

BOARD OF DIRECTORS

PRINCIPAL MEMBERS

Ministry of Mines and Energy

Minister

Carlos Enrique Rodado Noriega

Hernán Martínez Torres

Ministry of Finance and Public Credit

Vice – Minister General

William Bruce Mac Master Rojas

Gloria Inés Cortés Arango

Isaac Yanovich Farbaiarz

Empresas Públicas de Medellín

Chief Executive Officer

Federico Restrepo Posada

Santiago Montenegro Trujillo

Luisa Fernanda Lafaurie Rivera

Orlando Cabrales Martínez

ALTERNATE MEMBERS

Ministry of Mines and Energy

Vice – Minister

Tomás González Estrada

Silvana Giaimo Chávez

Ministry of Finance and Public Credit

Legal Counsel to the Minister

Nhora Abuchar Chamie

Ministry of Finance and Public Credit

Public Credit and National
Treasury Director General

Germán Arce Zapata

Viviana Lara Castilla

Empresas Públicas de Medellín

Energy Director

Jesús Arturo Aristizábal Guevara

Jorge Hernán Cárdenas Santamaría

Luis Fernando Uribe Restrepo

Andrés Felipe Mejía Cardona

MANAGEMENT

Chief Executive Officer

Luis Fernando Alarcón Mantilla

Energy Transport Manager

Julián Cadavid Velásquez

Infrastructure Projects Manager

Guillermo Márquez Moreno

Corporate Strategy Manager

Ana Mercedes Villegas Mejía

Corporate Finance Manager

Camilo Barco Muñoz

Administrative Manager

Carlota María Nicholls Estrada

Secretary General

Natalia Martínez Villa
Juan David Bastidas Saldarriaga

Corporate Auditor

Jhon Jairo Vásquez López
John Byron Pérez Díez

Corporate Socio-Environmental Director

Martha Ruby Falla González

Corporate Image Director

Carmen Elisa Restrepo Vélez

1. Message from the Management

Messrs. Shareholders:

It is of great value for the Management to share the results of 2010, a year when the Corporation not only formalized its entrance into new business areas and markets, but also committed itself to interesting challenges that will generate value for every one of you as well as development in the countries where we have a presence.

Successful advancement in the materialization of its growth strategy has made ISA into a world-class enterprise, with a presence in Latin America's most important countries.

ISA's BHAG for the year 2016 proposes to reach USD 3,500 million of yearly revenues, of which 80% shall be generated abroad, and 20% by business other than energy transport.

Its venture in road concessions, especially through acquisition of 60% of Cintra Chile, and consolidation of INTERNEXA in the Southern Common Market, brings it closer to its goal of diversifying 20% of its revenue before the year 2016.

The outstanding position of ISA and its companies as energy carriers in Colombia, Peru and São Paulo State (Brazil), the entrance to the road concession business in Chile, and the financial strength and solidness its companies boast, allowed specialized agencies to ratify its rating of corporate risk, as well as of its domestic and international bonds issues. In 2010, ISA was assigned for the first time the investment grade by Moody's Investor Service after receiving a Baa3 issuer rating with stable outlook for both domestic and foreign currency.

Certain of its ability to meet challenges, and advancing on its sustainable growth course, ISA saw important financial achievements in 2010: consolidated operating income increase of 6.2%, reaching COP 3,500,000 million; consolidated EBITDA increase of 5%, reaching COP 2,500,000 million; and net income of COP 343,896 million, 9.2% up on 2009.

Integration of Cintra Chile and its concessionaries brought the assets of ISA and its companies to COP 25,800,000 million, with 51.4% growth, while liabilities closed at COP 14,100,000 million, 91.4% up on 2009.

Along 2010, the tenth annual commemoration of ISA's public listing, a fundamental step in its institutional consolidation process, stood out. At year closing, the Company had 51,204 shareholders, with 31.42% of shareholding in the hands of private investors. Along the decade, ISA's share appreciated by 1,559% and dividends worth over COP 1,000,000 million were paid. As of December 31, ISA's share closed at COP 14,100, 8.63% up on 2009.

1. Message from the Management

This report shows management results by business unit: Electric Energy Transport, Telecommunications Transport, Road Concessions, Markets Operation and Administration, and Construction of Infrastructure Projects.

ISA and its companies remain one of Latin America's largest transporters of electric power, thanks to their operation of a 38,989-km, high-voltage network spanning Colombia, Peru, Bolivia, and Brazil. During 2010, this network grew by 438 km of circuits, after starting commercial operation of some projects that were under construction.

In Colombia, ISA started commercial operation of Porce, at 500 kV, Cira Infantas, and Caricare substations. Additionally, it subscribed five contracts with generators, network operators, and large users to develop connection projects to the National Transmission System –STN–. It is worth highlighting that ISA's transmission network management indicators outdid the goals set for the period.

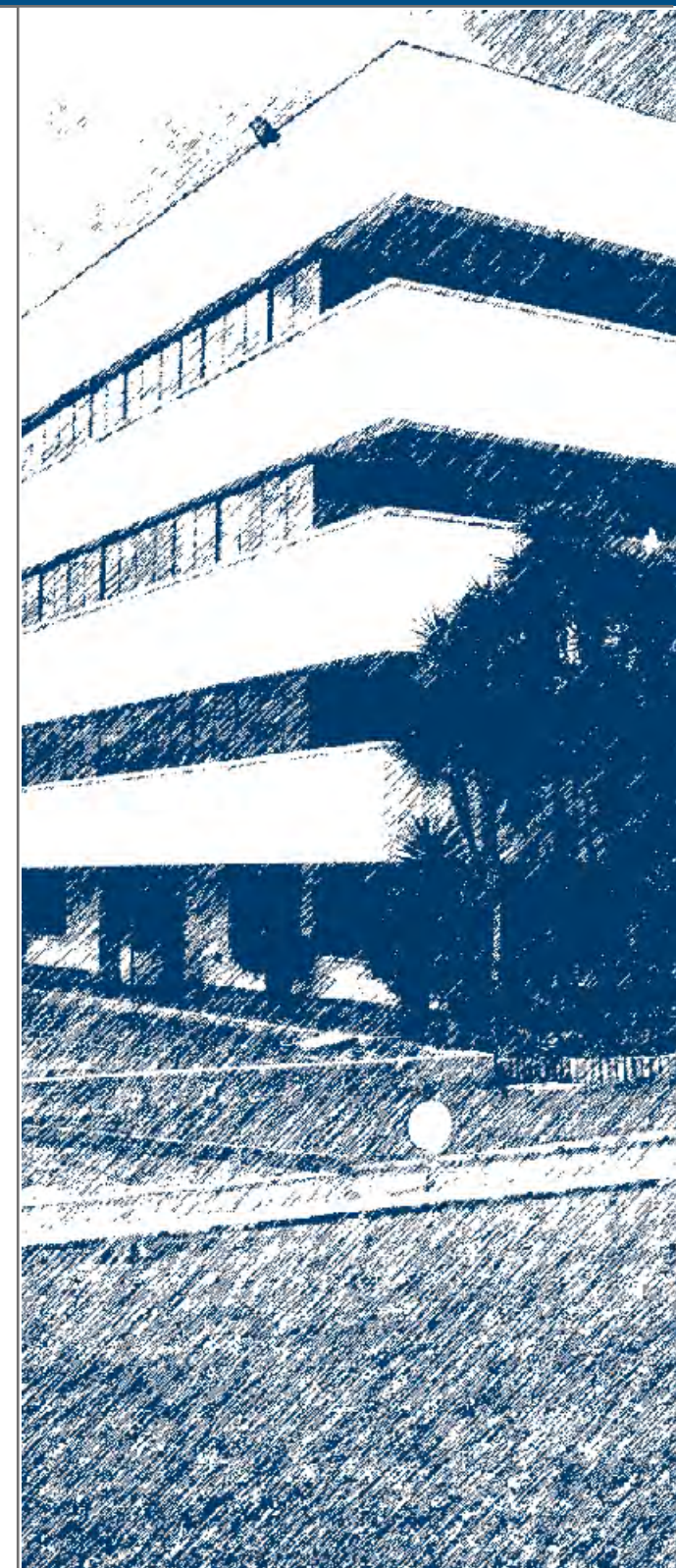
In Peru, subsidiary Transmantaro commissioned the transmission line integrating Miskimayo mine to the Peruvian electric system. Additionally, awarding of three biddings to develop the Talara–Piura, Pomacocha–Carhuamayo and Macchu Picchu–Abancay–Cotaruse projects, demanding a USD 140-million investment, meant remarkable growth. Some of these works stand as engineering challenges, given they will be built at up to 4,500-meter altitude above sea level.

In Brazil, Companhia de Transmissão de Energia Elétrica Paulista –CTEEP– integrated 281 km of transmission lines and 769 MVA of transformation capacity to the system, through reinforcements and connections in the State of São Paulo. It also acquired the remaining 40% participation in Interligação Elétrica de Minas Gerais –IEMG–, consolidating itself as owner of one hundred percent of shares.

As part of its growth strategy, CTEEP, through the investments it owns in Brazil, is currently developing construction of works demanding USD 1,350-million investment, where the HVDC line that is to connect generation from the Madeira River to Brazil's interconnected system, one of the world's most extensive line constructions underway, stands out. Additionally, Interligação Elétrica Norte o Nordeste –IENNE– (ISA's investment through CTEEP), finished construction of 720 km of lines at 500 kV.

In the Telecommunications Transport business unit, INTERNEXA started commercial operations in Chile, offering its customers optical continuity services from Caracas (Venezuela) to Concepción (Chile), based on a strong and stable network.

As a big leap in its expansion process, INTERNEXA acquired in Brazil and Argentina a network of nearly 6,000 km of telecommunications connectivity infrastructure that will consolidate ISA as the operator with the largest uninterrupted network in South America, crossing seven countries and connecting by land the Pacific and Atlantic coastlines.



1. Message from the Management

In the Road Concessions business unit, it finalized in September the acquisition of 60% of Cintra Chile, that country's main road concessionary, and the owner of five concessions totaling 907 km of highways connecting Santiago with Río Bueno, in Southern Chile. This transaction, that was to be closed by early April, was postponed due to the earthquake of February 27, while verification of the quake impact on the infrastructure and authorizations and registrations required by Spain, Colombia, and Chile proceeded to completion.

In Colombia, ISA and the National Institute of Concessions –INCO, for its Spanish initials– signed the inter-administrative agreement authorizing ISA to carry out the first stage of the Autopistas de la Montaña feasibility study. Once this stage is concluded, another shall start, where ISA must build, operate and maintain four road corridors (1,250 km) that will connect Antioquia province with the country's main roads.

As to the Markets Operation and Administration business unit, XM successfully backed up Colombia's Ministry of Mines and Energy in handling the El Niño phenomenon that severely affected the country in the first few months of 2010. Likewise, and in association with Colombian Stock Exchange, it started commercial operations of Derivex, the company managing the country's new energy derivatives negotiation system.

Additionally, XM, availing of its expertise and knowledge in operation of the National Interconnected System –SIN– and administration of the electric market, focused its growth process on new business areas, setting up as a first step an alliance with UNE EPM Telecomunicaciones and Consorcio ITS Medellín to operate the control center of Medellín Mobility Intelligent System, that will make transport in the city more efficient.

Through ISA in Colombia and Proyectos de Infraestructura del Perú –PDI– in that country, the Construction of Infrastructure Projects business unit keeps on offering integral solutions for design and construction of linear infrastructure systems for both ISA's companies and third parties. At the end of the period, it consolidated a business portfolio worth USD 833 million, representing 27% increase on 2009 (USD 658 million). Also in 2010, the Colombian Institute of Technical Standards –ICONTEC, for its Spanish initials– again certified the services delivered by ISA, under ISO 9001 standard, while in Peru, Bureau Veritas granted PDI certification under the same quality standard.

The positive balance of ISA's business units is based on an excellent organizational management that allows optimization of resources and transfer of best practices and synergies, led by a human team highly committed to performance and advancement of the companies.

1. Message from the Management

As part of its growth and internationalization process, ISA has reached an important learning level in terms of social commitment, and it understands that the sustainability vision it has been committed to must evolve to respond to new challenges inherent to a globalized world. These challenges call for integrated and systemic environmental, social and economic solutions for all business units, a challenge for which the Company has developed a new Social and Environmental Management Model that becomes an action frame for companies to materialize their commitment to sustainable development, by contributing to the principles of the Global Compact, the Millennium Development Goals, and climate change.

In accordance with this prospect, and in a bet for construction of sustainability, ISA produced its first Sustainability Report under the international methodology of Global Reporter Initiative –GRI– level B. This publication identifies material subjects that are of significance to the management, and representative for the stakeholders, to measure and communicate the main impacts.

The future has in store great challenges for ISA. In order to continue being Latin America's largest international carrier of electric power, the Company shall keep on working toward consolidated participation in those countries where it has a presence, evaluate new growth opportunities, and look for integration of regional energy markets.

INTERNEXA will go on consolidating itself as the telecommunications operator with the largest uninterrupted terrestrial network in South America. Additionally, it shall keep working on its dream of connecting telecommunications from Central to South America by assisting REDCA implement a fiber optics network for the Central American Nations' Power Interconnection System –SIEPAC–.

In order to consolidate the Road Concessions business unit, the short-term vision shall focus on integrating to ISA the recently acquired concessions in Chile, as well as concretion in Colombia of the project Autopistas de la Montaña.

In its regulated business, XM shall keep on administering and operating the Colombian power market. For growth of its non-regulated business, it shall offer diverse economic sectors the technology and expertise for operation coordination and information management of intelligent infrastructure networks, with high value added.

The Construction of Infrastructure Projects business unit shall go on leveraging implementation of linear infrastructure projects for ISA and its companies, and offering its services to third parties.

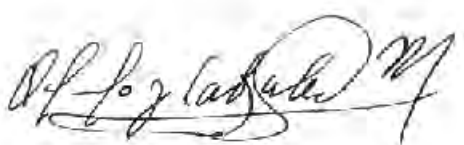
None of the achievements of 2010 would have been possible without the commitment of the associates of ISA and its companies; there is no doubt whatsoever that their individual participation was fundamental in the achievement of results. We heartedly thank all our associates in the countries where we are,

1. Message from the Management

for making corporate accomplishments possible. We are a team motivated by deeply rooted corporate values: ethics, excellence, social responsibility and innovation.

Thanks a lot to the suppliers for allowing integration of their assets and services into ISA, to the clients, for the opportunity to serve them day after day, to the shareholders and investors, for honoring the Corporation with their trust, and to the countries where we are present, for welcoming us and allowing us to participate in their development.

The Management reiterates its commitment to face with tenacity and enthusiasm the challenges that 2011 brings, and it expects results to live up to expectations.



Orlando Cabrales Martínez
Chairman of the Board of Directors



Luis Fernando Alarcón Mantilla
CEO

2. Report from ISA's Board of Directors

In compliance with the provisions of the Bylaws and the Good Governance Code, and as the Chairman of the Board of Directors of Interconexión Eléctrica S.A. E.S.P. –ISA–, I hereby present to you the following information regarding the period April 2010 – March 2011.

2.1 COMPOSITION OF ISA'S BOARD OF DIRECTORS

On March 29 of 2010, the Shareholders' Meeting designated positions and persons knowledgeable and with expertise in management, economics, engineering, finance, and public, stock market and corporate law fields, among others, to make up the Organization's Board of Directors.

Elected persons are recognized for their ethical solvency and ample professional and business experience.

Principal members:

- First seat: Minister of Mines and Energy, Carlos Enrique Rodado Noriega, who replaced Hernán Martínez Torres in August.
- Second seat: Vice-Minister General of Finance and Public Credit, William Bruce Mac Master Rojas, who replaced Gloria Inés Cortés Arango in August.
- Third seat: Isaac Yanovich Farbaizar.
- Fourth seat: CEO, Empresas Públicas de Medellín, Federico Restrepo Posada.
- Fifth seat: Santiago Montenegro Trujillo.
- Sixth seat: Luisa Fernanda Lafaurie Rivera.
- Seventh seat: Orlando Cabrales Martínez.

Alternate members, in the same order:

- Vice-Minister of Mines and Energy, Tomás González Estrada, who replaced Silvana Giaimo Chávez in August.
- Legal Counsel to the Minister of Finance and Public Credit, Nhora Abuchar Chamie

2. Report from ISA's Board of Directors

- Director General of Public Credit and National Treasury of the Ministry of Finance and Public Credit, Germán Arce Zapata, who as of August 2010 has replaced Ms. Viviana Lara Castilla.
- Energy Director, Empresas Públicas de Medellín, Jesús Arturo Aristizábal Guevara.
- Jorge Hernán Cárdenas Santamaría.
- Luis Fernando Uribe Restrepo.
- Andrés Felipe Mejía Cardona.

Except for their condition as shareholders of Orlando Cabrales Martínez, Jorge Hernán Cárdenas Santamaría and Andrés Felipe Mejía Cardona, no labor relation exists between the members of the Board of Directors and the Company, nor are there any commercial links between the Company and relatives, within the first degree of consanguinity or affinity, of the members of the Board.

The following members hold public positions in the national government, and thus have links with the State, the controlling shareholder of Interconexión Eléctrica S.A. E.S.P. –ISA–:

- Minister of Mines and Energy, Carlos Enrique Rodado Noriega.
- Vice–Minister of Mines and Energy, Tomás González Estrada.
- Vice–Minister General of Finance and Public Credit, William Bruce Mac Master Rojas.
- Legal Counsel to the Minister of Finance and Public Credit, Nhora Abuchar Chamie.
- Director General of Public Credit and National Treasury of the Ministry of Finance and Public Credit, Germán Arce Zapata.

As provided in Law 964 of 2005, Federico Restrepo Posada, Jesús Arturo Aristizábal Guevara, Santiago Montenegro Trujillo, Jorge Hernán Cárdenas Santamaría, Luisa Fernanda Lafaurie Rivera and Luis Fernando Uribe Restrepo acted as independent members of the Board of Directors.

2. Report from ISA's Board of Directors

Chairman of the Board of Directors

In session 645 of December 20, 2006, the members of the Board of Directors unanimously appointed Orlando Cabrales Martínez as Chairman of the Board.

2.2 OPERATION OF THE MEETINGS

Schedule

In its meeting 685 of November 27, 2009, the Board of Directors approved the schedule of meetings, the improvement plan, corresponding topics, and presentation periodicity for the year 2010.

Within the mentioned period, the Board met on 13 occasions, 12 of them as regular face-to-face meetings, and one, as special non face-to-face meeting.

Average length of each meeting was five hours, and as agreed by the Board, agenda items on which a decision was to be made, were considered first, followed by strategic issues and lastly by monitoring issues.

Convening

At the end of each session, the Secretary of the Meeting reminded participants of the date and place of the next meeting, and later on, no less than five days in advance, the Secretary convened in writing every principal member and his alternate.

Availability of information

The Secretary of the Meeting, no less than three days before the session, through a site at ISA's Web page created for such purpose and accessible only with a personal password, made available to the Board's members the documentation covering the topics to be dealt with at the meeting.

Additionally, at the beginning of each meeting, the Board members were handed a compact disc plus a printed copy with the information to be considered at the meeting.

All information requested by them was also delivered by the Secretary General via electronic media.

2. Report from ISA's Board of Directors

Quorum

At the beginning of the meetings and when items considered were to be approved, the Secretary of the Board of Directors verified quorum required by the Bylaws.

Even though both the principal members and their alternates are convened to and attend the Board meetings, only the principal member's vote is counted in when computing majorities required.

Agenda

At the beginning of each session, once the quorum was verified, the agenda previously disclosed to each member was submitted to the Board of Directors for approval.

Attendance

From April 2010 to March 2011, the Board meetings were attended by at least the number of members necessary to form a quorum and to decide.

Attendance by the principal members to the 13 meetings was as follows:

- Carlos Enrique Rodado Noriega, Minister of Mines and Energy: four meetings (starting August 27, 2010). Hernán Martínez Torres: five meetings.
- William Bruce Mac Master Rojas, Vice-Minister General of Finance and Public Credit: seven meetings (starting August 27, 2010). Gloria Inés Cortés Arango: five meetings.
- Isaac Yanovich Farbaiarz: 13 meetings.
- Federico Restrepo Posada: 12 meetings.
- Santiago Montenegro Trujillo: 10 meetings.
- Luisa Fernanda Lafaurie Rivera: 11 meetings.
- Orlando Cabrales Martínez: 12 meetings.

2. Report from ISA's Board of Directors

Attendance by the alternate members was as follows:

- Tomás González Estrada, Vice–Minister of Mines and Energy, eight meetings (starting August 27, 2010). Silvana Giaimo Chávez: five meetings.
- Nhora Abuchar Chamie, Legal Counsel to the Minister of Finance and Public Credit: 13 meetings.
- Germán Arce Zapata, Director General of Public Credit and National Treasury of the Ministry of Finance and Public Credit: eight meetings (starting August 27, 2010). Viviana Lara Castilla: four meetings.
- Jesús Arturo Aristizábal Guevara: 13 meetings.
- Jorge Hernán Cárdenas Santamaría: 11 meetings.
- Luis Fernando Uribe Restrepo: 12 meetings.
- Andrés Felipe Mejía Cardona: 11 meetings.

Approval of minutes

The minutes of the Board of Directors were prepared by the Board's Secretary, submitted to the Board for approval, and signed by the Chairman and the Secretary.

They are kept in consecutive order in books duly numbered by the Medellín Chamber of Commerce for Antioquia, and remain under custody at the Company's central archives.

Preparation of topics to be considered at the meetings

As recommended by the improvement plan, the Board centered efforts on strengthening the strategic focus of the meetings and on optimizing time distribution, so as to make the work more efficient. Also, it recommended higher synthesis capabilities for its presentations. The issues were studied and analyzed by each member, objectively discussed under business criteria by the full Board, and finally decided upon by consensus.

2. Report from ISA's Board of Directors

2.3 COMMITTEES OF THE BOARD OF DIRECTORS

As established by Decision 76 of May of 2009 that regulates operations of the Board of Directors, the Corporate Audit Committee, the Board and Corporate Governance Committee, and the New Business Committee operate institutionally at ISA.

Corporate Audit Committee

This Committee met six times in the period April 2010 – March 2011. Its members are Luis Fernando Uribe Restrepo, Nhora Abuchar Chamie, Jesús Arturo Aristizábal Guevara, Jorge Hernán Cárdenas Santamaría and Andrés Felipe Mejía Cardona.

It examined the Statutory Auditor's report, reports for supervision and control entities, financial statements for 2010, proposition for designation and fees of the Statutory Auditor, and approval of Corporate Audit work plan for 2011. Its recommendations refer to the improvement of controls established regarding governance, managerial, financial, technical, and IT issues.

Board and Corporate Governance Committee

This committee met four times along the period; its members are William Bruce Mac Master Rojas, Orlando Cabrales Martínez, Santiago Montenegro Trujillo and Tomás González Estrada. As part of its functions, it presented recommendations to the Board of Directors regarding variable remuneration, Ethics Code, budget, and reports to the Shareholders Meeting, among others.

New Business Committee

Its members are Luisa Fernanda Lafaurie Rivera, Orlando Cabrales Martínez, Andrés Felipe Mejía Cardona, Santiago Montenegro Trujillo, William Bruce Mac Master Rojas, Tomás González Estrada and Isaac Yanovich Farbaiarz. Its functions are analyzing investment initiatives included in ISA's growth strategy and monitoring ongoing business.

The Committee met 14 times along the period. On such occasions, the Committee analyzed the opportunities in different sectors and markets of interest to ISA, and it provided the Management with guidelines regarding those issues.

2. Report from ISA's Board of Directors

This Committee does not include those Board members who, by reason of their duties or the company or entity they work for, may have conflicts of interest, arising from the business being analyzed or monitored.

2.4 REMUNERATION

The Board of Directors' members have received the remuneration set by the Shareholders' Meeting for attending the Board and Committee meetings established at three monthly statutory minimum wages per meeting.

2.5 CONFLICTS OF INTEREST

Whenever the Board members considered that conflicts of interest could have arisen regarding some specific matter under discussion, they expressed so to the other members, and abstained from participating in discussion and decision-making, exiting the premises where the Board met to consider and vote the issue.

2.6 RELATIONS OF THE BOARD OF DIRECTORS WITH ISA'S COMPANIES

In order to do a better job as parent company's administrators, some of the members of ISA's Board of Directors participate in the boards of subordinated companies.

2.7 SELF-EVALUATION OF THE BOARD OF DIRECTORS

Board of Directors members conducted qualitative self-evaluation, by means of a questionnaire developed for such purpose. Information was gathered between January 28 and February 18 of 2011 using a 14-person sample equivalent to 100% of the Board's principal and alternate members.

The issues were assessed through the Top Two Boxes methodology, which considers the score obtained according to the number of answers in the excellent-to-very-good scale. Results were as follows:

- Individual performance of Board members: 92.5%
- Group performance: 80.4%
- Performance and participation of management: 77%

2. Report from ISA's Board of Directors

Standing out among the Board of Directors' strengths are teamwork, debate independence for its decisions and its sense of belonging into the Company.

So as to optimize the work of the Board of Directors with respect to the new challenges ISA faces, emphasis will be given to those strategic topics whose size and impact call for special follow-up.

Besides its self-evaluation, the Board was rated according to the results of the indicators of the corporate integral and top level management charts. Taking into account the weights per perspective, objective and indicator, compliance with the corporate integral management chart was 77.9%, and compliance with top level chart was 72.8%, above the lower goal.

Finally, I inform Messrs. Shareholders that each and every member of the Board of Directors has contributed their knowledge, experience, dedication, and positive critical attitude to the growth and sustainability of Interconexión Eléctrica S.A. E.S.P. –ISA–.



Orlando Cabrales Martínez
Chairman of the Board of Directors

3. Report on Compliance with and Advancement of the Good Governance Code

In compliance with the provisions contained in the Bylaws and the Code of Good Governance, in my capacity as Chairman of the Board of Directors, and on behalf of the Chief Executive Officer, I present the following report:

3.1 SHAREHOLDERS' MEETING

The notice for the Regular Shareholders' Meeting of March 29 of 2010 was published in two newspapers of wide national circulation.

Likewise, on March 28TH, in national-circulation newspapers, the Company reminded shareholders of the date set for the meeting and published information regarding representation by proxy for the meetings.

Concurrently, ISA posted on the Company's Web page, the meeting convening notice, the agenda, and the propositions to be considered therein. Additionally, it published the ticket for the Board of Directors as well as the résumés of candidates that the State, as controlling shareholder, presented to the consideration of the meeting.

Quorum was present at the meeting as required by Law, the issues approved in the agenda were presented to the consideration of shareholders, and the meeting was broadcast live via Internet streaming.

For information of shareholders, abstracts of minutes 99 corresponding to the regular meeting held on March 29 of 2010 were posted on the Company's Web page.

The minutes were signed by the meetings' Chairman and Secretary as well as by the respective commission, and included the issues presented, the approvals and authorizations granted, and the observations made by the shareholders. The minutes were filed with the chamber of commerce and copies thereof were sent to the Colombian Financial Superintendency and to the Superintendency of Domiciliary Public Utilities.

3.2 THE ADMINISTRATION

The Shareholders' Meeting of March 29 elected the Board of Directors for the April 2010 – March 2011 period. All members designated expressed their acceptance in writing, a fact that was also filed with the chamber of commerce of the Corporation's domicile.

The report on the operation of the Board of Directors, also submitted to the Shareholders' Meeting, recounts the Board's meetings held, members' attendance and self-evaluation of the Board.

3. Report on Compliance with and Advancement of the Good Governance Code

According to the Bylaws, the Chief Executive Officer, the area managers, the deputy managers and the directors are part of the administration, and all of them, through strategic direction of their respective areas and execution of different activities, contribute to achieve the Company's goals.

The Chief Executive Officer is evaluated according to the results of the three level indicators of the corporate integral management chart, namely, corporate, top and first.

Taking into account the weights per perspective, objective and indicator, compliance with the corporate integral management chart was 77.9%, compliance with top level was 72.8%, and compliance with first level indicator was 81.1%, above the lower goal.

The Board of Directors expresses its recognition to the Chief Executive Officer, Luis Fernando Alarcón Mantilla, for his outstanding work, and its satisfaction for the work carried out along 2010.

Area managers, deputy managers, directors and other Company workers are evaluated according to the indicators established in the integral management chart that corresponds to their respective level. Results are disclosed inside the Organization and used to prepare the improvement plan for the next period.

To negotiate shares of ISA, administrators must have authorization from the Board of Directors, as provided in Decision 60 of 2006 of the Board of Directors. During the period, no authorization to purchase or sell shares was requested by any member of the Board of Directors.

ISA does not use special mechanisms for payment or remuneration in shares to employees and managers.

Through the Web page, Corporate Governance section, Messrs. Shareholders can get information about the professional qualifications and experience of the Company's managers.

3.3 CONTROL

The Company, along its continued inspection and control process, answered efficiently and timely the requests for information and/or documents presented by government control bodies and it obtained ratings from authorized firms.

External control bodies

National General Accounting Office: The Company presented six reports regarding accounting information and non-performing debtors.

3. Report on Compliance with and Advancement of the Good Governance Code

National General Auditing Office: 38 reports related to rendering of accounts, advancement of improvement plans; information for the Debt Unified Statistics System –SEUD, for its Spanish initials–; information regarding cash budget for the Fiscal Statistics Information System –SIDEF, for its Spanish initials–; monthly reports for the State Procurement Information System –SICE, for its Spanish initials– regarding contracts subscribed along the previous month, and quarterly reports on investment and operation budgets.

Colombian Financial Superintendency: 18 reports on bond underwriting, pre-and-post–Shareholders’ Meeting information, accounting information and financial information. Besides, 81 information pieces of relevant information of the Company were published.

Superintendency of Domiciliary Public Utilities –SSPD, for its Spanish initials–: 17 reports with general information to update the Single Register of Public Utilities Providers –RUPS, for its Spanish initials–; financial, administrative, commercial and accounting information; investment in infrastructure; electricity-related accidents; and information related to the Shareholders’ Meeting.

Ministry of Finance and Public Credit: For reports about the Company’s shareholding structure. Public Function Administrative Department –DAFP, for its Spanish initials: 12 reports on personnel hired under services and consulting contracts.

National Statistics Administrative Department –DANE, for its Spanish initials–: Four reports on quarterly and annual services import and export survey.

External Auditor for Results Management: AGN Jiménez & Asociados acted as ISA’s External Auditor for the period 2009–2010. Its report issued on March 15th of 2010 and published in the national newspapers on May 16th of the same year, stated that: the internal control system effectively complied with the control goals set; the Company’s risk level is low; the Company’s methodology to identify and administer risks is adequate; and no situations were observed indicating the existence of financial viability problems. Said report was presented to the Superintendency of Domiciliary Public Utilities.

Statutory Auditor: Ernest & Young Audit Ltda., statutory auditors for the April 1, 2010 – March 31, 2011 fiscal period, carried out the statutory audit of ISA, based on the information and documentation requested according to their duties. Their recommendations have been analyzed and the measures suggested by them have been taken. In compliance with its legal duties, the firm will present to the Shareholders’ Meeting a report on the Corporation’s management and financial statements.

3. Report on Compliance with and Advancement of the Good Governance Code

Chamber of Commerce: Along the period, the financial statements were filed, the Mercantile Register and Single Roster of Proponents were renewed, the minutes of the Shareholders' Meeting were filed, as were appointment and acceptance of the Board of Directors' members, statutory auditor and alternate legal representatives. Also, ISA's shareholding participation in its companies was updated.

Credit ratings

FitchRatings de Colombia ratified the AAA rating, stable outlook, for ISA's third bond issue and the domestic debt bond program. In the same manner, Standard & Poor's upheld its BB+ rating, stable outlook, for ISA's long-term corporate credit in foreign and local currency (equal to the Republic of Colombia's sovereign ceiling).

In 2010, ISA was assigned the investment grade by Moody's Investor Service after receiving a Baa3 issuer rating with stable outlook for both domestic and foreign currency. Likewise, Fitch Ratings assigned it a BBB issuer rating with stable outlook for both local and domestic currency.

It is important to add that no requests for special audits were made by shareholders or investors during the period and no investigations that compromised ISA were conducted by control and inspection entities.

The Statutory Auditor's report, the External Auditor's opinion and the ratings of risk rating agencies are published on the Company's Web page (www.isa.com.co) for information of shareholders and investors.

Internal control bodies

Corporate Audit Committee: Along the April 2010 – March 2011 period, the committee met six times. It examined the Statutory Auditor's report, reports for supervision and control entities, financial statements for 2010, proposition for designation and fees of the Statutory Auditor, and approval of Corporate Audit work plan for 2011.

The Corporate Audit carried out 14 evaluations, in areas like: database vulnerability, SAP information system security, IT outsourcing, communications protocol, maintenance crossed evaluation, line maintenance, administrative and financial evaluation, compliance with the Code of Good Governance, per diems, payroll, procurement evaluation, taxation processes, management of property, plant and equipment, evaluation of contingencies and litigations. Its recommendations refer to the improvement of controls established regarding governance, managerial, financial, technical, and IT issues.

3. Report on Compliance with and Advancement of the Good Governance Code

Control instruments

Instruments implemented in the Company such as the integral management chart, development plan, budget, application for improvement plan monitoring, permit controlling the Company's day-to-day activities.

3.4 STAKEHOLDERS

In its Web page, ISA publishes its commitment to each stakeholder together with the Sustainability Report that details compliance with each commitment, as well as news and facts of relevance for each group.

Below is an account of issues related to shareholders and suppliers.

Shareholders

As of December 31, 2010, ISA had 1,107,677,894 outstanding shares held by 51,204 shareholders, as follows:

Shareholding		
Shareholders	Shares	%
State investors	682,078,108	61.58
The State	569,472,561	51.41
Empresas Públicas de Medellín	112,605,547	10.17
Public and private capital investors	77,577,007	7.00
ECOPETROL	58,925,480	5.32
Empresa de Energía de Bogotá	18,448,050	1.67
Empresa de Energía del Pacífico	203,477	0.02
Private investors	348,022,779	31.42
Institutional investors	210,447,090	19.00
Individuals	93,621,269	8.45
Legal persons	21,699,213	1.96
Foreign investment funds	20,658,682	1.87
ISA ADR Program	1,596,525	0.14
Outstanding subscribed and paid capital	1,107,677,894	100.00

3. Report on Compliance with and Advancement of the Good Governance Code

Relations with shareholders and investors

Along the period, the shareholders' information center reached 98% service level with 35,601 contacts: Service level dispatched by the Shareholder's Attention Line was 94.4%, with 32,080 calls, and the line's quality obtained 4.79 rating, equivalent to "excellent", in the Quality Service Audit.

