

## **Update Consolidated Financial Statements as of December 2009 and September 2010.**

Motivated by a documentation process being conducted currently by EPM, management reviewed the presentation of the consolidated financial statements as of December 31, 2009 and interim consolidated financial statements as of September 30, 2010 and 2009 to comply with the requirements of this process. As a result, it was necessary to make certain changes in the wording of the notes to the consolidated financial statements, to add the note of related party transactions, to adjust the presentation of the cash flow statement in 2009, and to make some adjustments to the consolidated financial statements as of September 30, 2010 and 2009 as a result of the limited review performed by external auditors on these interim financial statements.

According to above, please find the restated and reissued consolidated financial statements for the following periods:

- Consolidated financial statements as of September 30, 2010.
- Consolidated financial statements as of September 30, 2009.
- Consolidated financial statements as of December 31, 2009.

**EMPRESAS PÚBLICAS DE MEDELLÍN E.S.P.**  
**CONSOLIDATED STATEMENT OF CASH FLOWS**

	<b>For the Year Ended December 31,</b>		
	<b>2009</b>	<b>2008</b>	<b>2007</b>
	<b>(In millions of Colombian Pesos)</b>		
<b>Cash flows from operating activities:</b>			
Net income . . . . .	Ps. 1,575,476	Ps. 1,299,216	Ps. 1,078,646
Adjustments to reconcile net income to cash provided by operating activities:			
Depreciation of property, plant and equipment . . . . .	523,992	482,486	494,928
Provision for valuation of investments . . . . .	17,194	14,353	14,618
Provision for doubtful accounts . . . . .	112,695	75,478	38,498
(Recovery) Provision for obsolescence of inventories . . . . .	(2,345)	5,251	3,557
Amortization of intangible and other assets . . . . .	124,225	100,547	75,211
Deferred income tax . . . . .	7,475	46,185	64,433
Provision for contingencies . . . . .	24,206	50,747	14,831
Net income attributable to minority interest . . . . .	30,043	24,226	31,002
Pension plan . . . . .	124,904	69,275	50,661
Valuation allowance of property, plant and equipment . . . . .	16,109	12,513	24,443
Net changes in operating assets and liabilities net of effect of business combinations:			
Increase of accounts receivable . . . . .	(313,601)	(52,490)	(319,770)
Increase of inventories . . . . .	(18,753)	(7,455)	(18,290)
Increase (Decrease) of prepaid expenses . . . . .	14,595	72,160	(20,622)
Increase of pension plan asset . . . . .	(52,890)	(69,067)	(56,023)
Increase of other assets . . . . .	(141,549)	(51,822)	218,943
Increase (Decrease) of accounts payable . . . . .	55,282	(18,504)	354,328
Increase (Decrease) of tax payable . . . . .	126,065	(99,277)	15,174
Increase (Decrease) of labor liabilities . . . . .	54,617	(63,653)	(107,897)
Decrease of estimated liabilities . . . . .	(19,593)	(11,979)	(20,689)
Increase (Decrease) of pension plan obligations . . . . .	49,357	(52,647)	57,707
Increase of other liabilities . . . . .	102,578	32,691	109,605
<b>Net cash provided by operating activities . . . . .</b>	<b>2,410,082</b>	<b>1,858,234</b>	<b>2,103,294</b>
<b>Cash flows from investing activities:</b>			
Payments for acquisitions of long-term investments . . . . .	(147,460)	(242,028)	(226,350)
Payment for purchase of companies, net of cash acquired . . . . .	(477,137)	—	—
Payments for acquisitions of property, plant and equipment . . . . .	(1,844,420)	(1,276,514)	(1,009,592)
Payments for the acquisition of other assets . . . . .	(117,396)	(116,416)	(141,392)
<b>Net cash (used in) investing activities . . . . .</b>	<b>(2,586,413)</b>	<b>(1,634,958)</b>	<b>(1,377,334)</b>
<b>Cash flows from financing activities:</b>			
Proceeds from financial obligations . . . . .	2,284,464	848,444	543,253
Payments of financial obligations . . . . .	(602,786)	(361,788)	(675,342)
Net income distributed to the city of Medellín . . . . .	(587,019)	(520,827)	(539,313)
<b>Net cash provided by (used in) financing activities . . . . .</b>	<b>1,094,659</b>	<b>(34,171)</b>	<b>(671,402)</b>
Net increase in cash and cash equivalents and investment securities . . . . .	918,328	189,105	54,558
Cash and cash equivalents and investment securities at beginning of the year . . . . .	1,538,459	1,349,354	1,294,796
<b>Cash and cash equivalents and investment securities at end of the year . . . . .</b>	<b>Ps. 2,456,787</b>	<b>Ps. 1,538,459</b>	<b>Ps. 1,349,354</b>

