

***Empresa de Energía de Bogotá
S.A. E.S.P.- and its Subsidiaries***

***Consolidated Financial Statements as of
December 31, 2010 and October 31, 2010 and
Independent Auditors' Report***



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INDEPENDENT AUDITORS' REPORT

To the Shareholders of
EMPRESA DE ENERGÍA DE BOGOTÁ S.A. E.S.P.:

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of EMPRESA DE ENERGÍA DE BOGOTÁ S.A. E.S.P. AND ITS SUBSIDIARIES (the "Companies"), which comprise the balance sheets as of December 31, 2010 and October 31, 2010, and the income statements, statements of changes in shareholders' equity, changes in financial position and cash flows for the periods then ended (all expressed in millions of Colombian pesos), and the summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in Colombia. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in Colombia. Those standards require that we comply with ethical requirements and plan and perform the audits to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor

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considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Companies as of December 31, 2010 and October 31, 2010, and the results of their operations, the changes in their financial position and their cash flows for the periods then ended, in conformity with accounting principles generally accepted in Colombia.

Our audit was performed for the purpose of forming an opinion on the basic financial statements taken as a whole. Supplementary information includes the 2010 proforma income statement, together with the 2009 income statement. The proforma income statement for the year ended December 31, 2010, was prepared from the addition of the income statements accounts for the periods from January 1 to October 31, 2010 and November 1 to December 31, 2010. The 2010 proforma income statement is presented for comparative purposes with 2009 and is not a required part of the basic financial statements. We have reviewed this information as part of our audit of the basic financial statements and, in our opinion, this information reasonably reflects the important aspects of the accompanying basic financial statements.

Our audits also comprehended the translation of the Colombian peso amounts into U.S. dollar amounts and, in our opinion, such translation has been made in conformity with the basis stated in Note 2. The translation of the financial statement amounts into U.S. dollars and the translation of the financial statements into English have been made solely for the convenience of the readers in the United States of America.

Deloitte & Touche Ltda.

February 17, 2011
Bogotá, Colombia

EMPRESA DE ENERGÍA DE BOGOTÁ S.A. E.S.P. AND ITS SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS AS OF OCTOBER 31, 2010 AND DECEMBER 31, 2010
 (Expressed in millions of Colombian pesos (Col\$) and thousands of U.S. dollars (U.S.\$) - see Note 2)

ASSETS	Note	October 31, 2010		December 31, 2010	
CURRENT ASSETS:					
Cash and cash equivalents	3	Col\$ 275,286	Col\$ 405,546	U.S.\$ 211,886	
Restricted cash		7,824	7,945	4,151	
Temporary investments	4	371,830	175,354	91,617	
Accounts receivable, net	5	623,364	1,184,131	618,675	
Inventories	6	42,637	43,222	22,582	
Prepaid expenses and other assets	9	8,462	13,213	6,904	
Total current assets		<u>1,329,403</u>	<u>1,829,411</u>	<u>955,815</u>	
LONG-TERM ACCOUNTS RECEIVABLE	5	738,315	239,943	125,363	
PROPERTY, PLANT AND EQUIPMENT, NET	7	1,785,682	1,840,354	961,534	
PERMANENT INVESTMENTS	8	1,538,994	1,600,556	836,245	
OTHER ASSETS, NET	9	2,008,714	2,023,047	1,056,984	
REVALUATION OF ASSETS	19	4,151,769	4,308,895	2,251,275	
Total assets		<u>Col\$ 11,552,877</u>	<u>Col\$ 11,842,206</u>	<u>U.S.\$ 6,187,216</u>	
MEMORANDUM ACCOUNTS	24	<u>Col\$ 4,980,354</u>	<u>Col\$ 4,946,345</u>	<u>U.S.\$ 2,584,324</u>	
LIABILITIES AND SHAREHOLDERS' EQUITY					
CURRENT LIABILITIES:					
Financial debt	10	Col\$ 115,621	Col\$ 153,891	U.S.\$ 80,404	
Accounts payable	12	84,916	818,618	427,705	
Labor obligations		7,988	8,080	4,222	
Collections on behalf of third parties	14	14,266	10,895	5,692	
Provisions	15	68,409	34,623	18,090	
Retirement and pension obligations	16	27,041	27,041	14,128	
Benefits supplementary to retirement pensions	16	5,089	5,089	2,659	
Other liabilities	17	232	366	191	
Total current liabilities		<u>323,562</u>	<u>1,058,603</u>	<u>553,091</u>	
LONG-TERM LIABILITIES:					
Financial debt	10	2,678,882	2,798,769	1,462,277	
Hedging instruments	11	196,911	171,847	89,785	
Retirement and pension obligations	16	290,780	289,469	151,239	
Benefits supplementary to retirement pensions	16	72,143	35,088	18,332	
Provisions	15	40,410	72,467	37,862	
Other liabilities	17	95,207	100,728	52,628	
Total long-term liabilities		<u>3,374,333</u>	<u>3,468,368</u>	<u>1,812,123</u>	
Minority interest		<u>203,539</u>	<u>204,476</u>	<u>106,833</u>	
Total liabilities		<u>3,901,434</u>	<u>4,731,447</u>	<u>2,472,047</u>	
SHAREHOLDERS' EQUITY:					
Capital stock	19	664,993	664,993	347,440	
Additional paid-in capital		97,412	97,412	50,895	
Reserves		1,344,282	1,730,516	904,145	
Accumulated results		1,090,584	2,361	1,234	
Donations-in-kind surplus		6,655	6,655	3,477	
Surplus from revaluation of assets		3,911,950	4,073,255	2,128,160	
Equity revaluation		535,567	535,567	279,818	
Total shareholders' equity		<u>7,651,443</u>	<u>7,110,759</u>	<u>3,715,169</u>	
Total liabilities and shareholders' equity		<u>Col\$ 11,552,877</u>	<u>Col\$ 11,842,206</u>	<u>U.S.\$ 6,187,216</u>	
MEMORANDUM ACCOUNTS	24	<u>Col\$ 4,980,354</u>	<u>Col\$ 4,946,345</u>	<u>U.S.\$ 2,584,324</u>	

The accompanying notes are an integral part of these consolidated financial statements.

EMPRESA DE ENERGÍA DE BOGOTÁ S.A. E.S.P. AND ITS SUBSIDIARIES

CONSOLIDATED INCOME STATEMENTS

FOR THE PERIODS ENDED AS OF OCTOBER 31, 2010 AND DECEMBER 31, 2010

(Expressed in millions of Colombian pesos (Col\$) and thousands of U.S. dollars (U.S.\$) except for net income per share - see Note 2)

	Note	From January 1, 2010 to October 31, 2010		From November 1, 2010 to December 31, 2010	
OPERATING REVENUES:					
Electricity transmission services		Col\$ 77,470	U.S.\$ 40,476	Col\$ 16,241	U.S.\$ 8,485
Electricity distribution services		460,967	240,842	98,446	51,435
Natural gas transportation services		240,347	125,574	38,964	20,358
		<u>778,784</u>	<u>406,892</u>	<u>153,651</u>	<u>80,278</u>
COST OF SALES:					
Electricity transmission services	20	(36,334)	(18,983)	(8,877)	(4,638)
Electricity distribution services		(215,616)	(112,653)	(39,801)	(20,795)
Gain on sale of investments		(325,207)	(169,911)	(41,333)	(21,595)
		<u>(577,157)</u>	<u>(301,547)</u>	<u>(90,011)</u>	<u>(47,028)</u>
Gross margin		<u>201,627</u>	<u>105,345</u>	<u>63,640</u>	<u>33,250</u>
Dividends and interest earned	8	1,077,781	563,110	83,790	43,778
Exchange differences		275,087	143,725	(106,128)	(55,449)
Other income	21	50,457	26,362	28,178	14,722
		<u>1,403,325</u>	<u>733,197</u>	<u>5,840</u>	<u>3,051</u>
Administrative expenses	22	(134,254)	(70,144)	(17,592)	(9,191)
Financial expenses	23	(302,095)	(157,836)	(44,101)	(23,042)
Other expenses		(4,935)	(2,578)	(2,811)	(1,469)
		<u>(441,284)</u>	<u>(230,558)</u>	<u>(64,504)</u>	<u>(33,702)</u>
Income before income tax and minority interest		1,166,688	609,561	4,976	2,600
Income tax	18	(52,079)	(27,210)	(1,662)	(868)
Income before minority interest		1,114,609	582,351	3,314	1,732
Minority interest		(24,025)	(12,552)	(953)	(498)
NET INCOME		<u>Col\$ 1,090,584</u>	<u>U.S.\$ 569,799</u>	<u>Col\$ 2,361</u>	<u>U.S.\$ 1,234</u>
NET INCOME PER SHARE		<u>Col\$ 12,700</u>	<u>U.S.\$ 6,635</u>	<u>Col\$ 27</u>	<u>U.S.\$ 14</u>

The accompanying notes are an integral part of these consolidated financial statements.

