

## MINUTES 108

### ORDINARY GENERAL MEETING OF SHAREHOLDERS OF INTERCONEXIÓN ELÉCTRICA S.A. E.S.P.

In Medellín on the twenty-third day (23) of March 2018, at 09:00 a.m. the Ordinary General Meeting of Shareholders of Interconexión Eléctrica S.A. E.S.P. was held at Pabellón Verde of Plaza Mayor Exposiciones de Medellín, with the participation of the persons listed below, according to the register of shareholders made by FIDUCIARIA BANCOLOMBIA S.A. and which was certified through official document C303700071 – 1727, filed in ISA with number 201888003199-3 on April 11, 2018:

*..... [For confidentiality reasons, the shareholder's information is omitted throughout the document. Shareholders can access the full text at the Company's offices to exercise their inspection rights]*

**OUTSTANDING SHARES: 1.107.677.894**  
**REPRESENTED SHARES: 1.016.477.640**  
**NUMBER OF REPRESENTED SHAREHOLDERS: 831**  
**NUMBER OF REPRESENTATIVES: 442**  
**QUORUM: 91.77%**

Shareholders and their agents attended the meeting called by the President of the Society, published on February 18, 2018 on the webpage and through a notice published in El Colombiano and El Tiempo, which are both widely read newspapers of national circulation, and reiterated on March 18, 2018 in El Colombiano newspaper and on the webpage.

It was placed on record that, during a period of fifteen (15) working days, specified by the law and the bylaws, the company books and other documents required by law were available for the shareholders at the headquarters of ISA, Calle 12 Sur 18-168 Medellín, Bloque 1, Piso 1, Sala 1.

The meeting was also attended by doctor Patricia Mendoza Sierra, representing ERNST & YOUNG. AUDIT S.A.S, in her capacity as Statutory Auditor, and María Carolina Hincapie Zabala, the representative of Itaú Fiduciaria, in her capacity as Legal Representative of the Bondholders of the bonds issued by ISA.

The members of the Board of Directors attended the meeting as guests, doctors Santiago Montenegro Trujillo, Chairman of the Board of Directors of ISA, Paula Ximena Acosta Márquez, Deputy Minister General of the Ministry of Finance and Public Credit, Carlos Caballero Argáez, Carlos Felipe Londoño Álvarez, Jesús Aristizábal Guevara, Henry Medina González, and Camilo Zea Gómez.

Doctor Bernardo Vargas Gibsone, in his capacity as ISA's CEO, opened the Ordinary General Meeting of Shareholders of Interconexión Eléctrica S.A. E.S.P., greeting shareholders, welcoming them, and asked the Secretary of the Meeting to introduce the members of the Board of Directors, which was done by mentioning their names and positions.

#### **VERIFICATION OF QUORUM**

The Legal Vice-Presidency of the company, in charge of the Secretary of the Meeting, according to the provisions of its bylaws, informed that at that time nine hundred sixty-eight million four-hundred and fifty-five thousand five-hundred and sixty four (968.455.564) shares of a total of one billion one hundred seven million six hundred seventy-seven thousand eight hundred ninety-four (1,107,677,894) shares comprising the subscribed, paid-in and outstanding shares of the company, equivalent to 87% were represented in the meeting and that, consequently, they could validly constitute an Meeting, with the capacity to deliberate and make decisions, according to the quorum established for this purpose, which is a plural number of shareholders representing at least the absolute majority of the subscribed shares. She added that the abovementioned total subscribed shares did not include the seventeen million eight hundred

twenty thousand one hundred and twenty-two (17.820.122) shares owned by ISA and that were reacquired and therefore all their inherent rights are suspended.

Proxies produced their powers of attorney granted by the corresponding shareholders with the formalities established by the law and the regulations of the Financial Superintendence of Colombia.

Doctor Santiago Montenegro Trujillo, as the Chairman of the Board of Directors of ISA, stated that, considering that there was quorum for valid deliberation and decision-making, the Ordinary General Meeting of Shareholders of Interconexión Eléctrica S.A. E.S.P was declared open.

Then, the Secretary of the Meeting, stated that the Ordinary General Meeting of Shareholders was open, starting with the National Anthem.

The Chairman of the Board of Directors reminded everyone that the top table of the Meeting was enabled by the regulations to act as proposals and recommendations commission, with the purpose of receiving the concerns that the shareholders might want to present. After this recommendation, the Secretary was asked to read the agenda for the meeting.

Before reading the agenda, the Secretary mentioned that it was important as a work methodology for the Meeting that if participants wished to take part or had questions regarding a matter, they should do so after each presentation.

#### **APPROVAL OF THE AGENDA**

The following agenda was read:

Verification of quorum

Approval of agenda

1. Election of Chairman of the Meeting.
2. Secretary's report regarding the approval of Minutes 107 of March 31, 2017.
3. Election of Commission for approval of the Minutes and counting of votes.
4. Greetings from the Chairman of the Board of Directors and reading of Performance of the Board of Directors and Corporate Governance reports.
5. Presentation and approval of the Integrated Management Report 2017.
6. Reading and presentation of ISA's Individual and Consolidated Financial Statements as of December 31, 2017.
7. Reading of Statutory Auditor's Report.
8. Approval of ISA's Individual and Consolidated Financial Statements as of December 31, 2017.
9. Approval of project for distribution of profits of tax year 2017 to declare dividends and set aside capital reserves.
10. Election of Statutory Auditor and allocation of fees.
11. Election of Board of Directors.
12. Reading and approval of Bylaws Amendments.
13. Reading and approval of Remuneration Policy for the Board of Directors.
14. Approval of fees for the members of the Board of Directors for the April 2018 - March 2019 period.
15. Miscellaneous or proposals from shareholders.

At this point the shareholders Orlando Montoya and Roberto Trujillo suggest making a change in the agenda, specifically for item 11 to make it, reading and approval of bylaws amendments and item 12 to make it election of the Board of Directors, and therefore the Chairman of the Board of Directors suggests accepting the recommendation of the shareholders and asked the Meeting if the following proposed agenda for the meeting was approved:

Verification of quorum

Approval of agenda

1. Election of Chairman of the Meeting.
2. Secretary's report regarding the approval of Minutes 107 of March 31, 2017.
3. Election of Commission for approval of the Minutes and counting of votes.
4. Greetings from the Chairman of the Board of Directors and reading of Performance of the Board of Directors and Corporate Governance reports.
5. Presentation and approval of the Integrated Management Report 2017.
6. Reading and presentation of ISA's Individual and Consolidated Financial Statements as of December 31, 2017.
7. Reading of Statutory Auditor's Report.
8. Approval of ISA's Individual and Consolidated Financial Statements as of December 31, 2017.
9. Approval of project for distribution of profits of tax year 2017 to declare dividends and set aside capital reserves.
10. Election of Statutory Auditor and allocation of fees.
11. Reading and approval of Bylaws Amendments.
12. Election of Board of Directors.
13. Reading and approval of Remuneration Policy for the Board of Directors.
14. Approval of fees for the members of the Board of Directors for the April 2018 - March 2019 period.
15. Miscellaneous or proposals from shareholders.

The Chairman of the Board of Directors asked the Meeting if the proposed Agenda was approved.

**Approval:**

The Meeting approved the Agenda by majority.

Then the Secretary read the first item on the Agenda.

**1. ELECTION OF CHAIRMAN OF THE MEETING**

The Secretary of the Meeting informed the Chairman of the Board of Directors that there was a proposal registered in the Secretary and presented by Mr. Juan Carlos Castro Padilla, representing the shares of Empresas Públicas de Medellín.

The following is the text of the proposal:

*"Medellín, March 16, 2018*

*ORDINARY GENERAL MEETING OF SHAREHOLDERS OF ISA  
Medellin*

*Shareholders,*

*To facilitate the development of the meeting on March 23, 2018, I hereby propose for Chairman of that meeting the Chairman of the Board of Directors of the Company, Dr. Santiago Montenegro Trujillo.*

*Kind Regards,*

*Juan Carlos Castro Padilla*

*Representative of the shares of Empresas Públicas de Medellín  
ISA shareholder S.A. E.S.P."*

**Approval:**

The Meeting approved the election of the Chairman of the Meeting by majority.

These are the shareholders that blank voted:

N° OWNED SHARES
1,500

The Secretary then read the second item on the Agenda.

**2. SECRETARY'S REPORT REGARDING THE APPROVAL OF MINUTES 107 OF MARCH 31, 2017**

Mr. Chairman, members of the Board of Directors, shareholders: I inform you that Dr. Juan Carlos Castro Padilla, representing the shares of Empresas Públicas de Medellín E.S.P., and Dr. Camilo Barco Muñoz, representing the shares of the Nation, were elected by the Ordinary General Meeting on March 31, 2017 to constitute the commission to review and approve the Minutes of the Meeting, and who were sent a draft prepared by the Secretary of the Meeting. They revised it and found that it was adjusted to reality and therefore they signed the minutes in agreement.

Minutes 107 of the Meeting on March 31, 2017 were published on ISA's webpage once signed.

SONIA ABUCHAR ALEMÁN  
Secretary of the Meeting

Medellín, March 23, 2018

The Secretary read the third item on the agenda.

**3. ELECTION OF COMMISSION FOR APPROVAL OF THE MINUTES AND COUNTING OF VOTES**

The Secretary of the Meeting informed the Chairman of the Meeting about a proposal that was registered and presented by Mr. Pablo Corredor Abella, shareholder of ISA as follows:

*"Medellín, March 16, 2018*

*ORDINARY GENERAL MEETING OF SHAREHOLDERS OF INTERCONEXIÓN ELÉCTRICA S.A. E.S.P. –ISA S.A E.S.P.-  
Medellin*

*Considering that the Minutes of the General Meeting of Shareholders must be registered before the Chamber of Commerce of Medellín for Antioquia and sent to the Financial Superintendence of Colombia within 15 days following the date the meeting was held, it is deemed necessary to constitute a commission for the approval of the Minutes and Counting of votes.*

*For this purpose, I propose: Dr. Juan Carlos Castro Padilla, representative of the shares of Empresas Públicas de Medellín E.S.P., and Camilo Barco Muñoz, representing the shares of the Nation, residents of Medellín and Bogotá, respectively, who have expressed their immediate availability to undertake the review and give their approval.*

*Sincerely,*

*Pablo Corredor Avella  
Shareholder of ISA"*

The Chairman asked the Meeting if the above proposal was approved.

**Approval:**

The Meeting approved the proposal by majority.

The following are the shareholders that blank voted:

N° OF OWNED SHARES
1,500

La Secretary of the Meeting read the fourth item on the agenda.

**4. GREETINGS FROM THE PRESIDENT OF THE BOARD OF DIRECTORS AND READING OF PERFORMANCE OF THE BOARD OF DIRECTORS AND CORPORATE GOVERNANCE REPORTS.**

Dr. Santiago Montenegro Trujillo, in his capacity as the Chairman of the Board of Directors, addressed the Meeting to greet them and read the Performance of the Board of Directors and Corporate Governance reports as follows:

*“Pursuant to the provisions of the Corporate Bylaws and the Code of Good Governance, and as a Chairman of the Board of Directors of Interconexión Eléctrica S. A. E.S.P. –ISA–, I present to you the executive summary regarding the performance of the Board of Directors during the April 2017 – March 2018 period, which is part of the Integrated Management Report. I inform the shareholders that the full text of this report is part of the information package you were given when entering. This can also be found on ISA’s webpage: [www.isa.co](http://www.isa.co)*

*Please allow me to begin this report by thanking the honor that for 5 years already has been conferred to me by a generous designation of my colleagues, which is to be the Chairman of the Board of Directors of ISA, a company of excellence, not only in Colombia, but in the Latin America context, and considered the company with the best corporate governance in our country, among all companies, both public and private. It has been a privilege to be part of the corporate governance of a company that is a model among public institutions and in Colombia’s economy. It has been an honor to work with an Administration with the highest professional and ethical qualities, managed by Bernardo Vargas, recognized as the best business leader of Colombia in 2017.*

*It has also been my privilege to be the Chairman of the Board of Directors of a mixed capital multinational company, whose largest shareholder is the National Government. In times of controversy and polarization, of great dissatisfaction of the public opinion because of corruption and incompetence complaints, ISA is an irrefutable proof that efficiency, transparency, and the highest standards of management can and should be the characteristic of all public and private entities.*

**Composition of the Board of Directors of ISA**

*The Board of Directors of ISA is elected annually in the General Shareholders Meeting and it consists of nine members, seven independents according to the provisions of Law 964 of 2005 and the Code of Good Governance of the Company.*

*For the nomination of the candidates to be part of the Board of Directors and seeking a reasonable balance, complementarity, and diversity and for proper performance, it is considered that the candidates do not have legal incompatibilities and disqualifications and that they have the knowledge, experience, education, attributes, skills, criteria independence, and sufficient availability to be a candidate to become a member of the Board.*

*The structure and assistance of the Board was as follows:*

COMPOSITION OF ISA BOARD OF DIRECTOR		
Members	Nominated by	Attendance (15 meetings)
Carlos Caballero Argáez (*)	Ministry of Finance and Public Credit	14/15
Ministry of Finance and Public Credit Deputy Minister General	Ministry of Finance and Public Credit	13/15
Ministry of Finance and Public Credit Director General of Public Credit and National Treasury	Ministry of Finance and Public Credit	12/15
Carlos Mario Giraldo Moreno (*)	Ministry of Finance and Public Credit	14/15
Carlos Felipe Londoño Álvarez (*)	Ministry of Finance and Public Credit	15/15
Jesús Aristizábal Guevara (*)	Empresas Públicas de Medellín	15/15
Henry Medina González (*)	Pension and Severance Fund	14/15
Santiago Montenegro Trujillo (*)	Pension and Severance Fund	13/15
Camilo Zea Gómez	Pension and Severance Fund	15/15
(*) Independent Members, in accordance with the Code of Governance and Law 964 of 2005		

