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Delivering value with industry-focus

*BPO Services
Colombia
2011*



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1. Introduction



Worldwide, PwC has been adding value by providing professional services to energy companies for more than 100 years. We help companies confront the industry's most challenging issues and changes by developing effective solutions and strategies.

For global clients, our experienced team are on the ground in 154 countries around the world contributing local insight and understanding.

PwC is the world's leading advisor to the energy industry, working with every segment of the business – from upstream, to midstream to downstream – to provide business solutions tailored to meet your needs. We excel in serving oil and gas companies because of our skills, experience and teams of industry specialists. For more than 100 years, we have helped energy companies succeed. We look forward to working with your company and be part of your extended organization.

1. Introduction

Energy companies are facing an increasingly complex environment with changing geopolitics, tightening regulatory requirements, greater competition and higher stockholders expectation.

Finding new reserves requires greater investment and improved technology. International oil companies also face greater competition from national oil companies, as the global demand for energy continues to grow.

While needing invest more, energy companies are also looking for ways to improve efficiency and lower costs, while managing the many risks of the business.

The Colombian crude oil and natural gas industry has seen a marked increase in interest following a series of regulatory reforms to make the sector more attractive to foreign investment.

The reforms have sparked renewed interest in Colombia's upstream oil and gas sector with record levels of exploratory and development drilling. These programs have resulted in steady growth in the country's reserves and production for the last several years.

PwC Colombia can help energy companies evaluate priorities and focus in what the purpose of their business is. We have more than 150 clients in the Energy sector. Our objective is to be your strategic business partner providing excellent services in the administrative, financial and technological areas.

PwC has rendered BPO services to worldwide companies for more than 15 years in Colombia.

2. BPO approach



Our outsourcing business area allows companies to dedicate themselves to their **core business** and to outsource all their **back office** functions.

Our services cover administrative, financial and technological processes.

We have proved based on our knowledge and infrastructure that we can grow at the same time with the outsourced companies

Based on our best practices, we transform data into information, ***generating earnings in time, quality of information and results*** in order to improve operative performance. Therefore, your company will have a clear scenario that would allow you to take the best decisions for your business.

We have developed the ideal solution for the most particular situations, ***saving time and costs*** so your Company may focus on the development of its intellectual resources and corporate mission.

Our scope is constructed based on a ***tight relationship with the client***, which is translated, by the information generated in the knowledge of managing your Company.

2. BPO approach

Basic Principles of our Outsourcing Approach

PwC's Outsourcing approach has been developed to ensure that the quality of our service is consistent with a rapidly changing business environment. Our methodology uses a comprehensive quality approach to the concept of customer service. In order to carry out our Outsourcing work, we have identified eight principles to be applied in every professional engagement in order to ensure quality throughout its course of action.

The benefits for your company

- Greater focus to core business issues
- Potential cost savings
- High quality services
- Use of state-of-art technology and our international network.
- Confidentiality



3. BPO services

PwC delivers its BPO services in a NG Soft, and Affinity environment

Administrative services

Ngsoft

- Payroll outsourcing
- Personnel administration
- Administration benefits

Financial services

Affinity

- Accounting outsourcing
- International accounting
- Treasury administration
- Accounts receivable administration
- Accounts payable administration
- Fixed assets administration
- Administration of costs and inventories
- Operative solutions for the official sector



Cloud Computing services

Transactional

- Administrative and Accounting software – Affinity
- Payroll Software – Ngsoft

e-commerce

- Electronic invoicing
- Supplier traceability

Documental

- Digitalization
- Outsourcing registration

Financial

- Factoring

3. *BPO services*

Administrative services

Payroll Outsourcing

- Payroll liquidation (salary taxes and social security)
- Certificate issuance
- Legal reports
- Reports of the activity

Personnel Administration

- Affiliation and procedures at health promotional companies, pensions, professional risk administration and welfare entities.
- Control of inabilities, licenses and vacations

Benefit Administration

- Support in establishing remuneration plans
- Contact with different marketing service suppliers
- Employee awareness
- Advisory of employees in selecting different remuneration plans according to needs and interests.
- Coordination to render services and payment by the suppliers
- Generation of information to follow-up remuneration plans.

