Executive Financial Report
Second Quarter 2014

Grupo·epm®

Highlights

Summary of the main achievements as of June 2014:

Strategy and Growth

- TICSA, a subsidiary of EPM Group in Mexico, was awarded bid for expansion of the waste-water treatment plant of Compañía Cervecera de Coahuila for USD 20 million. This project will contribute to the Group's consolidation in Latin America permitting to work closely with Constellation Brands, the largest premium wine producer in the world, which, with its company Coahuila, is the third largest brewer in the United States.

Investment Projects

- Emvarias awarded leasing contract for 50 vehicles for COP 61,000 million. The renewal of the fleet will permit Emvarias' continued delivery of the garbage collection service under optimal conditions. The contract has a term of seven years and will generate operating savings of about COP 5,500 million (Net Present Value). Funds will be earmarked to improve labor conditions and professional qualifications of 203 drivers.

- Through public bidding, the Mining and Energy Planning Unit –UPME– ascribed to the Ministry of Mines and Energy, awarded to EPM the construction, operation and maintenance of the Bello-Guayabal-Ancón 230 kV transmission line, to be commissioned in November of 2016.

Corporate Social Responsibility

- EPM was chosen as the most innovative company in Colombia in the "*Élite Empresarial 2014*" survey published by Portafolio economic newspaper. The Solar Kit pilot program, Prepaid Energy and Water, the Thermal Districts, the *Unidades de Vida Articulada* –UVA–, and the development in association with *Universidad EAFIT*, of the first Colombian solar-powered car which won last week the Engineering National Prize 2014, are some of the projects imprinted with EPM's innovation stamp.

- Dividends for COP 60,784 were received from subsidiary DECA and for COP 3,847 from GESA.

- Under its Financing Plan, EPM signed on May 20 of 2014, a loan contract with Banco Agrario for COP 116,000 million that includes competitive long-term conditions; signing of this loan increases diversification of the company's financing sources. This financing will partially leverage the execution of EPM's investment plan during 2014, especially the Nueva Esperanza Energy Transmission project. Among the negotiation's competitive financial conditions, the 16-year term and six-year grace period stand out.

- As part of its hedging strategy, EPM closed cross currency swap operations to mitigate the risks of interest rate (Libor) and exchange rate (USD) associated to the IFC loan maturing in 2016 and 2018. Additionally, availing from the facility for conversion to local currency provided in IDB Contract 2120, the current balance of USD 98 million was converted.

EPM Group figures

(In millions of USD)

Income statement

Concept	as of June 2013	as of June 2014	Var.%
Revenues	**3.380**	**3.715**	**10%**
Costs and administrative expenses	2.339	2.625	12%
EBITDA	**1.040**	**1.090**	**5%**
Provisions, deprec. & amortizations	341	342	0%
Operating Income	**699**	**748**	**7%**
Others non-operating, nets	(87)	(64)	-26%
Income tax provision	182	201	11%
Net Income	**398**	**451**	**13%**

Average exchange rates: as of June, 2014: COP 1, 881 /USD and COP 1, 929 /USD as of June, 2013.

In the second quarter of 2014, **revenue** amounted to **USD 3.7 billion**, 10% above the same period of last year and explained by the higher energy pool price, and the increased revenues in the Panama subsidiary and the telecommunications business unit.

EBITDA totaled **USD 1.1 billion**, 5% up on same period of last year. The increase in revenue was affected by higher costs in the energy segment (pass through charges) in the Panama subsidiary, higher personnel costs due both to inclusion into the Group of TICSA and Emvarias and to more connections and customer services in the telecommunications segment.

Operating income at **USD 748 million** equals 7% increase with respect to same period a year ago. In addition to the foregoing, this item contained increased provisions, explained by the inclusion of TICSA and Emvarias into the Group's figures, as well as increased depreciation due to the inclusion of the productive assets of EPM, UNE, DECA and ENSA.

Net Income totaled **USD 451 million**, 13% up on same period of last year. Such an increase is focused mainly on non-operational expenses (exchange gain/loss) due to 2% revaluation during this quarter versus 9% devaluation in the second quarter of 2013.

EBITDA and Operating margins as of June 2014 showed decreases versus those of same quarter a year ago due to the impact on revenues and costs explained above. Net margin did not show any variation.