*The following members of the Board hold public positions in the central administration, and therefore they are related to the Nation, which is the largest shareholder of ISA:*

*Deputy Minister General of the Ministry of Finance and Public Credit.*

*Director of Public Credit and National Treasury of the Ministry of Finance and Public Credit.*

*During the April 2017 – March 2018 period the Board held 15 meetings, 12 ordinary, 1 extraordinary and 2 meetings of written vote.*

*In the meeting 789 of April 28, 2017 the Board appointed Santiago Montenegro Trujillo, an independent member, as its Chairman.*

*When the members of the Board consider that there could be a conflict of interest in a matter that is being debated, they should express it to the others and abstain from participating in the discussion and decision. There were no conflicts of interest during the period.*

#### **Board of Directors Committees**

*According to the bylaws of the Board, the following committees operate in ISA: The Board and Corporate Governance Committee, the Business Committee, and the Corporate Auditing Committee.*

#### **Corporate Governance Committee:**

*Its main responsibilities include accompanying the Administration on strategic matters, sustainability, risks, human talent and regarding corporate governance to study amendments to the Corporate Bylaws and to make recommendations about the appointment and remuneration of members of the Board of Directors and Senior Managers; as well as to ensure the compliance with the Code of Good Governance, within the framework of action and to evaluate the Company's CEO. During the April 2017 – March 2018 period, this committee met 8 times.*

**Business Committee:**

*Its role is to analyze, make recommendations or decide about investment initiatives considered in the growth strategy of ISA and its companies, as well as to monitor the businesses under execution. During the April 2017 – March 2018 period, this committee met 11 times.*

**Corporate Audit Committee:**

*It is the internal control advisor and facilitator and its functions include to ensure that the Organization has an effective corporate control system that includes the evaluation of the accounting procedures, the relationship with the Statutory Auditor, the risk management auditing system, among others. Their recommendations are related to the improvement of the controls established for governmental, administrative, financial, technical and IT matters, as well as ethics management and for the money laundering and terrorist financing risk management system. Between April 2017 and March 2018 this committee met 9 times.*

**Remuneration for the Board of Directors**

*The policy for Remuneration for the Board of Directors approved by the General Shareholders Meeting, which is revised every year and published on the webpage, establishes the criteria for the proper remuneration of its members and the Ordinary General Meeting of Shareholders approves the fees each year in terms of Unidad de Valor Tributario –UVT–(tax value unit), coherent with the obligations and responsibilities of the members, characteristics of the Company, among other criteria. The UVT for 2017 was \$ 31.859 and for 2018 \$ 33.156. The members received in 2017 a remuneration of 103 UVT equivalent to \$ 3.281.477 per meeting for their assistance to the meetings of the Board and its committees.*

**Agreements, policies, and procedures approved by the Board of Directors during the period**

*The Board of Directors approved the following Agreement during the updating of the regulations and practices of ISA's corporate governance:*

*→ Agreement 110 of March 31, 2017 which establishes guidelines for creation and remuneration of the Boards of Directors for the business group, which include elaboration of competency matrix, which is the parameter to nominate candidates for the Boards, considering the corporate purpose and strategic objectives defined for each company.*

**Evaluation of the Board of Directors**

*Every year the Company evaluates the Board of Directors to measure their performance as a governing body. A qualitative self-evaluation was applied in 2017 and an external consulting was hired to apply a methodology that contributed to the good performance of the Board of Directors, according to the international best practices, and adopting the recommendation of best practices in this matter to alternate methodologies such as self-evaluation and external advisor evaluation, to increase their impact on the achievement of strategic objectives and growth of ISA group.*

*The self-evaluation had a sample of nine persons, where the following results were obtained:*

- *Individual performance of the Board of Directors. (95%).*
- *Group performance of the Board of Directors. (96%).*

- *Individual performance of members of committees. (Auditing Committee 100%, Corporate Governance Committee 95%, and Business Committee 96%).*
- *Group performance of committees. (Auditing Committee 99%, Corporate Governance Committee 94%, and Business Committee 93%).*
- *Administration's performance and participation (93%).*

*The following are the strengths that were noted in the individual and group performance: very strategic board, that designs policies, with more follow-up at a group level, with knowledge, rigor and commitment of its members, with a diversity of knowledge and opinions, with the capacity to get to agreements, impartial, objective, with proper spaces for the participation of independent members, with clear regulations and routines thanks to its good corporate governance, which results in clarity for decision making.*

*It was also pointed out that there were Committees that contribute to the efficiency and effectiveness of the Board of Directors. This aspect was recognized as an excellent practice that makes the matters get to the Board with better ascendancy and credibility.*

*Regarding the improvement opportunities, it is noted that there is the need to have a higher regularity for innovation matters, to include in the agenda the revision of succession matters of the Board of Directors and Senior Management and to perform a better follow-up of the decisions made by the board and the business group matters.*

*Regarding external consulting executed to apply a methodology that contributed to the good performance of the Board of Directors mentioned at the beginning of this item, ADVISORY BOARD ARCHITECTS LLC – ABA was hired, it was chosen by the Corporate Governance Committee, which pointed out the Board's professionalism, participation level, contribution and commitment of the members and their wish to continuously improve.*

*Regarding the new methodology proposed by the external advisor for the Board of Directors, the following recommendations were made:*

- *To define well in advance the objectives and results that are needed in each meeting.*
- *To clearly define the strategic expectations of the members of the Board to develop skills and training to satisfy such expectations.*
- *To know in-depth matters such as the succession and development of human talent and innovation and in general regarding the business of ISA.*
- *To support the continuous development of the leadership skills of the managerial team.*
- *Prior to the meetings and for each matter, to prepare context documents that have an explanation regarding the strategic matter or opportunity to be discussed, a clearly defined objective, relevant context information and options considered to take care of the problem or the opportunity.*

### **Evaluation of the management of ISA's CEO**

*According to the Regulations of the Corporate Governance Committee, the main role of this committee is to annually evaluate the management of the President of the Society, which was done in the meeting held on February 22, 2018 and approved by the Board of Directors in the meeting 801 held on February 23, 2018.*



*This evaluation considered different aspects that marked the results and evolution of the Company in 2017, where the leadership of ISA's CEO, Dr. Bernardo Vargas, and his work team, has been a key factor.*

*Last year was memorable for the Company, not only for the 50<sup>th</sup> anniversary but because important goals were reached, and an organizational change consolidated and expressed in the new manifesto: Connections that inspire; which, in turn, outlines the committed and unique way of maintaining a relationship between ISA and its different stakeholders.*

*Under the leadership of the CEO, the cultural change processes have been more dynamic towards a more dynamic and less hierarchical organization that also favors innovation. In such sense, a new model for human talent management and a succession plan were also defined, and they resulted in the highest scores ever reached in the work environment survey, both for the corporation and the affiliates, ratifying the collective leadership in the group.*

*Also, regarding its relationship with the environment, ISA has internalized the concept of environmental sustainability, adopting an active role as to manage and protect the environment, throughout the participation in relevant scenarios worldwide such as the Global Compact and the promotion of the 2030 Agenda; The Presidential Commission of Paraguay and Canada; and the execution of the restoration and protection program for degraded areas: Conexión Jaguar.*

*The decisions and operations in 2017 were delimited in the continuity of strategic choices of the ISA2020 vision: to focus in the countries with current presence, current businesses of ISA and aspirations in the search for growth with profitability and sustainable businesses.*

*It is important to mention the start-up of projects for the following business: Electric Energy Transmission and Road Concessions business units, and the participation and awarding of projects in Colombia, Brazil, Peru, and Chile.*

*Also, the financial management in terms of capital contributions (IENNE, TAESA and ATP) and the benefits obtained from regulatory and tax bodies in the different countries where the company is present created a sustained growth in the value of the company.*

*All these important milestones resulted in the increase of the share value, reaching the record high value in December (COP 14.320) and ranking second for the highest share value in the Colombia Stock Exchange in 2017, with a 30.3% increase above the COLCAP index.*

*The operational and financial indicators had a better behavior than expected. ISA's consolidated net profit in 2017 was COP 1,4 trillion with a net margin of 20.7%. This profit included the positive impacts of two extraordinary events: the accounting by ISA CTEEP in 2016 and in June 2017 of the adjustment of the value of the Red Básica del Sistema Existente –RBSE– (Basic Network of Existing System); and the use of the Programa Especial de Regularización Tributaria –PERT– (Special Program for Tax Regularization) by ISA Capital do Brazil and ISA CTEEP in September 2017.*

*Excluding these effects, the net profit amounted COP 1,1 trillion which represented a compliance of 108% of the goal and an increase of 44.5% in relation with 2016. The net margin was 16.7% compared to 12.2% in 2016. The EBITDA for 2017 accumulated COP 4,1 trillion, 24.9% more than the year before. The EBITDA margin was 62.1% for 2017 and 52.5% for 2016. Excluding construction activities, which do not have an impact on the EBITDA as the construction costs have the same associated revenue, the EBITDA margin in 2017 is 70.0% and in 2016 it was 65.5%.*

*The excellent financial results have served as platform so that innovation and knowledge management increasingly become drivers of growth for the company.*

*It is important to mention in this matter the consolidation of scientific networks, the creation of thematic committees and the Innovation Council, as well as the consolidation of the alliance with Massachusetts Institute of Technology –MIT–. Also, ISA and its affiliates achieved important benefits derived from the COLCIENCIAS calls:*

*XM was the fourth company in the country to be awarded the highest level of tax benefits and the alliance between the Government, universities and ISA group was awarded 22 proposals in the Colombia Científica call.*

*ISA REP was also distinguished in innovation, currently having three patents pending: Amaru, Scout and Siser. ISA CTEEP was recognized with the Innovation Award for the project Usina Solar Fotovoltáica (solar power tower) and ISA INTERCOLOMBIA applied in 2017 for the patent of the project “Sistema de seguridad para malacate” (safety system for winch.)*

*As part of the strategy to make innovation and knowledge management part of the DNA of ISA, the seventh version of the Knowledge Conference (Jornadas del Conocimiento) was held, this event is the most important platform to strengthen the exchange inside the group.*

*The sustainability and corporate reputation management was also important. During the past year the Vicepresidencia de Relacionamento Institucional (Chief Institutional Relationship Office) was established, the company was recognized as sector leader by RobecoSAM and for the third consecutive year the Company was included in the Dow Jones Sustainability Index.*

*As for individuals, the excellent management of Bernardo Vargas as ISA Group’s CEO, made him win the award as “Best Business Leader of the Year” from the Portafolio newspaper in recognition of his outstanding management, ethics, and social responsibility.*

*In short, dear shareholders, the compliance of the strategy, the vision for developing business, the impact on people and the financial results demonstrate the management capacity, achievement orientation, strategic vision, and leadership of Bernardo Vargas, who runs ISA Group with energy, proactivity, and commitment.*

*The Board of Directors recognizes his management and recognizes all the work team is characterized by its commitment, dedication and sense of co-responsibility and invites them to continue contributing to the achievement of the new goals set for the organization.*

*The DNA of ISA is permanently encouraging it to set new challenges.*

*In this sense and to be in harmony with the purpose, a strategic updating process is taking place with the support of external advisors and the Board of Directors. This process has allowed the company to internalize the signals from the environment and to adjust the growth to the local, regional, and global dynamics, opting for disruptive sights that connect us to stakeholders with the purpose of making Connections that Inspire come true.*

*The outstanding results of ISA in 2017 in the different aspects of the business organization emphasize the need to keep the team spirit alive to face the growing challenges and to seek transforming opportunities for a business group that is set to be a regional leader that goes beyond the countries where it currently operates.*

*Thank you very much*

*Santiago Montenegro T.  
Chairman of the Board of Directors”*

The Secretary of the Meeting reads the fifth item in the agenda.

## **5. PRESENTATION AND APPROVAL OF THE INTEGRATED MANAGEMENT REPORT 2017**

Dr. Bernardo Vargas Gibsone, ISA's CEO, presented the Integrated Management Report 2017 as follows:

*“Good morning everybody, it is always exciting to see our owners sitting here in front of us, we just saw many of them at ISA's headquarters in a shareholder meeting we held a couple of weeks ago where besides talking to them in a closer, more familiar way, they had the chance to get to know the headquarters better, hopefully next year they can join us for this meeting again. This year again, it is my great honor to address you and I would like to begin with something you already know but that is always exciting to us. (video).*

*There is not better beginning that our manifesto which is a beautiful representation of what we are committing to, and with this I want to greet our Chairman of the Board of Directors, Dr. Santiago Montenegro, other members of the Board, the Chief Legal Officer of ISA, Dr. Sonia Abuchar, Mr. Camilo Barco, representative of the Nation in this Meeting, Mr. Juan Carlos Castro, Representative of EPM, our dear shareholders that join us in this yearly meeting, reporters and other participants of this meeting, this, ladies and gentlemen, is more than a video, this is a commitment that during this past year we have been dedicated to incorporating it into the hearts of our people, and not only our people in Colombia but in the hearts of 4 thousand collaborators that work with us in all the region, and today I am very proud of sharing with you dear shareholders that this is a real purpose that is incorporated into our hearts and that is in the bottom of what we work on every day, which is big challenges, big commitments, but that the 2017 management that makes it the best year in the history of 50 years of ISA demonstrates it.*

*Human beings need a challenging purpose to feel that we are part of the planet, and this, ladies, and gentlemen, is ours, we hope to honor this purpose before you every year from here on. It is a challenging purpose, a purpose that commits us, not only with excellent financial results, but also with the fact that we are responsible of a planet that is migrating and that needs our support, that is our manifesto and it is because of it that every day of our lives in front of our desks these sentences appear, all of them commit us regardless of our role in the organization and commit us as human beings and as collaborators of a Group that has, like the chairman of the board said, some details that make it especially relevant in this context, not only national but international. (video).*

