Tractebel Energia
GDF SUEZ



Management Report and Financial Statements for Fiscal Years 2013 and 2012

Financial and Investor Relations Department

Corporate Taxpayer ID (CNPJ) no. 02.474.103/0001-19 / Company Registry (NIRE) no. 42 3 0002438-4

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Índice de Ações com Governança Corporativa Diferenciada IGC
Índice de Ações com Tag Along Diferenciado ITAG

Tractebel Energia
GDF SUEZ

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To Our Shareholders,

The Management of Tractebel Energia S.A. (Tractebel Energia or the Company) is pleased to submit for your appreciation the Management Report and the corresponding Financial Statements, accompanied by reports by the independent auditors and the Fiscal Council, for the year ended December 31, 2013. The information given in the Management Report is stated in millions of reais and is on a consolidated basis, unless otherwise stated, in accordance with international and Brazilian accounting practices.

Message from Management

2013 was an important year for Tractebel Energia. On the one hand the Company experienced adversities specific to the electrical energy sector and adversities stemming from the economy's slower dynamics, on the other hand we celebrated some victories: we ended another year as the company with the highest market capitalization in the Brazilian electric energy sector, reaching R$ 23.5 billion as at December 31; the Company's shares climbed 15.5% in relation to 2012, without taking into account the distribution of earnings with a yield above 6% (this while the Ibovespa – the index that contains the exchange's most-traded stocks – fell 8.8%); and for the ninth consecutive year, the Company was part of BM&F Bovespa's Corporate Sustainability Index (ISE), of which it has been a part since the index was created in 2005.

This positive performance makes the Company's economic and financial competitiveness evident and reaffirms our willingness to remain firm in our investment in the country. This investment has continued since 1998, when Tractebel Energia was established in Brazil, upon the privatization auction of Gerasul. Controlled by GDF SUEZ, the world's largest independent producer of electric energy, with installed capacity of 117 GW in operation, since this date the Company has been investing in projects to expand its installed capacity and diversify its generation facilities.

In 2013, Tractebel Energia acquired wind farm projects in Bahia, which, when developed, will have a capacity of approximately 206 MW. Moreover, the Company ended the year with two of the four wind farms of the Trairi Wind Farm Complex in operation, adding 55.4 MW to its generation facilities. For 2014, the Fleixeiras I and Mundaú Wind Farms are scheduled to commence operation, each with a capacity of 30 MW, and we will see the construction of the Santa Mônica Wind Farm Complex, also in Ceará and near the Trairi complex, with capacity of 97.2 MW.

Acquisitions in 2013 also included the Company's purchase of the full capital of Ferrari Termoelétrica Ltda., a cogeneration plant fueled by sugarcane bagasse that has been in operation since 2009 and has an installed capacity of 65.5 MW. Thermal generation was in high demand in 2013, and the Company's six plants reached record production of 6, 294 GWh, or 718 average MW.

We also celebrated the start-up of the eighth and final generation unit of the Estreito Hydroelectric Power Plant, with a capacity of 1,087 MW. 2014 will see many developments. In the first quarter, the expectation is to take a first step in solar energy generation, with the opening of a photovoltaic plant with peak capacity of 3 MW which is a project of the Brazilian Electricity Regulatory Agency (Aneel), conducted in partnership with other institutions and which Tractebel Energia will lead.

With regard to financial performance, despite a positive balance on various fronts, Tractebel Energia – as well as other companies in the sector – was affected by decisions made by the federal government in response to the major drought that has persisted in the country since late 2012. These decisions include redistribution of the burden of additional thermoelectric generation and the implementation of supplementary measures, over the course of 2013, which went against companies' planning. Against this backdrop, the Company's net income was R$ 1,436.7 million, down 3.6% from 2012. Nevertheless, Tractebel Energia decreased its debt in foreign currency, and thus its foreign exchange exposure. Furthermore, it settled its obligations with the National Treasury in advance, generating book revenue of nearly R$ 50 million.

In the commercial area, we also overcame some challenges in 2013. Tractebel Energia intensified its energy trading business, gaining 40 new free customers in this area. Of these, 24 are special consumers, with demand of more than 0.5 MW. These customers purchased their energy from renewable energy sources, complementing large-scale hydroelectric power, such as small hydroelectric power plants, wind farms and biomass power plants. The Company's net sales totaled R$ 5,568.7 million, up 13.4% from 2012.

However, the Company sees its business success as being complete only if it is accompanied by social advances, especially in the regions in which the Company operates (we currently have 24 plants installed in 12 Brazilian states). In 2013 we carried out noteworthy actions in this regard. One such action was the opening of the Cultural Center of Alto Bela Vista, a municipality in the region of the Itá Hydroelectric Power Plant, in Santa Catarina state. This Cultural Center includes an auditorium, theater and a cinema for 250 people. In the same state, we also opened the Tractebel Environmental Park, located in the region of the Jorge Lacerda Thermoelectric Complex. This is a leisure and cultural center that has, thus far, received around two thousand visitors on weekends.

For the electric energy sector as a whole, in order to attract more investments and provide customers and consumers with better commercial conditions, the challenge in 2014 will be to return to greater regulatory stability. Another important issue will be ensuring sustainable competitiveness, both in socio-environmental and economic terms. The federal government has quite legitimately established price caps in auctions, in order to ensure moderate tariffs. However, these price caps should be consistent with the aim of ensuring competitors are truly capable of implementing and operating projects with long useful lives, with all its positive and negative impacts, not only for the regions where they are located, but also nationally and even globally.

As we report our results and render our accounts to our shareholders, employees and other stakeholders, we know that we have made achievements but that we also face challenges. Nevertheless, we stress our constant commitment to perfect our practices and enhance our results to ensure good ethics, sustainability and transparency.

Maurício Stolle Bähr
Chairman of the Board of Directors

Manoel Arlindo Zaroni Torres
Chief Executive Officer

MANAGEMENT REPORT

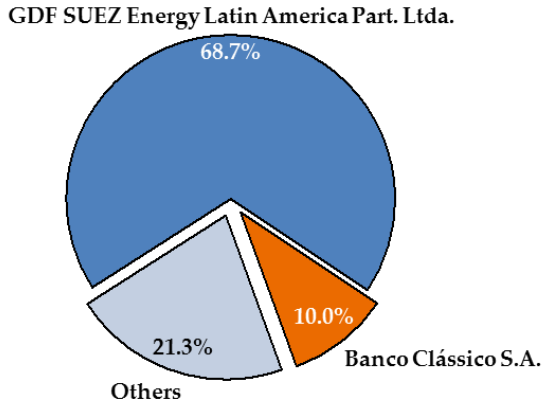
1. Institutional Profile

Tractebel Energia (the Company), Brazil's largest private sector electricity generation company, has been operating since 1998 in the generation and trading of energy by implementing and operating power plants. The Company is headquartered in Florianópolis, Santa Catarina state, and its plants are installed across all regions of Brazil.

The Company has capital of R$ 2,445.8 million, comprising 652,742,192 common shares, traded regularly under ticker symbol TBLE3 on BM&F Bovespa's *Novo Mercado*. Tractebel Energia also trades Level 1 American Depositary Receipts (ADRs) on the US over-the-counter market, under ticker symbol TBLEY, at a ratio of one ADR for each common share.

Shareholding control over the Company is held by GDF SUEZ Energy Latin America Participações Ltda. (GSELA), which accounts for 68.71% of Tractebel Energia's capital. GSELA is controlled by French-Belgian group GDF SUEZ, the world's largest independent energy producer, with a worldwide installed capacity of 117 GW. GDF SUEZ operates throughout the energy value chain, in exploration and production, transportation, distribution and trading of electricity and natural gas.

Shareholding control as at 13 December, 2013



1.1 Generation Facilities

Tractebel Energia has an installed capacity of 6,964.7 MW, equivalent to 6.0% of the total installed capacity in Brazil. Its generation facilities, which are present in 12 states across the country's five regions, comprise 24 power plants, including hydroelectric, thermoelectric and complementary plants: small hydroelectric power plants (SHPPs), wind farms and biomass power plants. The Company operates all of these plants and fully controls 20 of them. With respect to the remaining four, Itá, Machadinho, Estreito and Ibitiúva Bioenergética, it has a stake as a consortium member. The installed capacity operated by Tractebel Energia at the 24 plants is 8,685.4 MW.

To exploit the generation facilities, the Company holds concessions and authorizations granted by the regulatory body. Details of these concessions and authorizations are given in the table below:

Generation facilities and installed capacity of assets in respect of which concessions and authorizations have been granted to the Company as at December 31, 2013

Plants	Location	Expiration of concession/ authorization	Own installed capacity (MW)
Hydroelectric power plants			
Salto Santiago	Iguaçu River (PR)	9.27.2028	1, 420.0
Itá*	Uruguay River (SC and RS)	10.16.2030	1, 126.9
Salto Osório	Iguaçu River (PR)	9.27.2028	1, 078.0
Cana Brava	Tocantins River (GO)	8.26.2033	450.0
Estreito*	Tocantins River (TO and MA)	11.26.2037	435.6
Machadinho *	Uruguay River (SC and RS)	7.14.2032	403.9
São Salvador	Tocantins River (TO)	4.22.2037	243.2
Passo Fundo	Passo Fundo River (RS)	9.27.2028	226.0
Ponte de Pedra	Correntes River (MT)	9.30.2034	176.1
Total from hydroelectric sources			**5,559.7**
Thermoelectric power plants			
Jorge Lacerda Thermoelectric Complex**	Capivari de Baixo (SC)	9.27.2028	857.0
William Arjona	Campo Grande (MS)	4.28.2029	190.0
Charqueadas	Charqueadas (RS)	9.27.2028	72.0
Alegrete***	Alegrete (RS)	9.27.2028	66.0
Total from thermoelectric sources			**1,185.0**
Complementary power plants			
Guajiru Wind Farm	Trairi (CE)	9.20.2041	30.0
Lages	Lages (SC)	10.29.2032	28.0
Rondonópolis	Ribeirão Ponte de Pedra (MT)	12.18.2032	26.6
Beberibe	Beberibe (CE)	8.03.2033	25.6
Trairi Wind Farm	Trairi (CE)	9.29.2041	25.4
José Gelazio da Rocha	Ribeirão Ponte de Pedra (MT)	12.18.2032	23.7
Ibitiúva Bioenergética*	Pitangueiras (SP)	4.04.2030	22.9
Areia Branca	Manhuaçu River (MG)	5.02.2030	19.8
Pedra do Sal	Parnaíba (PI)	10.01.2032	18.0
Total from complementary sources (biomass, wind and SHPPs)			**220.0**
Total			**6,964.7**

(*) The plants owned by consortiums have the following total installed capacities: Itá, 1,450.0 MW; Estreito, 1,087 MW; Machadinho, 1,140 MW; and Ibitiúva, 33 MW. Thus, the capacity of the 24 plants operated by Tractebel Energia totals 8,685.4 MW.

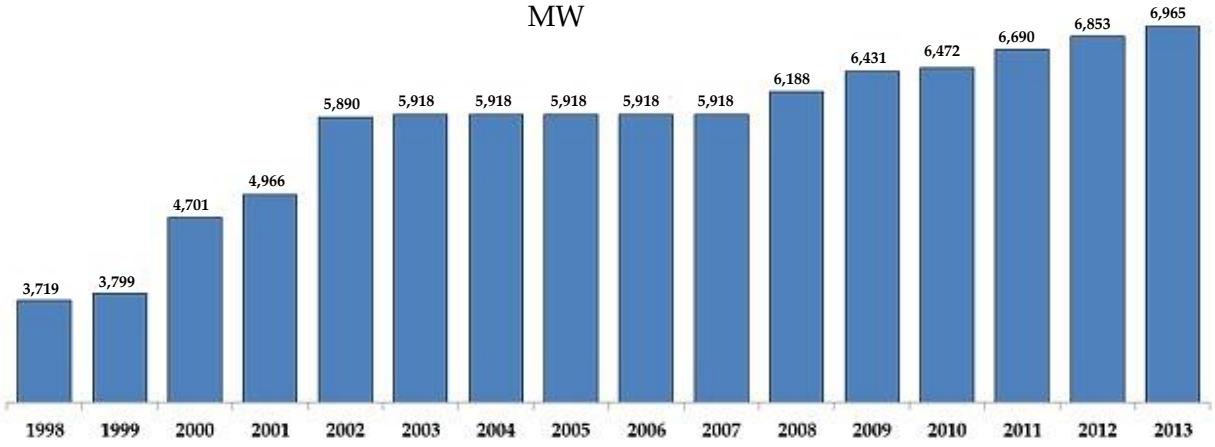
(**) Thermoelectric complex comprising three plants.

(***) The Alegrete Thermoelectric Power Plant (UTAL) is a thermoelectric plant fired by fuel oil, which was built around 45 years ago. Currently, due to its high operating cost, it has not been dispatched in normal situations, since there are more economical plants which can meet demand. In the current situation, the plant is no longer economically feasible and the Company has made a request to the Brazilian Electricity Regulatory Agency (Aneel) to issue a definitive revocation of its operation authorization and its return to the federal government.

1.2 Expansion of Generation Facilities

Since the beginning of its operations in Brazil, the Company has analyzed opportunities for expanding into the different regions of the country which are sustainable from an economic, social and environmental point of view. Thus, it has been diversifying its energy matrix and its participation in different regional markets. The Company remains firmly committed to expanding its generation facilities, prioritizing renewable sources, such as hydroelectric, wind, biomass and solar power.

Tractebel Energia's Own Supply Capacity
MW



On March 21, 2013, the eighth and last generation unit of the Estreito Hydroelectric Power Plant commenced operation – a project in which Tractebel Energia has a 40.07% stake – on the border between Tocantins and Maranhão. Moreover, two of the four wind farms being implemented in the municipality of Trairi, Ceará state, commenced commercial operation: the Guajiru Wind Farm, on October 28, 2013, and the Trairi Wind Farm, on November 22, 2013. As a subsequent event, the Fleixeiras I Wind Farm received authorization from Aneel to begin its commercial operations starting January 28, 2014. Construction of the Mundaú Wind Farm continues, being scheduled to commence operation in the first quarter of 2014. Together, the four wind farms total 115.4 MW of installed capacity and 58.2 average MW of commercial capacity.

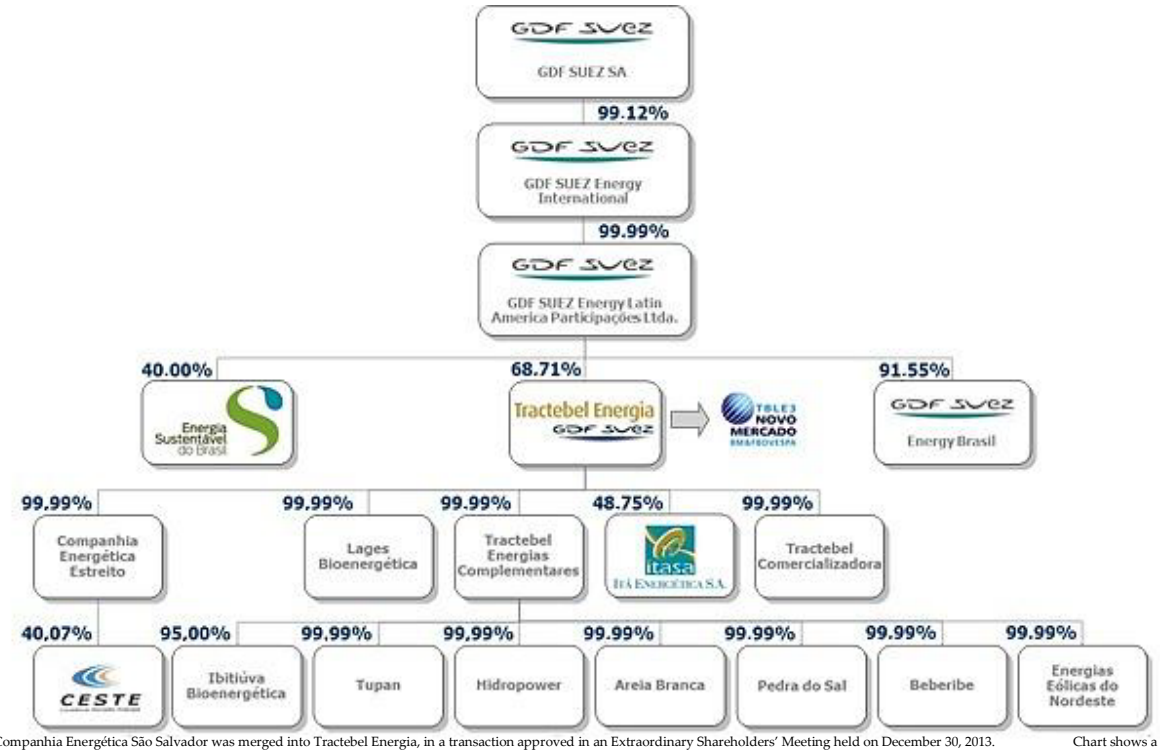
On December 16, 2013, the Company's Board of Directors approved the acquisition of the full capital of Ferrari Termoelétrica S.A., which holds all the assets of the Ferrari Thermoelectric Power Plant (Ferrari HPP), an energy cogeneration project fueled by sugarcane biomass, with installed capacity of 65.5 MW and commercial capacity of 23.2 average MW. The investment will be recognized in the accounting records when all of the conditions established in the acquisition contract are fulfilled, which is expected for the first quarter of 2014.

2. Corporate Structure

Tractebel Energia is the controlling shareholder of the following companies: Companhia Energética Estreito, Lages Bioenergética Ltda., Tractebel Energias Complementares Participações Ltda. and Tractebel Energia Comercializadora Ltda. The latter is responsible, specifically, for the management of purchases, sales, imports and exports of electric energy on the free market.

The Company also has the following stakes in other entities: (i) 19.28% in the Machadinho Consortium, which is responsible for operating the Machadinho Hydroelectric Power Plant; (ii) 40.07% in the Estreito Energia Consortium (Ceste), by means of the stake held by Companhia Energética Estreito, which is responsible for operating the Estreito Hydroelectric Power Plant; and (iii) 72.90% in the Andrade Consortium, which is responsible for operating the Ibitiúva Bioenergética Thermoelectric Power Plant, by means of the indirect subsidiary Ibitiúva Bioenergética S.A., in respect of which Tractebel Energias Complementares Participações Ltda. holds 95.00% of the capital.

Simplified Organization Chart as at December 31, 2013



Note: Companhia Energética São Salvador was merged into Tractebel Energia, in a transaction approved in an Extraordinary Shareholders' Meeting held on December 30, 2013. Chart shows a simplified structure

Tractebel Energia also has a 48.75% stake in, and shared control of Itá Energética S.A. (Itasa). Itasa, in turn, has a 60.5% shareholding in the Itá Consortium, which holds the concession for the Itá Hydroelectric Power Plant and in which Tractebel Energia has a direct stake of 39.5%. Adding together its stakes in Itasa and in the Consortium, the Company owns 68.99% of the Itá Hydroelectric Power Plant. Shared control of Itasa is governed by a shareholders' agreement, and decisions of common interest of the Itá Consortium are taken by a management committee, as established in the Consortium's Articles of Association, comprising four members, two of which are representatives of Tractebel Energia.

On February 20, 2013, in Tractebel Energia's twenty-eighth Extraordinary Shareholders' Meeting, the termination of Maesa was approved. The termination took place by means of return of Maesa's assets to its shareholders, in the proportion of their respective stakes, and absorption of its assets by the Company.

In the Extraordinary Shareholders' Meeting held on December 30, 2013, the merger of Companhia Energética São Salvador (CESS) into Tractebel Energia, of which it was the controlling shareholder, was approved. This reduced the Company's organizational structure, lowering costs, rationalizing and optimizing investments (among other benefits), thus creating shareholder value.

3. Macroeconomic Environment

In 2013, the global economy's pace of recovery remained moderate, with growth being leveraged by advanced economies, especially the United States and some Eurozone countries, as well as China.

Emerging economies, such as the Brazilian economy, showed high volatility stemming from the uncertainties associated with the soundness of these economies and their dependence on external factors, such as the beginning of reduction of monetary stimulus by the US Federal Reserve.

Fear that greater appreciation of the dollar would have a negative influence on the trade balance and that a hike in US interest rates would attract investments to the US which until then were directed to emerging economies contributed to a decrease in the rates of growth in developing countries.

The Brazilian trade balance ended the year with a US$ 2.6 billion surplus, while the real depreciated 14.6% in relation to the dollar.

Upward pressure on prices persisted throughout the year, and the National Consumer Price Index (INPC) remained near the upper end of the range targeted by the government (2.5% to 6.5%), at 5.6%. To control inflation, the benchmark interest rate (Selic) was raised from 7.25% p.a. to 10% p.a. over the course of 2013.

In this scenario and on the eve of an election year, growth in gross domestic product (GDP) in 2013, according to the Brazilian Institute of Geography and Statistics (IBGE), was 2.3%, greater than the 0.9% posted for 2012.

4. Electric Energy Consumption

According to a report published by the Energy Research Bureau (EPE), domestic consumption of electric energy increased by 3.5% in 2013 compared with the previous year, reaching 463.7 thousand GWh. Residential consumption was the main factor responsible for the increase, climbing 6.1% and accounting for 26.9% of total consumption, at 124.8 thousand GWh. By the end of 2013 there were 63.9 million residential consumers in the country, an increase of 3.5%, with average consumption being 163 kWh per consumer.

In the commerce and services segment, consumption expanded 5.7%, posting the year's second-largest growth. This rise is largely due to an increase in employment in the tertiary sector and an expansion of retail commerce.

Industrial consumption experienced a quite modest growth rate over the year, at 0.6%, totaling 184.6 GWh. This result reflected weak activity in electricity-intensive sectors, such as mineral extraction and some metallurgy segments (in the states of Minas Gerais, Maranhão and Pará). The Southern region made the largest contribution to the increase in Brazilian industrial consumption as a result of heightened oil refining and production of automotive vehicles, and machinery and equipment for the agricultural sector.

The remaining consumption, in the "others" segment, which covers mainly the rural and public sectors, experienced a 4.2% increase in consumption, totaling 70.5 thousand GWh.

All regions of the country experienced an increase in consumption in 2013, as against 2012, with the Southeast increasing consumption by 2.0%, the Northeast by 5.6%, the North by 3.8%, the South by 4.3%, and the Central-West by 7.0% (the largest increase).

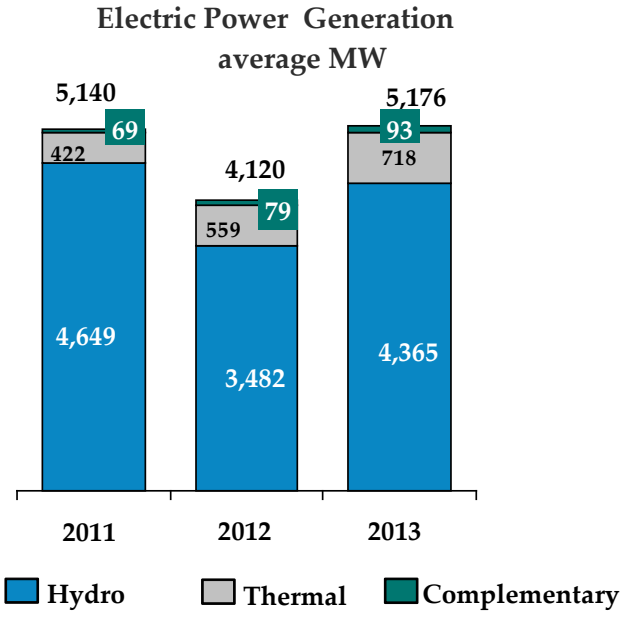
5. Operating Performance

5.1. Uptime

In 2013, the annual uptime achieved by the plants operated by Tractebel Energia was 97.4%, disregarding scheduled stoppages. Uptime was 98.9% in hydroelectric generation, 88.0% in thermoelectric generation, and 96.3% in complementary plants. Taking all stoppages into account, overall uptime in 2013 was 92.3%, which breaks down into 94.3% for hydroelectric plants, 79.6% for thermoelectric plants, and 90.4% for complementary plants.

5.2. Production

In full-year 2013, total electric energy production at the plants operated by Tractebel Energia reached 45, 344 GWh (5, 176 average MW), up 25.3% from 2012, representing a new annual record for generation by the Company, surpassing the 45, 023 GWh (5, 140 average MW) obtained in 2011. Of the total generated, hydroelectric power plants accounted for 38, 239 GWh (4, 365 average MW), up 25.0%; thermoelectric plants accounted for 6, 294 GWh (718 average MW), up 28.0%; and complementary plants accounted for 811 GWh (93 average MW), up 16.9%. These figures were calculated in GWh because average MW is less comparable as a result of the fact that 2012 was a leap year.



These increases are mainly the result of improvements in hydrological conditions in relation to the previous year, as well as an increased use of thermoelectric plants, which remains above average due to the strategy of increasing the energy guarantee for the entire National Interconnected System (SIN).

Other factors that contributed to the increase in generation were the operation of the Estreito Hydroelectric Power Plant, which reached its full installed capacity in March 2013, and the commencement of commercial operations at the Trairi and Guajiru Wind Farms, which increased the Company's installed capacity by 55.4 MW.

It is worth pointing out that the increase in the Company's hydroelectric generation does not necessary result in an improvement in its economic and financial performance. Likewise, a decrease in this type of generation does not necessary result in a deterioration in economic and financial performance. This is due to the adoption of the Energy Reallocation Mechanism (MRE), which shares the risks of hydroelectric generation across its participants.

Regarding the Company's thermoelectric generation, an increase in this kind of generation reduces the Company's exposure to the Difference Settlement Price (PLD), and the inverse is also true, all other variables remaining the same.

5.3. Customers

For full-year 2013, the presence of free customers (or free consumers) in the portfolio grew, reaching 41.4% of physical sales and 38.0% of net revenue from sales. These indices represent increases of 7.2 pp and 7.6 pp, respectively, in relation to 2012.

Customers' Share of Physical Sales (%)



Customers' Share of Contracted Sales that Make Up Net Revenue from Sales (%)

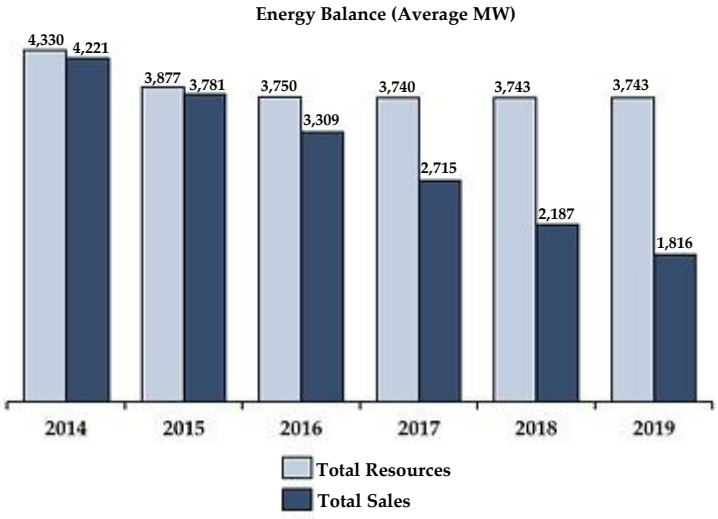


As in previous years, Tractebel Energia kept its position as the country's main private-sector generation company. The Brazilian electric energy sector is characterized by a strong presence of companies with state control, especially in electric energy generation.

The Company's main competitors are Eletrobrás, CESP, Cemig, Petrobras, Copel, AES Tietê, CPFL Energia, Duke Energy Geração Paranapanema, Grupo Neoenergia and Energias do Brasil.

5.4 Energy Balance

According to data for the Company's own commercial capacity and purchase contracts in effect as at December 31, 2013, the Company's energy availability, including purchases from third parties, is almost entirely contracted up to 2015.



The Company trades its energy in two different markets. The first one is the Regulated Contracting Environment (ACR), in the case of sales to distribution companies in public auctions, and through the Incentive Program for Alternative Sources of Electric Energy (Proinfa). The second one is the Free Contracting Environment (ACL), in the case of direct sale to generation companies, trading companies and free consumers.

6. Economic and Financial Performance

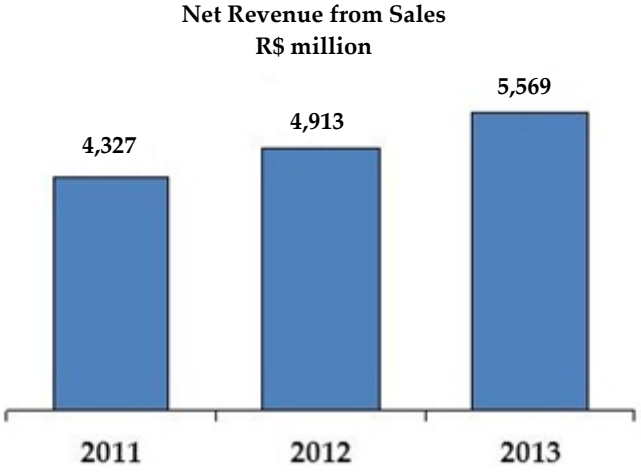
6.1. Indicators and Financial Information

	2011	2012	2013	Change 2013/2012
Financial Information (R$ million)				
Total assets	12,028.6	12,310.9*	12,654.4	2.8%
Shareholders' equity	5,450.3	5,502.3*	5,364.6	-2.5%
Net revenue from sales	4,327.0	4,912.5	5,568.7	13.4%
Gross income	2,466.3	2,781.6	2,656.8	-4.5%
Earnings from services - EBIT (1)	2,408.6	2,539.3*	2,387.2	-6.0%
Operating income	2,034.8	2,086.3*	2,001.7	-4.1%
Net income	1,448.1	1,490.9*	1,436.7	-3.6%
EBITDA (2)	2,909.7	3,100.5*	3,042.6	-1.9%
Financial Indicators (R$ million)				
Total debt (loans, financing and debentures)	3,649.2	3,534.5	3,495.4	-1.1%
Cash and cash equivalents	781.8	1,179.9	1,224.2	3.8%
Net debt	2,867.4	2,354.6	2,271.2	-3.5%
ROCE (3) (%)	22.9*	24.7*	23.1	-1.6 pp
Gross debt/EBITDA	1.3	1.1	1.1	-
Debt-to-equity ratio (%)	54.7	55.3*	57.6	2.3 pp
Operating margin (%)	47.0	42.5*	35.9	-6.5 pp
Net margin (%)	33.5	30.3*	25.8	-4.5 pp
Shares				
Net earnings per share (R$)	2.2185	2.2840*	2.2011	-3.6%
Average price per share (4) – common stock (R$)	22.59	30.19	34.67	14.8%
Dividends per share (R$)	2.1898	2.3691	2.2584	-4.7%

(1) EBIT (earnings before interest and taxes) = operating income + financial income
(2) EBITDA (earnings before interest, taxation, depreciation and amortization) = net income + income tax and social contribution + financial expenses, net + depreciation and amortization + provision for impairment
(3) ROCE (return on capital employed) = earnings from services/non-current assets; and
(4) Simple average of closing prices, adjusted for dividends.
(*) Adjustment arising from change in accounting practice (see considerations on the Financial Statements).

6.2. Net Revenue from Sales

In 2013, net revenue from sales increased by R$ 656.2 million, or 13.4%, increasing from R$ 4,912.5 million in 2012 to R$ 5,568.7 million in 2013. This growth stemmed essentially from a combination of: (i) R$ 290.0 million – increase in net average selling price; (ii) R$ 268.1 million – increase in revenue from transactions in the spot market, including those conducted through the Electric Energy Trading Chamber (CCEE); (iii) R$ 90.1 million – increase in amount of energy sold; (iv) R$ 14.7 million – growth in sales of carbon credits and ash; and (v) R$ 8.0 million – decrease in energy exports.



- **Net average selling price**

The net average selling price of energy, net of taxes on revenue, reached R$ 139.97/MWh, up 5.5% from 2012, when it was R$ 132.66/MWh. The price rise was essentially due to monetary restatement of existing contracts.

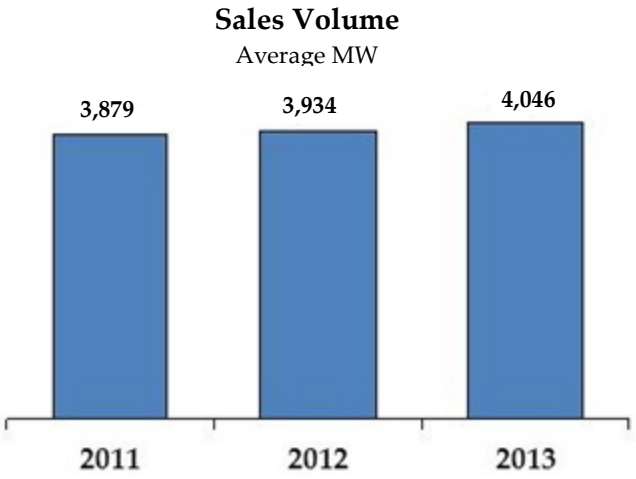


*Net of exports and sales taxes

- **Sales volume**

The amount of energy sold in 2013 was 35,445 GWh (4, 046 average MW), compared to 34,559 GWh (3,934 average MW) in 2012, a growth of 886 GWh (112 average MW), or 2.6% in GWh. The change in average MW is slightly different due to the fact that 2012 was a leap year.

The increase in the amount of energy sold resulted from a combination of the following elements: (i) growth of 2,864 GWh (330 average MW) in supply of energy to free consumers; (ii) decrease of 1,213 GWh (131 average MW) in supply of energy to distribution companies; (iii) decrease of 739 GWh (84 average MW) in sale of energy to trading companies; and (iv) export of energy only in 2012, in the amount of 26 GWh (3 average MW).



