

EXECUTIVE SUMMARY – SECOND STAGE OF THE SALE PROGRAM OF THE SHARES OWNED BY EPM IN ISA

Empresas Públicas de Medellín E.S.P. (“EPM”) hereby presents to the general public and to the interested investors the following document explaining in a preliminary and indicative manner how the second stage of the sale program of the shares owned by EPM in Interconexión Eléctrica S.A. E.S.P. (“ISA”) will take place. Throughout the second stage of the sale program (the “Second Stage”) EPM will offer 95,886,654 ordinary shares of ISA owned by EPM (the “Shares”), equivalent to 8.66% of the subscribed and paid-in capital of such company (the “Transaction”). The terms that initiate with a capital letter in the present document and are not expressly defined herein shall have the meaning attributed to such term in the Second Stage Regulation.

I. Background

- 1.1. On July 31st, 2018, the Board of Directors of EPM authorized the management of this company to initiate the required procedures in order to sell EPM’s equity stake in ISA, equivalent to 10.17% of the outstanding shares of such company.
- 1.2. By means of Accord 090 of 2018 the Municipal Council of Medellín authorized the sale of the EPM’s shareholding in ISA, among other equity participations.
- 1.3. The Board of Directors of EPM approved the sale program of EPM’s equity stake in ISA (the “Sale Program”), in the meeting held on January 29th, 2019, as recorded on Minute 1660.
- 1.4. The sale of EPM’s equity stake in ISA shall take place in accordance with the rules and procedures set forth in Law 226 of 1995 (“Law 226”), the Sale Program and all other documents issued under the Sale Program.
- 1.5. The first stage of the Sale Program, directed to special condition recipients established in article 3 of Law 226, article 16 of Law 798 of 2002 and section 4.1 of the Sale Program (the “First Stage”), concluded on July 5th, 2019.
- 1.6. On the Second Stage set forth in the Sale Program, EPM will offer 95,886,654 ordinary shares of ISA owned by EPM, equivalent to 8.66% of the subscribed and paid-in capital of such company.
- 1.7. On July 26th, 2019, through the relevant information mechanism of the Superintendence of Finance of Colombia (“SFC” as per its acronym in Spanish), EPM announced the initiation of the Second Stage of the Sale Program.
- 1.8. On August 31st, 2019, EPM published the Second Stage regulation under the Sale Program (the “Second Stage Regulation”).
- 1.9. On September 5, 2019, EPM announced the initiation of the pre-qualification process set forth in the Second Stage regulation (the “Pre-Qualification Process”), which was also notified through the relevant information mechanism of the SFC.

II. Pre-Qualification Process

2.1. Proceeding

The Pre-Qualification Process is intended to properly identify the persons and potential investors (the “Interested Parties”) that comply with the financial and regulatory requirements set forth in the Second Stage Regulation that make them eligible to make an Offer for the Shares. This process begins with the publication of a written announcement from EPM in two (2) local newspapers and in the relevant information mechanism of the SFC, informing of the initiation of such process. This

announcement will indicate the period during which the Interested Parties may file before Santander Banca de Inversion Colombia S.A.S. (“Santander”) the documents indicated on Section III of the present document (the “Pre-Qualification Documents”). The Pre-Qualification Documents must be filed at Santander’s offices located in Bogota, Colombia at Calle 93A # 13 – 24, from 8:00 a.m. to 4:00 p.m., during the term set forth in the announcement of initiation published by EPM.

The Interested Parties shall file two (2) copies of the pre-qualification request letter, pursuant to the sample attached to the Second Stage Regulation as Annex 3, outside from the envelope with the Pre-Qualification Documents. These copies of the pre-qualification request letter will be executed by an officer of Santander, specifying the date and time in which the envelope was delivered.

Once the period to file the envelope with the Pre-Qualification Documents finalizes, EPM and its Advisors shall have up to five (5) business days to verify the conformity of the Pre-Qualification Documents. If EPM finds that (i) any Pre-Qualification Document was altered from its original; (ii) a Pre-Qualification Document was not issued by the person executing such document; (iii) there are material differences from what its stated on the any of the Pre-Qualification Document and reality; (iv) the Interested Party has breached the terms of the Second Stage Regulation or (v) there is evidence that the Interested Party is or has been included in the Office of Foreign Assets Control list or in any other restrictive list. In this case, the Interested Party will not be pre-qualified by EPM and may not make an Offer for the Shares.

