

## ISA ANNOUNCES FOURTH QUARTER 2012 RESULTS



Medellín, Colombia, February 28, 2013

ISA S.A. E.S.P. (BVC: ISA; OTC: IESFY) (“ISA” or “the Company”), a Colombian organization engaged in the design, construction, operation and management of linear infrastructure systems in the businesses of Energy Transmission, Road Concessions, Telecommunications Transport and Smart Management of Real-Time Systems, today announced financial results for the fourth quarter of 2012. Unaudited figures are expressed in millions of Colombian Pesos (COP). The consolidation process includes 100% of the companies where ISA holds control and the homologation of the accounting practices of each country (currently, Chile, Brazil and Peru report based on IFRS), according to *Generally Accepted Accounting Principles in Colombia* (GAAP).

### ■ ECONOMIC AND FINANCIAL RESULTS BY THE END OF 2012

- **Consolidated operating revenues totaled COP 4,303,075 million.**
- **EBITDA reached COP 2,903,107 million, with a 67.5% EBITDA margin.**
- **Net income was COP 272,938 million, with a margin before minority interest of 22.4%.**
- **Consolidated assets totaled COP 25,770,989 million.**

At the end of 2012, net income for ISA and its companies was COP 272,938 million, which represents a decrease of 19.0% compared to the end of the preceding year. This variation is explained specially by the behavior of macroeconomic variables, the tax changes in Chile, the recognition of 100% of losses of ISA Inversiones Chiles (compared with 60% applied in 2011) and the effects of the early renewal of Concession Contract 059/2001 of Compañía de Transmisión de Energía Eléctrica Paulista –CTEEP- in Brazil.<sup>1</sup>

It is important to note that the impact of conversion on the consolidated financial statements generates significant variations in different line items, due to the revaluation effects of the Colombian Peso against the Brazilian Real, the U.S. Dollar and the Chilean Peso, with the greatest variations in 2012 in the affiliates and subsidiaries in Brazil; notwithstanding the previously-mentioned, in the consolidated figures, most of the effect on the net result is offset.

The results of the period also include the consolidation of the companies, SERRA DO JAPI and INTERNEXA Brazil.

<sup>1</sup> See summary in Highlights, located on page 10 of this report.



In the fourth quarter, net income was COP 51,551 million, with a 27.5% increase compared with the fourth quarter of 2011, mainly explained in Brazil, given that in the last quarter of 2011 adjustments were made in CTEEP corresponding to the application of the asset control manual for the electricity sector, as per ANEEL's regulations in effective in Brazil (derecognition of assets).

## ■ CONSOLIDATED INCOME STATEMENT

### Consolidated operating revenues

Although the group's subsidiaries experienced revenue increases in local currency, upon consolidation to Colombian Pesos, these experienced a 1.5% decline in 2012, compared to 2011, ending the year at COP 4,303,075 million. This decrease was mainly due to the conversion effect caused by the revaluation of the Colombian Peso against the Brazilian Real, where the average rate was COP 1,104.24 in 2011, compared to an average rate of COP 897.45, in 2012.

The decrease absorbed higher revenues for other items such as: the increase of the General Market Price Index (IGPM, in Portuguese) and the consolidation of new affiliates SERRA DO JAPI and INTERNEXA in Brazil; higher revenues from concessionaires of INTERVIAL CHILE due to the increase of vehicle traffic and the readjustment of toll rates; new projects entering into operation in Peru and the tariff adjustment for in use services<sup>2</sup>; as well as the new connection contracts and projects for third parties in Colombia.

(Figures in millions)

OPERATING REVENUES	4Q12	4Q11	Change COP	Change %	4Q12 USD	2012	2011	Change COP	Change %	2012 USD
Electric Energy Transport	807,429	905,923	-98,494	-10.9%	457	3,352,494	3,502,095	-149,601	-4.3%	1,896
Road Concessions	189,695	170,434	19,261	11.3%	107	747,606	696,707	50,899	7.3%	423
Telecommunications Transport	29,127	26,075	3,052	11.7%	16	113,802	98,348	15,454	15.7%	64
Smart Management of Real Time Systems	23,176	19,248	3,928	20.4%	13	89,173	71,450	17,723	24.8%	50
<b>TOTAL OPERATING REVENUES</b>	<b>1,049,427</b>	<b>1,121,680</b>	<b>-72,253</b>	<b>-6.4%</b>	<b>593</b>	<b>4,303,075</b>	<b>4,368,600</b>	<b>-65,525</b>	<b>-1.5%</b>	<b>2,434</b>

In the fourth quarter of 2012, revenues decreased 6.4% compared to the preceding year, especially in energy transmission companies in Brazil, due to the behavior of the Brazilian Real against the Colombian Peso, where the average rate from October to December 2012 was COP 800.56 for Brazilian Real, while in the same period of 2011 it was COP 1,067.85 million.

### Composition of accumulated revenues earned by business

- **Energy Transmission**<sup>3</sup> accounted for COP 3,352,494 million, equal to 77.9% of the consolidated operating revenues of the year. This result represented a 4.3% decrease compared with that reported in 2011, basically due to the conversion effect of affiliates and subsidiaries abroad, which absorbed the higher revenues in Brazil derived from the IGPM increase; the entry into operation of projects Ica-Independencia, Mantaro-Socavaya and Chilca-La Planicie in Peru and the tariff adjustment in use services and new connection contracts in Colombia. This same revaluation effect impacted fourth quarter revenues.

<sup>2</sup> Resolution CREG 011 of 2009 provides the methodology and tariff formula for the remuneration of Colombia energy transmission in the National Transmission System -STN- effective by the end of 2011.

<sup>3</sup> ISA Colombia, CTEEP, ISA Capital do Brasil, Interligação Elétrica de Minas Gerais, Interligação Elétrica Pinheiros, Interligação Elétrica Serra do Japi, Transelca, RED de Energía del Perú, ISA PERU, Transmataro, ISA Bolivia, Proyectos de Infraestructura del Perú



- **Road Concessions<sup>4</sup>** contributed with 17.4% of total revenues and showed an increase of 7.3% compared with the preceding year, due to the increase of vehicle traffic and the toll rate readjustment in Chilean concessionaires, which also explains the 11.3% increase in the fourth quarter.
- **Telecommunications Transport<sup>5</sup>** contributed with 2.6% of consolidated revenues. The accumulated figure grew 15.7% and for the quarter, it grew 11.7%; both derived from new service agreements, mainly in Colombia and Peru.
- **Smart Management of Real-Time Systems<sup>6</sup>** accounted for 2.1% of total revenues, an increase of 24.8%, as a result of the entry into operation in Colombia of *Sistemas Inteligentes de Red*, during the fourth quarter of 2011.

### Consolidated revenues by country:

Brazil experienced the most representative variation over the same period of 2011, generated by the conversion effect as explained earlier in this report. On the other hand, the growth observed in Chile was mainly explained by the increase in vehicle traffic and the toll rate adjustment; while in Peru, the increase was due to new projects that entered into operation.

(Figures in millions)

	4Q12	4Q11	Change COP	Change %	4Q12 USD	2012	2011	Change COP	Change %	2012 USD
Brazil <sup>7</sup>	414,988	518,353	-103,365	-19.9%	235	1,838,546	2,046,062	-207,516	-10.1%	1,040
Colombia <sup>8</sup>	354,535	339,242	15,293	4.5%	201	1,361,387	1,305,500	55,887	4.3%	770
Chile <sup>9</sup>	190,838	171,105	19,733	11.5%	108	750,489	697,554	52,935	7.6%	424
Peru <sup>10</sup>	79,915	82,822	-2,907	-3.5%	45	316,968	282,715	34,253	12.1%	179
Others <sup>11</sup>	9,151	10,158	-1,007	-9.9%	5	35,685	36,769	-1,084	-2.9%	20
<b>TOTAL</b>	<b>1,049,427</b>	<b>1,121,680</b>	<b>-72,253</b>	<b>-6.4%</b>	<b>593</b>	<b>4,303,075</b>	<b>4,368,600</b>	<b>-65,525</b>	<b>-1.5%</b>	<b>2,434</b>

### Operating costs and expenses

The **consolidated operating costs and expenses** at December 2012 increased 5.8% compared with the figures reported in the same period of 2011. This variation was mainly in sales and operation costs and expenses, as well as amortizations and was mainly due to:

- **Brazil:** partial amortization (61%) of goodwill in ISA Capital do Brazil, derived from the early renewal of Concession Contract 059/2001, higher personnel, services and maintenance expenses in CTEEP and the entry into operation of SERRA DO JAPI and INTERNEXA Brazil.
- **Colombia:** higher expenses for personnel, services, studies, contributions, taxes and costs associated to contracts with third parties.

