	-	-	-	-	-	-	-
Liability/Asset position,	(774,424,516)	(1,387,533)	695,895	1,848	3,925,409	72	(171,931)	(372)	3,202,435,201	786,922	690,844,341	101,636	10,085,214,183	36,983

4. Cash

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

Item		2014	2013
Cash		578	285
Banks and coportations		273,791	301,598
Total cash		274,369	301,883
Restricted cash	(1)	108,808	95,153

*Amounts sated in mollions of Colombian pesos

(1) 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 for the construction, distribution and connection infrastructure to lower income subscribers in the municipalities of Amagá, Santa Fé de Antioquia, Sopetrán, San Jerónimo and Ciudad Bolívar. Compressed natural gas and connect subscribers to Don Matias, Entrerríos, 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 voluntarily displaced.	1,194	260
Municipality de Medellin - 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 Ángeles 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	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.	936	912
Sinpro Disaster Fund		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

5. Investments for liquidity management

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

Investments for liquidity management		2014		2013	
		Value	Average profitability	Value	Average profitability
Rights in securities funds and investment trust	(1)	10,555	3.43 %	49,140	3.24 %
Treasury securities –TES	(2)	11,862	5.3 %	115,875	4.14 %
Fixed term deposit certificates	(3)	118,327	6.56 %	283,771	5.13 %
Bonds and securities issued by financial entities	(4)	1,633,150	0.38 % en USD	308,441	0.61 % en USD
Total current investments for liquidity management		1,773,894		757,227	
EPM Innovation Fund	(5)	5,833		47	
Total non-current investments for liquidity management		5,833		47	
Total investments for liquidity management		1,779,727		757,274	

Amounts stated in millions of Colombian pesos

- (1) Short-term investments made with own funds in investment funds. Are treated as a current account and are investments made to obtain a yield on cash surpluses.
- (2) 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.
- (3) Financial instruments for borrowing of savings; the interest rate on these 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).
- (4) 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.
- (5) The Fondo de Capital Privado Emprendimiento e Innovación SP (Private Capital Enterprising and Innovation Fund) is a fund managed by Credicorp Capital Colombia, which started formal operations on April 12, 2013. Its investors are Empresas Públicas de Medellín E.S.P. and EPM Inversiones S.A., who made investment commitments for \$100,000 for a five year period.

The Fund is oriented towards the acquisition of participations in assets and rights of economic content whereby companies or business projects are structured - national

or foreign - with the purpose of leveraging productive activities that require working capital, and/or the acquisition of fixed assets, and/or the development of new product lines provided that the policy and objective of the investment provided in the regulations are fulfilled. Said policy establishes that capital investments will be made in companies and projects that incorporate high contents of science and/or applied technology that seeks the innovation in the production of goods or services, or in processes, that in either case can be used in the rendering of public utilities and/or of information technologies and communications. At the closing, the funds are in a savings account to pay the operating costs.

Private Capital Enterprising and Innovation Fund SP	2014	2013
Beginning Balance	47	-
Contributions	7,159	1,216
Operating Expenses	(1,373)	(1,169)
Ending Balance	5,833	47

* Figures in millions of Colombian pesos

6. Accounts receivable, net

As of December 31 accounts receivable are comprised as follows:

Accounts receivable		2014	2013
Rendering of public utilities			
Electric power service		529,230	582,410
Fuel gas service		107,962	98,596
Water service		51,048	47,509
Sewage draining service		47,478	51,868
Subsidy on public services	(1)	16,956	9,894
Advances payment	(2)	57,503	268,365
Doubtful accounts			
Electric power service		90,390	90,774
Fuel gas service		11,116	10,335
Water service		9,065	9,667
Advance		7,960	8,130
Others doubtful accounts		11,779	10,735
Rendering of services other than public utilities		4,086	4,740
Payments on behalf of third parties	(3)	19,887	23,497
others debtors	(4)	105,804	79,307
Related parties	Nota 29	87,952	156,078
Currents accounts receivable		1,158,216	1,451,905
Current part provision	(5)	(154,579)	(155,098)
Current accounts receivable, net		1,003,637	1,296,807
Rendering of public utilities			
Electric power service		111,722	103,987
Fuel gas service		174,901	164,430
Water service		26,434	26,220
Sewage draining service		15,713	16,602
advances payment	(2)	32,300	5,759
other accounts receivable			
Loans to employees		53,457	50,615
Payments on behalf of third parties	(3)	2,918	2,969
others		86,735	26,199
Related Parties	Nota 29	939,813	698,279
Non- current accounts receivable		1,443,993	1,095,060
Accounts receivable, net		2,447,630	2,391,867

* Amounts stated in millions of Colombian pesos

- (1) Consists of \$11,194 (2013 - \$6,638) gas, \$3,251 (2013 - \$1,277) water, \$2,511 (2013 - \$739) sewage and \$1,240 energy for 2013.
- (2) Includes advance payments to suppliers for \$57,503 (2013 - \$133,719), VAT of temporary imports for \$26,814 (2013 - \$21,732) and balance in favor of income tax for \$1,354 (2013 - \$112,914).

- (3) Corresponds to payments to third parties for financing of works of installation of public utilities and to co-financing agreements signed with the Ministry of Mines and Energy - Special fund gas promotion installment, of which the following resources have been executed:

Payments on behalf of third parts		2014	2013
Agreement 106 - Valle de Aburrá and Eastern Antioquia-Subsidies		47	1,320
Agreement Special Fund Promotion Installment for the West		328	1,228
Agreement Special Fund Promotion Installment for Amagá		1	538
Agreement Municipality of Medellín - Gas subsidies		3	467
Agreement Special Fund Promotion Installment for Bolívar		327	437
Agreement Special Fund Promotion Installment for Urabá		113	164
Agreement 105 - North Antioquia - Subsidies		1,721	116
Agreement Municipality of Barbosa - Gas subsidies		-	20
Convenio Fondo Especial Cuota Fomento para Puerto Nare		127	-
Convenio Fondo Especial Cuota Fomento para Suroeste		(21)	-
Balance of agreements current portion		2,646	4,290
Land of Hidroitungo project	(3.1)	16,338	16,338
Public utility facilities financing		903	2,869
Balance payment for account of third parties current portion		19,887	23,497
Programa Aldeas		948	948
Balance agreements non current portion		948	948
Public utility facilities financing		1,970	2,021
Balance payment for account of third parties non current portion		2,918	2,969
Total payment for account of third parties		22,805	26,466

* Amounts stated in millions of Colombian pesos

- (3.1) The payment for the land of the Hidroitungo project was made by virtue of the BOOMT contract, where EPM pays the land but there is owned by Hidroeléctrica Ituango S. A. E.S.P.
- (4) Includes the balance owed by CHEC corresponding to the restitution of the premium on placement of shares for \$35,425 (2013 - \$0), pension quota shares receivable from other entities for \$9,950 (2013 - \$17,860), loans to employees for \$14,635 (2013 - \$14,083), other debtors associated to the Ituango Project for \$10,739 (2013 - \$0), balance for compensation DES and FEE for \$8,505 (2013 - \$3,731), rights collected by third parties for \$6,992 (2013 - \$0), covenants with EPM Foundation for the scholarship program for \$3,886 (2013 - \$4,169) and with the Metropolitan Area for \$1,566 (2013 - \$1,566), fees and commissions for \$2,046 (2013 - \$1,830).
- (5) The movement of the allowance for doubtful accounts was as follows:

Provision account receivable movements	2014	2013
Initial balance:	155,098	142,655
Provision for the year	7,936	27,365
Expenses from previous	-	-
increase for purchase	-	-
Recovery of provision	(2,315)	(14,630)
use of provision	(6,140)	(292)
Total provision for accounts	154,579	155,098

* Amounts stated in millions of Colombian pesos

In 2014, the Integral Receivables Management Committee and the Vice Presidency of Corporate Finance authorized the write-off of accounts receivable based on the principle of efficiency and in respect to the cost / benefit associated to the collection process. The receivables write-offs applied were authorized by: Minutes No. 9 of September 24, 2013, Minutes No. 10 of October 22, 2013, Minutes No. 03 of February 25, 2014, Minutes No. 04 of March 26, 2014, Minutes No. 12 of October 10, 2014, Minutes No. 13 of November 4, 2014, and Minutes No. 14 of November 25, 2014.

In 2013 the Credit and Receivables Management Committee approved the write-off of receivables in its sessions of June 4, 2013 (Minutes 4, for \$274), of June 26, 2013 (Minutes 5 for \$15), it also used Decree 1657 for waiving the payment of accounts receivable for utilities, for \$3.

At the closing of the period, there are no restrictions or liens on the debtors.

7. Inventories, net

As of December 31, inventories are comprised as follows:

Inventories		2014	2013
Materials for the rendering of services	(1)	103,985	101,404
Merchandise in stock	(2)	1,861	2,064
Merchandise in possession of third parties		1,157	850
Merchandise in transit		395	-
Total inventories		107,398	104,318

* Amounts stated in millions of Colombian pesos

- (1) Includes \$53,643 (2013 - \$56,162) of minor spare parts used for the repair of company assets and \$50,341 (2013 - \$45,242) of elements and accessories for the rendering of services
- (2) The balance of \$1,861 (2013 - \$2,064) of this classification includes elements of food and groceries associated to the supply stores of Medellín, Guatapé y

Guadalupe \$1,608 (2013 - \$1,872) and \$253 (2013 - \$192), correspond to provision for workers.

At December 31, 2014 and 2013 no provision was required for inventories.

8. Prepaid expenses

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

Item		2014	2013
Insurance, net	(1)	22,057	27,445
Maintenance	(2)	2,379	1,216
Total current prepaid expenses		24,436	28,661
Insurance, net	(3)	27,192	33,617
Lease		1,508	-
Goods and services	(4)	92,104	-
Total non- current prepaid expenses		120,804	33,617
Total prepaid expenses		145,240	62,278

* Amounts stated in millions of Colombian pesos

- (1) The current portion of insurance is made up by all risks policies for \$ 19.985 (2013 - \$ 24.373) , of which \$ 6.322 are Ituango Hydroelectric Project , and other insurance by \$ 2.072 (2013 - \$ 3.072) .
- (2) Correspond to payments made in advance for software support and maintenance.
- (3) Includes the policies of the Hidroitango project, all risks for \$26,393 (2013 \$32,665) and third party liability \$799 (2013 \$952), both with effectiveness until March 15, 2020. Their amortization has already been initiated
- (4) Includes the advance payments disbursed in 2014 for the Ituango Hydroelectric Project for \$50,085 and for the construction of the Middle Magdalena Interconnection Line.

9. Investments, net

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

Valuation method	Ajusted cost		Revaluation		Total investments	
	2014	2013	2014	2013	2014	2013
Equity participation	6,109,273	4,703,253	736,864	2,568,996	6,846,137	7,272,249
cost	430,631	413,543	1,645,258	1,799,996	2,075,889	2,213,539
Total investments	6,539,904	5,116,796	2,382,122	4,368,992	8,922,026	9,485,788

* Amounts stated in millions of Colombian pesos

The detail of investments according to the accounting procedure by which they are recorded is the following:

- Investments recorded under the equity method

Company	Location	Corporate purpose	Direct participation percentage		Creation date
			2014	2013	
EPM Inversiones S.A.	Medellin	Capital investment in domestic or foreign societies organized as public utilities companies	99.99%	99.99%	Agosto 25, 2003
UNE EPM Telecomunicaciones S.A.	Medellin	Rendering of telecommunications services, information and communication technology services, information services and complementary activities	50.00%	99.99%	Junio 29, 2006
Edatel S.A. E.S.P.	Medellin	Rendering of telecommunication, information and communications technologies services and information services as well as complementary activities.	N.A.	0.003%	Diciembre 17, 1969
Central Hidroeléctrica de Caldas S.A. E.S.P.-CHEC	Manizales	Rendering of essential public utilities of electric power, mainly exploitation of electric power generation plants, transmission and sub-transmission lines and distribution	24.44%	24.44%	Septiembre 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 shall be conducted	19.26%	19.26%	Diciembre 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,	12.54%	12.54%	Oct 16, 1952
Electrificadora de Santander 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.	0.28%	0.28%	Septiembre 16, 1950
Aguas Nacionales EPM S.A. E.S.P.	Medellin	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	99.96%	99.96%	Noviembre 29, 2002
Aguas de Malambo S.A. E.S.P.	Malambo	Ensure the rendering of residential public utilities of water, draining and sanitation within the jurisdiction of the Municipality of	84.99%	84.00%	Noviembre 20, 2010
Aguas de Urabá S.A. E.S.P.	Apartadó	Ensure the rendering of residential public utilities of water, draining and sanitation and compensate for the underdevelopment of infrastructure for those services in associate	72.66%	59.27%	Enero 18, 2006
Empresas Públicas de 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.	56.00%	56.00%	Noviembre 12, 2009
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	56.00%	56.00%	Noviembre 22, 1999
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.	59.98%	59.98%	Diciembre 26, 2006
Hidroecológica del Teribe S.A.-HET	Ciudad de Panamá	Finance the construction of the Bonyic Hydroelectric project to meet the growing demand of electric power in the Isthmus of Panama.	99.19%	99.99%	Noviembre 11, 1994
Panama Distribution Group S.A.-PDG	Ciudad de Panamá	Capital investments in partnerships.	100.00%	100.00%	Oct 30, 1998
Distribución Eléctrica Centroamericana DOS S.A.-DECA II	Ciudad de Guatemala	Capital investments in companies dedicated to distribution and commercialization of electric power and to provide telecommunication services.	99.99%	99.99%	Marzo 12, 1999
Maxseguros EPM Ltd.	Bermudas	Negotiation, contracting and handling of reinsurance for policies covering equity.	100.00%	100.00%	Abril 23, 2008

Gestión de Empresas Eléctricas S.A. -GESA	Ciudad de Guatemala	Provide advisory and consultancy services to companies of electric power distribution, generation and transportation.	99.98%	99.98%	Diciembre 17, 2004
EPM Capital México S.A. de C.V.	Ciudad de México	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, buildings, as well as the operation, studies and services in all fields and branches in connection with the above.	90.00%	90.00%	Mayo 4, 2012
EPM Chile S.A.	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 cleanness; participate in all kind of competency ,tenders, of kind private or public .	99.99%	99.99%	Febrero 22, 2013
Empresas Varias de Medellín S.A. E.S.P.- Emvarias	Medellín	Rendering of cleanness public utilitie en el marco de la gestión integral de los residuos sólidos.	99.90%	99.90%	Enero 11, 1964
Inversiones Telco S.A.S	Bogotá	Complementary activities, as well as companies that rely on the provision of business process outsourcing .	50.00%	0.00%	Noviembre 05, 2013

The number and class of shared owned by EPM in the companies on which the equity method was applied was:

Company	2014		2013		Type of Share
	Total shares issued	Shares owned by EPM	Total shares issued	Shares owned by EPM	
EPM Inversiones S.A.	609,665,001	609,664,997	609,665,001	609,664,997	Common
UNE EPM Telecomunicaciones S.A.	8,446,624	4,223,312	4,223,312	4,223,308	Common
Central Hidroeléctrica de Caldas S.A. E.S.P.-CHEC	14,361,622	3,509,887	14,361,622	3,509,887	Common
Empresa de Energía del Quindío S.A. E.S.P. -EDEQ	559,852,932	107,807,677	559,852,932	107,807,677	Common
Centrales Eléctricas del Norte de Santander S.A. E.S.P.-CENS	1,518,229,945	190,325,000	1,518,229,945	190,325,000	Common
Electrificadora de Santander E.S.P.-ESSA	15,229,310,543	41,992,386	15,229,310,543	41,939,223	Common
Aguas Nacionales EPM S.A. E.S.P.	100,406,000	100,364,320	100,406,720	100,364,320	Common
Aguas de Malambo S.A. E.S.P.	30,707,782,351	26,099,950,000	28,814,048,422	24,206,216,070	Common
Aguas de Urabá S.A. E.S.P.	51,396	37,346	34,493	20,443	Common
Empresas Públicas de Oriente S.A. E.S.P.	60,000	33,600	60,000	33,600	Common
Empresa de Aguas del Oriente Antioqueño S.A. E.S.P.	14,000	7,840	14,000	7,840	Common
Regional de Occidente S.A. E.S.P.	9,734	5,838	9,734	5,838	Common
Hidroecológica del Teribe S.A.-HET	1,832,630	1,817,710	1,552,630	1,537,710	Common
Panama Distribution Group S.A.-PDG	2,000	2,000	2,000	2,000	Common
Distribución Eléctrica Centroamericana DOS S.A.-DECA II	1,273,706,854	1,273,706,774	1,273,706,854	1,273,706,774	Common
Maxseguros EPM Ltd.	1,200	1,200	1,200	1,200	Common
Gestión de Empresas Eléctricas S.A. -GESA	5,000	4,999	5,000	4,999	Common
EPM Capital México S.A. de C.V.	1,000	900	1,000	900	Common
EPM Chile S.A.	32,004	31,999	20,000	19,999	Common
Empresas Varias de Medellín S.A. E.S.P.-Emvarias	30,264,450	30,234,186	30,264,450	30,234,186	Common
Inversiones Telco S.A.S	14,726,400,000	7,363,273,632	-	-	Common

