Tractebel Energia
GDF SUEZ



Quarterly Information
ITR-2Q14

Financial and Investor Relations Department

CNPJ Nº 02.474.103/0001-19 / NIRE Nº 42 3 0002438-4

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IBOVESPA
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Company Information / Capital Composition

Number of shares (Units)	Current quarter 6/30/2014
Paid-in capital	
Common	652,742,192
Preferred	0
Total	652,742,192
Treasury shares	
Common	0
Preferred	0
Total	0

Company Information / Profit Distribution in Cash

Event	Approval	Profit Distribution	Commencement of Payment	Type of Share	Class of Share	Profit Distribution per Share (Reais / Share)
Board of Directors' Meeting	10/25/2013	Interest on equity	2/28/2014	Common shares		0.37503
Annual Shareholders’ Meeting	8/4/2014	Dividends		Common shares		0.70745
Board of Directors' Meeting	7/25/2014	Dividends		Common shares		0.58233

Individual Financial Statements / Balance Sheet - Assets

(In thousands of Reais)

Account Code	Account Description	Current Quarter 6/30/2014	Prior Year 12/31/2013
1	Total Assets	10,025,743	10,175,830
1.01	Current Assets	1,432,414	1,737,799
1.01.01	Cash and Cash Equivalents	567,705	949,470
1.01.03	Accounts Receivable	711,823	653,199
1.01.03.01	Trade Accounts Receivable	398,768	372,256
1.01.03.02	Other Accounts Receivable	313,055	280,943
1.01.03.02.01	Dividends receivable from subsidiaries	81,722	141,342
1.01.03.02.02	Fuel reimbursable	231,333	139,601
1.01.04	Inventories	67,144	60,864
1.01.06	Recoverable Taxes	1,180	722
1.01.06.01	Current Taxes Recoverable	1,180	722
1.01.06.01.02	Other tax credits recoverable	1,180	722
1.01.08	Other Current Assets	84,562	73,544
1.01.08.03	Other	84,562	73,544
1.01.08.03.01	Restricted deposits	1,672	10
1.01.08.03.02	Other current assets	82,890	73,534
1.02	Non-current Assets	8,593,329	8,438,031
1.02.01	Long Term Assets	312,331	296,880
1.02.01.03	Accounts Receivable	33,751	31,398
1.02.01.03.01	Trade Accounts Receivable	33,751	31,398
1.02.01.09	Other Non-current Assets	278,580	265,482
1.02.01.09.04	Other tax credits recoverable	36,247	26,642
1.02.01.09.05	Amounts receivable from sale of asset	86,886	86,886
1.02.01.09.06	Restricted deposits	38,664	37,084
1.02.01.09.07	Judicial deposits	107,757	105,211
1.02.01.09.08	Other non-current assets	9,026	9,659
1.02.02	Investments	2,667,179	2,416,266
1.02.02.01	Equity Interest	2,667,179	2,416,266
1.02.02.01.02	Interest on Subsidiaries	2,363,570	2,093,137
1.02.02.01.03	Interest in Joint Ventures	303,609	323,129
1.02.03	Property, Plant and Equipment	5,603,956	5,713,965
1.02.03.01	Property, Plant and Equipment in Operation	5,355,371	5,527,803
1.02.03.03	Construction in Progress	248,585	186,162
1.02.04	Intangible Assets	9,863	10,920
1.02.04.01	Intangible Assets	9,863	10,920

Individual Financial Statements / Balance Sheet - Liabilities

(In thousands of Reais)

Account Code	Account Description	Current Quarter 6/30/2014	Prior Year 12/31/2013
2	Total Liabilities	10,025,743	10,175,830
2.01	Current Liabilities	1,501,763	1,718,050
2.01.01	Social and Labor Obligations	53,080	63,757
2.01.01.02	Labor Obligations	53,080	63,757
2.01.01.02.01	Provision for remuneration and charges	53,080	63,757
2.01.02	Suppliers	474,076	281,711
2.01.02.01	Domestic Suppliers	474,076	281,711
2.01.03	Tax Liabilities	84,121	431,587
2.01.03.01	Federal Tax Liabilities	84,121	431,587
2.01.03.01.01	Income and Social Contribution Taxes Payable	105,543	437,854
2.01.03.01.02	(-) Federal taxes to offset	-21,422	-6,267
2.01.04	Loans and Financing	200,128	517,411
2.01.04.01	Loans and Financing	200,128	343,339
2.01.04.01.01	In Local Currency	197,320	342,622
2.01.04.01.02	In Foreign Currency	2,808	717
2.01.04.02	Debentures	0	174,072
2.01.05	Other Liabilities	645,536	380,428
2.01.05.02	Other	645,536	380,428
2.01.05.02.01	Dividends and Interest on Equity Payable	474,537	220,917
2.01.05.02.04	Concessions payable	49,467	47,397
2.01.05.02.05	Other tax and regulatory liabilities	47,268	43,799
2.01.05.02.06	Research and development obligations	56,640	48,529
2.01.05.02.07	Other current liabilities	17,624	19,786
2.01.06	Provisions	44,822	43,156
2.01.06.01	Tax, Social Security, Labor and Civil Provisions	15,971	14,305
2.01.06.01.01	Tax Provisions	96	709
2.01.06.01.02	Social Security and Labor Provisions	3,000	2,500
2.01.06.01.04	Civil Provisions	12,875	11,096
2.01.06.02	Other Provisions	28,851	28,851
2.01.06.02.04	Retirement benefits obligations	28,851	28,851
2.02	Non-current liabilities	3,261,738	3,096,407
2.02.01	Loans and Financing	1,136,460	929,553
2.02.01.01	Loans and Financing	1,136,460	929,553
2.02.01.01.01	In Local Currency	574,269	590,164
2.02.01.01.02	In Foreign Currency	562,191	339,389
2.02.02	Other Liabilities	1,638,923	1,658,490
2.02.02.02	Other	1,638,923	1,658,490
2.02.02.02.03	Concessions payable	1,597,936	1,504,431
2.02.02.02.04	Research and development obligations	26,405	26,416
2.02.02.02.05	Other Liabilities	14,582	127,643
2.02.03	Deferred Taxes	111,784	141,042
2.02.03.01	Deferred Income and Social Contribution Taxes	111,784	141,042
2.02.04	Provisions	374,571	367,322
2.02.04.01	Tax, Social Security, Labor and Civil Provisions	187,949	177,654
2.02.04.01.01	Tax Provisions	19,099	20,096
2.02.04.01.02	Social Security and Labor Provisions	7,758	7,146

Individual Financial Statements / Balance Sheet - Liabilities

(In thousands of Reais)

Account Code	Account Description	Current Quarter 6/30/2014	Prior Year 12/31/2013
2.02.04.01.04	Civil Provisions	161,092	150,412
2.02.04.02	Other Provisions	186,622	189,668
2.02.04.02.04	Retirement benefits obligations	186,622	189,668
2.03	Shareholders' equity	5,262,242	5,361,373
2.03.01	Paid-in Capital Stock	2,445,766	2,445,766
2.03.02	Capital Reserves	91,695	91,695
2.03.02.07	Capital reserves	91,695	91,695
2.03.04	Profit Reserves	1,776,955	2,233,572
2.03.04.01	Legal Reserve	489,153	489,153
2.03.04.05	Retained Earnings Reserve	1,220,337	1,220,337
2.03.04.07	Tax Incentive Reserve	67,465	62,294
2.03.04.08	Additional Dividend Proposed	0	461,788
2.03.05	Retained Earnings/Losses	380,114	0
2.03.06	Assets Valuation Adjustments	504,788	527,416
2.03.08	Other Comprehensive Income	62,924	62,924

Individual Financial Statements / Statement of Income

(In thousands of Reais)

Account Code	Account Description	Current Quarter 4/1/2014 to 6/30/2014	Accumulated in the Current Year 1/1/2014 to 6/30/2014	Same Quarter in the Prior Year 4/1/2013 to 6/30/2013	Accumulated in the Prior Year 1/1/2013 to 6/30/2013
3.01	Revenue from Sales of Goods and/or Services	905,590	2,019,869	797,187	1,740,563
3.02	Cost of Products and/or Services Sold	-788,119	-1,413,503	-282,829	-586,513
3.02.01	Electrical energy purchased for resale	-75,058	-99,363	-23,475	-41,483
3.02.02	Transactions in the short-term energy market	-438,231	-718,065	-4,009	-19,783
3.02.03	Charges for the use of and connection to the power grid	-64,809	-128,054	-58,531	-117,395
3.02.04	Cost of electrical energy production	-203,871	-456,377	-190,170	-394,997
3.02.05	Cost of services rendered	-6,150	-11,644	-6,644	-12,855
3.03	Gross Income	117,471	606,366	514,358	1,154,050
3.04	Operating Expenses/Income	-5,408	3,757	-6,521	6,995
3.04.01	Sales Expenses	-2,764	-5,603	-2,710	-5,478
3.04.02	General and Administrative Expenses	-45,282	-84,128	-43,440	-81,543
3.04.04	Other Operating Income	2,194	2,307	684	840
3.04.05	Other Operating Expenses	-805	97	24	-1,958
3.04.05.01	(Accrual) reversal of operating provisions	-473	462	82	-1,607
3.04.05.02	Other operating expenses	-332	-365	-58	-351
3.04.06	Equity income (loss)	41,249	91,084	38,921	95,134
3.04.06.01	Equity	42,084	92,754	40,072	97,328
3.04.06.02	Goodwill amortization (concession right)	-835	-1,670	-1,151	-2,194
3.05	Income (Loss) Before Financial Result and Taxes	112,063	610,123	507,837	1,161,045
3.06	Financial Result	-2,624	-93,221	-41,224	-87,018
3.06.01	Financial Income	90,490	115,072	42,981	60,809
3.06.02	Financial Expenses	-93,114	-208,293	-84,205	-147,827
3.07	Income (Loss) Before Income Taxes	109,439	516,902	466,613	1,074,027
3.08	Income and Social Contribution Taxes	-35,831	-154,245	-142,748	-325,450
3.08.01	Current	-30,203	-183,502	-146,090	-320,782
3.08.02	Deferred	-5,628	29,257	3,342	-4,668
3.09	Net Income (Loss) from Continuing Operations	73,608	362,657	323,865	748,577
3.11	Net Income (Loss) for the Period	73,608	362,657	323,865	748,577

Individual Financial Statements / Statement of Income

(In thousands of Reais)

Account Code	Account Description	Current Quarter 4/1/2014 to 6/30/2014	Accumulated in the Current Year 1/1/2014 to 6/30/2014	Same Quarter in the Prior Year 4/1/2013 to 6/30/2013	Accumulated in the Prior Year 1/1/2013 to 6/30/2013
3.99	Earnings per Share - (Reais / Share)				
3.99.01	Basic Earnings per Share				
3.99.01.01	ON	0.11277	0.55559	0.49616	1.14682
3.99.02	Diluted Earnings per Share				
3.99.02.01	ON	0.11277	0.55559	0.49616	1.14682

Individual Financial Statements / Statement of Comprehensive Income

(In thousands of Reais)

Account Code	Account Description	Current Quarter 4/1/2014 to 6/30/2014	Accumulated in the Current Year 1/1/2014 to 6/30/2014	Same Quarter in the Prior Year 4/1/2013 to 6/30/2013	Accumulated in the Prior Year 1/1/2013 to 6/30/2013
4.01	Net Income for the Period	73,608	362,657	323,865	748,577
4.03	Comprehensive Income for the Period	73,608	362,657	323,865	748,577

Individual Financial Statements / Statement of Cash Flow - Indirect Method

(In thousands of Reais)

Account Code	Account Description	Accumulated in the Current Year 1/1/2014 to 6/30/2014	Accumulated in the Prior Year 1/1/2013 to 6/30/2013
6.01	Net Cash from Operating Activities	189,196	825,771
6.01.01	Cash Generated from Operations	751,271	1,301,006
6.01.01.01	Income before income taxes	516,902	1,074,027
6.01.01.02	Equity Interest income (loss)	-91,084	-95,134
6.01.01.03	Depreciation and amortization	195,842	181,355
6.01.01.04	Monetary and foreign exchange variance	40,902	45,294
6.01.01.05	Interest	86,549	92,481
6.01.01.06	Accrual of operating provisions, net	1,796	2,632
6.01.01.07	Other	364	351
6.01.02	Changes in Assets and Liabilities	-562,075	-475,235
6.01.02.01	Trade accounts receivable	-25,225	44,829
6.01.02.02	Fuel reimbursable	-91,732	-62,251
6.01.02.03	Other tax credits recoverable	-10,054	-3,454
6.01.02.04	Inventories	-6,279	-15,194
6.01.02.05	Restricted and judicial deposits	1,141	-20,137
6.01.02.06	Other assets	-22,290	27,238
6.01.02.07	Suppliers	203,663	-32,600
6.01.02.08	Payment of income and social contribution taxes	-423,319	-356,008
6.01.02.09	Payment of interest on loans, financing and debentures	-58,742	-41,937
6.01.02.10	Research and development obligations	8,099	8,887
6.01.02.11	Retirement benefits obligations	-14,579	-12,629
6.01.02.12	Income and social contribution taxes payable	-74,395	-5,252
6.01.02.13	Other tax and regulatory liabilities	132	1,777
6.01.02.14	Other liabilities	-48,495	-8,504
6.02	Net Cash from Investment Activities	-196,479	-145,251
6.02.01	Increase in investments	-201,559	-19,918
6.02.02	Acquisition of property, plant and equipment	-95,096	-146,228
6.02.03	Acquisition of intangible assets	-1,174	-1,044
6.02.04	Dividends received from subsidiaries	101,350	21,939
6.03	Net Cash from Financing Activities	-374,482	-870,334
6.03.01	Loans and financing obtained	233,854	153,335
6.03.02	Loans, financing and debentures paid	-340,011	-166,604
6.03.03	Concession installments payable paid	-24,550	-1,435
6.03.04	Dividends and interest on equity paid	-243,737	-855,630
6.03.05	Deposits related to debt service	-38	0
6.05	Increase (Decrease) in Cash and Cash Equivalents	-381,765	-189,814
6.05.01	Opening Balance of Cash and Cash Equivalents	949,470	736,317
6.05.02	Closing Balance of Cash and Cash Equivalents	567,705	546,503

Individual Financial Statements / Statement of Changes in Shareholders' Equity / DMPL - 1/1/2014 to 6/30/2014

(In thousands of Reais)

Account Code	Account Description	Paid-in Capital	Capital Reserves, Options Granted and Treasury Shares	Profit Reserves	Retained Earnings (Loss)	Other Comprehensive Income	Shareholders' Equity
5.01	Opening Balances	2,445,766	91,695	2,233,572	0	590,340	5,361,373
5.03	Adjusted Opening Balances	2,445,766	91,695	2,233,572	0	590,340	5,361,373
5.04	Capital Transactions with Shareholders	0	0	-461,788	0	0	-461,788
5.04.09	Dividends	0	0	-461,788	0	0	-461,788
5.05	Total Comprehensive Income	0	0	0	362,657	0	362,657
5.05.01	Net Income for the Period	0	0	0	362,657	0	362,657
5.06	Internal Changes in Shareholders' Equity	0	0	5,171	17,457	-22,628	0
5.06.04	Tax incentive reserve	0	0	5,171	-5,171	0	0
5.06.05	Property, plant and equipment fair value adjustment realization, net of taxes	0	0	0	22,628	-22,628	0
5.07	Closing Balances	2,445,766	91,695	1,776,955	380,114	567,712	5,262,242

Individual Financial Statements / Statement of Changes in Shareholders' Equity / DMPL - 1/1/2013 to 6/30/2013

(In thousands of Reais)

Account Code	Account Description	Paid-in Capital	Capital Reserves, Options Granted and Treasury Shares	Profit Reserves	Retained Earnings (Loss)	Other Comprehensive Income	Shareholders' Equity
5.01	Opening Balances	2,445,766	91,695	2,331,017	0	631,110	5,499,588
5.03	Adjusted Opening Balances	2,445,766	91,695	2,331,017	0	631,110	5,499,588
5.04	Capital Transactions with Shareholders	0	0	-576,429	0	0	-576,429
5.04.08	Dividends paid	0	0	-576,429	0	0	-576,429
5.05	Total Comprehensive Income	0	0	0	748,577	0	748,577
5.05.01	Net Income for the Period	0	0	0	748,577	0	748,577
5.06	Internal Changes in Shareholders' Equity	0	0	8,464	18,991	-27,455	0
5.06.04	Tax incentive reserve	0	0	8,464	-8,464	0	0
5.06.05	Property, plant and equipment fair value adjustment realization, net of taxes	0	0	0	27,455	-27,455	0
5.07	Closing Balances	2,445,766	91,695	1,763,052	767,568	603,655	5,671,736

Individual Financial Statements / Statement of Added Value

(In thousands of Reais)

Account Code	Account Description	Accumulated in the Current Year 1/1/2014 to 6/30/2014	Accumulated in the Prior Year 1/1/2013 to 6/30/2013
7.01	Revenues	2,239,975	1,927,529
7.01.01	Sale of Products and Services	2,238,033	1,927,040
7.01.02	Other Income	1,942	489
7.01.02.01	Other operating income	2,306	840
7.01.02.02	Other operating (expenses)	-364	-351
7.02	Inputs Acquired from Third Parties	-1,083,994	-306,276
7.02.01	Cost of Products and Services Sold	-914,441	-91,813
7.02.02	Materials, Energy, Third Parties Services and Other	-79,831	-77,652
7.02.04	Other	-89,722	-136,811
7.02.04.01	(Accrual) reversal of operating provisions	462	-1,607
7.02.04.02	Charges for the use of and connection to the power grid	-128,054	-117,395
7.02.04.05	Other	37,870	-17,809
7.03	Gross Added Value	1,155,981	1,621,253
7.04	Retentions	-195,842	-181,355
7.04.01	Depreciation, Amortization and Depletion	-195,842	-181,355
7.05	Net Added Value Generated	960,139	1,439,898
7.06	Added Value Received in Transfer	206,156	155,943
7.06.01	Equity income (loss)	91,084	95,134
7.06.02	Financial Income	115,072	60,809
7.07	Total Added Value to Distribute	1,166,295	1,595,841
7.08	Distribution of Added Value	1,166,295	1,595,841
7.08.01	Labor	126,685	116,541
7.08.01.01	Direct Remuneration	81,475	75,682
7.08.01.02	Benefits	25,592	23,367
7.08.01.03	F.G.T.S.	6,124	5,360
7.08.01.04	Other	13,494	12,132
7.08.01.04.01	Profit sharing	13,494	12,132
7.08.02	Taxes, Duties and Contributions	384,064	515,332
7.08.02.01	Federal	371,876	504,136
7.08.02.02	State	10,967	10,175
7.08.02.03	Municipal	1,221	1,021
7.08.03	Third Parties Capital Remuneration	92,339	92,463
7.08.03.01	Interest	64,584	80,160
7.08.03.02	Rentals	5,144	4,258
7.08.03.03	Other	22,611	8,045
7.08.03.03.01	Capitalized interest	168	0
7.08.03.03.02	Other financial expenses	22,443	0
7.08.04	Remuneration of Own Capital	362,657	748,577
7.08.04.03	Retained Earnings / Loss for the Period	362,657	748,577
7.08.05	Other	200,550	122,928
7.08.05.01	Sectorial charges	80,425	63,672
7.08.05.02	Charges on concessions payable	120,125	59,256

Consolidated Financial Statements / Balance Sheet - Assets

(In thousands of Reais)

Account Code	Account Description	Current Quarter 6/30/2014	Prior Year 12/31/2013
1	Total Assets	12,427,952	12,654,397
1.01	Current Assets	2,000,593	2,338,458
1.01.01	Cash and Cash Equivalents	818,036	1,224,276
1.01.03	Accounts Receivable	887,944	879,927
1.01.03.01	Trade Accounts Receivable	656,611	740,326
1.01.03.02	Other Accounts Receivable	231,333	139,601
1.01.03.02.01	Fuel reimbursable	231,333	139,601
1.01.04	Inventories	73,018	64,785
1.01.06	Recoverable Taxes	80,797	81,582
1.01.06.01	Current Taxes Recoverable	80,797	81,582
1.01.06.01.01	Income and social contribution taxes recoverable	17,474	21,752
1.01.06.01.02	Other tax credits recoverable	63,323	59,830
1.01.08	Other Current Assets	140,798	87,888
1.01.08.03	Other	140,798	87,888
1.01.08.03.01	Restricted deposits	47,842	3,833
1.01.08.03.02	Other current assets	92,956	84,055
1.02	Non-current Assets	10,427,359	10,315,939
1.02.01	Long Term Assets	474,793	481,360
1.02.01.03	Accounts Receivable	3,869	4,432
1.02.01.03.01	Trade Accounts Receivable	3,869	4,432
1.02.01.06	Deferred Taxes	16,368	17,575
1.02.01.06.01	Deferred Income and Social Contribution Taxes	16,368	17,575
1.02.01.09	Other Non-current Assets	454,556	459,353
1.02.01.09.03	Income and social contribution taxes recoverable	8,303	8,125
1.02.01.09.04	Other tax credits recoverable	85,406	100,222
1.02.01.09.05	Amounts receivable from sale of asset	86,886	86,886
1.02.01.09.06	Restricted deposits	139,087	130,857
1.02.01.09.07	Judicial deposits	109,061	106,854
1.02.01.09.08	Other non-current assets	25,813	26,409
1.02.03	Property, Plant and Equipment	9,635,896	9,708,227
1.02.03.01	Property, Plant and Equipment in Operation	9,356,905	9,393,802
1.02.03.03	Construction in Progress	278,991	314,425
1.02.04	Intangible Assets	316,670	126,352
1.02.04.01	Intangible Assets	316,670	126,352