<sup>4</sup> Ruta del Maipo, Ruta de la Araucanía, Ruta del Maule, Ruta de los Ríos, Ruta del Bosque, Intervial, ISA Inversiones Chile

<sup>5</sup> Internexa Colombia, Internexa Brasil Operadora, Internexa Participações, Internexa Argentina, Internexa Chile, Internexa Perú

<sup>6</sup> XM, SIR

<sup>7</sup> Brasil – ISA Capital do Brasil, CTEEP, IEMG, IEPINHEIROS, SERRA DO JAPI, INTERNEXA Brasil and INTERNEXA Participações.

<sup>8</sup> Colombia – ISA, TRANSELCA, INTERNEXA, XM and Sistemas Inteligentes en Red.

<sup>9</sup> Chile – INTERVIAL Chile, ISA Inversiones Chile, Ruta del Maipo, Ruta de la Araucanía, Ruta de los Ríos, Ruta del Bosque, Ruta del Maule, INTERNEXA Chile.

<sup>10</sup> Peru – REP, Transmataro (CTM), ISA Perú, INTERNEXA Perú and PDI.

<sup>11</sup> Others - ISA Bolivia, INTERNEXA Argentina.



- **Peru:** increased personnel expenses, maintenance and amortizations derived from assets that entered into operation during the period, mainly in Transmantaro and Red de Energía del Peru.
- **Chile:** higher amortization of road concessions due to increases of vehicle traffic.

With regards to the last quarter, the most significant variation took place in ISA Capital do Brazil due to the partial amortization of the goodwill acquired in the purchase of CTEEP.

(Figures in millions)

	4Q12	4Q11	Change COP	Change %	4Q12 USD	2012	2011	Change COP	Change %	2012 USD
Operating costs and expenses	386,504	391,486	-4,982	-1.3%	217	1,432,459	1,370,355	62,104	4.5%	810
Depreciation	40,089	43,415	-3,326	-7.7%	22	155,971	171,683	-15,712	-9.2%	88
Amortization	230,474	148,280	82,194	55.4%	129	655,753	569,356	86,397	15.2%	371
Provisions	36,821	27,981	8,840	31.6%	21	56,175	63,817	-7,642	-12.0%	32
<b>TOTAL</b>	<b>693,888</b>	<b>611,162</b>	<b>82,726</b>	<b>13.5%</b>	<b>392</b>	<b>2,300,358</b>	<b>2,175,211</b>	<b>125,147</b>	<b>5.8%</b>	<b>1,301</b>

## Operating income

As a result of the previously mentioned, ISA reached an operating income for 2012 of COP 2,002,717 million, 8.7% lower than the figure obtained in the same period in the preceding year, a result of a decrease of COP 65,525 million in revenues and an increase of COP 125,147 million in expenses.

The operating margin reached 46.5% for year 2012, compared with 50.2% of 2011.

## EBITDA and EBITDA margin

By the end of 2012, EBITDA accumulated COP 2,903,107 million, representing a 4.1% decrease, mainly explained by the behavior of macroeconomic variables. This situation also affected the quarterly results.

In 2012, the EBITDA margin reached 67.5%, a reduction compared with the 69.3% figure reported for the same period last year

## Non-operating results (losses)

Compared to 2011, the accumulated non-operating result improved by 47.5%. This behavior was mainly explained by the recognition of revenues and costs associated to the early renewal of concession contract 059/2001<sup>12</sup>, and lower expenses due to the conversion effect.

The financial results, including the exchange difference, increased 9.0%, mainly generated by higher income due to the present value of compensation at CTEEP<sup>13</sup>, lower expenses due to the exchange difference associated with the debt in Chile and lower expenses due to the conversion effect.

<sup>12</sup> Compensation for R\$ 2.9 trillion, less costs for assets and improvements of R\$ 2.5 trillion

<sup>13</sup> Recognition of IPCA + 5.59% on compensation of 50% of New Investments - NI -.



The non-operating result (income) of the fourth quarter of 2012 had a variation of 169.8% compared to the loss for the same period of 2011, as a result of transactions associated with the early renewal of the CTEEP concession and the higher expense for the application of the Asset Control Manual in Brazil during 2011.

## Taxes

The income tax expense increased 45.7%, from COP 457,394 million in 2011 to COP 666,488 million in 2012. This variation was mainly due to:

- **Brazil:** higher taxes in CTEEP associated with the compensation, the non-generation of the fiscal benefit for the non-payment of interest on own capital in 2012, the reversal of deferred tax in favor (recognized in 2011); and higher taxes in ISA Capital do Brazil, given that the recognition of deferred taxes associated with fiscal losses did not apply in 2012 as it did in 2011.
- **Chile:** higher deferred taxes due to the increase of the tax rate, from 17% to 20%, as defined in the Chilean tax reform in 2012.

The composition of the income tax by country was 66.6% in Brazil, 20.0% in Colombia, 4.6% in Peru and 8.1% in Chile.

Taxes in the fourth quarter, with regards to the same period in the preceding year, increased mainly in Brazil, due to the taxes related to compensation revenues.

## Income before minority interest

Consolidated income before minority interest was COP 965,327 million, of which 71.7% (COP 692,389 million) corresponded to minority interest.

## Net income

Net income for 2012 was COP 272,938 million, representing a 19.0% decrease compared to COP 336,776 million reported in the same period of 2011. Net margin before minority interest was 22.4%, compared with 23.6% reported in the same period of 2011.

## ■ CONSOLIDATED BALANCE SHEET

### Assets

The assets of ISA and its companies reached COP 25,770,989 million, a 3.3% decrease compared to 2011. This decrease was mainly explained by the conversion effect generated by the revaluation of the Colombian Peso against the currencies of those countries where ISA operates; partially offset by:

- The net result of the increase in accounts receivable in CTEEP and decrease of assets due to the recognition of compensation.
- The entry of the proceeds from the CTEEP bond issue.
- The incorporation in the consolidated balance sheet of assets from SERRA DO JAPI.

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- Higher investments for projects under construction in Peru.

The geographical distribution of assets was concentrated in Brazil, Chile and Colombia, with 31.1%, 30.7% and 28.3%, respectively. 9.5% of assets are located in Peru, while the remaining 0.4% are located in other countries.

### Liabilities

Liabilities for COP 15,487,053 million decreased 2.2%, as net result of the decrease due to the conversion effect, the increase of debt due to the issue of promissory notes and bonds at CTEEP, the consolidation of SERRA DO JAPI, and higher indebtedness in Transmantaro and REP.

The distribution of liabilities by country was 46.9% in Chile, 21.1% in Brazil, 22.0% in Colombia, 9.4% in Peru and the remaining 0.5% in Bolivia and Argentina.

### Minority interest

Minority interest reached COP 4,173,321 million, a decrease of COP 224,917 million compared to December 2011; this situation was due to the conversion effect, partially offset by increases in the higher equity value in CTEEP as well as the affiliates and subsidiaries in Peru.

### Equity

Equity reached COP 6,110,615 million, a 4.9% decrease compared to COP 6,424,687 million reported in the preceding year, mainly due to the conversion effect of the affiliates and subsidiaries abroad.

### ■ CONSOLIDATED CASH FLOW

By the end of 2012, cash and cash equivalents reached COP 1,676,906 million, mainly generated by operating activities. These resources were utilized for investment activity, especially for intangible assets and financing activities, mainly for debt service and dividend payments.

### ■ DEBT

By December 2012, debt of ISA and its companies was COP 9,392,245 million, 1.1% lower than the figure reported by the end of the preceding year. This variation was the net result of payments of certain credits, bonds and short-term instruments at ISA, Transmantaro and CTEEP; new disbursements in Transmantaro; issue of bonds and promissory bonds in CTEEP; the subscription of credits, the issue of bonds and short-term instruments in ISA, REP and CTEEP; and the incorporation of the debt of SERRA DO JAPI.

