1. Significant Developments

- In July OSINERGMIN published the resolution that sets Cálidda´s tariff regime for the next 4 years (from May 8th, 2014 to May 7th, 2018). The approved average distribution tariff was increased by 6.37% when compared to the 2010 – 2014 average distribution tariff.

- In addition, OSINERGMIN resolution establishes an investment plan (capex) of US$ 428 MM for the period 2014 – 2017.

- Also in July, Cálidda started to expand sales to the residential segment at regular sales price of installation services, without promotional discounts[1].

- As part of our expansion plan, Cálidda has started working on the environmental impact study for the southern district of Lima called Cañete.

- As of September, Cálidda has a client base of 235,000 customers, 67% more than in Q3 2013.

2. Natural Gas Market

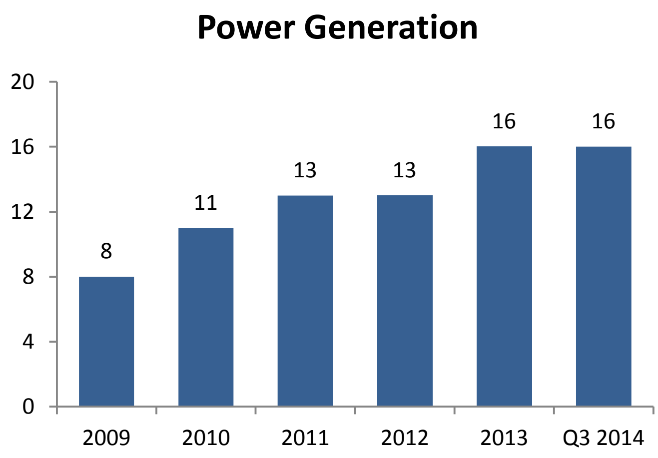
In Q3 2014, the monthly average total volume of natural gas produced in Peru was 1,228 MMSCFD (million standard cubic feet per day), showing a slight increase of 0.72% when compared to the monthly average total volume produced in Q3 2013 (1,219 MMSCFD).

On the other hand, out of the average monthly production in Q3, the local natural gas consumption represented 54% (666 MMSCFD), whereas the remaining 46% (562 MMSCFD) was exported to foreign markets. In addition, considering the total national consumption of natural gas up to Q3 2014, Cálidda's market share is 76%.

[1]Mechanism set up to increase residential sales in medium-low income households by discounting 50% the sales price of installation services. The 50% discount is known as "promotional discount" and is factored in the distribution tariff.

3. Commercial Performance

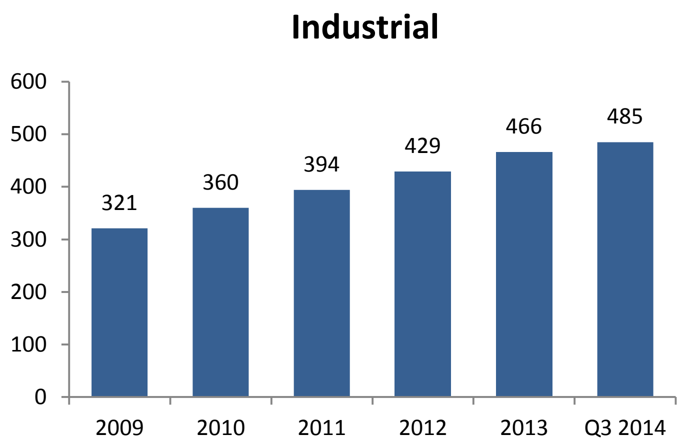
3.1. Client Base



Our clients in this segment have an installed capacity close to 3,500 MW, representing 37% of Peru's overall power generation capacity (*).

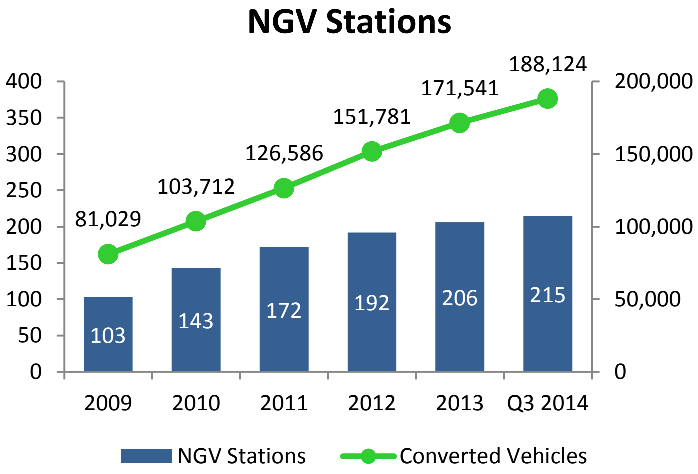
The latest power generators to become part of Cálidda's distribution system are operating at increased capacity: Fénix (100%) and Termochilca (80%)

(*) Source: Executive Yearbook of Electricity of 2013 – MEM.