In order to keep trust relations based on timely and reliable information supply, ISA carried out the following activities:

- The Chief Executive Officer presented the management and results report at six meetings held with stockbrokers in Bogotá, Cali and Medellín.
- The Company received about 50 visits from international investors, participated in six events, and held quarterly tele-conferences with investors.
- Two shareholders' newsletters were issued and delivered; these publications are available in the Web page, investors section. In compliance with fiscal regulations, 22,427 certifications were delivered.
- ISA made available an electronic consultation mechanism in its Web page, for information regarding the value of the investment, through account statements.



3. Report on Compliance with and Advancement of the Good Governance Code

Dividend policy

On March 29, 2010, ISA's Shareholders' Meeting approved the appropriation and distribution of earnings of the year 2009, which meant distribution of earnings and reserves totaling COP 177,228 million to pay dividends of COP 160 per share. Payment took place in four quarterly installments of COP 40 each on April 19, July 19, and October 19 of 2010 and January 27 of 2011.

Suppliers

In the year 2010, ISA signed 1,240 contracts worth COP 174,239 million, excluding VAT.

Of the 104 notices published on the Web page related to procurement of goods and services, 71 correspond to the energy transport service and 33 to goods and services for the corporation in general.

At e-mail boxes contratacionweb@isa.com.co and proveedores@isa.com.co, 2,354 inquiries were received, most of them requesting information for contract process.

3.5 RELATIONS WITH THE CONTROLLING SHAREHOLDER

ISA and the State, its controlling shareholder, have subscribed the following agreements:

Inter-administrative agreement FAER-033-ISA4000744 between the State-Ministry of Mines and Energy and ISA, for general administration and execution of the project to construct medium- and low-voltage distribution grids in rural areas of the Majagual, San Marcos, Caimito, Sucre and Guaranda municipalities, province of Sucre, signed on October 23, 2008 for COP 33,243 million.

Inter-administrative agreement GSA-57-2009-ISA4000763 between the State-Ministry of Mines and Energy and ISA, for general administration and execution of FAZNI funds to construct the 115 kV Popayan-Guapi line and associated substations, signed on October 13, 2009 for COP 210,832 million.

MITU/FEN- ISA-05/2010, Trust Agreement between Financiera Eléctrica Nacional -FEN- (an entity ascribed to the Ministry of Mines and Energy), and ISA, to construct the 34.5-kV electrical interconnection between Mitú micro power plant and the 34.5/13.8-kV substation, subscribed on December 23 of 2010, for COP 10,193 million.

3. Report on Compliance with and Advancement of the Good Governance Code

The State, represented by National Institute of Concessions –INCO, for its Spanish initials–, and ISA, subscribed in Medellín, on January 28, 2010, the Inter-administrative agreement to develop the Autopistas de la Montaña Project. This document binds ISA to execute the engineering, environmental, traffic, legal and financial studies.

3.6 RISKS

ISA gives compliance to the Integral Risk Management Policy through the systematic application of the stages of identification, assessment, handling, monitoring, consolidation, communications and disclosure of its risks, and through report of its management's results to respective instances.

In 2010, a risk map was built for ISA and its companies, identifying as the most significant risks in terms of probability and severity of consequences, the growth, sociopolitical, natural phenomena, human or procedural error, contract default, legal and regulatory risks.

In the Web page as well as in number 10.2 of this report, the Company has published its updated risk map, revealing the most important aspects of risk management.

Additionally, ISA coordinates with its affiliates and subsidiaries the implementation of integral risk management cycle, and follows up updating and management improvement of risk maps.

3.7 INFORMATION DISCLOSED TO THE PUBLIC

Since its creation, ISA's Web page informs the public about the Company's events:

- Acquisition and establishment of companies.
- Share value.
- Changes in the management.
- Convening of shareholders' meetings.
- Highlights.
- Quarterly financial results.

3. Report on Compliance with and Advancement of the Good Governance Code

On the page, investors were able to find during the year ISA's individual and consolidated financial results (those presented to the Board of Directors), debt reports and guarantees granted, reports to the United States Security and Exchange Commission –SEC–, shareholding structure, dividend payment dates, attacks on the electricity towers, ongoing projects, reports from the Statutory Auditor, Board of Directors' composition and relevant decisions, and reports from risk-rating agencies.

Financial information thus disclosed, both in Spanish and in English, is updated every quarter, and is the same that is presented to the Board of Directors. It is compiled and processed according to the professional principles, criteria and practices used in the preparation of financial statements, and it is as reliable.

Information not posted on the Web page can be requested in writing to the Chief Executive Officer, stating the pertinent reasons and purpose. The Manager's refusal to disclose information can be brought to the consideration of the Board of Directors. No refusal of information was brought to the consideration of the Board of Directors in the period between April 2011 and March 2012.

It must be taken into account that reserved or confidential information, or information posing a risk to the Corporation's business, or affecting third parties' rights, shall not be disclosed by ISA.

3.8 COMPLIANCE WITH THE GOOD GOVERNANCE CODE

No Code reform took place along the period, and follow-up of its compliance was conducted through the verification mechanism. The information supplied on the Web page, the reports to supervision and control bodies, the Code's verification mechanism reports, the reports to the Board of Directors on compliance with the Code, and the other control instruments constitute the central axis for verification of the Code.

Annual audits by the Corporate Audit Office and the Statutory Auditor on compliance with the Good Governance Code facilitate its monitoring and control. During the period, one audit was conducted producing no findings of non-compliance with the Code's commitments.

Also, no breach of the Good Governance Code was reported through any of the telephone lines and mailboxes available to the shareholders or the general public. Telephone numbers for communication:

ISA's Toll-Free Line for Suggestions and Claims: 01 8000 941341

3. Report on Compliance with and Advancement of the Good Governance Code

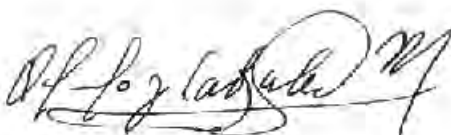
Toll-Free line for shareholder attention:

Nationwide: 01 8000 115000

From Medellín: 57 (4) 3602472

It must be pointed out that in addition to the above instances, the Colombian Financial Superintendency is also available to shareholders, especially minority shareholders. This entity has power to implement measures to avoid human rights violations, and ensure the return to balance, and the principle of equal treatment of every shareholder.

Thank you very much,



Orlando Cabrales Martínez
Chairman of the Board of Directors



Luis Fernando Alarcón Mantilla
CEO

4. About us

4.1 ISA AND ITS BUSINESS UNITS

Directly and through its affiliates and subsidiaries, ISA executes important projects in linear infrastructure systems that enhance continental development. For such purpose, its activities are focused on the businesses of Electric Energy Transport, Telecommunications Transport, Road Concessions, Markets Operation and Administration, and Construction of Infrastructure Projects.

ISA's linear infrastructure systems stretch from city to city, country to country, and point to point, contributing to the advancement of the peoples of Colombia, Brazil, Peru, Chile, Bolivia, Ecuador, Argentina, Panama and Central America.

Electric Energy Transport

ISA expands, operates and maintains high-voltage energy transmission systems, for which it has: in Colombia its companies ISA and TRANSELCA; in Perú, ISA Peru, Red de Energía del Perú –REP– and Consorcio TransMantaro –CTM–; in Bolivia, ISA Bolivia; and in Brasil affiliates Companhia de Transmissão de Energia Elétrica Paulista –CTEEP– (acquired through its investment vehicle ISA Capital do Brasil), Interligação Elétrica Pinheiros, Interligação Elétrica Serra do Japi and Interligação Elétrica de Minas Gerais –IEMG–.

CTEEP, together with other regional partners, has in Brazil investments in the companies Interligação Elétrica Norte Nordeste –IENNE–, Interligação Elétrica Sul –IESUL– and Interligação Elétrica do Madeira –IEMadeira–.

Additionally, ISA owns 11.11% stock participation in Empresa Propietaria de la Red –EPR–, currently constructing the Electric Interconnection System for Central America –SIEPAC–, and shares with Empresa de Transmisión Eléctrica S.A. –ETESA– (Panamá), the ownership of Interconexión Eléctrica Colombia–Panamá –ICP–.

Thanks to the 38,989 km of high-voltage circuit operated by them, ISA and its companies are recognized today as one of the largest international transporters of energy in Latin America.

Telecommunications Transport

Through its subsidiary INTERNEXA, ISA moves signals connecting two or more locations, through telecommunications infrastructure connectivity based on fiber optics, satellite transmission and microwave supporting networks.

4. About us

Through integration of its networks in Colombia with that of TRANSNEXA, its subsidiary in Ecuador, INTERNEXA, both in Chile and Peru, and with networks in other countries, is creating the region's Grand Network that allows it to offer an ever more important services portfolio in Internet transport, connections and access.

As carrier of carriers, INTERNEXA has access to a 12,029-km fiber optics network integrating Colombia, Ecuador, Peru, Chile and Venezuela; and in the near future, it will consolidate as the telecommunications operator with the largest uninterrupted terrestrial network in South America, after acquiring 6,000 km of fiber optics in Brazil and Argentina.

Additionally, ISA has 11.11% stake in REDCA, the company in charge of administering the fiber optics assets of the SIEPAC Project.

Road Concessions

In accordance with its strategic direction, ISA has entered this business, strengthened by a series of competencies related to its knowledge of linear infrastructure systems, with which it will soon be able to operate around 2,158 km of highways, a meaningful figure in terms of road infrastructure in Latin America.

At the end of 2010, ISA formalized its venture into this business after formalizing an agreement with Spanish Cintra Infraestructuras to acquire 60% of the interest such company held in Cintra Chile Ltda., the main operator of the Chilean road sector with 907 km of highways in Ruta 5 Sur. This infrastructure is operated by concessionaries Autopista del Maipo, Talca – Chillán, Ruta del Bosque, Ruta de la Araucanía and Ruta de los Ríos. In order to carry out this purchase, it created the investment vehicle ISA Inversiones Chile.

Meanwhile in Colombia, the Company is preparing feasibility studies for the Autopistas de la Montaña Project, consisting of four road corridors totaling 1,251 km, being executed under an inter-administrative contract between ISA and the National Institute of Concessions –INCO, for its Spanish initials–. So as to conduct pre-operative activities in relation to this project, ISA established the subsidiary Autopistas de la Montaña in January of 2011.

4. About us

Market Operation and Administration

XM, Compañía de Expertos en Mercados, is in charge, in Colombia, of the operation of the National Interconnected System –SIN–, the administration of the Wholesale Energy Market –MEM–, and the administration of the International Electricity Transactions –TIE– with Ecuador.

In 2010, XM and the Colombian Stock Exchange started operations of Derivex, the company managing the new energy derivatives negotiation system in Colombia.

Thanks to its soundness and expertise in operation of the power system and administration of the electricity market, XM is able to offer technology and knowledge to several economic sectors for operation coordination and information management of intelligent infrastructure networks, with high value added. Accordingly, XM, UNE EPM Telecomunicaciones and Consorcio ITS Medellín, signed an administrative alliance to operate the control center of Medellín's Intelligent Mobility System –SIMM, for its Spanish initials– so as to administer traffic photo tickets, a closed television circuit, a variable messages board and all other equipment needed to make more efficient the response time of the City's Transport Secretary.

Construction of Infrastructure Projects

ISA offers its affiliates, subsidiaries and third parties customized integral solutions for energy transmission lines and substations, and assembly of fiber optic cables.

This business is carried out in Colombia through ISA, and in Peru, through Proyectos de Infraestructura del Perú –PDI–.

4.2 WHERE WE ARE HEADED

ISA defined a Big Hairy Audacious Goal –BHAG– that leads the acts of its affiliates in their permanent adding of value. This BHAG is to lead both decision-making and motivation for day-to-day actions.

By the year 2016, ISA will have become a business conglomerate with expected revenues of USD 3.5 billion, 80% of which will be generated outside of Colombia.

- ISA will be recognized among the first three electric energy transporters of America, and Latin America's largest by consolidating its platforms in Brazil and the Andean region, and by being a relevant player in other countries.

4. About us

- ISA will be present in 50% of power exchanges among Latin American countries' electric systems, through its own assets, or systems operated by it.
- At least 20% of its revenues will come from businesses other than electric power transport.
- It will have entered other related business areas, like gas transport and other linear infrastructure systems.
- In addition to being the Andean Region's main data carrier, it will have developed energy futures markets in Colombia and other countries.

ISA's strategy is focused on the search of new business opportunities in the region shored up by market, sector and currency diversification, margin increases resulting from efficient operation, a sound capital structure, and constructive relations with regulators.



4. About us

The Company bets on orderly growth as well as venture into sectors where it considers possible to develop competitive advantages. The strategy considers the growth and consolidation of current business areas, while at the same time proposes venturing into new business areas that guarantee profitability, so as to generate value for the shareholders.

ISA is well aware of the fact that only an ethical corporate stance that triggers creation of economic, social, and environmental value can lead to growth. Along this route, it is daily driven by its values of ethics, excellence, innovation, and social responsibility, which are quintessential to the beliefs and endeavors that make its *raison d'être* viable.

4.3 CORPORATE VALUES

ISA and its companies work firmly on construction of an organizational culture where values, as pillars affirming its corporate identity, serve as the guide to achieve the Organization's success.

The corporate values defined for ISA and its companies identify their will to be and to do, bolster their trust and credibility, their form of behavior, and the way they want to achieve recognition. They are:

- **Ethics:** Moral character of the Company's acts as long as they are aimed toward individual or collective benefit. Ethical thinking results in transparent attitudes and actions.
- **Social Responsibility:** Commitment to looking for improved standards of living for its employees and their families, the environment, and society in general.
- **Innovation:** Introduction of new aspects in the companies and their services, so as to help achievement of goals.
- **Excellence:** Compliance with the quality standards for service delivery that set us apart from our competitors.

4.4 CODE OF ETHICS

Since its inception, ISA has based its culture on ethical principles grounded on adoption of honest, constructive, suitable and socially responsible conduct that promotes its corporate permanence and contribution to the sustainable development of the regions where it operates.

4. About us

In this scenario, ethics is recognized as the value of values that defines the global character of the Organization, generates trust among stakeholders, and is identified as the intrinsic trait of managers, directive staff, and associates.

Decisions made routinely by ISA and its companies affect those among its stakeholders (shareholders, associates, suppliers, customers, society, and state), which implies relations based on values, policies and commitments strengthening corporate culture and institutional coherence.

ISA pursues ever more demanding and ambitious goals, for which it develops its practices on diverse, challenging and novel contexts that call for the utmost solid set of values as the core and frame buttressing its decisions.

The Company, well aware of the permanent transformation of its setting as well as the immense challenges of its growth process, permanently reviews its frame of action. As part of this permanent reviewing process, it developed with its companies a new Corporate Code of Ethics, a document approved by the Board of Directors in November of 2010.

This Code, to be officially introduced in April of 2011, is the result of an ample consultation process among companies and their associates, and it served as the material for construction of a text structured by stakeholders, and divided by ethical guidelines, constituting tools for decision-making in the face of conflict and dilemma. These guidelines hinge on transparent information, relation principles, equitable treatment, and strict compliance with rules and commitments.

This Code is expected to be the guiding reference for its associates and other stakeholders, as well as the pillar for coherent decision-making, on pair with an ever more challenging and demanding context, and also the instrument for unswerving trust and definition of the global character for the Organization.

The text of this new Ethics Code is part of this Annual Report, and as of April of 2011, those interested will be able to access it by visiting www.isa.com.co

5. Electric Energy Transport Business Unit

Electric energy transport is fundamental for having an energy market; it is the meeting point between generation and demand and is the way to perform electric energy interchanges.

ISA and its companies are one of the largest international transporters of electric energy in Latin America with a network of 38,989 km of high-voltage transmission circuits in Colombia, Peru, Bolivia and Brazil and to its international interconnections between Venezuela and Colombia, Colombia and Ecuador, and Ecuador and Peru.

5.1 GROWTH

5.1.1 Projects starting commercial operation

During 2010, the electric energy transport grid of ISA and its companies expanded by 438 km of circuits and by 986 MVA of transformation capacity, due to the starting of commercial operation of projects that were in construction phase:

Colombia: ISA commissioned the 500 kV Porce substation and associated works (UPME 01 of 2007) that will connect Porce III hydroelectric plant (600 MW), owned by Empresas Públicas de Medellín, to the National Transmission System –STN–. Additionally, the 230/34.5 kV connection substations La Cira Infantas in Norte de Santander province and 34.5 kV Caricare in Arauca province were commissioned during 2010.

Peru: Subsidiary Transmantaro commissioned the 138 kV transmission line (41km) integrating Miskimayo mine to the Peruvian electric system.

Brazil: Affiliate Companhia de Transmissão de Energia Elétrica Paulista –CTEEP– integrated 281 km of transmission lines and 769 MVA of transformation capacity to the Brazilian electric system, through reinforcements and connections in the state of São Paulo.

Additionally, CTEEP acquired the remaining 40% of shares of Interligação Elétrica de Minas Gerais –IEMG–, consolidating CTEEP as 100% owner of total shares.

Commissioning these projects allows ISA and its companies to consolidate an important share, measured by revenue, in electric transport systems in each of the countries where ISA is present.

5. Electric Energy Transport Business Unit

Electric infrastructure in operation

Country	Colombia		Peru			Bolivia	Brazil		Total
Revenue particip. by country	81%		82%			34%	16%		
Company	ISA	TRANSELCA	REP	TransMantaro	ISA Peru	ISA Bolivia	CTEEP	IEMG	
Transmission (km of circuit)	10,115	1,547	5,837	1,369	393	588	18,968	172	38,989
Transformation (MVA)	12,811	2,843	1,878	338	235	370	43,992		62,467

On the other hand, some of the companies where ISA has stakes, commissioned nearly 900 km of transmission circuits (Empresa Propietaria de la Red –EPR– in Central America and Interligação Elétrica Norte o Nordeste –IENNE– in Brazil).

EPR commissioned during 2010 the first section of the network integrating the Central American Nations' Power Interconnection System –SIEPAC, for its Spanish initials–. This 178 km stretch belongs to the 230 kV transmission line interconnecting Rio Claro (Costa Rica) and Veladero (Panama) substations. During 2011 the remaining sections will be progressively commissioned in order to interconnect the six nations, adding up 1,800 km of the complete project.

In turn, IENNE, ISA subordinate through CTEEP (25% participation), entered into commercial operation by commissioning 720 km of transmission lines at 500 kV in Tocantins and Piauí states.

5.1.2 New project and projects under development

In order to keep their leadership as electric energy transporter and to consolidate their position in Latin America, ISA and its companies take part in bid processes endorsed by national governments, promote the connection to the grid of generation utilities, distribution utilities and large consumers, and work with different country's regulators the way to expand and strengthen existing grids.

5. Electric Energy Transport Business Unit

As a result of their endeavors, ISA and its companies are working in Colombia, Peru and Brazil on the design and construction of nearly 5,047 km of high-voltage circuits and the installation of 16,818 MVA of transformation capacity. These projects will demand investments of nearly USD 2.1 billion.

Electric infrastructure under development

Country	Colombia	Peru		Brazil		Total
Investment (approx.) USD million	50	700		1,350		2,100
Company	ISA	REP	TransMantaro	CTEEP	Other companies (*)	
Transmission (km of circuit)	24	398	1,746	296	2,584	5,047
Transformation (MVA)	75	468	3,645	1,380	11,250	16,818

(*) *Interligação Elétrica Pinheiros, Interligação Elétrica Serra do Japi, Interligação Elétrica Sul –IESUL– and Interligação Elétrica do Madeira –IEMadeira–.*

Colombia: ISA and Transelca signed five contracts with generators, network operators and big consumers in order to develop connection projects to the STN.

Perú: ISA reached its largest growth in 2010 in this country, where it won three international public bids in order to design, finance, build, operate and maintain for 30 years a series of works that will be under subsidiary TransMantaro's responsibility:

- The 220 kV transmission line (104 km) between Talara and Piura (Piura province) will reinforce the electric system in the Northern region in order to improve demand supply, which is rapidly growing due to large mining projects in the area. The project will generate estimated annual revenues of USD 2.3 million.
- The 220 kV single-circuit transmission line (106 km) from Pomacocha (Huancavelica province) to Carhuamayo (Junin province), and its associated substations, will increase transmission capacity in the Central and Northern regions of SEIN, offering improved safety to the system and allowing to supply the foreseen demand increase and improve the reliability level of supply. The project will generate estimated annual revenues of USD 2.4 million.

5. Electric Energy Transport Business Unit

- The 220 kV transmission line (204 km) Machupicchu – Abancay – Cotaruse, the 220 kV transmission line (198 km) Suriray – Cotaruse and the expansion and building of associated substations, will help to reinforce the National Interconnected Electric System –SEIN, for its Spanish initials–, allowing transmitting, with improved reliability, energy from the new generation projects in the southern region to the demand centers. Works will be built at altitudes ranging from 1,800 meters above sea level in the Machupicchu area to 4,500 meters near Cotaruse and Abancay substations. The project will generate estimated annual revenues of USD 9.8 million.

Subsidiary Transmantaro signed transmission service contracts with two generators in order to connect their plants to Chilca substation.

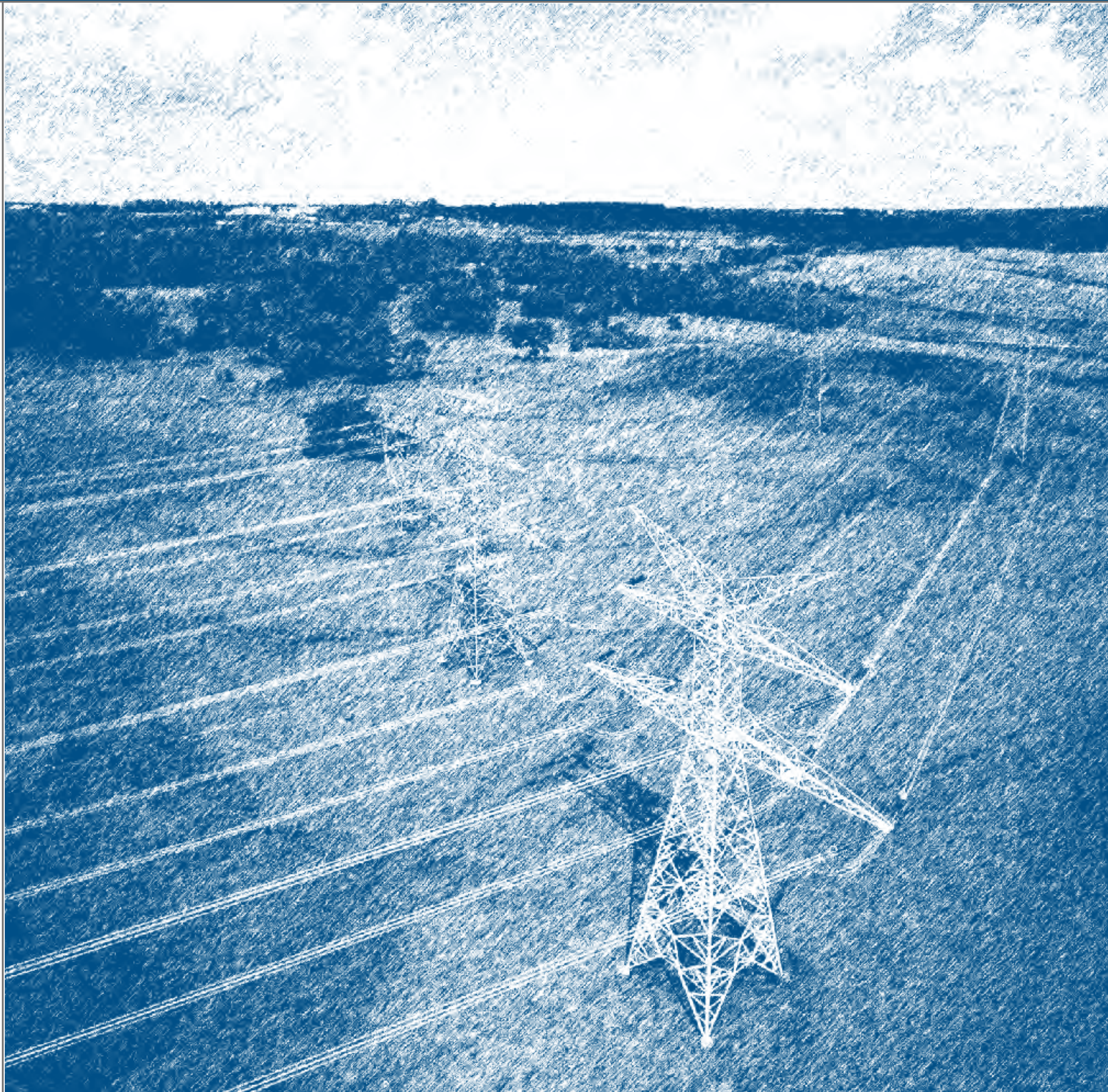
Additionally, REP and Peru's Ministry of Energy and Mines signed agreements to expand and reinforce the transmission network. Works will include 398 km of circuits and 470 MVA of transforming capacity.

Brazil: CTEEP negotiated with the Agência Nacional de Energia Elétrica –ANEEL– a series of substation expansions aiming to reinforce the state of São Paulo transforming network. Works will include 394 MVA of transforming capacity.

Additionally, CTEEP, through their investments in Brazil, is constructing works worth USD 1.35 billion. The main projects are:

- Building 198 km of circuits and 3,550 MVA in seven substations that will help to expand the transforming capacity of several regions in the country. Works to be built in the state of São Paulo will be the responsibility of Interligação Elétrica Pinheiros –IEPinheiros–, while works in Rio Grande do Sul and Santa Catarina states will be done by Interligação Elétrica Sul –IESUL–. Commissioning of the projects is scheduled for 2011.
- Building of Jandira and Salto substations at 440 kV in São Paulo state, which will add 1,600 MVA of transformation capacity to the electric system. This project will be built by Interligação Elétrica Serra do Japi. This project is scheduled for commissioning in 2011.

5. Electric Energy Transport Business Unit



5. Electric Energy Transport Business Unit

- Building, operation and maintenance of the HVDC transmission line Porto Velho (Rondônia) – Araraquara 2 (São Paulo), a 2,325 km circuit at 600 kV with a rectifying and an inverting station at 600 kV (6,100 MVA). These projects bid by ANNEL in 2008 were awarded to CTEEP (51%) in a consortium with State-owned Furnas Centrais Elétricas (24.5%) and Companhia Hidro Elétrica do São Francisco (24.5%). Both the transmission line and the substations will allow integrating the Rio Madeira Hydroelectric Complex to Brazil's Interconnected System, expanding CTEEP's coverage in the northwestern and southeastern regions of the country. The projects will be built by Interligação Elétrica do Madeira –IEMadeira– and are scheduled for commissioning in 2013.

Panama: Through the bi-national company Interconexión Eléctrica Colombia – Panama –ICP–, ISA and its equivalent Empresa de Transmisión Eléctrica S.A. –ETESA– continue work to make viable, build and operate the transmission line between the two countries. In this direction, and in the frame of a technical cooperation with the Inter-American Development Bank –IDB–, the detailed electricity studies, pre-design and project basic terms were completed. Previous to the Environmental and Social Impact Studies –EIAS, for its Spanish initials–, an analysis and agreement work is under development that will allow defining the most viable pathway for building the interconnection line.

At the same time, authorities in both countries have published the regulatory harmonization proposals, opening a consultation and debate opportunity in order to define harmonized, clear and stable rules, permitting energy interchanges.

5.2 BEST PRACTICES

ISA works in a coordinated way with its companies to identify, standardize and implement the best practices and synergies allowing to achieve service provisioning with rigor and excellence, and under homologated processes.

Concepts of rigor and excellence were adopted in order to comply with national and international protocols, procedures and standards when performing operation and maintenance activities, under quality, opportunity and safety criteria for people, equipment and the environment.

Additionally, ISA and its companies promote and lead a series of initiatives associated to competencies development; technology strengthening and the implementation of new management tools. Among the most outstanding developments during the period, with its respective results, are the following:

5. Electric Energy Transport Business Unit

- Operation reliability: a unified handbook for operation and maintenance was published and implemented for all energy transport subordinate companies.
- Human talent development: ISA continued with the certification for safety maintenance and non-interruptive maintenance techniques focused on maintenance workers and switching center operators.
- Technology development: A Technology Plan for the Electric Energy Transport business unit was defined, including research, development and innovation projects aimed at achieving objectives.

Service quality

ISA's goal is to guarantee that all its companies provide services under high levels of reliability, availability and safety according to applicable regulation in each country. As far as energy supply availability and continuity is concerned, the following are the most relevant transmission network quality indicators:

- Network availability: Measures the percentage of time during the year when grid assets (substation bays, transformers, lines, etc.) were in service or available.
- Unserved load: Measures energy not supplied to each country's electric system due to facts where the transporter is responsible.

Service quality indicators

Country	Colombia		Peru			Bolivia	Brazil
Company	ISA	TRANSELCA	REP	TransMantaro	ISA Peru	ISA Bolivia	CTEEP
Grid availability (%)	99.93%	99.73%	99.47%	99.42%	99.89%	99.59%	99.96%
Unserved load (MWh)	4,828	2,876	9,146	121	73	654	1,208

5. Electric Energy Transport Business Unit

Technical conference

With the attendance of more than 400 representatives from ISA and its subordinates in the Electric Energy Transport business unit, the Third Technical Conference on Energy Transmission Systems Operation and Maintenance took place in Medellin, Colombia. The main subject of this academic event was “Rigor and Excellence in Electric Energy Transport”.

This biennial event is aimed at strengthening knowledge management, sharing experiences and identifying its applicability in each company.

In the Conference well-known lecturers from Argentina, Brazil, Canada, Chile, Colombia, Spain and Italy took part, who disclosed the state-of-the-art in operation and maintenance. Additionally, 80 papers written by ISA's subordinates personnel were presented, sharing improvements and technology innovations in subjects as: high voltage equipment for substations; control and protection systems; transmission lines; operation and power systems; environmental and social management; and ancillary processes.

At the same time, a technical showcase took place where 12 national and international suppliers offered the attendants the possibility to get in contact with the latest technology proposals in energy transport.

5.3 ISA IN THE TRANSPORT OF ELECTRIC ENERGY IN COLOMBIA

With 71.15% ownership of the STN, ISA keeps its leadership in the Colombian electric sector, being the largest energy transporter in the country and the only one with national coverage.

ISA's energy transport grid in Colombia is safe and reliable. The grid has 10,115 km of transmission lines at 230 kV and 500 kV; 61 substations; 12,811 MVA of transformation and 4,205 MVAR of reactive compensation.

5.3.1 Portfolio of services

Availing from the synergy of ISA and TRANSELCA, the Company offers a complete service portfolio through an integrated commercial department:

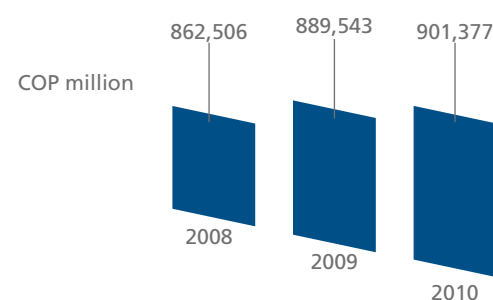
- Electric energy transport: It is offered to market agents for energy trading and for regional electric systems interconnection.

5. Electric Energy Transport Business Unit

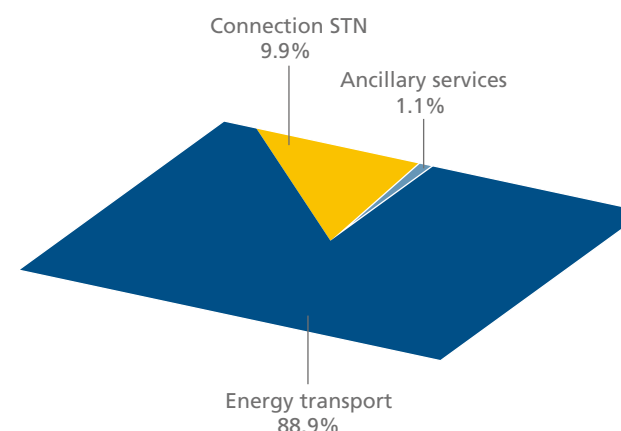
- Connection to STN: It provides generators, grid operators, distributors, regional transporters and large consumers with access to the SIN, allowing them to deliver and receive the power and electric energy required or generated.
- Ancillary services: ISA offers its customers a series of additional services. Among them are: electricity and energy studies and transmission system maintenance (equipment and substations AOM, chemical analysis of isolating materials and energy meters calibration, among others).

During 2010, revenues from these services totaled COP 901,377 million, COP 11,834 million more than during 2009.

REVENUE FROM SERVICES



REVENUE BY SERVICE



In order to ensure that provided services meet international standards, ISA is working to consolidate its Integrated Management System –SIG, for its Spanish initials–. This mechanism joins together around processes, issues like quality management, environment, occupational health and information security.

ISA received the ISO 9001:2000 quality certification for the Energy Transport Service to perform studies, design, supply, construct, build, test, commission, operate and maintain electric energy transmission systems. Additionally, for operation, maintenance and connection to the STN, ISA has been certified for environmental management and safety and occupational health, under ISO 14001 and OHSAS 18001 standards, respectively.

5. Electric Energy Transport Business Unit

The Colombian Institute of Technical Standards and Certifications –ICONTEC, for its Spanish initials– started the first phase of auditing in December 2010 in order to update the Integrated Management System –SIG–, for the three standards already certified. The second phase of this process must be finished by April 2011.

As an additional challenge, ISA is working to obtain ISO 27001 certification on information security.

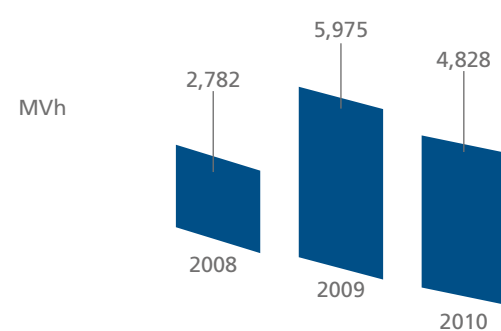
5.3.2 Grid performance

Management indicators of ISA's transmission grid exceeded the goals set for 2010 evidencing the rigor and excellence of service delivery. Availability and continuity of energy supply indicators are as follows:

Unserved load:

During 2009, unserved energy to the SIN was 4,828 MWh, which was under the goal set for the year (7,241 MWh). This figure is the result of facts where the Company was responsible and does not take into account terrorist attacks. 76% of unserved load was due to scheduled maintenance activities and coordinated with affected customers. This is the result of optimum system operation, because only 0.009% of SIN's total demand (56,148) corresponded to unserved load.