Consolidated Financial Statements / Balance sheet - Liabilities

(In thousands of Reais)

Account Code	Account Description	Current Quarter 6/30/2014	Prior Year 12/31/2013
2	Total Liabilities	12,427,952	12,654,397
2.01	Current Liabilities	1,940,408	2,183,704
2.01.01	Social and Labor Obligations	53,576	64,122
2.01.01.02	Labor Obligations	53,576	64,122
2.01.01.02.01	Provision for remunerations and charges	53,576	64,122
2.01.02	Suppliers	621,606	510,346
2.01.02.01	Domestic Suppliers	621,606	510,346
2.01.03	Tax Liabilities	89,123	434,166
2.01.03.01	Federal Tax Liabilities	89,123	434,166
2.01.03.01.01	Income and Social Contribution Taxes Payable	116,441	441,077
2.01.03.01.02	(-) Federal taxes to offset	-27,318	-6,911
2.01.04	Loans and Financing	355,772	666,915
2.01.04.01	Loans and Financing	355,772	492,843
2.01.04.01.01	In Local Currency	352,964	492,126
2.01.04.01.02	In Foreign Currency	2,808	717
2.01.04.02	Debentures	0	174,072
2.01.05	Other Liabilities	774,678	464,168
2.01.05.02	Other	774,678	464,168
2.01.05.02.01	Dividends and Interest on Equity Payable	474,896	221,276
2.01.05.02.04	Concessions payable	54,079	51,763
2.01.05.02.05	Other tax and regulatory liabilities	68,941	62,927
2.01.05.02.06	Research and development obligations	64,092	55,997
2.01.05.02.07	Obligations from investments acquisition	69,229	3,573
2.01.05.02.08	Other current liabilities	43,441	68,632
2.01.06	Provisions	45,653	43,987
2.01.06.01	Tax, Social Security, Labor and Civil Provisions	16,802	15,136
2.01.06.01.01	Tax Provisions	96	709
2.01.06.01.02	Social Security and Labor Provisions	3,000	2,500
2.01.06.01.04	Civil Provisions	13,706	11,927
2.01.06.02	Other Provisions	28,851	28,851
2.01.06.02.04	Retirement benefits obligations	28,851	28,851
2.02	Non-current liabilities	5,221,745	5,106,082
2.02.01	Loans and Financing	3,001,285	2,829,645
2.02.01.01	Loans and Financing	3,001,285	2,829,645
2.02.01.01.01	In Local Currency	2,439,094	2,490,256
2.02.01.01.02	In Foreign Currency	562,191	339,389
2.02.02	Other Liabilities	1,722,492	1,743,270
2.02.02.02	Other	1,722,492	1,743,270
2.02.02.02.03	Concessions payable	1,638,154	1,543,406
2.02.02.02.04	Research and development obligations	27,759	27,416
2.02.02.02.05	Obligations from investments acquisition	784	12,846
2.02.02.02.06	Other liabilities	55,795	159,602
2.02.03	Deferred Taxes	120,644	163,663
2.02.03.01	Deferred Income and Social Contribution Taxes	120,644	163,663
2.02.04	Provisions	377,324	369,504
2.02.04.01	Tax, Social Security, Labor and Civil Provisions	190,702	179,836

Consolidated Financial Statements / Balance Sheet - Liabilities

(In thousands of Reais)

Account Code	Account Description	Current Quarter 6/30/2014	Prior Year 12/31/2013
2.02.04.01.01	Tax Provisions	19,734	20,686
2.02.04.01.02	Social Security and Labor Provisions	8,200	7,414
2.02.04.01.04	Civil Provisions	162,768	151,736
2.02.04.02	Other Provisions	186,622	189,668
2.02.04.02.04	Retirement benefits obligations	186,622	189,668
2.03	Consolidated Shareholders' Equity	5,265,799	5,364,611
2.03.01	Paid-in Capital Stock	2,445,766	2,445,766
2.03.02	Capital Reserves	91,695	91,695
2.03.02.07	Capital reserves	91,695	91,695
2.03.04	Profit Reserves	1,776,955	2,233,572
2.03.04.01	Legal Reserve	489,153	489,153
2.03.04.05	Retained Earnings Reserve	1,220,337	1,220,337
2.03.04.07	Tax Incentive Reserve	67,465	62,294
2.03.04.08	Additional Dividend Proposed	0	461,788
2.03.05	Retained Earnings/Losses	380,114	0
2.03.06	Assets Valuation Adjustments	504,788	527,416
2.03.08	Other Comprehensive Income	62,924	62,924
2.03.09	Non-controlling Shareholders Interests	3,557	3,238

Consolidated Financial Statements / Statement of Income

(In thousands of Reais)

Account Code	Account Description	Current Quarter 4/1/2014 to 6/30/2014	Accumulated in the Current Year 1/1/2014 to 6/30/2014	Same Quarter in the Prior Year 4/1/2013 to 6/30/2013	Accumulated in the Prior Year 1/1/2013 to 6/30/2013
3.01	Revenue from Sales of Goods and/or Services	1,364,803	3,007,845	1,273,365	2,664,246
3.02	Cost of Products and/or Services Sold	-1,161,192	-2,213,180	-648,627	-1,263,108
3.02.01	Electrical energy purchased for resale	-319,392	-584,599	-191,352	-407,852
3.02.02	Transactions in the short-term energy market	-473,742	-854,014	-107,682	-148,276
3.02.03	Charges for the use of and connection to the power grid	-79,375	-156,808	-74,982	-150,012
3.02.04	Cost of electrical energy production	-282,533	-606,115	-267,967	-544,113
3.02.05	Cost of services rendered	-6,150	-11,644	-6,644	-12,855
3.03	Gross Income	203,611	794,665	624,738	1,401,138
3.04	Operating Expenses/Income	-51,128	-95,756	-49,820	-96,839
3.04.01	Sales Expenses	-4,745	-9,142	-4,868	-8,895
3.04.02	General and Administrative Expenses	-48,258	-88,871	-45,756	-85,043
3.04.04	Other Operating Income	2,254	2,368	701	857
3.04.05	Other Operating Expenses	-379	-111	103	-3,758
3.04.05.01	(Accrual) reversal of operating provisions	33	335	235	-3,331
3.04.05.02	Other operating Expenses	-412	-446	-132	-427
3.05	Income (Loss) Before Financial Result and Taxes	152,483	698,909	574,918	1,304,299
3.06	Financial Result	-33,061	-153,429	-91,826	-190,318
3.06.01	Financial Income	101,087	134,730	50,958	75,473
3.06.02	Financial Expenses	-134,148	-288,159	-142,784	-265,791
3.07	Income (Loss) Before Income Taxes	119,422	545,480	483,092	1,113,981
3.08	Income and Social Contribution Taxes	-45,677	-182,504	-159,078	-365,090
3.08.01	Current	-41,672	-224,316	-157,765	-356,142
3.08.02	Deferred	-4,005	41,812	-1,313	-8,948
3.09	Net Income (Loss) from Continuing Operations	73,745	362,976	324,014	748,891
3.11	Consolidated Income/Loss for the Period	73,745	362,976	324,014	748,891
3.11.01	Attributed to the Parent Company's Shareholders	73,608	362,657	323,865	748,577
3.11.02	Attributed to Non-controlling Shareholders	137	319	149	314
3.99	Earnings per Share - (Reais / Share)				

Consolidated Financial Statements / Statement of Income

(In thousands of Reais)

Account Code	Account Description	Current Quarter 4/1/2014 to 6/30/2014	Accumulated in the Current Year 1/1/2014 to 6/30/2014	Same Quarter in the Prior Year 4/1/2013 to 6/30/2013	Accumulated in the Prior Year 1/1/2013 to 6/30/2013
3.99.01	Basic Earnings per Share				
3.99.01.01	ON	0.11298	0.55608	0.49639	1.14730
3.99.02	Diluted Earnings per Share				
3.99.02.01	ON	0.11298	0.55608	0.49639	1.14730

Consolidated Financial Statements / Statement of Comprehensive Income

(In thousands of Reais)

Account Code	Account Description	Current Quarter 4/1/2014 to 6/30/2014	Accumulated in the Current Year 1/1/2014 to 6/30/2014	Same Quarter in the Prior Year 4/1/2013 to 6/30/2013	Accumulated in the Prior Year 1/1/2013 to 6/30/2013
4.01	Consolidated Net Income for the Period	73,745	362,976	324,014	748,891
4.03	Consolidated Comprehensive Income for the Period	73,745	362,976	324,014	748,891
4.03.01	Attributed to the Parent Company's Shareholders	73,608	362,657	323,865	748,577
4.03.02	Attributed to Non-controlling Shareholders	137	319	149	314

Consolidated Financial Statements / Statement of Cash Flow - Indirect Method

(In thousands of Reais)

Account Code	Account Description	Accumulated in the Current Year 1/1/2014 to 6/30/2014	Accumulated in the Prior Year 1/1/2013 to 6/30/2013
6.01	Net Cash from Operating Activities	424,647	1,043,843
6.01.01	Cash Generated from Operations	1,044,471	1,648,588
6.01.01.01	Income before income taxes	545,480	1,113,981
6.01.01.03	Depreciation and amortization	296,725	286,176
6.01.01.04	Monetary and foreign exchange variance	42,671	59,813
6.01.01.05	Interest	157,073	185,531
6.01.01.06	Accrual of operating provisions, net	2,073	2,661
6.01.01.07	Other	449	426
6.01.02	Changes in Assets and Liabilities	-619,824	-604,745
6.01.02.01	Trade accounts receivable	88,135	16,415
6.01.02.02	Fuel reimbursable	-91,732	-62,251
6.01.02.03	Other tax credits recoverable	11,360	17,242
6.01.02.04	Inventories	-8,233	-16,551
6.01.02.05	Restricted and judicial deposits	5,445	-26,693
6.01.02.06	Other assets	-25,218	23,177
6.01.02.07	Suppliers	123,142	183
6.01.02.08	Payment of income and social contribution taxes	-455,051	-411,239
6.01.02.09	Payment of interest on loans, financing and debentures	-132,209	-126,283
6.01.02.10	Research and development obligations	8,438	10,887
6.01.02.11	Retirement benefits obligations	-14,579	-12,629
6.01.02.12	Income and social contribution taxes payable	-78,438	-5,926
6.01.02.13	Other tax and regulatory liabilities	4,332	318
6.01.02.14	Other liabilities	-55,216	-11,395
6.02	Net Cash from Investment Activities	-378,674	-260,784
6.02.01	Increase in investments	-215,429	-10,238
6.02.02	Acquisition of property, plant and equipment	-162,816	-247,918
6.02.03	Acquisition of intangible assets	-429	-2,628
6.03	Net Cash from Financing Activities	-452,213	-977,706
6.03.01	Loans and financing obtained	234,415	172,700
6.03.02	Loans. financing and debentures paid	-413,822	-270,477
6.03.03	Concession installments payable paid	-26,880	-25,274
6.03.04	Dividends and interest on equity paid	-243,737	-855,630
6.03.05	Deposits related to debt service	-2,189	975
6.05	Increase (Decrease) in Cash and Cash Equivalents	-406,240	-194,647
6.05.01	Opening Balance of Cash and Cash Equivalents	1,224,276	1,179,976
6.05.02	Closing Balance of Cash and Cash Equivalents	818,036	985,329

Consolidated Financial Statements / Statement of Changes in Shareholders' Equity / DMPL - 1/1/2014 to 6/30/2014

(In thousands of Reais)

Account Code	Account Description	Paid-in Capital	Capital Reserves, Options Granted and Treasury Shares	Profit Reserves	Retained Earnings (Loss)	Other Comprehensive Income	Shareholders' Equity	Interest of Non-Controlling Shareholders	Consolidated Shareholders' Equity
5.01	Opening Balances	2,445,766	91,695	2,233,572	0	590,340	5,361,373	3,238	5,364,611
5.03	Adjusted Opening Balances	2,445,766	91,695	2,233,572	0	590,340	5,361,373	3,238	5,364,611
5.04	Capital Transactions with Shareholders	0	0	-461,788	0	0	-461,788	0	-461,788
5.04.09	Dividends	0	0	-461,788	0	0	-461,788	0	-461,788
5.05	Total Comprehensive Income	0	0	0	362,657	0	362,657	319	362,976
5.05.01	Net Income for the Period	0	0	0	362,657	0	362,657	319	362,976
5.06	Internal Changes in Shareholders' Equity	0	0	5,171	17,457	-22,628	0	0	0
5.06.04	Tax incentive reserve	0	0	5,171	-5,171	0	0	0	0
5.06.05	Property, plant and equipment fair value adjustment realization, net of taxes	0	0	0	22,628	-22,628	0	0	0
5.07	Closing Balances	2,445,766	91,695	1,776,955	380,114	567,712	5,262,242	3,557	5,265,799

Consolidated Financial Statements / Statement of Changes in Shareholders' Equity / DMPL - 1/1/2013 to 6/30/2013

(In thousands of Reais)

Account Code	Account Description	Paid-in Capital	Capital Reserves, Options Granted and Treasury Shares	Profit Reserves	Retained Earnings (Loss)	Other Comprehensive Income	Shareholders' Equity	Interest of Non-Controlling Shareholders	Consolidated Shareholders' Equity
5.01	Opening Balances	2,445,766	91,695	2,331,017	0	631,110	5,499,588	2,663	5,502,251
5.03	Adjusted Opening Balances	2,445,766	91,695	2,331,017	0	631,110	5,499,588	2,663	5,502,251
5.04	Capital Transactions with Shareholders	0	0	-576,429	0	0	-576,429	0	-576,429
5.04.08	Dividends paid	0	0	-576,429	0	0	-576,429	0	-576,429
5.05	Total Comprehensive Income	0	0	0	748,577	0	748,577	314	748,891
5.05.01	Net Income for the Period	0	0	0	748,577	0	748,577	314	748,891
5.06	Internal Changes in Shareholders' Equity	0	0	8,464	18,991	-27,455	0	0	0
5.06.04	Tax incentive reserve	0	0	8,464	-8,464	0	0	0	0
5.06.05	Property, plant and equipment fair value adjustment realization, net of taxes	0	0	0	27,455	-27,455	0	0	0
5.07	Closing Balances	2,445,766	91,695	1,763,052	767,568	603,655	5,671,736	2,977	5,674,713

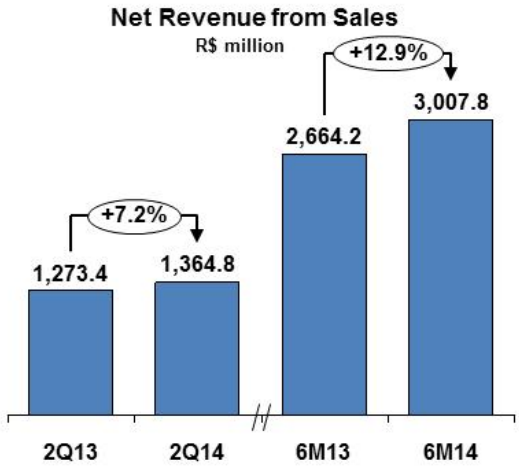
Consolidated Financial Statements / Statement of Added Value

(In thousands of Reais)

Account Code	Account Description	Accumulated in the Current Year 1/1/2014 to 6/30/2014	Accumulated in the Prior Year 1/1/2013 to 6/30/2013
7.01	Revenues	3,351,560	3,158,426
7.01.01	Sale of Products and Services	3,319,602	2,982,631
7.01.02	Other Income	1,922	430
7.01.02.01	Other operating income	2,368	857
7.01.02.02	Other operating (expenses)	-446	-427
7.01.03	Income related to the Construction of Own Assets	30,053	177,213
7.01.04	Allowance for/Reversal of Allowance for Doubtful Accounts	-17	-1,848
7.02	Inputs Acquired from Third Parties	-1,798,830	-1,031,375
7.02.01	Cost of Products and Services Sold	-1,547,148	-597,311
7.02.02	Materials, Energy, Third Parties Services and Other	-101,660	-97,471
7.02.04	Other	-150,022	-336,593
7.02.04.01	(Accrual) reversal of operating provisions	352	-1,483
7.02.04.02	Charges for the use of and connection to the power grid	-156,808	-150,012
7.02.04.03	Expenses with the construction of plants	-28,855	-165,283
7.02.04.05	Other	35,289	-19,815
7.03	Gross Added Value	1,552,730	2,127,051
7.04	Retentions	-296,725	-286,176
7.04.01	Depreciation, Amortization and Depletion	-296,725	-286,176
7.05	Net Added Value Generated	1,256,005	1,840,875
7.06	Added Value Received in Transfer	134,730	75,473
7.06.02	Financial Income	134,730	75,473
7.07	Total Added Value to Distribute	1,390,735	1,916,348
7.08	Distribution of Added Value	1,390,735	1,916,348
7.08.01	Labor	130,016	119,434
7.08.01.01	Direct Remuneration	84,218	78,081
7.08.01.02	Benefits	26,000	23,702
7.08.01.03	F.G.T.S.	6,304	5,519
7.08.01.04	Other	13,494	12,132
7.08.02	Taxes, Duties and Contributions	506,041	684,901
7.08.02.01	Federal	493,750	640,065
7.08.02.02	State	11,035	43,781
7.08.02.03	Municipal	1,256	1,055
7.08.03	Third Parties Capital Remuneration	171,370	186,554
7.08.03.01	Interest	136,995	159,799
7.08.03.02	Rentals	7,222	5,329
7.08.03.03	Other	27,153	21,426
7.08.03.03.01	Capitalized interest	1,198	11,930
7.08.03.03.02	Other financial expenses	25,955	9,496
7.08.04	Remuneration of Own Capital	362,657	748,577
7.08.04.03	Retained Earnings / Loss for the Period	362,657	748,577
7.08.05	Other	220,651	176,882
7.08.05.01	Sectorial charges	96,388	80,564
7.08.05.02	Charges on concessions payable	123,944	96,004
7.08.05.03	Non-controlling shareholder	319	314

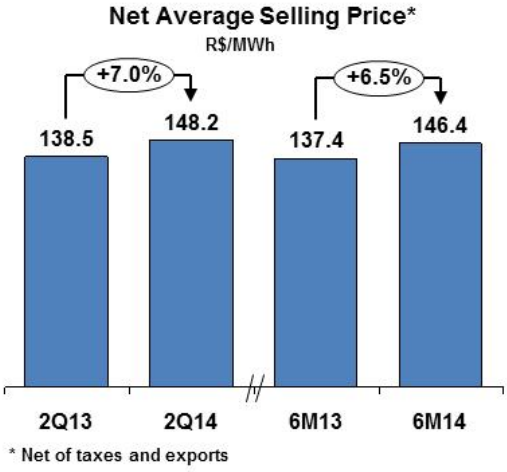
Net Revenue from Sales

In 2Q14, Tractebel Energia posted growth in net revenue from sales of 7.2%, or R$ 91.4 as compared to the same period in 2013, increasing from R$ 1,273.4 million to R$ 1,364.8 million. The principal factors driving this variation were as follows: (i) R$ 93.1 million – an increase in average net selling price; (ii) R$ 35.6 million – an increase in energy sales volume; and (iii) R$ 42.0 million – a reduction of revenue generated from transactions executed in the short term market, including those within the scope of the Electric Power Trade Board (CCEE).



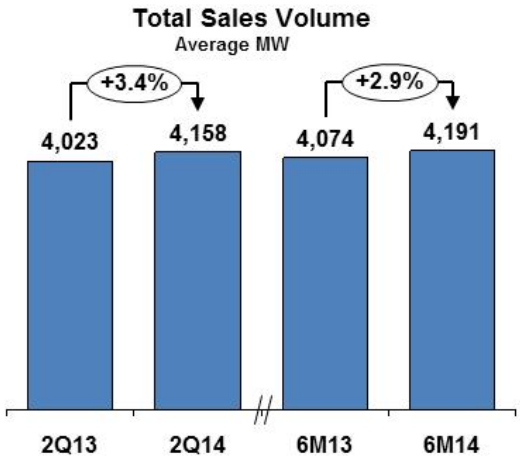
- **Net average selling price**

The average energy selling price, net of taxes on revenue, reached R$ 148.19/MWh in 2Q14, 7.0% higher than reported for the same quarter in 2013, when the same item was R$ 138.52/MWh. The increase in prices is essentially due to monetary restatement of existing contracts.



- **Sales Volume**

Energy sales volume increased from 8,787 GWh (4,023 average MW) in 2Q13 to 9,082 GWh (4,158 average MW) in 2Q14, an increase of 3.4%, or 295 GWh (135 average MW) when comparing the two quarters. The increase is largely a reflection of the startup in operations of the Trairi Wind Farm Complex and the increase in power purchasing volumes for resale.



Comments on Variations in Net Revenue from Sales, by Client Class

a) Distribution Companies

Sales revenue from distribution companies reached R$ 728.4 million in 2Q14, 6.9% higher than R$ 681.7 million registered in 2Q13. A combination of the following variations contributed to this result: (i) R$ 61.2 million – a 9.1% increase in net average selling price; and (ii) R$ 14.5 million – a 94 GWh reduction (43 average MW), or 2.0%, in sales volume.

b) Trading Companies

Sales revenue from trading companies increased from R$ 58.7 million in 2Q13 to R$ 69.1 million in 2Q14, a growth of 17.7% between comparable periods and reflecting growth of 90 GWh (41 average MW), or 17.8% in the amount of energy sold.

c) Free consumers

Sales revenue from free consumers increased by 15.0% between the comparative quarters in question, an improvement from R$ 476.7 million in 2Q13 to R$ 548.3 million in the same period in 2014. The following factors contributed to this variation: (i) R$ 39.7 million – growth of 299 GWh (137 average MW), or 8.1% in energy sales volume; and (ii) R$ 31.9 million – reflecting an increase of 6.4% in net average selling prices.

d) Transactions in the short-term market, including those conducted through the CCEE

In 2Q14, revenue generated from transactions in the short term market, including sales conducted across the CCEE, was R$ 5.8 million as against R$ 47.8 million for the same period in 2013, representing a year-on-year decrease of R$ 42.0 million. A more detailed explanation as to these operations is to be found in the item below "Details of short term operations including transactions conducted through the CCEE".