**EMPRESAS PÚBLICAS DE MEDELLÍN E.S.P.**  
**CONDENSED CONSOLIDATED BALANCE SHEET**

	Notes	As of September 30, 2010 (Unaudited)	As of December 31, 2009
<b>ASSETS</b>			
<b>CURRENT</b>			
Cash and cash equivalents . . . . .	3	Ps. 733,120	Ps. 424,761
Investment securities . . . . .	4	1,178,626	2,032,026
Accounts receivable, net . . . . .	5	1,952,685	1,699,720
Inventories, net . . . . .		150,560	149,262
Prepaid expenses . . . . .		13,188	10,318
		<u>4,028,179</u>	<u>4,316,087</u>
<b>NON-CURRENT</b>			
Long-term investments, net . . . . .		637,081	619,313
Long-term receivable . . . . .	5	787,828	718,643
Property, plant and equipment, net . . . . .	6	11,342,132	10,869,340
Pension plan asset . . . . .		348,431	331,808
Other assets . . . . .		713,604	648,644
Intangible assets, net . . . . .		542,593	612,174
Reappraisal of assets . . . . .	7	8,868,160	8,227,164
		<u>23,239,829</u>	<u>22,027,086</u>
<b>TOTAL ASSETS</b> . . . . .		<u>Ps.27,268,008</u>	<u>Ps.26,343,173</u>
<b>LIABILITIES AND EQUITY</b>			
<b>CURRENT</b>			
Financial obligations . . . . .	8	Ps. 184,867	Ps. 347,066
Short-term hedging operations . . . . .	9	28,183	37,311
Accounts payable . . . . .	10	1,034,328	1,435,972
Taxes payable . . . . .	11	234,371	203,563
Labor liabilities . . . . .		176,720	154,826
Estimated liabilities . . . . .		13,078	5,231
Other liabilities . . . . .		124,891	146,081
		<u>1,796,438</u>	<u>2,330,050</u>
<b>NON-CURRENT</b>			
Financial obligations . . . . .	8	3,530,034	3,507,194
Long-term hedging operations . . . . .	9	273,721	216,713
Accounts payable . . . . .	10	57,399	38,570
Labor liabilities . . . . .		29,914	3,416
Estimated liabilities . . . . .		123,648	88,511
Pension plan obligations . . . . .	12	1,194,699	1,144,391
Taxes payable . . . . .	11	647,720	611,960
		<u>5,857,135</u>	<u>5,610,755</u>
<b>TOTAL LIABILITIES</b> . . . . .		<u>7,653,573</u>	<u>7,940,805</u>
<b>MINORITY INTEREST</b> . . . . .	22	<u>709,402</u>	<u>716,125</u>
<b>EQUITY (See the accompanying statement)</b> . . . . .	13	<u>18,905,033</u>	<u>17,686,243</u>
<b>TOTAL LIABILITIES AND EQUITY</b> . . . . .		<u>Ps.27,268,008</u>	<u>Ps.26,343,173</u>
<b>MEMORANDUM ACCOUNTS</b> . . . . .	15	<u>Ps.13,641,503</u>	<u>Ps.14,252,218</u>

**EMPRESAS PÚBLICAS DE MEDELLÍN E.S.P.**  
**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL, ECONOMIC AND SOCIAL**  
**ACTIVITIES**  
**FOR THE NINE MONTH PERIODS ENDED SEPTEMBER 30, 2010 AND 2009**

