Empresas Públicas de Medellín

Emerging Markets Corporate Conference

Miami, March of 2010
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Agenda

- Company Overview
- Business Group EPM
- EPM’s Infrastructure highlights
- EPM’s Environmental, Economic and Social Responsibility
- Financial Performance
- EPM’s highlights
Colombian macroeconomic performance

Consumer Price Index

- 2005: 4.65%
- 2006: 4.48%
- 2007: 5.69%
- 2008: 7.67%
- 2009: 2.00%
- 2010 (F): 3.00%

GDP Annual Growth

- 2005: 5.70%
- 2006: 6.90%
- 2007: 7.50%
- 2008: 2.50%
- 2009 (E): 0.30%
- 2010 (F): 2.50%

Accumulated Electricity Demand

- 2005: 4.1%
- 2006: 4.1%
- 2007: 4.0%
- 2008: 1.60%
- 2009: 1.80%

Source: DANE (National Bureau of Statistics) and Banco de la República (Central Bank)

Sources: DANE and Ministry of Treasury

Source: XM S.A.
Company Overview

We are:
- A municipal Industrial & Commercial Company
- Administrative and financial autonomy
- Founded in 1955
- Our sole owner is The Municipality of Medellín

Strategic Business Groups:
- Power
- Water
- Telecommunications

Investments in Colombia and Panamá

Main Market:
- Medellín
- Municipalities of the Aburrá Valley
- Total covered population: 3.6 million

Other Domestic Markets:
- Bogotá, Manizales, Armenia, Pereira, Bucaramanga, Barranquilla, Cartagena, Cali

International Presence:
- Panamá (Hidroecológica del Teribe - HET)

EPM’s Ratings

<table>
<thead>
<tr>
<th>Rating</th>
<th>Foreign Currency</th>
<th>Domestic Currency</th>
</tr>
</thead>
<tbody>
<tr>
<td>Moody’s</td>
<td>Baa3 Stable outlook</td>
<td>Baa3 Stable outlook</td>
</tr>
<tr>
<td>Fitch</td>
<td>BBB-</td>
<td>BBB-</td>
</tr>
</tbody>
</table>

* Upgraded in September 2009
EPM Group Infrastructure

Power

- Market share in Colombia:
  - Generation 21%
  - Electricity Distribution: 25%
  - Gas: 11%
- 25 Hydroelectrical plants, 1 Termo Plant, 1 Wind plant.
- 2.598 MW total installed net effective generation capacity
- 59,623 kilometers of transmission and distribution lines
- 70% of the company’s EBITDA

Water

- 17% market share in Colombia
- 20m3/sec Water treatment capacity
- 12% of the company’s Ebitda

Telecommunications

- UNE is the third largest wholesale telecommunications provider in Colombia
- Largest internet service provider in Colombia and leading long distance services; business presence in U.S. and Spain
- Operates in all the lines of Telecomm business: Voice, Internet, TV cable, data, etc.
- 18% of the company’s EBITDA
Environmental, Economic and Social Responsibility have contributed to EPM’s Sustainable Growth

**EPM Business Model Drivers**

- Environment, Social, Economic Equilibrium
  - Only wind generation plant in Colombia
  - Social focus programs – pre paid energy plan to serve low income consumer energy needs
  - Proven track record of growth and profitability

**Focus on Sustainable Growth**
- Enterprise development and sustainability
- Sustainable human development

**Leading Environmental Initiatives**
- Fully compliant with multilateral agencies standards
- Integral environmental management model

**High Corporate Governance Standards**
- Corporate governance code
- Annual corporate governance report
- Governance agreement with Municipality

**Social Responsibility**
- Collaborative actions with communities
- Alliances (win – win)

**Corporate Values**
- Transparency, Compromise, Responsibility, Reliability and Innovation

**World Signs**
- Global Compact and Millennium Goals
- GRI reporting
Environmental Management as one of EPM’s Strengths

Representative environmental projects

- Comprehensive and appropriate management of reservoirs
  Insights into the dynamics of physicochemical and biotic processes prevailing in the reservoirs to ensure adequate management of water resources.

- Wind energy farms (Guajira – Northern Colombia and new project in pre-feasibility stage)
  Implementing two wind farms with 200MW and 400MW generation capacity at La Guajira, integrated to the National Interconnected System I – SIN.

