# Results for 2Q14 and 6M14 reflect the adverse hydrology

Florianópolis, Brazil, July 25, 2014 – Tractebel Energia S.A. (“Tractebel Energia”, “Tractebel”, or “the Company”) – BM&FBOVESPA: TBLE3, ADR: TBLEY, the largest private sector electricity generating company in Brazil, announces earnings for the second quarter and six month period ending June 30, 2014 (2Q14 and 6M14). The information in this release is shown on a consolidated basis and in accordance with Brazilian accounting principles and practices. The values are expressed in Brazilian Reais (R$), except where otherwise indicated.

## HIGHLIGHTS

● Net revenue from sales amounted to R$ 1.364,8 million in 2Q14, 7.2% more than reported in 2Q13, a direct reflection of the increase in net average selling prices, the increase in energy volume sold and transactions conducted in the short term market, including those executed on the CCEE. First half 2014 net revenue from sales was R$ 3,007.8 million.

● EBITDA reached R$ 301.5 million in the period, a decline of 58.1% compared with 2Q13, largely due to the negative effects of the variation in transactions on the short term market, including those executed on the CCEE. The EBITDA margin for 2Q14 was 22.1%, a reduction of 34.4 p.p. in relation to the 56.5% for 2Q13. In the first six months of 2014, EBITDA reached R$ 995.6 million, equivalent to an EBITDA margin of 33.1%.

● The Company recorded a net income of R$ 73.7 million, corresponding to R$ 0.1130 per share and 77.2% down on the net income reported in 2Q13. The accumulated value in the first half of the year totaled R$ 363.0 million.

● Power allotment strategy for 2014 had a negative effect on 2Q14 that should revert in the second half of the year.

● Energy sold increased from 8,787 GWh (4,023 average MW) in 2Q13 to 9,082 GWh (4.158 average MW) in 2Q14, a growth of 3.4% between the periods under analysis - principally due to the startup in operations at the Trairi Wind Farm Complex and the increase in power purchasing volumes for resale.

● The average contracted energy price, net of exports and taxes on revenue flows, was R$ 148.19/MWh in 2Q14, 7.0% higher than reported in the same quarter of 2013. The price increase largely reflects monetary restatement of existing contracts.

● On 30 April, the Brazilian Electricity Regulatory Agency (Aneel) held an A-0 auction which negotiated 2,046 average MW until the end of 2019. Of this total, 150 average MW were sold by Tractebel Energia at R$ 270.69/MWh.

● In June, Tractebel Energia signed with Alstom a contract for the supply of 36 wind turbines, model ECO122, 2.7 MW of power each, for the Santa Monica Wind Complex.

● The Board of Directors approved the distribution of R$ 380.1 million (R$ 0.5823340186 per share) in the form of interim dividends, based on the results for 6M14, and corresponding to 100% of the distributable net income for the first half of 2014.

**2Q14**

**For immediate release**


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**Conference call and webcast:**
On 07/28/2014 at 10:00 a.m. (EDT) in Portuguese – simultaneous translation into English.

Further details on Upcoming Events section, available on page 14.

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### Summary of Economic and Operational Indicators

| Tractebel - Consolidated | | | | | | |
|---|---|---|---|---|---|---|
| (in millions of R$) | 2Q14 | 2Q13 | Chg. | 6M14 | 6M13 | Chg. |
| Net Revenue from Sales (NRS) | 1,364.8 | 1,273.4 | 7.2% | 3,007.8 | 2,664.2 | 12.9% |
| Results from Operations (EBIT) | 152.5 | 574.9 | -73.5% | 698.9 | 1,304.3 | -46.4% |
| EBITDA (1) | 301.5 | 719.9 | -58.1% | 995.6 | 1,590.5 | -37.4% |
| EBITDA / NRS - (%)(1) | 22.1 | 56.5 | -34.4 p.p. | 33.1 | 59.7 | -26.6 p.p. |
| Net Income | 73.7 | 324.0 | -77.2% | 363.0 | 748.9 | -51.5% |
| Net Debt | 2,539.0 | 2,477.5 | 2.5% | 2,539.0 | 2,477.5 | 2.5% |
| Energy Sold (avg MW) | 4,158 | 4,023 | 3.4% | 4,191 | 4,074 | 2.9% |
| Average Net Sales Price (R$/MWh) (2) | 148.19 | 138.52 | 7.0% | 146.36 | 137.42 | 6.5% |
| Number of Employees | 1,125 | 1,108 | 1.5% | 1,125 | 1,108 | 1.5% |

(1) EBITDA represents: net income + income tax and social contribution + financial results + depreciation and amortization.
(2) Net of taxes and exports.

