

**PROGRAM FOR THE SALE OF SHARES HELD BY EMPRESAS PÚBLICAS DE  
MEDELLÍN E.S.P. IN ISAGEN S.A. E.S.P.**

**OFFERING NOTICE FOR THE FIRST STAGE**

**EMPRESAS PÚBLICAS DE MEDELLÍN E.S.P.**, hereinafter EPM or the Seller, a municipally operated industrial and commercial State-owned company, domiciled in Medellín, Colombia, invites the recipients of this offering to participate in the First Stage of the Sale Program, approved by the Board of Directors of EPM in a non-face-to-face meeting held on March 15 and 16, 2016 (relating to Minutes No. 1607), whose purpose is the sale of three hundred fifty-eight million three hundred thirty-two thousand (358,332,000) Ordinary Shares that EPM holds in ISAGEN S.A. E.S.P., hereinafter ISAGEN, equivalent to thirteen point one-four percent (13.14%) of the subscribed and paid-in capital of the company.

Terms appearing with an initial capital letter in this Offering Notice for the First Stage and that have not been defined in this Notice, shall have the meaning ascribed to them in the Sale Regulations.

**1. SELLER:** Empresas Públicas de Medellín E.S.P.

**2. ISSUER:** ISAGEN S.A. E.S.P.

**3. PERSONS FOR WHOM THE OFFERING IS INTENDED:** This offering is intended for the beneficiaries of special conditions referred to in Articles 3 of Law 226 of 1995 and 16 of Law 798 of 2002, which in this case comprise: (i) Active, retired and former employees that have not been terminated for just cause by the employer. (ii) Associations of ISAGEN employees and former employees. (iii) Labor unions duly established in accordance with the law. (iv) Federations and confederations of workers' unions duly established in accordance with the law. (v) Employee funds duly established in accordance with the law. (vi) Mutual funds duly established in accordance with the law. (vii) Severance and pension funds duly established in accordance with the law. (viii) Cooperative entities defined by cooperative legislation, duly established in accordance with the law. (ix) Compensation funds duly established in accordance with the law.

**4. SPECIAL CONDITIONS OF THE OFFERING:** The special conditions for the purchase of ISAGEN shares by the Beneficiaries of Special Conditions are as follows:

**4.1 Price per share for the First Stage**

The ISAGEN shares are offered at a fixed price per Share of four thousand one hundred and thirty pesos (\$ 4,130), to be paid as set out in section 10 of this notice.

#### **4.2 Credit for the purchase of Shares**

The Financing Entities, Bancolombia S.A., Banco Bilbao Vizcaya Argentaria Colombia S.A. and Banco de Occidente S.A., have established a special credit line to finance the purchase of shares by the Beneficiaries of Special Conditions for an aggregate amount not less (as a whole) than ten percent (10%) of the total value of the Shares, and the conditions thereof are detailed in the Sale Regulations referred to in section 12 of this notice.

#### **4.3 Special form of payment**

When the buyers are natural persons, they may use the severance funds they have built up in order to purchase the Shares offered, in accordance with the provisions set out in Decree 1171 of 1996, and other rules that amend or supplement it.

### **5. RULES FOR THE PURCHASE OF SHARES**

#### **5.1 Rules for submitting acceptances for Beneficiaries of Special Conditions who are natural persons:**

Regarding the maximum number of Shares to be purchased per person, the lower amount resulting from applying the following rules will be taken into account:

- (i)** They may not purchase a number of Shares representing an amount exceeding one (1) time their Liquid Assets at December 31 of the year relating to the income tax return for the two thousand and fourteen (2014) tax year.
- (ii)** They may not purchase a number of Shares representing an amount exceeding (5) times their annual income, as reflected in the income tax return for the two thousand and fourteen (2014) tax year, or the certificate of income and withholding relating to the two thousand and fifteen (2015) tax year.
- (iii)** They may not purchase more than two million seven hundred twenty-six thousand and seventy-two (2,726,072) Shares.
- (iv)** For the specific case of persons holding managerial positions in ISAGEN, in addition to the limitations set out in points (i), (ii) and (iii) above, they may not purchase Shares in an amount exceeding five (5) times their annual remuneration received from ISAGEN, cut at the date of issue of the certificate referred to in letter d), Section 6.5.2. of the Regulations. Persons who come to hold managerial positions in ISAGEN after the date of publication of the Offering Notice for the First Stage, may purchase Shares in the First Stage provided that they are employed by ISAGEN on the business day before expiry of the term pertaining to the Public Offering for the First Stage, and they shall be subject to the same limit specified in this paragraph.

## **5.2 Rules for submitting purchase Acceptances for Beneficiaries of Special Conditions other than natural persons:**

The Acceptance submitted by each Beneficiary of Special Conditions (other than a natural person) may not exceed the limit authorized for this kind of investment, as established in the legislation applicable to them, as well as that provided in the bylaws governing the activity of such entities, and must in any case be in compliance with the following rules:

- (i) They may not purchase a number of Shares representing an amount exceeding one (1) time the adjusted equity reflected in the duly audited financial statements cut at December 31 two thousand and fifteen (2015). In the event that such financial statements have not been approved, the duly audited financial statements cut at December 31 two thousand and fourteen (2014) will be considered.
- (ii) They may not purchase a number of Shares representing an amount exceeding (5) times their annual income, as set out in: income tax, or income and equity returns for the two thousand and fourteen (2014) tax year, as applicable, and the duly audited financial statements cut at December 31 two thousand and fifteen (2015). In the event that such financial statements have not been approved, the duly audited financial statements cut at December 31 two thousand and fourteen (2014) will be considered. If there are differences between the annual income amounts set out above, the higher value will be used for purposes of applying this paragraph.
- (iii) They may not purchase more than two million seven hundred twenty-six thousand and seventy-two (2,726,072) Shares.