EMPRESA DE ENERGÍA DE BOGOTÁ S. A. E.S.P. AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY FOR THE PERIODS ENDED AS OF OCTOBER 31, 2010 AND DECEMBER 31, 2010
(Expressed in millions of Colombian pesos (Co\$) and thousands of U.S. dollars (U.S.\$) - see Note 2)

	Reserves										Total shareholders' equity	
	Capital stock	Additional paid-in capital	Legal	For rehabilitation, extension and replacement of systems	For equity method	Available to the shareholders	Total	Accumulated results	Donations-linked surplus	Surplus from revaluation of assets		Equity revaluation
BALANCE AS OF DECEMBER 31, 2009	Co\$ 664,993	Co\$ 97,412	Co\$ 332,495	Co\$ 125,696	Co\$ 294,295	Co\$ 170,545	Co\$ 912,805	Co\$ 723,213	Co\$ 6,655	Co\$ 3,945,911	Co\$ 545,473	Co\$ 6,896,263
Transfers	-	-	-	-	-	-	-	(431,676)	-	-	-	(281,677)
Dividends	-	-	-	-	361,131	170,545	431,676	(431,676)	-	-	-	(331,861)
Changes to valuation surplus	-	-	-	-	-	-	-	(291,357)	-	-	-	(331,861)
Net income	-	-	-	-	-	-	-	1,090,584	-	(33,961)	-	1,090,584
Tax on equity	-	-	-	-	-	-	-	-	-	-	(9,260)	(9,260)
BALANCE AS OF OCTOBER 31, 2010	664,993	97,412	332,495	125,696	555,526	330,565	1,344,282	1,090,584	6,655	3,911,950	535,567	7,631,443
Transfers	-	-	-	-	-	-	-	(386,234)	-	-	-	-
Dividends	-	-	-	-	162,993	223,241	386,234	(386,234)	-	-	-	(704,330)
Changes to valuation surplus	-	-	-	-	-	-	-	(704,350)	-	-	-	(704,350)
Net income	-	-	-	-	-	-	-	2,361	-	161,305	-	161,305
Tax on equity	-	-	-	-	-	-	-	-	-	-	-	2,361
BALANCE AS OF DECEMBER 31, 2010	Co\$ 664,993	Co\$ 97,412	Co\$ 332,495	Co\$ 125,696	Co\$ 718,519	Co\$ 553,806	Co\$ 1,730,516	Co\$ 2,361	Co\$ 6,655	Co\$ 4,072,255	Co\$ 535,567	Co\$ 7,110,759
BALANCE AS OF DECEMBER 31, 2010	U.S.\$ 347,440	U.S.\$ 58,895	U.S.\$ 173,718	U.S.\$ 65,673	U.S.\$ 375,406	U.S.\$ 289,348	U.S.\$ 904,145	U.S.\$ 1,234	U.S.\$ 3,477	U.S.\$ 2,128,160	U.S.\$ 279,818	U.S.\$ 3,715,169

The accompanying notes are an integral part of these consolidated financial statements.

EMPRESA DE ENERGÍA DE BOGOTÁ S.A. E.S.P. AND ITS SUBSIDIARIES

**CONSOLIDATED STATEMENTS OF CHANGES IN FINANCIAL POSITION
FOR THE PERIODS ENDED AS OF OCTOBER 31, 2010 AND DECEMBER 31, 2010**

(Expressed in millions of Colombian pesos (Col\$) and thousands of U.S. dollars (U.S.\$) - see Note 2)

	October 31, 2010		December 31, 2010			
WORKING CAPITAL PROVIDED:						
Net income	Col\$	1,090,584	Col\$	2,361	U.S.\$	1,234
Depreciation and amortization		89,366		18,171		9,494
Exchange loss (gain)		(300,615)		111,790		58,407
Recoveries and provisions		(5,245)		(826)		(431)
Retirement pension expense		-		(2,902)		(1,516)
Gain on sale of assets		(3)		-		-
Valuation of investments at market value		(41,180)		(4,708)		(2,460)
Deferred tax		26,543		(15,426)		(8,060)
Increase in hedging instruments		75,055		(25,064)		(13,095)
Minority interest		24,025		953		(498)
		<u>958,530</u>		<u>84,349</u>		<u>44,071</u>
Working capital provided by operations						
Decrease in other assets		45,342		-		-
Decrease in long-term accounts receivable		-		503,080		262,845
Decrease in permanent investments		162,951		-		-
Increase in financial obligations		3,825		-		-
Increase in minority interest		-		529		276
Increase in other liabilities		46,431		-		-
		<u>1,217,079</u>		<u>587,958</u>		<u>307,192</u>
Total working capital provided						
WORKING CAPITAL USED:						
Increase in long-term accounts receivable		(268,213)		-		-
Increase in permanent investments		-		(47,956)		(25,056)
Increase in property, plant and equipment		(161,702)		(63,054)		(32,944)
Increase in other assets		-		(5,644)		(2,949)
Decrease in financial obligations		-		(1,066)		(557)
Decrease in other liabilities		-		(921)		(481)
Decrease in minority interest		(15,768)		-		-
Tax on equity		(9,906)		-		-
Dividends paid		(291,537)		(704,350)		(368,003)
		<u>(747,126)</u>		<u>(822,991)</u>		<u>(429,990)</u>
Total working capital used						
INCREASE (DECREASE) IN WORKING CAPITAL	Col\$	469,953	Col\$	(235,033)	U.S.\$	(122,798)
CHANGES IN COMPONENTS OF WORKING CAPITAL:						
Cash and cash equivalents	Col\$	41,970	Col\$	130,260	U.S.\$	68,057
Restricted cash		(3,593)		121		63
Temporary investments		18,088		(196,476)		(102,653)
Accounts receivable, net		384,550		560,767		292,985
Inventories		4,349		585		306
Prepaid expenses		(83,811)		4,751		2,482
Financial obligations		92,449		(38,270)		(19,995)
Accounts payable		21,412		(733,702)		(383,338)
Labor obligations		924		(,092)		(48)
Collections on behalf of third parties		2,912		3,371		1,761
Retirement and pension obligations		6,170		-		-
Other liabilities		780		(134)		(70)
Provisions		(16,247)		33,786		17,652
		<u>469,953</u>		<u>(235,033)</u>		<u>(122,798)</u>
INCREASE (DECREASE) IN WORKING CAPITAL	Col\$	469,953	Col\$	(235,033)	U.S.\$	(122,798)

The accompanying notes are an integral part of these consolidated financial statements.

EMPRESA DE ENERGÍA DE BOGOTÁ S.A. E.S.P. AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

FOR THE PERIODS ENDED AS OF OCTOBER 31, 2010 AND DECEMBER 31, 2010

(Expressed in millions of Colombian pesos (Col\$) and thousands of U.S. dollars (U.S.\$) - see Note 2)

	October 31, 2010		December 31, 2010		
CASH FLOWS FROM OPERATING ACTIVITIES:					
Net income	Col\$	1,090,584	Col\$	2,361	U.S.\$ 1,234
Reconciliation between net income and net cash provided by operating activities:					
Depreciation and amortization		89,366		18,171	9,494
Exchange loss (gain)		(275,889)		106,176	55,474
Recoveries and provisions		(4,390)		(670)	(350)
Retirement pension expense		-		(2,902)	(1,516)
Gain on sale of assets		(3)		-	-
Valuation of investments at market value		(41,180)		(4,708)	(2,460)
Gain on sale of investments		-		-	-
Deferred tax		26,543		(15,426)	(8,060)
Hedging instruments gain (loss)		75,055		(25,064)	(13,095)
Minority interest		24,025		(953)	(498)
		<u>984,111</u>		<u>78,891</u>	<u>41,219</u>
Changes in assets and liabilities of operation, net:					
Restricted cash		(3,593)		(121)	63
Accounts receivable		(654,226)		(57,594)	(30,091)
Inventories		(4,435)		(585)	(306)
Prepaid expenses		83,184		(4,889)	(2,554)
Accounts payable		(20,359)		733,702	383,338
Labor obligations		48,169		(33,586)	(17,548)
Collections on behalf of third parties		(2,912)		(3,371)	(1,761)
Provisions		14,591		(1,760)	920
Other liabilities		(7,907)		864	451
Minority interest		(15,768)		529	276
		<u>420,855</u>		<u>712,322</u>	<u>372,167</u>
Net cash provided by operating activities					
CASH FLOWS FROM INVESTING ACTIVITIES:					
Increase in property, plant and equipment		(161,702)		(63,054)	(32,944)
Decrease (increase) in temporary investments		18,088		(196,476)	(102,653)
Decrease (increase) in permanent investments		108,827		350,120	182,928
Decrease (increase) in other assets		45,969		(5,506)	(2,877)
		<u>11,182</u>		<u>85,084</u>	<u>44,454</u>
Net cash used in investing activities					
CASH FLOWS FROM FINANCING ACTIVITIES:					
Dividends paid		(291,537)		(704,350)	(368,003)
Tax on equity		(9,906)		-	-
Increase (decrease) of Financial obligations		(88,624)		37,204	19,438
		<u>(390,067)</u>		<u>(667,146)</u>	<u>(348,565)</u>
Net cash used in financing activities					
NET INCREASE (DECREASE) IN CASH		41,970		130,260	68,056
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		233,316		275,286	143,830
CASH AND CASH EQUIVALENTS AT END OF YEAR	Col\$	<u>275,286</u>	Col\$	<u>405,546</u>	U.S.\$ <u>211,886</u>

The accompanying notes are an integral part of these consolidated financial statements.

