

## Financial Results for the First Quarter 2008



### Last News

With the presence of Peru's President Alan Garcia, REP, ISA's affiliate, dedicated the second triad of the Zapallal-Paramonga-Chimbote transmission line on April 17. Around US\$34 million was invested in the work, which is already in commercial operation.

A 220kV, 378-kilometer line to operate in parallel to the already existent one, this project doubles transmission capacity between the country's Northern and Central regions.

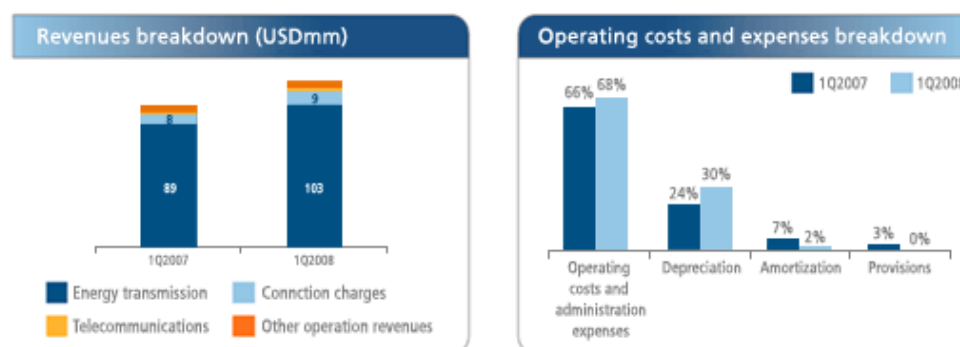
This expansion was proposed by REP to the Ministry of Mines of Energy –MINEM– in the year 2004 as part of the Transmission System Expansion Plan, which identified a series of projects to be developed along the 2005-2014 period to meet Peru's growing power demand.

This investment also included expansion of the Zapallal, Paramonga, Nueva, and Chimbote substations.

In his dedication speech President Garcia greeted and congratulated REP's excellent response by delivering the work ahead of deadline; he also had words of appreciation for international investors like ISA, who boost Peru's development.

### ISA Parent Company

During the first quarter of 2008, ISA Parent Company presented 36% improvement in operating results with respect to the same period of a year ago, going from USD51 million to USD69 million. This variation is explained by the increase in operating revenues originated by new projects in operation and by the reduction in costs and expenses derived from optimization and postponement of activities.



Thus, revenues increased 16% as compared to the same period of a year ago (USD16 million). Costs and expenses decreased by USD2 million, 4% with respect to the same period of a year earlier.

ISA's net income for March totaled USD80 million, 134% up on March 2007 (USD34 million) due to better operating income and to improvement in non-operational results which went from USD12 million loss to USD17 million profit, a fact that is explained by revenues from debt-associated exchange difference and by lower financing expenses from reduced financial liabilities.

(USDmm)					
ISA INCOME STATEMENT	1Q08	1Q07	VAR.		
			\$		%
Operating revenues	117	101	16		16%
Costs and operating expenses	(49)	(51)	2		-4%
EBITDA	86	71	15		21%
<b>Operating Income</b>	<b>69</b>	<b>51</b>	<b>18</b>		<b>36%</b>
Non-operating revenues	52	39	0		36%
Non-operating expenses	35	50	(0)		-31%
Non-operating results	17	(12)	29		-247%
<b>Income before taxes</b>	<b>86</b>	<b>39</b>	<b>47</b>		<b>123%</b>
Income tax provision	(6)	(4)	(2)		35%
<b>Net income</b>	<b>80</b>	<b>34</b>	<b>46</b>		<b>134%</b>

The effect of the results achieved is a significant improvement of financial indicators. EBITDA increased 21% from USD71 million in March 2007 to USD86 million in March this year, EBITDA margin passed from 70% to 73%, operating margin passed from 50% to 59% and net margin doubled from 34% to 68%.

As of the end of March, the Company's assets were worth USD3,435 million, equivalent to 1% drop as compared to December of 2007 and explained by the use of resources for dividend payment, debt amortizing and payment of other liabilities. Such events allowed 3% reduction in total liabilities.

(USDmm)						
ISA BALANCE SHEETS	1Q08	% PART.	4Q07	VAR.		
				\$		%
Current assets	182	5%	211	(29)		-14%
Non-current assets	3,253	95%	3,275	(22)		-1%
<b>Total assets</b>	<b>3,435</b>	<b>100%</b>	<b>3,486</b>	<b>(51)</b>		<b>-1%</b>
Current liabilities	249	7%	323	(74)		-23%
Long-term liabilities	1,093	32%	1,059	34		3%
<b>Total liabilities</b>	<b>1,342</b>	<b>39%</b>	<b>1,382</b>	<b>(39)</b>		<b>-3%</b>
<b>Shareholders' equity</b>	<b>2,093</b>	<b>61%</b>	<b>2,104</b>	<b>(12)</b>		<b>-1%</b>
Total liabilities and shareholders' equity	3,435	100%	3,486	(51)		-1%

