



Corporate Social Responsibility Report 2009



**Linear infrastructure systems
that promote the continent's development**



Corporate
Social Responsibility Report 2009

Message from the Management





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Message from the Management



It is an honor to share with you the outstanding progress of the 2009 Corporate Social Responsibility –CSR- management and thus, ensure the compliance with the commitments undertaken and satisfy the expectations of our stakeholders. A Social Responsibility management that earned an award under Large Company category and an honorable mention in Best Social Performance by the National Association of Utility and Communication Companies -ANDESCO-.

The axis of the CSR model is sustainability, present in the management through balanced relations with stakeholders and supported on a set of values, practices and commitments that add value, build trust and contribute with sustainable development of societies where it operates.

In accordance with the commitment to support and protect Human Rights, the Company trained approximately 17,764 people and promoted initiatives and best practices at relevant bodies such as the Energy Mining Committee. Likewise, it also participated in the creation of the Regional Centre as the agency responsible for working in a coordinated way with nine of ten local networks in the region, and contribute to the transition of existing networks and the creation of new ones.

Focused on providing quality and efficient services, we achieved an availability of the energy transport network of 99.860% and committed ourselves to expand the scope of the certifications from the Energy Transportation Service ISO 14001 (environmental management) and OHSAS 18001 (safety and occupational health) at other premises of the Company. These measures were made extensive to suppliers, as some of the good practices arising from the certification were part of their development and allowed suppliers to leverage their processes. We would like to make a special recognition to the group of collaborators involved in this undertaking, for their efforts and dedication.

In compliance with Agreement 74 of the Board, and to ensure a greater commitment to transparency and the fight against corruption, ISA adopted the Manual of the System for Prevention of Money Laundering and Terrorism Funding –SIPLA- which entered into force on March 2009 and that covers clients, suppliers, shareholders and bondholders.



Collaborators, a pivot for the Company, were the central topic of the CSR Week, an event focused on building practices from day-to-day actions, for development and welfare of stakeholders and the fulfillment of the commitments agreed with them and, thus improve the business results and progress on the Organization's expansion and the CSR revitalization.

In order to strengthen the relationship with stakeholders in general, and provide investors with better understanding of the stock market and encourage investment, ISA, together with the Colombian Stock Exchange -BVC- published the Guide for Safe and Reliable Investments.

In attention to social policy, the Company invested \$ 2829.3 million in the implementation of programs to advance the development of regions and the training of citizens for peace in 21 departments and 332 municipalities where it operates, which group a population of over 26 million.

The Company also proposed new spaces of communication with stakeholders, deployed the program Communication, culture and society, and strengthened communication channels that have optimally operated with clients and shareholders. By 2010, in order to extend this dialogue to other stakeholders, ISA will endorse the expectations with the real possibilities of the Company.

We reaffirm our interest in consolidating a socially responsible management. A management that day by day shows the progress resulting from the work supported in sound corporate principles.

Many thanks,
Luis Fernando Alarcón Mantilla
CEO

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Presentation



In compliance with the commitments to its stakeholders, ISA presents the annual report on Corporate Social Responsibility -CSR- for the January - December 2009 period. It includes a brief summary on the subsidiaries' primary events and a detailed presentation of the Organization.

To develop its management, the Company believes that the clear balance between sustainability and the exercise of social responsibility does not affect the economic viability of the business. Sustainability is understood as the set of long-lasting operations to build development: better life quality, greater social and environmental wealth, equitable distribution of income and greater economic capacity thereby increasing access to the product of collective efforts. Long-lasting actions that lead to increase the capabilities and opportunities of the communities with which it interacts.



Organization Profile

With a stake of 71.37% on the National Transmission System - STN ownership, ISA keeps its leadership in the Colombian electricity sector, being the major energy carrier in the country and the only having national coverage.

ISA's energy transmission network in Colombia is safe and reliable, and it consists of 10,007 km of a circuit transmission bearing a voltage of 230 and 500 kV, 57 substations and 12,672 MVA of transformation and 4,177 MVAR of reactive compensation.



The Company is working to consolidate its Integrated Management System to ensure that services meet international standards. This mechanism gathers quality, environmental, occupational health and information safety management around the processes.

Consistent with this initiative, ISA's energy transport service bears Quality Certification ISO 9001 version 2000, awarded by the Colombian Institute of Technical Standards-ICONTEC. This certification extends to studies, design, procurement, construction, assembly, testing, commissioning, operation and maintenance of electric power transmission systems.

ISA and its companies have endorsed their commitments with each stakeholder and annually each business submits its report on Corporate Social Responsibility, informing in detail the practices conducted to meet the commitments, according to the characteristics or circumstances of each business and country.

We highlight the main activities of one of ISA's subsidiaries, Red de Energía del Perú -REP-, awarded three times in CSR in 2009.

- It received recognition for the implementation of the Global Compact principles with its suppliers, as part of an award to Peruvian companies most committed to its implementation. The event was organized by the National Confederation of Private Business Institutions –CONFIEP–.
- The Huertos en Línea Project, which has become a major sustainable development initiative in the country, won two awards: from the National Society of Mining, Petroleum and Energy, Sustainable Development Award 2009 and the other was provided by Peru 2021, an organization that brings together socially responsible companies.

CTEEP was chosen as the company with the best model for creating values in 2008. The award was granted by ABRASCA after a rigorous and technical selection process applicable to all companies listed on the Sao Paulo Stock Exchange –BOVESPA–.

Finally it is emphasized that ISA'S and its companies' greatest commitment is to promote and implement its CSR statement and thus respond to stakeholders who believe in their management, as well as the awards and recognitions, received in 2009.

SIGNIFICANT CHANGES

The following programs were developed during the period in order to strategically respond to the needs of the community:

Communication, Culture and Society: This program, which includes an information and dissemination plan on environment, Human Rights and society, establishes local and regional spaces of mutual recognition between the company, society and the State, surrounded by respect and cooperation in the provision of utilities.

Institutional strengthening: it supports training on public administration skills in order to consolidate a common agenda between participatory planning, social control, public finance, land use and corporate management.

Educational transformation for life: education is recognized as one of the pillars to achieve social and economic development under sustainable and equitable conditions.

Road concessions

In late 2009 ISA formalized its foray into this business after reaching an agreement with company Cintra Infraestructuras de España to acquire 60% of the equity that the company holds in Cintra Chile, the main operator of the Chilean road sector bearing 907 km of highways.

This negotiation was concurrent with the entering into an inter-administrative contract with the National Institute of Concessions -INCO- of Colombia to develop the Autopistas de la Montaña Project, consisting of four corridors that will have a length of 1,251 km.

KEY EVENTS, ACHIEVEMENTS AND FAILURES

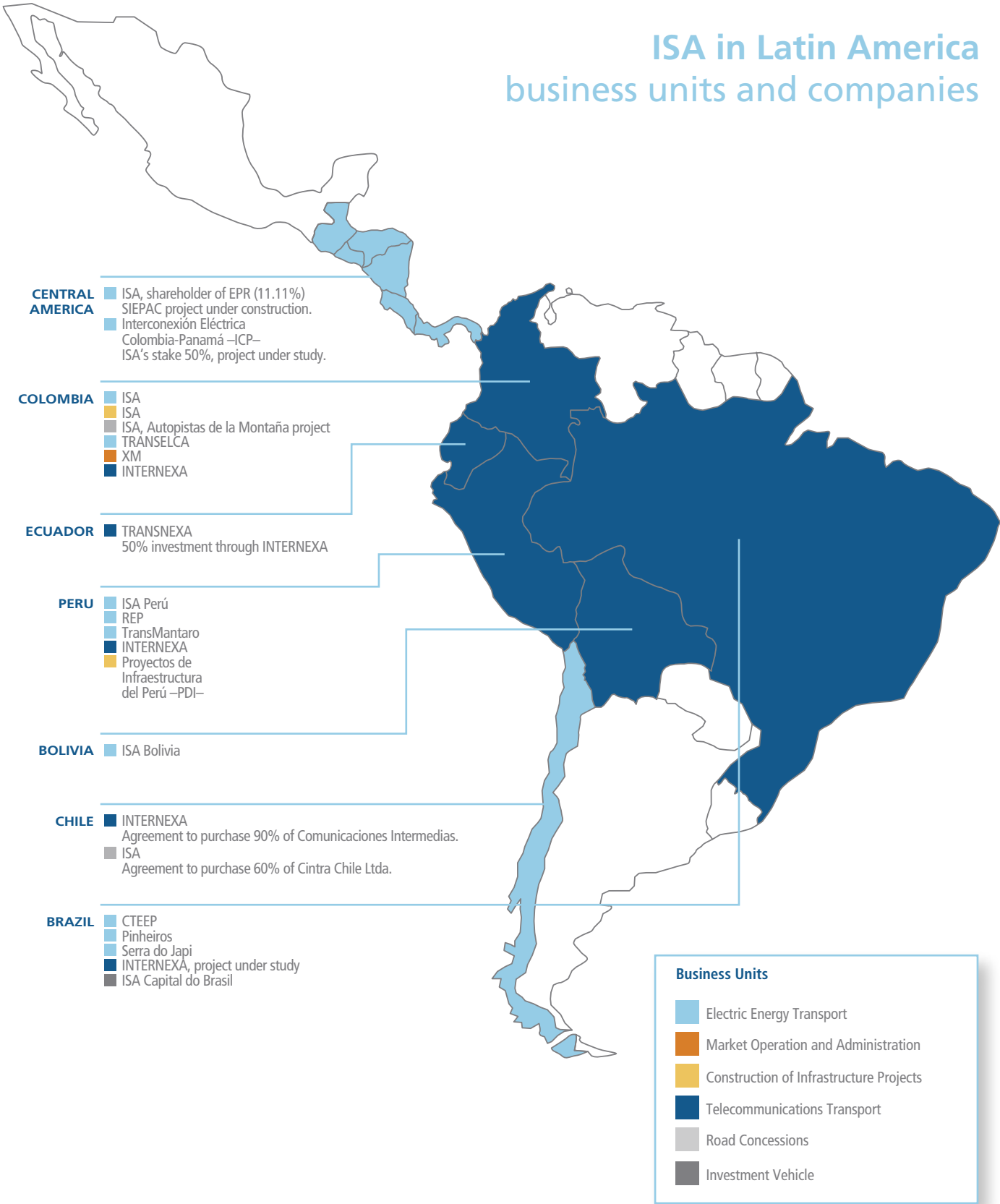
CSR Week

It was conducted with the purpose of building practices from day-to-day actions, for the development and welfare of stakeholders and the accomplishment of commitments agreed with them, and thus, improve business results and advance on the Organization's growth.

Guidelines for safe and reliable investments

With the support of the Colombian Stock Exchange -BVC-, and in order to encourage investment and expand knowledge on the stock market, ISA published the Investor's Guide, which nature is mainly formative on topics such as: investor's rights and duties, equity market agents, investment recommendations and contacts for inquiries.

ISA in Latin America business units and companies

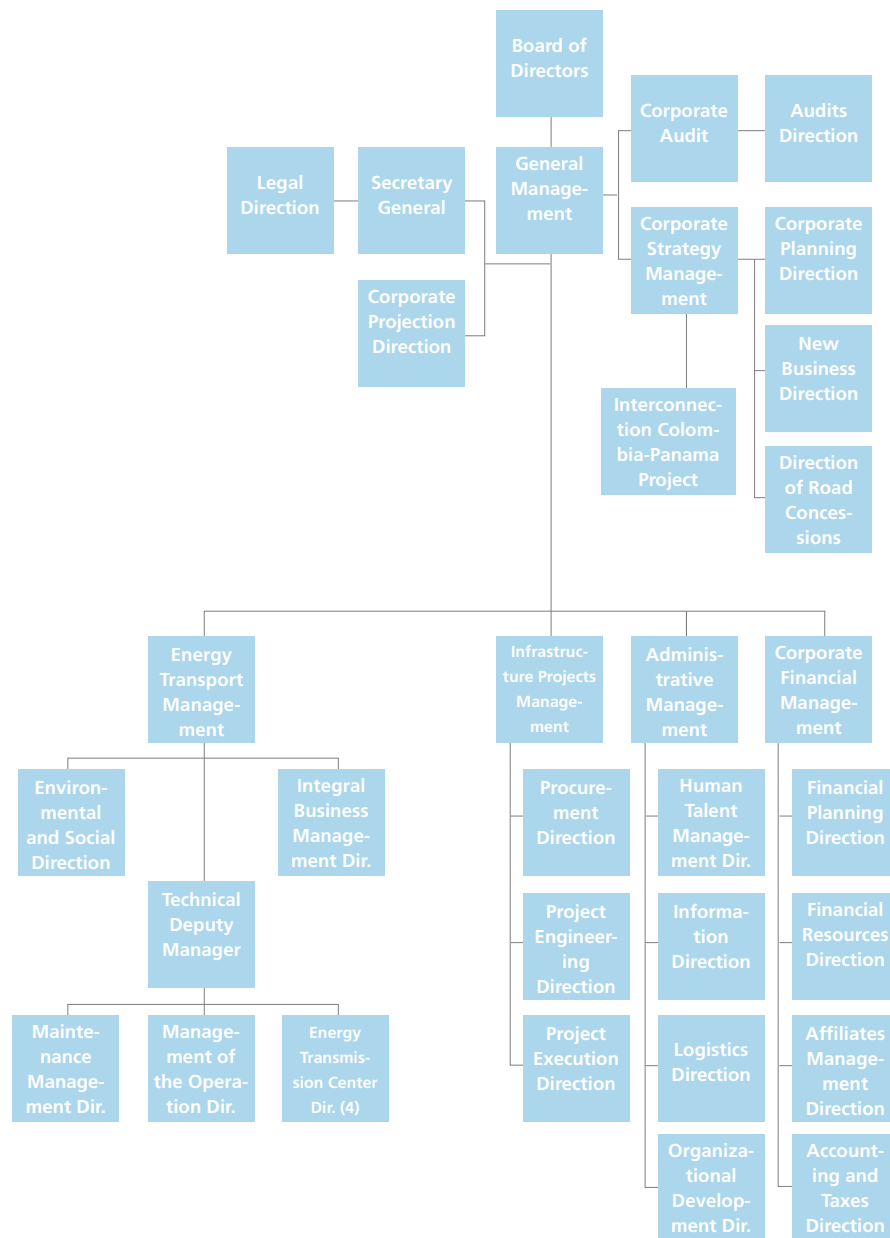


Andesco Award for Corporate Social Responsibility

The National Association of Home Utility and Communication Companies -Andesco- made a recognition of the Social Responsibility management of the Company in the Large Company category and awarded an honorable mention in Best Social Performance.

Finally, it is worth noting that during this period the communication channels with clients and shareholders were strengthened, the Communication, culture and society program was implemented, and making this communication extensive to other stakeholders was left pending for 2010, prior endorsement of their expectations with the Company's real possibilities.

Organizational Structure



¿What do we want to be?

In 2016, ISA will be a business corporation worth USD\$ 3,500 million in revenues, of which 80% will be generated outside Colombia.

¿How will we achieve this?

To achieve this inspiring goal, ISA has corporate values and codes that enable us to act with confidence and transparency.

Within this period, a deepening work on values was conducted with collaborators in order to feature them and translate ethics, social responsibility, innovation and excellence into day-to-day activities.

Also, advanced efforts were made to renew the code of ethics, taking into account the new business lines, the presence in the region and cultural diversity of ISA and its affiliates and subsidiaries. The commitment to human rights, respect for life and freedom of people, the prevalence of general interest and the commitment with stakeholders still remain.

We have the Corporate Governance Code, an instrument purported to ensure corporate ethical integrity of the Organization, the monitoring of management, compliance with the commitments and delivery of information to stakeholders, especially shareholders through the website www.isa.com.co.

Communication with stakeholders

ISA has internal and external communication channels to inform, and for stakeholders to establish contact with the Company in a timely manner.