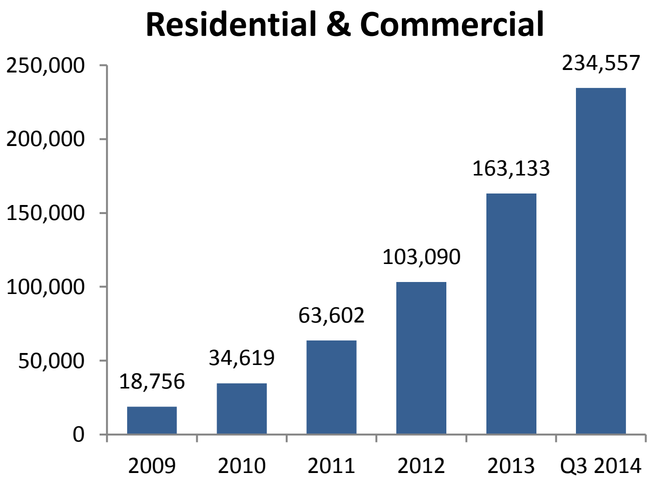
Up to Q3, Cálidda has connected a total of 19 new industrial plants.

A new cluster of industries in northeast Lima have been identified (Puente Piedra), and one client has already been connected (Compañía Peruana de Vidrios). In the first stage of expansion in this area, a group of 11 clients in this cluster will soon be connected



Up to Q3, a total of 9 new NGV service stations have been connected to Cálidda's distribution system, and currently there are more than 188,000 vehicles already converted to natural gas in the cities of Lima and Callao.

Further consumption in this segment is expected to come from the public transportation system, as public transportation buses switch from diesel to natural gas.



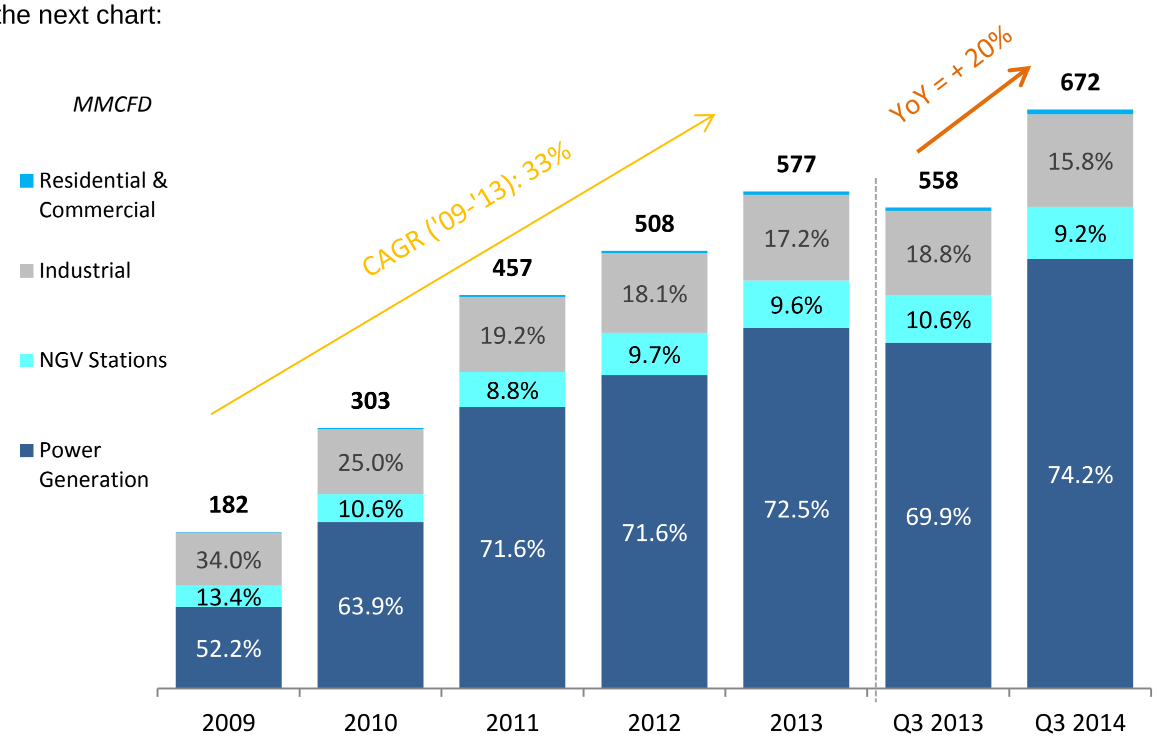
Up to Q3, Cálidda has added 71,424 clients to the Residential & Commercial segment.