**6. LIMITATIONS ON TRADING:** The Acceptors agree not to trade, sell or limit their ownership of the Shares and not conduct business whose purpose or effect is for a third party to become the beneficial owner of the Shares during the two (2) months immediately following the date of their award by EPM through Bolsa de Valores de Colombia S.A. (Colombian Stock Exchange).

**7. ACCEPTANCES:** Acceptances in the First Stage should be submitted through the Entity Receiving Acceptances in the First Stage (Ultraserfinco S.A. Stockbroker - [www.ultraserfinco.com](http://www.ultraserfinco.com)), and this is done by completing the Acceptance Form (in person or by telephone). The printout of this form falls under the Sale Regulations referred to in section 12 of this notice, and it constitutes the only valid form for submitting an Acceptance.

**8. TERM OF THE OFFERING:** The term for the exclusive and full offering at this stage for the Beneficiaries of Special Conditions will be two (2) months from the Business Day following the publication of this notice.

In accordance with the above, the Public Offering in the First Stage will be valid from April 5, 2016 to June 7, 2016.

**9. AWARD CRITERIA:** The award will be carried out through Bolsa de Valores de Colombia S.A. upon expiration of the term for the public offering, in accordance with the provisions of the Sale Regulations referred to in section 12 of this notice.

**10. PAYMENT OF THE SHARES:** The sale price for the Shares awarded as part of the First Stage shall be paid pursuant to the terms and conditions set out in the Regulations, which allow for payment to be made with own funds (including the Special Form of Payment referred to in section 4.3) or with Credit for the Purchase of Shares, as indicated in section 4.2.

In any case, once the Award is performed, the Financial Entity, the severance fund administrators or the Professional Investor shall pay for the Shares awarded within three (3) Business Days from the date on which they are informed regarding the Award in the First Stage. Otherwise, EPM shall unilaterally terminate the share sale contract, without the need for a court order.

Once the period of three (3) Business Days has elapsed, the Entity Receiving Acceptances in the First Stage will have one (1) Business Day to deposit the total amount received with Bolsa de Valores de Colombia S.A. (BVC), in the respective Accounts for Payment, in accordance with the instructions established in this regard by the BVC in the Regulatory Bulletin issued for the First Stage.

**11. LAW ON CIRCULATION:** The Shares circulate on the secondary market of Bolsa de Valores de Colombia S.A. (the Colombian Stock Exchange) and they are fully dematerialized and deposited with Deceval for their administration and custody. Shares may not be materialized again and, accordingly, the Acceptors expressly waive the right to request the materialization of the Shares. In view of the foregoing, all Awardees must have a Direct Depositor or enter into a contract of mandate, to act as a third party under the terms set out in Deceval's Transaction Regulations.

**12. SALE PROGRAM:** For full understanding of the Public Offering in the First Stage, the Acceptors should consult the Sale Program, Sale Regulations and Sale Prospectus, together with all their annexes, which will be available on the website [www.epm.com.co](http://www.epm.com.co) at no cost, and whose publication to the market will be reported under the material information icon on the Financial Superintendence of Colombia's website: [www.superfinanciera.gov.co](http://www.superfinanciera.gov.co), a site on which it will be possible to view the full contents of the Sale Program, Sale Regulations and Sale Prospectus, together with all their annexes.

## IMPORTANT INFORMATION

THE SHARES OF ISAGEN S.A. E.S.P WERE REGISTERED IN THE NATIONAL SECURITIES AND ISSUERS REGISTRY BY MEANS OF RESOLUTION NUMBER 128 OF DECEMBER 15, 2005 FROM THE FINANCIAL SUPERINTENDENCE OF COLOMBIA.

READING OF THE SALE PROGRAM, SALE REGULATIONS AND SALE PROSPECTUS IS CONSIDERED ESSENTIAL SO THAT PROSPECTIVE INVESTORS CAN PROPERLY ASSESS THE SUITABILITY OF THE INVESTMENT.

REGISTRATION IN THE NATIONAL SECURITIES AND ISSUERS REGISTRY SHALL NOT ENTAIL QUALIFICATION OR LIABILITY ON THE PART OF THE FINANCIAL SUPERINTENDENCE OF COLOMBIA REGARDING THE LEGAL ENTITIES REGISTERED OR REGARDING THE PRICE, PROFITABILITY OR TRADABILITY OF THE SECURITIES, OR THE RESPECTIVE ISSUE, OR REGARDING THE SOLVENCY OF THE ISSUER.

REGISTRATION OF THE SHARES IN BOLSA DE VALORES DE COLOMBIA S.A. (COLOMBIAN STOCK EXCHANGE), AS WELL AS THE ORGANIZATION AND THE CONCLUSION OF THE OFFERING BY BOLSA DE VALORES DE COLOMBIA S.A., DOES NOT IMPLY CERTIFICATION REGARDING THE PROFITABILITY OF THE SECURITIES OR THE SOLVENCY OF THE ISSUER.

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