Stakeholders	Information Means	Participation means
Collaborators	<p>Internoticias Bulletin</p> <p>Environmental Bulletin</p> <p>On-Line Bulletin</p> <p>Computerized bulletins</p> <p>Information at ISANET</p> <p>E-mails</p> <p>Annual and CSR Reports</p>	<p>ISANET</p> <p>Primary groups</p> <p>Performance assessment</p> <p>Organizational climate</p> <p>Biannual reputation surveys</p>
Suppliers	<p>Web page “Servicios al proveedor”</p> <p>Annual and CSR Reports</p>	<p>Encounters with suppliers</p> <p>Contact mails: contratacion@isa.com.co and suppliers@isa.com.co</p> <p>Biannual reputation surveys</p> <p>General quality and satisfaction perception rating (biannual)</p> <p>Performance assessment</p> <p>Web page</p>
Society	<p>Web page</p> <p>Multimedia</p> <p>Letters to authorities and communities</p> <p>Press releases</p> <p>Community radio</p> <p>Radio program ISA conecta regiones</p> <p>Foldings</p> <p>Posters</p> <p>Boards</p> <p>Wall newspaper</p> <p>Annual and CSR Reports</p>	<p>Letters for requests and inquiries</p> <p>Liaison rounds (at populations where ISA operates)</p> <p>Training and informative workshops</p> <p>Briefings and meetings for raising awareness</p> <p>ISA 018000 941341 friendly phone line</p> <p>E-mails: isa@isa.com.co and eloisa@isa.com.co</p> <p>Web page</p> <p>Biannual reputation surveys</p>
State/Government	<p>Information and reports to regulation agencies</p> <p>Quarterly results</p> <p>Annual Meeting of Stockholders</p> <p>Press releases</p> <p>Web page</p> <p>Annual and CSR Reports</p>	<p>Biannual reputation surveys</p> <p>Letters for requests and inquiries</p> <p>Workshops with state bodies</p> <p>Boards of directors</p>
Clients	<p>Client Bulletin</p> <p>Performance indicator report</p> <p>Web page “Negocios ISA”</p> <p>Client assistance directory</p> <p>Promise for service</p> <p>Advertising and marketing</p> <p>Annual and CSR Reports</p>	<p>Customer Assistance Center –CAC–</p> <p>Client satisfaction evaluation</p> <p>Biannual reputation surveys</p> <p>Encounters with clients</p> <p>Visits to clients</p> <p>Web page</p>
Shareholders and investors	<p>General Meeting of Stockholders</p> <p>Bulletin, tax certificate and statement of account</p> <p>Newsletters, relevant events and quarterly results</p> <p>Physical meetings with institutional investors, broker firms and stock market analysts</p> <p>Web page (on-line share, stock market indicators, financial results, ADRs, news, events, bonus programs and others)</p>	<p>Shareholder assistance offices</p> <p>General Meeting of Stockholders</p> <p>Meetings with investors</p> <p>Correspondence receipt centers at main cities in the country</p> <p>E-mail: accionesisa@isa.com.co</p> <p>Toll-free shareholder assistance line: 01 8000 11 5000</p> <p>Local phone line Medellín 360 24 72</p> <p>Fax line in Medellín: 2686880 and 3170858</p> <p>Web page</p>

Besides, ISA participated in national events that nurtured the creation of spaces for liaison with stakeholders.

Event	City where event took place	Objective	Participants	Society	State	Clients	Shareholders	Suppliers	Collaborators
2009 BID Assembly and Exposarrollo	Medellin	Positioning 5.000 people	Business representatives, (IDB Governors, ministers of state from 47 countries, presidents, national and international banking). CEOs from national and international private companies, national and local authorities, national and international media.	■	■	■	■	■	
ISA'S General Meeting of Stockholders	Medellin	Reporting results for 1000 shareholders – monthly reporting	ISA's shareholders	■	■		■		
Asofondos - FIAP 2009 Congress	Cartagena	Positioning 500 people	Representatives from the financial sector, national and local authorities and media.		■		■		
Meeting with stock-brokers	Medellin, Bogotá and Cali	Report on results 300 people	Representatives from broker firms				■		
ANDESCO (9 National Congress and 2 International Congress on Utilities)	Cartagena	Positioning 2.500 people	Representatives from utility companies, multilateral banking, national and local governments, trade associations, universities, judicial branch, congressmen and department assembly members, NGOs, media	■	■	■	■	■	
ACCE - VII Latin-American Meeting on Energy	San José Costa Rica	Positioning	Representatives from the Latin-American governments, agents, regulators, banking, universities, trade associations, industry, suppliers, media.		■		■		
Meetings with clients	Medellin, Cali, Bogotá Barranquilla	Liaison with clients	Clients			■			
Workshop	Medellin	Meeting with national and international energy transport suppliers	Representatives from supplier companies – 70 people.					■	
II International Seminar of Electric Power System Maintenance SIMSE CIER 2009/ Maintenance: Key for Electric Power Services Sustainability - COCLER	Bogotá	Positioning	Clients, market agents, suppliers		■	■		■	
10th year anniversary celebration of program ISA - Región	Rionegro - Antioquia	Positioning	Entrepreneurs, scholars, representatives from national and local government, experts and members of development and peace programs, energy sector companies.	■	■		■		■
Workshop Seminar Companies, Development and Peace	Rionegro - Antioquia	Promotion of initiatives generating sustainable development and sharing ISA's and Ecopetrol's experience on development and peace programs at zones of influence of their operation.	Entrepreneurs, scholars, representatives from national and local government, experts and members of development and peace programs, energy sector companies.	■	■				■
XV Congress on Wholesale Energy Market - CNO - CAC	Santa Marta	Positioning 300 people	Market agents, clients and national government		■		■		
FISE – International Fair "Management of Supply Chain, Support for Competitiveness"	Medellin	Positioning 2000 people	Suppliers, operators, agents and end consumers, national and local government.		■		■		■
Corporate Social Responsibility Congress - ANDI	Cali	Positioning 500 people	National and local government, public private companies, social organizations, universities.	■	■	■	■	■	■

GLOBAL COMPACT

To strengthen the fabric, allowing greater compliance with the ten principles of Global Compact, the Regional Centre was established, of which ISA is a founding member, as the body in charge of working in a coordinated way with nine of ten local networks in the region and contributing for both the transition of existing networks and the creation of new ones. Besides, it has programs, guides and forums for discussion and participation related to the protection of human rights.

Work practices ensure good professional performance and participation. In virtue thereof, by the end of the period, 448 employees were members of the Collective Agreement (501 in 2008) and 65 to the National Union of Workers of Interconexión Eléctrica S.A. ISA- SINTRAISA (51 in 2008). The decrease of members of the Collective Agreement was due to the retirement of some workers and others affiliated to SINTRAISA or changed to the integral salary regime.

The Company's commitment to the environment is confirmed by two factors: the expansion of the scope of ISO 14001 (environmental management) and OHSAS 18001 (Occupational Health and Safety) certificate for the Energy Transportation Service at all ISA'S locations; and the implementation of programs that enable environmental management consistent with the Company's policies.

In turn, the work against corruption and extortion was conducted by monitoring and control actions from the Corporate Audit Committee to the following processes: contract management, procurement of financial resources, debt management, compliance with the Corporate Governance Code and treasury processes.

The friendly phone line 01 8000 941341 did not receive any complaints or accusations during the period that would constitute violation of the Code of Ethics or breach of the Good Governance Code. In addition, ISA has the System for the Prevention of Money Laundering and Terrorism Funding –SIPLA–.

Reputation Rating

The reputation survey is performed to learn from inside of each of the stakeholders, the level of knowledge, acquaintance, favorability, trust and advocacy of the company, compared to other companies. Likewise, it is intended to assess the factors and attributes that contribute most to building reputation and inquire into ISA'S performance they perceive in each of them.

ISA'S reputation survey, conducted every two years, was made by Ipsos-Napoleon Franco on a sample that gathers over 492 people from important segments of stakeholders, and produced the following results: general index of reputation, 84% level of knowledge of the Company, 100%; acquaintance (to understand what this business is all about), 77% favorability (well thoughts of the Company), 91% confidence (to be consistent in fulfilling promises) , 86% and advocacy (promoting or recommending the company, speak well of it), 85%.



Collaborators

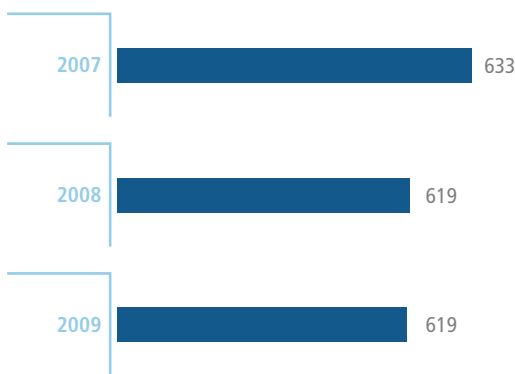


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Collaborators

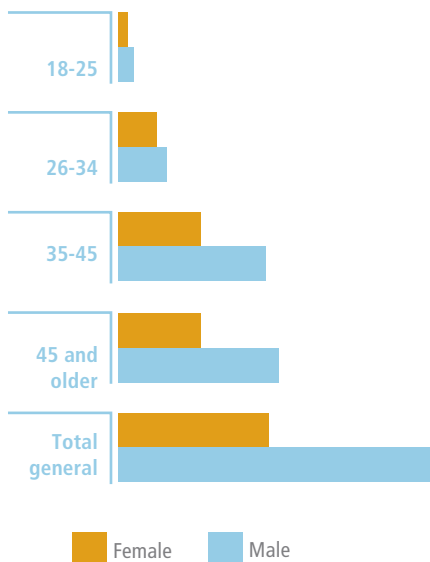


Staff



Staff by age and gender

age



The performance with collaborators, framed within the established commitment and the Human Management Policy, is given by practices oriented in these lines of action:

Contribute to their integral development and value their contributions to the Organization

- Promote participation.
- Develop knowledge and contribute to integral development.
- Grant recognition.
- Protect health and welfare of collaborators and their families.
- Keep effective communication.
- Measure the organizational climate.

The period closed with 619 collaborators (same figure in 2008), with an average age of 43.9 and years of service of 15.7: throughout the year 49 people entered the company, 16 left and 32 obtained retirement pension.

70% of collaborators is located in Medellín and the remaining 30% is located at the Energy Transmission Centers -CTE- located in the Colombian center, southwest, east and northeast.

Develop knowledge and contribute to integral development

To ensure the human talent required for corporate processes and objectives, ISA develops practices that enhance the commitment of contributing with the development of its collaborators.



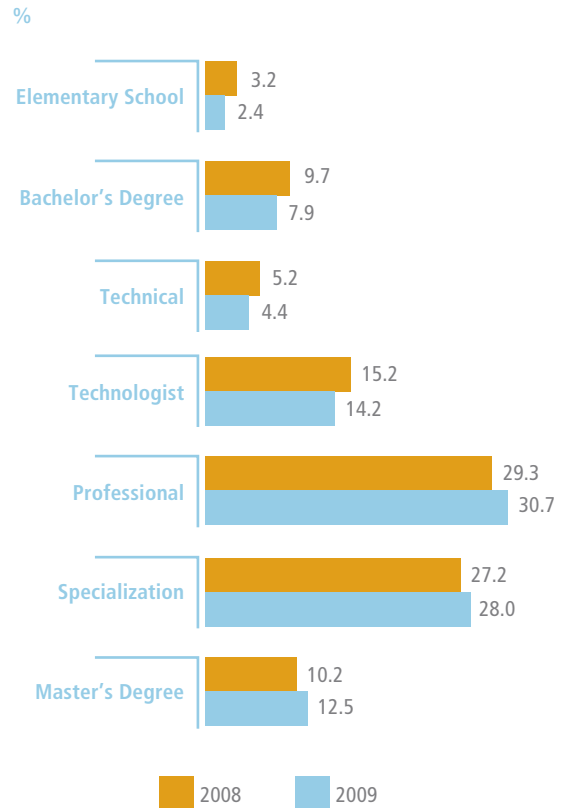
The outstanding highly qualified and trained staff of the Company is evidenced by the following data: from the total number of collaborators, 71% have higher education, 30.7% are professionals, 28% have specialization and 12.5% have a master's degree.

ISA restated its Integral Training Plan - PFI by extending its scope to Educational Plan. The Plan is made annually to develop technical and human skills and close gaps in knowledge. Its transformation arose in the light of the alignment of the processes of induction, training and learning through a process of integration and focalization of management around three lines of development: technical, managerial and ongoing training.

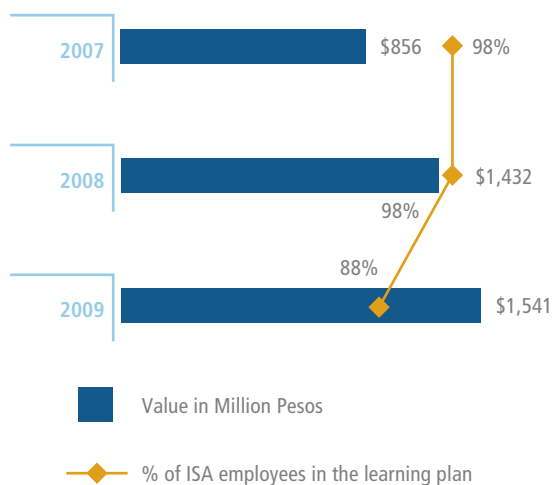
The Company's investment in various educational activities was \$ 1,541 million, representing 43,969 hours of training and 88% participation, equivalent to an average of 71 man-hours:

- Qualification and certification of chiefs of work, work with voltage and operators from supervision and maneuvers center (98 people).
- Launching of program for strengthening managerial leadership "Contributing through others" (34 executive officers).
- Virtual Course on Unified Manual for Operation and Maintenance (Technical Sub-Management staff).
- Learning English and Portuguese (111 people).

Evolution of education level



Budget execution Integral Learning Plan and % participation



- Integrated Management System ISO 9001 (quality management), ISO 14001 (environmental management), OHSAS 18001 (occupational health and safety) and 27001 (information security) (all staff of the Company).
- International Financial Reporting Standards -NIIF- (approximately 260 people).

Hours of training for executive and non-executive officers

Level	Number of people	Average Hours
Executive officers	33	3,405
Non-executive officers	563	312,520

The Company has structured a program of internships within ISA and its companies in two lines: management of technical knowledge through learning and the sharing of best practices, which mobilized 61 employees of ISA and other Group companies and transfer of knowledge, where nine internships took place, seven amongst affiliates and subsidiaries of ISA and two inside the parent company.

On the other hand, the Company continued with the Professional Training Program, implemented in 2008 with the objective of identifying, attracting and early developing technical talent for the eventual coverage of any future vacancies, both in maintenance and operation of the National Interconnection System -SIN- such as Projects of Infrastructure.

Participants in this program, professionals selected from around the country, have a one-year experience in day-to-day business processes and hold a position called Professional under Development. Once the training cycle is completed and after an assessment of the learning process and the needs of the Company regarding vacancies, ISA decides to either employ them or not in the Organization.

In this period, 11 Professionals under Development were hired by the Company and three new professionals entered the program.

The Students in Practice program also continued, a program executed under the contract of apprenticeship scheme, which enables students to enter the Company for developing a work plan that incorporates their academic knowledge with the Company's reality.

Throughout the year, 80 students developed their academic practice in six-month periods: 39 in the first and 41 in the second semester. The greatest number of these practitioners had formal training in Electrical Engineering, followed by the administrative and social areas.

Promoting participation

ISA has the means to promote participation and comprehensive development of individuals, and thereby strengthen professional and personal capabilities and leverage continuous improvement.

In compliance with Global Compact principle three, the Company has two recruitment regimes of free choice by the worker:

- Regular fixed: Collective contract of two types: SINTRAISA and Collective Agreement (Pacto Colectivo).
- Comprehensive Salary: individual employment agreement.

Distribution of collaborators per regime

Regime	Type	Number of collaborators	Distribution by gender		%
			M	F	
Comprehensive salary		106	66	40	17.13
Regular salary	Collective agreement (Pacto Colectivo)	448	306	142	72.37
	Collective bargaining agreement (Convención colectiva)	65	57	8	10.50
Total		619	429	190	100

During the period, the mechanism for participation made up by representatives of the Company, the Collective Agreement (Pacto Colectivo) and SINTRAISA -called Results Based Incentive Table- held five meetings to draft proposals for incentive performance indicators, socialized social and environmental management developed by the Company, analyzed the progress of the infrastructure project construction business, analyzed the financial statements and developed different labor-related aspects.

