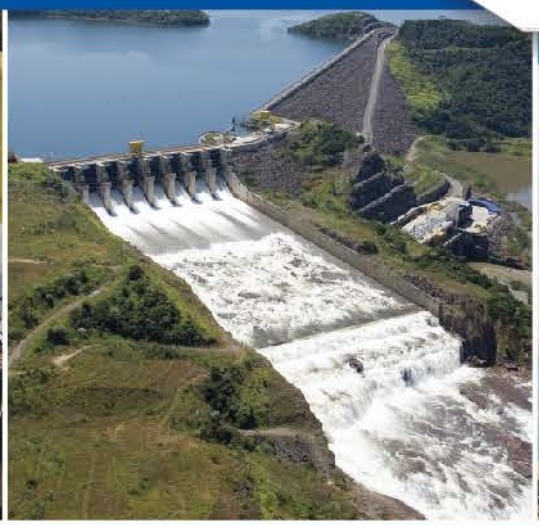
Tractebel Energia

GDF SUEZ











Management Report and Financial Statements for Fiscal Years 2014 and 2013

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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IBOVESPA

Índice de Sustentabilidade Empresarial ISE 2015

Índice de Ações com Governança Corporativa Diferenciada IGC

Índice de Ações com Tag Along Diferenciado ITAG

Quanto mais transparente, mais valiosa

Tractebel Energia
GDF SUEZ

CONTENTS

Message from Management 2
Management report 5
Balance sheets 46
Statement of income 48
Statement of comprehensive income 49
Statement of changes in shareholders' equity 50
Statement of cash flow 51
Statement of value added 53
1 Operations 55
2 Presentation of financial statements 57
3 Summary of the main accounting practices 60
4 Cash and cash equivalents 70
5 Trade accounts receivable 71
6 Inventories 72
7 Tax credits recoverable 72
8 Fuel reimbursable 73
9 Restricted deposits 73
10 Non-current assets held for sale 74
11 Judicial deposits 74
12 Investments 75
13 Property, plant and equipment 82
14 Intangible assets 89
15 Suppliers 90
16 Loans and financing 90
17 Debentures 97
18 Concessions payable 98
19 Income and social contribution taxes payable 100
20 Other tax and regulatory obligations 100
21 Provision for remunerations and charges 101
22 Civil, tax and labor provisions 101
23 Retirement benefits obligations 109
24 Deferred income and social contribution taxes 114
25 Shareholders' equity 116
26 Dividends and interest on equity 118
27 Reconciliation of net revenue 120
28 Detail of operating expenses by nature 120
29 Financial result 122
30 Income taxes reconciliation, in the income statement 123
31 Risk management and financial instruments 124
32 Transactions with related parties 133
33 Insurance 136
34 Long-term commitments 137
35 Additional cash flow information 141
36 Subsequent events 141
Declaration of the company's management 142
Board of directors 143
Board of executive officers 143
Accounting department 143
Independent auditors report 144
Fiscal council's opinion 146

To Our Shareholders,

The management of Tractebel Energia S.A. (Tractebel Energia or the Company) is pleased to submit the Management Report and the corresponding Financial Statements, which are in accordance with International and Brazilian accounting practices, accompanied by Independent Auditors report and the Fiscal Council´s opinion, for the year ended December 31, 2014. The information given in the Management Report is stated in millions of reais and is on a consolidated basis, unless otherwise stated.

MESSAGE FROM MANAGEMENT

In 2014, a year marked by a severe drought, Tractebel Energia maintained its consistent results trend. Its net income was R$1.4 billion, basically the same as in 2013, but still 3.7% lower, despite the considerable increase in costs incurred to replace electric energy that was not able to generate.

The diversity of its energy sources, coupled with a coordinated planning and supply control, contract portfolio, and plant maintenance management, allowed the Company to face better the challenges arising from lower rainfall, and confirms the resilience pointed out by the market as one of its main differentiating features. The successful efforts in tax, regulatory and legal areas also contributed in terms of non-recurring gains, without which the net income would have been 17.7% lower than in 2013.

In January 2014 Tractebel Energia shares became once again part of the Ibovespa, the main index of the Brazilian stock market. In December, as has happened since 2012, we closed the year with the highest market capitalization in the Brazilian electric energy sector: R$22.1 billion.

As proof of soundness and credibility, the Company ratings remained at BBB in the international scale and AAA in the domestic scale, and the sustainable development-focused management has kept part of the BM&F Bovespa's Corporate Sustainability Index (ISE) for the tenth consecutive year, which has been included in the index since it was created in 2005—a feat shared with only ten other companies.

The largest private sector energy generator in Brazil, Tractebel Energia is a subsidiary of GDF SUEZ, the world's largest independent producer of electric energy, which declared in 2014, its intention of reaching the same leadership position in Latin America within three years. Aligned with this goal, despite the low industrial performance scenario currently experienced in Brazil, the Company has confirmed the growth strategy, which is consistent with the country's energy needs. At the new electricity auction held on November 28, for supply starting in 2019, the Company sold 386.9 average MW. This supply will be made possible with the expansion of the biomass-fired Ferrari Thermoelectric Power Plant, in São Paulo, corresponding to 9.8 average MW, and the construction of two new plants: the Campo Largo Wind Farm in Bahia, with an output of average 82.6 MW, and the Pampa Sul Thermal Power Plant, in Rio Grande do Sul, with an output of average 294.5 MW.

The construction of a new coal-fired plant represents an opportunity to contribute to the expansion of Brazil's strategic reserve in low rainfall periods, such as the one that has been experiencing since the end of 2012. Note that the Brazilian power matrix depends mostly on renewable sources and Tractebel Energia's power generation complex follows this feature. As at December 31, 2014, 84.1% of its own installed capacity of 7,027.2 MW, refers to renewable sources, especially hydroelectric plants, which total 5,629.8 MW, plus 278.4 MW from wind and biomass.

Actions planned for the coming years, such as the scaled shutdown of fossil fuel generation units which have been operating for a long time, and proceeding with the expansion of our generation facilities, especially using renewable sources, indicate that the future share of renewable sources in energy generation matrix will be even higher compared to nonrenewable sources.

With the same intention in mind, in 2014 was initiated not only the Ferrari expansion works but also the construction of the Santa Mônica Wind Farm in Ceará, which will have an installed capacity of 97.2 MW. In 2014 also started commercial operations in the Fleixeiras I and Mundaú wind farms, which have installed capacity of 30 MW each. These wind farms are part of the Trairi Wind Farm Complex, also in Ceará—which with these additional 60 MW now has a total installed capacity of 115.4 MW integrated into the National Interconnected System (SIN).

The largest solar power plant in Latin America also started commercial operations in 2014. The successful result of a research and development project led by the Brazilian Electricity Regulatory Agency (Aneel) and developed by Tractebel Energia in association with other companies and the Federal University of Santa Catarina, the Cidade Azul solar photovoltaic power plant has peak capacity of 3 MW and is the first solar power plant connected to the SIN.

As regards the plants in operation, new investments were made to upgrade and increase the efficiency of the Passo Fundo, Rio Grande do Sul, Salto Santiago, Paraná, and Ponte de Pedra, Mato Grosso do Sul hydroelectric power plants. The continuous improvement of generating facilities contributes to high availability levels; in 2014 this index was 96.5%, not considering scheduled shutdowns, which was especially significant considering the additional demand from thermal plants.

The Company remains attentive to the communities neighboring our projects. In April 2014, in Quedas do Iguaçu, PR, it was opened the fourth Cultural Center sponsored by Tractebel Energia. Like its counterparts, this center is independently managed by a local association with a proven track record in managing cultural projects. Furthermore, in October was celebrated the first year of operation of the Tractebel Environmental Park, in Capivari de Baixo, SC, which has already welcomed 100,000 visitors.

As in previous years, the Company obtained important acknowledgments. From those who build its history, an organizational climate survey responded to by 76% of its employees reported a 74% satisfaction index, and 82% of the respondents stated they were proud to work at Tractebel Energia. The customer survey reported a 94.8% favorability index. The environmental management received from Chamber of Commerce of Rio de Janeiro Brasil Ambiental Award in two categories: Social and Environmental Responsibility and Atmospheric Emissions.

In terms of corporate stance, the Brazilian Institute of Business Ethics has distinguished as an outstanding entity in the Most Ethical Companies in Brazil Ranking; the financial statements received for the fifth time the Transparency Award from the National Association of Finance, Management and Accounting Executives (Anefac); and fund managers interviewed by the Institutional Investor magazine considered Tractebel Energia's investor relationship program the best in Latin America.

Many challenges await the electricity industry in 2015, especially finding ways to compensate for the water shortage. Increased regulatory clarity and stability could help improve the industry's management and security. In 2014, a promising sign from the Federal Government in this regard was the establishment of more realistic ceiling prices in the auctions conducted, which ended up attracting more investors with the actual capacity to honor the commitments assumed.

The Company and its parent company GDF SUEZ belief in Brazil's potential. As part of future expansion, two new projects have strengthened wind power's importance for and share in generating facilities as a whole. In addition to Campo Largo, which at the end of 2018 should reach installed capacity of 326.7 MW and an additional potential of approximately 300 MW, the Company has acquired the Santo Agostinho Complex, in Rio Grande do Norte, with potential of 600 MW. The business plan also includes evaluating new solar power projects, both to be interconnected with the SIN and for distributed generation.

Another major share of the Company´s growth planned for the coming years should be driven by the transfer of GDF SUEZ's 40% stake in the Jirau Hydroelectric Power Plant, in Rondônia. Of the project's 3,750 MW installed capacity, 1,500 MW will be added to Tractebel Energia's capacity, which means the share of renewable sources will be even greater. Part of the UN's Clean Development Mechanism, Jirau closed 2014 with 22 of its 50 generation units in operation, each with 75 MW of power. The transfer of this asset could start in 2015 and should be completed in 2016, in a process to be conducted with the necessary transparency, especially by involving the Special Independent Committee for Related Party Transactions.

New opportunities to expand the country's power supply could arise as a result of the legal and regulatory easing of private sector participation rules for industries such as natural gas and nuclear power, in which GDF SUEZ has a proven track record.

We close this message sharing the joy for our achievements with those without whom none of this would be possible. Our sincere appreciation to the employees, customers, shareholders, service providers, suppliers, and partners of Tractebel Energia, and all those governmental and nongovernmental organizations with which we interact and share efforts to build a power sector increasingly more suited to the needs of Brazil.

Maurício Stolle Bähr
Chairman of the Board of Directors

Manoel Arlindo Zaroni Torres
Chief Executive Officer

ABOUT THE REPORT

The 2014 Management Report complies with the requirements of Law 6,404/76 and is being published together with the financial statements for the years ended December 31, 2014 and 2013. This Management Report follows the recommendations of CVM Guideline 15, of December 28, 1987, issued by the Brazilian Securities Commission (CVM).

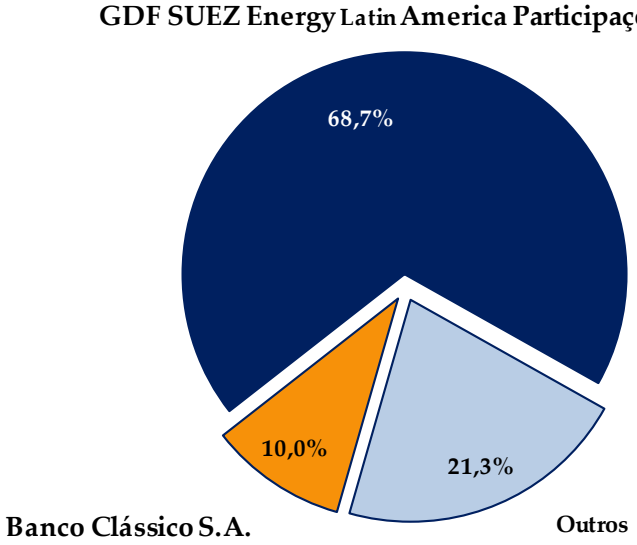
Tractebel Energia also publishes the Sustainability Report according to the Global Reporting Initiative (GRI) framework, which, as it involves a larger information volume, is usually published after the Management Report, at the end of April. It is Company´s policy to incorporate the Management Report's content into the Sustainability Report to ensure the communication with different stakeholders is consistent. In 2014 the Company started to adopt, in both reports, some of the Integrated Reporting guidelines, pursuant to the International Integrated Reporting Council (IIRC) framework—one of the objectives of which is to provide insight into an organization's strategy to create value in the short, medium and long term, and how the economic, social and environmental facets of its operations relate and contribute to it. Based on these assumptions, this Management Report has a structure similar to the Sustainability Report into which it will be incorporated.

1. INSTITUTIONAL PROFILE

Tractebel Energia is Brazil's largest private sector electricity generation company. Since 1998, when it started operating in Brazil, it has been engaged in the construction and operation of power plants, including through hydroelectric power concessions obtained in auctions conducted by the Federal Government, permits to operate thermal power plants, small hydroelectric power plants, and wind farms, and registrations to build solar power plants. The Company has capital of R$2,445.8 million, represented by 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 of 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 indirectly by GDF SUEZ, the world's largest independent energy producer, with installed capacity of 115.3 GW, which operates in the entire electricity and natural gas energy value chain.

Shareholding control as at December 31, 2014



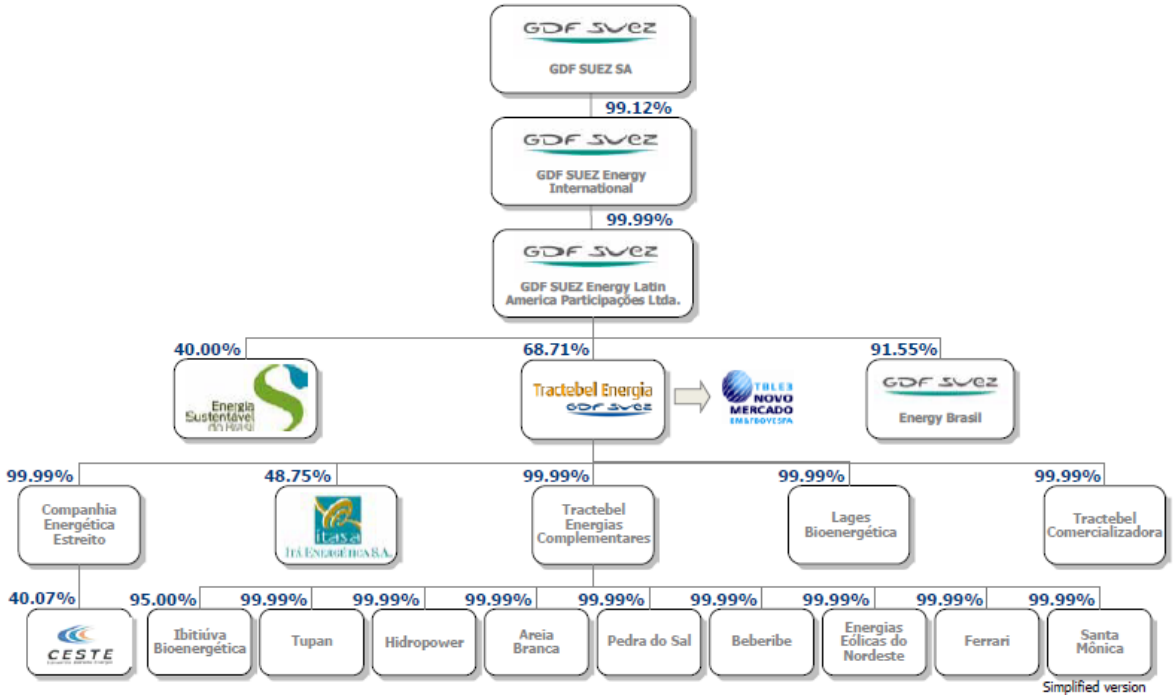
1.1. Corporate structure

Tractebel Energia is the controlling shareholder of Companhia Energética Estreito, Lages Bioenergética Ltda., Tractebel Energias Complementares Participações Ltda., Usina Termelétrica Pampa Sul S.A. and Tractebel Energia Comercializadora Ltda. The latter is responsible for intermediating and managing purchases, sales, imports and exports of electric energy in the deregulated market.

The Company also holds the following stakes in consortiums, concessionaires of generating plants: (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), 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 Thermal Power Plant, by means of the indirect subsidiary Ibitiúva Bioenergética S.A., where Tractebel Energias Complementares Participações Ltda. holds 95.00% of the capital.

Tractebel Energia also holds a 48.75% stake in and shared control of Itá Energética S.A. (Itasa). Itasa, in turn, holds a 60.5% stake 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, comprising four members, two of which are representatives of Tractebel Energia.

Simplified organization chart as at December 31, 2014



1.2. Generation facilities

At the end of 2014, Tractebel Energia has an installed capacity of 7,027.2 MW, equivalent to 5.7% of the total installed capacity in Brazil.

Its generation facilities comprise 27 power plants, including nine large and medium-sized hydroelectric plants, five thermoelectric plants, and 13 complementary plants: three small hydroelectric power plants (SHPPs), six wind farms, three biomass and one solar photovoltaic. The Company operates all of these plants and fully controls 23 of them. In 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 27 plants is 8,747.9 MW.

To exploit the generation facilities, the Company holds concessions and authorizations granted by the regulatory body, the details of which are shown below.

Generation facilities and installed capacity of assets in respect of which concessions and authorizations have been granted to Tractebel Energia as at December 31, 2014

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[1]	Uruguai River (SC and RS)	10/16/2030	1,126.9
Salto Osório	Rio IguaçuRiver (PR)	9/27/2028	1,078.0
Cana Brava	Rio Tocantins River (GO)	8/26/2033	450.0
Estreito[1]	Rio Tocantins River (TO and MA)	11/26/2037	435.6
Machadinho[1]	Rio Uruguai River (SC and RS)	7/14/2032	403.9
São Salvador	Rio Tocantins River (TO)	4/22/2037	243.2
Passo Fundo	Rio Passo Fundo River (RS)	9/27/2028	226.0
Ponte de Pedra	Rio Correntes River (MT)	9/30/2034	176.1
Total from hydroelectric sources			**5,559.7**
Thermoelectric power plants			
	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[3]	Alegrete (RS)	-	-
Total from thermoelectric sources			**1,119.0**
Complementary power plants (biomass, wind and SHPPs)			
Complexo Eólico Trairi[4]	Trairi (CE)	9/28/2041	115.4
Lages	Lages (SC)	10/29/2032	28.0
Rondonópolis	Ribeirão Ponte de Pedra (MT)	12/18/2032	26.6
Beberibe	Beberibe (CE)	8/3/2033	25.6
Ferrari	Pirassununga	06/27/2042	65.5
José Gelazio da Rocha	Ribeirão Ponte de Pedra (MT)	12/18/2032	23.7
Ibitiúva Bioenergética[1]	Pitangueiras (SP)	4/4/2030	22.9
Areia Branca	Rio Manhuaçu (MG)	5/2/2030	19.8
Pedra do Sal	Parnaíba (PI)	10/1/2032	18.0
Cidade Azul	Tubarão (SC)	not applicable[5]	3.0
Total from complementary sources			**348.5**
Total			**7,027.2**

(1) The plants owned by consortiums have the following total installed capacities, 1,450.0 MW; Estreito, 1,087.0 MW; Machadinho, 1,140.0 MW; and Ibitiúva, 33.0 MW. Therefore, the installed capacity operated by Tractebel Energia at the 27 plants is 8,747.9 MW.

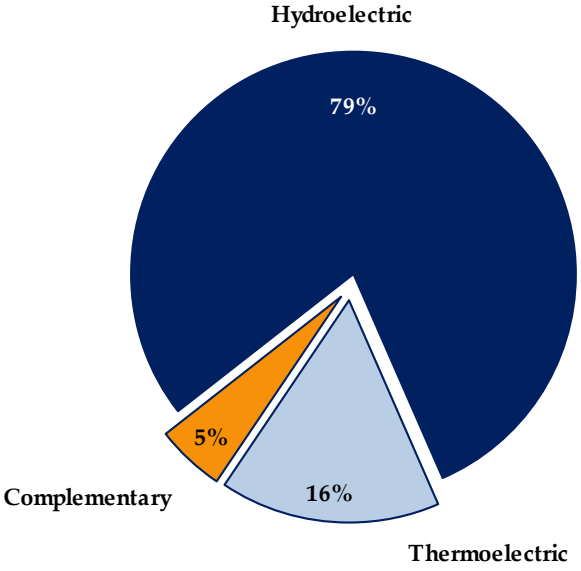
(2) Thermoelectric complex comprising three plants.

(3) The Alegrete Thermoelectric Power Plant (UTAL) is a fuel oil-fired thermoelectric plant that went into service in 1968. Since the plant is no longer cost-effective, Tractebel Energia made a request to the Brazilian Electricity Regulatory Agency (Aneel) in 2013 to issue a definitive revocation of its operation authorization and its return to the Federal Government.

(4) Consisting of four wind farms.

(5) For generating plants with installed capacity lower than or equal to 5 MW the legal instrument applicable is the record.

Breakdown of generation facilities as at December 31, 2014



2. BUSINESS MODEL

Tractebel Energia is a subsidiary of French-Belgian group GDF SUEZ, the world's largest independent energy producer. GDF SUEZ operates throughout the entire energy value chain, in exploration and production, transportation, distribution and trading of electricity and natural gas.

Founded in 1998, after the acquisition of Gerasul, the Comapny operates in the construction and operation of electricity generation units, and is also active in energy trading. Its installed capacity has increased by 89% since the start of operations. At the end of 2014, the Company operated 27 plants, in twelve states, in all five Brazilian regions.

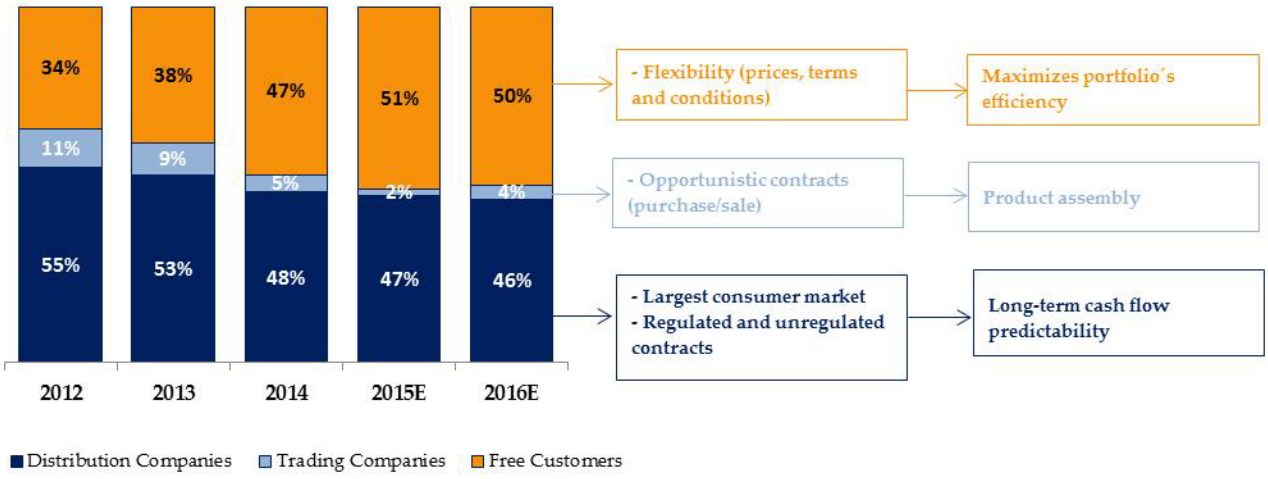
Oriented in line with the best corporate governance practices, steered by consistent and sustainable expansion, and the management personnel are vastly experienced in the electricity industry.

2.1. Strategy

Tractebel Energia´s strategy is to grow sustainably, with financial discipline, and maintain an efficient portfolio, based on diversification per type of industry, customer, and market (regulated and deregulated, as shown in the graph below).

Contracted energy per type of customer and

adopted strategic approach as at December 31, 2014



2.2. Corporate governance

The Company´s governance is based on the principles of ethics and transparency, and is endeavor to adopt the best market practices that effectively create value and management differentials.

Tractebel Energia´s Information Disclosure and Share Trading Policy, available on its website, complies with the rules of the financial market regulator's rules. The Company is also focused on the consistency of the information and, beginning with this report, now incorporate the guidelines of the Integrated Reporting framework, especially as regards the strategy to create value in the short, medium and long term.

The internal control system is based on the Sarbanes–Oxley Act (SOX). This system is continually improved and subject to annual testing and certification by management, and subsequent review by external auditors hired specifically for this purpose. The internal audit unit is dedicated to assess how financial and nonfinancial processes are conducted and the manuals and standards that are the pillars of Tractebel Energia's management are applied.

These practices and differentials include:

Novo Mercado: Tractebel Energia is part of *Novo Mercado*, the segment of BM&F Bovespa with the highest level of governance practices, which surpass the requirements of Brazilian legislation.

Corporate Sustainability Index (ISE): In 2014, Tractebel Energia was one of 11 companies to have been part of the ISE for the tenth consecutive year, i.e., since the index was created. The new ISE portfolio, which will be effective until January 2016, gathers 51 stocks from 40 companies, representing 19 industries. At the closing date, November 14, 2014, these stocks totaled R$1.2 trillion in market value, equivalent to 49.9% of the total capitalization of the companies listed on BM&FBovespa.

Continuous improvement: recommendations such as those from the Brazilian Corporate Governance Institute (IBGC), the ISE, the ISO 26000 Guide, and the Global Reporting Initiative (GRI) are considered by the Company in the assessments of its corporate governance continuous improvement. Since 2007 Tractebel Energia has published sustainability reports aligned with the GRI guidelines, and starting in 2013 began to adopt the G4 version, comprehensive option. This cycle incorporates gradually the International Integrated Reporting Council (IIRC) guidelines into the communication process.

Shareholder rights: special attention to equally protect the interests of all shareholders efforts, who are ensured the following rights:

- right to vote in annual or extraordinary shareholders' meetings;
- right to make recommendations to the Board of Directors using a specific channel in the website's Investors Portal;
- right to receive dividends and to participate in the distribution of profits or other distributions;
- right to oversee the management in the event of circumstances provided for by Brazilian Corporate Law; and
- right to receive no less than 100% of the price paid per common share of the control block, in accordance with *Novo Mercado* regulation, in the event of a public offering of shares as a result of sale of control (tag-along right).

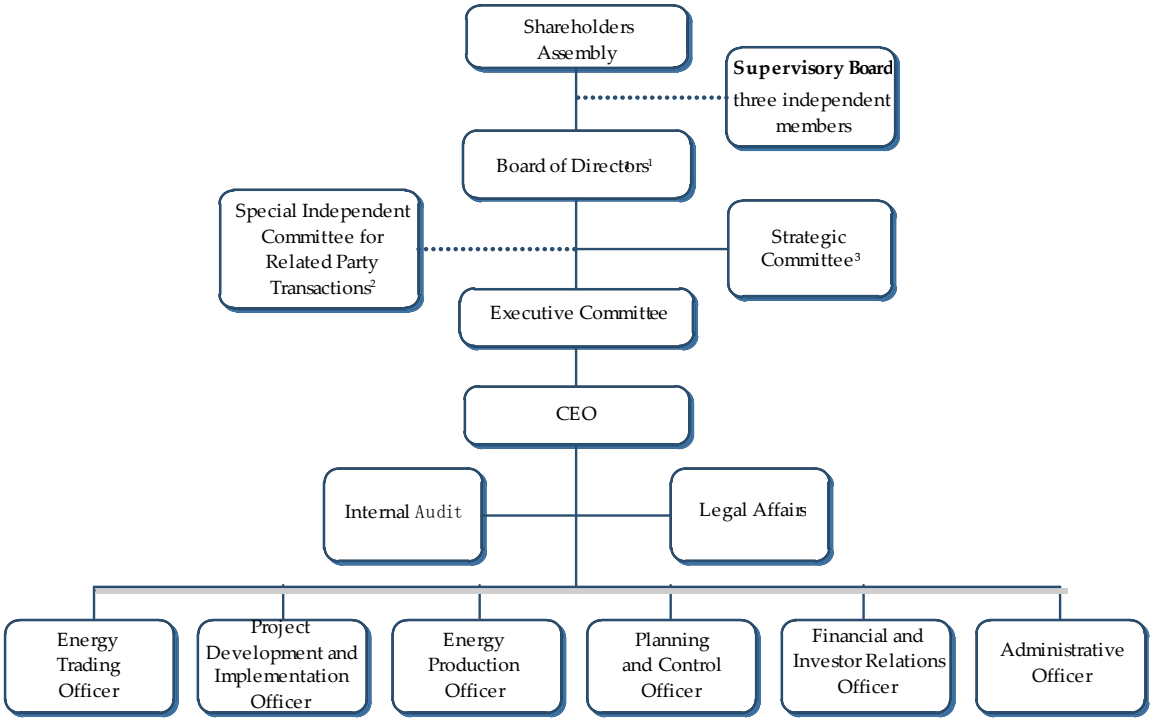
Arbitration: Tractebel Energia Bylaws prescribe that any dispute between its shareholders, especially disputes related to the capital market or corporate law, shall be settled in the Market Arbitration Chamber—an independent and confidential body linked to BM&FBovespa.

Permanent Fiscal Council: Beginning in 2013, the Company´s Fiscal Council became a permanent body, which allows enhancing controls over the disclosed results.

Board of Directors Representative in the Sustainability Committee: since 2012, one of the Sustainability Committee's members is the employees' representative in the Board of Directors.

2.2.1. Management

Management Organization Chart as at December 31, 2014



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

(2) Nonpermanent and predominantly consisting of members not appointed by the parent company.

(3) Consisting of board members and parent company representatives.

2.2.1.1. Management personnel selection and appointment

The Annual Shareholders' Meeting elects the directors based on personal and professional development, and potential contribution to the Company´s management.

2.2.1.2. Committees

In addition to the bodies depicted in the organization chart above, there are eight other committees, reporting to the Executive Committees consisting of multidisciplinary teams that provide support for planning and decision-making related to each committee's expertise: Energy, Ethics, Risk Management, Tax Management, Innovation, Industrial Control System Security, Sustainability and Finance Committees.

2.2.2. Composition

2.2.2.1. Board of Directors

The Company´s Bylaws and the Board of Directors Internal Charter, available on the website, establish the roles of the directors and executive officers, and the power delegation rules. The Internal Charter seeks to ensure the effective contribution of the directors, as well as to establish principles, practices, accountabilities, and ethical and integrity standards to be observed by the board members.

Under the Bylaws, the Board of Directors must consist of no less than five and no more than nine members and an equal number of alternates, all elected at a shareholders' meeting (AGA), for two-year terms, with possible reelection. One of the members shall be appointed chairman and another member vice chairman of the Board. Furthermore, one of the members and his or her alternate must represent the employees and be elected through a direct vote by the employees and approved at a shareholders' meeting. At least 20% of the board members must be independent, as required by the *Novo Mercado* Regulation.

Composition of the Board of Directors as at December 31, 2014

Members	Alternates
Maurício Stolle Bähr Chairman	Patrick Charles Clement Obyn
Philip Julien De Cnudde Vice Chairman	Pierre Victor Marie Nicolas Devillers
Antonio Alberto Gouvêa Vieira Representative of minority shareholders	Luiz Leonardo Cantidiano Varnieri Ribeiro Representative of minority shareholders
Dirk Achiel Marc Beeuwsaert	Gil de Methodio Maranhão Neto
Guy Marie Numa Joseph Ghislain Richelle	Luiz Eduardo Simões Viana
José Pais Rangel Representative of minority shareholders	José João Abdalla Filho Representative of minority shareholders
Manoel Arlindo Zaroni Torres	André de Aquino Fontenelle Canguçu
Roberto Henrique Tejada Vencato Representative of employees	Luiz Antônio Barbosa Representative of employees
Willem Frans Alfons Van Twembeke	José Carlos Cauduro Minuzzo

2.2.2.2. Supervisory Board

The role of Tractebel Energia's Supervisory Board, which became a permanent body in 2013, is to analyze the financial statements, supervise the actions of the Executive Committee, review the risk management and internal control systems and, if additional services are engaged from the firm that audits the financial statements, the proposals to be submitted to the Board of Directors.