As to residential clients only, 70,645 have been connected in 2014, and as a result a total of 231,341 households currently use natural gas.

In the Commercial segment, Cálidda has increased this year its efforts to connect more businesses to the distribution system, reaching up to Q3 a total of 779 new clients up to Q3 and therefore having a total of 3,216 commercial clients.

3.2. Volume

Cálidda has experienced a sustained increase in volume sold over the last few years, as shown in the next chart:

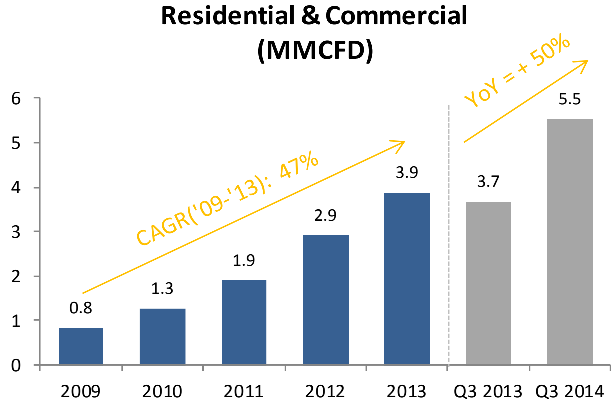


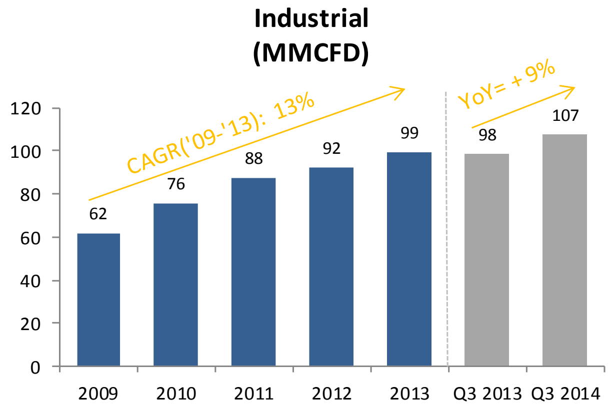
It is remarkable that Cálidda now sells more than 3.7x the volume sold in 2009.

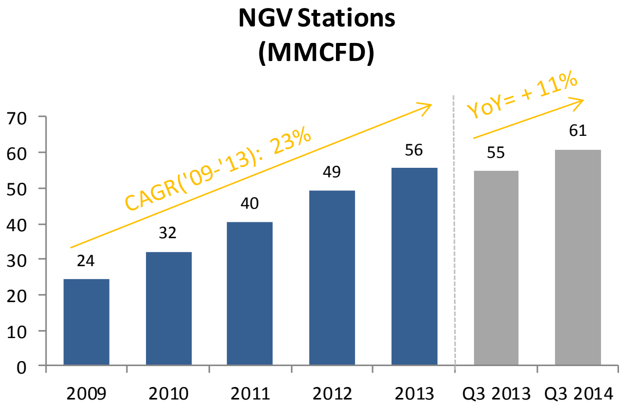
In Q3 Cálidda increased its volume sold by 20% compared to Q3 2013, mainly explained by the addition of Fénix Power (82 MMCFD) and Termochilca (45 MMCFD) since the 2H 2013. Additionally, Cálidda has agreed to distribute 20 MMCFD of additional volume to Kallpa power generator.

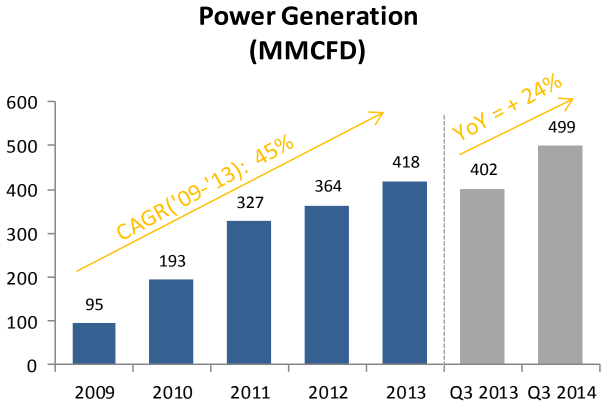
As to Q3, 76 % of the volume sold is explained by firm contracts (take-or-pay), the majority of them corresponding to the power generation clients.