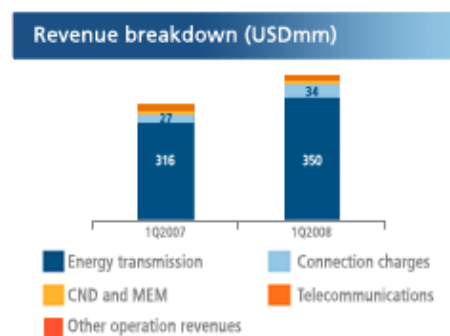
- As of 03.31.2008 USD 1.00=COP 1,821.60 (Source: Banco de La República Colombia). Amounts expressed in US dollars are for information purposes only, and do not reflect accounting techniques usually applied

## ISA Group

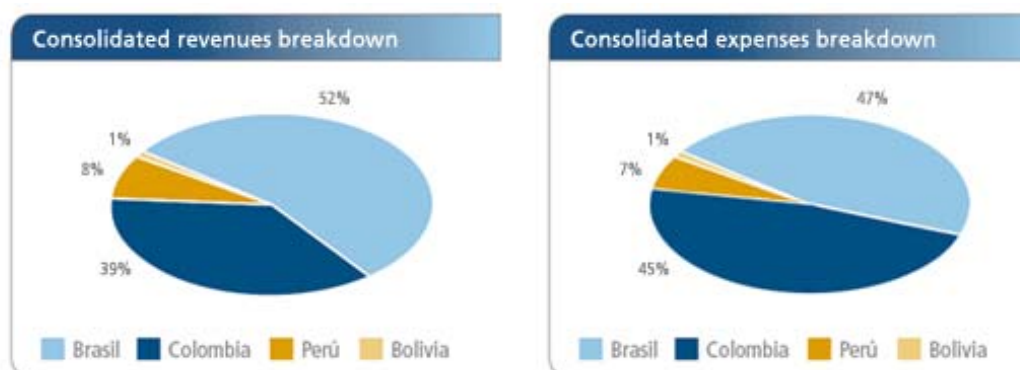
At USD80 million, Grupo ISA's net income for the first quarter of 2008 is equivalent to 134% increase over the same period of the year before; a fact that is explained by good operating results and non-operating revenues from debt's exchange difference.

The period's operating result of USD234 million, a 65% increase over 2007 first quarter's figure, was the result of increased revenues and a drop in operating expenses and costs.

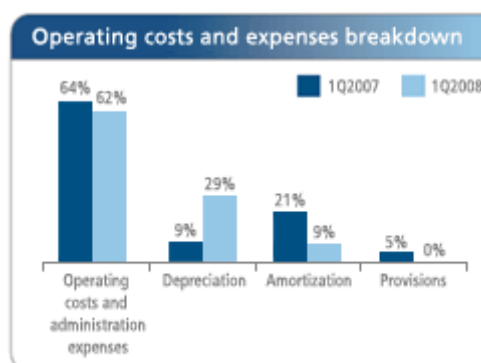
The higher operating revenues of USD33 million in energy service, and USD7 million in connection charges, are explained by assets entered in operation during last year.



On closing date of March, the participation of energy transmission in revenues was 96%, while telecommunications contributed 4%. Energy transmission includes connection charges and related activities.



On the other hand, the 23% drop of USD52 million in costs and operating expenses corresponded to expenses incurred by Companhia de Transmissão de Energia Elétrica Paulista -CTEEP- for the updating of the real estate property tax of non-operating assets (CETEMEQ agreement) in the first quarter of 2007, the drop in personnel-related expenses (early retirement plan) and to minor provisions for fiscal contingencies.



With these results the Group's EBITDA increased to USD304 million representing 34% growth over the same period of a year ago. In turn, the EBITDA margin passed from 62% to 75% and the operating margin from 39% to 57%.

Non-operating results presented a negative variation of USD69 million, from USD43 million in March of 2007 to -USD26 million in March of 2008, a fact that is explained by the extraordinary revenues of CTEEP along 2007, associated to the payment of non-operating assets (CETEMEQ agreement).

Income tax provision dropped 31% from USD64 million to USD44 million due to the greater income recorded in 2007 resulting from the CETEMEQ agreement.

In the Group's income tax, companies in Brazil accounted for 73%, Colombian companies for 18%, Peruvian companies for 8% and 1% was accounted for by the one in Bolivia.

Minority interests in the Income Statement presented a 3% decline of USD2 million, explained by the increased results at CTEEP in 2007.