EMPRESA DE ENERGÍA DE BOGOTÁ S.A. E.S.P. AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS AS OF DECEMBER 31, 2010 AND FOR THE PERIOD ENDED AS OF OCTOBER 31, 2010

(Expressed in millions of Colombian pesos (Col\$) and thousands of US Dollars (US\$), except as otherwise noted)

1. OPERATIONS

Empresa de Energía de Bogotá S.A. E.S.P., the “Company” or “EEB”, is a Colombian joint-stock corporation (*sociedad anónima*) organized as a public utility company (*empresa de servicios públicos*) under the laws of Colombia. Directly and through its subsidiaries, affiliated companies and investees, EEB engages in the generation, transmission and distribution of electricity and the transportation and distribution of natural gas. EEB is controlled by the government of the District of Bogotá, the capital of Colombia.

The Company is mainly ruled by Law 142 or the Public Utilities Statute and Law 143, which establishes the norms that rule all activities related to electric-power generation, transmission, distribution, and commercialization, its bylaws, the investment framework agreements, and other norms contained in the Code of Commerce. Laws 142 and 143 of July 11, 1994 establish the competitive structure, rates and subsidy regimes for the sales of electricity and other operating and regulatory matters of the sector. The rates applicable to the energy transmission service are regulated by the Energy and Gas Regulatory Commission (“*Comisión de Regulación de Energía y Gas – CREG*”), which is a Technical Organization attached to the Ministry of Mines and Energy.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND PRACTICES

EEB’s financial statements have been prepared on the basis of accounting principles generally accepted in Colombia, or Colombian GAAP. For the convenience of readers outside Colombia, the financial statements have been translated into English, certain reclassifications have been made and certain clarifying account descriptions have been included.

Certain accounting practices applied by the Company that conform to Colombian GAAP may not conform to generally accepted accounting principles in the United States of America.

The consolidated financial statements as of December 31, 2009 and 2010 include the financial statements of Empresa de Energía de Bogotá S.A. E.S.P. and its subsidiaries, EEB International Ltd, Congas Perú S.A.C., Transportadora de Gas Internacional S.A. E.S.P. – (“TGI”) and its subsidiary TGI International Ltd., Transportadora de Energía de Centroamérica S.A., Distribuidora Eléctrica de Cundinamarca S.A. E.S.P. – (“DECSA”) and its subsidiary Empresa de Energía de Cundinamarca S.A. E.S.P. - (“EEC”). TGI is a Colombian stock corporation (*sociedad anónima*) organized as a public services company (*empresa de servicios públicos*) under the laws of Colombia and engaged in the transportation of natural gas. DECSA and EEC are Colombian stock corporations (*sociedades anónimas*) organized as public services

companies (*empresas de servicios públicos*) under the laws of Colombia and engaged in the distribution and commercialization of electricity. Congas Perú S.A.C. is a Colombian stock corporation organized under the laws of Peru and engaged in the transportation and distribution of natural gas. Transportadora de Energía de Centroamérica S.A. is a Colombian stock corporation organized under the laws of Guatemala and engaged in the transmission of electricity. EEB International Ltd. and TGI International Ltd. were incorporated in Cayman Island in order to serve as investment vehicles.

The Company's financial statements are prepared pursuant to standards set forth in the Accounting Manual for Entities that are Providers of Domestic Public Services ("*Plan de Contabilidad para Entes Prestadores de Servicios Públicos Domiciliarios*"), established by the Office of the Superintendency of Domestic Public Services ("SSPD"), which conform to Colombian GAAP. The more significant accounting policies and practices followed by the Companies are summarized below:

- a. *Consolidation* – The consolidated financial statements include the accounts of EEB and all majority owned subsidiaries in which EEB has control. The Company's investments in other non-controlled entities are carried at their historical cost. In February 2007, June 2008, February 2009 and February 2010, EEB purchased the outstanding common stock of TGI (97.91%), Congas Perú S.A.C. (75%), DECSA (51%) and Transportadora de Energía de Centroamérica S.A. – TRECSA (96.96%), respectively. Also, the consolidated financial statements include the accounts of EEB International Ltd. and TGI International Ltd. incorporated in July 2007 and 100% owned by EEB and TGI, respectively.

Selected information from the separate balance sheets and income statements of EEB, EEB International Ltd, Congas Perú S.A.C., TGI, its subsidiary and DECSA and its subsidiary and Transportadora de Energía de Centroamérica S.A. are as follows:

December 31, 2010

	<u>EEB</u>	<u>TGI and its Subsidiary</u>	<u>EEB International Ltd.</u>	<u>DECSA and its Subsidiary</u>	<u>Congas Perú S.A.C.</u>	<u>TRECSA</u>
<u>Balance sheets</u>						
Total assets	Col\$ 9,742,023	Col\$4,050,323	Col\$ 1,184,556	Col\$ 455,322	Col\$ 162,873	Col\$ 63,451
Total liabilities	2,631,266	2,528,638	1,184,554	329,105	1,933	2,075
Shareholders' Equity	7,110,757	1,521,685	2	126,217	160,940	61,376
<u>Income statements</u>						
Operating revenues	16,241	98,446	-	38,964	-	-
Net income (loss)	2,361	(48,639)	-	2,574	(1,234)	71

October 31, 2010

	EEB	TGI and its Subsidiary	EEB International Ltd.	DECSA and its Subsidiary	Congas Perú S.A.C.	TRECSA
Balance sheets						
Total assets	Col\$ 9,512,492	Col\$4,002,429	Col\$ 1,117,302	Col\$ 457,024	Col\$ 27,967	Col\$ 60,704
Total liabilities	1,861,053	2,400,713	1,117,300	212,109	1,150	197
Shareholders' Equity	6,896,263	1,601,716	2	244,915	26,817	60,507
Income statements						
Operating revenues	77,470	460,967	-	240,346	-	-
Net income (loss)	1,090,584	118,470	-	29,770	(2,380)	62

The following table summarizes the minority shareholders' interest as:

	% October 2010	% December 2010	October 2010	December 2010
TRECSA	3,03	3,03	Col\$ 1,834	Col\$ 1,919
DECESA	49,00	49,00	169,324	171,160
TGI	2,09	2,02	<u>32,381</u>	<u>31,397</u>
			<u>Col\$ 203,539</u>	<u>Col\$ 204,476</u>

Merge TCG S.A. E.S.P. and TGI S.A. E.S.P – By means of resolution number 341005670 of April 23, 2010 the Superintendence of Corporations authorized the merger of TGI S.A. E.S.P. with TCG S.A. E.S.P. On May 31, 2010, TGI took over the control and assumed as absorbing company, assets for \$82,271, liabilities for \$47,385, equity for \$34,886, income for \$12,032, costs for \$5,350 and expenses for \$3,801 from TCG S.A. E.S.P. With the merge, the shareholding by EEB in TGI went from 97.91% to 97.98%.

Capitalization process – The Company completed the evaluation process for the incorporation of a capital investor. Credit Suisse was the Investment Bank that performed the corresponding analysis. The results of the selection process allowed to associate Citi Venture Capital International as new shareholder of the Company, the investment in TGI will amount to 400 million dollars equivalent to a stockholding interest of approximately 31.9%. The closing of the operation will be made once all corresponding corporate processes have been carried out in accordance with the corresponding regulations. Group Energia de Bogotá maintains the capital and administrative control of TGI.