38.8% of the debt is denominated in *Unidades de Fomento -UF-* (Chile), 17.8% in Colombian Pesos, 19.6% in Brazilian Reals, 22.6%<sup>14</sup> in U.S. Dollars and 1.1% in other currencies.

<sup>14</sup> Includes Bond 144<sup>a</sup> of Maipo holding a Swap at UFs



85.63% of the debt is long term and the remaining 14.37% is short term.

(Figures in millions)

Consolidated Debt	Business	2012	2011	Change COP	Change %	2012 USD
<b>CHILE</b>		<b>4,329,812</b>	<b>4,447,373</b>	<b>-117,560</b>	<b>-2.64%</b>	<b>2,449</b>
Ruta del Maipo	Road Concessions	2,197,950	2,246,975	-49,025	-2.2%	1,243
Ruta del Maule	Road Concessions	416,594	451,969	-35,375	-7.8%	236
Ruta de la Araucanía	Road Concessions	637,553	658,076	-20,523	-3.1%	361
Ruta del Bosque	Road Concessions	663,745	685,324	-21,578	-3.1%	375
Ruta de los Rios	Road Concessions	390,523	389,148	1,376	0.4%	221
Internexa en Chile	Telecommunications Transport	23,448	15,881	7,566	47.6%	13
<b>COLOMBIA</b>		<b>1,776,694</b>	<b>1,907,732</b>	<b>-131,038</b>	<b>-6.87%</b>	<b>1,005</b>
ISA Colombia	Electric Energy Transport	1,424,694	1,575,399	-150,705	-9.6%	806
Transelca	Electric Energy Transport	350,000	327,000	23,000	7.0%	198
Internexa	Telecommunications Transport	2,000	5,333	-3,333	-62.5%	1
<b>BRAZIL</b>		<b>2,165,368</b>	<b>2,170,000</b>	<b>-4,632</b>	<b>-0.21%</b>	<b>1,225</b>
ISA Capital	Electric Energy Transport	55,966	61,559	-5,593	-9.1%	32
CTEEP	Electric Energy Transport	1,885,360	1,925,057	-39,697	-2.1%	1,066
IEMG	Electric Energy Transport	45,305	59,473	-14,168	-23.8%	26
IEPINHEIROS	Electric Energy Transport	101,308	123,911	-22,603	-18.2%	57
Serra Do Japi	Electric Energy Transport	77,429	-	77,429		44
<b>PERU</b>		<b>1,057,266</b>	<b>899,902</b>	<b>157,364</b>	<b>17.49%</b>	<b>598</b>
ISA Peru	Electric Energy Transport	26,883	35,264	-8,382	-23.8%	15
REP	Electric Energy Transport	432,322	427,847	4,476	1.0%	244
Transmantaro	Electric Energy Transport	583,915	427,660	156,255	36.5%	330
Internexa en Peru	Telecommunications Transport	14,146	9,131	5,015	54.9%	8
<b>BOLIVIA</b>		<b>55,457</b>	<b>70,303</b>	<b>-14,846</b>	<b>-21.12%</b>	<b>31</b>
ISA Bolivia	Electric Energy Transport	55,457	70,303	-14,846	-21.1%	31
<b>ARGENTINA</b>		<b>7,649</b>	<b>0</b>	<b>7,649</b>		<b>4</b>
Transamerican Telecommunication	Telecommunications Transport	7,649	-	7,649		4
<b>TOTAL</b>		<b>9,392,246</b>	<b>9,495,310</b>	<b>-103,063</b>	<b>-1.1%</b>	<b>5,312</b>

## ■ CAPEX AND INVESTMENTS

The approximate investment of ISA and its companies for year 2012 reached COP 1,183,283 million, including direct investments and capital contributions:

- Colombia:** Investments for COP 243,553 million. ISA invested COP 138,455 million, for the construction of transmission projects, replacement of assets and contributions to companies. TRANSELCA invested COP 58,994 million, mainly engaged in the enlargement of substation Santa Marta and the connection project of Gecelca 3 to STN. INTERNEXA invested COP 30,823 million in the enlargement of its fiber optic network and contributions to its affiliates in Argentina and Chile. XM invested COP 15,281 million to new technological developments and to a lesser extent, contributions to Derivex and CRCC.

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- **Brazil:** Investments for COP 496,033 million, of which COP 421,842 million were executed by CTEEP for grid reinforcements and to make capital contributions companies in which it participates. Also, PINHEIROS and SERRA DO JAPI invested COP 74,191 million in the construction of their assets.
- **Peru:** COP 406,697 million mostly invested by Transmantaro in the execution of projects awarded by the Peruvian government (COP 269,751), while REP invested COP 113,339 million in the expansion of its electric grid. On the other hand, INTERNEXA invested COP 23,482 million in the expansion of the fiber optic network.
- **Chile:** Investments for COP 36,382 million, mostly executed by Ruta del Maipo in the implementation of an automatic toll system as well as the urban landscape project in the Southern Access to Santiago.

(Figures in millions)

	1Q12	2Q12	3Q12	4Q12	Total	Total USD	%
Colombia	52,337	51,142	61,265	78,808	243,553	166	20.6%
Brazil	122,425	81,550	139,671	152,387	496,033	277	41.9%
Peru	116,339	129,947	85,292	75,118	406,697	228	34.4%
Chile	6,011	5,161	17,746	7,463	36,382	20	3.1%
Bolivia	146	360	75	38	619	0	0.1%
<b>TOTAL</b>	<b>297,259</b>	<b>268,161</b>	<b>304,050</b>	<b>313,814</b>	<b>1,183,283</b>	<b>661</b>	<b>100.0%</b>

The information above is the sum of individual investments, not the result of a consolidation process. Conversion to Colombian Pesos was made taking into account the average quarterly rate.

#### ■ ISA'S RESULTS, INDIVIDUAL

Net income reached by ISA, parent company, during 2012 was COP 272,938 million, 19.0% lower than the figure reported in the same period of the preceding year, which was mainly a result of the macroeconomic variables, tax changes in Chile, the early renewal of Concession Contract 059/2001 in Brazil and the incorporation in the equity method of 100% of the losses of ISA Inversiones in Chile.

During the fourth quarter, net income was COP 51,551 million, with a 27.5% increase compared with the same period of 2011, due to higher revenues from equity method in Brazil in 2012.

For the full year period, the operating result increased 2.2% compared to 2011, from COP 478,651 million to COP 489,180 million, mainly explained by:

- Higher operating revenues of COP 12,170 million, representing an increase of 1.2%. This increase was due to higher revenues in the usage services, due to the application of CREG Resolution 011 of 2009, as well as new connection contracts and construction for third parties; affected by the negative behavior of the Producer Price Index – PPI-, which in the 2012 period was -3.0%.
- Higher operating costs, which experienced a 0.3% growth compared to 2011, due to the net effect of higher personnel expenses (mainly due to the labor union negotiation) and costs associated to the construction of projects for third parties; lower maintenance expenses; and lower depreciation expenses, due to the update of the remaining life of assets from substations.

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In the fourth quarter, the operating income showed an increased 8.3% due to lower expenses from the recovery of towers and lower depreciation expenses due to the revision of the remaining lives of substations; meanwhile, revenues showed a slight decrease explained by lower revenues from projects for third parties.

As a result of the greater increase in administrative, operation and maintenance expenses with respect to operating revenues, accumulated EBITDA declined 0.7%, from COP 614,213 million to COP 610,061 million, while it increased 7.7% in the fourth quarter. The EBITDA margin went from 61.6% to 60.5% in 2012.

With respect to the 2011 full year period, net non-operating income (expense) showed increased by COP 95,359 million (or 492.6%), from -COP 19,358 million in 2011 to -COP 114,717 million in 2012. This was mainly explained by:

- Higher financial costs from the increase of the average debt during 2012.
- Higher costs related to exchange difference, due to the revaluation of Peso against Dollar, generated in loans to related companies.
- Lower revenues by equity method generated in losses in foreign subsidiaries, primarily due to the recognition of 100% of the losses of Chile during 2012; higher deferred tax expenses in Chile, caused by an increased tax rate; lower profit in Brazil, resulting from the amortization (61%) of goodwill of ISA Capital do Brazil and higher losses in INTERNEXA due to losses reported by its affiliates.