UNSERVED LOAD

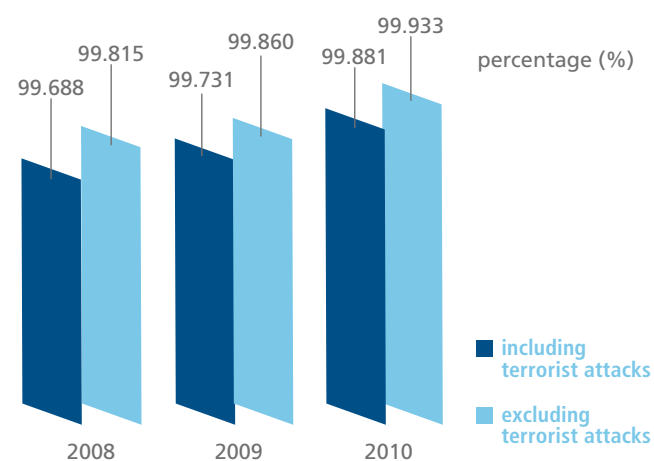


5. Electric Energy Transport Business Unit

Transmission grid availability:

Total average availability of ISA's transmission assets was 99.933%, a figure that outdoes the average goal of 99.881% set by the Energy and Gas Regulatory Commission –CREG–.

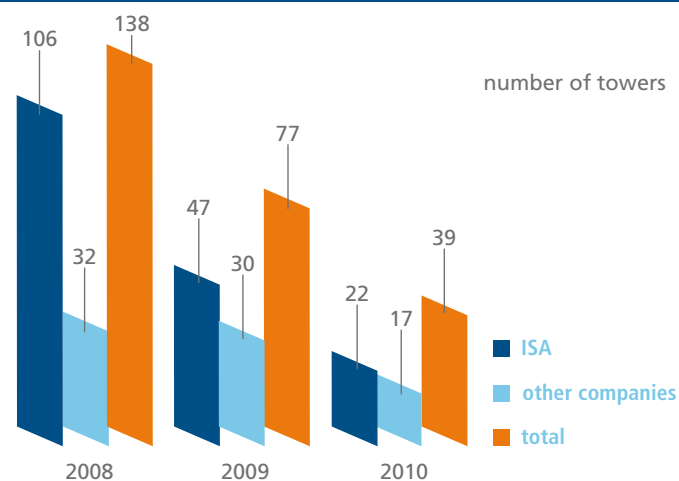
AVAILABILITY OF ISA'S GRID



Terrorist attacks to electric infrastructure

During 2010, 22 towers of ISA's transmission network were felled by terrorist attacks (46.8% less than in 2009). From this total, 17 were located in Antioquia province.

SIN'S DAMAGED TOWERS



5. Electric Energy Transport Business Unit

With the decided support of the National Government, the Armed Forces and the power sector's companies, ISA carried out the necessary tasks for guaranteeing service availability. By the end of 2010, 86% of the Company's infrastructure that was affected by terrorist attacks had already been recovered.

The average time to recover damaged structures was 20.9 days per tower, representing a significant increase compared to the mean value reached during the previous years (5.9 days in 2009 and 6.73 days in 2008). This was due to public order problems, making it difficult to have access to the sites of damaged towers in the Porce – Cerromatoso 500 kV circuit. Expenses for infrastructure recovery were COP 5,377 million, 2.73% less than in 2009.

Towers affected by the rainy season

The strong rainy season affecting the country at the end of 2010, flooded transmission tower sites in the Bogota region, the Canal del Dique (Northern region), the Antioquia Urabá region and Norte de Santander province.

In order to face this situation, ISA scheduled an emergency plan of flight and pedestrian surveillance, over water and under water inspection and civil works construction, allowing bringing to a minimum the impact of flooding in substations and avoiding unavailability of the energy transport service. During 2011 several works will be carried out to finally recover damages caused by the rainy season.

5.3.3 Technological development

In this field, ISA has focused its challenges on developing competitive advantages that will allow the Company to be recognized in the Latin American market for its leadership in safe and reliable service provision, the compliance with regulations and the development of processes safe to the people and in balance with the environment. During 2010, the Company continued strengthening technologies applied to development of new products and services, improvement of processes and acquisition of essential competencies. During this period, the following initiatives were implemented:

- Service reliability: Based on the successful experience of 2009, where the line's capacity at Chivor and San Carlos 230 kV substations was increased, a project is under way to update other substations. Control, protection and ancillary systems are being updated and isolators and breakers replaced. Works are under way at Jaguas (Antioquia province), La Esmeralda (Caldas province), La Mesa (Cundinamarca province) and Yumbo (Valle del Cauca province) substations.

5. Electric Energy Transport Business Unit

- Non-interruptive maintenance techniques: For the first time in Colombia, non-interruptive maintenance techniques were used at a substation without interrupting energy supply. Maintenance works were performed at San Bernardino 220 kV substations without affecting the normal energy supply to the Southwestern region of the country and the interconnection tie-line with Ecuador. Three years of research and analysis on mechanical, electrical and risk issues were required to develop this initiative. The success of this procedure is a milestone for future interventions to power transformers at the substations of ISA and its subordinated companies.
- Technology management: In association with universities, research centers and Colciencias, the Company is developing three important projects applicable to its main activities. These projects are: the influence of different atmospheric variables on the behavior of coatings applied over galvanized steel; distributed event diagnosis; management networks optimization for electric energy transmission systems; and monitoring earth movements on transmission lines tower sites.

5.4 OUTLOOK

Due to the dynamics and favorable climate for private investment offered by countries in which ISA and its subordinates are present, the Company will pursue its efforts to consolidate its share in them; it will evaluate new growth opportunities in Latin America and will look for the integration of regional energy markets with the aim of improving quality and reliability of electric service, optimizing available generation resources and looking for more economic tariffs for end users.

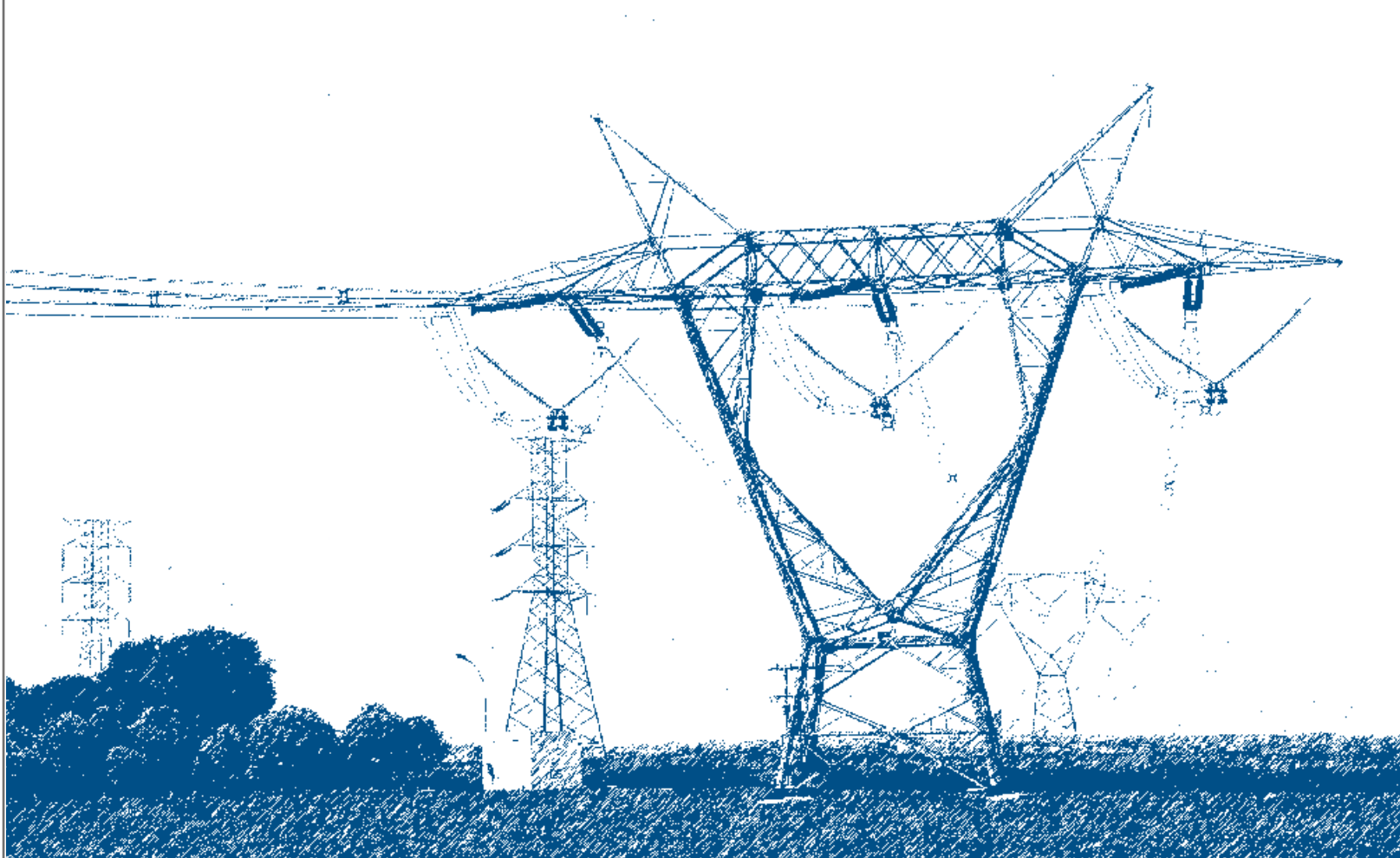
Colombia: ISA will also take part in the bids for the 2010 – 2024 Reference Expansion Plan, prepared by the Mining and Energy Planning Unit –UPME–, with foreseen investments in transmission of USD 550 million for the next five years.

Peru: The Company expects to keep on growing in this country, and for this reason will be alert for new invitations to bid under the Energy Transitory Plan for the next two years. Plan investments are foreseen at USD 400 million, for extensions, reinforcements and new bid processes.

5. Electric Energy Transport Business Unit

Brazil: ISA will continue to be interested in new auctions that will allow expanding its infrastructure and consolidating its position in this market. To date, the 2010 – 2017 Decennial Energy Expansion Plan, approved by the Ministry of Mines and Energy, foresees investments of nearly USD 15.5 billion for the next years.

Panama: ISA, through ICP, will continue promoting the Colombia–Panama interconnection viability, with a foreseen investment of nearly USD 450 million. The main priority is to make possible a successful bid to assign access financial rights to the interconnection capacity, which will be the way for ICP to get revenues. Additionally, the Company expects to have a clear and stable regulatory frame, making viable integration of the two countries' energy markets.



6. Telecommunications Transport Business Unit

Telecommunications are one the most thriving and promissory areas of modern economy. They are the basic supports for the industry and represent entertainment and proximity; they make instantly reachable to our hands, something that was far away. To this environment belong media, contents, Internet access, fixed telephony, mobile telephony and data transport companies.

According to the United Nations –UN– definitions, telecommunications are a basic civil right. For this reason, the UN has urged countries to join efforts in order to give broadband Internet access to more than half the world population by the year 2015.

In order to be consistent with the strategic importance of this sector, ISA decided to take part in this business through INTERNEXA, a company that in a decade of operations has been consolidating the widest continuous terrestrial telecommunications network in South America, totaling 18,500 km of fiber optics.

Telecommunications infrastructure by country

Country	Company	Operational fiber optics (km)
Colombia	INTERNEXA	6,652
Peru	INTERNEXA	1,293
	Ongoing Project	380
Chile	INTERNEXA	1,181
Ecuador	TRANSNEXA	926
Venezuela	INTERNEXA in association with local operator	1,977
Argentina	Developing Project	2,577
Brazil	Developing Project	3,506
Total		18,492

INTERNEXA is the only connectivity infrastructure and telecommunications solutions company exclusively engaged in the “carriers’ carrier” business. INTERNEXA transports signals through national and international networks connecting two or more locations, based on fiber optics, satellite transmission and microwave supporting networks.

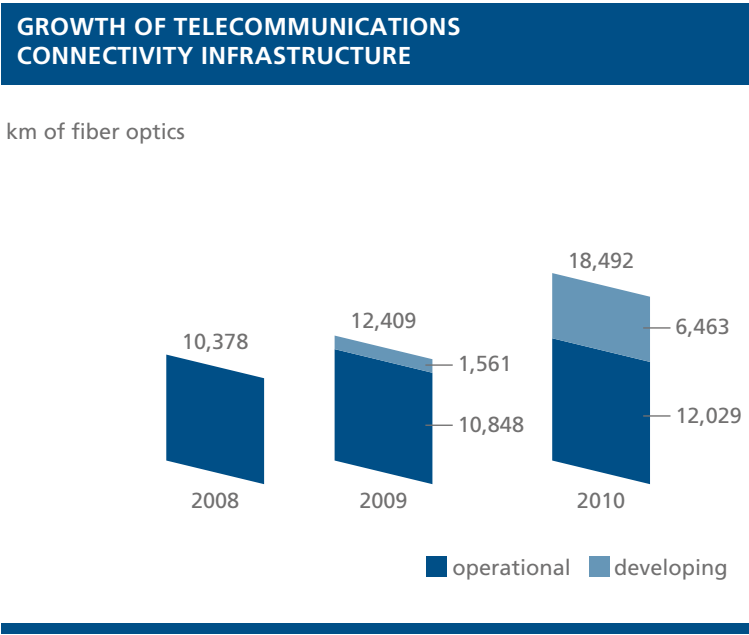
6. Telecommunications Transport Business Unit

INTERNEXA's network reaches more than 60 cities in South America offering a total transmission capacity of 326,440 MB/s, accessing submarine cables Emergia, Maya and SAC. INTERNEXA is the owner of transmission capacity in the ARCOS 1- CFX System and has a platform to offer direct connection to the main Internet providers in the United States.

More than 150 local and regional service providers rely on the excellent quality and high levels of reliability and availability offered by INTERNEXA, the first telecommunications company in Colombia to obtain International Quality Certification ISO 9001:2000 for the carrier service.

6.1 GROWTH

Market and product expansion achieved by INTERNEXA in just one decade has permitted to interconnect Venezuela, Colombia, Ecuador, Peru and Chile, and in the near future, will connect its fiber optics network to Brazil and Argentina, ratifying its commitment to develop Latin America with long term investments, having impact on its inhabitant's quality of life.



With the arrival of INTERNEXA to Chile in 2009, and with the acquisition of connectivity infrastructure in Argentina and Brazil, the company is making preparations to operate in three key areas of the continent: Andean Community of Nations, Southern Common Market and Central America.

6. Telecommunications Transport Business Unit

Andean Community of Nations

INTERNEXA reached a key milestone in 2010 promoting the interconnection of Network Access Points –NAPs– from Colombia, Peru and Ecuador. This project will bring great benefits, being reflected in a significant improvement in the end user web–surfing experience and a shorter time to transfer information packages and access local contents.

As far as digital content business is concerned, the company is undertaking important works associated with hosting a larger number of their customers' equipments.

Additionally, in the technology field, the company is building a Multi Protocol Label Switching –MPLS– regional network. MPLS, a high performance data transmission technology, will permit the company to provide newer and more flexible and versatile services to its customers.

Southern Common Market

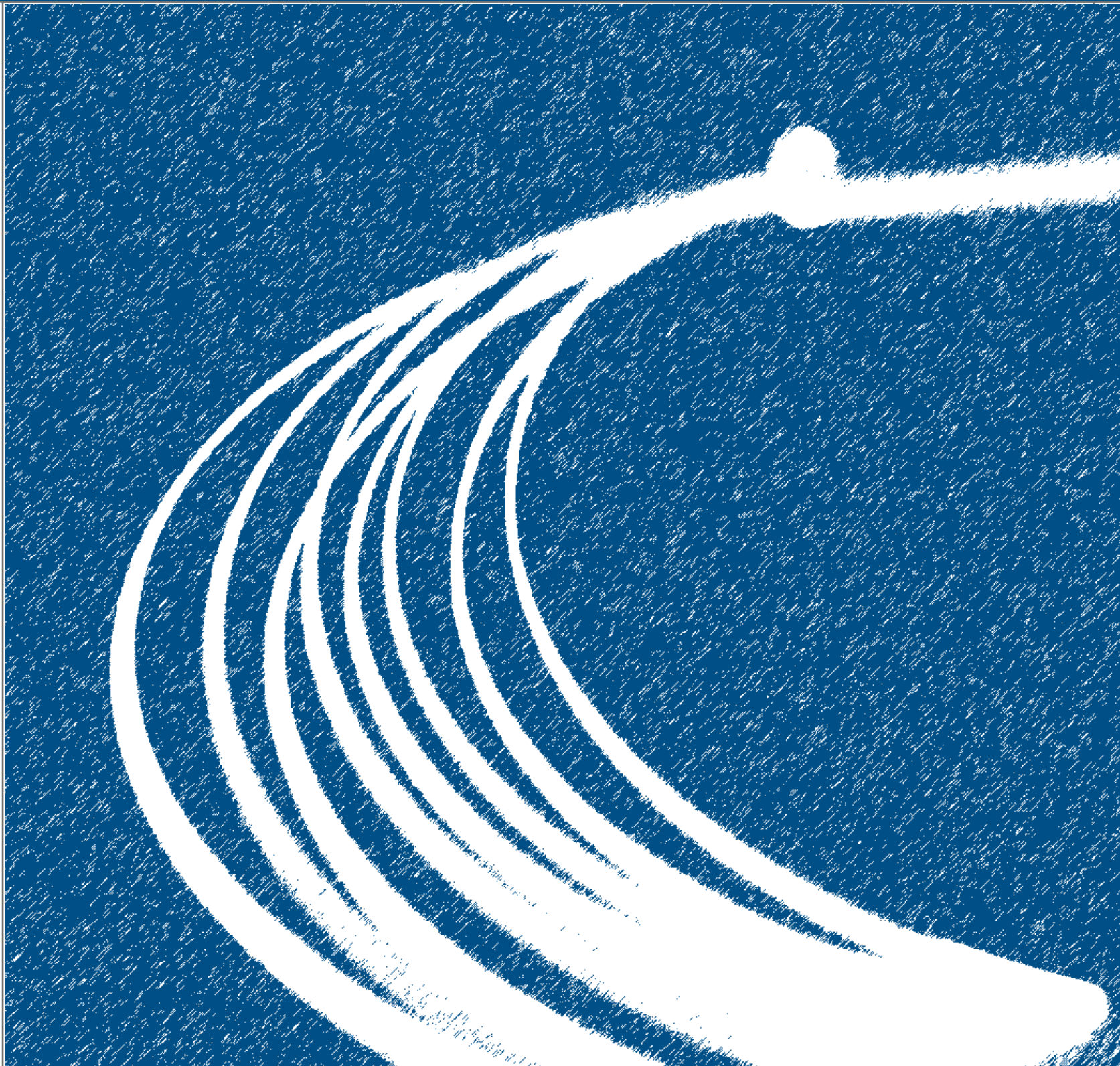
In 2010 INTERNEXA started commercial operations in Chile after the adaptation and verification of its infrastructure. Today, the company provides its customers optical continuity services from Caracas (Venezuela) to Concepcion (Chile), based on a strong and stable network.

In order to guarantee complete services availability in Chile, the company started to build additional 750 km of fiber optics network, allowing to loop–shape the current network and make it more strong and redundant. This project is scheduled for commissioning in 2011.

INTERNEXA agreed to connect the Chilean network to the Andean Community of Nations network through the submarine cable heads connecting the Northern region of Chile with Lima, Peru. In this way, continuity without interruptions can be provided along the whole Andes mountain range.

Additionally, INTERNEXA acquired in Brazil and Argentina (the largest markets in South America), a network of nearly 6,000 km of telecommunications connectivity infrastructure. This network is actually under verification and adaptation and will enter into commercial operation in 2011.

6. Telecommunications Transport Business Unit



6. Telecommunications Transport Business Unit

Central America

INTERNEXA is actively taking part in a project lead by REDCA*, the company managing fiber optics assets of the SIEPAC Project. During 2010, REDCA awarded the working headquarters in Nicaragua; finished a market research on telecommunications access in Central America; went into more depth in interconnection agreements with shareholders of the countries involved; and made progress building an OPGW-technology telecommunications network.

6.2 OUTLOOK

During 2011, the company will continue working on the final definitions of a project to connect by land Peru and Chile's networks. The company will enter into commercial operation 6,000 km of fiber optics network recently acquired in Brazil and Argentina. Additionally, INTERNEXA will consolidate as the telecommunications operator with the largest continuous land network in South America, crossing over seven countries and connecting the Pacific Coast to the Atlantic Coast and, thus, all South America's telecommunications.

In Central America, the company will continue working with REDCA in order to connect telecommunications from South to Central America through 1,800 km of fiber optics, integrating Mexico with Colombia, crossing six countries in Central America.

As to commercial issues, INTERNEXA will focus on starting operations in Argentina and Brazil; will get stronger in Peru and Chile, countries where the goal is to get 35% of the non self-served market; and will provide a regional service portfolio with a unique customer support center, making the value proposition to international customers more attractive.

The way INTERNEXA plays in the near future will have impact on the whole industry, bearing in mind its international recognition as a regional player will stimulate producers to host their contents in Latin America.

* REDCA is the company managing fiber optics assets of the SIEPAC Project under construction by EPR. The main fiber optics network of Mesoamerica Project will be implemented over this network. The company will be engaged in the carrier's carrier services, providing connectivity, transparency and excellent services – fundamental conditions to attend telecommunications operators.

7. Road Concession Business Unit

ISA officially entered into the road concession business after reaching an agreement with Spanish Cintra Infraestructuras to acquire 60% share of Cintra Chile, controller of five highway concessions in this country. By reaching this agreement, ISA achieved the objective set several years before: to enter into the road infrastructure sector and into the Chilean concession system, one the most consolidated worldwide.

Preparation to enter into this business is shored up by a series of competencies to structure, design, build, operate and maintain linear infrastructure systems, acquired along its corporate history, and permitting the Company to reach the outstanding position it has today in the market. This process has been levered up by an efficient management system and a company culture signed by values as relevant as ethics, excellence, social responsibility and innovation.

Additionally, ISA subscribed with the State an inter-administrative contract in Colombia, allowing the Company to perform the first phase of the viability studies for the Autopistas de la Montaña Project. Once this stage is concluded and granted the relative approvals, a second phase shall start, where ISA must build, operate and maintain four road corridors (1,250 km) that will connect Antioquia province with the country's main roads.

In two years, the Company will have an important position in Latin America in terms of road infrastructure, having the possibility to operate 2,158 km of highways in Colombia and Chile. Doing so, ISA is ahead to achieve its BHAG, according to which, by the year 2016, at least 20% of its revenues will come from business other than electric energy transport, and at least 80% will be generated outside Colombia.

Road infrastructure

Country	Highways (km)
Chile	907
Colombia (starts operation in 2011)	1,251
Total	2,158

7. Road Concession Business Unit

7.1 GROWTH

7.1.1. Chile

Transaction closing

On December 28 of 2009, ISA and Spanish Cintra Infraestructuras subscribed in Santiago de Chile a sale and purchase agreement defining the terms for a transaction to be closed in April 2010; however, the earthquake that affected Chile on February 27 forced to postpone the deadline until September of 2010. During this period of time, effects of the earthquake on infrastructure were assessed and authorizations and registrations required in Spain, Colombia, Chile and other jurisdictions in which participants are present, were obtained.

As a result of this process, it was confirmed that concessionaires were well insured, something that was taken into account for Fitch Ratings Colombia to keep ISA's credit risk rating at AAA, with stable outlook.

The initial operation (60% of shares) amounted to USD 290 million, equity value, approximately, paid by ISA in cash, through a bank loan and own funds from the capitalization of December 2009. For the remaining 40%, the sale and purchase agreement includes a purchase option for ISA and a sale option for Cintra. The amount and date for this transaction have not yet been defined by the parties

Cintra Chile

Since 1996, Cintra Chile has been the leading player in interurban road concessions in the Country. Control, operation and management of 907 km of roads, going from Santiago to Rio Bueno City, covering six important regions that contribute 80% of population, 70% of Gross Domestic Product –GDP– and to 74% of the number of cars in Chile, are under Cintra's responsibility.

Through its concessionaires, Cintra Chile operates: Autopista del Maipo, Talca – Chillán, Ruta del Bosque, Ruta de la Araucanía and Ruta de los Ríos that represent nearly 40% of Chile's road concessions.

7. Road Concession Business Unit



7. Road Concession Business Unit

Chilean road infrastructure

Concessionaires	Autopista del Maipo	Talca Chillán	Ruta del Bosque	Ruta de la Araucanía	Ruta de los Ríos	Totales
Segment	Santiago–Talca	Talca–Chillán	Chillán–Collipulli	Collipulli–Temuco	Temuco–Río Bueno	Santiago–Río Bueno
Length (km)	237	193	161	144	172	907
Traffic 2009 (*)	76,296	45,168	26,108	30,632	19,747	197,951
Traffic 2010 (*)	88,913	50,175	29,084	32,691	20,979	221,842
Concession's end	2024	2015	2021	2024	2023	

*ADT: Average Daily Traffic

It is worth mentioning that after the earthquake of February 27, Cintra Chile immediately started works in order to reconnect roads and recover traffic, offering its customers safe mobility conditions. Simultaneously, Cintra Chile started emergency works in order to recover affected infrastructure. As far as definitive works is concerned, important progress has been made and works are expected to be completed by the end of 2011.

After the earthquake, Chilean highways have shown clear signs of recovery, both in traffic and in revenues. At the end of 2010, Cintra Chile revenues amounted to USD 287 million, 2.9% more than in 2009.

Cintra Chile and its concessionaires have an efficient operating structure, an expert management team, sector recognition, an optimal financial structure and results showing its good management. Additionally, Cintra was the first Chilean company to be granted an ISO 9001 certification for road concessions management services.

In order to consolidate this operation, ISA is integrating to its management model, all acquired concessions, preserving the knowledge and efficient practices of Cintra Chile, with the purpose of creating synergies with road developments taking place in Colombia.

7. Road Concession Business Unit

7.1.2. Colombia

ISA and the Colombian State, represented by the National Institute of Concessions –INCO, for its Spanish initials –, subscribed on January 28 of 2010, an inter-administrative agreement to develop, under a concession scheme, the Autopistas de la Montaña Project. Under this contract, ISA is bound to carry out engineering, environmental, traffic, legal and financial studies, permitting to structure the construction, operation, maintenance, preservation and commercial exploitation of the four road corridors connecting Medellín with the main Colombian highways.

Autopistas de la Montaña Infrastructure

Segment	Segment I: Hatillo – Caucasia	Segment II: Túnel de Occidente – El Tigre	Segment III: Ancón Sur – Tres Puertas	Segment IV: Bello – Puerto Berrío	Total
Length (km)	284	401	380	186	1,251

Once the contract was subscribed, ISA hired the necessary studies and designs in order to define the works scope and the project viability:

- Aero-photogrammetry: aerial photographs and laser images, used to obtain a land digital model, a surface digital model and ortho-photomaps.
- Demand study: traffic study and current and future demand estimates for feasible works, to determine project's technical and financial viability. Also includes financial evaluation for different route alternatives.
- Designs: development of design engineering, phase II, including engineering studies, Environmental Impact Study –EIA, for its Spanish initials –and a preliminary land property management.
- Legal studies: legal due diligence in order to assess the environmental licenses' status and a valued inventory of legal processes and utilities networks.
- Investment bank: integral financial consultancy in order to structure and prepare the business case and have an optimal financial proposal.

7. Road Concession Business Unit

- Specialized technical consultancy: assistance to ISA in contracting, follow up and control of engineering, demand, and traffic and revenues forecast studies.

In order to give competitiveness to the Country and to Antioquia province, providing more cost-effective alternatives to connect Medellin with the Northern and Southern regions, ISA has proposed INCO a series of alternative corridors to the current roads.

It is worth mentioning that road design is being developed with much higher specifications than the ones traditionally employed in the Country, especially in mountain zones, proposing important works like tunnels and viaducts, guaranteeing geological and geotechnical stability, safety in operation and higher speeds than the current ones (within the range established by the Roads National Institute –INVIAS, for its Spanish initials–).

After a complete and profound multi-criteria analysis, ISA delivered to INCO a report with several scenarios based on technical (geology, geotechnical, environmental impact, investment costs and construction schedules), traffic, economic (cost-benefit analysis), and financial studies.

Simultaneously, in early 2011, ISA filed with the Medellin Chamber of Commerce, the public deed to establish the Autopistas de la Montaña company, with ISA as its sole shareholder.

This same year, ISA, INCO, Antioquia Province and Medellin Municipality must define the scope of the works. Later, the Company will receive the sections to operate, maintain and commercially exploit and will start works construction.

7.2 OUTLOOK

The Company will focus in the short term, as far as this business unit's growth is related, on consolidating the newly acquired concessions in Chile, and on the viability of the Autopistas de la Montaña project in Colombia. Additionally, the Company will continue analyzing the evolution of opportunities in Latin America.

Chile: The region's most advanced country in road concessions development, Chile has an active participation of local and foreign private sectors in projects execution, as well as clear contracting rules for investors and great growth potential, evidenced in future project bids.

7. Road Concession Business Unit

The Ministry of Public Works – MOP, for its Spanish initials –, in its Concessions Program 2010 – 2014, considers infrastructure projects amounting to USD 8 billion, where USD 3.3 billion are road projects. Additionally, the Ministry is considering works under study for USD 3.73 billion, for a total investment amount of USD 11.73 billion for the period.

The sector has a stable regulatory frame, with solid and experienced institutions in charge of concessions, with traffic risk mitigation mechanisms and with economic incentives to increase road safety.

Colombia: Capacity improvement of the road infrastructure is a key factor to strengthen the Country's competitiveness. For this reason, the National Government has as a challenge in its National Development Plan 2010 – 2014, to boost the consolidation of corridors transporting foreign trade load and connecting the main production and consumption centers with sea ports, airports and borders.

In this direction, projects under development will be given priority and for doing this, mechanisms will be adopted to guarantee their effective execution and actions will be implemented in order to have, as soon as possible, the infrastructure in operation.



8. Market Operation and Administration Business Unit

ISA through its subsidiary XM, Compañía de Expertos en Mercados, delivers services of operation planning and coordination of the resources of the National Interconnected System –SIN–, administrates the electric power commercial settlement system –SIC– in the Wholesale Energy Market –MEM–, administers the International Electricity Transactions –TIE– with Ecuador, and carries out the settling and clearing of charges for use of the SIN's grids.

The Company is a knowledge-based organization focused on generating value from innovation. As part of its commitment it delivers intelligent solutions and consolidates long-term commercial relations with its customers.

XM has a portfolio of specialized services solutions for real time power systems and provides solutions for energy markets and associated products. One example, the Operators Training Center, is a learning, training and updating site for electric and power system operation professionals and technicians from the Country and the region.

Thanks to its soundness and expertise in operation of the power system and administration of the electricity market, XM is able to offer technology and knowledge to several economic sectors for operation coordination and information management of intelligent infrastructure networks, with high value added. This includes: capture, custody, processing and deployment of information for decision making in environments that are crucial for the country's development.

XM has delivered specialized consulting and training services to several companies in Bolivia, Brazil, Panama, Chile, Costa Rica, Ecuador, El Salvador, Guatemala, Dominican Republic and Peru.

8.1 COLOMBIAN POWER SYSTEM – XM

As operator of the National Interconnected System –SIN–, XM guarantees the continuous balance between electric production and consumption in the country. Based on electricity demand estimates, XM carries out the coordinated real-time operation of the generation plants and the electric grid in order to continuously match generation with consumers' demand.

8. Market Operation and Administration Business Unit



8. Market Operation and Administration Business Unit

Generation capacity

In 2010, electric power generation in Colombia totaled 56,887.6GWh, 1.6% above that of 2009 (55,965.6GWh). Such positive evolution was mainly the result of increased demand.

As of December 31, the SIN had an effective net installed capacity of 13,290 MW to supply an energy demand of 56,147.6 GWh and a power demand of 9,100 MW.

SIN's net effective capacity

Resources	MW	%	% Variation 2010 – 2009
Hydraulic	8,525	64.1	0.0
Thermal	4,089	30.8	-6.3
Gas	2,478		
Coal	990		
Fuel – Oil	434		
Diesel Oil	187		
Minor	621	4.7	8.2
Hydraulic	519		
Thermal	83		
Wind	18		
Cogenerators	55	0.4	56.9
SIN Total	13,290	100	-1.5

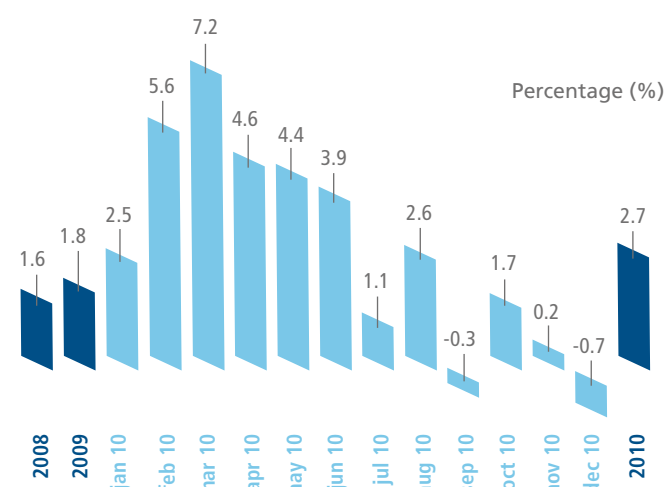
During 2010, the variation between hydraulic and thermal generation was affected by the El Niño phenomenon, which occurred during the first quarter of the year and whose main feature was low water inflows. In a similar way, La Nina phenomenon, associated with high water inflows, which occurred during the second semester, had an effect on the generation variation. Under these considerations, thermal generation reached a 53.3% of total generation in January and dropped to just 17% during the second semester. Thermal generation decrease was also due to generation plants Flores 1 and 2 (with a total of 281 MW) going out of operation.

8. Market Operation and Administration Business Unit

Energy demand

his important variable reached in Colombia 56,147.6 GWh, with an increase of 1,468.7 GWh or 2.7% than in 2009, when demand was 54,678.9 GWh. This increment was due, in large scale, to high residential demand during the first months of 2010 (regulated consumers) as a result of high temperatures in the country because of El Niño phenomenon, and to a 3.8% increase in demand in the economic activity (big consumers) as a consequence of recovery after the economic crisis.

ENERGY DEMAND VARIATION



Behavior of the electric market

The Administrator of the Commercial Settlement System –ASIC, for its Spanish initials–, provides services to agents trading in the market. At the end of 2010, the number of delivery points for regulated consumers was 4,741, the delivery points for unregulated consumers 4,638 and 409 for public lighting. Compared to 2009, the number of delivery points increased by 3.7%.