- Electric Vehicles (prefeasibility study)
  Asociation among: epm, EAFIT, Universidad Pontificia Bolivariana, SOFASA, Renault
  To characterize and quantify the energy, electrical, environmental, regulatory and business resulting from the massification of electric vehicles in Colombia.
EPM Corporate Governance Structure

EPM – Municipality Relations

Corporate Governance Code

- Relation with the Owner
- Board of Directors
- Control

Governance Framework Agreement

1. Comply or explain system
   - Market disclosure
   - Transparency

Corporate Governance Annual Report

2. Principles:
   - Transparency
   - Sustainability & Competitiveness
   - Responsible Autonomy
   - Submission to the Corporate purpose
   - Technical, legal, Financial Rigor
   - Profitability & Efficiency
# Disciplined Expansion Plan For The Power and Water Sector

## Main greenfield power development projects in Colombia

<table>
<thead>
<tr>
<th>General Information</th>
<th>Sources</th>
</tr>
</thead>
<tbody>
<tr>
<td>Firm energy: 3,106 GWh/year</td>
<td>Financial alternatives considered are:</td>
</tr>
<tr>
<td>US$1.33 bn</td>
<td>• Bonds</td>
</tr>
<tr>
<td>81% has been invested</td>
<td>Local and international commercial bonds</td>
</tr>
<tr>
<td>Financed through the IDB, JBIC guarantee facility</td>
<td>• Export Credit Agencies and multilateral facilities</td>
</tr>
</tbody>
</table>

### Porce III – 660 MW

- Bello WWTP  Secondary Treatment  (Start up 2013)
- Q (m3/s)  5.0  -  BOD (ton/d)  123
- Interceptor - Length  8 km - Diameter  2.2m
- US$540.1 million

### Bello WasteWater Treatment Plant (WWTP)

Projects under early stage of development: Porce IV

Other projects under early stages of consideration including Project Ituango

Targeted International expansion in generation and distribution
Fitch Ratings Upgraded EPM Corporate rating and $500 MM Bonds rating to BBB-.

Fitch mentioned in its report that “…The rating upgrades are due to:

• The increased geographic diversification of the company
• Strong performance of the company and its continued operations with limited government intervention
• Low business risk profile
• Strong financial profile, characterized by strong cash flow generation, low leverage and healthy interest coverage and liquidity
• The company’s growth strategy is considered aggressive and large...
• Low exposure to regulatory risk“...

Moody’s had rated EPM with Baa3 on July 2009.

Key rating considerations

• Leading position in several market segments of its diversified business operations.
• Stable and Transparent Regulatory Environment with some concerns about full independence of the Regulatory bodies.
• Stable cash flow derived from the relatively predictable and transparent regulatory environment
• Reasonable ability to recover costs on a timely manner and acceptable rates of return.
Diversified Revenue Sources

Selected Financials as of Dec. 2009 (E)

COP bn

<table>
<thead>
<tr>
<th></th>
<th>2007</th>
<th>2008</th>
<th>2009 (E)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
<td>$5,298</td>
<td>$6,311</td>
<td>$7,576</td>
</tr>
<tr>
<td>Adjusted EBITDA&lt;sup&gt;(3)&lt;/sup&gt;</td>
<td>2,087</td>
<td>2,357</td>
<td>2,771</td>
</tr>
<tr>
<td>EBITDA Margin %</td>
<td>39%</td>
<td>37%</td>
<td>36.6%</td>
</tr>
<tr>
<td>CAPEX</td>
<td>1,377</td>
<td>1,635</td>
<td>2,197</td>
</tr>
<tr>
<td>Total Assets</td>
<td>17,739</td>
<td>20,574</td>
<td>26,359</td>
</tr>
<tr>
<td>Total Liabilities</td>
<td>4,711</td>
<td>5,220</td>
<td>7,956</td>
</tr>
<tr>
<td>Equity</td>
<td>12,331</td>
<td>14,872</td>
<td>17,686</td>
</tr>
</tbody>
</table>