*We are sure that our wellbeing is linked to everybody's wellbeing, that is our challenge, the Arhuaco people, which is an emblematic nation of this country, they seldom gave testimony of responsibility like they wanted to give in this occasion, where Arhuacos leaders of the highest hierarchy were willing to represent before you how we, as a company that touches their territory from the infrastructure construction point of view, have been responsible and have been custodians of their legacy. Besides that, this year one of our collaborators that sadly passed away two months ago, is the only person that was not part of the Arhuacos ethnic group that has been recognized with a statue, with a recognition within the Arhuacos culture, Susana was a representative of ISA that was responsible before this community for ISA to be a company doing things right, and it is because of this that these mamos Arhuacos have given this testimony, which has to do with what we want to do in this part of the manifesto, where we are linked to working with others.*

*ISA's social management is robust and relevant. Last year we benefited almost 400 thousand people with a management dedicated to different areas; education, institutional strengthening, local development, and peace. 1507 organizations were benefited, 83% of the areas we have touched have been prioritized and I highlight a beautiful program that is focused in several departments of Colombia, but primarily in the department of Antioquia, which is something we do with the Restrepo Barco foundation related to educational transformation where we intervene with teachers in rural schools of limited resources to transform these institutions, 262 of them into better institutions that can offer the best education to our children. We have performed a follow-up to this program and since we started it, we have had 15% improvement in the tests of these schools that we impacted with this program.*

*But we are also completely committed with the management and environmental function, we are dedicated to preserve our fauna and to support our planet in a global warming transition so that it never gets to destroy us. We are aware that this is a great challenge for everyone and we take on this challenge, preserve our fauna and our flora, we compensate with forest whatever we can and have environmental management plans in concordance with the development of our works in a joint effort with the ministry of environment of all countries where we are present.*

*Our climatic strategy conforms with the COP21 commitment which is 31% reduction of emissions of SF6, a gas that is lethal and the one that creates most emissions for power transmission companies. ISA INTERCOLOMBIA and XM, the Colombian companies of the Group, all are carbon-neutral companies and the other companies of the Group in countries where we are present are either there, or on their way to achieve it. (Video).*

*Luis Gonzalo has been with us in a beautiful project we have in Cáceres, Antioquia for 6 years now, it is a project that we have used to compensate our carbon footprint where we took an area in Antioquia devastated by illegal mining and logging activities and today we made it into a forest, recovering plant species that were lost and recovering animals.*

*This management was the one that inspired us for our Conexión Jaguar that besides Cáceres, it is present today in Tierra Alta, Córdoba, Cimitarra, Santander and we want 17 more Conexión Jaguar projects in all the region where we are also protecting this wonderful feline, as there are 60 thousand jaguars in Latin America and each year 5,000 of them get killed. Besides the jaguar, we are protecting two additional species which are cotton-top tamarin and the blue-billed curassow, we want in this program to compensate 9 million tons of carbon by 2030 which is 15% of the commitment of this country with COP21 by 2030, so this means that one company is committed to compensating 15%, it is the Colombian commitment of protection from carbon emissions by 2030, a great challenge like all our other challenges, and that's why we recognize that the planet is fragile and that we are there to take care of it with challenging and large works.*

*But we know that we cannot enlist in these challenging projects without having a team of collaborators that is in tune with these challenges and, therefore, we have been consolidating a robust human group within our companies, a human group that is committed, one that has the knowledge that is needed, with the necessary energy, especially with a purpose that comes from the heart to make this company and the countries where we are present into a better company and better countries.*

*1.182.700 (one million one hundred eighty-two thousand seven hundred) hours of training for our leaders, 239 employees that are leaders in all the groups that are directly influenced by this, 84 positions on the succession map. One of the most relevant risks of this company is when you have leaders that get to positions that need successors. It is fundamental to have them because if anything happens, it is important that the leadership continues. This year we are dedicated to this. We identified all the positions, 84 of them that need succession and the necessary successors, with an exercise that was especially emblematic. We had a talent auction within the Group, where companies promoted their main talents and*

*other companies were searching for them, an auction: of what do you have to offer, what do you have to give for talent. This consolidated this commitment of succession to create commitment in our collaborators, effectiveness in them, and we are sure that we are a platform to attract and retain the best talent of this country and the countries where we are (video).*

*And of course, this effort of our people, this effort to train our leaders, this effort for everybody in the company to have a purpose is measured every year in an organizational climate survey that has been anonymous since 2007, organized by a global organization that is expert in these matters and that asks all our collaborators. We have had an average participation of 95% collaborators participating in this anonymous survey, and I am very proud to show these results. The Organizational Climate of the company reaches 82% today in all countries and affiliates, when the average for companies our size is 71%, but also, our leadership index that measures the capacity of our collaborators to perform in leadership positions is also increasing this way. This survey asks our collaborators: How is your boss? How do you get along with them? What kind of conversations do you have with them? Does he/she inspire you? Does he/she not inspire you? Are you happy in the Company? Do you want to leave? Do you want to stay? And these questions, answered anonymously, produce these results.*

*This leap from 2014 to 2017, from 71% to 83% is unusual in this measurement; to increase one point for climate in organizations of this size it's in itself a big challenge, we have done it this way, but also, the famous millennials that are what nobody understands, they are like the adolescents of the companies and have this result, 35% of the company is millennials, and they see development opportunities in the company, balance offers between their professional and work life and all of them want to stay more than 5 years in the company, and this, shareholders, is something we are very proud of, as it means that our collaborators are telling us that we are doing things right.*

*And, of course, we have said that we work for the environment, that we are training our teams. We are talking about having people that are happy in the company, but also, we are saying that this is an innovative company, one that is breaking the mold in the world of innovation, which is fundamental today. It is clear today the paradigm that if 50 years ago the obsolescence period of an average company could have been another 50 years, today it is said that depending on the sector, the obsolescence of a company could even be less than 5 years, and for high-tech companies it is almost like the obsolescence migration is almost biannual, that's why innovation is fundamental to us and we develop every two years an event that is really emblematic that we call knowledge conferences, where we ask all our collaborators to present their innovation ideas. For example, during the last one, there were more than 500 innovation proposals from collaborators, from which more than 200 were accepted, for them to present detailed works, and then they were awarded. This is the development of our conferences since the first year they have been existing, since 2005.*

*It is a time when 500 participants of all companies of the Group came to Medellín to present their results, a 380% increase in participation, innovation, where we witnessed that there is reverberation of knowledge in the minds of our collaborators, where they recognize that when they get to work every day, is not about doing things mechanically, but about finding how from their positions they can become transformation agents and we have done it, it has been clearly demonstrated, for example the President referred to the winch safety system, a winch is that when you install a high voltage line, you need a winch to lift the line and these winches were very dangerous, because in case of an accident, they would knock the line and the workers. So, then Juan Carlos Arango, which is our collaborator that has been in the Company for 30 years said I don't like this, I can't continue losing the hands and the arms of people in my team for years and he came up with a braking system for the winch that we are almost at the point where it could be an institutional legacy of ISA, Juan Carlos gets to work every day thinking how to improve the living conditions of his teams. This also makes us deserve awards; this year an alliance called Alianza Energética 2030 (energy alliance 2030) formed by the companies of ISA in Colombia, 8 national*

universities putting together more than 150 researchers. We deserved the most important recognition awarded by COLCIENCIAS last year to any Group of research, \$38 billion pesos for this Group to develop 11 innovation projects. What we mean is that what we say is not a story, it turns into awards that are recognized by third party entities and it is said by people different from us, we are being recognized in an emblematic way. This makes us proud and presents great challenges. (Video).

Ruta N is one of the emblems in the country. We frequently get together with Alejandro and we are also honor that Alejandro, who is an emblem of innovation in Colombia is recognizing us, third parties recognize us. It would not look good if we talked about ourselves. It is third parties the ones doing it and we are obviously emphasizing in our manifesto where we discover that each of us has the change and it is the world the one that creates connection and this, like I said before, comes with recognitions that elevate and honor us. This recognitions are not only in the fact that the Company was included in the most challenging sustainability indexes in the planet, but we are also the only Colombian company from the electricity sector out of three that is in the Dow Jones Sustainability Index, which is a global sustainability index, but it has also included us in the FOOT SEE FOUR good, which is the index from the London stock exchange; and in the MILA, which is a mirror image of the Dow Jones Sustainability Index, in the MILA countries, in the Pacific Alliance countries, and it elevates us to know that third parties recognize us as a sustainable company. This means that ISA is recognized by these global funds as a company that is sustainable, that recognizes that we are responsible with the environment, with our collaborators, our suppliers, with everyone we touch, and that our commitment is to keep doing it. These companies when they come to watch us it is not a superficial look, they analyze for months our attitudes and our processes. They look at them in detail. They perform a deep auditing and we are very honor that they have recognized us. And again in 2017 ALAS 20, which gave us the award as best corporate governance in Colombia in 2015 and 2016, in 2017, it recognized us as the ALAS 20 Colombia company, which groups all the different sides from which ALAS 20 looks at Companies as the main Company of Colombia, and it also tells us that regarding investors we are the best one, then a mixed company, of mixed capital, keeps being recognized because of its corporate governance. It is emblematic at the global level and we are honored, América Economía, which is probably the most emblematic publication of the Latin American region in economic matters and it selected ISA as the multi-Latin company of the year. The financial teams of ISA were selected as third best in the region by Institutional Investors. Overall, there are all kinds of recognitions that honor us and award us, a very big effort of our collaborators and of course of our Board of Directors.

The affiliates are also doing their job. XM, our affiliate, was number one in innovators in Ruta N in Medellín. ISA REP, our Peruvian company, was recognized as the most socially responsible company in Perú for the fifth consecutive year by an organization called Perú 2021, and as the most innovative company in the energy sector granted by the Sociedad Nacional de Minería, Petróleo y Energía (National Mining, Petroleum and Energy Society), an allied in education and a labor allied with the ministries in works because of taxes in education and aqueduct matters.

ISA CTEEP, our company in Brazil, was awarded as best place to work, best transparency practices in shareholders' information by APIMEC and best company in the energy sector in Brazil by the EXAMEN magazine. Lastly, I have to say that ISA INTERVIAL, our freeway company in Chile, was granted the road safety award and the PROPYME seal last year.

Now, I want to talk about the excellence award, and excellence has to do with the businesses where we are involved. The first business for us is high voltage electric energy transmission. We have a coverage where we touch the lives of 150 million people. We have almost 45000 kilometers of lines directly controlled by ISA and with shared control because of the acquisition of TAESA in Brazil, 17000 kilometers more. This means that in total we have more than 60000 kilometers in our lines, but what is more important, we do so with reliability making our lines available for people 99.9% of the time and with an average of 99.874% availability of the lines.

*In Peru, Brazil, Chile, Bolivia, all countries where we work, we comply with this. I also want to note that last year we commissioned the Mantaro Montalvo line in Perú, which is a 1,000 kilometers line that goes from the Peruvian coast to the mountain, going through elevations close to 4,600 meters. In fact, we have electric energy towers with such a height that we are the second tallest towers of the planet. There are others that are taller in Tibet, but in Latin America we have the tallest, and this implies a big technical engineering challenge that we have assumed on time, within costs and with the profitability that we expected at the beginning.*

*In our road connection business unit, we also find similar figures: 143 million of transit of equivalent vehicles, 136 new kilometers under construction of 907 that we already put into service, with a service that reaches levels of 93.1%. Also, we won a new route, which is the Loa routes, and this is the first route we have in the north of Chile. Furthermore, we have an alliance with Connected Citizens of Google for exchanging official data regarding traffic. We are on the border of knowledge. We have stayed true to our clients with safety and we are growing. We want to keep growing in this business and expect to do it in other countries besides Chile, hopefully Colombia.*

*And they keep on demanding in our other business, the business where we are leaders in the regional telecommunications business. Besides our infrastructure, we have corporate clients. We have 49,000 kilometers of fiber optics and again a service level we are proud of, 95%, more than 500 agreements of regional Interconnection and, obviously, with a service offer that in the future is going to complement the world of the other businesses. This connected Big Data world that is going to interrelate business and synergies that exist within our road and electric energy business units with telecommunications, so that the future is looking clearer.*

*And our fourth business is to be operators and administrators of the energy market in Colombia. Through our affiliate XM, we serve 74 generators, 109 marketers, 16 transmitters and 32 network operators. We take care of 100% of the demands and 100% compliance of service indicators established by our regulatory body, but also, we just started our new control center that is being improved every year with an investment close to \$27 billion pesos. (video).*

*And we get to our financial information, on previous occasions, ladies and gentlemen and shareholders, our financial information was first, and today we recognize that our main responsibility is to inspire. We inspire human beings, not machines, and that's why our results for training, sustainability, social work, environmental work come first, but that does not mean that we are not made for great challenges, which is to meet our best financial challenges, the financial challenges that I have to formally approve and we are proud of doing it in such an important way, where for consolidated income, we keep on winning to history. Obviously 2016 had a big leap because of compensation which is once in Brazil, but if we don't count that, we are comparatively growing in a very healthy and important way.*

*In EBITDA we are getting to numbers we are very proud of, more than 4 trillion pesos in EBITDA that today put us, as the chairman said, excluding income and construction costs. Our EBITDA margin is 70% which compares favorably with any company of our sector in the whole world. We are committed to this: 4.1 trillion, a 25% growth excluding RBSE and with that participation in the countries where we are, where 35.7% is in Brazil, 25% in Colombia, 19% in Chile and 17% in Peru, let me talk about it for a bit, because you may say...hey, and why is it that Brazil wins over Colombia today? Remember ladies and gentlemen that in Colombia our coverage is 80% of the lines and we have competitors that want to enter, so here my predecessors saw the opportunity to go abroad, as we are at a point in size that is not easy to do. This does not mean that we are not committed with participating in all calls and we do this almost always winning them but we have this: we are not the biggest in Brazil, we have a bit less than 30%, with this type of characteristics the GDP of Colombia is USD 300 million, the GDP of just Sao Paulo is 750 Trillion*

dollars, that's why Brazil starts showing in those characteristics and of course gives us the chance for responsible and profitable growth, and lastly the data that commits us every year which is the one to bring you a growing consolidated net profit, a net profit that works in a healthy way and that brings us more challenges every day. Today it is our pleasure, ladies, and gentlemen, to show you one without tax amnesty that exceeds the trillion for the first time.