The value of investments recorded by the equity method at December 31 , detailing the adjusted cost , recovery and associated provisions, was

2014

Company	Cost	Provision	Total cost	Valorization	Net
Domestic investments					
EPM Inversiones S.A.	1,740,165	-	1,740,165	223	1,740,388
UNE EPM Telecomunicaciones S.A.	1,061,826	-	1,061,826	527,596	1,589,422
Aguas Nacionales EPM S.A. E.S.P.	1,023,557	(108)	1,023,449	-	1,023,449
Central Hidroeléctrica de Caldas S.A. E.S.P.-CHEC	84,386	-	84,386	73,169	157,555
Empresas Varias de Medellín S.A. E.S.P.-Emvarias	51,205	-	51,205	35,866	87,071
Centrales Eléctricas del Norte de Santander S.A. E.S.P.-CENS	34,477	-	34,477	30,236	64,713
Inversiones Telco S.A.S	60,272	-	60,272	-	60,272
Aguas de Urabá S.A. E.S.P.	44,484	-	44,484	188	44,672
Empresa de Energía del Quindío S.A. E.S.P.-EDEQ	19,409	-	19,409	10,692	30,101
Aguas de Malambo S.A. E.S.P.	17,717	(261)	17,456	-	17,456
Regional de Occidente S.A. E.S.P.	8,742	-	8,742	109	8,851
Empresas Públicas de Oriente S.A. E.S.P.	3,094	-	3,094	-	3,094
Electrificadora de Santander S.A. E.S.P.-ESSA	3,124	(405)	2,719	-	2,719
Aguas del Oriente Antioqueño S.A. E.S.P.	1,790	(46)	1,744	-	1,744
Edatel S.A. E.S.P.	-	-	-	-	-
Foreign Investments					
Distribución Eléctrica Centroamericana DOS S.A.-DECA II	1,093,125	-	1,093,125	58,648	1,151,773
Hidroecológica del Teribe S.A.-HET	418,898	(2,491)	416,407	-	416,407
Panama Distribution Group S.A.-PDG	211,647	-	211,647	-	211,647
EPM Capital México S.A. de C. V.	102,826	-	102,826	132	102,958
Max Seguros Ltd.	68,523	(552)	67,971	-	67,971
EPM Chile S.A.	50,124	-	50,124	5	50,129
Gestión de Empresas Eléctricas S.A.-GESA	13,745	-	13,745	-	13,745
Total participation method investments	6,113,136	(3,863)	6,109,273	736,864	6,846,137

* Amounts stated in millions of Colombian pesos

In 2014, EPM Inversiones S.A. and Central Hidroeléctrica de Caldas S.A. E.S.P.- CHEC reimbursed to the shareholders, as reimbursement of capital, the premium on placement of shares for \$110,794 and \$245,638, respectively and, from the latter \$60,277 corresponded to EPM.

2013

Company	Cost	Provision	Total cost	Reappraisal	Net
Domestic investments					
UNE EPM Telecomunicaciones S. A.	250,841	-	250,841	2,359,848	2,610,689
EPM Inversiones S. A.	1,759,902	-	1,759,902	223	1,760,125
Aguas Nacionales EPM S. A. E.S.P.	1,039,307	(116)	1,039,191	-	1,039,191
Central Hidroeléctrica de Caldas S. A. E.S.P. - CHEC	131,750	-	131,750	73,169	204,919
Empresas Varias de Medellín S. A. E.S.P. - EMVARIAS	30,780	-	30,780	35,866	66,646
Centrales Eléctricas del Norte de Santander S. A. E.S.P. - CENS	31,433	-	31,433	30,236	61,669
Empresa de Energía del Quindío S. A. E.S.P. - EDEQ	18,345	-	18,345	10,692	29,037
Aguas de Urabá S. A. E.S.P.	24,626	-	24,626	73	24,699
Aguas de Malambo S. A. E.S.P.	18,082	(187)	17,895	-	17,895
Regional de Occidente S. A. E.S.P.	8,000	-	8,000	109	8,109
Empresas Públicas de Oriente S. A. E.S.P.	3,086	-	3,086	-	3,086
Electrificadora de Santander S. A. E.S.P. - ESSA	2,820	(405)	2,415	-	2,415
Aguas del Oriente Antioqueño S. A. E.S.P.	1,638	(46)	1,592	-	1,592
Edatel S. A. E.S.P.	10	(1)	9	-	9
Foreign Investments					
Distribución Eléctrica Centroamericana DOS S. A. - DECA II	778,599	-	778,599	58,648	837,247
Hidroecológica del Teribe S. A. - HET	257,861	(2,490)	255,371	-	255,371
Panama Distribution Group S. A. - PDG	152,359	-	152,359	-	152,359
EPM Capital México S. A. de C. V.	101,636	-	101,636	132	101,768
Max Seguros Ltd.	50,668	(552)	50,116	-	50,116
EPM Chile S. A.	36,984	(1)	36,983	-	36,983
Gestión de Empresas Eléctricas S. A. - GESA	8,324	-	8,324	-	8,324
Total investments by the equity method	4,707,051	(3,798)	4,703,253	2,568,996	7,272,249

* Amounts stated in millions of Colombian pesos

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

2014

Domestic investments	Net income	Assets	liabilities	Equity
Energy				
EPM Inversiones S.A.	187,256	3,736,230	1,995,841	1,740,389
Electrificadora de Santander S.A. E.S.P.-ESSA	71,190	1,497,881	511,581	986,300
Central Hidroeléctrica de Caldas S.A. E.S.P.-CHEC	106,043	1,098,155	453,478	644,677
Centrales Eléctricas del Norte de Santander S.A. E.S.P.-CENS	33,133	867,542	351,324	516,218
Empresa de Energía del Quindío S.A. E.S.P.-EDEQ	20,805	225,008	68,690	156,318
Cleaning				
Empresas Varias de Medellín S.A. E.S.P.-Emvarias	19,705	214,875	127,717	87,158
Waters				
Aguas Nacionales EPM S.A. E.S.P.	4,402	1,070,695	46,822	1,023,873
Aguas de Urabá S.A. E.S.P.	(196)	94,619	33,140	61,479
Aguas de Malambo S.A. E.S.P.	(3,131)	23,709	3,170	20,539
Regional de Occidente S.A. E.S.P.	1,134	25,996	11,238	14,758
Empresas Públicas del Oriente S.A. E.S.P.	14	5,658	133	5,525
Aguas del Oriente Antioqueño S.A. E.S.P.	272	3,653	538	3,115
Telecomunicaciones				
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

Foreign Investments	Net income	Assets	liabilities	Equity
Energy				
Distribución Eléctrica Centroamericana DOS S.A.-DECA II	136,210	2,543,615	1,391,842	1,151,773
Hidroecológica del Teribe S.A.-HET	(2,776)	740,235	320,409	419,826
Panama Distribution Group	35,227	1,421,315	1,209,668	211,647
Max Seguros Ltd.	4,816	118,167	50,196	67,971
Gestión de Empresas Eléctricas S.A.-GESA	7,133	13,877	130	13,747
EPM Chile S.A.	(2,257)	561,399	511,263	50,136
EPM Capital México S.A. de C.V.	(1,470)	827,750	713,352	114,398

* Amounts stated in millions of Colombian pesos

2013

Domestic investments	Net income	Assets	Liabilities	Equity
Electric power				
EPM Inversiones S. A.	238,972	1,760,626	502	1,760,124
Electrificadora de Santander S. A. E.S.P. - ESSA	58,468	1,338,590	461,668	876,922
Central Hidroeléctrica de Caldas S. A. E.S.P. - CHEC	76,353	1,050,995	212,514	838,481
Centrales Eléctricas del Norte de Santander S. A. E.S.P. - CENS	47,152	856,498	364,565	491,933
Empresa de Energía del Quindío S. A. E.S.P. - EDEQ	15,367	224,063	73,272	150,791
Solid waste management				
Empresas Varias de Medellín S. A. E.S.P. - EMVARIAS	(3,714)	173,523	106,811	66,712
Water				
Aguas Nacionales EPM S. A. E.S.P.	10,037	1,081,435	41,805	1,039,630
Aguas de Urabá S. A. E.S.P.	(680)	71,800	30,126	41,674
Aguas de Malambo S. A. E.S.P.	(5,110)	24,915	3,613	21,302
Regional de Occidente S. A. E.S.P.	431	22,642	9,120	13,522
Empresas Públicas del Oriente S. A. E.S.P.	127	11,326	5,814	5,512
Aguas del Oriente Antioqueño S. A. E.S.P.	51	3,167	324	2,843
Telecommunications				
UNE EPM Telecomunicaciones S. A.	45,201	5,105,888	2,495,196	2,610,692

* Amounts stated in millions of Colombian pesos

Foreign investments	Net income	Assets	Liabilities	Equity
Electric power				
Distribución Eléctrica Centroamericana DOS S. A. - DECA II	126,789	2,062,094	1,224,847	837,247
Hidroecológica del Teribe S. A. - HET	(1,653)	519,740	264,344	255,396
Panamá Distribution Group	29,554	957,368	805,009	152,359
Max Seguros Ltd.	6,775	94,383	44,268	50,115
Gestión de Empresas Eléctricas S. A. - GESA	4,879	10,030	1,705	8,325
EPM Chile S. A.	(21,290)	409,549	372,565	36,984
EPM Capital México S. A. de C.V.	2,259	659,377	546,301	113,076

* Amounts stated in millions of Colombian pesos

The equity composition of companies on which the equity method was applied was:

2014

National investments	Capital	Premium on placement of shares	Reserves	Accumulated Results	Results for the period	Surplus for Appreciations	Surplus for Equity Method	Appreciation of Equity	Institutional Equity Incorporated	Clearance Effect	Surplus for Donations	Adjustment for Conversion	Total
Energy													
EPM Inversiones S.A.	609,665	-	246,042	-	187,256	330,349	367,077	-	-	-	-	-	1,740,389
Electrificadora de Santander S.A. E.S.P.-ESSA	137,064	-	39,404	-	71,190	724,430	-	2,608	53	2,755	8,796	-	986,300
Central Hidroeléctrica de Caldas S.A. E.S.P.-CHEC	14,362	-	58,584	(80,615)	106,043	452,099	-	93,198	-	292	714	-	644,677
Centrales Eléctricas del Norte de Santander S.A. E.S.P.-CENS	7,591	-	18,478	33,692	33,133	423,324	-	-	-	-	-	-	516,218
Empresa de Energía del Quindío S.A. E.S.P.-EDEQ	55,985	800	17,370	(13,663)	20,805	39,966	-	28,056	2,484	2,114	2,401	-	156,318
Cleaning and Sanitation													
Empresas Varias de Medellín S.A. E.S.P.-Emvarias	30,264	-	7,797	(194)	19,705	23,469	-	6,117	-	-	-	-	87,158
Water													
Aguas Nacionales EPM S.A. E.S.P.	1,004,060	-	15,411	-	4,402	-	-	-	-	-	-	-	1,023,873
Aguas de Urabá S.A. E.S.P.	54,493	-	8,358	(1,598)	(196)	422	-	-	-	-	-	-	61,479
Aguas de Malambo S.A. E.S.P.	30,708	-	-	(7,038)	(3,131)	-	-	-	-	-	-	-	20,539
Regional de Occidente S.A. E.S.P.	9,734	-	1,579	431	1,134	1,778	-	-	-	-	102	-	14,758
Empresas Públicas del Oriente S.A. E.S.P.	6,000	-	-	(489)	14	-	-	-	-	-	-	-	5,525
Aguas del Oriente Antioqueño S.A. E.S.P.	1,400	-	1,317	-	272	83	-	43	-	-	-	-	3,115
Telecommunications													
UNE EPM Telecomunicaciones S.A.	60	1,809,903	673,412	(196,753)	(28,567)	395,067	36,618	381,842	100,561	(3,389)	10,088	-	3,178,842
Inversiones Telco S.A.S	110,447	-	-	-	9,998	-	98	-	-	-	-	-	120,543

* Figures in millions of Colombian pesos.

International investments	Capital	Premium on placement of shares	Reserves	Accumulated Results	Results for the period	Surplus for Appreciations	Surplus for Equity Method	Appreciation of Equity	Institutional Equity Incorporated	Clearance Effect	Surplus for Donations	Adjustment for Conversion	Total
Energy													
Distribución Eléctrica Centroamericana DOS S.A.-DECA II	290,093	-	101,297	(314,170)	136,210	591,265	50,153	-	-	-	-	296,925	1,151,773
Hidroecológica del Teribe S.A.-HET	362,989	5,995	-	(12,500)	(2,776)	-	-	-	-	-	-	66,118	419,826
Panamá Distribution Group	133,143	-	-	(1,991)	35,227	-	3,005	-	-	-	-	42,263	211,647
Max Seguros Ltd.	26,204	-	-	21,280	4,816	-	-	-	-	-	-	15,671	67,971
Gestión de Empresas Eléctricas S.A.-GESA	1	-	3,035	927	7,133	-	-	-	-	-	-	2,651	13,747
EPM Chile S.A.	59,178	-	-	(20,905)	(2,257)	-	-	-	-	-	-	14,120	50,136
EPM Capital México S.A. de C.V.	109,940	-	-	(6,086)	(1,470)	-	-	-	-	-	-	12,014	114,398

* Figures in millions of Colombian pesos.

2013

National investments	Capital	Premium on placement of shares	Reserves	Accumulated Results	Results for the period	Surplus for Appreciations	Surplus for Equity Method	Appreciation of Equity	Institutional Equity Incorporated	Clerance Effect	Surplus for Donations	Adjustment for Conversion	Total
Energy													
EPM Inversiones S.A.	609,665	110,794	152,030	-	238,972	355,201	293,462	-	-	-	-	-	1,760,124
Electrificadora de Santander S.A. E.S.P.-ESSA	137,064	-	29,049	-	58,468	638,130	-	2,608	53	2,755	8,795	-	876,922
Central Hidroeléctrica de Caldas S.A. E.S.P.-CHEC	14,362	246,638	56,926	(80,615)	76,353	430,613	-	93,198	-	292	714	-	838,481
Centrales Eléctricas del Norte de Santander S.A. E.S.P.-CENS	7,591	-	12,033	-	47,152	425,157	-	-	-	-	-	-	491,933
Empresa de Energía del Quindío S.A. E.S.P.-EDEQ	55,985	800	14,670	(13,663)	15,367	42,578	-	28,056	2,484	2,114	2,400	-	150,791
Cleaning and Sanitation													
Empresas Varias de Medellín S.A. E.S.P.-Emvarias	30,264	-	7,797	-	(194)	22,728	-	6,117	-	-	-	-	66,712
Water													
Aguas Nacionales EPM S.A. E.S.P.	1,004,060	-	25,533	-	10,037	-	-	-	-	-	-	-	1,039,630
Aguas de Urabá S.A. E.S.P.	34,493	-	8,358	(918)	(680)	421	-	-	-	-	-	-	41,674
Aguas de Malambo S.A. E.S.P.	28,814	-	-	(2,403)	(5,109)	-	-	-	-	-	-	-	21,302
Regional de Occidente S.A. E.S.P.	9,734	-	1,579	-	431	1,778	-	-	-	-	-	-	13,522
Empresas Públicas del Oriente S.A. E.S.P.	6,000	-	-	(615)	127	-	-	-	-	-	-	-	5,512
Aguas del Oriente Antioqueño S.A. E.S.P.	1,400	-	1,266	-	51	84	-	42	-	-	-	-	2,843
Telecommunications													
UNE EPM Telecomunicaciones S.A.	11	2	1,856,419	(237,433)	45,201	433,474	23,947	381,842	100,561	(3,420)	10,088	-	2,610,692

* Figures in millions of Colombian pesos.

International investments	Capital	Premium on placement of shares	Reserves	Accumulated Results	Results for the period	Surplus for Appreciations	Surplus for Equity Method	Appreciation of Equity	Institutional Equity Incorporated	Clerance Effect	Surplus for Donations	Adjustment for Conversion	Total
Energy													
Distribución Eléctrica Centroamericana DOS S.A.-DECA II	290,093	-	101,297	(378,745)	126,789	591,265	53,722	-	-	-	-	52,826	837,247
Hidroecológica del Teribe S.A.-HET	265,867	5,995	-	(3,501)	(1,653)	-	-	-	-	-	-	(11,312)	255,396
Panamá Distribution Group	133,143	-	-	(31,874)	29,554	-	18,775	-	-	-	-	2,761	152,359
Max Seguros Ltd.	26,204	-	-	14,505	6,775	-	-	-	-	-	-	2,631	50,115
Gestión de Empresas Eléctricas S.A.-GESA	1	-	3,035	-	4,879	-	-	-	-	-	-	410	8,325
EPM Chile S.A.	59,168	-	-	-	(21,290)	-	-	-	-	-	-	(894)	36,984
EPM Capital México S.A. de C.V.	109,940	-	-	2	2,259	-	-	-	-	-	-	875	113,076

* Figures in millions of Colombian pesos.