Costs of Electric Energy and Services

The costs of electric energy sales and services increased year-on-year by R$ 512.6 million, or 79.0% from R$ 648.6 million in 2Q13 to R$ 1,161.2 million in the quarter under analysis. These variations are principally due to the following components:

a) **Electric power purchased for resale:** an increase of R$ 86.5 million in 2Q14 corresponding to 737 GWh (337 average MW) compared with the same quarter in 2013, reflecting new medium and long term power purchasing agreements and coming into effect as from the third quarter of 2013, as well as readjustments to existing agreements.

b) **Transactions in the short-term market, including those conducted through the CCEE:** on a comparative quarterly basis, costs of these transactions increased by R$ 407.6 million. Greater details are described in the specific item below.

c) **Charges for the use of and connection to the electricity grid:** an increase of R$ 4.4 million between the compared quarters reflecting the annual readjustment in transmission tariffs and the startup of commercial operations at the Trairi Wind Farm Complex.

d) **Fuels for production of electric energy:** a year-on-year growth of R$ 44.3 million, principally due to natural gas consumption at the William Arjona Thermoelectric Power Plant (UTWA) in the light of the greater deployment of energy from the plant in the quarter under analysis.

e) **Financial compensation for the use of water resources (royalties):** an increase of R$ 9.4 million as compared with the second quarter 2013, basically due to the greater deployment of energy from certain hydroelectric power plants pertaining to the Company.

f) **Personnel:** an increase of R$ 4.8 million in 2Q14 on the second quarter for 2013, in large part due to the annual readjustment in employee compensation and benefits.

g) **Materials and third party services:** growth of R$ 7.6 million between the quarters under analysis due principally to the greater demand for operating and maintenance services, more especially at the Trairi Wind Farm Complex and at the Jorge Lacerda Thermoelectric Complex. This item was also inflated by payment of services for the supply of natural gas to UTWA.

h) **Depreciation e amortization:** a year-on-year increase of R$ 3.8 million, above all due to the beginning of commercial operations at the Trairi Wind Farm Complex.

i) **Others:** a positive effect of R$ 55.8 million, essentially due to the reversal of time-barred liabilities relating to energy purchases and transmission charges.

Details of Short-Term Operations Including Transactions Conducted through the CCEE

Short-term operations are considered to be energy purchase or sale operation, not exceeding six months and having the optimization of Tractebel's exposure to the CCEE as their prime objective. Consequently, the price of these operations is characterized by the linkage with Price for Settlement of Differences (PLD) or spot price. This item also includes the transactions conducted through the CCEE, given the volatile and seasonal nature - and, therefore, short-term transactions - of the results originated from accounting in CCEE. Additionally, the long and short positions are settled at the spot price, thus, similar to the short-term operations described above.

As to the transactions conducted through the CCEE, the various monthly credit or debit entries to the account of an agent are summarized in a single billing as a receivable or a payable. This therefore requires an entry to either an income or an expenses account. In this context it is worth pointing out that due to adaptations to the Company's portfolio management strategy, changes have been taking place in the billing profile in the past few years. Such fluctuations complicate the direct comparison of the elements comprising each billing in the two years - the reason for including this specific topic, allowing us to analyze the oscillations of the principal elements involved in spite of allocation being either to income or expenses according to the credit or debit nature of the billing to which they relate.

Generically speaking, these elements are income or expense items arising for example from: (i) the application of the Energy Reallocation Mechanism (MRE); (ii) the Assured Energy Adjustment Factor which occurs when the generation from the plants which are part of the MRE, in relation to allocated energy, is greater (Secondary Energy) or less (Generation Scaling Factor -GSF); (iii) the so-called "sub-market risk"; (iv) dispatch triggered by the Risk Aversion Curve (CAR); (v) the application of System Service Charges (ESS), resulting in dispatch which diverges from the thermal plants order of merit; and (vi) naturally, exposure (a short or long position in the monthly accounting) which will be settled at the spot price.

In 2Q14, net results from short term transactions - including those executed across the CCEE - were negative at R$ 468.0 million against a negative result of R$ 18.4 million reported for the same quarter in 2013, a year-on-year R$ 449.6 million differential.

This differential arose principally from a combination of the following factors: (i) change from a long position on the CCEE in 2Q13 to a substantially short position in 2Q14, a reflection of energy allocation strategy; (ii) the negative effect of the Generation Scaling Factor (GSF), this the result of a deficit in hydro generation in relation to energy allocated by players; (iii) the negative impact arising from the difference in PLD between the Southeast/Mid-Western and Southern submarkets. This impact resulted from sales to free consumers in the Southeast/Mid-Western submarket being supported by commercial capacity drawn from the Southern submarket. This translates into a long position in the Southern submarket – the latter reporting lower PLDs in the period – and a short position in the Southeast/Mid-Western submarket, which recorded higher PLDs, triggering a financial loss; (iv) excess of thermoelectric generation relative to energy allocated in 2Q14 due to the increase in energy deployment from these plants by order of merit, while in 2Q13 there was thermoelectric exposure; (v) positive variation in the MRE due to greater hydroelectric generation; (vi) reversal in the provision for costs relative to the participation of the generators in the prorating of System Service Charges (ESS) established under CNPE Resolution 03/2013 - due to the growing possibility of success in the lawsuit contesting the collection of these values; and (vii) on a lesser scale, a reduction in short term energy purchases.

The average PLD in the Southern submarket increased from R$ 248.36/MWh in 2Q13 to R$ 611.97/MWh in 2Q14, an increment of 146.4%. On the other hand, in the Southeast/Mid-Western market, the increase was 173.4% - from R$ 249.53/MWh in 2Q13 to R$ 682.32/MWh in 2Q14.

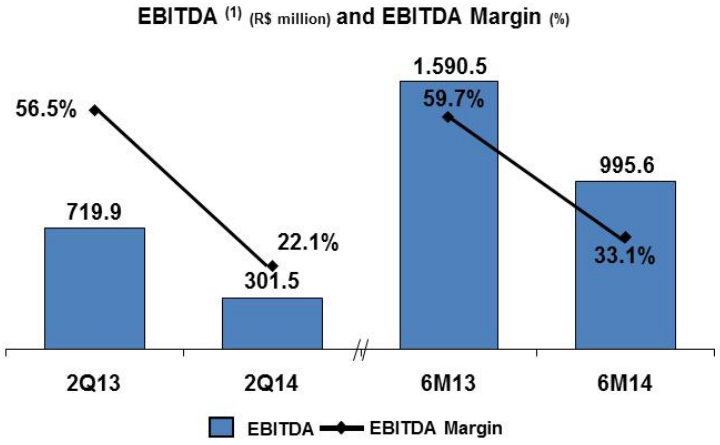
Overall, the major increases in average PLDs for the Southern and Southeast/Mid-Western submarkets contributed considerably to the effects mentioned in items (i) to (iv).

General, Sales and Administrative Expenses

There was a year-on-year increase of R$ 2.4 million or 4.7% in general, sales and administrative expenses from R$ 50.6 million in 2Q13 to R$ 53.0 million in 2Q14. These variations relate largely to adjustments in employee salaries and benefits.

EBITDA and EBITDA Margin

Reflecting the foregoing factors, the Company's EBITDA for 2Q14 was R$ 301.5 million, 58.1%, or R$ 418.4 million, lower than the R$ 719.9 million reported for 2Q13. EBITDA margin was 22.1% in 2Q14, a reduction of 34.4 p.p. in relation to the same period in 2013. These declining figures largely reflect a combination of factors already cited above: (i) an increase of R$ 128.7 million in net selling revenue; (ii) reversal of time-barred liabilities amounting to R$ 54.8 million; (iii) the negative effect of R$ 449.6 million in transactions conducted in the short term market including operations in the CCEE; (iv) an increase of R$ 86.5 million in power purchasing for resale; (v) a growth of R$ 44.3 million in fuel consumption; and (vi) an increase of R$ 9.4 million in the costs of financial compensation for the use of water resources.



(1) EBITDA represents: net income + income tax and social contribution + financial expenses, net + depreciation and amortization.

To allow the reconciliation of the net income with EBITDA, we show the following table:

(in thousand R$)	2Q14	2Q13	Chg. %	6M14	6M13	Chg. %
Net income	73,745	324,014	-77.2	362,976	748,891	-51.5
(+) Income tax and social contribution	45,677	159,078	-71.3	182,504	365,090	-50.0
(+) Financial expenses, net	33,061	91,826	-64.0	153,429	190,318	-19.4
(+) Depreciation and Amortization	149,012	145,015	2.8	296,725	286,176	3.7
EBITDA	**301,495**	**719,933**	**-58.1**	**995,634**	**1,590,475**	**-37.4**

Financial Result

Financial income: In 2Q14, financial income reached R$ 101.1 million, R$ 50.1 million more than the R$ 51.0 million reported for the equivalent quarter in 2013, principally a reflection of the following: (i) an increase of R$ 12.2 million in income from financial investments; (ii) a reversal of R$ 61.4 million in interest and monetary restatement on time-barred liabilities; and (iii) recognition of a non-recurring gain in 2Q13 amounting to R$ 29.2 million, relative to the successful outcome of a law suit questioning the restating amounts relating to energy sales received with a delay.

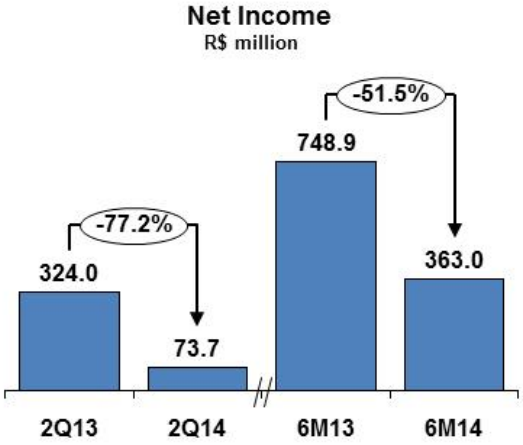
Financial expenses: These expenses posted a year-on-year decline in 2Q14 of R$ 8.7 million to R$ 134.1 million due largely to the following: (i) a positive impact of R$ 26.3 million on the translation effect of currency denominated loans; (ii) an increase of R$ 14.1 million in interest and monetary restatement on debt and concession charges payable; and (iii) an increase of R$ 3.6 million in the monetary restatement of provisions.

Income Tax and Social Contribution on Net Income

Income Tax and Social Contribution overheads in 2Q14 were R$ 45.7 million, R$ 113.4 million less than R$ 159.1 million in the same quarter for 2013, a reflection of the decline in pre-tax profits.

Net Income

Second quarter net income was R$ 73.7 million, a decline of R$ 250.3 million, or 77.2% less than the R$ 324.0 million reported for the same quarter in 2013. This decrease stems largely from the negative variation of R$ 418.4 million in EBITDA, as mentioned above, but partially offset by the reduction in net financial overheads of R$ 58.8 million and in income tax/social contribution of R$ 116.1 million.



TRACTEBEL ENERGIA S.A.

CNPJ Nº 02.474.103/0001-19 | NIRE Nº 42 3 0002438-4

NOTES TO THE QUARTERLY FINANCIAL STATEMENT AS OF 6.30.2014

(In thousands of Reais or other currencies, unless otherwise indicated)

1 – OPERATIONS

Tractebel Energia S.A. ("Company", "Tractebel Energia" or "TBLE") is an independent utility concessionaire and a publicly held corporation with its registered headquarters in the Municipality of Florianópolis, Santa Catarina State, Brazil. The core business and main operating activity of the Company and its subsidiaries is the generation and sale of electrical energy, regulated by the Brazilian Electricity Regulatory Agency (Aneel), which is linked to the Ministry of Mines and Energy (MME).

The shares of the Company are listed in the New Market segment of BM&FBOVESPA under the ticker TBLE3. Tractebel Energia also trades Level 1 American Depositary Receipts (ADR) in the U.S. Over-the-Counter market under the ticker TBLEY, in the proportion of one ADR for each common share.

The Company is controlled by GDF SUEZ Energy Latin America Participações Ltda. (GSELA), a company established in Brazil and controlled by International Power S.A., headquartered in Belgium. International Power S.A. is part of the economic group GDF SUEZ group, headquartered in France.

Tractebel Energia is the largest private company in electrical energy generation in Brazil, responsible for approximately 6.0%[1] of the country's installed capacity. On 6.30.2014, the Company's installed capacity, including its stakes in energy generation consortiums, and after the Feixeiras and Mundaú Wind Farms started their commercial operations and after the acquisition of the Ferrari Thermoelectric Power Plant is 7,024.2[2] MW. Out of this total, 79.2% arises from hydroelectric power plants, 15.9% from thermoelectric power plants and 4.9% from complementary energy: Small Hydroelectric Power Plants – (SHPP), wind farms and biomass power plants. On 6.30.2014, assured energy for sale averaged 3,882.3 MW.

The Company's generation facilities in operation consist of nine hydroelectric power plants, five thermoelectric power plants[3], three Small Hydroelectric Power Plants, six wind farms and three biomass power plants.

[1] Information based on data as of 12.31.2013

[2] The non-financial information in these financial statements such as MW, average MW, installed capacity, among others, is not reviewed by the independent auditors.

[3] The Jorge Lacerda Thermoelectric Complex consists of three plants.

The main event related to the Company's activities in the 2nd quarter of 2014 was the conclusion of the acquisition of CLWP Brasil II Participações Ltda. (CLWP II) and CLWP Brasil III Participações Ltda. (CLWP III) for R$ 22,042 and R$ 34,410, respectively. CLWP II owns 5 special purpose entities (SPE), totaling a development potential of 150 MW. CLWP III owns 10 SPEs, with total development potential of 300 MW. More details are available in Note 10 – Investments.

2 – PRESENTATION OF FINANCIAL STATEMENTS

The consolidated quarterly information, identified as "Consolidated," was prepared in compliance with the International Financial Reporting Standards (IFRS), issued by the International Accounting Standards Board (IASB) and with Brazilian accounting practices (BRGAAP), which are in compliance.

The individual quarterly information of Tractebel Energia, identified as "Parent company", was prepared according to accounting practices adopted in Brazil. Those practices differ from the international accounting standards applicable to Tractebel Energia only regarding the valuation of investments under the equity method, since, under IFRS, the investments must be measured and presented at acquisition cost or fair value.

Said quarterly information was prepared according to the standards of the Brazilian Securities and Exchange Commission (CVM) applicable to the elaboration of the Quarterly Information (ITR), using the historic cost as a base value, except for the fair value evaluation of certain financial instruments, when required by applicable standards.

The elaboration of quarterly information requires that the Management of the Company and its subsidiaries make estimates for the recording of certain transactions affecting their assets and liabilities, income and expenses.

The content and values of certain explanatory notes presented in the financial statements for the year ended on 12.31.2013, which did not require significant updates, have not been repeated in the notes selected for the quarterly information of 6.30.2014. Therefore, these financial statements should be read together.

The accounting practices and calculation methods adopted in the preparation of quarterly information of 6.30.2014, as well as the main judgments and uncertainties in the estimates used in applying accounting practices are the same as those used in the preparation of the financial statements for the year ended on 12.31.2013.

a) New standards, alterations or interpretations of IFRS issued by IASB

Pronouncements applicable to the Company as from 1.1.2014

- Revision of IAS 32 – Financial instruments

This change is part of the project of "asset and liability offsetting" by the IASB, which clarifies that the legal right to offset, in order to be effective, has to be current and applicable to all parties during the regular course of business, and clarifies under which circumstances certain systems of regularization by gross amounts (clearance houses) meet the offsetting requirements under IAS 32. The adoption of said standard by the Company did not cause material impacts on its financial statements.

- Revision of IAS 36 – Recoverable amount disclosures for non-financial assets

The standard alters the disclosure requirements applied to asset impairment measurement, when impairment is determined by the fair value less estimated sales costs. The adoption of said standard by the Company also did not require any change in the Company's previous disclosures.

- Revision of IAS 39 – Novation of derivatives and continuation of hedge accounting

The change allows an exception to the discontinuation of hedge accounting when the novation of a derivative designated as a hedge instrument meets certain criteria. The Company does not maintain operations related to novation of derivatives.

- IFRIC 21 – Government levies

The interpretation aims to determine when to recognize an obligation to pay a tax under the scope of IAS 37 – Provisions, contingent assets and contingent liabilities. The procedure adopted by the Company to recognize said obligations complies with the standard. The Company classifies the obligations dealt with by this standard under the item "Other tax and regulatory liabilities".

Pronouncements applicable to the Company as from 1.1.2016

- Revision of IAS 16 and IAS 41 - Property, Plant and Equipment, Biological Assets and Agriculture

The objective of the revision is to define and include the concept of bearer plants within the scope of IAS 16. The Company does not have operations of this nature.

- Revision of IAS 16 and IAS 38 – Clarifications regarding the accepted methods of depreciation and amortization

The aim of the change is to include information on the concept of expected future reduction in the selling price and provide clarifications on the method of depreciation based on revenues generated by an activity. The Company believes said revision will not impact its financial statements, since it is merely an inclusion of clarifications.

- Revision of IFRS 11 – Accounting for acquisitions of interests in joint operations

The alteration requires the acquirer of an interest in a joint operation that constitutes a business, as defined in IFRS 3, to apply the principles of IFRS 3, and other pronouncements, except those that are in conflict with IFRS 11. The Company will assess the effects of applying said revision in case of any acquisition of joint operations.

Pronouncements applicable to the Company as from 1.1.2017

- IFRS 15 – Revenues from contracts with customers

This pronouncement establishes the principles for an entity to recognize revenue upon transferring a product or service in an amount that reflects the entity's expected consideration to be received for the product delivered or service rendered. The standard also establishes five steps for recognizing revenue. It also provides instructions for disclosing information to users about the nature, amount, timing and uncertainty of revenue and cash flows arising from contracts with customers. The Company is assessing any effects from the application of said pronouncement.

b) EmpresasNet (ENET) System

It is worth noting that the table "Statement of Changes in Shareholders' Equity" of the CVM's "EmpresasNet - ENET" System, the Adjustment to fair value of property, plant and equipment mentioned in "Other Comprehensive Income", is presented in the column as such as there is no more appropriate option in the standard CVM statement for the presentation of said transaction.

c) Approval of quarterly information

The quarterly information previously mentioned was approved by the Board of Directors in a meeting held on 7.25.2014.

3 – CASH AND CASH EQUIVALENTS

	Parent company		Consolidated	
	6.30.2014	12.31.2013	6.30.2014	12.31.2013
Cash and bank deposits	**1,610**	**940**	**11,223**	**7,445**
Marketable securities:				
- Citibank - Exclusive investment fund				
Repurchase transactions with federal public bonds				
National Treasury Notes (NTN-B)	126,589	79,471	177,888	99,978
National Treasury Bill (LTN)	439,506	869,059	617,612	1,093,309
	566,095	**948,530**	**795,500**	**1,193,287**
- Financial Institutions[4]				
Certificates of Bank Deposit (CDB)	-	-	1,231	1,256
Repurchase agreements with debentures	-	-	10,082	22,288
	-	**-**	**11,313**	**23,544**
Total of marketable securities	**566,095**	**948,530**	**806,813**	**1,216,831**
	567,705	**949,470**	**818,036**	**1,224,276**

The Company structured its marketable securities to concentrate funds in an Exclusive Investment Fund in Fixed Income, the units of which can be redeemed at any time without losses.

[4]Banks: Itaú Unibanco, Itaú BBA, and Bradesco.

4 – TRADE ACCOUNTS RECEIVABLE

a) Breakdown

	Parent Company		Consolidated	
	6.30.2014	12.31.2013	6.30.2014	12.31.2013
Current				
Electrical energy distributors	240,928	245,616	367,593	372,589
Electrical energy traders	134,247	84,824	26,974	24,953
Free consumers	23,192	20,957	260,600	248,655
Transactions in the short-term energy market				
Current	6,582	27,039	7,914	100,581
Extraordinary Tariff Recovery (RTE)	2,665	2,665	2,665	2,665
Agents with lawsuits or in default	122,960	122,961	122,960	122,961
	530,574	**504,062**	**788,706**	**872,404**
Allowance for doubtful accounts	(131,806)	(131,806)	(132,095)	(132,078)
	398,768	**372,256**	**656,611**	**740,326**
Non-current				
Electrical energy traders	33,751	31,398	5,717	6,280
Allowance for doubtful accounts	-	-	(1,848)	(1,848)
	33,751	**31,398**	**3,869**	**4,432**
	432,519	**403,654**	**660,480**	**744,758**

The average term for receiving amounts relative to electrical energy sale invoices is 25 days, as from the first day of month subsequent to the sale.

b) Breakdown of accounts receivable by maturity

	Parent company		Consolidated	
	6.30.2014	12.31.2013	6.30.2014	12.31.2013
Overdue up to 30 days	1,306	9,913	20,634	23,337
Overdue from 31 to 60 days	213	-	303	-
Overdue from 61 to 90 days	-	-	256	15
Overdue more than 91 days				
- With provision accrued	131,806	131,806	133,943	133,926
- Without provision accrued	1,175	1,038	1,670	1,179
	132,981	**132,844**	**135,613**	**135,105**
	134,500	**142,757**	**156,806**	**158,457**

The Company accrued an allowance for doubtful accounts for amounts overdue more than 90 days, since the expectation of receiving these amounts is doubtful.

c) Allowance for doubtful accounts
Breakdown

	Parent company		Consolidated	
	6.30.2014	12.31.2013	6.30.2014	12.31.2013
Agents with lawsuits or in default	122,961	122,961	122,961	122,961
Trading companies	6,180	6,180	6,452	6,452
RTE	2,665	2,665	2,665	2,665
Distributor	-	-	1,865	1,848
	131,806	**131,806**	**133,943**	**133,926**

5 – FUEL REIMBURSABLE

	Parent company and Consolidated	
	6.30.2014	12.31.2013
Eletrobras	**231,333**	**139,601**

This item includes amounts receivable from Eletrobras, related to the reimbursement of fuel purchased for consumption by the Company's thermal power plants, using funds from the Energy Development Account (CDE), whose aim, among other things, is to ensure competitiveness of the energy produced from domestic charcoal.