The Supervisory Board has three to five members and an equal number of alternates, elected at an annual shareholders' meeting for one-year terms, with possible reelection. Its composition as at December 31, 2014 is shown in the table below.

Composition of the Supervisory Board as at December 31, 2014

Members	Alternates
Manoel Eduardo Lima Lopes	Ailton Pinto Siqueira
Carlos Guerreiro Pinto	Manuel Eduardo Bouzan de Almeida
Paulo de Resende Salgado	Flávio Marques Lisboa Campos

2.2.2.3. Executive Committee

Under the Bylaws, the chief executive officer is responsible for conducting the Executive Committee's meetings and coordinating and steering the activities of the other officers, assigning them any special role, and ensuring the enforcement of the Board of Directors' and Executive Committee's decisions.

Composition of the Executive Committee as at December 31, 2014

Name	Position
Manoel Arlindo Zaroni Torres	Chief Executive Officer
José Carlos Cauduro Minuzzo	Energy Production Officer
Luciano Flávio Andriani	Administrative Officer
Marco Antônio Amaral Sureck	Energy Sales Officer
José Luiz Jansson Laydner	Projects Development and Implementation Officer
Eduardo Antonio Gori Sattamini	Financial and Investor Relations Officer
Edson Luiz da Silva	Planning and Control Officer

2.3. Operation

2.3.1. Uptime

In 2014, the annual uptime achieved by the plants operated by Tractebel Energia was 96.5%, disregarding scheduled stoppages—broken down into 98.7% for hydroelectric plants, 83.3% for thermoelectric plants, and 95% for complementary sources. Including scheduled stoppages, overall uptime was 86.8%, broken down into 88.9% for hydroelectric plants, 71.9% for thermoelectric plants, and 89.3% for complementary sources. The continuous improvement of the generation facilities' maintenance has contributed to the high uptime levels.

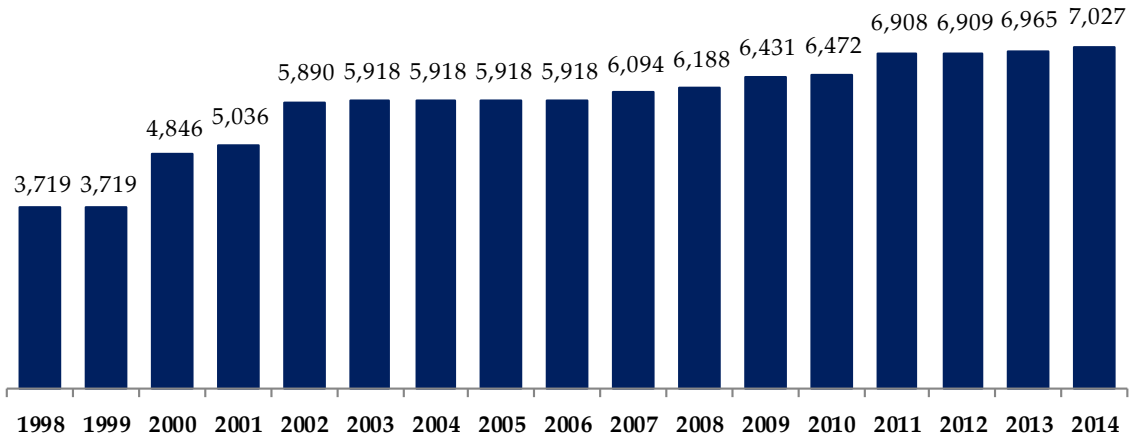
2.3.2. Investment and expansion

In order to retain its position as the largest private sector generator in Brazil, Tractebel Energia aims for continuous, consistent, and sustainable growth. Either directly or through its parent company, the Company is always attentive to expansion opportunities in the different Brazilian regions, provided that such opportunities satisfy the economic feasibility requirements and are consistent with the concept of sustainable development. Therefore, the Company has been diversifying its energy matrix and the regional markets where it operates. In line with the domestic energy matrix, Tractebel Energia prioritize renewable sources when expanding the generation facilities, although this does not mean that other sources are not taken into consideration in the expansion analyses, provided that they prove to be necessary for the country's energy security.

The construction of large hydroelectric power plants, which represents a major share of the expansion, has been based on a model that provides for the transfer of share control from the parent company to Tractebel Energia only after the main intrinsic construction risks are mitigated. Since 2010, when enhanced this model's transparency, the transfer of share control is reviewed by the Special Independent Committee for Related Party Transactions, consisting mostly of board members not appointed by the parent company.

The Company installed capacity grew 62.5 MW in 2014. Total expansion for the year was 128.5 MW, through the merger of the generation facilities of the Ferrari Hydroelectric Power Plant, located in São Paulo, with 65.5 MW capacity, and the startup of the wind farms Fleixeiras I and Mundaú, in Ceará—each with 30.0 MW capacity and part of the Trairi Wind Farm Complex—and the Cidade Azul Solar Photovoltaic Plant, with 3.0 MW peak capacity, in Santa Catarina. On the other hand, Tractebel Energia filed a request with the Brazilian Electricity Regulatory Agency (Aneel) in 2013 for the definitive revocation of the operation authorization and the return to the Federal Government of the Alegrete Thermoelectric Power Plant, which is no longer cost effective.

Evolution of own installed capacity in operation



The construction works in the Santa Mônica Wind Farm Complex, in Ceará, with 97.2 MW of power, proceeded as normal to allow its startup in 2016. The power generated in Santa Mônica will be sold in the deregulated market. Also in 2014, started the expansion of the Ferrari Thermoelectric Power Plant to 80.5 MW, to be completed in 2015.

Another milestone in 2014 was Tractebel Energia successful participation in the new energy auction for delivery beginning 2019, conducted in November, when sold 386.9 average MW. This volume will be made possible by the mentioned expansion of the Ferrari thermal plant and the construction of the Campo Largo Wind Farm Complex, in Bahia, with 178.2 MW capacity in its first stage, and the coal-fired Pampa Sul Thermoelectric Power Plant, in Rio Grande do Sul, with 340.0 MW capacity.

The predominance of renewable sources in the generation facilities will be maintained in the coming years with the transfer of GDF SUEZ's stake in the Jirau Hydroelectric Power Plant— which will add another 1,500.0 MW in the coming years to own capacity from renewable sources--and through the planned, scaled shutdown of the thermal plant which has been operating for a long time. The transfer of the Jirau HPP will involve the Special Independent Committee for Related Party Transactions.

Besides that, Tractebel Energia remains attentive to growth opportunities, both through mergers and construction of new projects.

Projects under Construction

Power plants	Source	Location	Installed Capacity (MW)		Concession/ Authorization original term expiration date
			Total	Tractebel's/ Group's Share	
Jirau *	Hydro	Madeira River (RO)	3,750.0	1,500.0	Aug-43
Pampa Sul	Thermal	Candiota (RS)	340.0	340.0	to be defined
Campo Largo	Wind Farm	Umburanas and Sento Sé (BA)	326.7	326.7	to be defined
Santa Mônica	Wind Farm	Trairi (CE)	97.2	97.2	Jan-45
Ferrari (retrofit)	Biomass	Pirassununga (SP)	15.0	15.0	Jun-42
Total			**4,528.9**	**2,278.9**	

(*) It is envisaged that GDF SUEZ's stake in the project will be transferred to Tractebel Energia.

Projects under Development

Power plants	Source	Location	Installed Capacity (MW)	
			Total	Tractebel's Share
Santo Agostinho	Wind Farm	Lajes and Pedro Avelino (RN)	600.0	600.0
Norte Catarinense	Thermal	Garuva (SC)	600.0	600.0
Pampa Sul - Phase II	Thermal	Candiota (RS)	340.0	340.0
Campo Largo - Phase II	Wind Farm	Umburanas and Sento Sé (BA)	300.0	300.0
Total			**1,840.0**	**1,840.0**

2.4. Competitive advantages

2.4.1. Readiness and management

Tractebel Energia management consists of experienced executives, committed to the best corporate governance practices. The Company´s employees are prepared to couple technical know-how with a strategic, managerial vision of the business. Their knowledge and dedication help in boosting the uptime of the generation facilities.

2.4.2. Synergy and tradition

The indirect parent company of Tractebel Energia is GDF SUEZ, the world's largest independent energy producer, with installed capacity of 115.3 GW. It considers Latin America, in particular Brazil, one of its investment priorities.

2.4.3. Focus on generation

Due to the Company does not operate in energy distribution and transmission, Tractebel Energia maximizes its human capital potential by focusing on prospection, assessment and development of new generation business opportunities, thus avoiding possible interest overlaps.

Because the Company operates in 12 states and in all five Brazilian regions, and because it has a diversified energy matrix, Tractebel Energia is able to mitigate the effects of climate changes to better serve to the energy sale commitments and help the country in terms of reaching its energy security.

2.4.4. Supplementary operations

The operating synergy between the generation facilities and Sales fosters the performance of all energy purchase and sale contracts. The fact that Sales is linked to a broad, diversified generation complex increases the security of the deregulated customers and ensures the appropriate performance of the contracts.

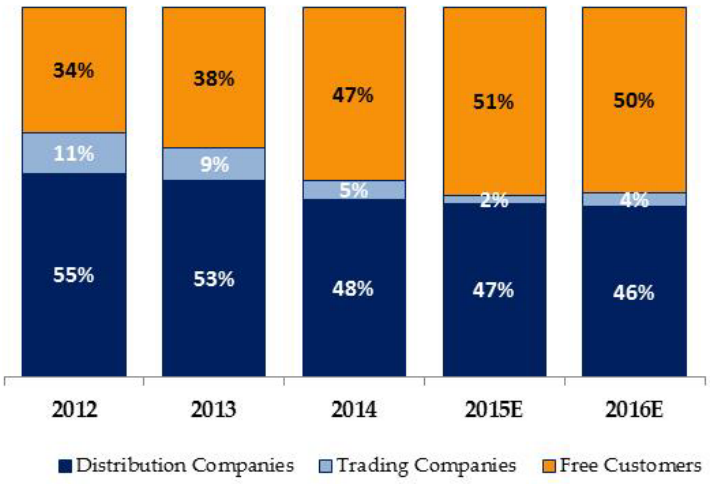
2.4.5. Strong cash generation with economic and financial soundness

The financial discipline, customer portfolio and energy matrix diversification, coupled with a economic and financial soundness constitute a strong differential offered to energy market customers. In December 2014 Standard & Poor's confirmed the corporate credit ratings of brAAA/brA-1 in the Brazil National Scale, with stable prospects.

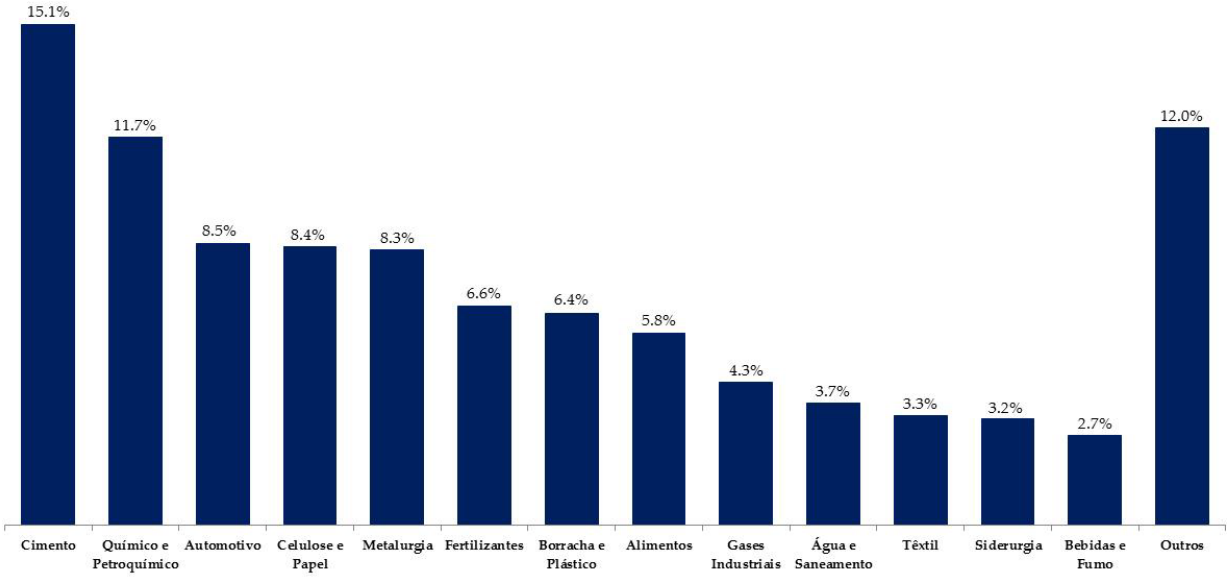
The Company directs part of the generation from renewable sources, with higher margins, to deregulated customers that demand this type of energy.

The graphs below show the customer portfolio and diversification per industry.

Breakdown of customer portfolio as at December 31, 2014



Diversification per industry as at December 31, 2014



2.4.6. Attractiveness for the capital market

Since joining BM&F Bovespa's *Novo Mercado*, in 2005, Tractebel Energia has been posting a good performance, with appreciation above the Ibovespa. In addition to the competitive advantages, the following differentials contribute to the success in the capital market:

- operation in a strategic industry, with a defensive profile in times of crisis;
- funding with attractive terms, excellent risk rating: the ratings obtained in 2013 were maintained in 2014;
- stable financial performance , with strong cash generation, high average EBITDA margin, consistent net income, low foreign exchange exposure, and active financial management;
- industry leader, as the largest private sector energy generator in Brazil;

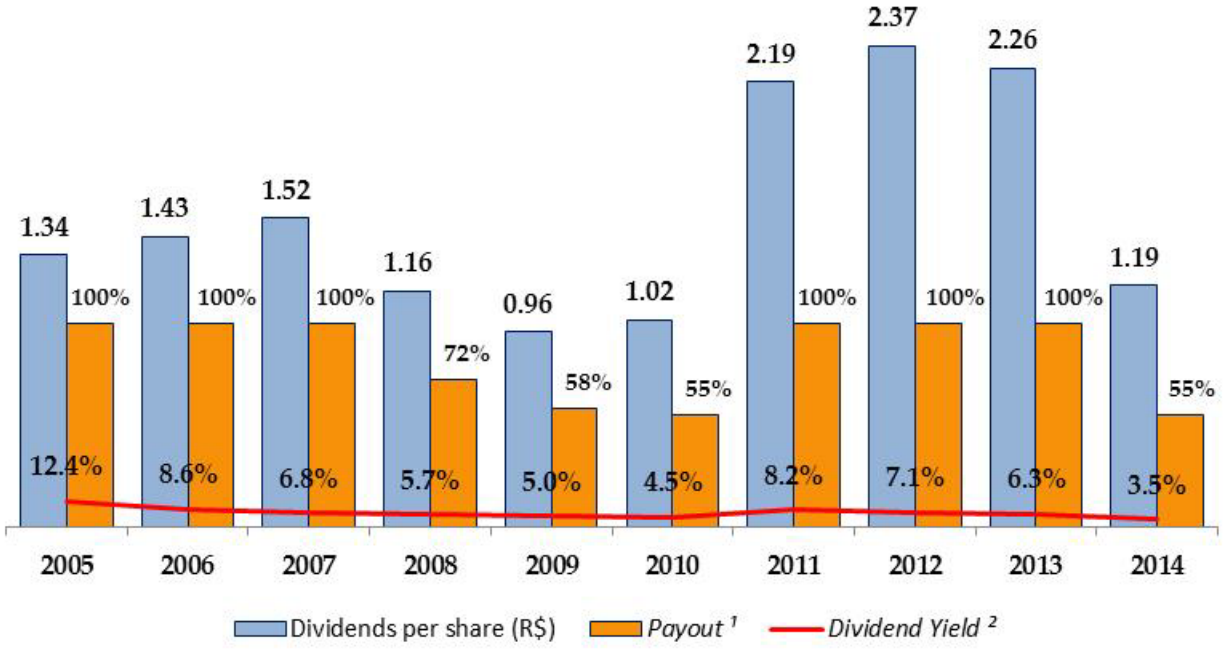
- highest market capitalization among electricity industry companies: R$22.1 billion at the end of 2014;
- clear sales strategy, with appropriate contracting level for the coming years, and contracts indexed to inflation[1];
- good cash flow predictability;
- diversified energy matrix, consisting of small, medium-size, and large hydroelectric, thermoelectric, wind, photovoltaic, and biomass power plants; and
- rational dividend and interest on capital payout.

The definition of the payout to be distributed depends on macroeconomic conditions, the financial position, and investment prospects. The management's commitment is to pay out at least 55% of adjusted net income, which is higher than the 30% provided for by the Bylaws and the 25% provided for by the Corporate Law.

In 2014, total payout will be R$775.2 million, equivalent to R$1.1875973571 per share or 55% of the distributable adjusted net income.

The annual payout defined since Tractebel Energia carried out the secondary share offer—which led to listing in the BM&FBovespa *Novo Mercado* (in 2005)—is shown below.

Payout evolution: 2005- 2014



Notas:
¹ Considers the adjusted net income of the year
² Based on the price of closing weighted by volume of ON shares in the period.

2.5. Intangible assets

In addition to those disclosed in the financial statements, the intangible assets include: human capital, research, development and innovation, and image.

[1] See subparagraph sales strategy, of Paragraph 4.2.1.3 Customers.

2.5.1. People

In a competitive, high technology, highly regulated industry, which supplies an essential good to society, the development of a company's staff is key. Thus, Tractebel Energia continuously invests in training, which allows us to attract and retain the best talents. In 2014, were dedicated 74,390 hours to training, development and formal qualification, or an average of 65.6 hours per employee.

2.5.2. Research, development and innovation

As its parent company, Tractebel Energia is committed to stimulate the creativity of its employees with a focus on innovating in the operational activities. For this purpose, the Company maintain the program Inove, which rewards innovative ideas and projects in five categories: Operation and Maintenance, Research and Development, Sales and Business, Social and Environmental, and Management. All employees can participate, except organizational units' managers and members of the Innovation Committee. In the last cycle, 60 projects were enrolled and seven were rewarded.

Another important tool to strengthen an innovative culture is Tractebel Energia's R&D program, following the guidelines of Law 9,991/2010, which prescribed that electricity companies must allocate one percent of their annual net income to R&D, distributed as follows:

- R&D projects: 40%;
- National Fund for Scientific and Technological Development (FNDCT): 40%; and
- Ministry of Mines and Energy (MME), to fund The Energy Research Bureau (EPE): 20%.

The goals of any R&D project must be submitted to the Brazilian Electricity Regulatory Agency (Aneel). The main goals of the R&D program are: training, technologic development, knowledge dissemination; minimizing environmental impacts and biodiversity research; and renewable energy research. Some information on Tractebel Energia R&D in the period:

- four projects completed;
- one project initiated; and
- 30 projects in progress.

2.5.3. Image

The Company corporative image is built and strengthened by the attitudes and practices. The core values to achieve this are value sharing, operating efficiency, transparency, and dialogue. Permanent communication channels with the stakeholders, surveys and consultations allow us to identify and assess the expectations related to operations and how Tractebel Energia's image is perceived.

2.6. Value creation

Tractebel Energia has been gradually adopting the guiding principles of Integrated Reporting. The table below allows us to visualize some of the values created by Tractebel Energia:

The Capitals			
Physical	**Human**	**Social**	**Natural**
- Plants - Facilities - Efficient technologies - Cultural centers - Environmental parks	- Development and training - Health and safety - Patents - Technological innovations - Respect for traditional cultures - Ethics - Integrity	- Investments in renewable energy - Taxes - Promoting culture	- Permanent Preservation Areas (APP) - Environmental Protection Areas (APA) - Parks - Botanical gardens - Tree nurseries

3. CORPORATE RISK MANAGEMENT

The corporate risk and opportunity analysis consists of a company-wide systematic process of Tractebel Energia, part of all its activities, which involves employees, managers and officers, including the Chief Executive Officer (CEO), in addition to the Risk Management Committee. The results of this process are registered in the Corporate Risk and Opportunity Matrix, a document that conduct business. The analysis of corporate risks consists of identifying and classifying such risks as to the likelihood of occurrence, materiality in terms of financial and image impact, and degree of control.

Based on this evaluation, it is developed action plans for each risk and identify possible associated opportunities. Accordingly, the risk analysis goes beyond complying with the controlling shareholder's or market requirements, and makes up an efficient strategic planning tool. Several corporate objectives, followed up over time, originate from the action plans resulting from this analysis. After being approved by the Executive Committee, these objectives generate targets for the managerial staff to tie their variable compensation to the achievement of such targets. The identified risks and opportunities are characterized by possible changes as compared to Medium-term Financial Planning (PMT). Negative changes compared to the PMT translate into risks and positive changes translate into opportunities.

The main risks evaluated are: market, regulatory, tax, economic factors, contract breach, social and environmental of the plants in operation, development and construction of new projects, energy downtime, major accident, human resources, and information technology.

4. ECONOMIC MANAGEMENT

4.1. Macroeconomic and sectorial scenario

4.1.1. Macroeconomic scenario

During 2014, the economic indicators pointed to a downturn of Brazil's economy. The growth of Gross Domestic Product (GDP) was 0.1%, 2.6 p.p. lower than in 2013. According to the Ministry of Development, Industry and Foreign Trade (MDIC), the trade balance closed with a US$3.9 billion deficit. The yearend US dollar exchange rate was R$2.662, a 13.0% appreciation compared to the R$2.358 at the end of the previous year, and the Broad National Consumer Price Index (IPCA) for the year was 6.4% higher than in 2013.

The most recurring estimate for 2015 is that this scenario will continue, with a reduction of household consumption and industrial activity, a GDP close to zero growth, and the IPCA above the inflation target ceiling set by the Federal Government. A more restrictive monetary policy is expected, with an increase of the country's policy interest rate.

4.1.2. Sectorial scenario – electricity consumption

According to the report released by The Energy Research Bureau (EPE), domestic electricity consumption in 2014 was 2.2% higher than in 2013, reaching 473,400 GWh. Household consumption increased 5.7%, totaling 132,000 GWh in 65.9 million households, or 27.9% of consumed electricity.

In the commerce and services segment, consumption expanded 7.3%, posting the year's largest growth. This rise is due, but not limited, to the high summer temperatures and the expansion of leasable areas in shopping malls and hotel chains.

Industrial consumption dropped 3.6% compared to 2013, totaling 178,000 GWh. This reflects the decrease in production of the electricity-intensive sectors, which extended to other industries throughout the year such as the chemical, metal, and automotive industries.

The Southern region posted significant growth: 5.6%. In the Northern region, the increase was 7.2%, while the Central-West and the Northeast posted growth rates of 5.3% and 1.1%, respectively. In turn, the Southeast posted timid growth in 2014 of 0.4%.

4.1.2.1. Electricity sector sustainability

The energy crisis of 2014 was mainly caused by a drought that started at the end of 2012 and lasted until December. According to experts, rationing and other contingency measures avoided in 2014 could happen in 2015.

One of the industry's challenges is, therefore, grow to meet the demand with quality and, especially, on a sustainable basis. This prospect has resulted in some practical measures, such as the Authorities' attempt to diversify energy generation sources during the 2014 auctions.

As for the hydroelectric potential, Brazil is currently fifth in the world, with 12% of the planet's surface water and appropriate conditions to exploit this potential. This information was obtained on Portal Brasil, the Federal Government's webpage, which estimates this hydroelectric potential at approximately 260 GW, of which 40% are in the Amazon River Watershed—as a comparison, the Paraná River Watershed accounts for 23%, the Tocantins River Watershed for 11%, and the São Francisco River Watershed for 10%. Only 63% of the hydroelectric potential in the country has undergone an evaluation and inventory-taking process. The hydroelectric potential of the Northern Region, in particular, has yet to be explored.

Hydropower also makes up a significant portion of the world's generation from renewable sources: 16% of all the electricity generated on the planet.

The Tractebel Energia´s expansion strategy is aligned with Brazil's current energy requirements, contributes both to ensure supply safety, by building a new coal-fired power plant, and to diversify generation sources, by maintaining predominance of renewable sources. The Company and its parent company GDF SUEZ are preparing the transfer of the Jirau Hydroelectric Power Plant to Tractebel Energia in the coming years and simultaneously are attentive to opportunities for the acquisition or construction of new projects, distributed generation prospects, and possible energy-related infrastructure projects.

4.2. Tractebel Energia performance

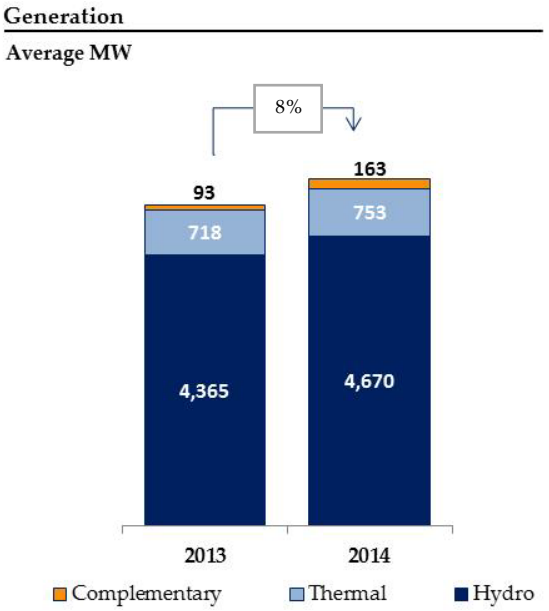
4.2.1. Operating performance

4.2.1.1. Uptime

In 2014, the annual uptime achieved by the plants operated by Tractebel Energia was 96.5%, disregarding scheduled stoppages—broken down into 98.7% for hydroelectric plants, 83.3% for thermoelectric plants, and 95% for complementary sources. Including scheduled stoppages, overall uptime was 86.8%, broken down into 88.9% for hydroelectric plants, 71.9% for thermoelectric plants, and 89.3% for complementary sources.

4.2.1.2. Production

In the 12-month period, total electric energy output reached 48,941 GWh (5,586 average MW), an increase of 7.9% in relation to 2013. Of the total generated, the hydro plants were responsible for 40,912 GWh (4,670 average MW), a 7.0% increase; thermoelectric plants for 6,598 GWh (753 average MW), an increase of 4.8%; and the complementary plants for 1,432 GWh (163 average MW), an increase of 76.5%. The increase in the complementary-fired plants was due to the startup in operations of Fleixeiras I and Mundaú wind farms, the Ferrari TPP and the Cidade Azul Solar Plant in 2014.

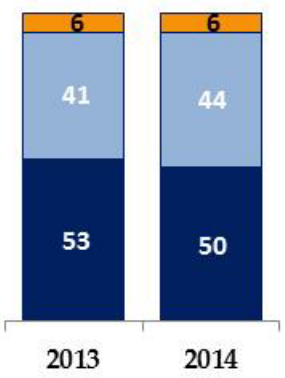


It is worth noting that the increase in hydroelectric generation does not necessarily result in an improvement or deterioration in the Company's economic and financial performance. In the same way, the reduction in this type of generation does not of itself imply deterioration in economic-financial performance. This is due to the use of the Energy Reallocation Mechanism (MRE), which dilutes the risks of hydroelectric generation among all the Mechanism's participants. The increase in the Company's thermal generation mitigates exposure to the spot Price for Settlement of Differences (PLD), the opposite also being true, all other variables remaining unchanged.

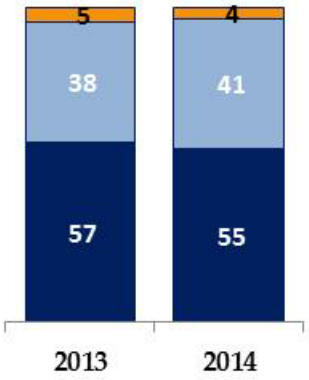
4.2.1.3. Clients

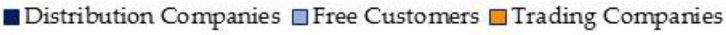
In 2014, free consumers represented 44.0% of physical sales and 40.6% of net revenue from contracted sales, increases of 2.6 p.p. for both indicators compared with 2013.

Breakdown of Customers by Physical Sales(%)



Breakdown of Customers in Contracted Sales Comprising Net Operating Revenue(%)



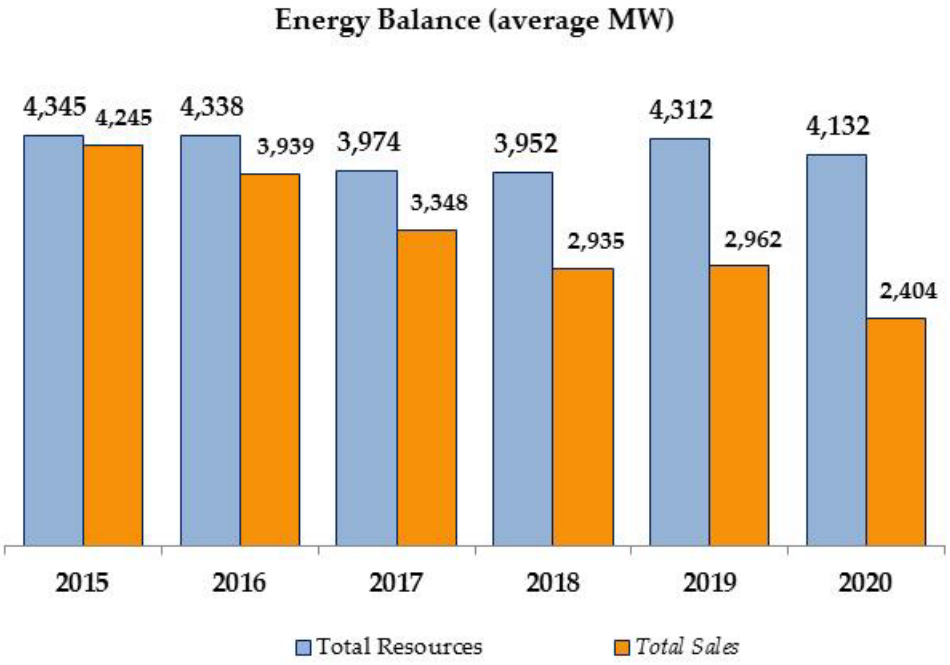


Sales strategy

The Company pursues a commercial strategy of gradual sales of future energy availability for any given year as a means of offsetting the risk of exposure to spot prices (Price for Settlement of Differences - PLD) for that particular year. Electric energy sales are made during windows of opportunity which open when the market shows a greater buying propensity. However, Tractebel Energia is considering leaving a larger volume of its commercial capacity uncontracted in the short-term market to attenuate the impact of some negative factors prevailing in the current scenario. These include the changes in spot price calculation methodology considerably increasing it and the greater volatility of this price, combined with the systemic deficit in hydroelectric generation in recent quarters and the outlook that this situation will persist.

