

**INTERCONEXIÓN ELÉCTRICA S.A. E.S.P. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF INCOME**  
**AT DECEMBER 31, 2008 AND 2007**



(Amounts expressed in millions of Colombian pesos)

\*As of 12.31.2008 USD 1.00=COP 2,243.59 (Source: Banco de la República de Colombia). Amounts expressed in thousands US dollars are for information purposes only, and do not reflect accounting techniques usually applied

	2008	2007	Var. \$	Var. %	2008*
<b>OPERATING REVENUES</b>					
Energy transmission services	2,659,505	2,408,178	251,327	10.4%	1,185,379
Connection charges	269,967	234,024	35,943	15.4%	120,328
Dispatch and CND (National Dispatch Center)	32,369	28,844	3,525	12.2%	14,427
MEM Services	29,061	32,373	(3,312)	-10.2%	12,953
Telecommunications	109,209	107,786	1,423	1.3%	48,676
Other services	64,930	10,470	54,460	520.2%	28,940
<b>TOTAL OPERATING REVENUES</b>	<b>3,165,041</b>	<b>2,821,675</b>	<b>343,366</b>	<b>12.2%</b>	<b>1,410,704</b>
<b>COSTS AND OPERATING EXPENSES</b>					
Operating costs and administration expenses	923,943	933,609	(9,666)	-1.0%	411,815
Depreciation	172,575	168,260	4,315	2.6%	76,919
Amortization	333,771	370,989	(37,218)	-10.0%	148,766
Provisions	18,604	62,514	(43,910)	-70.2%	8,292
<b>TOTAL COSTS AND OPERATING EXPENSES</b>	<b>1,448,893</b>	<b>1,535,372</b>	<b>(86,479)</b>	<b>-5.6%</b>	<b>645,792</b>
<b>Operating Income</b>	<b>1,716,148</b>	<b>1,286,303</b>	<b>429,845</b>	<b>33.4%</b>	<b>764,912</b>
<b>NON - OPERATING REVENUES</b>					
Financial	253,121	68,281	184,840	270.7%	112,820
Exchange difference	378,908	497,886	(118,978)	-23.9%	168,885
Other	161,838	515,495	(353,657)	-68.6%	72,134
<b>Total no-operating revenues</b>	<b>793,867</b>	<b>1,081,662</b>	<b>(287,795)</b>	<b>-26.6%</b>	<b>353,838</b>
<b>NON - OPERATING EXPENSES</b>					
Financial	484,153	837,017	(352,864)	-42.2%	215,794
Exchange difference	719,057	169,123	549,934	325.2%	320,494
Other	58,711	96,867	(38,156)	-39.4%	26,168
<b>Total no-operating expenses</b>	<b>1,261,921</b>	<b>1,103,007</b>	<b>158,914</b>	<b>14.4%</b>	<b>562,456</b>
<b>Non-operating results</b>	<b>(468,054)</b>	<b>(21,345)</b>	<b>(446,709)</b>	<b>2092.8%</b>	<b>(208,618)</b>
<b>Income before taxes</b>	<b>1,248,094</b>	<b>1,264,958</b>	<b>(16,864)</b>	<b>-1.3%</b>	<b>556,293</b>
income tax provision	(434,723)	(392,927)	(41,796)	10.6%	(193,762)
<b>Income before minority interests</b>	<b>813,371</b>	<b>872,031</b>	<b>(58,660)</b>	<b>-6.7%</b>	<b>362,531</b>
Minority interests	576,778	646,010	(69,232)	-10.7%	257,078
<b>NET INCOME</b>	<b>236,593</b>	<b>226,021</b>	<b>10,572</b>	<b>4.7%</b>	<b>105,453</b>

**INTERCONEXIÓN ELÉCTRICA S.A. E.S.P. AND SUBSIDIARIES**  
**CONSOLIDATED BALANCE SHEETS**  
**AT DECEMBER 31, 2008 AND 2007**