The effect of the application of the equity method meant a net increase of \$411,418 (2013 - \$478,258) and an equity method surplus decrease of \$1,327,866 (increase 2013 - \$93,534), for a net decrease in assets of \$916,488 (increase 2013 - \$571,292). The details are as follows:

Company	Equity method profit & loss		Equity method other equity items	
	2014	2013	2014	2013
National investments				
UNE EPM Telecomunicaciones S.A.	(14,284)	45,201	(892,121)	36,479
EPM Inversiones S.A.	187,256	238,972	(48,761)	(92,966)
Aguas Nacionales S.A. E.S.P.	4,400	10,031	-	-
EPM Ituango S.A. E.S.P.	-	19,602	-	-
Central Hidroeléctrica de Caldas S.A. E.S.P.-CHEC	25,916	18,660	(5,251)	436
Centrales Eléctricas del Norte de Santander S.A E.S.P.-CENS	4,153	5,910	230	-
CENS Inversiones S.A.	-	145	-	-
Electrificadora de Santander S.A. -ESSA	196	161	(238)	3
Empresa de Energía del Quindío S.A. E.S.P.-EDEQ	4,006	2,959	503	(301)
Aguas de Urabá S.A. E.S.P.	(142)	(403)	-	60
Aguas del Oriente Antioqueño S.A. E.S.P.	152	29	-	-
Regional de Occidente S.A. E.S.P.	680	258	(61)	1,066
Empresas Públicas de Oriente S.A E.S.P.	8	71	-	-
Aguas de Malambo S.A. E.S.P.	(2,661)	(4,292)	-	-
ESSA Capital S.A.	-	1	-	-
Empresas Varias de Medellín S.A. E.S.P.-Emvarias	19,685	(3,710)	(740)	-
Inversiones Telco S.A.S	4,999	-	(49)	-
International investment				
Distribución Eléctrica Centroamericana DOS S.A.-DECA II	136,210	126,788	(240,530)	120,561
Panama Distribution Group S.A.-PDG	35,227	29,554	(23,732)	12,519
Max Seguros Ltd.	4,815	6,775	(13,040)	3,768
Gestión de Empresas Eléctricas S.A.-GESA	7,131	4,878	(2,241)	616
EPM Capital México S.A. de C.V.	(1,322)	2,034	(10,026)	896
Espíritu Santo Energy S. de R.L.	-	(2,424)	-	-
Hidroecológica del Teribe S.A.-HET	(2,752)	(1,653)	(76,798)	11,290
EPM Chile S.A.	(2,255)	(21,289)	(15,011)	(893)
Total effect of application of equity method	411,418	478,258	(1,327,866)	93,534

* Figures in thousands of Colombian pesos.

The income in the application of the equity method with UNE showed a decrease in the month of August of \$(6,324), by the effect of the change of percentage of interest from 99.99% to 50% as a result of the merger with Millicom Spain Cable S.L.

- Investments recorded under the cost method

Company	Location	Corporate purpose	Direct participation percentage		Creation date
			2014	2013	
Isagen S.A. E.S.P.	Medellín	Generación y comercialización de energía eléctrica, gas natural por redes, así como la comercialización de carbón, vapor y otros	13.14%	12.95%	Abril 4, 1995
Interconexión Eléctrica S.A. E.S.P.-ISA	Medellín	Operación y mantenimiento de su propia red de transmisión, la expansión de la red nacional de interconexión, la planeación y coordinación de la operación de los recursos del SIN.	10.17%	10.17%	Septiembre 14, 1967
Hidroeléctrica Ituango S.A. E.S.P.	Medellín	Promoción, diseño, construcción, operación, mantenimiento y comercialización de la energía de la Central Hidroeléctrica Ituango a nivel nacional e internacional.	46.33%	46.33%	Diciembre 29, 1997
Gestión Energética S.A. E.S.P.-GENSA	Manizales	Prestación de uno o más de los servicios públicos de que trata la Ley 142 de 1994 o la realización de una o varias actividades que considera como complementarias a una y otra actividad.	0.19%	0.19%	Mayo 4, 1993
Reforestadora Industrial de Antioquia-RIA	Medellín	Producir, transformar y comercializar productos maderables y no maderables de plantaciones forestales, buscando una alta rentabilidad y sostenibilidad.	6.82%	6.82%	Febrero 28, 2003
Electrificadora del Caribe S.A. E.S.P.	Barranquilla	Distribución y comercialización de energía eléctrica en el Caribe colombiano.	0.05%	0.05%	Junio 06, 1998

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

Company	2014		2013		Type of Share
	Total shares issued	Shares owned by EPM	Total shares issued	Shares owned by EPM	
Isagen S.A. E.S.P.	2,726,072,000	358,332,000	2,726,072,000	352,960,000	Ordinary
Interconexión Eléctrica S.A. E.S.P.-ISA	1,107,677,894	12,605,547	1,107,677,894	12,605,547	Ordinary
Hidroeléctrica Ituango S.A. E.S.P.	60,186,885,631	27,885,783,007	60,186,885,631	27,885,783,007	Ordinary
Gestión Energética S.A. E.S.P.-GENSA	441,117,047,263	831,113,000	441,117,047,263	831,113,000	Ordinary
Reforestadora Industrial de Antioquia-RIA	4,665	1,000	4,665	1,000	Ordinary
Electrificadora del Caribe S.A. E.S.P.	50,027,154,630	25,780,956	50,027,154,630	25,780,956	Ordinary

The values of investment recorded under the cost method, with detail of adjusted cost, appreciation and associated provisions, as of December 31st are:

2014

Company	Cost	Provision	Total cost	Valorization	Net
Isagen S.A. E.S.P.	208,565	-	208,565	853,889	1,062,454
Interconexión Eléctrica S.A. E.S.P.-ISA	187,035	-	187,035	784,751	971,786
Hidroeléctrica Ituango S.A. E.S.P.	28,025	-	28,025	6,442	34,467
Reforestadora Industrial de Antioquia-RIA	5,076	(393)	4,683	-	4,683
Electrificadora del Caribe S.A. E.S.P.	1,398	(315)	1,083	-	1,083
Gestión Energética S.A. E.S.P.	12,686	(12,038)	648	-	648
Hidroeléctrica Río Aures S.A.	446	-	446	11	457
Terpel del Centro S.A.	28	-	28	117	145
Concentra S.A.	84	(12)	72	-	72
Emgesa S.A. E.S.P.	25	-	25	14	39
Banco Davivienda S.A.	8	-	8	29	37
Fiduciaria Bancolombia S.A.	13	-	13	5	18
Hidrosogamoso S.A.	94	(94)	-	-	-
Total método del costo	443,483	(12,852)	430,631	1,645,258	2,075,889

* Cifras en millones de pesos colombianos.

2013

Company	Cost	Provision	Total cost	Valorization	Net
Isagen S.A. E.S.P.	191,213	-	191,213	955,907	1,147,120
Interconexión Eléctrica S.A. E.S.P.-ISA	187,035	-	187,035	837,676	1,024,711
Hidroeléctrica Ituango S.A. E.S.P.	28,025	-	28,025	6,314	34,339
Reforestadora Industrial de Antioquia-RIA	5,076	(125)	4,951	-	4,951
Electrificadora del Caribe S.A. E.S.P.	1,398	(308)	1,090	-	1,090
Gestión Energética S.A. E.S.P.	12,686	(12,055)	631	-	631
Hidroeléctrica Río Aures S.A.	446	-	446	12	458
Concentra S.A.	84	(4)	80	-	80
Terpel del Centro S.A.	28	-	28	42	70
Emgesa S.A. E.S.P.	25	-	25	19	44
Banco Davivienda S.A.	7	-	7	22	29
Fiduciaria Bancolombia S.A.	12	-	12	4	16
Hidrosogamoso S.A.	94	(94)	-	-	-
Total cost method	426,129	(12,586)	413,543	1,799,996	2,213,539

* Amounts stated in millions of Colombian pesos

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

2014

Company	Net income	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-RIA	(4,055)	78,661	2,846	75,815

2013

Company	Net income	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-RIA	67	77,203	3,480	73,723

* Amounts stated in millions of Colombian pesos

The following capitalizations and acquisitions of investments in controlled companies were made (there were no capitalizations of not controlled companies in the period):

Item	2014	2013
Controlled		
National investments		
Empresas Varias de Medellín S.A. E.S.P. -Emvarias	-	34,490
Aguas de Malambo S.A. E.S.P.	1,894	7,555
Electrificadora de Santander S.A. E.S.P. -ESSA	3	1,352
Aguas de Urabá S.A. E.S.P.	20,000	-
International investments		
Hidroecológica del Teribe S.A. -HET	97,122	154,625
EPM Capital México S.A. de C.V.		94,762
EPM Chile S.A.		59,166
Espíritu Santo Energy S. de R.L.	-	6,583
Subtotal controlled	119,019	358,533
Total capitalizations	119,019	358,533

* Figures in millions of Colombian pesos.

EPM made the capitalization of the company Hidroecológica del Teribe - HET, resources intended in its entirety to support the constructive process and the investments necessary for the completion and operation of the Bonyic hydroelectric project.

The movement of the investments provision, both for controlled and non-controlled companies is:

Concept	2014	2013
Initial Balance	16,383	19,893
Increase for the year	365	342
Provision expense in previous years	(33)	(3,852)
final Balance	16,715	16,383

* Amounts stated in millions of Colombian pesos

At the end of the period there are no restrictions or taxes on capital investments.

10. Properties, plant and equipment, net value

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

Description		2014	2013
Properties, plant and equipment			
Constructions in progress			
Hidroeléctrica Ituango		2,491,798	1,514,134
Energy transmission and distribution networks		325,686	269,464
Waterworks infrastructure plan		77,963	57,960
Medellin River clean up plan		51,434	36,824
Expansion of natural gas distribution networks		21,867	18,906
Construction of buildings		19,194	4,243
Articulated Life Units -UVA		10,512	5,475
Modernization and replacement of energy generation equipment		5,557	43,255
Nanotechnology		5,437	5,437
Block of Innovation -Route N-		1,094	-
Subtotal constructions in progress	(1)	3,010,542	1,955,698
Plants, ducts and tunnels		5,732,542	5,636,076
Networks, lines and cables		3,889,180	3,637,394
Buildings		2,796,329	2,745,119
Machinery and equipment		195,397	195,399
Communications and computing equipment		168,014	141,578
Land		136,477	135,179
Properties, plant and equipment not exploited		100,412	90,544
Transportation, traction and lifting equipment		92,075	90,391
Properties, plant and equipment in transit		79,514	5,667
Furniture, fixtures and office equipment		59,524	59,800
Medical and scientific equipment		32,531	27,639
Movable goods in warehouse		13,215	13,469
Investment properties		9,146	9,146
Machinery, plant and equipment in assembly		6,216	5,622
Properties, plant and equipment in maintenance		3,156	7,949
Dining and Kitchen equipment		1,277	1,222
Provision of protection property, plant and equipment	(2)	(11,643)	(24,237)
Subtotal properties, plant and equipment		16,313,904	14,733,655

Accumulated depreciation			
Plants, pipelines and tunnels		(4,119,886)	(3,853,998)
Transmission networks, lines and cables		(1,711,056)	(1,516,923)
Buildings		(769,609)	(653,802)
Machinery and equipment		(139,795)	(130,567)
Communications and computing equipment		(111,342)	(102,116)
Transportation equipment		(82,710)	(76,628)
Furniture and fixtures		(53,542)	(52,925)
Medical and scientific equipment		(17,789)	(15,985)
Dining and Kitchen equipment		(814)	(723)
Subtotal accumulated depreciation	(3)	(7,006,543)	(6,403,667)
Deferred depreciation		2,500,433	2,205,054
Total depreciation		(4,506,110)	(4,198,613)
Total properties, plant and equipment, net		11,807,794	10,535,042

* Figures in millions of Colombian pesos.

- (1) The increase of \$1,054,844 in respect to the previous year, is explained by the acquisition of goods and services and engineering and administration for the projects of investment, especially for the construction of the Ituango hydroelectric plant, that shows a progress represented by:
- Dam road to Puerto Valdivia, in the excavation to complete section of 14 km, construction of 14 bridges, excavation of vial tunnel 1 and of vial tunnels 7, 8 and 9 and the construction of the bridge (64) over the Cauca River.
 - Construction of works for deviation of the Cauca River.
 - Construction of the Cofferdam.
 - Progress in the construction of the military facility San Juan de Rodas.
 - Placement of 11% of the dam fill and construction of phase 18 (priority fills).
 - Excavation of spillway and of intermediate discharge tunnel.
 - Construction of north and south galleries of machine cave, excavation of bar galleries and of the machine cave.
 - Excavation of transformers cave.
 - Excavation of beacons 1 and 2.
 - Award and order to initiate contract for construction of steel armoring for lower conduction tunnels.
 - Award and order to initiate contract for construction of floodgate for spillway, intermediate discharge and watertight doors.

The remaining charges were intended to expansion and replacement projects of water, energy and gas networks.

The transfers to operation by investment program of constructions in progress were the following:

Tranfers to constructions in process	2014	2013
Electric power distribution networks	136,609	120,521
Rural electrification	67,728	89,811
Generation and replacement	55,915	33,640
Generación y reposición	46,755	71,446
Infrastructure plan	22,009	45,227
Unidades de Vida Articulada -UVA-	13,829	-
Medellin driver sanitatation plan	13,324	31,780
Manzana de la Innovación -Ruta N-	2,484	-
Buildings Construction	240	46,034
Total traslados de construcciones en curso	358,893	438,459

* Cifras en millones de pesos colombianos.

(2) The movement of the provision during the year is detailed below:

Provision for property, plant and equipment movement	2014	2013
Initial balance	24,237	23,940
Provision	-	1,801
Provision Recovery	(11,596)	(2,338)
Provision expense previous years	-	834
Retirements	(998)	-
Final balance	11,643	24,237

* Amounts stated in millions of Colombian pesos

The provision at December 31, 2014 and 2013 comprises :

Description account	2014	2013
Electric power distribution networks	(7,266)	(7,266)
Buildings Construction	(1,275)	(2,693)
Machinery and equipment	(1,044)	(1,900)
Plants , pipelines and tunnels	(943)	(10,734)
Transportation equipment , traction and lifting	(563)	(563)
Computing and communication equipment	(418)	(418)
Land	(134)	(132)
Medical and scientific equipment	-	(531)
Grand total	(11,643)	(24,237)

* Amounts stated in millions of Colombian pesos

(3) The movement of depreciation during the year is as follows :

Depreciation movement	2014	2013
Initial Balance	6,403,667	5,806,315
Period depreciation cost	318,135	307,936
Period depreciation expense	16,112	16,912
expenses from previous years	143	3,670
Withdrawals for sales	(1,492)	(1,308)
other withdrawals	(14,178)	(10,797)
other decreases	(11,223)	(7,555)
Deffered depreciation movement	295,379	288,494
Final balance	7,006,543	6,403,667

* Amounts stated in millions of Colombian pesos

The exchange difference originated in obligations in foreign currency, contracted for the acquisition of fixed assets and capitalized during December 2014 and December 2013, was of \$(4,329) and \$(1,230), respectively.

The company has capitalized interest for \$65,601 and \$1,726, as of December 2014 and December 2013, respectively, originated in obligations contracted for the acquisition of equipment.

At the closing of the period there are no restrictions or liens on the property, plant and equipment.

11. Actuarial financial reserve

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

Concept		2014	2013
Autonomous equity for retirement pensions	(1)	315,438	241,794
Autonomous equity pension bonds	(2)	303,108	307,942
Total actuarial financial reserve		618,546	549,736

* Amounts stated in millions of Colombian pesos

- (1) In 2010 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 autonomous equity trust was created for the amount of \$322,000; with this figure plus the returns that are expected to be obtained, it will be possible to cover up to 2056 the total pension payments according to the actuarial study of Volrisk Consultores Actuariales S.A.S.

The movement of the retirement pension fund is shown below:

Autonomous equity for retirement pensions	2014	2013
Initial balance	241,794	280,411
Pensions paid	100,000	-
Financial yields	(42,752)	(44,282)
Financial returns	16,396	5,665
Final balance	315,438	241,794

* Amounts stated in millions of Colombian pesos

- (2) 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 autonomous equity trust started to be capitalized through the payment of five annual installments as of May 2003 and was fully created in 2008, year in which the transfer of the funds was made to BBVA Fiduciaria S.A. an addition of \$18,250 was made to include the pension commutation bonds of EADE.

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 with its creation the availability of funds to cover the pension liability of bonds and their financial management is guaranteed independently. According to the actuarial study of Volrisk Consultores Actuariales S. A. S.

This trust generates returns during the term of the term of effectiveness of the agreement, based on the valuation at market prices of the funds managed in

that fund, before deduction of costs and expenses to be made by it. No contributions were made in the periods.