In the fourth quarter, the non-operating result improved 24.5%, as a consequence of higher revenues from equity method, mainly due to adjustment from the application of the Asset Control Manual in CTEEP during the last quarter of 2011.

Provisions for income taxes in 2012 changed from COP 122,517 million in 2011 to COP 101,525 million in 2012, representing a decline of 17.1%, due to lower taxable income. This result was derived from higher financial expenses, costs from exchange rate differences and from a greater deduction for investments in productive assets. During the last quarter, this provision increased by 93.9% generated by higher taxable income as a result of higher operating income and higher financial income.

As a result of the above, accumulated net income was COP 272,938 million, representing a net margin of 27.1%. During the fourth quarter, net income was COP 51,551 million, with a margin of 19.7%.

#### ■ **ISA'S BALANCE SHEET, INDIVIDUAL**

At the end of 2012, the Company's assets were COP 8,912,305 million, 5.0% less than those reported in 2011, as a result of the decline in the technical appraisal of operating assets (PPI negative behavioral effect) and the decrease of the account of investments in foreign subsidiaries and affiliates, as a result of conversion.

Liabilities were COP 2,792,599 million, representing a decrease of 6.6% compared to 2011, primarily due to decreased financial obligations and accounts payable (especially dividends, equity tax payable and deposits received under management).

Equity at the end of 2012 was COP 6,119,706 million, 4.3% below that figure reported by the end of 2011, generated mainly by the conversion effect resulting from the update of foreign investments (revaluation of Colombian Peso against Dollar).

#### ■ **ISA'S CASH FLOW, INDIVIDUAL**

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At the end of 2012, cash and cash equivalents reached COP 235,586 million, an increase of COP 78,413 million compared to the end of 2011, primarily generated from operating activities. Most of the funds generated were used in financing activities primarily for debt service and dividend payments.

### ■ HIGHLIGHTS OCTOBER 2012 – FEBRUARY 2013

- After the Brazilian government announced plans to reduce the tariffs for Electric Transport for residential and business users, using the early renewal mechanism of power sector concessions, on December 4, 2012 CTEEP, subsidiary of ISA, signed a 30-year extension (beginning January 1, 2013) of Concession 059/2001. With this renewal, CTEEP will receive annual net income for 515 million Reals for the administration, operation and maintenance of assets and is waiting for ANEEL to establish the criteria for the compensation of the existing system (assets prior to May 2000) and the recognition of revenues associated with investments for improvements.

The announcement by the Brazilian government was made through Provisional Measure -MP- 579 on September 11, 2012, and anticipates that by 2013, the renewal of concessions in the electricity sector with expiration dates between 2015 and 2017, in exchange for compensation for non-depreciated assets (as stated in the contracts), and to recognize future annual payments for the operation and maintenance of concessioned assets.

The renewal decision, approved by CTEEP's shareholders at the Extraordinary Shareholders' Meeting held on December 3, 2012, took into account the changes that the Brazilian government made to MP 579, with the issuance of Provisional Measure -MP- 591 of November 29, 2012; which gave companies the right to compensation for non-depreciated assets existing by May 31, 2000, which were registered by the concessionaires and recognized by ANEEL.

In January 2013, provisional measures 579 and 591 were approved by Law 12.783, enacted by the Brazilian president. This law states, among other things, provisions for the renewal of concessions for energy generators, distributors and transmitters, and the terms of compensation for new investments (taking place after May 2000).

The compensation value of CTEEP's assets for new investments totaled 2,891 million Reals, a figure consistent with the analysis performed by the contracted Brazilian consultants. The agreed payment form was 50% in cash (Reals 1,478 million, received on January 18, 2013; this figure includes the monetary correction of the date of payment) and 50% payable in 31 monthly installments indexed to IPCA + 5.59% between January 2013 and July 2015.

For the compensation of assets from the existing system set forth in MP 591, ANEEL requested concessionaires to send information on the transmission facilities of the existing system and it shall compensate those assets registered and non-depreciated as of May 31, 2000.

### November 2012

- The Ministry of Finance and Public Credit of Colombia authorized ISA to enter into a public debt management operation, involving the restructuring of the internal loan agreement signed with Transelca for up to COP 186,977 million. This initiative seeks to improve the debt maturity profile, while extending the duration and life of ISA's debt portfolio. The maturity and amortization will be for one installment, due on October 12, 2022, while the interest rate will be calculated on capital balances cleared at the DTF EA.

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[accionesis@isa.com.co](mailto:accionesis@isa.com.co) • [InvestorRelations@isa.com.co](mailto:InvestorRelations@isa.com.co) • @ISA\_Avanza • [www.isa.com.co](http://www.isa.com.co)

- ISA responded to the group action lawsuit raised before the Eighth Court Judge of the Circuit of Cali, alleging a breach in the implementation of Law 226 of 1995, relating to the issuance of shares for years 2000, 2002, 2007 and 2009. This action was also brought against the Federal Government, the Ministry of Finance and the Ministry of Mines and Energy. Additionally, the Company proposed the relevant legal defenses and after analyzing the action, it classified the risk as remote, not affecting the situation of the Company.
- At its meeting, ISA's Board of Directors approved the General Annual Shareholders Meeting in the city of Medellin for March 22, 2013.

### December 2012

- Moody's ratified ISA's Baa3 issuer rating, outlook is 'Stable'.
- Fitch Ratings Colombia assigned a F1+(col) rating to the commercial papers for up to COP 200 billion that will be part of ISA's Internal Public Debt Security Issue and Placement Program for COP 1.7 trillion.
- Standard and Poor's announced that it has ratified ISA's BBB- rating, with a 'Stable' outlook.
- The Colombian National Infrastructure Chamber -ANI- (formerly INCO) paid to ISA the amount of COP 39,526,142,280 corresponding to the value of the studies conducted by the Company during the evaluation phase of the road corridors of Autopistas de la Montaña. As a result of this process, ISA transferred to ANI the ownership rights of these studies.

### January 2013

- ISA created affiliate INTERCHILE, the company that will be specifically and exclusively engaged in the transmission of electric energy in Chile. The company was incorporated when ISA received the exploitation and execution rights of a 755-km power transmission grid and associated works, from the Government of Chile, awarded on October 1, 2012. The new projects, which must be put into operation within a period of five years, beginning January 2013, position ISA as Chile's second-largest electric energy carrier, and will ensure annual revenues of approximately USD 63 million.

This report may contain statements based on estimates of ISA's performance and should be relied on by the institutions in good faith; such statements reflect estimates based on the management's view and are based on currently available information, which involves risks and uncertainties, including economic conditions and those of other markets, as well as fluctuating exchange rates and other financial variables for which ISA S.A. E.S.P. cannot be liable, directly or indirectly, to the financial transactions made by the public relying on the information presented herein.

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## ■ MARKET DATA AND ADDITIONAL INFORMATION

### Exchange rates

EXCHANGE RATE	2011 average	2012 average	Change %	2010 last	2011 last	2012 last	Change % 2010-2011	Change % 2011-2012
COP / DOLAR USD	1,848.17	1,798.23	-2.7%	1,913.98	1,942.70	1,768.23	1.5%	-9.0%
REAL / DOLAR USD	1.6737	2.0037	19.7%	1.6662	1.8758	2.0435	12.6%	8.9%
CPL / DOLAR USD	483.6675	486.49	0.6%	468.01	519.2	479.96	10.9%	-7.6%
COP / REAL	1,104.24	897.45	-18.7%	1,148.71	1,035.66	865.29	-9.8%	-16.5%
COP/ CPL	3.82	3.70	-3.3%	4.09	3.74	3.68	-8.5%	-1.5%