The negotiation of each collective contract, in form and procedure, is limited to the provisions of labor laws, but the benefits conferred on them are the result of autonomous and independent negotiation conducted by the Company with each body. To perform this task, there are work tables responsible for establishing agreements on procedures for the implementation of that agreed, following up on commitments and preparing preliminary agreements to facilitate the process of relationship and interaction.

During the direct settlement stage, negotiators of collective contracts are elected by each of the parties, and the Company facilitates their performance by providing permits and bearing travel costs. No complaints or fines for breach by ISA of this principle were received within this period.

In 2009, ISA negotiated salaries and incentives by results with the Collective Bargaining Agreement (Convención Colectiva) 2006-2011. However, this result was not extended to the Collective Agreement (Pacto Colectivo), given that in 2008 no agreement was reached on these issues within the time allowed by law. For this reason, the Company made the unilateral decision to increase salaries for all workers from this collectivity by CPI percentages.

Considering the absence of a direct agreement between the Company and representatives from the workers benefiting from the collective agreement, in 2009, the Mandatory Arbitration Tribunal was established to settle the controversy.

To reinforce the understanding of the Variable Compensation System and socialize the expected goals and the contribution of each worker in the achievement, five bulletins were published in the corporate Intranet with

information on incentive matrices per results with their indicators, weights and expected goals and results achieved in each of the measurement periods of the system.

The Business Topics Display program, aimed at the appropriation by workers of the knowledge concerning the business and the Organization, had a turnout of 65%. The methodology used in the development of the modules reached a level of satisfaction exceeding 90% and deployment by the managers reached 100%. The topics covered under this program were:

- Strategic direction ¿How are we doing with the MEGA?
- Group reorganization
- Corporate values
- Integrated Management System

Evaluating the contributions to the Organization

During the period, 22 calls were made to cover 37 positions, of which 27% was covered by internal candidates (ten people), 57% with external candidates (21 people), and the remaining 16% (six people) is in process.

To comply with Global Compact principle six (the elimination of discrimination in respect of employment and occupation), ISA, in its Code of Ethics, is committed to provide equal opportunities to workers, clients, suppliers and people in general regardless of race, religion, sex, marital status, age, nationality, social status or political ideology. No complaints, claims or objections indicating the violation of this principle were known during the period.

In accordance with its principles and its Human Management Policy, the selection process for covering positions provides equal opportunities and reflects on technical criteria: academic quality, experience, job performance and personal characteristics.

Granting recognition

Besides the collective adjustments, the Company makes salary and wage raises on an individual basis to retain and promote human talent, keep a high level of competitiveness and fair remuneration, and recognize the development and performance of workers. During the period 128 salary movements were made to 119 people.

Salary Movements

Year	N°. Collaborators	N°. Movements	Salary raise average (millions of pesos)
2007	104	127	0,5
2008	94	104	1,1
2009	119	128	2,6

As part of the recognition to workers' performance, ISA granted 30 housing loans for \$1,629 million and 19 vehicle loans for \$478 million.

Through the employees' fund –FEISA- the Company encourages savings through the provision of 4% of worker's regular salary and 2.5% of directive's comprehensive salary; in turn, the Company contributes with 3% for the premier and 1.9% for the second. In the last three years, ISA'S contribution was \$ 3,044 million, of which \$ 1,079 million correspond to 2009.

To benefit 23 collaborators with the education aid, the Company invested \$29 million and to sponsor 27 collaborators with the language aid it contributed with \$22 million.

The performance and commitment of collaborators to achieve ISO 14001 (environmental management) and OHSAS 18001 (safety and occupation health) certification for the Electric Power Transportation business in the Medellin premises and the Electric Power Transmission Centers in the country was outstanding.

Likewise, the role of multipliers of knowledge carried out by 102 workers with other collaborators over the period was quite important, which made them worthy of recognition by the Company.

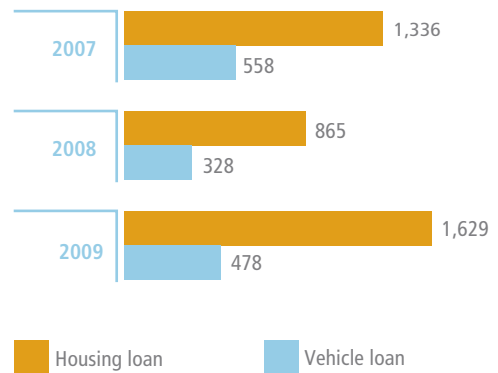
Protecting health and welfare of collaborators and their families

The Company made the following investments during the period:

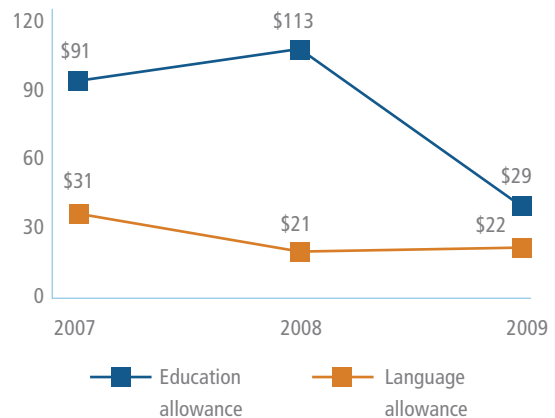
- \$7,741 millions in plans for protecting health and integrity of its collaborators, health prevention and promotion.
- \$6,505 million in health supplementary plans, aids for health expenses extensive to the workers' families and aids for their children's education.
- \$1,023 millions in health plans and aids for retirees.
- \$213 millions in education aids for children of pensioned people.
- \$716 million in medications, first-aid kits, vaccines, medical examinations, paraclinical tests, occupational tests for executive officers, recreational programs, personal protection elements and working supplies.

Loans for housing and vehicles 2007- 2009

Value loan in millions



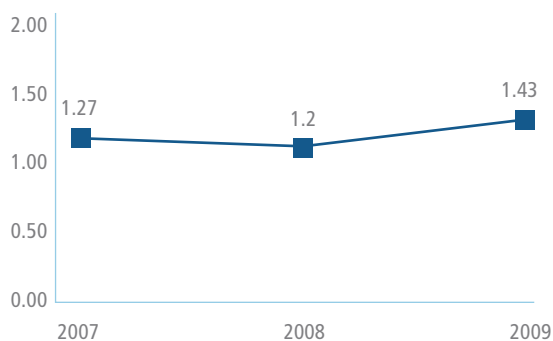
Education/language allowance – Summary



In order to improve the management of occupational risk and to keep collaborators healthy, the Company developed the following activities:

- Medical exams for admission and regular occupational and retirement exams.
- Psychological evaluations, education focused on self-care and preventive medicine actions.
- Programs for encouraging sports activities, risk prevention for working at heights, electrical hazard prevention and musculoskeletal injuries.
- Health fair and training courses.
- Family school: health preventive, cultural, educational and recreational activities to promote healthy development and comprehensive work of the family group.
- AH1N1 virus prevention and control program.

**Absenteeism Index
(without paternity or maternity leave)**



On the other hand, during the period 12 disabling accidents occurred with 212 days of absence; the Professional Risk Manager -ARP- covered the health services of 118 collaborators who traveled abroad, and 2,384 days of general sick leave and occupational accidents were recorded (308 days on suspicion of contamination by the H1N1 virus), which placed the annual absenteeism rate in 1.43%.

As a mechanism for workers' legal involvement in monitoring standards and occupational health regulations, ISA promotes and oversees the creation of Joint Committees on Occupational Health, which serve both in Medellin and in each of the four Electric Power Transmission Centers, for a total of five.

Keeping an effective communication with collaborators

Internal communication campaigns were implemented, addressed to collaborators for raising awareness and positively impacting the organizational culture.

In this regard, the following actions were highlighted: chats on corporate securities with 16 groups, which had a turnout of approximately 150 people; support to the Integrated Management System; development of strategies and actions to strengthen the culture of Rigor and Excellence, and interventions on change and culture to accompany the continuous improvement methodology Lean Six Sigma, implemented in six projects focused on the processes of Energy Transport Management and two corporate projects.

Measuring

As in previous years, ISA measured the organizational climate in four dimensions to identify the day-to-day perception of collaborators: direction, autonomy, communication, benefits, remuneration, workload, level of satisfaction with the position, availability of resources, immediate supervisor, commitment, possibilities for development, among others.

For the analysis of results it must be taken into account that favorability over 75% is a clear strength, 50% to 75% is moderate strength, 20% to 50% is an opportunity for improvement, and less than 20% is an alert status.

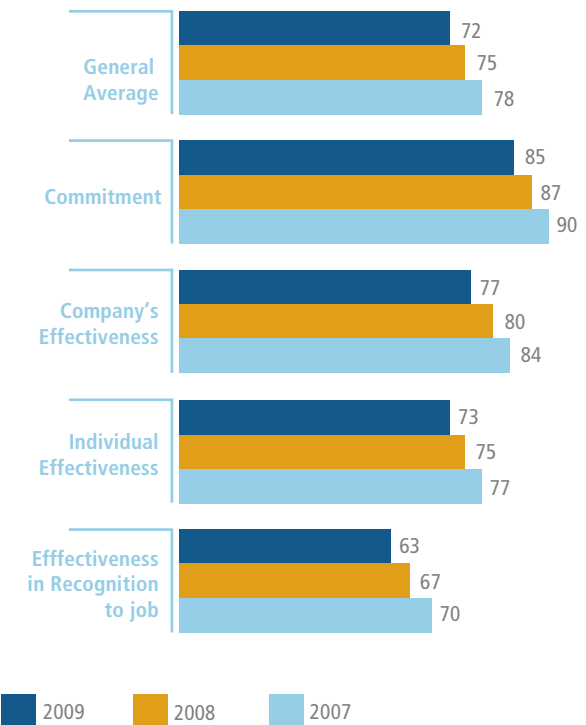
Over 90% of collaborators participated in the measurement which produced the following results:

- **Commitment:** attitude to face the Company's future challenges and the pleasure felt by worker to do his job (85% favorability).
- **Company's Effectiveness:** feeling of satisfaction and pride of working in the Company; guidance received by plans, programs and projects in which the Company participates; perception of the directive group and its actions, focus on innovation, and attracting and retaining talents (77% favorability).
- **Individual Effectiveness - (73% favorability):** strength in resources and immediate superior chief, and moderate strength in cooperation and support, communication and autonomy.
- **Effectiveness in recognition of work - (62% favorability):** moderate strength, in recognition, autonomy, pay and benefits, career development and balance and workload; and opportunity for improvement in attracting and retaining talent.

The level of satisfaction with the work environment was placed at 72% of favorability, reflecting a moderate strength. And to address the critical issues arising from the measurement, ISA has been implementing integrated improvement plans.

The evaluation of the Company's reputation, conducted by Ipsos-Napoleon Franco with collaborators, produced the following results: level of knowledge, 100%; acquaintance (to understand what our business is about), 100%; favorability level (well thoughts of the Company), 97%; confidence (to be consistent in fulfilling promises), 94%; and advocacy (promoting or recommending the company, speak well of it), 98%.

Evolution on favorability perception of organizational climate variables –Favorability percentage–
Percentage %



Suppliers





4

Suppliers

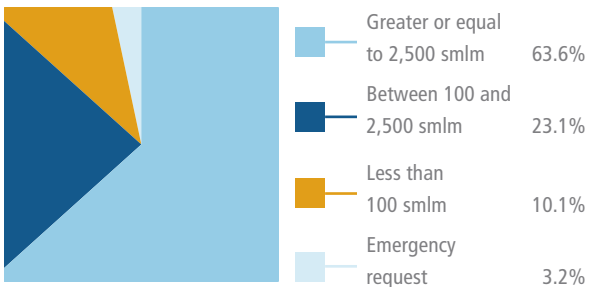


Fairness,
transparency
and clear rules

The permanent building of solid business relationships with suppliers and contractors, where transparency, fairness and clear rules prevail, is not only the pillar of commitment to these stakeholders it is also one of the Company's keys to success.

During the period, 1,883 individual contracts with 874 suppliers were held at a value of \$ 193 billion.

Economic distribution of contracts



100 smlm = COP 44,690,000

2,500 smlm = COP 1,117,250,000

smlm (minimum legal monthly wages) = COP 496,900

Our commitment to fairness

Business Policies provide guidelines, not only for procurement processes to be carried out based on clear, impartial and objective procedures, and thus to ensure equal conditions and opportunities for bidders, but also to honor the commitments (environmental, social and occupational health), promote development and continuous improvement.

Contact e-mails suppliers@isa.com.co and contratacion@isa.com.co, attended 1,119 requirements, mostly related to procurement processes. These e-mails are open, both for suppliers with an existing contractual relationship with ISA as well as for other eventual suppliers.

Development of suppliers

Suppliers' commitment with contractual relationship in effect by the date of the certification process (referred to above), ISO 14001 (environmental man-



agement) and OHSAS 18001 (occupational health and safety) stands out on three essential points: the adoption and amendment of procedures; acceptance of clean technologies and implementation of provisions based on environmental and occupational health regulations.

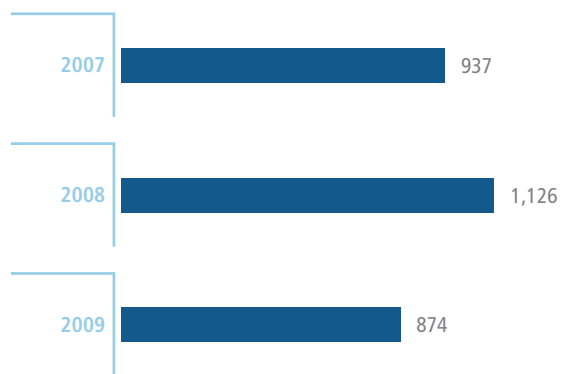
This experience led to the feedback and the resulting improvement for the Company and suppliers, strengthened mutual cooperation relations, and created a new space for the development of these stakeholders, which enables optimization of their performance and corporate positioning.

On the other hand, Institutional Guide number 100 –Suppliers’ Performance assessment- was updated to meet their changing needs, the Company and the business. This update, in turn, led to the performance assessment of the contracts and suppliers to identify aspects of excellence and improvement in the rendering of services, and to apply, if results so required, an improvement plan for growth and competitiveness.

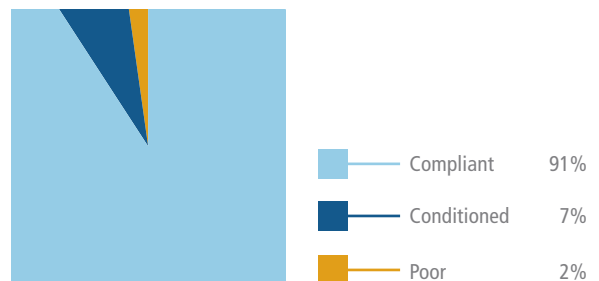
One of the amendments to the Guide relates to environmental requirements. In this aspect, 56 suppliers were evaluated; three of them are currently implementing an improvement plan for legal compliance.

ISA’s efforts during the period to evaluate the performance of most contracts (36% more than in 2008) is highlighted. The results obtained with

Suppliers number Contractor companies



Suppliers’ performance assessment



90 suppliers were as follows: 91%, compliant level of performance, 7%, conditioned, and 2% poor.

Suppliers with compliant performance were bound to prepare and submit for ISA's consideration an improvement plan to be taken into account in future procurement processes.