	<u>Notes</u>	<u>September 30, 2010</u>	<u>September 30, 2009</u>
		(Unaudited)	
		(Expressed in millions of Colombian Pesos)	
Gross revenues . . . . .		Ps. 6,115,521	Ps. 5,739,053
Discounts . . . . .		<u>(1,963)</u>	<u>(78,543)</u>
Operating revenues, net . . . . .	16	6,113,558	5,660,510
Cost of sales . . . . .	17	(3,326,997)	(2,978,920)
Depreciation and amortization . . . . .	18	<u>(504,568)</u>	<u>(438,310)</u>
<b>GROSS PROFIT</b> . . . . .		<b>2,281,993</b>	<b>2,243,280</b>
Administrative expenses . . . . .	19	(613,415)	(555,882)
Pension plan . . . . .		(131,382)	(83,227)
Provision, depreciation and amortization . . . . .	18	<u>(157,690)</u>	<u>(123,839)</u>
<b>OPERATING INCOME</b> . . . . .		<b>1,379,506</b>	<b>1,480,332</b>
Non-Operating revenues . . . . .	20	543,035	576,140
Non-Operating expenses . . . . .	21	<u>(394,168)</u>	<u>(441,779)</u>
<b>NET INCOME BEFORE TAXES AND MINORITY</b> <b>INTEREST</b> . . . . .		<b>1,528,373</b>	<b>1,614,693</b>
Income tax provision . . . . .	11	<u>(390,884)</u>	<u>(364,142)</u>
<b>NET INCOME BEFORE MINORITY INTEREST</b> . . . . .		<b>1,137,489</b>	<b>1,250,551</b>
Minority Interest . . . . .		<u>(25,013)</u>	<u>(24,627)</u>
<b>NET INCOME</b> . . . . .		<b><u>Ps. 1,112,476</u></b>	<b><u>Ps. 1,225,924</u></b>

**EMPRESAS PUBLICAS DE MEDELLIN E.S.P.**

**CONDENSED CONSOLIDATED FINANCIAL STATEMENT OF EQUITY  
FOR THE NINE MONTH PERIODS ENDED SEPTEMBER 30, 2010 AND 2009**

	<u>Capital and Reserves</u>	<u>Surplus from Donations</u>	<u>Reserves</u>	<u>Unappropriated Retained Earnings</u>	<u>Accumulated Inflation Adjustments of Equity</u>	<u>Surplus from Reappraisal of Assets</u>	<u>Total</u>
	(Unaudited)						
	(Expressed in millions of Colombian Pesos)						
<b>Balance at December 31, 2008 . . . .</b>	<b>Ps.67</b>	<b>Ps. 99,794</b>	<b>Ps.2,691,275</b>	<b>Ps.3,595,205</b>	<b>Ps.2,879,538</b>	<b>Ps.5,605,862</b>	<b>Ps.14,871,741</b>
Appropriation of reserves . . . . .	—	—	246,462	(246,462)	—	—	—
Increase of reappraisal surplus before business combination . . . . .	—	—	—	—	—	720,417	720,417
Net income distributed to the city of Medellin . . . . .	—	—	—	(587,019)	—	—	(587,019)
Business Combination . . . . .	—	12,478	10,490	9,518	84,305	641,570	758,361
Net income . . . . .	—	—	—	1,225,924	—	—	1,225,924
<b>Balance at September 30, 2009 . . . .</b>	<b><u>Ps.67</u></b>	<b><u>Ps.112,272</u></b>	<b><u>Ps.2,948,227</u></b>	<b><u>Ps.3,997,166</u></b>	<b><u>Ps.2,963,843</u></b>	<b><u>Ps.6,967,849</u></b>	<b><u>Ps.16,989,424</u></b>
<b>Balance at December 31, 2009 . . . .</b>	<b>Ps.67</b>	<b>Ps.112,272</b>	<b>Ps.2,948,227</b>	<b>Ps.4,009,218</b>	<b>Ps.2,963,843</b>	<b>Ps.7,652,616</b>	<b>Ps.17,686,243</b>
Appropriation of reserves . . . . .	—	—	244,801	(244,801)	—	—	—
Increase of reappraisal surplus . . . . .	—	—	—	—	—	615,657	615,657
Net income distributed to the city of Medellin . . . . .	—	—	—	(509,343)	—	—	(509,343)
Net income . . . . .	—	—	—	1,112,476	—	—	1,112,476
<b>Balance at September 30, 2010 . . . .</b>	<b><u>Ps.67</u></b>	<b><u>Ps.112,272</u></b>	<b><u>Ps.3,193,028</u></b>	<b><u>Ps.4,367,550</u></b>	<b><u>Ps.2,963,843</u></b>	<b><u>Ps.8,268,273</u></b>	<b><u>Ps.18,905,033</u></b>