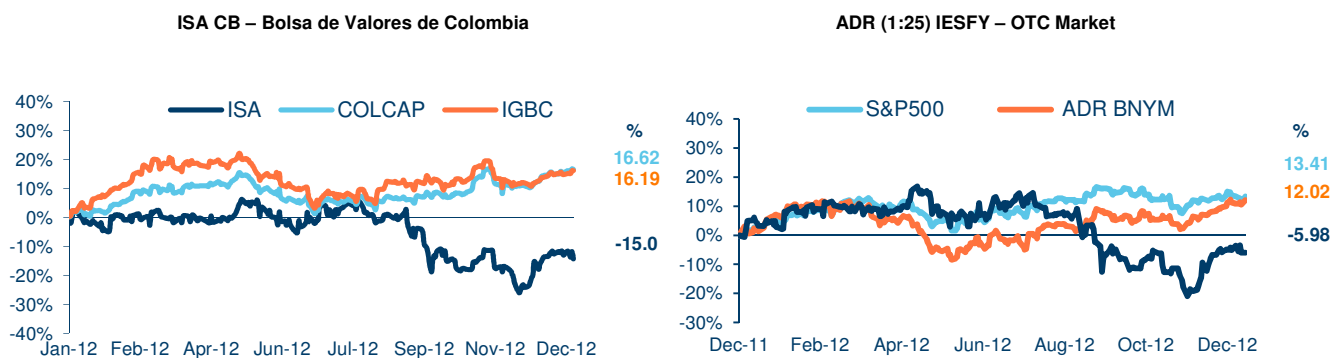
### ISA risk ratings

Fitch Ratings September 2012	Standard & Poor's December 2012	Moody's December 2012
BBB- Positive Outlook	BBB- Stable Outlook	Baa3 Stable Outlook

### Stock composition by December 2012

	Number of Shares	%
The Colombian State	569,472,561	51.4%
Private investors	348,226,256	31.4%
EPM- Empresas Públicas de Medellín	112,605,547	10.2%
Companies with state and private capital	77,373,530	7.0%
<b>Subscribed and paid -in-capital</b>	<b>1,107,677,894</b>	<b>100.0%</b>

### ISA's share (valuation and multiples)



PVL	RPG	DIVIDEND YIELD	EV/EBITDA
1.72	40.54	1.88%	6.47

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**ISA S.A. E.S.P. - CONSOLIDATED -  
INCOME STATEMENT (Unaudited)**
**DECEMBER 2012 – DECEMBER 2011**
*Figures in millions of Colombian pesos*

	4Q12	4Q11	Change COP	Change %	4Q12 USD	2012	2011	Change COP	Change %	2012 USD
<b>OPERATING REVENUES</b>										
Energy transmission services	694,439	793,236	(98,797)	-12.5%	393	2,919,517	3,091,571	(172,054)	-5.6%	1,651
Connection charges	93,984	93,162	822	0.9%	53	356,399	363,554	(7,155)	-2.0%	202
Dispatch and CND (National Dispatch Center)	11,765	9,902	1,863	18.8%	7	41,712	39,455	2,257	5.7%	24
MEM Services	10,173	8,284	1,889	22.8%	6	41,126	29,781	11,345	38.1%	23
Roads	189,657	170,392	19,265	11.3%	107	747,369	696,543	50,826	7.3%	423
Telecommunications	29,133	26,075	3,058	11.7%	16	113,810	98,348	15,462	15.7%	64
Other services	20,276	20,629	(353)	-1.7%	11	83,142	49,348	33,794	68.5%	47
<b>TOTAL OPERATING REVENUES</b>	<b>1,049,427</b>	<b>1,121,680</b>	<b>(72,253)</b>	<b>-6.4%</b>	<b>593</b>	<b>4,303,075</b>	<b>4,368,600</b>	<b>(65,525)</b>	<b>-1.5%</b>	<b>2,434</b>
<b>COSTS AND OPERATING EXPENSES</b>										
Operating costs and administration expenses	386,504	391,486	(4,982)	-1.3%	219	1,432,459	1,370,355	62,104	4.5%	810
Depreciation	40,089	43,415	(3,326)	-7.7%	23	155,971	171,683	(15,712)	-9.2%	88
Amortization	230,474	148,280	82,194	55.4%	130	655,753	569,356	86,397	15.2%	371
Provisions	36,821	27,981	8,840	31.6%	21	56,175	63,817	(7,642)	-12.0%	32
<b>TOTAL COSTS AND OPERATING EXPENSES</b>	<b>693,888</b>	<b>611,162</b>	<b>82,726</b>	<b>13.5%</b>	<b>392</b>	<b>2,300,358</b>	<b>2,175,211</b>	<b>125,147</b>	<b>5.8%</b>	<b>1,301</b>
<b>Operating Income</b>	<b>355,539</b>	<b>510,518</b>	<b>(154,979)</b>	<b>-30.4%</b>	<b>201</b>	<b>2,002,717</b>	<b>2,193,389</b>	<b>(190,672)</b>	<b>-8.7%</b>	<b>1,133</b>
<b>NON - OPERATING REVENUES</b>										
Financial	88,360	47,855	40,505	84.6%	50	237,175	188,909	48,266	25.5%	134
Exchange difference	108,129	82,745	25,384	30.7%	61	214,762	168,039	46,723	27.8%	121
Other	2,616,802	112,269	2,504,533	2230.8%	1,480	2,662,217	188,127	2,474,090	1315.1%	1,506
<b>Total non-operating revenues</b>	<b>2,813,291</b>	<b>242,869</b>	<b>2,570,422</b>	<b>1058.4%</b>	<b>1,591</b>	<b>3,114,154</b>	<b>545,075</b>	<b>2,569,079</b>	<b>471.3%</b>	<b>1,761</b>
<b>NON - OPERATING EXPENSES</b>										
Financial	176,724	323,579	(146,855)	-45.4%	100	943,593	956,377	(12,784)	-1.3%	534
Exchange difference	150,473	30,180	120,293	398.6%	85	195,456	156,021	39,435	25.3%	111
Other	2,318,426	129,478	2,188,948	1690.6%	1,311	2,346,007	139,395	2,206,612	1583.0%	1,327
<b>Total non-operating expenses</b>	<b>2,645,623</b>	<b>483,237</b>	<b>2,162,386</b>	<b>447.5%</b>	<b>1,496</b>	<b>3,485,056</b>	<b>1,251,793</b>	<b>2,233,263</b>	<b>178.4%</b>	<b>1,971</b>
<b>Non-operating results</b>	<b>167,668</b>	<b>(240,368)</b>	<b>408,036</b>	<b>169.8%</b>	<b>95</b>	<b>(370,902)</b>	<b>(706,718)</b>	<b>335,816</b>	<b>-47.5%</b>	<b>-210</b>
<b>Income before taxes</b>	<b>523,207</b>	<b>270,150</b>	<b>253,057</b>	<b>93.7%</b>	<b>296</b>	<b>1,631,815</b>	<b>1,486,671</b>	<b>145,144</b>	<b>9.8%</b>	<b>923</b>
Income tax provision	225,331	102,840	122,491	119.1%	127	666,488	457,394	209,094	45.7%	377
<b>Income before minority interests</b>	<b>297,876</b>	<b>167,310</b>	<b>130,566</b>	<b>78.0%</b>	<b>168</b>	<b>965,327</b>	<b>1,029,277</b>	<b>(63,950)</b>	<b>-6.2%</b>	<b>546</b>
Minority interest (MI)	246,325	126,875	119,450	94.1%	139	692,389	692,501	(112)	0.0%	392
<b>NET INCOME</b>	<b>51,551</b>	<b>40,435</b>	<b>11,116</b>	<b>27.5%</b>	<b>29</b>	<b>272,938</b>	<b>336,776</b>	<b>(63,838)</b>	<b>-19.0%</b>	<b>154</b>
EBITDA	670,419	729,360	(58,941)	-8.1%	379	2,903,107	3,027,413	(124,306)	-4.1%	1,642
EBITDA margin	63.9%	65.0%				67.5%	69.3%			
Operating margin	33.9%	45.5%				46.5%	50.2%			
Net margin before Minority Interest	28.4%	14.9%				22.4%	23.6%			

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Certain figures included in the consolidated financial statements as of December 31st, 2011 were reclassified to have them comparable with the filing of the consolidated financial statements corresponding to year 2012.