Transparency and clear rules

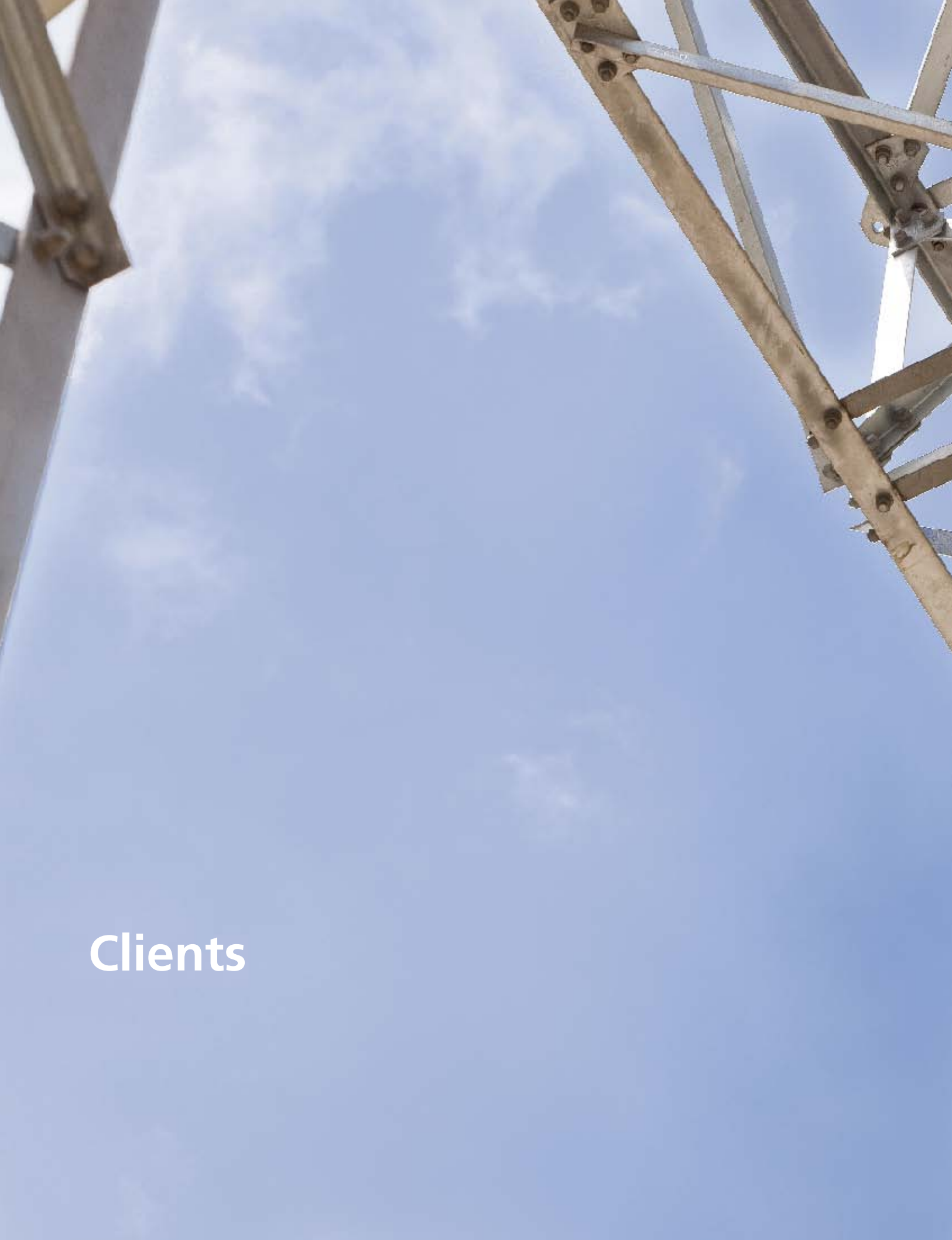
ISA provides timely and updated information and services on its website www.isa.com.co regarding different topics:

- Publications on updated news concerning contractual management.
- Virtual training.
- Business group results.
- Updating on legal requirements concerning occupational health and environmental management.
- Results on suppliers' assessment.
- Requirements from the System for prevention of money laundering and terrorism funding -SIPLA-.
- Procurement rules.
- Access to personalized information of each company.

Measurements

The evaluation of the Company's reputation, conducted by Ipsos-Napoleon Franco with our suppliers, produced the following results: level of knowledge, 100%; acquaintance (to understand what our business is about), 73%; favorability level (well thoughts of the Company), 88%; confidence (to be consistent in fulfilling promises), 79%, and advocacy (promoting or recommending the company, speak well of it), 77%.





Clients



5

Clients



Sustainable relationship, quality and competitive costs; and reliable communication

Our clients are companies belonging to the electricity (power generators, carriers, distributors and traders), energy (oil and mining) and industrial (large consumers).

As part of Corporate Social Responsibility, the Company focuses on the following strands:

- Quality
- Competitive costs
- Reliable communication
- Sustainable relationship



Clients by segments

Electric power transport service.	It is the fundamental service provided to agents on the market for energy trading and the interconnection of regional power systems. ISA has 58 electricity trading clients in Colombia and the National Center for Energy Control -CENACE- in Ecuador. Of all clients, 20 account for nearly 90% of revenue for this service.
Connection to the National Interconnected System (SIN).	Provides generators, distributors, regional carriers and large consumers with access to the SIN, to receive or deliver the voltage and electrical power required or generated by them. ISA provides this service to 24 clients (five generators, fifteen network operators and four large consumers).
Services Associated to Energy Transport.	It is composed of electrical and energy surveys, maintenance of electrical systems and Chemical Analysis testing of Insulation Materials -AQMA. These services were provided to 120 clients in Colombia and 24 international clients (mainly in Bolivia, Ecuador, El Salvador, Panama and Peru).
Service for Construction of Infrastructure Projects.	It consists of integrated solutions for development of energy transmission lines and substations, and optic fiber network projects, customized to the needs of clients. During the period this service was provided to four clients and two connection projects were developed.

ISA provided services with quality

ISA's transport system includes assets that make up a secure and reliable network, with high levels of service quality, as evidenced by the results achieved in the technical performance indicators reaching the targets within the period:

Indicator	Result	Lower Goal	Higher Goal
Energy not supplied (ENS)			
Energy not supplied to the National Interconnected System for causes attributable to ISA, regardless of terrorist attacks.	5,975.11 MWh	10,233 MWh	10,958 MWh
Network availability			
Percentage of time within which the assets composing ISA'S network were in service or available for service during the year.	99.860%	99.653%	99.888%
Failure rate per 100 Km Network 500 kV – Network 230 kV			
	2.47 - 3.75	4.50	3.50
Reclosing effectiveness			
Transient failure rate resulting in effective reclosures.	75.67%	77.67%	81.13%

To strengthen the processes of operation and maintenance of the network, the Company developed the following actions:

- Implementation of Lean Six Sigma: ISA launched eight projects under this methodology (six focused on the Electric Power Transport business and two Corporate projects) to strengthen and improve processes to increase its effectiveness:

N°	Project	Before	After
1	Reducing short-term plan time of the process, planning.	219 days	91 days
2	Reducing recurrence of irregularities.	95%	68%
3	Increasing efficiency on inventory logistics.	Inventory \$ 63,323*	Inventory Goal \$ 50,658*
4	Increasing quality of work plans and work permits.	38%	86%
5	Increasing effectiveness on technical evaluation of switches at ISA.	14 failures / month	1 failure / month
6	Increasing effectiveness of maintenance planning.	All ISA 40%	CTE Center 92%
7	Reducing delay time in execution of maintenance without affecting safety.	All ISA 44% delay.	Experiment 0% adelay.
8	Reducing time on acquisition process.	93 minor quantum. 157 major quantum.	60 minor quantum (goal). 90 major quantum (goal).

*Figures in millions of pesos

- Standardization of operation and maintenance: drafting and implementation of the second version of the Unified Manual for Safe Operation and Maintenance, and development of online course received by all staff.

- Web Platform Installation of the Information System for Operational Management of the Network -SIGO- at energy transport affiliated companies, as part of the validation of best practices in operation, which allows:
 - Higher levels of integration between Energy Transport companies due to its multi-company and multi-language structure.
 - Strengthening of the availability of key business information (support for detail levels not previously recorded).
 - Improved efficiency of processes for higher levels of information, easy reading and analysis of new reports.
- Reliability-Focused Maintenance –MCC: a review of existing studies in accordance with SAE JA1011 and JA1012 standards, in order to obtain a new definition of activities and periodic maintenance according to the historical failure modes.
- Renewal of Information System for Lightning Strikes -SID, which allows detecting discharges throughout the Colombian territory, with special coverage in the area of the National Transmission System, which enables proper management of electrical hazards in all activities developed by the Company: a basic premise of the STN safety.
- Automatic Qualification of certain equipment through implementation of automatic qualification for equipment families, based on measuring documents entered by the staff performing maintenance. In 2010 similar projects will be carried out for PQs and inductive equipment.

The Organization's commitment to quality allowed ISA to renew Quality Certificate ISO 9001 version 2000 for the Energy Transportation Service, including Operation, Maintenance and Connection to the National Transmission System, and also obtain certification on Environmental Management and Occupational Safety and Health Systems under ISO 14001 and OHSAS 18001 standards respectively, with scope for the operation, maintenance and connection to the SIN. This way, ISA consolidated its integrated management system.

Sustainable relationship

To meet the commitment of promptly replying to clients' requirements, ensuring a satisfactory solution, ISA has a Directory for Assistance of Clients with information on communication channels for transmitting requests, complaints, concerns or suggestions. During this period, six complaints were received, which were addressed and solved within the agreed time.

Between September and October, annual meetings were held with Clients in Bogota, Barranquilla, Cali and Medellin, which are intended to create a space for mutual trust to strengthen business relations between the companies and work for a better service.

In total, 132 people belonging to 50 companies, clients of ISA and Transelca (27% more than in 2008) attended these meetings: general managers, area managers, technical and commercial managers and business executives and professionals related to our services for power transmission and connection to the SIN.

The following were the topics discussed:

- Repowering works of San Carlos and Chivor 230-kV substations and implementation of the new Hot Work -TcT- methodology (maintenance in high and extra high voltage substations and transmission lines without interrupting electricity service).
- Actions undertaken by ISA for the performance of CREG Resolution 011/2009, in terms of quality, service and power.
- Advances on Colombia-Panama Interconnection Project.

The clients rated the meetings with 4.76 over 5.0, which demonstrates the relevance of the themes developed and the assessment of the feedback space.

Reliable Communication

The Client Bulletin is an interactive, bimonthly channel published in the web that provides timely and relevant information about the company and enables users to carry out, among others, the following:

- Make remarks to articles or observations of their colleagues.
- Rate the content and quality of the articles.
- Directly subscribe or invite a friend.
- Read and download attached files: videos, presentations and other material deemed of interest.

During the period, six editions of the Bulletin (available in www.isa.com.co) were sent to over 650 contacts of ISA business clients within the country and abroad.

On the other hand, ISA shared its knowledge by providing relevant information (services, development of linear infrastructure projects and growth in recent years) in major electricity sector events:

IV CITES

At the IV International Congress on “Works with Voltage and Safety in Transmission and Distribution of Power”, the Company participated with the topic “Full repowering of patio equipment at Chivor 230-kV substation in energized equipment and with proximity to energized areas -TcT-”, a practice that enables conducting complex maintenance processes in substations and transmission lines bearing high and extra high voltage without interrupting

the electricity service. It is worth mentioning the recognition made to the Company for the excellent work in planning the TcT, and the safety measures taken in 50 works of this type involving zero accident rates and delays during their execution.

ANDESCO

Both in the academic agenda and the entrepreneurial, technological and financial presentation of the Ninth version of the Congress on Home Utilities, ISA and its affiliated companies shared their experiences in competitiveness and sustainable development to nearly 2,000 attendees. Also, it provided assistance with its view on CSR, considering the social and environmental programs associated with processes of construction and commissioning of its network in Colombia.

II SIMSE CIER 2009

At the International Seminar on Electrical Systems Maintenance - CIER 2009, which developed the subject "Maintenance: key to sustainability of energy service", 29 papers from different countries were presented. From these, the "Model of maintenance cross-audits" and "Training center for maintenance of high voltage lines and substations" presented by ISA, received from the jury the first and second places, respectively.

FISE

In the International Fair of the Electricity Sector held to promote inter-institutional relations and facilitate trade agreements and strategic alliances at national and international levels, ISA participated with the theme "Management of the supply chain, support for competitiveness", in order to strengthen skills and competencies of buyers and sellers of goods and services related to the sector.

Reputation evaluation

The evaluation of the Company's reputation, conducted by Ipsos-Napoleon Franco with our clients, produced the following results: level of knowledge, 100%; acquaintance (to understand what our business is about), 98%; favorability level (well thoughts of the Company), 95%; confidence (to be consistent in fulfilling promises), 95%, and advocacy (promoting or recommending the company, speak well of it), 88%.

Society





6

Society



Respect human rights, provide services with quality and efficiency, provide timely information of public interest and contribute to sustainable development and social welfare

Respect human rights, provide services with quality and efficiency, provide timely information of public interest and contribute to sustainable development and social welfare.

For ISA, society consists of the different human groups (organizational forms, cultural expressions and territorial levels) impacted by the activities and services of the Company, which are developed from a comprehensive environmental view, i.e., articulating the natural environment with the social environment.

The integrated concept of social management and environmental management that supports ISA'S activities and services in different areas of influence, legitimates the Company before the communities with which it interacts and becomes a competitive advantage for the Organization: it increases the ability to build and operate in mar-

kets with high degree of technical, social, political and geographical complexity; boosts the brand, and improves the relationship with society.

Great challenges, great achievements in 2009

The Integrated Plan of Easements was revised based on the past reputation survey (2007) conducted with the owners of the properties, producing the results listed below, and which served to improve the management of claims and complaints:

- Define actions to meet the owners of land under easement (where ISA has infrastructure installed) to implement good neighbor actions with them.
- Strengthen actions with communities in the areas of influence of projects in operation.
- Identify communication tools and create internal and external public to raise awareness of the Company's social and environmental management.



- Review the content and scope of welfare programs for the communities where it operates.

Under the Social Model framework, the ISA-Region Program was evaluated for the first time (after 10 years of existence) with an event for socializing results, attended by representatives from the 19 Programs for Development and Peace –PDP- in the country, companies involved to regional and local processes (ISAGEN, ECOPETROL, ISA), international cooperation and community.

Likewise, implementation of three new programs was initiated:

- Communication, Culture and Society.
- Institutional Strengthening.
- Quality of education.

Recognitions

In 2008, ISA obtained -for the period 2010 -2011- ISO14001 certification (environmental management for the Energy Transportation Service, including operation, maintenance and connection to the National Transmission System, for its headquarters in Medellín (Antioquia) and the Southwest CTE in Palmira (Valle del Cauca), including substations Jamondino, La Esmeralda, La Virginia, Paez, San Bernardino, San Marcos, Yumbo and Palmira. In late 2009, the Company renewed this certification and extended it to other CTE's in the country (with the lines and substations associated to each), as well as OHSAS 18001 certification (occupational health and safety).

In the XI National & II International Congress on Residential Utilities, organized by ANDESCO and the Superintendence of Utilities, ISA was recognized for its program ISA Region with an honorable mention for Best Social Performance.

Spaces for liaison with society

The Company participates with different liaison programs, on an active basis and in open and multi-sector areas, with the purpose of strengthening ties with society:

- It participated in the creation of the Global Compact Regional Centre for Latin America, launched on October 29th, purported to encourage Latin-American companies not only to adhere to the Global Compact but also to fulfill its ten principles.
- It continued to serve as a support body in the strategic committee of RedProdepaz, an organization that articulates the 19 Programs for Development and Peace -PDP- led and promoted by public and private entities to build a peaceful nation with community, by means of local and regional processes for a human, integral, sustainable, fair and supportive development.
- It continued participating in the Mesa Energética de Oriente, a space created by civil society to discuss the issues on utilities for Eastern Antioquia, and which in 2009 -with the support of EPM and ISAGEN- held the Energy Forum to discuss the investment of electricity sector transfers in the region and which was attended by 400 people.