4.2.1.4. Energy balance

According to data the commercial capacity and purchase contracts in effect as at December 31, 2014, Tractebel's energy balance is as follows:


Energy Balance (average MW)
4,345
4,245
4,338
3,939
3,974
3,348
3,952
2,935
4,312
2,962
4,132
2,404
2015
2016
2017
2018
2019
2020
Total Resources
Total Sales

4.2.2. Economic and financial performance

4.2.2.1. Indicators and Financial Information

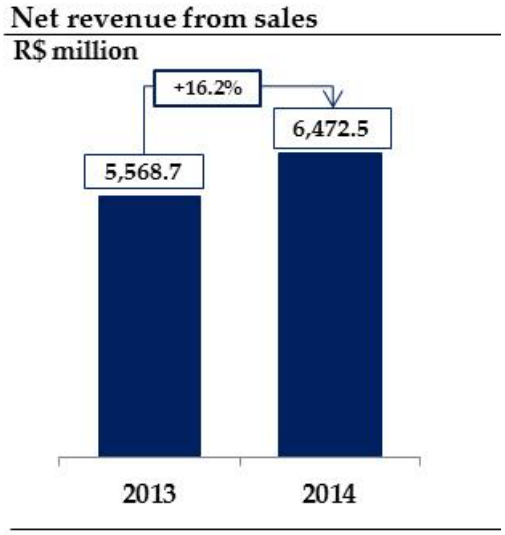
	2012	2013	2014	Variation 2014/2013
Financial information (R$ million)				
Total assets	12,310.9*	12,637.6	13,620.5	7.8%
Net worth	5,502.3*	5,364.6	5,654.9	5.4%
Net revenue from sales	4,912.5	5,568.7	6,472.5	16.2%
Gross income	2,781.6	2,657.0	2,497.7	-6.0%
EBIT [(1)]	2,539.3*	2,387.2	2,302.9	-3.5%
Operating income	2,086.3*	2,001.7	1,956.6	-2.3%
Net income	1,490.9*	1,436.7	1,383.1	-3.7%
EBITDA [(2)]	3,100.5*	3,042.6	2,895.1	-4.8%
Financial Indicators (R$ million)				
Total debts (loans, financing and debentures)	3,534.5	3,495.4	3,988.5	14.1%
Cash and cash equivalents and restricted deposits	1,283.2	1,346.1	1,750.7	30.1%
Net debt	2,251.3	2,149.3	2,237.8	4.1%
ROCE [(3)] (%)	24.7*	23.1	22.3	-0.8 p.p.
Gross debt/EBITDA	1.1	1.1	1.4	0.3 p.p.
Net debt/EBITDA	0.7	0.7	0.8	
Total debt to total asset (%)	55.3*	57.6	58.5	0.9 p.p.
Operating margin (%)	42.5*	35.9	30.2	-5.7 p.p.
Net margin (%)	30.3*	25.8	21.4	-4.4 p.p.
Shares				
Net earnings per share (R$)	2.2840*	2.2011	2.1189	-3.7%
Average price per share [(4)] – ON (R$)	28.77	33.11	32.97	-0.4%
Dividend per share (R$)	2.3691	2.2584	1.1876	-47.4%

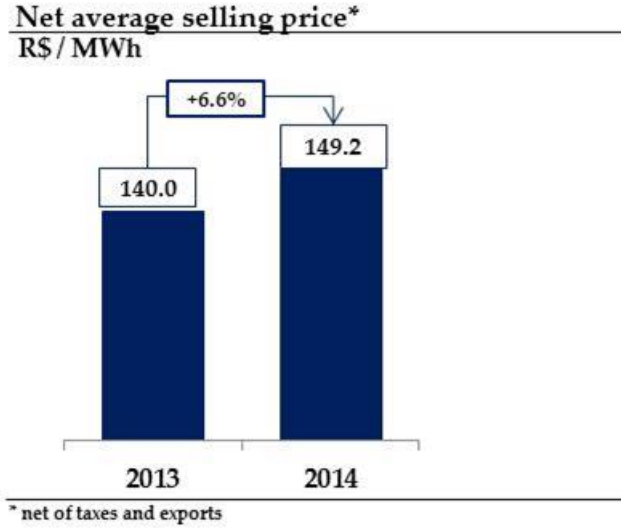
(1) EBIT = operating income + financial results;
(2) EBITDA = Net income + income tax and social contribution + net financial expenses + depreciation and amortization + impairment;
(3) ROCE = EBIT/capital employed;
(4) Closing share price average, adjusted by dividend; and
(*) Adjusted due to change in accounting methodology (see further explanation at Financial Statements).

4.2.2.2. Net revenue from sales

a) Net revenue from sales

Full year-on-year comparison shows an increase in net revenue from sales of R$903.8 million, or 16.2%, rising from R$5,568.7 million in 2013 to R$6,472.5 million in 2014. This rise is essentially due to the following combination of factors: (i) R$351.4 million – an increase in the average net price; (ii) R$218.4 million – increased volume of energy sold; (iii) R$176.8 million – increased revenue from transactions conducted in the short term market including those occurring within the scope of the CCEE; (iv) R$159.9 million – recomposition of revenue on the CCEE, as already mentioned; and (v) R$6.1 million – reduction in revenue from the sale of carbon credits.





b) Net average selling price

The average selling price of energy for 2014, net of income tax was R$149.20/MWh, 6.6% greater than the case in 2013, when the price was R$139.97/MWh. The price increase was largely the result of the monetary restatement of existing contracts.

c) Sales volume

The amount of energy sold in 2014 was 37,072 GWh (4,232 average MW), against 35,445 GWh (4,046 average MW) in 2013, a growth of 1,627 GWh (186 average MW), or 4.6%.

4.2.2.3. Comments on variation in net revenue from sales, by client class

a) Distributors

Revenue from sales to distribution companies in 2014 reached R$3,044.0 million, an increase of 7.8% compared with fiscal year 2013, which reported R$2,824.2 million in revenue from sales to distributors. This increase is explained by the association of the following variations: (i) R$216.1 million – growth of 7.6% in the average net selling price; and (ii) R$3.7 million – a slight increase of 0.1% in energy volume sold.

b) Trading Companies

Revenue from sales to trading companies was R$239.2 million, 4.4% lower than revenue reported in 2013 of R$250.1 million. The reduction is the result of the following aspects: (i) R$7.6 million – reduction of 3.1%, or 65 GWh (7 average MW) in the amount of energy sold; and (ii) R$3.3 million – decrease of 1.3% in the net average selling price.

c) Free consumers

In 2014, revenue from sales to free consumers reached R$2,247.9 million, 19.1% up from the R$1,887.0 million recorded for 2013. This expansion is related to the following: (i) R$222.3 million – growth of 1,669 GWh (191 average MW), or 11.4%, in the volume of energy sales; and (ii) R$138.6 million – growth of 6.9% in the net average selling price.

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

Year-on-year there was an R$336.7 million growth in the revenue from spot market transactions, including those conducted through the CCEE, from R$566.4 million in 2013 to R$903.1 million in 2014. The amount recorded for the past twelve months of 2014 include the recognition of the recomposition of revenue shortfall due to the reduction in the long position on the CCEE, on grounds of temporary interruption of generation, motivated by insurance claims incurred in Jorge Lacerda Thermoelectric Complex's generator units, in the amount of R$59.1 million and R$159.9 million, respectively. A more detailed explanation as to these operations and variations is to be found in the item below "Details of short-term operations including transactions conducted on the CCEE".

4.2.2.4. Costs of electric energy and services

In 2014, costs of energy sold and services provided reached R$3,974.8 million, 36.5%, or up R$1,063.1 million from R$2,911.7 million in 2013. This growth is essentially due to:

- Electric energy purchased for resale: increase of R$500.5 million in 2014 compared to 2013, reflecting mainly (i) pricing adjustments of existing contracts; and (ii) the increase of medium- and long-term power purchasing agreements of 2,897 GWh (331 average MW) in 2014.
- Transactions in the short term market, including those conducted through the CCEE: year-on-year costs grew R$401.6 million. Such changes includes R$83.3 million recognized as cost recovery due to the increase of the exposure to the CCEE as a result of the temporary shutdown of Jorge Lacerda Thermoelectric Complex, previously mentioned. Greater details are described in the specific item below.

- Fuels for electric energy production: year-on-year increase of R$134.1 million, reflecting principally the increase in natural gas consumption at the William Arjona Thermoelectric Power Plant in the light of the greater deployment of this facility.
- Charges for the use of and connection to the electricity grid: year-on-year increase of R$25.1 million largely reflecting the annual readjustment in transmission tariffs as well as the entry into commercial operation of the Trairi Wind Farm Complex and the acquisition of Ferrari Termoelétrica S.A.
- Materials and third party services: year-on-year growth of R$20.7 million due principally to greater demand for operating and maintenance services particularly at the Jorge Lacerda Thermoelectric Complex, the São Salvador Hydro Power Plant and Ferrari Thermal Power Plant.Financial compensation for use of water resources (royalties): year-on-year increase of R$22.4 million, basically due to the increase in generation at the Company's hydroelectric units.
- Financial compensation for the use of water resources (royalties): increase of R$22.4 million when comparing the full years 2014 and 2013, due to the increase in generation from the Company's hydroelectric plants.
- Personnel: year-on-year increase of R$16.1 million largely due to the annual wage bargaining agreement on salaries and benefits for employees.
- Depreciation and amortization: year-on-year increase of R$9.7 million mainly due to the start of the Wind Farm Complex operations and the acquisition of Ferrari Termoelétrica S.A.
- Reversal of operating provisions, net: year-on-year positive impact on net income of R$13.8 million mainly due to: (i) R$92.3 million – reversal of the civil provision for collecting an additional amount on the Tariff for the Use of the Transmission System (TUST) from Ponte de Pedra Hydroelectric Power Plant (UHPP), due to a ruling in favor of the Company which reduced the risk of loss from the outcome of the legal action; (ii) R$89.3 million – civil provisioning due to a judicial dispute with a supplier in the light of a disagreement over the implementation of the current legislation establishing the price of raw materials used by the Company; and (iii) R$15.7 million – reversal of a provision on a social security service (INSS) collection as a result of the Company's adherence to the amnesty on tax liabilities under the so-called "REFIS da Copa" program.
- Other: year-on-year positive impact of R$55.4 million basically reflecting the reversal, in the second quarter of 2014, of expired liabilities related to energy purchased and transmission charges totaling R$54.8 million.

4.2.2.5. Details on transactions in the spot market, including those conducted through the CCEE

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

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

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

For full-year 2014, the net result of transactions in the spot market, including those conducted through the CCEE, was negative R$136.2 million, compared to the negative result of R$71.3 million obtained in 2013, i.e., there was a year-on-year decrease of R$64.9 million. By deducting the recognition of the National Energy Policy Council (CNPE 03) provision in 2013 and its reversal in 2014, the year-on-year negative result of transactions in the spot market, including those conducted through the CCEE, would increase by R$173.9 million.

This decrease is largely due to a combination of the following elements: (i) growth of the negative net impact resulting from applying the GSF; (ii) increase in the long position on the CCEE reflecting the Company's strategy for monthly allotments of energy; (iii) increase in thermoelectric exposure due to the stoppage of generation for maintenance to the generator unit at the Jorge Lacerda Thermoelectric Plant; (iv) decrease in spot market energy purchases; (v) increase of the positive result in the MRE; and (vi) reversal of provision for contingent costs related to the impacts related to generation companies' sharing of System Service Charges (ESS), established by Resolution CNPE 03, since the risk of an unfavorable outcome in the lawsuit challenging the collection of these amounts; and (vii) recovery of the negative effects in the CCEE arising from generation downtimes due to accidents in generation units, previously mentioned, and thus the negative effects reported in items (i) and (iii) above were offset by the other elements.

It is worth pointing out that the year-on-year significant increases in the average PLD, reported below, notably contributed to the positive effects on results arising from the increased long position on the CCEE and negatively, in the form of costs relative to the application of the GSF and to thermoelectric exposure. Year-on-year, the PLD for the South and Southeast/Central-West submarkets increased 161.7%, from R$258.19/MWh in 2013 to R$675.81/MWh in 2014.

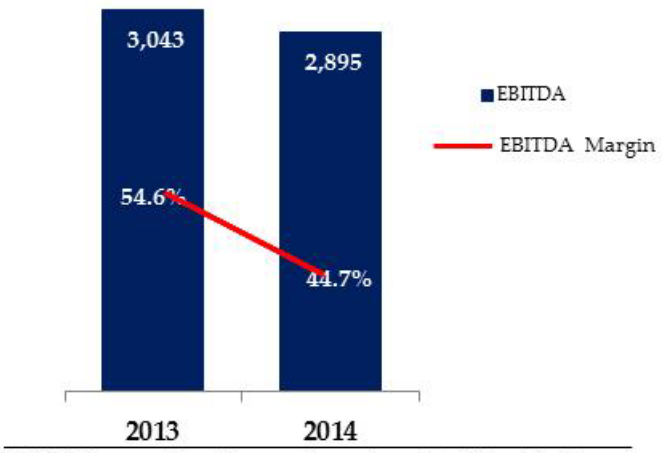
4.2.2.6. Provision for reduction in impairment value

In 2013, the Company recognized a provision for a reduction of impairment value on assets, especially those of the Charqueadas Thermoelectric Power Plant, of R$72.8 million. The impairment value of Charqueadas assets was constituted due to the probable effects resulting from the rules imposed by Aneel reducing the reimbursement for coal consumption as from January 2016. Based on internal assessments, these rules would result in an impairment loss on assets and not permit a return on the additional investments needed to meet the Regulator's new efficiency parameters at the plant.

4.2.2.7. EBITDA and EBITDA margin

In full-year 2014, EBITDA posted a reduction of R$147.5 million, or 4.8%, from R$3,042.6 million in 2013 to R$2,895.1 million in 2014. The EBITDA margin in 2014 was 44.7%, representing a decline of 9.9 p.p. compared with 2013. This decline can be largely attributed to a combination of the following factors: (i) R$569.8 million increase in net revenue from contracted energy sales; (ii) R$417.1 million negative effect of transactions in the spot market, including those across the CCEE; (iii) recognition in 2014 of the recovery of the negative effects on the CCEE due to the aforementioned stoppages at the Company's generator units in the amount of R$243.2 million; (iv) reversal in 2014 of the provision recognized in 2013 for impacts of CNPE Resolution 03, amounting to R$54.5 million, resulting in positive variation of R$109.0 million; (v) growth of R$500.5 million in energy purchases for resale; (vi) growth of R$134.1 million in fuel consumption; (vii) constitution in 2014 of a provision of R$89.3 million in the light of a judicial dispute with a supplier following a disagreement on the price of fuel consumption; (viii) reversal in 2014 of provisions with respect to: (viii.i) collection of an additional amount on the Tariff for Use of the Transmission System from Ponte de Pedra Hydroelectric Power Plant of R$92.3 million; and (viii.ii) prescribed liabilities of R$54.8 million; and (ix) an increase of R$75.6 million of the remaing operating costs and expenses. Excluding the non-recurring effects mentioned in items (iv), (viii.i) and (viii.ii), EBITDA would have reached R$2,693.5 million and R$3,097.1 million, for the years 2014 and 2013, respectively, a reduction of R$403.6 million, or 13.0%, between the compared fiscal years.

Ebitda [1] (R$ million) e EBITDA Margin



[1] EBITDA represents: net income + income tax and social contribution + financial expenses, net + depreciation and amortization + impairment

Reconciliation of net income with EBITDA

(in millions of R$)	2013	2014	Chg. %
Net income	1,436.7	1,383.1	-3.7%
(+) Income tax and social contribution	565.0	573.5	1.5%
(+) Financial expenses, net	385.5	346.3	-10.2%
(+) Depreciation and amortization	582.5	592.1	1.7%
(+) Impairment	72.8	0.0	-100.0%
EBITDA	**3042.6**	**2895.1**	**-4.8%**

4.2.2.8. Finance results

a) Financial income

Year-on-year financial income increased R$23.7 million, from R$182.7 million in 2013 to R$206.4 million in 2014. This variation is explained essentially by the following factors: (i) reversal of R$61.4 million in 2014, corresponding to interest and monetary restatement on prescribed liabilities mentioned under the item "Cost of Electric Energy Sales and Services - Others"; (ii) increase of R$25.4 million in revenue on financial investments; (iii) reduction of R$18.0 million in gains as a result of favorable rulings on law suits; (iv) recognition of a gain of R$49.1 million in 2013 resulting from the early settlement at market value of debt with the Federal Treasury Department (STN); and (v) an increase of R$2.0 million in monetary restatement of court escrow deposits.

b) Financial expenses

Financial expenses dropped from R$568.2 million in 2013 to R$552.7 million in 2014, a difference of R$15.5 million. This was the result of a combination of the following variations: (i) a reduction of R$42.4 million in expenses with the translation effect on currency denominated debt; (ii) an increase of R$7.9 million on interest and monetary restatement on concessions payable; (iii) an increase of R$7.3 million in net interest on actuarial liabilities; (iv) growth of R$6.8 million in interest and monetary restatement on debt; and (v) an increase of R$4.9 million in financial charges on other Company debts.

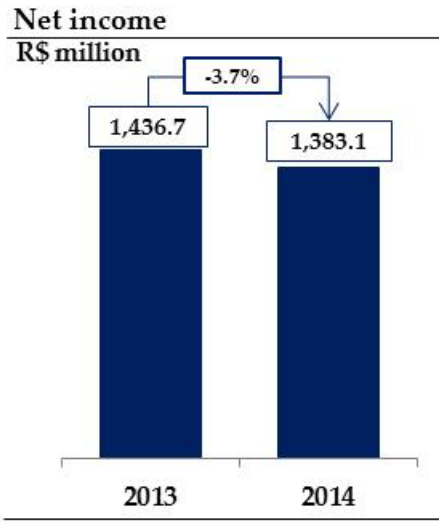
4.2.2.9. Income Tax and Social Contribution on Net Income

Income tax and social contribution expenses increased from R$565.0 million in 2013 to R$573.5 million in 2014, an R$8.5 million growth. This variation also reflects the result above all of the combination between the reduction in pre-tax profit and the lower value credit value of interest on shareholders' equity. The effective tax rates on profits for 2014 and 2013 were 29.3% and 28.2%, respectively.

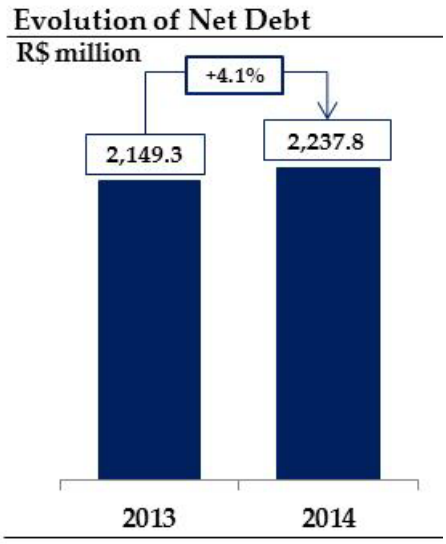
4.2.2.10. Net income

Net income decreased from R$1,436.7 million in 2013 to R$1,383.1 million in 2014, a reduction of R$53.6 million, or 3.7%. This variation stems essentially from the following factors already explained above, net of income tax and social contribution: (i) reduction of R$97.4 million in EBITDA; (ii) decline of R$37.1 million in net recurring financial expenses and reduction of non-recurring financial gains between 2013 and 2014 of R$11.2 million, resulting in a variation of R$25.9 million in the financial result; (iii) an increase of R$6.4 million in depreciation and amortization; (iv) recognition of R$48.0 million in impairment value in fiscal year 2013; and (v) a decrease of R$23.7 million in the permanent deductions on the basis of calculation on income tax and social contribution, in particular in the interest on the shareholders' equity.

Disregarding annual nonrecurring effects, net of tax, positively impacting EBITDA for 2014 in the total amount of R$133.1 million and negatively in 2013 for R$36.0 million, registered impairment value in 2013 of R$48.0 million and the positive nonrecurring effects on the financial result, namely; (I) financial charges of R$40.5 million on reversal of prescribed liabilities in 2014; (ii) gain in 2013 of R$32.4 million in the early settlement of debt; and (iii) a gain in 2013 of R$19.3 million in a lawsuit with no right of appeal, net income in 2014 and 2013 would have been R$1,209.5 million and R$1,469.0 million, respectively, a year-on-year reduction of 17.7% or R$259.5 million.

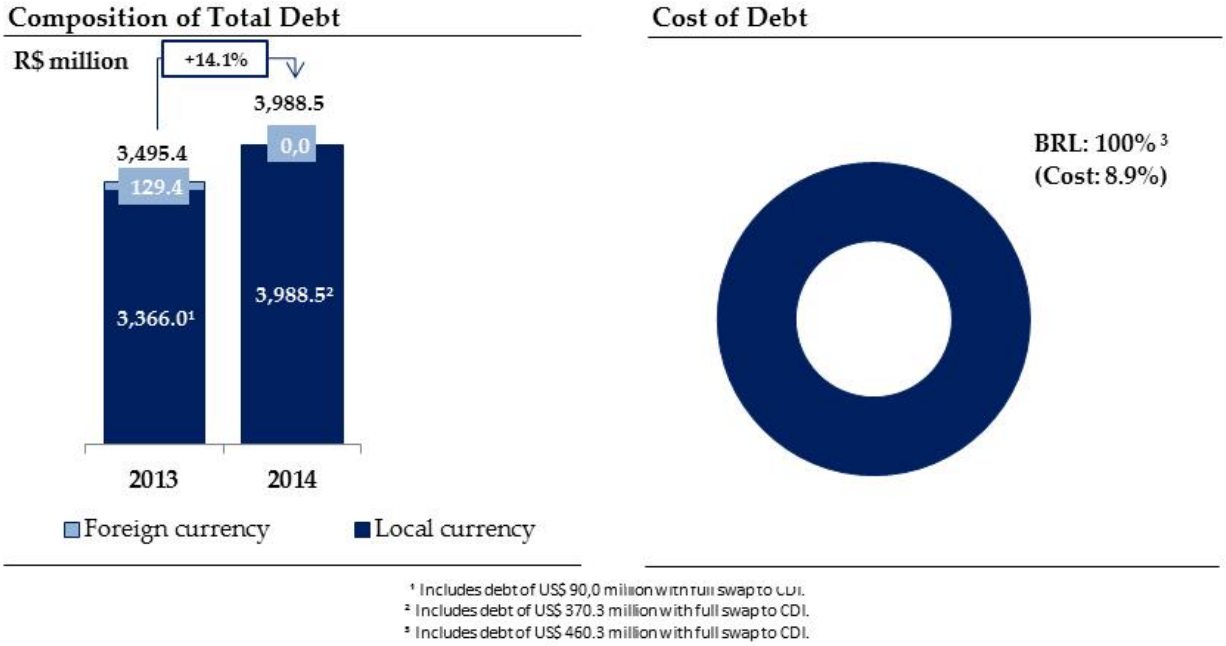


4.2.2.11. Debt



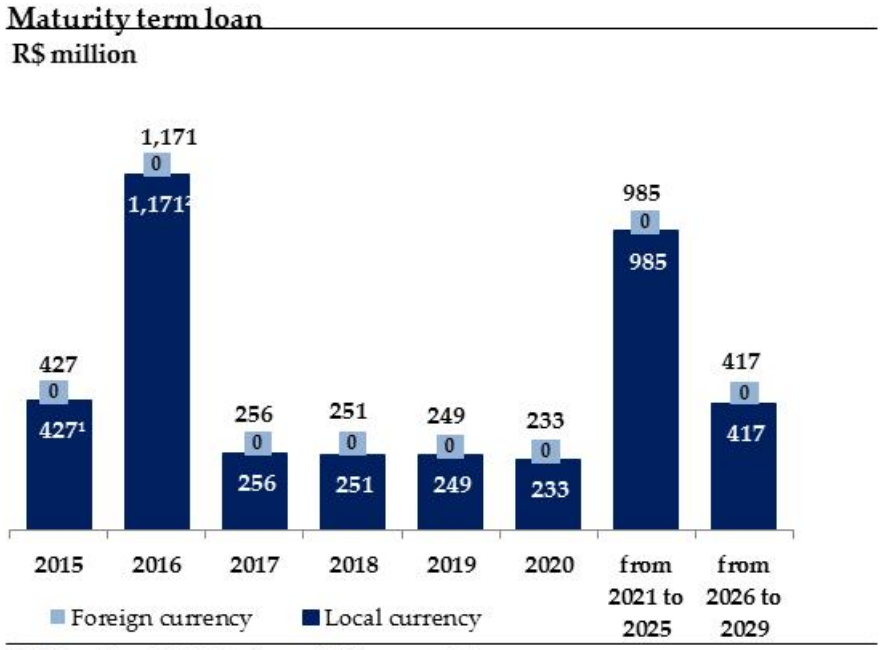
As at December 31, 2014, the Company's net debt (total debt less cash and cash equivalents) was R$2,237.8 million, a 4.1% increase compared to the debt recognized at the end of 2013. Beginning in the third quarter of 2014, the restricted deposits aimed at guaranteeing the payment of the debt services started to be deducted by the gross debt for net debt calculation purposes. In order to maintain consistency of procedures between the periods analyzed, net debt as of December 31, 2013 was adjusted from R$2,271.2 million to R$2,149.3 million.

Total consolidated gross debt, represented largely by loans, financing and debentures, net of hedge operations, totaled R$3,988.5 million at the end of 2014, an increase of 14.1% compared to the position of December 31, 2013. Out of total debt at the end of the period, 28.7% was denominated in foreign currency (9.7% at the end of 2013). However, taking into account the swap operations, the Company recorded no currency exposure at the end of 2014.



¹ Includes debt of US$ 90,0 million with full swap to CDI.
² Includes debt of US$ 370.3 million with full swap to CDI.
³ Includes debt of US$ 460.3 million with full swap to CDI.

The increase in Company debt is largely related to a combination of the following factors occurring between 2013 and 2014: (i) drawdown from the BNDES and its financial agents of the total amount of R$130.7 million in support of investment driven to the modernization of the Salto Santiago and Passo Fundo HPP; (ii) absorption of the financing contract with the BNDES and on lending banks due to the acquisition of the Ferrari Termoelétrica S.A. for R$44.5 million; (iii) contracting of loans in foreign banks for US$ 370.3 million (equivalent to R$927.2 million), subject to swap operations to protect the entirety of future cash flows against US dollar appreciation; (iv) issue in December 2014 of simple non-convertible debentures for R$162.4 million; (v) the generation of R$265.3 million in incurred charges payable including monetary restatement and currency translation effects; (vi) amortization of debentures of R$184.6 million; and (vii) R$852.3 million in amortization of loans and financing.



¹ Includes debt of US$ 90.0 million with full swap to CDI.
² Includes debt of US$ 370.3 million with full swap to CDI.

4.2.2.12. 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 retain 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 (61.9% of total debt in local currency as at December 31, 2014). The remainder of the resources are from other loans with variable rates in the market. In the year ended December 31, 2014, the total cost of debt was 8.85%, fully denominated in local currency. 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.

4.2.3. Investments in 2014

4.2.3.1. Expansion and refurbishment of generation facilities

In 2014 the Company carried out the expansion and refurbishment of the generation facilities. The construction of the Trairi, Campo Largo and Santa Mônica wind farm complexes and the expansion of the Ferrari Thermoelectric Plant demanded investments totaling R$343.0 million. It was also invested R$228.4 million in maintenance and refurbishment projects. Thus, in 2014 these investments totaled R$571.4 million.

4.2.3.2. Research and Development (R&D)

In 2014 were appropriated R$40.5 million in the R&D program: R$16.2 million in projects and transferred the same amount to the National Fund for Scientific and Technological Development, and R$8.1 million to the Ministry of Mines and Energy.

4.2.3.3. Environmental management

The investment totaled R$17.0 million, while operating expenses totaled R$32.1 million.

4.2.3.4. Professional development

The investment in training programs, courses and lectures to develop, update and qualify the employees was R$5.0 million, with an average of 66.3 hours of training per employee.

4.2.3.5. Corporate Social Responsibility (CRS)

In 2014, the CRS investments were as follows: (i) R$4.1 million in investments not entitled to tax incentives; (ii) R$1.8 million in investments through the Childhood and Adolescence Fund; (iii) R$9.4 million in investments under the Cultural Incentive Act; (iv) R$1.3 million in investments under the Incentive to Sports Act; and (v) R$1.2 million in other investments entitled to tax incentives (health and other areas).

4.2.4. Additional dividends proposed

The Board of Directors approved, at the meeting held on March 30, 2015, a proposal for additional dividends for the period January 1 to December 31, 2014, totaling R$172.1 million (R$0.2636276932 per share), which should be ratified at the Annual Shareholders' Meeting, where payment terms will be decided.

Thus, in 2014, total payout will be R$775.2 million, equivalent to R$1.1875973571 per share or 55% of the distributable adjusted net income.

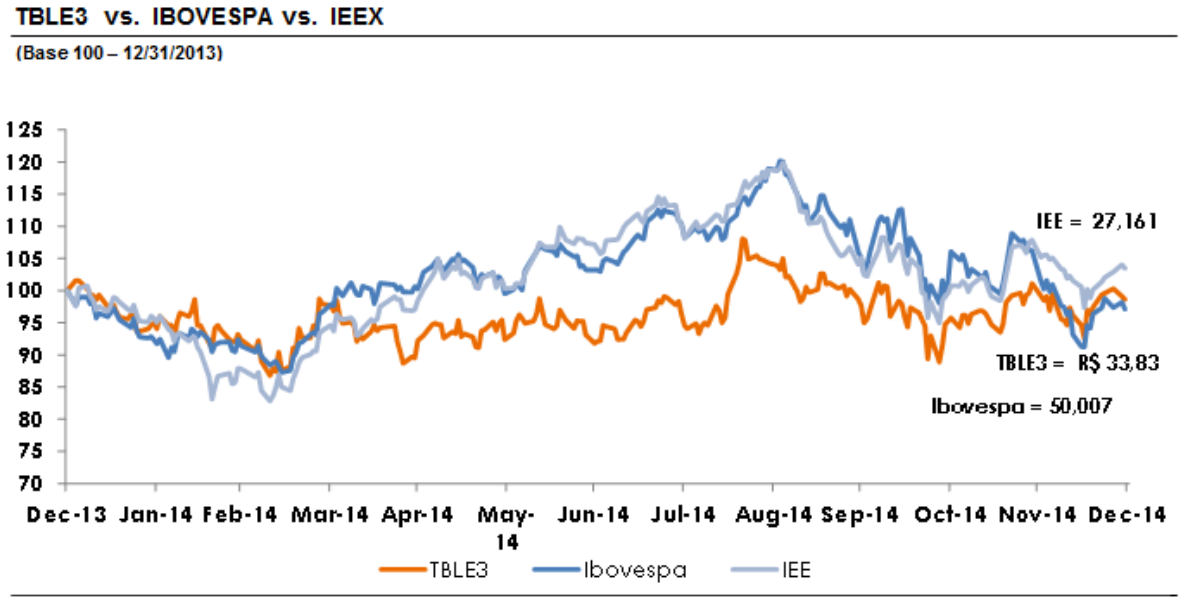
4.2.5. Capital market and share performance

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 bring 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), attesting the commitment to corporate responsibility, and the Electric Utilities Index (IEE), which is a sector-specific index formed by the electric energy sector's most important publicly-traded companies. On January 6, 2014, the Company´s shares became part of BM&FBovespa's main index, the Ibovespa.

4.2.5.1. Performance of Bovespa and TBLE3 shares

Tractebel Energia's shares depreciated 1.3% through the end of 2014, after a 15.5% gain in 2013. The IEE appreciated 3.5%, while the Ibovespa dropped 2.9% in the period. The TBLE3 quotation at December 31, 2014 was R$33.83/share, which sets a market capitalization of R$22.1 billion.

Over the year, TBLE3's average daily trading reached R$27.3 million, a 19.8% increase compared to 2013, possibly reflecting the fact that the Company´s shares were admitted to the Ibovespa index in early 2014.



5. SUSTAINABLE OPERATION MANAGEMENT

Tractebel Energia's Sustainable Management Policy covers Quality, Environment, Occupational Health and Safety (OHS), Social Responsibility, and, beginning in 2014, Energy Management. This policy is enforced in all 27 plants operated by us and can be accessed on the website.

Strengthening a culture of social and environmental responsibility coupled with economic development is a permanent concern of Tractebel Energia. This culture also includes the joint actions of the Sustainability Committee and the organizational units.

Another policy that strengthens this stance is the engagement of stakeholders. Launched in 2014 and available on the website, it ratifies the procedures on this matter that must be adopted by Tractebel Energia and its subsidiaries during the development, construction and operation stages of power plants under their responsibility.

The Company respects to be one of the key ethical principles. It is constantly attentive to guaranteeing human rights and sensitive situations that involve its activities, such as the relationship with, but not limited to, resettled populations and its plant's neighboring communities.