Added value

- Labor update chats for the Company
- Secure access for your employees to obtain information of their payments through the self consultation module.

3. BPO services

Financial services

Statutory accounting

- Bookkeeping and monthly closing
- Chart of accounts according to corporate accounts and for type of project.
- Statutory reporting
- Multicurrency reporting
- Intercompany reconciliations
- Consolidated accounts and group reporting
- Control account reconciliation
- Monthly accounting report explaining variations.
- Tax compliance (VAT, withholding taxes, municipalities taxes, magnetic media)

Industry

- Profit and cost center accounting: AFEs, contracts, licenses, joint ventures.
- Successful cost accounting according to each stage (acquisition, exploration, development and / or production.
- Deferred charges and facilities in construction costs schedules.
- Accounting for conveyances.
- Accounting for the asset retirement obligation.
- Partnerships interests accounts reconciliation.

3. *BPO services*

Financial services

International accounting

Translation

- Diagnostic of differences between COLGAAP and USGAAP and/ or IFRS and vice versa (specific for the company engaged).
- Chart of accounts according to the type of industry and according to corporate accounts.
- Translation from COLGAAP to USGAAP and / or IFRS and from USGAAP and/or IFRS to COLGAAP.
- Net equity and Net income /loss reconciliations from COLGAAP to USGAAP and /or IFRS and vice versa.
- Preparation of financial statements with their disclosures under USGAAP or IFRS.
- Preparation of consolidated financial statements under USGAAP or IFRS.
- Calculation and control of tax benefits under EITF 98-11.
- Effective tax rate calculation and reconciliation under USGAAP or IFRS.
- Tax stream packages under USGAAP or IFRS.

Industry

- Successful efforts or full cost accounting
- DD&A
- Deferred taxes calculation
- Accounting for partnership interest.
- Financial determination and accounting of Asset Retirement Obligations (ARO)
- Accounting for joint operation Agreements (JOA)
- Disclosures about oil & gas exploring and producing activities.
- Financial determination and accounting of Pension Plan and Benefits to employees
- Financial determination and accounting of impairment of long-live assets.

Advisory

- Advice at all stages of the IPO process
- Advisory and assistance in the elaboration of critical accounting polices
- Advisory and assistance in the elaboration of Pro-forma financial information (if applicable).
- Valuation and accounting of investments
- Indebtedness costs
- Business combinations
- Revenue recognition

3. BPO services

Financial services

Treasury administration and Accounts receivable

Treasury administration

- Cash receipts
- Payments of suppliers and third parties
- Cash advances to employees
- Payroll payments and transfers
- Logistic to local payments.
- Payment schedules
- Collection and tracking report
- Cash flows forecasting
- Treasury control
- Sales invoicing

Accounts receivable

- Portfolio management
- Account receivable development
- Remission and invoice preparation
- Control of reception of products by clients
- Invoice follow-up and application of commercial conditions
- Account consolidation
- Reconciliation of intercompany accounts
- Bill disputes and client queries
- Receivables and collections management.

3. BPO services

Financial services

Fixed Asset & Deferred Assets administration

- Kardex by fixed asset and/or deferred asset by project and /or cost center.
- Calculation and control of DD&A
- Actualizations of appraisals.
- Control of the impairment of long-live assets.

Inventories and cost accounting

- Inventory cards by type of component
- Stock accounting
- Purchase cycle. Management.
- Assistance in the import process
- Stock tacking in a regular basis.