# OPERATING PERFORMANCE

## Generating Complex

In 2014, a further 125.5 MW in capacity was added to Tractebel Energia's generating complex with the acquisition of the Ferrari Thermoelectric Power Plant (65.5 MW) and the start of commercial operations of Fleixeiras I and Mundaú wind power plants, (30.0 MW each). This increased the Company's total installed capacity to 7,024.2 MW, confirming Tractebel's ranking as the largest private sector electric energy generator in Brazil. Thus, the generating complex has 26 plants, nine of which are hydro, five thermal plants and 12 fired from complementary sources – biomass, wind and small hydroelectric plants (SHPs) - 22 of which are wholly owned by the Company and four (the Itá, Machadinho and Estreito hydro plants and the Ibitiúva Bioenergética biomass-fired plant) are commercially operated in partnership with other companies.

**Tractebel Energia's Generating Complex**

| Power Plants | Source | Location | Installed Capacity (MW) | | Concession/Authorization original term expiration date |
|---|---|---|---|---|---|
| | | | Total | Tractebel's Share | |
| Itá | Hydro | Uruguai River (SC and RS) | 1,450.0 | 1,126.9 | 16-Oct-30 |
| Salto Santiago | Hydro | Iguaçu River (PR) | 1,420.0 | 1,420.0 | 27-Sep-28 |
| Machadinho | Hydro | Uruguai River (SC and RS) | 1,140.0 | 403.9 | 14-Jul-32 |
| Estreito | Hydro | Tocantins River (TO/MA) | 1,087.0 | 435.6 | 26-Nov-37 |
| Salto Osório | Hydro | Iguaçu River (PR) | 1,078.0 | 1,078.0 | 27-Sep-28 |
| Cana Brava | Hydro | Tocantins River (GO) | 450.0 | 450.0 | 26-Aug-33 |
| Passo Fundo | Hydro | Passo Fundo River (RS) | 226.0 | 226.0 | 27-Sep-28 |
| São Salvador | Hydro | Tocantins River (TO) | 243.2 | 243.2 | 22-Apr-37 |
| Ponte de Pedra | Hydro | Correntes River (MT) | 176.1 | 176.1 | 30-Sep-34 |
| **Total - Hydro** | | | **7,270.3** | **5,559.7** | |
| Jorge Lacerda Complex* | Thermal | Capivari de Baixo (SC) | 857.0 | 857.0 | 27-Sep-28 |
| William Arjona | Thermal | Campo Grande (MS) | 190.0 | 190.0 | 28-Apr-29 |
| Charqueadas | Thermal | Charqueadas (RS) | 72.0 | 72.0 | 27-Sep-28 |
| **Total - Thermal** | | | **1,119.0** | **1,119.0** | |
| Ferrari | Biomass | Pirassununga (SP) | 65.5 | 65.5 | 27-Jun-42 |
| Ibitiúva Bioenergética | Biomass | Pitangueiras (SP) | 33.0 | 22.9 | 04-Apr-30 |
| Guajiru | Wind Farm | Trairi (CE) | 30.0 | 30.0 | 20-Sep-41 |
| Fleixeiras | Wind Farm | Trairi (CE) | 30.0 | 30.0 | 27-Sep-41 |
| Mundaú | Wind Farm | Trairi (CE) | 30.0 | 30.0 | 27-Sep-41 |
| Lages | Biomass | Lages (SC) | 28.0 | 28.0 | 29-Oct-32 |
| Rondonópolis | SHP | Ribeirão Ponte de Pedra (MT) | 26.6 | 26.6 | 18-Dec-32 |
| Beberibe | Wind Farm | Beberibe (CE) | 25.6 | 25.6 | 03-Aug-33 |
| Trairi | Wind Farm | Trairi (CE) | 25.4 | 25.4 | 29-Sep-41 |
| José Gelazio da Rocha | SHP | Ribeirão Ponte de Pedra (MT) | 23.7 | 23.7 | 18-Dec-32 |
| Areia Branca | SHP | Rio Manhuaçu (MG) | 19.8 | 19.8 | 02-May-30 |
| Pedra do Sal | Wind Farm | Parnaíba (PI) | 18.0 | 18.0 | 01-Oct-32 |
| **Total - Complementary** | | | **355.6** | **345.5** | |
| **Total** | | | **8,744.9** | **7,024.2** | |

(*) Complex comprised of 3 power plants.