8. Market Operation and Administration Business Unit

Market agents

Activity	Registered	Trading
Generators	48	41
Traders	85	69
Network operators	30	29
Transporters	11	9

At COP 10,100,000 billion, total energy purchased and sold in the MEM was 4.1% higher than in 2009 (COP 9,700,000 billion). Energy-pool average price fell by 6.6% with respect to 2009, from COP 139.54 kWh to COP 130.35 kWh. Average price for bilateral contracts, in turn, increased 5%, from COP 104.74 kWh in 2009 to COP 109.94 kWh in 2010.

Invoicing collection through accounts administered by XM totaled COP 3,600,000 billion for the SIC and charges for use of the National Transmission System –LAC NTS–

Billing collections (COP million)

Concept	2009	2010	% Variation
Energy pool purchases	2,503,255	2,378,933	–5.0
STN usage charges	1,177,211	1,186,547	0.8
Total	3,680,466	3,565,480	–3.1
FAER, FAZNI, FOES and PRONE Funds	202,707	188,701	–6.9

International Electricity Transactions –TIE–

Regarding international electricity exchanges, Colombian has export and import capacity to and from Ecuador and Venezuela. Since implementation of TIE in 2003, 9,437 GWh have been exported to Ecuador at an approximate value of USD 780 million.

8. Market Operation and Administration Business Unit

International Electricity Transactions –TIE–

Year	Energy (GWh)		Value (USD thousand)	
	Exports	Imports	Exports	Imports
2008	509.8	37.5	35,908	2,309
2009	1,076.7	20.8	107,712	1,118
2010	797.7	9.7	73,812	565
Total desde 2003	9,437.7	225,7	777,952	9,103

8.2 DERIVEX

Derivex is the corporation administering in Colombia the negotiation system of derivatives based on energy commodities, a scheme under which initial negotiation of electric power futures for the current month and the three subsequent months is possible.

The operating license for the new corporation was granted by the Financial Superintendency according to Resolution 1869 of September 30, 2010 and started operation on October 4, 2010 trading the first electric energy future.

Derivex is the end phase of a joint project between XM and the Colombian Stock Exchange –BVC, for its Spanish initials–, in their quest to broaden the financial and electric energy derivatives markets. The implemented trading system will allow agents of the Wholesale Energy Market and unregulated customers coverage from the variation risk of energy prices, which are characterized by their high volatility. Investors interested in trading with electric energy, could also negotiate in a market that would otherwise be inaccessible to them.

At the end of 2010, eight settlers and negotiators had joined the corporation: Alianza Valores, Banco de Occidente, Bancolombia, Bolsa y Renta, Correval, Davivienda, Interbolsa and Valores Bancolombia. These entities act before the Cámara de Riesgo Central de Contraparte –CRCC–, fully guaranteeing the credit risk coverage of derivatives traded there. Based on this structure, and with a modern technological platform, Derivex provides the energy and financial markets with an innovative alternative, both useful and safe to manage risk and investment.

8. Market Operation and Administration Business Unit

Additionally, traders received training focused on the energy market and on financial, accounting, taxation, clearing and settlement issues for derivatives.

In the future, the Company plans to trade derivatives on other energy products.

8.3 MOBILITY

XM, UNE EPM Telecomunicaciones and Consorcio ITS Medellín signed an administrative alliance to operate the control center of Medellín's Intelligent Mobility System –SIMM, for its Spanish initials–. The entities will join their experience, knowledge, transparency, innovation and technology in order to provide the city of Medellín with a system to administer traffic photo tickets, a closed television circuit, a variable messages board and the additional equipment needed to make more efficient the response time of the City's Transport Secretary.

This initiative, pioneer in Colombia, will help to lower traffic accident rates and will improve public transport performance. This experience could be replicated in other Colombian cities and other countries in Latin America.

8.4 OUTLOOK

Since its creation, XM started a strategic process, permitting the Company to identify hidden assets and corporate competencies, value processes' strengths and capitalize on detected weaknesses with the aim of setting new challenges to head the Company to a clearly defined horizon. This search has been motivated by the need to find growth opportunities, contributing to continuous improvement and to value adding, both from the economic and human and intellectual capital development points of view.

As a result of this analysis, XM formulated a dominant subject, boosting the current market segment and identifying the path for future growth: "XM conducts the planning, design, optimization, commissioning, operation, administration and management of goods and services markets requiring the development of information systems or technological platforms that involve value added information exchange.

This statement has permitted the Company to find new growth opportunities in other economic sectors, as transportation, opening new opportunities like the coordination of urban mass transportation systems and urban or inter-urban mobility management systems, among others.

9. Construction of Infrastructure Projects Business Unit

ISA offers customized integral solutions to its subsidiaries and third parties, for project design and construction of lines and substations for energy transmission and fiber optics.

This business unit offers an ample portfolio of services, including: integral development of projects; delegated management; Engineering, Procurement and Construction –EPC–; and Engineering, Procurement, Construction and Management –EPCM–. It additionally offers applied engineering and environmental, social and land–property management services.

In the countries where it acts, it develops complex projects and adopts technological innovations, engineering solutions, and management processes in line with the best practices worldwide.

In 2010, the Colombian Institute of Technical Standards –ICONTEC, for its Spanish initials– again certified the services delivered by ISA, under ISO 9001:2008 standard, while in Peru, Bureau Veritas granted PDI certification under the same quality standard.

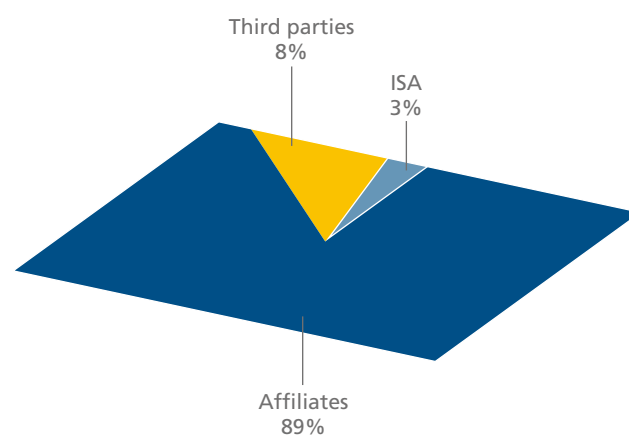
On the other hand, customers rated their general satisfaction with the services rendered with 86.6% favorability percentage in Colombia, and 80% in Peru.

9.1 GROWTH

Portfolio of contracts

Construction of Infrastructure Projects closed 14 new business deals in 2010, for USD 243 million, with USD 217 million in Peru and the rest in Colombia.

NEW CONTRACTS PER CUSTOMER TYPE

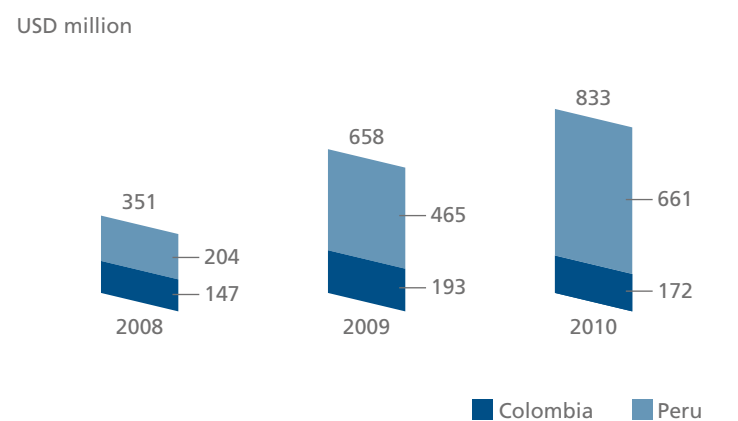


9. Construction of Infrastructure Projects Business Unit

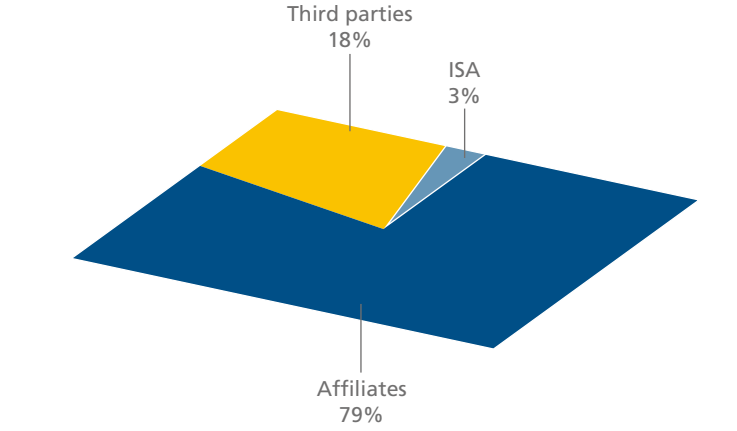
At the end of the period, it consolidated a business portfolio worth USD 833 million, representing 27% increase on 2009 (USD 658 million). Of this total, USD 661 million correspond to ISA’s subsidiaries in Peru, USD 146 million to third parties, and USD 26 million to ISA.

The noticeable growth this business has seen in Peru arises from the country’s economic rebound in the last few years, the result of intense mining and manufacturing development. This situation shows in increased electricity demand, boosting large investments aimed at higher generation capacity and reinforced electricity transmission. The last five years have seen 27% average yearly electric sector investment increase.

EVOLUTION OF CONTRACTS PORTFOLIO



CONTRACTS BY CUSTOMER TYPE



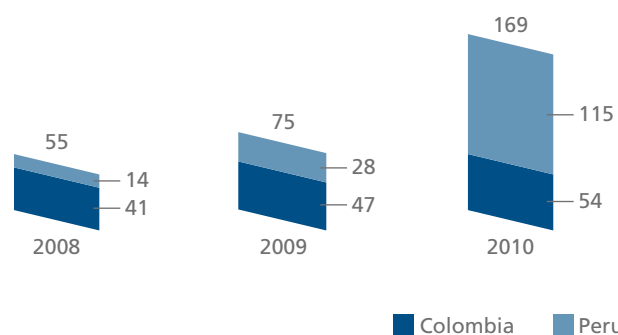
Billing

In 2010, ISA and PDI recorded 125% gross revenue increase, with billing worth USD 169 million, of which 68% was obtained in Peru and 32% in Colombia. Operating profit totaled USD 2.1 million.

9. Construction of Infrastructure Projects Business Unit

BUSINESS UNIT'S BILLING EVOLUTION

USD million



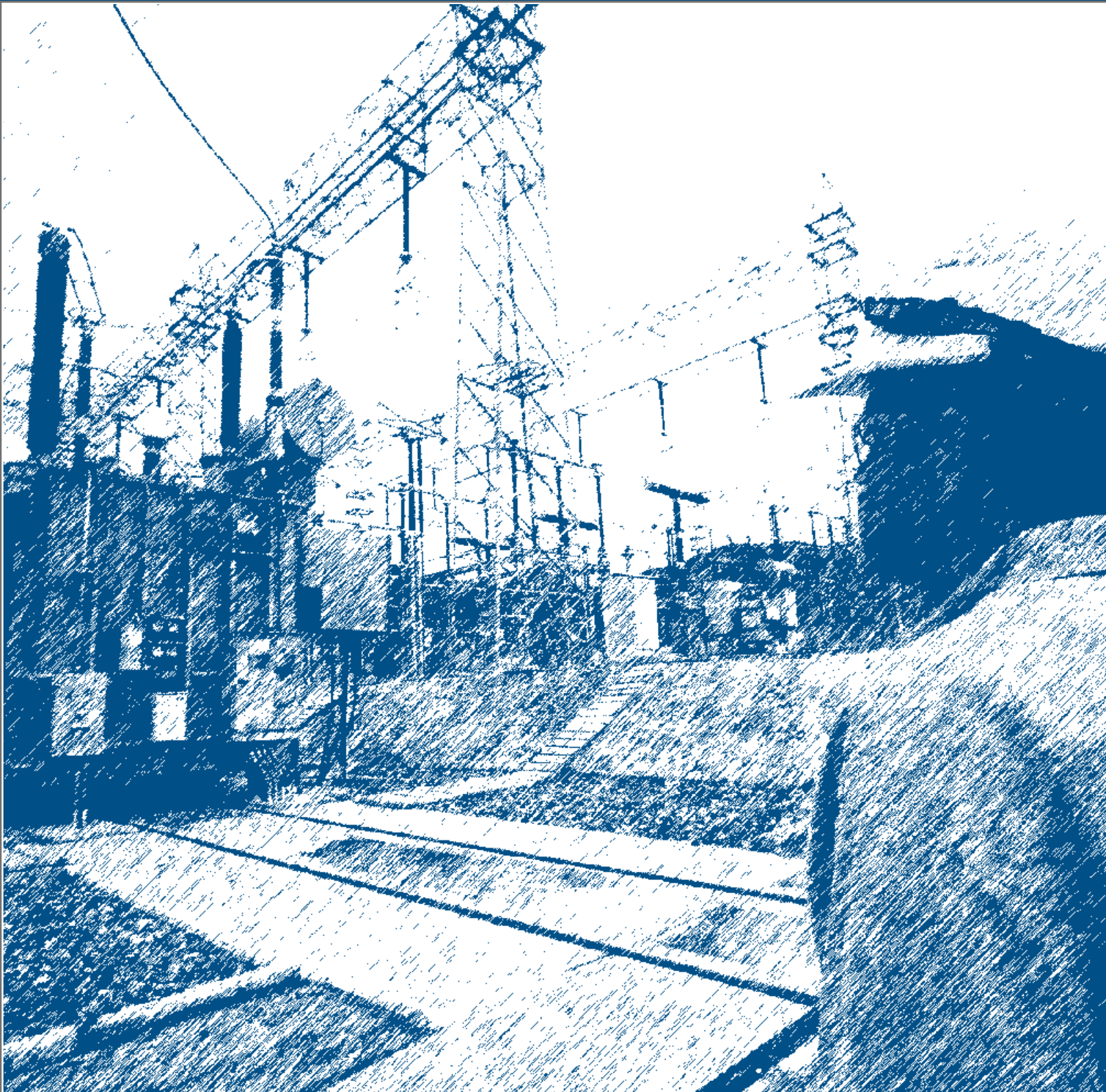
Main ongoing projects

The business unit carried out 24 projects for construction, expansion and/or renovation of electric infrastructure in 65 substations in Colombia and Peru, representing 3,343 km of transmission circuits with 4,447 MVA transformation capacity.

Business unit main figures by country

Country	Projects concluded in 2010				Projects in execution			
	circuit km	MVA	Substations	Value (USD million)	circuit km	MVA	Substations	Value (USD million)
Colombia	108	139	5	67	1,053	157	17	172
Peru	41	38	1	14	2,142	4,113	42	661
Total	149	177	6	80	3,194	4,270	59	833

9. Construction of Infrastructure Projects Business Unit



9. Construction of Infrastructure Projects Business Unit

Colombia:

ISA implemented the following projects:

Projects	Benefits	Customers	Commissioning
Commissioned Projects:			
Cira Infantas 230 kV connection to the STN	Improves reliability and energy supply capacity to the oil field through connection to the STN	ISA	2010
Caricare Connection to STN	Connects Caricare oil field to Caño Limon substation	ISA	2010
UPME 01 2007 bid – Porce 500 kV substation and associated works	Integrates Porce III generation project to the STN	ISA	2010
Projects under construction			
UPME 02 2008 bid – El Bosque 230 kV substation and associated works	Improves energy supply reliability in the Cartagena region	ISA	2011
Expansion of Sucre electric distribution grid	FAER funds: Expands coverage of rural electrification in La Mojan region, Sucre	Ministry of Mines and Energy	2011
Popayan – Guapi 115 kV line and associated substations	FAZNI funds: Improves energy service in Cauca and Nariño	Ministry of Mines and Energy	2011
34.5 kV electric interconnection and associated substations in the Chocó province	Electric interconnection from Istmina municipality to Paimadó and San Miguel	DISPAC	2012

9. Construction of Infrastructure Projects Business Unit

Peru:

Proyectos de Infraestructura del Perú –PDI–, ISA's subsidiary headquartered in Lima, executed the following projects:

Projects	Benefits	Customers	Commissioning
Commissioned Projects:			
Miski Mayo 138 kV connection	Connects Miski Mayo mining project to SEIN	TransMantaro	2010
Projects under construction			
Expansion 5: Substations Independencia, Quencoro, Azangaro, Trujillo Norte, Piura, Tingo María, Tocache and Bellavista	Meets generation growth and increases transformation and load capacity	REP	2011
Expansion 6: Second circuit of Chiclayo Oeste – Piura Oeste 220 kV line and associated substations	Improves reliability in the country's Northern region	REP	2011
Expansion 7: Integral adaptation of Chavarría, San Juan, Santa Rosa, Ventanilla and Zapallal substations	To meet new growth conditions of the short-circuit level in Lima region	REP	2012
Expansion 9: Second circuit of Chiclayo Oeste – Guadalupe – Trujillo Norte 220 kV line and associated substations	Increases power transfer capacity in the country's Northern region	REP	2012
Expansion 1: Increase of short-circuit tolerance of 220 kV Mantaro–Cotaruse–Socabaya line and associated substations	Increases transmission capacity to ensure serving demand in the country's Southern region	TransMantaro	2011

9. Construction of Infrastructure Projects Business Unit

Projects	Benefits	Customers	Commissioning
Public Bidding: Chilca – La Planicie – Carabayllo 220 kV line, Chilca – Carabayllo 500 kV line and associated substations	Reinforces SEIN to transport energy from new thermal generation projects in Lima Southern region	TransMantaro	2011
Public Bidding: Independencia – Ica 220 kV line and associated substations	Meets demand growth in the center region	TransMantaro	2011
Public Bidding: Zapallal – Trujillo 500 kV line and associated substations	Permits timely and reliable supply in the country's Northern region	TransMantaro	2012
Public Bidding: Talara – Piura second circuit at 220 kV and adaptation of associated substations	Improves capacity of SEIN's 220 kV links to serve electricity demand increase in the Northern region	TransMantaro	2012
Public Bidding: Pomacocha – Carhuamayo 220 kV Transmission Line and associated substations	Increase transmission capacity for the Central and Northern zones of the National Interconnected Electric System (SEIN), boosting the system's reliability by forming a ring among associated substations.	TransMantaro	2012
Public Bidding: Machupicchu – Abancay – Cotaruse 220 kV transmission line and associated substations	Adapts SEIN in Southern region for connection of new hydro generation developments.	TransMantaro	2012
Connection: Fénix – Chilca 500 kV line and expansion Chilca 220/500 kV substation	Permits connection to SEIN of Fenix thermal plant	TransMantaro	2012

9. Construction of Infrastructure Projects Business Unit

9.2 OUTLOOK

The business unit will keep on offering integral solutions for development of linear infrastructure projects under efficiency, timeliness, and quality parameters, based on experience, technological innovation, and commitment to sustainable development, integral growth of people, ethics, and social responsibility.

Colombia: Gain recognition as the best ally for integral development of linear infrastructure projects, strengthen relations and consolidate business with third parties.

Peru: Consolidate its presence in that country, boosted by existing guarantees and legal stability. It will additionally avail of the favorable economic conditions, meaning strong demand for construction of infrastructure works, both associated with third parties, and deriving from expansion of the SEIN. To provide for the large mining projects, the Ministry of Mines and Energy –MEM, for its Spanish initials– forecasts large demand growth in the next few years, which will bring about increased electricity generation and reinforced transmission capacity by SEIN, mainly through projects at 500 kV.

10. Corporate Management

10.1 ADMINISTRATIVE MANAGEMENT

ISA and its companies consider as intangibles the array of capabilities (knowledge and competencies) they have to define and implement business strategies. Intangibles are part of management, and their main components are: human capital, corporate capital, and technological capital.

The Company is embarked in permanent administrative efforts to homologate practices, construct synergies, and find mobility of human talent in its companies.

ISA has homologated with its companies practices for organizational climate assessment, performance management, model of competencies by contribution, recruiting, development indexes, and educational process in its stages of induction, training, and formation. As part of this work, the results reached in qualification and certification of work competencies in the companies that are part of the Electric Energy Transport business unit are worth highlighting.

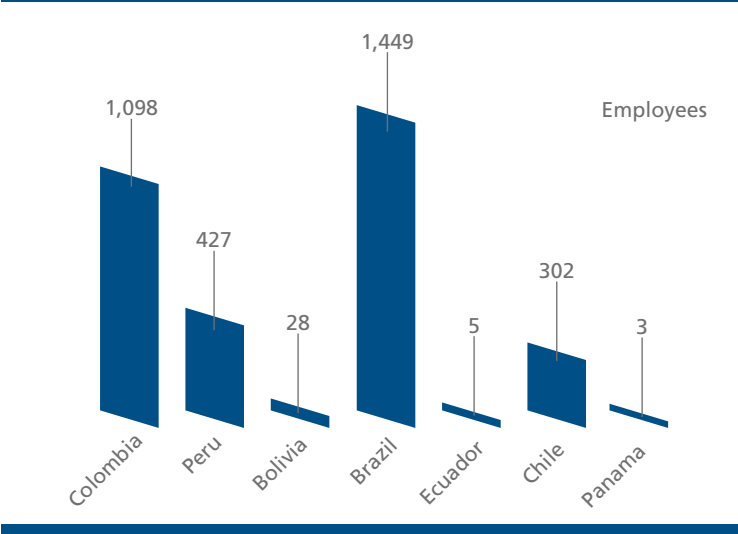
10.1.1 Human capital

It refers to the individual and group capabilities of the companies' labor force, as well as to their capacity to learn, share, and regenerate knowledge. Through this resource, ISA looks for availability of skills, talents and know-how that will allow it to develop the activities required by its corporate and business strategy.

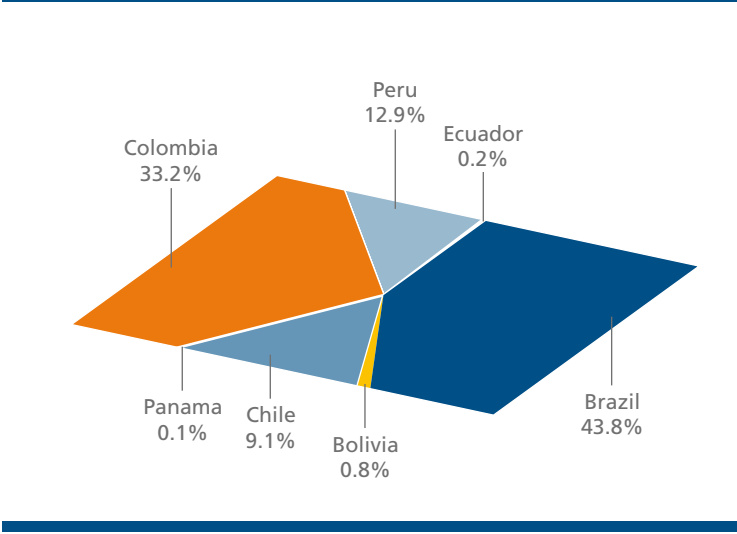
As of December of 2010, ISA and its companies had a human group of 3,312 associates, of which 339 work in its affiliates.

10. Corporate Management

EMPLOYEES OF ISA AND COMPANIES

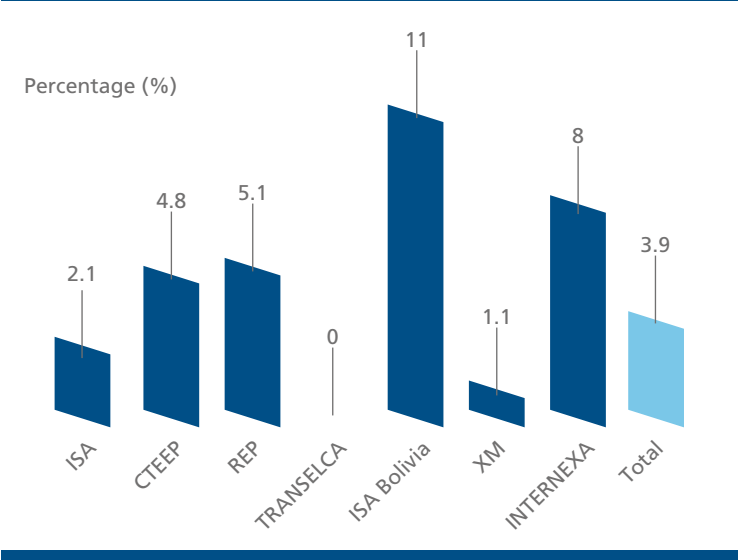


DISTRIBUTION OF EMPLOYEES BY COUNTRY



Along the past year, 183 new people joined the ranks of ISA and its subsidiaries, with the exception of Cintra Chile and its concessionaires, while 153 left, resulting in a turnover ratio of 5.4% (number of people leaving to total average staff). Retirements excluded, this turnover index stands at 3.9%.

EMPLOYEES TURNOVER



10. Corporate Management

Personnel development

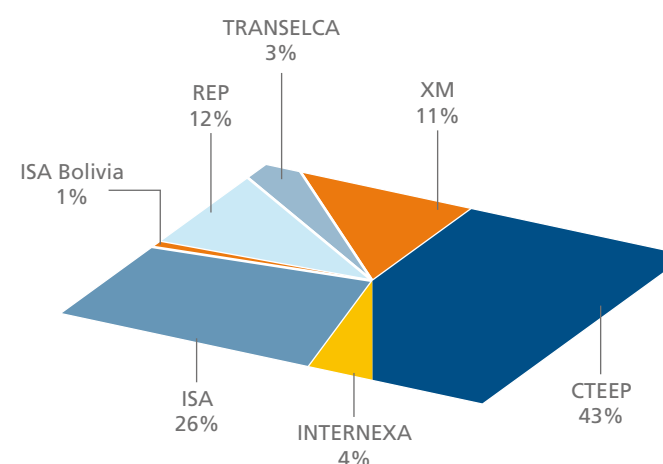
ISA and its companies are committed to the professional and personal development of their associates, framed by a strategy that seeks to attract, retain and develop the best human talent, considering its importance for business growth and productivity.

ISA and its subsidiaries, with the exception of Cintra Chile and its concessionaires, carried out along 2010 a training program calling for USD 2.1–million investment. Training programs, as well as the investment carried out, indicate that on average, each associate benefited from 75.1 yearly training hours, with an individual investment of USD 741.2. These indicators are well above those proposed by Saratoga 2010(*) for South America: 31.6 hours/person and an investment of USD 283 per associate.

Investments in formation

Company	Value (USD)	Average Plant	Indicator (USD/employee)
ISA	537,604	631	852
TRANSELCA	69,638	159	438
XM	240,574	188	1,277
INTERNEXA	86,026	111	773
CTEEP	918,185	1,385	663
REP	248,965	354	704
ISA Bolivia	13,741	27	502
Total	2,114,733	2,853	741

TOTAL FORMATION INVESTMENT



Issues to highlight in terms of formation are: the internship program, aimed at managing the technical knowledge of business through learning and transfer of best practices; the strengthening of technical knowledge; and the participation in research activities within both the company and other entities and suppliers. Along the period, 36 internship programs took place, more than the 28 originally planned for the year.

* Saratoga is a service of PricewaterhouseCoopers, a global leader in the measurement and benchmarking of human capital and strategic application of information on work force.

10. Corporate Management

In order to integrate business strategy and associate's development, ISA has a model of competencies by contribution, understood as the set of observable behaviors characterizing the skills, capabilities, and attitudes called for by superior individual performance in a given role.

Talent management for high-level executives and succession plan

ISA and its companies advanced updating of mapping of high-level executives and professionals with managerial potential, and started definition of individual development plans based on information on development and performance, as well as on current and future succession needs.

In order to guarantee succession of the 152 executive positions at ISA and its subsidiaries, with the exception of Cintra Chile and its concessionaries, 118 of those positions currently have a defined successor, to take over immediately, or in a one-to-two-year period.

In terms of formation of leadership capabilities, a program is underway aiming to widen perspectives, guide results, and direct and develop others.

10.1.2 Organizational capital

It is the array of explicit, implicit, formal and informal intangibles allowing effective and efficient development of corporate activities.

Organizational capital optimizes the organization's structures and resources to generate value for the business units through clear definition of processes and responsibilities, competencies, and models for productivity and efficiency.

Organizational climate

ISA and its subsidiaries, except for Cintra Chile and its concessionaries, evaluated organizational climate in 2010 with participation of 95% of workers, obtaining 65% favorability, 1% up on 2009. This evaluation measures four corporate health dimensions: individual and company effectiveness, work recognition, and commitment. Among the 16 factors evaluated, general commitment, management, external image, and values remain a clear strength. On the other hand, some factors previously on the down side improved noticeably: upper management, resources, autonomy, cooperation, support, balance, and workload.

10. Corporate Management

Integrated Management System –SIG, for its Spanish initials–

Always shored up by the principles grouped in the SIG, ISA and its companies have embarked in the search for international certifications that constitute a decided contribution to higher competitiveness levels.

Always shored up by the principles grouped in the SIG, ISA and its companies have embarked in the search for international certifications that constitute a decided contribution to higher competitiveness levels.



INTEGRATED MANAGEMENT SYSTEM –SIG–		ISO 9001	OHSAS 18001	ISO 14001	ISO 27001
Electric Energy Transport	ISA	Certified	In process	To be defined	To be defined
	CTEEP	Certified	To be defined	Certified	To be defined
	REP	Certified	In process	In process	To be defined
	TRANSELCA	Certified	In process	In process	To be defined
	ISA Bolivia	In process	In process	In process	To be defined
Telecommunications Transport	INTERNEXA	Certified	To be defined	To be defined	To be defined
Road Concessions	Cintra Chile	Certified	To be defined	To be defined	To be defined
Market Operation and Administration	XM	Certified	N/A	N/A	In process
Construction of Infrastructure Projects	ISA	Certified	In process	In process	To be defined
	PDI	Certified	To be defined	To be defined	To be defined

Certified In process To be defined N/A

Tools of continuous improvement

To strengthen day-to-day administration, the pillar of ISA’s and its companies’ management model, deployment of the Lean Six Sigma –LSS–(*) initiative was started at XM, TRANSELCA, INTERNEXA and REP.

* LSS is a tested and structured problem-solving methodology for closing of gaps and continuous improvement.

10. Corporate Management

Along 2010, two projects were developed for XM, 17 for ISA and five, in the modality of replica, were implemented at TRANSELCA. Today, ISA and its companies have 17 black belts, and 64 green belts, trained and certified for LSS methodology.

Projects of this type represent a step ahead in the road for successful facing of new challenges, given that they incorporate tools that allow achievement of expected results, and ensure long-term sustainability. Incorporated improvements will remain in follow-up and control phase so as to stabilize and retain results achieved.

10.1.3 Technological Capital

It is the set of intangibles related to development of the functions and activities that are part of the technical system of operations of the companies. It enables high competitiveness in global market, by means of support to critical business processes, offering availability, reliability, standardization, optimization and business practices, based on a common technological platform that allows scale economies, corporate synergies, and integral management of companies.

IT management in ISA and its companies has allowed scale economies obtained through joint negotiations and IT services management under a unified model. Likewise, it has guaranteed IT plan formulation in line with strategic direction.

Assessment and adjustment of general strategies for IT and corporate governance management were developed along 2010, and the 2011–2013 Technological Plan was defined for ISA and its companies. Outstanding among the goals and purposes resulting from this work are: strengthening information technology for simplified and homologous processes, improving services, facilitating collaboration, conducting applied technological surveillance, achieving synergies, and consolidating companies.

A series of projects were implemented in the previous year, among which management and operation homologation at Proyectos de Infraestructura de Perú –PDI– and ISA Perú under the SAP system stands out, aimed to achieve synergies, effectiveness, and productivity of support processes. Additionally, technological solutions were offered for the Road Concessions business unit, to which end the market's leading tools and those utilized by the competitors were identified, in order to incorporate the most convenient information systems for construction, operation, and maintenance of road infrastructure. Finally, ISA and its companies completed implementation of the International Financial Reporting Standards –IFRS–, a project that deserved recognition to achievement from Colombia's SAP Users Association.

10. Corporate Management



10. Corporate Management

10.2 FINANCIAL INFORMATION AND RISK MANAGEMENT

Financial information

In accordance with its expansion and international recognition process, the need to unify accounting parameters with world-class best practices, and the requirements of units to measure and compare companies, ISA implemented the International Financial Reporting Standards –IFRS–.

In 2010, the definition, preparation and configuration phases were completed. Stabilization phase is currently underway, and it will allow adjustments inherent to commissioning of projects, regulation changes, and new interpretation of regulation.

Implementation of the IFRS benefits the internationalization process of financial information, appealing to the world's best practices (high quality, transparency, and comparability), while allowing the companies to access capital markets under lower underwriting costs.

Risk Management

Guided by their Policy for Integral Risk Management, ISA and its companies identify, evaluate, implement management measures, monitor, consolidate and disclose their main risks. Each company has its own risks map, and gives priority to the most relevant ones depending on both likelihood of occurrence and severity of consequences. Likewise, it manages them through not only preventive, but also protective measures, including the transfer of risks.

Additionally, ISA coordinates with its companies the implementation of integral risk management cycles, and it follows up updating and management improvement of risk maps.

In 2010, ISA and its companies prepared a map consolidating the risks they are exposed to, identifying 14 of them, classified in the categories of strategic, operating, and milieu.

10. Corporate Management

RISK MAP OF ISA AND COMPANIES



Application of this evaluation process allowed ISA and its companies to identify priority risks, considering their effect on fundamental resources: financial, human, information and corporate image.

Management of these priority risks, as well as the other risks identified in the companies’ maps, is based on application of management measures to not only recurrent activities but also to new action plans that will allow prevention of event occurrence or severity reduction of their effects on fundamental resources.

Priority risks identified were:

Growth: defined as the difficulty or impossibility to venture into or increase participation in target business areas or markets, while securing current business. Financial resources stand as the most vulnerable to this risk.

10. Corporate Management

Main administration actions:

- Analysis of milieu in target countries.
- Analysis of competition.
- Adequate structuring by business case.
- Endeavors with regulators and the industry.
- Follow-up and evaluation of compliance with business plans and management of companies.

Sociopolitical: understood as the dynamics of the armed conflict, social context, and decisions and situations with a political nature that affect the companies. Financial and human resources stand as the most vulnerable to this risk.

Main administration actions:

- Permanent analysis of political and economical situation in the countries where we are present and/or growth strategy development is being planned.
- Endeavors with state entities.
- Management of sociopolitical risks.

Natural phenomena: manifestations of Nature affecting the companies' resources, processes, and goals. Human resources stand as the most vulnerable to this risk.

Main administration actions:

- Emergency and evacuation plans.
- Seismic resistance criteria.
- Adequacy and adaptation of facilities.