Reimbursement usually takes place after the presentation of the proof of payments to fuel suppliers. On 6.30.2014, were pending amounts receivable related to April, May and June 2014. The Company has been discussing with Eletrobras and believes that the amounts will be duly received.

6 – OTHER TAX CREDITS RECOVERABLE

	Parent company		Consolidated	
	6.30.2014	12.31.2013	6.30.2014	12.31.2013
Current				
Pis[5] and Cofins[6]	-	-	62,124	59,086
INSS[7]	1,180	722	1,180	722
Other	-	-	19	22
	1,180	**722**	**63,323**	**59,830**
Non-current				
Pis and Cofins	20,145	8,832	69,059	81,972
ICMS[8]	16,102	17,810	16,341	18,244
INSS	-	-	6	6
	36,247	**26,642**	**85,406**	**100,222**

[5]Social Integration Program
[6]Contribution for Social Security Funding
[7]National Social Security Institute
[8]Value-Added Tax on Sales and Communication and Transport Services

Pis and Cofins tax credits to offset arise from the acquisition of machinery and equipment, and expenses with the construction of facilities for the installation of power generation projects.

7 - RESTRICTED DEPOSITS

	Parent Company		Consolidated	
	6.30.2014	12.31.2013	6.30.2014	12.31.2013
Current				
Investment funds	11	10	46,181	10
Deposits for reinvestment	1,661	-	1,661	3,823
	1,672	**10**	**47,842**	**3,833**
Non-current				
Investment funds	32,931	31,617	131,646	120,065
CDB	5,733	5,467	7,441	10,792
	38,664	**37,084**	**139,087**	**130,857**

Restricted deposits invested in investment funds are mostly intended to guarantee debt service payments. In addition, in the quarter ended 6.30.2014, the amount of R$ 46,170 was recognized in the consolidated current assets, relating to deposits used as collateral to cover certain contractual commitments undertaken by the sellers of the Ferrari Termoelétrica. These deposits will be cleared once such commitments are fulfilled.

8 - AMOUNTS RECEIVABLE FROM SALE OF ASSET

In this caption are recorded the receivables of Jacuí Elétrica S.A. (Eleja) relating to the sale of the Jacuí thermoelectric arrangement. The balance of R$ 86,886, recorded in the Parent Company and Consolidated balance sheets, corresponds to the present value of the installments receivable in July 2009, the month in which the Company started a process of foreclosure of the contract, due to the fact that Eleja had suspended payments of installments due. As of such date, the Company prudently decided to no longer recognize interests and monetary variation on the receivables.

The execution lawsuit filed against Eleja allowed the Company to seize assets of the Jacuí project, which had been provided as guarantee. The seizure has been converted into a pledge and the assets in guarantee were appraised by a court expert for a future transfer.

In July 2012, Eleja filed a request to annul the actions executed until that moment. As soon as the Company became aware of such request, it asked for its refutation, being the request dismissed on trial. Eleja appealed against this decision through an Interlocutory Appeal filed with the Court of Appeals of Santa Catarina, which rejected the same in February 2014. As a result, a petition has been submitted to the Court to request the compulsory award of the pledged assets.

On 5.20.2014, the pledged assets were awarded to the Company at the appraisal amount of R$ 134,981, as calculated by the court's accountants and restated on 5.9.2014.

As of 6.30.2014, the nominal value of the unsettled contractual installments, restated by the contractual index, the General Price Index for Domestic Availability (IGP-DI) amounts to R$ 136,373 (R$ 133,565 as of 12.31.2013). Total debt amount, including fines and contract charges, exceeds experts' appraisal amount, causing the Company to request a boost to the attachment in March 2012.

The Company is currently assessing which of the assets awarded it intends to use in its plants and which will be disposed of. After this analysis is concluded, the Company will define the accounting procedures to be adopted and make any adjustments deemed necessary to its financial statements.

9 - JUDICIAL DEPOSITS

a) Breakdown

	Parent company		Consolidated	
	6.30.2014	**12.31.2013**	**6.30.2014**	**12.31.2013**
Tax	93,170	92,724	93,718	93,485
Civil	10,454	8,259	11,086	8,817
Labor	4,133	4,228	4,257	4,552
	107,757	**105,211**	**109,061**	**106,854**

The amounts deposited are linked to lawsuits being conducted in administrative and in court levels. From the amount deposited on 6.30.2014, R$ 42,567 (R$ 38,703 at 12.31.2013) are directly related to probable risk provisions.

In July 2012, the Company obtained the approval on the request for the judicial deposits release related to the proceeding of Pis and Cofins on energy sales contracts at predetermined price within the scope of Normative Instruction 658/06 of the Internal Revenue Service of Brazil. However, in August 2012, the Federal Government claimed the suspension of the license issuance order to review contracts linked to court decision. The amount of such deposits at 6.30.2014 is R$ 47,619 in the parent company and consolidated (R$ 49,192 at 12.31.2013).

10 - INVESTMENTS

a) Breakdown

	Parent company	
	6.30.2014	12.31.2013
Interest on subsidiaries:		
Measured at the equity method		
Equity in earnings of subsidiaries	2,588,656	2,336,073
"Goodwill" (Concession right)	78,523	80,193
	2,667,179	**2,416,266**

b) Measured at the equity method

b.1) Changes in investments

	Balance at 12.31.2013	Capital increase	Equity in net income of subsidiaries	Dividends	Balance at 6.30.2014
Itasa[9]	**323,129**	-	3,490	(23,010)	**303,609**
CEE[10]	**1,002,589**	-	(26,896)	-	**975,693**
Lages[11]	**59,198**	-	3,908	(18,720)	**44,386**
TBLC[12]	**130,662**	-	69,582	-	**200,244**
TBLP[13]	**819,344**	201,559	42,676	-	**1,063,579**
Other	**1,151**	-	(6)	-	**1,145**
Total	**2,336,073**	**201,559**	**92,754**	**(41,730)**	**2,588,656**

b.2) Additional information

	Itasa	CEE	Lages	TBLC	TBLP
Interest (%)	**48.75%**	**99.99%**	**99.99%**	**99.99%**	**99.99%**
12.31.2013					
Total assets	703,192	2,656,884	77,553	492,426	1,501,358
Shareholders' equity	662,829	1,002,589	59,198	130,662	822,582
6.30.2014					
Total assets	658,242	2,579,723	54,298	487,350	1,818,080
Shareholders' equity	622,788	975,693	44,386	200,244	1,067,136
2nd quarter of 2014					
Net revenue	31,754	86,157	11,074	657,451	63,877
Net income (loss)	(525)	(5,226)	1,316	21,773	24,620
6 months 2014					
Net revenue	72,745	181,077	22,474	1,400,159	115,966
Net income (loss)	7,159	(26,896)	3,908	69,582	42,995

[9] Itá Energética S.A., joint operation
[10] Companhia Energética Estreito
[11] Lages Bioenergética Ltda.
[12] Tractebel Energia Comercializadora Ltda.
[13] Tractebel Energias Complementares Participações Ltda.

c) Acquisition of new projects

- Ferrari Termoelétrica S.A.

In February 2014, the subsidiary TBLP concluded the acquisition of the entire capital of Ferrari Termoelétrica S.A., for R$ 176,139, composed as follows:

(i) R$ 160,930 – amount paid on the closing date, of which R$ 46,073 was deposited into an escrow account, as mentioned in Note 7 – Restricted Deposits. The release of R$ 34,000 from this amount depends on the implementation of improvements in the efficiency of the co-generation process, obtainment of environmental licenses, and revision of the plant's physical guarantee to 35.6 MW average. The balance is mainly linked to the technical revision of the turbo generator and conclusion of the adaptation work at the sub-stations.

(ii) R$ 4,209 – paid in April 2014 relating to the price adjustment resulting from the variation in the working capital and net debt between the date of signing the agreement and the date of closing of the deal.

(iii) R$ 11,000 – amount that will be paid upon the seller's commitment to supply additional fuel in sufficient quantity and quality for UTE Ferrari to generate 35.6 MW average of electricity.

The deposit mentioned in item (i), as well as the commitment mentioned in item (iii), totaling R$56,826, are recorded as liabilities under "Obligations from investments acquisition."

Ferrari Termoelétrica S.A. is a specific purpose entity that holds all the assets of Central Geradora Termelétrica UTE Ferrari (UTE Ferrari), a sugarcane biomass-based power cogeneration plant in the city of Pirassununga, state of São Paulo, operating commercially since June 2009. UTE Ferrari has installed capacity of 65.5 average MW and commercial capacity of 23.2 average MW, of which 18.0 average MW were contracted in Electricity Auctions allocated to the Regulated Contracting Environment.

The Company is currently assessing the fair value of assets and liabilities acquired to make all the due allocations in the acquisition balance sheet in accordance with business combination rules.

In April 2014, the Company launched initiatives focused on the modernization and expansion of the UTE. With this, it expects to increase its commercial capacity to 35.6 MW average and installed capacity to 80.5 MW.

- Campo Largo Project

In June 2014, TBLP, a wholly-owned subsidiary of the Company, concluded the acquisition of CLWP Brasil II Participações Ltda. and CLWP Brasil III Participações Ltda. for R$ 22,042 and R$ 34,410, respectively, of which R$ 8,652 refers to installments conditioned on the expansion of installed capacity, restated by the variation in the IPCA inflation index and interest of 1.5% p.a.

The total acquisition amount substantially corresponds to the fair value of the basic environmental projects, the certification of power generation, wind measurements, environmental licenses and leasing agreements.

CLWP II owns five special purpose entities (SPE), totaling a development potential of 150 MW, whereas CLWP III owns 10 SPEs, totaling a development potential of 300 MW.

The projects are currently undergoing internal evaluation and studies regarding their implementation.

d) "Goodwill" (Concession right) – Parent company

Changes

	CEE
Balance as at 12.31.2013	**80,193**
Amortization	(1,670)
Balance as at 6.30.2014	**78,523**

Amounts related to "Goodwill" (Concession right) paid in the acquisitions of the subsidiaries was defined with a basis on the present value of the cash flow projections obtained through economic and financial evaluations and resulted from the acquisition of the concession granted by Aneel for the use of public assets in the generation of electrical energy.

The asset is being amortized over the period of the concession contract, according to its defined useful life, since the economic benefits arising from the acquisitions of these investments will occur over the course of the concession period.

11 - PROPERTY, PLANT AND EQUIPMENT

a) Breakdown

		Parent company			
		6.30.2014			12.31.2013
	Average rate of depreciation %	Adjusted cost	Accumulated depreciation	Net amount	Net amount
In service					
Reservoirs, dams and ducts	2.7	5,070,718	(2,532,390)	2,538,328	2,611,608
Buildings and improvements	3.0	1,495,888	(818,704)	677,184	696,891
Machinery and equipment	4.0	6,132,709	(3,917,314)	2,215,395	2,295,728
Furniture and fixtures	6.3	9,391	(4,454)	4,937	4,901
Vehicles	14.3	2,752	(1,534)	1,218	460
(-) Provision for impairment		(68,698)	-	(68,698)	(68,698)
(-) Special obligations		(12,993)	-	(12,993)	(13,087)
		12,629,767	**(7,274,396)**	**5,355,371**	**5,527,803**
In progress					
Reservoirs, dams and ducts		870	-	870	1,005
Buildings and improvements		8,111	-	8,111	6,411
Machinery and equipment		153,739	-	153,739	95,518
Advances to suppliers		76,133	-	76,133	77,452
Acquisitions to be apportioned		9,732	-	9,732	5,776
		248,585	**-**	**248,585**	**186,162**
		12,878,352	**(7,274,396)**	**5,603,956**	**5,713,965**

		Consolidated			
		6.30.2014			12.31.2013
	Average rate of depreciation %	Adjusted cost	Accumulated depreciation	Net amount	Net amount
In service					
Reservoirs, dams and ducts	3.0	7,109,254	(2,801,142)	4,308,112	4,413,281
Buildings and improvements	3.2	1,787,236	(889,054)	898,182	908,946
Machinery and equipment	4.0	8,539,913	(4,310,640)	4,229,273	4,151,181
Furniture and fixtures	6.3	10,197	(4,861)	5,336	5,324
Vehicles	14.3	3,971	(2,014)	1,957	1,119
(-) Provision for impairment		(72,837)	-	(72,837)	(72,837)
(-) Special obligations		(13,118)	-	(13,118)	(13,212)
		17,364,616	**(8,007,711)**	**9,356,905**	**9,393,802**
In progress					
Reservoirs, dams and ducts		870	-	870	7,935
Buildings and improvements		8,264	-	8,264	12,095
Machinery and equipment		158,842	-	158,842	131,781
Advances to suppliers		100,602	-	100,602	148,140
Acquisitions to be apportioned		10,413	-	10,413	14,474
		278,991	**-**	**278,991**	**314,425**
		17,643,607	**(8,007,711)**	**9,635,896**	**9,708,227**

b) Changes in property, plant and equipment

	Parent Company							
	Reservoirs, dams and ducts	Buildings and improvements	Machinery and equipment	Other	Construction in progress	Impairment	Special obligations	Total
Balance at 12.31.2013	**2,611,608**	**696,891**	**2,295,728**	**5,361**	**186,162**	**(68,698)**	**(13,087)**	**5,713,965**
Additions	-	-	-	-	83,704	-	94	83,798
Capitalized interest	-	-	-	-	168	-	-	168
Transfers	(4,540)	784	24,084	1,121	(21,449)	-	-	-
Write-offs	-	(78)	(285)	(3)	-	-	-	(366)
Depreciation	(68,740)	(20,413)	(104,132)	(324)	-	-	-	(193,609)
Balance at 6.30.2014	**2,538,328**	**677,184**	**2,215,395**	**6,155**	**248,585**	**(68,698)**	**(12,993)**	**5,603,956**

	Consolidated							
	Reservoirs, dams and ducts	Buildings and improvements	Machinery and equipment	Other	Construction in progress	Impairment	Special obligations	Total
Balance at 12.31.2013	**4,413,281**	**908,946**	**4,151,181**	**6,443**	**314,425**	**(72,837)**	**(13,212)**	**9,708,227**
Additions	-	-	-	-	131,271	-	94	131,365
Ferrari Acquisition	-	7,463	60,422	137	13,251	-	-	81,273
Capitalized Interest	-	-	-	-	1,198	-	-	1,198
Transfers	2,286	8,236	168,772	1,860	(181,154)	-	-	-
Write-offs	-	(78)	(367)	(4)	-	-	-	(449)
Depreciation	(107,455)	(26,385)	(150,735)	(1,143)	-	-	-	(285,718)
Balance at 6.30.2014	**4,308,112**	**898,182**	**4,229,273**	**7,293**	**278,991**	**(72,837)**	**(13,118)**	**9,635,896**

c) Depreciation of assets comprising the Power Plants' Original Project

The Company, solely based on Law 8,987/95 and Decree 2,003/96, considers that at the end of the concession and authorization terms of the hydroelectric arrangements, there is not a guarantee of restitution of the residual value of the Original Project by the Granting Power.

Therefore, the Company has been depreciating said assets at the rates determined by Aneel, limited to the concession term, even though the agreements and the law provide the possibility of renewing the concessions and authorizations granted.

Also, according to said law, additional investments made to ensure the continuity of the service provided and that they remain up-to-date, will be indemnified by the government at the end of the period of concessions and authorizations. Thus, these assets are being depreciated according to the depreciations rates established by Aneel.

d) Fair value adjustment of property, plant and equipment

In attendance of CPC 27 - Property, Plant and Equipment and ICPC 10 - Clarifications on CPC 27 and CPC 28 - Investment properties, on 1.1.2009, date of the initial adoption of the international standards and CPC, the Company adopted the fair value as the deemed cost of property, plant and equipment of the Company's plants whose book values differed substantially from their fair value.

The adjustment to the fair value of property, plant and equipment, net of deferred income tax and social contribution was offset by the 'Asset Valuation Adjustments' account under Shareholders' Equity. Depreciation on said adjustment will not produce any effects on the income tax and social contribution calculation base or on the dividend distribution base.

Balances of property, plant and equipment on 6.30.2014 and 12.31.2013 include the fair value adjustment, net of depreciation, in the amounts of R$ 764,830 and R$ 799,114, respectively. The depreciation on fair value adjustment in the quarter and six-month period ended on 6.30.2014 was R$ 17,140 and R$ 34,284, respectively.

e) Record of the onerous concession contracted or acquired in a business combination

The Company, for the purpose of preparing the consolidated information, considered as reference to record the onerous concessions and authorizations granted by the Federal Government for the use of public assets to generate electrical energy, contracted or acquired in a business combination, the IFRS 3 - Business Combination Application Guide, which enables the recognition of the fair value for the concession and the property, plant and equipment as the single asset in the financial statements, when these assets can no longer be sold or transferred separately.

In accordance with this pronouncement, the Company recognized the onerous concession and the authorizations contracted or acquired in a business combination as a single asset in the property, plant and equipment group, broken-down by the nature of the assets proportionally to their cost of acquisition. This procedure has already been adopted by the Company before the adoption of IFRS and CPC became compulsory, in 1.1.2009, and was maintained for transactions after that date in order to maintain the consistency of procedures.

The balance of these concessions and authorizations to use public assets for power generation, in Property, Plant and Equipment, on 6.30.2014 and 12.31.2013 was R$ 745,465 and R$ 762,724, respectively in the parent company, and R$ 1,060,782 and R$ 1,085,984, respectively, in the consolidated statement.

f) Impairment of assets

The Company periodically evaluates the property, plant and equipment aiming to identify evidence of impairment, or when events or significant changes can indicate eventual impairment of their book value. If the book value exceeds the recoverable value, this loss is recognized in the income statement. Other than the amounts recognized in 2013, there is no evidence identified that indicate impairment in the other assets of the Company.

12 – INTANGIBLE ASSETS

a) Breakdown

		Parent company			
		6.30.2014			12.31.2013
	Amortization period	Adjusted cost	Accumulated amortization	Total	Total
Right to use	Until 2034	34,940	(25,077)	**9,863**	**10,920**
		34,940	**(25,077)**	**9,863**	**10,920**

		Consolidated			
		6.30.2014			12.31.2013
	Amortization period	Adjusted cost	Accumulated amortization	Total	Total
Surplus in the Ferrari acquisition	-	135,524	-	135,524	-
Right to use	Until 2037	43,326	(26,700)	16,626	16,907
Electrical energy purchase right	Until 2023	64,561	(9,023)	55,538	58,546
Operation license conditions	Until 2014	22,244	(19,156)	3,088	6,889
Rights of Trairi Project	Until 2041	12,668	(267)	12,401	12,668
Rights of Campo Largo Project	-	77,182	-	77,182	21,670
Rights of Santa Mônica Project	-	6,565	-	6,565	6,565
Development expenses	-	9,746	-	9,746	3,107
		371,816	**(55,146)**	**316,670**	**126,352**

- Surplus in the Ferrari acquisition

The Company is currently measuring the fair value of assets acquired and liabilities assumed to proceed the due allocations of the surplus paid upon the acquisition of Ferrari. More details are available in Note 10 – Investments.

- Rights of Campo Largo Project

In June 2014, the Company registered the rights over the Campo Largo wind power generation project, acquired through a business combination. The rights to the project correspond to the fair value of the basic environmental projects, the certification of power generation, wind measurements, environmental licenses and leasing agreements. Amortization of these rights will start as soon as the wind power projects start operating commercially and will be limited to the term of authorization of the respective plants. Further details about the acquisition are available in Note 10 – Investments.

b) Changes

	Parent company	Consolidated
Balance at 12.31.2013	**10,920**	**126,352**
Addition	1,176	3,653
Surplus in the Ferrari acquisition	-	135,524
Acquisition of projects	-	62,148
Amortization	(2,233)	(11,007)
Balance at 6.30.2014	**9,863**	**316,670**

13 - SUPPLIERS

	Parent company		Consolidated	
	6.30.2014	12.31.2013	6.30.2014	12.31.2013
Current				
Electricity purchased for resale	34,622	9,017	122,895	81,425
Transactions in the spot market	240,220	111,097	252,132	216,851
Charges for the use of and connection to the power grid	30,596	29,484	37,325	36,032
Materials and services	43,118	30,827	59,966	43,787
Fossil fuels and biomass	120,162	84,630	121,506	86,366
Suppliers of property, plant and equipment and intangible assets	5,358	16,656	27,782	45,885
	474,076	**281,711**	**621,606**	**510,346**

The Company does not have any overdue amounts with the Suppliers of goods, rights and services related to its operating activities.