6.3. Comments on Changes in Net Revenue from Sales, by Nature of Account

a) Revenue from electric energy wholesales

Revenue from sales to distribution and trading companies in 2013 reached R$ 3, 074.3 million, down 3.4%, or R$ 108.5 million, in relation to 2012, when it had amounted to R$ 3,182.8 million. This drop is attributable to the following elements: (i) R$ 179.1 million – decrease of 1, 213 GWh (131 average MW), or 6.1% decrease in GWh, in volume sold to distribution companies; (ii) R$ 141.2 million – growth of 5.1% in average net selling price for distribution companies; (iii) R$ 85.0 million – decrease of 739 GWh (84 average MW), or 25.8% decrease in GWh, in the amount of energy sold to trading companies; and (iv) R$ 14.4 million – 5.1% increase in price of energy sold to trading companies.

b) Revenue from electric energy retail sales

Revenue from sales to free consumers increased R$ 488.6 million, or 34.9% in 2013, increasing from R$ 1, 398.4 million in 2012 to R$ 1, 887.0 million in 2013. This increase is related to an increase of 2, 864 GWh (330 average MW), or a 24.3% increase in GWh, equivalent to R$ 354.2 million, in the amount of energy sales, as well as 8.6% growth in the average net price of energy sold, or R$ 134.4 million.

c) Transactions in the spot market

In full-year 2013, there was an increase of R$ 268.1 million in revenue earned in the spot market, including transactions conducted through the CCEE, increasing from R$ 298.3 million in 2012 to R$ 566.4 million in 2013. Further explanations for these transactions and variations can be found below, in the item "Details on transactions in the spot market, including those conducted through the CCEE".

6.4 Costs of Energy Sold and Services Provided

Costs of energy sold and services provided increased by R$ 781.0 million, or 36.7% in 2013, increasing from R$ 2,130.9 million in 2012 to R$ 2,911.9 million in 2013. This growth is essentially due to the effect of the main components described below:

a) **Electric energy purchased for resale:** increase of R$ 111.9 million in 2013 in relation to 2012, reflecting adjustments of existing long-term contracts and prices of contracts that went into effect in 2013.

b) **Transactions in the spot market, including those conducted through the CCEE:** costs of these transactions increased by R$ 584.2 million between the years 2013 and 2012. Further details are described below, in a specific item.

c) **Charges for the use of and connection to the electricity grid:** decreased by R$ 22.4 million in 2013, in large part due to the effects of measures imposed by the federal government that resulted in a reduction in sector charges on transmission tariffs in 2013.

d) **Fuel for electric energy production:** increase of R$ 30.4 million in 2013, reflecting the expansion of thermoelectric energy generation, which resulted in increases of R$ 15.3 million in natural gas consumption at the William Arjona Thermoelectric Power Plant (UTWA), and R$ 15.1 million in net consumption of biomass, coal and diesel fuel.

e) **Financial compensation for use of water resources (royalties):** increase of R$ 36.3 million in 2013, basically due to the increase in generation at the Company's hydroelectric units.

f) **Personnel:** increase of R$ 18.8 million in 2013, largely attributable to the annual adjustment of employees' compensation and benefits.

g) **Depreciation and amortization:** increase of R$ 24.4 million in 2013, mainly as a result of the start-up of new generation units of the Estreito Hydroelectric Power Plant and the new wind farms, located in the state of Ceará.

6.5. Details on Transactions in the Spot Market, Including Those Conducted Through the CCEE

Transactions in the spot market are defined as the purchase and sale of energy with a delivery term of no more than six months, and whose main purpose is managing Tractebel Energia's exposure on the Electric Energy Trading Chamber (CCEE). Thus, the price of energy in these transactions is linked to the Differences Settlement Price (PLD). This item also encompasses transactions conducted through the CCEE, given the volatile and seasonal – and therefore short-term – nature of the results arising from the accounting at the CCEE. Furthermore, positive or negative exposures are settled at the PLD, in the same way as the transactions in the spot market described above.

Regarding the transactions conducted through the CCEE, the various credit or debit entries made monthly in the account of a CCEE agent are summarized in a single bill, receivable or payable, thus requiring their recording in revenue or expense. It is worth pointing out that, due to adjustments in the Company's portfolio management strategy, the profile of these bills has changed in recent years. This change makes it difficult to make a direct comparison of the elements making up each bill in 2012 and 2013, being the reason for creating this topic. Thus, it allows us to analyze the oscillations of the main elements, whether they have been allocated to revenue or expense, according to the credit or debit nature of the bill to which they are linked.

In general terms, these elements are revenues or expenses arising, for example from: (i) application of the MRE; (ii) the so-called "submarket risk"; (iii) dispatch caused by the Risk Aversion Curve (CAR); (iv) the application of System Service Charges (ESS), which result from dispatch not following economic order of merit of thermoelectric power plants; and (v) exposure (short or long energy position in the monthly accounting), which, in turn, will be settled at PLD.

For full-year 2013, the net result of transactions in the spot market, including those conducted through the CCEE, was negative R$ 71.3 million, compared to the positive result of R$ 244.8 million obtained in 2012, that is, there was a decrease of R$ 316.1 million.

This decrease is largely due to a combination of the following elements: (i) purchase of spot market energy, beginning in the second quarter of 2013, to reduce the debt position on the CCEE, and as a consequence, mitigate the effects of Resolution 03/2013 of the National Energy Policy Council (CNPE 03); (ii) a net negative effect resulting from the difference between (ii.i) the expense incurred in 2013, due to insufficient hydroelectric generation in the SIN in relation to the allocation of energy at the CCEE by the agents, especially in the months of January and February, and (ii.ii) the gain in 2012 due to excess hydroelectric generation in the SIN, predominantly in the first two quarters of the year; (iii) expansion of the credit position at the CCEE as a result of the Company's energy allocation strategy; (iv) decrease in thermoelectric exposure due to the increase in dispatch of these plants following economic order of merit; (v) positive result in the MRE for the year 2013 due to increased hydroelectric generation, essentially in the second half of the year, compared to the negative effect in 2012; and (vi) recognition of estimated costs related to generation companies' sharing of System Service Charges (ESS), established by CNPE 03, in spite of the fact that an injunction has been obtained by the association which represents the Company, the Brazilian Association of Independent Electric Energy Producers (Apine), which suspended the effects of this resolution.

Should the court decision with regard to CNPE 03 overturn the effects of the resolution, the additional cost of R$ 54.5 million recognized in 2013 will be reversed by the Company.

It is worth taking into account that the significant increase in the average annual PLD for the South and Southeast/Central-West submarkets, which increased from R$ 166.77/MWh in 2012 to R$ 258.19/MWh in 2013, made a significant contribution to the positive effect on the results arising from the expansion of the credit balance at the CCEE and secondary energy, and negatively, for costs related to thermoelectric exposure.

6.6 Selling, General and Administrative Expenses

Selling, general and administrative expenses increased by 4.5%, or R$ 8.5 million in 2013, increasing from R$ 188.6 million in 2012 to R$ 197.1 million in 2013. This change is substantially related to the annual adjustment of employee compensation and benefits.

6.7 Recognitions and Reversals of Operating Provisions, Net

In 2013, the Company recorded net revenue resulting from the reversal of operating provisions in the amount of R$ 0.8 million, whereas in the previous year it recognized a net expense related to the recognition of provisions in the amount of R$ 37.0 million, resulting in a positive impact of R$ 37.8 million in 2013. The main provisions recorded in 2012 refer to civil and tax provisions in the amount of R$ 24.5 million and a provision for a non-recurring loss of R$ 15.7 million resulting from the effects of absorbing assets.

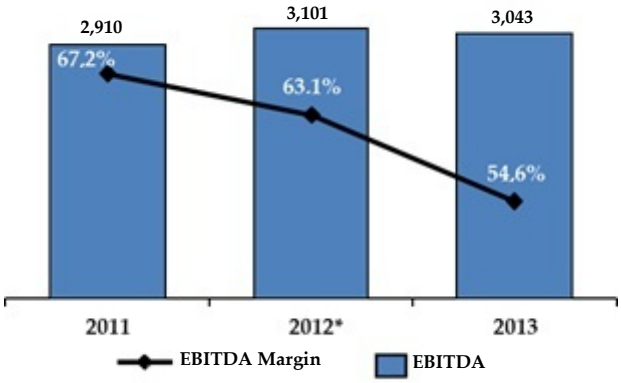
6.8 Provision for Impairment

In 2013 the Company recognized a provision for impairment of assets, especially in respect of the Charqueadas Thermoelectric Power Plant, in the amount of R$ 66.9 million, due to the rules recently enacted by Aneel which will reduce the reimbursement for coal consumption with effect from January 2016, and which will not allow for recovery of additional investments that are necessary to attain the new efficiency factors required by the regulator with regard to the plant.

6.9 EBITDA and EBITDA Margin

In full-year 2013, EBITDA decreased by R$ 57.9 million, or 1.9%, decreasing from R$ 3, 100.5 million in 2012 to R$ 3, 042.6 million in 2013. The EBITDA margin reached 54.6% in 2013, representing a drop of 8.5 pp in comparison to 2012. These decreases were mainly due to a reduction in transactions in the spot market, including those conducted through the CCEE, between the analyzed years, in the amount of R$ 316.1 million, which includes the effects of CNPE 03, including the R$ 54.5 million provision resulting from the resolution.

EBITDA[(1)] (R$ million) and EBITDA Margin



*Adjustment arising from change in accounting practice

[(1)]EBITDA represents: net income + income tax and social contribution + financial expenses, net + depreciation and amortization + provision for impairment.

The following table compares the Company's EBITDA and operating results in the years 2011-2013:

(in thousands of R$)	2011	2012	2013	Change 2013/2012
Net income	1,448,106	1,490,880*	1,436,747	-3.6%
(+) Income tax and social contribution	586,682	595,417*	564,962	-5.1%
(+) Financial expenses, net	373,810	452,990*	385,521	-14.9%
(+) Depreciation and amortization	501,099	561,174	582,486	3.8%
EBITDA	**2,909,697**	**3,100,461**	**2,969,716**	**-4.2%**
(+) Provision for impairment	-	-	72,837	-
Adjusted EBITDA	**2,909,697**	**3,100,461**	**3,042,553**	**-1.9%**

* Adjustment arising from change in accounting practice

6.10. Financial Results

Financial income: financial income increased by R$ 94.5 million in 2013, from R$ 88.2 million in 2012 to R$ 182.7 million in 2013. This increase is essentially attributable to the following factors: (i) gain of R$ 49.1 million on the early settlement at market value of the debt with the National Treasury (STN) and deposit of this gain in escrow; (ii) non-recurring gain of R$ 29.2 million on a lawsuit relating to the amount of interest and monetary variation on sales of energy received late in previous years; (iii) increase of R$ 22.2 million in income from financial investments; and (iv) decrease of R$ 6.2 million in interest on accounts receivable.

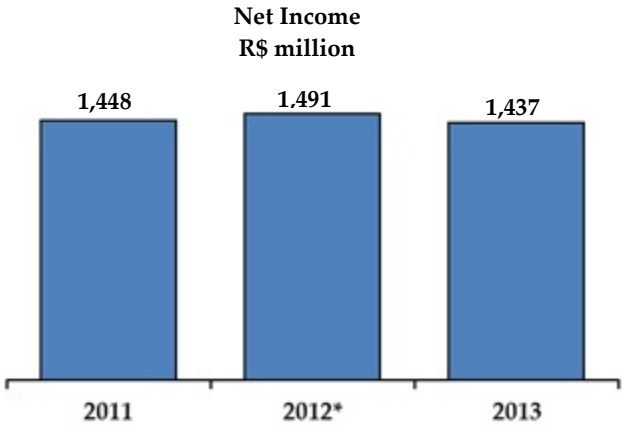
Financial expenses: on a year-on-year basis, financial expenses grew from R$ 541.2 million in 2012 to R$ 568.2 million 2013, that is, by R$ 27.0 million. This was the result of a combination of the following changes: (i) R$ 17.5 million increase from foreign exchange variation on debt; (ii) R$ 10.9 million decrease in interest and monetary variation on debt; (iii) R$ 10.5 million increase in interest and monetary variation on concessions payable; (iv) R$ 8.7 million increase in financial adjustment of provisions; and (v) R$ 4.6 million increase in interest on actuarial liabilities.

6.11. Income Tax (IR) and Social Contributions (CSLL)

Income tax and social contribution expenses decreased from R$ 595.4 million in 2012 to R$ 565.0 million in 2013, a decrease of R$ 30.4 million. This decrease was primarily due to the reduction in pre-tax earnings and in the credit for interest on capital. The effective income tax rates in 2013 and 2012 were 28.2% and 28.5%, respectively.

6.12 Net Income for the Year

Net income decreased from R$ 1,490.9 million in 2012 to R$ 1,436.7 million in 2013, a decrease of R$ 54.2 million, or 3.6%. This decrease was essentially the result of a combination of those factors mentioned previously: (i) negative variation in the net result of transactions in the spot market, including those conducted through the CCEE, in the amount of R$ 208.6 million, which takes into account the effects of CNPE 03, including the R$ 36.0 million provision resulting from that resolution; (ii) increase in income related to the Company's other operations in the amount of R$ 159.8 million; (iii) recording of impairment of thermoelectric generation assets in the amount of R$ 49.4 million; and (iv) recognition of R$ 51.7 million in non-recurring gains stemming from early settlement of debt and a court decision in favor of the Company related to interest and monetary variation on energy sales.

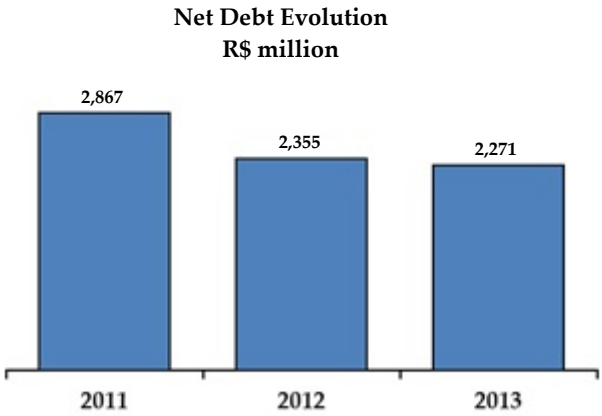


*Adjustment arising from change in accounting practice

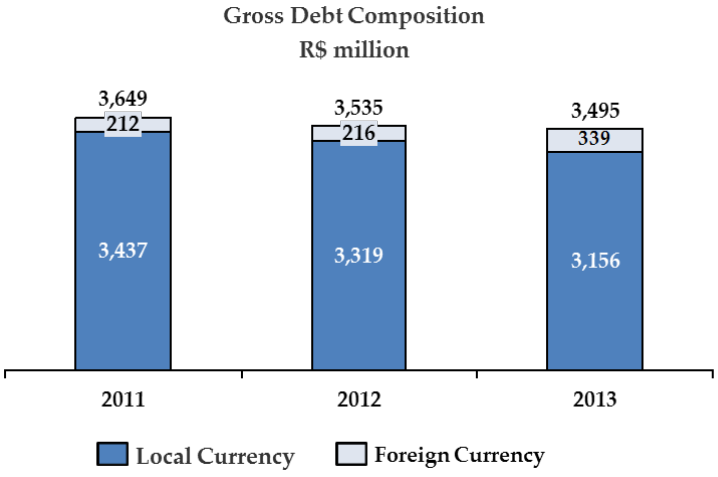
Of the net income for the year, the Company has proposed to pay R$ 1, 474.2 million to its shareholders in the form of dividends and interest on capital, equivalent to R$ 2.2584046518 per share, or 100% of adjusted distributable net income.

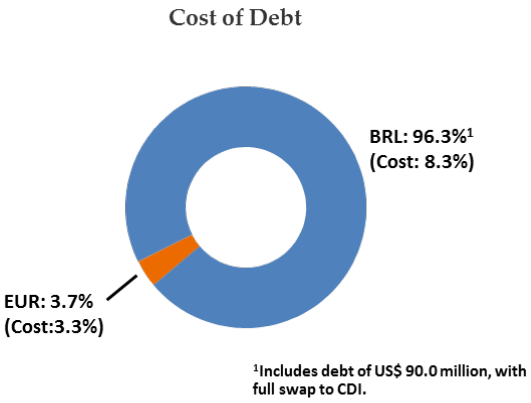
6.13. Debt

As at December 31, 2013, the Company's net debt (total debt less cash and cash equivalents) was R$ 2,271.2 million, down 3.5% from R$ 2,354.6 million at the end of 2012.



Total consolidated gross debt, comprising mainly loans, financing and debentures, totaled R$ 3,495.4 million at the end of 2013, down 1.1% from the position as at December 31, 2012. Of the total debt at the end of the period, 9.7% was denominated in foreign currency (6.1% at the end of 2012). However, taking into account the swap transactions contracted in 2013, the effective exposure to foreign currencies was 3.7% of total gross debt, at the end of 2013.





The decrease in the Company's indebtedness is mainly a result of the following factors that occurred between 2012 and 2013: (i) withdrawals from National Bank for Economic and Social Development (BNDES) and its financial agents in the total accumulated amount of R$ 170.8 million, to support investments in the Estreito Hydroelectric Power Plant and the Trairi Wind Complex; (ii) contracting of a loan from the Nordic Investment Bank (NIB), in the amount of R$ 141.8 million (equivalent to US$ 70 million); (iii) contracting of a loan from HSBC Bank USA in the amount of US$ 90.0 million (equivalent to R$ 207.3 million), subject to a swap transaction to protect the full amount of future cash flows against appreciation of the U.S. dollar; (iv) R$ 303.9 million in charges incurred to be paid, plus monetary and foreign exchange variation; (v) amortization of debentures in the amount of R$ 184.8 million; (vi) R$ 629.0 million in amortization of loans and financing; and (vii) R$ 49.1 million gain from the early settlement at market value of the debt with the STN, as mentioned previously in the item "Financial Income".



[1] Includes US$ 90.0 million debt on full swap to CDI

6.14. Cost of Capital

The usual formation of the capital invested by Tractebel Energia in expanding its business is one third equity – for this, the Company retains part of the earnings generated, when necessary – and two thirds debt. In respect of the debt portion, the Company has obtained financing by means of sector-specific lines of credit, preferentially from the BNDES, with below-market interest rates. A majority of these resources are linked to the TJLP rate (73.8% of total debt in local currency as at December 31, 2013). The remainder of the resources is from other loans with variable rates in the market. In the year ended December 31, 2013, the Company's total cost of debt was approximately 8.1%, taking into account local currency (cost of 8.3%) and foreign currencies (cost of 3.3%).

The cost of equity is presumably greater than the cost of debt and, in the Company's case, takes into account the risk-free rate, the Brazil risk rate and the market risk premium, as well as the unlevered beta, which varies according to the market, the historical series for the share price and stock market liquidity. Considering the requirement of an adequate rate of return, the Company seeks to satisfactorily remunerate investments made with equity.

7. Investments

7.1 Maintenance, Refurbishment and Expansion of Generation Facilities

In 2013 Tractebel Energia made R$ 443.3 million of investments to carry out its growth plan, including investment in the construction of the Estreito Hydroelectric Power Plant and the Trairi, Campo Largo and Santa Mônica Wind Farm Complexes. Moreover, to maintain a high degree of uptime at its plants, R$ 241.2 million was invested in maintenance and upkeep projects.

Thus, in 2013 investments totaled R$ 684.5 million.

7.2 Research and Development

Since 1999, Tractebel Energia has implemented a Research and Development (R&D) program with the aim of seeking sustainable solutions to add value to its operations and interact with local education and research intuitions and foundations, providing training, technological innovation and professional development in the regions in which it operates. The program complies with prevailing legislation and Aneel resolutions related to R&D, which stipulates a minimum investment of 1% of the Company's annual net operating revenue.

Investment in the R&D program's projects provide ongoing improvements in Tractebel Energia's generation facilities and the services offered by the Company, as well as seeking to make viable the use of new renewable energy sources, enhance environmental management, minimize impacts, and promote sustainable development.

In 2013, in conformity with prevailing legislation, the Company invested R$ 38.7 million in its R&D program. This went towards the following:

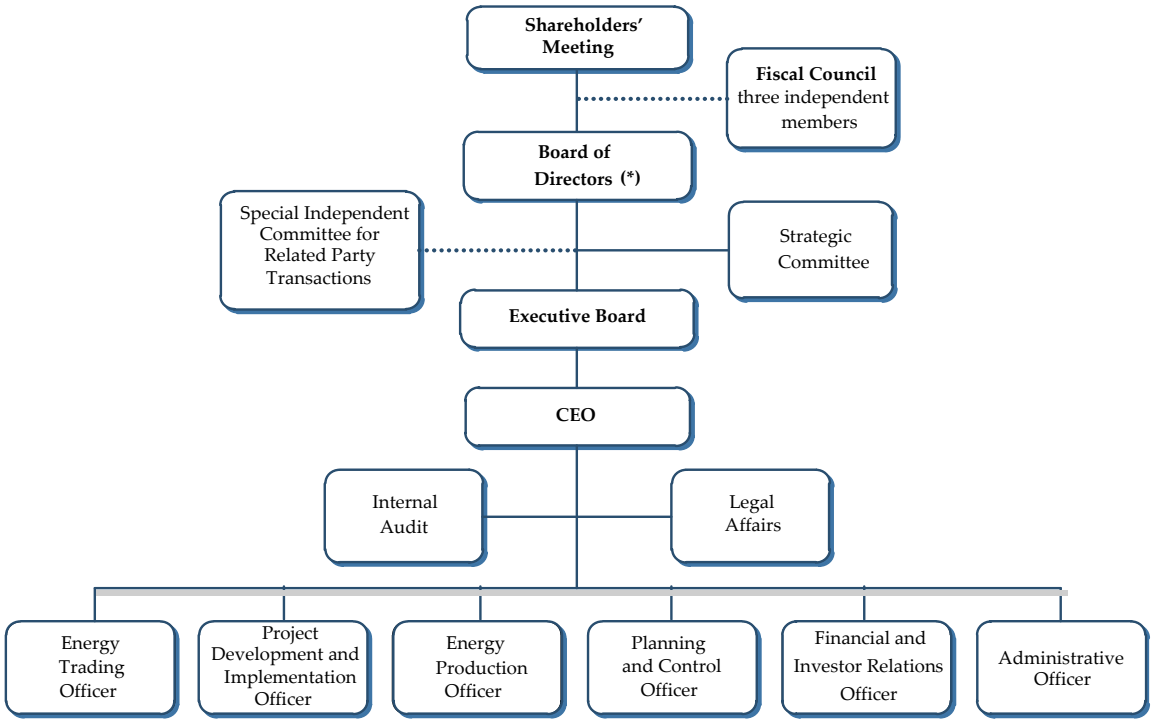
- R$ 19.7 million was invested in projects proposed by the Company.
- R$ 6.2 million was transferred to the Ministry of Mines and Energy to fund the Energy Research Bureau (EPE).
- R$ 12.8 million went to the National Fund for Scientific and Technological Development (FNDCT).

8. Corporate Governance

Tractebel Energia's corporate governance, which steers its business management and sustainability, follows the best market practices and is based on the pillars of constant transparency and ongoing commitment to rendering of accounts and equal treatment in access to information for all its stakeholders.

The Company is part of the *Novo Mercado* – the segment of BM&F Bovespa with the highest level of governance practices, which surpass the requirements of Brazilian legislation – and for the ninth consecutive year, it was part of the Corporate Sustainability Index (ISE), also on BM&F Bovespa, which is a portfolio of stocks of companies with good sustainability management practices.

We present below the organization chart of the Company's management as at December 31, 2013.



(*) Made up of nine members: chairman, vice-chairman and seven members, four of whom are from the controlling shareholder, two of whom are representatives of minority shareholders, and one who is an employees' representative.

In addition to the Strategic Committee (comprising members from the Board of Directors and representatives of the controlling shareholder) and the Special Independent Committee for Related Party Transactions (non-permanent), both represented in the organization chart above, there are seven other committees. These are formed by multidisciplinary teams and focus on strategic themes, and provide support for planning and decision-making. They are the Energy, Risk Management, Tax Management, Sustainability, Ethics, Innovation, and Finance Committees.

8.1. Internal Control

The system of internal controls in operation at Tractebel Energia is based on the Sarbanes-Oxley Act (SOX), which establishes a global standard of auditing and security measures to ensure the reliability of the content of publicly-traded companies' financial reports. The Company's system of internal controls is constantly improved, and undergoes annual tests and certification by Management. The system's results and legal compliance are verified by external auditors.

The Company has an internal auditing structure which is designed to ensure the effectiveness of its processes, rules and governance practices, in addition to a Fiscal Council with three members, one of whom is a representative of the minority shareholders. The Company does not have an Audit Committee.

8.2 Shareholders' Rights

In order to equally protect the interests of all its shareholders, the Company establishes, in accordance with prevailing legislation and best governance practices, the following rights for the holders of Tractebel Energia's shares:

- The right to vote in annual or extraordinary shareholders' meetings, and make recommendations and provide guidance to the Board of Directors in its decision-making.
- The right to receive dividends and to participate in the distribution of profits or other distributions to shareholders (preference in share subscription, convertible debentures or subscription bonus).
- The right to oversee Tractebel Energia's management, in accordance with the Company's Bylaws, and to withdraw from the Company in the event of circumstances referred to the Brazilian Corporate Law.
- The right to receive at least 100% of the price paid per common share of the control block, in accordance with *Novo Mercado* regulations, in the event of a public offering of shares as a result of sale of control of the Company.

Moreover, the Company is a member of the Market Arbitration Chamber, in accordance with a commitment clause in its Bylaws.

8.3 Disclosure Policy

As part of its commitment to transparency and equal treatment with respect to access to information by its shareholders, the Company has a disclosure policy that complies with the rules and requirements of financial market regulators, such as the Central Bank, the Brazilian Securities Commission (CVM) and BM&F Bovespa. The Company discloses material events, in accordance with CVM Instruction 358/02, which requires the disclosure of information relating to its business, providing investors with ample time for decision-making regarding their investments. The main materials disclosed by the Company include:

- Quarterly information;
- Earnings releases and presentations;
- Financial statements;
- Notices to the market;
- Notices to shareholders;
- Material events; and
- Sustainability reports.

8.4 Ethics

Ethics are a common thread for all the Company's activities. Ethical values are shared with all employees and other stakeholders by means of Tractebel Energia's Code of Ethics. This document is part of the agreements signed by the Company, and is provided in a printed version to employees, accompanied by a brochure entitled "Guide to Ethical Practices", which contains guidelines on the proper conduct and how to deal with ethical dilemmas. The Code is also available on Tractebel Energia's website (www.tractebelenergia.com.br).

8.5 Board of Directors Internal Charter

The Board of Directors Internal Charter establishes practices, principles and responsibilities which must be observed by the Company's Board members when acting in their capacity as representatives of all shareholders in defending Tractebel Energia's interests. Thus, the Internal Charter seeks to ensure the effective contribution of each board member, aligning the Board's with the Company's values, vision and mission, as well as the ethical standards and integrity members are expected to observe. The document is available on Tractebel Energia's website.

9. Capital Markets

Since joining BM&F Bovespa's *Novo Mercado*, Tractebel Energia has been part of the Special Corporate Governance Stock Index (IGC) and the Special Tag-Along Rights Stock Index (ITAG), which brings together those companies that offer their minority shareholders a greater than usual level of protection in the event of a sale of control. Its shares are also part of BM&F Bovespa's Corporate Sustainability Index (ISE), which brings together companies with good sustainability management practices, in addition to the Electric Utilities Index (IEE), which is a sector-specific index formed by the electric energy sector's most important publicly-traded companies.

Tractebel Energia's common shares are traded on BM&F Bovespa under ticker symbol TBLE3. Furthermore, the Company has Level 1 American Depositary Receipts (ADRs) traded on the US over-the-counter (OTC) market, under ticker symbol TBLEY, at a ratio of one ADR for each common share.

9.1 Share Performance

BM&F Bovespa's main index ended 2013 with the worst performance among the world's main stock indices. For the year, the Ibovespa's loss totaled 15.5%, compared to a 7.4% gain in 2012, while the US' Dow Jones index posted a gain of 26.5% for the year.

In dollars, the Ibovespa fell nearly 26% in 2013.

Over the year, Tractebel Energia's shares gained 15.5%, a positive result compared to the losses posted for 2013 by the Ibovespa and the Electric Utilities Index (IEE), whose ticker is IEEX, of 15.5% and 8.8%, respectively.



This result ensured that the Company concluded yet another year with the Brazilian electric energy sector's highest market capitalization, at R$ 23.5 billion. For full-year 2013, average volume reached R$ 22.8 million, down 1.4% from 2012.

9.2. Investor Relations

Tractebel Energia seeks to maintain a solid relationship with its current and potential investors, based on the principles of transparency, objectivity and availability. To this end, in addition to continually publishing information on material events and its quarterly results, it has an Investor Relations Department and a specific investor relations section on its website. This strategy allows the Company to better understand its investors' demands and expectations, and thus serve them better.

The Investor Relations Department is responsible for serving shareholders, market analysts, investors and potential investors, as well as disclosing information on the Company's performance. For this purpose, the Company holds specific events, such as the event it held for the Association of Capital Market Analysts and Professionals (Apimec). The Company also carries out on-site or teleconference meetings, with institutional investors as well as market analysts and the specialized media, in addition to the "Inside Tractebel" program.

"Inside Tractebel" is a program that allows capital market professionals to visit one of the Company's facilities – generally a power plant, in operation or construction. In 2013, the gathering took place at the Company's headquarters and the Jorge Lacerda Thermoelectric Complex, and involved the presence of 49 professionals from 44 institutions.

10. Social and Environmental Responsibility

Tractebel Energia's management is guided by a pursuit of operational excellence that is aligned with sustainable development. The formation of a culture of social and environmental responsibility linked with economic development is a constant concern for the Company. For this purpose the Company's Sustainability Committee carries out joint actions with operational areas. The focus of this action is not restricted to the internal stakeholder, but extends to all of Tractebel Energia's other stakeholders.

11. Certifications and Legal Compliance

All the power plants at Tractebel Energia's generation facilities have the environmental licenses and authorizations required by the related bodies.

Out of the plants in operation, 15 are certified in accordance with the requirements of NBR ISO 9001:2000 – Quality Management System, NBR ISO 14001:2004 – Environmental Management Systems, and OHSAS 18001 – Occupational Health and Safety Management System. However, all 24 are operated in accordance with the Company's Sustainable Management Policy, which is part of its Integrated Management System (SIG).

12. Environmental Management

Tractebel Energia's Sustainable Management Policy guarantees, as a fundamental component of Tractebel Energia's identity and values, respect for the environment and that all of the Company's actions are guided by its Environmental Code – which, like the Policy, can be found on the Company's website.

Under the terms of its Sustainable Management Policy, the Company conducts research and development projects and evaluates the impact of its activities, in its attempt to improve its performance in preventing and controlling pollution, managing emergency situations, and sustainable use of natural resources, both renewable and non-renewable. It also seeks to constantly minimize the environmental impact of its actions, prioritizing renewable energy sources and diversifying its energy matrix.

As has been said, all the plants operated by Tractebel Energia have the required operation and functioning licenses, and 15 of them have NBR ISO 14001 certification which was renewed for an additional three years by the Bureau Veritas Certification (BVC) in 2013. The remaining nine plants follow the same management standards, ensuring environmental quality.

12.1. Clean Development Mechanism (CDM)

The Lages Cogeneration Unit (UCLA), located in Santa Catarina state, generates energy from wood chips. This minimizes disposal of this waste into the natural environment and the consequent emission of methane – a gas with global warming potential 21 times greater than carbon monoxide. For this reason, UCLA is registered with the Executive Committee of the United Nations Framework Convention on Climate Change as an activity that meets the requirements of the Clean Development Mechanism (CDM). UCLA is accredited to generate carbon credits, as established by the Kyoto Protocol, which are traded by its subsidiary Lages Bioenergética. In 2013, 392, 174 certified emission reduction credits (CERs) resulting from UCLA's inclusion in the CDM were issued.

13. Social Management

13.1. Human Resources

Tractebel Energia's human resources management is grounded on the following principles: (i) recognition and motivation; (ii) development; and (iii) health and wellbeing.

Tractebel Energia values an organizational climate that seeks to create a participative environment, with mutual trust, sharing of achievements and the conducting of programs for professional development and improvement, health, leisure and wellbeing. Thus, every other year, the Company conducts an organizational climate survey to evaluate its performance in human resources management and to reinforce the relationship of trust between employees and the Company. In 2012, the last survey conducted with employees showed a favorable rating of 70%. Also in 2012, the Company participated for the first time in an evaluation conducted by the magazine Época, in partnership with the international company Great Place to Work. In this evaluation, the Company was considered to be one of the 130 best companies to work for in Brazil.

At the end of 2013, the Company had 1, 125 employees, of which 162 were women and 963 men; 43.11% had a college degree and 44.0% had technical school training. Over the year, 86 people were hired and 43 people left the Company.

13.1.1. Development

In 2013, R$ 6.5 million was invested in training, courses and lectures, with the purpose of developing, updating and training the Company's employees, with an average of 64.1 hours of training per employee.

13.1.2. Labor Relations

The Company fully guarantees its employees the right to free association. Tractebel Energia is aligned with the International Labor Organization (ILO) guidelines and negotiates and signs collective bargaining agreements with unions representing its employees. These agreements relate to the annual salary adjustment, pension and benefits plans, health and safety, and other areas.

13.1.3. Occupational Health and Safety

As stated in Tractebel Energia's Sustainable Management Policy, which can be accessed on the Company's website, regarding occupational health and safety (OHS), Tractebel Energia prioritizes its people's physical and psychological integrity, professionalism, training and competence, and seeks to prevent injuries and illnesses by means of awareness, monitoring and control of dangers and risks identified in its processes, equipment and work environments. The Company continually improves its OHS management and performance.

To improve the management of its processes, equipment and work environment, R$ 8.0 million was invested in 2013 in safety, health and quality of life programs. Since 2010, 15 of the Company's 24 plants have OHSAS 18001 certification, an internationally-recognized auditing specification for occupational health and safety management systems. The certification is valid for three years and was renewed in 2013 by the Bureau Veritas Certification (BVC).

On another front, Tractebel Energia conducts campaigns promoting its employees' health, including workplace exercises and recommendations for healthy habits, as well as recovery for those with chemical dependence.