Revenue

Revenues	As of June 2014	Var. Prev.Year	Share%
EPM Parent Company	1.429	3%	39%
Colombian Energy Subsidiaries	479	5%	13%
International susidiaries	1.033	16%	28%
Colombian Water subsidiaries	52	367%	1%
Telecom. Subsidiaries	720	15%	19%
Others	1	-7%	0%
Total revenue	**3.715**	**10%**	**100%**

In the second quarter of 2014, **revenue increased 10%** with respect to same period of last year, with the following highlights:

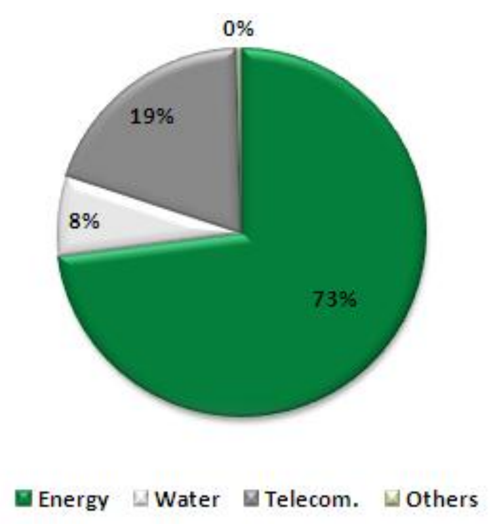
Foreign subsidiaries contributed with 28% of the Group's total revenue, a fact that is explained mainly by the behavior of ENSA in Panama where higher energy demand and higher energy prices resulted in 40% increase in revenues.

Revenues from telecommunications services, which accounted for 19% of the Group's revenues, increased by 10% as a result of the increase in UNE of revenues from TV, Internet services and the 4G LTE product. Additionally, Emtelco's revenue grew 47% due to addition of new customers. Water subsidiaries in Colombia, which accounted for 1% of the Group's revenue, grew by 19% as a result of the contributions of TICSA.

EPM Parent Company, which participated with 39% of the Group's revenue, presented 3% increase as a result of better contract sales prices and better revenues from the provision of the Automatic Generation Control (AGC) Service.

Of the Group's revenue in the second quarter of 2014, 72% corresponded to operations in Colombia and 28% to foreign subsidiaries.

Revenue breakdown by business unit:



As of June 2014, the Energy business unit accounted for 73% of the Group's consolidated revenue. The

Telecommunications business unit participated with 19% and Water with 8%.

EBITDA

EBITDA	As of June 2014	Var. Prev.Year	Share %
EPM Parent Company	610	-1%	56%
Colombian Energy Subsidiaries	165	13%	15%
International Subsidiaries	116	0%	11%
Colombian Water Subsidiaries	12	N.A.	1%
Telecom. Subsidiaries	186	15%	17%
Others	1	-11%	0%
Total Ebitda	**1.090**	**5%**	100%

As of June 2014, **EBITDA increased by 5%** with respect to same period of last year; the following stand out:

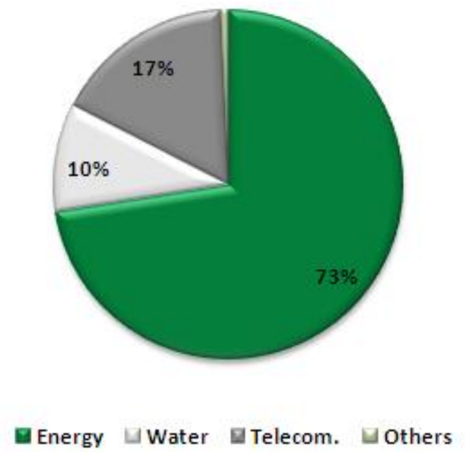
EPM Parent Company that accounted for 56% of the Group's EBITDA, mainly as a result of higher revenues due to energy price.

The Colombian energy subsidiaries that accounted for 15% of the Group's EBITDA, mainly due to increased sales in energy trading.

The telecommunications subsidiaries that accounted for 17% of the Group's EBITDA and grew by 15% as a result of increased Television, Internet, and 4G service revenues.

Of the Group's EBITDA during the second quarter of 2014, 89% corresponded to operations in Colombia and 11% to the subsidiaries abroad.

EBITDA breakdown by business unit:



The Energy business unit participated with 73% of the Group's consolidated EBITDA, the Water business unit with 10%, and the Telecommunications business unit with 17%.

Net income

Net Income	As of June 2014	Var. Prev.Year	Share %
EPM Parent Company	293	16%	65%
Colombian Energy Subsidiaries	97	2%	22%
International susidiaries	36	-22%	8%
Colombian Water subsidiaries	11	477%	2%
Telecom. Subsidiaries	12	N.A.	3%
Others	1	N.A.	0%
Total Net income	**451**	13%	100%

As of June 2014**, net income increased by 13%** with respect to same period of last year; the following stand out:

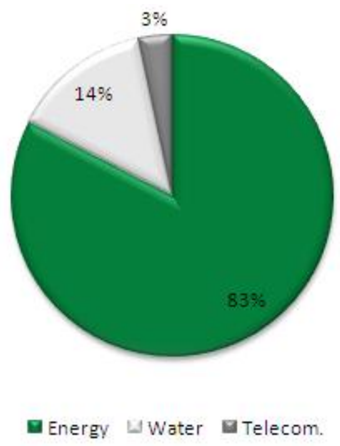
EPM Parent Company, which participated with 65% of net income, enjoyed 16% increase mainly due to exchange rate gain and financial revenue.