The conduct expected from its employees, suppliers and partners is available in Tractebel Energia's Code of Ethics, made widely available to all stakeholders on the website. Each employee must make 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.

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.

5.1. Human resources management

Tractebel Energia's human resources management is grounded in recognition and motivation, development, and health and wellbeing. An organizational climate survey responded to by 76% of the employees reported a 74% satisfaction index, and 82% of the respondents stated they were proud to work at Tractebel Energia.

The Company guarantees its employees the right to freedom of association, 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.

The Company´s compensation policy 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. In 2014, R$24.1 million was distributed to the employees as profit sharing related to the prior year. Equal treatment in compensation in respect of genders and ethnicities is also a Tractebel Energia policy, which rewards professional merit for each position and, as legally established, is not required that the employees self-declare their skin color, race, or ethnicity.

The benefit plan is one of the most complete in the market including meal vouchers; transportation vouchers; daycare allowances; extension of maternity leave to 180 days; supplementation of the official sick leave allowance; and group life insurance, in addition to a pension plan. Tractebel Energia contribution to the retirement fund Previg, a Supplementary Pension Company, is 50%, and the amount rehearsed by the Company regarding contributions, debts and administrative expenses in 2014 totaled R$23.2 million. In 2014, the number of employees and former employees enrolled in Previg reached 1,755 people. We are 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 2014, Tractebel Energia contributed R$31.0 million to ELOS, regarding contributions, debts and administrative expenses.

Occupational Health and Safety is one of the five dimensions of the Tractebel Energy Management Policy, which prioritizes the people's physical and psychological integrity, professionalism, training and competence.

Tractebel Energia actions to promote the quality of life of the employees include promoting, maintaining and recovering the health and wellbeing of the employees. Ten programs have been developed based on an epidemiologic profile, extracted from the annual occupational health evaluations: incentive to physical activity, healthy eating, wellbeing, sports and collective games, obesity tackling, chronic disease management, treating addiction to alcohol and another drugs, anti-smoking, executives' checkup, and getting ready for retirement. In 2014 special campaigns were developed related to the fight against breast cancer—Pink September—and prostate cancer—Blue October.

At the end of 2014, the Company headcount, not including subsidiaries or associates, totaled 1,134 employees (171 women and 963 men), of which 43.2% had a college degree and 44.0% had technical school training. Over the year, 47 people were hired and 43 people left the Company.

5.2. Legal compliance

Legal compliance is a basic requirement for Tractebel Energia and, therefore, constantly monitor the enactment of new laws, standards, and resolutions that govern the operations, including those related to social and environmental responsibility. Preventive procedures are adopted to ensure that all generation facilities have timely and effective environmental licenses and authorizations required by the related bodies. In order to comply with legal requirements and voluntary additional commitments assumed, Tractebel Energia assess and adjust its operations and procedures whenever necessary.

5.3. Continuous improvement

The Integrated Management System (SIG) is directly linked to the Sustainable Management Policy, covers its five dimensions, and is submitted to continuous improvement process, as in the case of the corporate governance.

The SIG and another 15 plants have been re-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. The certification percentage, taking into consideration the installed capacity, operated by Tractebel Energia is 95.0% and 83.8%, respectively.

5.4. 2014 highlights

- start of the commercial operations of the Fleixeiras I and Mundaú wind farms, in Ceará, and the Cidade Azul Solar Photovoltaic Power Plant, in Santa Catarina;
- maintenance of the certifications received in 2013 for 15 power plants, based on Bureau Veritas (BV) audits;
- inauguration of the Quedas do Iguaçu Cultural Center (PR), approval by the Ministry of Culture (MINC) of the Minaçu Cultural Center project (GO), preparation and registration with the MINC of the Itá Cultural Center (SC) and Saudade do Iguaçu Cultural Center (PR) projects; and
- renewal of the operation licenses of the Machadinho Hydroelectric Power Plant, effective for ten years, and the Charqueadas Thermoelectric Power Plant, effective for four years, both in Rio Grande do Sul.

6. CONSOLIDATED SOCIAL BALANCE SHEET

Tractebel Energia Consolidated

1. CALCULATION BASIS	In thousands of Reais 2014	In thousands of Reais 2013
Net revenue from sales	6,472,496	5,568,658
Operating income	1,956,649	2,001,709
Gross payroll	154,972	141,731
Total value added	3,685,023	3,681,424

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
	2014				2013			
Meals	13,472	8.69	0.21	0.37	13,667	9.64	0.25	0.37
Compulsory Social Charges	53,694	34.65	0.83	1.46	48,732	34.38	0.88	1.32
Private pension plan	36,355	23.46	0.56	0.99	34,234	24.15	0.61	0.93
Healthcare	15,595	10.06	0.24	0.42	12,440	8.78	0.22	0.34
Occupational health and safety	4,302	2.78	0.07	0.12	5,745	4.05	0.10	0.16
Education	747	0.48	0.01	0.02	717	0.51	0.01	0.02
Professional training and development	3,576	2.31	0.06	0.10	5,767	4.07	0.10	0.16
Daycare or daycare allowance	145	0.09	0.00	0.00	197	0.14	0.00	0.01
Profit sharing / bonus	45,409	29.30	0.70	1.23	38,943	27.48	0.70	1.06
Transportation	4,207	2.71	0.06	0.11	4,112	2.90	0.07	0.11
Other Benefits	1,556	1.00	0.02	0.04	1,650	1.16	0.03	0.04
TOTAL FOR INTERNAL SOCIAL INDICATORS	**179,058**	**115.54**	**2.77**	**4.86**	**166,204**	**117.27**	**2.98**	**4.51**

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
	2014				2013			
Education	1,887	0.10	0.03	0.05	2,080	0.10	0.04	0.06
Culture	12,629	0.65	0.20	0.34	13,767	0.69	0.25	0.37
Sports	1,319	0.85	0.07	0.04	360	0.02	0.01	0.01
Other	3	0.00	0.00	0.00	76	0.00	0.00	0.00
Total contribution for society	15,838	0.81	0.24	0.43	16,283	0.81	0.29	0.44
Taxes (excluding social charges)	1,196,191	61.13	18.48	32.46	1,163,670	58.13	20.90	31.61
TOTAL FOR EXTERNAL SOCIAL INDICATORS	**1,212,029**	**61.94**	**18.73**	**32.89**	**1,179,953**	**58.95**	**21.19**	**32.05**

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
	2014				2013			
Contribution to society and civic consciousness	18	0.00	0.00	0.00	1,624	0.08	0.03	0.04
Related to the Company's operations	29,641	1.51	0.46	0.80	27,953	1.40	0.50	0.76
Related to ongoing projects	16,951	0.87	0.26	0.46	16,697	0.83	0.30	0.45
TOTAL FOR ENVIRONMENT INVESTMENTS	**46,610**	**2.38**	**0.72**	**1.26**	**46,274**	**2.31**	**0.83**	**1.26**

5. EMPLOYEE INDICATORS	QUANTITY 2014	QUANTITY 2013
Nº of employees at end of period	1,134	1,125
Nº of hirings during the period	43	86
Nº of outsourced employees	830	869
Nº of interns	28	70
Nº of employees over the age of 45	461	432
Nº of women working for the Company	171	162
% of management positions held by women	13%	-
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	29	32

Continued on the next page

6. SIGNIFICANT INFORMATION REGARDING THE EXERCISE OF BUSINESS CIVIC RESPONSABILITY	2014			2015 TARGETS		
Ratio between highest and lowest compensation in the Company	20.3			Não definida		
Total number of on-the-job accidents	Tractebel Energia: 3 Outsourced companies: 13			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 satandards 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 free association, collective bargaining rights and internal representation of workers, the Copany:	( ) does not get involved	(x) follows ILO standards	( ) encourages and follows ILO standard	( ) will does not get involved	(x) will follows ILO standards	( ) will encourages and follows ILO standard
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 selectiong suppliers, the same standards of ethics and social and environmental responsability adopted by the Company:	( ) are not considered	( ) are recomended	(x) are required	( ) will not be considered	( ) will be recomended	(x) will be required
Regarding employee's participation in voluntary work programs, the company:	( ) does not get involved	(x) suports it	( ) organizes and encourages it	( ) will not get involved	(x) will suport it	( ) will organize and encourage it
Nº of complaints and criticisms from consumers	At the Company - None	At consumer defense bureau - not applicable	In court - None	At the Company - NA	At consumer defense bureau - NA	In court - NA
Total value added to distribute (in thousands of Reais):	R$ 3,685,023			NA		
Distribution of value added	45,60% government 37,60% shareholders	7,10% employees 9,70% third parts	0% retained	NA% government NA% shareholders	NA% employees NA% third parts	NA% retained

7 - OTHER INFORMATION	2014	2013
Water consumption	6,163,417 m3	7,173,223 m3
Electric energy consumption	171.3 GWh	253.9 GWh
Annual amount of waste produced	1,862,767.33 ton	1,503,673.8 ton
Annual amount of waste recycled	1,822,753.82 ton	1,502,907.4 ton

7. ADDITIONAL INFORMATION

7.1. 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.

7.2. Volunteer practices

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

7.3. 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

7.4. Independent Auditors

In accordance with Article 2 of CVM Instruction No. 381/03, Tractebel Energia states that in 2014 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.

7.5. 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.

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, 2014 AND 2013

(In thousands of Brazilian reais)

ASSETS

	Note	Parent Company		Consolidated	
		12.31.2014	12.31.2013	12.31.2014	12.31.2013
CURRENT ASSETS					
Cash and cash equivalents	4	1,287,464	949,470	1,604,731	1,224,276
Trade accounts receivable	5	443,504	372,256	713,154	740,326
Dividends receivable from subsidiaries	32	239,115	141,342	-	-
Inventories	6	67,096	60,864	70,259	64,785
Tax credits recoverable	7	1,904	722	50,751	59,830
Fuel reimbursable	8	343,221	139,601	343,221	139,601
Insurance premium receivable	33	216,426	-	216,426	-
Restricted deposits	9	55,133	10	104,260	3,833
Unrealized gains from hedge operations	31	27,538	-	30,144	-
Other current assets		49,899	58,381	65,124	89,036
		2,731,300	**1,722,646**	**3,198,070**	**2,321,687**
Non-current assets held for sale	10	86,886	-	86,886	-
		2,818,186	**1,722,646**	**3,284,956**	**2,321,687**
NON-CURRENT ASSETS					
Long Term Assets					
Trade accounts receivable	5	19,034	31,398	3,309	4,432
Tax credits recoverable	7	42,710	26,642	84,056	100,222
Restricted deposits	9	40,330	37,084	156,013	130,857
Judicial deposits	11	115,380	105,211	117,144	106,854
Amounts receivable from sale of asset	10	-	86,886	-	86,886
Unrealized gains from hedge operations	31	38,430	1,115	63,595	1,115
Other non-current assets		8,974	8,544	56,879	50,994
		264,858	**296,880**	**480,996**	**481,360**
Investments	12	**2,599,777**	**2,416,266**	**-**	**-**
Property, plant and equipment	13	**5,539,327**	**5,713,965**	**9,658,078**	**9,708,227**
Intangible assets	14	**10,993**	**10,920**	**196,516**	**126,352**
		8,414,955	**8,438,031**	**10,335,590**	**10,315,939**
TOTAL		**11,233,141**	**10,160,677**	**13,620,546**	**12,637,626**

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, 2014 AND 2013

(In thousands of Brazilian reais)

LIABILITIES AND SHAREHOLDERS' EQUITY

	Note	Parent Company		Consolidated	
		12.31.2014	12.31.2013	12.31.2014	12.31.2013
CURRENT LIABILITIES					
Suppliers	15	507,086	281,711	641,702	510,346
Dividends and interest on equity	26	199,713	220,917	200,142	221,276
Loans and financing	16	297,730	343,339	454,321	492,843
Debentures	17	442	174,072	442	174,072
Concessions payable	18	50,458	47,397	55,115	51,763
Income and social contribution taxes payable	19	199,735	431,587	228,464	434,166
Other tax and regulatory liabilities	20	42,069	43,799	66,985	62,927
Provision for remuneration and charges	21	71,579	63,757	71,909	64,122
Civil, tax and labor provisions	22	13,957	14,305	15,046	15,136
Retirement benefits obligations	23	48,799	28,851	48,799	28,851
Other current liabilities		59,093	53,162	171,156	111,431
		1,490,661	**1,702,897**	**1,954,081**	**2,166,933**
NON-CURRENT LIABILITIES					
Loans and financing	16	1,644,768	929,553	3,435,085	2,829,645
Debentures	17	162,884	-	162,884	-
Concessions payable	18	1,669,647	1,504,431	1,710,657	1,543,406
Civil, tax and labor provisions	22	184,683	177,654	187,426	179,836
Retirement benefits obligations	23	234,119	189,668	234,119	189,668
Deferred income and social contribution taxes	24	177,512	141,042	212,507	163,663
Other non-current liabilities		17,822	154,059	68,838	199,864
		4,091,435	**3,096,407**	**6,011,516**	**5,106,082**
SHAREHOLDERS' EQUITY	25				
Capital		2,445,766	2,445,766	2,445,766	2,445,766
Capital reserves		91,695	91,695	91,695	91,695
Profit reserves		2,417,713	1,771,784	2,417,713	1,771,784
Proposed dividends		172,081	461,788	172,081	461,788
Valuation adjustments		523,790	590,340	523,790	590,340
		5,651,045	**5,361,373**	**5,651,045**	**5,361,373**
Non-controlling interest		-	-	3,904	3,238
		5,651,045	**5,361,373**	**5,654,949**	**5,364,611**
TOTAL		**11,233,141**	**10,160,677**	**13,620,546**	**12,637,626**

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, 2014 AND 2013

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

	Note	Parent Company		Consolidated	
		12.31.2014	12.31.2013	12.31.2014	12.31.2013
NET SALES REVENUE	27	**4,429,368**	**3,506,194**	**6,472,496**	**5,568,658**
Cost of energy sold and services rendered					
Electricity purchased for resale		(303,015)	(89,992)	(1,276,026)	(775,517)
Transactions in the short-term energy market		(888,482)	(98,458)	(1,039,326)	(637,744)
Charges for the use of and connection to the power grid		(273,054)	(239,508)	(332,662)	(307,593)
Cost of electricity production	28	(993,515)	(847,174)	(1,301,417)	(1,164,606)
Cost of services rendered	28	(25,357)	(26,217)	(25,357)	(26,217)
		(2,483,423)	**(1,301,349)**	**(3,974,788)**	**(2,911,677)**
GROSS PROFIT		**1,945,945**	**2,204,845**	**2,497,708**	**2,656,981**
Other operating income (expenses)					
Selling expenses	28	(10,361)	(10,611)	(17,212)	(18,637)
General and administrative expenses	28	(166,025)	(166,973)	(180,340)	(177,866)
Provision for impairment	13	-	(68,698)	-	(72,837)
Other operating income (expenses), net		2,745	(1,823)	2,792	(411)
		(173,641)	**(248,105)**	**(194,760)**	**(269,751)**
Equity income (loss)					
Equity	12	297,982	166,864	-	-
Amortization of goodwill	12	(3,341)	(4,498)	-	-
		294,641	**162,366**	**-**	**-**
INCOME BEFORE FINANCIAL INCOME (LOSS) AND TAXES		**2,066,945**	**2,119,106**	**2,302,948**	**2,387,230**
Financial result					
Financial income	29	162,145	146,369	206,410	182,659
Financial expenses	29	(393,764)	(328,478)	(552,709)	(568,180)
		(231,619)	**(182,109)**	**(346,299)**	**(385,521)**
INCOME BEFORE INCOME TAXES		**1,835,326**	**1,936,997**	**1,956,649**	**2,001,709**
Income and social contribution taxes					
Current	30	(392,727)	(565,757)	(508,686)	(608,767)
Deferred	30	(60,231)	64,872	(64,858)	43,805
NET INCOME FOR THE YEAR		**1,382,368**	**1,436,112**	**1,383,105**	**1,436,747**
NET INCOME ATTRIBUTABLE TO:					
Shareholders of Tractebel Energia		**1,382,368**	**1,436,112**	**1,382,368**	**1,436,112**
Non-controlling shareholder		**-**	**-**	**737**	**635**
		1,382,368	**1,436,112**	**1,383,105**	**1,436,747**
BASIC AND DILUTED EARNINGS PER SHARE – IN BRAZILIAN REAL		**2.1178**	**2.2001**	**2.1189**	**2.2011**

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, 2014 AND 2013

(In thousands of Brazilian reais)

	Note	Parent Company		Consolidated	
		12.31.2014	12.31.2013	12.31.2014	12.31.2013
NET INCOME FOR THE YEAR		**1,382,368**	**1,436,112**	**1,383,105**	**1,436,747**
Other comprehensive income					
- Item that will not be reclassified afterwards as profit or loss					
Remeasurement of retirement benefits obligations	23	(69,884)	21,925	(69,884)	21,925
Deferred income and social contribution taxes		23,761	(7,455)	23,761	(7,455)
		(46,123)	**14,470**	**(46,123)**	**14,470**
- Item that will be reclassified afterwards as profit or loss					
Cash flow hedge					
Unrealized gains generated in the fiscal year		-	-	27,771	-
Deferred income and social contribution taxes		-	-	(9,442)	-
Equity income (loss) of the effects above		18,329	-	-	-
	31	**18,329**	**-**	**18,329**	**-**
COMPREHENSIVE INCOME FOR THE YEAR		**1,354,574**	**1,450,582**	**1,355,311**	**1,451,217**
INCOME ATTRIBUTABLE TO:					
Shareholders of Tractebel Energia		**1,354,574**	**1,450,582**	**1,354,574**	**1,450,582**
Non-controlling shareholder		**-**	**-**	**737**	**635**
		1,354,574	**1,450,582**	**1,355,311**	**1,451,217**

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, 2014 AND 2013

(In thousands of Brazilian reais)

				Profit reserves					Valuation adjustments				
	Note	Capital	Capital reserves	Legal Reserve	Tax incentive reserve	Retained Earnings Reserve	Proposed dividends	Retained earnings	Attributed cost	Other comprehensive income	Parent Company Shareholders' Equity	Non-controlling interest	Consolidated Shareholders ' Equity
Balances at 1.1.2013		**2,445,766**	**91,695**	**489,153**	**45,098**	**1,220,337**	**576,429**	**-**	**582,656**	**48,454**	**5,499,588**	**2,663**	**5,502,251**
Additional dividends paid from 2012		-	-	-	-	-	(576,429)	-	-	-	**(576,429)**	-	**(576,429)**
Net income for the year		-	-	-	-	-	-	1,436,112	-	-	**1,436,112**	635	**1,436,747**
Measurement of retirement benefits obligations		-	-	-	-	-	-	-	-	14,470	**14,470**	-	**14,470**
Realization of attributed cost		-	-	-	-	-	-	55,240	(55,240)	-	**-**	-	**-**
Allocations proposed to ASM:													
- Tax incentive reserve	25	-	-	-	17,196	-	-	(17,196)	-	-	**-**	-	**-**
- Interim dividends paid	26	-	-	-	-	-	-	(767,568)	-	-	**(767,568)**	(60)	**(767,628)**
- Interest on equity paid	26	-	-	-	-	-	-	(244,800)	-	-	**(244,800)**	-	**(244,800)**
- Additional dividends proposed	26	-	-	-	-	-	461,788	(461,788)	-	-	**-**	-	**-**
Balances at 12.31.2013		**2,445,766**	**91,695**	**489,153**	**62,294**	**1,220,337**	**461,788**	**-**	**527,416**	**62,924**	**5,361,373**	**3,238**	**5,364,611**
Additional dividends paid from 2013		-	-	-	-	-	(461,788)	-	-	-	**(461,788)**	-	**(461,788)**
Net income for the year		-	-	-	-	-	-	1,382,368	-	-	**1,382,368**	737	**1,383,105**
Measurement of retirement benefits obligations				-	-	-	-	-		(46,123)	**(46,123)**	-	**(46,123)**
Cash flow hedge from subsidiaries		-	-	-	-	-	-	-	-	18,329	**18,329**	-	**18,329**
Realization of attributed cost		-	-	-	-	-	-	38,756	(38,756)	-	**-**	-	**-**
Allocations proposed to the General Meeting													
- Tax incentive reserve	25	-	-	-	11,679	-	-	(11,679)	-	-	**-**	-	**-**
- Interim dividends paid	26	-	-	-	-	-	-	(380,114)	-	-	**(380,114)**	(71)	**(380,185)**
- Interest on equity	26	-	-	-	-	-	-	(223,000)	-	-	**(223,000)**	-	**(223,000)**
- Additional dividends proposed	26	-	-	-	-	-	172,081	(172,081)	-	-	**-**	-	**-**
- Retained earnings reserve	26	-	-	-	-	634,250	-	(634,250)	-	-	**-**	-	**-**
Balances at 12.31.2014		**2,445,766**	**91,695**	**489,153**	**73,973**	**1,854,587**	**172,081**	**-**	**488,660**	**35,130**	**5,651,045**	**3,904**	**5,654,949**

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, 2014 AND 2013

(In thousands of Brazilian reais)

	Parent Company		Consolidated	
	12.31.2014	12.31.2013	12.31.2014	12.31.2013
Cash flow from operating activities				
Income before income taxes	1,835,326	1,936,997	1,956,649	2,001,709
Adjustments to reconcile income before income taxes to cash generated from operations:				
Equity income (loss)	(294,641)	(162,366)	-	-
Depreciation and amortization	383,517	363,046	592,125	582,486
Provision for impairment	-	68,698	-	72,837
Monetary and foreign exchange variance	69,107	115,028	74,012	139,156
Interest	221,492	140,380	363,450	344,293
Other	1,007	4,264	1,470	4,220
Adjusted net income	**2,215,808**	**2,466,047**	**2,987,706**	**3,144,701**
Decrease (increase) in assets				
Trade accounts receivable	(50,395)	51,045	36,059	(112,944)
Inventories	(6,232)	(17,994)	(5,474)	(19,411)
Tax credits recoverable	(55,155)	(32,112)	(25,310)	(10,162)
Fuel reimbursable	(203,620)	(91,778)	(203,620)	(91,778)
Insurance premium receivable	(216,426)	-	(216,426)	-
Restricted and judicial deposits	(52,888)	13,618	(49,588)	11,322
Other assets	(31,602)	(14,907)	(23,936)	(20,227)
Increase (decrease) in liabilities				
Suppliers	238,233	90,993	164,810	227,796
Income and social contribution taxes payable	156	(106)	(4,358)	(6,193)
Other tax and regulatory liabilities	(4,802)	1,010	(1,011)	(8,064)
Retirement benefits obligations	(33,439)	(27,464)	(33,439)	(27,464)
Other liabilities	(39,190)	13,762	(27,045)	6,675
Cash generated from operations	**1,760,448**	**2,452,114**	**2,598,368**	**3,094,251**
Payment of income and social contribution taxes	(590,886)	(444,943)	(666,441)	(517,169)
Payment of interest on debt, net of hedge	(110,145)	(70,931)	(255,024)	(245,888)
Net cash generated from operating activities	**1,059,417**	**1,936,240**	**1,676,903**	**2,331,194**

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Continued

	Parent Company		Consolidated	
	12.31.2014	12.31.2013	12.31.2014	12.31.2013
Investment activities				
Cash and cash equivalents from merged subsidiary	-	150,000	-	-
Dividends received from subsidiaries	277,811	21,937	-	-
Investment acquisition, net of cash and cash equivalents from acquired companies	(246,125)	(48,248)	(235,294)	(11,461)
Investment in property, plant and equipment	(204,862)	(211,949)	(340,862)	(528,821)
Investment in intangible assets	(2,795)	(5,146)	(12,064)	(14,431)
Net cash from investment activities	**(175,971)**	**(93,406)**	**(588,220)**	**(554,713)**
Financing activities				
Loans, financing and debentures	1,218,966	362,486	1,220,376	519,937
Interest on loans, financing, debentures paid	(633,060)	(371,651)	(781,914)	(567,930)
Concession installments paid	(50,130)	(2,905)	(54,894)	(51,607)
Deposits used to service debt	97	(5,467)	(11,795)	(19,447)
Payment of dividends and interest on equity	(1,081,325)	(1,612,144)	(1,081,325)	(1,612,144)
Others	-	-	1,324	(990)
Net cash from financing activities	**(545,452)**	**(1,629,681)**	**(708,228)**	**(1,732,181)**
Increase in cash and cash equivalents	**337,994**	**213,153**	**380,455**	**44,300**
Reconciliation of cash and cash equivalents				
Opening balance	949,470	736,317	1,224,276	1,179,976
Closing balance	1,287,464	949,470	1,604,731	1,224,276
Increase in cash and cash equivalents	**337,994**	**213,153**	**380,455**	**44,300**

Additional information on transactions not affecting cash and cash equivalents is presented in Note 35 - 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 VALUE ADDED FOR THE FISCAL YEARS ENDED DECEMBER 31, 2014 AND 2013

(In thousands of Brazilian reais)

	Parent Company		Consolidated	
	12.31.2014	12.31.2013	12.31.2014	12.31.2013
GENERATION OF ADDED VALUE				
Gross sales revenue	4,881,550	3,881,733	7,122,723	6,202,030
Revenue from construction of plants	-	-	75,838	425,163
Other	2,719	(2,210)	2,749	(2,646)
	4,884,269	**3,879,523**	**7,201,310**	**6,624,547**
(-) Inputs				
Electricity purchased for resale	(303,015)	(89,992)	(1,276,026)	(775,517)
Transactions in the short-term energy market	(888,482)	(98,458)	(1,039,326)	(637,744)
Charges for the use of and connection to the power grid	(273,054)	(239,508)	(332,662)	(307,593)
Fuels used in energy production	(185,485)	(52,942)	(204,186)	(70,058)
Outsourced services	(151,048)	(134,391)	(192,342)	(175,376)
Materials	(30,564)	(30,820)	(34,979)	(35,525)
Insurance	(12,182)	(10,869)	(15,916)	(14,601)
Reversal of provisions and liabilities, net	76,092	3,946	76,091	3,018
Provision for impairment	-	(68,698)	-	(72,837)
Expenses with construction of plants	-	-	(58,062)	(404,102)
Other	(41,938)	(47,408)	(53,164)	(52,961)
	(1,809,676)	**(769,140)**	**(3,130,572)**	**(2,543,296)**
GROSS ADDED VALUE	**3,074,593**	**3,110,383**	**4,070,738**	**4,081,251**
Depreciation and amortization	(383,517)	(363,046)	(592,125)	(582,486)
NET ADDED VALUE GENERATED	**2,691,076**	**2,747,337**	**3,478,613**	**3,498,765**
ADDED VALUE RECEIVED IN TRANSFER				
Financial income	162,145	146,369	206,410	182,659
Equity income (loss)	294,641	162,366	-	-
ADDED VALUE TO DISTRIBUTE	**3,147,862**	**3,056,072**	**3,685,023**	**3,681,424**

Continues on the next page

Tractebel Energia
GDF SUEZ

Continued

DISTRIBUTION OF ADDED VALUE

	Parent Company				Consolidated			
	12.31.2014	%	12.31.2013	%	12.31.2014	%	12.31.2013	%
Remuneration:								
Labor								
Remuneration and charges	165,086	5.2	148,899	4.9	170,093	4.6	154,221	4.2
Benefits	53,723	1.7	53,354	1.7	54,577	1.5	54,140	1.5
Profit sharing	26,989	0.9	24,264	0.8	26,989	0.7	24,264	0.7
FGTS	11,622	0.4	10,363	0.3	12,012	0.3	10,657	0.3
	257,420	**8.2**	**236,880**	**7.7**	**263,671**	**7.1**	**243,282**	**6.7**
Government								
Federal taxes	896,398	28.5	861,933	28.2	1,213,664	32.9	1,134,286	30.7
State taxes	22,342	0.7	20,049	0.7	22,551	0.6	65,530	1.8
Municipal taxes	2,083	0.1	1,891	0.1	2,265	0.1	2,072	0.1
Sectorial charges	185,879	5.9	162,221	5.3	217,369	5.9	198,546	5.4
Charges on concessions payable	218,407	6.9	147,307	4.8	225,497	6.1	217,850	5.9
	1,325,109	**42.1**	**1,193,401**	**39.1**	**1,681,346**	**45.6**	**1,618,284**	**43.9**
Third-party capital								
Interest and monetary variation	136,075	4.3	156,303	5.1	297,279	8.1	321,286	8.7
Capitalized financial interest	16,744	0.5	160	-	17,776	0.5	20,832	0.6
Rentals	10,022	0.3	8,942	0.3	14,656	0.4	11,925	0.3
Other financial expenses	20,124	0.6	24,274	0.8	27,190	0.7	29,068	0.8
	182,965	**5.7**	**189,679**	**6.2**	**356,901**	**9.7**	**383,111**	**10.4**
Own capital								
Tax incentive reserve	11,679	0.4	17,196	0.6	11,679	0.3	17,196	0.5
Retained earnings reserve	634,250	20.2	-	-	634,250	17.2	-	-
Realization of attributed cost	(38,756)	(1.2)	(55,240)	(1.8)	(38,756)	(1.1)	(55,240)	(1.5)
Interest on equity	223,000	7.1	244,800	8.0	223,000	6.1	244,800	6.6
Dividends	552,195	17.7	1,229,356	40.2	552,195	15.1	1,229,356	33.4
Non-controlling shareholder	-	-	-	-	737	-	635	-
	1,382,368	**44.0**	**1,436,112**	**47.0**	**1,383,105**	**37.6**	**1,436,747**	**39.0**
	3,147,862	**100.0**	**3,056,072**	**100.0**	**3,685,023**	**100.0**	**3,681,424**	**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, 2014 AND 2013
(In thousands of Reais or other currencies, unless otherwise indicated)

1 - OPERATIONS

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

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

The Company is controlled by GDF SUEZ Energy Latin America Participações Ltda. ("GSELA"), a company established in Brazil and controlled by International Power S.A., headquartered in Belgium. International Power 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 5.7%[2] of the country's installed capacity. At 12.31.2014, its installed capacity, including its stakes in energy generation consortiums, is 7,027.2 MW. Out of this total, 79.1% arises from hydroelectric power plants, 15.9% from thermoelectric power plants and 5.0% from complementary energy (Small Hydroelectric Power Plants – SHPP, wind farms, biomass and solar power plants). At 12.31.2014, assured energy for sale averaged 3,869.9 MW.

The Company's generation facilities in operation consist of twenty-seven plants, of which nine hydroelectric power plants, eight thermoelectric power plants (three coal, three biomass, one natural gas and one steam plant), three SHPP, six wind farms and one photovoltaic solar power plant.

The main corporate and operational events occurred in 2014 are summarized as follows:

a) Commercial startup of the Fleixeiras and Mundaú wind farms

In January and April 2014, Aneel authorized the commercial startup of the Fleixeiras and Mundaú wind farms, located in the city of Trairi, state of Ceará, with combined installed capacity of 30.0 MW and commercial capacity of 16.6 average MW and 15.2 average MW, respectively.

[2] The non-financial information herein, such as MW, average MW, installed power and others has not been audited by the independent auditors.

b) Acquisition of all the capital of Ferrari Termoelétrica S.A.

In February 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. For additional information on the transaction, see Note 12 – Investments.

c) Beginning of construction of the Santa Mônica Wind Power Complex

In April 2014, the Company's Board of Directors authorized the start of construction works on the Santa Mônica Wind Power Complex. Located in the city of Trairi, the Santa Mônica Complex is composed of 4 wind farms with combined installed capacity of 97.2 MW and commercial capacity of 48.7 average MW. Investments are estimated at R$ 460,000 and start-up of the entire project is scheduled for 2016.

d) Conclusion of the acquisition of CLWP II and CLWP III

In June 2014, the Company concluded the acquisition of CLWP Brasil II Participações Ltda. (CLWP II) and CLWP Brasil III Participações Ltda. (CLWP III) for R$ 22,042 and R$ 39,939, respectively. For further details, see Note 12 – Investments.

e) Commercial startup of the Cidade Azul Photovoltaic Plant

In August 2014, the Cidade Azul Solar Photovoltaic Plant started to operate in the city of Tubarão, state of Santa Catarina. The plant is composed of 19,424 photovoltaic panels and has total installed capacity of 3 MWp (peak sun hours).

f) Acquisition of development rights for the Santo Agostinho Wind Power Complex

In August 2014, the Company acquired the rights to develop the Santo Agostinho Wind Power Complex, which is composed of 24 special purpose entities (SPE), for total potential installed capacity of 600 MW, all located in the cities of Lajes and Pedro Avelino, state of Rio Grande do Norte.