The consolidated financial statements include the accounts of Empresa de Energía de Bogotá S.A. E.S.P. consolidated with its subsidiaries, applying the method of global

consolidation, which consists of incorporating to the financial statements of the Companies, totality of the assets, liabilities, equity and results of the subsidiaries, previous elimination of the investments and the reciprocal operations. All the important operations between related companies, were eliminated in the consolidation

- b. *Foreign currency* – Foreign currency transactions and balances denominated in a currency other than the Colombian peso are translated into Colombian pesos at the official exchange rate (*Tasa Representativa del Mercado*) as certified by the Colombian Financial Superintendency. The exchange gains and losses resulting from accounts payable and liabilities denominated in foreign currency that resulted from the acquisition of inventories and property, plant and equipment is capitalized until the asset is in condition to be used or sold. All other exchange gains and losses are included in operations. The official exchange rates used to translate the foreign currency assets and liabilities were:

	Per US\$1.00	
October 31, 2010	Col\$	1,831.64
December 31, 2010	Col\$	1,913.98

- c. *Temporary investments* – Temporary investments are initially recorded at cost and subsequently valued at market price. Profits and losses on valuation at market prices are recorded within the current period results.
- d. *Allowance for doubtful accounts* – The Companies determine the allowance on the basis of the aging and individual analyses of the creditworthiness of its customers.
- e. *Inventories* – Inventories are recorded at cost. Cost is determined based upon the average-cost method. A provision is recorded to reduce obsolete and slow-moving inventories to net realizable value.
- f. *Property, plant and equipment, net* –

EEB and EEC - Property, plant and equipment are valued at cost, adjusted for inflation through December 31, 2001.

Transcogas assets transferred to TGI for the merge- Property, plant and equipment are recorded at cost and adjusted for inflation through December 31, 2005.

TGI - The property, plant and equipment acquired from Ecogás are valued at net replacement cost as determined by technical appraisal made as of February 16, 2007. Subsequent acquisition of property, plant and equipment is recorded at historical cost.

Depreciation is computed applying the straight-line method over the estimated useful life. Annual depreciation rates applied are the following:

	EEB	TGI
Buildings	2%	4.28%
Gas pipelines	-	1.96%
Plants, ducts and stations	4%	4.03%
Transmission network, lines and cables	2%	-
Internal communications roads	-	-
Machinery and equipment	6.6%	10%
Scientific equipment	10%	-
Furniture and fixtures	10%	10%
Communication equipment	10%	10%
Computer equipment	20%	20%
Transportation equipment	20%	20%
Other equipment	10%	10%

For accounting purposes, the Companies do not estimate any salvage value for its assets since it deems such value to be relatively immaterial; consequently, assets are fully depreciated.

- g. *Permanent investments* – Investments made in shares of non-controlled companies are recorded at their acquisition cost and those made in controlled Companies are recorded at their acquisition cost and later recorded under the equity method. Foreign investments are adjusted to conform with colombian generally accepted accounting principles, and translated to Colombian pesos at the official exchange rate (*Tasa Representativa del Mercado*).
- h. *Other assets:*

EEB

Deferred charges – It corresponds mainly to costs incurred in the purchase of software and certain investment projects, which are being amortized through the straight-line method over five and twenty years, respectively.

Goodwill – Goodwill corresponds to the difference between the amount paid by EEB and the net book value of the net assets acquired. They are amortized through the straight-line method over an estimated life of 20 years.

TGI S.A. E.S.P.

Prepaid expenses – These correspond to payments made in advance covering operating and maintenance costs of gas pipelines according to the BOMT Contracts; such costs are amortized through the straight-line method during the remaining lives of BOMT Contracts, as follows:

BOMT Contract	Annual rate	Period
Centragás BOMT Contract (Ballena – Barrancabermeja Gas pipeline)	26,31%	3,8 years
Transgás BOMT Contract (Mariquita – Cali Gas pipeline)	9,61%	10,4 years

Preoperational expenses - These correspond to the amounts paid for incorporation expenses, commissions, fees and legal expenses incurred to structure the process of acquisition of the Empresa Colombiana de Gas (“Ecogas”) Business and subsequent incorporation of TGI. Preoperating expenses are amortized using the straight-line method over a period of five years.

Rights -

- *Goodwill* – Goodwill corresponds to the difference between the amount paid by TGI and the net fair value of the assets, rights and contracts acquired. They are amortized through the straight-line method using an estimated life of 65 years (1.54% annual).
- *Intangible assets beyond BOMT contracts* – Corresponds to the net replacement cost of the construction portion of every pipeline asset built pursuant to a BOMT Contract estimated by a technical appraisal. These costs are amortized through the straight-line method over the remaining estimated life of the pipelines, as follows:

BOMT Contract	Annual rate	Period
Centragás BOMT Contract (Ballena – Barrancabermeja Gas pipeline)	1,85%	54 years
Transgás BOMT Contract (Mariquita – Cali Gas pipeline)	1,81%	55 years

- *Trust rights* - The Company records as trust rights the net value of the contractual rights and obligations derived from the commercial trust agreements. Similarly, it accrues monthly as income or expense of the Company the net value of the income and expenses earned or incurred by the commercial trust.

In accordance to Colombian GAAP, TGI does not consolidate the financial statements of the trust since it is a “*patrimonio autónomo*”.

Rights of way – Rights of way are amortized using the straight-line method based on an estimated useful life of 65 years (1.54% annual).

Software and licenses – Correspond to the costs incurred in the purchase of computer software and licenses, which are amortized using the straight-line method over a period of 5 years.

- Revaluation of assets* – Correspond to the differences between the net book value of assets and their value determined by technical appraisals. Such revaluation of assets is recorded in the non-current assets account “Revaluation of Assets” with the offsetting entry credited to the shareholders’ equity account “Surplus from revaluation of assets”. Assets are

revalued every three years based on technical appraisals. Revaluations are performed on specific asset groups. If the revaluation results in a decrease in the book value of the assets, the charge is first recorded against any surplus associated with the individual assets or class of assets, and any decrease in excess of the existing surplus is charged against income.

- j. *Hedging instruments*- EEB and TGI conducts transactions with derivative financial instruments with the purpose of reducing its exposure to exchange rate fluctuation in its foreign-currency liabilities. These contracts are adjusted on a monthly basis to their market value and the adjustment is carried to income statement accounts.
- k. *Labor obligations* – Correspond to the Company’s obligations for mandatory and voluntary employee benefits under applicable labor agreements, as well as employee severance, interest on severance, seniority bonuses, vacation accruals and contributions for social security.

The retirement pension obligation represents the present value of all future allowances that the Company will pay to those employees that have fulfilled or that will fulfill certain legal requirements regarding age, time of service and others, determined on the basis of actuarial studies that the Company obtains every year, in accordance with regulations issued by the Superintendency of Corporations, without the specific investment of funds.

- l. *Complementary benefits* - The Company records the liability and its updates for complementary benefits for retirement pensions, such as medical services and education, benefits that the retirees are entitled to, in accordance with actuarial calculations performed by an independent actuary. As a result, the liability which, at present value, covers the estimated obligation for these benefits is being recorded as of the date of the closing of the period and charged to results.

For employees covered by the social security regime (Law 100 issued in 1993), the Companies cover its pension obligation through the payment of contributions to the Social Security Institute (Spanish acronym, ISS) and/or to the Private Pension Funds, under the terms and conditions provided for in the aforementioned law.

- m. *Collections on behalf of third parties* – Correspond to the obligations resulting from collection of taxes, contributions and other items in favor of public entities, based on legal regulations. Mainly include the transportation tax, industries contribution and development quota.
- n. *Income tax provision* – The Companies determine the current provision for income taxes based upon the taxable income estimated pursuant to the Colombian Tax Law. The effect of temporary differences that implies the payment of a lower or greater tax in the current year, calculated at current rates, is recorded as deferred tax asset or liability, as applicable, provided that there is reasonable expectation that those differences will reverse in the foreseeable future.

o. *Tax on Equity* – The companies charge this tax against the equity revaluation as allowed by Colombian law.

p. *Memorandum accounts* – Mainly include the contingent rights and obligations and the differences between book and fiscal figures and other memorandum accounts.

q. *Revenue recognition* -

EEB – Sales are recognized in the period when the transmission services are rendered.

Transcogas and TGI – Revenues from the sales of gas transportation services are recorded based on output delivery and capacity provided at rates as specified under contract terms. Sales revenues include un-invoiced sales of transportation services for which services have been provided, but have not been billed at period-end. These amounts are included in current assets, as accounts receivable.

r. *Use of estimates* – The preparation of financial statements in conformity with Colombian GAAP requires management to make estimates that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities as of the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

s. *Statements of cash flows* – The statements of cash flows were prepared using the indirect method, which includes the reconciliation of annual net income or loss to net cash provided by operating activities.

t. *Cash equivalents* – For purposes of presentation in the statement of cash flows, the Company classifies current temporary investments within cash equivalents.

u. *Net income per share* – Determined based on the subscribed and fully paid up shares at the end of the period.

v. *Convenience translation to U.S. dollars* - The U.S. dollar amounts presented in the accompanying financial statements have been translated from the Colombian peso solely for the convenience of the readers at the exchange rate of Col\$1,913.98 per U.S. dollar as of December 31, 2010. Such translations should not be construed as representations that the Colombian peso amounts represent or have been or could be converted into U.S. dollars at that rate or any other rate.