The volume breakdown by client segments is shown in the following charts:









Positive trends were presented in all of our four client segments for the current year, largely explained by the number of additional customers connected. The Residential & Commercial segment shows the strongest growth rate explained by the successful addition of new customers where Cálidda is already present. Secondly, the Power Generation segment shows also a strong growth rate, explained by the addition of Fénix and Termochilca in 2H 2013, and an additional volume agreed to distribute to Kallpa.

4. Operational Performance

In Q3 2014 Cálidda made 20,103 additional connections vs 16,414 made in Q3 2013.

In the Residential segment, Cálidda distributes natural gas to 15 out of the 49 districts from the Metropolitan area of Lima and Callao: Villa El Salvador, Comas, San Juan de Lurigancho, El Agustino, San Miguel, Santiago de Surco, Jesús María, Magdalena, Pueblo Libre, Cercado de Lima, Los Olivos, San Martín de Porres, San Juan de Miraflores, Santa Anita, and Villa María del Triunfo. Likewise, in the Industrial and NGV Stations segments, Cálidda is present in more than 30 districts.

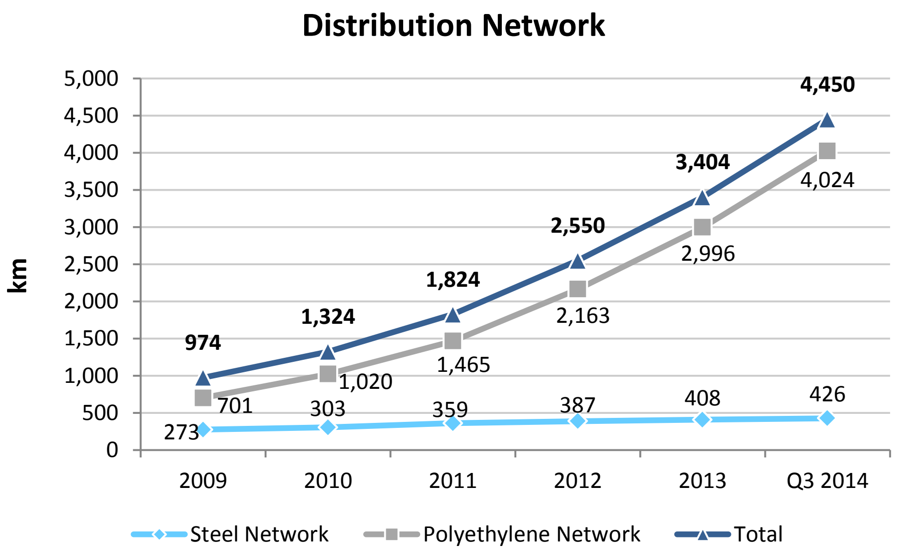
This year the plan is to enter into 5 more new districts, namely: Callao, Ate, Puente Piedra, Imperial and Cañete.

4.1. Distribution Network

In the first nine months of 2014, Cálidda has built 18km of steel high pressure network and 1,028 km of polyethylene secondary network. Cálidda´s distribution system reaches a total of 4,450 km of underground pipelines.

The pace of expansion in polyethylene secondary network (rings) has increased considerably, reaching 111,997 rings in Q3 2014 compared to 53,066 rings in Q3 2013.

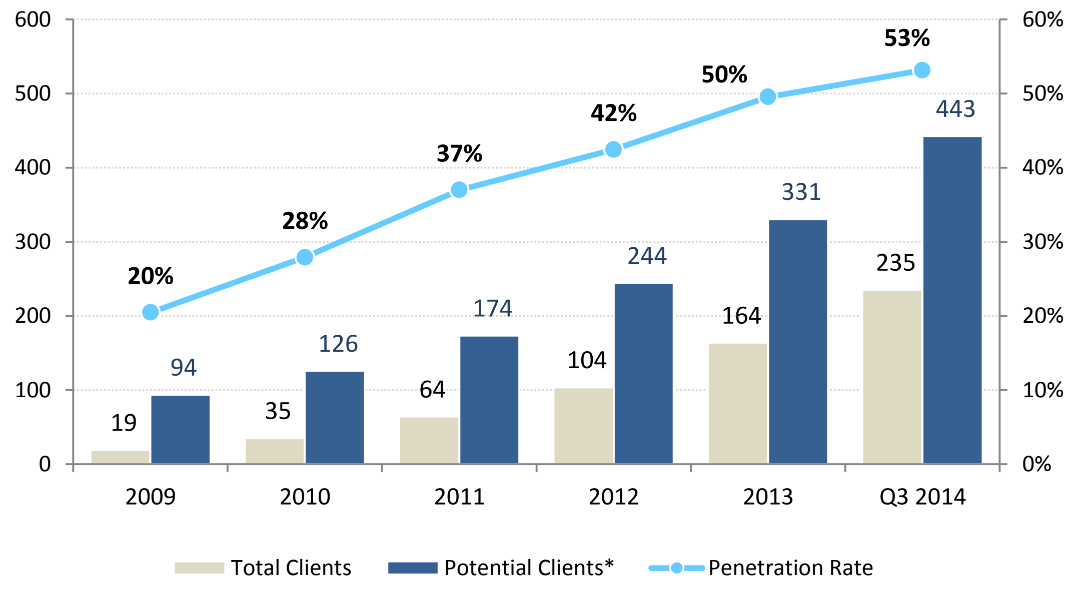
The next chart shows the evolution of the length of the distribution system:



4.2. Network Penetration Rate

The network penetration rate is measured as the number of connected clients over the number of potential clients that are located near Cálidda's distribution network. As of Q3 2014, Cálidda estimates that there are over 443,000 potential clients (among households and other types of clients) close enough to Cálidda´s distribution network, out of which 235,273 are currently connected. Therefore, the network penetration rate is 53%.

Network Penetration Rate



(*) Clients who are adjacent to Cálidda's distribution network.

As can be observed, the network penetration rate has increased over the years due to the fact that Cálidda's commercial strategy is mainly focused on districts characterized by medium and low income families, where the savings produced by the use of natural gas, against alternative fuels, are more appreciated, and, therefore, with a higher acceptance of the service provided.

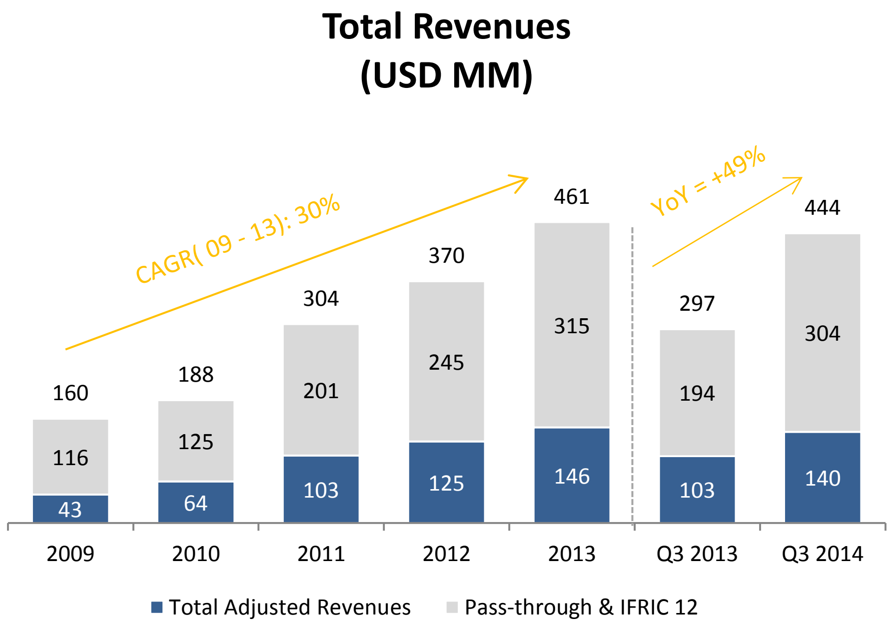
5. Financial Performance

5.1. Revenues

Cálidda's revenues are comprised of five items, namely:

i) Distribution revenues, containing sales of distribution of natural gas;
ii) Installation services, represented mainly by the construction of the network of natural gas within households (these revenues include connection fees and financial income derived from funding clients' installations);
iii) Pass-through revenues, which are derived from gas supply and gas transportation services (which also represent cost of sales, without a margin);
iv) IFRIC 12, which represents an accounting standard to book concession investments, and
v) Other revenues, comprising maintenance and other non-recurrent services