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**ISA S.A. E.S.P. - CONSOLIDATED -  
BALANCE SHEET (Unaudited)  
DECEMBER 2012 – DECEMBER 2011**  
*Figures in millions of Colombian pesos*

	2012	% Part.	2011	Change COP	Change %	2012 USD
<b>CURRENT ASSETS</b>						
Cash	429,455	1.7%	393,728	35,727	9.1%	243
Marketable investments	1,247,451	4.8%	1,019,223	228,228	22.4%	705
Accounts receivable, net	2,986,706	11.6%	1,626,644	1,360,062	83.6%	1,689
Inventories	112,043	0.4%	36,661	75,382	205.6%	63
Deferred charges and other assets	119,410	0.5%	141,543	(22,133)	-15.6%	68
<b>Total current assets</b>	<b>4,895,065</b>	<b>19.0%</b>	<b>3,217,799</b>	<b>1,677,266</b>	<b>52.1%</b>	<b>2,768</b>
<b>NON-CURRENT ASSETS</b>						
Long-term investments	707,607	2.7%	713,648	(6,041)	-0.8%	400
Long-term accounts receivable	1,916,517	7.4%	1,108,641	807,876	72.9%	1,084
Inventories	58,428	0.2%	56,369	2,059	3.7%	33
Property, plant and equipment, net	3,031,437	11.8%	2,960,138	71,299	2.4%	1,714
Deferred charges and other assets	12,148,548	47.1%	15,466,332	(3,317,784)	-21.5%	6,870
Reappraisal of assets	3,013,387	11.7%	3,136,238	(122,851)	-3.9%	1,704
<b>Total non- current assets</b>	<b>20,875,924</b>	<b>81.0%</b>	<b>23,441,366</b>	<b>(2,565,442)</b>	<b>-10.9%</b>	<b>11,806</b>
<b>TOTAL ASSETS</b>	<b>25,770,989</b>	<b>100.0%</b>	<b>26,659,165</b>	<b>(888,176)</b>	<b>-3.3%</b>	<b>14,574</b>
<b>CURRENT LIABILITIES</b>						
Outstanding bonds	412,934	1.6%	460,438	(47,504)	-10.3%	234
Financial liabilities	936,531	3.6%	1,087,939	(151,408)	-13.9%	530
Accounts payable	1,017,421	3.9%	1,163,792	(146,371)	-12.6%	575
Labor liabilities	20,919	0.1%	17,868	3,051	17.1%	12
Accrued liabilities and estimated provisions	176,773	0.7%	177,174	(401)	-0.2%	100
Other liabilities	259,299	1.0%	1,908,480	(1,649,181)	-86.4%	147
<b>Total current liabilities</b>	<b>2,823,877</b>	<b>11.0%</b>	<b>4,815,691</b>	<b>(1,991,814)</b>	<b>-41.4%</b>	<b>1,597</b>
<b>LONG-TERM LIABILITIES</b>						
Outstanding bonds	5,574,696	21.6%	5,341,548	233,148	4.4%	3,153
Financial liabilities	2,468,086	9.6%	2,605,385	(137,299)	-5.3%	1,396
Accounts payable	1,554,263	6.0%	391,995	1,162,268	296.5%	879
Labor liabilities	1,433	0.0%	1,487	(54)	-3.6%	1
Accrued liabilities and estimated provisions	767,931	3.0%	850,897	(82,966)	-9.8%	434
Other liabilities	2,296,767	8.9%	1,829,237	467,530	25.6%	1,299
<b>Total long-term liabilities</b>	<b>12,663,176</b>	<b>49.1%</b>	<b>11,020,549</b>	<b>1,642,627</b>	<b>14.9%</b>	<b>7,161</b>
<b>TOTAL LIABILITIES</b>	<b>15,487,053</b>	<b>60.1%</b>	<b>15,836,240</b>	<b>(349,187)</b>	<b>-2.2%</b>	<b>8,759</b>
<b>Minority interests</b>						
	<b>4,173,321</b>	<b>16.2%</b>	<b>4,398,238</b>	<b>(224,917)</b>	<b>-5.1%</b>	<b>2,360</b>
Subscribed and paid in capital	36,916	0.1%	36,916	-	0.0%	21
Capital Surplus	1,445,509	5.6%	1,445,509	-	0.0%	817
Reserves	934,492	3.6%	795,990	138,502	17.4%	528
Net income	272,938	1.1%	336,776	(63,838)	-19.0%	154
Cumulative translation adjustment	(9,091)	0.0%	28,344	(37,435)	-132.1%	-5
Equity revaluation	415,645	1.6%	415,645	-	0.0%	235
Surplus from asset reappraisals	2,563,287	9.9%	2,685,472	(122,185)	-4.5%	1,450
Surplus from equity method	450,919	1.7%	680,035	(229,116)	-33.7%	255
<b>Total Shareholders' Equity</b>	<b>6,110,615</b>	<b>23.7%</b>	<b>6,424,687</b>	<b>(314,072)</b>	<b>-4.9%</b>	<b>3,456</b>
<b>TOTAL LIABILITIES, MINORITY INTERESTS AND SHAREHOLDERS' EQUITY</b>	<b>25,770,989</b>	<b>100.0%</b>	<b>26,659,165</b>	<b>(888,176)</b>	<b>-3.3%</b>	<b>14,574</b>

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## ISA S.A. E.S.P. - CONSOLIDATED - CASH FLOW STATEMENT (Unaudited)

DECEMBER 2012 – DECEMBER 2011

*Figures in millions of Colombian pesos*

	2012	2011	Change COP	Change %	2012 USD
<b>Cash flows from operating activities:</b>					
Net income	272,938	336,776	(63,838)	-19.0%	154
Plus (minus) – Adjustments to reconcile net income with the net cash provided by operational activities:					-
Minority Interest	692,389	692,501	(112)	0.0%	392
Depreciation of properties, plant and equipment	155,971	171,683	(15,712)	-9.2%	88
Amortization of deferred and other assets	655,753	569,356	86,397	15.2%	371
Amortization of retirement pensions and extralegal benefits – net	32,492	29,166	3,326	11.4%	18
Provision for accounts receivable	1,002	1,212	(210)	-17.3%	1
Provision for inventory	-	3,082	(3,082)	-100.0%	-
Investment provision	(64)	522	(586)	-112.3%	(0)
Income tax provision	666,488	457,394	209,094	45.7%	377
Loss in property, plant and equipment disposal and retirement	2,301,871	113,015	2,188,856	1936.8%	1,302
Income (Expense) for foreign exchange rate conversion	33,973	17,500	16,473	94.1%	19
Changes in Net Assets	666	(24,612)	25,278	-102.7%	0
Recovery of provision	(1,458)	(2,041)	583	-28.6%	(1)
Accrued interest and commissions	639,512	603,210	36,302	6.0%	362
	<b>5,451,533</b>	<b>2,968,764</b>	<b>2,482,769</b>	<b>83.6%</b>	<b>3,083</b>
<b>Changes in operating assets and liabilities:</b>					
Debtors	(2,646,662)	(514,909)	(2,131,753)	414.0%	(1,497)
Inventories	(77,441)	(24,592)	(52,849)	214.9%	(44)
Deferred and other assets	123,552	(1,465,794)	1,589,346	-108.4%	70
Accounts payable	4,950	844,521	(839,571)	-99.4%	3
Labor liabilities	(8,321)	(5,935)	(2,386)	40.2%	(5)
Estimated liabilities and provisions	15,104	(574,413)	589,517	-102.6%	9
Proceeds to third parties	181,721	241,211	(59,490)	-24.7%	103
Minority Interest	(291,584)	(1,026,563)	734,979	-71.6%	(165)
Other liabilities	279,114	340,049	(60,935)	-17.9%	158
<b>Cash flows in other operations:</b>					
Retirement pension payments	(24,921)	(24,241)	(680)	2.8%	(14)
Payment of taxes	(646,582)	(828,623)	182,041	-22.0%	(366)
<b>Net cash provided by operation activities</b>	<b>2,360,463</b>	<b>(70,525)</b>	<b>2,430,988</b>	<b>-3447.0%</b>	<b>1,335</b>
<b>Cash flows from investment activities:</b>					
Variation of permanent and long term investments	6,104	(105,463)	111,567	-105.8%	3
Additions to intangibles	1,341,351	-	1,341,351	-	759
Purchase of property, plant and equipment	(2,545,191)	(114,548)	(2,430,643)	2121.9%	(1,439)
<b>Net cash used by investment activities</b>	<b>(1,197,736)</b>	<b>(220,011)</b>	<b>(977,725)</b>	<b>444.4%</b>	<b>(677)</b>
<b>Cash flows from financing activities:</b>					
Interest received in cash	(25,477)	44,596	(70,073)	-157.1%	(14)
Interest paid in cash	(926,607)	(770,492)	(156,115)	20.3%	(524)
Dividends paid	(245,904)	(187,198)	(58,706)	31.4%	(139)
Increase in financial obligations	1,427,340	1,879,210	(451,870)	-24.0%	807
Bond Issue	767,727	591,804	175,923	29.7%	434
Payment of financial obligations	(1,434,917)	(640,654)	(794,263)	124.0%	(811)
Decrease in loans of related parties	(460,935)	(424,870)	(36,065)	8.5%	(261)
<b>Net cash used by financing activities</b>	<b>(898,773)</b>	<b>492,396</b>	<b>(1,391,169)</b>	<b>-282.5%</b>	<b>(508)</b>
Net increase (decrease) in cash and cash equivalents	<b>263,954</b>	<b>201,860</b>	<b>62,094</b>	<b>30.8%</b>	<b>149</b>
Cash and equivalents at the beginning of the year	<b>1,412,951</b>	<b>1,211,091</b>	<b>201,860</b>	<b>16.7%</b>	<b>799</b>
<b>CASH AND EQUIVALENTS AT THE YEAR END</b>	<b>1,676,905</b>	<b>1,412,951</b>	<b>263,954</b>	<b>18.7%</b>	<b>948</b>