In December 2014, the Company consummated the acquisition of the capital of a holding company and nine SPEs, with installed capacity of 225 MW, concluding the first phase of the project, for R$ 21,051. For further information, see Note 12 – Investments.

g) Sale of energy in Aneel auction

The Company successfully sold 386.9 average MW of energy through an Aneel auction held in November 2014. The energy is generated by three plants: the Pampa Sul coal-fired thermoelectric plant (294.5 average MW), the Campo Largo Wind Power Complex (82.6 average MW) and the Ferrari biomass-fired thermoelectric plant (9.8 average MW). Energy supply is scheduled to start in January 2019.

2 - PRESENTATION OF FINANCIAL STATEMENTS

a) Preparation basis

The financial statements were elaborated considering the historical costs based on value, adjusted to reflect the fair value of certain financial instruments, when applicable.

The Company is presenting one package, 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 are fully consistent with IFRS.

In August 2014, IASB issued a revision of the IAS 27 standard, allowing entities to also adopt the equity method to value their investments. The early adoption of this standard eliminated the only difference between the Brazilian and international financial reporting standards in force then, and no retrospective adjustment to previous statements was required.

b) Functional currency and presentation currency

The financial statements, individual and consolidated, are presented in Brazilian Reais, 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) Business segment

The Company manages its business as one operating segment, composed of the generation and commercialization of electrical energy generated by its assets or acquired through near and long-term agreements. This segment concentrated 99.3% of net revenue from consolidated sales in 2014 and 2013.

d) Income statement of discontinued operations

In the presented years, the Company did not have any discontinue 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 with diluting effects 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 useful life of fixed assets, which reference is established by Aneel; (ii) provisions to cover civil, tax 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 asset impairment.

h) Approval of financial statements

The financial statements as here presented have been approved at the Board of Directors meeting held on 3.30.2015.

i) Law 12,973 of May 13, 2014.

Law 12,973/14 alters the tax law relating to federal taxes and social contributions, revokes the Transitional Tax Regime (RTT); and includes other provisions. The provisions in said law will take force mandatorily from calendar year 2015, with the possibility of early adoption as from calendar year 2014. Based on analyses of the effects arising from the application of said Law, the Management concluded that there will be no increase in the tax burden compared to previous applicable laws and chose to implement early adoption of the provisions of the law in fiscal year 2014.

j) 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:

	Investor	Equity interest (%) 12.31.2014	12.31.2013
Direct subsidiaries			
Tractebel Energia Comercializadora Ltda. (TBLC)	TBLE	99.99	99.99
Companhia Energética Estreito (CEE)	TBLE	99.99	99.99
Lages Bioenergética Ltda. (Lages)	TBLE	99.99	99.99
Tractebel Energias Complementares Participações Ltda. (TBLP) [3]	TBLE	99.99	99.99
Usina Termelétrica Pampa Sul S.A. (Pampa Sul)	TBLE	99.99	99.99
Épsilon Participações Ltda.	TBLE	99.99	99.99
Joint operations			
Itá Energética S.A. (Itasa)	TBLE	48.75	48.75
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
Ibitiúva Bioenergética S.A. (Ibitiúva)	TBLP	95.00	95.00
Ferrari Termoelétrica S.A. (Ferrari)	TBLP	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
Energias Eólicas do Nordeste S.A. (EEN) [3]	TBLP	99.99	99.99
Central Eólica Trairí S.A. (Trairí)	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 Mundaú S.A. (Mundaú)	EEN	99.99	99.99
Central Eólica Trairí II Ltda. (Trairí II)	EEC	99.99	99.99
Energias Eólicas do Ceará S.A. (EEC) [3]	TBLP	99.99	99.99
Central Eólica Cacimbas Ltda. (Cacimbas)	EEC	99.99	99.99
Usina Geradora Eólica Santa Mônica SPE S.A. (Santa Mônica)	EEC	99.99	99.99
Usina Geradora Eólica Santa Mônica SPE II Ltda. (Santa Mônica II)	EEC	99.99	99.99
CLWP Brasil I Ltda. (CLWP) [3] and subsidiaries	TBLP	99.99	99.99
CLWP Brasil II Ltda. (CLWP II) [3] and subsidiaries	TBLP	99.99	-
CLWP Brasil III Ltda. (CLWP III) [3] and subsidiaries	TBLP	99.99	-
Santo Agostinho Participações Ltda. [3] and subsidiaries	TBLP	99.99	-
Investment funds			
Investment fund Energy Renda Fixa [4]	-	100	100

The Company concentrates its financial investments in the Energy Fixed Income Investment Fund, which is an exclusive investment fund of the Company and 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.

[3] Holding company

[4] Fixed income investment fund of which Tractebel Energia and its subsidiaries participate, managed by Votorantim Asset Management D.T.V.M. Ltda.

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 subsidiary Ibitiúva Bioenergética is fully consolidated. The 5% minority interest held in that company is presented segregated in the balance sheet and in the consolidated income statement as "Interest of non-controlling shareholder" and "Income attributable to non-controlling shareholder", respectively.

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 instruments

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 and 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 or collection value and then at the amortized cost, deducted from the Allowance for doubtful accounts. The allowance is accrued when there is an expectation of impairment and in amounts deemed sufficient to cover probable risks of loss.

a.3) Restricted deposits

These are maintained to meet legal and contractual requirements. They are initially accounted for at the value deposited, and later 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) 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.

a.5) Concessions payable

These are initially recorded at the present value of concession installments payable over the term of the concession, and subsequently at the amortized cost based on the interest rate used for calculating the present value of contractual liabilities.

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 with a corresponding entry in liabilities. During the construction of plants, interest and monetary variations are capitalized in the property, plant and equipment and, as of the commercial start-up date, recognized directly as profit or loss.

b) Derivative financial instruments

These are initially and subsequently measured at fair value. Gains or losses resulting from changes in their fair value are recognized as financial income (loss), except when the derivative qualifies for and is designated for hedge accounting.

Derivative financial instruments held by the Company correspond to hedging operations against exposure to risks related to exchange variation and variation in the interest rates of debts and future commitments, which are recognized in accordance with the standards applicable to hedge accounting.

c) Hedge accounting

At the start of the hedge operation, the Company prepares a formal documentation describing the objectives and strategies of the risk hedging and the relationship between the underlying hedge transaction and the hedge instrument used to provide the expected protection.

The following hedge operations of the Company qualify for hedge accounting:

c.1) Fair value hedge

Hedge operations to cover any exchange variation affecting the Company's foreign-denominated loans are designated as "Fair value hedge". In these transactions, gains or losses arising from fair value measurement of loans and hedge operations are recognized as financial income (loss).

c.2) Cash flow hedge

Hedge against exposure to foreign currencies of highly probable financial commitments for acquisition of goods and services for property, plant and equipment is designated as "Cash flow hedge". In these transactions, for the highly effective portion of the hedge, gains and losses arising from changes in the instrument's fair value are recognized as shareholders' equity, under "Other comprehensive income (loss)", and transferred to property, plant and equipment when the hedged financial commitment is finally realized. The ineffective portion of the hedge instrument is recorded as profit or loss for the period.

d) Inventories

These are assessed at the lower value between the average weighted cost of acquisition and the realization value.

e) 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.

f) Non-current assets held for sale

Assets are classified as held-for-sale when their carrying amount is recoverable particularly through their sale and not through their continuous use. This condition is met only when an asset is available for immediate sale in its present condition and the sale is deemed as highly probable. These assets are measured by the lowest between their carrying value and their fair value net of sales expenses, and are presented separately in the balance sheet.

g) Investments

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

g.1) Investments in directly or indirect subsidiaries

Permanent investments in subsidiaries are those in which 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 through 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.

g.2) 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 of the entity. These may be classified as joint operations or joint ventures, depending on the contractual rights and obligations of investors.

Assets, liabilities, revenues and expenses from consortia (entities without their own legal personality, in which the Company participates, are recognized directly in the financial statements of the consortium member, based on the respective interest held in the consortium. The investment in the joint operation Itasa (an entity with its own legal personality) is recognized through the equity method in the parent company. In the consolidated statements, assets, liabilities, revenues and expenses of said joint operation are recognized in proportion to the interest in the business.

g.3) Business combination and "Goodwill" (Concession right)

Business combination is a method used for recognizing acquisitions of control in the consolidated statements. This method requires identifiable assets acquired and liabilities assumed to be measured at their fair values.

In the parent company, the difference between the amount paid and the acquired company's book value of shareholders' equity is recognized in the investment as "goodwill", whose economic ground is based on the acquired company's right to use public assets.

h) Property, plant and equipment

h.1) Measurement

The assets that compound the property, plant and equipment are recorded at acquisition or construction cost. The interests and other financial charges arising from loans and financing related 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 in Brazil, on 1.1.2009, started to have their fair value taken as deemed cost in assets.

The costs of property, plant and equipment are deducted from accumulated depreciations and provisions for asset impairment, when applicable.

The components of certain assets that are regularly replaced during the economic useful 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 statements, the Company elected to recognize the fair values of intangible assets arising from the concession of or authorization to use public assets, acquired in a business combination, as a single asset in the group of property, plant and equipment. This option was adopted in view of the impossibility of these fixed and intangible assets to be sold or transferred separately and to the equivalence between the periods of said rights and the useful lives of the assets.

h.2) Depreciation

Depreciation of fully operating assets 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 useful life of the assets. 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 generating unit adds to the Company's 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 useful 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.

i) 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. Intangible assets have useful lives that are well defined based on commercial contracts or contracts of concession and authorization.

j) 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 provision for impairment 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 useful life.

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

l) 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 actuarial, 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".

m) 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 Government subsidy related to the tax benefit of reduction of income tax for projects build 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 – or offsetting tax losses, and social contribution tax loss carryforwards, when applicable. These deferred taxes 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.

n) 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.

o) Equity instruments

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, as applicable.

p) 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 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. 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.

q) 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.

r) Related party transactions

Transactions for the purchase and sale of energy, services and intercompany loans are carried out under conditions and durations agreed between the parties and registered according to contractual terms and conditions. These will be restated at their contractual charges.

s) 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.

t) 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.

u) 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:

u.1) Derivative financial instruments

Derivative financial instruments are recognized at their fair values in the financial statements. Determining the fair value of the Company's derivatives requires the use of valuation methodologies that can be complex and involve the use of estimates for future exchange and long-term interest rates.

u.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 useful lives of the different assets – limited to the time frame for concession or authorization of the power plants, when applicable. However, the real useful 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 property, plant and equipment, when these are necessary.

u.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. At 12.31.2014, the Company, based on the assessments, did not identify any need to accrue new impairment provisions for long-term assets.

u.4) 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 average duration similar 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, inflation estimates 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.

u.5) Civil, tax 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.

v) Revised standards and interpretations in force as of January 1, 2014

IAS 32/CPC 39 – Financial Instruments (Presentations): provides additional recommendations for offsetting of financial assets and liabilities in the financial statements.

IAS 36/CPC 01 – Impairment of assets: changes the requirement for disclosure of asset impairment measurement at fair value.

IAS 39/CPC 38 – Financial Instruments (Recognition and measurement): provides additional recommendations to clarify that there is no need to discontinue hedge accounting if a hedging derivative is novated, provided certain criteria are met.

IFRS 10/CPC 36 (R3), IFRS 12/CPC 45 and IAS 27/CPC 35 (R2) – Investment entities: the amendments to IFRS 10 / CPC 36 define an investment entity and require the reporting entity that meets the definition not to consolidate its subsidiaries, but rather measure the interests at their fair value through profit or loss. As a result of this change, consequent amendments were made to IFRS 12 / CPC 45 and IAS 27 / CPC 35 (R2) to introduce the new requirements for investment entities.

IFRIC 21 / ICPC 29 – Levies: provides recommendations on when to recognize liabilities for a levy imposed by the government.

The abovementioned revisions and interpretations did not produce significant impacts on the financial statements for the fiscal year ended 12.31.2014.

w) Standards, amendments and interpretations not yet in force

w.1) In force as from January 1st, 2015

IAS 19/CPC 33 (R1) – Employee benefits: clarifies the requirements that relate to contributions from employees or third parties to defined-benefit plans, depending on the periods of service. The Company does not expect significant impacts arising from the adoption of this standard.

w.2) In force as from January 1st, 2016

IAS 1/CPC 26 (R1) – Presentation of financial statements: addresses potential impediments identified in the exercise of judgment when preparing the financial statements. Said amendment clarifies that the concept of materiality must be taken into account both for the purposes of selecting the information to be disclosed, whether required or not, and for the ordering of notes to the financial statements and use of aggregation criteria.

IAS 16/CPC 27 and IAS 38/CPC 04 (R1): provides clarification on the accepted methods of depreciation and amortization, providing restrictions to revenue-based methods.

IAS 27 – Separate financial statements: introduces the option of accounting for investments in subsidiaries, affiliates and joint ventures using the equity method. The Company had already adopted this method by requirement of Brazilian Corporations Law.

IFRS 10/CPC 36 (R3), IFRS 12/CPC 45 and IAS 28/CPC 18 (R2) – Consolidated statements and Investments in associates, subsidiaries and joint ventures: (i) deals with specific matters in the scope of applicable exceptions of consolidation for investment entities; and (ii) clarifies the treatment of sale or contribution of assets between an investor and its associate or joint venture, the requirements of which are applicable regardless of the legal condition of the operation.

IFRS 11/CPC 19 (R2) – Joint arrangement: requires the acquirer of an interest in a joint operation that constitutes a business, as defined in IFRS 3 – Business Combination, to apply the principles of IFRS 3, and other pronouncements, except those that are in conflict with IFRS 11.

The Company does not expect significant impacts on its financial statements from adopting these standards.

w.3) In force as from January 1st, 2017

IFRS 15 – Revenues from contracts with customers: establishes the principles for revenue recognition and reporting in contracts with customers. It will replace the pronouncements currently in force regarding revenue recognition. The Company is assessing the possible effects of adopting the standard and does not expect significant changes from the currently adopted practice.

w.4) In force as from January 1st, 2018

IFRS 9 – Financial instruments: introduces new requirements for the classification, measurement, impairment, hedge accounting and recognition of financial assets and liabilities. The Company is assessing the possible impacts from adopting the standard and does not expect significant impacts on its accounting records and disclosure.

4 - CASH AND CASH EQUIVALENTS

	Parent company		Consolidated	
	12.31.2014	12.31.2013	12.31.2014	12.31.2013
Cash and bank deposits	**1,682**	**940**	**14,010**	**7,445**
Marketable securities:				
Exclusive investment fund – Citibank				
Repurchase transactions				
National Treasury Notes (NTN-B)	245,065	79,471	300,050	99,978
National Treasury Bill (LTN)	1,040,717	869,059	1,274,218	1,093,309
	1,285,782	**948,530**	**1,574,268**	**1,193,287**
Certificates of Bank Deposit (CDB)	-	-	1,137	1,256
Repurchase agreements with debentures	-	-	15,316	22,288
	-	**-**	**16,453**	**23,544**
Total of marketable securities	**1,285,782**	**948,530**	**1,590,721**	**1,216,831**
	1,287,464	**949,470**	**1,604,731**	**1,224,276**

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 are 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, which have immediate liquidity and remuneration based on the Selic rate, in addition to being backed by federal government bonds.

The average profitability of the Fund in 2014 and 2013 was 100.4% and 101.4% of the CDI (the reference rate of Interbank Deposit Certificates), respectively.

5 - TRADE ACCOUNTS RECEIVABLE

a) Breakdown

	Parent company		Consolidated	
	12.31.2014	12.31.2013	12.31.2014	12.31.2013
Current				
Wholesale supply of electrical energy				
Distributors	284,272	245,616	399,257	372,589
Traders	129,380	84,824	17,883	24,953
Retail supply of electrical energy				
Free Consumers	22,522	20,957	280,097	248,655
Transactions within the CCEE[5]	13,510	27,039	22,386	100,581
Allowance for doubtful accounts	(6,180)	(6,180)	(6,469)	(6,452)
	443,504	**372,256**	**713,154**	**740,326**
Non-current				
Wholesale supply of electrical energy	19,034	31,398	5,157	6,280
Transactions within the MAE (currently CCEE)				
Extraordinary Tariff Recovery (RTE)	-	2,665	-	2,665
Agents with lawsuits or overdue debts	122,986	122,961	122,986	122,961
Allowance for doubtful accounts	(122,986)	(125,626)	(124,834)	(127,474)
	19,034	**31,398**	**3,309**	**4,432**

The average term for receiving amounts relative to electrical energy sale invoices is approximately 30 days, as from the first day of month subsequent to the sale.

The breakdown of overdue accounts receivable recorded under current assets is as follows:

	Parent company		Consolidated	
	12.31.2014	12.31.2013	12.31.2014	12.31.2013
Overdue up to 30 days	700	77	700	1,386
Overdue more than 30 days	6,936	7,218	8,366	7,646
	7,636	**7,295**	**9,066**	**9,032**

The Company accrued allowance for doubtful accounts on overdue accounts receivable, for which the risk of recovery is deemed as probable.

The breakdown of allowance for doubtful accounts related to transactions carried out within the Retail Market for Electrical Energy (MAE), currently CCEE, in the amount of R$ 122,986, is as follows:

(i) R$ 110,598 – corresponds to credits from transactions made within the MAE 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.

[5] Electric Energy Commercialization Chamber

(ii) R$ 12,388 – 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	
	12.31.2014	12.31.2013	12.31.2014	12.31.2013
Supplies	37,982	38,819	39,614	40,411
Inputs for energy production	25,218	20,813	26,555	23,028
Advances to suppliers	2,329	619	2,329	722
Other	1,567	613	1,761	624
	67,096	**60,864**	**70,259**	**64,785**

7 - TAX CREDITS RECOVERABLE

	Parent company		Consolidated	
	12.31.2014	12.31.2013	12.31.2014	12.31.2013
Current				
Pis[6] and Cofins[7]	-	-	48,841	59,086
INSS [8]	294	722	295	722
ICMS[9]	1,610	-	1,615	22
	1,904	**722**	**50,751**	**59,830**
Non-current				
Pis and Cofins	17,951	8,832	59,076	81,972
ICMS	18,471	17,810	18,691	18,244
INSS	6,288	-	6,289	6
	42,710	**26,642**	**84,056**	**100,222**

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 Company estimates the offsetting of non-current credits will occur by the end of 2018.

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

8 - FUEL REIMBURSABLE

	Parent company and Consolidated	
	12.31.2014	12.31.2013
Eletrobras	343,221	139,601

This item records amounts receivable from Eletrobras, related to the reimbursement of fuel purchased for consumption by the Company's thermal power plants. These purchases are paid by Eletrobras 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 12.31.2014, the amounts related to supply from August to November 2014 were still pending reimbursement. The amounts related to the months of August and September were received in the first months of 2015. The Company has been discussing with CDE's fund managers aiming to balance the amounts due as soon as possible.

9 - RESTRICTED DEPOSITS

	Parent Company		Consolidated	
	12.31.2014	12.31.2013	12.31.2014	12.31.2013
Debt service guarantee	34,471	31,618	145,965	121,895
CCEE guarantee	53,472	10	54,124	10
Contractual commitment guarantee	-	-	48,475	-
Other	7,520	5,466	11,709	12,785
	95,463	**37,094**	**260,273**	**134,690**
Classification in the balance sheet				
Current assets	55,133	10	104,260	3,833
Non-current assets	40,330	37,084	156,013	130,857
	95,463	**37,094**	**260,273**	**134,690**

In fiscal year 2014, deposits of R$ 48,475 were recognized, which were used as collateral to cover certain contractual commitments undertaken by the sellers of the Ferrari thermal power plant. These deposits will be cleared once such commitments are fulfilled.

10 - NON-CURRENT ASSETS HELD FOR SALE

This item records assets from the thermal power project Jacuí (Jacuí) received as a result of the favorable decision for the Company, in 2014, on a claim for enforcement filed against Elétrica Jacuí Ltda. (Eleja) to collect the amounts receivable from the sale of Jacuí, which had been granted as collateral.

After taking possession of the assets, the Company's management started identifying potential buyers for the assets. Given the current stage of the asset divestment process, as from 9.30.2014, the Company started recording assets under "Non-current assets held for sale" and continued to record the book value of the asset, of R$ 86,886. The valuation submitted by the court-appointed valuation expert on assets to which the Company is entitled amounted to R$ 114,981. Given that the debt, including fines and charges, exceeds the value calculated by the expert, the Company requested seizure enforcement, which is currently awaiting the court decision.

Said non-current asset held for sale corresponds only to property, plant and equipment received by the Company, and no other significant assets, liabilities and results are related to said transaction.

Until 9.30.2014, the amounts receivable from Eleja, totaling R$ 86,886, were being recorded as "Amounts receivable from sale of asset," under non-current assets. This amount corresponded to the present value of all the amounts receivable from Eleja in July 2009, the month when Eleja suspended the payment of installments due and, thus, the Company began the process of judicial execution of the sales agreement of the project. As from that month, the Company prudently ceased to recognize interest and monetary variation on receivables from this transaction

11 - JUDICIAL DEPOSITS

a) Breakdown

	Parent Company		Consolidated	
	12.31.2014	**12.31.2013**	**12.31.2014**	**12.31.2013**
Tax	99,207	92,724	99,785	93,485
Civil	11,094	8,259	12,161	8,817
Labor	5,079	4,228	5,198	4,552
	115,380	**105,211**	**117,144**	**106,854**

Of the total amount of tax deposits at 12.31.2014, R$ 50,220 (R$ 49,192 at 12.31.2013) in the parent company and consolidated correspond to deposits restricted to the lawsuit whose final and unappealable decision in favor of the Company given in June 2012, in a suit that required the maintenance of the non-cumulative system for calculating Pis and Cofins taxes on revenues arising from "fixed price" contracts. The Company is awaiting the ruling of an appeal presented by the Federal Government to calculate said deposits.

The other amounts deposited are linked to lawsuits being conducted in administrative and in court levels, of which R$ 44,879 at 12.31.2014 (R$ 38,703 at 12.31.2013) are directly related to probable risk provisions recognized as provision in the Company's liabilities.

b) Changes

	Parent Company	Consolidated
Balance at 12.31.2012	**108,616**	**110,411**
Additions	2,550	2,695
Actualizations	9,188	9,323
Write-offs and redemptions	(15,143)	(15,575)
Balance at 12.31.2013	105,211	106,854
Additions	5,794	6,280
Actualizations	11,134	11,276
Write-offs and redemptions	(6,759)	(7,266)
Balance at 12.31.2014	**115,380**	**117,144**

12 - INVESTMENTS

a) Breakdown

	Parent company	
	12.31.2014	12.31.2013
Interest on subsidiaries:		
Measured at the equity method		
Equity in earnings of subsidiaries	2,522,925	2,336,073
"Goodwill" (Concession right)	76,852	80,193
	2,599,777	**2,416,266**

b) Changes in investments evaluated through the equity method

	Itasa	CEE	CESS [10]	Lages	TBLC	TBLP	Pampa	Total
Balance at 1.1.2013	**329,803**	**983,367**	**376,380**	**59,198**	**168,562**	**732,419**	**1**	**2,649,730**
Capital increase	-	-	-	-	-	44,016	845	**44,861**
Equity in earnings of subsidiaries	9,854	24,430	21,421	6,154	62,100	42,909	(4)	**166,864**
Dividends	(16,528)	(5,208)	-	(6,154)	(100,000)	-	-	**(127,890)**
Other	-	-	-	-	-	-	309	**309**
Merger	-	-	(397,801)	-	-	-	-	**(397,801)**
Balance at 12.31.2013	**323,129**	**1,002,589**	**-**	**59,198**	**130,662**	**819,344**	**1,151**	**2,336,073**
Capital increase	-	-	-	-	-	245,755	370	**246,125**
Equity in earnings of subsidiaries	2,024	5,366	-	7,163	201,772	81,668	(11)	**297,982**
Dividends	(23,511)	(1,274)	-	(22,565)	(328,234)	-	-	**(375,584)**
Other comprehensive income	-	-	-	-	-	5,355	12,974	**18,329**
Balance at 12.31.2014	**301,642**	**1,006,681**	**-**	**43,796**	**4,200**	**1,152,122**	**14,484**	**2,522,925**

[10] Companhia Energética São Salvador, merged on 12.30.2013

b.1) Information on direct subsidiaries related to the fiscal year ended 12.31.2014

	Itasa	CEE	Lages	TBLC	TBLP	Pampa
Capital	510,136	918,002	30,530	4,200	1,024,534	1,217
Assets	653,666	2,553,721	57,942	487,115	1,887,550	21,173
Liabilities	34,913	1,547,040	14,146	482,915	731,524	6,689
Shareholders' Equity	618,753	1,006,681	43,796	4,200	1,156,026	14,484
Net revenue	136,605	384,798	45,845	2,815,338	235,392	-
Net income (loss)	4,152	5,366	7,163	201,772	82,405	(11)
Other comprehensive income	-	-	-	-	5,355	12,974
Interest in the capital (%)	48.75	99.99	99.99	99.99	99.99	99.99

The non-controlling interest of Ibitiúva in the shareholders' equity and the net income of TBLP presented above is R$ 3,904 and R$ 737, respectively.

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

Changes

	CEE	CESS	Total
Balance at 1.1.2013	**83,426**	**30,836**	**114,262**
Amortization	(3,233)	(1,265)	(4,498)
CESS Merger	-	(29,571)	(29,571)
Balance at 12.31.2013	**80,193**	**-**	**80,193**
Amortization	(3,341)	-	(3,341)
Balance at 12.31.2014	**76,852**	**-**	**76,852**

Amounts related to "Goodwill" (Concession right) paid in the acquisitions of the subsidiaries have as economic grounds the rights over the concession granted by Aneel for the use of public assets in the generation of electrical energy. These were defined with a basis on the present value of the cash flow projections obtained through economic and financial evaluations.

The asset is being amortized through the straight-line method over the period of the concession contract, as the economic benefits arising from the acquisitions of these investments will occur over the course of the this period.

d) Information on direct subsidiaries

d.1) Itá Energética S.A. (Itasa) – joint operation

Tractebel Energia and Companhia Siderúrgica Nacional (CSN) have joint control over Itasa, both with a 48.75% share in the voting and paid-up capital of the company.

Itasa and Tractebel Energia are the companies which have the exploration rights over the Itá Hydroelectric Power Plant, 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%. The Plant has guaranteed energy of 720 average MW, of which, under the terms of the Consortium Contract, Itasa is entitled to 404.1 average MW and Tractebel to 315.9 average MW. Tractebel, directly and indirectly, through Itasa, is entitled to 544.2 average MW of energy guaranteed by the project.

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 legal personality.

BALANCE SHEET	12.31.2014	12.31.2013
ASSETS		
Current assets	52,449	65,893
Non-current assets		
Long-term assets	32,335	34,029
Property, plant and equipment	568,876	603,262
Intangible assets	6	8
TOTAL ASSETS	**653,666**	**703,192**
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities	32,761	38,492
Non-current liabilities	2,152	1,871
Shareholders' equity	618,753	662,829
TOTAL LIABILITIES	**653,666**	**703,192**

STATEMENT OF INCOME FOR THE YEAR	12.31.2014	12.31.2013
NET SALES	**136,605**	**153,530**
COSTS OF ENERGY SOLD	**(129,259)**	**(116,726)**
GROSS INCOME	**7,346**	**36,804**
OPERATING INCOME (EXPENSES)		
Administrative and general expenses	(3,988)	(4,265)
Other operating income (expenses), net	45	(3,331)
INCOME BEFORE FINANCIAL INCOME (LOSS) AND TAXES	**3,403**	**29,208**
Financial result	**2,956**	**1,266**
INCOME BEFORE INCOME TAXES	**6,359**	**30,474**
Income and social contribution taxes	(2,207)	(10,265)
NET INCOME FOR THE YEAR	**4,152**	**20,209**

d.2) 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 Power Plant, 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. The plant has assured energy of 641.1 average MW, of which 256.9 average MW belonging to CEE.

d.3) 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.

d.4) 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.

d.5) Usina Termelétrica Pampa Sul S.A. (Pampa)

Pampa holds the Pampa Sul Thermoelectric Plant, which will be installed in the city of Candiota, state of Rio Grande do Sul and will have installed capacity of 340 MW. In November 2014, Pampa sold, through an auction held by Aneel, 294.5 average MW for a period of 25 years, to be delivered as from January 1st, 2019. Construction of the Plant will start in 2015 and commercial operation is scheduled to start in January 2019. The plant's construction cost is estimated at R$ 1,800,000.

d.6) 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. The following table presents financial information for the most significant subsidiaries of TBLP for the year ended 12.31.2014.

	Capital	Assets	Liabilities	Net Assets	Net Revenue	Net Income (loss)	Other comprehensive income	Equity interest in the capital (%)
Tupan	80,379	93,524	13,145	80,379	18,386	12,390	-	99.99
Hidropower	33,393	69,483	24,589	44,894	17,673	11,084	-	99.99
Areia Branca	84,160	132,405	51,945	80,460	11,612	(1,112)	-	99.99
Ibitiúva	36,576	135,282	57,196	78,086	25,979	14,730	-	95.00
Ferrari	51,050	129,561	52,298	77,263	45,092	17,343	-	99.99
Beberibe	60,230	149,820	83,066	66,754	26,299	8,924	-	99.99
Pedra do Sal	33,133	95,152	56,027	39,125	18,884	7,279	-	99.99
EEN	184,513	558,188	350,601	207,587	85,848	28,057	-	99.99
EEC	30,739	31,864	1,240	30,624	-	(31)	-	99.99
CLWP	2,427	7,136	1,782	5,354	-	(315)	3,408	99.99
CLWP II	4,553	4,395	19	4,376	-	(116)	-	99.99
CLWP III	8,139	10,766	1,040	9,726	-	(239)	1,947	99.99
Santo Agostinho	10	-	-	-	-	(10)	-	99.99

The effects on TBLP's consolidated assets deriving from the allocation of the fair value of the rights linked to authorizations and other rights acquired in the business combination total R$ 420,086.

- Ferrari Termoelétrica S.A. (Ferrari)

In February 2014, the subsidiary TBLP concluded the acquisition of the entire capital of Ferrari for R$ 176,139. The company is an SPE that holds all the assets of Central Geradora Termelétrica Ferrari, a sugarcane biomass-based power cogeneration plant in the city of Pirassununga, state of São Paulo, operating commercially since June 2009. The plant has commercial capacity of 23.2 average MW.

The book values and fair values of assets acquired and liabilities assumed in business combinations were as follows:

	Book value	Fair value in the acquisition
Current assets	10,821	10,821
Non-current assets		
Long-term assets	15	15
Property, plant and equipment	81,273	216,797
Intangible assets	113	113
Current liabilities	(12,050)	(12,050)
Non-current liabilities	(39,557)	(39,557)
Net assets	**40,615**	**176,139**

In April 2014, the Company launched initiatives focused on the modernization and expansion of the UTE, in order to increase its installed capacity to 80.5 MW and its commercial capacity to 35.6 average MW. Construction works are scheduled to be concluded in the second quarter of 2015.