Last year we reached 2 trillion with the compensation matter, but without compensation, we were below. Today we exceeded the trillion pesos profit already and with the grace of God we will continue working to bring you these results that are more every day.

It must be said that with this result, the great and ambitious challenge that we set in 2012 to multiply by 3 our net income before 2020 we already reached that last year. We achieved by far 135% of the ambitious and great vision that we had to triple our profits in 2012. And this poses a new challenge for this year and it is to come next year and tell you which one our new and ambitious goal is.

Our balance reaches 43 trillion pesos in assets. This is a big company. We had 12.7% increase explained not only by the compensation but by the acquisition of the company TAESA in Brazil and the consolidation of several projects that started operations. The liabilities also grow in an important way, as we have to finance this great growth that we already explained in 2017 and we know that is our challenge to continue growing in a healthy and conservative way regarding the relationship between assets and liabilities.

And of course, for you the important thing is not how big it is, as it is not for us. What's relevant is how are we remunerating our shareholders and how we remunerate our shares. We are proud of this. Only from 2013 to 2017, the equity has gone from 5.8 trillion to 12.1 trillion and we are not there yet. In comparison with the best companies in the sector, we are still behind, even though we have increased in a challenging way, but we still have a way to go and we are on that path.

And how did we accomplish these results? We did not accomplish them by standing still. We accomplished them with the courage to invest profitably accompanied by the accurate look and the clear direction of our Board of Directors. Last year we invested 3.9 trillion dollars in organic investment. This means in auctions and the growth of our existing lines, but also inorganic. This means the acquisition of new companies like the ones I described already, which are TAESA and IENNE in Brazil. This mix of organic and inorganic growth is fundamental for our profitability and we expect to continue growing.

The investments we plan between 2018 and 2023, equal 12.2 trillion which commit us with what we already know, that we will keep being dynamic and we will continue growing. 71% of these investments continue in our main business unit which is electric energy transmission, as well as 21% in road concessions business unit, and 6% in Information and communications Technology business unit. This is our business, and this is our commitment that let's say it's already written in stone from now until 2023.

Now I am going to show you the shares, which is where you have accompanied me. Last year, the share as of December 10, it was the share with more profits in the whole year. Ecopetrol did better than us by a fraction of a hair in the last 20 days of December, but nevertheless we are showing that your share grew 44% last year, but if we go to 2015, your share doubled since it increased 100%. You don't know how proud I am to bring you this result and to commit that we'll keep on fighting and to achieve. I am not sure if 100% in two years but at least we'll keep fighting to continue increasing the value of your shares at a favorable rate.

And today we also have to declare dividends, (video), and I hope never to let you down. Also, I hope that just like Mrs. Carmenza, you have the faith in us again to buy our shares from now on. We are growing in dividends an average of 37% in the last two years, which compared with the most relevant companies of



*the sector, we are number one. From 2015 to 2017 the average of all Colombia shares, in terms of dividends in ColCap, they have increased 43%, our dividends have increased 50%. Not only I am very honored to bring you an unusual growth in the share but also good dividends that also require your support, so that we continue with the big effort to bring you those results. We have accomplished this honoring our history, and history is not the one we are creating now. We in the current team. The history we are creating is the product of a deep and big work, with the commitment of many people that worked in ISA and that are not here anymore and that created this path, that started with internationalization and democratization, the first company, leader in democratization, leader in internationalization. Then growth and diversification of business where we entered into roads, consolidated telecommunications, and now in this new path that starting in 2012 has us committed to improving our profitability and there we see what means evolution where the goals that were always set in advance have been historically reached, that's why last year when we celebrated 50 years, we did it with our heads held high, we did it with gratitude towards our predecessors and with a challenge to what's to come.*

*And how are we challenging ourselves for what's to come? Last year we knew we had to do something different and we put together possibly the best experts on the planet in the areas where we work: Electric power transportation, telecommunications and roads and we asked them ...tell us from your academic and futurist point of view ...how do you see the world? What's going on? How are these businesses transforming? And they gave us their vision for 2030, 2040 and 2050 and they said heads up, as there is a demographic transformation, watch out as the world that is coming is hyperconnected, be aware that the state is going to acquire new and differentiated roles, because the economic leadership is also going to change. The big host of human beings in the planet is going to live in Asia. There is going to be an active social participation. And specially heads up with the climate change, and the demographic transformation that talks about the aging of our population. Our Chairman of the Board said it right, and it is our chairman of the board who encourages us and moves us to move forward and based on that analysis from those experts that showed us a changing world, that showed us a challenging world, that showed us a world where obsolescence is getting shorter and shorter. We created these 7 work areas for the future that are going to take us to the new ambitious and challenging goal that we will present to you next year, they have to do with:*

- 1. Let's make the most of the potential of the businesses we already have. We are doing good. We know how to do it. Let's do it better. Let's grow there.*
- 2. Watch out for digitalization. ISA and its companies have to be a digital corporation.*
- 3. Use the convergence of sectors, get electric transmission talking to telecommunications and with roads. What can you do so that people that are on the roads have electric energy to be able to have stations in the middle, to recharge their cars with electric energy, because the world is going to transform into electric cars. what are we going to do so that the data of the people going through our freeways, of the communities that touch our lines are connected and we know what they are thinking.*
- 4. Develop leaders to face adaptive and technical challenges. Any plan without proper people is not doable, train your people, create leaders, build human capital.*
- 5. Pay attention to global challenges and initiatives with a positive global and environmental impact. We are getting closer and closer to our people, each time we have to converse in a way that is more clear and closer to the communities, each time we have to be more responsible doing it.*
- 6. Promote an entrepreneurship ecosystem.*
- 7. Innovation, innovation, innovation. That is the basis to grow with entrepreneurship focused on the future.*

*These are our 7 areas we are using to look into the future.*

*(Video)*

*Thank you very much, keep it up, keep believing in us."*

Mr. Ignacio Arbeláez Restrepo honored the retirees that made this company big, and he said that *“that challenge they set 50 years ago to turn ISA into an eternal company is being favored today.”*

Then, the Chairman of the Meeting subjects the Integrated Management Report 2017 to their approval.

**Approval:**

The Meeting by majority approved the Integrated Management Report.

The following are the shareholders that abstained from voting:

N° OF OWNED SHARES
40,960
3,135,087
170,172
575,193
119,797
33,156
50,400
208,481
6,120
9,756
5,511
24,784
1,106,281
539,001
68,403
31,436
3,037
7,793
4,648
1,859
12,209
60,084
205,704
18,947
53,684
209,989
5,811
177,143

N° OF OWNED SHARES
10,206
359,492
2,236
26,530
14,730
1,354
9,779
132,158
13,144
113,368
18,720
33,950
718,358
2,381,487
10,920
186,861
33,220
2,998,324
528,384
34,715
6,953
21,306
667,760
4,870,385

The Secretary of the Meeting informs that the sixth item on the agenda follows.

**6. READING AND PRESENTATION OF ISA'S INDIVIDUAL AND CONSOLIDATED FINANCIAL STATEMENTS AS OF DECEMBER 31, 2017**

The Secretary of the Meeting informed that the financial statements were available to shareholders during the legal term, according to the Code of Commerce and other regulations regarding rights to inspect, so that there is an initiative filed in the Secretary and presented by Mr. Juan Carlos Castro Padilla, acting as representative of the shares of Empresas Públicas de Medellín.

The Chairman asked for the proposal to be read and subject to the consideration of the Meeting.

La Secretary of the Meeting informed that the following was the text of the proposal:

“Medellín, March 16, 2018

To  
GENERAL MEETING OF SHAREHOLDERS OF INTERCONEXIÓN ELÉCTRICA S.A. E.S.P –ISA S.A.  
E.S.P-  
Medellin

Dear Messrs.:

Considering that the financial and consolidated statements, the accounting books, and other documents required by law have been available to shareholders, and that today, the information containing the Financial statements of ISA and consolidated statements as of December 31, 2017 have been given to us, as well as the Notes to these Financial statements, the report of the Board of Directors, and the Statutory Auditor’s report. I propose for its reading to be omitted, as such reading would prolong the development of the Meeting.

Sincerely,

Juan Carlos Castro Padilla  
Representative of the shares of Empresas Públicas de Medellín E.S.P.”

The following are the main figures of the individual and consolidated financial statements as of December 31, 2017:

CONSOLIDATED RESULTS IN THE PERIOD (MILLION COP)	2017	2016	Change % excluding Tax Amnesty in Brazil and RBSE	
Operating revenues	6.954.265	11.892.626	-41,5	5,5
EBITDA	4.430.597	8.923.823	-50,4	24,9
EBITDA margin	63,7%	75,0%		
Operating income	4.126.925	8.503.234	-51,5	26,2
Operating margin	59,3%	71,5%		
Net income	1.437.936	2.136.629	-32,7	44,5
Net margin	20,7%	18,0%		

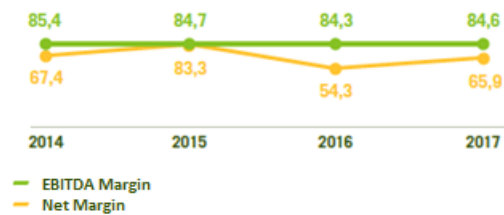
Indicators excluding Tax Amnesty in Brazil and RBSE	2017	2016
EBITDA margin	62,1%	52,5%
Operating margin	54,8%	45,8%
Net margin	16,7%	12,2%

## INDIVIDUAL RESULTS

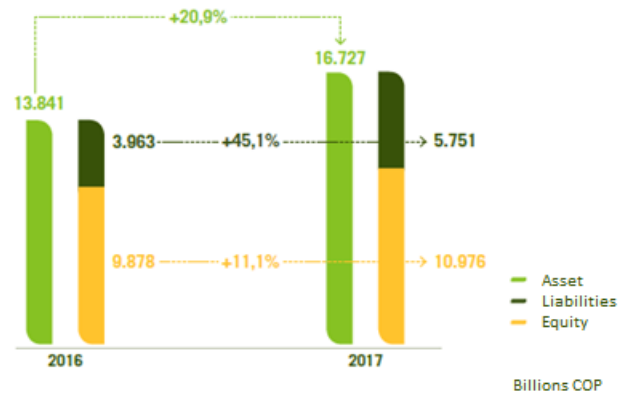
ISA'S RESULTS DURING THE PERIOD (MILLION COP)	2017	2016	Change %
<b>INTEGRATED RESULTS</b>			
Operating revenues	889.239	881.241	0,9
EBITDA	751.997	743.106	1,2
Operating income	1.718.023	2.463.754	-30,3
Net income*	1.442.708	2.141.460	-32,6
<b>INDICATORS</b>			
Net margin (%)	65,9	54,3	
Asset profitability (%)	8,6	15,5	
Return on equity (%)	13,1	21,7	

### → ISA's financial indicator

Percentage %



### INDIVIDUAL FINANCIAL STATEMENT



**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

As of December 31, 2017, and 2016

Amounts expressed in millions of Colombian pesos

	NOTES	2017	2016
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalent	4	1.529.470	1.146.761
Current financial assets	6	4.402.971	3.828.360
Current tax	17.1	309.451	463.818
Inventories - net	8	83.481	101.743
Non-financial assets	7	95.357	132.491
<b>Total current assets</b>		<b>6.420.730</b>	<b>5.673.173</b>
<b>Non-current assets</b>			
Restricted cash	5	78.204	60.495
Non-current tax	17.1	46.870	-
Investments in associates and joint ventures	9	3.093.842	1.690.711
Financial instruments	9	16.335	16.315
Financial assets	6	17.609.166	16.569.813
Inventories - net	8	85.778	72.931
Property, plant, and equipment - net	10	9.063.803	7.761.835
Intangibles	11	6.424.407	6.179.860
Non-financial assets	7	65.102	67.802
Deferred tax	17	504.264	415.450
<b>Total non-current assets</b>		<b>36.987.771</b>	<b>32.835.212</b>
<b>Total assets</b>		<b>43.408.501</b>	<b>38.508.385</b>

	NOTES	2017	2016
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>			
<b>Current liabilities</b>			
Financial liabilities	<u>13</u>	1,603,839	1,674,203
Accounts payable	<u>15</u>	779,066	905,227
Employee benefits	-	75,534	73,253
Current tax	<u>17.2</u>	407,912	245,065
Provisions	<u>16</u>	126,676	537,283
Other non-financial liabilities	<u>19</u>	114,763	229,713
<b>Total current liabilities</b>		<b>3,107,790</b>	<b>3,664,744</b>
<b>Non-current liabilities</b>			
Financial liabilities	<u>13</u>	14,085,189	10,797,222
Accounts payable	<u>15</u>	995,292	979,709
Non-current taxes	<u>17.2</u>	1,054,405	1,041,742
Employee benefits	<u>18</u>	492,616	457,326
Provisions	<u>16</u>	253,275	267,893
Other non-financial liabilities	<u>19</u>	490,647	401,776
Deferred tax	<u>17</u>	4,505,765	3,986,495
<b>Total non-current liabilities</b>		<b>21,877,189</b>	<b>17,932,163</b>
<b>Total liabilities</b>		<b>24,984,979</b>	<b>21,596,907</b>