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[accionesis@isa.com.co](mailto:accionesis@isa.com.co) • [InvestorRelations@isa.com.co](mailto:InvestorRelations@isa.com.co) • @ISA\_Avanza • [www.isa.com.co](http://www.isa.com.co)

**ISA S.A. E.S.P. - INDIVIDUAL -  
ESTADO DE RESULTADOS (Unaudited)  
DECEMBER 2012 – DECEMBER 2011  
Figures in millions of Colombian pesos**

	4Q12	4Q11	Change COP	Change %	4Q12 USD	2012	2011	Change COP	Change %	2012 USD
<b>OPERATING REVENUES</b>										
Energy transmission services	210,842	211,914	(1,072)	-0.5%	119	837,892	833,063	4,829	0.6%	474
Connection charges	30,053	25,745	4,308	16.7%	17	100,928	97,679	3,249	3.3%	57
Infrastructure Projects	9,762	11,547	(1,785)	-15.5%	6	29,500	26,057	3,443	13.2%	17
Telecommunications	4,550	4,517	33	0.7%	3	17,853	16,991	862	5.1%	10
Other services	6,034	7,663	(1,629)	-21.3%	3	22,685	22,898	(213)	-0.9%	13
<b>TOTAL OPERATING REVENUES</b>	<b>261,241</b>	<b>261,386</b>	<b>(145)</b>	<b>-0.1%</b>	<b>148</b>	<b>1,008,858</b>	<b>996,688</b>	<b>12,170</b>	<b>1.2%</b>	<b>571</b>
<b>COSTS AND OPERATING EXPENSES</b>										
Operating costs and administration expenses	111,587	118,138	(6,551)	-5.5%	63	416,449	395,524	20,925	5.3%	236
Depreciation	23,506	27,047	(3,541)	-13.1%	13	91,773	108,669	(16,896)	-15.5%	52
Amortization	1,897	1,789	108	6.0%	1	7,411	6,929	482	7.0%	4
Provisions	2,643	2,164	479	22.1%	1	4,045	6,915	(2,870)	-41.5%	2
<b>TOTAL COSTS AND OPERATING EXPENSES</b>	<b>139,633</b>	<b>149,138</b>	<b>(9,505)</b>	<b>-6.4%</b>	<b>79</b>	<b>519,678</b>	<b>518,037</b>	<b>1,641</b>	<b>0.3%</b>	<b>294</b>
<b>Operating Income</b>	<b>121,608</b>	<b>112,248</b>	<b>9,360</b>	<b>8.3%</b>	<b>69</b>	<b>489,180</b>	<b>478,651</b>	<b>10,529</b>	<b>2.2%</b>	<b>277</b>
<b>NON - OPERATING REVENUES</b>										
Financial	7,980	3,633	4,347	119.7%	5	31,329	14,009	17,320	123.6%	18
Exchange difference	9,312	10,487	(1,175)	-11.2%	5	20,865	28,941	(8,076)	-27.9%	12
Equity Method	22,595	12,073	10,522	87.2%	13	145,063	147,659	(2,596)	-1.8%	82
Other	5,226	5,136	90	1.8%	3	14,623	20,718	(6,095)	-29.4%	8
<b>Total no-operating revenues</b>	<b>45,113</b>	<b>31,329</b>	<b>13,784</b>	<b>44.0%</b>	<b>26</b>	<b>211,880</b>	<b>211,327</b>	<b>553</b>	<b>0.3%</b>	<b>120</b>
<b>NON - OPERATING EXPENSES</b>										
Financial	35,121	35,851	(730)	-2.0%	20	151,607	125,438	26,169	20.9%	86
Exchange difference	11,568	13,116	(1,548)	-11.8%	7	36,190	15,620	20,570	131.7%	20
Equity Method	41,993	39,451	2,542	6.4%	24	136,964	85,455	51,509	60.3%	77
Other	586	1,368	(782)	-57.2%	0	1,836	4,172	(2,336)	-56.0%	1
<b>Total no-operating expenses</b>	<b>89,268</b>	<b>89,786</b>	<b>(518)</b>	<b>-0.6%</b>	<b>50</b>	<b>326,597</b>	<b>230,685</b>	<b>95,912</b>	<b>41.6%</b>	<b>185</b>
<b>Non-operating results</b>	<b>(44,155)</b>	<b>(58,457)</b>	<b>14,302</b>	<b>-24.5%</b>	<b>(25)</b>	<b>(114,717)</b>	<b>(19,358)</b>	<b>(95,359)</b>	<b>492.6%</b>	<b>(65)</b>
<b>Income before taxes</b>	<b>77,453</b>	<b>53,791</b>	<b>23,662</b>	<b>44.0%</b>	<b>44</b>	<b>374,463</b>	<b>459,293</b>	<b>(84,830)</b>	<b>-18.5%</b>	<b>212</b>
Income tax provision	25,902	13,356	12,546	93.9%	15	101,525	122,517	(20,992)	-17.1%	57
<b>NET INCOME</b>	<b>51,551</b>	<b>40,435</b>	<b>11,116</b>	<b>27.5%</b>	<b>29</b>	<b>272,938</b>	<b>336,776</b>	<b>(63,838)</b>	<b>-19.0%</b>	<b>154</b>
<b>EBITDA</b>	<b>153,958</b>	<b>143,017</b>	<b>10,941</b>	<b>7.7%</b>	<b>87</b>	<b>610,061</b>	<b>614,212</b>	<b>(4,151)</b>	<b>-0.7%</b>	<b>345</b>
EBITDA margin	58.9%	54.7%				60.5%	61.6%			
Operating margin	46.6%	42.9%				48.5%	48.0%			
Net margin	19.7%	15.5%				27.1%	33.8%			

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**ISA S.A. E.S.P. - INDIVIDUAL -  
BALANCE GENERAL (Unaudited)  
DECEMBER 2012 – DECEMBER 2011  
Figures in millions of Colombian pesos**