Once the verification process is been concluded, EPM may request clarifications, corrections or amendments to the Pre-Qualification Documents. If that is the case, the Interested Party shall send such clarifications, corrections or amendments within eight (8) business days following the date in which EPM delivers such request. EPM shall have three (3) business days following the aforementioned eight (8)-day term to confirm to the relevant Interested Party that it has be pre-qualified.

If the Interested Party fails to deliver all of the Pre-Qualification Documents or to deliver the clarifications, corrections or amendments requested by EPM, it will be understood that the Interested Party has withdrawn from the Pre-Qualification Process and may not deliver an Offer for the acquisition of the Shares. The Pre-Qualification Process and its results will be audited by an auditor, independent from EPM and its advisors.

All pre-qualified Interested Parties (the “Pre-Qualified Investors”) shall be authorized to deliver the Enabling Envelope and the Offer Envelope by means of a stockbroker authorized by the SFC to operate in Colombia.

2.2. Pre-Qualification Documents and Requirements

In order for an Interested Party to be deemed as a Pre-Qualified Investor, it shall deliver the following documents (collectively, the “Pre-Qualification Documents”).

(i) Incorporation and Incumbency:

Each Interested Party shall certify its incorporation and incumbency, as follows:

- (a) Colombian companies: Certificate of existence and incumbency from the relevant Chamber of Commerce or the SFC, issued within the last thirty (30) days from the date in which the Pre-Qualification Documents are delivered to Santander, in which it is clearly stated that the legal representative or a corporate body of the company are authorized to bind the company in the terms of the Second Stage Regulation. If the legal representative or corporate body is not authorized to bind the company to the terms of the Second Stage Regulation, the corresponding authorization document shall

also be delivered. The Interested Party may also appoint a proxy to act on its behalf.

- (b) Colombian entities different from companies: (1) Certificate of existence and incumbency from the relevant Chamber of Commerce or the SFC, issued within the last thirty (30) days from the date in which the Pre-Qualification Documents are delivered to Santander as indicated on Section (a) above, in which it is clearly stated that the legal representative or a corporate body of the entity are authorized to bind the entity in the terms of the Second Stage Regulation. In case such certificate cannot be presented, the Interested Party must submit a simple copy of the law, statute or relevant public document that certifies its incorporation and incumbency of the entity, and (2) a certified copy of the designation and sworn in protocol document of the legal representative acting on its behalf.
- (c) Colombian private equity funds: (1) Certify that it has been incorporated before the date in which the Pre-Qualification Documents have to be submitted; (2) certify that investing in the Shares is within its scope of investment; (3) certified copy of the minute of its investment committee approving to bind the fund through the applicable documents pursuant to the Second Stage Regulation; and (4) certificate of existence and incumbency from the manager of the fund. Except for Section (1) above, officers, managers or any authorized person of the fund may send a written document, certifying the requirements set forth under Sections (2) through (4) above.
- (d) Foreign private equity funds: (1) Certify that it has been incorporated before the date in which the Pre-Qualification Documents have to be delivered; (2) certify that investing in the Shares is within its scope of investment; (3) certified copy of the decision of the competent body within the fund approving to bind the fund with the applicable documents pursuant to the Second Stage Regulation, if applicable; (4) certificate of existence and incumbency from the manager of the fund, if applicable, and (5) certify the designation or contractual relationship with the manager of the fund. Except for Section (1) above, officers, managers or any authorized person of the fund may send a written document, certifying the requirements set forth under Sections (2) through (5) above.
- (e) Foreign companies and entities: (1) Certificate of existence and incumbency issued by the relevant domestic authority within the last ninety (90) days from the date in which the Pre-Qualification Documents are delivered to Santander, certifying its existence, the performance of its corporate purpose according to its domestic laws, who are its authorized officers or signatories and bested powers of such officers or signatories, and (2) if the officers or signatories are not authorized to bind the company or entity to the terms of the Second Stage Regulation, the corresponding authorization document shall also be delivered. The Interested Party may also appoint a proxy to act on its behalf.
- (f) Foreign company with a Colombian branch office: Certificate of existence and incumbency from the relevant Chamber of Commerce in Colombia issued within the last thirty (30) days from the date in which the Pre-Qualification Documents are submitted to Santander, in which it is clearly stated that the legal representative or a corporate body of the company are authorized to bind the company in the terms of the Second Stage Regulation. If the legal representative or corporate body is not authorized to bind the company to the terms of the Second Stage Regulation, the corresponding

authorization document shall also be delivered. The Interested Party may also appoint a proxy to act on its behalf.