	NOTES	2017	2016
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>			
<b>Shareholders' equity</b>	<b>20</b>		
Subscribed and paid-in capital	20.1	36.916	36.916
Premium for placement of shares	20.4	1.428.128	1.428.128
Reserves	20.6	3.585.959	1.878.709
Retained earnings	-	3.228.134	3.232.907
Net income	-	1.437.936	2.136.629
Other comprehensive income	-	1.239.964	1.150.568
<b>Equity attributable to controlling interest</b>	<b>-</b>	<b>10.957.037</b>	<b>9.863.857</b>
Non-controlling interest	-	7.466.485	7.047.621
<b>Total shareholders' equity</b>		<b>18.423.522</b>	<b>16.911.478</b>
<b>Total liabilities and shareholders' equity</b>		<b>43.408.501</b>	<b>38.508.385</b>

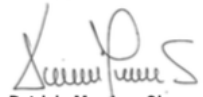
See accompanying notes to consolidated financial statements



**Bernardo Vargas Gibsone**  
Chief Executive Officer  
(See attached certificate)



**John Bayron Arango Vargas**  
Chief Accounting Officer  
Professional Card N° 34420-T  
(See attached certificate)



**Patricia Mendoza Sierra**  
Statutory Auditor  
Professional Card N° 78856 - T  
(See my report attached)  
Appointed by Ernst & Young Audit S.A.S TR-530



**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

Years ended as of December 31, 2017, and 2016

Amounts expressed in millions of Colombian pesos

	NOTES	2017	2016
<b>Revenues from ordinary activities</b>	<b>21</b>		
Energy Transmission services		4.335.715	8.738.226
Connection charges		223.979	211.553
Road Concessions		1.088.430	1.126.331
Dispatch and coordination CND-MEM		83.402	75.112
MEM Services (STN, SIC, SDI)		32.644	39.625
Information and Telecommunications Technologies		345.386	337.167
Other operating revenues		67.664	61.423
Constructions for sale		777.045	1.303.189
<b>Total revenues from ordinary activities</b>		<b>6.954.265</b>	<b>11.892.626</b>
Operating costs	23.1	2.499.854	2.657.136
<b>Gross profit</b>		<b>4.454.411</b>	<b>9.235.490</b>
Administrative expenses	23.2	645.893	980.510
Other net revenues/(expenses)	24	179.116	14.564
Equity method net revenue/(expense)	24	139.291	233.690
<b>Profit from operating activities</b>		<b>4.126.925</b>	<b>8.503.234</b>
Financial revenues	25	573.195	1.054.174
Financial expenses	25	1.440.014	2.087.515
<b>Income before taxes</b>		<b>3.260.106</b>	<b>7.469.893</b>
Income tax	17	916.298	2.452.158
<b>Income of the year</b>		<b>2.343.808</b>	<b>5.017.735</b>
Non-controlling interest		905.872	2.881.106
<b>Income attributable to controlling interest</b>		<b>1.437.936</b>	<b>2.136.629</b>

	NOTAS	2017	2016
<b>INCOME OF THE YEAR</b>			
Net income attributable to controlling interest		1.437.936	2.136.629
Non-controlling participation		905.872	2.881.106
<b>TOTAL NET INCOME OF THE YEAR</b>		<b>2.343.808</b>	<b>5.017.735</b>
Actuarial earnings (losses) from definite benefit plans, net of taxes		(12.830)	(14.042)
Earnings from cash hedging, net of taxes		(7.698)	69.949
Earnings from foreign exchange differences, net of taxes		109.924	150.108
<b>Other comprehensive income</b>		<b>89.396</b>	<b>206.015</b>
Total net income attributable to controlling interest		1.527.332	2.342.644
Non-controlling participation		905.872	2.881.106
<b>Comprehensive income of year</b>		<b>2.433.204</b>	<b>5.223.750</b>

See accompanying notes to consolidated financial statements



**Bernardo Vargas Gibsone**  
Chief Executive Officer  
(See attached certificate)



**John Bayron Arango Vargas**  
Chief Accounting Officer  
Professional Card N° 34420-T  
(See attached certificate)



**Patricia Mendoza Sierra**  
Statutory Auditor  
Professional Card N° 78856 - T  
(See my report attached)  
Appointed by Ernst & Young Audit S.A.S TR-530

**CONSOLIDATED CASH FLOW STATEMENT**

December 2017 - December 2016

Amounts expressed in millions of Colombian pesos

	2017	2016
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Collections from loans and operations portfolio	32.601	32.868
Collections from deposits and exigibilities	2.192	789
Collections from insurance accounts receivable	12.461	5.623
Collections from sales of goods and service	6.791.903	7.669.277
Other collections from operating activities	407.602	51.107
Collections (Payment) from Secr da Fazenda Ações - Lei 48	(146.524)	(169.815)
Payments from accounts payable to insurance	8.224	4.450
Payments to suppliers for the provision of goods and services	1.585.363	1.993.938
Payments to and on behalf of employees	737.436	634.306
Payments for premiums and benefits, annuities, and other obligations	10.175	-
Other payments for operating activities	893.658	1.264.325
<b>Net cash flows from operating activities</b>	<b>3.865.379</b>	<b>3.692.830</b>

	2017	2016
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Interests paid, classified as operating activities	159,525	128,563
Interests received, classified as operating activities	35,304	29,790
Tax on reimbursed income (paid)	923,887	564,124
Other cash inflows (outflows)	(30,216)	5,766
Payments to suppliers for the supply of goods and services	(112,342)	19,553
<b>Net cash flows from operating activities</b>	<b>2,899,397</b>	<b>3,016,146</b>
<b>CASH FLOWS FROM INVESTMENT ACTIVITIES</b>		
Other payments to acquire equity or debt instruments	9,443	(11,156)
Other payments to acquire shares in joint ventures	1,462,899	154,574
Amounts from the sale of property, plant, and equipment	1,758	6,762
Purchase of properties, plant, and equipment	1,675,299	2,082,755
Amounts from the sale of intangible assets	-	448
Purchase of intangible assets	596,110	1,047,291
Cash advances and loans given to third parties	18,355	(9,378)
Collections from the reimbursement of advances and loans	(12,052)	40,742
Payments from future contracts, term contracts, option contracts	(3,478)	(217,948)
Interests received, classified as investment activities	73,077	54,604
Other cash inflows (outflows)	(156,682)	(70,059)
<b>Net cash used in investment activities</b>	<b>(3,852,527)</b>	<b>(3,013,641)</b>

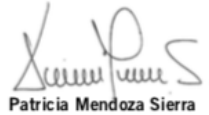
	2017	2016
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Amounts from loans	5.317.809	2.917.822
Loan reimbursement	2.293.986	1.749.581
Finance lease liabilities payment	6.503	(5.075)
Dividends paid, classified as financing activities	858.082	422.458
Interests paid, classified as financing activities	519.549	886.982
Tax on reimbursed income (paid)	2.725	1.477
Other cash inflows (outflows)	85.552	18.738
<b>Net cash provided by (used in) financing activities</b>	<b>1.722.516</b>	<b>(118.863)</b>
<b>Cash and cash equivalents, without exchange effect</b>	<b>769.386</b>	<b>(116.358)</b>
Effects of exchange rate variation on cash and cash equivalents	(386.677)	233.869
<b>Net cash and cash equivalents</b>	<b>382.709</b>	<b>117.511</b>
<b>Cash and cash equivalent at the beginning of the period</b>	<b>1.146.761</b>	<b>1.029.250</b>
<b>Cash and cash equivalent at the end of the period</b>	<b>1.529.470</b>	<b>1.146.761</b>



**Bernardo Vargas Gibsone**  
Chief Executive Officer  
(See attached certificate)



**John Bayron Arango Vargas**  
Chief Accounting Officer  
Professional Card N° 34420-T  
(See attached certificate)



**Patricia Mendoza Sierra**  
Statutory Auditor  
Professional Card N° 78856 - T  
(See my report attached)  
Appointed by Ernst & Young Audit S.A.S TR-530

**CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY**

Years ended as of December 31, 2017, and 2016

Amounts expressed in millions of Colombian pesos

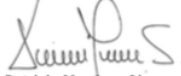
NOTES	SUBSCRIBED AND PAID-IN CAPITAL		RESERVES					TOTAL RESERVES	COMPREHENSIVE INCOME	OTHER COMPREHENSIVE INCOME	NON-CONTROLLING INTEREST	TOTAL
	20.1	20.4	LEGAL	BY TAX REGULATION	RESERVE FOR REACQUISITION OF OWN SHARES	FOR EQUITY STRENGTHENING	FOR REHABILITATION AND REPLACEMENT OF STN ASSETS					
Balance as of December, 2015	36.916	1.428.128	18.458	716.143	38.100	681.264	37.434	1.491.399	3.939.228	944.553	3.552.829	11.393.053
Transfers approved by the General Shareholders' Meeting	-	-	-	95.816	-	291.494	-	387.310	(387.310)	-	-	-
Payment of ordinary dividends at COP228 per share and an extraordinary dividend at COP60 settled on 1.107.677.894 outstanding shares	-	-	-	-	-	-	-	-	(319.011)	-	-	(319.011)
Foreign exchange difference	-	-	-	-	-	-	-	-	-	150.107	613.686	763.793
Other comprehensive income	-	-	-	-	-	-	-	-	-	55.908	-	55.908
Net income as of December 31, 2016	-	-	-	-	-	-	-	-	2.136.629	-	2.881.106	5.017.735
Balance as of December, 2016	36.916	1.428.128	18.458	811.959	38.100	972.758	37.434	1.878.709	5.369.536	1.150.568	7.047.621	16.911.478
Transfers approved by the General Shareholders' Meeting	-	-	-	86.843	(38.100)	1.658.507	-	1.707.250	(1.707.250)	-	-	-
Payment of ordinary dividends at COP248 per share and an extraordinary dividend at COP144 settled on 1.107.677.894 outstanding shares	-	-	-	-	-	-	-	-	(434.210)	-	-	(434.210)
Foreign exchange difference	-	-	-	-	-	-	-	-	58	202.820	(487.008)	(284.130)
Other comprehensive income	-	-	-	-	-	-	-	-	-	(113.424)	-	(113.424)
Net income as of December 31, 2017	-	-	-	-	-	-	-	-	1.437.936	-	905.872	2.343.808
Balance as of December, 2017	36.916	1.428.128	18.458	898.802	-	2.631.265	37.434	3.585.959	4.666.070	1.239.964	7.466.485	18.423.522



**Bernardo Vargas Gibsons**  
Chief Executive Officer



**John Bayron Arango Vargas**  
Chief Accounting Officer



**Patricia Mendoza Sierra**  
Statutory Auditor

The Presidency asked the Meeting if the proposal that was presented regarding the omission of the reading of the Financial statements of ISA and consolidated statements as of December the 31, 2017 and the notes to these financial statements was approved.

**Approval:**

The Meeting approved the above proposal by majority.

The following are the shareholders that abstained from voting:

N° OF OWNED SHARES
40,960
4,934
2,160,413
613,721
136,072
201,733
18,225
22,633
4,127

N ° OF OWNED SHARES
506,300
3,135,087
170,172
95,066
575,193
119,797
77,390
33,156
50,400
12,838
24,466
3,400
93,917
208,481
6,120
9,756
5,511
24,784
46,282
2,100
1,106,281
20,345
539,001
68,403
78,434
27,774
26,464
31,436
3,037
7,793
2,184
6,040
13,522
108,875

N ° OF OWNED SHARES
20,799
58,891
4,648
20,802
1,859
2,689
65,284
12,209
60,084
32,243
26,273
108,180
7,553
209,938
9,122
86,449
63,991
31,256
5,112
98,918
234,445
17,195
205,704
89,000
365,955
416,892
18,947
62,706
86,694
4,668,389
53,684
162,033
21,023
11,154



N ° OF OWNED SHARES
95,374
209,989
48,713
91,558
33,692
10,395
5,811
177,143
21,122
33,411
46,532
5,260
10,206
18,238
431,354
359,492
451,998
646,878
637,134
313,901
140,155
159,781
121,821
580,913
2,236
43,396
51,917
78,648
27,800
26,369
124,709
45,324
8,067
41,154

N ° OF OWNED SHARES
5,796
4,437
76,215
580
12,825
28,010
42,597
14,140
53,988
17,855
26,928
59,088
26,530
4,100
249,734
582,616
2,993
7,259
763,597
36,605
14,282
76,204
721
167,061
5,363
41,162
376
98,106
41,870
5,085
24,608
14,730
10,029
24,768

N ° OF OWNED SHARES
322,643
1,659
13,066
758
12,062
52,929
1,354
33,597
771
12,942
51,565
229
27,094
1,954
42,559
172,479
39,248
1,642
13,000
9,779
6,740,813
665,069
113,624
106,759
76,456
850,619
151,197
2,918
755,695
1,333
150,668
15,700
3,129
90,669

N ° OF OWNED SHARES
53,105
334,738
4,365
258,786
229,379
62,531
99,060
41,756
10,519
34,205
5,904
96,279
12,396
70,000
1,035,979
9,382
68,288
132,158
8,496
17,011
626,659
145,230
49,118
12,119
204,351
61,474
13,144
559,883
113,368
18,720
48,755
282,134
25,181
91,796

N ° OF OWNED SHARES
9,298
5,081
15,648
5,053
137,220
286,338
17,517
1,222
6,274
12,695
33,950
67,134
46,998
105,511
31,891
1,130,977
398,731
24,269
945,400
823,887
104,014
114,165
957,378
718,358
2,381,487
10,920
65,113
186,861
51,565
33,220
2,998,324
528,384
34,715
13,247

N ° OF OWNED SHARES
60,093
6,953
21,306
667,760
4,870,385
3,180
171,608
895,353
18,255
50,191
11,700
4,209
65,859
72,804
11,691
2,386
101,196
80,702
48,810
4,635
12,708
96,805
61,066
44,995
36,739
26,412
25,000

The Secretary of the Meeting read the seventh item in the agenda.