3. CASH AND CASH EQUIVALENTS

	October 31, 2010	December 31, 2010
Cash	Col\$ 121	Col\$ 24
Banks	252,750	361,983
Cash equivalents	<u>22,415</u>	<u>43,539</u>
	<u>COL\$ 275,286</u>	<u>COL\$ 405,546</u>

4. TEMPORARY INVESTMENTS

	October 31, 2010	December 31, 2010
Term deposit certificates	Col\$ 189,440	Col\$ 64,774
Bonds and securities	69,432	65,130
Mortgage securities	2,139	1,995
Trust rights	108,891	40,757
Other temporary investments	<u>1,928</u>	<u>2,698</u>
	<u>Col\$ 371,830</u>	<u>Col\$ 175,354</u>

5. ACCOUNTS RECEIVABLE, NET

Related parties (see Note 13)	Col\$ 195	Col\$ 93
Customers	178,714	175,333
Prepayments and advances (1)	21,327	40,595
Taxes advances and contributions	29,942	22,186
Deposits (2)	729,952	781,490
Sundry debtors (3)	463,376	469,110
Other accounts receivable	<u>760</u>	<u>760</u>
	1,424,266	1,489,567
Less – Long-term accounts receivable	<u>(738,315)</u>	<u>(239,943)</u>
	685,951	1,249,624
Less – Allowance for doubtful accounts	<u>(62,587)</u>	<u>(65,493)</u>
Short-term accounts receivable	<u>Col\$ 623,364</u>	<u>Col\$ 1,184,131</u>

(1) It corresponds mainly to advances on contracts for the expansion project "Ballena – Barrancabermeja" in the subsidiary TGI of \$15,692 as of December 31, 2010 and \$18,987 as of October 2010.

(2) The deposits correspond to:

Centragas emergency fund	Col\$ 5,493	Col\$ 5,633
Court deposits	2,913	3,322
Other deposits	3,373	3,093
Deposits given under management-pensions	222,905	214,890
Trusts Fidubogotá EEB "patrimonio autónomo" (a)	493,022	441,197
Trusts Fidubogotá TGI "patrimonio autónomo" (b)	-	109,600
Trust mandates- Muña (See Note 15)	329	1,056
Other	<u>1,917</u>	<u>2,699</u>
	<u>Col\$ 729,952</u>	<u>Col\$ 781,490</u>

- (a) Correspond to the trust rights incorporated by EEB with the purpose to finance expansion project of TGI from Cusiana. The net assets, liabilities, income and expenses of this "patrimonio autónomo" as of December 31, 2010, are the following:

Total assets	Col\$	443,350
Total liabilities		<u>(2,153)</u>
Assets in trust (See Note 9)		441,197
Income and expenses, net		6,030

- (b) Correspond to the trust rights incorporated by TGI with the purpose to finance expansion project of TGI from Cusiana. The net assets, liabilities, income and expenses of this "patrimonio autónomo" as of December 31, 2010, are the following:

Total assets	Col\$	559,523
Total liabilities		<u>(449,923)</u>
Assets in trust (See Note 9)		109,600
Income and expenses, net		-

- (3) The balance of sundry debtors corresponds to:

	October 31, 2010	December 31, 2010
Dividends receivable	Col\$ 407,126	Col\$ 407,195
Pension contributions	15,447	15,767
Pension shareability	18,704	18,547
Institutional pension plan	-	-
Sale of assets	7,708	7,708
Loans to employees	6,955	7,253
Other debtors	<u>7,436</u>	<u>12,740</u>
	<u>Col\$ 463,376</u>	<u>Col\$ 469,110</u>

The following is the rollforward of the allowance provision for doubtful accounts:

Beginning balance	Col\$ 63,681	Col\$ 62,587
Provisions	-	2,906
Write-offs	<u>(1,094)</u>	<u>-</u>
Ending balance	<u>Col\$ 62,587</u>	<u>Col\$ 65,493</u>

6. INVENTORIES

Storehouses	Col\$ 45,677	Col\$ 47,069
Inventory held by third parties	<u>673</u>	<u>117</u>
	46,350	47,186
Less – Allowance for obsolescence	<u>(3,713)</u>	<u>(3,964)</u>
	<u>Col\$ 42,637</u>	<u>Col\$ 43,222</u>

The movement of the inventory provision is as follows:

	October 31, 2010	December 31, 2010
Initial balance	Col\$ 3,630	Col\$ 3,713
Provisions	83	251
Recovery	<u>-</u>	<u>-</u>
Final balance	<u>Col\$ 3,713</u>	<u>Col\$ 3,964</u>

7. PROPERTY, PLANT AND EQUIPMENT, NET

Depreciable:		
Buildings	Col\$ 32,635	Col\$ 33,667
Gas pipelines	1,083,086	1,083,347
Plants, ducts and substations	315,676	320,147
Transmission network, lines and cables	380,950	402,491
Internal communications roads	81	81
Machinery and equipment	14,660	15,486
Furniture and fixtures	5,286	6,159
Communication and computing equipment	13,863	14,516
Transportation equipment	2,877	3,031
Other assets	<u>67</u>	<u>67</u>
Total depreciable	1,849,181	1,878,992
Less: Accumulated depreciation	(346,486)	(354,368)
Property, plant, and equipment impairment provision	<u>(105,265)</u>	<u>(105,216)</u>
	<u>1,397,430</u>	<u>1,419,408</u>
Non-depreciable:		
Land	9,211	9,676
Construction-in-process	377,289	409,518
Unexploited property, plant and equipment	114	114
Movable assets in the warehouse	239	239
Equipment and materials in the warehouse	<u>1,399</u>	<u>1,399</u>
	<u>388,252</u>	<u>420,946</u>
	<u>Col\$ 1,785,682</u>	<u>Col\$ 1,840,354</u>

The technical appraisal of Property, Plant and Equipment was prepared on September 30, 2010 by CONSULTORES UNIDOS S.A., under the methodology of replacement costs and/or market values, net of depreciation.

8. PERMANENT INVESTMENTS

	October 31, 2010	December 31, 2010
Shares	Col\$ 1,541,900	Col\$ 1,603,453
Less - Valuation allowance for investments	<u>(2,906)</u>	<u>(2,897)</u>
	<u>Col\$ 1,538,994</u>	<u>Col\$ 1,600,556</u>

Investments made in shares as of December 31, 2010, correspond to:

	Number of Shares	Percentage of Stock	Cost
Emgesa S.A. E.S.P.	76,710,851	51.51%	\$ 900,516
Codensa S.A. E.S.P.	68,036,719	51.51%	261,978
Consortio Transmantaro	232,285,704	40.00%	152,471
Red de Energía del Perú S.A.	28,864,000	40.00%	86,184
Gas Natural S.A. E.S.P.	9,229,121	24.99%	47,640
Isagén S.A. E.S.P.	68,716,000	2.52%	34,611
Interconexión Eléctrica S.A.	18,448,050	1.83%	21,462
Electrificadora del Meta S.A. E.S.P.	31,026	16.23%	4,077
Gestión Energética S.A. E.S.P.	161,811,391	0.06%	131
Electrificadora del Caribe S.A. E.S.P.	18,841,584	0.05%	1,020
Banco Popular	8,772,703	0.11%	598
Hidrosogamoso S.A.	1	0.70%	20
Aguas de Bogotá S.A. E.S.P.	10	0.07%	10
Grupo Nacional de Chocolates S.A.	223	0.00%	-
Inco Ltda.	-	0.00%	97
Other	-	0.00%	<u>23</u>
			Col\$ <u>\$ 1,510,838</u>

Out of the total number of shares of Codensa S.A. E.S.P. and Emgesa S.A. E.S.P., 20,010,799 and 20,952,601, respectively, correspond to non-voting stock with a preferential dividend of US\$ 0.10 per share to Codensa S.A. E.S.P. and US\$0.1107 per share to Emgesa S.A. E.S.P.