- (g) Pension and severance funds: The managers of pension and severance funds shall (1) certify that the fund has been incorporated before the date in which the Pre-Qualification Documents have to be delivered; (2) that investing in the Shares is within its scope of investment; (3) submit the tax identification number; (4) submit a certified copy of the decision approving to bind the fund with the applicable documents pursuant to the Second Stage Regulation, and (5) a certificate of existence and incumbency from the manager of the fund, if applicable, and certificate of the designation or contractual relationship with the manager of the fund.

In the event that a proxy is appointed by an Interested Party, the identification document of such proxy shall also be delivered.

The aforementioned documents may be delivered within the Pre-Qualification Process as a simple copy, duly translated into Spanish by an official translator pursuant to the Second Stage Regulation. Nonetheless, whenever the Pre-Qualified Investor delivers the Enabling Envelope, it shall include all of the said Pre-Qualification Documents in its original version, apostilled or legalized, as applicable, and duly translated by an official translator pursuant to the terms set forth in the Second Stage Regulation.

(ii) Financial Requirements

In order to obtain the status of Pre-Qualified Investor, each Interested Party shall demonstrate that it complies with one of the following financial requirements:

- (a) Shareholder's equity or personal equity (in the case of individuals) equal to or in excess of US\$ 100.000.000; or
- (b) Assets equal to or in excess of US\$ 250.000.000; or
- (c) Individual investments equal to or in excess of US\$ 250.000.000.

The abovementioned requirements may be fulfilled by an affiliate or related party of the Interested Party. In any case, compliance with the requirement shall be certified by (i) the statutory auditor, external auditor or whomever has authority on behalf of the Interested Party to certify compliance with any of the requirements, or (ii) the financial statements of the Interested Party as of December 31st, 2018, which shall evidence the fulfilment of such requirements.

(iii) Regulatory Requirement

Interested Parties that pursuant to Colombian Laws must obtain clearance from the Superintendence of Industry and Commerce ("SIC") in order to acquire the Shares shall file before such entity a formal request asking the SIC to analyze if there are reasons to object to the acquisition of the Shares from such Interested Party. Interested Parties that must obtain clearance from the SIC shall include among the Pre-Qualification Documents (1) the letter from the SIC stating its non-objection to the acquisition of the Shares or any conditions applicable to such acquisition by the Interested Party, and (2) a certificate from its legal representative, authorized officer or statutory auditor indicating that the requirements imposed by the SIC have already been met, or that the Interested Party shall irrevocably meet such requirements. If the letter from the SIC has not been received at the time the Pre-Qualification Documents are sent, the Interested Party shall file it as an Enabling Document, pursuant to Section III of this document.

If the Interested Party deems it does not need to file any notice before the SIC, it shall include among the Pre-Qualification Documents (a) a certificate from its legal representative or authorized officer indicating that pursuant to Colombian Laws such proceeding is not applicable, assuming thereby all responsibility from such statement and (b) a legal opinion from a Colombian lawyer stating the reasons why such notice is not applicable to the specific Interested Party. These documents shall be delivered to EPM either with the Pre-Qualification Documents or at the latest when the Enabling Documents are sent to EPM, pursuant to the terms established in the Second Stage Regulation.

(iv) Requirements for individuals

Individuals shall file as Pre-Qualified Documents its identification document and its income tax return filed for the previous fiscal year.

III. Enabling Documents

After the Pre-Qualification Process has been completed, EPM will announce in two (2) local newspapers the date in which the Pre-Qualified Investors shall file the envelope with the Enabling Documents (the “Enabling Envelope”) and the terms in which such documents shall be reviewed. The Enabling Documents are the following:

- (i) the Enabling Letter, pursuant to the sample attached to the Second Stage Regulation as Annex 4;
- (ii) in case only simple copies were submitted during the Pre-qualification Process, the Pre-Qualified Investor shall also include the authentic copies of these documents officially translated into Spanish, properly apostilled or legalized, as applicable; and
- (iii) one of the following guarantees (the “Guarantee”): (a) bank guarantee; or (b) stand-by letter of credit.