The movement of the pension bonds equity is reflected below:

Autonomous equity pension bonds	2014	2013
Initial balance	307,942	304,154
Bonds paid	(26,370)	(3,439)
Financial yields	21,536	7,227
Final balance	303,108	307,942

Final balance

12. Other assets, net

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

Item		2014	2013
Deferred charges		7	-
Non-current total other assets		7	-
Deferred charges	(1)	424,559	307,682
Works and improvements to property	(2)	92,217	120,657
Goods delivered to third parties	(3)	49,473	3,573
Intangibles, net	(4)	662,699	656,689
Autonomous equity trusts	(5)	96,376	89,850
Goods , culture and art		1,161	29
Total others assets net non - current portion		1,326,485	1,178,480
Total other assets, net		1,326,492	1,178,480

* Amounts stated in millions of Colombian pesos

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

Item		2014	2013
Deferred tax asset	(1.1)	403,319	283,079
Discounts in bonds	(1.2)	14,685	17,554
Premium for the legal stability contracts	(1.3)	6,555	7,049
Total deferred charges		424,559	307,682

* Amounts stated in millions of Colombian pesos

(1.1) The detail of this item is the following:

Item	2014	2013
Deferred tax asset previous year	283,079	227,108
Increase of provision in the year	120,240	55,971
Total deferred tax asset	403,319	283,079

* Amounts stated in millions of Colombian pesos

In 2014 the deferred tax debit has been generated mainly by the provisions of receivables and litigations and lawsuits, the actuarial calculation, the exchange difference on investments abroad and the goodwill and adjustments to the tax return filed for the tax year 2013

(1.2) 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. Depreciation for 2014 was \$ 2.868 (2013 - \$ 2.868).

(1.3) 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. The amortization for 2014 was \$495 (2013 - \$495).

(2) The movement of the balance of leaseholds works and improvements as of December 31st is:

Item	2014	2013
Initial balance	120,657	112,707
increases	46,646	21,661
Translates	414	1,350
Reclasificaciones	(59,743)	(1,701)
Amortization Cost	(13,052)	(11,109)
Amortization expense	(2,705)	(2,251)
Total	92,217	120,657

* Amounts stated in millions of Colombian pesos

In 2014 purchases were recorded for \$46,646, which most significant charges correspond to water networks. The investment in the program of replacement of water meters is a significant factor in this balance.

- (3) The goods delivered to third parties as of December 31st correspond to:

Item	2014	2013
Goods given as loan for use	1,830	1,831
Goods given for administration	73,456	6,639
Amortization	(25,813)	(4,897)
Total goods given for third parties	49,473	3,573

* Amounts stated in millions of Colombian pesos

- (4) The detail of intangibles as of December 31st is:

Item		2014	2013
Goodwill	(4.1)	679,600	679,600
Software, licenses and rights		134,970	106,126
Subtotal intangibles		814,570	785,726
Less amortization of goodwill		(63,459)	(47,894)
Less amortization, others		(88,412)	(81,143)
Subtotal amortizations	(4.2)	(151,871)	(129,037)
Total intangibles		662,699	656,689

* Amounts stated in millions of Colombian pesos

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

2014

Company		Acquisition year	Amortization period	Cost	Amortization	Net value
Hidroeléctrica del Teribe S.A.-HET	(4.1.1)	2003	1 año	6,032	(6,032)	-
Distribución Eléctrica Centroamericana II S.A.-DECA II		2010	38 años	336,140	(32,818)	303,322
Gestión de Empresas Eléctricas S.A.-GESA		2010	46 años	17,678	(1,648)	16,030
EPM Ituango S.A. E.S.P.	(4.1.1)	2011	42 años	177,667	-	177,667
Panama Distribution Group		2011	18 años	109,883	(22,961)	86,922
Espíritu Santo Energy S. de R.L.	(4.1.1)	2013	15 años	32,200	-	32,200
Total goodwill				679,600	(63,459)	616,141

* Amounts stated in millions of Colombian pesos

2013

Company	Acquisition year	Amortization period	Cost	Amortization	Net value
Hidroeléctrica del Teribe S. A. - HET	2003	1 año	6,032	(6,032)	-
Distribución Eléctrica Centroamericana II S. A. - DECA II	2010	38 años	336,140	(23,992)	312,148
Gestión de Empresas Eléctricas S. A - GESA	2010	46 años	17,678	(1,189)	16,489
EPM Ituango S. A. E.S.P.	2011	42 años	177,667	-	177,667
Panama Distribution Group	2011	18 años	109,883	(16,681)	93,202
Espíritu Santo Energy S. de R.L.	2013	15 años	32,200	-	32,200
Total goodwill			679,600	(47,894)	631,706

* Amounts stated in millions of Colombian pesos

(4.1.1) The goodwill of EPM Ituango S.A. E.S.P. and of Espiritu Santo Energy S. de R.L. will start its amortization once the hydroelectric plants are operating. In compliance with accounting regulations, in December 2013, EPM evaluated the generation of future economic benefits that supported the goodwill of HET and decided to amortize it in its entirety.

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

Amortization movement	2014	2013
Initial balance	129,037	103,502
Intangibles amortization cost	6,493	5,357
Intangibles amortization expenses	777	285
Intangibles amortization financial expenses	15,565	20,769
Other decreases	-	(876)
End balance	151,872	129,037

* Amounts stated in millions of Colombian pesos

(5) Autonomous Equity Trusts

- (5.1) Consists of the EPM-UNE Social Financing program that seeks to improve the quality of life of its customers by offering them credit facilities for the purchase of gas appliances, computer, audio and video equipment or make home improvements. During 2014 contributions were received from the agreement signed with the IADB for \$367.

The movement of the trust during the year is reflected below:

Autonomous equity for social financing	2014	2013
Initial balance	88,529	83,868
Contributions	-	367
Financial yields	6,300	4,294
End balance	94,829	88,529

* Amounts stated in millions of Colombian pesos

- (5.2) The UPME, under public bid UPME-01-2008, selected EPM to make the design, acquisition of supplies, construction, start up, operation and maintenance of the Nueva Esperanza substation and the associated transmission lines, which has an estimated cost of \$167,463.

The purpose of the trust agreement is the creation of autonomous equity trust with the goods in the trust to be managed by the trust company, in its capacity as speaker of the trust, in order to hire the audit of the project and secure the payments that correspond to the auditor by virtue of the project audit agreement.

The Ministry of Mines and Energy - MME authorized a new postponement of the project's startup date to May 10, 2015, following the request by EPM by the archeological findings that came up in the land where the substation will be constructed, the archeological rescue will be made up to October 1, 2014. This implied increasing the contributions to cover the additional costs by \$1,082.

The movement of the autonomous equity trust during the year is reflected below:

Autonomous equity for Nueva Esperanza project	2014	2013
Initial balance	1,321	927
Contributions	-	1,082
Payments	(760)	(705)
Financial yields	30	17
End balance	591	1,321

* Amounts stated in millions of Colombian pesos

- (5.3) The UPME, under the public bidding UPME-04-2013, selected EPM to perform the design, acquisition of supplies, construction, operation and maintenance of the Guayabal substation (230 kV) of Medellin and the associated transmission lines.

The object of the trust agreement is the creation of an autonomous equity in 2014 with the trust goods (\$1,006) to be administered by the trust company, in its capacity as speaker of the trust, in order to contract the project's works supervision and secure the payments that correspond to the supervisor by virtue of the works supervision agreement.

The movement of the equity is reflected below:

Autonomous equity UPME Guayabal project	2014
Beginning Balance	-
Contributions	1,006
Payments	(67)
Financial returns	17
Ending Balance	956

* Amounts stated in millions of Colombian pesos

13. Revaluation of assets

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

Concept		2014	2013
Equity participation investments	(1)	736,864	2,568,996
Cost method investments	(2)	1,645,258	1,799,996
Property, plant, and equipment	(3)	6,236,238	6,465,473
Other assets		71,128	52,955
Total revaluation of assets		8,689,488	10,887,420

* Amounts stated in millions of Colombian pesos

- (1) There was the effect of the dividends decreed by UNE for \$1,074,798, recorded as lower value of the appreciation since they represented profits originated in EPM before the spin-off in 2006.
- (2) There was a decrease in the value of the shares of Isagen \$285 pesos/share (2013 -\$9,100 pesos/share) and of ISA \$470 pesos/share (2013-increase \$3,250 pesos/shaes).
- (3) As of December 31 comprise:

Item	2014	2013
Plants, pipelines and tunnels	2,396,151	2,665,345
Transmission networks, lines and cables	1,570,069	1,526,235
Lands	1,153,455	1,166,168
Buildings	1,053,924	1,048,562
Transportation, traction and lifting equipment	37,744	33,406
Furniture , fixtures and office equipment	11,650	11,805
Machinery and equipment	10,459	12,317
Medical and scientific equipment	2,561	1,572
Communications and computing equipment	225	63
Total property, plant and equipment revaluation	6,236,238	6,465,473

* Amounts stated in millions of Colombian pesos

Technical appraisals have been made to the value by homogeneous groups of assets in the following periods:

Last year technical appraisal	Account
2012	Lands
	Goods given for third parties
2013	Medical and scientific Equipment
	Transportation, traction and lifting equipment communications and computing equipment
2014	Buildings
	Plants, ducts and substations
	Transmission networks, lines and cables
	Machinery and Equipment

During 2014 updates were made of property, plant and equipment in the following groups of accounts:

- **Buildings:** in the Water Provision business the technical appraisals of buildings, warehouses and booths, tanks civil works, and tanks equipment were made. In Sanitation, in accountings of buildings and booths.
- **Plants, ducts and tunnels:** in the Water Provision business updates were made to the values of equipment, water treatment plants, civil works in water treatment plants, civil works in major and minor water abstractions, civil works and equipment of mini and micro water stations, equipment for pumping and equipment for abstractions. In the Sanitation business, the civil works and equipment of the San Fernando plant. In Power Generation, the equipment of the generation plants and civil works in the generation plants were updated.
- **Networks, lines and cables:** In the Sanitation business, the sewage networks were updated.

In 2014 the company recovered the provisions that were recorded, resulting from the appraisals made in the Water business

14. Public credit transactions

As of December 31st, financial obligations are as follows:

Public credit transaction		2014	2013
Short term domestic public debt			
Local market Bond	(1)	-	151,600

Banco Davivienda S. A.	(2)	38,571	38,571
Banco Bilbao Vizcaya Argentaria Colombia S. A. - BBVA	(2)	25,714	25,714
Banco Corpbanca S. A.	(2)	10,286	10,286
Helm Bank S. A.	(2)	5,000	5,000
Short tem foreign public debt			
International Finance Corporation - IFC	(3)	220,681	178,168
loans , Interamerican Development Bank - BID	(4)	83,616	105,309
Bank of Tokyo	(5)	39,878	32,117
Total current public credit transactions		423,746	546,765
Obligations Derivative Contracts		239,694	133,940
Rights in derivative contracts (DB)		-282,162	-101,137
Total current derivative instruments	(6)	-42,468	32,803
Total current public credit transactions		381,278	579,568
Long term foreign public debt			
Local market bonds	(1)	2,011,390	1,511,390
Banco Davivienda S.A.	(2)	192,857	231,429
Banco Bilbao Vizcaya Argentaria Colombia S.A. -BBVA	(2)	128,571	154,286
Banco Agrario	(7)	116,000	-
Banco Corpbanca S.A.	(2)	51,429	61,714
Helm Bank S.A.	(2)	25,000	30,000
Long term external public debt			
Bank of New York - Bonos globales pesos	(8)	2,215,744	1,250,000
Bank of New York - Bonos internacionales	(9)	1,196,230	963,415
Créditos Banco Interamericano de Desarrollo - BID	(4)	744,260	606,980
International Financial Corporation - IFC	(10)	643,572	375,732
French Development agency- AFD	(3)	393,608	494,296
Bank of Tokyo	(5)	318,982	289,017
Total non - currents public credit transactions		8,037,643	5,968,259
Obligations Derivative Contracts		406,317	141,029

Rights in derivative contracts (DB)		-462,989	-105,394
Total non - current derivative instruments	(11)	-56,672	35,635
Total non - current operations of public credit		7,980,971	6,003,894
Total operations of public credit		8,362,249	6,583,462

* Amounts stated in millions of Colombian pesos

As of December 31st the public credit operations were negotiated with at the following interest rates:

Concept	Interes rates 2014	2014	Interes rates 2013	2013
International Bonds (USD)	7.625 %	1,196,230	7.625 %	963,415
Global International Bonds in pesos	7.625 % - 8.375 %	2,215,745	8.375 %	1,250,000
Local Bonds	Fija: 10.80 %, 13.80 % IPC + 3.25 % a 7.12 % DFT + 1.49 % a 2.59 %	2,011,390	Fija: 10.80 %, 13.80 % IPC + 3.25 % a 7.12 % DFT + 1.49 % a 2.59 %	1,662,990
Multilateral Banking loans - BID	Libor + TV + "spread" de 1.05 % a 1.43 % y TF COP 6.2716 %	827,875	Libor + TV + "spread" de 1.05 % a 1.43 %	712,288
Loan Bank of Tokyo	Libor + 0.95 %	358,860	Libor + 0.95 %	321,134
Loan International Financial Corporation - IFC	Libor + 1.875 % a 2.15 %	614,289	Libor + 1.875 % a 2.15 %	672,464
Loan French Development Agency AFD	4.32 % y 4.50 %	643,572	4.32 %	375,732
Local Banking loans	DTF + 2.7 % e IPC + 4.7 %	593,428	DTF + 2.7 %	557,000
Total financial obligations		8,461,389		6,515,024

* Amounts stated in millions of Colombian pesos

(1) Corresponds to the bond issues in the local market , held between November 2010 December 2011 December 2013 and July 2014 with the following characteristics:

Subserie	Amount allocated (COP) a 2014	Amount allocated (COP) a 2013	Amount allocated (COP) a 2011	Amount allocated (COP) a 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 listed below :

Issue	Current	Amount	Rate	Years term	Due date
Local	COP	112,700	IPC + 3.25 %	6	14-12-16
	COP	174,410	IPC + 7.12 %	10	20-11-18
	COP	58,000	13.8 %	10	20-11-18
	COP	41,880	IPC + 3.82 %	5	04-12-18
	COP	138,600	IPC + 5.8 %	10	22-01-19
	COP	74,700	10.8 %	10	22-01-19
	COP	125,000	IPC + 3.57 %	6	29-07-20
	COP	119,900	IPC + 4.2 %	12	14-12-22
	COP	96,210	IPC + 4.52 %	10	05-12-23
	COP	198,400	IPC + 6.24 %	15	21-04-24
	COP	125,000	IPC + 4.17 %	12	29-07-26
	COP	267,400	IPC + 4.94 %	20	14-12-30
	COP	229,190	IPC + 5.03 %	20	05-12-33
	COP	250,000	IPC + 4.52 %	20	29-07-34
International	USD	500	7.625 %	10	29-07-19
	COP	1,250,000	8.375 %	10	01-02-21
	COP	965,745	7.625 %	10	10-09-24

(2) In October 2010 a loan in the form of "club deal" with Davivienda Bank (49%), BBVA (32%), Santander (13%) and Helm Bank (6%) was obtained by \$ 557,000, resources for general investment plan of the company, both for acquisitions in the local and international market to plan own investments in infrastructure. The term of the loan is 10 years, with 3 years of grace.

(3) Loan type AB with International Finance Corporation (IFC) as a leader and 15 commercial banks in the section B, for USD 349 million for the financing of Antioquia Illuminated and plans for expansion and replacement of water and sewage networks program and power transmission. The contract was signed in December 2011.

This credit financial " covenants " which are calculated figures consolidated financial statement of EPM Group and emerge:

- (Debt/EBITDA): EPM will not permit that the Total Financial Debt/EBITDA indicator exceeds 3.5 to 1 times.
- (EBITDA /Net interest Expense): EPM will not permit that the indicator EBITDA /Interest Expense Net will be lower than 3.0 to 1 times.

The result for 2014 and 2013 is as follows:

Loan	"Covenants"	2014	2013
International Financial Corporation-IFC	Debt / Ebitda	2.88	2.54
	Ebitda / interest expenses	11.93	12.20

(4) This item relates to loans from the Inter -American Development Bank -IADB 800, 1664, 2217 and 2120 , which financed investment projects such as hydroelectric plants Porce II and Porce III further treatment plants wastewater San Fernando and Bello. In support of the security of the Nation granted for loans , 800, 1664 and 2120, EPM counter contracts signed this when closing credit operations

1664 Credit " covenants " Financial , calculated figures consolidated financial statement of EPM Group

- Financial covenants derive from credit 1664, as follows:
- (Total Debt/EBITDA) of EPM Group must be lower than or equal to 3.5.
- (Long term debt/Assets) of EPM Group shall not exceed 1.5 times its assets

The result for 2014 and 2013 is as follows:

Loan	"Covenants"	2014	2013
Créditos Banco Interamericano de Desarrollo-BID	Total debt / Ebitda	2.84	2.45
	Long-term debt / equity	0.45	0.38

(5) Loans with banks Tokyo-Mitsubishi and Bilbao Vizcaya Argentaria (BBVA) Tokyo office, with guarantee from JBIC for USD 200 million, for financing Porce III,

the which agreement for which was signed in September 2008 and disbursed in its entirety in January 2009. From this credit financial covenants arise on the loan, as follows:

- (Debt/ EBITDA): EPM will not allow that the Total Financial Debt /EBITDA indicator exceed from 2.9 to 1 times.
- (Debt / Equity): EPM will not allow that the Total Long Term Debt / Equity exceeds from 1.5 to 1 times.