Services to the governmental sector

- Administrative solutions
- Financial solutions
- Operative follow-up services
- Special services

3. BPO services

Cloud Computing

Transactional

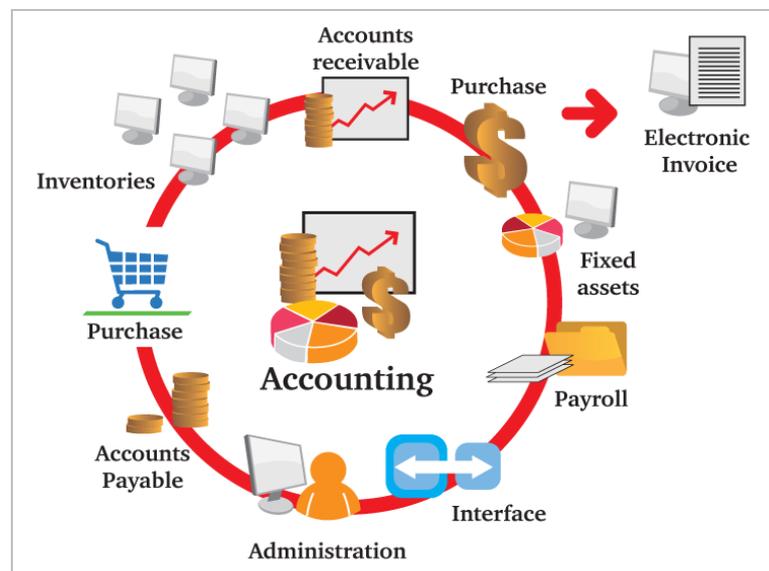
Accounting Software

100% web software

Affinity supports all commercial, administrative and accounting processes, specially related with Colombian **PYMES** (Small and Medium Companies, per its initials in Spanish).

This tool operates under a Service as a Software (SaaS) model with first level IT resources via web.

The fixed monthly rate has a low cost and includes: information security, maintenance, updates and support.



3. *BPO services* *Cloud Computing*

Transactional

Payroll Software **NGSoft**

PwC has developed its own payroll software, being the sole liquidator with the following characteristics:

100% web developed, only requiring a broad band Internet connection.

Its implementation is flexible and does not require a consultant for its implementation.

Allows the integration with any control system, human performance and accounting.



3. BPO services

Cloud Computing

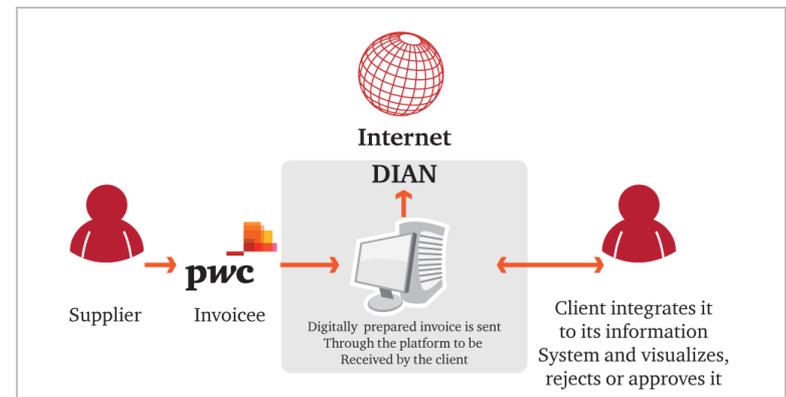
e-commerce

Electronic Invoicing

We have the ISO 9001:2008 certification that ensures that the Electronic Invoice Process complies with regulations in force in Colombia.

You Company may obtain the following with this service:

- Timely delivery and reception of electronic invoices.
- Efficiency of the financial audit performance.
- Information confidentiality
- Savings in costs and physical spaces
- Easy account reconciliation by having reliable and instant information.
- Decrease in cash flow cycles.
- State of the art encrypted data, protocols and digital certification, ensuring security of all the information sent through the Nexxera platform in accordance with Sarbanes-Oxley.



3. BPO services

Cloud Computing

e-commerce

Electronic platform attending suppliers

This is an internet tool that provides access and consults of your supplier's information, such as: invoices, payments, payroll, purchase orders, evaluations of suppliers purchase orders, suppliers, factoring, tax and report certificates. Your Company through **i-proveedor** portal may have available its information 24/7, saving time and resources, specially in the treasury area.