A summary of the dividends and interest received is as follows:

Dividends earned:

Codensa S.A. E.S.P.	Col\$ 443,189	Col\$ -
Emgesa S.A. E.S.P.	479,674	-
Gas Natural S.A. E.S.P.	69,004	47,438

	October 31, 2010	December 31, 2010
Interconexión Eléctrica S.A. E.S.P.	2,915	-
Empresa de Energía de Cundinamarca S.A. E.S.P.	8,345	-
Electrificadora del Meta S.A. E.S.P.	4,617	-
Isagen S.A. E.S.P.	3,849	-
Banco Popular	174	-
	<hr/>	<hr/>
Subtotal dividends earned	1,011,767	47,438
Financial interest earned	38,590	35,172
Profit on valuation of deposits delivered	27,424	1,180
	<hr/>	<hr/>
	<u>Col\$ 1,077,781</u>	<u>Col\$ 83,790</u>

9. OTHER ASSETS, NET

Intangible assets beyond BOMT contracts	Col\$ 1,577,155	Col\$ 1,577,155
Goodwill	444,480	444,480
Prepaid O&M expenses under BOMT contracts	66,968	63,751
Intangibles	81,184	87,067
Trust rights	1,888	1,123
Deferred charges	50,628	57,568
Prepaid expenses	3,340	2,271
Deferred tax	1,590	19,983
Other	2,509	2,509
	<hr/>	<hr/>
	2,229,742	2,255,907
Less:		
Accumulated amortization	(212,566)	(219,647)
	<hr/>	<hr/>
	2,017,176	2,036,260
Less – Prepaid expenses – short term	(8,462)	(13,213)
	<hr/>	<hr/>
	<u>Col\$ 2,008,714</u>	<u>Col\$ 2,023,047</u>

10. FINANCIAL DEBT

	Interest Rate	Maturity Date	October 31, 2010	December 31, 2010
Senior Notes EEB	8.75%	31/10/2014	Col\$1,117,301	Col\$1,184,555
Senior Notes TGI	9.50%	3/10/2017	1,383,518	1,468,441
Corporación Andina de Fomento (CAF)	Libor+ 1.6%	30/05/2020	185,035	191,187
Banco de Bogotá	DTF + 3%	24/02/2013	101,063	100,566
BBVA	3.6%	22/01/2010	-	-
Helm Bank	DTF + 1%	12/03/2010	-	-
Kreditansantal Fur Wiederaufbau	5.5%	30/06/2013	4,666	3,843
Credit Suisse	No interest	10/08/2012	2,574	2,829
Other			346	639
			<u>2,794,503</u>	<u>2,952,660</u>
Less – Current portion			<u>(115,621)</u>	<u>(153,891)</u>
			<u>Col\$2,678,882</u>	<u>Col\$2,798,769</u>

DTF means Interest Rate on Fixed Term Deposits (*Depósito a Término Fijo*)

The debt denominated in foreign currency as of December 31, 2010 was US\$1,360 million corresponding to the senior notes, US\$100 million corresponding to CAF, €1.50 million corresponding to Kreditansantal Fur Wiederaufbau and CHF\$1.38 million corresponding to Credit Suisse.

As of December 31, 2010, long-term debt maturities are as follows:

Year	Amount
2011	\$ 153,891
2012	2,951
2013	104,409
2014	1,362,646
2015 and subsequent	<u>1,328,763</u>
	<u>Col\$ 2,952,660</u>

Covenants – EEB and TGI as guarantors of the issuance of bonds made by EEB International Ltd. and TGI International Ltd. and under the provisions of the Issue Indenture, acquired the following covenants:

EEB –

- EEB's consolidated net debt to consolidated EBITDA ratio must not exceed 4.5:1.0.
- EEB's consolidated EBITDA to consolidated interest expense ratio must not be lower than 2.25:1.0.

TGI –

- TGI's net debt to EBITDA ratio must not exceed 4.8:1.0.
- TGI's EBITDA to interest expense ratio must not be lower than 1.7:1.0.

In the event that any of the previous commitments is not fulfilled, the Company and its affiliates would have the following limitations:

- EEB and its subsidiaries must not create, incur, assume or allow the existence of any lien on any property or asset, profit or income (including accounts receivable) or rights with respect to any of such.
- EEB and its subsidiaries must not merge or consolidate with any other corporation. From this event is excluded the possible merger of TGI with Transcogas.
- EEB and its subsidiaries must not engage in any business other than the business of the same general type presently conducted by EEB.
- EEB and its subsidiaries must not create or acquire any subsidiary, or make any investment in another corporation, except related investments in the ordinary course of business.
- EEB and its subsidiaries must not dispose of any assets, except:
 - sales of inventories, damaged, obsolete, used, nonproductive or surplus assets, waste and investments in the ordinary course of business; and
 - other disposals for consideration that does not exceed, individually or jointly US\$30 million (or its equivalent in other currencies) per year.
- EEB and its subsidiaries must not incur any debt and must not guarantee any obligation in favor of a third party.

Additional to the foregoing, EEB and its subsidiaries must not make any changes in the accounting treatment and practices of financial reports or in the treatment of taxes, except as required or permitted by Colombian GAAP, consistently applied during the period.

11. HEDGING INSTRUMENTS

On November 6, 2008, EEB contracted a hedging transaction consisting of a Coupon Swap through which EEB receives an 8.75% interest rate in U.S. dollars over an amount of USD\$133 million and is obligated to pay a fixed interest rate in Colombian pesos equivalent to 10.85% over a notional amount of \$311,200 (equivalent to the USD\$133 million translated using a spot rate of \$2,340.00).

In January 2009, TGI contracted hedging transactions consisting in combination of swaps and forwards where TGI bids to pay from 2011 a rate coupon of 2% on the notional amount, turned to Colombian pesos with spot rate previously defined by TGI and exchanging Colombian pesos for U.S. dollars using the forward rate quoted by the counterpart on the expiration date.

Valuations of hedging instruments are as follows:

	October 31, 2010	December 31, 2010
Rights on hedging instruments	Col\$ (559,537)	Col\$ (562,134)
Obligations on hedging instruments	<u>756,448</u>	<u>733,981</u>
	<u>Col\$ 196,911</u>	<u>Col\$ 171,847</u>

As of December 31, 2010, valuation of hedging instruments resulted in a gain of \$25,064 (with losses of \$75,055 as of October 2010). See Note 23.

12. ACCOUNTS PAYABLE

Local suppliers	Col\$ 25,515	Col\$ 54,062
Sundry creditors	8,922	15,664
Dividends payable	5,165	704,558
Deposits received from third parties	11,245	11,776
Advances	1,425	1,010
Related parties (Note 13)	2,8114	21,946
Taxes	3,929	6,759
Other	<u>601</u>	<u>2,843</u>
	<u>Col\$ 84,916</u>	<u>Col\$ 818,618</u>

13. RELATED PARTIES

Assets: (Note 5)		
Accounts receivable—		
Codensa S.A. E.S.P.	Col\$ 183,063	Col\$ 179,717
Emgesa S.A. E.S.P.	<u>227,959</u>	<u>227,424</u>
	<u>Col\$ 411,022</u>	<u>Col\$ 407,141</u>

	October 31, 2010	December 31, 2010
Liabilities:		
Accounts payable – (Note 12)		
Codensa S.A. E.S.P.	Col\$ 27,650	Col\$ 21,752
Emgesa S.A. E.S.P.	416	175
Synapsis de Colombia Ltda.	48	19
Compañía Americana de Multiservicios Ltda.	-	-
	<u>Col\$ 28,114</u>	<u>Col\$ 21,946</u>

The effect on operations of the transactions with related parties, described in Note 8, is as follows:

Revenues:		
Emgesa S.A. E.S.P.	Col\$ 1,510	Col\$ 691
Codensa S.A. E.S.P.	<u>2,399</u>	<u>1,158</u>
	<u>Col\$ 3,909</u>	<u>Col\$ 1,849</u>
Costs and expenses:		
Emgesa S.A. E.S.P.	Col\$ 15,637	Col\$ 537
Codensa S.A. E.S.P.	14,858	1,409
Synapsis de Colombia Ltda.	212	18
Compañía Americana de Multiservicios Ltda.	<u>510</u>	<u>100</u>
	<u>Col\$ 31,217</u>	<u>Col\$ 2,064</u>

14. COLLECTIONS ON BEHALF OF THIRD PARTIES

Development quota	Col\$ 1,446	Col\$ 1,821
Transportation tax	11,692	7,838
Special contributions	-	-
Ariari Gas pipeline	1,128	1,236
Other	<u>-</u>	<u>-</u>
	<u>Col\$ 14,266</u>	<u>Col\$ 10,895</u>

Development quota – Corresponds to 3.0% of the rate that the Affiliates Transcogas and TGI collected from customers for the gas effectively transported in accordance to the Law 401 of 1997. Development quota is transferred to the Ministry of Mines and Energy.

Transportation tax – By delegation of the Ministry of Mines and Energy, quarterly basis consignors are billed for the transportation tax established by the code of petroleum, Decree No.