(6)The derivative transactions at December 31, in their current portion , are summarized as:

Concept	Entity	2014		
		Righths	Liabilities	Hedging
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

Concept	Entity	2013		
		Right	Obligation	Hedging
Swap dollar- 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

(7) In June, Banco Agrario de Colombia issued disbursed a credit for \$116,000 with expiry in 2030, intended to finance the investment plan and the opportunities for growth of the business.

(8) In January 2011 EPM issued global bonds in pesos in the international capital market for an account of \$1,250,000, intended for the general investment

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 a final expiration on February 1, 2021 and coupon of 8.375%. Likewise, on September 3, 2014, EPM placed bonds in the international capital market for \$965,744 million, 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 allows the achievements 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.

(9) In July 2009 global bonds were issued in pesos in the international capital market, for an amount of \$500,000, intended to financing of Porce III. The issue that received an investment degree rating of Baa3 by Moody's and BB+ by Fitch Ratings, and was placed with a yield of 7.875% with expiration on July 29, 2019 and coupon of 7.625%.

(10) Promotion loan with French Development Agency - AFD - for the financing of growth and expansion projects, related to Energy and Gas Generation, Transmission and Distribution business. The contract was signed in August 2012. The first disbursement was made in June 2013. From this credit financial covenants arise, as follows:

- 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.

As of December 31st the public credit operations were negotiated with at the following interest rates:

Loan	"Covenants"	2014	2013
French Development Agency -AFD	Total Debt / EBITDA	2.84	2.45
	Interest coverage	6.23	6.68

(11) The long-term hedges December 31 , include:

Concept	Entity	2014		
		Right	Obligation	Hedging
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

Concept	Entity	2013		
		Right	Obligation	Hedging
Swap dólar-peso	Citibank	73,279	110,291	(37,012)
Cross Currency Swap	JP Morgan Tramo V JBIC	8,029	7,442	587
	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

The detail of the expiry of public credit operations as of December 31st, is as follows:

2014

Year	American dollar	Colombian pesos	Total net
2015	143,858	79,571	423,746
2016	160,346	192,271	575,892
2017	103,226	79,571	326,535
2018	101,003	353,861	595,508
2019	565,203	353,861	1,706,088
2020 en adelante	368,616	3,951,722	4,833,620
Total	1,442,252	5,010,857	8,461,389

2013

Year	American dollar	Colombian pesos	Total net
2014	163,789	231,171	546,765
2015	137,434	79,571	344,383
2016	156,279	192,271	493,395
2017	99,613	79,571	271,508
2018	97,390	353,861	541,516
2019 en adelante	925,828	2,533,543	4,317,457
Total	1,580,333	3,469,988	6,515,024

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

2014

Expiration	Right	Obligation	Total, 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

Expiration	Right	Obligation	Total, 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)

15. Accounts payable

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

Accounts payable		2014	2013
Local suppliers	(1)	313,089	400,259
Foreign Suppliers		52,079	21,630
Interests payable	(2)	221,884	173,423
Creditors	(3)	1,109,076	254,601
Resources received for management	(4)	18,964	21,708
Other accounts payable	(5)	35,041	3,785
Related parties	Nota 29	11,196	28,152
Current accounts payable		1,761,329	903,558
creditors	(3)	19,390	25,490
Interests payable		2,350	2,350
Resources received for management	(4)	14,439	13,010
Other received deposits		346	345
Non current accounts payable		36,525	41,195
Total accounts payable		1,797,854	944,753

* Amounts stated in millions of Colombian pesos

- (1) Includes \$132.975 (2013-\$157.732) of payments associated with investment projects, of which \$ 92.701 (2013 \$102.632) are Hydroelectric Project Ituango, and \$180.114 (2013-\$252.307) purchases associated with the operation of business.
- (2) Includes \$210,970 (2013 - \$168,120) of interest of the public credit operations. The detail, as of December 31, corresponds to:

Interest payable	2014	2013
Bank of New York - bonos globales pesos	118,392	95,796
Bank of New York - bonos internacionales	39,272	30,608
Bonos mercado local	26,944	20,672
AFD	11,951	6,763
Créditos Banco Interamericano de Desarrollo - BID	5,305	2,997
International Financial Corporation - IFC	4,321	4,919
Banco Davivienda S. A.	1,990	2,526
Banco Bilbao Vizcaya Argentaria Colombia S. A.- BBVA	1,326	1,684
Banco Corpbanca S. A.	531	674
Bank of Tokyo	495	1,146
Helm Bank S. A.	258	335
Banco Agrario	185	-
Total Interest payable	210,970	168,120

* Amounts stated in millions of Colombian pesos

- (3) Includes \$935,000 (2013 - \$101,064) of surpluses payable to the Municipality of Medellin and \$7,922 (2013 - \$7,716) of payments associated to the social security of employees.
- (4) Resources received through agreements with the Municipality of Medellin for \$20,544 (2013 - \$21,856) and the Government of Antioquia \$6,697 (2013 - \$7,130) among others, for the performance of various common benefit programs.
- (5) Includes \$33,779 (2013 - \$2,345) for energy service subsidies.

16. Taxes , levies and duties payable

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

Concept		2014	2013
Income tax	(1)	69,387	-
Income tax for equity - CREE	(2)	84,971	61,579
Income withholdings		40,945	35,703
Tax on equity	(3)	-	69,133
Industry and commerce tax		19,216	24,108
Sales tax on temporary imports	(4)	700	20,728
Other taxes, levies and contributions	(5)	22,585	21,861
Total current taxes payable		237,804	233,112
Tax on equity	(3)	-	-
Sales tax on temporary imports	(4)	-	-
Total non current taxes payable		-	-
Total taxes payable		237,804	233,112

* Amounts stated in millions of Colombian pesos

- (1) The calculation of the income tax provision for the tax year is:

Provisions for tax obligations	2014	2013
Income tax		
Current tax	376,698	268,456
Less:		
Discount for investment on regional water systems	8,000	3,022
VAT deductible from income	25,113	21,009
Income withholdings and advance	209,665	314,652
Tax discount dividends from abroad	23,053	41,397
Other tax discounts	41,480	1,290
Total income taxes	69,387	(112,914)

* Amounts stated in millions of Colombian pesos

The balance in favor is reflected in accounts receivable, see note 6.

- (2) The calculation of the provision for the income tax for equity - CREE for tax year 2013 is:

Provisions for tax obligations	2014	2013
Income tax for equity - CREE		
Current tax -CREE	175,287	120,786
Lesss:		
Income withholdings and advance	90,316	59,207
Total income taxes	84,971	61,579

* Amounts stated in millions of Colombian pesos

The reconciliation between the surplus from the period before taxes and the net taxable income is detailed below:

Concept	2014	2013
Accounting profit before taxes	2,258,759	2,036,890
Plus:		
Dividends received	328,035	767,192
Accounting depreciation and amortization	359,255	324,849
Exchange difference investments abroad	538,705	157,861
Accounting actuarial calculation	-	46,424
Non deductible provisions	54,828	25,016
Other entries	53,883	21,940
Linear yield autonomous equity trusts	-	21,173
Deffered monetary indexation	11,736	11,736
Receivable provision for tax purposes	-	13,797
Amortizations not applicable of projects	-	8,454
Profit in sale of shares	248	176
Subtotal items that are added	1,346,690	1,398,618
Less:		
Depreciation and amortization for tax purposes	831,846	732,166
Revenues not constituting taxable income	312,853	675,761
Equity method in investments	411,418	478,258
Deduction of real productive fixed assets	439,004	268,247
Taxing actuarial calculation	29,681	74,403
Income not taxed - recovery of provisions	18,608	73,259
Income previous years	-	11,472
Accounting profit in sale of assets	-	8,488
Deduction for disabled persons and others	2,371	3,242
Profit for valuation of investments	6,475	-
Tax Provision portfolio	8,470	-
Subtotal item that are subtracted	2,060,726	2,325,296
Net income	1,544,723	1,110,212
Less exempt income	37,932	36,391
Net taxable income	1,506,791	1,073,821
Income tax rate	25%	33%
Income tax for equity - CREE tax rate	9%	-
Current income tax	376,698	268,456
Current income tax for equity - CREE tax (2.1)	175,287	120,786
Tax discounts	(72,532)	(45,708)
Deferred tax liability	97,475	95,203
Deferred tax asset	(120,240)	(55,971)
Tax provision charged to results	456,688	382,766

* Amounts stated in millions of Colombian pesos

(2.1) The calculation of the income tax for equity - CREE is the following:

Description	2014	2013
Subtotal net taxable Income tax for equity - CREE	1,506,791	1,073,821
Plus: Special deduction of income producing assets	440,846	268,246
Net taxable income tax for equity - CREE	1,947,637	1,342,070
Tax rate	9%	9%
Provision income tax for equity - CREE	175,287	120,786

* Amounts stated in millions of Colombian pesos

Tax regulations currently in force applicable to the company provide that:

a) As a general rule taxable income is taxed at the rate of 25% corresponding to the income and complementary tax and at 9% for Income tax for equity - CREE, exception made the taxpayers who by express provision are applied special rates. Until 2012 the income tax rate was 33%. For 2014 the effective income tax rate is of 20% (2013 - 19%)

In addition, during 2013 higher special deductions are applied for investments in income producing assets, mainly of the Ituango project and lower exempt for investment in regional water and sewerage companies .

EPM does not claim the audit benefit because it is incompatible with the benefit of the special deduction for acquisition of real productive fixed assets, applicable to the generation business that has the legal stability agreement.

b) The base to determine the income tax cannot be lower than 3% of its net equity in the last day of the immediately preceding taxable period. The Company is excluded from calculating the tax under the presumptive income tax.

c) As of tax year 2007 the integral inflation adjustments was eliminated for tax purposes, and the capital gains tax was reactivated for legal persons on the total taxable capital gains obtained by the taxpayers during the year. The sole rate applicable on the taxable capital gains up to 2012 was of 33%. Article 109 of Law 1607 of December 2012, established the new rate for the capital gains tax of corporations at 10%, as of tax year 2013.

d) As of tax year 2007 and only for tax purposes, taxpayers may adjust annually the cost of movable and immovable goods that have a fixed asset nature. The adjustment percentage will be that set by the National Tax and Customs Direction, by mean of a resolution.

e) Up to the taxable year 2010 and for those taxpayers who had a legal stability agreement signed prior to December 31, 2012, the special deduction for effective investments in real productive fixed assets equivalent to 30% of the investment value is applicable to them, and its use does not generate taxable profit in the name of partners or shareholders. The taxpayers who had acquired depreciable fixed assets as of January 1, 2007 and use the deduction established herein, will only be able to depreciate those assets by the straight line method and will not be entitled to the audit benefit, even with the compliance of the assumptions established in tax regulations to access said

right. On the deduction claimed in previous years, if the good subject of the benefit is ceased to be used in the income producing activity, is sold or is retired before the term of its useful life, it is required to incorporate an income for recovery of deductions proportional to the remaining useful life at the time of the abandonment or sale. Law 1607 of 2012 derogated the regulation that permitted to sign legal stability agreements, as of tax year 2013.

f) As of December 31, 2014, the company does not have tax losses pending compensation.

g) For 2014, Law 1607 of December 2012 reduced the income tax rate to 25% and created the income tax for equity CREE. This tax, pursuant to the provisions of Law 1739 of December 2014, remains at a rate of 9% by 2015, in addition, creating a surcharge of 5%, 6%, 8% and 9% for the years 2015, 2016, 2017 and 2018, respectively. Except for some special deductions and excess presumptive income CREE not apply to benefits, the tax base will be the same used for income tax.

Exempt from the income tax for equity CREE, are non-profit entities and the companies that are classified as free trade zone users.

h) As indicated by Law 1607 of December 2012, in its article 25, as of July 1, 2013 allows exemption will be exonerated from the payment of payroll contributions in favor of the SENA (National Training Service, for its initials in Spanish) and ICBF (Colombian Institute of Family Welfare, for its initials in Spanish), the legal and similar persons taxpayers of the income and complementary tax, corresponding to the workers who earn, individually considered, up to ten (10) minimum monthly legal salaries in effect. This exemption does not apply to those taxpayers not subject to the CREE.

Legal stability - equity tax

As indicated before, EPM entered into legal stability agreement EJ-04 of 2008 with the Nation, which also protects the power generation activity against adverse changes in the equity tax regulations and, for this reason, the company had the expectations of not paying said tax beyond that which was in effect between the years 2007 and 2010.

With the issuance of Law 1370 of 2009, a new method for accrual of the equity tax was provided in 2011, payable between 2011 and 2014, but in December 2010, the National Tax and Customs Direction -DIAN, issued concept 0987997 where it indicated, among other aspects, that: "The new equity tax, created by Law 1370 of 2009 and that is accrued on January 1, 2011, does apply to the taxpayers who claimed the special regime of the legal stability set forth in Law 963 of 2005", opinion that was ratified by the Ministry of Mines and Energy (MME), in its capacity as party to the mentioned agreement.

With the pronouncements by the DIAN and the MME, the EPM administration decided to file the equity tax return for the period of 2011 including the tax on the power generation activity, in order to protect itself against eventual litigations with the tax authority and, particularly, of eventual tax penalties. As of this date and because it is a contractual, rather than a but not tax difference, the administration has an external

advisor who represents the company in the case in defense of its interest; the value of the claim is \$200,874, equivalent to the tax paid for the generation business.

Transfer pricing

Due to the operations that EPM performs with its related parties abroad, it is subject to the regulations that in respect to transfer pricing were introduced in Colombia with laws 788 of 2002 and 863 of 2003. As of this date EPM has not completed the technical study for the operations carried out with related parties abroad during 2013; however, the administration has reviewed and considers that the operations had a behavior similar to those made during 2012, and thus it is anticipated that there will not be an impact of importance in the income tax return for the period 2013.

Reconciliation between the accounting equity and the net tax equity

The major entries that make up the reconciliation between the accounting equity and the net tax equity as of the closing date were:

Concept	2014	2013
Accounting equity	21,346,568	22,259,331
Plus:	4,533,257	4,412,611
Tax inflation adjustments to properties, plant and equipment and intangibles	2,695,411	2,698,117
Deferred tax credit	863,788	766,313
Goodwill addition	388,358	394,390
Tax inflation adjustment to investments	145,331	145,331
Adjustment for investments abroad	178,257	121,490
Provision for litigations and lawsuit	90,161	86,531
Provisión de inversiones, inventarios, propiedades, planta y equipo y prima de antigüedad	89,598	82,559
Cálculo actuarial por amortizar fiscal	28,018	57,904
Exceso de provisión de cartera	34,147	35,766
Cargo por corrección monetaria diferida	14,010	18,014
Otros ajustes	6,078	6,096
Otras provisiones para contingencias (Porce)	100	100
Less:	16,804,753	17,962,153
Appreciation of properties, plant and equipment	6,307,367	6,518,428
Appreciation of investments	2,382,122	4,368,992
Adjustments for tax inflation of accumulated depreciation and amortization	2,624,282	2,517,917
Excess of tax over accounting depreciation	2,504,685	2,201,652
Equity method	2,033,236	1,516,762
Deferred income debit	403,319	283,079
Reclassification of goodwill Deca II - PDG	268,369	268,369
Accounts receivable for unrealized dividends	-	117,596
Exchange difference associated to project indebtedness	112,580	116,136
Credit for deferred monetary indexation	35,482	53,222
Real liability for income	133,311	-
Minor adjustment for exchange difference investment abroad	-	-
Net fiscal equity	9,075,072	8,709,789

* Amounts stated in millions of Colombian pesos

- (3) The value of the equity tax including the surtax was of \$276,532. It was accrued on January 1, 2011 and will be paid in eight equal installments (two annual installments) during four years. The company recorded the total amount of the equity tax with charge to the equity appreciation account. This tax payable was completed in September 2014 .
- (4) Value corresponding to the VAT that it is estimated to be paid in a five-year term, for equipment acquired for the hydroelectric project Porce III under the modality of long term temporary investment of heavy machinery for the basic industry. At the end of the fifth year the import modality will be changed to ordinary, thus arising the obligation to assess and pay the VAT (articles 142 to 145 of Decree 2685 of 1999). This VAT started to be paid as of 2013.

- (5) It includes mainly \$14,815 (2013 - \$16,577) of contributions to the municipalities and regional corporations by Law 199 and \$4,090 (2013 - \$2,241) of import customs duties.

Tax Reform

Law 1739 of December 23, 2014, clarifies the notion of residency for tax purposes and establishes the following rates for the income obtained by foreign corporations and entities that are not attributable to a branch or permanent establishment:

Year			
2015	2016	2017	2018
39 %	40 %	42 %	43 %

It modifies the application of the tax discount for the taxes paid abroad, distributing it between the income tax and the CREE in a proportion of 64% and 36% respectively.