## **7. READING OF STATUTORY AUDITOR'S REPORT.**

The Chairman of the Meeting requested the Statutory Auditor, Dr. Patricia Mendoza Sierra, to read her expert opinion regarding the Financial Statements and the Consolidated Statements as of December 31, 2017.

Dr. Patricia Mendoza Sierra, as the Statutory Auditor, addressed the Meeting as follows:

*Statutory Auditor's Report*  
**To shareholders of**  
**Interconexión Eléctrica S.A. E.S.P.**

### **Financial Statements Report**

*I have audited the accompanying financial statements of Interconexión Eléctrica S.A. E.S.P., which comprise the statement of financial position as of December 31, 2017 and the related statements comprehensive income, changes in equity and cash flows for the year then ended, and the summary of significant accounting policies and other explanatory notes.*

### **Management's Responsibilities for the Financial Statements**

*Management is responsible for the preparation and fair presentation of the financial statements in accordance with Accounting and Financial Information Standards accepted in Colombia (NCIF) adopted by the National General Accounting Office; of designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatements whether due to fraud or error; of selecting and applying appropriate accounting policies and making estimates that are reasonable in the circumstances.*

### **Auditor's Responsibility**

*My responsibility is to express an opinion on these financial statements based on my audit. I have conducted my audit in accordance with International Auditing Standards accepted in Colombia. Those standards require me to comply with ethical and independence requirements, and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.*

*An audit includes performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's professional judgment, including the assessment of the risks of material misstatement of the financial statements. In making those risks assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of financial statements in order to design audit procedures that are appropriate in the circumstances. It also includes an assessment of the accounting policies adopted and the significant estimates made by management, as well as the presentation of the financial statements as a whole.*

*I believe that the audit evidence obtained provides a reasonable basis for expressing my opinion.*

### **Opinion**

*In my opinion, the accompanying financial statements, taken from the accounting books, present fairly, in all material respects, the financial position of Interconexión Eléctrica S.A. E.S.P. as of December 31, 2017, the results of its operations and its cash flows for the year then ended in accordance with Accounting and Financial Information Standards accepted in Colombia (NCIF) Adopted by Contaduría General de la Nación.*

### **Emphasis Paragraph**

*As described in Note 10 of the financial statements, CTEEP, a subsidiary of Interconexión Eléctrica S.A. E.S.P. through ISA Capital do Brasil, has a net balance of accounts receivable from the Sao Paulo State of approximately COP1.184.211 million, related to the impacts of Law 4,819 of 1958, which granted to the employees of companies subject to the control of the Sao Paulo State, benefits already granted to other public servers. CTEEP has undertaken legal actions before the respective State authorities to collect these accounts receivable. The accompanying financial statements do not include adjustments that could result from the outcome of the uncertainty. My opinion has not been modified by this matter.*

### **Other issues**

*The financial statements under Accounting and Financial Information Standards accepted in Colombia of Interconexión Eléctrica S.A. E.S.P. as on December 31, 2016, which are part of the comparative information of the accompanying financial statements, were audited by other statutory auditor designated by Ernst & Young Audit S.A.S. on which this auditor has express an unqualified opinion on February 24, 2017.*

### **Other Legal and Regulatory Requirements**

*Further, based on the scope of my audit, I am not aware of situations indicating that the Company has not complied with the following obligations: 1) kept minute books, the Shareholders' register and the accounting records in accordance with legal requirement and the accounting technique; 2) carried out its operations in accordance with the by-laws and the decisions of the Shareholders' and the Board of Directors, and the rules related with the integral social security and; 3) retained correspondence and accounting vouchers. Additionally, there is agreement between the accompanying financial statements and the accounting information included in the management report prepared by the Company's Management, which includes management representation on the free circulation of invoices with endorsement issued by vendors or suppliers. In accordance with the requirements of Article 1.2.1.2 Decree 2420 2015, I issued separately report on February 23, 2018.*

### **Report of the Statutory Auditor to the shareholders of: Interconexión Eléctrica S.A. E.S.P. and its subsidiaries Report on Consolidated Financial Statements**

*I have audited the accompanying consolidated financial statements of Interconexión Eléctrica S.A. E.S.P. and its subsidiaries, which comprise the consolidated statement of financial position as of December 31, 2017, and the related consolidated statements of comprehensive income, of changes in shareholder's equity, and cash flow for the year then ended, and a summary of significant accounting policies and other explanatory notes.*

### **Management's Responsibility for the Consolidated Financial Statements**



*Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with Accounting and Financial Information Standards (NCIF) accepted in Colombia adopted by the National General Accounting Office; for designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of consolidated financial statements that are free from relevant misstatement whether due to fraud or error; and for selecting and applying appropriate accounting policies and making estimates that are reasonable in the circumstances.*

### **Auditor's Responsibility**

*My responsibility is to express an opinion on these consolidated financial statements based on my audit. I have conducted my audit in accordance with International Standards on Auditing accepted in Colombia. Those standards require me to comply with ethical and independence requirements, and to plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.*

*An audit involves performing procedures to obtain audit evidence about amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's professional judgment, including the assessment of risks of relevant misstatement of the consolidated financial statements. In making those risk assessments, the auditor considers internal controls relevant to the entity's preparation and presentation of the consolidated financial statements, in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the accounting policies adopted and the estimates of importance made by Management, as well as the presentation of the consolidated financial statements as a whole.*

*I believe that the audit evidence obtained provides a reasonable basis for expressing my opinion.*

### **Opinion**

*In my opinion, the accompanying consolidated financial statements present fairly, in all relevant respects, the financial position of the Interconexión Eléctrica S.A. E.S.P. and its subsidiaries as of December 31, 2017, the results of its operations and the cash flows for the year then ended in accordance with Accounting and Financial Information Standards (NCIF) accepted in Colombia adopted by the National General Accounting Office.*

### **Emphasis Paragraph**

*As described in Note 6 to the consolidated financial statements, CTEEP, a subsidiary of Interconexión Eléctrica S.A. E.S.P. through ISA Capital do Brasil, has a net balance of accounts receivable from the Sao Paulo State of approximately COP1.184.211 million, related with the impacts of Law 4.819 of 1958, which granted to the employees of companies subject to the control of the Sao Paulo State, benefits already granted to other public servers. CTEEP has undertaken legal actions before the respective State authorities, to collect these accounts receivable.*

*The accompanying financial statements do not include adjustments that could result from the outcome of this uncertainty. My opinion has not been modified by this matter.*

### **Other issues**

*The consolidated financial statements, prepared in accordance with the Accounting and Financial Information Standards (NCIF) accepted in Colombia, adopted by the National General Accounting Office of Interconexión Eléctrica S.A. E.S.P. as of December 31, 2016, that are part of the comparative information of the accompanying consolidated financial statements, were audited by another statutory*

auditor designated by Ernst & Young Audit S.A.S., on which this auditor expressed an unqualified opinion on February 24, 2017."

Immediately thereafter, the Secretary of the Meeting read the eighth item approved of the agenda.

**8. APPROVAL OF INDIVIDUAL AND CONSOLIDATED FINANCIAL STATEMENTS OF ISA AS OF DECEMBER 31, 2017**

It is noted that even though the individual and consolidated Financial statements as of December 31, 2017 were not read according to the proposal approved by the General Meeting, they were given to the shareholders that were in the meeting.

The Secretary of the Meeting said that according to Article 185 of the Code of Commerce, administrators and employees of the Society cannot vote in year-end balances and accounts.

The President asked the Meeting if after knowing the Integrated Management Report, the individual and consolidated financial statements of ISA as of December 31, 2017, the accounting books and other documents required by law, as well as the Statutory Auditor's report, do they have their approval?

**Approval:** The Meeting by majority of enabled votes approved ISA's Individual and Consolidated Financial Statements as of December 31, 2017.

The following are the shareholders that voted against:

N° OF OWNED SHARES
91,610
1,018,776
41,181
17,338
472,464
976
696,117
177,690
42,095
144,736
7,114
49,938

The following are the shareholders that abstained from voting:

N° OF OWNED SHARES
40,960

<b>N° OF OWNED SHARES</b>
48,191
3,135,087
170,172
575,193
119,797
33,156
50,400
208,481
6,120
9,756
5,511
24,784
1,106,281
539,001
68,403
31,436
3,037
7,793
4,648
1,859
12,209
60,084
205,704
18,947
53,684
209,989
5,811
177,143
10,206
359,492
1,220,138
2,236
683,308
26,530
14,730

N° OF OWNED SHARES
1,354
150,446
9,779
939,650
75,795
132,158
13,144
113,368
18,720
33,950
18,670
718,358
2,381,487
10,920
417,317
186,861
33,220
2,998,324
528,384
34,715
6,953
21,306
667,760
4,870,385
108,800
453,583

The ninth item on the agenda was read.

**9. APPROVAL OF PROJECT FOR DISTRIBUTION OF PROFITS  
FOR YEAR 2017 TO DECREE DIVIDENDS AND SET ASIDE EQUITY RESERVES**

The Meeting's Secretary requests the Company's CEO to present the proposal of the Board of directors to the Meeting regarding the approval of net income distribution during the 2017 tax year, to decree dividends and constitute equity reserves:

**THE BOARD OF DIRECTORS OF INTERCONEXIÓN ELÉCTRICA S.A. E.S.P.**

**CONSIDERING THAT:**

1. Profit distribution should be consistent with the principles provided in the company's Bylaws and articles 155 and 454 of the Code of Commerce.
2. The company's net income for the 2017 period was COP 1,442,709 million.

**IT PROPOSES:**

- To decree a dividend of COP 600.361 million, which corresponds to 42% of the net income and a 54% of the net income excluding non-recurring accounting effects. The proposal is based on giving an ordinary dividend of COP 266 per share and an extraordinary dividend of COP 276 per share, for a total of COP 542 per share which represents a 38.3% growth against last year for the 1,107,677,894 ordinary outstanding shares.
- Constitute an occasional reserve for the strengthening of equity for COP 842.347 million, with the aim of attending the investment commitments already acquired and maintaining financial solidity.
- Dividends for COP 600.361 million will be paid in two equal installments as follows:

Share holders	Number of shares	Participation	12-July	04-Dec.	Total
State investors	682,078,108	61.6%	184,843	184,843	369,686
Nation	569,472,561	51.4%	154,327	154,327	308,564
EEPPM	112,605,547	10.2%	30,516	30,516	61,032
Private investors	425,599,786	38.4%	115,338	115,338	230,675
<b>Total</b>	<b>1,107,677,894</b>	<b>100%</b>	<b>300,181</b>	<b>300,181</b>	<b>600,361</b>

Ex-dividend dates are hereinafter detailed:

<b>Ex-Dividend Dates</b>		
<b>Dividend Payments</b>	<b>Initial Date</b>	<b>Final Date</b>
July 12, 2018	6/07/2018	11/07/2018
December 04, 2018	28/11/2018	3/12/2018

The Chairman of the Meeting subjects to the consideration of the shareholders the proposal of the Board of Directors for the approval of the project for distribution of profits for year-end 2017 to declare dividends and set aside equity reserves.

**Approval:** The General Shareholders Meeting approves the proposal by qualified majority.

The following are the shareholders that blank voted:

N° OF OWNED SHARES
942

Then the secretary read the tenth item in the agenda.

#### **10. FISCAL AUDITOR ELECTION AND SETTING OF ITS PROFESSIONAL FEES**

The Company's CEO explained the proposal for designation of Statutory Auditor and the allocation of fees, presented by the Corporate Audit Committee of ISA's Board of Directors, which sets out the following:

#### **THE BOARD OF DIRECTORS OF INTERCONEXIÓN ELÉCTRICA S.A. E.S.P.**

##### **CONSIDERING THAT:**

1. The company needs the professional services of the Statutory Auditor to comply with the current legislation.
2. Pursuant to paragraph 7, Article 26 from the Interconexión Eléctrica S.A. E.S.P. bylaws, it is a function of the General Meeting of Shareholders to appoint the Statutory Auditor.
3. The Bylaws and the Policy of the Statutory Auditor or External Auditor in ISA and its companies establish the maximum period of services for the Statutory Auditor or External Auditor to be seven (7) years.
4. On the 31st day of March 2018, Ernst & Young Audit S.A.S. will serve its fourth year of rendering Statutory Auditor services to Interconexión Eléctrica S.A. E.S.P.
5. Ernst & Young Audit S.A.S. presented an economic proposal for the period between the 1st day of April 2018 and the 31st day of March 2019, for an amount of FIVE HUNDRED AND SEVENTY-TWO MILLION NINE HUNDRED AND FORTY-ONE THOUSAND TWO HUNDRED AND EIGHTY-SIX COLOMBIAN PESOS (COP 572.941.286) plus the corresponding value added tax (VAT).

##### **IT PROPOSES:**

- To reelect Ernst & Young Audit S.A.S. as Statutory Auditor for Interconexión Eléctrica S.A. E.S.P. between the 1st day of April 2018 and the 31st day of March 2019.
- To set the professional fees for the Statutory Auditor by an amount of FIVE HUNDRED AND SEVENTY-TWO MILLION NINE HUNDRED AND FORTY-ONE THOUSAND TWO HUNDRED AND EIGHTY-SIX COLOMBIAN PESOS (COP 572.941.286) plus the corresponding value added tax (VAT).

The Chairman of the Meeting subjects to the consideration of the shareholders the proposal for the approval of the fiscal auditor election and setting of its professional fees.

**Approval:** By majority, the Meeting approved the election of the Statutory Auditor for the period between April 1, 2018 and March 31, 2019 and setting of its professional fees.

The following are the shareholders that voted against:

N° OF OWNED SHARES
209,938
416,892
62,706
78,648
98,106
68,288
36,739
26,412

The following are the shareholders that abstained from voting:

N° OF OWNED SHARES
33,692

The following are the shareholders that blank voted:

N° OF OWNED SHARES
942
1,500

Before continuing with the Agenda, the Secretary of the Meeting informs that the quorum is 91% of subscribed shares and outstanding shares (1,107,677,894 shares) and then the eleventh item on the agenda was read.