In case the Guarantee is presented as a bank guarantee, it shall be issued by an Acceptable Bank supervised by the SFC. In case of a stand-by letter of credit, the notifying bank shall also be an Acceptable Bank in Colombia. In any case, the Guarantee shall be filed together with a certificate of incorporation and incumbency issued by the SFC of the bank either issuing the bank guarantee or notifying the stand-by letter of credit. The assured amount of the Guarantee shall be of COP 100,000,000,000, and the Guarantee shall be in force at least for forty-five (45) calendar days following the day when EPM announces the date in which the Pre-Qualified Investors shall file the Enabling Envelope.

The Enabling Envelope shall be submitted by a stockbroker acting on behalf of a Pre-Qualified Investor at the offices of the Colombian Stock Exchange - *Bolsa de Valores de Colombia S.A.* (“BVC” as per its acronym in Spanish), located at Calle 24A No. 59-42 Tower 3 Office 501, from 8:00 a.m. to 4:00 p.m., within the five (5) business days following the date in which EPM’s publishes the announcement requesting the presentation of the Enabling Envelope by the Pre-Qualified Investors. EPM and BVC will have up to three (3) business days to verify the conformity of the Enabling Documents.

The following situations shall be deemed as severe infringements that will prevent the Pre-Qualified Investor from submitting an Offer for the Shares: (i) failure to provide any of the Enabling Documents; (ii) the submission of only a draft of the Guarantee; (iii) lack of signature of the enabling letter; (iv) failure to submit the original version of the Guarantee or if such Guarantee was not issued by an Acceptable Bank; (iv) alterations to the original versions of any of the Enabling Document; (v)

Enabling Documents not issued by the person executing such document; (vi) material differences from what its stated on the any of the Enabling Document and reality; and (vii) breach of the Second Stage Regulation by the Pre-Qualified Investor.

EPM and BVC may request clarifications, corrections or amendments to the Enabling Documents, through the stockbroker of each Pre-Qualified Investor. If that is the case, the corresponding stockbroker shall send such clarifications, corrections or amendments within three (3) days following the day in which EPM and BVC delivers such request. BVC shall have two (2) business days following the aforementioned three (3) day term to confirm to the relevant Pre-Qualified Investor that its Enabling Documents are acceptable.

If the Pre-Qualified Investor fails to deliver all the Pre-Qualification Documents or to deliver the clarifications, corrections or amendments requested within the previous terms, it shall be understood that the Pre-Qualified Investor has withdrawn from the Second Stage and is not entitled to make an Offer for the acquisition of the Shares.

IV. Auction Mechanism

After confirming the acceptable Enabling Documents from the Pre-Qualified Investors, EPM shall announce, in two (2) local newspapers, the date, time, place and other terms in which the live auction mechanism through the BVC (the "Auction") shall take place, as well as the minimum price per Share that must be offered. The Auction is comprised of two (2) different rounds, as follows:

- (i) an initial round, where each Pre-Qualified Investor may submit its Offer through its stockbroker, from which the two (2) highest offers will be selected (the "Initial Round"), and
- (ii) a final found, where the two (2) selected Pre-Qualified Investors with the highest Offers will have the chance to submit a new Offer, through their stockbroker, from which the highest offer shall be selected (the "Final Round").

The Offers shall be submitted in an envelope containing (a) an acknowledgment of the irrevocable intention of the Pre-Qualified Investor to acquire the Shares and pay the offered price; (b) the price per share and the total price for the Shares; (c) a sworn statement by the Pre-Qualified Investor indicating that (1) the Offer is of an irrevocable nature and entails an acceptance of all the obligations set forth in the Second Stage Regulation, (2) the price will be paid at Closing, (3) the Offer is valid and in force until Closing successfully takes place, (4) the Pre-Qualified Investor is in full compliance with the Second Stage Regulation and (5) the Pre-Qualified Investor is aware and accepts that the Shares are deposited in the Colombian Centralized Securities Deposit (*Depósito Centralizado de Valores de Colombia - DECEVAL S.A.*) ("Deceval") as per its acronym in Spanish).

The Offers of the First Round shall be submitted from 8:00 to 9:00 AM at the date of the Auction. Notwithstanding the selection of the two (2) highest Offers, all Offers presented by Pre-Qualified Investors shall be deemed as valid and in force up to the successful completion of all the acts that must take place at Closing. Any Offer containing a price per Share lower than the minimum price per Share announced by EPM shall be disqualified.