It establishes modifications to tax incentives of i) deduction for investments in research, technological development or innovation, ii) tax discount of the income tax for VAT paid in the acquisition of capital goods and heavy machinery.

It permits to handle the exchange difference in foreign investments without fiscal effects, up to the time of the disposal of the respective investment.

It postpones the introduction of the limitation of deductions for payments in cash to year 2019 and following.

As of 2013 EPM is also taxpayer of the income tax for equality (CREE). This was created by Law 1607 of 2012 and is defined as the contribution by companies and legal persons and similar taxpayers filers of the income and complementary tax, in benefit of the workers, the generation of employment and the social investment in the terms provided in said regulation.

Articles 21 and 22 of this Law indicate the generating event and the taxable base of the tax and, in turn, Article 23 defines the applicable rate, which will be 9%. With the enacting of Law 1739 of 2014, a surtax is created to this tax that will be of 5% in 2015, 6% in 2016, 8% in 2017 and 9% in 2018.

The generating event of the surtax applies to taxpayers whose annual return of the CREE tax shows a profit equal to or in excess of \$800 million. The surtax created in this Law is subject, for the above mentioned years, to an advance of 100% of the value thereof calculated on the taxable base on which the taxpayer assessed the mentioned tax for the immediately preceding tax year. The advance of the surtax of the CREE tax must be paid in two annual installments in the terms set by the regulations.

With the enacting of Law 1739 of 2014, the tax losses incurred by the taxpayers of the CREE tax as of 2015, may be offset. In addition, the excess of the minimum CREE base may also be offset as of 2015 within the 5 following years adjusted for tax purposes.

Neither the CREE tax, nor its surtax, can in any event be offset with balances in favor for other taxes that have been assessed in the tax returns. The balances in favor that are assessed in the CREE tax returns, and their surtax, cannot be offset with debts for other taxes, advances, withholdings, interest and penalties.

This tax has in turn an advanced collection mechanism by the method of self-withholding that is declared and paid monthly and is calculated on the net income received by the entities subject to that tax, applying to that net income the rate associated to their main economic activity, in accordance with the provisions of the regulations that rule for that tax.

17. Labor obligations

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

Concept		2014	2013
Severance	(1)	20,975	20,391
Vacations premium	(2)	18,785	16,984
Vacations		9,416	8,545
Interest on severance		5,749	5,915
Payroll payable		28	4,809
Seniority bonus	(3)	29,939	3,394
Christmas bonus		116	-
Other salaries and fringe benefits		1,399	1,235
Total current labor obligations		86,407	61,273
Severance	(1)	27,059	29,229
Seniority Premium	(3)	-	24,109
Total non current labor obligations		27,059	53,338
Total labor obligations		113,466	114,611

* Amounts stated in millions of Colombian pesos

- (1) The current portion corresponds to the severance of employees that have chosen to be covered by Law 59 of 1990 and that will be transferred to the severance funds before February 14, 2014. The non-current portion corresponds to the severance of employees of the previous regime.
- (2) Corresponds to the bonus that is delivered to the employees that take vacations, equivalent to 32 days of ordinary salary for each year of service and proportionately for a fraction thereof.
- (3) Corresponds to the estimate, to present value, of the future payment corresponding to the seniority bonus. In EPM official workers are entitled to this bonus every time that they complete 5 years of service with the company, continuous or discontinuous. The estimated value is determined by an actuary, taking into account the average salary increase, discount rate of 6.40% and the mortality rates approved by the Superintendence in Resolution 1555 of 2010.

18. Pension obligations and pension commutation

The pension obligations of EPM, pensions and bonds, are amortized 100%. As of December 31st corresponded to:

Concept	2014	2013
Pension liabilities		
Pension actuarial calculation	30,984	18,432
Actuarial calculation of pension bonds	7,299	23,639
Total pension liabilities EPM	38,283	42,071
Pension commutation EADE		
Pension obligation	5,621	3,780
Bonds	926	452
Total pension commutation	6,547	4,232
Total current portion of pension obligations and commutation	44,830	46,303
Pension liabilities		
Pension actuarial calculation	290,706	314,265
Actuarial calculation of pension bonds	385,531	372,026
Total pension liabilities EPM	676,237	686,291
Pension commutation EADE		
Pension obligation	60,246	65,554
Bonds	25,533	24,614
Total pension commutation	85,779	90,168
Total non current portion of pension obligations and commutation	762,016	776,459
Total pension obligations and pension commutation	806,846	822,762

* Amounts stated in millions of Colombian pesos

The movement of the pension liability and the pension commutation during the period was:

Concept	Pensions	Bonds	Total actuarial calculation
Pension liability EPM			
Balance at December 31, 2012	332,255	386,438	718,693
Payments During year 2013	-33,395	-3,360	-36,755
Calculated Increased 2013	33,836	12,588	46,424

Balance as December 2013	332,696	395,666	728,362
Payments During year 2014	-31,463	-24,787	-56,250
Calculated Increased 2014	20,457	21,952	42,409
Balance as of December 2014	321,689	392,831	714,520
Conmutación pensional			
Balance at December 31, 2012	69,150	23,910	93,060
Payments During year 2013	-8,661	-80	-8,741
Increase (decrease) computation in 2013	8,845	1,236	10,081
Balance as December 2013	69,334	25,067	94,401
Payments During year 2014	-4,527	-1	-4,529
Increase (decrease) computation in 2014	1,061	1,393	2,454
Balance as of December 2014	65,867	26,459	92,326
Total pension obligation and pension transfer	387,556	419,290	806,846

* Figures in millions of Colombian pesos.

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

Concepto	2014	2013
Number of people covered EPM	2,045	2,113
Number of people covered EADE	543	543
Technical interest rate	4.8 %	4.8 %
Pension readjustment rate *	2.41 %	2.99 %

* This rate corresponds to the weighted average of inflation of 2010, 2011 and 2012, as follows: 3 points for 2013, 2 points for 2011 and 1 point for 2010, according to the provisions in Paragraph 1 of Article 1 of Decree 2783 of December 20, 2001.

At December 31 EPM pension obligations , pension and savings bonds are redeemed at 100%.

19. Estimated liabilities

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

Concept		2014	2013
Provision for contingencies			
Civil and administrative litigations	(1)	4,809	11,398
Tax Processes	(2)	6,995	862
Labor Lawsuits	(3)	1,866	1,765
Total provision for contingencies		13,670	14,025
Other provisions	(4)	3,597	5,731
Estimated liabilities current portion		17,267	19,756
Provision for contingencies			
Civil and administrative litigations	(1)	66,769	36,982
Tax Processes	(2)	18,846	26,870
Labor Lawsuits	(3)	10,514	8,654
other contingencies	(5)	100	100
Total provision for contingencies		96,229	72,606
Other provisions	(4)	15,068	8,701
Estimated liabilities non current portion		111,297	81,307
Total estimated liabilities		128,564	101,063

* Amounts stated in millions of Colombian pesos

As of December 31st, civil, administrative, labor and tax litigations consist of:

Third Party	Claim	2014	2013
Consortium Dragados Porce II	Pay to the plaintiff, among others, the sums of money that result from the refund of the total compensation illegally deducted by EPM, which historic value amounted to US\$4,100,000.	11,856	-
Manuel Márquez and others	Riogrande II Project, indemnification to the community for not having acquired the mining deposits.	7,877	7,728
Carmen María Alzate Rivera	Pay damages derived from the increase of the Guatepe River flow to 42 families.	7,255	-
José Alberto Ruiz Betancur	Injuries for primary energy lines that go by close to a residence in Copacabana.	5,848	5,546
Concretos y Asfaltos S.A	Indemnification for damages for USD 3,298054.	-	6,325

Miscellaneous	Other processes.	38,742	28,781
Total civil and administrative contingencies (1)		71,578	48,380
Municipality of Tuta	Discussion of industry and commerce tax by the commercialization activity in the municipality for the generator.	15,412	17,547
Municipality of Yumbo	Discussion of industry and commerce tax by the commercialization activity in the municipality for the generator.	4,152	3,940
Municipality of Caloto	Discussion of industry and commerce tax by the commercialization activity in the municipality for the generator.	3,396	3,095
Miscellaneous	Other processes.	2,881	3,150
Total tax contingencies (2)		25,841	27,732
Jenifer Andrea Marcelo Jiménez	Indemnification. Solidarity.	1,865	-
Juan Felipe Cardona	Indemnification for work accident.	1,213	1,168
Various - Egal Employees	Employer solidarity process.	649	841
Miscellaneous	Other minor processes at \$500.	8,653	8,410
Total labor contingencies (3)		12,380	10,419

* Figures in millions of Colombian Pesos

- (4) Includes provision for catastrophic diseases \$13,473 (2013 - \$7,202), technical reserve of the adapted healthcare entity \$2,858 (2013 - \$2,666) and provision for life insurance to employees \$1,781 (2013 -\$3,832).
- (5) Corresponds to the estimated value that would be paid for withdrawing from the agreement that had been signed with different contractors for the execution of the Porce IV hydroelectric project, of which the indefinite suspension was declared in December 2010. During 2013 conciliations were made with most suppliers, leaving pending one process to be conciliated for \$100.

For the period the movement of the contingencies provision was:

Provision for contingencies	2014	2013
Initial Balance	101,063	141,069
Provision expense	67,785	26,327
Other provisions	10,081	5,949
Expense from previous periods	(14,983)	(59,142)
Financial expense	-	1,552
Payments	(35,383)	(14,692)
End Balance	128,563	101,063

* Amounts stated in millions of Colombian pesos

Recoveries for litigations correspond mainly to processes that have changed the probability of occurrence or have been withdrawn \$13,157 (2013 - \$42,522), and in the previous year there was an important effect by the change of methodology of valuation, \$0 (2013 - \$16,620).

20. Other liabilities

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

Item		2014	2013
Collections in favor of third parties			
Collection of third-party receivables		11,146	12,192
Cleaning fees		12,534	9,556
Public lighting		9,719	8,615
Taxes		9,263	7,436
Other collections		1,660	405
Related parties	Note 29	6,444	5,056
Total collections in favor of third parties	(1)	50,766	43,260
Income receive in advance			
Sales		5,208	4,334
Leases		90	90
Sale of gas service		4,944	1,855
Sale of energy services	(2)	17,278	8,608
Other income received in advance		279	566
Total income received in advance		27,799	15,453
Total other current liabilities		78,565	58,713
Deferred tax	(3)	863,788	766,313
Income received in advance		874	964
Other noncurrent liabilities		10	10
Total noncurrent liabilities		864,672	767,287
Total other liabilities		943,237	826,000

* Figures in millions of Colombian pesos.

- (1) Agreements of collection of receivables executed with entities such as the Municipality of Medellin and Empresas Varias de Medellin, among others.
- (2) Corresponds to resources received in advance for the long term agreements associated to the commercialization of energy.
- (3) The movement of the deferred income tax credit it, as of December 31st was:

Description	2014	2013
Deferred tax credit previous year	766,313	671,110
Increase of provision during year	97,475	95,203
Total deferred tax credit	863,788	766,313

* Figures in millions of Colombian pesos.

EPM recognizes the deferred tax credit by the excess of the fiscal over the accounting depreciation.

21. Equity

- Reserves

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

Item	2014	2013
Legal reserves	2,511,758	2,564,592
Occasional reserves	574,008	574,008
Subtotal reserves	3,085,766	3,138,600
Equity funds		
Self- Insurance fund	3,491	3,491
Financing plan	3,108	3,108
Housing fund	992	992
Subtotal equity funds	7,591	7,591
Total reserves	3,093,357	3,146,191

* Amounts stated in millions of Colombian pesos

The Board of Directors meeting held on February 25, 2014 approved:

- Creation of a reserve for \$201,946 (2013 - \$208,601) on the surpluses of 2013, to comply with Article 130 of the Tax Code.
- Creation of a reserve for \$492,230 (2013 - \$350,492) on the surpluses of 2013, in order to comply with Decree 2336 of 1995, for the profits incorporated to the results in the application of the equity method.

- Releasing the reserves created for \$747,010 (2013 -\$299,562) for the surpluses realized.

- **Surpluses**

Based on the determination of the COMPES in the meeting of march 17, 2014, ordinary financial surpluses for \$496,237 (2013 -\$526,122) and extraordinary financial surpluses for \$413,531 (2013 -\$708,435). The total financial surpluses paid in december 2014 was of \$1,010,832 (2013 -\$1,183,493). According to the minutes of the Governing Council n . ° C -GO- 65 of December 19, 2014 , regular financial surplus by \$ 511.165 and additional financial surplus of \$ 423.835 to be paid in 2015 caused the effect .

22. Memorandum accounts

The memorandum accounts consist of:

- **Memorandum accounts - debtor**

As of December 31, memorandum accounts - debtor is comprised as follows:

Item		2014	2013
Contingent rights	(1)	658,678	209,580
Tax debit	(2)	6,509,826	5,011,386
Control debit	(3)	326,349	278,415
Total debit memorandum accounts		7,494,853	5,499,381

* Amounts stated in millions of Colombian pesos

- **Memorandum accounts - creditor**

As of December 31, memorandum accounts - creditor is comprised as follows:

Item		2014	2013
Contingent liabilities			
Litigations and claims	(4)	1,083,312	944,249
Endorsements	(5)	68,196	68,196
Other contingent liabilities	(6)	43,158	43,158
Total contingent liabilities		1,194,666	1,055,603
Tax credit	(7)	19,146,006	18,189,718
Control credit	(8)	980,318	1,041,061
Total credit memorandum accounts		21,320,990	20,286,382

* Amounts stated in millions of Colombian pesos

- (1) The contingent rights correspond mainly to litigations in administrative processes for \$531,228 (2013 - \$78,416), notable items 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 includes receivables written-off for \$158,290 (2013 - \$158,290), the self-insurance fund for \$68,106 (2013 - \$68,106) and loans from the Housing Fund EPM through Sintraemsdes and Sinproepm unions for \$1,854 (2013 - \$ 3.381).
- (4) As of December 2014, the main processes included were:

Third party	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 to the ordered to pay the equity damages.	146,955	138,411
Federación Nacional de Cafeteros	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 to the ordered 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

Alos Transporte S.A.	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
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
Miscellaneous	Other minor processes	552,241	744,126
Total memorandum accounts credit		1,083,312	944,249

* Figures in millions of Colombian pesos.

- (5) Counter-guarantee to the National Government related to the credits granted by the IADB. The value of the guarantee corresponds to the pledging of operating income equivalent to 120% of the debt service of the following six-month period of IADB credits.
- (6) Corresponds to \$43,158 (2013 - \$43,158) of disbursements made by the IADB of the credit 2110/OC-CO River Medellin Sanitation Program II Phase, under the modality of advance, pending legalization, equivalent to USD 22 million (2013 USD 2 million).
- (7) Tax memorandum accounts credit are made up by the different accounting and tax regulations. They refer, especially, to the recording of the appreciations of assets and investments, to the accumulated depreciation of properties, plant and equipment and its corresponding adjustment for inflation, to the income for the equity method not realized and to the deferred monetary indexation. In general, differences in liability and income accounts.
- (8) Includes goods received from third parties \$46,059 (2013 - \$40,142) and the following credits pending disbursement:
 - IADB USD \$301.2 million for the Medellin River Sanitation program - Bella Wastewater Treatment Plant, twenty-five (25) year term.
 - AFD USD \$69.2 million for growth and expansion projects in the Energy Generation, Transmission and Distribution businesses. Term of 15 years.

Statement of financial, economic, social and environmental activity

23. Operating income, net

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

Concept		2014	2013
Sale of goods and services			
sale of services			
Electric power service	(1)	4,208,280	4,050,520
Fuel gas service	(2)	524,372	539,795
Sanitation service	(3)	370,638	352,689
Water service	(4)	334,205	318,642
Other service	(5)	82,657	69,814
Related parties	Nota 29	298,080	224,972
Total sale of services		5,818,232	5,556,432
Sale of goods	(6)	36,556	36,920
Total sale of services and goods		5,854,788	5,593,352
Returns			
For sale of electric power	(7)	(9,446)	(60,237)
For other services		-	(2)
For sale of goods		(11)	(13)
Total returns and discounts		(9,457)	(60,252)
Total net income		5,845,331	5,533,100

* Amounts stated in millions of Colombian pesos

- (1) Energy services include those of generation transmission and distribution:
- Generation of energy:** includes long term contracts for \$833,612 (2013 - \$1,021,901) and pool sales for \$505,444 (2013 -\$300,606).
- Transmission and distribution of energy:** includes sales to the regulated market for \$2,003,423 (2013 - \$1,824,441) and use of networks for \$260,107 (2013 -\$259,466).
- (2) Includes sales to the regulated market for \$221,204 (2013 - \$217,717) and to the non-regulated market for \$99,671 (2013 - \$126,073), and sales to other markets for \$42,511 (2013 -\$51,780).
- (3) Comprises income for discharges, \$321,634 (2013 -\$307,002), and fixed charge for \$44,296 (2013 - \$41,809).
- (4) Comprises income for consumption \$216,581 (2013 - \$206,367), and fixed charge for \$99,211 (2013 - \$93,982).