Moreover, the Company classifies its employees' health profile with the purpose of developing actions to promote the adoption of healthy habits and to improve each employee's quality of life. All employees are annually invited to take part in medical evaluations, and an individual health plan, with goals associated with the results of evaluation tests, is consensually set with each employee.

13.1.4. Compensation and Benefits

The employee compensation policy adopted by Tractebel Energia is grounded on best market practices and is periodically revised based on salary surveys. Compensation involves a fixed portion and a variable portion, according to the achievement of targets and annual business results. The Company's benefits plan is among the most extensive in the market, and employees are also invited to join a private pension plan. The Company has a policy of equal treatment in compensation in respect of genders and ethnicities.

Variable compensation takes the form of the payment of profit sharing and management bonus and is based on the achievement of individual targets and business goals. In 2013, R$ 25.7 million was paid to employees as profit sharing for the previous year.

A 50% contribution to the retirement fund Previg – Supplementary Pension Company – is part of the benefits granted to employees. In 2013, the number of enrollees in Previg reached 1, 692 employees and former employees of Tractebel Energia. In 2013 enrollees contributed R$ 25.3 million to the fund. The Company is also a sponsor of a private pension plan, Eletrosul Pension and Social Assistance Foundation (ELOS), as some retired former employees are part of this plan. In 2013, Tractebel Energia contributed R$ 23.7 million to ELOS.

All of the Company's employees and their dependents have assistance to recover health, which covers medical, dental, pharmaceutical, psychology, speech therapy and nutritional areas. The benefits granted by Tractebel Energia include:

- a health plan;
- group life insurance;
- disability coverage;
- maternity[1] and paternity leave;
- daycare allowances for female employees;
- meal vouchers;
- transportation vouchers;
- access to a private pension plan; and
- assistance for persons with special needs.

13.2 Social Responsibility

Tractebel Energia seeks to make an ongoing and effective contribution to improving the living conditions of the communities of which it is a part.

To this end, the Company runs Tractebel Energia Corporate Social Responsibility Programs – three programs developed and structured with the aim of sustainably, effectively and proactively contributing to the development of the population of the locations where it operates. The actions conducted as part of these programs are in addition to those resulting from the Company's legal obligations. The programs are focused on cultural development, environmental improvement and social responsibility. The Company's social responsibility programs prioritize children and adolescents in situations of vulnerability, in addition to initiatives seeking to help people enter the labor market and to generate jobs and income.

[1]The Company voluntarily grants extended maternity leave for 180 days.

14_Social Balance Sheet

Tractebel Energia Consolidated	2013	2012
1. CALCULATION BASIS	**In thousands of Reais**	**In thousands of Reais**
Net Revenue from Sales	5,568,658	4,912,499
Operating Income	2,001,709	2,086,297
Gross Payroll	14,731	131,716
Total Value Added	3,681,266	3,639,219

2. INTERNAL SOCIAL INDICATORS	In thousands of Reais	% of gross payroll	% of net revenue	% of total value added	In thousands of Reais	% of gross payroll	% of net revenue	% of total value added
Meals	13,667	9.64	0.25	0.37	10,420	7.91	0.21	0.29
Compulsory Social Charges	48,732	34.38	0.88	1.32	44,673	33.92	0.91	1.23
Private Pension Plan	34,234	24.15	0.61	0.93	40,427	30.69	0.82	1.11
Healthcare	12,440	8.78	0.22	0.34	9,471	6.68	0.17	0.26
Occupational Health and Safety	5,745	4.05	0.10	0.16	5,519	3.89	0.10	0.15
Education	717	0.51	0.01	0.02	481	0.34	0.01	0.01
Professional Training and Development	5,767	4.07	0.10	0.16	7,551	5.33	0.14	0.21
Daycare or Daycare Allowance	197	0.14	0.00	0.01	161	0.11	0.00	0.00
Profit Sharing / Bonus	38,943	27.48	0.70	1.06	32,073	22.63	0.58	0.88
Transportation	4,112	2.90	0.07	0.11	3,321	2.34	0.06	0.09
Other Benefits	1,650	1.16	0.03	0.04	1,224	0.93	0.02	0.03
TOTAL FOR INTERNAL SOCIAL INDICATORS	**166,204**	**117.27**	**2.98**		**155,321**	**117.92**	**3.16**	

3. EXTERNAL SOCIAL INDICATORS	R$ 000	% of gross payroll	% of net revenue	% of total value added	R$ 000	% of gross payroll	% of net revenue	% of total value added
Education	2,080	0.10	0.04	0.06	2,320	0.11	0.05	0.06
Culture	13,767	0.69	0.25	0.37	8,797	0.42	0.18	0.24
Sports	360	0.25	0.02	0.01	675	0.51	0.03	0.02
Other	76	0.00	0.00	0.00	5,561	0.27	0.11	0.15
Total contributions to society	16,283	0.81	0.29	0.44	17,353	0.83	0.35	0.48
Taxes (excluding social charges)	1,163,670	58.13	20.90	31.61	1,146,119	54.94	23.33	31.49
TOTAL FOR EXTERNAL SOCIAL INDICATORS	**1,179,953**	**58.95**	**21.19**	**32.05**	**1,163,472**	**55.77**	**23.68**	**31.97**

4. ENVIRONMENTAL INDICATORS	R$ 000	% of gross payroll	% of net revenue	% of total value added	R$ 000	% of gross payroll	% of net revenue	% of total value added
Contribution to society and civic consciousness	1,624	0.08	0.03	0.04	100	0.00	0.00	0.00
Related to the Company's operations	27,953	18.55	1.31	0.71	26,286	19.96	1.26	0.72
Related to ongoing projects	16,697	0.83	0.30	0.45	30,026	1.44	.,61	0.83
TOTAL FOR INVESTMENTS IN THE ENVIRONMENT	**42,983**	**2.15**	**0.77**		**56,312**	**2.70**	**1.15**	

5. EMPLOYEE INDICATORS	Quantity	Quantity
Nº of employees at end of period	1,125	1,082
Nº of hirings during the period	86	61
Nº of outsourced employees	869	827
Nº of interns	70	10
Nº of employees over the age of 45	432	460
Nº of women working for the company	162	150
% of management positions held by women	-	-
Nº of blacks working for the company	There is no formal statement by employees as to the race to which they belong, making it impossible to provide a response for these indicators.	There is no formal statement by employees as to the race to which they belong, making it impossible to provide a response for these indicators.
% of management positions held by blacks	There is no formal statement by employees as to the race to which they belong, making it impossible to provide a response for these indicators.	There is no formal statement by employees as to the race to which they belong, making it impossible to provide a response for these indicators.
Nº of people with disabilities or special needs	32	23

Continued on the next page

6. SIGNIFICANT INFORMATION REGARDING THE EXERCISE OF BUSINESS CIVIC RESPONSIBILITY	2013			2014 Targets		
Ratio between highest and lowest compensation in the company	20			Not determined		
Total number of on-the-job accidents	Tractebel Energia: 2 Outsourced companies: 3			0		
Social and environmental projects developed by the company were defined by:	( ) upper management	(x) upper and middle management + Sustainability Committee	( ) all employees	( ) upper management	(x) upper and middle management + Sustainability Committee	( ) all employees
Workplace safety and health standards were determined by:	(x) upper and middle management	( ) all employees	( ) everyone + accident prevention Committee	(x) upper and middle management	( ) all employees	( ) everyone + accident prevention committee
Regarding right to fee association, collective bargaining rights and internal representation of workers, the company:	( ) does not get involved	(x) follows ILO standards	( ) encourages and follows ILO standards	(x) will not get involved	( ) will follow ILO standards	( ) will encourage and follow ILO standards
Pension plan covers:	( ) upper management	( ) upper and middle management	(x) all employees	( ) upper management	( ) upper and middle management	(x) all employees
Profit sharing includes:	( ) upper management	( ) upper and middle management	(x) all employees	( ) upper management	( ) upper and middle management	(x) all employees
In selecting suppliers, the same standards of ethics and social and environmental responsibility adopted by the company:	( ) are not considered	( ) are recommended	(x) are required	( ) will not be considered	( ) will be recommended	(x) will be required
Regarding employees' participation in voluntary work programs, the company:	( ) does not get involved	(x) supports it	( ) organizes and encourages it	( ) will not get involved	(x) will support it	( ) will organize and encourage it
Total No. of complaints and criticisms from consumers	There were none in the company	At consumer defense bureau Not applicable	In court There were none	In the company NA	At consumer defense bureau NA	In court NA
Total value added to distribute (in thousands of Reais):	**R$ 3,681,266**			**NA**		
Distribution of value added:	43.95% government 39.03% shareholders	6.61% employees 10.41% third parties	0% retained	NA% government NA% shareholders	NA% employees NA% third parties	NA% retained

7 – OTHER INFORMATION	2013	2012
Water consumption	7,173,223 m³	5,528,889 m³
Electric energy consumption	1,153.8 GWh	937.2 GWh
Annual amount of waste produced	1,503,673.8 tons	1,519,488.5 tons
Annual amount of waste recycled	1,502,907.4 tons	1,518,749.4 tons

14.1. Additional Information

14.1.1. Exploitation of children, forced and compulsory labor, and anti-discrimination policy

Tractebel Energia does not permit, in any circumstances, the exploitation of children, or forced or compulsory labor, and reserves the right not to contract the services of, or have a commercial relationship with, entities that adopt such practices. The Company is committed to informing the responsible authorities of any such cases of which it may become aware.

Respect is one of Tractebel Energia's main ethical principles. Regarding human rights, the Company is attentive to sensitive situations that may compromise the performance of its activities, such as its relationship with relocated populations.

Also in this context, each employee of Tractebel Energia makes sure that he or she does not practice any discrimination, in words or deeds, particularly as regards age, gender, ethnic, social or cultural origins, political or union-related opinions, personal lifestyle choices, particularities or physical disabilities.

All these principles and the conduct expected from the Company's employees, suppliers and partners are available in Tractebel Energia's Code of Ethics, made widely available to all stakeholders on its website.

14.1.2. Volunteer practices

The Company sponsors Junior Achievement and the Volunteers in Action Institute.

14.1.3. Identification of persons responsible for social information and form of contact

The secretary of the Sustainability Committee is the person responsible for the Company's social information, and can be contacted by email: comite_de_sustentabilidade@tractebelenergia.com.br

15. Independent Auditors

In accordance with Article 2 of CVM Instruction No. 381/03, Tractebel Energia states that in 2013 KPMG Auditores Independentes, the independent auditors of the Company and its subsidiaries, did not provide any services that were not related to the independent audit.

16. Statement by Management

Management states that, in compliance with article 25, paragraph 1, items V and VI, of CVM Instruction 480/2009, it has reviewed, discussed and agreed with the Financial Statements contained in this Report, and the opinions expressed in the Independent Auditor's report.

17. Acknowledgements

Tractebel Energia thanks its employees, customers, suppliers, partners, shareholders, financial institutions, government entities, regulatory bodies and other stakeholders that have contributed to the Company's ongoing success.

The Management

Tractebel Energia
GDF SUEZ

TRACTEBEL ENERGIA S.A.

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

BALANCE SHEETS AT DECEMBER 31, 2013 AND 2012

(In thousands of Brazilian reais)

ASSETS

	Note	Parent company		Consolidated	
		12.31.2013	12.31.2012 (Restated)	12.31.2013	12.31.2012 (Restated)
CURRENT ASSETS					
Cash and cash equivalents	4	949,470	736,317	1,224,276	1,179,976
Trade accounts receivable	5	372,256	413,001	740,326	622,916
Dividends receivable from subsidiaries	34	141,342	37,026	-	-
Inventories	6	60,864	42,317	64,785	45,374
Income and social contribution taxes recoverable		-	-	21,752	9,451
Other tax credits recoverable	7	722	305	59,830	55,298
Fuel reimbursable	8	139,601	47,823	139,601	47,823
Other current assets		73,544	61,287	87,888	70,230
		1,737,799	**1,338,076**	**2,338,458**	**2,031,068**
NON-CURRENT ASSETS					
Long Term Assets					
Trade accounts receivable	5	31,398	3,356	4,432	7,347
Income and social contribution taxes recoverable		-	-	8,125	5,766
Other tax credits recoverable	7	26,642	13,814	100,222	122,419
Amounts receivable from sale of asset	9	86,886	86,886	86,886	86,886
Restricted deposits	10	37,084	-	130,857	103,310
Judicial deposits	11	105,211	108,616	106,854	110,411
Deferred income and social contribution taxes	25	-	-	17,575	16,992
Other non-current assets		9,659	17,382	26,409	34,100
		296,880	**230,054**	**481,360**	**487,231**
Investments	12	**2,416,266**	**2,763,992**	**-**	**-**
Property, plant and equipment	13	**5,713,965**	**4,742,243**	**9,708,227**	**9,683,085**
Intangible assets	14	**10,920**	**10,965**	**126,352**	**109,500**
		8,438,031	**7,747,254**	**10,315,939**	**10,279,816**
TOTAL		**10,175,830**	**9,085,330**	**12,654,397**	**12,310,884**

The notes are an integral part of the financial statements.

Tractebel Energia
GDF SUEZ

TRACTEBEL ENERGIA S.A.

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

BALANCE SHEETS AT DECEMBER 31, 2013 AND 2012

(In thousands of Brazilian reais)

LIABILITIES AND SHAREHOLDERS' EQUITY

	Note	Parent company		Consolidated	
		12.31.2013	12.31.2012 (Restated)	12.31.2013	12.31.2012 (Restated)
CURRENT LIABILITIES					
Suppliers	15	281,711	173,309	510,346	265,091
Dividends and interest on equity	27	220,917	247,292	221,276	247,591
Loans and financing	16	343,339	163,006	492,843	357,043
Debentures	17	174,072	170,042	174,072	170,042
Concessions payable	18	47,397	3,129	51,763	48,800
Income and social contribution taxes payable	19	431,587	356,528	434,166	382,782
Other tax and regulatory liabilities	20	43,799	22,609	62,927	54,149
Provision for remuneration and charges	21	63,757	61,400	64,122	61,785
Research and development obligations	22	48,529	53,243	55,997	56,949
Tax, civil and labor provisions	23	14,305	28,439	15,136	29,170
Retirement benefits obligations	24	28,851	32,368	28,851	32,368
Other current liabilities		19,786	14,840	72,205	30,666
		1,718,050	**1,326,205**	**2,183,704**	**1,736,436**
NON-CURRENT LIABILITIES					
Loans and financing	16	929,553	487,972	2,829,645	2,848,912
Debentures	17	-	158,548	-	158,548
Concessions payable	18	1,504,431	964,758	1,543,406	1,380,126
Research and development obligations	22	26,416	5,779	27,416	10,535
Tax, civil and labor provisions	23	177,654	139,004	179,836	145,550
Retirement benefits obligations	24	189,668	215,598	189,668	215,598
Deferred income and social contribution taxes	25	141,042	183,673	163,663	199,430
Other non-current liabilities		127,643	104,205	172,448	113,498
		3,096,407	**2,259,537**	**5,106,082**	**5,072,197**
SHAREHOLDERS' EQUITY					
Capital	26	2,445,766	2,445,766	2,445,766	2,445,766
Capital reserve	26	91,695	91,695	91,695	91,695
Valuation adjustments	26	527,416	582,656	527,416	582,656
Other comprehensive income	26	62,924	48,454	62,924	48,454
Profit reserves	26	1,771,784	1,754,588	1,771,784	1,754,588
Proposed dividends	26	461,788	576,429	461,788	576,429
		5,361,373	**5,499,588**	**5,361,373**	**5,499,588**
Non-controlling interest	26	-	-	3,238	2,663
		5,361,373	**5,499,588**	**5,364,611**	**5,502,251**
TOTAL		**10,175,830**	**9,085,330**	**12,654,397**	**12,310,884**

The notes are an integral part of the financial statements.

Tractebel Energia
GDF SUEZ

TRACTEBEL ENERGIA S.A.

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

STATEMENT OF INCOME FOR THE FISCAL YEARS ENDED DECEMBER 31, 2013 AND 2012

(In thousands of Brazilian reais, except when stated otherwise)

	Note	Parent company		Consolidated	
		12.31.2013	12.31.2012 (Restated)	12.31.2013	12.31.2012 (Restated)
NET SALES	28	**3,506,194**	**3,497,685**	**5,568,658**	**4,912,499**
Cost of energy sold and services rendered					
Electricity purchased for resale		(89,992)	(205,682)	(775,517)	(663,591)
Transactions in the short-term energy market		(98,458)	(48,002)	(637,744)	(53,470)
Charges for the use of and connection to the power grid		(239,508)	(265,678)	(307,593)	(329,949)
Cost of electricity production	29	(849,114)	(785,315)	(1,164,789)	(1,057,783)
Cost of services rendered	29	(26,217)	(26,141)	(26,217)	(26,141)
		(1,303,289)	**(1,330,818)**	**(2,911,860)**	**(2,130,934)**
GROSS PROFIT		**2,202,905**	**2,166,867**	**2,656,798**	**2,781,565**
Other operating income (expenses)					
Selling expenses	29	(10,611)	(17,105)	(18,637)	(23,368)
General and administrative expenses	29	(168,592)	(154,278)	(178,466)	(165,246)
Reversal (Accrual) of operating provision	30	3,559	(34,949)	783	(36,960)
Provision for impairment	13	(68,698)	-	(72,837)	-
Other operating expenses, net		(1,823)	(13,662)	(411)	(16,704)
		(246,165)	**(219,994)**	**(269,568)**	**(242,278)**
Equity income					
Equity	12	166,864	263,541	-	-
Amortization of goodwill	12	(4,498)	(3,712)	-	-
		162,366	**259,829**	**-**	**-**
INCOME BEFORE FINANCIAL INCOME (LOSS) AND TAXES		**2,119,106**	**2,206,702**	**2,387,230**	**2,539,287**
Financial result					
Financial income	31	146,369	58,152	182,659	88,185
Financial expenses	31	(328,478)	(307,572)	(568,180)	(541,175)
		(182,109)	**(249,420)**	**(385,521)**	**(452,990)**
INCOME BEFORE INCOME TAXES		**1,936,997**	**1,957,282**	**2,001,709**	**2,086,297**
Income and social contribution taxes					
Current	32	(565,757)	(473,600)	(608,767)	(580,551)
Deferred	32	64,872	6,772	43,805	(14,866)
NET INCOME FOR THE YEAR		**1,436,112**	**1,490,454**	**1,436,747**	**1,490,880**
NET INCOME ATTRIBUTABLE TO:					
Shareholders of Tractebel Energia		**1,436,112**	**1,490,454**	**1,436,112**	**1,490,454**
Non-controlling shareholder		**-**	**-**	**635**	**426**
		1,436,112	**1,490,454**	**1,436,747**	**1,490,880**
BASIC AND DILUTED EARNINGS PER SHARE – IN BRAZILIAN REAL		**2.20**	**2.28**	**2.20**	**2.28**

The notes are an integral part of the financial statements.

TRACTEBEL ENERGIA S.A.

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

STATEMENT OF COMPREHENSIVE INCOME FOR THE FISCAL YEARS ENDED DECEMBER 31, 2013 AND 2012

(In thousands of Brazilian reais)

	Note	Parent company		Consolidated	
		12.31.2013	12.31.2012 (Restated)	12.31.2013	12.31.2012 (Restated)
NET INCOME FOR THE YEAR		**1,436,112**	**1,490,454**	**1,436,747**	**1,490,880**
Other comprehensive income					
Item that will not be reclassified to profit or loss					
Remeasurement of retirement benefits obligations	24	21,925	(86,804)	21,925	(86,804)
Deferred income and social contribution taxes		(7,455)	29,512	(7,455)	29,512
		14,470	**(57,292)**	**14,470**	**(57,292)**
COMPREHENSIVE INCOME FOR THE YEAR		**1,450,582**	**1,433,162**	**1,451,217**	**1,433,588**

The notes are an integral part of the financial statements.

TRACTEBEL ENERGIA S.A.

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

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY FOR THE FISCAL YEARS ENDED DECEMBER 31, 2013 AND 2012

(In thousands of Brazilian reais)

				Valuation adjustments		Profit reserves							
	Note	Capital	Capital reserve	Deemed cost	Other comprehensive income	Legal Reserve	Tax incentive reserve	Retained Earnings Reserve	Proposed dividends	Retained earnings	Parent Company Shareholders' Equity	Non-controlling interest	Consolidated Shareholders' Equity
Balances at 1.01.2012 (Restated)		**2,445,766**	**91,695**	**648,363**	**105,746**	**489,153**	**26,282**	**1,229,380**	**517,342**	**-**	**5,553,727**	**2,277**	**5,556,004**
Dividends paid		-	-	-	-	-	-	-	(517,342)	-	**(517,342)**	-	**(517,342)**
Depreciation of adjustment to fair value of property, plant and equipment, net of taxes		-	-	(65,707)	-	-	-	-	-	65,707	**-**	-	**-**
Net income for the year		-	-	-	-	-	-	-	-	1,490,454	**1,490,454**	426	**1,490,880**
Allocations proposed to the General Meeting:													
- Tax incentive reserve	26	-	-	-	-	-	18,816	-	-	(18,816)	**-**	-	**-**
- Interim dividends paid	27	-	-	-	-	-	-	-	-	(693,759)	**(693,759)**	(40)	**(693,799)**
- Interest on equity	27	-	-	-	-	-	-	-	-	(276,200)	**(276,200)**	-	**(276,200)**
- Additional dividends proposed	27				-				576,429	(576,429)	**-**	-	**-**
Retrospective application of CPC 33 (R1)	3	-	-	-	(57,292)	-	-	(9,043)	-	9,043	**(57,292)**	-	**(57,292)**
Balances at 12.31.2012 (Restated)		**2,445,766**	**91,695**	**582,656**	**48,454**	**489,153**	**45,098**	**1,220,337**	**576,429**	**-**	**5,499,588**	**2,663**	**5,502,251**
Dividends paid		-	-	-	-	-	-	-	(576,429)	-	**(576,429)**	-	**(576,429)**
Depreciation of adjustment to fair value of property, plant and equipment, net of taxes		-	-	(55,240)	-	-	-	-	-	55,240	**-**	-	**-**
Remeasurement of retirement benefits obligations, net of taxes		-	-	-	14,470	-	-	-	-	-	**14,470**	-	**14,470**
Net income for the year		-	-	-	-	-	-	-	-	1,436,112	**1,436,112**	635	**1,436,747**
Allocations proposed to the General Meeting:													
- Tax incentive reserve	26	-	-	-	-	-	17,196	-	-	(17,196)	**-**	-	**-**
- Interim dividends paid	27	-	-	-	-	-	-	-	-	(767,568)	**(767,568)**	(60)	**(767,628)**
- Interest on equity	27	-	-	-	-	-	-	-	-	(244,800)	**(244,800)**	-	**(244,800)**
- Additional dividends proposed	27				-				461,788	(461,788)	**-**	-	**-**
Balances at 12.31.2013		**2,445,766**	**91,695**	**527,416**	**62,924**	**489,153**	**62,294**	**1,220,337**	**461,788**	**-**	**5,361,373**	**3,238**	**5,364,611**

The notes are an integral part of the financial statements.

Tractebel Energia
GDF SUEZ

TRACTEBEL ENERGIA S.A.

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

STATEMENT OF CASH FLOW (INDIRECT METHOD) FOR THE FISCAL YEARS ENDED DECEMBER 31, 2013 AND 2012

(In thousands of Brazilian reais)

	Parent company		Consolidated	
	12.31.2013	12.31.2012 (Restated)	12.31.2013	12.31.2012 (Restated)
Cash flow from operating activities				
Income before income taxes	1,936,997	1,957,282	2,001,709	2,086,297
Adjustments to reconcile income before taxes to cash generated from operations:				
Equity income	(162,366)	(259,829)	-	-
Depreciation and amortization	363,046	373,679	582,486	561,174
Provision for impairment	68,698	-	72,837	-
Monetary and exchange variance	113,612	102,250	138,794	124,471
Interest	140,254	174,090	326,762	365,757
(Reversal) Accrual of operating provisions	(1,220)	36,870	488	39,439
Other	2,522	10,479	2,663	10,569
Adjusted net income	**2,461,543**	**2,394,821**	**3,125,739**	**3,187,707**
Decrease (increase) in assets				
Trade accounts receivable	51,045	(4,925)	(95,508)	(82,404)
Inventories	(17,994)	(3,434)	(19,411)	(2,537)
Other tax credits recoverable	(12,175)	18,168	(5,295)	63,998
Fuel reimbursable	(91,778)	(91)	(91,778)	(91)
Restricted and judicial deposits	8,151	36,735	(3,274)	42,628
Other assets	(20,699)	(16,209)	(27,357)	(15,183)
Increase (decrease) in liabilities				
Suppliers	93,513	4,269	232,356	67,199
Other tax and regulatory liabilities	(27,040)	(12,830)	(28,691)	(11,754)
Research and development obligations	12,302	6,747	15,929	9,135
Retirement benefits obligations	(25,150)	(27,776)	(25,150)	(27,776)
Other liabilities	510	2,064	(8,202)	(32,999)
Cash generated from operations	**2,432,228**	**2,397,539**	**3,069,358**	**3,197,923**
Payment of income and social contribution taxes	(432,807)	(426,307)	(507,533)	(529,288)
Payment of interest on loans, financing and debentures	(70,931)	(86,900)	(245,888)	(272,638)
Net cash generated from operating activities	**1,928,490**	**1,884,332**	**2,315,937**	**2,395,997**

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Continued

	Parent company		Consolidated	
	12.31.2013	12.31.2012 (Restated)	12.31.2013	12.31.2012 (Restated)
Investment activities				
Capital increase in subsidiaries	(44,861)	(141,434)	-	-
Investments	-	-	(11,461)	-
Investment in property, plant and equipment	(213,053)	(67,895)	(533,011)	(306,704)
Investment in intangible assets	(5,146)	(2,516)	(14,431)	(28,284)
Dividends received from subsidiaries	21,937	159,303	-	-
Cash and cash equivalents from merged subsidiary	150,000	-	-	-
Net cash from investment activities	**(91,123)**	**(52,542)**	**(558,903)**	**(334,988)**
Financing activities				
Loans and financing obtained	362,486	-	519,937	244,262
Interest on loans, financing, debentures paid	(371,651)	(209,492)	(567,930)	(395,200)
Concession installments paid	(2,905)	(2,724)	(51,607)	(49,053)
Payment of dividends and interest on equity	(1,612,144)	(1,457,801)	(1,612,144)	(1,457,801)
Others	-	7,425	(990)	(5,049)
Net cash from financing activities	**(1,624,214)**	**(1,662,592)**	**(1,712,734)**	**(1,662,841)**
Increase in cash and cash equivalents	**213,153**	**169,198**	**44,300**	**398,168**
Reconciliation of cash and cash equivalents				
Opening balance	736,317	567,119	1,179,976	781,808
Closing balance	949,470	736,317	1,224,276	1,179,976
Increase in cash and cash equivalents	**213,153**	**169,198**	**44,300**	**398,168**

Additional information on transactions that do not affect cash and cash equivalents is presented in Note 38 - Additional information to the cash flow

The notes are an integral part of the financial statements.

TRACTEBEL ENERGIA S.A.

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

STATEMENT OF ADDED VALUE FOR THE FISCAL YEARS ENDED DECEMBER 31, 2013 AND 2012

(In thousands of Brazilian reais)

	Parent company		Consolidated	
	12.31.2013	12.31.2012 (Restated)	12.31.2013	12.31.2012 (Restated)
GENERATION OF ADDED VALUE				
Gross sales revenue	3,881,733	3,863,329	6,202,030	5,489,792
Revenue from construction of assets	-	-	425,163	290,271
Allowance for doubtful accounts	(387)	(2,665)	(2,235)	(2,937)
Other	(1,823)	(13,662)	(411)	(16,704)
	3,879,523	**3,847,002**	**6,624,547**	**5,760,422**
(-) Inputs				
Electricity purchased for resale	(89,992)	(205,682)	(775,517)	(663,591)
Transactions in the short-term energy market	(98,458)	(48,002)	(637,744)	(53,470)
Charges for the use of and connection to the power grid	(239,508)	(265,678)	(307,593)	(329,949)
Fuels used in energy production	(52,942)	(27,143)	(70,058)	(39,659)
Outsourced services	(134,391)	(143,003)	(175,376)	(175,571)
Materials	(30,820)	(28,124)	(35,525)	(30,903)
Insurance	(10,869)	(10,445)	(14,601)	(13,703)
Provision for impairment	(68,698)	-	(72,837)	-
Reversal (Accrual) of operating provision	3,946	(32,284)	3,018	(34,023)
Expenses with construction of plants	-	-	(404,102)	(256,430)
Other	(47,408)	(36,986)	(52,961)	(50,915)
	(769,140)	**(797,347)**	**(2,543,296)**	**(1,648,214)**
GROSS ADDED VALUE	**3,110,383**	**3,049,655**	**4,081,251**	**4,112,208**
Depreciation and amortization	(363,046)	(373,679)	(582,486)	(561,174)
NET ADDED VALUE GENERATED	**2,747,337**	**2,675,976**	**3,498,765**	**3,551,034**
ADDED VALUE RECEIVED IN TRANSFER				
Financial income	146,369	58,152	182,659	88,185
Equity income	162,366	259,829	-	-
ADDED VALUE TO DISTRIBUTE	**3,056,072**	**2,993,957**	**3,681,424**	**3,639,219**

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DISTRIBUTION OF ADDED VALUE

	Parent company				Consolidated			
	12.31.2013	%	12.31.2012 (Restated)	%	12.31.2013	%	12.31.2012 (Restated)	%
Remuneration:								
Labor								
Remuneration and charges	148,899	4.9	135,395	4.5	154,221	4.2	139,508	3.8
Benefits	53,354	1.7	43,156	1.4	54,140	1.5	43,645	1.2
Profit sharing	24,264	0.8	22,841	0.8	24,264	0.7	22,841	0.6
FGTS	10,363	0.3	9,724	0.3	10,657	0.3	10,145	0.3
	236,880	**7.7**	**211,116**	**7.0**	**243,282**	**6.7**	**216,139**	**5.9**
Government								
Federal taxes	861,933	28.2	813,315	27.2	1,134,286	30.7	1,089,852	30.0
State taxes	20,049	0.7	23,288	0.8	65,530	1.8	84,613	2.3
Municipal taxes	1,891	0.1	1,948	0.1	2,072	0.1	2,128	0.1
Sectorial charges	162,221	5.3	135,609	4.5	198,546	5.4	168,984	4.6
Charges on concessions payable	147,307	4.8	142,238	4.8	217,850	5.9	208,512	5.7
	1,193,401	**39.1**	**1,116,398**	**37.4**	**1,618,284**	**43.9**	**1,554,089**	**42.7**
Loan capital								
Interest and monetary variation	156,303	5.1	146,531	4.9	321,286	8.7	309,874	8.5
Capitalized interest	160	-	-	-	20,832	0.6	32,401	0.9
Rentals	8,942	0.3	11,555	0.4	11,925	0.3	13,999	0.4
Other financial expenses	24,274	0.8	17,903	0.6	29,068	0.8	21,837	0.6
	189,679	**6.2**	**175,989**	**5.9**	**383,111**	**10.4**	**378,111**	**10.4**
Own capital								
Tax incentive reserve	17,196	0.6	18,816	0.6	17,196	0.5	18,816	0.5
Retained earnings reserve	-	-	(9,043)	(0.3)	-	-	(9,043)	(0.2)
Depreciation of fair value	(55,240)	(1.8)	(65,707)	(2.2)	(55,240)	(1.5)	(65,707)	(1.8)
Interest on equity	244,800	8.0	276,200	9.2	244,800	6.6	276,200	7.6
Dividends	1,229,356	40.2	1,270,188	42.4	1,229,356	33.4	1,270,188	34.9
Non-controlling shareholder	-	-	-	-	635	-	426	-
	1,436,112	**47.0**	**1,490,454**	**49.7**	**1,436,747**	**39.0**	**1,490,880**	**41.0**
	3,056,072	**100.0**	**2,993,957**	**100.0**	**3,681,424**	**100.0**	**3,639,219**	**100.0**

The notes are an integral part of the financial statements.

TRACTEBEL ENERGIA S.A.
CNPJ Nº 02.474.103/0001-19 | NIRE Nº 42 3 0002438-4
NOTES TO THE FINANCIAL STATEMENT
AS OF DECEMBER 31, 2013 AND 2012
(In thousands of Brazilian 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 a subsidiary of International Power PLC, a company headquartered in the United Kingdom, which 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%[2] of the country's installed capacity at the end of 2013. At 12.31.2013, its installed capacity, including its stakes in energy generation consortiums, and after the last of the eight generating units in Estreito Hydroelectric Power Plant (Estreito HPP) and the wind farms of Trairí and Guajiru started its commercial operations is 6,964.7 MW. Out of this total, 79.8% arises from hydroelectric power plants, 17.0% from thermoelectric power plants and 3.2% from complementary energy: Small Hydroelectric Power Plants – (SHPP), wind farms and biomass power plants. At 12.31.2013, the assured energy for the purpose of sale is 3,812.5 average MW.

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

[2] The non-financial information herein, such as MW, average MW, installed power and others has not been audited by the independent auditors.
[3] The Jorge Lacerda Thermoelectric Complex consists of three plants.

The main events related to the Company's activity carried out in the year of 2013 are summarized as follows:

a) Contracting of financing from the Nordic Investment Bank (NIB)

In January 2013, the Company signed a financing agreement with NIB in the amount of R$ 142,702, equivalent to US$ 70,000 on the date of release of funds. The main conditions of this agreement are described in Note 16 - Loans and Financing.

b) Acquisition of the Campo Largo and Santa Mônica Projects

In June 2013, the Company concluded the acquisition process of CLWP Brasil Ltda. (CLWP) in the amount of R$ 21,610. CLWP is the owner of the Campo Largo wind power project, which consists of seven plants with joint installed and commercial capacity of 206 MW and 105 average MW, respectively.

In August 2013, the Company concluded the acquisition process of the wind power project Santa Mônica in the amount of R$ 6,878. The project consists of two plants with total installed capacity of 58.8 MW and commercial capacity of 26.5 average MW.