10. Corporate Management

- Business continuity plans.
- Occupational health programs.

Human and procedural errors: deviation between what must be done and what is done caused by human acts, not motivated by ill intention, or by the absence or deficiency of procedures. Human resources stand as the most vulnerable to this risk.

Main administration actions:

- Management systems: Quality, environment, safety and occupational health and information security.
- Educational plans.
- Training, qualification and certification in critical processes.
- Unified Handbook for Operation and Safe Maintenance.

Breach of contract: Partial or total default on terms of contracts, covenants or agreements, signed by the companies. Financial and human resources stand as the most vulnerable to this risk.

Main administration actions:

- Internal rules for contracting processes of the companies.
- Demand of policies and guarantees from contractors.
- Follow-up and evaluation of suppliers' performance.
- Follow-up of execution of projects.
- Management systems: Quality, environment, safety and occupational health and information security.
- Definition and implementation of communication strategies.

10. Corporate Management

Legal and regulatory: Changes or deficiencies in legislation, precedent or regulatory frame; increased demands from regulators, or supervisory or controlling entities; differences in application or interpretation of regulation among entities or between entities and the companies. Human resources stand as the most vulnerable to this risk.

Main administration actions:

- Analysis and follow-up of proposed bills.
- Consultation with external advisors to interpret and apply regulation.
- Process management – compliance with regulation.
- Definition and implementation of communication strategies.

10.3 CORPORATE COMMUNICATION

ISA deployed its corporate positioning in its affiliates and subsidiaries, reinforcing the concept of linear infrastructure systems; it also shared its brand name nomenclature system, a document defining principles and organizing the brand-naming system in order to denominate the affiliates, subsidiaries and investments the Company has in the countries where it has a presence.

Additionally, it produced a Communication Handbook for Mitigation of Reputational Risks and Crises, a basic tool to counter risks directly impacting the corporate image resource, given that ISA is an organization susceptible of critical facts that can affect its reputation.

As part of communications management work, ISA and its companies constructed communication lines for the business units of Electric Energy Transport and Telecommunications Transport, and another one for Corporate Social Responsibility. These guidelines contain strategic communications definitions that allow inter-company alignment and alignment with their business, as well as generation of clear, consistent, direct and understandable messages to their stakeholders.

10. Corporate Management

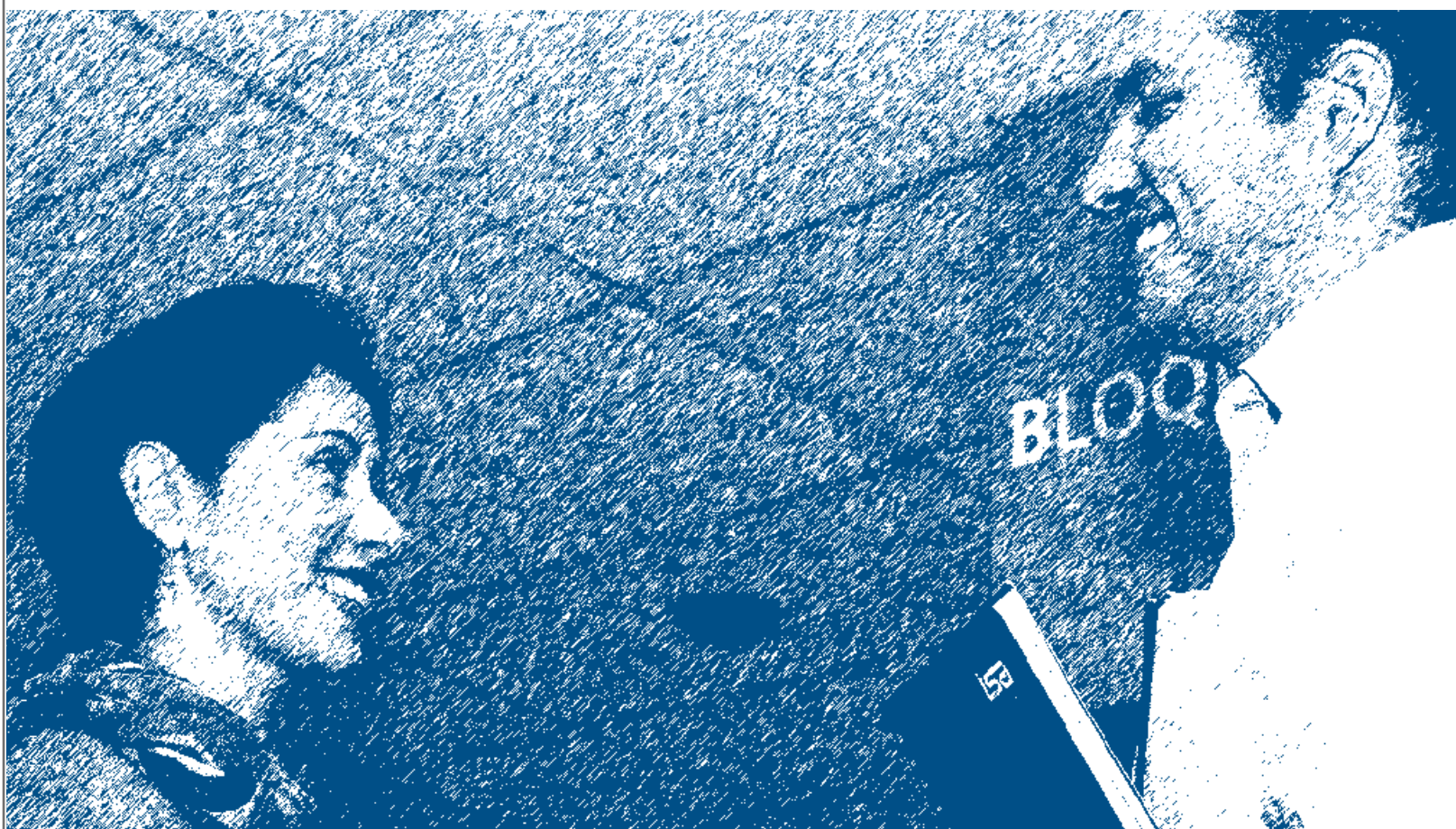
10.4 LEGAL AFFAIRS MANAGEMENT

ISA has homologated with its affiliates and subsidiaries guidelines aimed at implementing a juridical culture and developing processes in mutual-interest topics.

No litigations or contingencies with the potential to materially affect ISA arose along 2010. Judiciary and administrative actions against it were timely and adequately countered to defend the Company's interests, and to comply with its duties and responsibilities.

In turn, and on its own behalf, the Company undertook the judicial and administrative actions necessary to further its corporate purpose and in defense of its interests, respecting all binding regulation.

It is worth pointing out here that additional information regarding litigations and claims is available to the shareholders in the notes to ISA's Financial Statements.



11. Corporate Social Responsibility

ISA and its companies acknowledge that their works on lineal infrastructure systems design, building and operation, as well as the operation of its administrative units, demand resources and have impact and risk on the environment. For this reason, ISA has made a great effort in their successful management along many years, showing the environmental responsibility it is now recognized for.

As part of its growth and internationalization process, ISA has acquired important knowledge, understanding that the sustainability vision it is committed to, must evolve in order to answer to the new challenges associated with a globalized world: the Human Rights agenda, business management in complex environments, poverty, and the serious effects of global warming that are becoming evident in our hemisphere.

To answer the need to carry out integrated and systemic actions for all its business units in environmental, social and economic terms, ISA has developed a new Social and Environmental Management Model, which in addition to answering all such challenges, has become a framework for the companies to crystallize their commitment to sustainable development working according to the principles of the Global Compact, the Millennium Development Goals and climate change.

This is done in order to direct ISA and its companies to sustainable growth, well ahead of economic value, integrating responsible environmental and social management, through practices that answer to the requirements of the milieu.

ISA and its companies, shaping up its commitment with sustainable development, have as an objective to improve the quality of life and the development of the communities where they are present. To achieve this objective, the companies include in their management endeavors, initiatives aimed at Human Rights respect, improvement of primary education coverage, and promotion of environmentally responsible practices.

In accordance with this new perspective, ISA published its first Sustainability Report under the international methodology of the Global Reporter Initiative –GRI– (*) level B. This report identifies material subjects

GRI is a network-based organization of multiple stakeholders with thousands of individual experts, companies, academic organizations and NGOs in more than 30 countries. GRI's mission is to create conditions for the transparent and reliable exchange of sustainability information through a series of indicators applicable to enterprises. It has different application levels that have to be measured according to its application scope, assigning a "+", given by an external assessor.

11. Corporate Social Responsibility

that are of significance to the management as well as representative for the stakeholders, and through which, the main economic, environmental and social impacts can be measured and disclosed.

Based on this methodology, ISA held meetings with some of its stakeholders, bringing them elements to review management, according to their needs and expectations. Meetings with customers and suppliers, meetings with investors, the Regular Shareholders' Meeting, the corporate climate survey and the reputation survey, among other activities, were paramount to review management endeavors with stakeholders.

During 2010, the following issues are worth mentioning:

11.1 ENVIRONMENTAL MANAGEMENT

Within the frame of the International Year of Biodiversity, declared by the United Nations, ISA organized the information collected by biodiversity and strategic ecosystems papers prepared by the Company during the past 15 years.

Additionally, the Company carried out the Biodiversity National Forum, having as main subject the relation between ecosystems conservation and compensation measures. In this setting, the discussion turned around socially, legally and economically viable measures complementary to reforestation and aimed at sustainably managing the country's most important ecosystems.

The forest compensation program for the 500kV lines connecting the country's Central region to the Atlantic Coast was selected as case study. This program has contributed to preserve more than one million hectares of strategic ecosystems in the jurisdictions of ten Regional Autonomous Corporations –CAR, for the Spanish initials–.

11.2 SOCIAL MANAGEMENT

As an effort to improve the quality of life of communities neighboring its infrastructure, ISA and its companies have been developing a series of initiatives focused on education, culture and community service.

11. Corporate Social Responsibility



11. Corporate Social Responsibility

Initiatives focused on education

With the purpose of improving education quality in Colombia, ISA, XM and TRANSELCA are developing the following programs:

ISA structured the Educational Transformation for Life Program, helping 100 educational institutions in 24 municipalities of six provinces, serving nearly 28,000 students and 900 teachers.

XM started an educational plan of six initiatives designed to promote knowledge. Among them, the Scholarship Program can be highlighted, a program aimed at electric engineering low-income students with outstanding academic performance and working on issues relevant to the Company.

TRANSELCA contributes to education through several initiatives. In association with the Soledad Technological Institute, in Atlántico Province, it provides technological and technical-professional educational cycles; with the AliaRSE Foundation promotes bilingual environments in productive sectors; in association with Alianza Caribe, it develops the Caribbean Region Technical and Technological Education Strengthening Program; in an agreement with the Antonio Restrepo Barco Foundation it conducted a study of educational institutions in order to improve educational quality and physical conditions in schools neighboring ISA's infrastructure; and in association with Corporación Luis Eduardo Nieto Arteta and the Children and Piloto del Caribe libraries, it is conducting in the region the Travelling Briefcases Program, reaching more than 60,000 people from lower social levels not having access to public libraries.

REP, TransMantaro and ISA Peru, in association with two NGOs (IPES in Lima and IDMA in Huánuco), and with resources and technical cooperation from the United States, are developing the Orchards Online Project, aiming at having 500 school orchards in Huánuco and developing an agricultural model centre in Pachacamac.

CTEEP, in association with the State Secretary of Education, is developing the Cultural Circuit Project, aimed at children and young people from 60 public schools in the neighborhood of transmission lines. Additionally, CTEEP is conducting the Film Culture Circuit in schools, where children and young people write stories, to be converted into short films. CTEEP is also supporting the Guri Project, the Santa Marcelina's youth music group and the Grupo Jovenes, composed of the State Youth Choir, the State Youth Orchestra, the Tom Jobim Youth Orchestra and the Youth Symphonic Band.

11. Corporate Social Responsibility

Human Rights

Related to the commitment to support and protect Human Rights, ISA took part in relevant venues like the Energy and Mining Committee, promoting initiatives and best practices in security and Human Rights issues.

Additionally, and in order to strengthen the social fabric allowing a higher fulfillment level of the Global Compact's ten principles, ISA continued supporting processes aimed at promoting knowledge and respect for Human Rights in sites where ISA is present and supporting redress processes in communities where these rights have been violated. All these activities are performed through the Peace and Human Rights line of the Development and Peace Programs run by the ISA Region Program.

ISA also developed the Telemap Program, used to train medical personnel, military authorities and community organizations in order to give early support to victims of anti-personnel land mines and unfired ammunition.

Millennium Development Goals

ISA, in line with the worldwide commitment to support the Millennium Development Goals signed an agreement with United Nations Development Program –UNDP– in order to take actions in 29 Colombian towns (making part of the 71 “Millennium Municipalities”) where the Company is present, and six more, where social–environmental projects, relevant to ISA, are taking place.

The agreement will permit to perform activities framed in three great strategies: promotion of inclusive business contributing to poverty reduction; identification of critical issues hindering achievement of the Millennium Development Goals, especially in education; and the climatic change vulnerability analysis.

Looking to the future, ISA has the challenge to establish a structured process for having productive dialogues with its stakeholders. Additionally, ISA has to deepen application of the Global Reporting Initiative–GRI– methodology to try to find, through reporting, a continuous process of discussion, definition of the action focal point, measurement and communication.

For more information regarding Corporate Social Responsibility –CSR–, each company's full report is available in its Web page.

12. Evolution of the Stock

12.1 10 YEARS OF PUBLIC LISTING

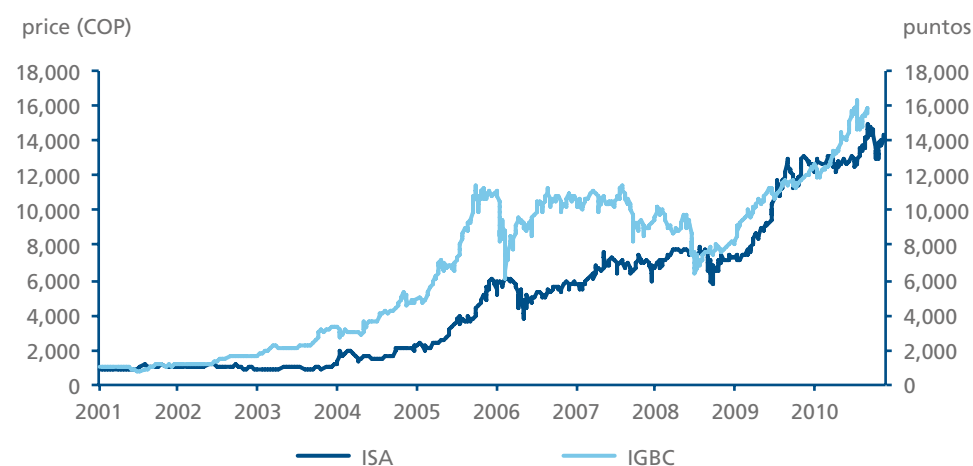
The sound growth strategy that in past years has driven ISA permitting its expansion and venture into new sectors has always paid attention to the impact and value-adding that each new business means for the investor. Such fact, a distinctive feature of ISA's management, has facilitated its growth as well as the arrival to the Company of fresh funds from public listings.

In just ten years, ISA advanced significantly in its growth process, going from COP 3,200,000 million consolidated assets at the end of 1999 to COP 25,800,000 million at 2010 close. It currently competes in Latin America's major markets with a portfolio of five business units managed through 28 companies, 23 more than a decade ago.

In the four issuances of 2000, 2002, 2007 and 2009, ISA has placed close to 323 million shares representing COP 987,000 million. Citizen participation stands at 31.42%, something unheard of ten years ago.

From December 2000 until December 31, 2010, ISA's stock has appreciated by 1,558.82%, while its dividends have kept a growing trend with payments totaling COP 1,154,974 million.

APPRECIATION ISA STOCK – IGBC SINCE 2001



12. Evolution of the Stock

ISA was the first State company to be publicly listed, and it did it so through the “ISA, Shares for All” program, an initiative that crystallized in 2000 and 2002 with outstanding results as shown by 29% and 40% over-demand, respectively. The program opened doors to new investors and close to 90,000 individuals invested in it, of which 91% of were first-time purchasers.

In 2000, the Company committed itself to protect the interests of minority shareholders by subscribing the Statement of the State, and in 2001, it adopted a Code of Good Governance that was incorporated into the bylaws a year later.

In 2004, ISA officially listed its American Depositary Receipt –ADR– Level I with the United States Securities and Exchange Commission and can then trade part of its shares in the OTC market.

In 2007, the Company carried out its third issuance of common shares in the local market under a novel public offer process called “book building”. This process was 3.3 times overbooked.

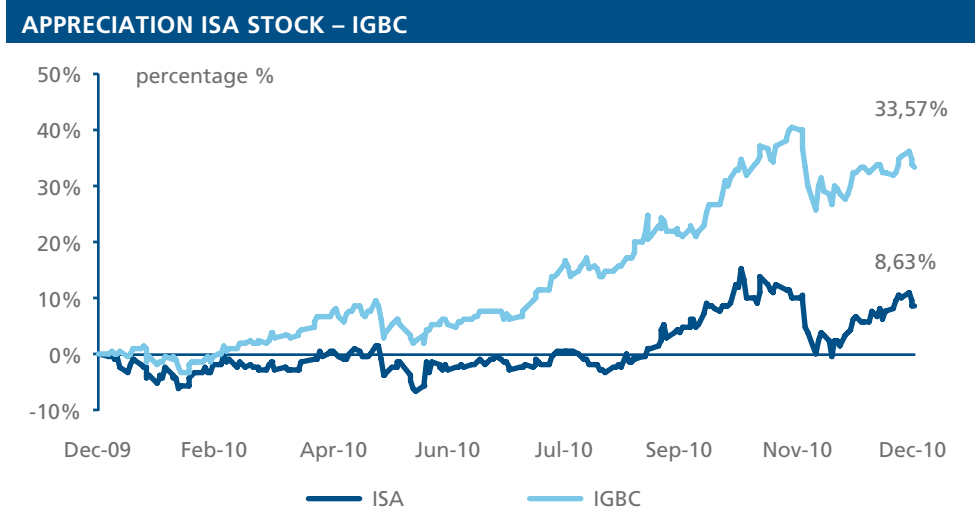
In 2009, ISA carried out its latest common shares issuance, again under the book building mechanism, this time 2.8 times overbooked.

12.2 PERFORMANCE OF THE STOCK

Last year was a challenging one for Colombia, considering the effects of the global economy along 2009. Under such scenario, and taking into account that variable income was volatile for several issuers, the market closed the year as one of the most dynamic, with 33.5% appreciation in the General Index of the Colombian Stock Exchange –IGBC, for its Spanish initials–, and a total traded in shares of COP 53,510,000 million.

ISA's share closed the period at COP 14,100 per share, 8.63% above 2009 (COP 12,980). Minimum, maximum and average quotes were COP 12, 210 (May 21), COP 14,980 (October 13) and COP 13,142, respectively.

12. Evolution of the Stock



Average volume traded was COP 4,490 million, 41.82% up on 2009, bringing the share to the tenth place in the high market capitalization category. Purchases and sales involved close to 85 million shares, with foreign investment funds, legal institutions and insurers as main purchasers, and individuals, general funds and the ADRs program as main sellers.

12. Evolution of the Stock



12. Evolution of the Stock

Shareholding		
Shareholders	Shares	%
State investors	682,078,108	61.58
The State	569,472,561	51.41
Empresas Públicas de Medellín	112,605,547	10.17
State-and-private-capital companies	77,577,007	7.00
ECOPETROL	58,925,480	5.32
Empresa de Energía de Bogotá	18,448,050	1.67
Empresa de Energía del Pacífico	203,477	0.02
Private investors	348,022,779	31.42
Institutional investors	210,447,090	19.00
Individuals	93,621,269	8.45
Legal entities	21,699,213	1.96
Foreign investment funds	20,658,682	1.87
ISA ADR Program	1,596,525	0.14
Outstanding subscribed and paid capital	1,107,677,894	100.00

The Company's market capitalization as of December 31, 2010 stood at COP 15,618,258 million, with 1,107,677,894 outstanding shares.

12. Evolution of the Stock

Stock market indicators

	2008	2009	2010
Outstanding shares (No.)	1,075,661,374	1,107,677,894	1,107,677,894
Free-float (%)	29.70	31.44	31.42
Shareholders (No.)	56,539	53,215	51,204
Par value (COP)	32.8	32.8	32.8
Book value including appreciation (COP)	4,470.98	5,528.96	5,813.69
Closing quote (COP)	7,100	12,980	14,100
Market capitalization (USD million)	3,404	7,033	8,160
Market capitalization index (position No.)	6	6	10
IGBC (points)	7,560.68	11,602.14	15,496.77
Colcap (points)	851.35	1,366.85	1,823.70
Col20 (points)	701.23	1,115.43	1,452.68
ADR closing quote (USD)	78.94	158.84	183.59
ADR average quote (USD)	93.89	114.83	173.70

12. Evolution of the Stock

American Depositary Receipt –ADR– Level I

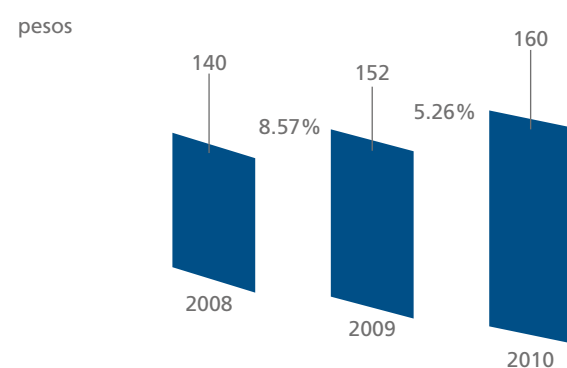
ISA's ADRs are traded in the OTC market and quoted in the OTCQX international electronic platform, a tool that provides investors with continuous information about issuers and their securities.

ISA's ADR appreciated by 15.58% with a quote of USD 158.84 at the beginning of the year, and of USD 183.59 at the end of the period.

Dividends

The Shareholders' Meeting held on March 29, 2010 approved distribution of COP 177,228 million earnings and reserves, materialized in a dividend of COP 160 per share. Payment was made in four quarterly installments of COP 40 each, on April 19th, July 19th and October 19th of 2010 and January 27th of 2011.

REGULAR DIVIDENDS PER SHARE



13. Financial and Economic Management

13.1 CONSOLIDATED FINANCIAL MANAGEMENT

Consolidated results for the period

COP million

2010

2009

Variation

% Variation

Income Statement

Operating Revenues	3,513,617	3,307,063	206,554	6.2
Operating costs and expenses	(1,642,591)	(1,563,525)	(79,066)	5.1
EBITDA	2,526,445	2,406,907	119,538	5.0
Operating income	1,871,026	1,743,538	127,488	7.3
Non-operating results	(416,473)	(370,177)	(46,296)	12.5
Pre-tax income	1,454,553	1,373,361	81,192	5.9
Income tax provision	(424,462)	(483,980)	59,518	-12.3
Income before minority interests	1,030,091	889,381	140,710	15.8
Minority interests	686,195	574,503	111,692	19.4
Net income	343,896	314,878	29,018	9.2

Balance Sheet

Assets	25,819,800	17,049,376	8,770,424	51.4
Liabilities	14,148,821	7,390,801	6,758,020	91.4
Equity	6,443,797	6,177,036	266,761	4.3
Minority interests	5,227,182	3,481,539	1,745,643	50.1

Indicators

EBITDA margin (%)	71.9%	72.8%		
Operating margin (%)	53.3%	52.7%		
Net margin (%)	9.8%	9.5%		
Return on assets (%)	1.3%	1.8%		
Return on equity (%)	5.3%	5.1%		
Leverage (%)	54.8%	43.3%		
Net debt / EBITDA (times)	2.72	1.5		
EBITDA / Interest (times)	7.6	6.2		

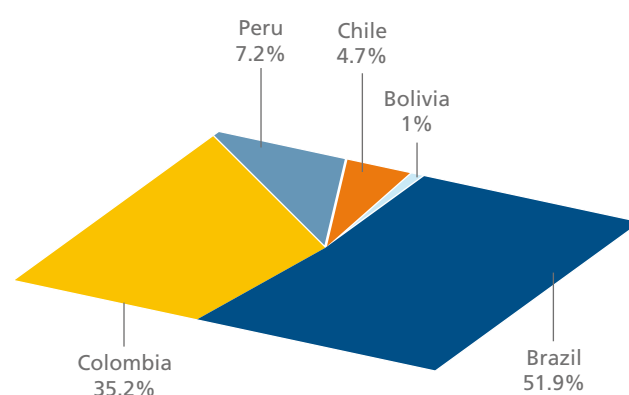
13. Financial and Economic Management

Consolidated income statement

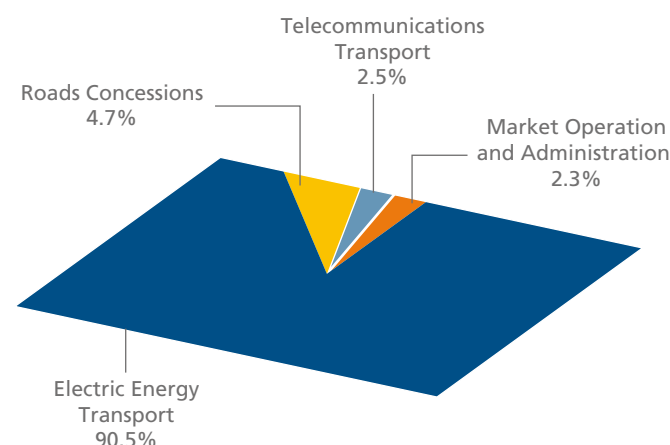
Operating revenues totaled COP 3,513,617 million, equivalent to 6.2% increase with respect to 2009 (COP 3,307,063 million). Such variation is explained mainly by:

- Cintra Chile and its concessionaires: Integration of revenues from commercial exploitation of highways by the five concessionaires of Cintra Chile, starting October 2010.
- CTEEP: Increase in revenues as effect of the Market Prices General Index –IGPM–, to which they are indexed.

CONSOLIDATED REVENUES BY COUNTRY



CONSOLIDATED REVENUES BY BUSINESS UNIT

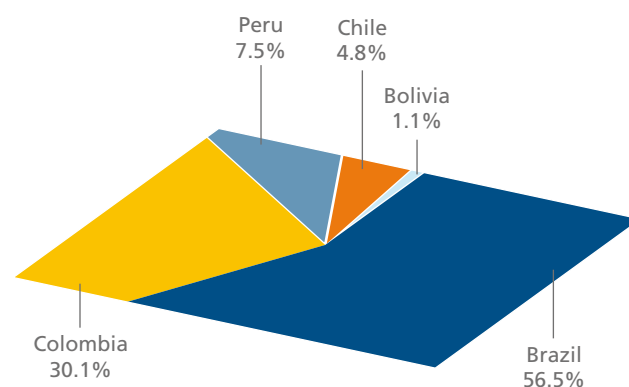


Operating costs and expenses in turn, totaled COP 1,642,591 million, 5.1% up on last year's figure (COP 1,563,525 million). This result is due principally to incorporation of Cintra Chile's and its concessionaires' costs and expenses, increased retirement pensions expenses in ISA, TRANSELCA and XM caused by higher life expectancy in Colombia, and increased amortization due to commissioning of projects that were formerly under construction.

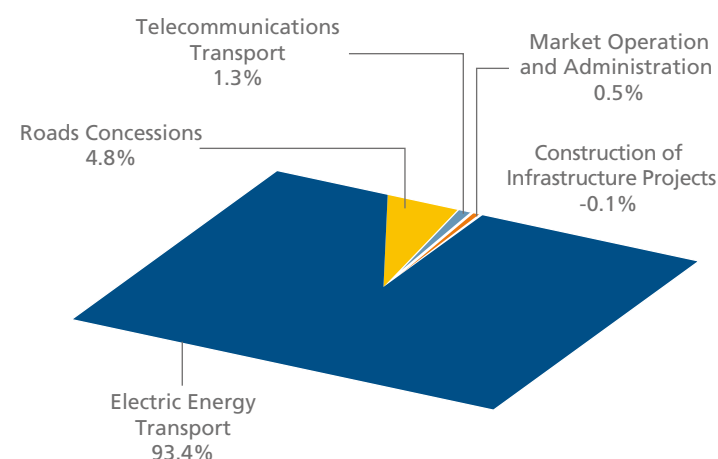
At COP 2,526,445 million, consolidated EBITDA increased COP 119,538 million or 5%, with respect to 2009 (COP 2,406,907 million). As a result, EBITDA margin at 71.9% is 90 percentage points above that for 2009 (72.8%).

13. Financial and Economic Management

CONSOLIDATED EBITDA BY COUNTRY



CONSOLIDATED EBITDA BY BUSINESS UNIT



Consolidated operating income was COP 1,871,026 million, 7.3% up on 2009 (COP 1,743,538 million), while operating margin at 53.3% is 6 percentage points above that for 2009 (52.7%).

Non-operating results went from COP –370,177 million in 2009 to COP –416,473 million in 2010 as a result of:

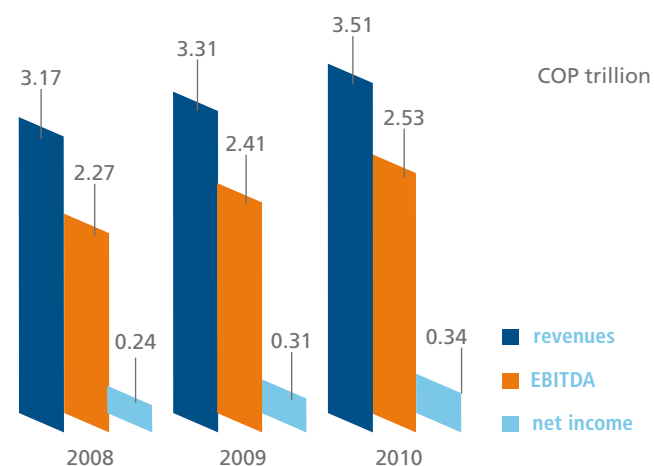
- Higher financial costs due to increased debt in CTEEP.
- Financial expenses derived from debt restructuring in ISA Capital do Brasil.
- Incorporation of financial expenses of Cintra Chile and its concessionaires.
- Lower revenues from exchange difference in ISA Capital do Brasil associated to its lower indebtedness.

Income tax expense dropped 12.3% from COP 483,980 million in 2009 to COP 424,462 million in 2010. Such variation is principally explained by lower fiscal income in CTEEP; and in ISA, by recognition of deferred tax for the effect of exchange difference on investments abroad.

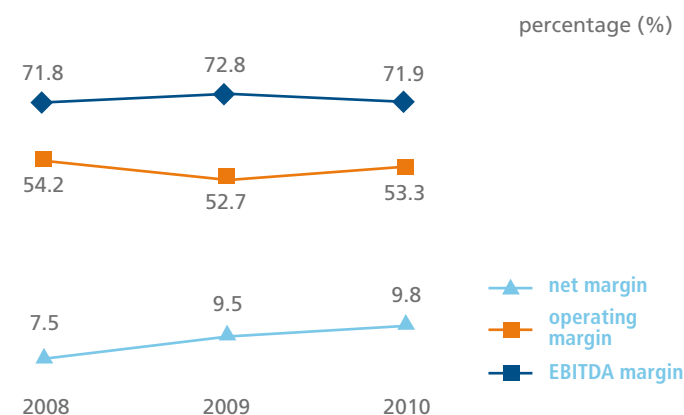
At COP 343,896 million, net income is 9.2% up on 2009 (COP 314,878 million), while net margin at 9.8%, is 30 percentage points above that for 2009 (9.5%).

13. Financial and Economic Management

CONSOLIDATED FINANCIAL FIGURES



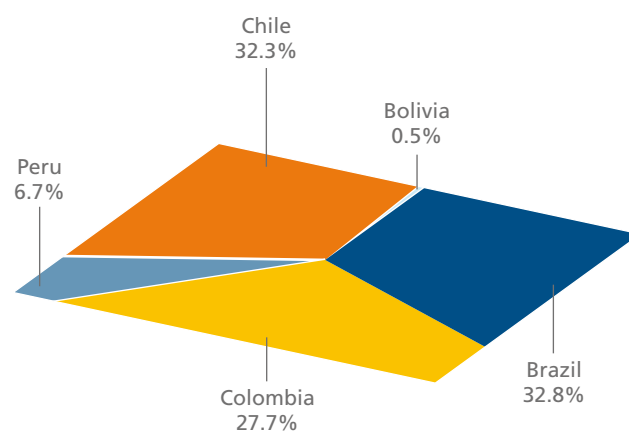
CONSOLIDATED FINANCIAL INDICATORS



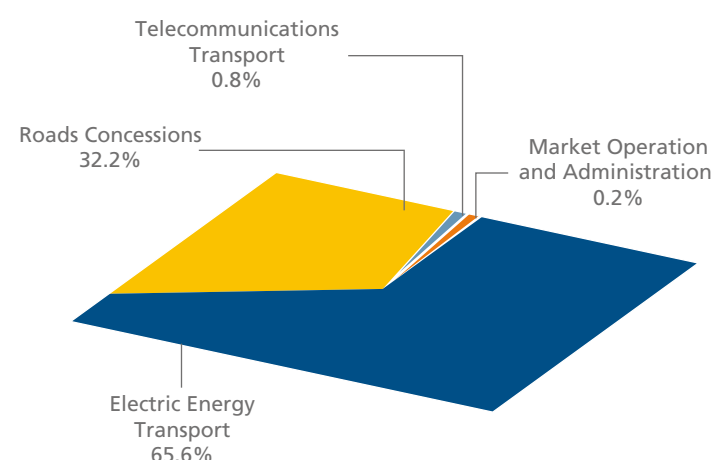
Consolidated balance sheet

The assets of ISA and its companies amounted to COP 25,819,800 million, which means 51.4% growth with respect to 2009 (COP 17,049,376 million). Such increase originated mainly in the incorporation of the assets of Cintra Chile and its concessionaires for COP 8,318,714 million; CTEEP's contributions for COP 248,070 million to the corporations where it has stakes; and increase in TransMantaro's assets for COP 275,257 million.