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

EEN is a holding company incorporated to concentrate the investments in Specific Purpose Entities (SPEs) that hold wind power projects in the city of Trairi, state of Ceará. The following table presents selected financial information for the subsidiaries of EEN for the fiscal year ended 12.31.2014:

	Capital	Assets	Liabilities	Net Assets	Net Revenue	Net Income	Equity interest in the capital (%)
Trairí	36,154	119,827	77,092	42,735	19,693	5,587	99.99
Guajiru	40,068	140,175	90,565	49,610	24,286	8,935	99.99
Fleixeiras	43,391	144,613	94,113	50,500	24,222	8,628	99.99
Mundaú	52,128	140,855	84,813	56,042	17,647	5,475	99.99

The effects on EEN's consolidated assets deriving from the allocation of the fair value of the rights to authorizations and other rights acquired in the business combination total R$ 12,108.

The Trairí and Guajiru wind farms started operating commercially in November 2013, whereas the Fleixeiras and Mundaú wind farms started operating January and April 2014, respectively. The Trairí Project added 115.4 MW to the Company's installed capacity and 63.9 average MW to its commercial capacity. The energy generated by these wind farms is being sold in the Free Trading Environment (ACL) through medium- and long-term contracts through the subsidiary TBLC.

- Energias Eólicas do Ceará S.A. (EEC)

EEC is a holding company incorporated to concentrate investments in the SPEs comprising the wind farms in the Santa Mônica Complex, state of Ceará. The following table provides financial information for the fiscal year ended 12.31.2014 of the subsidiaries of EEC.

	Capital	Assets	Liabilities	Net Assets	Net Income (Loss)	Equity interest in the capital (%)
Trairí II	7,396	7,325	269	7,056	(85)	99.99
Cacimbas	5,163	5,001	188	4,813	(63)	99.99
Santa Mônica	5,164	5,226	170	5,056	(24)	99.99
Santa Mônica II	7,095	7,384	286	7,098	4	99.99

The four wind farms have combined commercial capacity of 48.7 average MW. Construction of the wind farms started in 2014 and conclusion is scheduled for 2016. Construction costs are estimated at R$ 460,000. The energy from the plant will be sold in the free and/or regulated environment.

- Campo Largo Wind Power Complex (CECL)

CECL is formed by a set of wind power projects totaling an approximate development potential of 630 MW, all of which located in the cities of Umburanas and Sento Sé, state of Bahia, which will be developed in stages.

The Complex is composed of twenty-two (22) SPEs controlled by three (3) holding companies, CLWP Brasil Ltda. (CLWP), acquired in July 2013 for R$ 21,610, and CLWP Brasil II Participações Ltda. (CLWP II) and CLWP Brasil III Participações Ltda. (CLWP III), acquired in June 2014 for R$ 22,042 and R$ 39,939, respectively.

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.

The book values and fair values of assets acquired and liabilities assumed in 2014 are as follows:

	CLWP II		CLWP III	
	Book value	Fair value in the acquisition	Book value	Fair value in the acquisition
Current assets	1	1	1	1
Intangible assets	4,377	22,097	7,787	45,579
Current liabilities	(56)	(56)	(5,641)	(5,641)
Net assets	**4,322**	**22,042**	**2,147**	**39,939**

In the A-5 Auction held on 11.28.2014, CECL sold 82.6 average MW for the period of twenty (20) years starting January 1st, 2019, to be generated by six wind farms, with installed capacity of 178.2 MW. Another five wind farms of the Complex, with total installed capacity of 148.5 MW (approximately 70 average MW) will be developed in this stage of the project. The eleven (11) wind farms will require total investments of around R$ 1,700,000.

- Santo Agostinho Project

In August 2014, TBLP acquired the rights to develop the Santo Agostinho Wind Power Complex, located in the cities of Lajes and Pedro Avelino, state of Rio Grande do Norte, which is composed of twenty-four (24) SPEs, each responsible for developing one wind power project, totaling 600 MW of potential installed capacity.

The maximum price of the acquisition is R$ 54,000, which consists of a fixed amount of R$ 39,000 and a performance-based amount of up to R$ 15,000, which will be paid if certain contractual conditions are met.

In December 2014, the Company concluded the process for acquiring the first phase of the project, thereby acquiring control over one (1) holding company and nine (9) SPEs. The acquisition value was R$ 21,051, of which R$ 15,266 will be paid in 2015

The surplus in the acquired business, in the amount of R$ 20,926, substantially corresponds to the fair value of the basic environmental projects, the certification of power generation, measurements of winds, environmental licenses and leasing agreements, and was fully allocated to intangible assets.

13 - PROPERTY, PLANT AND EQUIPMENT

a) Breakdown

		Parent Company			
		12.31.2014			12.31.2013
	Average rate of depreciation	Adjusted cost	Accumulated depreciation	Net amount	Net amount
In service					
Reservoirs, dams and ducts	2.7%	5,070,718	(2,604,461)	2,466,257	2,611,608
Buildings and improvements	3.0%	1,457,091	(814,959)	642,132	682,232
Machinery and equipment	4.1%	5,866,182	(3,755,515)	2,110,667	2,241,689
Furniture and fixtures	6.3%	9,133	(4,447)	4,686	4,901
Vehicles	14.3%	2,890	(1,653)	1,237	460
Special obligations		(12,902)	-	(12,902)	(13,087)
		12,393,112	**(7,181,035)**	**5,212,077**	**5,527,803**
In progress					
Reservoirs, dams and ducts		871	-	871	-
Buildings and improvements		11,683	-	11,683	6,411
Machinery and equipment		234,788	-	234,788	95,518
Advances to suppliers		51,286	-	51,286	77,452
Acquisitions to be apportioned		28,622	-	28,622	6,781
		327,250	**-**	**327,250**	**186,162**
		12,720,362	**(7,181,035)**	**5,539,327**	**5,713,965**

		Consolidated			
		12.31.2014			12.31.2013
	Average rate of depreciation	Adjusted cost	Accumulated depreciation	Net amount	Net amount
In service					
Reservoirs, dams and ducts	3.0%	7,109,254	(2,912,215)	4,197,039	4,413,281
Buildings and improvements	3.2%	1,760,055	(890,813)	869,242	891,687
Machinery and equipment	4.1%	8,398,888	(4,203,306)	4,195,582	4,095,603
Furniture and fixtures	6.3%	9,945	(4,837)	5,108	5,324
Vehicles	14.3%	4,223	(2,208)	2,015	1,119
Special obligations		(13,026)	-	(13,026)	(13,212)
		17,269,339	**(8,013,379)**	**9,255,960**	**9,393,802**
In progress					
Reservoirs, dams and ducts		1,604	-	1,604	7,935
Buildings and improvements		19,644	-	19,644	12,095
Machinery and equipment		254,592	-	254,592	131,781
Advances to suppliers		88,285	-	88,285	148,140
Acquisitions to be apportioned		37,993	-	37,993	14,474
		402,118	**-**	**402,118**	**314,425**
		17,671,457	**(8,013,379)**	**9,658,078**	**9,708,227**

b) Changes in property, plant and equipment

	Parent company						
	Reservoirs, dams and ducts	Buildings and improvements	Machinery and equipment	Other	Construction in progress	Special obligations	Total
Balance at 1.1.2013	**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)
Balance at 12.31.2013	**2,611,608**	**682,232**	**2,241,689**	**5,361**	**186,162**	**(13,087)**	**5,713,965**
Additions	-	-	-	-	191,454	185	191,639
Capitalized interest	-	-	-	-	16,744	-	16,744
Transfers	(7,991)	797	72,992	1,312	(67,110)	-	-
Write-offs	-	(78)	(2,084)	(65)	-	-	(2,227)
Depreciation	(137,360)	(40,819)	(201,930)	(685)	-	-	(380,794)
Balance at 12.31.2014	**2,466,257**	**642,132**	**2,110,667**	**5,923**	**327,250**	**(12,902)**	**5,539,327**

	Consolidated						
	Reservoirs, dams and ducts	Buildings and improvements	Machinery and equipment	Other	Construction in progress	Special obligations	Total
Balance at 1.1.2013	**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)
Balance at 12.31.2013	**4,413,281**	**891,687**	**4,095,603**	**6,443**	**314,425**	**(13,212)**	**9,708,227**
Additions	-	-	-	-	292,737	186	292,923
Ferrari acquisition	-	7,463	60,422	137	13,251	-	81,273
Surplus of acquired assets	-	15,198	120,326	-	-	-	135,524
Capitalized interest	-	-	-	-	17,776	-	17,776
Transfers	(1,067)	8,350	228,948	1,483	(236,071)	-	1,643
Write-offs	-	(78)	(2,264)	(66)	-	-	(2,408)
Depreciation	(215,175)	(53,378)	(307,453)	(874)	-	-	(576,880)
Balance at 12.31.2014	**4,197,039**	**869,242**	**4,195,582**	**7,123**	**402,118**	**(13,026)**	**9,658,078**

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

	Parent Company				
	12.31.2014				12.31.2013
	Average rate of depreciation	Adjusted cost	Accumulated depreciation	Net amount	Net amount
In service					
Hydroelectric power plants	2.5%	9,922,340	(5,170,165)	4,752,175	5,000,879
Thermoelectric power plants	5.0%	2,470,772	(2,010,870)	459,902	526,924
		12,393,112	**(7,181,035)**	**5,212,077**	**5,527,803**

	Consolidated				
	12.31.2014				12.31.2013
	Average rate of depreciation	Adjusted cost	Accumulated depreciation	Net amount	Net amount
In service					
Hydroelectric power plants	3.2%	13,468,669	(5,736,805)	7,731,864	7,971,490
Thermoelectric power plants	5.0%	2,470,772	(2,010,870)	459,902	526,924
SHPP	4.3%	300,987	(78,280)	222,707	235,451
Biomass power plants	5.3%	288,723	(96,140)	192,583	119,475
Wind power plants	4.6%	740,188	(91,284)	648,904	540,462
		17,269,339	**(8,013,379)**	**9,255,960**	**9,393,802**

d) Depreciation

The useful lives set by Aneel, which correspond to the estimated useful 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

The following items are fully depreciated at 12.31.2014 and 12.31.2013:

	Parent company		Consolidated	
	12.31.2014	12.31.2013	12.31.2014	12.31.2013
Reservoirs, dams and pipelines	132,507	73,857	132,507	73,857
Buildings and improvements	105,249	105,209	105,249	105,209
Machinery and equipment	759,175	703,886	759,316	704,069
Furniture and fixtures	1,000	1,126	1,000	1,139
Vehicles	690	596	939	883
	998,621	**884,674**	**999,011**	**885,157**

Depreciation of assets comprising the Power Plants' Original Project

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

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

Also, according to the interpretation of 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 depreciated according to the useful lives established by Aneel.

e) Fair value adjustment of property, plant and equipment

In compliance with the guidelines of accounting pronouncements, on 1.1.2009, date of the first-time adoption of the international financial reporting standards (IFRS) and the standards provided by the Accounting Pronouncements Committee (CPC), the Company adopted the fair value as the deemed cost of property, plant and equipment of its plants whose book values differed substantially from their fair value.

The adjustment to the fair value of property, plant and equipment, net of deferred income tax and social contribution was offset by the 'Asset Valuation Adjustments' account under Shareholders' Equity. Depreciation and write-off of said adjustment to assets 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 at 12.31.2014 and 12.31.2013 include the fair value adjustment, net of depreciation and write-offs, in the amounts of R$ 740,393 and R$ 799,114, respectively. The depreciation and write-offs over the amounts of fair value adjustment in the fiscal years ended at 12.31.2014 and 12.31.2013 were R$ 58,721 and R$ 83,697, 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 1.1.2009, and was maintained for transactions after that date in order to maintain the consistency of procedures.

The balance of these concessions and authorizations to use public assets for power generation, in Property, Plant and Equipment, on 12.31.2014 and 12.31.2013 was R$ 728,293 and R$ 762,724, respectively, and R$ 997,567 and R$ 1,046,106, 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.

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 impairment of R$ 68,698 in the parent company and of R$ 72,837 in the consolidated, mainly related to the assets of Usina Termelétrica Charqueadas, due to new rules imposed by Aneel, which will reduce the reimbursement of coal consumed by the plant starting January 2016, and will hinder the recovery of the existing assets and 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, and considering their best possible use, and determined based on observable market data.

i) Regulatory agency concessions and authorizations

i.1) Concessions of hydroelectric power plants

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	10.1.1999	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 interest as shareholders or consortium members.

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

Authorizations	Authorization holder	Installed capacity (MW)	Date of minutes	Expiration
Thermal power plants (UTE)				
Thermal power complex Jorge Lacerda	Tractebel Energia	857	9.25.1998	9.27.2028
UTE Charqueadas	Tractebel Energia	72	9.25.1998	9.27.2028
UTE Alegrete[11]	Tractebel Energia	66	9.25.1998	9.27.2028
UTE William Arjona	Tractebel Energia	190	6.1.2000	4.28.2029
UTE Ibitiúva Bioenergética	Consórcio Andrade[12]	33	4.5.2000	4.5.2030
Co-generation Unit Lages	Lages	28	10.29.2002	10.28.2032
UTE Ferrari	Ferrari Termoelétrica	80	6.26.2007	6.27.2042
Small Hydro Power Plants (PCH)				
PCH Areia Branca	Areia Branca	20	5.2.2000	5.2.2030
PCH Rondonópolis	Tupan	27	12.18.2002	12.18.2032
PCH Engenheiro José Gelazio da Rocha	Hidropower	24	12.18.2002	12.18.2032
Wind power plants (EOL)				
EOL Pedra do Sal	Pedra do Sal	18	10.1.2002	10.1.2032
EOL Beberibe	Beberibe	26	7.31.2003	8.3.2033
EOL Trairí	Trairí	25	9.20.2011	9.28.2041
EOL Guajiru	Guajiru	30	9.20.2011	9.28.2041
EOL Fleixeiras I	Fleixeiras I	30	9.20.2011	9.28.2041
EOL Mundaú	Mundaú	30	9.20.2011	9.26.2041

The Company has 22.9 MW of the installed capacity of Ibitiúva Bioenergética Power Plant, which corresponds to its interest as shareholders or consortium member.

[11] The Plant's operations are temporarily suspended and the assets are being returned to the Federal Government.
[12] Consortium members are the indirect subsidiary Ibitiúva Bioenergética S.A. (72.90%) and Andrade Açúcare Álcool (27.10%).

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 Regulatory Agency. 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.

j) 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 located in the city of Alegrete, state of Rio Grande do Sul, 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 by the regulatory agency. As a result, the Company requested Aneel to definitively revoke the authorization of the Plant and return it to the Federal Government.

k) Accidents incurred by the Company in 2014

In late June 2014, the Company registered accidents in two generating units of the Jorge Lacerda Thermal Power Plant (CTJL) and in a spillway of the Itá Hydroelectric Plant. The material damages and effects arising from the business interruption caused by the accidents are covered by the Company's insurance policy. For further details, see Note 33 – Insurance.

14 - INTANGIBLE ASSETS

a) Breakdown

		Parent company			
		12.31.2014			12.31.2013
	Amortization period	Adjusted cost	Accumulated amortization	Total	Total
Right to use	Until 2034	38,416	(27,423)	**10,993**	**10,920**

		Consolidated			
		12.31.2014			12.31.2013
	Amortization period	Adjusted cost	Accumulated amortization	Total	Total
Operation license conditions	Until 2014	22,243	(22,243)	-	6,889
Energy purchase right	Until 2023	64,561	(12,031)	52,530	58,546
Right to use assets	Until 2037	56,486	(29,281)	27,205	17,757
Rights over Trairí Project	Until 2041	12,668	(559)	12,109	12,668
Rights over Santa Mônica Project	-	6,565	-	6,565	5,715
Rights over Campo Largo Project	-	77,182	-	77,182	21,670
Rights over Santo Agostinho Project	-	20,925	-	20,925	-
Other	-	-	-	-	3,107
		260,630	**(64,114)**	**196,516**	**126,352**

Rights over the abovementioned projects arise from the fair value of the basic environmental projects, the certification of power generation, wind measurements, preliminary environmental licenses and leasing agreements acquired jointly with the companies. The amortization of these rights will start after the wind farms start to operate commercially and will be recognized through the straight-line method over the term of the authorization for use of the assets.

b) Changes

	Parent company	Consolidated
Balance at 1.1.2013	**10,965**	**109,500**
Addition	5,146	7,604
Fair value of acquired rights	-	31,342
Transfer to property, plant and equipment	-	(2,600)
CESS Merger	404	-
Amortization	(5,595)	(19,494)
Balance at 12.31.2013	**10,920**	**126,352**
Addition	2,796	10,615
Fair value of acquired rights	-	76,437
Transfer to property, plant and equipment	-	(1,643)
Amortization	(2,723)	(15,245)
Balance at 12.31.2014	**10,993**	**196,516**

c) Assets impairment

The Company periodically evaluates the existence of events that may lead to intangible assets impairment losses, and no indications of impairment were identified at 12.31.2014.

15 - SUPPLIERS

	Parent company		Consolidated	
	12.31.2014	12.31.2013	12.31.2014	12.31.2013
Electrical energy purchased	38,479	9,017	131,138	179,048
Transactions in the short-term market	238,006	111,097	251,658	119,228
Fossil fuels and biomass	140,644	84,630	141,648	86,366
Charges for the use of the power grid	33,843	29,484	40,958	36,032
Suppliers of materials and services	52,316	30,827	64,562	43,787
Suppliers of property, plant and equipment	3,798	16,656	11,738	45,885
	507,086	**281,711**	**641,702**	**510,346**

16 - LOANS AND FINANCING

a) Breakdown

	Parent Company					
	12.31.2014			12.31.2013		
	Current	Non-current	Total	Current	Non-current	Total
Measured at the amortized cost						
Local currency						
Nordic Investment Bank	5,426	154,147	159,573	-	149,990	149,990
Bank of America Merrill Lynch	-	-	-	286,667	-	286,667
BNDES	16,003	251,153	267,156	16,003	141,363	157,366
Banks (BNDES onlending)	33,693	268,665	302,358	32,317	298,811	331,128
Financial charges	3,578	-	3,578	7,635	-	7,635
	58,700	**673,965**	**732,665**	**342,622**	**590,164**	**932,786**
Foreign currency without hedge						
BNP Paribas *(Floating Rate Note)*	**-**	**-**	**-**	**367**	**129,060**	**129,427**
Measured at fair value						
Foreign currency with hedge						
HSBC USA	237,196	605,362	842,558	-	210,329	210,329
Mizuho Bank	-	235,055	235,055	-	-	-
Bank of Tokyo	-	130,386	130,386	-	-	-
Financial charges	1,834	-	1,834	350	-	350
	239,030	**970,803**	**1,209,833**	**350**	**210,329**	**210,679**
Loans and financing	**297,730**	**1,644,768**	**1,942,498**	**343,339**	**929,553**	**1,272,892**

The balances of loans and financing, including hedge effects, are as follows:

	Parent Company					
	12.31.2014			12.31.2013		
	Current	Non-current	Total	Current	Non-current	Total
Loans and financing	**297,730**	**1,644,768**	**1,942,498**	**343,339**	**929,553**	**1,272,892**
Effects of Hedge (swap) in the balance sheet						
Long position [13]	(27,538)	(38,430)	(65,968)	-	(1,115)	(1,115)
Short position [14]	-	1,732	1,732	-	-	-
	(27,538)	**(36,698)**	**(64,236)**	**-**	**(1,115)**	**(1,115)**
Loans and financing, including hedge effects	**270,192**	**1,608,070**	**1,878,262**	**343,339**	**928,438**	**1,271,777**

	Consolidated					
	12.31.2014			12.31.2013		
	Current	Non-current	Total	Current	Non-current	Total
Measured at the amortized cost						
Local currency						
Nordic Investment Bank	5,426	154,147	159,573	-	149,990	149,990
Bank of America Merrill Lynch	-	-	-	286,667	-	286,667
BNDES	124,571	1,528,040	1,652,611	119,369	1,498,097	1,617,466
Banks (BNDES onlending)	71,608	774,824	846,432	68,392	830,932	899,324
Banco do Brasil	3,966	7,271	11,237	3,966	11,237	15,203
Financial charges	9,720	-	9,720	13,732	-	13,732
	215,291	**2,464,282**	**2,679,573**	**492,126**	**2,490,256**	**2,982,382**
Foreign currency without hedge						
BNP Paribas (*Floating Rate Note*)	**-**	**-**	**-**	**367**	**129,060**	**129,427**
Measured at fair value						
Foreign currency with hedge						
HSBC USA	237,196	605,362	842,558	-	210,329	210,329
Mizuho Bank	-	235,055	235,055	-	-	-
Bank of Tokyo	-	130,386	130,386	-	-	-
Financial charges	1,834	-	1,834	350	-	350
	239,030	**970,803**	**1,209,833**	**350**	**210,329**	**210,679**
Loans and financing	**454,321**	**3,435,085**	**3,889,406**	**492,843**	**2,829,645**	**3,322,488**

[13] The long position of the hedge is presented as part of the item "Unrealized gain from hedge operations"
[14] The short position of the hedge is presented as part of the item "Other non-current liabilities"

The balances of loans and financing, including hedge effects, are as follows:

	Consolidated					
	12.31.2014			12.31.2013		
	Current	Non-current	Total	Current	Non-current	Total
Loans and financing	**454,321**	**3,435,085**	**3,889,406**	**492,843**	**2,829,645**	**3,322,488**
Effects of Hedge (swap) in the balance sheet						
Long position	(27,538)	(38,430)	(65,968)	-	(1,115)	(1,115)
Short position	-	1,732	1,732	-	-	-
	(27,538)	**(36,698)**	**(64,236)**	**-**	**(1,115)**	**(1,115)**
Loans and financing, including hedge effects	**426,783**	**3,398,387**	**3,825,170**	**492,843**	**2,828,530**	**3,321,373**

b) Changes in loans and financings

	Parent company			Consolidated		
	Current	Non-current	Total	Current	Non-current	Total
Balance at 1.1.2013	**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	39,563	-	39,563	203,981	-	203,981
Capitalized interest	160	-	160	20,832	-	20,832
Monetary variation	-	7,818	7,818	-	7,818	7,818
Exchange variation	2,449	40,061	42,510	2,449	40,061	42,510
Guarantee remuneration	-	(3,809)	(3,809)	-	(3,809)	(3,809)
Gain from early settlement	(49,126)	-	(49,126)	(49,126)	-	(49,126)
Adjustment to fair value	-	(503)	(503)	-	(503)	(503)
Transfers	391,300	(391,300)	-	582,771	(582,771)	-
Amortization of principal	(209,375)	-	(209,375)	(405,654)	-	(405,654)
Interest payment	(44,496)	-	(44,496)	(219,453)	-	(219,453)
Balance at 12.31.2013	**343,339**	**929,553**	**1,272,892**	**492,843**	**2,829,645**	**3,322,488**
Additions	-	1,056,522	1,056,522	16	1,057,916	1,057,932
Ferrari acquisition	-	-	-	6,152	38,354	44,506
Interest expense	44,910	-	44,910	189,007	-	189,007
Capitalized interest	16,744	-	16,744	17,776	-	17,776
Monetary variation	141	9,422	9,563	141	9,422	9,563
Exchange variation	29	80,222	80,251	29	80,222	80,251
Adjustment to fair value	(15)	(13,101)	(13,116)	(15)	(13,101)	(13,116)
Transfers	417,850	(417,850)	-	567,373	(567,373)	-
Amortization of principal	(460,542)	-	(460,542)	(609,396)	-	(609,396)
Interest payment	(64,726)	-	(64,726)	(209,605)	-	(209,605)
Balance at 12.31.2014	**297,730**	**1,644,768**	**1,942,498**	**454,321**	**3,435,085**	**3,889,406**

c) Main transactions in 2014

c.1) Acquisition of Ferrari Termoelétrica S.A.

As mentioned in Note 12 – Investments, in February 2014 the subsidiary TBLP acquired the entire capital stock of Ferrari Termoelétrica. The Direct financing with BNDES and the BNDES onlending through Itaú BBA, amounted to R$ 44,506.

c.2) Loans in foreign currency with hedge

In 2014, the Company took a loan in U.S. dollars for US$ 370,266, equivalent to R$ 921,490. The proceeds were used mainly to refinance maturing debt and deliver the Company's business plan.

In order to hedge all its future payment flows against fluctuation in the U.S. dollar exchange rate, the Company contracted swap operations with Brazilian subsidiaries of the same lending financial institutions, for the same amounts and maturities of interests and principal.

The main conditions of loans and swap operations are as follows:

		Amount		Loans and long position in swap	Short position in swap	
Banks	Month	US$	R$	Δ US$ + Interest (p.a.)	Δ in CDI rate	Maturity
HSBC USA	March	100,000	230,940	1.4294 %	97.0% of CDI	3.2016
HSBC USA	October	80,266	200,000	1.7871 %	99.0% of CDI	10.2016
HSBC USA	December	50,000	128,320	1.8104%	98.6% of CDI	12.2016
Mizuho Bank	December	90,000	233,910	1.7260 %	96.02% of CDI	12.2016
Bank of Tokyo	December	50,000	128,320	114.2857% of Libor + 0.5486%	98.0% of CDI	12.2016
		370,266	**921,490**			

c.3) BNDES loan

In September 2014, the Company contracted a financing from BNDES in the amount of R$ 318,064 for the modernization of the Salto Santiago, Passo Fundo and the Jorge Lacerda A plants. Of the total funding, R$ 273,414 will carry interest equivalent to TJLP + 2.26% and monthly amortizations from August 2016 to July 2020; R$ 42,850 will pay fixed interest of 6% p.a. and monthly amortizations between August 2016 and July 2024; and R$ 1,800 will carry interest corresponding to TJLP and monthly amortizations from August 2016 to July 2020. In November 2014, R$ 127,000 were released from the portion of funds allocated to the Salto Santiago and Passo Fundo plants.

c.4) Early settlement of debt

In November 2014, the Company paid off in advance all of its Euro-denominated debt contracted from BNP Paribas, for the equivalent of R$ 129,682.

d) Breakdown of debt by index and currency

	Parent Company				Consolidated			
	12.31.2014	%	12.31.2013	%	12.31.2014	%	12.31.2013	%
Local currency								
TJLP	554,989	28.5	476,686	37.4	2,469,100	63.5	2,485,334	74.9
CDI	-	-	291,674	22.9	-	-	291,674	8.8
IPCA	160,710	8.3	151,017	11.9	160,710	4.1	151,017	4.5
Not indexed	16,966	0.9	13,409	1.1	49,763	1.3	54,357	1.6
	732,665	**37.7**	**932,786**	**73.3**	**2,679,573**	**68.9**	**2,982,382**	**89.8**
Foreign currency								
Euro – without *hedge*	-	-	129,427	10.2	-	-	129,427	3.9
U.S. dollar – with hedge for CDI	1,209,833	62.3	210,679	16.5	1,209,833	31.1	210,679	6.3
	1,209,833	**62.3**	**340,106**	**26.7**	**1,209,833**	**31.1**	**340,106**	**10.2**
Loans and financing	**1,942,498**	**100.0**	**1,272,892**	**100.0**	**3,889,406**	**100.0**	**3,322,488**	**100.0**

Loans in U.S. dollars are fully hedged against exchange variation through swap-to-CDI operations.

e) Interest rates and foreign currency variation

	2014	2013
TJLP	5.0%	5.0%
CDI	10.8%	8.1%
IPCA	6.4%	5.9%
U.S. dollar	13.4%	14.6%
Euro	0.02%	19.7%

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

	Parent Company			Consolidated		
	Local currency	Foreign currency	Total	Local currency	Foreign currency	Total
2016	85,397	970,803	1,056,200	236,706	970,803	1,207,509
2017	103,984	-	103,984	255,560	-	255,560
2018	103,984	-	103,984	250,723	-	250,723
2019	103,984	-	103,984	249,272	-	249,272
2020	90,629	-	90,629	233,237	-	233,237
2021 to 2025	185,987	-	185,987	821,904	-	821,904
2026 to 2029	-	-	-	416,880	-	416,880
Loans and financing	**673,965**	**970,803**	**1,644,768**	**2,464,282**	**970,803**	**3,435,085**

g) Main contracted conditions

Company/Bank	Interest	Payment Conditions		Balance at 12.31.2014
		Maturity	Principal and interest	
Parent Company:				
Local currency				
Nordic Investment Bank	IPCA + 3.55% p.a.	10.2022	Quarterly	160,710
BNDES – Modernization	TJLP + 2.26% p.a. (a)	7.2020	Quarterly interest 8.2016 Monthly. as of 8.2016	126,687
BNDES – Usina São Salvador	TJLP + 2.7% p.a. (a)	10.2023	Monthly	141,829
Banks (BNDES Onlending) (b)	TJLP + 3.25% p.a. (a)	10.2023	Monthly	286,473
Banks (Finame Onlending)	2.91% p.a.	1.2023	Monthly	16,966
Foreign currency (U.S. dollar)				
HSBC USA I	1.3882% p.a. with swap for 99.9% of CDI	8.2015	Principal: 8.2015 Interest: Quarterly	237,601
HSBC USA II	1.4294% p.a. with swap for 97% of CDI	3.2016	Principal: 3.2016 Interest: Quarterly	262,882
HSBC USA III	1.7871% p.a. with swap for 99% of CDI	10.2016	Principal: 10.2016 Interest: Quarterly	211,186
HSBC USA IV	1.8104% p.a. with swap for 98.6% of CDI	12.2016	Principal: 12.2016 Interest: Quarterly	132,441
Mizuho Bank	1.7260% p.a. with swap for 96.02% of CDI	12.2016	Principal: 12.2016 Interest: Quarterly	235,272
Bank of Tokyo	114.2857% Libor + 0.5486% p.a. with swap for 98% of CDI	12.2016	Principal: 12.2016 Interest: Quarterly	130,451
Subsidiaries:				
Hidropower - Banco do Brasil	8.08% p.a.	10.2017	Monthly	11,312
Companhia Energética Estreito				
BNDES – Social Credit	TJLP	6.2018	Monthly	17,779
BNDES	TJLP + 1.89% p.a. (a)	9.2029	Monthly	785,566
Banks (BNDES Onlending) (b)	TJLP + 2.95% p.a. (a)	9.2029	Monthly	533,934
Ibitiúva				
BNDES (Subcredit B)	4.5% p.a.	1.2020	Monthly	21,485
BNDES (Subcredit A and C)	TJLP + 2.05% p.a. (a)	1.2021	Monthly	21,770
Ferrari				
BNDES	TJLP + 1.91% p.a. (a)	6.2021	Monthly	27,490
Banks (BNDES Onlending) (b)	TJLP + 3.40% p.a. (a)	6.2021	Monthly	11,999
Beberibe – BNDES	TJLP + 3.5% p.a. (a)	12.2023	Monthly	79,906
Pedra do Sal – BNDES	TJLP + 1.92% p.a. (a)	12.2023	Monthly	53,848
Areia Branca – BNDES	TJLP + 2.5% p.a. (a)	6.2024	Monthly	45,122
Trairí Project (c) – BNDES	TJLP + 2.51% (a)	7.2029	Monthly	336,697

(a) The amount corresponding to the TJLP installment that exceeds 6% p.a. is incorporated into the principal.

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

(c) Financing of the Trairí Project, composed of the following companies: Trairí, Mundaú, Guajiru and Fleixeiras I.

h) Guarantees

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.

- Modernization: fiduciary assignment of revenues arising from Agreements for Energy Sale in the Regulated Environment.

- Financing of Usina São Salvador: bank guarantee for the BNDES portion and bank account concentrating receivables for Banks (BNDES Onlending).