Both projects are undergoing internal studies regarding their implementation, with the Santa Mônica complex at a more advanced stage. More details are available in Note 12 - Investments.

c) Contracting of loan from HSBC USA

In August 2013, the Company contracted a loan from HSBC USA in the amount of US$ 90,000 (equivalent to R$ 207,315 on the funds release date). It simultaneously contracted a swap operation with HSBC's Brazilian subsidiary to fully protect all the future cash flows from the fluctuation of the U.S. dollar. Further information on the operation can be found in Note 16 - Loans and Financing.

d) Early settlement of debt with the National Treasury Department

In September 2013, the Company paid off in advance all its loans from the National Treasury Department (STN), in the amount of R$ 64,935. The operation generated a financial gain of R$ 49,126, corresponding to the difference between the amortized cost and the market value for settling the loan and the deposits used as collateral to the loan. Said settlement reduced the Company's exposure to the fluctuation of the U.S. dollar.

e) Commercial startup of the Trairí and Guajiru wind farms

The Trairí and Guajiru wind farms, located in the state of Ceará, started commercial operations in October 2013, adding 55.4 MW in installed capacity and 32.1 average MW in commercial capacity to the Company's power generation facilities.

f) Acquisition of the entire capital of Ferrari Termoelétrica S.A. by TBLP

In December 2013, the Company signed an agreement for the acquisition of the entire capital of Ferrari Termoelétrica S.A., for R$ 171,930. The confirmation of the amount and the conclusion of the acquisition depend on the fulfilment of certain resolutory conditions set forth in the share purchase and sale agreement.

Ferrari Termoelétrica S.A. owns the assets of Central Geradora Termelétrica Ferrari, a sugarcane biomass-based power cogeneration plant operating commercially since June 2009, located in the Municipality of Pirassununga, São Paulo State. The plant has average installed capacity of 65.5 MW and commercial capacity of 23.2 MW.

The investment will be recorded when all conditions precedent are met and the transfer of shares and management of the company to Tractebel Energia is concluded, which is expected in the first quarter of 2014.

g) Merger of subsidiary Companhia Energética São Salvador

On 12.30.2013 the Extraordinary Shareholders' Meeting approved the merger of the wholly-owned subsidiary Companhia Energética São Salvador (CESS), pursuant to the "Merger Protocol" and the "Instrument of Justification". The main objective of the merger was to simplify and streamline the Company's administrative and financial structure. More details are available in Note 12 - Investments.

h) Provisional Measure no. 627 of November 11, 2013

Provisional Measure (MP) 627/13 alters the tax law relating to federal taxes and social contributions, revokes the Transitional Tax Regime (RTT) instituted by Law 11,941/09; and includes other provisions. The provisions in said MP will take force mandatorily from calendar year 2015, with the possibility of early adoption as from calendar year 2014.

The Management, based on preliminary analysis of the possible effects from the application of the Measure, believes that there will be no increase in tax burden compared to the laws currently applicable to the Company.

The MP received numerous amendment proposals, which will still be analyzed and voted by the National Congress. The Company's decision on early adoption depends on further analysis of any amendments that could be approved by the Congress.

2 - PRESENTATION OF FINANCIAL STATEMENTS

a) Preparation basis

The financial statements were prepared considering the historical cost as the basis value, adjusted to reflect the fair value of certain financial instruments, when applicable.

The Company is presenting one single set, containing the following financial statements:

a.1) Consolidated financial statements

The consolidated financial statements, identified as "Consolidated," are presented, simultaneously, in compliance with the International Financial Reporting Standards (IFRS), issued by the International Accounting Standards Board (IASB), which are in accordance with Brazilian accounting practices. These Brazilian standards include the rules of Brazilian Corporation Law, in addition to the pronouncements, interpretations and orientations issued by the Accounting Pronouncements Committee (CPC), approved by the Brazilian Securities Commission (CVM) and also, when applicable, the regulations of the Brazilian electrical sector regulator, Aneel.

a.2) Individual financial statements

The individual financial statements of Tractebel Energia, identified as "Parent company", were prepared in accordance with the accounting practices adopted in Brazil, which were in agreement with the IFRS standards, except in relation to the assessment of investments in subsidiaries which, by Brazilian law, are assessed by the equity method and, according to IFRS, should be measured and presented at the acquisition cost or at fair value.

There are no differences between shareholders' equity and profits of the parent company and of the consolidated included, respectively, in the consolidated and individual financial statements, prepared in accordance with the accounting practices previously mentioned.

b) Functional currency and presentation currency

The financial statements, individual and consolidated, are presented in Brazilian Reais, which is the functional currency used by the Company. The transactions in foreign currency were translated into Brazilian Reais at the exchange rate of the date on which the financial statements were closed.

c) Operating segments

The Company manages its business as a single operating segment, composed of the generation and commercialization of electrical energy generated by its assets or acquired through near and long-term agreements. Such segment concentrated 99.3% of the consolidated net sales in 2013 (99.5% in 2012).

d) Income statement of discontinued operations

In the presented years, the Company did not have any discontinuity in its normal business that would require the disclosure of discontinued operations.

e) Net earnings per share – basic and diluted

There is no difference between the net earnings per share – basic and diluted – as there was no issue of shares in the presented years.

f) Statements of Added Value

This statement is not part of the consolidated financial statements, according to international financial reporting standards (IFRS), being presented to comply with the CPC requirements according to the standard.

g) Use of estimates

In the financial statements elaboration is necessary that the Company´s management rely on estimates when recording certain transactions that affect its assets and liabilities, revenues and expenses, as well the disclosure of financial statements information. To calculate these estimates, the management uses the best information available on the date on which the financial statements were prepared, and also the experience of past and/or current events, also taking into account the assumptions regarding future events.

The financial statements include estimates relating mainly to the following items: (i) the usable life of fixed assets, which reference is established by Aneel; (ii) provisions to cover tax, civil and labor risks; (iii) definition of the discount rates used for the calculation of the present values of assets and liabilities; (iv) assumptions used for the definition of discount rates and the mortality table for the calculation of the obligations with retirement benefits; (v) calculation of the fair value of the financial instruments; and (vi) calculation of the recoverable amount of assets (impairment).

h) Approval of financial statements

The financial statements as here presented have been approved at the Board of Directors meeting held on 2.20.2014.

i) Consolidation basis

The consolidated financial statements include information of Tractebel Energia and its subsidiaries and joint operations, all of which headquartered in Brazil, with their accounting practices being consistent with those adopted by Tractebel Energia. The companies consolidated with Tractebel Energia are the following:

	Direct parent company	Interest in the paid-up and voting capital (%)	
		12.31.2013	12.31.2012
Direct subsidiaries			
Companhia Energética Estreito (CEE)	TBLE	99.99	99.99
Companhia Energética São Salvador (CESS)[4]	TBLE	-	99.99
Lages Bioenergética Ltda. (Lages)	TBLE	99.99	99.99
Tractebel Energia Comercializadora Ltda. (TBLC)	TBLE	99.99	99.99
Usina Termelétrica Pampa Sul S.A. (Pampa Sul)[56]	TBLE	99.99	99.99
Épsilon Participações Ltda.	TBLE	99.99	99.99
Tractebel Energias Complementares Participações Ltda. (TBLP)[7]	TBLE	99.99	99.99
Indirect subsidiaries			
Tupan Energia Elétrica Ltda. (Tupan)	TBLP	99.99	99.99
Hidropower Energia S.A. (Hidropower)	TBLP	99.99	99.99
Hidrelétrica Areia Branca S.A. (Areia Branca)	TBLP	99.99	99.99
Eólica Beberibe S.A. (Beberibe)	TBLP	99.99	99.99
Eólica Pedra do Sal S.A. (Pedra do Sal)	TBLP	99.99	99.99
Ibitiúva Bioenergética S.A. (Ibitiúva)	TBLP	95.00	95.00
Eólica Porto das Barcas S.A. (Porto das Barcas)[8]	TBLP	-	99.99
Central Eólica Cacimbas Ltda. (Cacimbas)[5]	TBLP	99.99	-
Usina Geradora Eólica Santa Mônica SPE S.A[5]	TBLP	99.99	-
Usina Geradora Eólica Santa Mônica SPE II Ltda[5]	TBLP	99.99	-
Energias Eólicas do Nordeste S.A. (EEN)[6]	TBLP	99.99	99.99
Central Eólica Mundaú S.A. (Mundaú)	EEN	99.99	99.99
Central Eólica Guajiru S.A. (Guajiru)	EEN	99.99	99.99
Central Eólica Fleixeiras I S.A. (Fleixeiras I)	EEN	99.99	99.99
Central Eólica Trairí S.A. (Trairí)	EEN	99.99	99.99
CLWP Brasil Ltda. (CLWP) e subsidiaries[5]	TBLP	99.99	-
Joint operation			
Itá Energética S.A. (Itasa)	-	48.75	48.75

[4] Merged into Tractebel Energia on 12.30.2013
[5] Projects with implementation under assessment
[6] Formerly Delta Energética S.A.
[7] Holding company
[8] Sold in 2013

The Company concentrates the allocation of their financial investments in an exclusive investment fund, the Fundo de Investimento Energy Renda Fixa, which is fully consolidated in its financial statements.

Assets, liabilities, revenues and expenses of the joint operation Itasa are recognized in the consolidated financial statements in proportion to the Company's interest.

The consolidation of the balance sheet accounts and income statement occurs with the sum of assets, liabilities, and consolidated income statement, according to their respective accounting natures, adjusted through the elimination of transactions made between the consolidated companies.

The interest of the non-controlling shareholder in the equity and in the net income of the subsidiary Ibitiúva, as fully consolidated, is presented segregated in the balance sheet and in the consolidated income statement, respectively in the lines identified as "Interest of non-controlling shareholder" and "Income attributable to non-controlling shareholder".

3 - SUMMARY OF THE MAIN ACCOUNTING PRACTICES

The main accounting practices adopted by the Company have been applied in a consistently between the years presented, in the Parent company and consolidated financial statements.

a) Financial assets

a.1) Cash and cash equivalents

Are maintained with the purpose of meeting short term cash commitments, and consists of cash, bank deposits, and short-term marketable securities with immediate liquidity, without any significant risk of change of market value.

Marketable securities are classified as cash equivalents, due to the intention of withdrawing in the short term, being registered at acquisition cost and measured at the fair value on the financial statements date. The fair value variation is recorded in the profit or loss when obtained.

a.2) Accounts receivable

These are initially recorded at sale value and then at the amortised cost, deducted from the Allowance for doubtful accounts. Allowance for doubtful accounts is calculated based on an individual analysis of the clients in default and established at an amount considered sufficient to cover possible risks of losses.

a.3) Restricted deposits

These are maintained to meet legal and contractual requirements. Initially they are accounted for at the value deposited, and then they are measured at the fair value on the date of the financial statements. The fair value variation is recognized in the profit or loss when they are obtained.

a.4) Fuel reimbursable

Initially recognized simultaneously with the booking of the liability with fuel suppliers to be reimbursed and later by the amortized cost.

b) Inventories

Consist of raw materials for energy generation (mineral coal, fuel oil and biomass), consumables and supplies, and are assessed at the lower value between the average weighted cost of acquisition and the realization value.

c) Judicial deposits

Are initially registered at the total amount deposited, plus any interest obtained until the date of the financial statements, which are recognized in the financial result.

d) Investments

The Company has investments in controlled entities and one joint operation in Itasa, an entity with its own company identification.

d.1) Investments in directly or indirect subsidiaries

Permanent investments in subsidiaries are those whose operating and financial activities are conducted by the Company through its voting rights and when the Company is exposed to or has rights to the variable returns resulting from its involvement with the entity and is capable of interfering in these returns as a result of its power over such entity.

These investments are evaluated using the equity method in the Parent company financial statements, and fully consolidated at Tractebel Energia for purposes of presentation of the consolidated financial statements.

d.2) Goodwill (concession rights) on acquisition of investments

At the Parent company, the difference between the amounts paid on acquisition of control and the value of the shareholders' equity of the invested Company is presented as investment. The economic grounds of this difference (Goodwill) correspond to the rights over concessions for the use of a public asset by the acquired companies.

In the consolidated financial statements, the Company adopted the directions established in the IFRS 3 - Business combination, a standard consistent with CPC 15 – Business combination. As a result of the adoption of these standards regarding the net assets of the company which control was acquired at their respective fair value on the date of acquisition, with no Goodwill – an acquisition cost higher than the fair value of the net assets – based on the concepts established in the CPC standard.

d.3) Investments in joint arrangements

Joint arrangements are those in which the Company and one or more investors hold shared control over operating and financial activities. These may be classified as joint operations or joint ventures, depending on the contractual rights and obligations of investors.

Only interests held in assets, liabilities, revenues and expenses corresponding to joint operations in entities without their own legal personality (membership in consortia) are recognized in the parent company financial statements. In the parent company, the investment in the joint operation with own legal personality Itasa is recognized through equity accounting, in proportion to the equity interest in the entity. In the consolidated statements, assets, liabilities, revenues and expenses of said joint operation are recognized in proportion to the interest in the business.

e) Property, plant and equipment

e.1) Measurement

The assets that compound the property, plant and equipment are recorded at acquisition or construction cost. The interests and other financial charges, and inflationary effects arising from the financing obtained from third parties effectively applied to the constructions in progress, are calculated as the cost of the respective fixed asset. The assets, or set of assets, that had accounting values significantly different from their fair values on the date of adoption of new accounting practices, on 1.01.2009, started to have their fair value taken as deemed cost. These costs are deducted from the accumulated depreciation and provisions for asset impairment, when applicable.

The components of certain assets that are regularly replaced during the economic usable life of the asset are recognized as separate assets and then depreciated for the expected period for the substitution. The costs incurred in small regular maintenance activities and also routine activities are recognized in the profit or loss, when incurred.

In the consolidated financial statements, the adjustments to the fair value, related to the value of the concessions or authorizations for public assets, allocated in the balance sheet of acquisition of investments, are registered according to the terms established in the standards related to business combination, which allow the recognition of the fair value of the concession or authorization, and generation unit as a single asset, intangible or fixed, when these assets could not be sold or transferred separately. The Company decided to recognize the fair value of these concessions and authorizations, for the use of the public asset as one single asset within the group of fixed assets, which are being depreciated on the extension of the respective contracts for concession or authorization.

e.2) Depreciation

Depreciation is calculated by the linear method, based on the annual rates established by Aneel, which are practiced by the companies of the Brazilian electrical sector and represent the estimated usable life of the assets, based on the accounting balances recorded in the registration units that make up these arrangement. Initial investments in generation assets are depreciated based on the useful lives defined by Aneel, limited to the period of concession or authorization of the power plants. The average annual depreciation rates of the assets held by the Company, taking into consideration said useful life limitation are presented in Note 13 - Property, Plant and Equipment.

The depreciation method used during the phase of implementation of the plants, whose commercial operation of the generator units are started during many months, is that of "units produced". Using this method, the costs with reservoirs, dams, engine rooms and machines, as incurred up to the commencement of operation of each generator unit, are depreciated proportionally to the assured energy that each generator unit add to commercial capacity. After the last unit enters to operation, the total cost of the asset in operation shall be depreciated by the linear method, based on the usable lives as established by Aneel, limited to the duration of the concession. The Management of the Company understands that this method is the method that best reflects the relationship between depreciation costs and the generation of income resulting from the operation of the assets.

f) Intangible assets

It is registered at acquisition cost or at the fair value of the intangibles acquired in a business combination, deducted from the accumulated amortization calculated by the linear method. The intangibles of the Company have usable lives that are well defined based on commercial contracts or contracts of concession and authorization.

g) Assessment of the recovery value of property, plant and equipment and intangible assets – Impairment

The Company regularly appraises the assets that compound the property, plant and equipment and also the intangible assets, in order to identify evidences that could lead to impairment losses from the respective units generating cash or intangibles, or also when events or significant change indicate that their book values may not be recoverable. If identified that the book value of the asset exceeds its recoverable value, then this loss is recognized in the profit or loss of the year.

The recoverable value of an asset is the larger value between its current value in use and the sale fair value, net of necessary costs to sell the asset. The value in use corresponds to the discounted cash flows – before tax – generated by the use of the asset during its usable life.

h) Financial liabilities and equity instruments

The instruments of the debt and equity are considered financial liabilities or equity according to the nature of the contractual agreement and also the respective definitions.

h.1) Financial liabilities

- Loans, financing and debentures

These are initially accounted for at fair value, net of any transaction costs incurred, and subsequently measured at the amortized cost using the effective interest rate method.

- Derivative financial instruments and hedge operations

Derivative financial instruments are recognized and measured by their fair value and are classified as assets or liabilities in the balance sheet.

Changes in the fair value of derivatives are recorded as profit or loss in the financial result for the period. When derivatives are designated and qualified as effective cash flow hedge instruments, the effective portion of gains and losses from the variation in fair value is recognized in shareholders' equity and transferred to the income statement when the hedged item is effectively realized. The ineffective portion of the hedge instrument is recorded as profit or loss for the period. The Company does not have derivative instruments designated as such.

- Concessions payable

The contractual amounts are recorded at future prices. As a result, the installments to be paid throughout time for the concessions are initially recorded at the present value and then at the amortized cost based on the rate used to discount at present value.

In order to accurately reflect in shareholders' equity the granted onerous concession and the related obligation, amounts corresponding to concessions are recorded in property, plant and equipment against liabilities. During the construction of the power plants, the adjustment of liabilities based on the discount rate and monetary variation is capitalized in the property, plant and equipment and, as of the commercial start-up date, recognized directly in the profit or loss.

h.2) Equity instruments

The equity instruments issued by the Company are recognized in the equity when the funds are received, net of any direct costs incurred in its issue.

i) Provisions

Are recognized when there is a present obligation resulting from a past event, in which there shall probably be an outflow of resources for the settlement and that this obligation can be reasonable estimated. The updating of the provision through time is recognized in the item of financial expenses.

The contingent liabilities which have been assessed as possible and remote risk of loss are not recorded, but disclosed in the explanatory note, when necessary.

j) Retirement benefits obligations

Are recognized at present value of the obligations estimated, arising from the pension plans with retirement defined benefits, net of the total value of the assets that guarantee the plan.

The present value of the commitments is calculated based on an actuarial appraisal elaborated annually by independent actuaries, based on the Projected Credit Unit Method. The method considers each period of employment as a generator of an additional benefit unit, and the units are accumulated to build up the final estimated obligation.

The effects of remeasurements of retirement benefit obligations, net of the assets of the plans, are recognized under "Other comprehensive income" caption, in the Statements of Comprehensive Income and of Changes in Shareholders' Equity.

k) Current and deferred income tax and social contribution

Current income Tax and Social Contribution are individually calculated in the group´s entity according to the rates in force in the financial statement period.

The Company uses the Transition Tax Regime (*Regime Tributário de Transição* - RTT) in the calculation of the taxes, which does not consider the changes to corporation law and accounting practices for the establishment of the tax base. Income Tax and Social Contributions on the temporary differences generated by the adoption of the new corporation law and accounting standards have been registered as deferred taxes.

The Government subsidy related to the tax benefit of reduction of income tax, granted by the Amazon Development Department (*Superintendência de Desenvolvimento da Amazônia - Sudam*), for the Ponte de Pedra power plant, in the subvention region, is recognized as an offsetting account of income tax and transferred from the retained earnings account to the tax incentive reserve, in shareholders' equity.

The deferred income tax and social contribution are calculated with the application of the effective rates forecasted for the years in which there is an expectation of realizing or demanding temporary differences (differences between the book value of liabilities and assets and their tax base), the tax losses, and social contribution tax loss carryforwards, when applicable. These are fully presented in the non-current group, regardless of the expectations of realization and enforceability of the amounts that give rise to them.

The taxes and social contributions, current and deferred, are presented offset under assets or liabilities, when these same taxes correspond to the same tax authorities and when there is the intention to settle them at the net value.

l) Other assets and liabilities current and non-current

Other assets are recorded at acquisition cost, deducted from the impairment provision, when applicable. Other obligations are recorded at the known or calculable values with the addition, when applicable, of the corresponding interest and monetary readjustments incurred.

m) Distribution of dividends and interest on equity

The dividends and interest on equity are recognized as liabilities in the following cases: (i) interim dividends – when approved by the Board of Directors; (ii) interest on equity – on the date when credit is paid to the shareholders; and (iii) additional dividends as proposed at the end of the year – on approval at a General Meeting (AGO).

The Company By-laws of Tractebel Energia includes the payment of dividends amounting to at least 30% of the annual net income, adjusted according to the Law. These dividends are provisioned at the end of the year, only if the interim dividends paid and also the interest on equity credited during the year are less than the mandatory minimum.

The credits of interest on equity are initially recorded as financial expenses for tax purposes and, at the same time, transferred from this same category against shareholders' equity, as they are assigned to the mandatory minimum dividends. The reduction in taxes generated thereby is recognized as profit or loss for the year, when the credit occurs.

The Company has adopted the accounting practice of disclosing the dividends received from controlled companies in the investment activity for the Statements of Cash Flow.

n) Adjustment to present value

The assets and liabilities arising from long-term operations are adjusted at present value based on interest rates practiced on the market on the date of the transaction.

o) Related party transactions

Intercompany loans contracts are updated according to the contractual interests and the transactions for the purchase and selling energy and services are carried out under conditions and agreed duration between the parties and registered according to contractual terms and conditions.

p) Service and energy revenue recognition

Revenue is measured at the fair value against received or trade receivable, deducted from taxes and possible discounts contributions. Revenue from energy and services sales is recognized when: (i) it is probable that the economic benefits associated with the transactions flow to the Company; (ii) the revenue amount can be reliable measured; (iii) the risks and benefits related to the sale have been transferred to the buyer; (iv) the costs incurred, or still to be incurred, related to the transaction can be reliable measured; and (v) the Company has no longer the control and the responsibility over the energy sold.

q) Leasing contracts

The Company's leasing contracts are considered operational, where the contractual amounts are registered as profit or loss, while the contract remains valid. Leasing contracts are classified as financial when the terms of the lease transfer substantially the risks and rewards of the property to the lessee. The Company, according to its assessment, does not have any material operations involving financial leasing.

r) Application of judgments and critical accounting practices

Critical accounting practices are those important to present the financial conditions and also the results, and require more difficult, subjective or complex judgments made by management, often as a result of the need of making estimates that have an impact on questions that are inherently uncertain. As the number of variables and assumptions that affect the possible future solution of such uncertainties increases, these judgments become even more subjective and more complex.

In the preparation of financial statements, the Company adopted certain assumptions arising from the historical experience and other factors which are considered reasonable and relevant. Even though these estimates and assumptions are reviewed by the Company in the normal course of business, the statement of its financial conditions and the results of the operations often require the use of judgments in relation to the book value of its assets and liabilities.

Effective results can be different from those estimated due to variables, assumptions or different conditions. In order to provide understanding of how the Company prepares its judgments about future events, including variables and assumptions used in the estimates, comments are included about each critical accounting practice as described below:

r.1) Retirement benefits obligations

The Company recognizes its obligations in relation to benefits plans for employees and related costs, net of plan assets, adopting the following practices: (i) the future obligations arising from the pension benefit plans are discounted to present value, based on the interest rates on Federal Government bonds with similar duration to those expected for the payment of the future forecasted commitments; and (ii) the assets of the pension plan are assessed at market value on the date of the financial statements.

In actuarial calculations, the actuarial consultants also use subjective factors, such as mortality tables and forecasts of salary growth, resignation, and staff turnover.

The actuarial assumptions used by the Company may be materially different from the real results, due to changes in the economic or market conditions, regulatory events, court decisions, or shorter or longer life periods of the participants. However, the Company and its actuaries use assumptions consistent with the internal and external analysis carried out for the definition of the estimates used.

r.2) Useful life of property, plant and equipment

The Company hereby recognizes the depreciation of its property, plant and equipment, based on the annual rates established by Aneel, which are practiced by the companies of the Brazilian electrical sector and represent the estimated usable lives of the different assets – limited to the time frame for concession or authorization of the power plants, when applicable. However, the real usable lives may vary based on the technological updates made to the assets of each generation unit. The useful lives of fixed assets also affect the impairment tests on the cost of long-term assets, when these are necessary.

r.3) Long-term assets impairment test

There are specific rules for test the long-term assets impairment, particularly property, plant and equipment. At the end of the year, the Company conducts an analysis to determine if there is any evidence that the total value of the long-term assets may not be recovered. If this evidence is identified, then the Company proceeds to the impairment test.

The process of reviewing recovery of the assets is subjective and requires significant judgments through the execution of analyses. On 12.31.2013, the Company, based on the assessments, identified the need to constitute impairment provisions for some of its long-term assets. Further information is provided in Note 13 - Property, plant and equipment.

r.4) Tax, civil and labor provisions

It is defined based on an appraisal and a qualification of the risks for which the probability of a loss is considered as probable. This appraisal is supported by the judgment made by management, together with its legal advisors, considering cases of jurisprudence, decisions taken at lower and higher levels, the experience of the management and legal advisors, and other applicable aspects.

s) Recent accounting pronouncements and reclassification

s.1) Pronouncements applicable to the Company and reclassifications as from 1.01.2013

- CPC 33 (R1) and IAS 19 Revised – Employee Benefits

The accounting practices related to the recognition and measurement of employee benefits were altered and their adoption became compulsory starting from 1.01.2013.

The new standard eliminated the "corridor" method approach, which allowed the deferred recognition of actuarial gains or losses through profit or loss. Hence, the actuarial gains and losses annually valued by the actuaries are now recognized directly under "Valuation adjustments - Other comprehensive income" in Shareholders' Equity.

Moreover, the calculation of interest income on the plan assets started to be made based on the discount rate used for the present value measurement of retirement benefits obligations.

Consequently, the Company adjusted retrospectively to 1.01.2012 the rights, obligations and results of retirement benefits and their respective effects on deferred income and social contribution taxes.

- Reclassification of the fuel reimbursable account

Until the fiscal year ended 12.31.2012, the Company presented the amounts of fuel reimbursable with funds from the Energy Development Account (CDE), net of the amounts payable to fuel suppliers. As from 2013, these transactions are stated separately in the Company's assets and liabilities. In order to enable better comparability of the accounting information, the balances of said accounts related to 12.31.2012 and 1.01.2012 were reclassified.

- Adjustments and reclassifications resulting from the abovementioned procedures

The effects on the balance sheets, statements of income, of cash flow and of added value before and after the retrospective adjustments are as follows:

(i) Effect on the Balance Sheets of 1.01.2012 and 12.31.2012 – Parent Company

	Balances at 12.31.2012			Balances at 1.01.2012		
	Reported	Adjusts	Restated	Reported	Adjusts	Restated
Current Assets	**1,292,313**	**45,763**	**1,338,076**	**1,110,743**	**41,798**	**1,152,541**
Fuel to reimburse	-	47,823	47,823	-	47,732	47,732
Other current assets	63,347	(2,060)	61,287	51,746	(5,934)	45,812
Non-current Assets	**7,746,549**	**705**	**7,747,254**	**7,860,776**	**412**	**7,861,188**
Other non-current assets	20,033	705	20,738	38,586	412	38,998
Total Assets	**9,038,862**	**46,468**	**9,085,330**	**8,971,519**	**42,210**	**9,013,729**
Current Liabilities	**1,280,442**	**45,763**	**1,326,205**	**1,130,811**	**41,798**	**1,172,609**
Suppliers	127,546	45,763	173,309	219,640	41,798	261,438
Non-current Liabilities	**2,298,243**	**(38,706)**	**2,259,537**	**2,392,727**	**(105,334)**	**2,287,393**
Retirement benefits obligations	274,607	(59,009)	215,598	300,964	(159,809)	141,155
Deferred income and social contribution taxes	163,370	20,303	183,673	165,482	54,475	219,957
Shareholders' Equity	**5,460,177**	**39,411**	**5,499,588**	**5,447,981**	**105,746**	**5,553,727**
Reserves	3,014,411	(9,043)	3,005,368	3,002,215	-	3,002,215
Other comprehensive income	-	48,454	48,454	-	105,746	105,746
Total Liabilities and Shareholders' Equity	**9,038,862**	**46,468**	**9,085,330**	**8,971,519**	**42,210**	**9,013,729**

(ii) Effect on the Balance Sheets of 1.01.2012 and 12.31.2012 – Consolidated

	Balance at 12.31.2012			Balance at 1.01.2012		
	Reported	Adjusts	Restated	Reported	Adjusts	Restated
Current Assets	**1,985,305**	**45,763**	**2,031,068**	**1,526,208**	**41,798**	**1,568,006**
Fuel to reimburse	-	47,823	47,823	-	47,732	47,732
Other current assets	70,981	(2,060)	68,921	56,197	(5,934)	50,263
Non-current Assets	**10,279,111**	**705**	**10,279,816**	**10,502,355**	**412**	**10,502,767**
Other non-current assets	40,742	705	41,447	51,433	412	51,845
Total Assets	**12,264,416**	**46,468**	**12,310,884**	**12,028,563**	**42,210**	**12,070,773**
Current Liabilities	**1,690,673**	**45,763**	**1,736,436**	**1,472,698**	**41,798**	**1,514,496**
Suppliers	219,328	45,763	265,091	234,336	41,798	276,134
Non-current Liabilities	**5,110,903**	**(38,706)**	**5,072,197**	**5,105,607**	**(105,334)**	**5,000,273**
Retirement benefits obligations	274,607	(59,009)	215,598	300,964	(159,809)	141,155
Deferred income and social contribution taxes	179,127	20,303	199,430	166,539	54,475	221,014
Shareholders' Equity	**5,462,840**	**39,411**	**5,502,251**	**5,450,258**	**105,746**	**5,556,004**
Reserves	3,014,411	(9,043)	3,005,368	3,002,215	-	3,002,215
Other comprehensive income	-	48,454	48,454	-	105,746	105,746
Total Liabilities and Shareholders' Equity	**12,264,416**	**46,468**	**12,310,884**	**12,028,563**	**42,210**	**12,070,773**

(iii) Effect on the Profit or Loss of the fiscal year ended 12.31.2012

	Parent company			Consolidated		
	Reported	Adjusts	Restated	Reported	Adjusts	Restated
Accrual of operating provisions, net	(26,998)	(7,951)	(34,949)	(29,009)	(7,951)	(36,960)
INCOME BEFORE FINANCIAL RESULT AND TAXES	**2,214,653**	**(7,951)**	**2,206,702**	**2,547,238**	**(7,951)**	**2,539,287**
Financial result	(243,668)	(5,752)	(249,420)	(447,238)	(5,752)	(452,990)
INCOME BEFORE INCOME TAXES	**1,970,985**	**(13,703)**	**1,957,282**	**2,100,000**	**(13,703)**	**2,086,297**
Income and Social Contribution Taxes	(471,488)	4,660	(466,828)	(600,077)	4,660	(595,417)
NET INCOME FOR THE YEAR	**1,499,497**	**(9,043)**	**1,490,454**	**1,499,923**	**(9,043)**	**1,490,880**
Earnings per share – basic and diluted – R$	**2.30**		**2.28**	**2.30**		**2.28**

(iv) Effect on the Statement of Cash Flow for the fiscal year ended 12.31.2012

	Parent company			Consolidated		
	Reported	Adjusts	Restated	Reported	Adjusts	Restated
Net income before taxes	1,970,985	(13,703)	1,957,282	2,100,000	(13,703)	2,086,297
Adjustments to reconcile net income before taxes to cash generated from operations:						
Interests	168,338	5,752	174,090	360,005	5,752	365,757
Accrual of operating provisions	28,530	7,951	36,481	31,099	7,951	39,050

(v) Effect on the Statement of Added Value for the fiscal year ended 12.31.2012

	Parent company			Consolidated		
	Reported	Adjusts	Restated	Reported	Adjusts	Restated
(-) Input						
Reversal of operating provisions	(24,333)	(7,951)	(32,284)	(26,072)	(7,951)	(34,023)
	(789,396)	**(7,951)**	**(797,347)**	**(1,640,263)**	**(7,951)**	**(1,648,214)**
DISTRIBUTION OF VALUE ADDED	**3,001,908**	**(7,951)**	**2,993,957**	**3,647,170**	**(7,951)**	**3,639,219**
Remuneration:						
Government	**1,121,058**	**(4,660)**	**1,116,398**	**1,557,309**	**(4,660)**	**1,552,649**
Loan capital	**170,237**	**5,752**	**175,989**	**373,799**	**5,752**	**379,551**
Own capital	**1,499,497**	**(9,043)**	**1,490,454**	**1,499,923**	**(9,043)**	**1,490,880**
	3,001,908	**(7,951)**	**2,993,957**	**3,647,170**	**(7,951)**	**3,639,219**

- CPC 19 (R2) and IFRS 11 – Joint Arrangements

The pronouncement establishes that in relations between entities characterized as "Joint Operations", the joint operator should recognize assets, liabilities, revenues and expenses related to its stake in the joint arrangement. The characteristics and the economic essence of the Company's stake in the business and operations of the investee Itá Energética S.A. (Itasa) characterize a joint operation.

Interests held in assets, liabilities, revenues and expenses corresponding to joint operations in entities without their own legal personality (participation in consortia) are recognized in the individual financial statements of the companies that maintain the joint operations, and, subsequently, in the consolidated statements.

The adoption of said standard did not result in any change in relation to the method used to prepare the balance sheet and the income statement of the parent company and the consolidated statements of the Company for the fiscal year ended 12.31.2012.

s.2) Pronouncements that will take effect as from 1.01.2014

- 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 Company is checking if the change in this standard will have any effect 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 costs to sell the assets. The Company is currently assessing the effects from the application of said review.

- 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 changes to said standard will not impact the Company's financial statements.

- IFRIC 21 – 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 Company is currently assessing the effects from the application of said interpretation.

s.3) Pronouncements that will take effect as from 1.01.2015

- IFRS 9 – Financial instruments

This standard replaces parts of IAS 39 related to the classification and measurement of financial instruments. The key difference is related to the portion of the variation in the fair value of financial liabilities resulting from a change in fair value caused by the change in the credit risk of the entity itself, which is now recorded under other comprehensive income and no longer as profit or loss, except when it results in accounting mismatch. The standard is applicable as from 1.01.2015. The Company is currently assessing the application of the standard but does not expect significant impacts on its financial statements.