CONSOLIDATED ASSETS BY COUNTRY



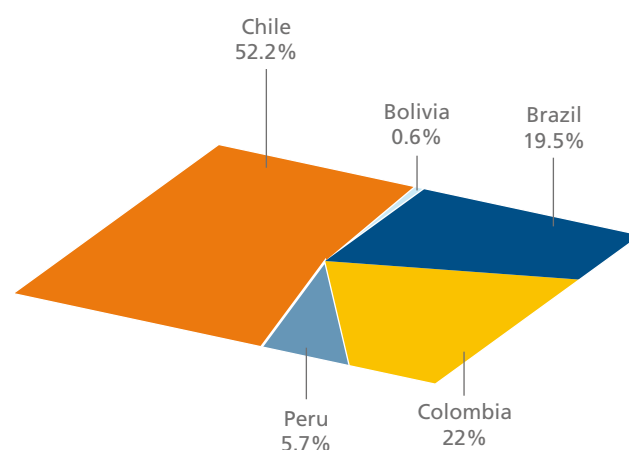
CONSOLIDATED ASSETS BY BUSINESS UNIT



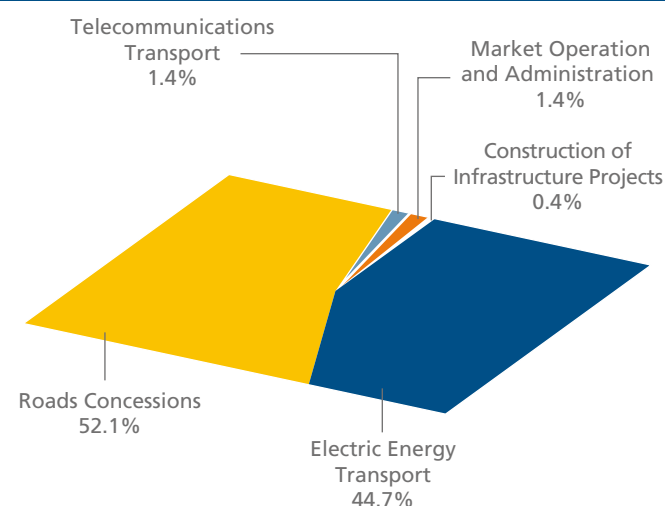
13. Financial and Economic Management

Liabilities increased by 91.4% from COP 7,390,801 million in 2009 to COP 14,148,821 million in 2010, the result, mainly, of the incorporation of liabilities of Cintra Chile and its concessionaires for COP 7,035,031 million.

CONSOLIDATED LIABILITIES BY COUNTRY

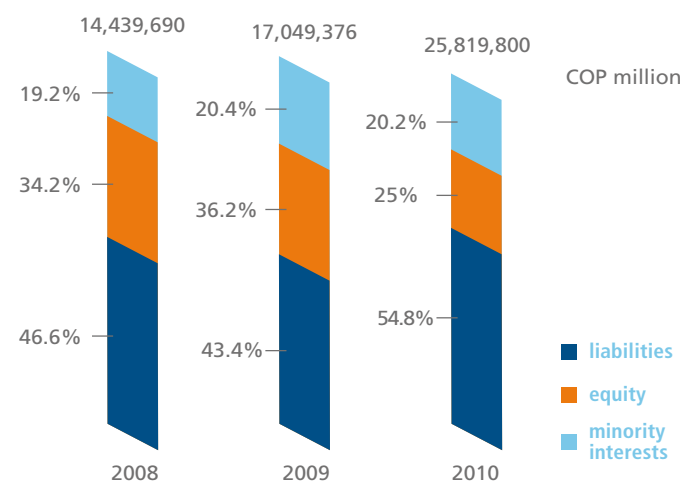


CONSOLIDATED LIABILITIES BY BUSINESS UNIT



Equity, in turn, totaled COP 6,443,797 million, representing 4.3% increase over 2009 (COP 6,177,036 million), due to revaluation of assets of the Colombian companies, net income of 2010, and increase in ISA's reserves approved by the Shareholders' Meeting.

CONSOLIDATED BALANCE SHEET STRUCTURE



13. Financial and Economic Management

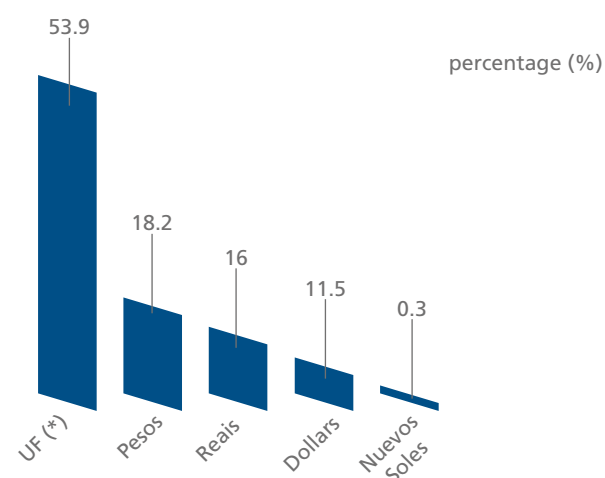
Financial liabilities

At year's end, consolidated financial liabilities amounted to COP 8,094,240 million, 76.7% increase with respect to former year (COP 4,580,106 million). Important facts during the period had effect on such result:

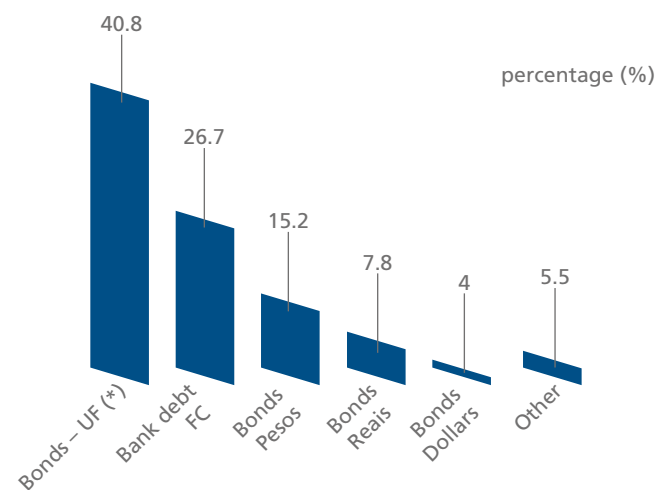
- In the first quarter, ISA Capital do Brasil restructured its debt, by redeeming bonds of 2012 and 2017 for USD 522 million. The transaction was effected with funds obtained in the issuance of preferred shares in Brazil. As a consequence, consolidated financial debt dropped by BRL 1,200 million.
- TransMantaro subscribed with Banco de Crédito del Perú a loan for USD 70 million at eight years and 6.68% fixed rate, of which, USD 36 million were disbursed during the year. This loan will finance its expansion plan.
- In December of 2009, CTEEP issued bonds in the local market for BRL 548.6 million; funds were received in January of 2010 and permitted investment financing of projects awarded by ANEEL. The two-series issue was indexed to Interbank Deposit Certificates –CDI, for its Portuguese initials–, and to Brazilian IPCA consumer price index, at terms of five and seven years, respectively.
- ISA received a loan from for COP 224.455 to partially finance the acquisition of Cintra Chile and its concessionaires.
- In the last quarter, ISA consolidated the debt of Cintra Chile's five concessionaires thereby incrementing consolidated debt balance by COP 4,359,594 million.

13. Financial and Economic Management

CONSOLIDATED DEBT BY CURRENCY



CONSOLIDATED DEBT BY SOURCE



*UF: The Chilean Unidad de Fomento is a unit of account re-adjustable according to Chilean inflation.

Credit risk rating

Corporate risk and local and international bond issues ratings given to ISA by specialized agencies ratified the strength and financial soundness of ISA and its companies, as well as the prominent position as energy transporter in Colombia, Peru and the Brazilian State of São Paulo, and as new player in the Chilean road concession business.

FitchRatings Colombia ratified the AAA rating, stable outlook, for ISA's third bond issue and the domestic debt bond program. In the same manner, Standard & Poor's upheld its BB+ rating, stable outlook, for ISA's long-term corporate credit in foreign and local currency (equal to the Republic of Colombia's sovereign ceiling).

In 2010, ISA was assigned the investment grade by Moody's Investor Service after receiving a Baa3 issuer rating with stable outlook for both domestic and foreign currency. Likewise, Fitch Ratings assigned it a BBB issuer rating with stable outlook for both local and domestic currency.

FitchRatings Colombia also ratified TRANSELCA's AAA rating, the highest ever for its bond issues. REP's securities of the first and second corporate bond program respectively retained and received AAA rating from Equilibrium and Apoyo & Asociados Internacionales (associates of Fitch Ratings).

13. Financial and Economic Management

TransMantaro retained AAA rating granted by Agencias Apoyo & Asociados Internacionales and Pacific Credit Rating to its bond issues.

For ISA Capital do Brasil, Fitch Ratings raised from BB+ to BBB–, stable outlook, the risk rating for the remaining international bonds with maturity up to 2017.

Fitch Ratings raised from AA to AA+ the risk rating for CTEEP's local bonds.

The international bond issue of Autopista del Maipo, a concessionaire of Cintra Chile, received BBB– rating from Standard & Poor's and Baa3 from Moody's Investor Service, while Feller Rate rated A the local bond issues.

Fixed–rate securities issued by Ruta del Bosque, a concessionaire of Cintra Chile, were rated Baa3 by Moody's, while Standard & Poor's upheld their BB+ rating, stable outlook. And Fitch Ratings rated A–, stable outlook, its local bond issue.

Fixed–rate securities issued by Talca Chillán, a concessionaire of Cintra Chile, were rated Baa2 by Moody's, while Standard & Poor's upheld their BBB– rating, stable outlook. And Feller Rate rated A– stable outlook, its bond issue in local currency.

Investments

ISA and its companies carried out investments worth COP 2,174,525 million in line with their expansion plans.

Colombia: COP 874,287 million investment, of which COP 808,118 million were contributions to TransMantaro and ISA Inversiones Chile and for asset investments in ISA.

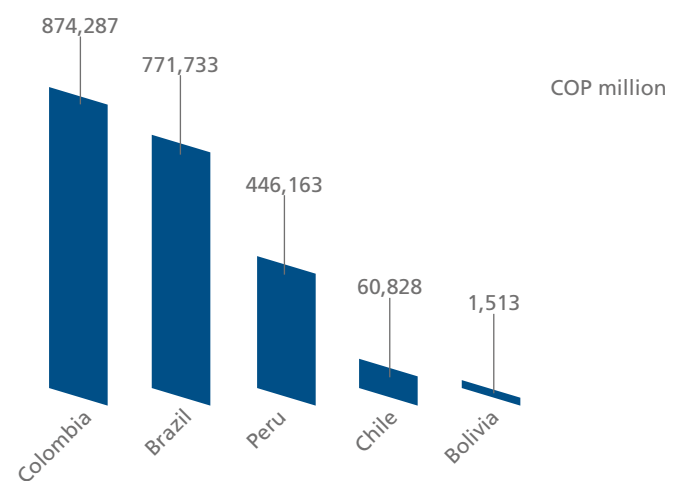
Brazil: COP 771,733 million investment, of which COP 612,457 million were invested by CTEEP in grid reinforcements and as capital contributions to the companies where it has stakes.

Peru: TransMantaro invested COP 361,392 million to execute projects awarded by Proinversión, while REP invested COP 100,090 million in expansion of its electric grid.

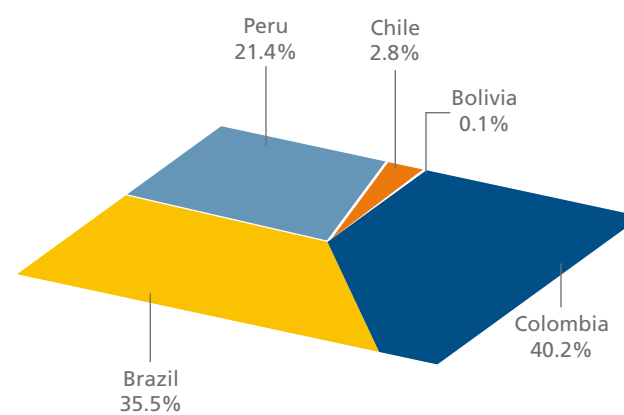
13. Financial and Economic Management

Figures include ISA's cash investments and those of the companies that are consolidated for accounting purposes.

INVESTMENT BY COUNTRY



INVESTMENT BY COUNTRY



13. Financial and Economic Management

13.2 ISA'S FINANCIAL MANAGEMENT

ISA's results during the period

COP Million	2010	2009	Variation	% Variation
Income Statement				
Operating Revenues	941,971	932,107	9,864	1.1
Operating costs and expenses	(469,363)	(460,174)	(9,189)	2.0
EBITDA	623,946	625,204	(1,258)	-0.2
Operating income	472,608	471,933	675	0.1
Non-operating results	(20,075)	(11,584)	(8,491)	73.3
Pretax income	452,533	460,349	(7,816)	-1.7
Income tax provision	(108,637)	(145,471)	36,834	-25.3
Net income	343,896	314,878	29,018	9.2
Balance Sheet				
Assets	9,033,380	8,521,132	512,248	6.0
Liabilities	2,593,684	2,401,248	192,436	8.0
Equity	6,439,696	6,119,884	319,812	5.2
Indicators				
EBITDA margin (%)	66.2%	67.1%		
Operating margin (%)	50.2%	50.6%		
Net margin (%)	36.5%	33.8%		
Return on assets (%)	3.8%	3.7%		
Return on equity (%)	5.3%	5.1%		
Leverage (%)	28.7%	28.2%		
Net debt / EBITDA (times)	2.3	1.4		
EBITDA / Interest (times)	5.4	3.4		

Income statement

ISA's revenues totaled COP 941,971 million, 1.1% growth with respect to 2009 (COP 932,107 million). Such results are explained by commissioning of Cira Infantas and Caricare connection projects.

13. Financial and Economic Management

Operating costs and expenses totaled COP 469,363 million, equivalent to 2% increase on 2009 (COP 460,174 million), due, mainly, to higher AOM expenses resulting from reclassification as operating expenses of expenses incurred because of terrorist attacks to towers, as well as from actuarial estimate due to higher life expectancy in Colombia.

As a consequence of the above, EBITDA decreased 0.2% to COP 623,946 million; EBITDA margin, in turn, fell from 67.1% to 66.2%.

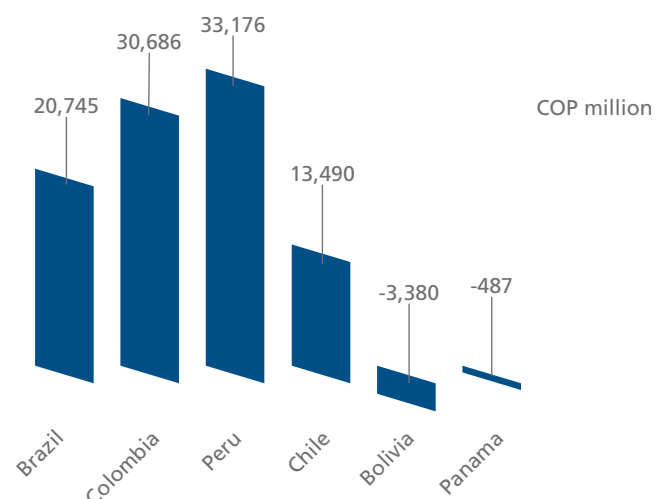
Operating income totaled COP 472,608 million, very similar to that of 2009 (COP 471,933 million).

Non-operating results went from COP –11,584 million in 2009 to COP –20,075 million in 2010, basically as a result of:

- Net financial results of COP –121,509 million, representing an improvement on a year earlier (COP –176,177 million) due to lower financial expenses because of lower debt, decreased interest because of lower interest rates, and increased yields because of cash availability.
- Net exchange difference of COP 3,578 million, lower than in 2009 (COP 20,178 million) due to smaller peso revaluation, 6.23% in 2010 vs. in 8.88% 2009.
- COP 94,229 million revenues from equity method vs. COP 140,487 million in 2009. Although, in general, income increased for the companies, the COP 46,258 million decrease obeyed to lower income in ISA Capital do Brasil (given that 2010 records debt-restructuring expenses and 2009 records increased income in CTEEP from extra revenues), and to a lesser extent , to losses incurred by INTERNEXA and ISA Bolivia.

13. Financial and Economic Management

REVENUE FROM EQUITY METHOD



Revenues from equity method by company COP Million

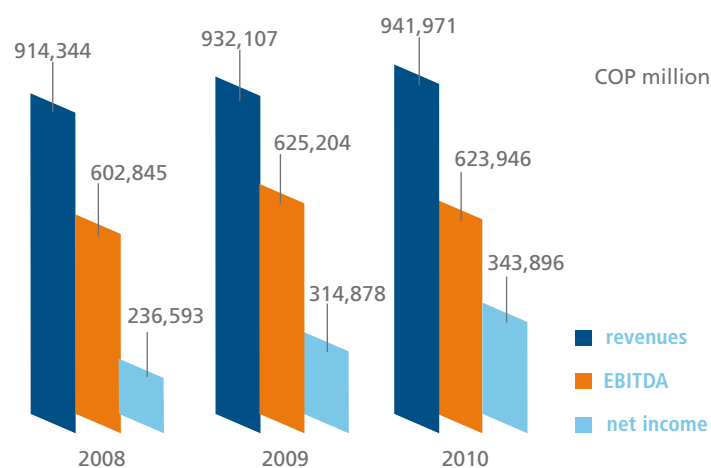
Company	2010	2009	Variation
Colombia			
TRANSELCA	41,880	40,269	1,611
XM	846	711	135
INTERNEXA	-12,040	-3,148	-8,893
Peru			
REP	11,153	3,171	7,982
TransMantaro	16,832	14,630	2,202
ISA Perú	2,497	2,670	-174
PDI	2,694	2,236	458
Brazil			
ISA Capital	20,745	76,417	-55,673
Bolivia			
ISA Bolivia	-3,380	3,530	-6,910
Panama			
ICP	-487		-487
Chile			
ISA Inversiones Chile	13,490		13,490
TOTAL	94,229	140,487	-46,258

13. Financial and Economic Management

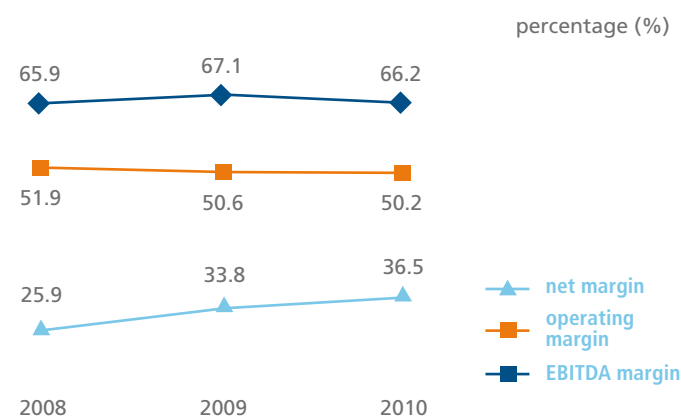
Income tax provision fell 25.3% from COP 145,471 million in 2009 to COP 108,637 million in 2010, as a result of recognition of deferred tax for the effect of exchange difference on investments abroad.

Lastly, as of the end of 2010, net income at COP 343,896 million, was 9.2% higher than in 2009 (COP 314,878 million), which shows in improved net margin growing from 33.8% in 2009 to 36.5% in 2010.

ISA'S FINANCIAL FIGURES



ISA'S FINANCIAL INDICATORS

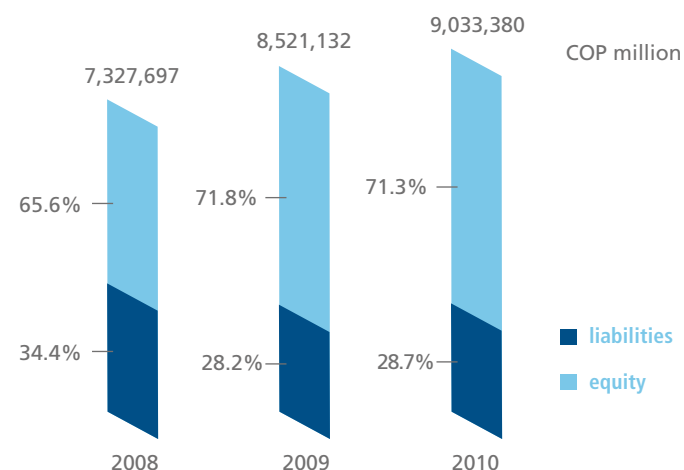


Balance sheet

The Company's assets at COP 9,033,380 million are 6% higher than in 2009 as a result of higher asset revaluation and the acquisition of Cintra Chile and its concessionaires. Liabilities totaled COP 2,593,684 million, 8% up on 2009, as a result of the higher indebtedness for such acquisition.

13. Financial and Economic Management

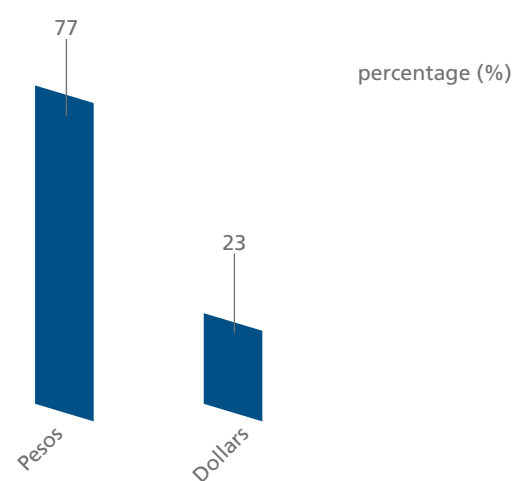
BALANCE SHEET STRUCTURE



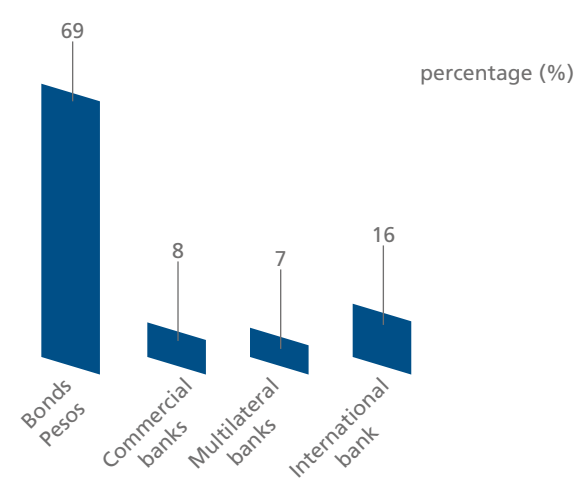
Financial liabilities

At period's close, financial debt stood at COP 1,494,515 million, 3.9% up on 2009 (COP 1,439,012 million). Such increase, due mainly to disbursement of BBVA loan for COP 224,455 million to partially finance purchase of Cintra Chile, was offset with debt amortization for COP 168,086 million.

ISA'S DEBT BY CURRENCY



ISA'S DEBT BY SOURCE



Consolidated Financial Statements

INTERCONEXIÓN ELÉCTRICA S.A. E.S.P.
CONSOLIDATED BALANCE SHEETS
DECEMBER 2010 - DECEMBER 2009
(In millions of Colombian Pesos)

	Notes	2010	2009
Assets			
Current assets			
Cash	(5)	337,232	464,228
Marketable investments	(5)	873,859	552,594
Accounts receivable – net	(7)	1,188,951	1,086,065
Inventories – net	(8)	15,667	89,810
Deferred charges and other assets	(10)	323,639	146,183
Total current assets		2,739,348	2,338,880
Non-current assets			
Long-term investments – net	(6)	608,707	374,493
Accounts receivable – net	(7)	1,196,705	874,503
Inventories – net	(8)	55,853	55,542
Property, plant and equipment – net	(9)	3,024,146	3,064,246
Deferred charges and other assets	(10)	15,185,500	7,511,552
Reappraisals	(11)	3,009,541	2,830,160
Total non-current assets		23,080,452	14,710,496
Total assets		25,819,800	17,049,376
Memorandum accounts			
Debit	(19)	4,290,265	3,419,788
Credit	(19)	2,990,550	1,888,460

See accompanying notes to Financial Statements.

Consolidated Financial Statements

INTERCONEXIÓN ELÉCTRICA S.A. E.S.P.
CONSOLIDATED BALANCE SHEETS
DECEMBER 2010 - DECEMBER 2009
(In millions of Colombian Pesos)

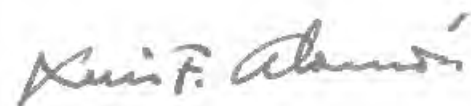
	Notes	2010	2009
Liabilities and shareholders' equity			
Current liabilities			
Outstanding bonds	(12)	476,725	85,660
Financial liabilities	(13)	304,980	805,837
Accounts payable	(14)	1,087,429	584,134
Labor liabilities	(15)	35,267	32,274
Accrued liabilities and estimated provisions	(16)	205,977	254,266
Other liabilities	(17)	1,887,617	344,004
Total current liabilities		3,997,995	2,106,175
Non-current liabilities			
Outstanding bonds	(12)	5,036,114	2,667,771
Financial liabilities	(13)	2,276,421	1,020,838
Accounts payable	(14)	416,940	398,608
Labor liabilities	(15)	1,341	1,740
Accrued liabilities and estimated provisions	(16)	995,175	806,364
Other liabilities	(17)	1,424,835	389,305
Total non-current liabilities		10,150,826	5,284,626
Total liabilities		14,148,821	7,390,801
Minority interests		5,227,182	3,481,539

Consolidated Financial Statements

INTERCONEXIÓN ELÉCTRICA S.A. E.S.P.
CONSOLIDATED BALANCE SHEETS
DECEMBER 2010 - DECEMBER 2009
(In millions of Colombian Pesos)

	Notes	2010	2009
Shareholders' equity	(18)		
Subscribed and paid share capital		36,916	36,916
Capital surplus		1,445,509	1,445,509
Reserves		642,614	504,965
Net income		343,896	314,878
Cumulative translation adjustment		4,101	57,152
Equity revaluation		571,845	592,019
Revaluation surplus		2,583,387	2,405,688
Surplus from equity method		815,529	819,909
Total shareholders' equity		6,443,797	6,177,036
Total liabilities, minority interests and shareholders' equity		25,819,800	17,049,376
Memorandum accounts			
Credit	(19)	2,990,550	1,888,460
Debit	(19)	4,290,265	3,419,788

See accompanying notes to Financial Statements.



Luis Fernando Alarcón M.
CEO



John Bayron Arango V.
Chief Accounting Officer
T.P. No. 34420-T



Alba Lucía Guzmán L.
Statutory Auditor
T.P. 35265-T

(See attached report of March 10 of 2011)
Designated by Ernst & Young Audit Ltda. TR-530

Consolidated Financial Statements

INTERCONEXIÓN ELÉCTRICA S.A. E.S.P.
CONSOLIDATED INCOME STATEMENTS
DECEMBER 2010 - DECEMBER 2009
(In millions of Colombian Pesos)

	Notes	2010	2009
Operating revenues	(20)		
Electric energy transmission services		2,821,636	2,807,710
Connection charges		323,054	292,056
Dispatch and CND-MEM coordination		38,592	39,852
MEM Services (STN, SIC, SDI)		38,915	27,988
Roads		164,696	—
Telecommunications		87,923	100,102
Other operating revenues		38,801	39,355
Total operating revenues		3,513,617	3,307,063
Operating costs and expenses			
Operating costs	(21)	1,114,814	1,042,258
Administration expenses	(22)	527,777	521,267
Total operating costs and expenses		1,642,591	1,563,525
Operating income		1,871,026	1,743,538
Non-operating revenues (expenses)	(23)		
Non-operating revenues		403,815	864,972
Non-operating expenses		(820,288)	(1,235,149)
		(416,473)	(370,177)
Income before taxes		1,454,553	1,373,361
Income tax provision	(16.2)	(424,462)	(483,980)
Income before minority interests		1,030,091	889,381
Minority interests		686,195	574,503
Net income		343,896	314,878

See accompanying notes to Financial Statements.


Luis Fernando Alarcón M.
CEO


John Bayron Arango V.
Chief Accounting Officer
T.P. No. 34420-T


Alba Lucía Guzmán L.
Statutory Auditor
T.P. 35265-T

(See attached report of March 10 of 2011)
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Consolidated Financial Statements

INTERCONEXIÓN ELÉCTRICA S.A. E.S.P.
CONSOLIDATED STATEMENTS OF CASH FLOWS
DECEMBER 2010 - DECEMBER 2009
(In millions of Colombian Pesos)


	2010	2009
Cash flow from operating activities:		
Net income	343,896	314,878
Add (less) – Adjustments to reconcile net income to net cash provided by operating activities:		
Minority interests	686,195	574,503
Depreciation of property, plant and equipment	175,915	194,949
Amortization of deferred charges and other assets	391,531	365,031
Amortization of retirement pensions and fringe benefits	51,603	29,690
Allowance for doubtful accounts	3,037	5,020
Provision for inventory protection	–	6,860
Investment allowance	3,124	9,891
Income tax provision	424,462	483,980
Loss on sale and retirement of property, plant and equipment	3,184	15,885
Exchange difference revenue	(23,604)	(382,332)
Hedging operations valuation (revenue) expense	(24,057)	428,498
Recovery of provisions	(1,883)	(2,473)
Interest and commissions accrued	201,406	373,368
Changes in operating assets and liabilities:	2,234,809	2,417,748
Accounts receivable	(467,246)	(373,359)
Inventories	22,963	(33,898)
Deferred charges and other assets	(8,437,162)	(399,831)
Accounts payable	800,697	669,540
Labor liabilities	2,594	(2,747)
Accrued liabilities and estimated provisions	(289,962)	(456,089)
Collections for third parties	202,706	276,238
Minority interests	1,233,577	(416,142)
Other liabilities	2,385,161	(91,088)
Cash flow in other operations:		
Payment of retirement pensions	(28,344)	(21,976)
Payment of taxes	(442,699)	(387,345)
Net cash (used in) provided by operating activities	(2,782,906)	1,181,051

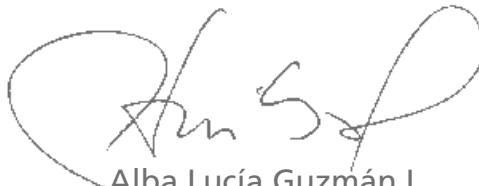
Consolidated Financial Statements

	2010	2009
Cash flow from investment activities:		
Increase (decrease) in long-term investments	(238,325)	106,706
Acquisition of property, plant and equipment	(106,235)	(173,559)
Net cash used in investment activities	(343,808)	(66,853)
Cash flow from financing activities:		
Interest received in cash	17,277	16,483
Interest paid in cash	(149,344)	(336,172)
Cash dividends paid	(173,796)	(160,274)
Increase in financial liabilities	1,387,710	571,381
Bond issues	3,935,583	278,001
Payment of financial liabilities	(1,001,177)	(974,590)
Bond payment/decrease	(693,588)	(353,499)
Share issues	–	384,198
Equity variations	(1,682)	(167,769)
Net cash provided by (used in) operating activities	3,320,983	(742,241)
Increase in cash and cash equivalents – Net	194,269	371,957
Cash and cash equivalents at the beginning of the year	1,016,822	644,865
Cash and cash equivalents at the end of the year	1,211,091	1,016,822

See accompanying notes to Financial Statements.


Luis Fernando Alarcón M.
CEO


John Bayron Arango V.
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T.P. No. 34420–T


Alba Lucía Guzmán L.
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T.P. 35265–T
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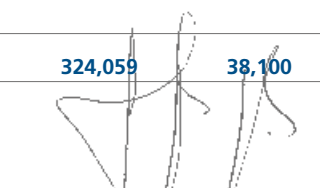
Consolidated Financial Statements

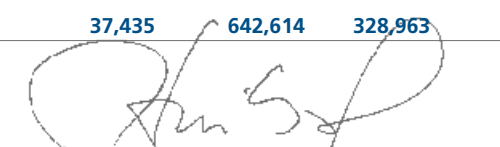
INTERCONEXIÓN ELÉCTRICA S.A. E.S.P.
STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
DECEMBER 2010 - DECEMBER 2009
(In millions of Colombian pesos, except par value and dividend per share)

	Capital surplus				Reserves									
	Subscribed and paid share capital	Additional paid-in capital	Received for works	Total	Legal	For tax purposes mandatory	Reserve for repurchase of shares	For reinforcement of equity	Reserve for rehabilitation and replacement of STN assets	Total	Retained earnings	Equity revaluation	Surplus from revaluation and equity method	Total
Balances at December 31, 2008	35,866	1,044,980	17,381	1,062,361	17,934	215,063	38,100	123,340	37,435	431,872	349,341	612,192	2,430,379	4,922,011
Transfers approved by the Shareholders' Meeting						25,487		47,606		73,093	(73,093)			-
Issuance of 32,016,520 shares at \$12,000 per share formalized by the Board of Directors on December 4, 2009	1,050	383,148		383,148										384,198
Dividend payment at \$152 per share on 1,075,661,374 outstanding shares payable in four quarterly installments in April, July and October of 2009, and January of 2010											(163,500)			(163,500)
Cumulative translation adjustment											(74,630)			(74,630)
Equity tax												(20,173)		(20,173)
Increase in surplus from equity method													574,836	574,836
Increase in re-appraisals of the year													220,382	220,382
Net income year 2009											314,878			314,878
Balances at December 31, 2009	36,916	1,428,128	17,381	1,445,509	17,934	240,550	38,100	170,946	37,435	504,965	352,996	592,019	3,225,597	6,158,002
Transfers approved by the Shareholders' Meeting					525	83,509		53,615		137,649	(137,649)			-
Dividend payment at \$160 per share on 1,107,677,894 outstanding shares payable in four quarterly installments in April, July and October of 2010, and January of 2011											(177,229)			(177,229)
Cumulative translation adjustment											(53,051)			(53,051)
Equity tax												(20,174)		(20,174)
Increase in surplus from equity method													(4,380)	(4,380)
Increase in re-appraisals of the year													177,699	177,699
Net income year 2010											343,896			343,896
Balances at December 31, 2010	36,916	1,428,128	17,381	1,445,509	18,459	324,059	38,100	224,561	37,435	642,614	328,963	571,845	3,398,916	6,424,763

See accompanying notes to Financial Statements.