## 11. BYLAWS REFORM

The Secretary of the Meeting presents the most important aspects of the bylaws reform, which was made available to shareholders during the term of exercising the rights of inspecting.

**THE BOARD OF DIRECTORS OF INTERCONEXIÓN ELÉCTRICA S.A. E.S.P.**

**CONSIDERING:**

1. That ISA is committed to complying with the best Corporate Governance practices which were incorporated by the Financial Superintendence of Colombia in the new Country Code circular, as a contributing element for companies to generate more value, better risk management, the creation of trust among investors nationally and internationally and the approval of better finance terms due to a lower risk perception by creditors and investors.
  
2. In line with the recommendations from Country Code and the highest international standards, and to strengthen the independence of the board members, avoid harmful conflicts of interests, facilitate the conditions for the board to act in favor of the society's and all shareholders' interest and to exercise its functions effectively. The Administration and the Board of Directors find it appropriate to make official in the Bylaws the good practice existing in the company of having a Board of Directors mainly comprised by independent members and in addition, to define the most demanding requirements for independence established by Law.

**IT IS PROPOSED:**

- To approve the Bylaws' reform through which article twenty-seventh is modified.

<b>CHAPTER VI: BOARD OF DIRECTORS.</b>	
<p><b>ARTICLE TWENTY-SEVEN: BOARD OF DIRECTORS:</b> ISA's Board of Directors will be comprised by nine (9) members, without alternates, for a one (1) year period, who could be reelected or removed at any time by the General Shareholders' Meeting. Board of Directors members will be appointed considering the electoral quotient and following the professional competence criteria, suitability and recognized moral solvency. No employee of the Company could be a member of the Board of Directors. The designation as a member of ISA's Board of Directors may be made personally or to a given position.</p> <p><b>FIRST PARAGRAPH:</b> The Board of Directors will choose among its members the person to preside over meetings. The Chairman of the Board of Directors will submit a report on the functioning of the Board before the General Shareholders' Meeting.</p> <p><b>SECOND PARAGRAPH:</b> The members of the Board of Directors will perform a self-assessment according to mechanisms defined by the same Board of Directors, without prejudice to other evaluation mechanisms determined by it. The Chairman of the Board of Directors shall inform the General Shareholders' Meeting, the results of this evaluation.</p>	<p><b>ARTICLE TWENTY-SEVEN: BOARD OF DIRECTORS:</b> ISA's Board of Directors will be comprised by nine (9) members, without alternates, for a one (1) year period, who could be reelected or removed at any time by the General Meeting of Shareholders. Board of Directors members will be appointed considering the electoral quotient and attending criteria of professional competence, suitability and recognized moral solvency. No employee of the Company could be a member of Board of Directors. The designation as a member of Board of ISA may be made personally or to a given position. <b>The General Shareholders' Meeting when creating the Board of Directors, will elect at least five (5) independent members. It will be considered independent who, in addition to complying with the requirements for independence established by law 964 of 2005 and additional regulations which modify it or replace it, meet the following conditions: 1) Neither this member nor his/her Close Relatives are employees or executives of ISA or any of its affiliates or subsidiaries or parent (Nation), nor have they had such quality during the year immediately prior to the appointment, except in the case of re-election of an independent person. 2) Is not a shareholder of ISA who directly or by virtue of agreement directs, steers or controls the majority of the voting rights of ISA or determines the majority composition of the administrative, management or control bodies of ISA. 3) Neither this member nor his/her Close Relatives</b></p>



**THIRD PARAGRAPH:** The Board of Directors may create Committees coordinated by the CEO of the Company, to study and submit for consideration by the Board, issues of importance to the Company. The Board may by unanimous decision, delegate committees with the deciding authority, not exceeding the faculties of the Board.

are partners or employees of associations or companies which provide services or supply goods to ISA or to the companies that belong to their business group, when the income for such concept represents for these associations or companies, twenty percent (20%) or more of their Operating revenues. 4) Neither this member nor his/her Close Relatives are employees or directors of a foundation, association or society which receives important donations from ISA. Important donations are those representing more than twenty percent (20%) of the total donations received by the respective institution. 5) Neither this member nor his/her Close Relatives are administrators of a company whose Board of Directors includes a legal representative of ISA. 6) Does not receive any compensation from ISA other than the fees as a member of the Board of Directors, the Audit Committee or any other Committee established by the Board of Directors. 7) Neither this member nor his Close Relatives are partners or employees of the statutory auditor firm or external audit which audits ISA or its affiliates and subsidiaries and personally work in the audit of said companies. Close relatives will be understood as: spouses or permanent companions, relatives up to the third degree of consanguinity, second of affinity and sole civil relation.

The foregoing independence requirements are established without prejudice to the inabilities and incompatibilities applicable to the contracting of ISA as a Mixed Private-Public Utilities Company.

**FIRST PARAGRAPH:** The Board of Directors will choose among its members the person to preside over meetings. The Chairman of the Board of Directors will submit a report on the functioning of the Board before the General Shareholders' Meeting.

**SECOND PARAGRAPH:** The members of the Board of Directors will perform a self-assessment according to mechanisms defined by the same Board of Directors, without prejudice to other evaluation mechanisms determined by it. The Chairman of the Board of Directors shall inform the General Shareholders' Meeting, the results of this evaluation.

	<p><b>THIRD PARAGRAPH:</b> The Board of Directors may create Committees coordinated by the CEO of the Company, to study and submit for consideration by the Board, issues of importance to the Company. The Board may by unanimous decision, delegate committees with the deciding authority, not exceeding the faculties of the Board.</p>
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- To authorize the Company's CEO, once the reform has been approved, to incorporate in one public deed all the articles comprising ISA's Bylaws, including this modification.

At this point the shareholder Orlando Montoya says that *“being that ISA is a company that has been distinguished because of its leadership, transparency, and that was the first one to democratize and considering the shareholder composition it has, there should be participation from minority shareholders in the Board, he proposes that there is at least 1 representative of the Board of Directors representing the minority shareholders.”*

The secretary of the Meeting responds that *“ISA has in the Board of Directors 3 representatives of the pension funds that somehow represent the minority shareholders that invest in the funds and additionally we also have the presence of a representative of EPM that is also considered minority shareholder. However, it shall be an item to check internally in the company and to study according to best practices.”*

Then the shareholder Roberto Trujillo said: *“It is laudable the proposal of Mr. Orlando and he joins it. However, it needs to be recognized that we are still minority because the government has more than 51% but it is good to think for the near future, because in the socialization we had when the sale of shares was announced, the possibility of being owners was mentioned”.*

The Company's CEO responds as follows: *“The proposal shall be analyzed in-depth and seriously with all the respect of the shareholders, but he wants to use the opportunity to tell them that in ISA the national government has 51% and only has 2 direct members of the State, being able to have up to 5 members in direct representation as it is the owner by majority. However, what it does is that from those 5, it delegates the representation in 3 independent persons, which means that they do not act representing any shareholder and can express their agreement anytime, which is why we have been recognized with two corporate governance awards as the best in Colombia, compared with other companies of mixed capital where the government does have direct control, which does not happen in ISA. What should matter for the shareholders and collaborators is that we work in an organization where the best performance of the company when making decisions is number one, and that is what happens in ISA and this proposal that you are kindly approving today is to ratify some standards that like the Secretary said, are above the ones of the law and the one authorizing as a partner by majority is the National Government, so that the gesture of the Government to decree that this company operates with the highest standards is laudable and rare in similar companies and that is why it works so good.”*

The shareholder Orlando Montoya congratulates the Board of Directors and Dr. Bernardo Vargas and expresses that *“That is the reason everybody is here, being here is recognizing the work and good governance, if it was not like that, they would have sold the shares already, anyway it is important to think about it because the Nation with 51% has a majority in voting and we do not know what that partner might decide tomorrow, for example what happened with ISAGEN, that they sell ISA, and this is a risk because we know what happened in Colombia and other countries, so I request we analyze this. Lastly for the miscellaneous he requests to speak to include a proposal regarding the handling of the voting percentages.”*

The shareholder Orlando Montoya expressed that *“we are in a proposal to reform article 27 of bylaws and your new proposal has not been subject to consideration.”*

The secretary of the Meeting responds that “*Although the Meeting is a space to present new proposals from the shareholders, the internal regulations applicable for electing new members of the Board of Directors require that in advance of the meeting of General Shareholders Meeting, the Corporate Governance Committee, evaluates the suitability of the candidates proposed by the shareholders and their availability in time and necessary dedication for fulfilling their duties, according to the Succession Policy of the Board of Directors. Also, the Committee shall verify the quality as independents for the proposed candidates as such and the candidates shall accept in writing such nomination, expressing that they have the requirements to be a member of the Board of Directors and that they do not have any incompatibility or disqualification, or any legal impediment to become members. Also, they shall express that they are not involved in any permanent conflict of interest regarding the group of operations of the Society. Considering this, at this time we cannot consider new candidates for members of the Board of Directors without complying with the procedure established internally for this purpose.*”

Once this was clarified, the Chairman of the Meeting asked the shareholders if they approved the Bylaws Reform presented.

Approval: The General Shareholders Meeting, approves the above proposal by majority.

The Secretary of the Meeting read the twelfth item in the agenda.

## 12. ELECTION OF THE BOARD OF DIRECTORS

The Secretary informed the Chairman of the Meeting about receiving a letter sent by the Ministry of Finance and Public Credit, proposing a list for the Board of Directors. The resumes of the persons on that list were received as well, together with the letters where each one of the candidates accepts being included as independent or non-independent members, according to the provisions of article 45 of the Law 964, 2005, which can be found on ISA’s webpage.

The letter reads as follows:

“*Bogotá D.C.,*

*Doctor  
BERNARDO VARGAS GIBSONE  
CEO  
INTERCONEXIÓN ELÉCTRICA S.A. E.S.P.  
Calle 12 Sur 18-168  
Medellín*

*Reference: Appointment of the Board of Directors for ISA S.A. E.S.P.*

*Dr. Vargas:*

*Considering the ordinary meeting of the General Shareholders Meeting of Interconexión Eléctrica S.A. E.S.P., next March 23, 2018, I am sending a list of the Board of Directors of the company:*

<i>Main Members</i>	
<i>Carlos Caballero Argáez*</i>	<i>Independent -nominated by the Nation MHCP</i>
<i>Deputy Minister General</i>	<i>Ministry of Finance and Public Credit</i>
<i>Director General of Public Credit and National Treasury</i>	<i>Ministry of Finance and Public Credit</i>
<i>Carlos Mario Giraldo Moreno*</i>	<i>Independent -nominated by the Nation MHCP</i>
<i>Carlos Felipe Londoño Álvarez*</i>	<i>Independent -nominated by the Nation MHCP</i>

Jesús Arturo Aristizábal Guevara*	Independent - nominated by EPM
Henry Medina González*	Independent - nominated by the pension funds
Santiago Montenegro Trujillo*	Independent – nominated by the pension funds
Camilo Zea Gómez *	Independent – nominated by the pension funds

I appreciate the General Shareholders Meeting considered their names.

Sincerely,

PAULA ACOSTA MARQUEZ  
Minister of Finance and Public Credit"

The Chairman of the Meeting subjects to the consideration of the shareholders the proposal regarding the election of the Board of Directors.

**Approval:** The General Shareholders Meeting, approves the above proposal by majority.

The following are the shareholders that voted against:

N° OF OWNED SHARES
4,934
2,160,413
613,721
136,072
201,733
18,225
22,633
4,127
506,300
95,066
77,390
12,838
91,610
24,466
3,400
93,917
46,282
2,100
115,000
20,345

N° OF OWNED SHARES
78,434
27,774
26,464
2,184
6,040
13,522
108,875
20,799
58,891
20,802
2,689
65,284
32,243
26,273
108,180
7,553
209,938
9,122
86,449
63,991
31,256
98,918
234,445
17,195
89,000
365,955
416,892
62,706
86,694
4,668,389
162,033
21,023
11,154
95,374
48,713

N ° OF OWNED SHARES
91,558
10,395
21,122
33,411
46,532
5,260
41,181
18,238
431,354
451,998
646,878
313,901
140,155
159,781
121,821
580,913
43,396
51,917
78,648
27,800
26,369
124,709
45,324
8,067
17,338
41,154
472,464
5,796
4,437
76,215
580
12,825
28,010
42,597
14,140

N ° OF OWNED SHARES
53,988
17,855
26,928
59,088
4,100
249,734
582,616
2,993
7,259
763,597
36,605
14,282
76,204
721
167,061
5,363
41,162
376
41,870
5,085
24,608
10,029
24,768
322,643
1,659
13,066
758
976
12,062
52,929
33,597
771
12,942
51,565
229

N ° OF OWNED SHARES
27,094
49,784
1,954
42,559
172,479
39,248
1,642
13,000
6,740,813
665,069
113,624
106,759
76,456
850,619
151,197
2,918
755,695
1,333
150,668
15,700
3,129
90,669
53,105
334,738
4,365
258,786
229,379
62,531
99,060
41,756
10,519
34,205
5,904
96,279
12,396



N ° OF OWNED SHARES
70,000
1,035,979
9,382
68,288
8,496
17,011
626,659
145,230
49,118
12,119
204,351
61,474
559,883
48,755
282,134
25,181
91,796
9,298
5,081
15,648
5,053
137,220
286,338
17,517
1,222
6,274
12,695
67,134
46,998
105,511
31,891
10,298,641
1,130,977
398,731
24,269

N ° OF OWNED SHARES
945,400
823,887
104,014
114,165
696,117
957,378
65,113
51,565
177,690
13,247
60,093
3,180
171,608
895,353
18,255
50,191
11,700
4,209
42,095
65,859
144,736
72,804
11,691
2,386
101,196
80,702
48,810
7,114
4,635
49,938
12,708
96,805
61,066
44,995
36,739

N° OF OWNED SHARES
26,412
25,000
11,175

The following are the shareholders that abstained from voting:

N° OF OWNED SHARES
48,191
1,018,776
5,112
33,692
1,220,138
683,308
150,446
939,650
75,795
18,670
417,317
108,800
453,583
10,704,210
1,716,576
631,439
551,809
321,801
274,573
199,333
31,747
28,000

The following are the shareholders that blank voted:

N° OF OWNED SHARES
942
1,500

The Secretary of the Meeting read the thirteenth item in the agenda.

