Medellin, July 28, 2014

EPM seeks to strengthen its position as a minority shareholder in Isagen

- **The company presented a new Draft Resolution to the Medellín Council about its 13% shareholder stake in Isagen**
- **With this transaction, EPM seeks a way to protect the public patrimony represented by its stake in the generating company.**
- **By improving its negotiating position with the eventual new controlling shareholder, EPM would be ready for a public offering.**

For the purpose of evaluating and strengthening its position as a minority shareholder in the face of the eventual arrival of a controlling shareholder in Isagen after the auction of 57% of the shares of the generating company belonging to the National Government, which is expected to take place on August 22, EPM filed a new Draft Resolution before the Medellín Council on Monday.

In the process of selling off the shares of Isagen held by the Nation-MHCP [*Ministerio de Hacienda y Crédito Público* (Ministry of Finance and Public Credit)], EPM raises as its first strategic option that of maintaining its 13% share in the company and signing an agreement with the Awarded Investor as a mechanism to protect the public patrimony. With it, EPM seeks to insure that its position in Isagen continues to be strategic and not just part of its investment portfolio. It wants to keep its seat on the Board of Directors and maintain adequate rights of protection for its position as a minority shareholder.

This new Draft Resolution requests the Council for authorization that allows offering the shareholder stake that EPM has in Isagen to the solidarity sector (community) in a preferential way as a necessary step to, eventually, be able to participate in the Voluntary Public Purchase Offer (VPPO).

EPM requires the authorization of the Council to carry out all of the processes that lead the company to be prepared to sell or not sell the 13% of the shares that it has in Isagen at the time of launching the VPPO. With its guarantee, the Medellín Council would strengthen EPM's negotiating capacity as a minority shareholder of Isagen.

In this way, it would leave open the possibility that the company could go back to the Medellín Council with a second Draft Resolution that would help it sell its shares once the following three aspects are known: the amount paid per share in the bid, who the new majority shareholder in the company is, and what the conditions offered to EPM for it to continue participating in the company as a minority shareholder are. With this scenario clear, the Medellín Council would make a decision as to whether it is sensible to keep or sell the 13% shareholding.

As such, whoever becomes the new controlling shareholder in Isagen, if an agreement cannot be reached with EPM, will have to buy EPM's 13% stake at the same price per share offered in the acquisition bid for the National Government's controlling stake. That is to say, the new majority shareholder must be ready to pay EPM approximately 650 million USD. This amount would be in addition to the base value to be paid of approximately 2.8 billion USD for the National Government's stake.

In the Draft Resolution, the company emphasized that the process will move forward "according to specialized technical studies carried out by an entity or person of recognized abilities in the financial field hired for that purpose and after the design of a program that is subject to the principles of democratization, preference, protection of public patrimony, and continuity of service under the terms and procedures required by Law 226 of 1995." The aforementioned law establishes that EPM must offer its shares previously and preferentially to the solidarity sector (community).

EPM's only pretense with the carrying out of this new Draft Resolution is to protect the entity's public patrimony when assessing its negotiating position and leaving all its strategic options open.

More information

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