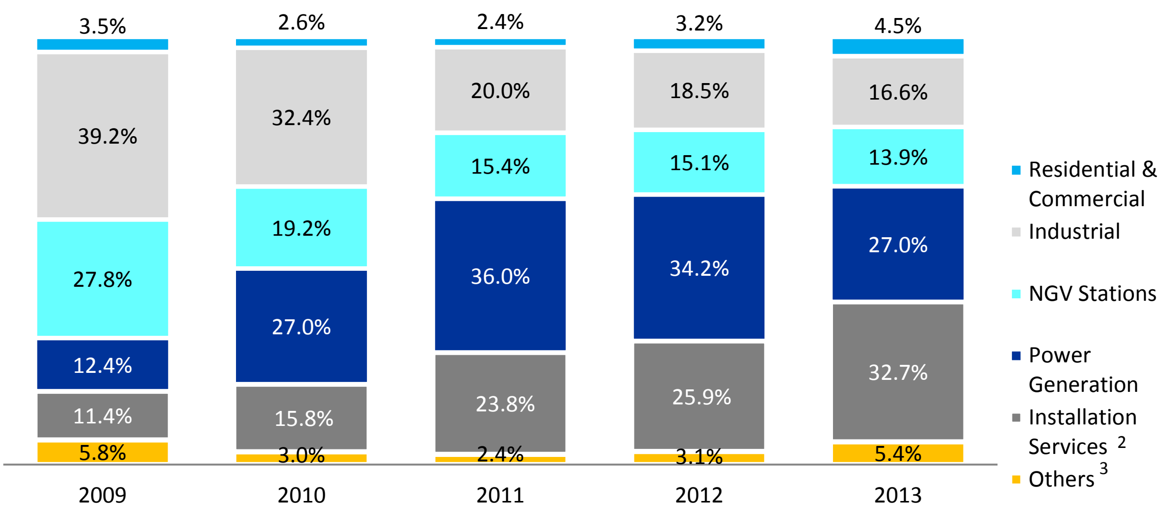
Total revenue as of Q3 2014 was USD 444 MM (including Pass-through and IFRIC 12 revenues), corresponding to a 49% growth compared to the same period of previous year, explained mainly by a much larger customer base and related installation services, and secondly by the addition of power generation customers in 2H 2013.

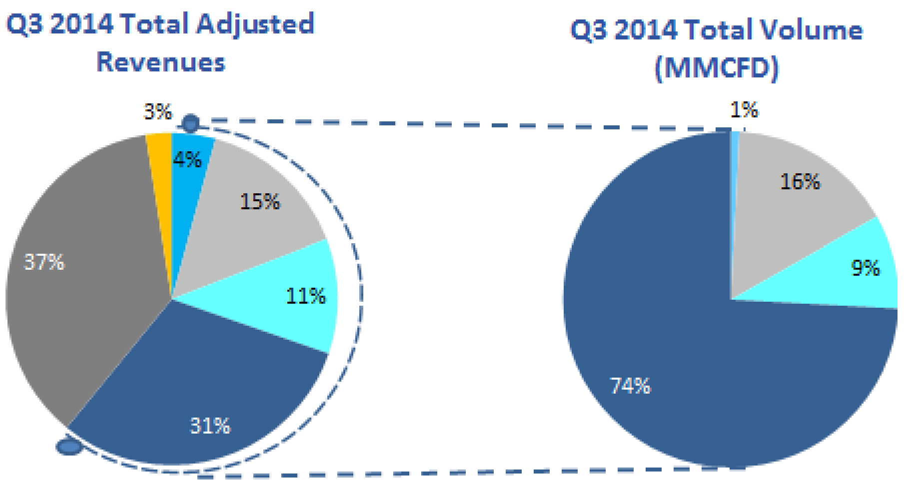


As of Q3 2014, Total Adjusted Revenues increased by 36% YoY from USD 103 MM to USD 140 MM, driven primarily by distribution revenues that increased by 29% YoY, from USD 66 MM to USD 85 MM, and by installation services that increased by 66% YoY, from USD 29 MM to USD 48 MM.

On the other hand, the following chart shows Cálidda's Total Adjusted Revenues by segment (excluding pass-through and IFRIC 12 revenues):

Revenues[1] Composition by Client Segment





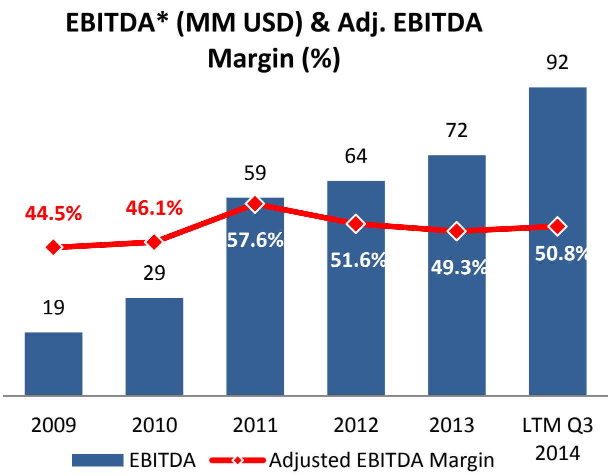
1) *Total Adjusted Revenues exclude Pass-through and IFRIC 12 revenues.*
2) *Installation Services include revenues from connection fees and financing.*
3) *Others: mainly derived from network relocation and other non recurrent services.*