### **13. PROPOSITION ON REMUNERATION POLICY FOR BOARD OF DIRECTORS**

The Secretary of the Meeting explained the proposal for Remuneration Policy for Board of Directors of INTERCONEXIÓN ELÉCTRICA S.A E.S.P., clarifying that it is has not been modified since 2015, when it was approved for the first time by the Ordinary General Meeting of Shareholders:

#### **THE BOARD OF DIRECTORS OF INTERCONEXIÓN ELÉCTRICA S.A. E.S.P. CONSIDERING THAT:**

1. Article 26 paragraph 21 of the Bylaws provides that as a duty of the General Meeting of Shareholders to approve the Remuneration Policy for the Board of Directors.
2. On March 27, 2015 the General Meeting of Shareholders approved the Remuneration Policy for the Board of Directors.
3. Once the Remuneration Policy for the Board of Directors approved has been revised, it is concluded that such policy provides the criteria for an adequate remuneration for the members of the Board of Directors and therefore requires no amendment.

### **IT PROPOSES**

To approve the following Remuneration Policy for the Board of Directors:

#### **PURPOSE**

To establish criteria for an adequate remuneration for the members of the Board of Directors.

#### **PRINCIPLES**

- Besides the remuneration, the Regular Shareholders' Meeting shall establish the guidelines to be followed in this regard concerning the Board of Directors and its Committees.
- The remuneration of the members of the Board of Directors shall be fixed and approved each year by the Regular Shareholders' Meeting, and it shall be the same for all members. The Meeting shall set an adequate amount or sum consistent with the duties and responsibilities of the Board members, the company's characteristics, the effective dedication, and the expertise of the Board as a collective body.
- The fees defined for each attended meeting shall be expressed in terms of Tax Value Units (*Unidad de Valor Tributario –UVT*). To determine this amount, market benchmarks from companies similar to or comparable with ISA shall be considered.

The Company assumes the following non-compensation costs:

- Travel expenses, lodging, ground transportation, delivery of information and other costs required for the Board members to properly perform their duties.
- Expenses related with training, updates and retaining of external advisors required by the Board as collective body.
- Costs related with ISA's Directors and Administrators insurance policy, which covers the liability arising upon a management act under the performance of their relevant duties."

At this time the shareholder Nelly de Vásquez expresses that *"she does not want to leave the Meeting without congratulating and paying a well-deserved homage to you for creating so much progress in this institution. The Chairman is doing it right and we are sure that you are doing things right and do not change the Board of Directors and let's continue with those reports that are well presented and that the Chairman explains with a lot of love."*

The Chairman of the Meeting subjects the proposal for Remuneration Policy for the Board of Directors to the consideration of the shareholders.

**Approval:** The General Shareholders Meeting, approves the above proposal by majority.

The following are the shareholders that blank voted:

N° OF OWNED SHARES
942
1,500

The Secretary of the Meeting read the fourteenth item in the agenda.

**14. APPROVAL OF FEES FOR BOARD MEMBERS FOR THE APRIL 2018 - MARCH 2019 PERIOD.**

The Secretary of the Meeting explained the proposal for the fees of the members of the Board of Directors for the April 2018 – March 2019 period as follows:

**THE BOARD OF DIRECTORS OF INTERCONEXIÓN ELÉCTRICA S.A. E.S.P.**

**CONSIDERING:**

1. That ISA is committed to complying with the best Corporate Governance practices, as a contributing element to generate more value, better risk management, the creation of trust among investors nationally and internationally and the approval of better finance terms due to a lower risk perception by creditors and investors.
2. That national and international standards for good corporate governance indicate that the Board of Directors must be sufficiently remunerated to compensate for their time allocation, knowledge, and expertise available to the Company as well as for the liability generated from the exercise of steering.

3. That the Remuneration Policy for the Board of Directors approved by the Ordinary Shareholder's Meeting indicates that this social body must establish an adequate remuneration for the Board members, which shall be consistent with their obligations and responsibilities, company's characteristics, their effective dedication, and comprehensive expertise, and considering benchmarks with companies similar or comparable with ISA.
4. That the Assets Committee from the Ministry of Finance and Public Credit, through guideline approved in session 50 of March 05, 2012, reaffirmed in session 54 of February 19, 2013, has established the fees for the companies' Board of Directors where the Nation has more than fifty (50%) of equity. To this end, it uses criteria such as the level of assets. For companies with the level of assets like ISA, the maximum fee is 6 current minimum legal monthly wages (SMLMV).
5. That at ISA Bylaws reform, approved at ISA Regular General Shareholders' Meeting on March 27, 2015, the items from the agenda regarding Current Minimum Legal Monthly Wages were modified to Tax Value Units (UVT abbreviation in Spanish) and therefore, this same Shareholders' Meeting approved the Board of Directors Remuneration Policy in UVTs. This has been executed in the same way for the 2016 and 2017 years at their corresponding General Shareholders' Meetings.
6. That currently the fee received by the members of ISA's Board of Directors due to their attendance to meetings and Board Committees, for the period between April 01, 2017 and March 31, 2018 is (103 UVT) equivalent to approximately 4.5 minimum legal 2017 monthly wages (SMLMV).
7. Based on the foregoing, an increase of the remuneration to the Board of Directors was proposed to match ISA's characteristics, the allocation of time, liability of its members considering the fees Board of Directors similar to ISA receive and the policy implemented by the Assets Committee from the Ministry of Finance and Public Credit.
8. That pursuant to article 187, paragraph 4 of the Trade Code, it is a function of the General Shareholders' Meeting, to establish the fees for attending Board meetings and its Committees.
9. That in compliance with the Remuneration Policy for the Board of Directors implemented by the General Shareholders' Meeting, this body will establish, among other matters, the Board of Directors' and its committees' remuneration fees.

**IT IS PROPOSED:**

To approve the payment of fees to Interconexión Eléctrica S.A. E.S.P. Board Members a sum equivalent to one hundred and forty-one Tax Value Units (141 UVT) for each Board meeting and Board Committee attended during the period of April 2018-March 2019.

The previous value in no case may exceed six (6) SMLMV, which is the ceiling set by the Assets Committee of the Ministry of Finance and Public Credit for this type of company.

The Chairman of the Meeting subjects to the consideration of the shareholders the proposal of fees for members of the Board of Directors for the April 2018 - March 2019 period.

**Approval:** The Meeting approved by majority the proposal of fees for the members of the Board of Directors for the April 2018 - March 2019 period.

The following are the shareholders that blank voted:

N° OF OWNED SHARES
942
1,500

#### 15. MISCELLANEOUS OR PROPOSALS FROM SHAREHOLDERS.

The Chairman of the Meeting asks the shareholders if there is any matter that needs to be presented for the consideration of the Meeting:

The shareholder Roberto Trujillo expresses:

*"I want to question the voting, which settle with a formula of half plus 1 or more than half."*

The secretary of the Meeting answers that *"in ISA the decisions are made by absolute majority, which means half plus one of represented shares, according to the provisions of the Meeting bylaws"*.

Then the shareholder *"suggests that the Board of Directors analyzes for next year a change in this formula so that approvals are done by votes that are more than half, except if that half is 0.5, it is rounded to the nearest whole number above and if less than 50.5 it is rounded to the nearest whole number below."*

The Chairman of the Meeting responds that *"Your recommendation is in the Minutes for the corresponding study."*

The shareholder Américo de Jesús Caro said:

*"Now dividends ended up with a partner, starting April the first Bancolombia is going to charge commission for handling the shares portfolio and I think that is exaggerated."*

The President of the Society responds that *"this situation escapes the control of ISA and we don't have influence on the banks negotiating the shares."*

The Chief Financial Officer of ISA, Carlos Alberto Rodríguez, says that *"he agrees with the response of the President of the Company and adds that this happens with all types of shares, it is not only for ISA's shares but for all shares in the market and we make available to you in our webpage the whole list of contacts in the financial sector so that you can choose other options and he finally adds that to help decreasing costs, ISA disposed paying dividends in only two payments and we are still willing to respond to additional questions."*

Then the shareholder Roberto Trujillo clarifies that the *"fee is \$29.427 plus VAT quarterly for the administration of the investment portfolio."*

The shareholder Fabio Callejas then said:

*"Today that we have the opportunity to get together we have to celebrate with happiness the 50 years and I ask you that at the end of the Meeting we take a photo of the 50 years of ISA with the board of Directors and all shareholders present here."*

The shareholder José Luis Muñoz:

*"Makes special recognition to the Board of Directors for holding the meeting in the salon Verde de Plaza Mayor as it is better located especially for those coming from the north, and asks the President of ISA what's new with Pescadero Ituango and how this project has an impact on the shares?"*

The Company's CEO responds that *"that is our most significant work in Colombia, we are working hard on that, we have challenges not only from the constructive and environmental point of view, but also because of some public order events, but we feel we are meeting the dates for one or two lines to be available so that Hidroituango can generate energy starting at the end of this year, we expect that for August or September and we have reinforced our work fronts for this to be true. Also, we have had the accompaniment of the national army and the Ministries of Environment and Culture to accelerate this works as much as possible, in fact at the beginning of this year it was declared a special national interest project – PINE."*

The shareholder Pedro Nel Ramírez said:

*"Congratulations to ISA's CEO and the Board of Directors for changing the location for the Meeting, as it is closer, and it also has better access for shareholders, hopefully the next one will be here as well."*

The shareholder José Hernández said:

*"I have been here since ISA started with the share plan, both for the first and for the second issues, I believe in this time, in this Board of Directors and they are my best representatives, always with the heads held high, I believe in the company from the beginning and until the end, it is the best there is and the best we have had"*

The shareholder Carlos Eusebio Ardila said:

*"Proposes one minute of applause for the Board of Directors and thanks the women of the Board."*

He asks *"what's the possibility to know more in-depth the environmental projects? And how Colombians from the different regions or departments or municipalities can collaborate to help in environmental projects, because we really need this in our Colombia. In fact, we heard somewhere that Medellín has problems with the air and I think that is not only Medellín but Colombia."*

He also asked if there was the possibility that the Board of Directors analyzes the administrators of our shares, so that there is a standard and there is no unconformity with the payment of dividends because it is not only Bancolombia but also BBVA."

ISA's CEO responds: *"regarding the first matter, our Conexión Jaguar program has a website which is [conexionjaguar.org](http://conexionjaguar.org) for you to check it. One of the areas where we are going to intervene is in your department, in Cimitarra, Santander. We have a very ambitious intervention plan with Conexión Jaguar. We hope to be there neutralizing a lot of carbon footprint and working to protect the jaguar, the blue-billed curassow, and the cotton-top tamarin. This program also needs to create employment opportunities for rural communities which are our north in those places. They are the ones who know the place and the ones that are going to guide us as to how to intervene; and for your second matter, through the webpage of Conexión Jaguar and our webpage, you can make suggestions as to how complement our projects. Protecting the environment is our commitment and our challenge, so any idea we receive you can be sure we are going to study carefully."*

*Third, the Financial Superintendence publishes comparative levels of banks and their commissions, so I invite you to visit their webpage and consult and check those commissions and use the fact that in Colombia there is competence in the financial sector."*

Lastly ISA's CEO expressed his gratitude and says that *"I am honored by your comments and we are committed to do our best in this company."*

The shareholder Orlando Montoya says:

*"I join the congratulations. My comments have not been to discredit the Directors or the administrators of ISA. This is our emblem company, the one best managed, the one with best dividends. Then the shareholder suggests to be kept in mind in future voting that ballots are used because applause does not identify a negative vote or a blank vote, because the applause is not enough to say that a person is a vote, because here is the number of shares and the number of votes, votes have more weight depending on the number of shares, and in that sense the decisions that were made, I assume that in good faith,*



*and I assume that were adopted by majority, would be more clear if the YES, NO and the blank vote could be identified.”*

The Chairman of the Meeting responds in the following terms: *“your proposals will be considered and given the advances in technology, check to see if in future assemblies we can establish this type of procedures so that the final voting can be verified electronically.”*

The shareholder Oscar Santiago Mesa says:

*“Last year I recommended not only to be dedicated to the environmental matters as you do, but also to sports and in the report I did not see any allusion to this, and I would like to reiterate that as a Board and administration, you should analyze the importance of allocating some resources to sports, especially in the zones with a strong influence, as that is part of the development and simultaneously we are avoiding for the youth to get involved into some things that we do not want.”*

The shareholder Hernando Castrillón asked *“Why is it that dividends for 2016 were not declared?”*.

The Chairman of the Meeting proposes to review the matter at the end of the Meeting.

Lastly, the Secretary of the Meeting wants to clarify regarding the comment about using ballots and counting the votes that *“we register the votes against or dissident votes, which can be given to the persons wearing white shirt and black pants, who will receive them to be registered in the minutes. The applause is the methodology defined in the Meeting bylaws as a methodology that signals approval, but if there is a vote against the person should raise the hand, give it to the support personnel and it will be registered in the minutes.”*

The Chairman of the Meeting says that having discussed all the items in the agenda, this meeting is adjourned and once again expresses his gratitude to shareholders and guests for their participation in this Meeting.

**CHAIRMAN**

**SANTIAGO MONTENEGRO TRUJILLO**

**COMMISSION**

**JUAN CARLOS CASTRO PADILLA**

**CAMILO BARCO MUÑOZ**

**SECRETARY**

**SONIA M. ABUCHAR ALEMÁN**