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	2008	% Part.	2007	Var. \$	Var. %	2008*
<b>ASSET</b>						
<b>CURRENT ASSETS</b>						
Cash	377,376	2.6%	567,648	(190,272)	-33.5%	168,202
Marketable investments	267,489	1.9%	219,498	47,991	21.9%	119,224
Accounts receivable, net	782,578	5.4%	756,648	25,930	3.4%	348,806
Inventories	57,423	0.4%	55,136	2,287	4.1%	25,594
Deferred charges and other assets	124,451	0.9%	38,730	85,721	221.3%	55,470
<b>Total current assets</b>	<b>1,609,317</b>	<b>11.1%</b>	<b>1,637,660</b>	<b>(28,343)</b>	<b>-1.7%</b>	<b>717,295</b>
<b>NON - CURRENT ASSETS</b>						
Long-term investments	72,990	0.5%	54,110	18,880	34.9%	32,533
Long-term accounts receivable	610,031	4.2%	511,620	98,411	19.2%	271,900
Inventories	60,891	0.4%	56,399	4,492	8.0%	27,140
Property, plant and equipment, net	3,539,150	24.5%	3,438,172	100,978	2.9%	1,577,450
Deferred charges and other assets	6,105,302	42.3%	6,719,648	(614,346)	-9.1%	2,721,220
Reappraisal of assets	2,442,009	16.9%	1,469,880	972,129	66.1%	1,088,438
<b>Total non- current assets</b>	<b>12,830,373</b>	<b>88.9%</b>	<b>12,249,829</b>	<b>580,544</b>	<b>4.7%</b>	<b>5,718,680</b>
<b>TOTAL ASSETS</b>	<b>14,439,690</b>	<b>100.0%</b>	<b>13,887,489</b>	<b>552,201</b>	<b>4.0%</b>	<b>6,435,975</b>

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**CONSOLIDATED BALANCE SHEETS**  
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<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<b>2008</b>	<b>% Part.</b>	<b>2007</b>	<b>Var. \$</b>	<b>Var. %</b>	<b>2008*</b>
<b>CURRENT LIABILITIES</b>						
Outstanding bonds	188,915	1.3%	88,471	100,444	113.5%	84,202
Financial liabilities	675,902	4.7%	658,008	17,894	2.7%	301,259
Accounts payable	351,619	2.4%	426,098	(74,479)	-17.5%	156,722
Labor liabilities	35,300	0.2%	51,703	(16,403)	-31.7%	15,734
Accrued liabilities and estimated provisions	141,266	1.0%	147,183	(5,917)	-4.0%	62,964
Other liabilities	199,546	1.4%	228,290	(28,744)	-12.6%	88,940
<b>Total current liabilities</b>	<b>1,592,548</b>	<b>11.0%</b>	<b>1,599,753</b>	<b>(7,205)</b>	<b>-0.5%</b>	<b>709,821</b>
<b>LONG-TERM LIABILITIES</b>						
Outstanding bonds	2,468,211	17.1%	2,821,826	(353,615)	-12.5%	1,100,117
Financial liabilities	1,321,299	9.2%	1,313,897	7,402	0.6%	588,922
Accounts payable	295,760	2.0%	327,691	(31,931)	-9.7%	131,824
Labor liabilities	1,461	0.0%	1,246	215	17.3%	651
Accrued liabilities and estimated provisions	707,050	4.9%	704,344	2,706	0.4%	315,142
Other liabilities	335,024	2.3%	306,921	28,103	9.2%	149,325
<b>Total long-term liabilities</b>	<b>5,128,805</b>	<b>35.5%</b>	<b>5,475,925</b>	<b>(347,120)</b>	<b>-6.3%</b>	<b>2,285,981</b>
<b>TOTAL LIABILITIES</b>	<b>6,721,353</b>	<b>46.5%</b>	<b>7,075,678</b>	<b>(354,325)</b>	<b>-5.0%</b>	<b>2,995,803</b>
<b>Minority interests</b>	<b>2,777,292</b>	<b>19.2%</b>	<b>3,009,365</b>	<b>(232,073)</b>	<b>-7.7%</b>	<b>1,237,879</b>
<b>SHAREHOLDERS' EQUITY</b>						
Subscribed an aid-in capital	35,866	0.2%	35,866	-	0.0%	15,986
Capital Surplus	1,062,361	7.4%	1,062,361	-	0.0%	473,509
Reserves	431,872	3.0%	356,444	75,428	21.2%	192,491
Net income	236,593	1.6%	226,021	10,572	4.7%	105,453
Cumulative translation adjustment	131,782	0.9%	(30,874)	162,656	-526.8%	58,737
Equity revaluation	612,192	4.2%	632,366	(20,174)	-3.2%	272,863
Surplus from assets reappraisals	2,185,306	15.1%	1,301,520	883,786	67.9%	974,022
Surplus from equity method	245,073	1.7%	218,742	26,331	12.0%	109,233
<b>Total Shareholders' Equity</b>	<b>4,941,045</b>	<b>34.2%</b>	<b>3,802,446</b>	<b>1,138,599</b>	<b>29.9%</b>	<b>2,202,294</b>
<b>TOTAL LIABILITIES, MINORITY INTERESTS AND SHAREHOLDERS' EQUITY</b>	<b>14,439,690</b>	<b>100.0%</b>	<b>13,887,489</b>	<b>552,201</b>	<b>4.0%</b>	<b>6,435,975</b>