The increase in the item "Transactions in the spot market" is related to increased exposure of the Company to CCEE on 6.30.2014 compared to 12.31.2013.

In the second quarter of 2014, the Company recognized a reversal of provision for costs related to the share of generators in the apportionment of System Service Charges (ESS), established by CNPE Resolution 03/2013, in the amounts of R$ 43,285 in the parent company and R$ 54,485 in the consolidated, due to the increased possibility of reaching a favorable outcome from the lawsuit disputing these amounts.

14 – LOANS AND FINANCING

a) Breakdown

	Parent Company					
	6.30.2014			12.31.2013		
	Current	Non-current	Total	Current	Non-current	Total
Liabilities:						
Measured at the amortized cost						
Local currency						
Bank of America Merrill Lynch	143,333	-	143,333	286,667	-	286,667
Nordic Investment Bank	-	155,939	155,939	-	149,990	149,990
BNDES	16,003	133,361	149,364	16,003	141,363	157,366
Banks (BNDES onlending)	32,916	284,969	317,885	32,317	298,811	331,128
Financial charges	5,068	-	5,068	7,635	-	7,635
	197,320	**574,269**	**771,589**	**342,622**	**590,164**	**932,786**
Foreign currency without hedge						
BNP Paribas (Floating Rate Note)	-	120,600	120,600	-	129,060	129,060
Financial charges	2,282	-	2,282	367	-	367
	2,282	**120,600**	**122,882**	**367**	**129,060**	**129,427**
Measured at fair value						
Foreign currency with hedge						
HSBC USA	-	422,469	422,469	-	210,329	210,329
Financial charges	526	-	526	350	-	350
	526	**422,469**	**422,995**	**350**	**210,329**	**210,679**
HSBC Brasil – *swap*	-	19,122	19,122	**-**	**-**	**-**
	200,128	**1,136,460**	**1,336,588**	**343,339**	**929,553**	**1,272,892**
Non-current assets:						
Measured at fair value - hedge						
HSBC Brasil – *swap*[14]	-	-	-	-	1,115	1,115
	-	**-**	**-**	**-**	**1,115**	**1,115**
Loans and financing, net of swap	**200,128**	**1,136,460**	**1,336,588**	**343,339**	**928,438**	**1,271,777**

[14] Recorded under "Other non-current assets"

	Consolidated					
	6.30.2014			12.31.2013		
	Current	Non-current	Total	Current	Non-current	Total
Liabilities:						
Measured at the amortized cost						
Local currency						
Bank of America Merrill Lynch	143,333	-	143,333	286,667	-	286,667
Nordic Investment Bank	-	155,939	155,939	-	149,990	149,990
BNDES	124,129	1,464,128	1,588,257	119,369	1,498,097	1,617,466
Banks (BNDES onlending)	70,810	809,773	880,583	68,392	830,932	899,324
Banco do Brasil	3,966	9,254	13,220	3,966	11,237	15,203
Financial charges	10,726	-	10,726	13,732	-	13,732
	352,964	**2,439,094**	**2,792,058**	**492,126**	**2,490,256**	**2,982,382**
Foreign currency without hedge						
BNP Paribas (Floating Rate Note)	-	120,600	120,600	-	129,060	129,060
Financial charges	2,282	-	2,282	367	-	367
	2,282	**120,600**	**122,882**	**367**	**129,060**	**129,427**
Measured at fair value						
Foreign currency with hedge						
HSBC USA	-	422,469	422,469	-	210,329	210,329
Financial charges	526	-	526	350	-	350
	526	**422,469**	**422,995**	**350**	**210,329**	**210,679**
HSBC Brasil – swap	-	19,122	19,122	**-**	**-**	**-**
	355,772	**3,001,285**	**3,357,057**	**492,843**	**2,829,645**	**3,322,488**
Non-current assets:						
Measured at fair value - hedge						
HSBC Brasil – swap	-	-	-	-	1,115	1,115
	-	**-**	**-**	**-**	**1,115**	**1,115**
Loans and financing, net of swap	**355,772**	**3,001,285**	**3,357,057**	**492,843**	**2,828,530**	**3,321,373**

b) Changes in loans and financings

	Parent Company			Consolidated		
	Current	Non-current	Total	Current	Non-current	Total
Balance at 12.31.2013	**343,339**	**928,438**	**1,271,777**	**492,843**	**2,828,530**	**3,321,373**
Additions	-	233,854	233,854	-	234,415	234,415
Ferrari acquisition	-	-	-	6,152	38,354	44,506
Interest expense	44,455	3,125	47,580	117,538	2,095	119,633
Capitalized interest	-	168	168	-	1,198	1,198
Monetary variation	23	5,837	5,860	23	5,837	5,860
Exchange variation	(109)	(8,460)	(8,569)	(109)	(8,460)	(8,569)
Adjustment to fair value of loan and swap	-	77	77	-	77	77
Transfers	26,579	(26,579)	-	100,761	(100,761)	-
Amortization of principal	(167,493)	-	(167,493)	(241,303)	-	(241,303)
Amortization of interest	(46,666)	-	(46,666)	(120,133)	-	(120,133)
Balance at 6.30.2014	**200,128**	**1,136,460**	**1,336,588**	**355,772**	**3,001,285**	**3,357,057**

c) Main transactions in the first semester of 2014

- Contracting of loan from HSBC Bank USA

In March 2014, the Company contracted a loan from HSBC Bank USA in the amount of up to US$ 100,000 (equivalent to R$ 230,940). The main conditions of the loan are the following:

- Interest: 1.429411% p.a., fixed;
- Maturity of principal: Single installment at the end of the agreement on 3.10.2016;
- Amortization of interest: quarterly, starting on 6.10.2014 and ending on 3.10.2016.

The Company contracted a swap operation from the Brazilian subsidiary of the same financial institution that granted the loan, in the amount of R$ 230,940, through which it will keep a long position corresponding to the variation of the U.S. dollar plus interest of 1.429411% p.a. and a short position equivalent to 97% of the Interbank Deposit Certificate Rate (CDI). The maturity of the principal and the interest payments related to the loan and to the swap will occur exactly on the same dates.

- Acquisition of Ferrari Termoelétrica S.A.

As mentioned in Note 10 – Investments, in February 2014 TBLP acquired the entire capital stock of Ferrari Termoelétrica. Ferrari Termoelétrica already had direct financing agreements with BNDES and BNDES onlending through Itaú BBA, which had a balance of R$ 44,506. The main characteristics of these financings are:

- Maturity: June 2021;
- Amortization and payment of interest: monthly;
- Interest: TJLP + 1.91% p.a. for the Direct modality and TJLP + 3.40% p.a. for the Onlending modality.

d) Maturity of loans and financing under non-current liabilities

	Parent Company				Consolidated			
		Foreign currency				Foreign currency		
	Local currency	Without hedge	With hedge	Total	Local currency	Without hedge	With hedge	Total
July to December 2015	30,288	120,600	209,570	360,458	105,587	120,600	209,570	435,757
2016	71,855	-	232,021	303,876	223,106	-	232,021	455,127
2017	71,863	-	-	71,863	223,381	-	-	223,381
2018	71,863	-	-	71,863	218,544	-	-	218,544
2019	71,863	-	-	71,863	217,092	-	-	217,092
2020 to 2024	256,537	-	-	256,537	922,580	-	-	922,580
2025 to 2029	-	-	-	-	528,804	-	-	528,804
Loans and financing, net of swap	**574,269**	**120,600**	**441,591**	**1,136,460**	**2,439,094**	**120,600**	**441,591**	**3,001,285**

e) Contracted conditions

		Payment Conditions		
Company/Bank	**Interest**	**Maturity**	**Principal and interest**	**Balance at 6.30.2014**
Local currency				
Parent company				
Bank of America Merrill Lynch	98% of CDI	7.2014	Principal: 7.2014 Interest – quarterly	146,046
Nordic Investment Bank	IPCA + 3.55% p.a.	10.2022	Principal -quarterly, as from 10.2015 Interest – quarterly	156,859
BNDES	TJLP + 2.7% p.a. [a]	10.2023	Monthly	149,796
Banks (BNDES onlending) [b]	TJLP + 3.25% p.a. [a]	10.2023	Monthly	302,557
Banks (Finame onlending)	2.5% p.a. and 3.5% p.a.	1.2024	Principal – monthly from 2.2015 Interest – monthly and quarterly, depending on the contract	16,331
Subsidiaries				
CEE				
BNDES	TJLP + 1.89% p.a. [a]	9.2029	Monthly	812,228
BNDES – Social Credit [e]	TJLP	6.2018	Monthly	20,313
Banks (BNDES onlending) [b]	TJLP + 2.95% p.a. [a]	9.2029	Monthly	551,465
Hidropower (Banco do Brasil)	8.08% p.a. [c]	10.2017	Monthly	13,319
Beberibe (BNDES)	TJLP + 3.5% p.a. [a]	12.2023	Monthly	82,825
Pedra do Sal (BNDES)	TJLP + 1.92% p.a. [a]	12.2023	Monthly	55,969
Areia Branca (BNDES)	TJLP + 2.5% p.a. [a]	6.2024	Monthly	47,478
Ibitiúva				
BNDES (Subcredit A and C)	TJLP + 2.05% p.a. [a]	1.2021	Monthly	23,549
BNDES (Subcredit B) [d]	4.5% p.a.	1.2020	Monthly	23,594
Trairí Wind Farm (BNDES) [f]	TJLP + 2.51% [a]	7.2029	Monthly	347,220
Ferrari				
BNDES	TJLP + 1.91% p.a.	6.2021	Monthly	29,594
Banks (BNDES onlending)	TJLP + 3.40% p.a.	6.2021	Monthly	12,915
Foreign currency				
BNP Paribas (Floating Rate Note)	*Euribor* + 2.75%p.a.	11.2015	Annual	122,882
HSBC USA [g]	1.3882% p.a.	8.2015	Principal: 08.2015 Interest: quarterly	209,921
HSBC USA [h]	1.429411% p.a.	3.2016	Principal: 03.2016 Interest: quarterly	232,196

[a] The amount corresponding to the TJLP installment that exceeds 6% p.a. is capitalized and merged into the financing's principal.

[b] The Banks are the following: Itaú Unibanco, Itaú BBA, Bradesco, Santander and Votorantim.

[c] Fixed rate includes a bonus of 15% for payments made up to the maturity date.

[d] Loan for financing Ibitiúva power plant machinery and equipment.

[e] Loan for financing social and environmental projects of the Estreito project.

[f] For financing the Trairi Wind Farm includes the following companies: Trairí, Mundaú, Guajiru and Fleixeiras I.

[g] The loan is fully protected from the variation of the U.S. dollar through an exchange rate swap in which the company holds a short position at a rate equivalent to 99.9% of the Interbank Deposit Certificate Rate (CDI).

[h] The loan is fully protected from the variation of the U.S. dollar through an exchange rate swap in which the company holds a short position at a rate equivalent to 97.0% of the Interbank Deposit Certificate Rate (CDI).

f) Contractual financial commitments (covenants)

The financial commitments established in the loan and financing agreements are being fulfilled by the Company.

15 - DEBENTURES

a) Breakdown

	Parent company and Consolidated
	12.31.2013
Current	
2nd Issuance - single series	166,706
Interests	7,366
	174,072

b) Changes in debentures

	Parent Company and Consolidated
Balance at 12.31.2013	**174,072**
Interest expenses	4,421
Monetary variations	6,101
Amortization of principal	(172,518)
Amortization of interest	(12,076)
Balance at 6.30.2014	**-**

The third and final tranche of the debentures was paid in May 2014 in the amount of R$ 184,594, of which R$ 172,518 was related to the amortization of principal and R$ 12,076 related to the payment of interest.

16 - CONCESSIONS PAYABLE

	Parent company		Consolidated	
	6.30.2014	12.31.2013	6.30.2014	12.31.2013
Cana Brava hydroelectric power plant	632,806	587,992	632,806	587,992
Ponte de Pedra hydroelectric power plant	560,666	524,297	560,666	524,297
São Salvador hydroelectric power plant	453,931	439,539	453,931	439,539
Estreito hydroelectric power plant	-	-	44,830	43,341
	1,647,403	**1,551,828**	**1,692,233**	**1,595,169**
Classification in the balance sheet				
Current liabilities	49,467	47,397	54,079	51,763
Non-current liabilities	1,597,936	1,504,431	1,638,154	1,543,406
	1,647,403	**1,551,828**	**1,692,233**	**1,595,169**

The Company has onerous concession agreements with the Federal Government to Use the Public Asset (UBP) to generate electrical energy in the following power plants: Cana Brava, Ponte de Pedra, São Salvador and Estreito. The features of the businesses and the agreements show the condition and the intention of the parties to execute them in full.

Considering that contractual amounts are stated at future prices, the Company adjusted them to present value based on reference discount rates on the date the obligation assumed, namely: Cana Brava plant, São Salvador and Estreito of 10% p.a. and 8.28% p.a. to Ponte de Pedra.

During the construction of the power plants, the adjustment of liabilities based on the discount rate and monetary variation was capitalized in property, plant and equipment and, as of the start-up date, recognized directly in the statement of income.

a) Changes

	Parent company			Consolidated		
	Current	Non-current	Total	Current	Non-current	Total
Balance at 12.31.2013	**47,397**	**1,504,431**	**1,551,828**	**51,763**	**1,543,406**	**1,595,169**
Interest expenses	-	72,007	72,007	-	74,111	74,111
Monetary variations	-	48,118	48,118	-	49,833	49,833
Transfers	26,620	(26,620)	-	29,196	(29,196)	-
Amortizations	(24,550)	-	(24,550)	(26,880)	-	(26,880)
Balance at 6.30.2014	**49,467**	**1,597,936**	**1,647,403**	**54,079**	**1,638,154**	**1,692,233**

b) Maturities of concessions payable disclosed in non-current liabilities

	Parent company	Consolidated
July to December 2015	23,093	25,212
2016	43,010	46,956
2017	39,107	42,694
2018	35,559	38,820
2019	40,895	43,860
2020 to 2024	495,247	506,480
2025 to 2029	586,609	593,583
2030 to 2034	319,499	323,827
2035 to 2038	14,917	16,722
	1,597,936	**1,638,154**

17 – INCOME AND SOCIAL CONTRIBUTION TAXES PAYABLE

	Parent company		Consolidated	
	6.30.2014	**12.31.2013**	**6.30.2014**	**12.31.2013**
Income tax	81,576	334,442	88,987	336,524
Social Contribution	23,967	103,412	27,454	104,553
	105,543	**437,854**	**116,441**	**441,077**
(-) Federal taxes recoverable	(21,422)	(6,267)	(27,318)	(6,911)
	84,121	**431,587**	**89,123**	**434,166**

Current tax obligations are presented net of assets when said taxes correspond to the same tax entities and the Company's management intends to settle them at net value.

18 – OTHER TAX AND REGULATORY OBLIGATIONS

	6.30.2014	12.31.2013	6.30.2014	12.31.2013
Federal				
Pis and Cofins	20,144	11,765	24,152	12,581
INSS	3,173	3,184	3,630	3,955
Other	1,239	1,807	1,286	1,850
	24,556	**16,756**	**29,068**	**18,386**
(-) Federal taxes recoverable	(3,175)	(5,077)	(5,387)	(5,390)
	21,381	**11,679**	**23,681**	**12,996**
State				
ICMS payable	3,136	3,655	17,933	16,256
(-) State taxes recoverable	(1,503)	(1,988)	(1,546)	(1,989)
	1,633	**1,667**	**16,387**	**14,267**
Municipal				
ISSQN[15]	689	654	927	1,701
Regulatory obligations				
Financial compensation for use of water resources	22,699	28,896	26,891	32,894
Inspection fee	866	903	1,055	1,069
	23,565	**29,799**	**27,946**	**33,963**
	47,268	**43,799**	**68,941**	**62,927**

Current tax obligations are presented net of assets when said taxes correspond to the same tax entities and the Company's management intends to settle them at net value.

[15] Service Tax

19 - OBLIGATIONS FROM INVESTMENTS ACQUISITION

	Consolidated	
	6.30.2014	12.31.2013
Ferrari Termoelétrica	56,826	-
Santa Mônica Project	4,045	3,895
Campo Largo Project	9,142	12,524
	70,013	**16,419**
Classification in the balance sheet		
Current liabilities	69,229	3,573
Non-current liabilities	784	12,846
	70,013	**16,419**

Obligations related to the acquisition of investments with settlement depending on compliance with prior conditions are classified under this item. Further details on the acquisition of Ferrari Termoelétrica S.A. are available in Note 10 – Investments.

20 – TAX, CIVIL AND LABOR PROVISIONS

Tax, civil and labor-related suits and claims which, according to the Company's legal counsel and management, that have probable risks of future disbursement, are provisioned in amounts considered sufficient to settle the respective liabilities.

a) Breakdown

	Parent company		Consolidated	
Probable risks:	**6.30.2014**	**12.31.2013**	**6.30.2014**	**12.31.2013**
Tax				
INSS	17,467	16,904	17,467	16,904
Other	1,728	3,901	2,363	4,491
	19,195	**20,805**	**19,830**	**21,395**
Civil				
Charges for the use of the transmission system	87,948	79,745	87,948	79,745
Contracts with suppliers	27,403	26,661	27,403	26,661
Benefits retirement	12,877	12,072	12,877	12,072
Environmental	10,505	9,117	10,505	9,117
Occupational disease and labor accident	2,493	2,352	2,493	2,352
Expropriations	22,593	20,991	22,593	20,991
Sundry lawsuits	10,148	10,570	12,655	12,725
	173,967	**161,508**	**176,474**	**163,663**
Labor	**10,758**	**9,646**	**11,200**	**9,914**
Total	**203,920**	**191,959**	**207,504**	**194,972**
Classification in the balance sheet				
Current liabilities	15,971	14,305	16,802	15,136
Non-current liabilities	187,949	177,654	190,702	179,836
	203,920	**191,959**	**207,504**	**194,972**

More recent information about the provisions assessed as probable:

a.1) Tax risks

- Social Security Charges (INSS)

It largely refers to a Tax Debt Assessment Notice (NFLD) received for non-payment of additional contribution to the Occupational Accident Insurance (SAT) for the period between April 1999 and March 2004, due to the supposed absence of proof of the risk factor related to the work environment. The Company's argument is that there is no legal backing to said notice for the period mentioned and that the additional contribution can be levied only for the employee that had the right to special retirement, which was not the case in the referred period.

The Company awaits the judgment on its appeal in the suit. The amount provisioned on 6.30.2014 is R$ 15,215 (R$ 14,801 on 12.31.2013) in the parent company and consolidated.

a.2) Civil risks

- Transmission System Usage Tariff (TUST)

The objective of the lawsuit is to adjust the Transmission System Usage Tariff paid by the Ponte de Pedra Hydroelectric Power Plant up to the amount charged from another power plant with similar features. The Company provisions the difference between the amount charged, the amount it believes due, and contracts a bank letter of guarantee for the disputed amount. The sentence was given in the third quarter of 2013, holding the lawsuit partially valid, although Aneel and certain agents have filed for appeal in the Court of Justice.

- Contracts with suppliers – Companhia de Interconexão Energética (Cien)

Refers to the ordinary action for indemnity filed by Cien to obtain the right to receive the difference related to the application of a foreign exchange adjustment foreseen in the energy sale agreement, and its termination due to a supposed breach of a contractual clause.

In November 2012, the court held the suit filed by Cien invalid. Cien opposed this decision through a motion for resettlement, which was not admitted, and filed an appeal with the Court of Appeals of Santa Catarina (TJSC), where it currently awaits the appointment of the judge-rapporteur. The amount relating to this case on 6.30.2014 is R$ 25,075 (R$ 23,665 on 12.31.2013) in the parent company and consolidated.

b) Possible and remote risks

The Company is also a party to other lawsuits that, in the opinion of the legal advisors and Company's Management, do not represent a probable risk of future disbursement. The amounts related to those lawsuits, mentioned below, are not provisioned, and are only mentioned in the Notes.

	Parent company					
	6.30.2014			12.31.2013		
	Possible risk	Remote risk	Total	Possible risk	Remote risk	Total
Tax	239,520	112,097	351,617	227,760	271,796	499,556
Civil	16,948	724	17,672	16,409	455	16,864
Labor	5,294	23,758	29,052	8,098	23,932	32,030
	261,762	**136,579**	**398,341**	**252,267**	**296,183**	**548,450**

	Consolidated					
	6.30.2014			12.31.2013		
	Possible risk	Remote risk	Total	Possible risk	Remote risk	Total
Tax	310,380	125,795	436,175	290,421	285,120	575,541
Civil	43,518	878	44,396	42,550	607	43,157
Labor	6,901	23,758	30,659	10,103	23,932	34,035
	360,799	**150,431**	**511,230**	**343,074**	**309,659**	**652,733**

b.1) Possible tax risks

The main tax-related risks evaluated by the Company and its legal counsel as having a possible risk are the following:

- Voluntary confession

The Brazilian National Tax Code (CTN) contains a mechanism that allows the payment of overdue taxes without the application of a late payment penalty, through "voluntary confession", since it is made before any administrative procedure or inspection measure. It so happens that the Internal Revenue Service of Brazil (RFB) has not been accepting payments after the deadline without the corresponding late payment penalty.

To guarantee its entitlement in this situation, the Company submits administrative, and when necessary, legal challenges. On 5.18.2012, RFB notified the Company of a Final Court Decision rendered by the Administrative Council of Tax Appeals (CARF), conferring a favorable decision for the Company, by unanimous vote.