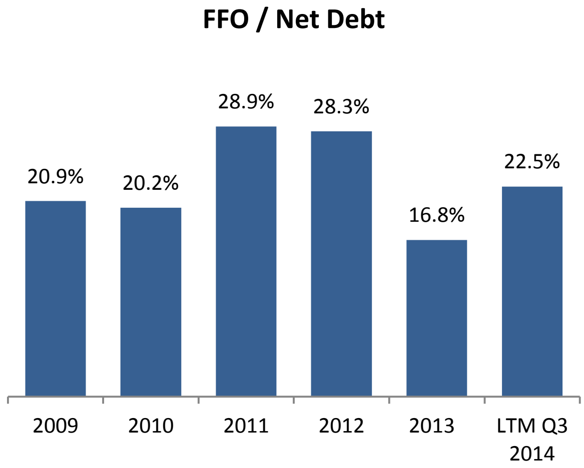
As of Q3, the Total Adjusted Revenues are represented by 60% from distribution revenues (volume related revenues) and 40% from installation services revenues and other revenues.

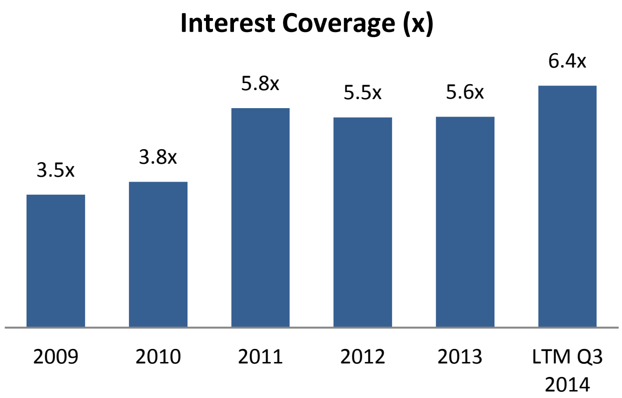
Furthermore, over 68% of our Total Adjusted Revenues are not dependable on demand volatility as firm contracts revenues account for 31% (mainly from power generation customers), and installation services revenues account for 37%.

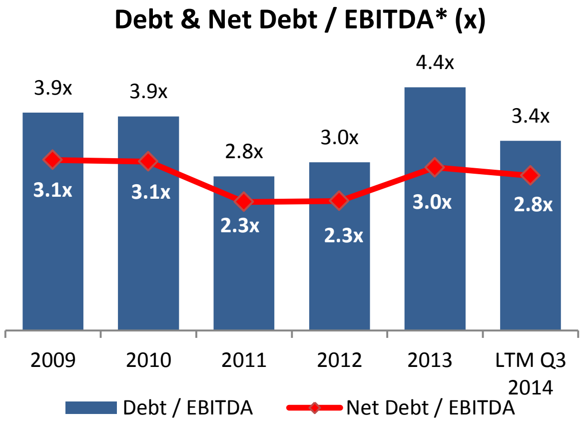
Likewise, firm contracts' revenues account for 50% of our distribution revenues (volume related revenues) which minimizes the impact of volume volatility (particularly important considering the seasonality of the volume demand by the power generation customers).

5.2. Financial Ratios









(*) Ratio does not include 2013's debt prepayment penalties (USD 7.8 MM).

(*) Net Debt = Debt net of Cash Balance

The operational profit as of Q3 amounts to USD 55 MM, an increase of 45% YoY from the USD 38 MM as of Q3 2013. Likewise, the EBITDA as of Q3 2014 amounts to USD 71 MM, which represents an increase of over 39% YoY from the USD 51 MM EBITDA as of Q3 2013.

Cálidda's Q3 2014 LTM EBITDA is higher than 2013's by 39% due to (i) higher volume invoiced mainly to 3 power generation plants (Fénix, Termochilca and Kallpa) and also volume sold in more profitable segments such as Residential & Commercial, Industrial and NGV Stations, (ii) higher revenues from households internal installations services, (iii) larger volume demand due to a larger client base, and lastly (iv) increase in the distribution tariff since May.

The Adjusted EBITDA Margin was slightly increased due to (i) higher average distribution tariff due to resolution that sets Cálidda´s tariff for the next 4 years (from May 8th 2014 to May 7th 2018).