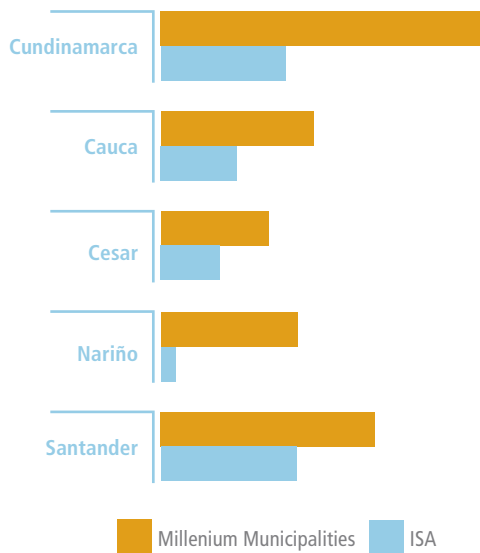
The viability and sustainability of the energy transportation business requires building a favorable context, through a committed, responsible management, consistent with the complexity of the social context of the areas of influence of the Company. In this regard, the Company has committed to contribute to social welfare, respect for human rights, provide services with quality and efficiency, provide timely information of public interest and contribute to sustainable development.

Following are the results obtained throughout the period in connection with the accomplishment of the aforementioned commitments.

Contribute to social welfare

To this date, ISA has infrastructure in 332 municipalities in 21 departments of the central, southwestern, northwestern and north regions, which group a total population of 26,076,066 (According to DANE 2005 census, with projection to 2009) inhabitants (about 58% of the country's total population).

Millennium Municipalities vs. ISA'S presence



As some of the municipalities in ISA'S areas of influence have a low Unsatisfied Basic Needs indicator -NBI- and other municipalities show a critical situation, the Company focuses its actions on establishing relations with society through the Municipal Presence Indicator.

Regarding this situation, it is worth noting that the Colombian Government has developed actions to fulfill the universal commitment undertaken in the Millennium Declaration to eradicate extreme poverty in our country (at least by half), its causes and expressions, by 2015 and by means of a series of Millennium Development Goals -MDGs.

Of 71 municipalities identified as critical by the United Nations Organization -UN- for Colombia

(called millennium municipalities), ISA has operations in 30, thereby increasing its commitment to carry out a qualified, impacting job that contributes to achieve the proposed goals and the consolidation of an enabling environment for the business in 2010.

The Company makes its Social Policy effective, based on a prior knowledge of the surroundings where its economic activity is conducted and building synergy (local and international) with development agents through agreed and participative programs and actions.

To guide investment and qualify corporate management, the Company uses two strategies:

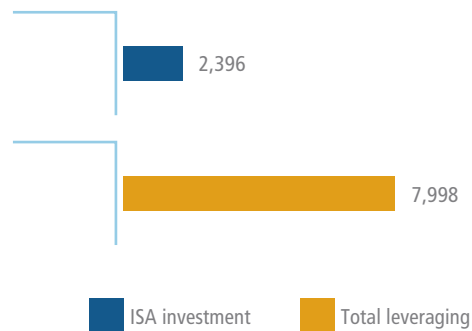
1. Territorial Prioritization: it considers the following variables:

- 1999 – 2009 Database on Social Conflict.
- 1988 – 2009 Terrorist attacks against ISA infrastructure.
- NBI - DANE 2005 census.
- Number of contributions to 1999 – 2009 Coexistence program.
- Real property management issues.
- Presence – number of towers per municipality.
- Number of requests, claims and complaints per municipality.

In 2008, ISA began the implementation of the Territorial Prioritization matrix, which identified 28 municipalities on which its social management should be oriented. Throughout 2009, ISA attended 27 of these municipalities, through actions or programs pertaining to social management, equal to 96.4% in compliance with the Municipal Presence indicator.

The prioritized municipalities shown below gather a total population of 2,630,545 inhabitants: 80% (2,105,923) lives in urban centers, especially in Barrancabermeja (Santander), Cucuta (Norte de Santander), Ibagué (Tolima) and Popayan (Cauca); and 20% (524,623) in rural areas with more concentration in Caloto (Cauca), Puerto Nare (Antioquia), Tierralta (Cordoba) and Cimitarra (Santander):

Leveraging 2009
millions \$

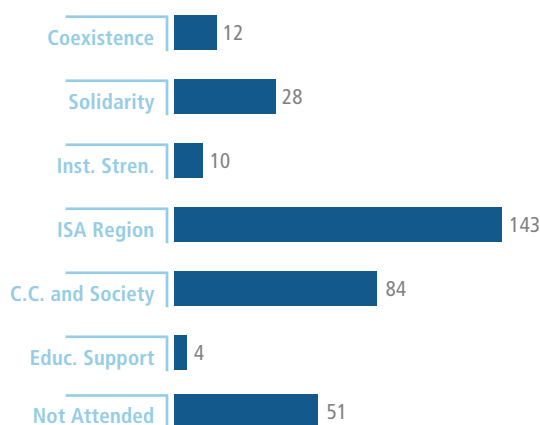


San Carlos	Campamento	Cúcuta	Ibagué
Barrancabermeja	Chinú	El Carmen de Bolívar	Los Palmitos
Caloto	Cimitarra	Guachené	Montelíbano
Popayán	Sabanalarga	Santa Rosa de Lima	Ovejas
Puerto Nare	San Jacinto	Saravena	Piedecuesta
Puerto Tejada	San Rafael	Segovia	Tierralta
Remedios	San Roque	Totoró	Turbo

2. Leveraging by building relationships and synergies with strategic partners at the municipalities where it operates: with this strategy, the Company strengthens the actions and outcomes of programs and ensures a positive and long-term impact in the regions.

Within the period, ISA distributed investment on social management programs as follows:

**Coverage of social programs
In all municipalities**
Number of benefited municipalities



To strengthen programs, \$ 7,998 million from strategic alliances were leveraged and, additionally, ISA provided \$ 2,396 million. In total, 198 out of 332 localities in the surroundings of the Company were attended: 26.2% more than in 2008, as a result of the implementation of new social model programs in 87 municipalities.

With the ISA Region, Institutional Strengthening, Coexistence and Support to Education Quality programs, ISA helps raising the standard of living of the communities with which it interacts, by contributing to their welfare: supports initiatives for productive employment, strengthens base organizations and municipal governments, improves the quality of education and executes community projects.

Through the ISA Region program and the Programs for Development and Peace at different regions of the country, productive projects executed by inhabitants have been established. The Company's support has been implemented through work capital, strengthening of the productive infrastructure, technical training and transfer of technology; as well as projects on food safety, key for the survival of rural population.

PDP	Achievement
Corporación Programa Desarrollo para la Paz del Oriente antioqueño – PRODEPAZ	Productive projects benefiting 3,050 families affiliated to 50 organizations. 7% contribution to improve income for 1,298 families.
Corporación Programa Desarrollo y Paz del Valle y norte del Cauca -VALLENPAZ-	Consolidation of revenue generation processes for agricultural production and promotion of marketing at local and regional levels for 850 families (indirect beneficiaries) of the municipalities of Santander de Quilichao, Buenos Aires, Jamundi, Caldono, Cajibío and Piendamó. These actions directly benefited 160 families living in the six municipalities, increasing their income in 42%.
RedProdepaz	Proposal of project for artisanal fishing in the Magdalena river, with participation of the following PDP: TOLIPAZ, HUIPAZ, MAGDALENA CENTRO, MAGDALENA MEDIO, BAJO MAGDALENA, Canal del Dique and Zona Costera.

nder the RedProdepaz scenario, and with participation of over 70 representatives, ISA promoted a Meeting with Population in order to provide technical training to improve production projects on topics such as: land tenure, marketing, and development models. This training benefited 1,000 families from Ocaña and 1,000 families from Tolima. Similarly, a program for creating community business with 49 leaders was developed at the indigenous reserves of Novirao, Jebala, Paniquitá, Polindara:

- Construction of a medicinal plant laboratory: project submitted to the Colombian Agency for International Cooperation ACCI.
- Support to Technological and Cultural Strengthening of the Communications Program for Totoró Indigenous People: project submitted to the Ministry of Culture.

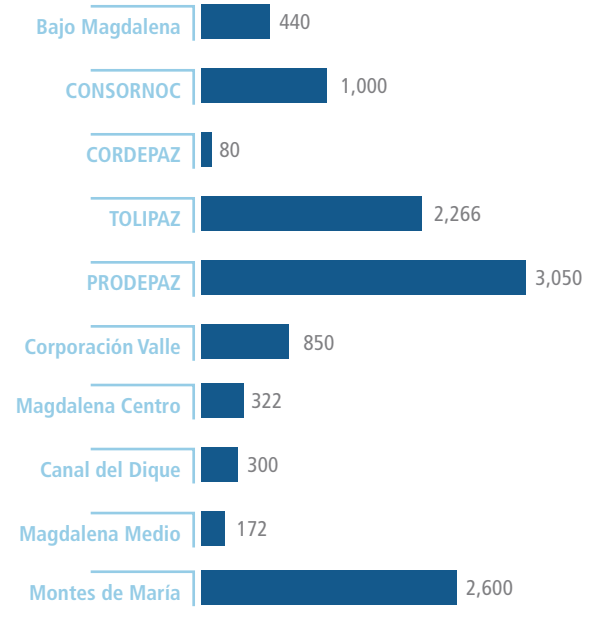
- Educational strengthening to Agricultural Institution Pueblo Totoróez through the construction of school canteens.
- Construction of Community Center Nueva Esperanza “Gabino Bolívar Benachi” in the indigenous reservation Totoró: project submitted to the Ministry for Social Protection.

Food security programs supported by the Company during the period were as follows: in the center of the country, through an agreement with the Development and Peace Program of Magdalena Centro, benefiting 40 families from the Embera community settled in Puerto Boyaca; and in Norte de Santander, Bajo Magdalena, Chaparral and Ibague, through the Urban Agriculture program, 3,416 families were benefited.

In total, the lives of 11,080 families spread across the country and linked to these programs were positively impacted.

In order for the Peace and Development Programs to meet the goal of rebuilding the social fabric and contributing to the development of the villages in a participatory manner, it is necessary that communities have organizations capable of interacting and negotiating with public and private actors operating in their territories. For this purpose, during the period the company trained 132 social organizations from 12 PDP across the country.

Number of families benefited with the Programs for Development and Peace –PDP– supported by ISA



Support to education quality: program: Educational transformation for life

For ISA, education is one of the pillars for achieving social and economic development on a sustainable and equitable basis. For this reason, it makes important contributions in the regions in which it operates under a concept that combines minimum welfare components, proper infrastructure and teacher training on topical issues (environmental sustainability, human rights, among many others), support to adapt existing teaching models and to make the educator a capable leader, not only to face the growing demands and challenges of the globalized world, but also to mobilize the education community towards involvement projects for development.

Relevant facts:

- With participation of 660 teachers, the Company made the diagnosis of 82 educational institutions (located in 20 municipalities in five departments) hosting 18,723 students in total.
- Under the agreement signed with PROANTIOQUIA for eastern Antioquia, it supported the implementation of the Comprehensive Intervention Model on Educational Management -MEPE- (School Model for Equity), and the feasibility and cost analysis of the Interactive System for Consultation of Education Infrastructure -SICIED- (in Rionegro, La Ceja,

El Carmen de Viboral, El Retiro and Marinilla), which has benefited 65 Educational Institutions and 315 math and language teachers.

- PThrough the Mayor's Office of Piedecuesta (Santander), the furnishing of the Technical Institute of Social Promotion was improved, benefiting 2,504 students.
- To help improve reading, it donated book series "Secretos para Contar" to 3,836 country families of Yalí, Puerto Nare and San Roque Antioquia).

The Quality Education program, besides benefiting over 20,000 children during the period, contributed to the eradication of child labor (Global Compact Principle 5). Complementing the commitment to education, ISA has an agreement with Universidad Nacional, called the ISA Scholarship, through which in 2009 it invested \$ 215,000 million that were distributed in three scholarships for the MSc in Environment and Development. Likewise, it sponsored five research projects, three on Operations research and two related to sustainable development focused on environmental conflict negotiation and the development of a system of indicators to measure the effectiveness of environmental management.

The sustainability of results, and all those that are part of social management and environmental management, requires local governments to fully comply with the responsibilities of participatory planning, investment and social control, public finance and territory organization.

In line with this premise, the Company jointly with the administrations of Montelibano, Tierralta, Valencia, Cáceres, Valdivia, Cauca, Remedios, Segovia, Zaragoza, Turbo (Antioquia), and in agreement with Universidad Pontificia Bolivariana, began the implementation of the Institutional Strengthening program, which major achievements include: characterization of the socio-economic and political dynamics of the municipalities and their administrations, and the formulation of ten projects (one per municipality and prioritized by each mayor) on issues concerning land use, cadastral organization and mining legalization.

On the other hand, with the Coexistence Program, ISA continued contributing to the development of the communities surrounding its infrastructure: adapting roads, building parks and providing rural electricity.

Place	Community work	Beneficiaries
Veredas Toledito, Buena Vista and San Isidro (Norte de Santander)	Project: Rural Electricity.	156 families
Cabildo Indígena Totoró (Cauca)	Malvazá road improvement.	300 people
Caracolí (Antioquia)	Improvement of road vereda Quebradota.	441 people
Cabildo indígena de Caldos (Cauca)	Refurbishment of park for vereda Pueblo Nuevo and site for indigenous guard.	5,000 people

Social Investment

Program	Line	Value (in millions of pesos)
Solidarity and Coexistence	Solidarity	90,4
	Institutional Strengthening	80,0
	Coexistence	217,2
ISA-Region	ISA-Region	1,710,6
Environmental Education and Coexistence	Communication, culture and society	267,2
	Support to education quality	311,9
Information and Community participation	Communication, culture and society	152
TOTAL		2,829,3

Respect for human rights

ISA takes human rights as moral attributes inherent to every person, undeniable and universal; this is ratified in its policies, day-to-day work, local, regional and national active participation (Mining Energy Committee), and the subscription of international agreements such as Global Compact.

This position entails the following results: it controls the actions of the Company in order that in virtue of the business, it may prevent or avoid the infringement of rights; it promotes human rights education because it requires providing the communities (from areas where ISA is present) with knowledge and enforceability mechanisms and instruments; and supports processes for restoration of human rights when they have been violated by third parties.

Other actions developed throughout the period were the following:

- It provided support to the Arhuaca community for the preparation, translation and dissemination of video “La línea negra”, produced to present the respectful handling by the Company of the impact caused to the archaeological and cultural heritage with UPME 02 Project, in Pueblo Bello (Cesar), during the enlargement of Copey Substation, where an indigenous cemetery was intervened.
- It developed 12 workshops with the Totoro and Totoguampa population and the Kitek Kiwe “Flowering Earth” Indigenous Cabildo on the handling and appropriation of TIC tools for culture dissemination. This way, it supported the Indigenous Regional Council of Cauca, CRIC, which gathers 116 chapters and 84 reservations of seven indigenous groups: Nasa, Guambiano, Coconuco, Totoró, Yanacona Eperara and Guanaco.

In coordination with Development and Peace programs, the Company supported the following events:

- National meeting to unify the concept of conflict victims, analyze the subject on reconciliation and define strategic guidelines for working with demobilized combatants, IDPs and returnees.

- National meeting to create or strengthen partnerships between the observatories of the conflict and human rights: Integral Peace Observatory -OPI- (Magdalena Medio), Regional Information System for Peace of Eastern Antioquia -SIRPAZ -(Eastern Antioquia), EAFIT, CINEP, Regional Centre for Integral Development, Coexistence and Peace-ORD-ICOP-(Norte de Santander), UNILLANOS (Meta), Center for Research and Development in Prevention of Violence and Promotion of Coexistence -CISALVA- (Valle del Cauca) , CRIC, Universidad de Cartagena, Fundación Social and TOLIPAZ.

In Montes de María, 2,600 families in the municipalities of Marialabaja, Morroa, Coloso, San Antonio de Palmito, Ovejas, El Guamo, San Jacinto, Los Palmitos and Chalán participated in the Tour for Life program; and 25 representatives of the Regional Network of Leaders for the Processes for Victims of the Region were trained by the Company on the topic of leadership.

In compliance with the commitment on peace handling and promotion and education on human rights, it is worth highlighting the following:

- Events conducted: seven
- Benefited and sensitized people: 1,650
- Benefited educational institutions: five
- Places: Ibagué (Tolima), Magdalena Centro (Magdalena), Guasca, Gama, Junín, Gachetá, Ubalá, Gachalá and Medina (Cundinamarca), Santander de Quilichao (Cauca), in Valle del Cauca, Ocaña (Norte de Santander).
- Alliances: Tolipaz, Corporación Desarrollo para la paz del Magdalena Centro, Escuelas de Paz y Convivencia, Pastoral Social de la Diócesis de Zipaquirá, Vallenpaz, CONSORNOC.