The litigation involved the amount of R$ 495. Although the amount is not particularly significant, the decision is important as a new administrative precedent, which could waive the Judiciary's quest for assurance of the Company's legal entitlement in the new proceedings.

The amount of the notices restated on 6.30.2014 is R$ 59,469 (R$ 57,927 on 12.31.2013) in the parent company and consolidated.

- Value-Added Tax on Operations of Sale, Interstate and Intercity Transport Services and Communication Services (ICMS)

The Company and its subsidiary TBLC were notified by the São Paulo State Revenue Office, claiming that the invoices of electrical energy sold to free consumers are issued in the month following the taxable event. The tax authority understands that this practice postpones for one month the collection of the tax due to the state.

The measurement of the electrical energy used by the client is carried out by the distribution company to which the client is connected. After, the distribution company then sends this information to the CCEE, an entity responsible for adjusting said measurements, allowing for the recording of the electrical energy sold by the agent.

The measurement is completed by the eighth day of the month following the supply, so only after the consumption measured by the distributor is made available, the consumed energy can be billed to the client.

Regarding the two proceedings related to subsidiary TBLC, an appeal was filed with the Court of Taxes and Fees (CTR) of the State of São Paulo, which reduced the amount and fine in one of the notices, and maintained the amounts originally attributed to the other.

After this decision, TBLC filed a request for rectification and acceptance of Special Appeal for the two proceedings. The permission was denied for both proceedings and the Appeal rejected. With the regard to the proceedings whose appeal in the administrative sphere was not accepted, TBLC filed a lawsuit, posting a bank-issued undertaking in both cases. In one of the proceedings, the Company obtained preliminary injunction, and the other is pending judgment.

There are two lawsuits against Tractebel Energia, and in one of them the amount and fine were reduced, but the State of São Paulo Finance Department appealed against the reduction. In view of this situation, the Company filed a request to rectify the court decision and a special appeal to obtain a fully favorable decision on the canceling of enrollments described in the notice, which are awaiting court decision.

Despite the partial success of the Company’s defenses, the Company’s management and legal advisors understand that the total amounts are subject to appraisal mistakes and legal grounds, where the chance of success for these disputes is higher than the risk of losses.

The aforementioned assessment notices are being contested by the Company and its lawyers. The updated amount of the proceedings on 6.30.2014 is R$ 16,884 (R$ 16,389 on 12.31.2013), in the parent company, and R$ 65,416 (R$ 63,230 on 12.31.2013) in the consolidated.

Even if the tax assessment notices are partially upheld, the Company's management and legal counsel understand that the contingent amount would be less than 10% of that charged by the tax authorities, who adopted calculation criteria not supported by law, and therefore the aforementioned amount would be substantially reduced.

- Compensation of negative basis in the succession and waiver of fines in voluntary confession

In June 2008, the Company obtained a favorable decision of the Judgment Office of Florianópolis, Santa Catarina State, regarding the tax assessment notice issued by the Brazilian Federal Revenue Service, due to the use of the negative taxable basis of social contribution in the calendar year 2003, originated from a merger. In the notice, tax authorities demanded the payment of taxes settled in arrears by the Company, with no fine levied, by compensating existing tax credit payment as provided for in the charter of voluntary confession set forth in Article 138 of the National Tax Code (CTN).

Amounts related to the negative taxable basis of social contribution derive from the merger of a company held on 4.29.1998, which were used after the amendment to the tax legislation introduced by Provisional Measure (MP) 2,158-35, of 2001, prohibiting the use of negative taxable basis from mergers, combinations or spin-offs of companies.

As the merger took place before said MP prohibited the use of taxes, when it was still possible to use the negative taxable basis of social contribution from the former company, the Company understands that the new rule does not apply to the merger brought in effect. The amounts were added to its equity, as successor company, ensuring the right to use said amounts. Such arguments were accepted by the Florianópolis Judgment Office.

Regarding the settlement of overdue taxes, without levy of fine and with the use of tax credits, before any administrative procedure or enforcement measure, the Company understands that said situation complies with the charter of voluntary confession set forth in Article 138 of CTN. However, said understanding was not accepted by the Judgment Office of Florianópolis.

The lawsuit is pending decision of the Administrative Council of Tax Appeals (CARF), issued by the Brazilian Federal Revenue Service, and with voluntary appeal from the Company exclusively focusing on the non-levy of the delinquency charge. The updated amount of this notice on 6.30.2014 is R$ 31,402 (R$ 30,736 on 12.31.2013) in the parent company and consolidated.

- Recovery of Pis and Cofins taxes – CCC/CDE

In 1998, Law 9,718/98 was published, extending the Pis and Cofins calculation basis that, so far, only levied on the companies' gross revenues.

The Company challenged in court the constitutionality of said Law, obtaining a favorable decision on 9.1.2006, which enabled its settling the contributions, calculated on several revenues resulting from the gross revenues for the period assessed from February of 1999 to November of 2002, for Pia, and February of 1999 to January of 2004, for Cofins.

The main amount included in the calculation base of PIS and Cofins, which is the subject of the dispute, regards the accounting caption named Fuel Consumption Account (CCC), which aims to register the consumption of fossil fuel acquired with funds from the Fuel Consumption Account (CCC) (CCC Subsidy).

Fossil fuels used for thermal energy generation are acquired with funds from the CCC, managed by Eletrobras, and therefore do not represent any burden for the generation companies.

The system of accounting set forth in the Electricity Sector Accounting Manual established that the consumption of said fuels should be recognized as operating cost with offset in revenue from the CCC Subsidy.

After determining that the accounting method was inadequate, since the fuel did not represent burden for the generation companies and therefore should not be recognized as cost, and, concomitantly, as revenue, Aneel amended the Accounting Manual so that, as from fiscal year 2006, it would reflect the offset in a rectifying account of operating costs and no longer as revenue. This change is strongly grounded on the Technical Notes issued by Aneel.

As a result of the recognition, by Aneel, that the accounting procedure adopted until then was inadequate and, consequently, the calculation base of Pis and Cofins taxes contained amounts that did not have the characteristics of revenue, the Company offset, through the Request for Activation of Credits Recognized by the Final and Unappealable Court Decision, the amounts overpaid during 2004 and 2005.

In 2009, the Brazilian Federal Revenue Service (RFB) notified the Company to collect the amount of R$ 135,982 referred to the period from February of 1999 to January of 2004, interest and fines already included, pleading that the CCC Subsidy represents a billing and, thus must be included in the calculation basis of Pis and Cofins for the mentioned period, and therefore the offset was inappropriate. The Company submitted its Appeal on 3.31.2009. The contingency was being assessed as having remote risk of loss until its final and unappealable judgment, as described next.

On 6.23.2014, RFB informed the parties of the appellate decision published on 4.30.2014 by the Office of the Federal Revenue Service of Brazil in Florianópolis (DRJ), which upheld the Appeal filed by the Company, recognizing the receivables discussed in the records and fully ratifying the compensations, which resulted in the complete extinction of the debts and dismissal of the claim. In view of the decision, the records, whose amount restated through 6.23.2014 was R$ 160,330 (R$ 157,891 on 12.31.2013) in the parent company and consolidated, are no longer presented as having remote risk of loss.

In relation to the period from February 2004 to December 2005, the RFB issued 31 tax deficiency notices totaling R$ 104,045 on 6.30.2014 (R$ 95,927 on 12.31.2013), which correspond to a portion of the offset amount, alleging that, regardless of the change to the Accounting Manual by Aneel, the consumption of fossil fuel under the CCC is revenue by nature. The Company has presented an objection to all these proceedings.

Of the 31 proceedings, 16 are currently with the Administrative Council of Tax Appeals (CARF), which has already judged 11 of them, in the amount of R$ 6,905, ruling on the maintenance of the tax authority's decision. One proceeding was favorable to the Company, by unanimous vote of the body, which canceled the Provisional Decision, in the amount of R$ 117. The 4 proceedings pending judgment by CARF total R$ 17,296. Considering that CARF recorded its disagreement with the principle of substantial truth, refusing to analyze the documents attached to the records, which would evidence the regularity of information provided to the Federal Tax Authority and the inexistence of revenue in the accounting records, in disagreement with the jurisprudential understanding of that court, the Company filed an appeal with the Superior Court of Tax Appeals (CSRF). The remaining proceedings, in the amount of R$ 79,844, await the decision of the Office of the Federal Revenue Service of Brazil in Florianópolis (DRJ).

With regard to the second period, in which the merit is associated with the non-characterization of the accounting entry as revenue, given the unfavorable ruling of 11 proceedings, whose notice was received on 1.22.2014, the risk was classified as possible. The company awaits the judgment of the proceedings.

21 – RETIREMENT BENEFITS OBLIGATIONS

The Company, through PREVIG - Sociedade de Previdência Complementar, provides supplementary pension plans for its employees. PREVIG is a nonprofit closed pension entity, sponsored by the Company, as its Founder, and by other GDF-SUEZ companies in Brazil. The benefit plans managed by PREVIG are: Defined Contribution (CD) and Defined Benefit (BD), the latter closed for new adhesions.

The Company also sponsors the BD plan of Fundação Eletrosul de Previdência e Assistência Social (ELOS), also closed for new adhesions. The participants in this plan are mainly retirees that were entitled to benefits until 12.23.1997, the date of spin-off of Eletrosul, as well as participants that opted for the proportional benefit deferred until that date, who did not migrate to PREVIG.

a) Defined Benefit Plan (BD)

The breakdown of the Company's liabilities from retirement benefits is presented in the table below:

	Parent company and Consolidated					
	6.30.2014			12.31.2013		
	Current	Non-current	Total	Current	Non-current	Total
Obligations contracted						
Contract for the acknowledgment of past debts	14,861	84,645	99,506	21,535	55,548	77,083
Non-contracted deficit						
Current contributions	194	-	194	872	-	872
Non-contracted deficit	13,796	101,977	115,773	6,444	134,120	140,564
Recorded actuarial liability	**28,851**	**186,622**	**215,473**	**28,851**	**189,668**	**218,519**

Retirement benefits obligations recognized in the balance sheet are partially covered by contracted obligations through an instrument for the acknowledgment of debt and agreement entered into by the Company with respective Foundations.

Contracted debts are adjusted at the National Consumer Price Index (INPC), and also interest of 6% p.a. is levied on them. Contracted amounts presented in non-current liabilities are expected to be realized as follows:

	ELOS	PREVIG	Total
July to December 2015	1,858	1,064	2,922
2016	4,066	2,114	6,180
2017	4,309	2,241	6,550
2018	4,568	2,375	6,943
2019	4,843	2,518	7,361
2020 to 2024	25,688	8,592	34,280
2025 to 2029	17,791	-	17,791
2030 to 2033	2,618	-	2,618
	65,741	**18,904**	**84,645**

The changes in "Retirement benefits obligations", per plan, are summarized as follows:

	ELOS BD	PREVIG BD	PREVIG BSPS	GC	Total
Liabilities recorded on 12.31.2013	**210,026**	**5,847**	**-**	**2,646**	**218,519**
Cost of current service	-	17	-	40	57
Interest on liabilities, net of assets	12,175	197	(16)	131	12,487
Contributions	-	(1,011)	-	-	(1,011)
Payment of obligations contracted	(12,828)	(1,580)	(171)	-	(14,579)
Liabilities recorded on 6.30.2014	**209,373**	**3,470**	**(187)**	**2,817**	**215,473**

Breakdown of net expenses to be recognized in the income statement from July to December 2014, related to the defined benefit plan and to the confidentiality bonus is as follows:

	ELOS BD	PREVIG BD	PREVIG BSPS	GC	Total
Cost of current service	-	18	-	40	58
Interest on liabilities, net of assets	12,175	197	(16)	131	12,487
Net expense	**12,175**	**215**	**(16)**	**171**	**12,545**

a.1) Confidentiality bonus benefit

Refers to the payment of remuneration to manager-level employees upon the termination of their employment.

b) Defined Contribution Plan (CD)

In addition to the defined benefit plan, PREVIG manages the defined contribution plan whose benefits are supported by contributions of participants and the sponsoring entity. The Company's contribution corresponds to the same amount of its employees' basic contribution, limited to approximately 7% of the remuneration of the employee.

22 – DEFERRED INCOME AND SOCIAL CONTRIBUTION TAXES

Deferred income and social contribution tax assets and liabilities, are presented net, as follows:

	Parent company				
	6.30.2014				12.31.2013
Description of credits	Calculation basis	IR	CS	Total	Total
Liabilities:					
Property, plant and equipment deemed cost (fair value)	811,279	202,820	73,015	275,835	288,059
Unrealized gain in swap transactions	37,493	9,373	3,374	12,747	48,076
Sale of energy in MAE (currently CCEE)	107,456	26,864	9,671	36,535	36,535
Incentivized accelerated depreciation	59,550	14,888	5,360	20,248	16,028
Fair value of concession payable	44,654	11,164	4,019	15,183	15,557
Other	554	139	50	189	-
Subtotal		**265,248**	**95,489**	**360,737**	**404,255**
Assets:					
RIC[16]	116,434	29,109	-	29,109	30,928
Retirement benefits obligations	115,837	28,959	10,425	39,384	38,899
Allowance for doubtful accounts	131,806	32,952	11,863	44,815	44,815
Tax, civil and labor provisions	195,653	48,913	17,609	66,522	62,455
Provision for impairment	63,419	15,855	5,708	21,563	23,358
Fair value adjustment in business combinations	92,739	23,185	8,347	31,532	30,626
Provision for debit at CCEE (CNPE 03)	-	-	-	-	15,761
Adjustment to present value of accounts receivable	13,875	3,469	1,249	4,718	4,718
Other	33,265	8,316	2,994	11,310	11,653
Subtotal		**190,758**	**58,195**	**248,953**	**263,213**
Net total		**74,490**	**37,294**	**111,784**	**141,042**

[16]Interest on property, plant and equipment in progress (RIC)

Description of credits	Consolidated				
	6.30.2014				12.31.2013
	Calculation basis	IR	CS	Total	Total
Liabilities:					
Property, plant and equipment deemed cost (fair value)	811,279	202,820	73,015	275,835	288,059
Unrealized gain in swap transaction	37,493	9,373	3,374	12,747	48,076
Sale of energy in MAE (currently CCEE)	107,456	26,864	9,671	36,535	36,535
Fair value for concession payable	44,654	11,164	4,019	15,183	15,557
Incentivized accelerated depreciation	136,071	34,018	12,246	46,264	42,044
Other	554	139	50	189	-
Subtotal		**284,378**	**102,375**	**386,753**	**430,271**
Assets:					
Interest on property, plant and equipment in progress (RIC)	116,434	29,109	-	29,109	30,928
Retirement benefits obligations	115,837	28,959	10,425	39,384	38,899
Allowance for doubtful accounts	133,943	33,486	12,055	45,541	45,535
Tax, civil and labor provisions	198,652	49,663	17,879	67,542	63,330
Provision for impairment losses	63,419	15,855	5,708	21,563	23,358
Provision for debit at CCEE (CNPE 03)	-	-	-	-	18,412
Fair value adjustment with business combination	92,739	23,185	8,347	31,532	30,626
Adjustment to the fair value of property, plant and equipment	42,662	10,666	3,840	14,506	14,968
Adjustment to present value of accounts receivable	13,875	3,469	1,249	4,718	4,718
Tax loss and negative social contribution basis	45,810	11,453	4,142	15,595	-
Other	38,202	9,551	3,436	12,987	13,409
Subtotal		**215,396**	**67,081**	**282,477**	**284,183**
Net total		**68,982**	**35,294**	**104,276**	**146,088**
Classification in the balance sheet					
Liabilities		81,020	39,624	120,644	163,663
Assets		(12,038)	(4,330)	(16,368)	(17,575)
Total		**68,982**	**35,294**	**104,276**	**146,088**

Presentation of deferred taxes

The Company presents the deferred tax liabilities net of assets, when they correspond to the same tax entities and there is the enforceable right and the intention of Company management to settle these at their net value.

Expected realization

The horizon of realization of assets and of payment deadlines of liabilities was estimated as follows:

	Parent company		Consolidated	
	Assets	**Liabilities**	**Assets**	**Liabilities**
July to December 2014	10,980	29,304	12,492	29,304
2015	66,804	17,439	76,328	17,439
2016	26,703	16,510	36,663	16,510
2017	13,209	19,772	14,302	19,772
2018	63,167	18,227	64,143	18,227
2019 to 2021	22,267	105,664	25,075	107,290
2022 to 2024	8,176	64,540	10,726	69,418
2025 onwards	37,647	89,281	42,748	108,793
	248,953	**360,737**	**282,477**	**386,753**

23 - SHAREHOLDERS' EQUITY

a) Authorized capital stock

The Company is authorized to increase its capital stock up to the limit of R$ 5,000,000, by resolution of Board of Directors, regardless of any amendment to its bylaws. Under the BM&FBOVESPA's New Market listing regulations, the Company cannot issue preferred shares or founder shares.

b) Subscribed and paid-in capital

As of 6.30.2014 and 12.31.2013, the Company's fully subscribed and paid-in capital is R$ 2,445,766, represented by 652,742,192 registered common shares without par value. The book value of the share in Reais, on 6.30.2014, is R$ 8.06 (R$ 8.21 for each share on 12.31.2013).

The breakdown of the Company's shareholding structure on 6.30.2014 and 12.31.2013 is as follows:

Shareholders	**% of capital**
GDF SUEZ Energy Latin America Participações Ltda. (GSELA)	68.71
Banco Clássico S.A.	10.00
Other shareholders	21.29
	100.00

As of 6.30.2014 and 12.31.2013, the number of Company's shares held by the controlling shareholder GSELA was 448,512,633. On the same dates, the administrators of the Company had 379,132 and 309,632 shares, respectively.

c) Other comprehensive income

As from 1.1.2013, it refers to the actuarial gains or losses in the "Other comprehensive income" caption under Shareholders' Equity in accordance with CPC 33 (R1) – Employee Benefits, which is equivalent to the revised IAS 19.

24 – RECONCILIATION OF NET REVENUE

In compliance with the requirements of CPC 30 - Revenues, the table below presents the reconciliation between gross operating income and net sales:

	Parent company			
	2nd Quarter		6-month period	
	2014	2013	2014	2013
GROSS OPERATING INCOME				
Electrical energy distributors	545,432	472,952	1,057,570	946,600
Electrical energy traders	384,203	293,762	789,714	623,247
Free consumers	61,110	53,122	121,305	104,114
Transactions in the short-term market	(1,703)	50,304	237,944	224,585
Other revenues	17,362	14,942	31,500	28,494
	1,006,404	**885,082**	**2,238,033**	**1,927,040**
DEDUCTIONS FROM OPERATING INCOME				
Pis and COFINS	(87,478)	(75,839)	(195,443)	(159,524)
ICMS	(5,503)	(3,707)	(10,716)	(9,467)
ISS	(353)	(375)	(686)	(702)
Research and development	(7,480)	(7,974)	(11,319)	(16,784)
	(100,814)	**(87,895)**	**(218,164)**	**(186,477)**
NET SALES	**905,590**	**797,187**	**2,019,869**	**1,740,563**

	Consolidated			
	2nd Quarter		6-month period	
	2014	2013	2014	2013
GROSS OPERATING INCOME				
Electrical energy distributors	800,655	746,368	1,567,008	1,514,859
Electrical energy traders	78,403	66,972	162,261	141,915
Free consumers	609,924	548,295	1,211,107	1,065,801
Transactions in the short-term market	5,996	57,078	352,903	233,822
Other revenues	16,434	10,729	26,323	26,234
	1,511,412	**1,429,442**	**3,319,602**	**2,982,631**
DEDUCTIONS FROM OPERATING INCOME				
Pis and COFINS	(132,468)	(125,121)	(288,075)	(255,352)
ICMS	(5,503)	(21,055)	(10,716)	(43,015)
ISS	(353)	(375)	(686)	(702)
Research and development	(8,285)	(9,526)	(12,280)	(19,316)
	(146,609)	**(156,077)**	**(311,757)**	**(318,385)**
NET SALES	**1,364,803**	**1,273,365**	**3,007,845**	**2,664,246**

25 - DETAIL OF OPERATING EXPENSES BY NATURE

a) Costs of electrical energy production and services rendered:

	Parent company							
	2nd Quarter				6-month period			
	Energy Sold		Services Rendered		Energy Sold		Services Rendered	
	2014	2013	2014	2013	2014	2013	2014	2013
Personnel	47,425	41,539	4,691	5,330	87,756	79,200	8,798	10,004
Third party services	25,552	21,209	818	680	47,392	42,812	1,626	1,794
Material	6,548	6,108	235	249	12,544	11,987	487	448
Fuel for generation	45,388	1,328	-	-	91,242	25,165	-	-
Royalties[17]	29,911	21,831	-	-	63,888	41,706	-	-
Depreciation	95,721	88,567	-	-	191,898	177,148	-	-
Insurance	2,639	2,502	176	81	5,254	5,050	259	174
Inspection fee	2,588	2,591	-	-	5,218	5,182	-	-
Rents	788	603	208	308	1,576	1,480	441	523
Reversal of prescribed liabilities[18]	(54,799)	-	-	-	(54,799)	-	-	-
Other	2,110	3,892	22	(4)	4,408	5,267	33	(88)
	203,871	**190,170**	**6,150**	**6,644**	**456,377**	**394,997**	**11,644**	**12,855**

	Consolidated							
	2nd Quarter				6-month period			
	Energy Sold		Services Rendered		Energy Sold		Services Rendered	
	2014	2013	2014	2013	2014	2013	2014	2013
Personnel	48,584	43,122	4,691	5,330	89,951	81,320	8,798	10,004
Third party services	35,314	29,164	818	680	63,394	57,207	1,626	1,794
Material	8,273	6,979	235	249	14,993	13,634	487	448
Fuel for generation	50,427	6,078	-	-	100,994	33,642	-	-
Royalties	36,870	27,514	-	-	77,770	54,836	-	-
Depreciation	147,022	143,260	-	-	292,770	281,956	-	-
Insurance	3,567	3,647	176	81	6,773	7,146	259	174
Inspection fee	3,154	3,206	-	-	6,338	6,412	-	-
Rents	1,542	845	208	308	3,344	2,223	441	523
Reversal of prescribed liabilities	(54,799)	-	-	-	(54,799)	-	-	-
Other	2,579	4,152	22	(4)	4,587	5,737	33	(88)
	282,533	**267,967**	**6,150**	**6,644**	**606,115**	**544,113**	**11,644**	**12,855**

[17]Compensation for the use of water resources.