(USDmm)					
CONSOLIDATED INCOME STATEMENT	1Q08	1Q07	VAR.		
			\$	%	
Operating revenues	406	366	41	11%	
Costs and operating expenses	(173)	(225)	52	-23%	
EBITDA	304	226	78	34%	
<b>Operating Income</b>	<b>234</b>	<b>141</b>	<b>92</b>	<b>65%</b>	
Non-operating revenues	102	170	(68)	-40%	
Non-operating expenses	128	127	1	1%	
Non-operating results	(26)	43	(69)	-161%	
<b>Income before taxes</b>	<b>207</b>	<b>184</b>	<b>23</b>	<b>13%</b>	
Income tax provision	(44)	(64)	20	-31%	
Income before minority interests	163	119	43	36%	
Minority interests	83	85	(2)	-3%	
<b>Net income</b>	<b>80</b>	<b>34</b>	<b>46</b>	<b>134%</b>	
EBITDA margin	75%	62%			
Operating margin	57%	39%			
Net margin	20%	9%			

As on March closing date, the Group's assets totaled USD7,299 million, 4% down on 2007 year's end. Such drop is related to the use of resources for payment of liabilities and to decrease in CTEEP's assets from the currency translating process.

The Group's liabilities amounted to USD3.629 million, equivalent to 7% drop with respect to closing date of the year before, explained fundamentally by repayment of debt.

Minority interests in the Balance Sheet showed USD69 million decline associated to earnings distribution and to the period's results.

(USDmm)					
CONSOLIDATED BALANCE SHEETS	MARCH 2008	DECEMBER 2007	% PART.	VARIATION	
				\$	%
Current assets	897	903	12%	(6)	-1%
Non-current assets	6,402	6,720	88%	(319)	-5%
<b>Total assets</b>	<b>7,299</b>	<b>7,624</b>	<b>100%</b>	<b>(325)</b>	<b>-4%</b>
Current liabilities	780	878	12%	(99)	-11%
Long-term liabilities	2,850	3,006	39%	(156)	-5%
<b>Total liabilities</b>	<b>3,629</b>	<b>3,884</b>	<b>51%</b>	<b>(255)</b>	<b>-7%</b>
Minority interests	1,583	1,652	22%	(69)	-4%
<b>Shareholders' equity</b>	<b>2,087</b>	<b>2,087</b>	<b>27%</b>	<b>(1)</b>	<b>0%</b>
Total liabilities, minority interests and shareholders' equity	7,299	7,624	100%	(325)	-4%

- As of 03.31.2008 USD 1.00=COP 1,821.60 (Source: Banco de La República Colombia). Amounts expressed in US dollars are for information purposes only, and do not reflect accounting techniques usually applied.

## Related Information



Price	CLOSING 2007 December 28	INITIAL January 2, 2008	CLOSING March 31, 2008	HIGHEST	AVERAGE year 2008***
ISA (COP)	7,100	7,090	7,040	7,560*	6,899
ADR (USD)	88.86	88.26	96.90	99.64**	90.76

\* June 19, 2007    \*\* June 20, 2007    \*\*\* Up to March 31, 2008

## Web Page



In the new presentation of our Web page we have included a link to the securities market. Every 3 minutes the system updates the quote of ISA's share and the Colombian Stock Exchange Index (IGBC).

A summary of the market can be found in the main page [www.isa.com.co](http://www.isa.com.co), while the full version is found in the investors' page. **Visit it now!**

## Dividends ISA

The past Shareholders' Meeting declared a dividend of \$140 per share payable in four equal quarterly installments of \$35 per share.

According to tax laws, 18.04% of dividends declared in 2008 are taxed on shareholders.

Dividend Pay	Ex - Dividend Period (Initial date - Final date)	
April 16, 2008	April 02, 2008	April 16, 2008
July 16, 2008	July 02, 2008	July 16, 2008
October 16, 2008	October 01, 2008	October 16, 2008
January 27, 2009	January 13, 2009	January 27, 2009

## INVESTMENT IN ADRs

**For foreign investors, investment in ADRs is exempt from 40% deposit. Decrees 1801 and 2466 of 2007 of the Ministry of Finance and Public Credit.**

Shareholder Structure		
Shareholders (As of March 31, 2008)	Number of share	%
<b>State Investors</b>	<b>737,748,816</b>	<b>68.586%</b>
The Nation	569,472,531	52.942%
Empresas Públicas de Medellín	109,350,775	10.166%
Ecopetrol	58,925,480	5.478%
<b>Mixed-Economy Public Utilities</b>	<b>18,448,050</b>	<b>1.715%</b>
Empresa de Energía de Bogotá	18,448,050	1.715%
<b>Private Investors</b>	<b>319,464,508</b>	<b>29.699%</b>
Institutional investors	168,663,073	15.680%
Individuals	119,544,576	11.114%
Legal persons	19,130,978	1.779%
Foreign investors	8,630,631	0.802%
ISA ADR program	3,495,250	0.325%
<b>Total outstanding shares</b>	<b>1,075,661,374</b>	<b>100.000%</b>
<b>Number of shareholders</b>	<b>60,697</b>	

Macroeconomic information MARCH 2008	
<b>Colombian</b>	
ICPI*	2.69%
PPI**	3.41%
Dev.	-1.25%
TRM	1.822
DTF	9.59%
Libor - 6 months	2.61%
<b>Brazil</b>	
Dev.	9.59%
BRL	1.75

\* Consumer price Index  
\*\* Producer price Index

Source: Colombia Stock Exchange, Bloomberg, BoNY