Given the responsibility to promote the right to life, ISA strengthens care for Landmine victims (LM) and unexploded ordnance (UXO). In this regard, in agreement with the University of Antioquia, an assembly and pilot test was made on an innovative technological tool, telemedicine: a platform that facilitates care of victims in first-level hospitals.

- People assisted: 125
- People trained: 3,332
- Events held with ISA'S support: 18 with 20,000 participants

ISA giving effect to Global Compact principle 1 and 2:

Principle 1: support and respect the protection of internationally proclaimed human rights, within their sphere of influence.

Principle 2: make sure that they are not complicit in human rights abuses.

It is important noting that during the period, ISA trained 17,764 people in human rights, and its indicator scored zero events of infringement on human rights caused or facilitated in furtherance of the Electricity Transmission Business.

Providing services with quality and efficiency

This principle is the greatest corporate social responsibility of the Company. For this reason, ISA develops competencies and practices on an ongoing basis, in favor of a reliable service even under adverse conditions.

Within the period, the average availability of the assets necessary to deliver Energy Transportation services, without attacks was 99.860% (0.207% more than the target set by the Energy and Gas Regulatory Commission -CREG-); and with attacks, 99.731%. It must be taken into account in these results that the availability of the last two years decreased due to repowering works to expand the capacity of San Carlos and Chivor substations.

The indicator of unmet demand from causes attributable to the Company recorded 5,975 GWh (0.01% of SIN total demand) due in large part to maintenance processes (pre-scheduled and timely disclosed.)

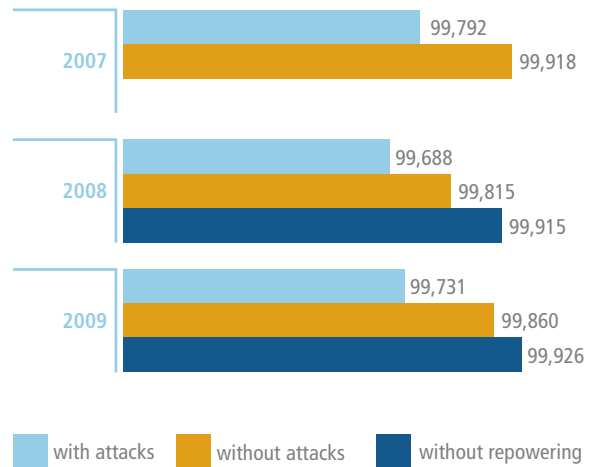
It was possible to reduce the attacks on infrastructure, a factor that highly affects the availability of the National Transmission System, thanks to the efforts made by companies, authorities and communities: from 106 towers affected in 2008 to 47 in 2009 (89% is concentrated in Antioquia, Cauca, Norte de Santander and Nariño). In turn, the repair costs also decreased: from \$ 10,801 million in 2008 to \$ 5,234 million in 2009.

The Company joins forces to repair the towers suffering attacks in the shortest possible time and, thus, keep service availability and avoid cost overruns for users. This work is supported by the Armed Forces, which cover and secure areas to protect personnel performing the tasks: in the period, 100% of the affected infrastructure was recovered in an average time of 5.9 days per tower.

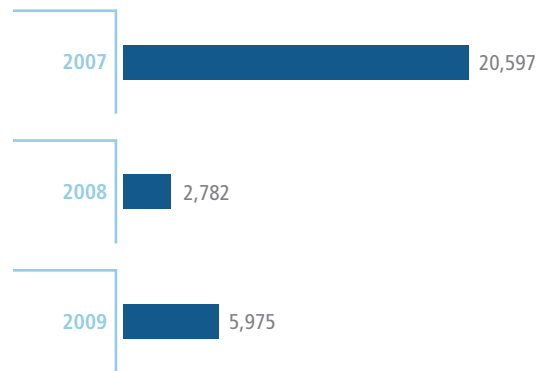
Providing information of public interest

The power cuts scheduled for maintenance were timely informed to those affected. When the suspensions of services were caused by attacks, ISA

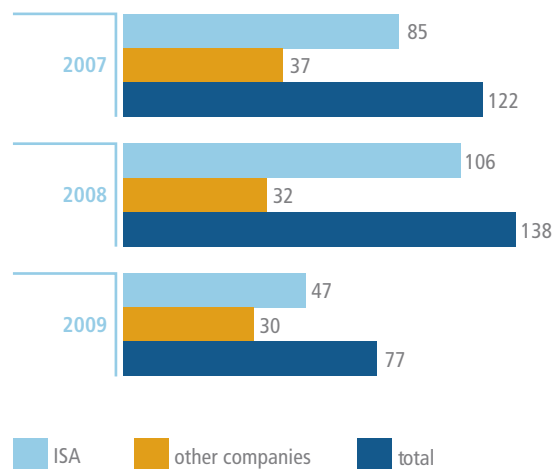
ISA'S Network availability percentage %



Unsupplied Energy –UE– MWh



Towers affected in the SIN number of towers

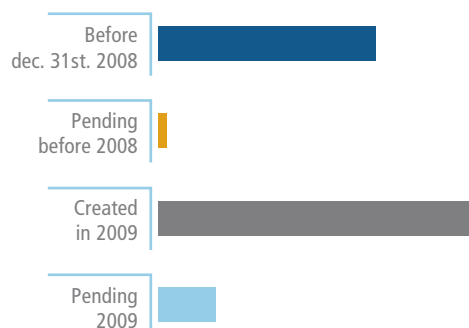


kept available and updated information on its website www.isa.com.co for considering the matter of public interest.

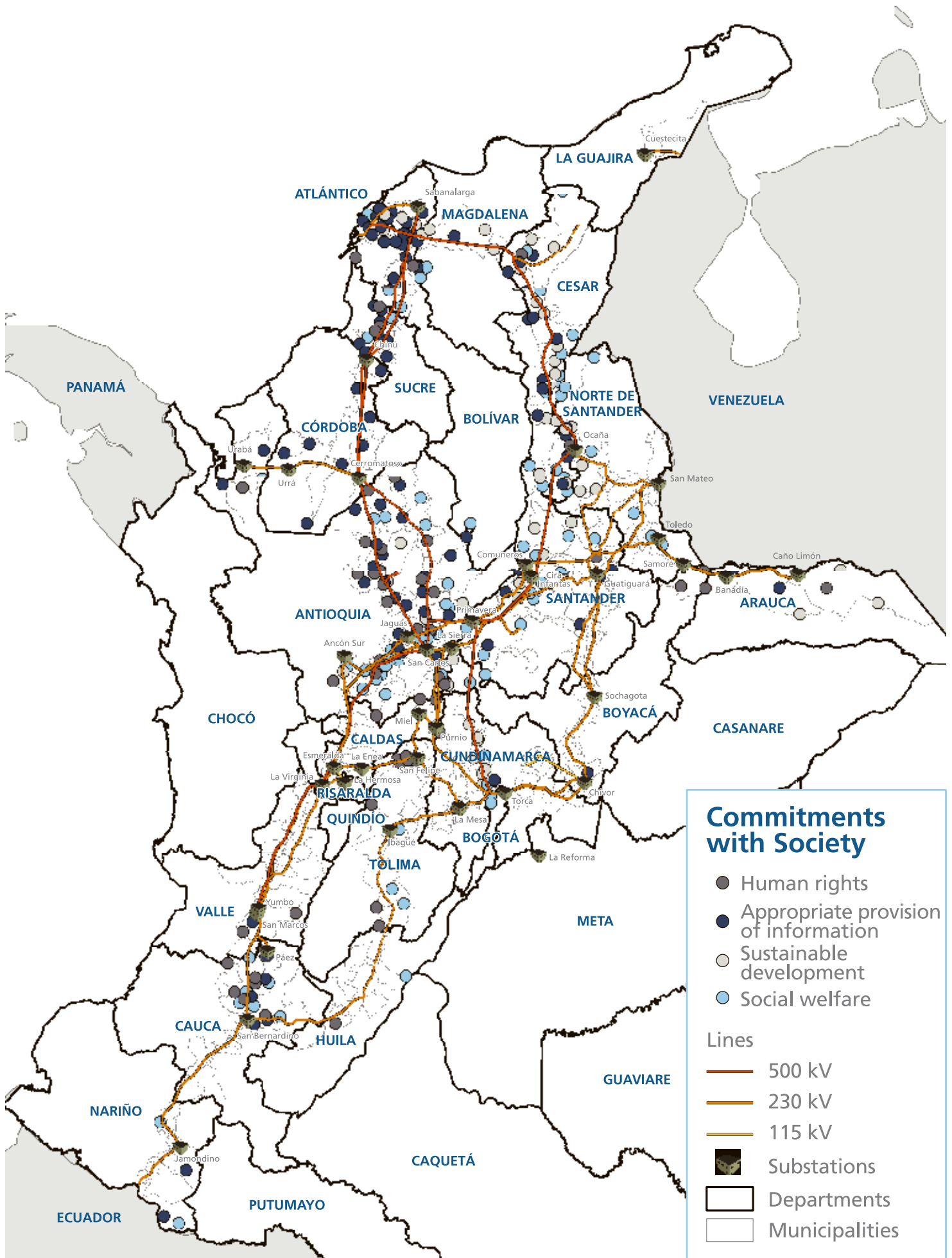
To encourage mutual recognition spaces between the Company, the State and society at local and regional levels, the program Communication, Culture and Society was implemented in the second semester, with three areas of action: institutional presence and participation, relationships with communities adjacent to infrastructure and CSR culture promotion:

- Liaison Rounds in 34 municipal governments and four departmental secretariats of education, were 204 civil servants participated.
- Radio program ISA Conecta Regiones in 80 municipalities where the Company has facilities: 240 broadcastings of programs in local and regional radio stations.
- Donation of 1,326 printed units to disseminate, feedback, educate and inform communities of the areas of influence on issues of social and environmental management of the Company, in order to support the maintenance and operation of the energy transport business.
- Development of the internal Campaign on the environmental month, with emphasis on in-source separation of solid waste and reuse.
- Communication management of the 19 Peace and Development Programs articulated by RedProdepaz.
- Seminar-Workshop on Business, Development and Peace, in which ISA, ECOPETROL, the German Cooperation Agency for Development, GTZ, and the Universidad Autónoma de Manizales socialized with other companies their cooperation and liaison with the Peace and Development Programs –PDP- in order to encourage them to participate in this social management model (attended by 180 representatives of Foundations, Development and Peace programs and social organizations from all over the country).
- Management of requests, complaints and / or claims from owners, communities and authorities, which had an efficiency rate of 43.4% higher than that presented in 2008.

Management of claims and complaints 2009



Notices in 2007	266
Pending by december 31, 2007	163
% Efficiency	38.7
Notices in 2008	270
Pending by december 31, 2008	172
% Efficiency	36.3
Notices in 2009	660
Pending by december 31, 2009	134
% Efficiency	79.7



Commitments with Society

- Human rights
- Appropriate provision of information
- Sustainable development
- Social welfare

Lines

- 500 kV
- 230 kV
- 115 kV

- Substations
- Departments
- Municipalities

Contributing to sustainable development

In line with its corporate policies, ISA executes its operations within an environmentally sustainable development framework, through a management led to the handling of impacts, risks and environmental contingencies, and supported by effective planning of its electricity assets in the early stages of design, construction, operation and maintenance, and decommissioning.

To ensure the effectiveness of environmental measures in the various energy transfer processes, 15 standardized application guides and six manuals on environmental and operational control were updated within the period; in addition, other 110 guidelines standardized with the environmental requirements to carry out maintenance were prepared.

Environmental management on design and construction

In the early stages of design and construction, ISA develops an environmental management framed within the parameters of sustainable development supported by existing environmental regulations in Colombia and international treaties and agreements signed by the country in this field.

During the period, the Company made progress in the following projects:

Project	Action performed	Results
Connection of Porce III substation to San Carlos-Cerromatoso 500-kV transmission line and associated works (Antioquia)	Environmental Impact Study EIS Information and Community Involvement Program –PIPC– Community benefit projects Rescue archaeology Resettlement of families*	13 meetings held and 314 participants Anorí and Guadalupe (Antioquia) \$190 million
Connection Comuneros-Campo 22 - 230 kV and associated works (Barrancabermeja- Santander)	PIPC Community benefit projects Rescue archaeology	14 meetings held and 174 participants Barrancabermeja (Santander) \$96 million
Connection Caño Limón-Caricare - 34.5 kV and associated works (Arauca)	Environmental Management Plan -EMP- and procurement of Forest Exploitation Permit PIPC Community benefit projects Forest compensation Rescue archaeology	3 meetings held and 35 participants Araucita (Arauca) \$117 million Araucita (3.4 planted hectares)
Alternative Transmission Line - 230 kV Ancón-Esmeralda (Antioquia)	PIPC Forest compensation Rescue archaeology	1 meeting held and 15 participants Fredonia (4.5 planted hectares)
Alternative Primavera-Malena - 230 kV and dismantling tower section 305 to 309 (Puerto Berrío-Antioquia) *	Preparation of Environmental Management Plan -EMP and procurement of Forest Exploitation Permit PIPC Resettlement of families program Rescue archaeology	3 meetings held and 60 participants 24 resettled families (Puerto Berrío-Antioquia)

* As growth dynamics in Puerto Berrío caused the settlement of 150 families in the easement areas of the Primavera –Malena 230 kV transmission line, the Company built this alternative to ensure the safety of residents and minimize electrical hazards.

The Information and Community Involvement Program -PIPC- drive shaft of the Company's environmental management, is purported to create opportunities for communication and participation with communities affected with lines and substations. Through this program, ISA informs about the projects to be undertaken and their potential environmental impacts and consults with community to agree on programs for prevention, mitigation, correction and environmental compensation.

The following programs are integrated into environmental management process in construction projects:

Contribution to Community benefit projects	ISA provides resources for the development of common benefit projects jointly with communities.
Recruitment of unskilled labor	During the construction stage of projects, the Company recruits unskilled labor in the communities, thus, it generates employment and improves family income.
Resettlement of families	When the construction and subsequent operation of lines and substations cause displacement of families, ISA replenishes houses and restores the living conditions of vulnerable families, using a methodology that makes the affected families members and managers of their own resettlement.
Rescue archaeology	This program, developed in all projects, aims to recover the historical and archeological heritage, the only way to know the distant history of non literate societies that inhabited Colombian territory before the Spanish arrived.

Environmental management in operation and maintenance

To identify the environmental aspects and significant impacts, the Company develops, after certification, a methodology based on ISO 14001 that includes: environmental planning, identification of objectives, targets and programs to improve by year; establishment of effective management measures, continuous monitoring of operations, identification of deviations and measurement indicators.

Through the mechanism for recording information, the Company learns about the consumption and / or exploitation of natural resources and, based on such data, it develops with its employees efforts for raising awareness in order to improve management.

Paper consumption	The average annual use of paper per employee in the headquarters in Medellin is 9.6 times equal to the consumption of 10 eucalyptus trees. This figure is not considered representative because it is a low number of trees coming from crops.
Water and energy consumption	This consumption is associated with administrative and site maintenance tasks. For records of water consumption, meters were installed in substations La Virginia, La Esmeralda, La Reforma and Purnio. Since 2007, the Company changed the lights for energy saving devices in the administrative headquarters of Medellin, and in 2009 made the change in the substations and remaining administrative offices. In total, 865 lights have been changed, which is equivalent to 13% of the total to be replaced.

Integrated waste management

Waste generated in various processes is managed according to the environmental legal requirements and criteria on reduction of risks and prevention.