Luis Fernando Alarcón M.
CEO


John Bayron Arango V.
Chief Accounting Officer
T.P. No. 34420-T


Alba Lucía Guzmán L.
Statutory Auditor
T.P. 35265-T
(ee attached report of March 10 of 2011)
Designated by Ernst & Young Audit Ltda. TR-530

Abbreviations

ACOLGEN:	Asociación Colombiana de Generadores (Colombian Association of Generators)
ANEEL:	Agência Nacional de Energia Elétrica (Brazilian National Agency of Electric Energy)
ASIC:	Administración del Sistema de Intercambios Comerciales (Administration of the Commercial Settlement System)
BRL:	Brazilian Real
CABEL:	Central American Bank for Economic Integration
CAN:	Comunidad Andina de Naciones (Andean Community of Nations)
CESP:	Companhia Energética de São Paulo (Brazil)
CFO:	Cable de Fibra Oscura (Dark Fiber)
CGN:	Contaduría General de la Nación (National General Accounting Office)
CIGRE:	International Council on Large Electric Systems
CND:	Centro Nacional de Despacho (National Dispatch Center)
COP:	Colombian pesos
CRD:	Centro Regional de Despacho (Regional Dispatch Center)
CREG:	Comisión de Regulación de Energía y Gas (Energy and Gas Regulatory Commission)
CTEs:	Centro de Transmisión de Energía (Energy Transmission Centers)
CT:	Current Transformer
CVM:	Comissão de Valores Mobiliários (Brazil)
DECEVAL:	Depósito Centralizado de Valores de Colombia
DIAN:	Dirección de Impuestos y Aduanas Nacionales (Tax and Customs Authority)
DNP:	Dirección Nacional de Planeación (National Planning Department)
ECA:	Export Credit Agency
ECOPETROL:	Empresa Colombiana de Petróleos
EEB:	Empresa de Energía de Bogotá
ELECTROBRÁS:	Centrais Elétricas Brasileñas S.A. (Brazil)
ELECTROPAULO:	Electropaulo Metropolitana Electricidad de São Paulo S.A.
EPM:	Empresas Públicas de Medellín E.S.P.
EPR:	Empresa Propietaria de la Red
EPSA:	Empresa de Energía del Pacífico
EPTE:	Companhia Paulista de Transmissão de Energia Elétrica S.A. (Brazil)
ETECEN:	Empresa de Transmisión Eléctrica Centro Norte S.A.
ETESUR:	Empresa de Transmisión Eléctrica del Sur S.A. (Peru)
FAER:	Financial Support Fund for Electrification of Interconnected Rural Areas
FAZNI:	Financial Support Fund for Electrification of Non-Interconnected Rural Areas
FOES:	Fondo de Energía Social (Energy Social Fund)

Abbreviations

GMF:	Levy on Financial Transactions
HVDC:	High Voltage Direct Current
ICO:	Instituto de Crédito Oficial (Chile)
IDB:	Inter American Development Bank
ISS:	Instituto de Seguros Sociales
LAC:	Liquidación y Administración de Cuentas (Account Settling and Clearing)
LT:	Transmission Line
MEM:	Mercado de Energía Mayorista (Wholesale Energy Market)
MEM:	Ministry of Mines and Energy (Peru)
MOP:	Minister of Public Works (Chile)
NDF:	Non-Delivery Forward
IFRS:	International Financial Reporting Standards
OSINERGMIN:	Supervising Organism of Investment in Energy and Mining (Peru)
PGE:	State Attorney General (Brazil)
PLP:	Power Line Carrier
PROINVERSION:	Promoción de la Inversión Privada del Perú (Peruvian Promotion of Private Investment)
PRONE:	Programa de Normalización de Redes Eléctricas (Network Standardization Program)
PT:	Power Transformer
RAG:	Guaranteed Annual Remuneration (Peru)
REP:	Red de Energía del Perú S.A.
RTU:	Remote Terminal Unit
SAC:	South American Crossing
SCI:	Fire System
SIC:	Sistema de Intercambios Comerciales (Commercial Settlement System)
SIEPAC:	Sistema de Transmisión Eléctrica para América Central (Central American Electrical Interconnection System)
SID:	Atmospheric Discharge Information System
SINAC:	National Interconnected System (Peru)
SSPD:	Superintendency of Domiciliary Public Utilities
STE:	Servicio de Transporte de Energía (Energy Transport Service)
STN:	Sistema de Transmisión Nacional (National Transmission System)
UNE:	Une Telecomunicaciones S.A. E.S.P.
UPME:	Unidad de Planeación Minero Energética (Mining and Energy Planning Unit)
USD:	United States Dollar
VQ:	Voltage Quality

Statutory Auditor's Report



Ernst & Young Audit Ltda.
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Medellín - Colombia
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Statutory Auditor's Report

To the Shareholders of
Interconexión Eléctrica S.A. E.S.P. and its subordinates

I have audited the accompanying consolidated financial statements of Interconexión Eléctrica S.A. E.S.P. and its subordinates, which comprise the consolidated balance sheet at December 31, 2010 and 2009 and the related consolidated statements of income, changes in equity, and cash flows for the year then ended and the summary of significant accounting policies and other explanatory notes. The consolidated financial statements at December 31, 2010 of the subsidiary companies Ruta de la Araucanía Sociedad Concesionaria S.A., Talca Chillán Sociedad Concesionaria S.A., Ruta del Bosque Sociedad Concesionaria S.A., Autopista del Maipo Sociedad Concesionaria S.A. and Ruta de los Ríos Sociedad Concesionaria S.A., which assets represent 30.82% of total assets, were audited by other independent auditors who issued their unqualified opinions thereon on March 9, 2011 and February 16, 2011 for Ruta de los Ríos Sociedad Concesionaria S.A.

Management is responsible for the preparation and appropriate and correct presentation of the consolidated financial statements in accordance with accounting principles generally accepted in Colombia, prescribed by the Contaduría General de la Nación and the accounting provisions issued by the Superintendencia de Servicios Públicos Domiciliarios; of designing, implementing, and maintaining the relevant internal control for the appropriate and correct presentation of financial statements, free of material misstatements either by fraud or error; of selecting and applying appropriate accounting policies; and of establishing reasonable accounting estimations in the circumstances.

My responsibility is to express an opinion on these consolidated financial statements based on my audits. I obtained the necessary information to comply with my functions and performed my examinations in accordance with auditing standards generally accepted in Colombia. These standards require that an audit is planned and performed to obtain reasonable assurance whether the consolidated financial statements are free from material misstatement.

An audit includes examining, on a test basis, evidence supporting amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risk of material misstatements in the financial statements. In making those risk assessments, the auditor considers the internal controls relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting principles used and the reasonableness of significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. I believe that my audits provide a reasonable basis for my audit opinion.

Statutory Auditor's Report



In my opinion, based on my audits and on the reports of other external auditors, the accompanying consolidated financial statements, present fairly in all material respects, the consolidated financial position of Interconexión Eléctrica S.A. E.S.P. at December 31, 2010 and 2009, the consolidated results of its operations, the changes in financial position and the cash flows for the years then ended, in accordance with public accounting principles generally accepted in Colombia, prescribed by the Contaduría General de la Nación and the accounting provisions issued by the Superintendencia de Servicios Públicos Domiciliarios, consistently applied.

As described in Notes 7 and 16 to the consolidated financial statements, the opinion of the independent auditors on the financial statements at December 31, 2010 of CTEEP, a subordinate located in Brazil, contains an explanatory paragraph relating with the responsibility for the payments of the retirement pension complementation plan established by Law No. 4819/58, which in accordance with management and its legal counsel, is the responsibility of the state of Sao Paulo and, accordingly, any obligation or provision regarding such plan has not been recorded in the Company's financial statements.

A handwritten signature in black ink, appearing to read 'Alba L. Guzmán'.

Alba Lucía Guzmán L.
Statutory Auditor
Professional Card 35265-T
Designated by Ernst & Young Audit Ltda. TR-530

Medellín, Colombia
March 10, 2011

Statutory Auditor's Report



Financial Statements

INTERCONEXIÓN ELÉCTRICA S.A. E.S.P.
BALANCE SHEETS
DECEMBER 2010 – DECEMBER 2009
(In millions of Colombian pesos)

	Notes	2010	2009
ASSETS			
Current assets			
Cash	(5)	3,330	107,823
Investments and derivatives	(5)	84,257	477,359
Accounts receivable – net	(7)	318,410	183,723
Inventories – net	(8)	2,519	2,596
Deferred charges and other assets	(10)	100,333	83,812
Total current assets		508,849	855,313
Non-current assets			
Long-term investments – net	(6)	3,112,762	2,411,165
Long-term accounts receivable	(7)	13,224	23,056
Inventories – net	(8)	55,853	55,542
Property, plant and equipment – net	(9)	2,414,732	2,434,389
Deferred charges and other assets	(10)	344,573	335,979
Reappraisals	(11)	2,583,387	2,405,688
Total non-current assets		8,524,531	7,665,819
Total assets		9,033,380	8,521,132
Memorandum accounts			
Debit	(20)	3,250,484	2,514,672
Credit	(20)	2,161,077	1,105,044

See accompanying notes to Financial Statements.

Financial Statements

INTERCONEXIÓN ELÉCTRICA S.A. E.S.P.
BALANCE SHEETS
DECEMBER 2010 – DECEMBER 2009
(In millions of Colombian pesos)

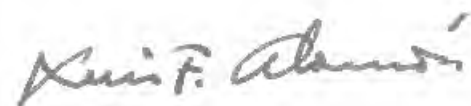
	Notes	2010	2009
Liabilities and shareholders' equity			
Current liabilities			
Outstanding bonds	(12)	230,000	–
Financial liabilities	(13)	35,259	174,698
Accounts payable	(15)	173,929	134,570
Labor liabilities	(16)	6,456	6,566
Accrued liabilities and estimated provisions	(17)	92,306	104,249
Other liabilities	(18)	12,907	10,576
Total current liabilities		550,857	430,659
Non-current liabilities			
Outstanding bonds	(12)	801,365	1,031,365
Financial liabilities	(13)	427,891	232,950
Related parties	(13)	264,437	267,537
Accounts payable	(15)	64,220	47,686
Labor liabilities	(16)	1,334	1,609
Accrued liabilities and estimated provisions	(17)	134,942	120,819
Other liabilities	(18)	348,638	268,623
Total non-current liabilities		2,042,827	1,970,589
Total liabilities		2,593,684	2,401,248

Financial Statements

INTERCONEXIÓN ELÉCTRICA S.A. E.S.P.
BALANCE SHEETS
DECEMBER 2010 – DECEMBER 2009
(In millions of Colombian pesos)

	Notes	2010	2009
Equity	(19)		
Subscribed and paid share capital		36,916	36,916
Capital surplus		1,445,509	1,445,509
Reserves		642,614	504,965
Revaluation surplus		2,583,387	2,405,688
Surplus from equity method		815,529	819,909
Equity revaluation		571,845	592,019
Net income		343,896	314,878
Total shareholders' equity		6,439,696	6,119,884
Total liabilities and shareholders' equity		9,033,380	8,521,132
Memorandum accounts			
Credit	(20)	2,161,077	1,105,044
Debit	(20)	3,250,484	2,514,672

See accompanying notes to Financial Statements.



Luis Fernando Alarcón M.
CEO



John Bayron Arango V.
Chief Accounting Officer
T.P. No. 34420-T



Alba Lucía Guzmán L.
Statutory Auditor
T.P. 35265-T

(See attached report of February 18 of 2010)
Designated by Ernst & Young Audit Ltda. TR-530

Financial Statements

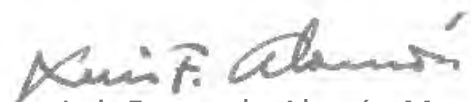
INTERCONEXIÓN ELÉCTRICA S.A. E.S.P. INCOME STATEMENTS

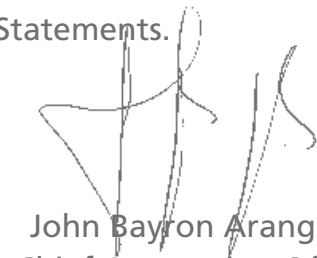
DECEMBER 2010 – DECEMBER 2009

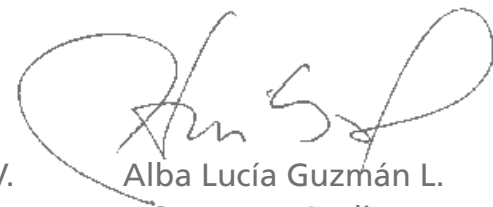
(In millions of Colombian pesos, except for net income per share that is expressed in Colombian pesos)

	Notes	2010	2009
Operating revenues	(21)		
Electric energy transmission services		801,552	802,436
Connection charges		89,655	76,415
Infrastructure projects		16,859	15,309
Telecommunications		15,484	18,445
Other operating revenues		18,421	19,502
Total operating revenues		941,971	932,107
Operating costs and expenses			
Operating costs	(22)	359,479	357,755
Administration expenses	(23)	109,884	102,419
Total operating costs and expenses		469,363	460,174
Operating income		472,608	471,933
Non-operating revenues (expenses)			
Non-operating revenues	(24)	183,093	219,176
Non-operating expenses	(24)	(203,168)	(230,760)
Non-operating loss		(20,075)	(11,584)
Income before taxes		452,533	460,349
Income tax provision	(17.2)	108,637	145,471
Net income		343,896	314,878
Net income per share		310.47	292.18

See accompanying notes to Financial Statements.


Luis Fernando Alarcón M.
CEO


John Bayron Arango V.
Chief Accounting Officer
T.P. No. 34420-T


Alba Lucía Guzmán L.
Statutory Auditor
T.P. 35265-T

(See attached report of February 18 of 2010)
Designated by Ernst & Young Audit Ltda. TR-530

Financial Statements

INTERCONEXIÓN ELÉCTRICA S.A. E.S.P.
STATEMENTS OF CASH FLOWS
DECEMBER 2010 – DECEMBER 2009
(In millions of Colombian pesos)

	2010	2009
Cash flow from operating activities:		
Net income	343,896	314,878
Add (less) – Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation of property, plant and equipment	108,003	110,354
Amortization of deferred charges and other assets	6,676	6,008
Amortization of retirement pensions and fringe benefits	24,281	11,847
Allowance for doubtful accounts	1,099	1,071
Provision for inventory protection	–	6,860
Investment allowance	2,070	7,169
Income tax provision	108,637	145,471
Loss on retirement of property, plant and equipment	771	2,515
Exchange difference expense, net	(985)	(10,170)
Net (income) from equity method	(94,229)	(140,487)
Interest and commissions accrued	114,449	180,026
	614,668	635,542
Changes in operating assets and liabilities:		
Accounts receivable	(94,624)	20,778
Inventories	130	(2,235)
Deferred charges and other assets	(16,521)	13,750
Accounts payable	291,371	203,305
Labor liabilities	(385)	357
Accrued liabilities and estimated provisions	(133,779)	(92,930)
Other liabilities	82,346	83,129
Cash flow in other operations:		
Payment of retirement pensions	(13,464)	(12,164)
Payment of taxes and contributions	(268,545)	(207,981)
Net cash provided by operating activities	461,197	641,551

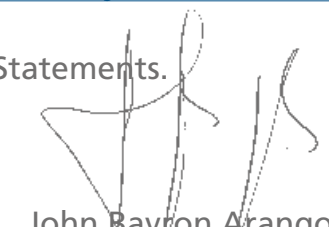
Financial Statements

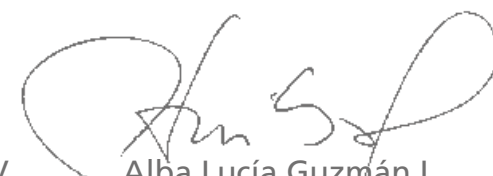
INTERCONEXIÓN ELÉCTRICA S.A. E.S.P.
STATEMENTS OF CASH FLOWS
DECEMBER 2010 – DECEMBER 2009
(In millions of Colombian pesos)

	2010	2009
Cash flow from investment activities:		
Acquisition of long-term investments	(669,590)	(1,125)
Dividends received	54,060	34,571
Decrease in long-term investments	–	(1,088)
Sale of property, plant and equipment	2,413	6,365
Acquisition of property, plant and equipment	(89,502)	(110,798)
Additions to deferred charges and other assets	(1,157)	(10,413)
Net cash used in investment activities	(733,776)	(82,488)
Cash flow from financing activities:		
Interest received in cash	1,498	3,419
Interest paid in cash	(105,831)	(199,545)
Dividends paid	(173,796)	(160,273)
Increase in financial liabilities	224,455	–
Bond issues	–	106,562
Payment of financial liabilities	(171,736)	(358,115)
Decrease in related parties loans	394	7,769
Increase in equity - share issue	–	384,198
Net cash used in financing activities	(225,016)	(215,985)
(Decrease) increase in cash and cash equivalents - net	(497,595)	343,078
Cash and cash equivalents at the beginning of the year	585,182	242,104
Cash and cash equivalents at the end of the year	87,587	585,182

See accompanying notes to Financial Statements.


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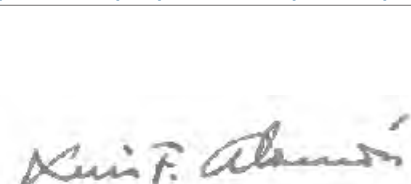
Financial Statements

INTERCONEXIÓN ELÉCTRICA S.A. E.S.P.
STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
DECEMBER 2010 - DECEMBER 2009

(In millions of Colombian pesos, except share par value that is expressed in pesos)

	Capital Surplus				Reserves						Net income	Equity revaluation	Surplus from equity method	Revaluation surplus	Total
	Subscribed and paid share capital	Additional paid-in capital	Received for works	Total	Legal	For tax purposes mandatory	Reserve for repurchase of shares	For reinforcement of equity	Reserve for rehabilitation and replacement of STN assets	Total					
Balances at December 31, 2008	35,866	1,044,980	17,381	1,062,361	17,934	215,063	38,100	123,340	37,435	431,872	236,593	612,192	245,073	2,185,306	4,809,263
Transfers approved by the Shareholders' Meeting						25,487		47,606		73,093	(73,093)				-
Issuance of 32,016,520 shares at \$12,000 per share formalized by the Board of Directors on December 4, 2009	1,050	383,148		383,148											384,198
Dividend payment at \$152 per share on 1,075,661,374 outstanding shares payable in four quarterly installments in April, July and October of 2009, and January of 2010											(163,500)				(163,500)
Variation in equity revaluation												(20,173)			(20,173)
Increase in surplus from equity method													574,836		574,836
Increase in re-appraisals of the year														220,382	220,382
Net income at December of 2009											314,878				314,878
Balances at December 31, 2009	36,916	1,428,128	17,381	1,445,509	17,934	240,550	38,100	170,946	37,435	504,965	314,878	592,019	819,909	2,405,688	6,119,884
Transfers approved by the Shareholders' Meeting					525	83,509		53,615		137,649	(137,649)				-
Dividend payment at \$160 per share on 1.107.677.894 outstanding shares payable in four quarterly installments in April, July and October of 2010, and January of 2011											(177,229)				(177,229)
Variation in equity revaluation												(20,174)			(20,174)
Increase in surplus from equity method													(4,380)		(4,380)
Increase in re-appraisals of the year														177,699	177,699
Net income at December of 2010											343,896				343,896
Balances at December 31, 2010	36,916	1,428,128	17,381	1,445,509	18,459	324,059	38,100	224,561	37,435	642,614	343,896	571,845	815,529	2,583,387	6,439,696

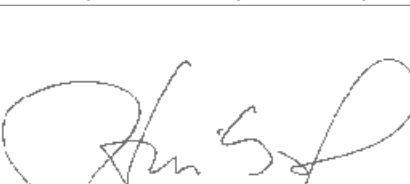
See accompanying notes to Financial Statements.



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CEO



John Bayron Arango V.
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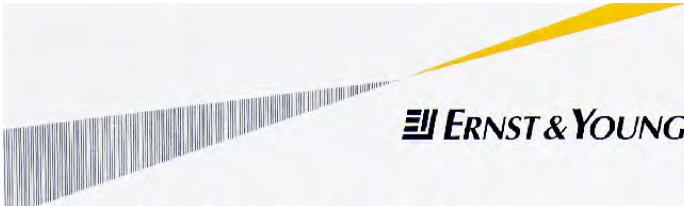


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Abbreviations

ACOLGEN:	Asociación Colombiana de Generadores (Colombian Association of Generators)
ASIC:	Administración del Sistema de Intercambios Comerciales (Administration of the Commercial Settlement System)
BRL:	Brazilian Real
CAN:	Andean Community of Nations (Comunidad Andina de Naciones)
CIGRE:	International Council on Large Electric Systems
CVM:	Comissão de Valores Mobiliários (Brazil)
CGN:	Contaduría General de la Nación (National General Accounting Office)
CND:	Centro Nacional de Despacho (National Dispatch Center)
COP:	Colombian Pesos
CRD:	Centro Regional de Despacho (Regional Dispatch Center)
CREG:	Comisión de Regulación de Energía y Gas (Energy and Gas Regulatory Commission)
CFO:	Cable de Fibra Oscura (Dark Fiber)
CT:	Current Transformer
DIAN:	Dirección de Impuestos y Aduanas Nacionales (Tax and Customs Authority)
ECA:	Export Credit Agency
EPR:	Empresa Propietaria de la Red S.A.
ETECEN:	Empresa de Transmisión Eléctrica Centro Norte S.A.
FAER:	Fondo de Apoyo Financiero para Energización de Zonas Rurales Interconectadas (Financial Support Fund for Electrification of Interconnected Rural Areas)
FAZNI:	Fondo de Apoyo Financiero para la Energización de las Zonas no Interconectadas (Financial Support Fund for Electrification of Non-Interconnected Rural Areas)
FOES:	Fondo de Energía Social (Energy Social Fund)
HVDC:	High Voltage Direct Current
JPY:	Japanese Yen
LAC:	Liquidación y Administración de Cuentas (Account Settling and Clearing)
MEM:	Mercado de Energía Mayorista (Wholesale Energy Market)
NDF:	Non-Delivery Forward
PLP:	Power Line Carrier
PRONE:	Programa de Normalización de Redes Eléctricas (Network Standardization Program)
PT:	Power Transformer
REP:	Red de Energía del Perú S.A.
RTU:	Remote Terminal Unit
SAC:	South American Crossing
SIC:	Sistema de Intercambios Comerciales (Commercial Settlement System)
SCI:	Fire System
SID:	Atmospheric Discharge Information System
STE:	Servicio de Transporte de Energía (Energy Transport Service)
STN:	Sistema de Transmisión Nacional (National Transmission System)
UPME:	Unidad de Planeación Minero Energética (Mining and Energy Planning Unit)
USD:	United States Dollar
VQ:	Voltage Quality

Statutory Auditor's Report



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Statutory Auditor's Report

To the Shareholders of
Interconexión Eléctrica S.A. E.S.P.

I have audited the accompanying financial statements of Interconexión Eléctrica S.A. E.S.P., which comprise the balance sheets at December 31, 2010 and 2009 and the related statements of income, changes in equity, and cash flows for the year then ended and the summary of significant accounting policies and other explanatory notes.

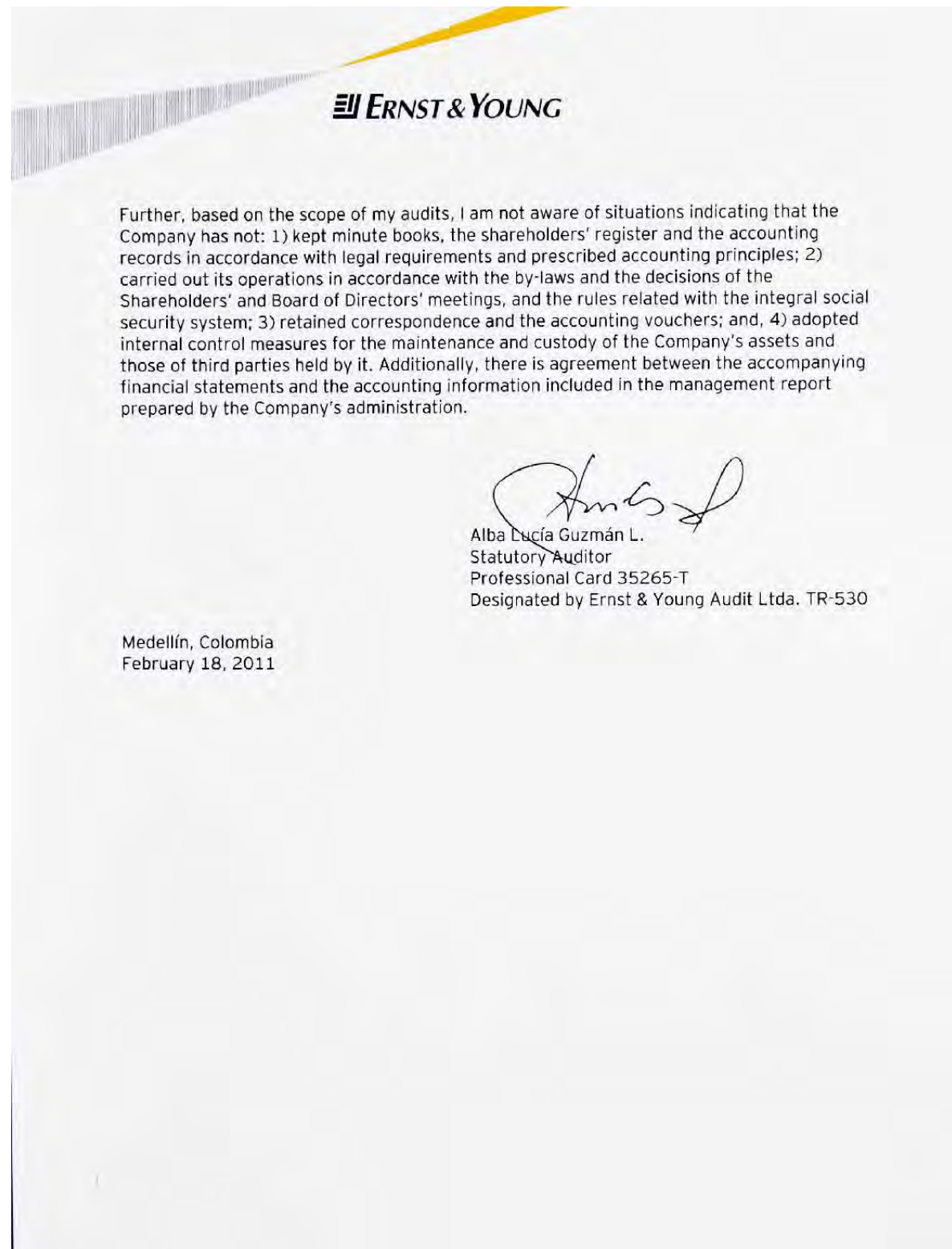
Management is responsible for the preparation and appropriate and correct presentation of the financial statements in accordance with accounting principles generally accepted in Colombia, prescribed by the Contaduría General de la Nación and the accounting provisions issued by the Superintendencia de Servicios Públicos Domiciliarios; of designing, implementing, and maintaining the relevant internal control for the appropriate and correct presentation of financial statements, free of material misstatements either by fraud or error; of selecting and applying appropriate accounting policies; and of establishing reasonable accounting estimations in the circumstances.

My responsibility is to express an opinion on these financial statements based on my audits. I obtained the necessary information to comply with my functions and performed my examinations in accordance with auditing standards generally accepted in Colombia. These standards require that an audit is planned and performed to obtain reasonable assurance whether the financial statements are free from material misstatement.

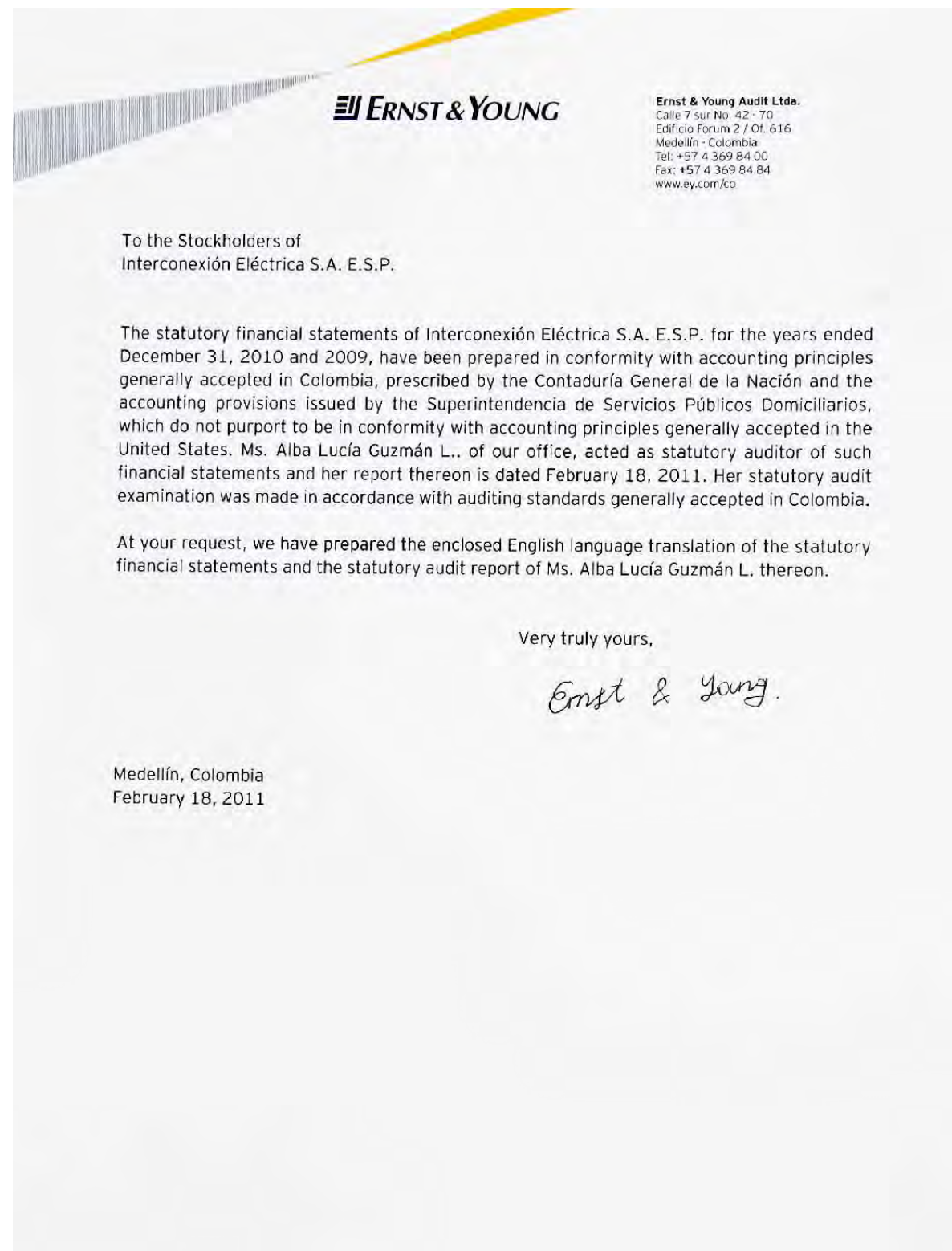
An audit includes examining, on a test basis, evidence supporting amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risk of material misstatements in the financial statements. In making those risk assessments, the auditor considers the internal controls relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting principles used and the reasonableness of significant estimates made by management, as well as evaluating the overall presentation of the financial statements. I believe that my audits provide a reasonable basis for my audit opinion.

In my opinion, the accompanying financial statements, present fairly in all material respects, the financial position of Interconexión Eléctrica S.A. E.S.P. at December 31, 2010 and 2009, the results of its operations, the changes in its financial position and the cash flows for the years then ended, in accordance with accounting principles generally accepted in Colombia, prescribed by the Contaduría General de la Nación and the accounting provisions issued by the Superintendencia de Servicios Públicos Domiciliarios, consistently applied.

Statutory Auditor's Report



Statutory Auditor's Report



Special Report on Transactions with Subsidiaries and Affiliates

(Amounts expressed in millions of Colombian pesos and original currencies)

In compliance with Article 29 of Law 222 of 1995 and given the existence of ISA and its companies, we present to the Shareholders' Meeting the special report on the economic relationships with ISA's companies during 2010 and 2009 that have been directed and coordinated by the parent company, Interconexión Eléctrica S.A. –ISA– E.S.P.

Commercial transactions carried out during 2010 among ISA's companies, either directly or indirectly, abide by the provisions of Law 788 regarding transfer prices in force since January 1st 2004.

The main transactions between ISA and its subsidiaries correspond to:

- Project management
- Sale of operation and maintenance services
- Lease of facilities for operation
- Sale of services of installation and setting up of information systems
- Consulting on process reorganization and area operation
- Cash flow loans
- Other associated services
- Delivery of dividends

It is important to highlight that none of the items below has taken place among ISA and its companies during the same period:

- Offset free-of-charge services
- Loans without any interest or consideration by the mutuary
- Loans that impose upon the mutuary an obligation not corresponding to the essence or nature of the agreement

Special Report on Transactions with Subsidiaries and Affiliates

- Loans with interest rates different from those paid by or charged to third parties
- Operations whose characteristics differ from those carried out with third parties

As to equity participation in subsidiaries and affiliates, ISA updates investments in the companies through application of the equity method, after homologating accounting rules and practices and translating the financial statements into Colombian pesos with the United States Dollar as reference currency.

The financial information of ISA and its companies is consolidated through the global integration methodology, according to which, significant balances and transactions between ISA and the subsidiaries are deleted, and minority interests corresponding to equity and the results of the period, are recognized and presented in the consolidated financial statements.