This comprises the following modules:

- Financial
- Taxes
- Purchase Orders
- Logistics / supplies
- Supplier notifies the client
- Requirement and quotations
- Record new suppliers



3. BPO services

Cloud Computing

Transactional

Factoring

Integrates solutions through technology to leverage the chain's reinforcement of suppliers values.

Benefits Suppliers

Working Capital to grow
No credit limit, no approval or additional guarantees
Saves operating costs in developing
Income without indebtedness

Clients

Income for your suppliers = quality of goods or services
Reinforce strategic suppliers
Unify the payment to supplier channels
Quality improvement in the supply chain

Financial Entity

New and improved investment alternatives
Reduction of risk of investment = payment guarantees
Supply chain visibility
Strategy to collect without increasing the operation in the information processing

1 The supplier digitally records invoices in our platform

2 The client receives the invoice digitally and approves and accounts it

3 Approved invoices are passed to be negotiated by the Bank Entity

4 Negotiated invoices are passed to be supported by the Factoring, Scoping, Guarantee and Payment Process Back Office

5 Supplier digitally endorses invoice in accordance with Factoring Law 1231

6 The bank entity makes payments according to terms and conditions

4. Other services

Audit and Assurance

- External audit of the financial statement prepared under local and international accounting standards (ISAs and US GAAS)
- Statutory Audit
- Sarbanes Oxley compliance
- Independent review of systems, controls, and processes, and advice on acquisitions, alliances and disposals.
- Joint venture audits

Tax & Legal Services

- Legal
- Tax Consulting & Tax Compliance
- NewCo
- Tax Management
- Transfer Pricing
- International Assignments
- Joint venture contracts

Advisory / Consulting and Deals

- Operational & Financial Effectiveness/ Strategy & Economics
- Information Technology Effectiveness
- Governance, Risk and Compliance
- Fraud and Forensic Services
- Human Resources Services
- Deals
- Sustainability & Climate Change

We are leaders in developing non-financial performance reporting, helping our clients respond to the need for greater transparency, and improved corporate governance.

5. ¿What makes PwC different?



People

- PwC is located wherever the industry is exploring for, producing, refining and selling hydrocarbons. More than 4,000 specialists are assigned full time to the Global Energy Group, giving our clients access to mining and oil and gas specialists around the world. We have over 350 partners serving global energy companies worldwide.
- Energy companies want audit and advisory teams to understand their issues and business challenges when analyzing and advising their financial performance. Our dedicated energy professionals receive specialized training, including regular updates on regulatory and technical issues. This training is augmented by both internal and external industry events, which brings our people the in-depth knowledge that allows PwC's energy professionals to walk and talk the industry with their clients.

5. ¿What makes PwC different?

Sponsor and / or participant

Worldwide, our Energy practice is the only Big Four firm to serve as a sponsor at CERAWEEK each year. IHS CERA (fka Cambridge Energy Research Associates) is the highly respected energy advisory firm and this annual event is of the most widely attended in the industry.

In Colombia we also sponsor and/or participate in the following events:

- Expo Oil & Gas - Cartagena
- International Mining Fair - Bogotá
- Toronto Stock Exchange - Canada
- Colombia Mining Day in Canada
- VII International Congress of Mining, Petroleum and Energy 2011
- 2011 Mining Fair – Medellin
- XIV Colombian Gas & Oil Congress

5. ¿What makes PwC different?

Publications

We develop specific industry and instructional materials and reports on issues of strategic importance to help keep our clients informed. Some of our recent publications include:

- 7th Edition Petroleum Accounting Principles published jointly with the University of North Texas's professional Development Institute. The textbook and leading reference tool focuses on U.S., financial accounting and reporting for petroleum exploration and production activities. The book is currently available through www.pdi.org or www.amazon.com.
- Financial reporting in the oil and gas industry
- Responding to climate change
- Oil and Gas Global Deals Q1 2011
- The extractive activities project at the IASB
- Delivering capital project value in the downturn
- Glossary of terms used in the trading of oil and gas, utilities and mining commodities
- IFRS technical bulletins
- Doing business in Colombia
- Global surveys to CEOs
- Global annual review
- Tax guide
- Highlights in Colombia
- News Alert

5. ¿What makes PwC different?