Key Ratios

<table>
<thead>
<tr>
<th></th>
<th>2007</th>
<th>2008</th>
<th>2009 (E)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Debt / EBITDA</td>
<td>0.8x</td>
<td>0.9x</td>
<td>1.5X</td>
</tr>
<tr>
<td>EBITDA / Interest Expense&lt;sup&gt;(2)&lt;/sup&gt;</td>
<td>10.7x</td>
<td>13.2x</td>
<td>12.5X</td>
</tr>
</tbody>
</table>

(1) Includes technical assistance, IT services, management and operation of the energy market, fees charged to third parties for billing services and sales of equipment. (2) Interest expense from financial obligations. (3) Consolidated Adjusted EBITDA is calculated by adding (i) depreciation and amortization (included in cost of sales and administrative expenses) (ii) certain provisions which do not constitute cash charges, and (iii) non-cash pension plan expense resulting from increases in pension contributions due to changes in actuarial calculations, to operating income.
Income Statement Summary (Estimated as of December 09)

Revenue

Adjusted EBITDA\(^{(1)}\)

Operating Income

Net Income

Note: 2009 figures as of December 31, 2009 (Estimated). Figures in COP bn.

\(\) Consolidated Adjusted EBITDA is calculated by adding (i) depreciation and amortization (included in cost of sales and administrative expenses) (ii) certain provisions which do not constitute cash charges, and (iii) non-cash pension plan expense resulting from increases in pension contributions due to changes in actuarial calculations, to operating income.
### INCOME STATEMENT
**Estimated as of December 2009**
*(in Colombian pesos million)*

<table>
<thead>
<tr>
<th></th>
<th>2009</th>
<th>2008</th>
<th>VARIATION</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Operating Revenues</strong></td>
<td>7,575,652</td>
<td>6,311,104</td>
<td>20%</td>
</tr>
<tr>
<td><strong>Cost of Sales</strong></td>
<td>(4,002,206)</td>
<td>(3,300,596)</td>
<td>21%</td>
</tr>
<tr>
<td><strong>GROSS PROFIT</strong></td>
<td>3,573,446</td>
<td>3,010,508</td>
<td>19%</td>
</tr>
<tr>
<td><strong>Administrative Expenses</strong></td>
<td>(802,889)</td>
<td>(653,769)</td>
<td>23%</td>
</tr>
<tr>
<td><strong>Adjusted EBITDA</strong></td>
<td>2,770,557</td>
<td>2,356,739</td>
<td>18%</td>
</tr>
<tr>
<td><strong>Provision, Depreciation and Amortization</strong></td>
<td>(824,623)</td>
<td>(834,817)</td>
<td>-1%</td>
</tr>
<tr>
<td><strong>OPERATING INCOME</strong></td>
<td>1,945,934</td>
<td>1,521,922</td>
<td>28%</td>
</tr>
<tr>
<td><strong>NON-OPERATING INCOME</strong></td>
<td>(73,151)</td>
<td>81,286</td>
<td>N.A</td>
</tr>
<tr>
<td><strong>Income Tax Provision</strong></td>
<td>(267,085)</td>
<td>(279,766)</td>
<td>-5%</td>
</tr>
<tr>
<td><strong>Minority Interest</strong></td>
<td>(30,043)</td>
<td>(24,226)</td>
<td>24%</td>
</tr>
<tr>
<td><strong>Net Income</strong></td>
<td>1,575,656</td>
<td>1,299,216</td>
<td>21%</td>
</tr>
</tbody>
</table>
Strong and Stable Regulatory Framework

Quasi-Sovereign Nature with a Strong Corporate Governance

Leading and Largest Multi-Utility Company in Colombia

Attractive Market and Strong Asset Base

Solid Operating Margins and Financial Profile

Experienced Management Team with wide Industry Knowledge
EMPRESAS PÚBLICAS DE MEDELLÍN E.S.P.

Carrera 58 No. 42-125
Medellín, Colombia
Tel: (57 4) 3805871
Fax: (57 4) 3806771
www.epm.com.co

Oscar Herrera Restrepo
Chief Financial Officer
Oscar.herrera@epm.com.co

Juan Carlos Sampedro Tobón
Chief Capital Management Unit
Juan.sampedro@epm.com.co

Catalina López Cadavid
Investor Relation Officer
Capital Management Unit
Catalina.Lopez@epm.com.co