**EMPRESAS PÚBLICAS DE MEDELLÍN E.S.P.**  
**CONSOLIDATED STATEMENT OF CASH FLOWS**  
**FOR THE NINE MONTH PERIODS ENDED SEPTEMBER 30, 2010 AND 2009**

	September 30, 2010	September 30, 2009
	(Unaudited)	
	(In millions of Colombian Pesos )	
<b>Cash flows from operating activities:</b>		
Net income for the period . . . . .	Ps. <b>1,112,476</b>	Ps. <b>1,225,924</b>
Adjustments to reconcile net income to cash provided by operating activities:		
Depreciation of property, plant and equipment . . . . .	420,051	382,634
Provision for valuation of investments . . . . .	2,368	2,291
Provision for doubtful accounts . . . . .	97,696	69,070
Provision for inventory obsolescence . . . . .	1,453	2,033
Amortization of intangible and other assets . . . . .	126,959	104,878
Deferred income tax . . . . .	33,362	8,120
Provision for contingencies . . . . .	48,516	9,658
Net income attributable to minority interest . . . . .	25,013	24,627
Pension plan . . . . .	131,382	83,227
Valuation allowance of property, plant and equipment . . . . .	6,750	1,866
Net changes in operating assets and liabilities net of effect of business combinations:		
Increase of accounts receivable . . . . .	(130,121)	(220,207)
Increase of inventories . . . . .	(2,751)	(12,986)
Increase of prepaid expenses . . . . .	(2,870)	(142,035)
Increase of pension plan asset . . . . .	(16,623)	(14,186)
Increase of other assets . . . . .	(165,436)	(68,087)
Decrease of accounts payable . . . . .	(45,315)	(86,939)
Increase of taxes payable . . . . .	12,016	28,722
Increase of labor liabilities . . . . .	48,392	68,022
(Decrease) Increase of estimated liabilities . . . . .	(5,533)	42,572
(Decrease) Increase of pension plan obligations . . . . .	(81,074)	72,370
Increase (Decrease) of other liabilities . . . . .	89,152	(12,655)
<b>Net cash provided by operating activities . . . . .</b>	<b>1,705,863</b>	<b>1,568,919</b>
<b>Cash flows from investing activities:</b>		
Acquisition of long-term investments . . . . .	(309,859)	(57,415)
Payment for purchase of companies, net of cash acquired . . . . .	—	(477,137)
Acquisition of property, plant and equipment . . . . .	(899,594)	(1,244,028)
Increase of other assets . . . . .	(13,976)	(57,918)
<b>Net cash used in investing activities . . . . .</b>	<b>(1,223,429)</b>	<b>(1,836,498)</b>
<b>Cash flows from financing activities:</b>		
Proceeds from financial obligations . . . . .	493,200	2,271,367
Payments of financial obligations . . . . .	(673,832)	(517,545)
Net income distributed to the city of Medellín . . . . .	(846,843)	(587,019)
<b>Net cash used in (provided by) financing activities . . . . .</b>	<b>(1,027,475)</b>	<b>1,166,803</b>
Net (decrease) increase in cash and cash equivalents and investment securities . . . . .	(545,041)	899,224
Cash and cash equivalents and investment securities at beginning of the period . . . . .	2,456,787	1,538,459
<b>Cash and cash equivalents and investment securities at end of period . . . . .</b>	<b>Ps. 1,911,746</b>	<b>2,437,683</b>

**EMPRESAS PÚBLICAS DE MEDELLÍN E.S.P.**  
**CONSOLIDATED STATEMENT OF CASH FLOWS**  
**FOR THE NINE MONTH PERIODS ENDED SEPTEMBER 30, 2010 AND 2009**

<u>Supplemental of Cash Flows Information</u>	<b>For the Nine Month                      Periods Ended                      September 30,</b>	
	<b>2010</b>	<b>2009</b>
	(Unaudited) (In millions of Colombian Pesos)	
Cash paid during the period for:		
Interest . . . . .	<u>Ps.199,589</u>	<u>Ps.239,038</u>
Income taxes . . . . .	<u>Ps.224,831</u>	<u>Ps.225,187</u>