[18] Reversal of prescribed liabilities related to the purchase of energy and transmission charges

b) Selling, general and administrative expenses

	Parent company							
	2nd Quarter				6-month period			
	Selling		General and administrative		Selling		General and administrative	
	2014	2013	2014	2013	2014	2013	2014	2013
Personnel	1,704	1,523	20,612	17,260	3,598	3,054	37,046	33,392
Management	-	-	5,074	4,494	-	-	10,100	8,874
Third party services	77	115	8,923	11,081	132	262	16,983	19,521
Material	4	6	237	478	5	10	662	818
Depreciation and amortization	-	-	1,983	1,749	-	-	3,944	4,207
Rentals	57	46	1,508	788	113	111	3,014	2,144
Advertising and publicity	-	-	1,168	1,191	-	-	1,735	1,961
Indemnifications	-	-	297	1,100	-	-	355	1,378
Administrative expenses of pension funds	-	-	1,070	1,239	-	-	2,230	2,353
Contributions and donations	808	1,020	1,491	147	1,641	2,041	2,957	2,108
Other	114	-	2,919	3,913	114	-	5,102	4,787
	2,764	**2,710**	**45,282**	**43,440**	**5,603**	**5,478**	**84,128**	**81,543**

	Consolidated							
	2nd Quarter				6-month period			
	Selling		General and administrative		Selling		General and administrative	
	2014	2013	2014	2013	2014	2013	2014	2013
Personnel	1,704	1,523	21,018	17,561	3,598	3,054	37,756	34,027
Management	-	-	5,368	4,914	-	-	11,040	9,545
Third party services	1,441	1,871	9,566	11,897	2,379	2,714	18,108	20,840
Material	4	6	239	483	5	10	668	824
Depreciation and amortization	-	-	1,990	1,755	-	-	3,955	4,220
Rentals	57	46	1,661	948	113	111	3,324	2,472
Advertising and publicity	-	-	1,168	1,191	-	-	1,735	1,961
Indemnifications	-	-	1,258	1,113	-	-	1,316	1,443
Administrative expenses of pension funds	-	-	1,070	1,239	-	-	2,230	2,353
Contributions and donations	1,307	1,421	1,611	46	2,617	3,005	3,159	2,657
Other	232	1	3,309	4,609	430	1	5,580	4,701
	4,745	**4,868**	**48,258**	**45,756**	**9,142**	**8,895**	**88,871**	**85,043**

26 – FINANCIAL RESULT

	Parent company			
	2nd Quarter		6-month period	
	2014	2013	2014	2013
Financial income				
Income from marketable securities	16,313	8,455	32,412	20,777
Income from restricted deposits	799	188	1,543	358
Interest on accounts receivable	4,003	1,562	5,427	3,391
Monetary variation on judicial deposits	2,678	2,172	5,348	4,271
Financial gain from lawsuit	-	29,256	-	29,256
Financial charges on prescribed liabilities[19]	61,408	-	61,408	-
Other financial income	5,289	1,348	8,934	2,756
	90,490	**42,981**	**115,072**	**60,809**
Financial expenses				
Interest on:				
Loans and financing	25,607	10,849	47,580	20,692
Debentures	1,492	5,305	4,421	10,753
Concessions payable	36,808	22,169	72,007	43,524
Retirement benefits obligations	6,244	4,968	12,487	9,935
Provisions	3,010	2,530	5,828	4,947
Monetary variation on:				
Loans and financing	2,426	1,740	5,860	3,899
Debentures	2,316	3,263	6,101	10,347
Concessions payable	13,248	5,207	48,118	15,732
Provisions	3,057	1,775	5,735	4,175
Exchange rate variation on loans	(4,158)	22,162	(8,569)	15,412
Other financial expenses	3,064	4,237	8,725	8,411
	93,114	**84,205**	**208,293**	**147,827**
Financial expenses, net	**2,624**	**41,224**	**93,221**	**87,018**

[19] Reversal of charges on prescribed liabilities related to the purchase of energy and transmission charges

	Consolidated			
	2nd Quarter		6-month period	
	2014	2013	2014	2013
Financial income				
Income from marketable securities	25,142	14,058	47,998	30,730
Income from restricted deposits	3,279	2,135	6,116	3,948
Interest on accounts receivable	3,250	1,920	4,681	4,346
Monetary variation on judicial deposits	2,713	2,194	5,417	4,337
Financial gain from lawsuit	-	29,256	-	29,256
Financial charges on prescribed liabilities	61,408	-	61,408	-
Other financial income	5,295	1,395	9,110	2,856
	101,087	**50,958**	**134,730**	**75,473**
Financial expenses				
Interest on:				
Loans and financing	62,312	51,783	119,633	100,213
Debentures	1,492	5,305	4,421	10,753
Concessions payable	37,874	33,470	74,111	65,751
Retirement benefits obligations	6,244	4,968	12,487	9,935
Provisions	3,048	2,556	5,899	5,000
Monetary variation on:				
Loans and financing	2,426	1,740	5,860	3,899
Debentures	2,316	3,263	6,101	10,347
Concessions payable	14,008	10,758	49,833	30,253
Provisions	3,106	1,801	5,856	4,240
Exchange rate variation on loans	(4,158)	22,162	(8,569)	15,412
Other financial expenses	5,480	4,978	12,527	9,988
	134,148	**142,784**	**288,159**	**265,791**
Financial expenses, net	**33,061**	**91,826**	**153,429**	**190,318**

27 – INCOME TAXES RECONCILIATION, IN THE INCOME STATEMENT

	Parent company							
	2nd Quarter				6-month period			
	2014		2013		2014		2013	
	IR*	CS**	IR*	CS**	IR*	CS**	IR*	CS**
Income before taxes	**109,439**	**109,439**	**466,613**	**466,613**	**516,902**	**516,902**	**1,074,027**	**1,074,027**
Standard rates	**25%**	**9%**	**25%**	**9%**	**25%**	**9%**	**25%**	**9%**
Tax expense at standard rates	**(27,360)**	**(9,850)**	**(116,653)**	**(41,995)**	**(129,226)**	**(46,521)**	**(268,507)**	**(96,662)**
Permanent differences:								
Equity in net income of subsidiaries	10,521	3,788	10,018	3,606	23,189	8,348	24,332	8,760
Tax incentives	1,449	-	3,370	-	5,171	-	8,464	-
Interest on equity	(9,945)	(3,585)	-	-	(9,945)	(3,585)	-	-
Other	(748)	(101)	(960)	(134)	(1,480)	(196)	(1,585)	(252)
	(26,083)	**(9,748)**	**(104,225)**	**(38,523)**	**(112,291)**	**(41,954)**	**(237,296)**	**(88,154)**
Breakdown of taxes in the income statement								
Current	(21,704)	(8,499)	(106,442)	(39,648)	(133,322)	(50,180)	(233,382)	(87,400)
Deferred	(4,379)	(1,249)	2,217	1,125	21,031	8,226	(3,914)	(754)
	(26,083)	**(9,748)**	**(104,225)**	**(38,523)**	**(112,291)**	**(41,954)**	**(237,296)**	**(88,154)**
Effective rate	**23.8%**	**8.9%**	**22.3%**	**8.3%**	**21.7%**	**8.1%**	**22.1%**	**8.2%**

	Consolidated							
	2nd Quarter				6-month period			
	2014		2013		2014		2013	
	IR*	CS**	IR*	CS**	IR*	CS**	IR*	CS**
Income before taxes	**119,422**	**119,422**	**483,092**	**483,092**	**545,480**	**545,480**	**1,113,981**	**1,113,981**
Standard rates	**25%**	**9%**	**25%**	**9%**	**25%**	**9%**	**25%**	**9%**
Tax expense at standard rates	**(29,856)**	**(10,748)**	**(120,773)**	**(43,478)**	**(136,370)**	**(49,093)**	**(278,495)**	**(100,258)**
Permanent differences:								
Difference between taxable and presumed profit calculation basis	4,379	1,415	1,704	522	6,944	2,227	5,340	1,713
Tax incentives	1,421	-	3,370	-	5,171	-	8,464	-
Interest on equity	(9,945)	(3,585)	-	-	(9,945)	(3,585)	-	-
Other	795	447	(450)	27	1,333	814	(1,583)	(271)
	(33,206)	**(12,471)**	**(116,149)**	**(42,929)**	**(132,867)**	**(49,637)**	**(266,274)**	**(98,816)**
Breakdown of taxes in the income statement								
Current	(30,018)	(11,654)	(114,944)	(42,821)	(163,114)	(61,202)	(259,213)	(96,929)
Deferred	(3,188)	(817)	(1,205)	(108)	30,247	11,565	(7,061)	(1,887)
	(33,206)	**(12,471)**	**(116,149)**	**(42,929)**	**(132,867)**	**(49,637)**	**(266,274)**	**(98,816)**
Effective rate	**27.8%**	**10.4%**	**24.0%**	**8.9%**	**24.4%**	**9.1%**	**23.9%**	**8.9%**

** IR – Income tax*

*** CS – Social contribution*

28 - RISK MANAGEMENT AND FINANCIAL INSTRUMENTS

a) Risk Management

In order to conduct more efficiently risk evaluation and monitoring process in its business, the Company has the Risk Management Committee, which is responsible for: (i) internally promote the awareness on risk treatment; (ii) define goals and guidelines for its management; (iii) promote and suggest improvements in its evaluation processes; and (iv) classify and define control procedures.

The Company's business, the financial conditions and the results of operations may be adversely affected by any of the risk factors described below:

a.1) Market risk

The Company and its subsidiaries use financial instruments with the objective of hedging assets and liabilities, minimizing exposure to market risks, mainly in connection with interest rate, price indexes and currency fluctuations.

These risks are monitored by the Financial Committee that periodically evaluates the Company's exposure and propose operating strategies, control system and position and credit limits with other market partners. The Company does not perform financial operations in derivatives or any other instruments on a speculative basis.

In the six-month period ended on 6.30.2014, there were no changes in the Company's exposure to market risks or in the management and measurement of these risks, other than the following transaction.

Fair value hedge

As mentioned in Note 14 - Loans and Financing, when the Company signed a loan agreement with HSBC USA in March 2014, it simultaneously contracted a swap operation from HSBC's Brazilian subsidiary (HSBC Brasil) to protect all future payments of principal and interest, including income tax on the payments, from the fluctuations in the U.S. dollar and interest rates. The settlements of both instruments will occur on exactly the same dates, similarly to the operation contracted in August 2013, also with HSBC USA.

Due to the characteristics of referred financial instruments, the Company applied the rules of fair value hedge accounting to record them. As a result, both the hedge instrument (swap) and the loan underlying the hedge are measured at fair value through profit or loss, thus fully protecting the Company from fluctuations of the U.S. dollar.

On 6.30.2014, the values of the financial instruments assessed at their amortized costs and fair values were as follows:

Financial instrument	Notional value	Interest rate	Amortized cost	Adjustment to fair value	Book balance
Loan					
HSBC USA	US$ 90,000	1.18% p.a. + 15% (tax) = 1.3882% p.a.	198,577	1,434	200,011
Swap					
Long position	US$ 90,000	1.3882% p.a.	(198,577)	(1,434)	(200,011)
Short position	R$ 207,315	99.9% of the CDI	209,945	(24)	209,921
Swap result			**11,368**	**(1,458)**	**9,910**
HSBC USA	US$ 100,000	1.215% p.a. + 15% (tax) = 1.429411% p.a.	220,425	2,559	222,984
Swap					
Long position	US$ 100,000	1.429411% p.a.	(220,425)	(2,559)	(222,984)
Short position	R$ 230,940	97.0% of the CDI	232,128	68	232,196
Swap result			**11,703**	**(2,491)**	**9,212**

- Sensitivity analysis of the exposure to risks related to interest rates, floating rates and foreign currency quotation variation

In compliance with CVM Instruction no. 475/08 and for reference purposes, the Company prepared a sensitivity analysis on its loans, financing, debentures and concessions payable exposed to interest rate variation risks, floating rate risks and foreign currency variation risks.

The probable basic scenario as of 6.30.2015 was defined using the following assumptions available in the market:

	Position	Probable	Sensitivity		
	6.30.2014	Scenario	Probable	Δ + 25%(*)	Δ + 50% (*)
Variation of interest rates and indices:					
- TJLP	5.0%	5.0%	-	1.2 p.p.	2.5 p.p.
- CDI	10.8%	12.0%	+1.2 p.p.	3.2 p.p.	6.5 p.p.
- IPCA	6.5%	5.9%	-0.6 p.p.	1.5 p.p.	3.0 p.p.
- IGP-M	6.2%	5.5%	-0.7 p.p.	1.4 p.p.	2.8 p.p.
Currency variation:	**Currency price**				
- Euro	3.01	3.42	+13.5%	4.28	5.13

(*) Variations on probable scenario.

The probable sensitivity was calculated based on the variation between the actual indices on 6.30.2014 and their expectations for 6.30.2015. The other sensitivities shown were calculated based on the variation of 25% and 50% on the probable scenario. The additional effects that could be caused on the consolidated financial result of the Company if the scenarios materialize are the following:

Risk of variation in floating interest rates and indices:

	Balance at	Sensitivity		
	6.30.2014	Probable	Δ + 25%	Δ + 50%
Loans and financing				
- TJLP	2,435,909	-	(26,603)	(55,996)
- CDI	146,046	(68)	(178)	(357)
- IPCA	156,859	880	(2,364)	(4,727)
		812	**(29,145)**	**(61,080)**
Loans with hedge				
- CDI	442,117	(4,706)	(12,434)	(24,935)
Concessions payable				
- IGP-M	1,193,472	8,958	(17,135)	(34,269)
- IPCA	498,761	3,011	(7,291)	(14,581)
		11,969	**(24,426)**	**(48,850)**
Total		**8,075**	**(66,005)**	**(134,865)**

Annual changes in Libor floating rate on 6.30.2014 were 0.6 p.p., and the balance of financial liability pegged to this interest rate was R$ 122,882. Eventual variations in this rate would not result in significant impacts on the Company's financial result; accordingly, its effects were not presented in the sensitivity analysis above.

Foreign exchange risk:

	Balance at	Sensitivity		
	6.30.2014	Probable	Δ + 25%	Δ + 50%
Loans and Financing				
- Euro	**122,882**	**(16,815)**	**(35,434)**	**(70,879)**

Sensitivity was not calculated for the exchange variation on the loan in U.S. dollar fully covered by hedge.

a.2) Capital management risk

The Company manages its capital so as to maximize return to investors by optimizing the debt and equity balances, seeking to structure capital and maintaining indebtedness and debt coverage ratios that provide the return to investors.

a.3) Credit risk

The transactions that are relevant to the Company's business in which there exists credit risk are financial investments and energy sales.

- Risks related to marketable securities

The Company and its subsidiaries' financial investments follow the rule of allocating a minimum of 90% of funds to Federal Public Securities – as final purchase and/or repurchase and resale commitments – and a maximum of 10% of funds to Private Securities – acquisition of CDBs from eligible banks and repurchase and resale commitments backed by debentures issued by lease companies controlled by eligible banks.

The Company uses Fitch Ratings (Fitch), Moody's or Standard & Poor's (S&P) ratings to identify banks eligible to receive funds. They should comply with the following parameters: (i) Shareholders' equity of at least R$ 1 billion; and (ii) minimum rating equivalent to AA- (S&P and Fitch) or Aa3 (Moody's) in the domestic ambit.

The Company's available resources are allocated to a Fixed Income Exclusive Investment Fund whose policy is to allocate its equity to very low-risk assets. As of 6.30.2014, this fund had 100% of its portfolio in Brazilian government credit-risk assets, all of them with floating rates and daily liquidity, linked to Selic variation.

Following the Company's financial planning, this fund will be used in the short-term, substantially reducing the risk of any significant effects on earnings as a result of possible reduction in Brazilian economy's basic interest rate.

The "Investment and Derivatives Policy" imposes strong restrictions to the realization of derivative transactions and determines that exposures be continuously monitored in case this type of transaction is contracted. Swap transactions mentioned in Note 14 – Loans and Financing were carried out with the same counterparty of the loan, and for the exclusive purpose or hedging against foreign exchange and loan cash flow risks.

- Risks related to energy sale

In long-term agreements entered into with distributors, including Energy Trading Agreements in the Regulated Environment (CCEAR), the Company minimizes its credit risk through a mechanism for the establishment of guarantees involving customers' receivables.

In order to minimize credit risk in the agreements to sell electrical energy to free consumers, sellers and generating companies, the Company requires bank guarantee and secured CDB. For counterparties that wish to present another type of guarantee, the Company, through its credit area, analyzes and establishes, in accordance with its Credit Analysis Policy, guarantees that should be required from these counterparties.

Credits of all customers are annually revised and its exposure to several economy factors is periodically assessed, so as to maintain the diversification of its portfolio and reduce its exposure to the specific sector risk.

The Company's history of losses resulting from difficulties of banks and customers to honor their commitments is practically zero.

The Company is the guarantor of several agreements for its subsidiaries to guarantee financing.

a.4) Liquidity risk

The management of the Company's liquidity risk is under the responsibility of the Financial Committee, which manages fund raising requirements and short-, medium- and long-term liquidity by permanently monitoring forecasted and actual cash flows.

The Company, in order to ensure the capacity to pay its obligations, uses a minimum cash policy that is annually reviewed based on cash projections and monthly monitored in the Financial Committee meetings. The management of marketable securities focuses on short-term instruments, especially with daily maturities, in order to provide maximum liquidity and to cover disbursements.

The Company's cash generating feature and the low volatility in receipts and payment obligations throughout the months guarantee to the Company the stability of its flows, reducing its liquidity risk.

b) Category of relevant financial instruments

	Parent company		Consolidated	
	6.30.2014	**12.31.2013**	**6.30.2014**	**12.31.2013**
Financial assets				
Measured at fair value through profit or loss:				
Marketable securities	566,095	948,530	806,813	1,216,831
Restricted deposits	40,336	37,094	186,929	134,690
Derivative financial instrument - swap	-	1,115	-	1,115
Receivables and loans				
Cash and bank deposits	1,610	940	11,223	7,445
Trade accounts receivable	432,519	403,654	660,480	744,758
Fuel reimbursable	231,333	139,601	231,333	139,601
Receivable from sale of asset	86,886	86,886	86,886	86,886
Dividends receivable from subsidiaries	81,722	141,342	-	-
	1,440,501	**1,759,162**	**1,983,664**	**2,331,326**
Financial liabilities				
Measured at amortized cost:				
Suppliers	474,076	281,711	621,606	510,346
Loans and financing	894,471	1,062,213	2,914,940	3,111,809
Debentures	-	174,072	-	174,072
Concessions payable	1,647,403	1,551,828	1,692,233	1,595,169
Obligations from investments acquisition	-	-	70,013	16,419
Measured at fair value:				
Loans and financing	442,117	210,679	442,117	210,679
	3,458,067	**3,280,503**	**5,740,909**	**5,618,494**

Financial assets measures at fair value through profit or loss are stated at prices quoted in active markets (Level 1).

c) Market value of financial instruments

In operations involving financial instruments, differences were identified only between amounts presented in the balance sheet and their market values, in loans and financing, debentures and concessions payable. These differences occurred mainly because these instruments have long-term settlements and different costs in relation to interest rates currently used for similar contracts. The market values were determined based on future cash flows discounted to present value at rates considered as adequate for operations with similar characteristics.