- (5) Includes income for commissions for collection from third parties \$25,713 (2013 -\$25,078), leasing of electric infrastructure for \$25,168 (2013 - \$21,876) and income of the Entidad Adaptada de Salud for \$13,848 (2013 - \$13,732).
- (6) Corresponds to sales for the service of supplies (supermarket) that EPM provides to its employees and family.
- (7) As of 2013 the policy for recording the refund of the charge for reliability was changed.

The operating income in the period did not show any concentration of more than 50% in specific customers, official entities or exports made.

24. Service rendering costs

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

Concept		2014	2013
Commercial operations costs	(1)	1,554,991	1,477,040
General costs	(2)	415,114	406,272
Personal services	(3)	294,447	264,734
Taxes, levies and contributions	(4)	125,277	115,052
Orders and contracts	(5)	133,148	123,748
Direct inputs consumption	(6)	49,713	68,053
Cost of sale of goods		36,288	36,835
Related parties	Nota 29	104,919	113,943
Total service rendering costs		2,713,897	2,605,677

* Amounts stated in millions of Colombian pesos

- (1) Includes purchases of energy for \$793,624 (2013 - \$730,642), payment for use of networks and ducts for \$611,840 (2013- \$577,678) and restrictions for \$43,627 (2013 - \$39,947).
- (2) Includes utilities connection and cutoff services for \$103,046 (2013 - \$109,360), costs associated to the billing, distribution and collection for \$26,438 (2013 - \$24,474), materials for rendering the service for \$75,980 (2013 - \$77,124), insurance for \$33,177 (2013 - \$36,018) and fees for \$28,625 (2013 - \$23,212).
- (3) The salary increase of 2014 was of 3.29% (2013 - 3.94 %).
- (4) Includes maintenance and repairs of lines, networks and ducts for \$61,645 (2013 -\$76,158) and maintenance and repairs of buildings for \$16,166 (2013 - \$18,545).
- (5) Comprises contributions required by Law 99 for \$53,288 (2013 - \$55,413), Fazni for \$14,790 (2013 - \$15,983), contribution to monitoring entities for

\$16,995 (2013 - \$15,611) and rate for pollution of natural resources for \$6,467 (2013 - \$8,329).

- (6) Includes the purchases of fuel for the generation of the thermal plant La Sierra for \$39,068 (2013 - \$56,943) and chemical products for the treatment of water for \$10,645 (2013 - \$11,110).

25. Depreciation, provisions and amortization

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

Concept		2014	2013
Depreciation			
Depreciation of transmission networks and lines		133,983	133,093
Depreciation of plants, pipelines and tunnels		116,474	113,353
Depreciation of buildings		41,411	36,074
Other depreciation		15,335	17,032
Depreciation of machinery and equipment		10,932	8,384
Total depreciation costs	Nota 10	318,135	307,936
Amortization costs			
Amortization improvements to third parties property	Nota 12	13,052	11,109
Amortization of intangibles	Nota 12	6,493	5,357
Amortization of stability legal contract		2,930	488
Amortization of goods given to third parties	Nota 12	495	495
Total amortization costs		22,970	17,449
Total costs of depreciation and amortization		341,105	325,385
Depreciation			
Depreciation of communication and computing equipment		9,878	8,021
		2,148	2,160
Depreciation of machinery and equipment		1,796	3,373
Other depreciations		1,203	1,111
Depreciation of buildings		1,087	2,247
Total depreciation expenses	Nota 10	16,112	16,912
Actuarial computation			
Update of bonds and pension payment quotas		23,887	29,491
Update of retirement pensions		20,457	16,933
Update of pension commutation EADE		2,454	10,081
Total actuarial computation expense		46,798	56,505
Provisions			
Provision for receivable	Nota 19	10,081	5,949
Other provisions	Nota 6	7,936	27,365
Provision for property, plant and equipment	Nota 10	-	1,801
Total provision expenses		18,017	35,115
Amortization			
Amortization of intangibles	Nota 12	777	285
Total amortization expenses		777	285
Total depreciation, provisions and amortization expenses		81,704	108,817
Total gastos no efectivos obras y mejoras en propiedad ajena		2,705	2,251
Total expenses not effective		84,409	111,068
Total depreciation, provisions , depreciation and expenses not effective		425,514	436,453

* Amounts stated in millions of Colombian pesos

26. Administration expenses

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

Concept		2014	2013
Personal services	(1)	240,776	267,807
General expenses	(2)	249,558	250,324
Taxes, levies and contributions	(3)	78,437	67,898
Related parties	Nota 29	588	18,315
Total administrative expenses		569,359	604,344

* Amounts stated in millions of Colombian pesos

- (1) Includes salaries for \$93,680 (2013 - \$102,522), bonus for \$32,522 (2013 - \$34,082), severance and interest on severance for \$13,658 (2013 - \$20,496), among others.
- (2) Includes fees for \$50,113(2013 - \$59,660), payment of rent of the EPM Building to the Municipality of Medellín for \$32,489 (2013 - \$31,726) which has a term of 50 years as of 2001, purchase and maintenance of administrative software for \$18,862 (2013 - \$37,082), and maintenance of facilities for \$35,240 (2013 - \$34,599).
- (3) Includes tax on financial transactions \$28,787 (2012 - \$27,404), industry and commerce tax \$30,709 (2013 - \$22,676) supervision and oversight charge \$15,241 (2013 - \$114,810).

27. Non-operating income, net

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

Concept		2014	2013
Profit by equity participation method for investments	Note 9	411,418	478,258
Financial			
Gain on valuation of investments		62,380	34,564
Dividends	(1)	52,670	47,620
Interest and yields		30,966	36,285
Adjustments on exchange differences	(2)	20,365	-
Late fee		10,970	9,690
Other financial income		1,926	1,805
Extraordinary			
Recoveries	(3)	30,636	84,966
Compensations		10,098	4,884
Other extraordinary income	(4)	5,631	17,638
Exploitation		5,110	10,856
Adjustments previous income		(1,401)	1,838
Other income			
Other income	(6)	9,628	4,610
Leases		6,699	6,051
Profit for sale of assets	(5)	240	9,416
Related parties	Note 29	43,714	28,866
Total non-operating income, net		701,050	777,347

* Amounts stated in millions of Colombian pesos

- (1) Dividends from uncontrolled companies was:

Concept	2014	2013
Isagen S. A. E.S.P.	28,559	24,460
ISA S. A. E.S.P.	24,098	21,170
Hidroituango S. A. E.S.P.	-	1,978
Others	13	12
Total	52,670	47,620

* Amounts stated in millions of Colombian pesos

- (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 income by exchange difference for \$20,365 (2013 expense for \$156,472).
- (3) Includes recovery of provisions as follows: receivables for \$2,315 (2013 -\$14,630), of litigations and lawsuits 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.
- (4) Includes \$5,016 (2013 - \$17,638) of reimbursement of resources of the trust created in the name of EPM to cover contingencies pending at the time of liquidation of EADE.

- (5) Includes \$97 (2013 - \$8,834) of profit in the sales and liquidation of CENS Inversiones and ESSA capital.
- (6) Includes an extraordinary income of \$10,719 for the recognition in favor of EPM of a litigation against the Consortium Porce III, of which \$1,091 are disclosed in the note of related parties.

28. Non-operating expenses

As of December 31, non-operating expenses are comprised as follows:

Concept		2014	2013
Interests			
External public credit operations		248,894	220,816
Internal operations of public credit		137,168	144,625
Derivated transactions		30,822	15,023
Other interests		632	146
Financial expenses			
Commissions and other		13,640	5,930
Loss on valuation of investments		3,147	1,428
Discount on international bonds amortization		2,868	2,868
Administration and issuance of securities		1,050	914
Adjustments on exchange differences		-	156,472
Provision and amortizations			
Provision for amortization	Nota 19	67,785	26,327
Amortization of goodwill	Nota 12	15,565	20,769
Provisión para protección de inversiones		365	342
Others non operating expense	(1)	35,990	21,959
Adjustments from previous year	(2)	20,920	9,464
Related parties	Nota 29	6	-
Total non-operating expenses, net		578,852	627,083

* Amounts stated in millions of Colombian pesos

- (1) Includes the contributions to the EPM Foundation for \$23,593 (2013 - \$9,168) for the AMA Alliance (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.
- (2) Includes \$- 11,598 (2013 -\$ -1,503) of provision of properties, plant and equipment, provision of the equity method for \$17,643 (2013 - \$14); \$6,112 (2013

- \$5,874) for recovery of income tax and CREE, \$0 (2013 - \$4,382) of receivables provision and it also includes inventory adjustments for \$4,268.

29. Transactions with related parties

EPM had the following transactions directly and indirectly with its related parties:

Assets

The balance of assets of EPM associated to its related parties as of December 31st corresponds to:

2014

Company	Receivables			Total
	Services rendering	Public utilities	Other receivables	
Aguas de Malambo S.A. E.S.P.	5	-	26	31
Aguas de Urabá E.S.P.	652	270	260	1,182
Aguas Nacionales S.A. E.S.P.	308	-	41	349
Central Hidroeléctrica de Caldas S.A. E.S.P.-CHEC	800	6,678	35,708	43,186
Centrales Eléctricas del Norte de Santander S.A. E.S.P.-CENS	340	13,582	12	13,934
EEGSA - Empresa Eléctrica de Guatemala S.A.	-	-	2	2
Electrificadora de Santander S.A. E.S.P.-ESSA	1,472	22,551	249	24,272
Empresa de Aguas del Oriente Antioqueño E.S.P.	-	5	-	5
Empresa de Energía del Quindío S.A. E.S.P.- EDEQ	297	3,463	66	3,826
Empresas Públicas del Oriente Antioqueño S.A E.S.P.	3	-	8	11
Empresas Varias de Medellín S.A. E.S.P.- Emvarias	132	35	770	937
Hidroecológica del Teribe S. A.-HET	-	-	59	59
Regional de Occidente S.A. E.S.P.	113	-	45	158
Porción corriente	4,122	46,584	37,246	87,952
Empresas Varias de Medellín S.A. E.S.P.- Emvarias	-	-	9	9
EPM Capital México S.A. de C.V.	-	-	122,306	122,306
EPM Chile S.A.	-	-	509,636	509,636
Hidroecológica del Teribe S.A.-HET	-	-	307,862	307,862
Porción no corriente	-	-	939,813	939,813
Total general (ver nota 6)	4,122	46,584	977,059	1,027,765

* Cifras en millones de pesos colombianos..

The balances of public utilities with CHEC, CENS, ESSA and EDEQ are associated to operations of sale of energy.

The balance of other debtors CHEC is by way of repayment of paid-in shares

2013

Company	Receivables			Total
	Services rendering	Public utilities	Other receivables	
Aguas de Malambo S.A. E.S.P.	6	-	90	96
Aguas de Urabá S.A. E.S.P.	234	20	117	371
Aguas Nacionales EPM S.A. E.S.P.	323	-	12	335
Central Hidroeléctrica de Caldas S. A. E.S.P.-CHEC	489	3,530	40	4,059
Centrales Eléctricas del Norte de Santander S.A. E.S.P.-CENS	273	10,484	128	10,885
Edatel S.A. E.S.P.	-	247	333	580
Electrificadora de Santander S.A. E.S.P.-ESSA	449	14,464	485	15,398
Empresa de Aguas de Oriente Antioqueño S.A. E.S.P.	4	5	-	9
Empresa de Energía del Quindío S.A. E.S.P.-EDEQ	125	3,957	42	4,124
Empresas Publicas del Oriente S.A. E.S.P.	1	-	-	1
Empresas Varias de Medellín S.A. E.S.P.-Emvarias	35	-	541	576
Emtelco S.A.	-	141	1	142
EPM Inversiones S.A.	2	-	-	2
EPM Ituango S.A. E.S.P. en liquidación	-	-	359	359
Maxseguros EPM Ltda.	19	-	-	19
Regional de Occidente S.A. E.S.P.	111	4	49	164
UNE EPM Telecomunicaciones S.A.	520	3	118,435	118,958
Current portion	2,591	32,855	120,632	156,078
EPM Capital México S.A. de C.V.	-	-	98,516	98,516
EPM Chile S.A.	-	-	351,249	351,249
Hidroecológica del Teribe S.A.-HET	-	-	239,051	239,051
UNE EPM Telecomunicaciones S.A.	-	-	9,463	9,463
Non-Current portion	-	-	698,279	698,279
Total (see note 6)	2,591	32,855	818,911	854,357

* Amounts stated in millions of Colombian pesos

Liabilities

The balance of liabilities related EPM related parties at December 31 , corresponds to:

2014

Company	Account payable		Others liabilities	Total
	Adquisición de bienes y servicios	Creditors	Revenues to third parties	
Aguas de Urabá S.A. E.S.P.	-	-	870	870
Central Hidroeléctrica de Caldas S.A. E.S.P.-CHEC	2,737	34	-	2,771
Centrales Eléctricas del Norte de Santander S.A. E.S.P.-CENS	217	82	-	299
Electrificadora de Santander S.A. E.S.P.-ESSA	2,391	1,549	-	3,940
Empresa de Energía del Quindío S.A. E.S.P.- EDEQ	1,448	65	-	1,513
Empresa de Aguas del Oriente Antioqueño S.A. E.S.P.	-	-	2	2
Empresas Públicas de Oriente S.A. E.S.P.	-	93	-	93
Empresas Varias de Medellín S.A. E.S.P.-Emvarias	-	2,580	5,351	7,931
Regional de Occidente S.A. E.S.P.	-	-	221	221
Total (see notes 15 y 20)	6,793	4,403	6,444	17,640

* Amounts stated in millions of Colombian pesos

The balances of collections in favor of third parties correspond mainly to the cleaning and sanitation rate that is collected for EMVARIAS and the water and sewage services that are collected for Aguas de Uraba.

The accounts payable for acquisitions of goods and services correspond mainly to energy services that are acquired from the affiliates CHEC, ESSA and EDEQ.

2013

Entity	Account payable		Other liabilities	Total
	Procurement of goods and services	creditors	Revenues to third parties	
Aguas de Urabá S. A. E.S.P.	-	-	928	928
Central Hidroeléctrica de Caldas S. A. E.S.P. - CHEC	2,782	-	-	2,782
Centrales Eléctricas del Norte de Santander S. A. E.S.P. - CENS	608	-	-	608
Edatel S. A. E.S.P.	-	460	13	473
Electrificadora de Santander S. A. E.S.P. - ESSA	2,780	-	-	2,780
Empresa de Energía del Quindío S. A. E.S.P. - EDEQ	1,401	-	-	1,401
Empresa Eléctrica de Guatemala S. A. - EEGSA	361	-	-	361
Empresas Públicas de Oriente S. A. E.S.P.	-	114	-	114
Empresas Varias de Medellín S. A. E.S.P. - EMVARIAS	-	2,597	3,776	6,373
Emtelco S. A.	-	3,908	-	3,908
Regional de Occidente S. A. E.S.P.	-	-	206	206
UNE EPM Telecomunicaciones S. A.	1,848	11,293	133	13,274
Grand total (see notes 27 and 30)	9,780	18,372	5,056	33,208

* Amounts stated in millions of Colombian pesos

Income

The income during the year connected to related parties corresponded to:

Operation income

2014

Company	Energy service	Water service	Service combustible gas	Others services	Total
Electrificadora de Santander S.A. E.S.P.-ESSA	128,583	-	-	2,347	130,930
Centrales Eléctricas del Norte de Santander S.A. E.S.P.-CENS	76,568	-	-	806	77,374
Central Hidroeléctrica de Caldas S.A. E.S.P.-CHEC	37,629	-	4,102	1,281	43,012
Empresa de Energía del Quindío S.A. E.S.P.-EDEQ	36,298	-	-	787	37,085
Aguas de Urabá S.A. E.S.P.	2,256	-	-	2,673	4,929
Aguas Nacionales EPM S.A. E.S.P.	-	-	-	2,930	2,930
Regional de Occidente E.S.P.	42	-	-	613	655
Max Seguros Ltd.	-	-	-	244	244
Empresa de Aguas del Oriente Antioqueño S.A. E.S.P.	60	-	-	51	111
Aguas de Malambo S.A. E.S.P.	-	-	-	28	28
EPM Inversiones S.A.	-	-	-	45	45
Empresas Públicas de Oriente S.A. E.S.P.	1	-	-	13	14
Empresas Varias de Medellín S.A. E.S.P.-Emvarias	403	23	44	236	706
Gestión de Empresas Eléctricas S.A.-GESA	-	-	-	17	17
Total (see note 23)	281,840	23	4,146	12,071	298,080