- IFRS 14 – Regulatory deferral accounts

The standard addresses the rules for the recognition and disclosure of regulatory deferral accounts for entities conducting activities with regulated rates and which recognized regulatory assets and liabilities in the financial statements in accordance with the previous accounting practices. Adoption of the standard is mandatory as from 1.01.2016, and the Company believes that said standard will not impact its financial statements.

4 - CASH AND CASH EQUIVALENTS

	Parent company		Consolidated	
	12.31.2013	12.31.2012	12.31.2013	12.31.2012
Cash and bank deposits	**940**	**3,207**	**7,445**	**13,832**
Marketable securities:				
- Citibank - Exclusive investment fund				
Repurchase transactions with federal public bonds				
National Treasury Notes (NTN-B)	79,471	-	99,978	-
National Treasury Bill (LTN)	869,059	728,976	1,093,309	1,126,254
	948,530	**728,976**	**1,193,287**	**1,126,254**
- Financial Institutions[9]				
Certificates of Bank Deposit (CDB)	-	4,134	1,256	12,744
Repurchase agreements with debentures	-	-	22,288	27,146
	-	**4,134**	**23,544**	**39,890**
Total of marketable securities	**948,530**	**733,110**	**1,216,831**	**1,166,144**
	949,470	**736,317**	**1,224,276**	**1,179,976**

The Company's marketable securities are held for payment of short-term cash commitments and are substantially structured to concentrate funds in an Exclusive Investment Fund in Fixed Income (FIE), the units of which can be redeemed at any time without losses.

The committed operations carried out within the scope of the FIE refer to transactions involving the sale of papers with a commitment to repurchase, taken on by the seller, together with a commitment to resale taken on by the buyer. These transactions have immediate liquidity and are remunerated by the Selic rate and are backed by federal government bonds.

The average profitability of the Fund in 2013 and 2012 was 101.4% and 100.5% of the CDI (the reference rate of Interbank Deposit Certificates), respectively.

CDBs and agreements with debentures may be traded at any time, without loss of earnings.

[9] Banks: Safra, Itaú Unibanco, Itaú BBA, Banco do Brasil, Votorantim and Bradesco.

5 - TRADE ACCOUNTS RECEIVABLE

a) Breakdown

	Parent company		Consolidated	
	12.31.2013	12.31.2012	12.31.2013	12.31.2012
Current				
Wholesale supply of electrical energy				
Electrical energy distributors	245,616	253,084	372,589	369,657
Electrical energy traders	84,824	135,532	24,953	64,279
Retail supply of electrical energy				
Free consumers	20,957	20,972	248,655	185,741
Transactions in the short-term energy market				
Current	27,039	9,456	100,581	9,691
Extraordinary Tariff Recovery (RTE)	2,665	2,665	2,665	2,665
Agents with lawsuits or in default	122,961	122,574	122,961	122,574
	504,062	**544,283**	**872,404**	**754,607**
Allowance for doubtful accounts	(131,806)	(131,282)	(132,078)	(131,691)
	372,256	**413,001**	**740,326**	**622,916**
Non-current				
Wholesale supply of electrical energy	31,398	3,356	6,280	7,347
Allowance for doubtful accounts	-	-	(1,848)	-
	31,398	**3,356**	**4,432**	**7,347**
	403,654	**416,357**	**744,758**	**630,263**

The amounts receivable presented under non-current in the parent company are substantially related to energy purchase agreements entered into with the subsidiary Companhia Energética Estreito.

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	
	12.31.2013	12.31.2012	12.31.2013	12.31.2012
Overdue up to 30 days	9,913	9,252	23,337	9,401
Overdue from 61 to 90 days	-	-	15	-
Overdue more than 91 days				
- With provision accrued	131,806	131,282	133,926	131,691
- Without provision accrued	1,038	1,143	1,179	1,160
	132,844	**132,425**	**135,105**	**132,851**
	142,757	**141,677**	**158,457**	**142,252**

The Company did not accrue any allowance for doubtful accounts for amounts overdue up to 90 days or for the amounts overdue more than 90 days due identified above, in view of the expectation of receiving said overdue amounts.

c) Allowance for doubtful accounts
Breakdown

	Parent company		Consolidated	
	12.31.2013	**12.31.2012**	**12.31.2013**	**12.31.2012**
Agents with lawsuits or in default	122,961	122,574	122,961	122,574
Trading companies	6,180	6,043	6,452	6,452
RTE	2,665	2,665	2,665	2,665
Distributor	-	-	1,848	-
	131,806	**131,282**	**133,926**	**131,691**

The provision in the balance of the "Agents with lawsuits or in default" account, totaling R$ 122,961, is made up of the following values:

(i) R$ 110,885 – corresponds to credits from transactions made within the scope of the Retail Market for Electrical Energy (MAE), now CCEE, between September 2000 and September 2002, which were not received due to certain debtor agents having taken Court action, disagreeing with the interpretation given by that organization, in relation to the provisions of the General Agreement of the Electrical Segment. The provision was established due to doubts in relation to the receipt of the values regarding the aforementioned transactions.

(ii) R$ 12,076 – refers, substantially, to debts by defaulting agents in the first financial settlement made by MAE, on 12.30.2002, regarding the transactions made within the scope of that market. Such amounts are being the objects of bilateral negotiations for a long time. However, due to uncertainties regarding payment, the Company has set some cash aside as allowance for doubtful accounts, regardless of any legal action applicable to the case.

6 - INVENTORIES

	Parent company		Consolidated	
	12.31.2013	**12.31.2012**	**12.31.2013**	**12.31.2012**
Inputs for energy production	20,813	6,211	23,028	6,917
Supplies	38,819	31,927	40,411	34,041
Advances to suppliers	619	623	722	623
Other	613	3,556	624	3,793
	60,864	**42,317**	**64,785**	**45,374**

7 - OTHER TAX CREDITS RECOVERABLE

	Parent company		Consolidated	
	12.31.2013	12.31.2012	12.31.2013	12.31.2012
Current				
PIS [10] and Cofins[11]	-	-	59,086	54,799
INSS [12]	722	305	722	305
Other	-	-	22	194
	722	**305**	**59,830**	**55,298**
Non-current				
PIS and COFINS	8,832	1,131	81,972	106,831
ICMS[13]	17,810	12,683	18,244	15,581
INSS	-	-	6	7
	26,642	**13,814**	**100,222**	**122,419**

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.

The credits for the acquisitions of machines and equipment are offset in the same month of their recognition, while those coming from expenses with constructions of buildings are being offset on a monthly basis, in a proportion of 1/24.

[10]Social Integration Program
[11]Contribution for Social Security Funding
[12]National Social Security Institute
[13]Value-Added Tax on Sales and Communication and Transport Services

8 - FUEL REIMBURSABLE

	Parent company and Consolidated	
	12.31.2013	12.31.2012
Eletrobras	**139,601**	**47,823**

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. At 12.31.2013, the amounts related to November and December 2013 were still pending.

9 - 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 amounts receivable.

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. The appraisal value of the pledged assets in November 2011 was R$ 116,492.

The Company still awaits a court approval for its request for transferring the ownership of the pledged assets already appraised in order to determine which ones will be sold and which ones will remain with the company.

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 will be submitted to the Court to request the compulsory award of the pledged assets.

As of 12.31.2013, 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$ 133,565 (R$ 126,576 as of 12.31.2012). 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, which is awaiting the court decision.

The Company, in a prudent manner, does not intend to recognize the adjustment on this "Account receivable" to the assets market value, as previously mentioned, until the final decision of the judicial proceeding.

10- RESTRICTED DEPOSITS

	Parent company	Consolidated	
	12.31.2013	12.31.2013	12.31.2012
Non-current			
Investment funds	31,617	120,065	101,431
CDB	5,467	10,792	1,879
	37,084	**130,857**	**103,310**

The restricted deposits aim primarily to guarantee the payment of the debt services contracted with the financing banks.

The average profitability of restricted deposits in 2013 and 2012 was 99.2% and 98.1%, respectively, of the overnight rate (CDI).

11- JUDICIAL DEPOSITS

a) Breakdown

	Parent company		Consolidated	
	12.31.2013	12.31.2012	12.31.2013	12.31.2012
Tax	92,724	90,488	93,485	90,952
Civil	8,259	14,490	8,817	15,506
Labor	4,228	3,638	4,552	3,953
	105,211	**108,616**	**106,854**	**110,411**

Of the total amount of tax deposits at 12.31.2013, R$ 49,192 in the parent company and consolidated (R$ 45,571 at 12.31.2012) correspond to the lawsuit whose final and unappealable decision in favor of the Company given in June 2012 against the requirements provided in Normative Instruction no. 468/2004 (IN 468/2004), revoked on 7.04.2006 by IN 658/2006, that the revenues arising from the contracts signed until 10.31.2003 should be subject to non-cumulative taxation of PIS and Cofins as from the first price change, decharacterizing the "predetermined price" concept, provided for by the article 10 of Law 10,833/2003.

Regarding the deposits made from July to October 2006, on 7.12.2012 was published the granting of the Company's request for waiver authorizing the issuance of a court order for release of such deposits since STJ has concluded that the concession of the order by TRF, also encompasses the period ruled by IN 658/2006.

However, on 8.10.2012, Federal Government requested the suspension of the license issuance order to withdraw said judicial deposits and allow the review of contracts linked to the court decision. Intimated to make a pronouncement the Company requested the order to be rejected by the Federal Government, as well as the payment of fines in view of the malicious prosecution.

The new authorization for release of the court order related to the deposits was published in December 2012.

The Federal Government filed an "Interlocutory Appeal" against the decision maintaining the order and obtained an injunction, and the issue will be examined during the judgment of the appeal after the hearing of the counterarguments.

In July 2012, the Company obtained the approval on the request for the judicial deposits release, however, in August 2012, the Federal Government claimed the suspension of the license issuance order to review contracts linked to court decision.

The other amounts deposited are linked to lawsuits being conducted in administrative and in court levels. From the amount deposited on 12.31.2013, R$ 38,703 (R$ 39,368 on 12.31.2012) are directly related to probable risk provisions recognized in the Company's liabilities.

b) Changes

	Parent company				Consolidated			
	Tax	**Civil**	**Labor**	**Total**	**Tax**	**Civil**	**Labor**	**Total**
Balances at 1.01.2012	**91,202**	**9,727**	**3,130**	**104,059**	**91,652**	**10,725**	**3,455**	**105,832**
Additions	-	5,652	779	6,431	-	13,669	808	14,477
Actualizations	7,751	-	181	7,932	7,765	315	181	8,261
Write-offs and redemptions	(8,465)	(889)	(452)	(9,806)	(8,465)	(9,203)	(491)	(18,159)
Balances at 12.31.2012	**90,488**	**14,490**	**3,638**	**108,616**	**90,952**	**15,506**	**3,953**	**110,411**
Additions	180	1,354	635	**2,169**	442	1,604	649	**2,695**
Actualizations	7,163	1,830	195	**9,188**	7,199	1,932	192	**9,323**
Write-offs and redemptions	(5,107)	(9,796)	(240)	**(15,143)**	(5,108)	(10,225)	(242)	**(15,575)**
CESS Merger	-	381	-	**381**	-	-	-	**-**
Balances at 12.31.2013	**92,724**	**8,259**	**4,228**	**105,211**	**93,485**	**8,817**	**4,552**	**106,854**

12 - INVESTMENTS

a) Breakdown

	Parent company	
	12.31.2013	**12.31.2012**
Interest on subsidiaries:		
Measured at the equity method		
Equity in earnings of subsidiaries	2,336,073	2,649,730
"Goodwill" (Concession right)	80,193	114,262
	2,416,266	**2,763,992**

b) Measured at the equity method

b.1) Changes in investments

	Balances at 12.31.2012	Capital increase	Equity in net income of subsidiaries	Dividends	Transfer	CESS Merger	Balances at 12.31.2013
Itasa[14]	**329,803**	-	9,854	(16,528)	-	-	**323,129**
CEE[15]	**983,367**	-	24,430	(5,208)	-	-	**1,002,589**
CESS[16]	**376,380**	-	21,421	-	-	(397,801)	**-**
Lages[17]	**59,198**	-	6,154	(6,154)	-	-	**59,198**
TBLC[18]	**168,562**	-	62,100	(100,000)	-	-	**130,662**
TBLP[19]	**732,419**	44,016	42,909	-	-	-	**819,344**
Other	**1**	845	(4)	-	309	-	**1,151**
Total	**2,649,730**	**44,861**	**166,864**	**(127,890)**	**309**	**(397,801)**	**2,336,073**

	Balances at 1.01.2012	Capital increase	Equity in net income of subsidiaries	Dividends	Balances at 12.31.2012
Itasa	**311,281**	-	32,631	(14,109)	**329,803**
CEE	**915,408**	46,999	41,319	(20,359)	**983,367**
CESS	**360,775**	-	17,241	(1,636)	**376,380**
Lages	**59,198**	-	7,280	(7,280)	**59,198**
TBLC	**168,254**	-	145,307	(144,999)	**168,562**
TBLP	**618,221**	94,435	19,763	-	**732,419**
Other	**1**	-	-	-	**1**
Total	**2,433,138**	**141,434**	**263,541**	**(188,383)**	**2,649,730**

Additional information on direct subsidiaries related to the fiscal year ended 12.31.2013

	Capital	Assets	Liabilities	Net assets	Net sales	Net Income	Equity interest in total and voting capital (%)
Itasa	510,136	703,192	40,363	662,829	153,530	20,209	48.75
CEE	918,003	2,656,884	1,654,295	1,002,589	349,596	24,430	99.99
CESS	-	-	-	-	221,957	21,421	99.99
Lages	30,530	77,553	18,355	59,198	49,280	6,154	99.99
TBLC	4,200	492,426	361,764	130,662	2,203,690	62,100	99.99
TBLP	778,779	1,501,358	678,776	822,582	132,455	43,544	99.99

The effects on the Company's consolidated assets deriving from the fair value of the concession for consideration, acquired in the business combination of CEE total R$ 80,193.

The non-controlling interest in the shareholders' equity and the net income of TBLP presented above is R$ 3,238 and R$ 635, respectively.

[14] Itá Energética S.A., joint operation
[15] Companhia Energética Estreito
[16] Companhia Energética São Salvador, merged on 12.30.2013
[17] Lages Bioenergética Ltda.
[18] Tractebel Energia Comercializadora Ltda.
[19] Tractebel Energias Complementares Participações Ltda.

b.2) "Goodwill" (Concession right) – Parent company

Changes

	CEE	CESS	Total
Balances at 1.01.2012	**85,872**	**32,102**	**117,974**
Amortization	(2,446)	(1,266)	(3,712)
Balances at 12.31.2012	**83,426**	**30,836**	**114,262**
Amortization	(3,233)	(1,265)	(4,498)
CESS Merger[20]	-	(29,571)	(29,571)
Balances at 12.31.2013	**80,193**	**-**	**80,193**

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.

b.3) Information on direct subsidiaries

- Itá Energética S.A. (Itasa) – joint operation

Itasa and Tractebel Energia are the companies which have the exploration rights over the Itá Hydroelectric Power Plant (Itá HPP), situated on the Uruguay River, on the border of the Brazilian States of Rio Grande do Sul and Santa Catarina, by means of a consortium in which Itasa has a 60.5% share and Tractebel has 39.5%. In the terms of the Consortium Contract, Itasa has the right to a quantity of energy equivalent to 60.5% of 668 MW on average, of energy as guaranteed by this power plant with an average of 720 MW. The other 52 average MW (720 average MW - 668 average MW) of energy guaranteed by this development are harnessed directly by Tractebel Energy.

Tractebel Energia and the Companhia Siderúrgica Nacional (CSN) have joint control over Itasa, both with a 48.75% share in the voting and paid-up capital of the corporate society. The main groups, of assets, liabilities and income statement of Itasa, as shown below, are consolidated in Tractebel Energia's consolidated financial statements proportionally to its equity interest in the capital of this Company, since that company has its own legal personality.

[20] Merger of the subsidiary Companhia Energética São Salvador on 12.30.2013 as described in a specific item below.

BALANCE SHEET	12.31.2013	12.31.2012
ASSETS		
Current assets	65,893	90,730
Non-current assets		
Long-term assets	34,029	38,412
Property, plant and equipment	603,262	640,842
Intangible assets	8	8
TOTAL ASSETS	**703,192**	**769,992**
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities	38,492	87,660
Non-current liabilities	1,871	5,809
Shareholders' equity	662,829	676,523
TOTAL LIABILITIES	**703,192**	**769,992**

STATEMENT OF INCOME FOR THE YEAR	12.31.2013	12.31.2012
NET SALES	**153,530**	**217,497**
COSTS OF ENERGY SOLD	**(116,726)**	**(109,821)**
GROSS INCOME	**36,804**	**107,676**
OPERATING INCOME (EXPENSES)		
Administrative and general expenses	(4,265)	(5,177)
Other operating income (expenses), net	(3,331)	143
INCOME BEFORE FINANCIAL INCOME (LOSS) AND TAXES	**29,208**	**102,642**
Financial income (expenses), net	**1,266**	**(1,746)**
INCOME BEFORE INCOME TAXES	**30,474**	**100,896**
Income and social contribution taxes	(10,265)	(33,961)
NET INCOME FOR THE YEAR	**20,209**	**66,935**

- Companhia Energética Estreito (CEE)

CEE has a 40.07% share in the Estreito Energia Consortium (Ceste), which was created for the implementation and exploitation of the Estreito HPP, situated on the Tocantins River, between the Brazilian States of Tocantins and Maranhão. The other consortium members are Vale (*Companhia Vale do Rio Doce*), Estreito Energia SA (Alcoa Group) and Intercement Brasil S.A. (Camargo Corrêa Group), with respective shares of 30.00%, 25.49% and 4.44%. The leadership of the consortium is in the hands of CEE.

In March 2013, Aneel authorized the commercial startup of the 8th power generation unit of the Estreito HPP, adding 135.8 MW to the plant's capacity. With this new unit in operation, the Estreito HPP reached 100% of its installed capacity, equivalent to 1,087 MW, of which 435.6 MW pertains to CEE.

- Companhia Energética São Salvador (CESS) at Tractebel Energia S.A.

CESS has all the concession rights for the São Salvador Hydroelectric Power Plant, on the Tocantins River, in the Brazilian State of Tocantins, with a minimum installed energy of 243.2 MW and guaranteed energy of 148.5 average MW.

On 12.30.2013, the Extraordinary Shareholders' Meeting unanimously approved the merger of Companhia Energética São Salvador (CESS) with Tractebel Energia through the transfer of the net assets of the company on the base date 12.30.2013. The Meeting also approved the Valuation Report of the net assets merged, at book value. The net assets of CESS merged with Tractebel Energia were as follows:

	Book value	Fair value
Current assets	187,593	187,593
Non-current assets		
Long-term assets	33,236	33,236
Property, plant and equipment	1,122,094	1,151,665
Cost	819,584	819,584
Concession for Use of Public Asset (UBP)	302,510	332,081
Intangible assets	404	404
Current liabilities	104,693	104,693
Non-current liabilities	840,833	840,833
Net assets	**397,801**	**427,372**

- Lages Bioenergética Ltda. (Lages)

Lages is a thermoelectric power plant located in the city of Lages, State of Santa Catarina, which makes use of a 28 MW steam turbogenerator powered by wood residue. The plant has the registration at the Executive Committee of the Clean Development Mechanism (CDM) of the United Nations Organization (UNO), to negotiate carbon credits, to use wood residue in the joint generation of electricity.

Tractebel Energia Comercializadora Ltda. (TBLC)

TBLC has the main objective of commercialization of electrical energy in free and regulated markets, including purchase, sale, import and export of electrical energy, as also the intermediation of any of these operations, and practice and celebration of commercial acts arising from such activities. The Company's sales to free consumers are normally made through TBLC.

Tractebel Energias Complementares Participações Ltda. (TBLP)

TBLP is a holding company with the objective of participating in the capital of other companies and also concentrating the investments in projects related to complementary energy of the Company. Some financial information for the year ending on 12.31.2013 for the subsidiaries of TBLP, as follows.

	Capital	Assets	Liabilities	Net Assets	Net sales	Net Income (loss)	Equity interest in total and voting capital (%)
Tupan	80,379	101,590	21,211	80,379	18,614	12,244	99.99
Hidropower	33,392	77,352	21,257	56,095	17,202	10,592	99.99
Areia Branca	84,160	132,968	51,393	81,575	15,590	722	99.99
Beberibe	60,230	147,329	87,467	59,862	25,425	8,514	99.99
Pedra do Sal	33,133	100,440	62,483	37,957	18,288	6,151	99.99
Ibitiúva	36,576	128,004	63,249	64,755	24,599	12,707	95.00
EEN	178,513	573,177	392,983	180,194	12,737	3,387	99.99
CLWP	2,308	2,157	15	2,142	-	(166)	99.99
Cacimbas	323	39	3	36	-	(33)	99.99
Santa Mônica	1,269	1,188	3	1,185	-	(9)	99.99
Santa Mônica II	620	619	-	619	-	(1)	99.99

The effects on TBLP's consolidated assets deriving from the fair value of the authorizations and other rights acquired in the business combination total R$ 231,477.

- Energias Eólicas do Nordeste S.A. (EEN)

EEN is a holding company which was established to control the acquired companies for the construction of the wind farms of the Trairí Project, in the state of Ceará. The following table presents selected financial information related to the fiscal year ended 12.31.2013 for the subsidiaries of EEN:

	Capital	Assets	Liabilities	Net assets	Net sales	Net Income (loss)	Equity interest in total and voting capital (%)
Trairí	34,184	122,256	86,548	35,708	5,235	1,997	99.99
Guajiru	40,068	143,426	101,903	41,523	6,152	2,124	99.99
Fleixeiras	41,512	154,848	114,106	40,742	1,350	(158)	99.99
Mundaú	48,878	138,010	90,282	47,728	-	(618)	99.99

The effects on EEN's consolidated assets deriving from the fair value of the authorizations and other rights acquired in the business combination total R$ 12,669.

While the Trairí and Guajiru wind farms commercial operation in October 2013, the Fleixeiras wind farm started test operations in December 2013 and started commercial operation in January 2014. The Mundaú wind farm is in an advanced stage of construction, which is expected to be concluded in the first quarter of 2014. The energy to be generated by the wind farms of the Trairí Project has been sold in the Free Trading Environment (ACL) through medium- and long-term contracts through the subsidiary TBLC.

Acquisition of new projects

- Cacimbas Project

In February 2013, the Company, through its wholly-owned subsidiary TBLP, acquired the Cacimbas wind power project, formerly denominated Flecheiras, located near the wind power projects of the Trairí Project in Ceará, in the amount of R$ 850. The installed and commercial capacity expected from the project is 18.9 average MW and 8.9 average MW, respectively. Implementation of the project is currently being analyzed by the Company.

- Campo Largo Project

In June 2013, TBLP, a wholly-owned subsidiary of the Company, concluded the acquisition process of CLWP Brasil Ltda. in the amount of R$ 21,610, after fulfilling all the conditions precedent set forth in the contract entered into in January 2013, of which R$ 12,523 refer to outstanding installments adjusted by the IPCA inflation index variation plus interest of 1.5 % p.a.

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

CLWP is the owner of 7 Special Purpose Entity (SPE), each of which is responsible for developing one wind power generation project in the municipalities of Umburanas and Sento Sé, 420 km from Salvador, with joint installed capacity of 206 average MW and commercial capacity of 105 average MW.

The Company currently conducting internal studies regarding project implementation.

The former controlling shareholders of CLWP are also developing other wind power projects, with additional 150 MW of installed capacity, in the same region, on which the Company has a purchase preference, in the amount of R$ 16,500, subject to the obtainment of environmental license, which is already in an advanced phase of approval.

- Santa Mônica Project

In August 2013, TBLP, a wholly-owned subsidiary of the Company, concluded the acquisition process of the companies Usina Geradora Eólica Santa Mônica SPE S.A. and Usina Geradora Eólica Santa Mônica II SPE Ltda. in the amount of R$ 6,878, after the fulfillment of certain contractual conditions precedent to the transaction completion, of which R$ 3,891 refer to outstanding installments restated by the IPCA inflation index variation. The wind power project, located in the state of Ceará, consists of two plants with combined installed capacity of 58.8 MW and commercial capacity of 26.5 average MW. The project is currently in an advanced stage of internal evaluation studies regarding its implementation.

- Ferrari Termoelétrica S.A.

In December 2013, the Company signed an agreement for the acquisition of the entire capital of Ferrari Termoelétrica S.A. through the subsidiary TBLP, for R$ 171,930, provided certain conditions subsequent set forth in the share purchase and sale agreement are met.

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 SPE plans to invest around R$ 85,000 in the modernization and expansion of the UTE to increase its installed capacity to 80.5 MW. With this, its commercial capacity is expected to increase to 35.6 average MW.

Registration of the investment will be realized when fulfilled all the above conditions and the transfer of the shares and the company's management to Tractebel Energia.

13- PROPERTY, PLANT AND EQUIPMENT

a) Breakdown

		Parent company				
		12.31.2013				12.31.2012
	Average rate of depreciation %	Adjusted cost	Accumulated depreciation	Impairment[21]	Net amount	Net amount
In service						
Reservoirs, dams and ducts	2.7	5,070,519	(2,458,911)	-	2,611,608	2,159,451
Buildings and improvements	3.0	1,494,618	(797,73)	(14,66)	682,23	543,63
Machinery and equipment	4.1	6,113,994	(3,818,266)	(54,04)	2,241,689	2,001,942
Furniture and fixtures	6.3	9,11	(4,21)	-	4,90	4,74
Vehicles	14.3	1,90	(1,44)	-	460,00	424,00
Special obligations		(13,09)	-	-	(13,09)	(13,28)
		12,677,057	**(7,080,556)**	**(68,70)**	**5,527,803**	**4,696,907**
In progress						
Buildings and improvements		6,41	-	-	6,41	16,50
Machinery and equipment		95,52	-	-	95,52	20,45
Advances to suppliers		77,45	-	-	77,45	7,24
Acquisitions to be apportioned		6,78	-	-	6,78	1,14
		186,16	**-**	**-**	**186,16**	**45,34**
		12,863,219	**(7,080,556)**	**(68,70)**	**5,713,965**	**4,742,243**

[21] Provision for impairment losses

		Consolidated				
		12.31.2013				12.31.2012
	Average rate of depreciation %	Adjusted cost	Accumulated depreciation	Impairment	Net amount	Net amount
In service						
Reservoirs, dams and ducts	3.0	7,101,928	(2,688,647)	-	4,413,281	4,358,878
Buildings and improvements	3.2	1,770,506	(861,560)	(17,259)	891,687	939,975
Machinery and equipment	4.1	8,283,424	(4,132,243)	(55,578)	4,095,603	3,692,815
Furniture and fixtures	6.3	9,918	(4,594)	-	5,324	5,348
Vehicles	14.3	2,976	(1,857)	-	1,119	472
Special obligations		(13,212)	-	-	(13,212)	(13,400)
		17,155,540	**(7,688,901)**	**(72,837)**	**9,393,802**	**8,984,088**
In progress						
Reservoirs, dams and ducts		7,935	-	-	7,935	13,517
Buildings and improvements		12,095	-	-	12,095	43,852
Machinery and equipment		131,781	-	-	131,781	123,189
Advances to suppliers		148,140	-	-	148,140	132,630
Acquisitions to be apportioned		14,474	-	-	14,474	385,809
		314,425	**-**	**-**	**314,425**	**698,997**
		17,469,965	**(7,688,901)**	**(72,837)**	**9,708,227**	**9,683,085**

b) Changes in property, plant and equipment

	Parent company						
	Reservoirs, dams and ducts	Buildings and improvements	Machinery and equipment	Other	Construction in progress	Special obligations	Total
Balances at 1.01.2012	**2,283,077**	**580,294**	**2,111,418**	**5,043**	**81,885**	**(13,535)**	**5,048,182**
Additions	-	-	-	-	70,556	260	70,816
Transfers	(6,419)	(941)	113,769	696	(107,105)	-	-
Write-offs	(235)	-	(10,211)	(33)	-	-	(10,479)
Depreciation	(116,972)	(35,725)	(213,034)	(545)	-	-	(366,276)
Balances at 12.31.2012	**2,159,451**	**543,628**	**2,001,942**	**5,161**	**45,336**	**(13,275)**	**4,742,243**
Additions	-	-	-	-	231,862	188	232,050
Capitalized interest	-	-	-	-	160	-	160
Maesa Merger	7,119	1,537	7,728	2	115	-	16,501
CESS Merger	561,248	185,685	400,033	224	4,475	-	1,151,665
Impairment	-	(14,659)	(54,039)	-	-	-	(68,698)
Transfers	756	1,012	93,487	531	(95,786)	-	-
Write-offs	-	-	(2,501)	(4)	-	-	(2,505)
Depreciation	(116,966)	(34,971)	(204,961)	(553)	-	-	(357,451)
Balances at 12.31.2013	**2,611,608**	**682,232**	**2,241,689**	**5,361**	**186,162**	**(13,087)**	**5,713,965**

	Consolidated						
	Reservoirs, dams and ducts	Buildings and improvements	Machinery and equipment	Other	Construction in progress	Special obligations	Total
Balances at 1.01.2012	**4,550,425**	**991,768**	**3,720,407**	**6,108**	**630,103**	**(13,660)**	**9,885,151**
Additions	-	-	-	-	320,267	260	320,527
Capitalized interest	-	-	-	-	33,841	-	33,841
Transfers	9,981	1,622	273,249	362	(285,214)	-	-
Write-offs	(235)	-	(10,301)	(33)	-	-	(10,569)
Depreciation	(201,293)	(53,415)	(290,540)	(617)	-	-	(545,865)
Balances at 12.31.2012	**4,358,878**	**939,975**	**3,692,815**	**5,820**	**698,997**	**(13,400)**	**9,683,085**
Additions	-	-	-	-	623,267	188	623,455
Capitalized interest	-	-	-	-	21,061	-	21,061
Maesa Merger	7,119	1,537	7,728	2	115		16,501
Impairment	-	(17,259)	(55,578)	-	-	-	(72,837)
Transfers	259,931	20,362	749,973	1,349	(1,029,015)	-	2,600
Write-offs	-	-	(2,640)	(6)	-	-	(2,646)
Depreciation	(212,647)	(52,928)	(296,695)	(722)	-	-	(562,992)
Balances at 12.31.2013	**4,413,281**	**891,687**	**4,095,603**	**6,443**	**314,425**	**(13,212)**	**9,708,227**

c) Breakdown of property, plant and equipment in consolidated services, by group of power plants

		Parent company				
		12.31.2013				12.31.2012
	Average rate of depreciation %	Adjusted cost	Accumulated depreciation	Impairment	Net amount	Net amount
In service						
Hydroelectric power plants	2.5	9,890,799	(4,889,920)	-	5,000,879	4,025,716
Thermoelectric power plants	5.0	2,786,258	(2,190,636)	(68,698)	526,924	671,191
		12,677,057	**(7,080,556)**	**(68,698)**	**5,527,803**	**4,696,907**

		Consolidated				
		12.31.2013				12.31.2012
	Average rate of depreciation %	Adjusted cost	Accumulated depreciation	Impairment	Net amount	Net amount
In service						
Hydroelectric power plants	3.2	13,291,465	(5,319,975)	-	7,971,490	7,743,133
Thermoelectric power plants	5.1	2,786,258	(2,190,636)	(68,698)	526,924	671,191
Biomass power plants	5.3	177,148	(53,534)	(4,139)	119,475	135,966
PCH	4.3	300,727	(65,276)	-	235,451	248,229
Wind farms	4.6	599,942	(59,480)	-	540,462	185,569
		17,155,540	**(7,688,901)**	**(72,837)**	**9,393,802**	**8,984,088**

d) Depreciation

The useful lives set by Aneel, which correspond to the estimated usable life of assets, for the main groups of assets which make up the generator parks of the Company, are the following:

	Depreciation (% p.a.)	Average useful life (years)
Reservoirs and dams	2.0	50
Buildings and improvements	4.0	25
Generators	3.3	30
Boilers	4.0	25
Hydraulic Turbines	3.3	30
Engine Rooms	2.0	50
Wind Turbines (aerogeneration)	5.0	20
General Equipment	6.3	16

In early 2012, Aneel issued a Normative Resolution establishing new annual depreciation rates for certain assets linked to the concession and authorization for the generation of electrical energy, applicable from 1.01.2012. The adoption of new rates did not result in a significant effect on the expenses of depreciation of Company assets.

The following items are fully depreciated at 12.31.2013 and 12.31.2012:

	Parent company		Consolidated	
	12.31.2013	12.31.2012	12.31.2013	12.31.2012
Reservoirs, dams and pipelines	73,857	73,857	73,857	73,857
Buildings and improvements	105,209	105,209	105,209	105,209
Machinery and equipment	703,886	704,200	704,069	704,369
Furniture and fixtures	1,126	1,156	1,139	1,169
Vehicles	596	610	883	896
	884,674	**885,032**	**885,157**	**885,500**

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, as from 1.1.2007, has depreciated 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.

e) 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 1.01.2009, 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 '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 consolidated property, plant and equipment on 12.31.2013 and 12.31.2012 include the fair value adjustment, net of depreciation, in the amounts of R$ 799,114 and R$ 882,811, respectively. The depreciation over the amounts of fair value adjustment in the fiscal years ended on 12.31.2013 and 12.31.2012 was R$ 83,697 and R$ 90,515, respectively.

f) 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 1.01.2009, 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 12.31.2013 and 12.31.2012 was R$ 762,724 and R$ 451,214, respectively, and R$ 1,046,106 and R$ 1,094,647, respectively, in the consolidated statement.

g) Appropriation of financial charges

Financial charges linked to financings and concession payables are capitalized in property, plant and equipment assets in progress during the construction of the power plants. Financial charges capitalized in the consolidated property, plant and equipment in fiscal years 2013 and 2012 were R$ 21,061 and R$ 33,841, respectively.

h) 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.