	Parent Company			
	6.30.2014		12.31.2013	
	Book	Market	Book	Market
Loans and financing				
- In local currency	771,589	764,509	932,786	923,807
- In foreign currency without hedge[20]	122,882	119,633	129,427	125,520
- In foreign currency with hedge	442,117	442,117	209,564	209,564
Debentures	-	-	174,072	175,472
Concessions payable	1,647,403	2,122,140	1,551,828	1,941,075
	2,983,991	**3,448,399**	**2,997,677**	**3,375,438**

	Consolidated			
	6.30.2014		12.31.2013	
	Book	Market	Book	Market
Loans and financing				
- In local currency	2,792,058	2,784,978	2,982,382	2,976,705
- In foreign currency without hedge	122,882	119,633	129,427	125,520
- In foreign currency with hedge	442,117	442,117	209,564	209,564
Debentures	-	-	174,072	175,472
Concessions payable	1,692,233	2,178,337	1,595,169	1,994,190
	5,049,290	**5,525,065**	**5,090,614**	**5,481,451**

[20] Hedge accounting

29 –TRANSACTIONS WITH RELATED PARTIES

a) Amounts recognized in balance sheet accounts

	ASSETS				LIABILITIES	
	Accounts receivable				Suppliers	
	Energy	Services	Others	Dividends receivable	Energy	Interest on equity
6.30.2014						
TBLC	121,381	-	-	50,000	-	-
CEE	30,485	-	-	25,567	-	-
Lages	1,183	177	-	6,155	-	-
Itasa	-	2,678	-	-	6,921	-
Ceste	-	1,491	-	-	-	-
GSELA	-	-	2,047	-	-	317,304
Others	-	516	41	-	671	-
	153,049	**4,862**	**2,088**	**81,722**	**7,592**	**317,304**
12.31.2013	**92,029**	**4,042**	**2,498**	**141,342**	**4,947**	**168,207**

b) Amounts recognized in the income statement

	INCOME STATEMENT					
	Revenue			Cost	Expense	
	Supply of energy	O&M Services	Administrative services	Energy purchase	Third Parties Services	Financial income
2nd quarter of 2014						
CEE	-	-	-	-	-	1,562
Lages	1,669	532	57	-	-	-
TBLC	316,347	-	112	-	-	-
Itasa	-	4,136	-	19,257	-	-
Ceste	-	4,390	-	-	-	-
Other	-	-	265	-	1,056	-
	318,016	**9,058**	**434**	**19,257**	**1,056**	**1,562**
2nd quarter of 2013	**239,793**	**9,286**	**557**	**23,611**	**294**	**575**

	INCOME STATEMENT					
	Revenue			Cost	Expense	
	Supply of energy	O&M Services	Administrative services	Energy purchase	Third Parties Services	Financial income
First six months of 2014						
CEE	-	-	-	-	-	2,807
Lages	3,314	1,034	113	-	-	-
TBLC	651,283	-	225	-	-	-
Itasa	-	7,880	-	43,350	-	-
Ceste	-	8,614	-	-	-	-
Other	-	-	530	-	1,259	-
	654,597	**17,528**	**868**	**43,350**	**1,259**	**2,807**
First six months of 2013	**515,951**	**17,482**	**1,240**	**42,051**	**602**	**1,144**

The transactions with related parties carried out by the Company include basically: (i) energy purchase and sale agreements; (ii) operation and maintenance services of power plants; (iii) rendering of administrative services; and (iv) guarantees granted to third parties. Details of the most relevant transactions are as follows:

c) Future commitments

Main commitments contracted with related parties and whose recognition in the income statement will occur in future accrual periods over contract periods are as follows:

c.1) Purchase and sale of electrical energy

Contract	Average MW	Maturity	Annual adjustment index	Adjustment base date	Future commitment Base 6.30.2014
Purchase:					
TBLE - Itasa	167	2030	IGP-M	January	835,877
TBLE - Itasa	61	2030	Dollar variation + U.S. Inflation	October	537,240
Sale:					
TBLE - TBLC	1,099	2014	IGP-M	July	601,873
TBLE - TBLC	145	2015	IPCA	March	171,223
TBLE - TBLC	177	2016	IPCA	October	349,414
TBLE - Lages	16	2017	IGP-M	April	49,350
TBLC - CEE	9	2041	IPCA	October	378,726
TBLC – Trairi Project	64	2032	IPCA	December	1,784,486

In accordance with the Company's commercial policy, sales to free consumers are carried out mainly through subsidiary TBLC, which purchases energy from Tractebel Energia and from other companies in the Group in order to comply with its contractual commitments.

Electrical energy generated by Trairí wind projects is currently traded in the Free Trade Market through subsidiary TBLC.

c.2) Operation and maintenance

Related party	Maturity	Annual adjustment index	Future commitment Base 6.30.2014
Itasa	10.16.2030	IGP-M	218,386
Ceste	5.1.2025	INPC (80%) and IPCA (20%)	195,343
Lages	3.31.2015	Salary adjustment	1,597

The Company has the strategy of concentrating in Tractebel Energia the operation and maintenance of its subsidiaries' plants whenever they do not outsource these services. The negotiated prices are based on Tractebel Energia costs with personnel directly involved in the execution of these activities.

c.3) Administrative services

Tractebel Energia provides those services necessary to the administrative activities of the direct and indirect subsidiaries. Contracted amounts for the period of 4 years are initially defined based on the last billing of subsidiaries and annually adjusted at INPC. The amount annually contracted from its subsidiaries is R$ 1,737.

d) Guarantees

The Company intermediates financial contracts entered into by its direct and indirect subsidiaries with BNDES, Banks (BNDES onlending) and other financial agents. The main guarantees are shown as follow:

Bank	Type of guarantee	Amount of debt on 6.30.2014
BNDES and Banks (BNDES onlending)	Pledge of all the shares issued by the following companies: CEE, Beberibe, Pedra do Sal, Areia Branca, Ibitiúva, Fleixeiras I, Guajiru, Mundaú, Trairí and Ferrari.	2,007,150
Banco do Brasil	Pledge of all the shares issued by the indirect subsidiary Hidropower.	13,319

e) Sureties and guarantees

The Company is the guarantor of and jointly liable for energy purchase transactions of certain subsidiaries, in the amount of R$ 301,865 on 6.30.2014. The guarantees' maturities are scheduled as follows: R$ 110,743 in 2014, R$ 72,580 in 2015, R$ 16,601 in 2016, R$ 850 in 2017, R$ 17,084 in 2022, R$ 51,796 in 2023 and R$ 32,210 for an indefinite period.

f) Loan - Ibitiúva and Andrade Açúcar e Álcool (Andrade)

The indirect subsidiary Ibitiúva has a loan agreement with Andrade – its related party in the Andrade Consortium – granted for the acquisition of equipment, machinery and installations, as well as for the execution of works and services necessary for improving the production efficiency of the sugar and ethanol plant. The interest on the loan corresponds to the variation of the IPCA and the loan matures in 2025. The balance payable on 6.30.2014 is R$ 16,278.

g) Remuneration of key management personnel

The remuneration, charges and benefits related to the Management's key personnel for the periods ended on 6.30.2014 and 6.30.2013 are presented as follows. The only long-term benefit granted by the Company is the retirement benefit. The management's remuneration is not based on shares of Tractebel Energia.

	Parent company		Consolidated	
	6.30.2014	6.30.2013	6.30.2014	6.30.2013
Short-term benefits and fees	4,853	4,601	5,393	5,086
Management bonus	3,791	2,690	4,021	2,798
Post-employment benefits	204	417	239	417
Social charges	1,252	1,166	1,387	1,244
	10,100	**8,874**	**11,040**	**9,545**

30 – INSURANCE

a) Operating and lost profit risks

The Company is covered by the international insurance policy for Property Damage and Business Interruption (PDBI) of the insurance program of its parent company GDF SUEZ. The insurance is valid until 5.31.2015 and the coverage amount is R$ 11,669,508 in the parent company and R$ 15,110,164 in the consolidated statements, as shown below.

	Parent company		Consolidated	
Type of plant	Material damages	Loss of profit	Material damages	Loss of profit
Hydroelectric power plants	6,247,368	404,898	8,080,340	445,357
Thermoelectric power plants	2,438,934	2,578,308	2,438,934	2,578,308
Complementary plants (wind, biomass and PCH)	-	-	1,124,286	442,939
	8,686,302	**2,983,206**	**11,643,560**	**3,466,604**

The maximum combined limit of indemnification for material damages and loss of profits is R$ 1,455,350 per event.

b) Engineering risks

Ceste has an engineering risk insurance policy with comprehensive maintenance coverage for one year after the operational startup of the units at the Estreito HPP. The total coverage for comprehensive maintenance is R$ 2,404,630, which corresponds to the R$ 963,535 interest held by the Company in the consortium.

The solar power project has insurance against engineering risk and civil liability in the construction work. The engineering risk insurance policy provides coverage of R$ 30,963 for material damages and comprehensive maintenance, and civil liability insurance has coverage of R$ 5,000 for the entire construction period.

The expansion project of Ferrari Termoelétrica S.A. has insurance coverage against engineering risk and civil liability, of R$ 81,825 and R$ 20,000, respectively, throughout the construction period.

c) Other coverages

The Company also has insurance to cover national and international transportation risks, civil liability of the directors, officers and management, extended to its subsidiaries, as well as group life insurance for its officers and employees.

d) Accident in the quarter

In late June 2014, the Company registered accidents in two generating units of the Jorge Lacerda Thermal Power Plant and in a spillway of the Itá Hydroelectric Plant. The insurance contracted by the Company covers material damages and loss of profits arising from the accidents. The Company will duly record the deductible and indemnification amounts to be calculated, in the appropriate accounting periods, as from July 2014.

31 – LONG-TERM COMMITMENTS

The Company has long-term agreements, and further information can be obtained in the financial statements of 12.31.2013.

The Company's main long-term commitments are as follows:

- Bilateral contracts for purchase and sale of electrical energy;
- Power grid connection agreements;
- Transmission and Distribution Network Usage Agreements (CUST and CUSD);
- Purchase of natural gas;
- Lease operations;
- Construction agreements; and
- Contracts for modernization of power plants.

Except the new commitments undertaken by the Company due to the acquisition of Ferrari Termoelétrica S.A. , as detailed in Note 10 – Investments and the agreement for construction of the Santa Mônica Wind Farm, there was no major change in the six-month period. Such commitments are listed below:

a) Additional maintenance services agreement (O&M)

The Company entered into an O&M agreement with Ferrari Agroindústria S.A., valid until February 2034. The purpose of the agreement is the provision of additional services related to the operation and maintenance of the UTE, including, but not limited to:

- Special revisions of the turbines, generators and electrical systems to be carried out every five years, as from the start-up of the generation plants or based on the manufacturer’s recommendation, whichever happens first;

- Services to improve and maintain the boiler’s performance;

- Other services that may be required for performing the Project.

As consideration for the services provided, the Company will pay monthly amounts restated annually by the National Consumer Price Index (IPCA) and, when applicable, as performance bonus, an amount in reais equivalent to the energy sales amount. Future obligations related to this contract on 6.30.2014 are R$ 67,073.

b) Expansion of Thermal Power Generation Plant UTE Ferrari

In February 2014, the Company entered into an agreement with Siner Engenharia e Comércio Ltda., Siner Service Comercial Ltda., and Siner Eletromecânica e Comércio Ltda. for the expansion of Thermal Power Generation Plant UTE Ferrari. Future commitments on the reference date of 6.30.2014 amount to R$ 65,460. The work is expected to be completed in August 2015.

c) Contracts for sale of electrical energy

According to data on guaranteed electrical energy and prevailing purchase and sale contracts, the Company's energy balance, already including the contracts for sale of power generated by Ferrari Termoelétrica S.A., shows that current capacity has the following contracting levels for the next six years:

	Average MW					
	2014	**2015**	**2016**	**2017**	**2018**	**2019**
Own funds	3,529	3,534	3,530	3,550	3,573	3,573
Purchase for resale	950	623	536	403	370	350
Total availability	4,479	4,157	4,066	3,953	3,943	3,923
Contracted availability	4,308	4,085	3,794	3,195	2,629	2,255
Contracted %	96.2%	98.3%	93.3%	80.8%	66.7%	57.5%

d) Contract for construction of the Santa Mônica Wind Power Project

In June 2014, the Company signed contracts with Alstom Brasil Energia e Transporte Ltda. and Bac Ltda. to execute the engineering and construction of foundations and the design, supply, transportation, assembly, installation and commissioning of wind turbines in the following companies:

- Central Eólica Trairí II Ltda;
- Central Eólica Cacimbas Ltda;
- Usina Geradora Eólica Santa Mônica SPE S.A.; and
- Usina Geradora Eólica Santa Mônica SPE II Ltda.

The future commitment assumed by the Company as consideration for the services rendered is R$ 369,832. The project is expected to be delivered in July 2016.

32 – ADDITIONAL INFORMATION TO THE CASH FLOW

The following main transactions that did not involve cash and cash equivalents were carried out in the periods ended on 6.30.2014 and 6.30.2013:

	Parent company		Consolidated	
	6.30.2014	6.30.2013	6.30.2014	6.30.2013
Compensation of income and social contribution taxes	18,099	69,528	20,939	69,843
Suppliers of property, plant and equipment	(11,298)	3,484	(28,227)	75,456
Capitalized interest on financing	168	-	1,198	11,930
Remaining installments payable from investment acquisition, net of restricted deposits	-	-	7,424	12,221

33 – SUBSEQUENT EVENTS

a) Interim Dividends

On 7.25.2014, the Company's Board of Directors approved the distribution of interim dividends based on the financial statements as of 6.30.2014, in the amount of R$ 380,114, corresponding to R$ 0.5823340186 per share, equivalent to 100% of the adjusted net income for the first six months of 2014.

The ex-dividend date and the date of payment of the dividends will be defined later by the Company's Board of Executive Officers. Said dividends will be booked in July 2014.

IDENTIFICATION OF PROJECTIONS

a) Purpose of projection

Investments in the maintenance, revitalization and expansion of the generation facilities.

The Company's investment statements segregate values in two groups:

- Investments financed with own capital, including acquisitions, and
- Investments financed with debts, including debts assumed in the acquisitions.

Both projection models are included in item "d" below.

The projections made are merely reasonable estimates that usually depend on future events, thus cannot be regarded as a promise to perform by the Company and its managers.

b) Period projected and projection term

Tractebel Energia quarterly discloses to the market its investment projections for the current year and the two subsequent years, valid until its realization or replacement by another projection.

c) Prospect assumptions, indicating which ones can be influenced by the Company's management

The Company's projections for investment are mainly based on the following assumptions:

- Schedule for maintenance of the generating units;
- Diagnosis of equipment;
- Regulatory obligations; and
- Strategic initiatives.

The amounts informed, projected and actual, do not consider interest on construction (interest on equity capital and loan capital).

The Management can influence all assumptions, except for the regulatory obligations that are beyond its control.

In case of a significant change in the foregoing assumptions, the projections can be reviewed.

d) Value of the indicators that are the subject matter of the projection

In the Standardized Financial Statements (DFP) as of 12.31.2013 the Company disclosed the following projections for the years 2014, 2015 and 2016:

	Estimate for the next three years disclosed in the fourth quarter of 2013 DFP (in R$ million)		
Description / projection period	**2014**	**2015**	**2016**
Financed with own capital	489	739	243
Total	**489**	**739**	**243**

In the first quarter of 2014, projections were revised as follows:

	Estimates for the next 3 years disclosed in the first quarter of 2014 (in R$ million)		
Description / projection period	**2014**	**2015**	**2016**
Financed with debt	48	192	106
Financed with own capital	677	915	447
Total	**725**	**1,107**	**553**

In the current quarter, the projections were revised again as follows:

	Estimates for the next 3 years disclosed in the second quarter of 2014 (in R$ million)		
Description / projection period	**2014**	**2015**	**2016**
Financed with debt	48	192	106
Financed with own capital	650	915	447
Total	**698**	**1,107**	**553**

Note: The above projections do not include the effects of interest on loan capital incurred on constructions.

d.1) Changes in projections for 2014 disclosed during the first quarter of 2014

Investments planned for 2014

Financed with debt:

The increase is related to CAPEX financing in the amount of R$ 48 million related to the acquisition of Ferrari Termoelétrica S.A. (Ferrari).

Financed with own capital

The increase foreseen for 2014 is due mainly to: (i) the Campo Largo project, by R$ 65 million; (ii) the Santa Mônica wind power project, by R$ 91 million; and (iii) the Ferrari thermoelectric power plant, by R$ 50 million.

Investments planned for 2015 and 2016

Financed with debt:

The amounts projected for 2015 and 2016 are related to the Santa Mônica wind power project.

Financed with own capital

The increase in the amounts projected for financing with own capital for 2015 and 2016 are related chiefly to: (i) the installation of the Santa Mônica wind power project (R$ 10 million in 2015 and R$ 57 million in 2016); (ii) the expansion and modernization of the Ferrari thermoelectric power plant (R$ 42 million in 2015); and (iii) the global revision of the program for maintenance and modernization of the Company's power plants in the long-term plan (R$ 126 million in 2015 and R$ 151 million in 2016).

d.2) Changes in estimated for 2014 made in the second quarter of 2014:

Financed with own capital

The R$ 27 million decrease in the amount planned for 2014 is due to the adjustment of amounts related to the Trairi Complex investment.

d.3) Investments made until the second quarter of 2014:

In the second quarter of 2014, the Company invested R$ 112 million, of which R$ 57 million went to the acquisition of the Campo Largo S.A. Phase II and III project, R$ 30 million for the construction of new power plants, and R$ 25 million in maintenance and modernization of the Company's power plants.

In the first six months of 2014, the Company invested R$ 369 million, of which (i) R$ 176 million in the acquisition of Ferrari Termoelétrica S.A. (Ferrari); (ii) R$ 57 million in the acquisition of CLWP Brasil II Participações Ltda. (CLWP II) and CLWP Brasil III Participações Ltda. (CLWP III); (iii) R$ 92 million in the construction of new power plants (Trairi Wind Power complex, Ferrari and Santa Mônica projects), and (iv) R$ 44 million in the long-term maintenance program of its power plants

Other Relevant Information

There is no other information considered relevant by the Company.

Opinions and Statements / Special Review Report - Unqualified

Report on the review of quarterly information - ITR

To the Board Members, Directors and Shareholders of

Tractebel Energia S.A.

Florianópolis - SC

Introduction

We have reviewed the interim, individual and consolidated accounting information of Tractebel Energia S.A. (“Company”), contained in the Quarterly Information - ITR Form for the quarter ended June 30, 2014, which comprise the balance sheet as of June 30, 2014 and the related statements of income and of comprehensive income, for the three-month and six-month periods then ended and of changes in shareholders' equity and of cash flows for the six-month period then ended, including the summary of the main accounting policies and other explanatory notes.

The management of the Company is responsible for the preparation of the individual interim accounting information in accordance with CPC 21 (R1) - Interim Statement and of the consolidated interim accounting information in accordance with CPC 21 (R1) - Technical Pronouncement and with international standard IAS 34 - Interim Financial Reporting, issued by the International Accounting Standards Board - IASB, as well as for the presentation of this information in a manner consistent with the standards issued by the Securities Commission, applicable to the preparation of the Quarterly Information - ITR. Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope of review

We conducted our review in accordance with the Brazilian and international review standards for interim information (NBC TR 2410 - Review of Interim Financial Information Performed by the Independent Auditor of the Entity and ISRE 2410 - Review of Interim Financial Information Performed by the Independent Auditor of the Entity, respectively). A review of interim information consists in asking questions, chiefly to the persons in charge of financial and accounting affairs, and in applying analytical procedures and other review procedures. The scope of a review is significantly lower than that of an audit held in accordance with auditing rules, and as a result we were unable to ascertain whether we became aware of all the significant matters likely to be detected in an audit. Accordingly, we do not express an audit opinion.

Conclusion on the individual interim information

Based on our review, we are not aware of any facts that would lead us to believe that the individual interim accounting information included in the quarterly information referred to above was not prepared, in all material respects, in accordance with CPC 21 (R1) applicable to the preparation of Quarterly Information - ITR, and presented in a manner consistent with the standards issued by the Securities Commission.

Conclusion on the consolidated interim information

Based on our review, we are not aware of any facts that would lead us to believe that the consolidated interim accounting information included in the quarterly information referred to above was not prepared, in all material respects, in accordance with CPC 21 (R1) and IAS 34 applicable to the preparation of Quarterly Information - ITR, and presented in a manner consistent with the standards issued by the Securities Commission.

Other matters

Statements of added value

We also reviewed the individual and consolidated value-added statements (SVA) for the six-month period ended on June 30, 2014, prepared by the Company's management, whose presentation in the interim information is required according to the standards issued by the CVM - Securities and Exchange Commission, applicable to the preparation of Quarterly Information - ITR and considered supplementary information by the IFRS, which do not require the presentation of the SVA. These statements were subjected to the review procedures previously described and, based on our review, we are not aware of any other event that make us believe that those were not prepared, in all material respects, in accordance with the individual and consolidated interim accounting information taken as a whole.

Florianópolis, July 25, 2014

KPMG Auditores Independentes

CRC 2SP014428/O-6

Claudio Henrique Damasceno Reis

Accountant CRC SC-024494/O-1

Opinions and Statements/Statement of the Executive Officers on the Financial Statements

STATEMENT OF THE EXECUTIVE OFFICERS OF THE COMPANY

The Company's management declares that it has examined, discussed and reviewed all information contained in the Company's Financial Statements (individual and consolidated) and also, agrees with the opinion of the independent auditors of the Company, KPMG Auditores Independentes as presented in the Special Review Report of the Independent Auditors.

Manoel Arlindo Zaroni Torres
Chief Executive Officer

Eduardo Antonio Gori Sattamini
CFO and Investor Relations Officer

José Luiz Jansson Laydner
Projects Development and Implementation Officer

Edson Luiz da Silva
Planning and Control Officer

José Carlos Cauduro Minuzzo
Energy Production Officer

Marco Antônio Amaral Sureck
Energy Commercialization Officer

Luciano Flávio Andriani
Administrative Officer

Florianópolis, July 25, 2014

Opinions and Statements / Statement of the Executive Officers on the Independent Auditors' Report

STATEMENT OF THE EXECUTIVE OFFICERS OF THE COMPANY

The Company's management declares that it has examined, discussed and reviewed all information contained in the Company's Financial Statements (individual and consolidated) and also, agrees with the opinion of the independent auditors of the Company, KPMG Auditores Independentes as presented in the Special Review Report of the Independent Auditors.

Manoel Arlindo Zaroni Torres
Chief Executive Officer

Eduardo Antonio Gori Sattamini
CFO and Investor Relations Officer

José Luiz Jansson Laydner
Projects Development and Implementation Officer

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Planning and Control Officer

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Energy Production Officer

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Energy Commercialization Officer

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Administrative Officer

Florianópolis, July 25, 2014