* Amounts stated in millions of Colombian pesos

2013

Company	Sale of goods	Energy service	Water service	Clearing service	Service combustible gas	Others services	Total
Electrificadora de Santander S.A. E.S.P.-ESSA	-	79,118	-	-	-	1,205	80,323
Centrales Eléctricas del Norte de Santander S.A. E.S.P.-CENS	-	57,354	-	-	-	766	58,120
UNE EPM Telecomunicaciones S.A.	311	24,017	36	-	61	5,899	30,324
Central Hidroeléctrica de Caldas S.A. E.S.P.-CHEC	-	16,765	-	-	2,875	1,140	20,780
Empresa de Energía del Quindío S.A. E.S.P.-EDEQ	-	19,154	-	-	-	644	19,798
EdateL S.A. E.S.P.	-	3,750	22	34	-	1,231	5,037
Aguas de Urabá S.A. E.S.P.	-	2,205	-	-	-	2,283	4,488
Aguas Nacionales EPM S.A. E.S.P.	-	-	-	-	-	2,594	2,594
Eutelco S.A.	-	1,415	129	-	-	-	1,544
Empresa Telefónica de Pereira S.A.-ETP	-	890	-	-	-	-	890
Regional de Occidente E.S.P.	-	48	-	-	-	577	625
Max Seguros Ltda.	-	-	-	-	-	197	197
Empresa de Aguas del Oriente Antioqueño S.A. E.S.P.	-	62	-	-	-	42	104
Aguas de Malambo S.A. E.S.P.	-	-	-	-	-	93	93
EPM Inversiones S.A.	-	-	-	-	-	38	38
Empresas Públicas de Oriente S.A. E.S.P.	-	1	-	-	-	10	11
Empresas Varias de Medellín S.A. E.S.P.-Emvarias	-	-	-	-	6	-	6
Total (see note 23)	311	204,779	187	34	2,942	16,719	224,972

* Amounts stated in millions of Colombian pesos

Other income

2014

Company	Finacial	Other revenues		Total
	Interest and returns	leases	Others	
Hidrocológica del Teribe S.A. -HET	12,632	-	440	13,072
EPM Chile S. A.	18,020	-	-	18,020
Empresa Eléctrica de Guatemala S.A. -EEGSA	-	-	206	206
Empresas Varias de Medellín S.A. E.S.P. -Emvarias	-	-	5,972	5,972
Aguas de Urabá S.A. E.S.P.	-	-	957	957
Centrales Eléctricas del Norte de Santander S.A. E.S.P. -CENS	-	-	307	307
Aguas Nacionales EPM S.A. E.S.P.	-	36	184	220
Electrificadora de Santander S.A. E.S.P. -ESSA	-	-	612	612
EPM Capital México S.A. de C.V.	2,224	-	-	2,224
Aguas de Malambo S.A. E.S.P.	-	52	150	202
Regional de Occidente S.A. E.S.P.	1	-	316	317
Central Hidroeléctrica de Caldas S.A. E.S.P. -CHEC	870	-	478	1,348
Empresa de Energía del Quindío S.A. E.S.P. -EDEQ	-	-	85	85
Empresas Públicas de Oriente S.A. E.S.P.	-	-	65	65
EPM Inversiones S.A.	-	20	17	37
Empresa de Aguas del Oriente Antioqueño S.A. E.S.P.	-	-	4	4
Gestión de Empresas Eléctricas S.A.-GESA	-	-	15	15
ENSA - Elektra Noreste S.A.	-	-	51	51
Total (note 27)	33,747	108	9,859	43,714

* Amounts stated in millions of Colombian pesos

The financial returns are those accrued in the year for loans outstanding with these companies.

Company	Financial		Other revenues			Total
	Interest and returns	Interest and returns	Gain on sale of assets	Leases	Others	
Hidroecológica del Teribe S.A.-HET	-	9,775	-	-	21	9,796
EPM Chile S. A.	-	7,230	-	-	-	7,230
UNE EPM Telecomunicaciones S.A.	5	463	-	1,720	1,898	4,086
Empresa Eléctrica de Guatemala S.A.-EEGSA	-	-	-	-	1,218	1,218
Empresas Varias de Medellín S.A. E.S.P.-Emvarias	-	-	-	-	995	995
Aguas de Urabá S.A. E.S.P.	-	-	-	-	994	994
Emtelco S.A.	-	-	-	217	491	708
Centrales Eléctricas del Norte de Santander S.A. E.S.P.-CENS	-	-	-	-	630	630
Aguas Nacionales EPM S.A. E.S.P.	-	352	-	35	200	587
Electrificadora de Santander S.A. E.S.P.-ESSA	-	-	-	-	586	586
EPM Capital México S.A. de C.V.	-	538	-	-	-	538
Aguas de Malambo S.A. E.S.P.	-	-	-	48	292	340
Regional de Occidente S.A. E.S.P.	-	-	-	-	330	330
Central Hidroeléctrica de Caldas S.A. E.S.P.-CHEC	-	-	-	-	305	305
Empresa de Energía del Quindío S.A. E.S.P.-EDEQ	-	-	-	-	219	219
Espíritu Santo Colombia S.A.S E.S.P.	-	-	87	-	-	87
Gestión de Empresas Eléctricas S.A.-GESA	-	-	-	-	76	76
Empresas Públicas de Oriente S.A. E.S.P.	-	-	-	-	52	52
EPM Inversiones S.A.	-	-	-	20	31	51
Edatel S.A. E.S.P.	-	-	-	35	-	35
Empresa de Aguas del Oriente Antioqueño S.A. E.S.P.	-	-	-	-	3	3
Total (see note 27)	5	18,358	87	2,075	8,341	28,866

* Amounts stated in millions of Colombian pesos

Costs

2014

Company	General	Cost commercial operation	Orders and operation	Total
Aguas de Urabá S.A. E.S.P.	4	-	-	4
Central Hidroeléctrica de Caldas S.A. E.S.P.-CHEC	5	38,233	-	38,238
Centrales Eléctricas del Norte de Santander S.A. E.S.P.-CENS	4	8,224	-	8,228
Electrificadora de Santander S.A. E.S.P.-ESSA	3	39,598	-	39,601
Empresa de Aguas del Oriente Antioqueño S.A. E.S.P.	1	-	-	1
Empresa de Energía del Quindío S.A. E.S.P.-EDEQ	4	17,662	-	17,666
Empresas Públicas de Oriente S.A. E.S.P.	-	-	696	696
Empresas Varias de Medellín S.A. E.S.P.-Emvarias	412	-	-	412
Regional de Occidente S.A. E.S.P.	3	-	-	3
TICSA - Tecnología Intercontinental S.A.P.I. de C.V.	70	-	-	70
Total (see note 24)	506	103,717	696	104,919

* Amounts stated in millions of Colombian pesos

The balances of the commercial operation with CHEC, CENS, ESSA and EDEQ are associated to operations of purchase, transmission and distribution of electric power.

2013

Company	General	Personal services	Cost commercial operation	Orders and operation	Total
Aguas de Urabá S.A. E.S.P.	3	-	-	-	3
Central Hidroeléctrica de Caldas S.A. E.S.P.-CHEC	274	-	31,881	-	32,155
Centrales Eléctricas del Norte de Santander S.A. E.S.P.-CENS	1	-	7,373	-	7,374
Edatel S.A. E.S.P.	985	-	-	505	1,490
Electrificadora de Santander S.A. E.S.P.-ESSA	1	-	32,719	-	32,720
Empresa de Aguas del Oriente Antioqueño S.A. E.S.P.	2	-	-	-	2
Empresa de Energía del Quindío S.A. E.S.P.-EDEQ	1	-	14,161	-	14,162
Empresas Públicas de Oriente S.A. E.S.P.	1	-	-	132	133
Empresas Varias de Medellín S.A. E.S.P.-Emvarias	173	-	-	-	173
Emtelco S.A.	50	39	-	18,975	19,064
Regional de Occidente S.A. E.S.P.	3	-	-	-	3
UNE EPM Telecomunicaciones S.A.	6,664	-	-	-	6,664
Total (see note 24)	8,158	39	86,134	19,612	113,943

* Amounts stated in millions of Colombian pesos

Expenses

2014

Company	Administrative expenses	Non administrative expenses	Total
Centrales Eléctricas del Norte de Santander E.S.P.-CENS	202	-	202
Empresas Varias de Medellín S.A. E.S.P.-Emvarias	-	6	6
Central Hidroeléctrica de Caldas S.A. E.S.P.-CHEC	177	-	177
Electrificadora de Santander S.A. E.S.P.-ESSA	67	-	67
Empresa de Energía del Quindío S.A. E.S.P.-EDEQ	142	-	142
Total (see note 26)	588	6	594

* Amounts stated in millions of Colombian pesos

2013

Company	Administrative expenses		
	General	Personal services	Total
Centrales Eléctricas del Norte de Santander E.S.P.-CENS	-	93	93
Edatel S.A. E.S.P.	2	-	2
Electrificadora de Santander E.S.P.-ESSA	-	95	95
Emtelco S.A.	189	-	189
UNE EPM Telecomunicaciones S.A.	17,931	5	17,936
Total (see note 26)	18,122	193	18,315

* Amounts stated in millions of Colombian pesos

30. Transactions with related parties

These are the transactions with subsidiary companies, government, entities that have important control or influence, the key personnel of the company, the members of the Board of Directors, among others, that as of December 31 were:

Entity	2014			2013		
	Accounts receivable	Accounts payable	Other obligations	Accounts receivable	Accounts payable	Other obligations
Área Metropolitana del Valle de Aburrá	1,861	1	-	1,566	-	-
Comision de Regulacion de Energia y Gas-CREG	-	-	-	-	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
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
Enviaseo E.S.P.	-	-	1,342	-	10	1,310
Empresa de Energía del Casanare S.A. E.S.P.-ENERCA	120	154	-	112	156	-
Empresa de Energía Eléctrica de Arauca	1,942	96	-	111	99	-
Empresas Municipales de Cali E.I.C.E. E.S.P.	22,232	2,523	-	7,827	2,790	94
Empresa de Vivienda de Antioquia -VIVA	1,586	1,993	-	1,820	-	-
Empresa Urrá S.A. E.S.P.	-	-	-	-	1,394	-
Fundación Empresas Públicas de Medellín	5,449	-	-	5,675	4,506	-
Generadora y Comercializadora de Energía del Caribe S.A. E.S.P.	304	1,065	-	483	-	-
Isagen S.A.	2,884	5,606	-	3,311	20,118	-
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-Antioquia	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	-	16	-	1,405	31	-
Transportadora de Gas Internacional S.A. E.S.P.-TGI	-	6,201	-	-	8,926	-
E.S.P EPM Telecomunicaciones S.A.-UNE	2,131	14,454	133	-	-	-
Interconexion Electrica S.A.-ISA	13	-	-	105	156	-
Superintendencia de Servicios Públicos Domiciliarios	-	2	-	-	-	-
Universidad de Antioquia	4,302	1,979	3,022	5,290	1,462	2,356
Universidad de Nacional	-	372	14	373	1,663	-
XM Expertos en Mercado S.A. E.S.P.	54,450	55,231	-	30,731	37,704	-
Others	16,082	25,895	1,634	11,054	18,741	1,724
TOTAL	203,662	1,329,073	12,583	148,572	386,171	10,814

* Amounts stated in millions of Colombian pesos

Entity	2014			2013		
	Income from sale of goods and services	Other income	Cost and expenses	Income from sale of goods and services	Other income	Cost and expenses
Area Metropolitana del Valle de Aburrá	459	-	6,074	-	-	7,777
Asociación Canal Local de Televisión de Medellín-Teledinámica	17,604	-	1,580	-	-	-
Centrales Eléctricas de Nariño S.A. E.S.P.	2,274	-	5,605	2,217	-	5,452
Comisión de Regulación de Energía y Gas	-	-	3,701	-	-	-
Corporación Autónoma Regional de las Cuencas de los Ríos Negro y Nare	5	-	9,143	-	-	-
Corporación Autónoma Regional del Centro de Antioquia	251	-	22,287	-	-	11,921
Departamento de Antioquia	2,407	-	832	-	-	-
Ecopetrol S.A.	950	-	64,716	796	-	16,999
Electrificadora del Huila S.A. E.S.P.	2,758	-	5,197	13,592	-	4,862
Electrificadora del Meta S.A. E.S.P.	3,154	-	4,374	54,690	-	3,949
Empresa de Energía de Cundinamarca S.A. E.S.P.	6,769	-	2,838	2,230	-	2,730
Empresa de Energía de Pereira S.A. E.S.P.	1,977	-	1,413	2,007	-	1,401
Empresa de Energía del Casanare-Enerca S.A. E.S.P.	1,412	-	1,973	1,299	-	2,060
Empresa de Energía Eléctrica de Arauca	11,062	-	989	19,938	-	1,002
Empresa de Transporte Masivo del Valle de Aburrá Ltda.	21,268	-	-	-	-	-
Empresa Distribuidora del Pacífico S.A. E.S.P.	1,191	-	3,009	25,800	-	2,572
E.S.P. EPM Telecomunicaciones S.A.-UNE	22,158	2,839	23,233	NA	NA	NA
Empresas Municipales de Cali E.I.C.E. E.S.P.	128,885	-	5,591	183,314	4	7,704
Empresas Municipales de Cartago E.S.P.	495	-	118	15,242	-	87
Empresas Varias de Medellín	NA	NA	NA	NA	NA	NA
Generadora y Comercializadora de Energía del Caribe S.A. E.S.P.	5,211	-	12,372	3,497	-	-
Instituto Colombiano de Bienestar Familiar	-	-	1,839	-	-	-
Isagen S.A.	19,333	20	61,935	24,705	20	57,267
Municipio de Amalfi	141	36	5,024	134	28	4,715
Municipio de Bello	465	734	2,924	287	770	2,895
Municipio de Carolina del Príncipe	-	7	3,381	-	-	-
Municipio de Itagüí	1,750	563	3,072	1,630	602	1,959
Municipio de Medellín	59,522	39	69,954	12,153	58	64,184
Municipio de Santa Rosa de Osos	213	88	2,962	-	-	-
Superintendencia de Servicios Públicos Domiciliarios	14	-	12,043	-	-	5,649
Transportadora de Gas Internacional S.A. E.S.P.	-	-	106,582	-	-	17,196
Universidad de Antioquia	6,152	175	3,922	5,479	218	5,307
XM Compañía de Expertos en Mercados S.A. E.S.P.	584,445	-	16,510	335,535	-	13,471
Electrificadora del Caquetá S.A. E.S.P.	16,823	-	744	-	-	-
Eutelco	-	579	21,130	NA	NA	NA
Ministerio De Defensa Nacional	1,497	-	-	-	-	-
Ministerio de Transporte	21,565	-	-	-	-	-
Municipio de Envigado	1,467	-	1,986	-	-	-
Municipio de Guatapé	70	16	3,235	-	-	-
Municipio de Yondó (Casabe)	1,163	19	369	-	-	-
Others	29,264	7,161	59,672	34,493	5,578	67,082
Total	974,174	12,276	552,329	739,038	7,278	308,241

* Amounts stated in millions of Colombian pesos

During 2014 EPM paid to the key personnel of the company for salaries and other short-term benefits (severance, interest on severance, vacations, premium, bonus, school aids, among others) \$49,880 (2013 - \$41,439) and fees to the members of the Board of Directors for \$320 (2013 - \$326).

There are accounts receivable from key personnel for \$1,226 (2013 \$755), mainly for mortgage credits agreed in accordance with the collective bargaining agreement applicable to EPM employees.

31. Subsequent events

As of the date of preparation of the financial statements and their corresponding notes, no subsequent events have taken place that could significantly affect the financial situation of the Entity.

32. Financial indicators

As of December 31, the most important financial indexes are:

Indicator	Description	2014	2013
Working capital (*)	Safety margin to comply with obligations.		
Current assets - current liabilities	Figures in millions of Colombian pesos.	576,261	561,123
Liquidity			
Current assets / current liabilities	Capacity to pay short term debts.	1.22	1.29
Indebtedness			
Liabilities / assets	Percentage of company that corresponds to creditors	36.73%	30.19%
Property			
Equity / assets	Percentage of company that corresponds to owners	63.27%	69.81%
Profitability of asset			
Surplus of period / assets	Retribution for assuming the company's asset risk.	5.34%	5.19%
Profitability of asset			
Surplus of period / equity	Retribution for assuming the company's property risk.	8.44%	7.43%
EBITDA (*)	Effective operating surplus.		
Non - cash entries	Figures in millions of Colombian pesos.	2,562,075	2,323,079
Ebitda Margin			
Ebitda / operating income	Contribution of income in the effective operating surplus.	43.83%	41.99%
Operating Margin			
Operating result / operating income	Efficiency according to the level of income.	36.55%	34.10%
Net profit margin			
Surplus for the period / Operating income	Contribution of operating income in the results for the period.	30.83%	29.90%
Acid test			
Current assets - inventories / current assets	Corresponds to the value existing in the asset without counting on inventories, to assume each peso of the debt.	117.98%	123.70%
Financial indebtedness			
Financial obligations / total assets	Represents to what extent assets are indebted and if they cover the financial obligations.	24.79%	20.65%
Financial expenses margin			
Ebitda / financial expenses	Identifies what quantity of cash flow is represented in financial expenses.	5.85	5.93
Financial obligations			
Financial obligations debt / Ebitda	Identifies what quantity of financial obligations is represented in the cash flow.	3.26	2.83



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 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.

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