In 2013, the Company recognized a provision for asset impairment of R$ 68,698 in the parent company and of R$ 72,837 in the consolidated, mainly of the assets of Usina Termelétrica Charqueadas, due to the rules recently imposed by Aneel, which will reduce the reimbursement of coal consumption starting January 2016 depending on the plant's efficiency, and will not allow for the recovery of the additional investments that would be necessary to meet the new efficiency rates required by the agency. The recovery amount corresponds to the sale value of the assets, net of sale costs, defined based on observable market data (Level 2) and considering their best possible use.

i) Regulatory agency concessions and authorizations

i.1) Concessions for hydroelectric electrical energy generation

Concessions	Concession holder	Installed capacity (MW)	Date of minutes	Expiration
UHE Salto Santiago	Tractebel Energia	1,420	9.28.1998	9.27.2028
UHE Salto Osório	Tractebel Energia	1,078	9.28.1998	9.27.2028
UHE Passo Fundo	Tractebel Energia	226	9.28.1998	9.27.2028
UHE Itá	Tractebel Energia/Itasa	1,450	12.28.1995	10.16.2030
UHE Machadinho	Tractebel Energia	1,140	7.15.1997	7.14.2032
UHE Cana Brava	Tractebel Energia	450	8.27.1998	8.26.2033
UHE Ponte de Pedra	Tractebel Energia	176	10.01.1999	9.30.2034
UHE São Salvador	Tractebel Energia	243	4.23.2002	4.22.2037
UHE Estreito	CEE	1,087	11.26.2002	11.26.2037

The Company has, directly and indirectly, in power plants Itá, Machadinho and Estreito, the equivalent to 1,126.9 MW, 403.9 MW and 435.6 MW, respectively, of the plants' installed capacity, which correspond to their shareholding interest and/or interest in consortium.

i.2) Authorizations for thermal and wind generation and small hydroelectric power plants

Authorizations	Authorization holder	Installed capacity (MW)	Date of minutes	Expiration
Thermal power plants (UTE)				
Thermal power complex Jorge Lacerda	Tractebel Energia	857	9.28.1998	9.27.2028
UTE Charqueadas	Tractebel Energia	72	9.28.1998	9.27.2028
UTE Alegrete[22]	Tractebel Energia	66	9.28.1998	9.27.2028
UTE William Arjona	Tractebel Energia	190	6.02.2000	4.28.2029
Co-generation Unit Lages	Lages	28	10.30.2002	10.29.2032
UTE Ibitiúva Bioenergética	Andrade Consortium[23]	33	4.05.2000	4.04.2030
Small Hydro Power Plants (PCH)				
PCH Rondonópolis	Tupan	27	12.19.2002	12.18.2032
PCH Engenheiro José Gelazio da Rocha	Hidropower	24	12.19.2002	12.18.2032
PCH Areia Branca	Areia Branca	20	5.03.2000	5.02.2030
Wind plants (EOL) in operation				
EOL Beberibe	Beberibe	26	8.04.2003	8.03.2033
EOL Pedra do Sal	Pedra do Sal	18		
EOL Trairí	Trairí	25	10.02.2002	10.01.2032
EOL Guajiru	Guajiru	30	9.20.2011	8.27.2041
EOL Fleixeiras I	Fleixeiras I	30	9.20.2011	8.27.2041
Wind plants (EOL) Project				
EOL Mundaú	Mundaú	30	9.20.2011	8.27.2041

The Company has 22.9 MW of the installed capacity of Ibitiúva Bioenergética Power Plant, which corresponds to its shareholding interest and interest in consortium.

j) Unavailability of assets

Pursuant to article 63 and 64 of Decree N° 41,019, of 2.26.1957, the assets and facilities used in the production, transmission, distribution and sale of electrical energy are linked to those services and cannot be removed, sold, assigned or pledged in mortgage guarantee without the previous and express authorization of the ANEEL. ANEEL Resolution n° 20/99, regulates the release of assets from the concessions of the Public Electrical Energy Service, granting prior authorization to release the property and other fixed assets not usable by the concession when they are destined for sale, and also determining that the sales proceeds less respective charges be deposited in a restricted bank account to be invested in the concession.

[22] The operation of UTE Alegrete is temporarily suspended.
[23] Consortium members are the indirect subsidiary Ibitiúva Bioenergética S.A. (72.90%) and Andrade Açúcar e Álcool (27.10%).

k) Federal Union assets used by the Company

The Company has the possession and operates UTE Alegrete, comprised of two generating units with total capacity of 66 MW and a residential village of 15 houses located in the municipality of Alegrete (Rio Grande do Sul State), owned by the Federal Union and granted under regime of special use.

In 2013, the commercial backing and the operation of the plant were temporarily suspended. As a result, the Company requested ANEEL to definitively revoke the authorization of the Plant and return it to the Federal Government, recording a provision for asset impairment in the amount of R$ 1,848.

14 - INTANGIBLE ASSETS

a) Breakdown

		Parent company			
		12.31.2013			12.31.2012
	Amortization period	Adjusted cost	Accumulated amortization	Total	Total
Right to use	Until 2034	33,685	(22,765)	**10,920**	**10,246**
Other	-	-	-	**-**	**719**
		33,685	**(22,765)**	**10,920**	**10,965**

		Consolidated			
		12.31.2013			12.31.2012
	Amortization period	Adjusted cost	Accumulated amortization	Total	Total
Right to use	Until 2037	40,887	(23,130)	17,757	16,996
Electrical energy purchase right	Until 2023	64,561	(6,015)	58,546	64,561
Operation license conditions	Until 2014	22,243	(15,354)	6,889	14,556
Rights of Trairí Project	Until 2041	12,668	-	12,668	12,668
Rights of Campo Largo Project	-	21,670	-	21,670	-
Rights of Santa Mônica Project	-	5,715	-	5,715	-
Development expenses	-	3,107	-	3,107	-
Other	-	-	-	-	719
		170,851	**(44,499)**	**126,352**	**109,500**

b) Description of main intangible assets

Rights of use derive mainly from expenses with transmission lines' right of way and software licenses.

Electrical energy purchase right refers to the acquisition of rights on electrical energy purchase contracts.

Rights on operation licenses correspond to costs to comply with the required social and environmental conditions to obtain and maintain operation license.

The rights over the Trairí, Campo Largo and Santa Mônica wind power generation projects, derive from the fair value of the basic environmental projects, the certification of power generation, wind measurements, preliminary environmental licenses and leasing agreements acquired in the business combination.

The amortization of these rights will start after the wind power projects start to operate commercially and will be recognized through the straight line method over the term of authorization or start of validity of the respective licenses and agreements. Further details regarding the acquired projects are available in Note 12 - Investments.

c) Changes

	Parent company	Consolidated
Balances at 1.01.2012	**15,852**	**96,549**
Addition	2,516	28,284
Transfer to property, plant and equipment	-	(24)
Amortization	(7,403)	(15,309)
Balances at 12.31.2012	**10,965**	**109,500**
Addition	5,146	7,604
Acquisition in business combination	-	31,342
Transfer to property, plant and equipment	-	(2,600)
CESS Merger	404	-
Amortization	(5,595)	(19,494)
Balances at 12.31.2013	**10,920**	**126,352**

d) Impairment of assets

The Company periodically evaluates the existence of events that may lead to intangible assets impairment losses, and no indications of impairment were identified.

15 - SUPPLIERS

	Parent company		Consolidated	
	12.31.2013	12.31.2012	12.31.2013	12.31.2012
Current				
Electricity purchased	9,017	17,277	179,048	62,984
Transactions within CCEE	111,097	29,678	119,228	32,974
Charges for the use of and connection to the power grid	29,484	36,423	36,032	44,413
Materials and services	30,827	29,768	43,787	39,166
Fossil fuels and biomass	84,630	55,342	86,366	55,342
Suppliers of property, plant and equipment and intangible assets	16,656	4,821	45,885	30,212
	281,711	**173,309**	**510,346**	**265,091**

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

16- LOANS AND FINANCING

a) Breakdown

	Parent company					
	12.31.2013			12.31.2012		
	Current	Non-current	Total	Current	Non-current	Total
Liabilities:						
Measured at the amortized cost						
Local currency						
Bank of America Merrill Lynch	286,667	-	286,667	143,333	286,667	430,000
Nordic Investment Bank	-	149,990	149,990	-	-	-
BNDES	16,003	141,363	157,366	-	-	-
Banks (BNDES onlending)	32,317	298,811	331,128	-	-	-
Financial charges	7,635	-	7,635	5,372	-	5,372
	342,622	**590,164**	**932,786**	**148,705**	**286,667**	**435,372**
Foreign currency without hedge						
STN[24]	-	-	-	8,876	93,692	102,568
BNP Paribas (Floating Rate Note)	-	129,060	129,060	-	107,613	107,613
Financial charges	367	-	367	5,425	-	5,425
	367	**129,060**	**129,427**	**14,301**	**201,305**	**215,606**
Measured at fair value						
Foreign currency with hedge						
HSBC USA	-	210,329	210,329	-	-	-
Financial charges	350	-	350	-	-	-
	350	**210,329**	**210,679**	**-**	**-**	**-**
	343,339	**929,553**	**1,272,892**	**163,006**	**487,972**	**650,978**
Non-current assets:						
Measured at fair value - hedge						
HSBC Brasil – *swap*[25]	-	1,115	1,115	-	-	-
	-	**1,115**	**1,115**	**-**	**-**	**-**
Loans and financing, net of swap	**343,339**	**928,438**	**1,271,777**	**163,006**	**487,972**	**650,978**

[24] National Treasury Department

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

	Consolidated					
	12.31.2013			12.31.2012		
	Current	Non-current	Total	Current	Non-current	Total
Liabilities:						
Measured at the amortized cost						
Local currency						
Bank of America Merrill Lynch	286,667	-	286,667	143,333	286,667	430,000
Nordic Investment Bank	-	149,990	149,990	-	-	-
BNDES	119,369	1,498,097	1,617,466	103,047	1,459,830	1,562,877
Banks (BNDES onlending)	68,392	830,932	899,324	79,165	885,907	965,072
Banco do Brasil	3,966	11,237	15,203	3,966	15,203	19,169
Financial charges	13,732	-	13,732	13,231	-	13,231
	492,126	**2,490,256**	**2,982,382**	**342,742**	**2,647,607**	**2,990,349**
Foreign currency without hedge						
STN	-	-	-	8,876	93,692	102,568
BNP Paribas (Floating Rate Note)	-	129,060	129,060	-	107,613	107,613
Financial charges	367	-	367	5,425	-	5,425
	367	**129,060**	**129,427**	**14,301**	**201,305**	**215,606**
Measured at fair value						
Foreign currency with hedge						
HSBC USA	-	210,329	210,329	-	-	-
Financial charges	350	-	350	-	-	-
	350	**210,329**	**210,679**	**-**	**-**	**-**
	492,843	**2,829,645**	**3,322,488**	**357,043**	**2,848,912**	**3,205,955**
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	**492,843**	**2,828,530**	**3,321,373**	**357,043**	**2,848,912**	**3,205,955**

b) Changes in loans and financings, net of swap

	Parent company			Consolidated		
	Current	Non-current	Total	Current	Non-current	Total
Balances at 1.01.2012	**41,364**	**629,681**	**671,045**	**233,924**	**2,923,882**	**3,157,806**
Additions	-	-	-	-	244,262	244,262
Interest expense	49,043	-	49,043	211,730	312	212,042
Capitalized interest	-	-	-	-	32,401	32,401
Exchange variation	1,427	20,044	21,471	1,427	20,044	21,471
Guarantee remuneration	-	(4,992)	(4,992)	-	(4,992)	(4,992)
Transfers	156,761	(156,761)	-	366,997	(366,997)	-
Amortization of principal	(32,706)	-	(32,706)	(218,414)	-	(218,414)
Interest payment	(52,883)	-	(52,883)	(238,621)	-	(238,621)
Balances at 12.31.2012	**163,006**	**487,972**	**650,978**	**357,043**	**2,848,912**	**3,205,955**
Additions	-	362,486	362,486	-	519,937	519,937
CESS Merger	49,858	426,828	476,686	-	-	-
Interest expense	45,418	-	45,418	209,836	-	209,836
Capitalized interest	-	160	160	-	20,832	20,832
Monetary variation	-	7,818	7,818	-	7,818	7,818
Exchange variation	2,449	36,520	38,969	2,449	36,520	38,969
Guarantee remuneration	-	(3,809)	(3,809)	-	(3,809)	(3,809)
Adjustment to fair value of prepaid debt	(49,126)	-	(49,126)	(49,126)	-	(49,126)
Adjustment to fair value of debt and swap	-	(33)	(33)	-	(33)	(33)
Transfers	389,504	(389,504)	-	601,647	(601,647)	-
Amortization of principal	(209,375)	-	(209,375)	(405,654)	-	(405,654)
Interest payment	(48,395)	-	(48,395)	(223,352)	-	(223,352)
Balances at 12.31.2013	**343,339**	**928,438**	**1,271,777**	**492,843**	**2,828,530**	**3,321,373**

c) Main transactions in 2013

c.1) Contracting of loan from NIB

In January 2013, the Company signed a loan agreement with Nordic Investment Bank (NIB), in the amount of R$ 142,702, corresponding to US$ 70,000. The loan was received on 1.22.2013, in the amount of R$ 141,825, net of transaction costs of R$ 877. The funds were used by the Company in new investments.

c.2) Release of funds for UHE Estreito.

In 2013, BNDES released for Companhia Energética Estreito (CEE), a subsidiary of the Company, the amount of R$ 5,220 related to the social sub-credit to be used in the Estreito Social Investment (ISE). The amount of R$ 2,902 is still pending of release.

c.3) Contracting of loan from HSBC USA

In August 2013, the Company contracted a loan from HSBC USA in the amount of to US$ 90,000 (equivalent to R$ 207,315 on the funds release date). The principal repayment will be in a single installment at the maturity of the contract, in August 2015, and interest paid on a quarterly basis, from November 2013 to August 2015. The financial charges on the loan are a fixed rate of 1.3882% p.a.

The Company's Investments and Derivatives Policy establishes that the use of derivative financial instruments shall be restricted to the protection from risks (hedge) and should be strictly related to the debt maturity, amounts and terms.

As such, in order to protect all future cash flows from the fluctuation of the U.S. dollar, the Company contracted a swap operation from the Brazilian subsidiary of the same financial institution that granted the loan, in the amount of R$ 207,315, through which it will keep a long position corresponding to the variation of the U.S. dollar plus interest of 1.3882% p.a. and a short position equivalent to 99.9% 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.

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 hedged loan are measured at fair value through profit or loss, thus fully protecting the Company from the U.S. dollar and interest rate fluctuations.

These funds were used to refinance one of the installments of the loan from Bank of America Merril Lynch and in new investments.

Further details on the operation can be found in Note 33 - Risk Management and Financial Instruments.

c.4) Release of funds for the construction of the Trairí Wind Power Complex

In 2013, BNDES released a total of R$ 125,230 to finance the construction of the power plants of Central Eólica Fleixeiras I S.A., Central Eólica Guajirú S.A., Central Eólica Mandaú S.A. and Central Eólica Trairí S.A, all indirect subsidiaries of the Company. Out of the total financed amount R$ 850 have not been released yet.

c.5) Early settlement of debt with the National Treasury Department

In September 2013, the Company paid off in advance all the loans from the National Treasury Department (STN), amounting to R$ 64,935. The operation generated a financial gain of R$ 49,126, resulting from the liquidation, at market value, of the debt and financial collateral pegged thereto.

d) Breakdown per type of foreign currency and domestic indices

	Parent company				Consolidated			
	12.31.2013	%	12.31.2012	%	12.31.2013	%	12.31.2012	%
Local currency								
CDI	291,674	22.8	435,372	66.9	291,674	8.8	435,372	13.6
IPCA	151,017	11.9	-	-	151,017	4.5	-	-
TJLP	476,686	37.5	-	-	2,485,334	74.9	2,505,785	78.1
Not indexed	13,409	1.1	-	-	54,357	1.6	49,192	1.5
	932,786	**73.3**	**435,372**	**66.9**	**2,982,382**	**89.8**	**2,990,349**	**93.2**
Foreign currency without hedge								
U.S. dollar	-	-	104,260	16.0	-	-	104,260	3.3
Euro	129,427	10.2	111,346	17.1	129,427	3.9	111,346	3.5
	129,427	**10.2**	**215,606**	**33.1**	**129,427**	**3.9**	**215,606**	**6.8**
Foreign currency with hedge								
CDI	209,564	16.5	-	-	209,564	6.3	-	-
	209,564	**16.5**	**-**	**-**	**209,564**	**6.3**	**-**	**-**
Loans and financing, net of swap	**1,271,777**	**100.0**	**650,978**	**100.0**	**3,321,373**	**100.0**	**3,205,955**	**100.0**

The loan in U.S. dollar for which the Company has contracted a swap to CDI was deemed a CDI-pegged debt.

e) Interest rates and foreign currency variation

	2013	2012
CDI	8.1%	8.4%
TJLP[26]	5.0%	5.8%
U.S. dollar	14.6%	8.9%
Euro	19.7%	10.7%

f) Maturity of loans and financing under non-current liabilities, net of swap

	Parent Company				Consolidated			
		Foreign currency				Foreign currency		
	Local currency	without hedge	with hedge	Total	Local currency	without hedge	with hedge	Total
2015	68,555	129,060	209,214	406,829	213,059	129,060	209,214	551,333
2016	68,847	-	-	68,847	214,211	-	-	214,211
2017	68,847	-	-	68,847	214,478	-	-	214,478
2018	68,847	-	-	68,847	209,707	-	-	209,707
2019	68,847	-	-	68,847	208,321	-	-	208,321
2020 to 2024	246,221	-	-	246,221	902,341	-	-	902,341
2025 to 2029	-	-	-	-	528,139	-	-	528,139
Loans and financing, net of swap	**590,164**	**129,060**	**209,214**	**928,438**	**2,490,256**	**129,060**	**209,214**	**2,828,530**

[26] TJLP (long-term interest rate) was reduced from 6% to 5.5% beginning as of July 2012 and to 5% as from January 2013.

g) Contracted conditions

		Payment Conditions		
Company/Bank	**Interest**	**Maturity**	**Principal and interest**	**Balances at 12.31.2013**
Local currency				
Parent company				
Bank of America Merrill Lynch	98% of CDI	07.2014	Principal: 07.2013, 01.2014 and 07.2014	291,674
Nordic Investment Bank(g)	IPCA + 3.55% p.a.	10.2022	Interest – quarterly Principal -quarterly, as from 10.2015	151,017
Banks (Finame onlending)	2.5% p.a.	01.2023	Interest – quarterly Principal – monthly from 02.2015	13,409
BNDES	TJLP + 2.7% p.a. (a)	10.2023	Interest – quarterly, until 02.2015 and monthly as from that date Monthly	157,853
Banks (BNDES onlending) (b)	TJLP + 3.25% p.a. (a)	10.2023	Monthly	318,833
Subsidiaries				
CEE				
BNDES	TJLP + 1.89% p.a. (a)	09.2029	Monthly	838,671
BNDES – Social Credit (e)	TJLP	06.2018	Monthly	22,257
Banks (BNDES onlending) (b)	TJLP + 2.95% p.a. (a)	09.2029	Monthly	570,011
Hidropower (Banco do Brasil)	8.08% p.a. (a)	10.2017	Monthly	15,300
Beberibe (BNDES)	TJLP + 3.5% p.a. (a)	12.2023	Monthly	85,624
Pedra do Sal (BNDES)	TJLP + 1.92% p.a. (a)	12.2023	Monthly	58,019
Areia Branca (BNDES)	TJLP + 2.5% p.a. (a)	06.2024	Monthly	49,862
Ibitiúva				
BNDES (Subcredit A and C)	TJLP + 2.05% p.a. (a)	01.2021	Monthly	25,402
BNDES (Subcredit B) (d)	4.5% p.a.	01.2020	Monthly	25,647
Trairí Project (BNDES) (f)	TJLP + 2.51% (a)	07.2029	Monthly	358,803
Foreign Currency				
BNP Paribas (Floating Rate Note)	Euribor + 2.75%p.a.	11.2015	Annual	129,427
HSBC USA (g)	1.3882% p.a.	08.2015	Principal: 08.2015 Interest: quarterly	210,679

(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 Trairí Project 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 held a short position at a rate equivalent to 99.9% of the Interbank Deposit Certificate Rate (CDI).

h) Guarantees

h.1) Parent company

Bank of America Merrill Lynch: promissory note of US$ 273,537, corresponding to R$ 640,788 as of 12.31.2013, in favor of Bank of America N.A.

BNDES and Banks (BNDES onlending)

- Financing of the São Salvador HPP (merged with the Company on 12.30.2013): (a) pledge of rights arising from the concession; (b) pledge of credit rights arising from electricity purchase and sale agreements; (c) reserve account in an amount equivalent to three months of debt service or bank guarantee; (d) reserve account in an amount corresponding to three months of operation and maintenance contractual expenses applicable to the plants that contract third-party services to execute said activities; and (e) pledge of all shares.

Due to the merger, these guarantees will be replaced by bank guarantee for the portion of BNDES and there will be no bank guarantee for the onlending banks, but only a centralizing receivables account will be maintained.

h.2) Subsidiaries

BNDES and Banks (BNDES onlending)

- Financing of hydroelectric projects: (a) pledge of rights deriving from concession; (b) pledge of credit rights deriving from electrical energy purchase and sale contracts; (c) reserve account at amount equivalent to three months of debt service or bank guarantee; (d) reserve account at amount equivalent to three months of operating and maintenance contract expenses applicable to plants that contract third parties' services to execute these activities; and (e) security deposit for total shares.

In addition to these guarantees, in the contract with CEE, there is the guarantee for the pledge of dividends to be paid by Tractebel Energia to its parent company, GSELA.

- Financing of Small Hydroelectric, Biomass and Wind Farm Projects: (a) pledge of assets and equipment, (b) total shares representing subsidiaries' capital; (c) receivables and reserve account; and (d) Tractebel Energia corporate collateral signature.

- Banco do Brasil: (a) total shares representing capital; (b) receivables and reserve account; and (c) Tractebel Energia corporate collateral signature.

i) Contract commitments (covenants)

The Company assumed the following commitments in its loan and financing contracts:

Debt	Covenants
Parent company	
Bank of America Merrill Lynch	EBITDA[27] /consolidated financial expenses ≥ 2.0 Consolidated debt/EBITDA ≤ 3.5
Nordic Investment Bank	Parent company: Total debt / EBITDA ≤ 3.5 Consolidated: Total debt / EBITDA ≤ 4.5 Consolidated: EBITDA / financial expenses ≥ 2.0
HSBC USA	EBITDA/consolidated financial expenses ≥ 2.0 Consolidated debt/EBITDA ≤ 4.5
BNDES and Banks (BNDES onlending) – UHE São Salvador	Consolidated debt/EBITDA ≤ 4.5
Subsidiaries	
BNDES and Banks (BNDES onlending) - CEE e Areia Branca	Debt service coverage rate[28] ≥ 1.2
BNDES and Banks (BNDES onlending) - Beberibe and Pedra do Sal	Debt service coverage rate ≥ 1.3
BNDES - Ibitiúva	Total debt ratio ≤ 0.80 Debt service coverage rate ≥ 1.3
BNDES – Energias Eólicas do Nordeste (holding company of the companies Central Eólica Trairí, Central Eólica Guajiru, Central Eólica Fleixeiras and Central Eólica Mundaú)	Debt service coverage rate ≥ 1.3

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

[27]EBITDA: Operating income – financial income – depreciation and amortization.

[28]Debt service coverage rate: Activity cash generation/ Debt service

17 - DEBENTURES

a) Breakdown

	Parent company and Consolidated			
	12.31.2013	12.31.2012		
	Current	Current	Non-current	Total
2nd Issuance - single series	166,706	156,825	158,548	315,373
Interests	7,366	13,217	-	13,217
	174,072	**170,042**	**158,548**	**328,590**

b) Changes in debentures

	Parent company and Consolidated		
	Current	Non-current	Total
Balances at 1.01.2012	**183,540**	**307,854**	**491,394**
Interest expense	28,705	126	28,831
Monetary variation	7,691	11,477	19,168
Transfers	160,909	(160,909)	-
Amortization of principal	(176,786)	-	(176,786)
Payment of interests	(34,017)	-	(34,017)
Balances at 12.31.2012	**170,042**	**158,548**	**328,590**
Interest expense	16,658	22	16,680
Monetary variation	8,574	5,040	13,614
Transfers	163,610	(163,610)	-
Amortization of principal	(162,276)	-	(162,276)
Payment of interests	(22,536)	-	(22,536)
Balances at 12.31.2013	**174,072**	**-**	**174,072**

- Payment of the second installment of debentures of the 2nd issuance

The Company paid the second installment of the debentures in May 2013 in the amount of R$ 184,812, of which R$ 162,276 was related to the amortization of principal and R$ 22,536 related to the payment of interest.

c) Conditions contracted

			Payment Conditions		
	Quantity	Remuneration	Interest/monetary change	Principal	Guarantee
2nd Issuance - single series	35,000	IPCA [29] + 7% p.a.	Annually on 05.15	3 installments on 05.2012/13/14	Without guarantee

[29] National Amplified Consumer Price Index (IPCA)

In 2013 and 2012, the IPCA inflation index was 5.9% and 5.8%, respectively. The Company has been fully compliant with the covenants – EBITDA / consolidated financial expenses ≥ 2.0 and consolidated debt / EBITDA ≤ 3.5 – of the debentures.

18- CONCESSIONS PAYABLE

a) Breakdown

	Parent company		Consolidated	
	12.31.2013	12.31.2012	12.31.2013	12.31.2012
Cana Brava hydroelectric power plant	587,992	508,629	587,992	508,629
Ponte de Pedra hydroelectric power plant	524,297	459,258	524,297	459,258
São Salvador hydroelectric power plant	439,539	-	439,539	419,712
Estreito hydroelectric power plant	-	-	43,341	41,327
	1,551,828	**967,887**	**1,595,169**	**1,428,926**
Classification in the balance sheet				
Current liabilities	47,397	3,129	51,763	48,800
Non-current liabilities	1,504,431	964,758	1,543,406	1,380,126
	1,551,828	**967,887**	**1,595,169**	**1,428,926**

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 8.3% 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 is capitalized in property, plant and equipment and, as of the start-up date, recognized directly in the statement of income.

b) Original contracted amounts

Original amount, adjusted at annual IGP-M (Cana Brava and Ponte de Pedra) and IPCA (Estreito and São Salvador) variation, indicated below, are paid in monthly installments equivalent to 1/12 of respective annual amount, as informed below:

	Original value		Restated amount	
Plants and payment years	Annual Payment	Total payment	Annual Payment	Total payment
Cana Brava hydroelectric plant				
Until 7.31.2023	680	6,517	2,778	23,951
From 8.01.2023 to 7.31.2033	61,280	612,800	222,298	2,222,980
		619,317		**2,246,931**
Ponte de Pedra hydroelectric plant				
Until 9.30.2019	200	1,150	631	3,674
From 10.01.2019 to 9.30.2020	16,200	16,200	51,890	51,890
From 10.01.2020 to 9.30.2034	31,109	435,531	99,646	1,395,050
		452,881		**1,450,614**
São Salvador hydroelectric plant				
Until 4.30.2037	20,000	**488,333**	46,457	**1,104,687**
Estreito hydroelectric plant				
Until 12.31.2037	1,960	**47,358**	4,596	**111,130**

c) Changes

	Parent company			Consolidated		
	Current	Non-current	Total	Current	Non-current	Total
Balances at 1.01.2012	**2,643**	**825,730**	**828,373**	**45,688**	**1,220,264**	**1,265,952**
Addition	-	-	-	-	3,515	3,515
Capitalized interests	-	-	-	-	1,440	1,440
Interest expenses	-	78,822	78,822	-	121,237	121,237
Monetary variations	-	63,416	63,416	-	85,835	85,835
Transfers	3,210	(3,210)	-	52,165	(52,165)	-
Amortizations	(2,724)	-	(2,724)	(49,053)	-	(49,053)
Balances at 12.31.2012	**3,129**	**964,758**	**967,887**	**48,800**	**1,380,126**	**1,428,926**
Capitalized interests	-	-	-	229	-	229
Interest expenses	-	90,976	90,976	-	136,282	136,282
Monetary variations	-	56,331	56,331	-	81,339	81,339
CESS merger	44,135	395,404	439,539	-	-	-
Transfers	3,038	(3,038)	-	54,341	(54,341)	-
Amortizations	(2,905)	-	(2,905)	(51,607)	-	(51,607)
Balances at 12.31.2013	**47,397**	**1,504,431**	**1,551,828**	**51,763**	**1,543,406**	**1,595,169**

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

	Parent company	Consolidated
2015	43,478	47,465
2016	39,524	43,148
2017	35,938	39,232
2018	32,678	35,673
2019	37,715	40,438
2020 to 2024	460,022	470,336
2025 to 2029	544,649	551,053
2030 to 2034	296,729	300,705
2035 to 2037	13,698	15,356
	1,504,431	**1,543,406**

19- INCOME AND SOCIAL CONTRIBUTION TAXES PAYABLE

	Parent company		Consolidated	
	12.31.2013	**12.31.2012**	**12.31.2013**	**12.31.2012**
Income tax	334,442	315,369	336,524	338,678
Social Contribution	103,412	94,455	104,553	98,303
	437,854	**409,824**	**441,077**	**436,981**
(-) Federal taxes recoverable	(6,267)	(53,296)	(6,911)	(54,199)
	431,587	**356,528**	**434,166**	**382,782**

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.

In 2013, the Company used PIS and Cofins tax credits, due to a final favorable court decision.

20- OTHER TAX AND REGULATORY OBLIGATIONS

	Parent company		Consolidated	
	12.31.2013	12.31.2012	12.31.2013	12.31.2012
Federal				
PIS and Cofins	11,765	18,648	12,581	22,661
INSS	3,184	3,597	3,955	4,277
Other	1,807	1,431	1,850	1,471
	16,756	**23,676**	**18,386**	**28,409**
(-) Federal taxes recoverable	(5,077)	(22,245)	(5,390)	(22,232)
	11,679	**1,431**	**12,996**	**6,177**
State				
ICMS payable	3,655	6,110	16,256	27,457
(-) State taxes recoverable	(1,988)	(1,717)	(1,989)	(1,724)
	1,667	**4,393**	**14,267**	**25,733**
Municipal				
ISSQN[30]	654	623	1,701	1,384
Regulatory obligations				
Financial compensation for use of water resources	28,896	15,231	32,894	19,727
Inspection fee	903	931	1,069	1,128
	29,799	**16,162**	**33,963**	**20,855**
	43,799	**22,609**	**62,927**	**54,149**

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.

In 2013, the Company used PIS and Cofins tax credits, due to a final favorable court decision.

[30] Service Tax

21- PROVISION FOR REMUNERATIONS AND CHARGES

	Parent company		Consolidated	
	12.31.2013	12.31.2012	12.31.2013	12.31.2012
Current liabilities				
Provision for profit sharing and bonuses	40,267	35,311	40,267	35,311
Provision for vacation	20,464	18,606	20,829	18,991
Provision for voluntary termination expenses	2,408	7,069	2,408	7,069
Others	618	414	618	414
	63,757	**61,400**	**64,122**	**61,785**

Provision for profit sharing and manager bonus

To supplement fixed salary payment, the Company maintains a variable remuneration system, of annual periodicity, comprised of two programs: (i) Profit Sharing Program – applicable to all employees of the Company and linked to results obtained; and (ii) Manager Bonus Program – applicable to all employees classified as managers and linked to the results in their areas and individual performance.

22- RESEARCH AND DEVELOPMENT LIABILITIES

	Parent company		Consolidated	
	12.31.2013	12.31.2012	12.31.2013	12.31.2012
Current liabilities				
FNDCT	484	1,058	741	1,300
MME	241	529	369	650
Projects	47,804	51,656	54,887	54,999
	48,529	**53,243**	**55,997**	**56,949**
Non-current liabilities				
Projects	**26,416**	**5,779**	**27,416**	**10,535**

Tractebel Energia, as a power generation company authorized to produce independently, is required to invest at least 1% of its annual adjusted net operating revenue in research and development in the electric energy sector.

These funds are allocated as follows: (i) 40% to the National Fund for Scientific and Technological Development (FNDCT); (ii) 40% to research and development (R&D) projects carried out by the Company, in accordance with regulations established by Aneel; and (iii) 20% to the Ministry of Mines and Energy (MME) to fund, mainly, studies and research on planning the expansion of the Brazilian energy system.

At 12.31.2013, the Company and its subsidiaries recorded a balance of R$ 82,303 for investments in own projects, of which R$ 56,812 are already committed to ongoing projects and the balance, which is not yet restricted, to projects to be submitted to Aneel's appreciation.

A substantial part of the committed amount relates to projects for implementing a photovoltaic solar power plant (FV) of 3 MWp[31] and the development and certification of a wind turbine using Brazilian technology and nominal capacity of 3.3 MW.

23- 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:	**12.31.2013**	**12.31.2012**	**12.31.2013**	**12.31.2012**
Tax				
INSS	16,904	16,195	16,904	16,195
Other	3,901	4,767	4,491	6,533
	20,805	**20,962**	**21,395**	**22,728**
Civil				
Charges for the use of the transmission system	79,745	65,085	79,745	65,085
Contracts with suppliers	26,661	25,549	26,661	25,549
Benefits retirement	12,072	10,894	12,072	10,894
Environmental	9,117	7,873	9,117	7,873
Occupational disease and labor accident	2,352	4,785	2,352	4,785
Expropriations	20,991	15,298	20,991	15,298
Sundry lawsuits	10,570	7,203	12,725	11,275
	161,508	**136,687**	**163,663**	**140,759**
Labor	**9,646**	**9,794**	**9,914**	**11,233**
Total	**191,959**	**167,443**	**194,972**	**174,720**
Classification in the balance sheet				
Current liabilities	14,305	28,439	15,136	29,170
Non-current liabilities	177,654	139,004	179,836	145,550
	191,959	**167,443**	**194,972**	**174,720**

[31] Watt-peak (Wp): measure of energy associated with photovoltaic power generation.

a.1) Probable 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 12.31.2013 is R$ 14,801 (R$ 14,151 on 12.31.2012), for the parent company and consolidated.

a.2) Civil risks deemed probable

- 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 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.