1056 of 1953 and based upon resolutions issued by the Ministry, payments are made to the municipalities through which the gas pipelines run, based upon the gas quantity transported.

Industries contribution – Contribution collected from the industry according to the provisions of Law 143 of 1994.

15. PROVISIONS

Provisions consisted of the following:

	October 31, 2010	December 31, 2010
Provisions for contingencies	Col\$ 32,237	Col\$ 68,188
Other provisions	<u>76,582</u>	<u>38,902</u>
	108,819	107,091
Less – Short-term provisions	<u>(68,409)</u>	<u>(34,623)</u>
	<u>Col\$ 40,410</u>	<u>Col\$ 72,467</u>

The allowances for contingencies correspond to:

Administrative	Col\$ 22,156	Col\$ 22,279
Civil	6,277	6,324
Labor	2,901	38,583
Fiscal and other	<u>903</u>	<u>1,002</u>
	<u>Col\$ 32,237</u>	<u>Col\$ 68,188</u>

Popular action – There is a popular action for an undetermined amount filed against Codensa S.A. E.S.P., EEB and the Office of the Mayor of Bogotá to order the annulment of covenants and the recovery of the public lighting service assets together with the respective economic damages. This lawsuit obtained a favorable ruling for the Company in the first instance in the Administrative Court, which is currently being appealed before the Council of State. The Company's management and its legal advisors consider that these lawsuits are without basis; therefore, they estimate that any payment as a result of these contingencies is remote.

Group action – A group action was filed in 2001 against EEB, Emgesa and the CAR for the alleged material and moral damages caused by the environmental damage produced in the Muña Dam. The initial claim of the plaintiffs amounts to approximately US\$ 1,500 million.

Currently, the Company is complying with a ruling issued by the Higher Court of Bogotá resulting from a popular/class action that ordered EEB to proceed and adopt the technical and legal measures necessary to mitigate the environmental impacts that the *Muña* Dam generates on the population of Sibaté.

In order to take care of this process, EEB, Emgesa and Empresa de Acueducto y Alcantarillado de Bogota (EAAB), convened in 2003, a panel with recognized international experts on the

subject of water purification, who recommended a technical methodology for environmental and landscaping recovery of the Muña Reservoir.

According to conclusions and recommendations indicated by the panel of experts, EEB jointly with Emgesa, submitted to the Administrative Court of Cundinamarca, a Compliance Pact which was approved, as evidenced in the first instance judgment.

The technical evolution of the works that formed a part of the Compliance Pact, indicated the need to carry out some modification in the contents of same, therefore, a Second Panel of Experts was convened again in 2005, the modifications were debated, set out and approved by the verification committee convened by the Reporting Magistrate of the first instance judgment.

Currently, a rigorous maintenance plan is carried out such as it was ordered by the judgment of first instance until the Council of State will issue a ruling.

Finally, it is necessary to mention that these type of legal actions, given their nature, are difficult to quantify, since what it is intended of them is the performance of activities aimed at mitigating the vulnerability of a collective right and not a purpose of an economic nature.

Contingencies – As of December and as of October 31, 2010, the value of the claims the Company and its subsidiaries have correspond to administrative, fiscal, civil, labor lawsuits and arbitrations that amount to Col\$133,237 and Col\$100,536, respectively, and others for undetermined amounts. Based upon the evaluation of the likelihood of success in the defense of these cases, the Company and its subsidiaries have provisioned Col\$68,188 and Col\$32,237 as of December and as of October 31, 2010 respectively, to cover for the probable losses for these contingencies.

The Company's management estimates that the results of the litigation corresponding to the non-provisioned portion shall be favorable to the Company's interests and will not accrue significant liabilities that have to be recorded or that, if there are any, they will not significantly affect the Company's financial position.

16. RETIREMENT PENSIONS AND SUPPLEMENTARY BENEFITS

	October 31, 2010	December 31, 2010
Actuarial estimate of retirement pensions	Col\$ 317,821	Col\$ 316,510
Less – current portion	<u>(27,041)</u>	<u>(27,041)</u>
	<u>Col\$ 290,780</u>	<u>Col\$ 289,469</u>
Expenses for retirement pensions are as follows:		
Pension payments (retired employees)	<u>Col\$ 20,705</u>	<u>Col\$ 5,440</u>

The value of the pension liability as of December and as of October 31, 2010 is determined based upon an actuarial estimate. Such estimate was made by an independent actuary, taking into account a DANE rate of 4.8% as of December and as of October 31, 2010. The number of people covered in the actuarial estimate as of December 31, 2010 was 1925 for EEB and 325 for EEC- Empresa de Energía de Cundinamarca S.A. E.S.P.).

Complementary Benefits is adjusted annually based on actuarial studies that are in process and the payments for these items are charged directly to the results for the period. Taking into consideration the purpose of the filing of these financial statements, the actuarial calculation was adjusted with closing as of December 31, 2010, based on an actuarial study.

The Legislative Act 001 of 2005, established the elimination of the special pension regimes agreed in pacts and collective bargaining agreements as of July 31, 2010. The expense recorded in the income statement corresponded to the payroll for retirement pensions and amortization of pensions and additional benefits.

EEB and EEC recorded the liability corresponding to medical benefits and other additional social benefits for pensioners, as follows:

	October 31, 2010	December 31, 2010
Supplementary benefits other than retirement pensions	Col\$ 77,232	Col\$ 40,177
Less – Current portion	<u>(5,089)</u>	<u>(5,089)</u>
	<u>Col\$ 72,143</u>	<u>Col\$ 35,088</u>

17. OTHER LIABILITIES

Income received in advance	Col\$ 2,525	Col\$ 3,292
Deferred tax	92,692	95,650
Other	<u>222</u>	<u>2,152</u>
	95,439	101,094
Less – current portion	<u>(232)</u>	<u>(366)</u>
	<u>Col\$ 95,207</u>	<u>Col\$ 100,728</u>

18. TAXES

Income tax – The Companies are subject to income tax at a rate of 33%.

The detail of the provision for income tax is as follows:

Current tax	Col\$ 26,543	Col\$ 3,004
Deferred tax	<u>25,536</u>	<u>(1,342)</u>
	<u>Col\$ 52,079</u>	<u>Col\$ 1,662</u>

Tax on equity - By means of Law 1111 of 2006, the Colombian Government created a tax on equity for taxable years 2007 to 2010. The taxable base of the Equity Tax comprises of the book value of the taxpayer's net equity owned on January 1, 2007, applying a rate of 1.2%. The companies charge this tax against the equity revaluation.

Industry and Commerce Tax – The Company files and pays the Industry and Commerce Tax over its revenues.

19. SHAREHOLDERS' EQUITY

Capital stock – The authorized capital stock is represented by 306,041,892 shares of Col\$7,744,038 par value each, with 85,871,565 shares of which were subscribed and paid-in as of December 31, 2010.

Mandatory reserves

Legal reserve – The Colombian Code of Commerce requires companies to appropriate at least 10% of the net income of each year to the legal reserve until such reserve is equal to at least 50% of paid-in capital. The legal reserve is not distributable as dividends before the liquidation of the Company, but it may be used to absorb net losses.

Shareholders' equity revaluation – Shareholders' equity revaluation reflects equity inflation adjustments. This amount may not be distributed as profit to the stockholders until the Company is liquidated or such value is legally capitalized.

Reserve for rehabilitation, extension and replacement of systems – With the purpose that 1997 profits enjoy the income tax exemption stated by Article 211 of the Tax Statute they were appropriated as reserve for the rehabilitation, extension, and replacement of the systems for the provision of the domiciliary public service.

Surplus from revaluation of fixed assets – The Company recorded the following revaluation surplus:

	October 31, 2010	December 31, 2010
Investments	Col\$ 3,340,234	Col\$ 3,498,934
Property, plant and equipment	<u>811,535</u>	<u>809,961</u>
	<u>Col\$ 4,151,769</u>	<u>Col\$ 4,308,895</u>

The General Assembly of Shareholders, on December 14, 2010, ordered pay dividends of \$704,350, charged to the profit for the period from January to October 2010. Additionally, on March 30, 2010, the Assembly ordered distribution of dividends by \$291,537 under the 2009 net income.