Ordinary waste management	<p>They are used in landfills by municipal companies.</p> <p>To reduce monthly consumption of disposable plastic cups, a campaign was carried out at the headquarters in Medellin, called "the glass of the day", which allowed reducing from approximately 120,000 plastic units to 30,000 cup units from paper pulp (20 days after initiated the change the consumption reduced in about 30%.</p> <p>Today, at the headquarters in Medellin a composting process is made on 50 kilos of organic matter per day, recollected from the organic waste from the restaurant, coffee makers and gardens.</p>
Hazardous waste management.	<p>The Company manages the oils contaminated with polychlorinated biphenyls -PCB-, equivalent to 0.3% of all installed oil.</p> <p>During the period, it generated 9.7 tons of contaminated oil, which were delivered for custody of LITO (company responsible for final disposal in 2010 at the incineration plant in EKOKEN, Finland).</p> <p>85% of the total inventory of PCB-contaminated oil has been properly managed and the remaining 15% will be managed in 2010.</p>
Industrial surplus management	<p>70% of residues are deemed recyclable, including industrial surplus and only 2% are hazardous waste.</p>

As the management of greenhouse gases is a major concern for the Company, since 2008 it has a SF6 management program that in 2009, allowed the following:

- Create the inventory of substation equipment containing SF6, and that have 14.670 Kg. installed.
- Learn about the handling of the product globally.
- Substantially save and reduce the purchase of gas, as a result of improved maintenance processes and the solution to the problem of leakage.
- Reduce SF6 losses to 0.47% (value lower to that established by suppliers).

To better manage the gases destroying the ozone layer, by the end of 2008 air conditioning centrifuges that worked with CFC-11 (Freon 11) were replaced with screw chillers operating with refrigerant 134A a substitute safe for the environment and safe for the ozone layer. Also, at the head office in Medellin, 19 refrigerators working with R12 refrigerant were replaced by others using refrigerant 134A.

Environmental management regarding easements

The Company has a database with detailed information on owners and infrastructure on easement areas (especially in critical cases) and the substation premises.

Number of easements.	17,350
Number of houses under easements.	527
Indicator/km	0.071

Pursuant to CREG Resolution 011 of 2009, the Standardization of properties was made within the period by updating the cadastral values of the lands where substations with electric assets were located.

To define criteria, guidelines and scope of the environmental and social work activities inherent in maintaining transmission lines, the Company developed and implemented the Standard Technical Manual, "Environmental and Social Management in the maintenance of power transmission lines."

Other actions made throughout the period were the following: 36 houses affected by easements were relocated; damages and improvements were paid to 127 owners; easements pending of creation were legalized; payments to 8 owners, whose improvements were affected by maintenance works; and 27 negotiations were conducted with owners of properties surrounding the variants built in 2009.

With the Forest Compensation Program -PCF-, ISA manages the impacts to vegetation during construction and operation of projects. This program, which has been implemented since 2005 in the area of 500-kV transmission lines Primavera-Bacatá and Bolivar-El Copey-Ocaña-Primavera and associated works UPME 01 and 02 of 2003, has represented for the Company an investment of \$ 13,623 million, with a budget implementation of \$ 3,333 million in 2008 and \$ 1,516 million in 2009.

On the other hand, and supporting the work of 10 regional autonomous corporations with direct and committed participation of the impacted community, ISA positively intervenes in nearly 1,127 million hectares of regional strategic ecosystems.

One of the main aspects is that the Forest Compensation was performed according to the needs and characteristics of the environment and based on typologies approved by the Ministry of Environment, Housing and Territorial Development: support for the system of protected areas, establishment and management of forest plantations and agro forestry; environmental education programs, construction or adjustment of works to support environmental and social management; recovery of channels or other bodies of water, and contribution to the territorial planning process.

Measuring environmental aspects

Primary environmental indicators	Measuring unit	2008	2009
Energy consumption	/Kwh/month	9,082,343	9,333,814
Waste generated (hazardous)	Kg	166,703	55,863
Waste generated (non-hazardous)	Kg	182,488	156,011
Oil contaminated with managed PCB	Kg	3,600	9,725
Industrial surplus handled	Ton.	550	988.8
Paper consumption per employee Medellin headquarters	Kg	9,63	9,60
Water consumption	m3 annual	91412	100528
Emissions (SF6)	Ton CO2 equivalent	Without records	1447,7
Hydrocarbon consumption	(Kg annual)	5,411	14,434
Impacted tree mass		SWithout records	Without records
Disposal of oils and fuels	# of environmental cuasi-incidents	3	5
Environmental expenditures	Millions of pesos	\$ 2,548,7	\$2,982,2*

*This value includes \$731 million corresponding to new programs for communication, culture and society and the support to quality of education, approved in 2009 by ISA'S Board of Directors.

Environmental risks in the energy transmission process arise upon the use and handling of chemicals, with the highest risk on oil in all its presentations. As a method of prevention of these spills, ISA built or adapted oil-collector pools for four zigzag transformers.

Additionally, it conducted an exercise to establish the initial loading of chemicals used in all ISA'S substations and facilities, and reviewed the environmental component of 26 new chemicals to be used.

The power transmission lines and substations are designed and built under standards issued by the European Union. Notwithstanding this, a baseline measurement was conducted in the period to control electric and magnetic fields at six transmission lines and eight substations located nearby towns and, thus, to learn the exposure levels. This monitoring concluded that the measurements are within the prescribed emission parameters.

Also, in order to reduce noise pollution, a soundproofing work (acoustic insulation) was carried out in the plant hosting the air conditioning system of the headquarters in Medellin.

Environmental legal management

For the company, 2009 was the year for implementing a reliable legal environmental management system: it updated the legal information derived from environmental licenses and permits and verified compliance with the commitments in each of the lines and substations. It supported the issuance of CREG Resolution 2101 of 2009, which defines the electrical sector activities that have an environmental permit or Environmental Management Plan and that are exempt from the process of change required by Article 26 of Law 1220 of 2005 and 12 action plans were structured, disseminated and enforced to ensure implementation of all applicable standards for ISA, issued during the period.

The following actions were conducted by the Company before the respective environmental authorities and sector and trade associations: ANDESCO Environmental Chamber, Committee on Energy and Mining Sustainable Development and CIER Environmental Committee:

- Support to the development of Ministry of Environment's and ANDESCO's Environmental Agenda.
- Support to the formulation of National Plan PCBs.
- Provision of information on quality of discharge for the adjustment of the national standard in the field.
- Support to the formulation of Terms of Reference of the Strategic Environmental Assessment.
- Support for the structuring of the proposed Centre for Environmental Regulations of CIER Countries.

The tracking and monitoring of various environmental processes used allows learning about the consumption and use of natural resources, as well as the compliance with environmental legal requirements.

To ensure the entry of projects into the Environmental Management System, once the construction phase ended, ISA'S Energy Transport Manage-

ment, within the framework of the project monitoring program, applied the Environmental and Social Oversight Manual to Infrastructure Projects.

During the period, seven projects implemented by ISA'S Infrastructure Project Management and 35 executed directly at the CTE's and at the headquarters of the different cities were tracked.

On the other hand, a matrix was developed to ensure the inclusion of environmental requirements into the terms of reference for the purchase of equipment; a strategy was developed with the suppliers, which involved modifying standard procurement documents to cover their obligations on environmental issues; 120 managers were trained on monitoring and enforcement of obligations, using the "base matrix for buyers and managers of orders and contracts"; the environmental planning was strengthened; the first report on indicators concerning waste generation, employment, environmental accidents and complaints and claims of the community in the contracts was made; and there were 291 contracts with 166 suppliers (including environmental aspects and risk factors), and 145 of them were subject to tracking, feedback and training.

Within the process of monitoring the implementation of environmental activities, and in order to optimize the management, the Company carried out the following:

- Semi-annual inspections to verify environmental and occupational health conditions, which second period results were 85% more efficient at substations and headquarters of the Company.
- Visits to the substations and headquarters subject to audit in order to verify compliance with environmental requirements and the internalization of the Environmental Management System.
- Delivery of quarterly reports on the use and consumption of natural resources, progress in the implementation of programs and operational control, among others.
- Monitoring of the system of environmental indicators to report to the respective contractors and consolidate information concerning each company.

Based on the research and development program, ISA continued to systematically strengthen the University-Industry-Government relationship: the XM-ISA-COLCIENCIAS agreement remained in effect and research projects were advanced under the COLCIENCIAS co-funding program with the joining of other companies from the electricity sector (EPM, ISAGEN), the Center for Technological Development of the Power Sector-CIDET- of Universidad Pontificia Bolivariana, Universidad Nacional de Colombia and Universidad de Antioquia, allowing management and hiring research, development and innovation projects (which began in January 2010) worth nearly \$ 600 million.

To protect the intellectual property of the innovations resulting from joint developments and enhance their chances of exploitation by the domestic industry in different target markets, the Company invested \$ 23 million in pending patent, adjusting an investment of 142 million in the 2006 -2009 period.

Thanks to the Company's efforts for several years and as a contribution to technological development indicators in the country, ISA obtained in Co-

lombia, Panama, Chile and Honduras an Invention Patent titled “Bird Flight Diverters”, performed with the Training and Research Institute of Plastics and Rubber-ICIPC”, which device is installed on transmission lines to protect migratory birds. Today, we continue with the process of this patent in other 14 countries.

Measuring the socio-environmental management in the Company

The Energy Transportation Management monitored the socio-environmental management by using the Sustainability Index, calculated by weighing the performance on environmental, social matters and human rights:

Sustainability Index	First quarter	Second quarter	Third quarter	Fourth quarter
(Points)	87	89	91	96

The valuation table provides 70 as the lower range and 100 as the maximum range. Indicators of energy transport business in ISA, in each of the themes, showed the following behavior:

Indicator	First quarter	Second quarter	Third quarter	Fourth quarter
(Points)				
Environmental management	85	89	94	98
Social management	72	84	77	79
Events of infringement of human rights caused or facilitated by business development.	100	100	100	100

Ipsos-Napoleón Franco conducted a reputation survey of the company with these stakeholders on two segments of society:

- With land owners: level of knowledge, 100%; acquaintance (to understand what our business is about), 27%; favorability level (well thoughts of the Company), 87%; confidence (to be consistent in fulfilling promises), 76%; and advocacy (promoting or recommending the company, speak well of it), 77%.
- With people related to Peace and Development Programs –PDP-: level of knowledge, 100%; acquaintance (to understand what our business is about), 80%; favorability level (well thoughts of the Company), 90%; confidence (to be consistent in fulfilling promises), 90%; and advocacy (promoting or recommending the company, speak well of it), 80%.

A close-up photograph of draped fabric in shades of yellow, blue, and red. The fabric is layered, with a bright yellow fabric at the top, a vibrant blue fabric in the middle, and a deep red fabric at the bottom. The lighting is warm and directional, creating soft shadows and highlights that emphasize the texture and folds of the material. The word "State" is overlaid in white, bold, sans-serif font on the left side of the blue fabric.

State





State



Respect and promote the Rule of Law

ISA views the State as the set of institutions responsible for guaranteeing the rights of individuals, ensuring the public interest and protecting public property.

In addition to the obligations to the State, the Company contributes to the strengthening of institutions through agreements with public and private entities, seeking to improve governance and public awareness about appropriate use of

natural resources and living with infrastructure Works in the municipalities of the zones of influence.

Relationship with the State

Following sector-related policies, ISA supported the draft for Environmental Policy of the Ministry of Mines and Energy, and participated in the Transmission Planning Advisory Committee –CAPT-, in the National Operation Council and committees and sector-related chambers, making contributions for the definition of methodologies and approaches that contribute to the development and improvement of the country's electrical infrastructure and energy service delivery with high standards of safety, quality, reliability and economy.

The Company is subject to tax audit by the Comptroller General's Office -CGR-, under surveillance on the quality and efficiency of its services and the stock market confidence by the Superintendence of Utilities and the Financial superintendence, respectively, and its activity is regulated by the Energy and Gas Regulatory Commission -CREG. During the period, it promptly responded to requests for information from these agencies and it promptly submitted the required reports.

It is related with the Ministry of Defense under the Inter-administrative Agreement for protection of infrastructure.

Listing of paid taxes

Concept	Million \$ 2007	Million \$ 2008	Million \$ 2009
Income tax (income provision expense)	43,694	92,692	145,471
Contribution to the Financial Support Fund for Electricity installation at Interconnected Rural Zones –FAER–	41,946	44,169	50,454
Levy to financial transactions	1,246	1,030	993
Industry and trade tax	6,147	6,519	6,812
Equity tax	20,173	20,173	20,173
Transfer to UPME	2,877	2,743	2,881
PRONE contribution (Program for Standardization of Electric Networks)	0	48,191	37,238
CGR fiscal control quota	1,582	1,109	1,245
Contribution to superintendencies and regulatory commissions	1,227	1,073	1,280
National stamp tax	893	876	25
Unified property tax	702	726	361
Advertising and notices tax	47	49	61
Public lighting tax	403	568	579
Surcharge for fire department	106	117	124
Contribution for energy service	125	166	35
Vehicle taxes	10	8	5
Surcharge for disaster prevention	1	1	1
Stamps	1,806	2,047	2,178
Occupation of public space	0	0	
Total	122,986	222,255	269,919

Complying with legal obligations

The company complied with all tax obligations and no penalties were imposed by courts for infringement of fundamental rights.

Two tutelas (protection of rights actions) were instituted against the Company for infringement to the right of petition and private property: one was ruled in favor of ISA in first and second instance, and the other was ruled in favor of ISA in first instance and it is pending of being ruled in second instance.

The payment of taxes and contributions increased by \$ 47,664 million compared to 2008, mainly explained by the increase of \$ 52,779 million in income tax, resulting from the income caused by the exchange difference in foreign investment, an item that from the accounting point of view is recorded directly in equity and for tax purposes is a taxable income.

Surveillance and control

ISA filed the following documents within the period:

- To the Accounting General Office, six reports related to accounting information and delinquent debtors.
- To the Comptroller General's Office, 20 reports related to rendering of accounts, progress on improvement plans, information for the Unified Debt Statistical System -SEUD-, and information on cash budget execution for the Fiscal Statistics Information System -SIDEF- of this entity.
- To the Colombian Financial Superintendence, 18 reports on placement of bonds, information before and after the General Meeting of Stockholders, and accounting and financial information. Likewise, it published 56 files on relevant information concerning the Company.
- To the Superintendence of Residential Utilities -SSPD-: 19 reports on general aspects of the Company for updating the Sole Registry of Utility Providers -RUPS- financial, administrative, commercial, accounting and investment on infrastructure information; and specific information of the General Meeting of Stockholders.
- To the Energy and Gas Regulatory Commission -CREG-: six reports on stock composition and accounting information.
- To the National Planning Department -DNP-: two reports concerning the budget follow-up, stock composition and profit distribution.
- To the Ministry of Mines and Energy: four reports on ISA's equity.
- To the Administrative Department of Public Administration: 12 reports on staff concerning the provision of services, consulting and advice.
- To the National Administrative Department of Statistics -DANE-: five reports on the quarterly and annual survey on services provided.

- To the Administrative Department on Public Functions -DAFP-: twelve reports on the execution of consulting and advisory service agreements.

Guild Management

Through Andesco, ISA participates in the various sector-related chambers, by promoting policies to advance the utility sector, and preparing documents to promote business growth and implement better business practices.

Together with other companies in the industry, ISA developed a CSR model for public utility and communication companies affiliated to the guild. The document has been prepared by representatives of companies before the Chamber of Communications and CSR of this entity, which entity should be resorted in case of consultation or implementation.

The initiative to create the above was due to the diversity of companies that make up the guild, especially those lacking a CSR management model. It is aimed to help improve processes, but in addition, it seeks to strengthen the guild in CSR matters, with a national and international scope.

Supporting institutions

The Energy and Mining Committee on Security and Human Rights headed by the Vice-President of Colombia, committee which ISA is a member of, created a space for dialogue with eight NGO's defending human rights on tools and strategies for prevention, which produced the following results: design of a guide with indicators to measure the implementation of the Voluntary Principles on Security and Human Rights and pilot testing to adjust the same; document of good business practices on risks related to security and human rights in areas where the companies operate; and document on good business practices on human rights in the employment of private security services.

Jointly with Empresas Públicas de Medellín S.A. -EPPM-, ISAGEN S.A. E.S.P., Universidad EAFIT, multilateral cooperation bodies, the Governor's Office of Antioquia and the Peace Facilitator Commission of Antioquia, ISA is a member of the Committee on Socio-Political Risks of Antioquia, purported to analyze strategic, tactical and operational aspects on the evolution of the socio-political and security environment and the eventual future scenarios for viability of the companies' operation.