Once the two Pre-Qualified Investors with the highest Offers have been selected, the president of the Auction shall distribute new Offer formats to such Pre-Qualified Investors, and they shall submit new Offers during the following thirty (30) minutes.

If a Pre-Qualified Investor decides not to submit another Offer during the referred term, it shall be understood that the Offer submitted by such Pre-Qualified Investor is the one submitted in the First Round. The value of the Offer in the Final Round may not be less than the amount offered in the First

Round. If so, it shall be understood that the Offer submitted by such Pre-Qualified Investor in the Final Round is the same as the one submitted in the First Round.

The Shares will be sold to the Pre-Qualified Investor that submits the highest offer among the two (2) offers presented in the Final Round (the “Adjudicated Investor”). The Offer from the Pre-Qualified Investor with the second highest Offer shall be deemed as valid and in force up to the successful completion of all the acts that must take place at Closing. The last valid Offer submitted by each Pre-Qualified Investors shall be the Offer valid for the eligibility order of such Offers.

V. Closing

The closing of the transaction (“Closing”) shall take place during the five (5) business days following the Auction. To this end, the Adjudicated Investor shall inform EPM within the business day following the Auction when will the Closing date shall occur. If not informed, Closing shall take place at the fifth (5th) business day following the Auction.

During the five (5) business days following the Auction, the Adjudicated Investor shall:

- (i) through its stockbroker, submit a letter via email to EPM and BVC at least by 11:00 AM of the day following the Auction, indicating the name of the direct depositor and the account number of such depositor at Deceval; and
- (ii) pay the offered price directly to EPM, at the latest at 12:00 PM of the Closing date.

Once payment of the Shares is made, BVC shall instruct Deceval to record the transfer of the Shares in favor of the Adjudicated Investor.

During the three (3) days following the Closing, the Adjudicated Investor shall ask EPM to make its best efforts to summon the general shareholders assembly of ISA in order to change the board member appointed by EPM.

VI. Duration

The Second Stage shall remain in force until the earlier to occur between: (i) the date in which the Second Stage is understood to be completed in accordance with the Second Stage Sale Regulation, and (ii) December 31st, 2019. The Second Stage Regulation may set forth mechanisms necessary in order for the adjudication and payment of the Shares to take place before December 31st, 2019.

VII. Information of the Sale Process

The Sale Program, the Second Stage Regulation, its addendums, notices, regulatory bulletins and all other relevant documents for the Second Stage of the Sale Program are available at EPM’s websites:

- English website: <https://www.epm.com.co/site/home/sala-de-prensa/noticias-y-novedades/proceso-de-venta-de-activos-de-epm-cuestionario-de-preguntas-y-respuestas/venta-de-acciones-en-isa-ingles>
- Spanish website: <https://www.epm.com.co/site/home/sala-de-prensa/noticias-y-novedades/proceso-de-venta-de-activos-de-epm-cuestionario-de-preguntas-y-respuestas/venta-de-acciones-en-isa>

Additionally, public information of ISA is available in the SFC’s Stock Market Information System on the website www.superfinanciera.gov.co. In the “Relevant Information” section, the interested

investors may access all the information that ISA must submit to the SFC in accordance with the provisions of Decree 2555 of 2010 and other applicable securities market regulations in Colombia. This considering that the ordinary shares of ISA are registered in the National Registry of Securities and Issuers administered by the SFC.

VIII. Communications

All communications related to the Transaction should be addressed to:

Empresas Públicas de Medellín E.S.P.

Reference: Sale Program ISA

Attention: Juan Camilo Martínez Cadavid
María Aracelly Gallego Muñoz
Gerencia Crecimiento Energía

E-mail: uo0836@epm.com.co

IX. Other matters

The present document is exclusively of an informative nature. Therefore, EPM reserves the right, at its sole discretion and at any time, to (i) modify in any way the information contained herein and in all other documents related to the Sale Program and to the development of the Second Stage; (ii) extend or modify the schedules and timeframes set forth in the Second Stage Regulation and in any other document related to the Sale Program, and (iii) to suspend at any time the Sale Program. In this sense, no variation or alteration of the information contained herein or in any other documents related to the Sale Program will entitle potential investors or any other person to present any claim against EPM, its advisors, the BVC, or their respective directors, officers, partners, employees, agents, representatives, advisors or consultants.