Tractebel Energia presented an objection in March 2002 and, in September 2006, it was decided that Aneel should be included in the lawsuit as defendant, fact that would displace the competence from Ordinary Courts to Federal Courts.

After a long proceeding, it was determined that the courts of general jurisdiction are empowered to judge the suit. 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 12.31.2013 is R$ 23,665 (R$ 21,658 on 12.31.2012), for the parent company and consolidated.

- Retirement benefit

It refers, substantially, to the lawsuit filed against Fundação Eletrosul de Previdência e Assistência Social (ELOS) and Eletrosul Centrais Elétricas S.A. (Eletrosul) through which members of the foundation that are lawsuit authors require that the option they exercised be declared as null or, alternatively, as ineffective, in order to limit contributions to the foundation to contribution salaries, which reduced their retirement benefits.

Lower court decision, confirmed by TJSC, is against Eletrosul and ELOS interest. In 2011, the Company signed agreements with most claimers. Amount estimated to cover risks related to the action of claimers that did not adhere to the agreement is R$ 11,689 as of 12.31.2013 (R$ 10,545 as of 12.31.2012) or the parent company and consolidated.

- Environmental

The Company is currently the defendant in thirteen environmental public civil lawsuits. These lawsuits are divided as follows: (i) three lawsuits require reforesting and the establishment of a Permanent Conservation Area (APP) of 100 meters around the reservoirs of hydroelectric power plants Salto Osório and Salto Santiago; (ii) one lawsuit related to alleged damage caused by the filling out of Cana Brava Hydropower Plant reservoir; and (iii) one lawsuit related to the disposal of ashes by Charqueadas Thermoelectric Power Plant. These lawsuits are undergoing the regular course of law.

- Occupational disease and labor accident

Correspond to lawsuits filed by former employees regarding mainly repetitive strain injury and possible damage to hearing capacity. Initial conviction estimates were not confirmed and the outcome of these lawsuits has been widely favorable to the Company. A provision is recognized for each lawsuit, considering probable future disbursements that the Company will have to do to close this lawsuit through agreement or conviction.

- Expropriations

Result substantially from lawsuits filed by individuals and legal entities whose subject matter refers to damages for expropriations of the areas affected by the reservoir of the hydroelectric power plants Cana Brava, Ponte de Pedra and São Salvador.

- Sundry lawsuits

Derive mainly from lawsuits requiring rural resettlement or issuance of letter of credit, as well as indemnity lawsuits filed by individuals and legal entities that claim they were harmed by the Company's plant reservoirs flooded areas.

a.3) Probable labor risks

Refer to labor lawsuits in progress filed by former employees, unions or outsourced workers and related mainly to employment relationship, FGTS, overtime, pension plans supplement and sundry indemnities.

b) Change in provisions for probable risks

	Parent company			
	Tax	Civil	Labor	Total
Balances at 1.01.2012	**17,869**	**102,898**	**10,996**	**131,763**
Additions	2,348	23,193	745	26,286
Actualizations	789	12,886	776	14,451
Payments	-	(733)	(1,203)	(1,936)
Reversals	(44)	(1,557)	(1,520)	(3,121)
Balances at 12.31.2012	**20,962**	**136,687**	**9,794**	**167,443**
Additions	1,694	19,080	1,882	22,656
Actualizations	745	21,286	950	22,981
Payments	-	(4,682)	-	(4,682)
Reversal from realization	(95)	(3,516)	(160)	(3,771)
Reversal from adjustment	(2,608)	(7,488)	(2,820)	(12,916)
CESS merger	107	141	-	248
Balances at 12.31.2013	**20,805**	**161,508**	**9,646**	**191,959**

	Consolidated			
	Tax	Civil	Labor	Total
Balances at 1.01.2012	**17,869**	**112,341**	**10,996**	**141,206**
Additions	4,112	24,093	2,184	30,389
Actualizations	791	14,041	776	15,608
Payments	-	(7,334)	(1,203)	(8,537)
Reversals	(44)	(2,382)	(1,520)	(3,946)
Balances at 12.31.2012	**22,728**	**140,759**	**11,233**	**174,720**
Additions	1,815	17,343	2,037	21,195
Actualizations	759	21,677	950	23,386
Payments	-	(4,683)	-	(4,683)
Reversal from realization	(95)	(3,706)	(347)	(4,148)
Reversal from adjustment	(3,812)	(7,727)	(3,959)	(15,498)
Balances at 12.31.2013	**21,395**	**163,663**	**9,914**	**194,972**

c) 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					
	12.31.2013			12.31.2012		
	Possible risk	Remote risk	Total	Possible risk	Remote risk	Total
Tax	227,760	271,796	499,556	115,740	554,796	670,536
Civil	16,409	455	16,864	15,143	412	15,555
Labor	8,098	23,932	32,030	6,774	27,829	34,603
	252,267	**296,183**	**548,450**	**137,657**	**583,037**	**720,694**

	Consolidated					
	12.31.2013			12.31.2012		
	Possible risk	Remote risk	Total	Possible risk	Remote risk	Total
Tax	290,421	285,120	575,541	163,999	557,582	721,581
Civil	42,550	607	43,157	38,696	1,456	40,152
Labor	10,103	23,932	34,035	6,824	30,200	37,024
	343,074	**309,659**	**652,733**	**209,519**	**589,238**	**798,757**

c.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 12.31.2013 is R$ 57,927 (R$ 55,502 on 12.31.2012), for the parent company and consolidated.

- Value-Added Tax on Operations of Sale, Interstate and Intermunicipal 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 awaits execution by the São Paulo State Revenue Office in order to file a motion to stay execution against the courts.

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 12.31.2013 is R$ 16,389 (R$ 13,995 on 12.31.2012), in the parent company, and R$ 63,230 (R$ 52,902 on 12.31.2012) 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 12.31.2013 is R$ 30,736 (R$ 29,688 on 12.31.2012) for the parent company and consolidated.

- Recovery of PIS and Cofins taxes – CCC/CDE

As mentioned later in the list of proceedings whose risk is deemed remote, under this caption, in which the merit is related to the non-characterization of the booking as revenue, on 1.22.2014, the Company was serviced a notice informing that the Administrative Council of Tax Appeals judged 11 of the 16 proceedings filed with it related to PIS and Cofins taxes offset with other federal taxes, related to amounts unduly paid over the accounting caption "CCC Subsidy Revenue", whose purpose is the recording of consumption of fossil fuel acquired with funds from the Fuel Consumption Account (CCC) from February 2004 to December 2005. For this reason, the amount of R$ 23,599, in the parent company and consolidated, related to the 16 proceedings, has been reclassified from remote risk to possible risk. In view of the unfavorable decisions in the aforementioned proceedings, the amount of R$ 72,328, in the parent company and consolidated, was added to proceedings with risk deemed possible, related to the proceedings pending decision by the Office of the Federal Revenue Service of Brazil in the city of Florianópolis.

c.2) Remote tax risks

The main tax risks evaluated by the Company and its legal advisors as remote are as follows:

- Recovery of PIS and COFINS

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 9.01.2006, 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 PIS, 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 also offset 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 objection to this tax deficiency notice is currently awaiting judgment by the Office of the Federal Revenue Service of Florianópolis (DRJ). The restated amount at 12.31.2013 is R$ 157,891 (R$ 150,437 at 12.31.2012), in the parent company and consolidated.

In relation to the period from February 2004 to December 2005, the RFB issued 31 tax deficiency notices totaling R$ 95,927 at 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$ 6,748, ruling on the maintenance of the tax authority's decision. The 5 proceedings pending judgment by CARF total R$ 16,851. 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 15 remaining proceedings, in the amount of R$ 72,328, await the decision of the Office of the Federal Revenue Service of Brazil in Florianópolis (DRJ).

In the opinion of the Company's management and legal advisors, the arguments of the Federal Revenue Service do not proceed, considering the concept attributed to the treatment of the "CCC Subsidy", with the purpose of accounting fossil fuel consumed by those generating electrical energy, it mismatched the legal nature of the revenue.

As a result, in relation to the first period commented above, whose merit is related to the non-characterization of the offset of the accounting entry related to the consumption of fossil fuels under the CCC as billing, the management and the Company's legal counsel deem the risk of loss as remote.

However, 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 reclassified from remote to possible.

- Interest on property, plant and equipment in progress (RIC)

On 12.30.2010 the Brazilian Federal Revenue Service issued a tax assessment notice, arguing that in the calendar years of 2005, 2006 and 2007 the Company made unauthorized exclusions in the calculation of income tax and social contribution relating to RIC amounts.

On 9.02.2013, the National Treasury formalized its acknowledgment of the appellate decision by the Federal Revenue Judgment Office in Florianópolis, where the issue had its merits analyzed and the contestation was upheld by unanimous vote, as well as the lack of interest in filing an appeal with the Superior Court of Tax Appeals, thus ending the discussion with a final decision in favor of the Company. As a result, the Company is no longer presenting the action that was classified as a remote risk.

24- 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. The plans managed by the Company have the following main characteristics:

a) Defined Benefit Plan (BD)

BD plan uses the financial system for capitalization of retirements, pension plans and aid benefits. Benefit plan costs are covered by contributions made by members and sponsor, and the Company's contribution is twice the contribution of its employees. Benefits provided for in the BD plan are as follows:

- Retirement per length of work, disability and age supplement;
- Special retirement and former combatant retirement supplement;
- Pension supplement;
- Inmate pension supplement;
- Annual bonus; and
- Funeral allowance.

Currently, at PREVIG, this plan has 71 members (81 as of 12.31.2012), of which 23 are in the BD plan and 48 in the BSPS plan (as described below). While at ELOS, this plan has 4 members as of 12.31.2013 and 12.31.2012.

At 12.31.2013, PREVIG had 468 (456 at 12.31.2012) retired employees and pension holders enjoying benefits, while ELOS had 2,200 (2,185 at 12.31.2012).

ELOS administrative expenses are proportionately assigned to each sponsor in accordance with its members' equity. In 2013, 46.8% of administrative expenses were paid by Tractebel Energia (48.1% in 2012) and the remaining amount by Eletrosul. The Company's responsibility value in 2013 was R$ 2,411 (R$ 2,466 in 2012).

The Company is also responsible for 100% of PREVIG's administrative expenses linked to the BD plan, which are limited to 15% of total respective social security revenues. In 2013, these expenses amounted to R$ 1,693 (R$ 1,877 in 2012).

b) Settled Proportional Supplementary Benefit Plan (BSPS)

The Company also maintains a defined contribution plan (CD) at PREVIG, denominated "Prevflex", which is being offered to all new employees since 2005. Tractebel Energia employees could choose to remain in the defined benefit (BD) plan or to transfer to "Prevflex" (CD).

However, members that comply with some pre-conditions established upon Prevflex creation had the option of maintaining existing reserves in the BD plan up to that date and, from then on, making direct contributions to the CD plan. However, in case they chose to transfer their reserves directly to the CD plan, they were entitled to a special contribution, which was accepted by 94% of members. "BSPS" was closed for new adhesions.

c) Actuarial assumptions

Actuarial assumptions and economic hypothesis used to evaluate post-employment benefits are as follows:

Assumptions	12.31.2013	12.31.2012
Rate of return and implicit discount (p.a.)		
- BD (ELOS) and BD (PREVIG) benefit plans	12.2%	9.0%
- BSPS benefit plans	12.2%	8.0%
Inflation	5.4%	5.2%
Future salary growth of active and self-sponsored member (p.a.)	5.4%	5.2%
Growth of the Company-sponsored plan benefits (p.a.)	5.4%	5.2%
Capacity factor (Salaries and Benefits)	100.0%	100.0%

Assumptions	12.31.2013 and 12.31.2012
Mortality Table (assets)	AT 2000 (per sex)
Mortality table for invalids	RP 2000 *Disabled*
Table Disability	Watson Wyatt 1985 *Disability Class 1*
Turnover table	T-1 Service Table
% of members that are married on retirement date	90
Retirement age	First date in which they complete all grace periods
Age difference between participant and spouse	Wives are 4 years younger than husbands
SB-40 conversion factor	140%
Members entitled to conversion of special retirement into retirement per length of work (SB-40)that opted for conversion	100%

d) Statement of post-employment benefits per plan, net

	Plan ELOS BD	Plan PREVIG BD	PREVIG BSPS Plan	GC	Total	Classifying in the balance sheet: Current	Classifying in the balance sheet: Non-current
12.31.2012							
Present value of the obligations	1,300,358	311,843	66,181	2,661	1,681,043		
Fair value of assets	(1,065,255)	(320,477)	(55,979)	-	(1,441,711)		
Actuarial assessment	**235,103**	**(8,634)**	**10,202**	**2,661**	**239,332**		
Unrecognized surplus	-	7,929	-	-	7,929		
Liability (asset) recorded at 12.31.2012	**235,103**	**(705)**	**10,202**	**2,661**	**247,261**	**32,368**	**214,893**[32]
12.31.2013							
Present value of the obligations	1,059,918	247,199	43,740	2,646	1,353,503		
Fair value of assets	(849,892)	(241,352)	(47,147)	-	(1,138,391)		
Actuarial Assessment	**210,026**	**5,847**	**(3,407)**	**2,646**	**215,112**		
Unrecognized surplus	-	-	3,407	-	3,407		
Liability (asset) recorded at 12.31.2013	**210,026**	**5,847**	**-**	**2,646**	**218,519**	**28,851**	**189,668**

The surpluses presented by the plans were not recorded due to uncertainties regarding their recoverability (limiting effect to the recognition of the asset).

The sensitivity analysis prepared by the actuaries, including the effects from increasing or reducing the rate of discount to present value of the liabilities of the plans is as follows:

	ELOS BD Plan	PREVIG BD Plan	PREVIG BSPS Plan	GC
Effect on the present value of liabilities				
0.1% increase	(9,564)	(2,532)	(497)	(9)
0.1% reduction	9,712	2,576	507	10

[32] R$ 215,598 presented under non-current liabilities and R$ 705 under non-current assets.

Until 12.31.2012, the Company had been adopting the "corridor" method to recognize the actuarial gains or losses through profit or loss. According to CPC 33 (R1)/IAS 19 – Employee Benefits, as from 1.01.2013, annual remeasurements made by the actuaries of the retirement benefit obligations, net of assets of the plans, should be recognized under "Valuation adjustments - Other comprehensive income" caption in Shareholders' Equity, thus eliminating the "corridor" method approach that enabled the deferred recognition of actuarial gains or losses through profit or loss. Moreover, the interest income on the plan assets started to be calculated based on the discount rate used for calculating the present value of the retirement benefit obligations and shown as the net amount under Financial Result.

For the purposes of comparison, the revised standard was applied retrospectively to 1.01.2012. The effects on the balance sheet, in the statements of income and cash flow at 12.31.2012, resulting from the change in this standard are shown in Note 3 - Summary of accounting practices.

e) Breakdown of obligations with retirement benefits

	Parent company and Consolidated					
	12.31.2013			12.31.2012 (Restated)		
	Current	Non-current	Total	Current	Non-current	Total
Obligations contracted						
Contract for the acknowledgment of past debts	21,535	55,548	77,083	19,838	72,621	92,459
Deficit not contracted						
Current contributions and coverage of costs	872	-	872	1,385	517	1,902
Deficit not contracted	6,444	134,120	140,564	11,145	141,755	152,900
Actuarial assessment	**28,851**	**189,668**	**218,519**	**32,368**	**214,893**	**247,261**
Recorded actuarial liability	**28,851**	**189,668**	**218,519**	**32,368**	**215,598**	**247,966**
Recorded actuarial asset	**-**	**-**	**-**	**-**	**705**	**705**

Retirement benefits obligations recognized in the balance sheet are partially covered by contracted obligations and/or obligations acknowledged 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 settled as follows:

	ELOS	PREVIG	Total
2015	2,394	1,913	4,307
2016	2,538	2,027	4,565
2017	2,690	2,149	4,839
2018	2,852	2,278	5,130
2019	3,023	2,415	5,438
2020 to 2024	14,948	8,241	23,189
2025 to 2029	5,570	-	5,570
2030 to 2032	2,510	-	2,510
	36,525	**19,023**	**55,548**

f) Changes

	ELOS BD Plan	PREVIG BD Plan	PREVIG BSPS Plan	GC	Total
Adjusted (asset) liability at 1.01.2012	**174,380**	**(412)**	**604**	**2,217**	**176,789**
Cost of current service	-	43	-	65	108
Net interest on actuarial liability/asset, net	16,872	(876)	(120)	189	16,065
Contributions	-	(1,927)	(4,338)	(67)	(6,332)
Payment of obligations contracted	(22,553)	(3,272)	(348)	-	(26,173)
Losses (Gains) from remeasurement of net liabilities deriving from:					
- Adjustment by experience	259,777	70,791	18,692	257	349,517
- Return on plan assets above the discount rate	(193,373)	(67,572)	(4,288)	-	(265,233)
- Change to limiting effect to the ceiling of the asset	-	2,520	-	-	2,520
	66,404	**5,739**	**14,404**	**257**	**86,804**
Adjusted (asset) liability at 12.31.2012	**235,103**	**(705)**	**10,202**	**2,661**	**247,261**
Cost of current service	-	113	-	84	197
Net interest on actuarial liability/asset, net	20,092	(248)	619	184	20,647
Contributions	-	(1,689)	(145)	(307)	(2,141)
Payment of obligations contracted	(21,669)	(3,482)	(369)	-	(25,520)
Losses (Gains) from remeasurement of net liabilities deriving from:					
- Adjustment by experience	78,059	18,681	997	419	98,156
- Change in financial assumptions	(336,531)	(90,620)	(25,760)	(395)	(453,306)
- Return on plan assets below the discount rate	234,972	92,503	11,049	-	338,524
- Change to limiting effect to the ceiling of the asset	-	(8,706)	3,407	-	(5,299)
	(23,500)	**11,858**	**(10,307)**	**24**	**(21,925)**
Liability at 12.31.2013	**210,026**	**5,847**	**-**	**2,646**	**218,519**

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

	ELOS BD Plan	PREVIG BD Plan	PREVIG BSPS Plan	GC	Total
Cost of current service	-	36	-	81	117
Interest on liabilities, net of assets	24,350	394	(32)	262	24,974
Net expense	**24,350**	**430**	**(32)**	**343**	**25,091**

Breakdown of plan assets per investment nature, as of 12.31.2013, is as follows:

	ELOS BD	PREVIG BD	PREVIG BSPS
Fixed income	84.1%	93.0%	94.1%
Variable income	9.1%	4.9%	5.9%
Loans	1.7%	1.8%	-
Real estate	2.4%	-	-
Other	2.7%	0.3%	-
	100.0%	**100.0%**	**100.0%**
2013 profitability – change in assets' market value	7.7%	9.2%	0.9%

Fixed income assets are mainly comprised of Federal Public Securities, substantially, National Treasury Notes (NTN).

Beginning as of 1.01.2013, in accordance with new accounting rules, estimated profitability will no longer be calculated based on plan assets' profitability, but based on discount rate used to evaluate the present value of retirement benefits obligations, and will also start to be presented net of the Company's financial income.

g) Confidentiality bonus benefit

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

h) 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.

Administrative expenses that are the Company's responsibility in fiscal year 2013 amounted to R$ 2,065 (R$ 2,022 in 2012).

25- DEFERRED INCOME AND SOCIAL CONTRIBUTION TAXES

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

a) Breakdown

	Parent company				
	12.31.2013				12.31.2012
Description of credits	Calculation basis	IR	CS	Total	Total
Liabilities:					
Property, plant and equipment deemed cost (fair value)	847,233	211,808	76,251	288,059	316,050
Unrealized gain in swap transactions	141,399	35,350	12,726	48,076	42,824
Sale of energy in MAE (currently CCEE)	107,456	26,864	9,671	36,535	36,535
Fair value of concession payable	45,756	11,439	4,118	15,557	16,306
Incentivized accelerated depreciation	47,141	11,785	4,243	16,028	-
Subtotal		**297,246**	**107,009**	**404,255**	**411,715**
Assets:					
Interest on property, plant and equipment in progress (RIC)	123,711	30,928	-	30,928	34,566
Retirement benefits obligations	114,409	28,602	10,297	38,899	43,559
Allowance for doubtful accounts	131,806	32,952	11,863	44,815	44,636
Tax, civil and labor provisions	183,693	45,923	16,532	62,455	56,144
Provision for debit at CCEE (CNPE 03)	46,354	11,589	4,172	15,761	-
Provision for impairment losses	68,698	17,175	6,183	23,358	-
Fair value adjustment in business combinations	90,077	22,519	8,107	30,626	28,814
Adjustment to present value of accounts receivable	13,875	3,469	1,249	4,718	4,939
Other	34,273	8,568	3,085	11,653	15,384
Subtotal		**201,725**	**61,488**	**263,213**	**228,042**
Net total		**95,521**	**45,521**	**141,042**	**183,673**

Description of credits	Consolidated				
	12.31.2013				12.31.2012
	Calculation basis	IR	CS	Total	Total
Liabilities:					
Property, plant and equipment deemed cost (fair value)	847,233	211,808	76,251	288,059	316,050
Unrealized gain in swap transaction	141,399	35,350	12,726	48,076	42,824
Sale of energy in MAE (currently CCEE)	107,456	26,864	9,671	36,535	36,535
Fair value for concession payable	45,756	11,439	4,118	15,557	16,306
Incentivized accelerated depreciation	123,661	30,915	11,129	42,044	37,166
Subtotal		**316,376**	**113,895**	**430,271**	**448,881**
Assets:					
Interest on property, plant and equipment in progress (RIC)	123,711	30,928	-	30,928	34,566
Retirement benefits obligations	114,409	28,602	10,297	38,899	43,559
Allowance for doubtful accounts	133,926	33,482	12,053	45,535	44,774
Tax, civil and labor provisions	186,265	46,566	16,764	63,330	56,830
Provision for impairment losses	68,698	17,175	6,183	23,358	-
Provision for debit at CCEE (CNPE 03)	54,152	13,538	4,874	18,412	-
Fair value adjustment with business combination	90,077	22,519	8,107	30,626	28,814
Adjustment to the fair value of property, plant and equipment	44,025	11,006	3,962	14,968	15,935
Adjustment to present value of accounts receivable	13,875	3,469	1,249	4,718	5,080
Tax loss and social contribution tax loss carryforwards	-	-	-	-	19,777
Other	39,438	9,860	3,549	13,409	17,108
Subtotal		**217,145**	**67,038**	**284,183**	**266,443**
Net total		**99,231**	**46,857**	**146,088**	**182,438**
Classification in the balance sheet					
Liabilities		**112,155**	**51,508**	**163,663**	**199,430**
Assets		**(12,924)**	**(4,651)**	**(17,575)**	**(16,992)**
Total		**99,231**	**46,857**	**146,088**	**182,438**

b) Presentation of deferred taxes

In fiscal year 2012, the Company started to present 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.

c) Change in deferred taxes, net

	Parent company	Consolidated
Balances at 1.01.2012	**219,957**	**197,064**
Deferred IR/CS[33] in the income statement at 12.31.2012	(6,772)	14,886
Remeasurement of liabilities with retirement benefits obligations in counter-entry of OCI[34]	(29,512)	(29,512)
Balances at 12.31.2012	**183,673**	**182,438**
CESS Merger	14,786	-
Deferred IR/CS in the income statement at 12.31.2013	(64,872)	(43,805)
Remeasurement of liabilities with retirement benefits obligations in counter-entry of OCI	7,455	7,455
Balances at 12.31.2013	**141,042**	**146,088**

d) 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**
2014	20,304	70,209	22,870	70,209
2015	55,539	21,187	57,673	21,187
2016	23,848	19,782	25,162	19,782
2017	12,254	19,770	13,234	19,770
2018	71,592	18,226	75,194	18,226
2019 to 2021	28,792	104,331	31,626	104,331
2022 to 2024	14,137	63,794	16,975	68,672
2025 onwards	36,747	86,956	41,449	108,094
	263,213	**404,255**	**284,183**	**430,271**

[33] Income and Social Contribution Taxes
[34] Other Comprehensive Income

26- 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.

The Company has no treasury shares and did not perform any purchase and sale transactions involving shares of its own issuance in 2013 and 2012.

b) Subscribed and paid-in capital

As of 12.31.2013 and 12.31.2012, 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 12.31.2013, is R$ 8.21 (R$ 8.43 for each share on 12.31.2012).

The breakdown of the Company's shareholding structure on 12.31.2013 and 12.31.2012 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 12.31.2013 and 12.31.2012, the number of Company shares held by its administrators was 309,632 and 364,340 shares, respectively.

c) Capital reserves

Refers, substantially, to remuneration on capital applied to construction in progress, calculated at the rate of 10% p.a. from 1986 to 1998, according to an electrical sector specific law. This reserve may be used to absorb losses that exceed the profits reserve, and for incorporation to capital.

d) Profit reserves

- Legal reserve

Of net income for the year, 5% are allocated, before any other destination, to establish the legal reserve, which will not exceed 20% of the Company's capital. Said reserve is intended to ensure capital integrity and may only be used to offset losses or increase capital.

- Tax incentive reserves

This reserve is established by allocating the portion of net income that is equivalent to tax benefit granted by Amazon Region Development Authority (Sudam). This benefit corresponds to a 75% reduction in income tax calculated on earnings from exploration of activities developed by Ponte de Pedra HPP.

- Retained earnings reserve

In previous years, this reserve was established based on capital budget and was intended to finance the implementation of new plants, maintenance of production plants and possible acquisition of interest in Jirau Hydroelectric Power Plant. Due to the change in the method for recognizing the actuarial gains and losses, with retrospective effect to 1.01.2012, as mentioned in Note 24 - Retirement Benefits Obligations, only for the purpose of presentation, the debit impact on the 2012 results, amounting to R$ 9,043, was deducted from the profit reserve.

e) Valuation adjustments

As provided for in IAS 16 and CPC 27 - Property, plant and equipment and in compliance with guidelines contained in Technical Interpretation ICPC 10 - Interpretation on the first-time adoption to property, plant and equipment, the Company recognized the adjustment to fair value of property, plant and equipment on the date of first-time adoption of CPCs in 1.01.2009. Contra entry to said adjustment, net of deferred income tax and social contribution, was recognized under caption "Equity evaluation adjustments", in shareholders' equity. Realization of this reserve is recorded as a contra entry to account "Accumulated earnings" to the extent that depreciation of property, plant and equipment fair value adjustment is recognized in the Company's income.

f) Non-controlling interest

Refers to 5% interest held by indirect subsidiary Ibitiúva Bioenergética non-controlling shareholder.

27- DIVIDENDS AND INTEREST ON EQUITY

a) Calculation

	12.31.2013	12.31.2012
Adjusted dividend calculation basis		
Net income for the year	1,436,112	1,499,497 (*)
Tax incentive reserve	(17,196)	(18,816)
Earnings retention – valuation adjustments to equity	55,240	65,707
Net income for the year adjusted for dividends purposes	**1,474,156**	**1,546,388**
Proposed dividends / interest on equity		
Interim dividends for the first half of the year	767,568	693,759
Interest on capital, net of withholding income tax	209,236	236,534
Additional dividends proposed	461,788	576,429
Subtotal	**1,438,592**	**1,506,722**
Withholding income tax on interest on equity	35,564	39,666
Total annual dividends	**1,474,156**	**1,546,388**
Percentage of adjusted net income	**100%**	**100%**
Dividends and interest on capital before withheld income tax, per common share (in Brazilian reais):	**2.2584046518**	**2.3690660667**

(*) Prior to retroactive application of CPC33 (R1).

b) Dividend policy

Tractebel Energia dividends policy provides for a minimum mandatory dividend of 30% of net income for the year, adjusted pursuant to the terms of Law 6,404/76, and establishes the intention of paying, at every calendar year, dividends and/or interest on capital at an amount not lower than 55% of adjusted net income, in half-annual installments.

c) Performed distributions and proposal related to net income for 2013

c.1) Interim dividends related to the first semester

The Board of Directors, in a meeting held on 7.26.2013, approved the distribution on interim dividends, based on the financial statements drafted on 6.30.2013, in the amount of R$ 767,568, corresponding to R$ 1.1759130707 per share. Said dividends started to be paid on 9.23.2013.

c.2) Interest on own capital credits

In a meeting held on 10.25.2013, the Company's Board of Directors approved interest on equity from 1.01.2013 to 12.31.2013 in the gross amount of R$ 244,800, corresponding to R$ 0.3750332107 per share.

Credits of the Company's interest on equity were recognized as of 12.31.2013 based on shareholding position on 11.25.2013. The Company's shares were negotiated ex-interest on capital beginning as of 11.26.2013.

Interest net of withheld income tax was charged to mandatory dividends and will be paid on a date to be subsequently defined by the Executive Board.

c.3) Proposed additional dividends

The Company is submitting to the Board of Directors' approval, in the meeting to be held on 2.20.2014, the proposal for payment of additional dividends on net income for fiscal year 2013, in the amount of R$ 461,788 (R$ 0.7074583705 per share).

In accordance with accounting practices, any amount of dividends that is higher than minimum mandatory value established by the law or other legal instrument, and that is not approved by shareholders' meeting or the competent body, must be presented and segregated in shareholders' equity. These dividends exceed minimum mandatory value and, therefore, were presented in the shareholders' equity account denominated "Proposed additional dividends" until approval by the annual shareholders' meeting.

The proposal for allocation of net income for the year ended 12.31.2013 will be ratified by the Company's shareholders' meeting.

28- RECONCILIATION OF NET SALES

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

	Parent company		Consolidated	
	12.31.2013	12.31.2012	12.31.2013	12.31.2012
GROSS OPERATING INCOME				
Wholesale supply of electrical energy				
- Electrical energy distributors	1,915,763	2,043,924	3,096,458	3,135,311
- Electrical energy traders	1,153,243	1,396,786	280,402	355,885
Retail supply of electrical energy (free consumers)	211,983	198,752	2,149,963	1,632,605
Transactions in the short-term energy market	538,999	170,909	624,690	325,300
Other revenues	61,745	52,958	50,517	40,691
	3,881,733	**3,863,329**	**6,202,030**	**5,489,792**
DEDUCTIONS FROM OPERATING INCOME				
PIS and COFINS	(322,770)	(311,005)	(529,818)	(455,675)
ICMS	(19,216)	(22,331)	(64,546)	(82,775)
ISS	(1,424)	(1,313)	(1,424)	(1,313)
Research and development	(32,129)	(30,995)	(37,584)	(37,530)
	(375,539)	**(365,644)**	**(633,372)**	**(577,293)**
NET SALES	**3,506,194**	**3,497,685**	**5,568,658**	**4,912,499**

As of 12.31.2013, the customers that held interest higher than 5% of the Company's consolidated net sales were the following: Celesc, CPFL Energia and Rio Grande Energia S.A. (RGE).

29- DETAIL OF OPERATING EXPENSES BY NATURE

a) Costs of electrical energy production and services rendered:

	Parent company				Consolidated			
	Energy Sold		Services Rendered		Energy Sold		Services Rendered	
	2013	2012	2013	2012	2013	2012	2013	2012
Personnel	162,528	145,979	19,805	18,212	166,491	149,306	19,805	18,212
Third party services	89,063	96,584	4,096	5,478	121,627	122,826	4,096	5,478
Material	27,638	24,878	1,002	925	32,329	27,646	1,002	925
Fuel for generation	52,942	27,143	-	-	70,058	39,659	-	-
Royalties[35]	119,729	89,223	-	-	148,139	111,838	-	-
Depreciation and amortization	355,073	362,619	-	-	574,487	550,086	-	-
Insurance	10,194	9,600	338	423	13,706	12,828	338	423
Inspection fee	10,363	11,167	-	-	12,823	13,525	-	-
Other	21,584	18,122	976	1,103	25,129	30,069	976	1,103
	849,114	**785,315**	**26,217**	**26,141**	**1,164,789**	**1,057,783**	**26,217**	**26,141**

- Personnel costs

Personnel costs include, in addition to salaries and payroll charges, benefits such as health recovery aid, group life insurance, day care aid to female employees, meal voucher and transportation voucher, and pension plans, courses and training, and other.

- Share-based payment

Tractebel Energia has no specific program of share-based payments. However, its indirect parent company GDF SUEZ, headquartered in France, maintains the following stock plans for some executives and employees: (i) Paris Stock Exchange (France) stock option plan, established based on main responsibilities developed by beneficiaries; and (ii) share-based performance award or bonus. It also offers the program for free granting of shares to all employees.

Stock option plans and the share-based performance award are valid for four or five years and their values are related to the achievement of certain financial indicators of GDF SUEZ. Due to global economic background, throughout the years, a reduction occurred in market value of these stock options and performance shares, which will possibly influence the exercise of options and the possibility of obtaining the benefit of performance shares on maturities.

These programs' costs are irrelevant and fully paid by GDF SUEZ, and Tractebel Energia is not responsible for any disbursement related to them.