- 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)

Debt	Covenants
Parent company	
Nordic Investment Bank	Parent company: Total debt / EBITDA ≤ 3.5 Consolidated: Total debt / EBITDA ≤ 4.5 Parent company and Consolidated: EBITDA / financial expenses ≥ 2.0
BNDES – Modernization	Net Debt/EBITDA ≤ 3.5
BNDES and Banks (BNDES onlending) – Usina São Salvador	Consolidated gross debt/EBITDA ≤ 4.5
HSBC USA, Mizuho Bank and Bank of Tokyo	EBITDA/consolidated financial expenses≥ 2.0 Consolidated gross debt/EBITDA ≤ 4.5
Subsidiaries	
BNDES and Banks (BNDES onlending)	Debt service coverage ratio[15] ≥ 1.2 or 1.3, depending on the subsidiary
BNDES - Ibitiúva	Total debt ratio ≤ 0.80 Debt service coverage ratio ≥ 1.3

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

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

17 - DEBENTURES

a) Breakdown

	Parent Company and Consolidated		
	12.31.2014		12.31.2013
	Current	Non-current	Current
2nd Issuance - single series	-	-	174,072
5th Issuance - single series	442	162,884	-
	442	**162,884**	**174,072**

b) Changes in debentures

	Parent company and Consolidated		
	Current	Non-current	Total
Balance at 1.1.2013	**170,042**	**158,548**	**328,590**
Interest	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)
Balance at 12.31.2013	**174,072**	**-**	**174,072**
Additions	-	162,444	162,444
Interest	4,863	-	4,863
Monetary variation	6,101	440	6,541
Amortization of principal	(172,518)	-	(172,518)
Payment of interests	(12,076)	-	(12,076)
Balance at 12.31.2014	**442**	**162,884**	**163,326**

In May 2014, the Company paid the third and final installment in the amount of R$ 184,594.

In December 2014, the Company issued 165,000 simple, unsecured, non-convertible debentures in a single series, at the nominal unit value of R$ 1, totaling R$ 165,000. The proceeds will be allocated to the modernization of the Salto Santiago and Passo Fundo plants.

c) Main conditions contracted

			Payment Conditions		
	Quantity	Remuneration	Charges	Principal	Guarantee
5th Issuance - single series	165,000	IPCA + 6.3% p.a.	Annually in December	3 installments on 12.2022/23/24	Without guarantee

d) Contractual covenants

Debt	Covenants
5th Issuance - single series	EBITDA/consolidated financial expenses ≥ 2.0 Consolidated gross debt/EBITDA ≤ 4.5

The covenants are being fully complied with by the Company.

18 - CONCESSIONS PAYABLE

a) Breakdown

	Parent company		Consolidated	
	12.31.2014	**12.31.2013**	**12.31.2014**	**12.31.2013**
Cana Brava hydroelectric power plant	668,763	587,992	668,763	587,992
Ponte de Pedra hydroelectric power plant	588,631	524,297	588,631	524,297
São Salvador hydroelectric power plant	462,711	439,539	462,711	439,539
Estreito hydroelectric power plant	-	-	45,667	43,341
	1,720,105	**1,551,828**	**1,765,772**	**1,595,169**
Classification in the balance sheet				
Current liabilities	50,458	47,397	55,115	51,763
Non-current liabilities	1,669,647	1,504,431	1,710,657	1,543,406
	1,720,105	**1,551,828**	**1,765,772**	**1,595,169**

The Company has onerous concession agreements with the Federal Government to Use the Public Asset (UBP) to generate electrical energy in the Cana Brava, Ponte de Pedra, São Salvador and Estreito power plants. 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.

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	5,837	2,525	22,363
From 8.1.2023 to 7.31.2033	61,280	612,800	230,761	2,307,607
		618,637		**2,329,970**
Ponte de Pedra hydroelectric plant				
Until 9.30.2019	200	950	653	3,147
From 10.1.2019 to 9.30.2020	16,200	16,200	53,866	53,866
From 10.1.2020 to 9.30.2034	31,109	435,531	103,440	1,448,159
		452,681		**1,505,172**
São Salvador hydroelectric plant				
Until 4.30.2037	20,000	**448,333**	49,486	**1,126,892**
Estreito hydroelectric plant				
Until 12.31.2037	1,960	**45,249**	4,886	**113,146**

c) Changes

	Parent company			Consolidated		
	Current	Non-current	Total	Current	Non-current	Total
Balance at 1.1.2013	**3,129**	**964,758**	**967,887**	**48,800**	**1,380,126**	**1,428,926**
Interest	-	90,976	90,976	229	136,282	136,511
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)
Balance at 12.31.2013	**47,397**	**1,504,431**	**1,551,828**	**51,763**	**1,543,406**	**1,595,169**
Interest	-	147,944	147,944	-	152,229	152,229
Monetary variations	-	70,463	70,463	-	73,268	73,268
Transfers	53,191	(53,191)	-	58,246	(58,246)	-
Amortizations	(50,130)	-	(50,130)	(54,894)	-	(54,894)
Balance at 12.31.2014	**50,458**	**1,669,647**	**1,720,105**	**55,115**	**1,710,657**	**1,765,772**

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

	Parent company	Consolidated
2016	46,247	50,494
2017	42,050	45,911
2018	38,236	41,746
2019	43,761	46,952
2020	73,578	76,478
2021 to 2025	598,357	609,351
2026 to 2030	567,163	573,988
2031 to 2037	260,255	265,737
	1,669,647	**1,710,657**

19 - INCOME AND SOCIAL CONTRIBUTION TAXES PAYABLE

	Parent company		Consolidated	
	12.31.2014	**12.31.2013**	**12.31.2014**	**12.31.2013**
Income tax	159,595	334,442	183,791	336,524
Social Contribution	40,807	103,412	45,717	104,553
	200,402	**437,854**	**229,508**	**441,077**
(-) Taxes recoverable	(667)	(6,267)	(1,044)	(6,911)
	199,735	**431,587**	**228,464**	**434,166**

20 - OTHER TAX AND REGULATORY OBLIGATIONS

	Parent Company		Consolidated	
	12.31.2014	**12.31.2013**	**12.31.2014**	**12.31.2013**
Pis and Cofins	9,140	11,765	12,805	12,581
INSS	4,404	3,184	4,966	3,955
ICMS	3,800	3,655	19,736	16,256
ISSQN	950	654	1,381	1,701
Royalties [16]	27,912	28,896	32,321	32,894
Inspection fee	866	903	1,159	1,069
Other	1,897	1,807	1,910	1,850
	48,969	**50,864**	**74,278**	**70,306**
(-) Federal and state taxes recoverable	(6,900)	(7,065)	(7,293)	(7,379)
	42,069	**43,799**	**66,985**	**62,927**

[16] Financial compensation for the use of water resources.

21 - PROVISION FOR REMUNERATIONS AND CHARGES

	Parent company		Consolidated	
	12.31.2014	12.31.2013	12.31.2014	12.31.2013
Provision for profit sharing and bonuses	47,063	40,267	47,063	40,267
Provision for vacation	21,570	20,464	21,900	20,829
Provision for voluntary termination expenses	2,426	2,408	2,426	2,408
Others	520	618	520	618
	71,579	**63,757**	**71,909**	**64,122**

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 - CIVIL, TAX AND LABOR PROVISIONS

Civil, tax 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	
	12.31.2014	12.31.2013	12.31.2014	12.31.2013
Civil				
Fuel purchase	89,338	-	89,338	-
Charges for the use of the transmission system	-	79,745	-	79,745
Expropriations	30,147	20,991	30,147	20,991
Contracts with suppliers	28,317	26,661	28,317	26,661
Retirement benefits	13,427	12,072	13,427	12,072
Environmental	10,964	9,117	10,964	9,117
Sundry lawsuits	11,220	12,922	13,689	15,077
	183,413	**161,508**	**185,882**	**163,663**
Tax				
INSS	2,296	16,904	2,296	16,904
Other	2,051	3,901	2,765	4,491
	4,347	**20,805**	**5,061**	**21,395**
Labor	**10,880**	**9,646**	**11,529**	**9,914**
Total	**198,640**	**191,959**	**202,472**	**194,972**
Classification in the balance sheet				
Current liabilities	13,957	14,305	15,046	15,136
Non-current liabilities	184,683	177,654	187,426	179,836
	198,640	**191,959**	**202,472**	**194,972**

a.1) Fuel purchase

Provision related to a legal dispute with a fuel supplier resulting from the controversy regarding the application of the laws in force to define the price of fuel. The Company has adopted a conservative provisioning policy for this matter, considering that: (i) the claim is still in its initial stages of discussion, (ii) the award of the Claim has not yet been judged in lower courts, and (iii) there is no previous jurisprudence for similar claims.

a.2) Transmission System Usage Tariff (TUST)

The claim requests the revision of the TUST charged from the Ponte de Pedra plant to reflect the equivalent amount charged from plants with similar basic characteristics located in the same region. The Company has obtained a partially favorable ruling, which led it to reassess the risk of loss as remote. As a result, in the fourth quarter of 2014, the Company reversed the provision accrued until then and decided not to record new provisions to cover eventual losses. Aneel and certain agents involved have appealed to the Court of Justice against the decision.

a.3) Expropriations

The Company is defendant in lawsuits filed by individuals and legal persons regarding expropriation processes of areas that were impacted by the reservoirs of some plants.

a.4) Contracts with suppliers

The provision amount refers mainly to the action for indemnity filed by a former energy supplier seeking to obtain the right to receive the difference related to the application of a foreign exchange adjustment foreseen in the agreement, and its termination due to a supposed breach of a contractual clause.

In November 2012, the court ruled against the suit filed by the plaintiff, which 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 claim on 12.31.2014 is R$ 25,981 (R$ 23,665 on 12.31.2013), for the parent company and consolidated.

a.5) Retirement benefit

The provision refers, substantially, to the lawsuit filed against Fundação Eletrosul de Previdência e Assistência Social (ELOS) and Eletrosul Centrais Elétricas S.A. (Eletrosul) by members of the foundation, requiring 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 plaintiffs. To cover risks related to the portion of plaintiffs that did not accept said agreement, the Company maintains a provision of R$ 13,004 as of 12.31.2014 (R$ 11,689 as of 12.31.2013) at the parent company and consolidated.

a.6) Environmental

The Company is currently the defendant in fifteen environmental public-interest civil actions. These lawsuits are divided as follows: (i) three lawsuits requiring the installation of a lock, fish ladder and "lair out"; (ii) eight lawsuits requiring reforesting and the establishment of a Permanent Conservation Area (APP) of 100 meters around the reservoirs of two hydroelectric power plants; and (iii) other lawsuits related to alleged damage caused by the filling of a plant's reservoir, disposal of ashes by in allegedly inadequate areas, influence of the plant's operation in a river, and the process of environmental licensing of two Small Hydroelectric Power Plants.

a.7) Brazilian Social Security Institute (INSS)

The provision largely refers to a Tax Deficiency Notice received for non-payment of additional contribution to the Labor Accident Insurance (SAT) in the period between April 1999 and March 2004, due to the alleged absence of proof of the risk factor related to the work environment.

In November 2014, the Company formally withdrew from the Suit and joined the "Re-tapping of the Refis da Copa" (tax installment program), thereby settling the debt for R$ 10,400, through offsetting of the corresponding escrow deposits, benefiting from the elimination of the fine for late payment and charges, and partial reduction of interests.

a.8) Labor lawsuits

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

	Parent company			
	Civil	**Tax**	**Labor**	**Total**
Balance at 1.1.2013	**136,687**	**20,962**	**9,794**	**167,443**
Additions	19,080	1,694	1,882	22,656
Restatements	21,286	745	950	22,981
CESS Merger	141	107	-	248
Payments	(8,198)	(95)	(160)	(8,453)
Reversals from revision	(7,488)	(2,608)	(2,820)	(12,916)
Balance at 12.31.2013	**161,508**	**20,805**	**9,646**	**191,959**
Additions	100,945	557	1,920	103,422
Restatements	19,537	1,113	802	21,452
Payments	(4,805)	(10,814)	(208)	(15,827)
Reversal from revision	(93,772)	(7,314)	(1,280)	(102,366)
Balance at 12.31.2014	**183,413**	**4,347**	**10,880**	**198,640**

	Consolidated			
	Tax	Civil	Labor	Total
Balance at 1.1.2013	**140,759**	**22,728**	**11,233**	**174,720**
Additions	17,343	1,815	2,037	21,195
Restatements	21,677	759	950	23,386
Payments	(8,389)	(95)	(347)	(8,831)
Reversals from revision	(7,727)	(3,812)	(3,959)	(15,498)
Balance at 12.31.2013	**163,663**	**21,395**	**9,914**	**194,972**
Additions	101,409	560	3,209	105,178
Restatements	19,771	1,237	807	21,815
Payments	(4,934)	(10,817)	(241)	(15,992)
Reversal from revision	(94,027)	(7,314)	(2,160)	(103,501)
Balance at 12.31.2014	**185,882**	**5,061**	**11,529**	**202,472**

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, are not provisioned for, and the main ones are as follows.

	12.31.2014			12.31.2013		
	Possible risk	Remote risk	Total	Possible risk	Remote risk	Total
Parent Company						
Tax	230,001	100,803	330,804	227,760	271,796	499,556
Civil	18,355	94,160	112,515	16,409	455	16,864
Labor	5,690	28,857	34,547	8,098	23,932	32,030
	254,046	**223,820**	**477,866**	**252,267**	**296,183**	**548,450**
Consolidated						
Tax	297,505	111,838	409,343	290,421	285,120	575,541
Civil	41,827	95,326	137,153	42,550	607	43,157
Labor	6,787	28,857	35,644	10,103	23,932	34,035
	346,119	**236,021**	**582,140**	**343,074**	**309,659**	**652,733**

c.1) 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 legal right, 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, whose risk of loss is deemed as possible, at 12.31.2014 is R$ 61,153 (R$ 57,927 at 12.31.2013), 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 Tractebel Energia Comercializadora Ltda. (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.

As a result, the procedure adopted by the Company and by TBLC would be deemed compliant with the usual practices of the Brazilian Power Sector, against the interpretation of the tax authorities of the State of São Paulo.

Regarding administrative proceedings, TBLC did not obtain a favorable decision in the lower court judgment, and after an appeal was filed with the Court of Taxes and Fees, the amount and fine were reduced in one of the notices, and the amounts originally attributed to the other were maintained. 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.

TBLC then filed a lawsuit, which even provided court guarantees through bank suretyship, and injunctions were granted. The lower court ruling decided for a reduction in the applicable penalty from 150% to 80%, against which an appeal has been filed. The total claim amounts to R$ 32,967.

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 was denied on 4.9.2014, thereby ending the claim at the administrative sphere. The partial favorable decision of administrative defenses led to the reduction of infraction notices by R$ 11,016. The administrative proceeding was returned to the original court, and TBLE was notified to pay, under penalty of registering the debt as an Overdue Tax Liability, and an Action for Annulment was filed in December 2014 Said infraction notices contested by the Company amount to R$ 14,143.

Despite the partial success of the Company's defenses, the Company's management and legal advisors understand that the total amounts of debits claimed by tax authorities are subject to calculation 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 restated amount of the proceedings, assessed as having possible risk of loss, at 12.31.2014 is R$ 14,143 (R$ 16,389 at 12.31.2013), in the parent company, and R$ 47,110 (R$ 63,230 at 12.31.2013) in the consolidated.

Even if the tax deficiency notices are partially upheld, the Company's management and legal counsel understand that the contingent amount would be less than 10% of the abovementioned value 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 tax loss carryforwards in the succession and waiver of fines in voluntary confession

The Company used social contribution tax loss carryforwards arising from the merger of a company on 4.29.1998, or after the amendment to the tax legislation introduced in 2001, prohibiting the use of tax loss carryforwards from mergers, consolidations 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 social contribution tax loss carryforwards 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.

Furthermore, 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). Regarding this claim, 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.

In June 2008, the Company obtained a favorable decision of the Judgment Office of Florianópolis, regarding the portion of the tax deficiency notice regarding the use of the social contribution tax loss carryforwards in the calendar year 2003, originated from a merger.

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 interest in arrears. The restated amount of this notice, whose risk of loss was deemed as possible, at 12.31.2014 is R$ 32,130 (R$ 30,736 at 12.31.2013) for the parent company and consolidated.

- Recovery of Pis and Cofins taxes

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

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

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, thus, 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 Company submitted its Appeal on 3.31.2009. The contingency was being assessed as having remote risk of loss until its final and unappealable judgment, as described next.

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

In relation to the period from February 2004 to December 2005, the RFB issued 44 tax deficiency notices totaling R$ 110,757 at 12.31.2014 (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 44 proceedings, 1 was ruled in favor of the Company, by unanimous vote of the joint-decision body, resulting in the annulment of the Deciding Order in the amount of R$ 117, and 35 proceedings are currently with the Administrative Council of Tax Appeals (CARF), which has already judged 11 of them, in the amount of R$ 7,107, ruling on the maintenance of the tax authority's decision. The proceedings pending judgment by CARF total R$ 76,713. 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 8 remaining proceedings, in the amount of R$ 26,820, 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, in the amount of R$ 110,757 at 12.31.2014 (R$ 95,927 at 12.31.2013), 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.

With regard to the second period, in which the merit is associated with the non-characterization of the accounting entry as revenue, given the adverse ruling to the Company, maintained the proceedings classified as having possible risk of loss and reclassified 14 proceedings previously assessed as remote risk to possible risk of loss, totaling R$ 73,928.

23 - RETIREMENT BENEFITS OBLIGATIONS

The Company offers pension plans for its employees through PREVIG - Sociedade de Previdência Complementar. 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 plan are as follows: (i) retirement per length of work, disability and age supplement; (ii) special retirement and former combatant retirement supplement; (iii) pension supplement; (iv) inmate pension supplement; (v) annual bonus; and (vi) funeral allowance.

Currently, at PREVIG, this plan has 68 members at 12.31.2014 (71 at 12.31.2013), of whom 21 are in the BD plan and 47 in the BSPS plan (as described below). At ELOS, this plan has 4 members at 12.31.2014 and 12.31.2013.

At 12.31.2014, PREVIG had 470 (468 at 12.31.2013) retired employees and pension holders enjoying benefits, while ELOS had 2,186 (2,200 at 12.31.2013).

The administrative expenses of the foundations that are the Company's responsibility in 2014 and, at Previg and Elos, they amounted to R$ 1,526 (R$ 1,693 in 2013) and R$ 2,346 (R$ 2,411 in 2013), respectively.

b) Settled Proportional Supplementary Benefit Plan (BSPS)

The Company also maintains a defined contribution plan (CD) at PREVIG, denominated "Prevflex", created in 2005. Tractebel Energia employees, on the date of creation, 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. This plan was called "BSPS", and is closed for new membership. 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.

c) Breakdown of obligations with retirement benefits

	Parent Company and Consolidated					
	12.31.2014			12.31.2013		
	Current	Non-current	Total	Current	Non-current	Total
Contracted obligations	6,357	83,344	89,701	21,535	55,548	77,083
Current contributions and service costs	175	257	432	872	-	872
Uncontracted deficit	42,267	150,518	192,785	6,444	134,120	140,564
Recorded actuarial liability	**48,799**	**234,119**	**282,918**	**28,851**	**189,668**	**218,519**

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
2016	4,146	2,156	6,302
2017	4,395	2,285	6,680
2018	4,659	2,422	7,081
2019	4,939	2,568	7,507
2020	5,235	2,722	7,957
2021 to 2025	24,460	6,041	30,501
2026 to 2030	15,633	-	15,633
2031 to 2032	1,683	-	1,683
	65,150	**18,194**	**83,344**

d) Statement of retirement benefit obligations, net

	Plans				
	ELOS BD	PREVIG BD	PREVIG BSPS	GC	Total
12.31.2013					
Present value of 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 Evaluation	**210,026**	**5,847**	**(3,407)**	**2,646**	**215,112**
Unrecognized surplus	-	-	3,407	-	3,407
Liability recorded at 12.31.2013	**210,026**	**5,847**	**-**	**2,646**	**218,519**
12.31.2014					
Present value of obligations	1,172,384	280,076	49,278	2,555	1,504,293
Fair value of assets	(911,897)	(271,675)	(56,286)	-	(1,239,858)
Actuarial Evaluation	**260,487**	**8,401**	**(7,008)**	**2,555**	**264,435**
Complement with contracted obligations	-	9,947	8,536	-	18,483
Liability recorded at 12.31.2014	**260,487**	**18,348**	**1,528**	**2,555**	**282,918**

e) Breakdown of plan assets per investment nature, as of 12.31.2014

	Plans		
	ELOS BD	PREVIG BD	PREVIG BSPS
Fixed income	84.7%	97.3%	100.0%
Equity income	8.6%	0.9%	-
Loans	2.7%	1.8%	-
Real estate	2.4%	-	-
Other	1.6%	-	-
	100.0%	**100.0%**	**100.0%**
Change in assets' market value	4.8%	6.6%	5.0%

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

f) Changes in actuarial liabilities

	Plans				
	ELOS BD	PREVIG BD	PREVIG BSPS	GC	Total
Liabilities at 1.1.2012	**235,103**	**(705)**	**10,202**	**2,661**	**247,261**
Current contribution and cost of service	-	(1,576)	(145)	(223)	(1,944)
Payment of contracted obligations	(21,669)	(3,482)	(369)	-	(25,520)
Interest on actuarial liabilities/assets, net	20,092	(248)	619	184	20,647
Losses (Gains) from remeasuring liabilities, net					
Adjustment by experience	78,059	18,681	997	419	98,156
Changes in financial assumptions	(336,531)	(90,620)	(25,760)	(395)	(453,306)
Return on asset lower than the rate of discount	234,972	92,503	11,049	-	338,524
Changes to the limits of surplus and deficit	-	(8,706)	3,407	-	(5,299)
	(23,500)	**11,858**	**(10,307)**	**24**	**(21,925)**
Liabilities recorded on 12.31.2013	**210,026**	**5,847**	**-**	**2,646**	**218,519**
Current contribution and cost of service	(2,891)	(1,350)	(8)	(171)	(4,420)
Payment of contracted obligations	(25,605)	(3,113)	(300)	-	(29,018)
Interest on actuarial liabilities/assets, net	26,778	957	(31)	249	27,953
Losses (Gains) from remeasuring liabilities, net					
Adjustment by experience	13,211	2,935	(950)	(234)	14,962
Changes in financial assumptions	75,556	21,596	3,417	65	100,634
Return on asset higher than the rate of discount	(36,588)	(18,471)	(5,729)	-	(60,788)
Changes to the limits of surplus and deficit	-	9,947	5,129	-	15,076
	52,179	**16,007**	**1,867**	**(169)**	**69,884**
Liabilities recorded on 12.31.2014	**260,487**	**18,348**	**1,528**	**2,555**	**282,918**

g) Net expenses to be recognized as profit or loss over the course of 2015

	Plans				
	ELOS BD	PREVIG BD	PREVIG BSPS	GC	Total
Current cost of service	-	45	-	93	138
Interest on liabilities, net of assets	27,468	1,690	145	233	29,536
Net expenses	**27,468**	**1,735**	**145**	**326**	**29,674**

h) Actuarial assumptions adopted

Assumptions	12.31.2014	12.31.2013
Rate of discount and of implicit return (p.a.)		
Benefit plans BD (ELOS) and BD (PREVIG)	11.4%	12.2%
Benefit plans BSPS	11.5%	12.2%
Inflation	5.4%	5.4%
Future salary growth (p.a.)	5.4%	5.4%
Benefit growth (p.a.)	5.4%	5.4%
Capacity factor (Wages and Benefits)	100.0%	100.0%

Hypothesis	12.31.2014	12.31.2013
Mortality Table (assets)		
BD Elos Plan	AT 2000 Basic (by gender)	AT 2000 (by gender)
BD and BSPS Previg Plan and Confidentiality	AT-2000 Men (at 10%)	AT 2000 (by gender)
Mortality Table of Disabled	AT-1983 Men	RP 2000 Disabled
Table of Start of Disability	Light Average	Watson Wyatt 1985
Turnover Table	Null	T-1 Service Table
% of married assets at the time of retirement	90	90
Age of Retirement	First date to comply with all requirements	First date to comply with all requirements
Age difference between participant and spouse	Wives are 4 years younger than husbands	Wives are 4 years younger than husbands
Conversion factor for special retirement in time of service (SB-40)	140%	140%
Participants electing SB-40	100%	100%

i) Sensitivity analysis prepared by actuaries

	Plans			
	ELOS BD	PREVIG BD	PREVIG BSPS	GC
Effect in the present value of obligations				
Increase of 0.1 p.p. in the discount rate	(9,691)	(2,618)	(500)	(9)
Reduction of 0.1 p.p. in the discount rate	9,838	2,663	508	9

j) Confidentiality bonus benefit

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

k) 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 2014 amounted to R$ 2,733 (R$ 2,065 in 2013).

24 - DEFERRED INCOME AND SOCIAL CONTRIBUTION TAXES

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

a) Breakdown

	Parent company				
	12.31.2014				12.31.2013
Description of credits	Calculation basis	IR	CS	Total	Total
Liabilities:					
Property, plant and equipment deemed cost (fair value)	785,262	196,316	70,674	266,990	288,059
Accelerated depreciation	281,371	70,343	25,323	95,666	16,028
Unrealized sale at MAE (currently CCEE)	107,456	26,864	9,671	36,535	36,535
Unrealized hedge gains	77,857	19,464	7,007	26,471	48,076
Adjustment to fair value in business combination	43,549	10,887	3,919	14,806	15,557
Other	17,724	4,431	1,595	6,026	-
Subtotal		**328,305**	**118,189**	**446,494**	**404,255**
Assets:					
Retirement benefits obligations	193,194	48,299	17,387	65,686	38,899
Civil, tax and labor provisions	190,717	47,679	17,165	64,844	62,455
Allowance for doubtful accounts	129,192	32,298	11,627	43,925	44,815
Interest on property, plant and equipment in progress (RIC)	106,095	26,524	-	26,524	30,928
Provision for impairment losses	61,699	15,425	5,553	20,978	25,295
Fair value adjustment in business combinations	93,501	23,375	8,415	31,790	30,626
Provision for PDV [17] and management bonus	25,317	6,329	2,279	8,608	5,958
Other	19,489	4,872	1,755	6,627	24,237
Subtotal		**204,801**	**64,181**	**268,982**	**263,213**
Net total		**123,504**	**54,008**	**177,512**	**141,042**

[17] Voluntary Layoff Program

Description of credits	Consolidated				
	12.31.2014				12.31.2013
	Calculation basis	IR	CS	Total	Total
Liabilities:					
Property, plant and equipment deemed cost (fair value)	785,262	196,316	70,674	266,990	288,059
Accelerated depreciation	369,476	92,370	33,252	125,622	42,044
Unrealized sale at MAE (currently CCEE)	107,456	26,864	9,671	36,535	36,535
Unrealized hedge gains	105,630	26,407	9,507	35,914	48,076
Adjustment to fair value in business combination	43,549	10,887	3,919	14,806	15,557
Other	17,724	4,431	1,595	6,026	-
Subtotal		**357,275**	**128,618**	**485,893**	**430,271**
Assets:					
Retirement benefits obligations	193,194	48,299	17,387	65,686	38,899
Civil, tax and labor provisions	193,314	48,329	17,398	65,727	63,330
Allowance for doubtful accounts	131,327	32,832	11,819	44,651	45,535
Interest on property, plant and equipment in progress (RIC)	106,095	26,524	-	26,524	30,928
Provision for impairment losses	61,699	15,425	5,553	20,978	25,295
Fair value adjustment in business combinations	93,501	23,375	8,415	31,790	30,626
Property, plant and equipment deemed cost (fair value)	41,282	10,321	3,715	14,036	14,968
Provision for PDV and management bonus	25,317	6,329	2,279	8,608	5,958
Tax loss and social contribution tax loss carryforwards	10,277	2,569	925	3,494	-
Other	22,754	5,688	2,084	7,772	28,644
Subtotal		**219,691**	**69,575**	**289,266**	**284,183**
Net amount		**137,584**	**59,043**	**196,627**	**146,088**
Classification in the balance sheet					
Liabilities		**149,263**	**63,244**	**212,507**	**163,663**
Assets [18]		**(11,679)**	**(4,201)**	**(15,880)**	**(17,575)**
Total		**137,584**	**59,043**	**196,627**	**146,088**

[18] Amount presented under "Other non-current liabilities"

b) Change in deferred income and social contribution taxes, net

	Parent company	Consolidated
Balance at 1.1.2013	**183,673**	**182,438**
CESS merger	14,786	-
Taxes deferred in profit or loss	(64,872)	(43,805)
Taxes deferred in other comprehensive income	7,455	7,455
Balance at 12.31.2013	**141,042**	**146,088**
Taxes deferred in profit or loss	60,231	64,858
Taxes deferred in other comprehensive income	(23,761)	(14,319)
Balance at 12.31.2014	**177,512**	**196,627**

c) Expected realization and required payments

	Parent Company		Consolidated	
	Assets	Liabilities	Assets	Liabilities
2015	36,287	27,579	39,324	28,465
2016	30,162	39,484	33,060	45,519
2017	28,917	19,771	31,844	21,930
2018	93,758	54,951	94,742	55,314
2019	16,360	22,850	17,333	22,850
2020 to 2022	23,184	79,445	26,061	83,189
2023 to 2025	7,775	81,266	10,652	86,882
2026 onwards	32,539	121,148	36,250	141,744
	268,982	**446,494**	**289,266**	**485,893**

25 - 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 2014 and 2013.

b) Subscribed and paid-in capital

As of 12.31.2014 and 12.31.2013, the Company's fully subscribed and paid-in capital is R$ 2,445,766, represented by 652,742,192 registered common shares without par value. The book value of the share in Reais, at 12.31.2014, is R$ 8.66 (R$ 8.21 for each share at 12.31.2013).

b.1) Company's ownership structure at 12.31.2014 and 12.31.2013:

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 12.31.2014 and 12.31.2013, the number of Company shares held by its administrators was 381,132 and 309,632 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

d.1) 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.

d.2) 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 UHE.

d.3) Retained earnings reserve

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 other companies.

At 12.31.2014, the Management of the Company is proposing the allocation of R$ 634,253 from retained earnings from 2014 to the retained earnings reserve. These funds will be allocated to investments in the Pampa Sul Thermoelectric Plan, the Santa Mônica wind farm, the Campo Largo Wind Power Complex and the maintenance of the Company's production facilities.

e) Asset valuation adjustments

e.1) Deemed cost

As provided for in accounting practices, the Company recognized the adjustment to fair value of property, plant and equipment on the date of first-time adoption of CPCs in 1.1.2009. 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 or write-off of property, plant and equipment fair value adjustment is recognized in the Company's profit or loss.

e.2) Other comprehensive income

The account records the following variations of the fair value, net of deferred income and social contribution taxes: (i) obligations with the retirement benefits of defined benefit plans sponsored by the Company; and (ii) cash flow hedges of future commitments in foreign currency signed by the Company.

f) Non-controlling interest

Refers to 5% shareholding held by third parties in the capital of indirect subsidiary Ibitiúva Bioenergética.

26 - DIVIDENDS AND INTEREST ON EQUITY

a) Calculation

	12.31.2014	12.31.2013
Adjusted dividend calculation basis		
Net income for the year	1,382,368	1,436,112
Tax incentive reserve	(11,679)	(17,196)
Realization of deemed cost of property, plant and equipment in retained earnings	38,756	55,240
Net income for the year adjusted for dividends purposes	**1,409,445**	**1,474,156**
Proposed dividends / interest on equity		
Interim dividends for the first half of the year	380,114	767,568
Interest on equity, net of withholding income tax	190,357	209,236
Additional dividends proposed	172,081	461,788
Subtotal	**742,552**	**1,438,592**
Withholding income tax on interest on equity	32,643	35,564
Total annual dividends and interest on equity	**775,195**	**1,474,156**
Percentage of adjusted net income	**55%**	**100%**
Dividends and interest on equity per common share (in Brazilian reais):	**1.1875973571**	**2.2584046518**

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 equity at an amount not lower than 55% of adjusted net income, in half-annual installments.

c) Distribution and proposed distributions of net income for fiscal year 2014

c.1) Interim dividends related to the first six months of the year

The Board of Directors, in a meeting held on 7.25.2014, approved the distribution on interim dividends, based on the financial statements drafted on 6.30.2014, in the amount of R$ 380,114 corresponding to R$ 0.5823340186 per share. Said dividends started to be paid on 11.26.2014.

c.2) Interest on equity credits

In a meeting held on 10.24.2014, the Company's Board of Directors approved interest on equity from 1.1.2014 to 12.31.2014 in the gross amount of R$ 223,000, corresponding to R$ 0.3416356453 per share.