**INTERCONEXIÓN ELÉCTRICA S.A. E.S.P.**  
**CONSOLIDATED STATEMENT OF CASH FLOWS**  
**FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007**



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	2008	2007	2008*
<b>Cash flow from operating activities:</b>			
Net income	236,593	226,021	105,453
Add (less) – Adjustments to reconcile net income to net cash provided by operating activities:			
Minority interests	576,778	646,010	257,078
Depreciation of property, plant and equipment	172,575	168,260	76,919
Amortization of deferred charges and other assets	333,771	370,989	148,766
Amortization of retirement pensions and fringe benefits	29,341	43,901	13,078
Allowance for doubtful accounts	3,391	7,053	1,511
Provision for inventory protection	374	192	167
Income tax provision	434,723	392,927	193,762
(Gain) loss on sale and retirement of property, plant and equipment	(11,922)	(22,343)	(5,314)
Exchange difference expense	391,346	(314,166)	174,428
Recovery of provisions	(4,766)	(79,728)	(2,124)
Interest and commissions accrued	387,148	395,970	172,557
	<b>2,549,352</b>	<b>1,835,086</b>	<b>1,136,282</b>
<b>Changes in operating assets and liabilities:</b>			
Debtors	(119,939)	(248,935)	(53,459)
Inventories	(7,153)	1,682	(3,188)
Deferred charges and other assets	199,085	(1,236,309)	88,735
Accounts payable	16,783	(69,404)	7,480
Labor liabilities	(16,188)	17,828	(7,215)
Accrued liabilities and estimated provisions	(441,085)	(718,933)	(196,598)
Collections in favor of third parties	182,763	213,927	81,460
Minority interests	(808,851)	(1,049,689)	(360,516)
Other liabilities	(183,404)	(207,254)	(81,746)
<b>Cash flow in other operations:</b>			
Payment of retirement pensions	(26,190)	(13,810)	(11,673)
Payment of taxes	(215,240)	(58,728)	(95,936)
<b>Net cash provided by operating activities</b>	<b>1,129,933</b>	<b>(1,534,539)</b>	<b>503,627</b>
<b>Cash flow from investment activities:</b>			
(Increase) Decrease in long-term investments	151,537	246,939	67,542
Depreciation of property, plant and equipment	(261,631)	(331,769)	(116,613)
<b>Net cash used in investment activities</b>	<b>(110,094)</b>	<b>(84,830)</b>	<b>(49,070)</b>
<b>Cash flow from financing activities:</b>			
Interest received in cash	38,709	46,750	17,253
Interest paid in cash	(369,944)	(455,108)	(164,889)
Dividends paid	(147,373)	(126,653)	(65,686)
Increase in financial liabilities	779,883	389,321	347,605
Bond issues	104,500	1,692,114	46,577
Payment of financial liabilities	(1,119,460)	(412,821)	(498,959)
Payment of bonds	(360,092)	(12,556)	(160,498)
Share issues	-	399,048	-
Equity variations	(88,343)	(2,795)	(39,376)
<b>Net cash (used in) provided by financing activities</b>	<b>(1,162,120)</b>	<b>1,517,300</b>	<b>(517,973)</b>
<b>Decrease) in cash and cash equivalents - Net</b>	<b>(142,281)</b>	<b>(102,069)</b>	<b>(63,417)</b>
Cash and cash equivalents at the beginning of the year	787,146	889,215	350,842
<b>Cash and cash equivalents at the end of the year</b>	<b>644,865</b>	<b>787,146</b>	<b>287,426</b>