[35]Compensation for the use of water resources (Royalties)

b) Selling, general and administrative expenses

	Parent company				Consolidated			
	Selling		General and administrative		Selling		General and administrative	
	2013	2012	2013	2012	2013	2012	2013	2012
Personnel	5,646	10,405	67,822	52,885	5,646	10,405	69,313	54,819
Management	-	-	17,925	17,130	-	-	19,942	17,984
Third party services	704	1,602	40,528	39,339	6,486	5,692	43,167	41,575
Material	21	65	2,159	2,256	21	68	2,173	2,264
Depreciation and amortization	-	-	7,973	11,060	-	-	7,999	11,088
Rentals	217	227	4,902	3,552	217	239	5,694	4,108
Advertising and publicity	-	-	3,787	5,244	-	-	3,787	5,246
Indemnifications	-	-	4,173	3,094	-	-	4,358	3,094
PREVIG contribution	-	-	3,062	8,414	-	-	3,062	8,414
Contributions and donations	4,023	4,224	4,429	3,661	6,153	6,091	5,856	4,026
Others	-	582	11,832	7,643	114	873	13,115	12,628
	10,611	**17,105**	**168,592**	**154,278**	**18,637**	**23,368**	**178,466**	**165,246**

30– REVERSAL (ACCRUAL) OF OPERATING PROVISIONS

	Parent company		Consolidated	
	12.31.2013	12.31.2012	12.31.2013	12.31.2012
Retirement benefits	2,314	4,620	2,314	4,620
Tax	1,009	(2,304)	2,092	(4,068)
Civil	(577)	(20,903)	(247)	(20,427)
Labor	1,098	1,978	1,130	1,756
Doubtful accounts	(387)	(2,665)	(2,235)	(2,937)
Investment loss	102	(15,662)	(71)	(15,662)
Others	-	(13)	(2,200)	(242)
	3,559	**(34,949)**	**783**	**(36,960)**

31- FINANCIAL RESULT

	Parent company		Consolidated	
	2013	2012	2013	2012
Financial income				
Income from marketable securities and restricted	47,416	32,925	83,534	61,440
Interest on accounts receivable	9,342	14,372	9,152	15,364
Monetary variation on judicial deposits	9,188	7,932	9,323	8,261
Monetary variation on favorable court decision	29,256	-	29,256	-
Gain in early settlement of debt	49,126	-	49,126	-
Other financial income	2,041	2,923	2,268	3,120
	146,369	**58,152**	**182,659**	**88,185**
Financial expenses				
Interest				
Loans and financing	41,609	44,051	206,027	207,050
Debentures	16,680	28,831	16,680	28,831
Concessions payable	90,976	78,822	136,282	121,237
Retirement benefits obligations	20,647	16,065	20,647	16,065
Provisions	16,913	8,325	17,053	8,459
Monetary Variation				
Loans and financing	7,818	-	7,818	-
Debentures	13,614	19,168	13,614	19,168
Concessions payable	56,331	63,416	81,339	85,835
Provisions	6,068	6,127	6,333	6,258
Exchange variation on loans and financing	38,969	21,471	38,969	21,471
Other financial expenses	18,853	21,296	23,418	26,801
	328,478	**307,572**	**568,180**	**541,175**
Financial expenses, net	**182,109**	**249,420**	**385,521**	**452,990**

32- INCOME TAXES RECONCILIATION, IN THE INCOME STATEMENT

	Parent company			
	12.31.2013		12.31.2012	
	Income Tax	Social Contribution	Income Tax	Social Contribution
Income before taxes	**1,936,997**	**1,936,997**	**1,957,282**	**1,957,282**
Standard rates	25%	9%	25%	9%
Tax expense at standard rates	**(484,249)**	**(174,330)**	**(489,321)**	**(176,155)**
Taxes on permanent differences:				
Equity in net income of subsidiaries	41,716	15,018	65,885	23,719
Interest on own capital	61,200	22,032	69,050	24,858
Tax incentives	19,200	-	20,341	-
other	(1,445)	(27)	(4,447)	(758)
	(363,578)	**(137,307)**	**(338,492)**	**(128,336)**
Breakdown of taxes in the income statement:				
Current	(410,315)	(155,442)	(342,510)	(131,090)
Deferred	46,737	18,135	4,018	2,754
	(363,578)	**(137,307)**	**(338,492)**	**(128,336)**
Effective rate	**18.8%**	**7.1%**	**17.3%**	**6.6%**

	Consolidated			
	12.31.2013		12.31.2012	
	Income Tax	Social Contribution	Income Tax	Social Contribution
Income before taxes	**2,001,709**	**2,001,709**	**2,086,297**	**2,086,297**
Standard rates	25%	9%	25%	9%
Tax expense at standard rates	**(500,427)**	**(180,154)**	**(521,574)**	**(187,767)**
Taxes on permanent differences:				
Interest on own capital	61,200	22,032	69,050	24,858
Tax incentives	21,577	-	20,341	-
Other	7,982	2,828	(495)	170
	(409,668)	**(155,294)**	**(432,678)**	**(162,739)**
Breakdown of taxes in the income statement:				
Current	(440,915)	(167,852)	(420,785)	(159,766)
Deferred	31,247	12,558	(11,893)	(2,973)
	(409,668)	**(155,294)**	**(432,678)**	**(162,739)**
Effective rate	**20.5%**	**7.8%**	**20.7%**	**7.8%**

33 - 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 2013, there were no changes in the Company's exposure to market risks or in the management and measurement of these risks.

The main market risks to which the Company is exposed are as follows:

- Risk related to debts with floating interest rates

This risk is related to the possibility of the Company incurring losses as a result of fluctuations in interest rates applied to its liabilities, affecting its financial expenses. The Company and its subsidiaries are exposed to floating interest rates linked to TJLP, DI rate, *Euribor*, IGP-M and IPCA variations.

As regards floating interest rate risk, most of the Company's debts is linked to TJLP and this rate, despite being considered as a "floating" rate, remained at 6% p.a. over several years, which characterizes a *quasi*-fixed rate. In January 2013, this rate was reduced to 5% p.a. to stimulate production investments and Brazilian economic activity growth.

Regarding the risk of inflation acceleration, all prevailing electrical energy sale contracts have an inflation adjustment clause for the application of IGP-M or IPCA, which represents a natural long-term hedge for debts and obligations indexed at inflation rates and/or linked to inflation acceleration, which is the case of debts linked to CDI.

- Risk related to debts denominated in foreign currency

Foreign exchange rate variation risk refers to the possibility of variation in foreign exchange rates, which affects financial result and the balance of liabilities indexed at foreign currency. The Company's policy to hedge against exchange rate variation risks seeks to achieve a low level of exposure for its liabilities denominated in foreign currency, which is permanently monitored by the Company's Financial Committee.

The Company's level of exposure to exchange rate variation has remained at very low levels in relation to its total indebtedness. Internal evaluation of risks and benefits led the Company to choose not to perform any foreign exchange hedge transaction for the debt with BNP Paribas, whose outstanding balance at 12.31.2012 was R$ 129,427.

The loan contracted from Bank of America Merrill Lynch, denominated in US dollars, is fully hedged by a swap transaction with the same Bank in Brazil, thus eliminating, for this transaction, any exposure of the Company to currency variation in relation to Brazilian real. In accordance with the contractual terms, the head office of the Bank guarantees the payment of all cash flows deriving from the swap operation in case its Brazilian subsidiary breaches any of the contractual obligations, and Tractebel Energia has the right to settle the principal and financial charges of transactions on their net value, which is why said financial instruments were deemed as a single instrument and are being presented at their net amounts in the Company's balance sheet and statement of income.

As mentioned in Note 16 Loans and Financing, when the Company signed a loan agreement with HSBC USA in August 2013, 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.

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 12.31.2013, 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% (IR) = 1.3882% p.a.	211,184	(504)	210,680
Swap					
Long position	US$ 90,000	1.3882% p.a.	(211,184)	504	(210,680)
Short position	R$ 207,315	99.9% of CDI	209,598	(33)	209,565
Swap results			**(1,586)**	**471**	**(1,115)**

- 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 for 2014 was defined using the following assumptions available in the market (Source: Central Bank of Brazil Market Readout)

	Variation 2013	Probable Scenario	Sensitivity		
			Probable	Δ + 25%(*)	Δ + 50% (*)
Variation of interest rates and indices:					
- TJLP	5.00%	5.00%	-	1.25 p.p.	2.50 p.p.
- CDI	9.77%	10.50%	+ 0.73 p.p.	2.79 p.p.	5.65 p.p.
- IPCA	5.91%	5.98%	+ 0.07 p.p.	1.50 p.p.	2.99 p.p.
- IGP-M	5.51%	6.01%	+ 0.50 p.p.	1.50 p.p.	3.01 p.p.
Currency variation:					
- Euro	3.23	3.37	+ 4.58%	4.22	5.06

(*) Variations on probable scenario.

The probable sensitivity was calculated based on the variation of 2013 indices and those expected in the probable scenario for 2014. 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:

	Balance at 12.31.2013	Sensitivity		
		Probable	Δ + 25%	Δ + 50%
Loans and financing				
- TJLP	2,485,333	-	(27,199)	(57,246)
- CDI	291,674	(514)	(1,941)	(3,893)
- IPCA	151,017	(107)	(2,308)	(4,616)
		(621)	**(31,448)**	**(65,755)**
Loans with hedge				
- CDI	209,565	(1,371)	(5,174)	(10,376)
Debentures				
- IPCA	174,072	(45)	(963)	(1,917)
Concessions payable				
- IGP-M	1,112,289	(5,782)	(17,367)	(34,734)
- IPCA	482,880	(330)	(7,004)	(14,008)
		(6,112)	**(24,371)**	**(48,742)**
Total		**(8,149)**	**(61,956)**	**(126,790)**

The annual change in the Libor floating rate on 12.31.2013 was 0.52 p.p., and the balance of financial liability pegged to this interest rate was R$ 129,427. 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 12.31.2013	Sensitivity		
		Probable	Δ + 25%	Δ + 50%
Loans and Financing				
- Euro	**129,427**	**(6,107)**	**(34,838)**	**(69,666)**

Sensitivity was not calculated for the exchange variation on the HSBC loan in U.S. dollar, since it is 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.

The Company's capital structure is formed by net indebtedness (loans, financing and debentures less cash and cash equivalents) and shareholders' equity, which includes capital reserves and accumulated earnings incorporated to earnings reserve.

Tractebel Energia and its subsidiaries have debts that stipulate a gross indebtedness maximum limit, calculated based on EBITDA. The most restrictive limit is the one that limits debts to 3.5 times EBITDA. The Company's management, through the Financial Officer and Investors Relations Officer, monitors, on a permanent basis, the Company's indebtedness level, which must be around twice EBITDA; however, it may rise or fall as a result of the Company's policy of acquiring new plants.

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 CDB's 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 12.31.2013, 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 16 - 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.

The following statement presents financial liabilities per estimated settlement period. Amounts were determined in accordance with estimated undiscounted cash flows, considering estimates of principal amortization and future interest payment, when applicable. For debts with floating interest rates, the amount was obtained based on interest curve at year end.

	Parent company				
	Up to 1 year	**From 2 to 3 years**	**From 4 to 5 years**	**Over 5 years**	**Total**
Suppliers	281,711	-	-	-	281,711
Instruments at interest rates:					
- post-fixed					
Loans and financing	412,528	548,079	190,605	368,213	1,519,425
Debentures	178,422	-	-	-	178,422
- fixed					
Loans and financing	353	3,730	3,800	7,363	15,246
Concessions payable	49,866	100,629	100,629	4,551,109	4,802,233
	922,880	**652,438**	**295,034**	**4,926,685**	**6,797,037**

	Consolidated				
	Up to 1 year	**From 2 to 3 years**	**From 4 to 5 years**	**Over 5 years**	**Total**
Suppliers	510,346	-	-	-	510,346
Instruments at interest rates:					
- post-fixed					
Loans and financing	688,155	1,073,564	678,073	2,182,687	4,622,479
Debentures	178,422	-	-	-	178,422
- fixed					
Loans and financing	10,632	22,810	16,462	12,051	61,955
Concessions payable	54,462	109,859	109,859	4,639,183	4,913,363
	1,442,017	**1,206,233**	**804,394**	**6,833,921**	**10,286,565**

b) Category and fair value of financial instruments

	Parent company		Consolidated	
	12.31.2013	12.31.2012	12.31.2013	12.31.2012
Financial assets				
Measured at fair value through profit or loss				
Marketable securities	948,530	733,110	1,216,831	1,166,144
Restricted deposits	37,094	-	130,867	104,619
Derivative financial instrument - swap	1,115	-	1,115	-
Receivables and loans				
Cash and bank deposits	940	3,207	7,445	13,832
Trade accounts receivable	403,654	416,357	744,758	630,263
Fuel reimbursable	139,601	47,823	139,601	47,823
Receivable from sale of asset	86,886	86,886	86,886	86,886
Dividends receivable from subsidiaries	141,342	37,026	-	-
	1,759,162	**1,324,409**	**2,327,503**	**2,049,567**
Financial liabilities				
Financial liabilities assessed at amortized cost:				
Suppliers	281,711	127,546	510,346	219,328
Loans and financing	1,063,327	650,978	3,112,923	3,205,955
Debentures	174,072	328,590	174,072	328,590
Concessions payable	1,551,828	967,887	1,595,169	1,428,926
Measured at fair value:				
Loans and financing	209,565	-	209,565	-
	3,280,503	**2,075,001**	**5,602,075**	**5,182,799**

Financial assets measured at fair value through profit or loss are assessed based on the market prices 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			
	12.31.2013		12.31.2012	
	Book	Market	Book	Market
Loans and financing				
- In local currency	932,785	923,807	435,372	435,269
- In foreign currency without hedge[36]	129,427	125,520	215,606	244,638
- In foreign currency with hedge	209,565	209,565	-	-
Debentures	174,072	175,472	328,590	340,460
Concessions payable	1,551,828	1,941,075	967,887	1,817,911
	2,997,677	**3,375,439**	**1,947,455**	**2,838,278**

	Consolidated			
	12.31.2013		12.31.2012	
	Book	Market	Book	Market
Loans and financing				
- In local currency	2,982,381	2,976,705	2,990,349	2,993,824
- In foreign currency without hedge	129,427	125,520	215,606	244,638
- In foreign currency with hedge	209,565	209,565	-	-
Debentures	174,072	175,472	328,590	340,460
Concessions payable	1,595,169	1,994,190	1,428,926	2,550,529
	5,090,614	**5,481,452**	**4,963,471**	**6,129,451**

[36] Hedge accounting

34- 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	Other
12.31.2013							
TBLC	63,588	-	-	100,000	-	-	-
CEE	27,678	-	-	25,567	-	-	-
Lages	763	138	-	13,435	-	-	-
Itasa	-	2,496	684	2,340	4,424	-	-
Ceste	-	1,408	55	-	-	-	-
TBLP subsidiaries	-	-	181	-	-	-	-
GSELA	-	-	1,536	-	-	168,207	-
Others	-	-	42	-	523		-
	92,029	**4,042**	**2,498**	**141,342**	**4,947**	**168,207**	**-**
12.31.2012	**130,199**	**3,793**	**464**	**37,026**	**4,260**	**189,783**	**294**

b) Amounts recognized in the income statement:

	Revenue			Cost	Expense	
	Supply of energy	O&M Services	Administr. services	Energy purchase	Third Parties Services	Financial income
12.31.2013						
TBLC	925,556	-	439	-	-	-
CEE	-	-	-	-	-	6,465
CESS	8,909	1,045	242	-	-	-
Lages	7,046	2,007	220	-	-	-
Itasa	-	14,833	-	89,778	-	-
Ceste	-	17,108	-	-	-	-
TBLP subsidiaries	-	-	1,050	-	-	-
Leme	-	-	-	-	1,170	-
Others	-	-	282	-	91	-
	941,511	**34,993**	**2,233**	**89,778**	**1,261**	**6,465**
12.31.2012	**1,179,168**	**33,065**	**1,867**	**121,156**	**1,246**	**2,696**

The transactions with related parties carried out by the Company include basically: (i) energy purchase and sale; (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 12.31.2013
Purchase:					
TBLE - Itasa	167	2030	IGP-M	January	1,230,995
TBLE - Itasa	61	2030	Dollar variation + U.S. Inflation	October	553,657
Sale:					
TBLE - TBLC	322	2015/2016	IPCA	March	610,144
TBLE - Lages	16	2017	IGP-M	April	46,224
TBLC - CEE	9	2041	IPCA	October	641,739
TBLC – Trairí Project	64	2032	IPCA	December	1,832,617

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 12.31.2013
Itasa	10.16.2030	IGP-M	209,773
Ceste	5.01.2025	INPC (80%) and IPCA (20%)	196,861
Lages	3.31.2015	Salary adjustment	2,508

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. Contract duration is 4 years and contracted values are 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 12.31.2013
BNDES and Banks (BNDES onlending)	Pledge of all the shares issued by the following companies: CEE, Beberibe, Pedra do Sal, Areia Branca, Ibitiúva, Trairí, Guajiru, Fleixeiras I and Mundaú.	2,034,296
Banco do Brasil	Pledge of all the shares issued by the indirect subsidiary Hidropower.	15,300

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$ 292,960 on 12.31.2013. The guarantees' maturities are scheduled as follows: R$ 135,767 in 2014, R$ 41,999 in 2015, 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 loan is restated by the variation of the IPCA and the loan matures in 2025. The balance payable on 12.31.2013 is R$ 16,253.

g) GDF SUEZ Energy Latin America Participações Ltda.

The Company has interest on equity payable to its subsidiary, in the amount of R$ 168,207, referring to the credit realized as of 12.31.2013.

h) Remuneration of key management personnel

The remuneration, charges and benefits related to the Management's key personnel 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	
	12.31.2013	12.31.2012	12.31.2013	12.31.2012
Short-term benefits and fees	9,383	8,832	10,539	9,547
Management bonus	4,202	4,210	4,852	4,210
Post-employment benefits	821	675	836	675
Social charges	3,519	3,413	3,715	3,552
	17,925	**17,130**	**19,942**	**17,984**

35 - 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 5.31.2014 and the coverage amount is R$ 11,355,328 in the parent company and R$ 14,422,589 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	6,990,595	179,966	9,041,629	197,382
Thermoelectric power plants	2,729,085	1,455,682	2,729,085	1,455,682
Complementary plants (wind, biomass and PCH)	-	-	878,588	120,223
	9,719,680	**1,635,648**	**12,649,302**	**1,773,287**

The maximum combined limit of indemnification for material damages and loss of profits is R$ 1,070,000 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 wind power projects have insurance against engineering risk and civil liability in the works. The engineering risk insurance policies provide coverage of R$ 284,352 for material damages and comprehensive maintenance, R$ 19,145 for coverage of loss of expected profits, and coverage of R$ 20,000 for the entire works.

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.

36- LONG-TERM COMMITMENTS

The Company has the following long-term commitments that are considered relevant:

a) Contract for connection

The Company has contract for connection with Centrais Elétricas do Sul do Brasil S.A. (Eletrosul), Furnas Centrais Elétricas S.A. (Furnas), Centrais Elétricas do Norte do Brasil S.A. (ELetronorte) and Trnasmissora Delmiro Gouveia (TDG), that is valid up to termination and authorization of the Company's power plants concession linked to these contracts.

At 12.31.2013, value of future commitments deriving from connection contracts is R$ 156,015 (R$ 244,100 at 12.31.2012).

b) Agreement for the Use of the Transmission System (CUST).

For the use of the transmission system and basic network, the Company, and its subsidiaries, CEE and Itasa, and indirect subsidiaries Trairí, Guajiru, Fleixeiras and Mundaú maintain contracts with ONS. Contracts are normally valid up to the Company's power plants concessions or authorization termination dates.

At 12.31.2013, the value of future commitments deriving from these contracts totals R$ 6,076,645 (R$ 6,801,279 at 12.31.2012).

c) Contract for the Usage of Distribution System (CUSD)

For plants that are not directly connected to the basic network, contracts for the use of the distribution system are maintained with electrical energy distributors of the regions where these plants are installed. Contracts are normally valid up to the Company's power plants concessions or authorizations termination dates.

At 12.31.2013, the value of future commitments deriving from these contracts totals R$ 215,008 (R$ 334,057 at 12.31.2012).

d) Bilateral contracts for purchase and sale of electrical energy;

According to data on guaranteed electrical energy and prevailing purchase and sale contracts, the Company's energy balance shows that current capacity has the following contracting levels for the next six years:

	Average MW [37]					
	2014	**2015**	**2016**	**2017**	**2018**	**2019**
Own funds	3,506	3,511	3,505	3,520	3,543	3,543
Purchase for resale	824	367	245	220	200	200
Total availability	4,330	3,878	3,750	3,740	3,743	3,743
Contracted availability	4,222	3,782	3,309	2,715	2,187	1,816
Contracted %	97.5%	97.5%	88.2%	72.6%	58.4%	48.5%

- Purchase of electrical energy from Argentina

In May 1998, Tractebel Energia and Companhia de Interconexão Energética (Cien) entered into a contract according to which Cien committed to provide to Tractebel Energia 300 MW of firm associated energy over a period of 20 years counted as of the beginning of Brazil and Argentina transmission system commercial operation, which occurred in June 2000.

In 2006, the Company was certain that Cien was not able to make contracted energy volume available, which led Aneel to publish the Regulatory Instruction reducing to "zero" physical guarantee values attributed to Cien to comply with the contract with Tractebel Energia. Reduction to "zero" would be valid until Cien proved availability existence, which did not occur.

In view of the necessity of solving this problem that has been going on for a long time without a concrete perspective of solution, Tractebel Energia, considering Cien's total non-compliance, resorted to the Courts to require contract rescission, payment of a proper fine and reimbursement of losses resulting from not receiving contracted energy.

Currently, it is not possible to estimate the amount involved in said lawsuit. All actions that are necessary to conduct Tractebel Energia commercial operation as well as to reestablish its portfolio balance have already been taken in the last years.

Lawsuit's progress is normal, and Tractebel Energia has expressed its opinion on considerations presented by Cien.

e) Purchase of natural gas

In 2001, the Company entered into a contract for the acquisition of natural gas with Companhia de Gás do Mato Grosso do Sul (MSGÁS) over a period of five years, renewable for an equal period, to serve the beginning of Usina Termelétrica William Arjona (UTE William Arjona) commercial operation.

[37] Average MW information is not reviewed by independent auditors.

With termination of contract period, on 5.22.2006, the Company expressed its interest in renewing the agreement, but MSGÁS communicated that this renewal would depend on adjusting product price, according to determination of Petróleo Brasileiro S.A. (Petrobras), MSGÁS supplier and assenting party to the contract.

As proposed adjustment is not adequate to conditions established in the contract, the Company filed a lawsuit against Petrobras and MSGÁS to ensure gas supply continuity. This lawsuit is still awaiting the judgment of appeals, filed both by the Company and Petrobras, also to extend contract period referring to the time gas was not supplied.

In November 2009, the Company obtained a favorable temporary decision determining that MSGÁS and Petrobras should continue to supply gas to UTE William Arjona. This supply was in force until mid-2012 when Petrobras was permitted to suspend gas supply.

At the end of 2012, the Higher Court of Justice (STJ) issued a decision stating that the appeal filed by Petrobras was not presented on a timely basis, making suspension decision ineffective, condition already required by the Company, which is still awaiting STJ final decision.

In January 2013, the Company filed a petition with the Chief Justice of the STJ to overturn the decision that allowed Petrobras to suspend, in 2012, the supply of gas to UTE William Arjona.

This petition was accepted, resuming the supply of gas until 2.22.2013, when supply was interrupted once again after a new decision by the judge-rapporteur Minister of the Provisional Remedy filed by Petrobras on a special appeal, which reestablished the right of Petrobras to suspend gas supply until the final sentence on the Interlocutory Appeal.

However, on 11.05.2013, the Motion for Resettlement of Petrobras was rejected, with gas supply resumed on 11.08.2013. The proceeding on outdated gas price – alleged by Petrobras – is still in force and awaiting outcomes mentioned in prior paragraphs.

f) Lease contracts

Lease contracts mentioned below were classified as operating leases as the ownership of assets may not be transferred to the lessee at the end of contract period and there is no asset purchase option; in addition, contracts do not satisfy the other conditions necessary to classify them as financial leases.

- Beberibe, Pedra do Sal and Projeto Trairí Wind Farms

The Company's wind projects have lease contracts for pieces of land used to install and build wind electrical energy generator towers and associated substation and transmission facilities. Contracts have fixed and/or variable installments and are adjusted at inflation rates or percentages on the companies' gross operating revenue. Contract periods are normally equivalent to periods of authorizations granted by Aneel for electrical energy generation.

In 2013, operating lease expenses in said companies were R$ 1,785 (R$ 1,501 in 2012). Estimated future minimum payments are as follows:

Year	Value
2014	2,827
2015 to 2018	11,308
2019 onwards	37,119
	51,254

g) Contracts for construction of the Fleixeiras and Mandaú wind farms

Fleixeiras and Mundaú maintain contracts linked to the implementation of wind farms in Ceará State. Future commitments referring to these contracts on base date 12.31.2013 total R$ 38,307 (R$ 316,572 at 12.31.2012).

h) Modernization of Passo Fundo and Salto Santiago Hydroelectric Power Plants

In December 2012, the Company signed a contract with Voith Hydro Ltda. for the modernization of Passo Fundo and Salto Santiago hydroelectric power plants. Future obligations on the base date 12.31.2013 were R$ 269,285, Total of which R$ 23,163 refer to the modernization of Passo Fundo HPP, which must be complete by 2015, and R$ 246,122 to the modernization of Salto Santiago HPP, which must be complete by 2017.

37 - SPECIFIC RISKS OF THE ELECTRICAL ENERGY GENERATION ACTIVITY

a) Hydrological risks

Most of the National Interconnected System (SIN) electrical energy supply is generated by hydroelectric power plants. As SIN operates in an optimized dispatch system centralized by ONS, every hydroelectric power plant, including those of the Company, is subject to variations in hydrological conditions, both in the geographical region in which it operates and in other regions of the country.

Unfavorable hydrological conditions and the obligation of delivering guaranteed energy may expose the Company to the short-term electrical energy market, which could affect its future financial results. However, almost the totality of the Company's hydroelectric generation capacity is inserted into the Energy Reallocation Mechanism (MRE) that distributes the hydrological risk to all plants linked to MRE.

b) Environmental risks

Electrical energy sector activities may cause negative impacts and damage to environment. Federal law imposes to the entity that directly or indirectly causes environmental degradation the obligation of repairing or indemnifying damage caused to environment and affected third parties, regardless of guilt.

The possibility of being required to pay environment recovery costs and environmental indemnities may result in adverse effects to the Company's business and income.

The Company's Environmental Policy ensures the balance between environmental conservation and the development of its activities, establishing operating guidelines and practices to be followed in order to reduce the impact to environment and maintaining focus on its business sustainable development.

c) Social and labor risks

Seeking to minimize its activities' labor risks, the Company counts with human resources management policies and guidelines based on three pillars, namely: recognition and motivation, development, health and well-being. These guidelines give the basis for the identification and maintenance of a good organizational atmosphere and mitigate social and labor risks.

On an annual basis, collective labor agreements are signed in conformity with International Labor Organization (ILO) guidelines that encompass all Tractebel Energia employees and include themes such as labor, security and health benefits, protection equipment, training and education to paramedics and Internal Commissions for Accident Prevention (CIPA).

38- ADDITIONAL INFORMATION TO THE CASH FLOW

The following main transactions that did not involve cash and cash equivalents were carried out:

	Parent company		Consolidated	
	12.31.2013	12.31.2012	12.31.2013	12.31.2012
Compensation of income and social contribution taxes	69,528	14,772	80,038	16,650
Acquisition of property, plant and equipment against suppliers	10,731	4,821	15,056	36,900
Acquisition of property, plant and equipment provisioned due to future disbursements estimate	8,266	-	73,405	-
Capitalized interest on financing and concessions payable	160	-	21,061	33,841
Remaining installments payable from investment acquisition	-	-	15,881	-
Proposed dividends receivable from subsidiaries	141,342	37,036	-	-
Proposed additional dividends and credited interest on own capital	706,588	852,629	706,588	852,629
Complement of concession payable	-	-	-	3,515

39- SUBSEQUENT EVENTS

a) Commercial startup of the Fleixeiras wind farm

On 1.28.2014, Aneel authorized the commercial startup of the Fleixeiras wind farm, located in the city of Trairi, state of Ceará, with installed capacity of 30.0 average MW and commercial capacity of 16.6 average MW.

b) Date of commencement of payment of interest on equity for fiscal year 2013

The Board of Executive Officers of the Company announced on 2.14.2014 that the interest on equity relating to the fiscal year ended 12.31.2013 will be credited starting from 2.28.2014. The gross amount credited was R$ 244,800, corresponding to R$ 0.3750332107 per share.

c) Conclusion of the acquisition of Ferrari Termoelétrica S.A.

On 2.20.2014, after complying with all conditions precedent set forth in the Purchase and Sale Agreement signed in December 2013, the Company concluded the acquisition of the shares issued by Ferrari Termoelétrica S.A. Additional information on the transaction is provided in Note 1 - Operations, item “f”.

DECLARATION OF THE COMPANY'S MANAGEMENT

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 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

Marco Antônio Amaral Sureck
Energy Commercialization Officer

José Luiz Jansson Laydner
Projects Development and Implementation Officer

José Carlos Cauduro Minuzzo
Energy Production Officer

Edson Luiz da Silva
Planning and Control Officer

Luciano Flávio Andriani
Administrative Officer

Florianópolis, February 20, 2014.

BOARD OF DIRECTORS

Maurício Stolle Bähr
President

Jan Franciscus María Flachet
Vice-President

Manoel Arlindo Zaroni Torres
Board Member

Guy Marie Numa Joseph Ghislain Richelle
Board Member

Dirk Achiel Marc Beeuwsaert
Board Member

Willem Frans Alfons Van Twembeke
Board Member

Luiz Antônio Barbosa
Board Member

José Pais Rangel
Board Member

Luiz Leonardo Cantidiano Varnieri Ribeiro
Board Member

BOARD OF EXECUTIVE OFFICERS

Manoel Arlindo Zaroni Torres
Chief Executive Officer

Eduardo Antonio Gori Sattamini
CFO and Investor Relations Officer

Marco Antônio Amaral Sureck
Energy Commercialization Officer

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Projects Development and Implementation Officer

José Carlos Cauduro Minuzzo
Energy Production Officer

Edson Luiz da Silva
Planning and Control Officer

Luciano Flávio Andriani
Administrative Officer

ACCOUNTING DEPARTMENT

Marcelo Cardoso Malta
Accounting Department Manager
Accountant - CRC RJ 072259/O-5 T-SC

INDEPENDENT AUDITORS REPORT

To the Shareholders, Directors and Managers of
Tractebel Energia S.A.
Florianópolis – SC

We have audited the individual and consolidated financial statements of Tractebel Energia S.A. ("Company"), which are identified as Parent and Consolidated, respectively, and include the balance sheet on December 31, 2012 and the statements of income, comprehensive income, statements of changes in shareholders' equity and statements of cash flow for the year then ended, as well as a summary of the significant accounting policies and other notes to the financial statements.

Management's responsibility regarding the financial statements

The Management is responsible for the preparation and fair presentation of these financial statements in accordance with the accounting practices adopted in Brazil and of the consolidated financial statements in conformity with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB), and in conformity with the accounting practices adopted in Brazil, and for internal accounting controls deemed as necessary to permit the preparation of these financial statements free from material misstatement, whether due to fraud or error.

Independent auditors' responsibility

Our responsibility is to express an opinion on these financial statements based on our audit, which was conducted in conformity with Brazilian and international auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing selected procedures to obtain audit evidence about the amounts and disclosures presented in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risk of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the entity's preparation and fair presentation of the Company's financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purposes of expressing an opinion on the effectiveness of the Company's internal controls. An audit also includes evaluating the adequacy of the accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion on the individual financial statements

In our opinion, the financial statements referred to above present fairly, in all material respects, the equity and financial positions of Tractebel Energia S.A. as of December 31, 2013, the performance of its operations and its cash flows for the year then ended, in conformity with the accounting practices adopted in Brazil.

Opinion on the consolidated financial statements

In our opinion, the financial statements referred to above present fairly, in all material respects, the equity and financial positions of Tractebel Energia S.A. as of December 31, 2013, the consolidated performance of its operations and its cash flows for the year then ended, in conformity with the International Financial Reporting Standards (IFRS) issued by International Accounting Standards Board (IASB) and the accounting policies adopted in Brazil.

Emphasis of Matter

Re-presentation of corresponding amounts

As mentioned in Note 3, item s.1, due to the changes in the accounting policies adopted by the Company in 2013, the amounts corresponding to the fiscal year ended December 2013, 2012, presented for comparison purposes, were adjusted and are being presented in accordance with CPC 23 -Accounting Policies, Changes in Accounting Estimates and Errors. Our opinion does not contain changes on this matter.

Differences between accounting practices adopted in Brazil and IFRS

As described in Note 2, the company financial statements were prepared in conformity with the accounting practices adopted in Brazil. In the case of Tractebel Energia S.A., these practices differ from IFRS applicable to the separate financial statements only with regard to the assessment of investments in subsidiaries, associates and jointly-owned companies by the equity method, while for IFRS purposes these are assessed at cost or fair value. Concerning this issue, we express an unqualified opinion.

Other matters

Statements of value added

We have also audited the individual and consolidated statements of value added for the year ended December 31, 2013, prepared under the responsibility of the Company's Management, required by the Brazilian Corporation Law for publicly-held companies, and as supplementary information to the International Financial Reporting Standards (IFRS) that do not require the presentation of the statements of value added. These statements were submitted to the same audit procedures previously described and, in our opinion, they are fairly presented in all their material respects, in relation to the financial statements taken as a whole.

Audit of corresponding amounts

The corresponding amounts, parent company and consolidated, of January 1, 2012, presented in Note 3, item s.1, presented for comparison purposes, restated herein, were audited by other independent auditors, who issued a report on February 20, 2014, without any changes.

Florianópolis, February 20, 2014

KPMG Auditores Independentes
CRC SC-000071/F-8

Claudio Henrique Damasceno Reis
Accountant CRC SC-024494/O-1

FISCAL COUNCIL'S OPINION

The members of the Fiscal Council of the Company Tractebel Energia S.A., Paulo de Resende Salgado, Carlos Guerreiro Pinto and Manoel Eduardo Lima Lopes, having examined the Management's Annual Report, the Financial Statements and Management's proposal for allocation of Distribution of Dividends for the fiscal year ended December 31, 2013, based on the report by the independent auditors – KPMG issued on February 20, 2014 on such financial statements, hereby state that they adequately represent in all material aspects the equity and financial position of Tractebel Energia S.A. on December 31, 2013, and are appropriate for being submitted to the Company's Annual Shareholders' Meeting.

Rio de Janeiro, February 20, 2014.

Paulo Resende Salgado
Chairman of the Board

Carlos Guerreiro Pinto
Board Member

Manoel Eduardo Lima Lopes
Board Member