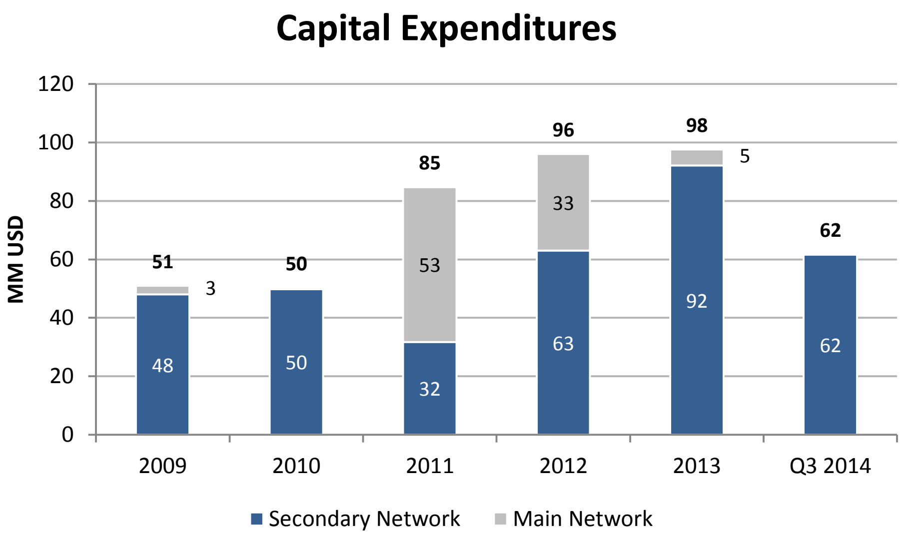
The Debt/EBITDA ratio reflects the USD 320 MM bonds issuance and the prepayment of total financial debt done in Q2 2013, including the shareholders subordinated and other senior debts.

The Net Debt/EBITDA ratio has decreased when compared to last quarter due to the repayment of a short term intercompany loan granted by Cálidda to our affiliate company Transportadora de Gas Iberoamericana S.L. on September 11th. The loan amount was USD 50 MM.

The Interest Coverage ratio of 2013 does not consider the penalties charged for the prepayment of the Multilateral Agencies debt (USD 7.8 MM paid in Q2 2013).

5.3. Capital Expenditures

As of Q3 2014 Cálidda invested USD 62 MM in the expansion of its distribution network, mainly in the construction of polyethylene network in order to connect household customers.



According to Cálidda's five-year investment plan for 2014-2018, we expect capital expenditures for the expansion of our distribution network to be in the order of USD 500 MM by the end of such period.

6. Annexes

6.1. Disclaimer

The information provided here is for informational and illustrative purposes only and is not, and does not seek to be, a source of legal or financial advice on any subject. This information does not constitute an offer of any sort and is subject to change without notice.

Cálidda and its Shareholders expressly disclaim any responsibility for actions taken or not taken based on this information. Neither Cálidda nor its Shareholders accept any responsibility for losses that might result from the execution of the proposals or recommendations herein presented. Neither Cálidda nor its Shareholders are responsible for any content that may originate with third parties. Cálidda or its Shareholders may have provided, or might provide in the future, information that is inconsistent with the information herein presented.

6.2. Definitions

Adjusted EBITDA

Our adjusted EBITDA, or Adjusted EBITDA, consists of our net profit for such period, plus (i) income tax expense, (ii) minus financial income, plus (iii) the sum of (a) financial expenses, and (b) amortization and depreciation included in each of general and administrative expenses, selling expenses and cost of sales, in each case, for such period. Our management considers that Adjusted EBITDA is a meaningful measure for understanding operating and financial performance. Adjusted EBITDA is not a presentation made in accordance with IFRS. Adjusted EBITDA has important limitations as an analytical tool, and you should not consider it in isolation, as indicative of the cash available to us to make payments under or as substitute for analysis of our results as reported under IFRS. For example, Adjusted EBITDA does not reflect (a) cash expenditures, or future requirements of capital expenditures or contractual commitments; and (b) changes in, or cash requirements for, working capital needs. In addition, because other companies may calculate adjusted EBITDA differently than we do, Adjusted EBITDA may not be comparable to similarly titled measures reported by other companies.

Application of IFRIC 12

Given that IFRIC 12 refers to service concession arrangements, as holder of the BOOT Concession Agreements, Cálidda must analyze its application to the Financial Statements. Based on the fact that the services to be provided by Cálidda are set forth by the MEM, who also determines the tariff rates, and that the assets comprising the Cálidda's natural gas distribution system shall be returned to such entity upon termination of the concession, management considers that IFRIC 12 applies to the Financial Statements. Under IFRIC 12, management considers that Cálidda's assets comprising the natural gas distribution system and used for natural gas distribution should be recorded as an intangible asset.