We offer added value and committed with your business, supported by our automated best practices, outsourcing processes, digitalization and integration of world class BPM solutions.

A professional team for you PwC In House human resource supports the operations to develop the project.

Green Technology Abased on our commitment with the environment we propose a totally green solution, reducing printing and use of paper in the chain value.

Construction of the Businesses Environment

No matter the size or the Company's segment, all our services are designed to comply with the objectives.

5. ¿What makes PwC different?

Our quality commitment

We have certifications in:

ISO 9001: 2008

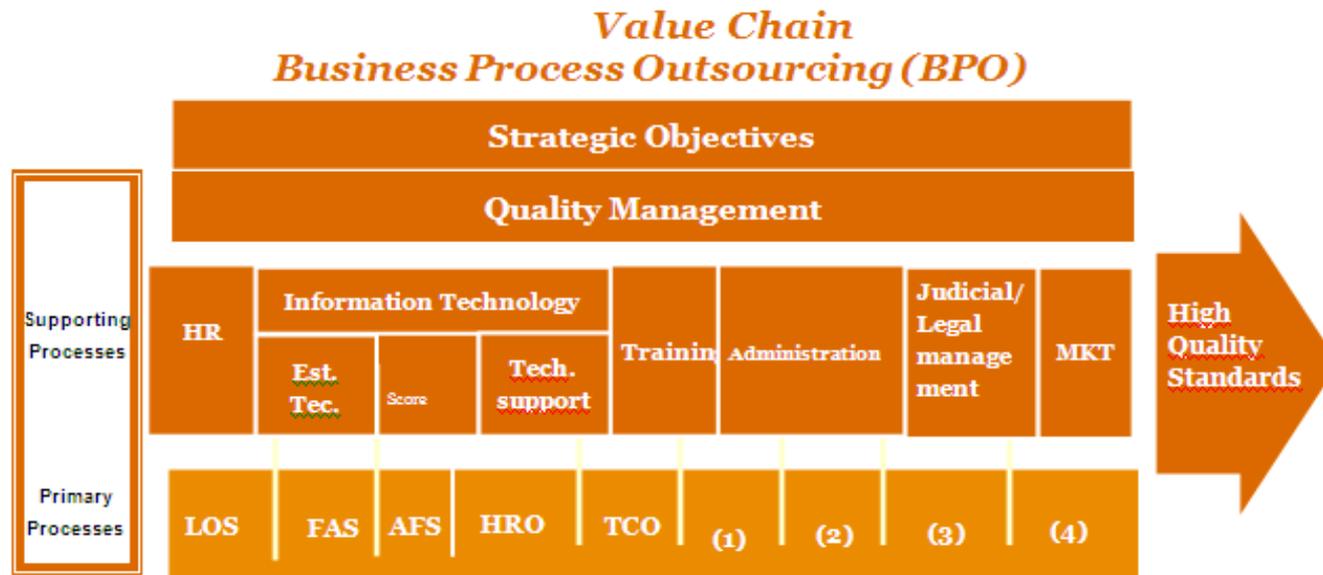
For the services of the administration of payroll operative processes and administration of personnel.

For the service of electronic invoicing in the operative processes of issuance, delivery, acceptance, conservation and invoice and credit note exhibition in media and electronic invoice.

5. ¿What makes PwC different?

Our committment to quality

Service structure by processes: these are the primary processes involved in our Outsourcing services: FAS - Financial Accounting Services; TCO - Tax Compliance Outsourcing; AFS - Administrative and Finance Support Services; HRO - Human Resources Outsourcing and IOS - Internal Operative Services. All of these have the necessary supporting procedures such as quality management, training, technology, human resources, etc.



6. Colombia energy team contacts

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