Credits of the Company's interest on equity were recognized as of 12.31.2014 based on shareholding position on 11.25.2014. The Company's shares were negotiated ex-Interest on equity beginning as of 11.26.2014.

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, for approval in the meeting to be held on 3.30.2015, the proposal for payment of additional dividends on net income for fiscal year 2014, in the amount of R$ 172,081 (R$ 0.2636276932 per share).

The 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, is presented and segregated in shareholders' equity. These dividends exceed minimum mandatory value and, therefore, will be 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 12.31.2014 will be subject to ratification by the Company's shareholders' meeting.

27 - RECONCILIATION OF NET REVENUE

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

	Parent company		Consolidated	
	12.31.2014	12.31.2013	12.31.2014	12.31.2013
GROSS OPERATING INCOME				
Electrical energy distributors	2,290,543	1,915,763	3,347,103	3,096,458
Electrical energy traders	1,518,323	1,153,243	266,273	280,402
Free consumers	244,921	211,983	2,499,984	2,149,963
Transactions in the short-term market	765,078	538,999	961,643	624,690
Other revenues	62,685	61,745	47,720	50,517
	4,881,550	**3,881,733**	**7,122,723**	**6,202,030**
DEDUCTIONS FROM OPERATING INCOME				
Pis and Cofins	(398,530)	(322,770)	(593,352)	(529,818)
ICMS	(21,388)	(19,216)	(21,388)	(64,546)
ISS	(1,390)	(1,424)	(1,390)	(1,424)
Research and development	(30,874)	(32,129)	(34,097)	(37,584)
	(452,182)	**(375,539)**	**(650,227)**	**(633,372)**
NET REVENUE	**4,429,368**	**3,506,194**	**6,472,496**	**5,568,658**

As of 12.31.2014, the customers that held interest higher than 5% of the Company's consolidated net revenue were the following: Celesc, CPFL Energia and Cemig Distribuidora.

28 - 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	
	2014	2013	2014	2013	2014	2013	2014	2013
Personnel	178,997	162,528	19,150	19,805	183,241	166,491	19,150	19,805
Fuel	185,485	52,942	-	-	204,186	70,058	-	-
Royalties	144,591	119,729	-	-	170,504	148,139	-	-
Third party services	107,360	89,063	3,899	4,096	142,282	121,627	3,899	4,096
Material	28,056	27,638	1,127	1,002	32,460	32,329	1,127	1,002
Depreciation and amortization	375,573	355,073	-	-	584,157	574,487	-	-
Reversal of liabilities, net	(68,975)	(1,940)	-	-	(68,808)	(183)	-	-
Other	42,428	42,141	1,181	1,314	53,395	51,658	1,181	1,314
	993,515	**847,174**	**25,357**	**26,217**	**1,301,417**	**1,164,606**	**25,357**	**26,217**

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.

b) Selling, general and administrative expenses

	Parent Company				Consolidated			
	Selling		General and administrative		Selling		General and administrative	
	2014	2013	2014	2013	2014	2013	2014	2013
Personnel	6,352	5,646	73,556	67,822	6,352	5,646	74,940	69,313
Management	-	-	20,677	17,925	-	-	22,218	19,942
Third party services	291	704	39,498	40,528	4,504	6,486	41,657	43,167
Material	16	21	1,365	2,159	16	21	1,376	2,173
Depreciation and amortization	-	-	7,944	7,973	-	-	7,968	7,999
Rentals	191	217	5,945	4,902	191	217	6,889	5,694
Pension funds	-	-	4,557	3,062	-	-	4,557	3,062
Contributions and donations	3,202	4,023	5,580	4,429	5,210	6,153	12,121	5,856
Reversal of operating provisions	-	-	(7,091)	(1,619)	-	-	(7,240)	(600)
Other	309	-	13,994	19,792	939	114	15,854	21,260
	10,361	**10,611**	**166,025**	**166,973**	**17,212**	**18,637**	**180,340**	**177,866**

29 - FINANCIAL RESULT

	Parent company		Consolidated	
	2014	2013	2014	2013
Financial income				
Income from marketable securities	61,524	46,762	95,286	74,558
Monetary variation on judicial deposits	11,134	9,188	11,276	9,323
Financial gain from lawsuit	11,169	29,256	11,169	29,256
Financial gain from early settlement of debt	-	49,126	-	49,126
Reversal of charges on prescribed liabilities[19]	61,408	-	61,408	-
Other financial income	16,910	12,037	27,271	20,396
	162,145	**146,369**	**206,410**	**182,659**
Financial expenses				
Interest and monetary variation				
Loans and financing	54,473	43,572	198,570	207,990
Fair value hedge operations	41,012	5,855	41,012	5,855
Debentures	11,404	30,294	11,404	30,294
Concessions payable	218,407	147,307	225,497	217,621
Retirement benefit obligations	27,953	20,647	27,953	20,647
Provisions	21,452	22,981	21,815	23,386
Monetary Variation				
Loans	80,251	42,510	80,251	42,510
Fair value hedge operations	(83,726)	(3,541)	(83,726)	(3,541)
Other financial expenses	22,538	18,853	29,933	23,418
	393,764	**328,478**	**552,709**	**568,180**
Financial expenses, net	**231,619**	**182,109**	**346,299**	**385,521**

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

30 - INCOME TAXES RECONCILIATION, IN THE INCOME STATEMENT

	Parent company			
	2014		2013	
	Income Tax	Social Contribution	Income Tax	Social Contribution
Income before taxes	**1,835,326**	**1,835,326**	**1,936,997**	**1,936,997**
Standard rates	25%	9%	25%	9%
Tax expense at standard rates	**(458,832)**	**(165,179)**	**(484,249)**	**(174,330)**
Permanent differences:				
Equity in net income of subsidiaries	74,496	26,818	41,716	15,018
Tax incentives	13,641	-	19,200	-
Interest on equity	45,038	16,526	61,200	22,032
Other	(4,513)	(953)	(1,445)	(27)
	(330,170)	**(122,788)**	**(363,578)**	**(137,307)**
Breakdown of taxes in the income statement				
Current	(284,717)	(108,010)	(410,315)	(155,442)
Deferred	(45,453)	(14,778)	46,737	18,135
	(330,170)	**(122,788)**	**(363,578)**	**(137,307)**
Effective rate	**18.0%**	**6.7%**	**18.8%**	**7.1%**

	Consolidated			
	2014		2013	
	Income Tax	Social Contribution	Income Tax	Social Contribution
Income before taxes	**1,956,649**	**1,956,649**	**2,001,709**	**2,001,709**
Standard rates	25%	9%	25%	9%
Tax expense at standard rates	**(489,162)**	**(176,098)**	**(500,427)**	**(180,154)**
Permanent differences:				
Tax incentives	13,641	-	21,577	-
Interest on equity	45,230	16,603	61,200	22,032
Other	11,868	4,374	7,982	2,828
	(418,423)	**(155,121)**	**(409,668)**	**(155,294)**
Breakdown of taxes in the income statement				
Current	(369,541)	(139,145)	(440,915)	(167,852)
Deferred	(48,882)	(15,976)	31,247	12,558
	(418,423)	**(155,121)**	**(409,668)**	**(155,294)**
Effective rate	**21.4%**	**7.9%**	**20.5%**	**7.8%**

31 - RISK MANAGEMENT AND FINANCIAL INSTRUMENTS

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) 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 2014, 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:

a.1) 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.

With regards to 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 5% to 6% p.a. over several years.

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.

a.2) Risk related to liabilities denominated in foreign currency

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

The level of Company exposure to exchange rate variation has remained at very low levels in relation to its total indebtedness. At 12.31.2014, the Company held no debt denominated in foreign currencies whose exchange variation was not fully hedged against.

Unrealized gains in hedge operations are as follows:

	Parent Company		Consolidated	
	2014	2013	2014	2013
Long position				
Fair value hedge	65,968	1,115	65,968	1,115
Cash flow hedge	-	-	27,771	-
	65,968	**1,115**	**93,739**	**1,115**
Short position				
Fair value hedge	**(1,732)**	**-**	**(1,732)**	**-**
Net position	**64,236**	**1,115**	**92,007**	**1,115**
Classification in the balance sheet				
Current assets	**27,538**	**-**	**30,144**	**-**
Non-current assets	**38,430**	**1,115**	**63,595**	**1,115**
Current liabilities[20]	**(1,732)**	**-**	**(1,732)**	**-**
	64,236	**1,115**	**92,007**	**1,115**

- Fair value hedge operations

As mentioned in Note 16 – Loans and Financing, the Company also maintains loans denominated in U.S. dollars. In order to hedge future payment flows of principal and interest against the fluctuations in the U.S. dollar exchange rate, including any income tax levied thereon, the Company contracted swap operations with the Brazilian subsidiaries of the same lending financial institutions.

Due to the characteristics of said financial instruments, the Company applied the rules of fair value hedge accounting to record them. As a result, both the underlying loan object of the hedge operation and the hedge instrument itself (swap) are measured at fair value through profit or loss, thus fully protecting the Company from the financial effects, as well as impacts from exchange variation in its results.

At 12.31.2014, the values of the loans and their swaps assessed at their amortized costs ("at the curve") and fair values were as follows:

[20] Presented under "Other current liabilities"

Financial instrument	Notional value	Maturity	Interest payment	Interest[21]	Amortized cost	Adjustment to fair value	Book balance
HSBC USA I	US$ 90,000	08.2015	Quarterly	1.3882% p.a.	239,464	(1,863)	237,601
Swap	R$ 207,315	08.2015	Quarterly	99.9% of CDI	(210,078)	16	(210,062)
HSBC USA II	US$ 100,000	03.2016	Quarterly	1.4294% p.a.	265,842	(2,960)	262,882
Swap	R$ 230,940	03.2016	Quarterly	97.0% of CDI	(232,308)	76	(232,232)
HSBC USA III	US$ 80,266	10.2016	Quarterly	1.7871% p.a.	214,028	(2,842)	211,186
Swap	R$ 200,000	10.2016	Quarterly	99.0% of CDI	(204,638)	33	(204,605)
HSBC USA IV	US$ 50,000	12.2016	Quarterly	1.8104 % p.a.	132,910	(469)	132,441
Swap	R$ 128,320	12.2016	Quarterly	98.6% of CDI	(133,361)	-	(133,361)
Mizuho Bank	US$ 90,000	12.2016	Quarterly	1.7260% p.a.	239,275	(4,003)	235,272
Swap	R$ 233,910	12.2016	Quarterly	96.02% of CDI	(235,085)	1,011	(234,074)
Bank of Tokyo	US$ 50,000	12.2016	Quarterly	114.2857% Libor + 0.5486% p.a.	132,874	(2,423)	130,451
Swap	R$ 130,500	12.2016	Quarterly	98.0% of CDI	(131,281)	18	(131,263)
Swap result					**77,642**	**(13,406)**	**64,236**

Changes in fair value hedge operations

	Parent Company and Consolidated		
	Current	Non-Current	Total
Assets / (Liabilities) at 1.1.2013	**-**	**-**	**-**
Interest expense	(5,855)	-	(5,855)
Exchange variation	-	3,541	3,541
Fair value adjustment	-	(470)	(470)
Transfer	1,956	(1,956)	-
Interest amortization	3,899	-	3,899
Assets/ (Liabilities) at 12.31.2013	**-**	**1,115**	**1,115**
Interest expense	(41,012)	-	(41,012)
Exchange variation	-	83,726	83,726
Fair value adjustment	-	(12,936)	(12,936)
Transfer	35,207	(35,207)	-
Interest amortization	33,343	-	33,343
Assets/ (Liabilities) at 12.31.2014	**27,538**	**36,698**	**64,236**

[21] Interest rates include 15% income tax on overseas fund transfers

- Cash flow hedge operations

In November 2014, the Company contracted a Non-Deliverable Forward (NDF) operation to hedge all of its future foreign-denominated payments arising from contractual commitments related to the construction of the coal-fired thermal power plant Pampa Sul and of the wind farms comprising the Campo Largo complex. The assured energy from the plants was sold in an Auction conducted by Aneel on 11.28.2014 or, in the cases of some of these wind farms, will be allocated to the Free Environment.

The NDF operations were contracted 87.6% from HSBC and 12.4% from Santander, and mature in January 2015 and July 2018.

At 12.31.2014, the fair value adjustment of the NDF operations resulted in an asset of R$ 27,771. The corresponding entry is recognized directly to shareholders' equity under "Other comprehensive income (loss)" and in the "Statement of comprehensive income (loss)", net of deferred income and social contribution taxes, in the amount of R$ 18,329.

a.3) 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 2015 was defined using the following assumptions available in the market (Source: Central Bank of Brazil Market Readout).

	Change 2014	Probable Scenario 2015	Sensitivity		
			Probable	Δ + 25% (*)	Δ + 50% (*)
Variation of interest rates and indices:					
- TJLP	5.0%	6.0%	+ 1.0 p.p.	1.5 p.p.	3.0 p.p.
- CDI	11.6%	12.5%	+ 0.9 p.p.	3.4 p.p.	6.8 p.p.
- IPCA	6.4%	6.5%	+ 0.1 p.p.	1.7 p.p.	3.3 p.p.
- IGP-M	3.7%	5.7%	+ 2.0 p.p.	1.4 p.p.	2.9 p.p.

(*) Variations on probable scenario for 2015.

The probable sensitivity was calculated based on the variation of 2014 indices and those expected in the probable scenario for 2015. The other sensitivities shown were calculated based on the variation of 25% and 50% on the probable scenario for 2015. The additional effects that could be caused on the consolidated financial result of the Company if the scenarios materialize are the following:

	Balance at 12.31.2014	Effects 2015 - Sensitivity		
		Probable	Δ + 25%	Δ + 50%
Loans and financing				
- TJLP	2,469,100	(22,460)	(34,263)	(69,564)
- CDI (Loans with swap to CDI rate)	1,145,597	(8,486)	(30,217)	(60,627)
- IPCA	160,710	(196)	(2,661)	(5,320)
		(19,912)	**(64,857)**	**(130,873)**
Debentures				
- IPCA	163,326	**(211)**	**(2,869)**	**(5,738)**
Concessions payable				
- IGP-M	1,257,395	(26,721)	(18,719)	(37,439)
- IPCA	508,377	(905)	(8,119)	(16,239)
		(27,626)	**(26,838)**	**(53,678)**
Total		**(47,749)**	**(94,564)**	**(190,289)**

b) 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, cash equivalents and escrow deposits linked to debt) 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.

c) Credit risk

The transactions that are relevant to the Company's business in which there exists credit risk are energy sales, financial investments and hedge operations. 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 certain financing agreements for its subsidiaries to guarantee compliance with the commitments assumed.

c.1) 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 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.

c.2) 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 12.31.2014, this fund had 100% of its portfolio in Brazilian government credit-risk assets, all of them with floating rates and daily liquidity, linked to Selic variation.

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

c.3) Risks related to hedge operations

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.

As mentioned earlier, the only hedge operations contracted by the Company were (i) swaps to fully hedge payments of principal and interest related to loans denominated in U.S. dollars; and (ii) Non-Deliverable Forwards (NDF) to hedge all future payment flows in foreign currencies related to contracts for purchase of equipment and services for the construction of plants.

d) 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 the estimated settlement profile for the Company's main financial liabilities recorded at 12.31.2014. Amounts were determined based on the 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	507,086	-	-	-	507,086
Post-fixed interest rates:					
Loans and financing[22]	425,565	1,274,800	258,039	304,690	2,263,094
Debentures	10,338	20,760	20,760	206,947	258,805
Fixed interest rates:					
Loans and financing	1,902	4,963	4,781	7,530	19,176
Concessions payable	53,083	107,065	111,388	4,690,498	4,962,034
	997,974	**1,407,588**	**394,968**	**5,209,665**	**8,010,195**

[22] Including hedge effects

	Consolidated				
	Up to 1 year	From 2 to 3 years	From 4 to 5 years	Over 5 years	Total
Suppliers	641,702	-	-	-	641,702
Post-fixed interest rates:					
Loans and financing[23]	709,340	1,813,390	749,175	1,928,761	5,200,666
Debentures	10,338	20,760	20,760	206,947	258,805
Fixed interest rates:					
Loans and financing	11,803	22,480	13,643	7,882	55,808
Concessions payable	57,969	116,869	121,192	4,779,150	5,075,180
	1,431,152	**1,973,499**	**904,770**	**6,922,740**	**11,232,161**

e) Category and fair value of financial instruments

	Parent company		Consolidated	
	12.31.2014	12.31.2013	12.31.2014	12.31.2013
Financial assets				
Measured at fair value through profit or loss				
Marketable securities	1,285,782	948,530	1,590,721	1,216,831
Restricted deposits	95,463	37,094	260,273	134,690
Receivables and loans				
Cash and bank deposits	1,682	940	14,010	7,445
Trade accounts receivable	462,538	403,654	716,463	744,758
Dividends receivable from subsidiaries	239,115	141,342	-	-
Fuel reimbursable	343,221	139,601	343,221	139,601
Insurance premium receivable	216,426	-	216,426	-
Receivable from sale of asset	-	86,886	-	86,886
Hedge operations				
Fair value hedge	65,968	1,115	65,968	1,115
Cash flow hedge	-	-	27,771	-
	2,710,195	**1,759,162**	**3,234,853**	**2,331,326**
Financial liabilities				
Financial liabilities assessed at amortized cost:				
Suppliers	507,086	281,711	641,702	510,346
Loans and financing	732,665	1,062,213	2,679,573	3,111,809
Debentures	163,326	174,072	163,326	174,072
Concessions payable	1,720,105	1,551,828	1,765,772	1,595,169
Liabilities linked to investment acquisition [24]	-	-	84,543	16,419
Measured at fair value				
Loans and financing	1,209,833	210,679	1,209,833	210,679
Hedge operations				
Fair value hedge	1,732	-	1,732	-
	4,334,747	**3,280,503**	**6,546,481**	**5,618,494**

[23] Including hedge effects

[24] Presented under "Other current liabilities" and "Other non-current liabilities"

Financial assets and liabilities measured at fair value through profit or loss are assessed based on the market prices in active markets (Level 1).

f) 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			
	12.31.2014		12.31.2013	
	Book	Market	Book	Market
Loans and financing				
- In local currency	732,665	733,092	932,786	923,807
- In foreign currency, net of hedge	1,145,597	1,145,597	338,991	335,084
Debentures	163,326	165,882	174,072	175,472
Concessions payable	1,720,105	2,174,312	1,551,828	1,941,075
	3,761,693	**4,218,883**	**2,997,677**	**3,375,438**

	Consolidated			
	12.31.2014		12.31.2013	
	Book	Market	Book	Market
Loans and financing				
- In local currency	2,679,573	2,680,001	2,982,382	2,976,705
- In foreign currency, net of hedge	1,145,597	1,145,597	338,991	335,084
Debentures	163,326	165,882	174,072	175,472
Concessions payable	1,765,772	2,231,006	1,595,169	1,994,190
	5,754,268	**6,222,486**	**5,090,614**	**5,481,451**

32 - TRANSACTIONS WITH RELATED PARTIES

a) Amounts recognized in balance sheet accounts:

	ASSETS			LIABILITIES	
	Accounts receivable			Energy	IOE [25]
	Energy	Services	Dividends	Supplier	dividends
12.31.2014					
TBLC	126,078	-	201,772	-	-
CEE	32,322	-	26,842	-	-
Lages	1,526	146	10,000	-	-
Itasa	-	1,571	501	7,480	-
Ceste	-	1,491	-	-	-
GSELA	-	419	-	-	899,923
Other	-	371	-	-	-
	159,926	**3,998**	**239,115**	**7,480**	**899,923**
12.31.2013	**92,029**	**4,042**	**141,342**	**4,947**	**168,207**

b) Amounts recognized in the income statement:

	Revenue			Cost	Expense	
	Supply of energy	O&M Services	Administrative services	Energy purchase	Third party services	Financial income
12.31.2014						
TBLC	1,296,631	-	451	-	-	-
CEE	-	-	-	-	-	4,644
Lages	7,972	2,098	225	-	-	-
Itasa	-	15,914	-	83,810	-	-
Ceste	-	17,561	-	-	-	-
Degremont	-	-	-	-	1,994	
Leme					1,241	
TBLP subsidiaries	-	-	1,064	-	-	-
Other	-	-	-	-	10	-
	1,304,603	**35,573**	**1,740**	**83,810**	**3,245**	**4,644**
12.31.2013	**941,511**	**34,993**	**2,233**	**89,778**	**1,261**	**6,465**

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:

[25] Interest on equity

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

Contracts	Average MW	Maturity	Annual adjustment index	Adjustment base date	Future commitment Base 12.31.2014
Purchase TBLE– Itasa	167	2030	IGP-M	January	810,034
Purchase TBLE– Itasa	61	2030	Dollar variation + U.S. Inflation	October	581,704
Sale TBLE - TBLC	322	2015/2016	IPCA	March	390,437
Sale TBLE - Lages	16	2017	IGP-M	April	105,853
Sale TBLC - CEE	9	2041	IPCA	October	371,790
Sale Trairí Project - TBLC	64	2032	IPCA	December	1,734,582

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 in order to meet 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 12.31.2014
Itasa	10.16.2030	IGP-M	222,617
Ceste	5.1.2025	INPC (80%) and IPCA (20%)	190,827
Lages	3.31.2015	Salary adjustment	507

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$ 2,519.

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 at 12.31.2014
BNDES and Banks (BNDES onlending)	Pledge of all the shares issued by the following companies: CEE, Beberibe, Pedra do Sal, Areia Branca, Ibitiúva, Ferrari, Trairí, Guajiru, Fleixeiras I and Mundaú.	1,921,723
Banco do Brasil	Pledge of all the shares issued by the indirect subsidiary Hidropower.	11,313

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$ 292,433 at 12.31.2014. The guarantees' maturities are scheduled as follows: R$ 80,676 in 2015, R$ 18,834 in 2016, R$ 850 in 2017, R$ 17,084 in 2022, R$ 51,796 in 2023 and R$ 32,210 for an indefinite period.

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

The indirect subsidiary Ibitiúva has a loan agreement with Andrade – its related party in the Andrade Consortium. The loan is restated by the variation of the IPCA and the loan matures in 2025. The balance payable on 12.31.2014 is R$ 15,972 (R$ 16,253 at 12.31.2013).

g) 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	
	12.31.2014	12.31.2013	12.31.2014	12.31.2013
Short-term benefits and fees	10,114	9,383	10,972	10,539
Management bonus	5,923	4,202	6,327	4,852
Social charges	4,205	3,519	4,419	3,715
Post-employment benefits	435	821	500	836
	20,677	**17,925**	**22,218**	**19,942**

33 - INSURANCE

a) Operating and lost profit risks

The Company is covered by the international insurance policy for Property Damage and Business Interruption (PDBI) of the insurance program of its parent company GDF SUEZ. The insurance is valid until 5.31.2015 and the coverage amount is R$ 11,847,174 in the parent company and R$ 15,287,368 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	6,425,760	404,844	8,258,486	445,297
Thermoelectric power plants	2,438,607	2,577,963	2,438,607	2,577,963
Complementary plants (wind, biomass and PCH)	-	-	1,124,135	442,880
	8,864,367	**2,982,807**	**11,821,228**	**3,466,140**

The maximum combined limit of indemnification for material damages and loss of profits is R$ 1,455,155 per event.

b) Engineering risks

The project for expansion of Ferrari Termoelétrica S.A. has an engineering risk and civil liability with coverage of R$ 81,825 and R$ 20,000, respectively for the entire duration of construction works.

The Cidade Azul Photovoltaic Solar Power Plant has engineering risk insurance contracted for the plan and the substation, with coverages of R$ 30,963 and R$ 8,500, respectively.

c) Other coverages

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

d) Accidents occurred in 2014

In June 2014, the Company registered accidents in two generating units of the Jorge Lacerda Thermal Power Plant (CTJL) and in a spillway of the Itá Hydroelectric Plant. The material damages and financial effects arising from the business interruption are covered by the insurance policies.

The reduction in generation caused by the accidents in the generating units of CTJL led to negative impacts in the CCEE, in the total amount of R$ 252,425 through 12.31.2014, of which R$ 36,000 had been received in the fourth quarter of 2014 and R$ 101,117 in the first quarter of 2015. The Company expects to receive the other R$ 115,308 over the course of 2015. Damages arising from the interruption of businesses driven by accidents covered by the insurance contract, as confirmed by the insurance company, were recognized as profit or loss as the effects in the CCEE were incurred. The cost of the deductible related to the business interruption was R$ 76,585, which is equivalent to the financial effects related to the first 45 days that generation was interrupted, and was recognized as an operating cost by the Company.

The last generating unit involved in the accident resumed operations in mid-February 2015. The negative impacts on the CCEE resulting from the unavailability from 1.1.2015 through the resumption of the operation, was R$ 44,614.

34 - 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) and Furnas Centrais Elétricas S.A. (Furnas), and the subsidiaries CEE and Trairí with Centrais Elétricas do Norte do Brasil S.A. (Eletronorte) and Transmissora Delmiro Gouveia (TDG), respectively. The contracts are valid up to termination of the concessions and authorization of the Company's power plants linked to these contracts.

At 12.31.2014, value of future commitments deriving from connection contracts is R$ 160,733 (R$ 156,015 at 12.31.2013).

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, Itasa, Trairí, Guajiru, Fleixeiras and Mundaú maintain contracts with ONS. Contracts are valid up to the termination of Company's power plants concessions or authorizations.

At 12.31.2014, the value of future commitments deriving from these contracts amounts to R$ 6,094,824 (R$ 6,076,645 at 12.31.2013).

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 12.31.2014, the value of future commitments deriving from these contracts totals R$ 209,496 (R$ 215,008 at 12.31.2013).

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					
	2015	**2016**	**2017**	**2018**	**2019**	**2020**
Own funds	3,533	3,524	3,549	3,562	3,943	3,932
Purchase for resale	812	813	425	390	370	200
Total availability	4,345	4,338	3,974	3,952	4,312	4,132
Contracted availability	4,245	3,939	3,348	2,935	2,962	2,404
Contracted %	97.7%	90.8%	84.3%	74.3%	68.7%	58.2%

e) 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.

f) 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.

With the termination of the contract duration, 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 the proposed adjustment is not in line with the conditions established in the agreement and in the applicable laws that created the Priority Thermoelectric Power Program (PPT), the Company filed a claim against Petrobras and MSGÁS aiming at resuming the gas supply. This claim obtained a favorable ruling, which ordered Petrobras and MSGÁS to continue to supply gas for the remainder period provided for in the original contract, at the price set in the PPT, and also extended the contract duration for the corresponding period during which supply was interrupted. As a result, the contract was extended by court decision through 9.11.2014.

g) 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.

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. Estimated future minimum payments with these commitments, at 12.31.2014, amount to R$ 162,607.

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

The Company maintains contracts for the modernization of Passo Fundo and Salto Santiago hydroelectric power plants. Future obligations at 12.31.2014 were R$ 234,163 (R$ 269,285 at 12.31.2013), of which R$ 8,346 related to Passo Fundo Plant, which is scheduled to be completed in 2015, and R$ 225,817 related to Salto Santiago Plant, which is scheduled to be completed by 2017.

i) Expansion of the Thermal Power Generation Plant UTE Ferrari

In February 2014, the Company started the expansion of the Thermal Power Generation Plant UTE Ferrari. Future commitments at 12.31.2014 amounted to R$ 25,755. The project is expected to be delivered by August 2015. On 11.28.2014, the Company successfully sold 9.8 MW through an Aneel auction, to be supplied as from January 2019.

j) Contracts for ongoing construction

j.1) Santa Mônica Wind Power Project

In June 2014, the Company signed contracts with suppliers to execute the engineering and construction of foundations and the supply, transportation, assembly, installation and commissioning of wind turbines in the following companies: (i) Central Eólica Trairí II Ltda; (ii) Central Eólica Cacimbas Ltda; (iii) Usina Geradora Eólica Santa Mônica SPE S.A.; and (iv) Usina Geradora Eólica Santa Mônica SPE II Ltda.

The future commitment assumed by the companies of the Project as consideration for the services rendered, at 12.31.2014, is R$ 384,714. The project is expected to be delivered in July 2016.

j.2) Pampa Sul Thermoelectric Plant

The Pampa Sul Thermoelectric Plant signed contracts for the construction of a coal-fired plant in the state of Rio Grande do Sul, after selling 294.5 MW through an Aneel auction held in November 2014, to be delivered as from January 1, 2019. Future commitments under these contracts amounted to R$ 1,603,939 at 12.31.2014.

j.3) Campo Largo Complex

The Campo Largo Wind Power Complex (CLWP) signed contracts for the installation of eleven wind farms in the state of Bahia, five of which participated in the abovementioned auction, successfully selling 69.2 average MW to be delivered as from January 1, 2019. Future commitments under the construction contracts amounted to R$ 1,318,391 at 12.31.2014.

35 - ADDITIONAL CASH FLOW INFORMATION

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

	Parent company		Consolidated	
	12.31.2014	12.31.2013	12.31.2014	12.31.2013
Compensation of income and social contribution taxes	37,081	89,039	50,823	99,237
Suppliers of property, plant and equipment and intangible assets	(12,858)	11,835	(34,147)	15,673
Capitalized interest on financing	16,744	160	17,776	20,832
Provision for future disbursements with investments in property, plant and equipment	-	-	21,625	(66,973)
Amounts payable from investment acquisition	-	-	36,068	15,881
Dividends receivable from subsidiaries	97,773	141,342	-	-
Proposed dividends and interest on equity paid	395,081	706,588	395,081	706,588

36 - SUBSEQUENT EVENTS

a) Proposed additional dividends

The Board of Directors of the Company, at the meeting held on 3.30.2015, approved the proposal for additional dividends relating to the adjusted net income for the fiscal year ended 12.31.2014, in the amount of R$ 172,081, or R$ 0.2636276932 per share. The proposal is still subject to ratification by the Annual Shareholders' Meeting, which will also set the payment conditions.

b) Commencement of payment of interest on equity for fiscal year 2014

The Board of Executive Officers of the Company announced on 3.2.2015 that payment of interest on equity relating to the fiscal year ended 12.31.2014 started on 3.17.2015. The gross amount credited was R$ 223,000, corresponding to R$ 0.3416356453 per share.

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, March 30, 2015.

BOARD OF DIRECTORS

Maurício Stolle Bähr
President

Philip Julien De Cnudde
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

Roberto Henrique Tejada Vencato
Board Member

José Pais Rangel
Board Member

Antonio Alberto Gouvêa Vieira
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 Directors and Officers 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, 2014 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 of the Company is responsible for the preparation and fair presentation of the individual and consolidated financial statements in accordance with the accounting practices adopted in Brazil and in conformity with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB), 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 financial statements

In our opinion, the individual and consolidated financial statements referred to above present fairly, in all material respects, the individual and consolidated equity and financial positions of Tractebel Energia S.A. as of December 31, 2014, the individual and consolidated performance of its operations and respective cash flows for the year then ended, in conformity with the accounting practices adopted in Brazil and with the International Financial Reporting Standards (IFRS) issued by International Accounting Standards Board (IASB).

Other matters

Statements of value added

We have also audited the individual and consolidated statements of value added for the year ended December 31, 2014, 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.

Florianópolis, March 30, 2015

KPMG Auditores Independentes
CRC SC-000071/F-8

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

FISCAL COUNCIL'S OPINION

The undersigned 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 Dividends for the fiscal year ended December 31, 2014, based on the report by the independent auditors – KPMG issued on March 30, 2015 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, 2014, and are appropriate for being submitted to the Company's Annual Shareholders' Meeting.

Rio de Janeiro, March 30, 2015

Paulo Resende Salgado
Chairman of the Fiscal Council

Carlos Guerreiro Pinto
Board Member

Manoel Eduardo Lima Lopes
Board Member