The Colombian energy subsidiaries, which participated with 22% of the Group's net income, decreased by 2% mainly as a result of income tax (higher debit deferred tax).

Water subsidiaries in Colombia, which accounted for 2% of net income, increased by 477% as a result of the addition of EMVARIAS to the Economic Group.

Of the Group's net income during the second quarter of 2014, 92% corresponded to operations in Colombia and 8% to the foreign subsidiaries.

Net income breakdown by business unit:



The Energy business unit participated with 83% of the Group's consolidated income and the Water business unit with 14% and Telecommunications 3%.

Balance Sheet

Balance Sheet	As of June 2014	Var. Prev.Year	Share %
Assets	**20.143**	**7%**	**100%**
Current Assets	2.933	-7%	15%
Non-Current Assets	17.210	10%	85%
Liabilities	**8.043**	**6%**	**40%**
Current	2.281	6%	11%
Non-current	5.762	7%	29%
Minority Interest	445	-18%	2%
Equity	**11.655**	**8%**	**58%**

The Group's total assets amounted to USD 20 billion with 1% increase. The Energy business unit participated with 63% of the Group's assets, the Water business unit with 16%, and the Telecommunications business unit with 12%. The remaining 9% corresponds to the others segment which includes the Group's investments in non-controlled companies.

Assets in Pesos, excluding the exchange rate effect, dropped by 1% due mainly to the decline in cash resulting from increased payments of financial liabilities and surpluses to the Municipality of Medellin.

The Group's consolidated liabilities totaled USD 8 billion and had no variation versus December of 2013. Liabilities in Pesos, excluding the exchange rate effect, declined by 1% due to maturity of one tranche of the domestic bond issues and to the revaluation of the Peso vs. the US Dollar.

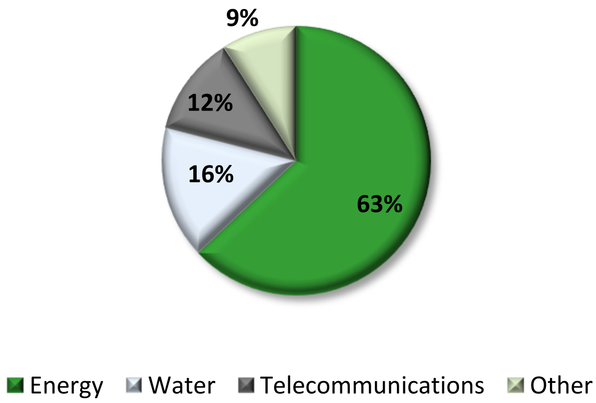
Equity amounted to USD 12 billion (including USD 445 million of minority interest) with an increase of 1%.

The Group's Total Debt / Total Assets ratio is 40%. Financial Debt / Total Assets stands at 23%, one percentage point below that of 2013.

Of the Group's total liabilities, financial liabilities represent 59% and help finance, to a large extent, property, plant and equipment which in turn account for 68% of the Group's total assets.

Debt coverage ratios for the second quarter of 2014 are EBITDA/Financial Expenses = 6.53 times; Debt/EBITDA = 2.18 times**.**

Assets breakdown by business unit:



Ratios

Ratio	EPM Group 2013	EPM Group 2014	Energy	Water	Telco.
EBITDA Margin	31%	29%	29%	42%	25%
Net Profit Margin	12%	12%	16%	24%	2%
Total Debt to Total Assets	40%	40%	42%	26%	43%
Financial Debt to Total Assets	23%	24%	25%	10%	21%
EBITDA/Financial expense	7,17	6,53	8,83	9,46	8,56
Debt/EBITDA	2,13	2,18	1,96	1,37	1,37

Supplementary information

In USD million

Income Statement

Concept	2011	Var.%	2012	Var.%	2013	Var.%	LTM	Var.%
Revenues	6.278	47	6.952	11	6.948	0	7.040	1
Costs and administrative expenses	4.302	54	4.833	12	4.919	2	5.036	2
EBITDA	1.976	35	2.119	7	2.029	-4	2.005	-1
Provisions, deprec. & amortizations	670	15	790	18	687	-13	665	-3
Operating Income	1.306	49	1.329	2	1.342	1	1.340	0
Others non-operating, nets	-116	N.A	-40	N.A	-98	147	-70	-28
Income tax provision	321	98	350	9	320	-8	327	2
Net Income	822	15	885	8	869	-2	891	2

Average growth rate of revenues in the last 4 years is 3%.

Balance Sheet