The main balances and transactions with related parties during 2010 and 2009 are:

	2010	2009
Balance sheet		
Equity investments		
TRANSELCA S.A. E.S.P.	733,101	774,305
ISA Capital do Brasil	1,197,825	1,217,155
REP S.A.	116,313	112,481
INTERNEXA S.A. E.S.P.	113,824	123,578
TransMantaro S.A.	272,408	83,968
ISA Perú S.A.	13,544	15,056
ISA Bolivia S.A.	20,039	31,744
XM, Compañía de Expertos en Mercados S.A. E.S.P.	23,201	22,823
Proyectos de Infraestructura del Perú S.A.C. –PDI–	6,642	4,333
Interconexión Colombia–Panamá –ICP–	2,676	1,012
ISA Inversiones Chile	590,938	–

Special Report on Transactions with Subsidiaries and Affiliates

	2010	2009
Accounts receivable		
TRANSELCA S.A. E.S.P.	189	554
INTERNEXA S.A. E.S.P.	4,919	4,703
ISA Perú S.A.	1,077	155
REP S.A.	1,916	2,072
ISA Bolivia S.A.	754	1,833
XM, Compañía de Expertos en Mercados S.A. E.S.P.	380	424
Proyectos de Infraestructura del Perú S.A.C. –PDI–	–	842
Transnexa S.A. E.M.A.	–	31
Autopista del Maipo Sociedad Concesionaria S.A.	48	–
Ruta de la Araucanía Sociedad Concesionaria S.A.	54	–
Concesiones de Infraestructura de Transporte de Chile S.A., Cintra	454	–
Accounts payable and financial liabilities		
TRANSELCA S.A. E.S.P.	263,387	255,018
ISA Capital do Brasil	45,562	48,662
INTERNEXA S.A. E.S.P.	4,018	3,310
REP S.A.	73	131
XM, Compañía de Expertos en Mercados S.A. E.S.P.	673	697
Proyectos de Infraestructura del Perú S.A.C. –PDI–	29	98
Equity transactions		
Dividends declared in favor of ISA		
TRANSELCA S.A. E.S.P.	37,990	26,489
INTERNEXA S.A. E.S.P.	–	4,988
ISA Perú S.A.	2,828	1,594
XM, Compañía de Expertos en Mercados S.A. E.S.P.	468	1,500
ISA Bolivia S.A.	15,355	–

Special Report on Transactions with Subsidiaries and Affiliates

	2010	2009
Transactions related to results		
Revenues		
TRANSELCA S.A. E.S.P.	1,542	1,626
INTERNEXA S.A. E.S.P.	17,681	21,589
ISA Perú S.A.	1,934	2,055
ISA Bolivia S.A. (1)	10,305	934
REP S.A.	1,874	3,013
XM, Compañía de Expertos en Mercados S.A. E.S.P.	2,379	2,755
TransMantaro S.A.	15	17
Proyectos de Infraestructura del Perú S.A.C. –PDI–	8,255	4,666
INTERNEXA (in Peru) (operating income)	31	35
Transnexa S.A. E.M.A.	–	761
Autopista del Maipo Sociedad Concesionaria S.A.	48	–
Ruta de la Araucanía Sociedad Concesionaria S.A.	54	–
Concesiones de Infraestructura de Transporte de Chile S.A., Cintra	454	–
Expenses		
TRANSELCA S.A. E.S.P.	11,705	24,015
INTERNEXA S.A. E.S.P.	6,612	5,745
XM, Compañía de Expertos en Mercados S.A. E.S.P.	7,935	7,926
ISA Perú S.A.	109	–
ISA Bolivia S.A.	–	–
REP S.A.	1,099	1,065
ISA Capital do Brasil	1,705	2,215
Proyectos de Infraestructura del Perú S.A.C. –PDI–	212	179

(1) Includes \$9,357 reported as declared dividends.

Special Report on Transactions with Subsidiaries and Affiliates

The decisions of major significance that the controlled corporation has made or has omitted to make because of influence or in interest of the controlling corporation, as well as the decisions of major significance that the controlling corporation has made or has omitted to make because of influence or in interest of the controlled corporation during 2010, are as follows:

CONSORCIO TRASMANTARO S.A. –CTM–

- The Shareholders' Meeting held on October 5, 2009 approved capital stock increase of Consorcio TransMantaro S.A., through capitalization of shareholders contributions prorata to their shareholding, for the equivalent in Nuevos Soles of USD 85 million (ISA: USD 51 million), earmarked for the Investment Plan that, among others, includes expansion of Mantaro–Socabaya concession, construction of Chilca–La Planicie–Zapallal and Ica–Independencia transmission lines.

ISA paid the first capital contribution in March of 2010 (USD 24 million), and the second, in June 2010 (USD 27 million).

- The Shareholders' Meeting held in March 2010 approved capital stock increase of Consorcio TransMantaro S.A., through capitalization of shareholders contributions prorata to their shareholding, for the equivalent in Nuevos Soles of USD 70 million (ISA: USD 42 million), earmarked, mainly, for the Investment Plan: reinforcement of Mid Northern Central Transmission System at 500 kV, Zapallal–Trujillo transmission line.

ISA paid the first capital contribution in November of 2010 (USD 18 million), and the second, in December 2010 (USD 24 million).

- In April 2010, ISA's Board of Directors authorized Interconexión Eléctrica S.A. E.S.P. to subscribe a shareholders' agreement, required by the Banco de Crédito del Perú –BCP–, for subscription and disbursement of a loan of up to USD 160 million. ISA assumed 60% of this commitment, in other words, ISA will guarantee TransMantaro, proportionally to its shareholding in the corporation.

Shareholders, if necessary, shall provide CTM with the required funds to pay works associated to the Zapallal–Trujillo transmission line.

- In July 2010, ISA was awarded a public bid (later transferred to TransMantaro) to develop a 102 km transmission line between Talara and Piura and their associated substations.

Special Report on Transactions with Subsidiaries and Affiliates

The contract's term will be 30 years as of the project's start of operations, which is estimated to happen 24 months after the process closing. Once operational, the project will generate annual revenues close to USD 2.3 million.

- In August 2010, ISA was awarded a public bid (later transferred to TransMantaro) to develop a 110 km. electric transmission network between Pomacocha and Carhuamayo substations and the expansion of associated substations.

The contract's term will be 30 years as of the project's start of operations, which is estimated to happen 24 months after the process closing. Once operational, the project will generate annual revenues close to USD 2.4 million.

- In November 2010, ISA was awarded a public bid (later transferred to TransMantaro) to develop an energy transmission line approximately 204 km. long, in the southern region of Peru, located between Machupicchu and Suriray substations, between Suriray and Cotaruse substations and between Abancay Nueva and Abancay substations, and the expansion or construction of associated substations.

The contract's term will be 30 years as of the project's start of operations, which is estimated to happen 24 months after the process closing. Once operational, the project will generate annual revenues close to USD 9.75 million.

XM, COMPAÑÍA DE EXPERTOS EN MERCADOS S.A. E.S.P.

Incorporation public deed of DERIVEX S.A. was subscribed on June 2, 2010. Shareholders are: XM, Compañía de Expertos en Mercados S.A. E.S.P. (49.95%), Bolsa de Valores de Colombia –BVC–, INTERNEXA, Fondo de Empleados –FEISA– and Inverbolsa S.A.S. The main purpose is the administration of a system for negotiation and recording of operations with financial derivatives that have electric energy, fuel gas, and/or other energy commodities as underlying assets, as authorized by the Superintendencia Financiera de Colombia in Resolutions Nos. 2001 of December 23, 2009 and 1069 of May 27, 2010.

PROYECTOS DE INFRAESTRUCTURA DEL PERÚ S.A.C. –PDI–

In February 2010, ISA's Board of Directors authorized Management to subscribe a shareholders' agreement to guarantee PDI. The shareholder's commitment was required for up to USD 21 million by the aluminum supplier to guarantee the aluminum supply contract subscribed by Proyectos de Infraestructura del Perú S.A.C., –PDI–.

Special Report on Transactions with Subsidiaries and Affiliates

ISA CAPITAL DO BRASIL S.A.

In February of 2010, the Board of Directors of Interconexión Eléctrica S.A. approved restructuring of the foreign-currency debt of its subsidiary ISA Capital do Brasil, and as part of the process, presented tender offer to repurchase bonds maturing in 2017 for up to USD 354 million. Accordingly, the Board gave ISA's management unlimited authorization to, in its capacity as majority shareholder of ISA Capital do Brasil, approve and subscribe any document necessary for implementing such restructuring.

Interligação Elétrica Norte e Nordeste S.A. –IENNE–

This is a project including two 500 kV transmission lines, 353 km. and 367 km. long. IENNE initiated testing phase on December 20, 2010 and is scheduled to start commercial operation on January 16, 2011. The project will generate estimated yearly revenues of BRL 35 million.

Interligação Elétrica Pinheiros S. A. –IE PINHEIROS–

This is a project including five substations. One of them, Araras Substation, started operation on November 5, 2010. The project will generate estimated yearly revenues of BRL 4 million.

Cintra Chile

On September 15, 2010, ISA and Cintra Infraestructuras S.A. formalized in Santiago de Chile the sale document under which ISA acquired 60% of the interest the Spanish company held in Cintra Chile Ltda. The operation amounted to 6,822,767 Unidades de Fomento, equity value, equivalent to approximately USD 290 million.

For the remaining 40%, the sale and purchase agreement includes a purchase option for ISA and a sale option for Cintra.

Cintra Chile has control over five road concessions and is the largest interurban road concessions operator in the country, having large and confirmed local experience in promoting, financing, building and operating road concessions.

Special Report on Transactions with Subsidiaries and Affiliates

Interconexión Eléctrica Colombia–Panamá S.A. –ICP–

Interconexión Eléctrica S.A. E.S.P. made a series of capital contributions to ICP during 2010: In January, for USD 875,000 and in December, for USD 566,000. The funds are earmarked for performing the required activities (technical and environmental studies) for the interconnection project viability.

Empresa Propietaria de la Red –EPR–

Interconexión Eléctrica S.A. made capital contributions to EPR for USD 875,000.

Code of Commerce Article 446 – Report

(Figures in millions of Colombian pesos)

As provided by the Code of Commerce, Article 446, Number 3, below is the detail of the information required therein:

A. Remuneration of the Corporation's Executives.

During 2010 the executives of the Corporation received the items listed below:

Item	Directors (*)	Managers (**)	Total
Integral salary	4,109	2,304	6,413
Benefits (education and health)	248	60	308
Bonuses (temporary transfers, results, directive position)	869	751	1,620
Vacations	250	122	372
Other (sick leaves and non-variable per-diems)	15	3	18
Total earned	5,491	3,240	8,731
Loans balance	1,160	509	1,669

(*) "Directors" includes 27 executives of the Company, whose posts are as follows:

Information Director	Corporate Socio-Environmental Director
Human Talent Management Director	Logistics Director
Accounting and Taxes Director	Maintenance Management Director
Legal Director	Business Integrated Management Director
Road Concessions Director	Northwest CTE Director
Affiliates Management Director	Operation Management Director
Corporate Image Director	Central CTE Director
New Businesses Director	East CTE Director
Procurement Director	Southwest CTE Director
Project Execution Director	Project Engineering Director
Corporate Planning Director	Auditing Director
Organizational Development Director	Technical Deputy Manager
Operation and Maintenance Director	Financial Planning Director
Financial Resources Director	

Code of Commerce Article 446 – Report

(**) “Managers” includes eight executives, whose posts are as follows: Chief Executive Officer, Secretary General, Corporate Auditor, Corporate Finance Manager, Corporate Strategy Manager, Project Infrastructure Manager, Energy Transport Manager and Administrative Manager.

Fees paid to the members of the Board of Directors

Between January 1 and December 31 of 2010, payments of fees to the members of the Board of Directors totaled COP 614.

B. In 2010, no expenditures were made for salaries, fees, per-diems, representation expenses, bonuses, premiums in cash or in kind, and transportation in favor of advisors or intermediaries, either or not related to the Corporation through work contract, when their main duty is to carry out formalities before public or private entities or to advise or prepare studies for such endeavors.

C. Transfers in cash or other assets, free of charge in favor of individuals or legal entities:

Below is a list of the elements delivered as donations during 2010 under the social management model and not requiring consideration from the other party:

Accounting value	
Donation to victims of last year's floods.	\$2,000

D. Between January 1 and December 31 of 2010, expenses paid for public relations with stakeholders totaled COP 16.

Between January 1 and December 31 of 2010, publicity and advertising payments totaled COP 1,566, as follows:

Item	Total
Prints and publications	331
Publicity and advertising	1,235
Total	1,566

Code of Commerce Article 446 – Report

E. Monies and other assets held abroad by the corporation and foreign-currency liabilities.

At December 31, ISA had the following foreign-currency assets and liabilities, expressed in thousands of equivalent US Dollars:

	2010	2009
Assets		
Current assets		
Cash	168	115
Accounts receivable	6,868	9,300
Total current assets	7,036	9,415
Non-current assets		
Foreign currency investments	1,171,810	727,173
Total non-current assets	1,171,810	727,173
Total assets	1,178,846	736,588
Liabilities		
Current liabilities		
Current portion of financial liabilities	36,342	18,604
Accounts payable	3,088	2,830
Total current liabilities	39,430	21,434
Long-term liabilities	142,422	54,764
Related parties	23,800	23,800
Accounts payable	53	53
Total non-current liabilities	166,275	78,617
Total liabilities	205,705	100,051
Net asset monetary position	973,141	636,537

Code of Commerce Article 446 – Report

F. The Company's investments in other local or foreign corporations are:

	2010	2009
Investments in local shares		
TRANSELCA S.A. E.S.P.	733,101	774,305
XM, Compañía de Expertos en Mercados S.A. E.S.P.	23,201	22,823
INTERNEXA S.A. E.S.P.	113,824	123,578
FEN S.A.	3	3
ELECTRICARIBE	10,048	9,625
Total investments in local shares	880,177	930,334
Investments in foreign shares		
REP S.A.	116,313	112,481
ISA Perú S.A.	13,544	15,056
Consorcio TransMantaro S.A.	272,408	83,968
Proyectos de Infraestructura del Perú –PDI–	6,642	4,333
ISA Bolivia S.A.	20,039	31,744
ISA Inversiones Chile Ltda.	590,938	–
ISA Capital do Brasil	1,197,825	1,217,155
Interconexión Colombia Panamá S.A. –ICP–	2,676	1,012
Empresa Propietaria de la Red –EPR–	12,200	13,017
Total investments in shares	2,232,585	1,478,766

All other issues mentioned in Article 446 of the Code of Commerce and Law 6 of 1995 are included in the financial statements, the Statutory Auditor's report and the CEO's management report.

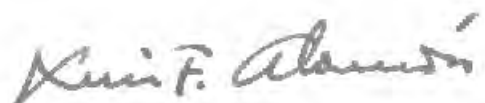
Certification of financial statements and other relevant reports

Medellín, February 18, 2011

To the shareholders of Interconexión Eléctrica S.A. E.S.P.

In connection with the 2010 Annual Report of ISA and its companies, the undersigned, Legal Agent and Chief Accounting Officer of Interconexión Eléctrica S.A. E.S.P., in compliance with Article 37 of Law 222 of 1995, Law 964 of 2005, and Resolution 356 of 2007 of the Colombian General Accounting Office, hereby certify that:

1. The financial statements of ISA parent company, and the consolidated financial statements, as of December 31, 2010 and 2009, have been faithfully taken from the books, and before making them available to you and to third parties, we have verified the following assertions therein contained:
 - a. That facts, transactions and operations have been recognized and carried out during the accounting period.
 - b. That the economic facts are disclosed in compliance with the provisions of the Public Accounting Regime.
 - c. That the total value of assets, liabilities, equity, revenues, expenses, costs and memorandum accounts has been disclosed in the basic accounting statements up to the closing date.
 - d. That assets represent potential services or future economic benefits while liabilities represent past facts that imply an outflow of resources in execution of its activities, as of the closing date.
2. That the financial statements and other reports relevant to the public, related to the fiscal years ended December 31, 2010 and 2009, do not contain defects, inaccuracies or errors that prevent ascertaining the true financial position and operations of ISA and its companies.


Luis Fernando Alarcón Mantilla
Chief Executive Officer


John Bayron Arango Vargas
Chief Accounting Officer
T.P. No. 34420-T

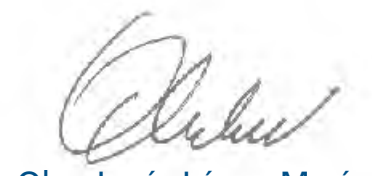
Certification of Compliance with Intellectual Property and Copyright Regulations

The undersigned Legal Agent and Information Director of Interconexión Eléctrica S.A. E.S.P., in compliance with Article 1 of Law 603 of 2000,

Certify:

1. That the Corporation complies with all regulations regarding intellectual property and copyrights, and that all software used is legal and the rights to use it have been paid for, either through purchases, usage licenses, or assignments. Supporting documents can be found at our central archives.
2. That the Information Direction of the Corporation carries an inventory of all software used and controls its installation according to the type of license purchased.
3. That in accordance with corporate policies and institutional guidelines, employees are bound to observe all regulations regarding intellectual property and copyrights.


Luis Fernando Alarcón Mantilla
CEO


Olga Lucía López Marín
Information Director

US Dollars Consolidates Financial Statements

INTERCONEXIÓN ELÉCTRICA S.A. E.S.P.
CONSOLIDATED STATEMENTS OF CASH FLOWS
DECEMBER 2010 - DECEMBER 2009

(In thousands of US Dollars translated at the exchange rate on closing dates)

	2010	2009
Cash flow from operating activities		
Net income	179,676	154,033
Add (less) – adjustments to reconcile net income to net cash provided by operating activities:		
Minority interests	358,517	281,036
Depreciation of property, plant and equipment	91,911	95,365
Amortization of deferred charges and other assets	204,564	178,567
Amortization of retirement pensions and fringe benefits	26,961	14,524
Allowance for doubtful accounts	1,587	2,456
PProvision for inventory protection	-	3,356
Investment allowance	1,632	4,838
Income tax provision	221,769	236,754
Loss on sale and retirement of property, plant and equipment	1,664	7,771
Exchange difference revenue	(12,332)	(187,030)
Hedging operations valuation (revenue) expense	(12,569)	209,613
Recovery of provisions	(984)	(1,210)
Interest and commissions accrued	105,229	182,645
Changes in operating assets and liabilities:	1,167,625	1,182,718
Accounts receivable	(244,123)	(182,640)
Inventories	11,998	(16,582)
Deferred charges and other assets	(4,408,177)	(195,590)
Accounts payable	418,341	327,527
Labor liabilities	1,355	(1,344)
Accrued liabilities and estimated provisions	(151,497)	(223,110)
Collections for third parties	105,908	135,131
Minority interests	644,509	(203,569)
Other liabilities	1,246,179	(44,559)

US Dollars Consolidates Financial Statements

	2010	2009
Cash flow in other operations		
Payment of retirement pensions	(14,809)	(10,750)
Payment of taxes	(231,298)	(189,482)
Net cash (used in) provided by operating activities	(1,453,989)	577,750
Cash flow from investment activities		
Increase (decrease) in long-term investments	(124,518)	52,199
Acquisition of property, plant and equipment	(55,112)	(84,902)
Net cash used in investment activities	(179,630)	(32,703)
Cash flow from financing activities		
Interest received in cash	9,027	8,063
Interest paid in cash	(78,028)	(164,449)
Cash dividends paid	(90,803)	(78,403)
Increase in financial liabilities	725,039	279,509
Bond issues	2,056,230	135,993
Payment of financial liabilities	(523,086)	(476,752)
Bond payment/decrease	(362,380)	(172,925)
Share issues	-	187,943
Equity variations	(879)	(82,070)
Net cash provided by (used in) operating activities	1,735,120	(363,091)
Increase (decrease) in cash and cash equivalents - net	101,501	181,956
Cash and cash equivalents at the beginning of the year	531,260	315,455
Cash and cash equivalents at the end of the year	632,761	497,411

US Dollars Consolidates Financial Statements

INTERCONEXIÓN ELÉCTRICA S.A. E.S.P.

CONSOLIDATED BALANCE SHEETS

DECEMBER 2010 - DECEMBER 2009

(In thousands of US Dollars translated at the exchange rate on closing dates)

	2010	2009
Assets		
Current assets		
Cash	176,194	227,092
Marketable investments	456,566	270,319
Accounts receivable – net	621,193	531,283
Inventories – net	8,186	43,933
Deferred charges and other assets	169,092	71,510
Total current assets	1,431,231	1,144,137
Non-current assets		
Long-term investments – net	318,032	183,195
Accounts receivable – net	625,244	427,791
Inventories – net	29,182	27,170
Property, plant and equipment – net	1,580,030	1,498,973
Deferred charges and other assets	7,933,993	3,674,514
Reappraisals	1,572,399	1,384,463
Total non-current assets	12,058,880	7,196,106
Total assets	13,490,111	8,340,243
Memorandum accounts		
Debit	2,241,541	1,672,898
Credit	1,562,477	923,800

US Dollars Consolidates Financial Statements

	2010	2009
Liabilities and shareholders' equity		
Current liabilities		
Outstanding bonds	249,075	41,903
Financial liabilities	159,343	394,201
Accounts payable	568,151	285,748
Labor liabilities	18,426	15,788
Accrued liabilities and estimated provisions	107,617	124,382
Other liabilities	986,226	168,280
Total current liabilities	2,088,838	1,030,302
On-current liabilities		
Outstanding bonds	2,631,226	1,305,022
Financial liabilities	1,189,365	499,375
Accounts payable	217,839	194,992
Labor liabilities	701	851
Accrued liabilities and estimated provisions	519,951	394,459
Other liabilities	744,436	190,441
Total non-current liabilities	5,303,518	2,585,140
Total liabilities	7,392,356	3,615,442
Minority interests	2,731,054	1,703,105
Shareholders' equity		
Subscribed and paid share capital	19,288	18,059
Capital surplus	755,237	707,117
Reserves	335,747	247,020
Net income	179,676	154,033
Cumulative translation adjustment	2,143	27,958
Equity revaluation	298,773	289,605
Revaluation surplus	1,349,746	1,176,819
Surplus from equity method	426,091	401,085
Total shareholders' equity	3,366,701	3,021,696
Total liabilities, minority interests and shareholders' equity	13,490,111	8,340,243
Memorandum accounts		
Credit	1,562,477	923,800
Debit	2,241,541	1,672,898

US Dollars Consolidates Financial Statements

INTERCONEXIÓN ELÉCTRICA S.A. E.S.P.

CONSOLIDATED INCOME STATEMENTS

DECEMBER 2010 - DECEMBER 2009

(In thousands of US Dollars translated at the exchange rate on closing dates)

	2010	2009
Operating revenues		
Electric energy transmission services	1,474,224	1,373,480
Connection charges	168,787	142,868
Dispatch and CND-MEM coordination	20,163	19,495
MEM services (STN, SIC, SDI)	20,333	13,691
Roads	86,049	-
Telecommunications	45,937	48,968
Other operating revenues	20,272	19,252
Total operating revenues	1,835,765	1,617,754
Operating costs and expenses		
Operating costs	582,459	509,854
Administration expenses	275,748	254,994
Total operating costs and expenses	858,207	764,848
Operating income	977,558	852,906
Non-operating revenues (expenses)		
Non-operating revenues	210,982	423,129
Non-operating expenses	(428,577)	(604,212)
	(217,595)	(181,083)
Income before taxes	759,963	671,823
Income tax provision	(221,769)	(236,754)
Income before minority interests	538,194	435,069
Minority interests	358,518	281,036
Net income	179,676	154,033

Detailed Financial Statements

INTERCONEXIÓN ELÉCTRICA S.A. E.S.P.

BALANCE SHEETS

DECEMBER 2010 – DECEMBER 2009

(In millions of Colombian pesos)

	Notes	Short term	2010 Long term	Total	Short term	2009 Long term	Total
Assets							
Cash		117	–	117	113	–	113
Deposits in financial institutions		3,213	–	3,213	7,595	–	7,595
Funds sold with repurchase agreement		–	–	–	100,115	–	100,115
Cash	(5)	3,330	–	3,330	107,823	–	107,823
Liquidity management investments in debt securities		81,343	–	81,343	423,550	–	423,550
Liquidity management investments in equity securities		2,914	–	2,914	53,809	2,065	55,874
Equity investments in non-controlled entities		–	26,810	26,810	–	26,147	26,147
Equity investments in controlled companies		–	3,098,254	3,098,254	–	2,393,185	2,393,185
Provision for investment protection (cr)		–	(12,302)	(12,302)	–	(10,232)	(10,232)
Investments and derivatives	(5) and (6)	84,257	3,112,762	3,197,019	477,359	2,411,165	2,888,524
Services rendered		6,749	–	6,749	7,284	–	7,284
Public utilities		164,454	2,449	166,903	164,355	7,296	171,651
Advances and pre-payments		3,469	–	3,469	2,699	–	2,699
Advances or credit balances for taxes and contributions		3,765	–	3,765	3,732	–	3,732
Funds given under administration		88,659	–	88,659	–	–	–
Deposits as guarantees		651	–	651	635	–	635
Other accounts receivable		50,475	10,775	61,250	6,268	15,760	22,028
Doubtful accounts receivable		10,142	–	10,142	7,605	–	7,605
Provision for accounts receivable (cr)		(9,954)	–	(9,954)	(8,855)	–	(8,855)
Accounts receivable	(7)	318,410	13,224	331,634	183,723	23,056	206,779
Materials to render services		2,519	61,312	63,831	2,678	61,392	64,070
Provision for inventory protection (cr)		–	(5,459)	(5,459)	(82)	(5,850)	(5,932)
Inventories	(8)	2,519	55,853	58,372	2,596	55,542	58,138
Land		–	19,665	19,665	–	19,697	19,697
Constructions in progress		–	17,403	17,403	–	66,323	66,323
Machinery, plant and equipment in assembly		–	9,119	9,119	–	11,739	11,739
Un-exploited property, plant and equipment		–	10,377	10,377	–	10,377	10,377

Detailed Financial Statements

INTERCONEXIÓN ELÉCTRICA S.A. E.S.P.

BALANCE SHEETS

DECEMBER 2010 – DECEMBER 2009

(In millions of Colombian pesos)

	Notes	Short term	2010 Long term	Total	Short term	2009 Long term	Total
Buildings		–	89,098	89,098	–	59,657	59,657
Plants, ducts and tunnels		–	1,524,859	1,524,859	–	1,470,477	1,470,477
Networks, lines and cables		–	2,146,339	2,146,339	–	2,097,961	2,097,961
Machinery and equipment		–	37,134	37,134	–	35,189	35,189
Furniture, fixtures and office equipment		–	13,044	13,044	–	12,892	12,892
Computer and communications equipment		–	24,272	24,272	–	23,772	23,772
Transport, traction and lifting equipment		–	1,845	1,845	–	1,845	1,845
Investment property		–	3,532	3,532	–	3,532	3,532
Accumulated depreciation (cr)		–	(1,472,764)	(1,472,764)	–	(1,369,881)	(1,369,881)
Allowance for protection of property, plant and equipment (cr)		–	(9,191)	(9,191)	–	(9,191)	(9,191)
Property, plant and equipment	(9)	–	2,414,732	2,414,732	–	2,434,389	2,434,389
Prepaid assets and services		5,777	–	5,777	6,752	–	6,752
Deferred charges		94,556	25,125	119,681	77,060	25,086	102,146
Works and improvements in others' property		–	461	461	–	538	538
Assets in possession of third parties		–	3,383	3,383	–	3,383	3,383
Accumulated amortization of assets in possession of third parties (cr)		–	(537)	(537)	–	(402)	(402)
Trust rights		–	1,184	1,184	–	–	–
Intangibles		–	401,254	401,254	–	387,116	387,116
Intangibles' accumulated amortization (cr)		–	(86,297)	(86,297)	–	(79,742)	(79,742)
Reappraisals	(11)	–	2,583,387	2,583,387	–	2,405,688	2,405,688
Other assets	(10)	100,333	2,927,960	3,028,293	83,812	2,741,667	2,825,479
Total assets		508,849	8,524,531	9,033,380	855,313	7,665,819	8,521,132

Detailed Financial Statements

INTERCONEXIÓN ELÉCTRICA S.A. E.S.P.

BALANCE SHEETS

DECEMBER 2010 – DECEMBER 2009

(In millions of Colombian pesos)

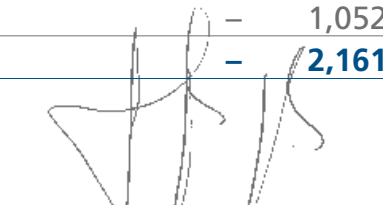
			2010			2009	
	Notes	Short term	Long term	Total	Short term	Long term	Total
Liabilities							
Long-term public credit domestic operations	(12)	230,000	1,159,698	1,389,698	136,667	1,152,365	1,289,032
Long-term public credit foreign operations	(13)	35,259	69,558	104,817	38,031	111,950	149,981
Public credit operations and central bank financing		265,259	1,229,256	1,494,515	174,698	1,264,315	1,439,013
Long-term domestic financing operations		–	218,884	218,884	–	218,884	218,884
Long-term foreign financing operations		–	45,553	45,553	–	48,653	48,653
Financing and derivatives operations	(13)	–	264,437	264,437	–	267,537	267,537
Acquisition of national assets and services		21,574	–	21,574	26,260	–	26,260
Acquisition of foreign assets and services		849	–	849	1,680	–	1,680
Interest payable		21,787	44,067	65,854	19,761	35,701	55,462
Creditors		47,195	–	47,195	47,336	–	47,336
Withholding and stamp tax		4,067	–	4,067	4,915	–	4,915
Taxes, imposts and duties payable		3,688	–	3,688	4,544	–	4,544
Value added tax - VAT		1,472	–	1,472	1,331	–	1,331
Advances and pre-payments received		–	20,153	20,153	–	11,985	11,985
Funds received under administration		73,297	–	73,297	28,743	–	28,743
Accounts payable	(15)	173,929	64,220	238,149	134,570	47,686	182,256
Salaries and labor benefits		6,097	1,334	7,431	6,207	1,609	7,816
Pensions and fringe benefits		359	–	359	359	–	359
Labor and social security liabilities	(16)	6,456	1,334	7,790	6,566	1,609	8,175
Provision for fiscal liabilities		36,134	–	36,134	73,682	–	73,682
Provision for contingencies		36,773	–	36,773	12,409	–	12,409
Provision for labor benefits		746	–	746	653	–	653
Provision for pensions		–	86,830	86,830	–	83,511	83,511
Miscellaneous provisions		18,653	48,112	66,765	17,505	37,308	54,813
Estimated liabilities	(17)	92,306	134,942	227,248	104,249	120,819	225,068

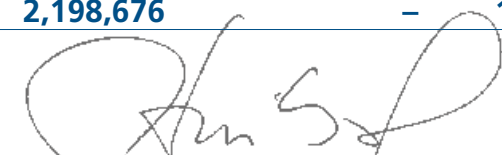
Detailed Financial Statements

INTERCONEXIÓN ELÉCTRICA S.A. E.S.P.
BALANCE SHEETS
DECEMBER 2010 – DECEMBER 2009
(In millions of Colombian pesos)

		2010			2009		
	Notes	Short term	Long term	Total	Short term	Long term	Total
Collections for third parties		10	–	10	949	–	949
Advance revenues		12,897	–	12,897	9,627	–	9,627
Deferred credits		–	348,638	348,638	–	268,623	268,623
Other liabilities	(18)	12,907	348,638	361,545	10,576	268,623	279,199
Total liabilities		550,857	2,042,827	2,593,684	430,659	1,970,589	2,401,248
Institutional equity		550,857	2,042,827	2,593,684	430,659	1,970,589	2,401,248
Subscribed and paid share capital		–	36,916	36,916	–	36,916	36,916
Additional paid-in capital		–	1,428,128	1,428,128	–	1,428,128	1,428,128
Reserves		–	642,614	642,614	–	504,965	504,965
Year's results		–	343,896	343,896	–	314,878	314,878
Donation surplus		–	17,381	17,381	–	17,381	17,381
Revaluation surplus		–	2,583,387	2,583,387	–	2,405,688	2,405,688
Surplus from equity method		–	815,529	815,529	–	819,909	819,909
Equity revaluation		–	571,845	571,845	–	592,019	592,019
Total institutional equity	(19)	–	6,439,696	6,439,696	–	6,119,884	6,119,884
Liabilities + equity		550,857	8,482,523	9,033,380	430,659	8,090,473	8,521,132
Memorandum accounts	(20)						
Contingent rights		–	42,792	42,792	–	33,297	33,297
Fiscal debit accounts		–	3,207,692	3,207,692	–	2,481,375	2,481,375
Debit accounts (cr)	(20)	–	3,250,484	3,250,484	–	2,514,672	2,514,672
Contingent liabilities		–	947,883	985,482	–	999,359	999,359
Fiscal credit accounts		–	160,650	160,650	–	105,075	105,075
Control credit accounts		–	1,052,544	1,052,544	–	610	610
Credit accounts (cr)	(20)	–	2,161,077	2,198,676	–	1,105,044	1,105,044


Luis Fernando Alarcón M.
CEO


John Bayron Arango V.
Chief Accounting Officer
T.P. No. 34420–T


Alba Lucía Guzmán L.
Statutory Auditor
T.P. 35265–T

(See attached report of February 18 of 2010)
Designated by Ernst & Young Audit Ltda. TR-530

Detailed Financial Statements

INTERCONEXIÓN ELÉCTRICA S.A. E.S.P.

INCOME STATEMENTS

DECEMBER 2010 – DECEMBER 2009

(In millions of Colombian pesos, except for net income per share that is expressed in Colombian pesos)

	Notes	2010	2009
Energy service		891,289	879,014
Other services		50,814	53,302
Returns, rebates and discounts in sale of services (db)		(132)	(209)
Sale of services	(21)	941,971	932,107
Wages and salaries		27,598	23,294
Contributions charged		27,191	19,712
Actual contributions		9,575	9,010
Contributions on payroll		903	844
General		25,533	22,821
Taxes, imposts and duties		637	741
Administration expenses	(23)	91,437	76,422
Allowance for protection of investments		2,493	7,424
Provision of accounts receivable		2,025	1,071
Provision for inventory protection		–	6,860
Provision for contingencies		7,860	4,470
Depreciation of property, plant and equipment		1,475	1,854
Amortization of goods delivered to third parties		–	–
Amortization of intangible assets		4,594	4,318
Provisions, depreciation and amortization	(23)	18,447	25,997
Public utilities		333,351	329,694
Other services		26,128	28,061
Cost of sales of services	(22)	359,479	357,755
Total operating costs and expenses		469,363	460,174
Operating income		472,608	471,933

Detailed Financial Statements

INTERCONEXIÓN ELÉCTRICA S.A. E.S.P.


INCOME STATEMENTS

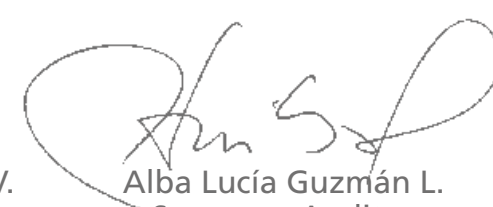
DECEMBER 2010 – DECEMBER 2009

(In millions of Colombian pesos, except for net income per share that is expressed in Colombian pesos)

	Notas	2010	2009
Financial revenues		38,251	15,266
Exchange difference adjustment		25,381	41,164
Income from equity method		110,137	143,635
Other regular revenues		1,036	5,878
Special revenues		3,520	11,726
Prior years adjustment		4,768	1,507
Other revenues	(24)	183,093	219,176
Interest		116,690	184,071
Commissions		514	644
Exchange difference adjustment		21,803	20,986
Financial expenses		42,556	6,728
Loss from equity method		15,908	3,148
Other regular expenses		3,008	6,487
Special expenses		–	6,437
Prior years adjustment		2,689	2,259
Other expenses	(24)	203,168	230,760
Non-operating income		(20,075)	(11,584)
Income before taxes		452,533	460,349
Provision for fiscal liabilities	(17.2)	108,637	145,471
Net income		343,896	314,878
Net income per share		310.47	292.18


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CEO


John Bayron Arango V.
Chief Accounting Officer
T.P. No. 34420-T


Alba Lucía Guzmán L.
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(See attached report of February 18 of 2010)
Designated by Ernst & Young Audit Ltda. TR-530

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