20. COST OF SALES

	October 31, 2010	December 31, 2010
Transmission of energy:		
Personnel services	Col\$ 4,563	Col\$ 1,096
General costs	1,157	356
Depreciation	11,452	2,292
Amortization	208	238
Leases	38	-
Goods and services	714	145
Contributions	7,422	1,579
Maintenance orders and contracts	3,232	1,427
Public utilities	60	12
Fees	491	164
Insurance	1,229	253
Taxes	715	143
Other costs	77	31
Expenses assigned to the transmission business	<u>4,976</u>	<u>1,141</u>
	<u>Col\$ 36,334</u>	<u>Col\$ 8,877</u>
Distribution of electricity:		
Personnel services	Col\$ 8,051	Col\$ 1,766
General costs	4,391	1,293
Depreciation	3,481	707
Leases	164	28
Maintenance orders and contracts	24,524	2,443
Tax	58	11
Insurance	373	74
Purchase of electricity	90,309	13,949
Using lines and networks	35,768	6,600
Other costs	2,929	2,974
Expenses assigned to the distribution business	<u>45,568</u>	<u>9,956</u>
	<u>Col\$ 215,616</u>	<u>Col\$ 39,801</u>

	October 31, 2010	December 31, 2010
<i>Natural gas transportation:</i>		
Personnel services	Col\$ 9,647	Col\$ 2,013
General costs	9,350	(1,066)
Depreciation	29,392	5,294
Amortization	41,365	8,273
Leases	6,010	1,774
Maintenance orders and contracts	55,231	15,908
Insurance	4,071	1,033
Other costs	1,478	422
Expenses assigned to the transportation business	<u>168,663</u>	<u>7,682</u>
	<u>325,207</u>	<u>41,333</u>
	<u>Col\$ 577,157</u>	<u>Col\$ 90,011</u>

21. OTHER INCOME

Provision recovery	Col\$ 19,482	Col\$ 3,921
Gain on sale of property	4	-
Leases	3,058	422
Services	1,046	196
Adjustments from prior years	18,471	810
Extraordinary	1,881	1,098
Other	<u>6,515</u>	<u>21,731</u>
	<u>Col\$ 50,457</u>	<u>Col\$ 28,178</u>

22. ADMINISTRATIVE EXPENSES

Personal services	Col\$ 9,838	Col\$ 2,792
Imputed contributions	1,193	24
Effective contributions	3,482	700
Payroll contributions	287	64
Retirement pensions (Note 16)	20,705	5,440
Amortization of actuarial estimate	44,662	248
Pension quota parts	407	1,902
Medical services	3,200	278
Fees	4,470	1,662
Studies and projects	2,409	-
Public utilities	131	28
Advertising	1,121	770
Subscriptions and affiliations	386	13

	October 31, 2010	December 31, 2010
Taxes	17,770	1,478
Surveillance and security	567	182
Communications and transportation	683	204
Maintenance, materials and supplies	1,133	316
Leasehold improvements	-	-
Insurance	975	179
Other general expenses	5,065	898
Depreciation	627	138
Amortization	5,287	1,069
Provision for investment protection	1,100	1
Debtors provision	818	155
Inventories provision	86	
Property, plant and equipment provision	11,862	-
Allowance for contingencies	966	192
Other provision	-	-
(Less:) Expenses assigned to the transmission business	<u>(4,976)</u>	<u>(1,141)</u>
	<u>Col\$ 134,254</u>	<u>Col\$ 17,592</u>

23. FINANCIAL EXPENSES

Interest	Col\$ 218,099	Col\$ 41,704
Commissions	1,077	279
Hedging instruments (Note 11)	75,055	-
Bank expenses	7,025	1,322
Other financial expenses	<u>839</u>	<u>796</u>
	<u>Col\$ 302,095</u>	<u>Col\$ 44,101</u>

24. MEMORANDUM ACCOUNTS

Debits:		
Contingent rights	Col\$ 57,287	Col\$ 57,287
Fiscal	1,148,652	914,037
Control	<u>408,105</u>	<u>450,925</u>
	<u>1,614,044</u>	<u>1,422,249</u>
Credits:		
Contingent obligations	2,611,971	2,772,187
Control	<u>754,339</u>	<u>751,909</u>
	<u>3,366,310</u>	<u>3,524,096</u>
	<u>Col\$ 4,980,354</u>	<u>Col\$ 4,946,345</u>

25. TAX REFORM

The following is a summary of the most important modification to tax on equity and to income tax for years 2011 and subsequent years, introduced by Law 1370 of 2009, supplemented by Decree 4825 and Law 1430 of December 29, 2010:

- For 2011, tax on equity is calculated based on the value of net equity owned at the beginning of January 1, 2011. The rate applicable will be 1% of an equity taxable base between \$1,000 to \$2,000 million, 1.4% of an equity taxable base between \$2,000 and \$3,000 million, of 2.4% of an equity taxable base between \$3,000 and \$5,000 million and of 4.8% of an equity taxable base in excess of \$5,000 million. For equities in excess of \$3,000 million a surtax of 25% is established on the respective rate applicable to tax on equity. It is indicated that tax on equity created for equities of less than \$3,000 million and the surtax created by the equities in excess of \$3,000 million cannot be the subject of legal stability agreements.
- The noted tax must be paid in 8 installments from 2011 to 2014. The option to record this tax against the equity appreciation account is maintained. It does not form a part of the taxable base of the net equity value of the investment in shares of national companies.

As of the taxable year 2011, no taxpayer of income and complementary tax may use the special deduction for investment in real productive fixed assets.

26. SUBSEQUENT EVENTS

On January 19, 2011, the Company executed an agreement for the purchase of investments owned by Fondo Ashmore in Calidda (Peru) and in Promigas (Colombia).

EEB acquires AEI Peru Holding Ltd. which owner 60% of the shares of Calidda, a company in charge of the distribution of natural gas in the department of Lima and the Constitutional Province of Callao.

In Colombia, the aforementioned purchase transaction for Promigas was made jointly with the investors Corficolombiana and two investment funds, EEB and these investors acquired AEI Promigas Ltd., AEI Promigas Holdings Ltd. and AEI Promigas Investments Ltd., companies that own 52.13% of Promigas. The portion that EEB indirectly acquired in Promigas is 15.6%.

The amount paid by EEB for these investments was approximately US\$351 million.

On January 20, 2011, the Board of Directors of the Company authorized to obtain loans up to \$700,000 or its equivalent in U.S. dollars to guarantee the availability of financial resources that will permit to execution of its investment plan, nationally and internationally.

EMPRESA DE ENERGÍA DE BOGOTÁ S.A. E.S.P. AND ITS SUBSIDIARIES

**SUPPLEMENTARY FINANCIAL INFORMATION
PRO FORMA CONSOLIDATED INCOME STATEMENTS FOR THE YEARS ENDED AS OF DECEMBER 31, 2009 AND 2010**

(Expressed in millions of Colombian pesos (Col\$) and thousands of U.S. dollars (U.S.\$) except for net income per share - see Note 2)

	December 31, 2010		December 31, 2009	
	Col\$	U.S.\$	Col\$	U.S.\$
OPERATING REVENUES:				
Electricity transmission services	93,711	48,961	92,695	45,345
Electricity distribution services	559,413	292,277	262,486	128,403
Natural gas transportation services	279,311	145,932	575,638	281,592
	<u>932,435</u>	<u>487,170</u>	<u>930,819</u>	<u>455,340</u>
COST OF SALES:				
Electricity transmission services	(45,211)	(23,621)	(43,434)	(21,247)
Electricity distribution services	(255,417)	(133,448)	(245,749)	(120,216)
Gain on sale of investments	(366,540)	(191,506)	(225,355)	(110,240)
	<u>(667,168)</u>	<u>(348,575)</u>	<u>(514,538)</u>	<u>(251,703)</u>
Gross margin	<u>265,267</u>	<u>138,595</u>	<u>416,281</u>	<u>203,637</u>
Dividends and interest earned	1,161,571	606,888	581,423	284,422
Exchange differences	168,959	88,276	255,226	124,852
Other income	78,635	41,084	43,555	21,306
	<u>1,409,165</u>	<u>736,248</u>	<u>880,204</u>	<u>430,580</u>
Administrative expenses	(151,846)	(79,335)	(100,747)	(49,284)
Financial expenses	(346,196)	(180,878)	(413,147)	(202,104)
Other expenses	(7,746)	(4,047)	(11,123)	(5,441)
	<u>(505,788)</u>	<u>(264,260)</u>	<u>(525,017)</u>	<u>(256,829)</u>
Income before income tax and minority interest	1,171,664	612,161	771,468	377,388
Income tax	(53,741)	(28,078)	(25,995)	(12,716)
	<u>1,117,923</u>	<u>584,083</u>	<u>745,473</u>	<u>364,672</u>
Income before minority interest	(24,978)	(13,050)	(22,260)	(10,889)
Minority interest				
NET INCOME	<u>Col\$ 1,092,945</u>	<u>U.S.\$ 571,033</u>	<u>Col\$ 723,213</u>	<u>U.S.\$ 353,783</u>
NET INCOME PER SHARE	<u>Col\$ 12.727</u>	<u>U.S.\$ 6.649</u>	<u>Col\$ 8.422</u>	<u>U.S.\$ 4.120</u>