As part of its commitment, ISA made 12 reports to the UN High Commissioner for Human Rights in Colombia on the incidents and crimes, attempted or actual, against human rights or international humanitarian law, which directly affected the operation or the employees of the Company.

Respecting human rights

To prevent or avoid the violation of human rights, the Company controls its actions when conducting its business and contributes to the development of knowledge about instruments and enforcement mechanisms, by the communities in areas of influence.

ISA performs the following actions to prevent events of violation of human rights because of the business or in virtue of the risk management measures related to the activities of the Public Force and private security services:

- Commitment to respect human rights is taken into account in contract documents.
- Makes regular follow-up meetings on the subject.
- Participates in joint scenarios to promote respect for human rights.

Supporting education in human rights

Outside its business scope, the Company promotes understanding and respect for human rights in the territories where it operates, promotes the creation of spaces for reflection and supports restoration processes in the communities where human rights have been violated. A clear example is the line on Peace and Human Rights for Development and Peace programs, supported by ISA Region program, which aims for the promotion of a culture of life for coexistence, the recognition of differences, the prevention and a creative transformation of conflicts, restorative justice, and creating conditions for reconciliation and peace with dignity.

The Company also carried out activities as an active member of RedProdepaz and participated in the organization and development of the first political dialogue meeting in Barrancabermeja, in the context of the third laboratory for peace and Human Rights, which results serve as input to the National Planning Department -DNP- for the formulation of relevant policies.

The evaluation of the Company's reputation, conducted by Ipsos-Napoleon Franco with the State, produced the following results: level of knowledge, 100%; acquaintance (to understand what our business is about), 73%; favorability level (well thoughts of the Company), 73%; confidence (to be consistent in fulfilling promises), 58%, and advocacy (promoting or recommending the company, speak well of it), 69%.



Shareholders and Investors



8

Shareholders and Investors



Profitable
growth and
value
generation

In order to comply with this commitment, ISA conducted the fourth placement of common shares in the market, giving continuity to the processes of this type developed in 2000, 2002 and 2007.

As a result of this placement, there was a demand of shares for 2.8 times, which confirms the level of trust, reliability and attractiveness involved in ISA's shares on the market and demonstrates its commitment to investors.

In 2006, the General Meeting of Stockholders of the ISA decided to issue and place by public offering, 88,410,731 common shares: 56,394,211 were placed in a successful process in late 2007 and the remaining 32,016,520 in December 2009. The previous releases were made in 2000 and 2002.

The 2009 issuance was featured by the following:

Subscription price	\$12,000
Number of shares:	32,016,520
Amount collected:	\$384,198,240,000
Placement Date:	9 de diciembre del 2009
Method of placement:	Book-building process and two amounts
Placing Agents:	Corredores Asociados S.A. Valores Bancolombia S.A.
Legal Counsel:	Cárdenas & Cárdenas S.A.
Book manager:	Colombian Stock Exchange S.A.

By the end of the year, the stock composition was the following:

Shareholder	Number of Shares	
	December 31-09	%
STATE INVESTORS	682,078,108	61.58
THE NATIONAL GOVERNMENT	569,472,561	51.41
EEPPM	112,605,547	10.17
PUBLIC AND PRIVATE COMPANIES	77,373,530	6.99
ECOPETROL S.A.	58,925,480	5.32
EMPRESA DE ENERGÍA DE BOGOTÁ	18,448,050	1.67
PRIVATE INVESTORS	348,226,256	31.44
INSTITUTIONAL	215,386,972	19.44
INDIVIDUALS	100,047,372	9.03
CORPORATE ENTITIES	19,569,292	1.77
FOREIGN INVESTMENT FUND	11,297,920	1.02
ISA ADR PROGRAM	1,924,700	0.17
OUTSTANDING SUBSCRIBED AND PAID-IN CAPITAL	1,107,677,894	100.00

Outstanding shares are common, registered and dematerialized shares.

The par value per share by the end of 2009 was \$32.80000000535200.

The shares were acquired by 1,798 shareholders: 541 senior and 1,257 new. By the end of December, ISA had 53,215 shareholders, geographically distributed as follows:

Shareholders' geographic distribution by December 31st, 2009

Cities	Shareholders	Percentage
Bogotá	18,868	35.46
Medellín	10,338	19.43
Cali	3,481	6.54
Barranquilla	1,743	3.28
Bucaramanga	1,139	2.14
Other cities	17,646	33.16
Total	53,215	100.00

Profitable growth and value generation

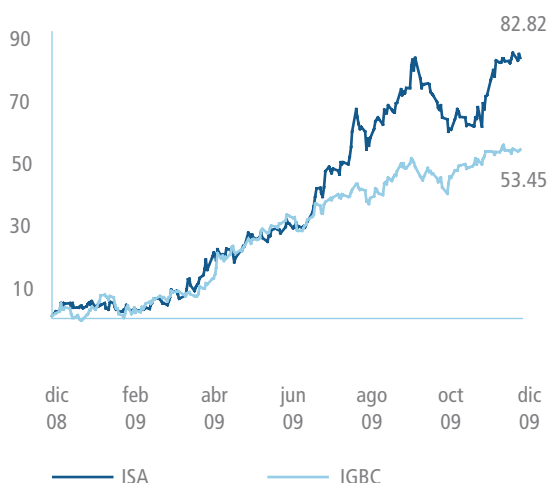
The Company's good financial results are shown in the indicators obtained in the period:

- The net profit of \$ 314,878 million representing an increase of 33.1% over 2008. This result is explained by higher corporate profits of companies where ISA has a stake, the lower interest expenses and increased revenue associated to the exchange difference associated to revaluation recorded in the year. EBITDA ended at \$ 625,204 million representing an increase of 3.7% over 2008. EBITDA margin obtained was 67.1% versus 65.9% in 2008.
- The EVA ended at \$ 37,324 million, representing a 29.5% increase compared to that achieved in 2008, demonstrating the generation of value of the company thanks to its management.

Following the commitment in relation to ISA's share, it is worth noting the following:

- It closed the year at 82.82%, equivalent to a 29.37% superior performance to the General Index of the Colombian Stock Exchange -IGBC, which stood at 53.45%.

Appreciation ISA – IGBC percentage %



- It was negotiated in all the rounds of the Colombian Stock Exchange -BVC- and retained the sixth place in the category of high marketability, according to the share marketability index published by the Colombian Financial Superintendence. Colombia.
- Its average price was \$9,663, on December 24 it reached a maximum price of \$13,100 and closed the year with a price of \$12,980

The ADR valuation was 101.22%, well above the S & P500 index which was 23.45%. The ADR price closed the year at U.S. \$ 158.84 and the program ended with a balance of 76,988 ADR's.

The ADRs are traded in OTC (Over The Counter) and are listed in the International OTCQX elec-

tronic platform through which it is possible finding online information related to market prices and the Company.

The following chart shows some of the major stock market indicators:

Stock Market Information

	2009	2008	Variation %
Outstanding shares	1,107,677,894	1,075,661,374	3.0
Free - Float (%)	31.44	29.70	5.9
Number of shareholders	53,215	56,539	-5.9
Par value (\$)	32.8	32.8	
Intrinsic value with valorization (\$)	5,528.96	4,470.98	23.7
Closing price (\$)	12,980	7,100	82.8
IGBC (points)	11,602.14	7,560.68	53.5
Stock market capitalization (million de USD)	7,033	3,404	106.6
Total Profitability	84.96	1.97	
ADR closing price (USD)	158.84	79	101.2
ADR average price (USD)	114.83	93.89	22.3

Credit risk rating

The three bond issues and the domestic public debt bond program were ratified by Fitch with AAA rating; and the long-term corporate credits in foreign currency and local currency corporate credits were ratified by Standard & Poor's with BB + rating. .

The rating ratification highlights three aspects: the competitive position of ISA in the business of energy transport and telecommunications; the relevance of ISA's internationalization strategy that has allowed to structure a portfolio with investments in several countries in the region, achieving greater geographical diversification of its revenue and mitigating the risk inherent to each country; and the high financial quality and efficient performance of the Organization, which is equal to virtually no credit risk.

Communication with shareholders

During the period, the Information Center for shareholders registered 38,750 contacts, which were attended with an average service level of 99.6% (compared to 90% agreed) and in connection with the fourth share issue and placement, it attended 3.227 requirements.

The service level of the Shareholder Assistance Line was 95%, equal to 21,692 phone calls.

Following the commitments agreed in the Corporate Governance Code, ISA issued two bulletins to shareholders (printed and via web), and made 64,061 physical and 37,855 electronic deliveries accompanied by the biannual statement of account concerned. Moreover, in compliance with tax regulations, it sent 8,620 printed certificates and 14,243 electronic certificates.

CSR-related commitment with shareholder refers to “profitable growth and value generation” and in pursuance thereof, with the support of the Colombian Stock Exchange -BVC- and with an essentially educational purpose, ISA published an Investor’ Guide to discuss matters of interest for this group such as rights and duties of the investor, equity market agents, investment recommendations and contacts for consultations, among others. During the period, the Company sent 49,755 physical and electronic copies of the Guide and the BVC provided 1,800 copies at specialized service points for training, at Stock Brokerage Companies and information screens.

On the other hand, it kept its Web site updated with news, relevant facts, reports on financial quarterly results, certificates, newsletters, semiannual statements and other generic documents, and sent 528,685 emails to the local market and 11,038 emails to the international market.

To strengthen the best practices of Corporate Governance, the CEO of ISA presented the management report and results to analysts and institutional investors in the local market in six face meetings held in Bogotá, Cali and Medellín. He also presented the financial results to foreign investors by conference call and simultaneous Internet broadcast -webcast.

Finally, it is important to note that, at the international level, ISA participated in two events with the assistance of 34 investors and attended nine visits from institutional investors.

Measurements

Through Fiduciaria Bancolombia S.A., the Company hired the services of INVAMER S.A. to evaluate the quality of the shareholder assistance line throughout the period, which showed a rating of 4.83/5.0 placing ISA in a rank: excellent.

The evaluation of the Company's reputation, conducted by Ipsos-Napoleon Franco with our shareholders, produced the following results: level of knowledge, 100%; acquaintance (to understand what our business is about), 82%; favorability level (well thoughts of the Company), 94%; confidence (to be consistent in fulfilling promises), 94%; and advocacy (promoting or recommending the company, speak well of it), 89%. And the evaluation made on institutional and stock market brokers showed the following results: level of knowledge, 100%; acquaintance (to understand what our business is about), 100%; favorability level (well thoughts of the Company), 95%; confidence (to be consistent in fulfilling promises), 95%; and advocacy (promoting or recommending the company, speak well of it), 80%.

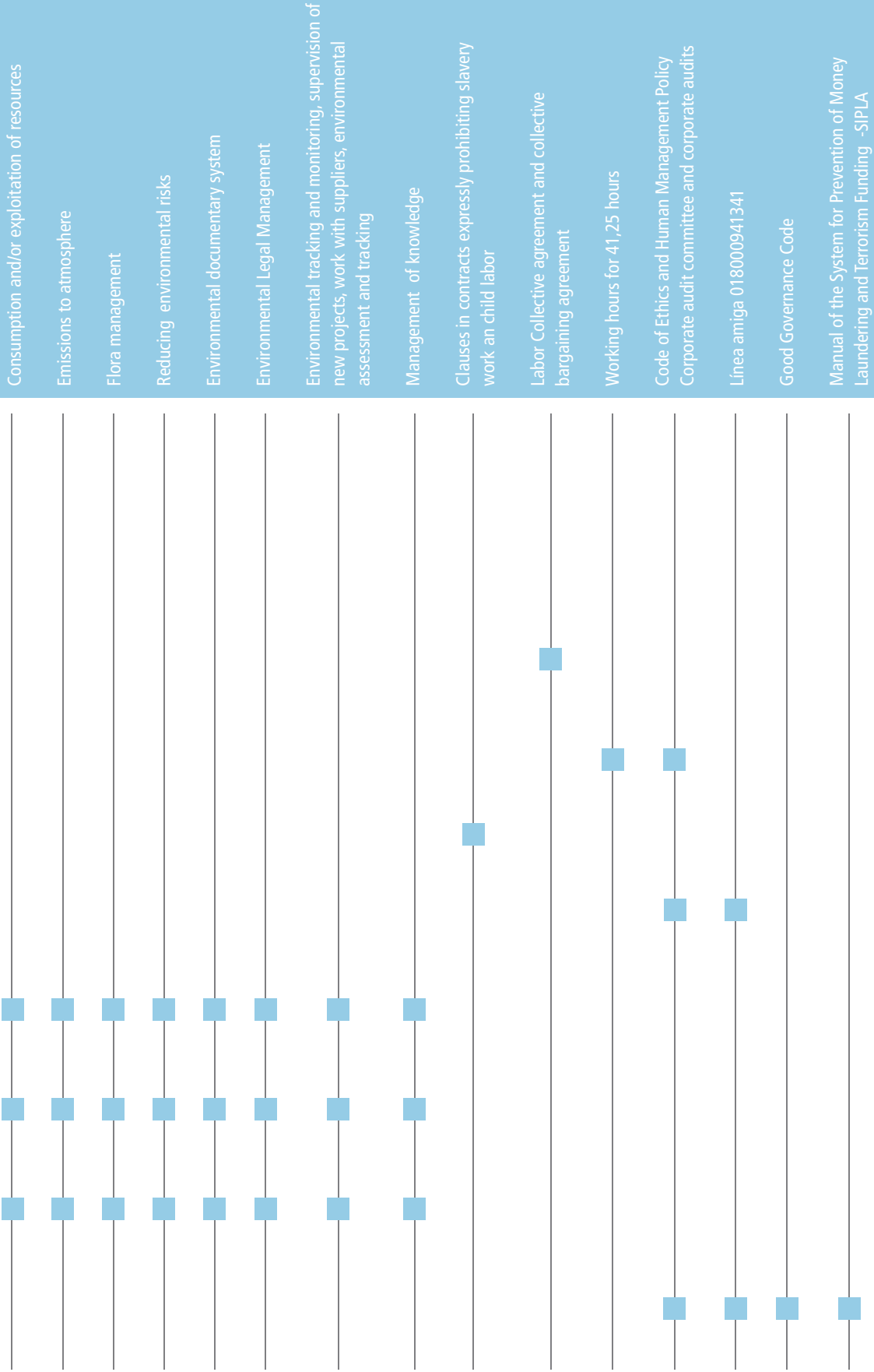


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Global Compact

Through its practices and programs, ISA accomplishes the commitments undertaken when adhered to the Global Compact. Following are the principles and the most relevant information on each of them.

	Training on Human Rights	Support to quality of education	ISA Región	Management of socio-political risk	Communication, culture and society	Solidarity	Coexistence	Institutional Strengthening
<p>Principle 1 Support and respect the protection of internationally proclaimed fundamental human rights within its scope of influence.</p>	■	■	■	■	■	■	■	■
<p>Principle 2 Make sure that they are not complicit in human rights abuses.</p>	■	■	■	■	■	■	■	■
<p>Principle 3 Uphold the freedom of association and the effective recognition of the right to collective bargaining.</p>								
<p>Principle 4 Eliminate all forms of forced and compulsory labor.</p>				■				
<p>Principle 5 Abolish child labor.</p>		■	■				■	■
<p>Principle 6 Eliminate discrimination in respect of employment and occupation.</p>				■				
<p>Principle 7 Support a precautionary approach to environmental challenges.</p>		■				■	■	■
<p>Principle 8 Undertake initiatives to promote greater environmental responsibility.</p>						■	■	■
<p>Principle 9 Encourage the development and diffusion of environmentally friendly technologies.</p>						■	■	■
<p>Principle 10 Work against corruption in all its forms, including extortion and bribery.</p>								



CONTACT US

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CTE Suroccidente

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CTE Oriente

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Shareholder's Information:

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El Poblado, Medellín - Colombia – Suramérica

Toll-free shareholder assistance line in Colombia:

01 8000 11 5000

Assistance line for suggestions and claims

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