	2012	% Part.	2011	Change COP	Change %	2012 USD
<b>CURRENT ASSETS</b>						
Cash	97,797	1.1%	34,813	62,984	180.9%	55
Marketable investments	137,789	1.5%	122,360	15,429	12.6%	78
Accounts receivable, net	529,318	5.9%	676,306	(146,988)	-21.7%	299
Inventories	28,284	0.3%	9,815	18,469	188.2%	16
Deferred charges and other assets	72,658	0.8%	76,640	(3,982)	-5.2%	41
<b>Total current assets</b>	<b>865,846</b>	<b>9.7%</b>	<b>919,934</b>	<b>(54,088)</b>	<b>-5.9%</b>	<b>490</b>
<b>NON-CURRENT ASSETS</b>						
Long-term investments	2,727,530	30.6%	3,002,573	(275,043)	-9.2%	1,543
Long-term accounts receivable	14,533	0.2%	9,444	5,089	53.9%	8
Inventories	53,328	0.6%	52,069	1,259	2.4%	30
Property, plant and equipment, net	2,368,664	26.6%	2,349,813	18,851	0.8%	1,340
Deferred charges and other assets	319,117	3.6%	365,528	(46,411)	-12.7%	180
Reappraisal of assets	2,563,287	28.8%	2,685,472	(122,185)	-4.5%	1,450
<b>Total non- current assets</b>	<b>8,046,459</b>	<b>90.3%</b>	<b>8,464,899</b>	<b>(418,440)</b>	<b>-4.9%</b>	<b>4,551</b>
<b>TOTAL ASSETS</b>	<b>8,912,305</b>	<b>100.0%</b>	<b>9,384,833</b>	<b>(472,528)</b>	<b>-5.0%</b>	<b>5,040</b>
<b>CURRENT LIABILITIES</b>						
Outstanding bonds	110,000	1.2%	-	110,000		62
Financial liabilities	6,704	0.1%	150,458	(143,754)	-95.5%	4
Economically related companies	31,908	0.4%	-	31,908		18
Accounts payable	243,363	2.7%	360,002	(116,639)	-32.4%	138
Labor liabilities	7,639	0.1%	6,945	694	10.0%	4
Accrued liabilities and estimated provisions	53,173	0.6%	42,720	10,453	24.5%	30
Other liabilities	11,110	0.1%	12,847	(1,737)	-13.5%	6
<b>Total current liabilities</b>	<b>463,897</b>	<b>5.2%</b>	<b>572,972</b>	<b>(109,075)</b>	<b>-19.0%</b>	<b>262</b>
<b>LONG-TERM LIABILITIES</b>						
Outstanding bonds	991,365	11.1%	1,101,365	(110,000)	-10.0%	561
Financial liabilities	316,625	3.6%	323,576	(6,951)	-2.1%	179
Related parties	255,060	2.9%	265,121	(10,061)	-3.8%	144
Accounts payable	50,462	0.6%	150,487	(100,025)	-66.5%	29
Labor liabilities	1,433	0.0%	1,487	(54)	-3.6%	1
Accrued liabilities and estimated provisions	136,359	1.5%	131,993	4,366	3.3%	77
Other liabilities	577,398	6.5%	441,489	135,909	30.8%	327
<b>Total long-term liabilities</b>	<b>2,328,702</b>	<b>26.1%</b>	<b>2,415,518</b>	<b>(86,816)</b>	<b>-3.6%</b>	<b>1,317</b>
<b>TOTAL LIABILITIES</b>	<b>2,792,599</b>	<b>31.3%</b>	<b>2,988,490</b>	<b>(195,891)</b>	<b>-6.6%</b>	<b>1,579</b>
Subscribed and paid in capital	36,916	0.4%	36,916	0	0.0%	21
Capital Surplus	1,445,509	16.2%	1,445,509	0	0.0%	817
Reserves	934,492	10.5%	795,990	138,502	17.4%	528
Net income	272,938	3.1%	336,776	(63,838)	-19.0%	154
Surplus from asset reappraisals	2,563,287	28.8%	2,685,472	(122,185)	-4.5%	1,450
Surplus from equity method	450,919	5.1%	680,035	(229,116)	-33.7%	255
Equity revaluation	415,645	4.7%	415,645	-	0.0%	235
<b>Total Shareholders' Equity</b>	<b>6,119,706</b>	<b>68.7%</b>	<b>6,396,343</b>	<b>(276,637)</b>	<b>-4.3%</b>	<b>3,461</b>
<b>TOTAL LIABILITIES, MINORITY INTERESTS AND SHAREHOLDERS' EQUITY</b>	<b>8,912,305</b>	<b>100.0%</b>	<b>9,384,833</b>	<b>(472,528)</b>	<b>-5.0%</b>	<b>5,040</b>

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## ISA S.A. E.S.P. - INDIVIDUAL - CASH FLOW STATEMENT (Unaudited)

DECEMBER 2012 – DECEMBER 2011

*Figures in millions of Colombian pesos*

	2012	2011	Change COP	Change %	2012 USD
<b>Cash flows from operating activities:</b>					
Net income	272,938	336,776	(63,838)	-19.0%	154
Plus (minus) – Adjustments to reconcile net income with the net cash provided by operational activities:	91,773	108,669	(16,896)	-15.5%	52
Depreciation of properties, plant and equipment	7,412	6,928	484	7.0%	4
Amortization of deferred and other assets	17,652	10,767	6,885	63.9%	10
Amortization of retirement pensions and extralegal benefits – net	344	910	(566)	-62.2%	0
Recovery - actuarial calculation	(257)	3,082	(3,339)	-108.3%	(0)
(Recovery-Write Off) Provision of accounts receivable	-	-	-	0.0%	-
(Recovery-Write Off) Provision for inventory protection	(44)	(2,267)	2,223	-98.1%	(0)
(Recovery-Write Off) Provision for assets	101,525	122,517	(20,992)	-17.1%	57
(Recovery) Provision for investments	1,135	2,727	(1,592)	-58.4%	1
Income tax provision	15,247	(13,329)	28,576	-214.4%	9
Loss in property, plant and equipment disposal and retirement	(8,099)	(62,204)	54,105	-87.0%	(5)
(Expense) Income for foreign exchange rate conversion	129,053	103,442	25,611	24.8%	73
(Expense) Income for investment valuation	628,679	618,018	10,661	1.7%	356
Income for equity method					
Accrued interest and commissions					
	110,836	(390,221)	501,057	-128.4%	63
<b>Changes in operating assets and liabilities:</b>	(19,471)	(6,594)	(12,877)	195.3%	(11)
Debtors	(187)	23,693	(23,880)	-100.8%	(0)
Inventories	139,360	436,129	(296,769)	-68.0%	79
Deferred and other assets	640	642	(2)	-0.3%	0
Accounts payable	(78,623)	(167,584)	88,961	-53.1%	(44)
Labor liabilities	59,893	45,520	14,373	31.6%	34
Estimated liabilities and provisions					
Other liabilities					
<b>Cash flows in other operations:</b>	(12,421)	(13,027)	606	-4.7%	(7)
Retirement pension payments	(185,206)	(253,368)	68,162	-26.9%	(105)
Payment of taxes and contributions	643,500	293,208	350,292	119.5%	364
<b>Net cash provided by operation activities</b>					
<b>Cash flows from investment activities:</b>					
Purchase of permanent and long term investments	(7,165)	(4,840)	(2,325)	48.0%	(4)
Dividend received	64,885	76,989	(12,104)	-15.7%	37
Sale of property, plant and equipment	412	-	412	0.0%	0
Purchase of property, plant and equipment	(114,260)	(46,569)	(67,691)	145.4%	(65)
Additions (disposals) of deferred and other assets	(9,508)	(57,429)	47,921	-83.4%	(5)
<b>Net cash used by investment activities</b>	(28,354)	(31,849)	3,495	-11.0%	(16)
<b>Cash flows from financing activities:</b>					
Interest received in cash	13,302	1,704	11,598	680.6%	8
Interest paid in cash	(186,132)	(103,678)	(82,454)	79.5%	(105)
Dividends paid	(245,904)	(187,198)	(58,706)	31.4%	(139)
Increase in financial obligations	71,410	284,432	(213,022)	-74.9%	40
Issue of bonds	-	300,000	(300,000)	-100.0%	-
Payment of financial obligations	(215,421)	(258,109)	42,688	-16.5%	(122)
Payment of bonds	-	(230,000)	230,000	-100.0%	-
Decrease in loans to economically related companies	26,012	1,076	24,936	2317.5%	15
<b>Net cash used by financing activities</b>	(536,733)	(191,773)	(344,960)	179.9%	(304)
Net increase (decrease) in cash and cash equivalents	78,413	69,586	8,827	12.7%	44
Cash and equivalents at the beginning of the year	157,173	87,587	69,586	79.4%	89
<b>CASH AND EQUIVALENTS AT THE YEAR END</b>	<b>235,586</b>	<b>157,173</b>	<b>78,413</b>	<b>49.9%</b>	<b>133</b>

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