## Expansion

**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 | 13-Aug-43 |
| Santa Mônica | Wind Farm | Trairi (CE) | 97.2 | 97.2 | To be defined |
| Ferrari (retrofit) | Biomass | Pirassununga (SP) | 15.0 | 15.0 | To be defined |
| Cidade Azul | Solar | Capivari de Baixo (SC) | 3.0 | 3.0 | Not applicable |
| **Total** | | | **3,865.2** | **1,615.2** | |

**Jirau**. Energia Sustentável do Brasil (ESBR), is a Special Purpose Company responsible for the construction, maintenance, operation and sale of energy to be generated by the Jirau Hydroelectric Power Plant, under construction in the city of Porto Velho, state of Rondônia. ESBR submitted the winning bid at the 35-year concession auction organized by the Brazilian Electricity Regulatory Agency (Aneel) on May 19, 2008, offering the most competitive proposal for 70% of the energy to be produced by the Plant, at the time, based on a total of 44 generating units, a 3,300 MW installed capacity and 1,975.3 average MW of commercial capacity for captive customers supplied by electric energy distributors. At the A-3 energy auction held on

August 17, 2011, ESBR sold a further 209.3 average MW for delivery in 2014 over a 30-year period, the result of increased expansion of the initial project to 50 generating units and 3,750 MW of installed capacity. Hence, the total commercial capacity has risen to 2,184.6 average MW. Additionally, on December 26, 2012, the Plant has become eligible for trading carbon credits as it was successfully registered with the United Nations (UN), thus being granted the right to sell approximately 6 million tons of CO2/year when operating at full capacity. Additionally, as per the announcement to the market published by Tractebel Energia on May 13, 2013, GDF SUEZ, the Company's parent, sold a 20.0% stake in Jirau to Mitsui & Co. Ltd. The transaction was completed on January 16, 2014, after the approval of the Brazilian Development Bank (Banco Nacional de Desenvolvimento Econômico e Social - BNDES) and the on-lending banks - the Brazilian anti-trust authority (Conselho Administrativo de Política Econômica - Cade) approval was granted on July 1, 2013, and by Aneel on September 24, 2013. With the conclusion of the transaction, GDF SUEZ currently holds a stake of 40.0%, while the Chesf and Eletrosul, both of which are subsidiaries of Eletrobrás, remain with 20.0% each, the same percentage as that of the Japanese partner. Currently, the project has ten units in commercial operation, therefore connected to the National Power Grid System (SIN). Additionally, two units are currently undergoing pre-operational tests. In line with the prevailing business model, it is envisaged that the plant will be transferred to Tractebel Energia when the main development risks have been mitigated.

**Santa Mônica Wind Complex – Ceará.** On April 11, 2014 authorization was given for construction work to begin on the Santa Mônica Wind Complex to be installed in the Municipality of Trairi (CE). The Complex will be made up of the following projects with the respective installed capacities: Trairi II Wind Farm, 29.7 MW; Cacimbas Wind Farm, 18.9 MW; Santa Mônica Wind Farm, 18.9 MW; and Santa Mônica SPE II Wind Farm, 29.7 MW. The project is located close to the Trairi Wind Complex with a capacity of 115.4 MW - already in commercial operation - and will benefit from the synergies to be derived from existing structures such as a substation and transmission line which both projects have in common. The Company is to invest about R$ 460 million in the Santa Mônica Wind Complex, increasing the capacity of its generator park by a further 97.2 MW of unconventional renewable energy once all the generator units are in commercial operations - scheduled for 2016. Total energy output will be negotiated through the Free Contracting Environment.

**Ferrari Thermoelectric Power Plant – São Paulo (Expansion).** The Company is dedicating investments of about R$ 85 million to the modernization and expansion of Ferrari TPP with installed capacity to be ramped up to 80.5 MW. As a result, commercial capacity is expected to reach 35.6 average MW. Expansion work was begun on March 25th and conclusion is forecast for the first half of 2015**.**

**Photovoltaic Solar Energy Plant – Santa Catarina**. Tractebel, together with the Photovoltaic Research Group at the Universidade Federal de Santa Catarina (UFSC) and other partners, is installing the Cidade Azul Solar Print with 3 MWp in the Municipality of Capivari de Baixo (SC) and adjacent to the Jorge Lacerda Thermoelectric Complex. The project is being implemented under Aneel's Technological Research and Development Program for the Electric Energy Sector (R&D). On March 31, trial runs were begun at the plant and commercial operations are expected to begin in the second half of 2014.

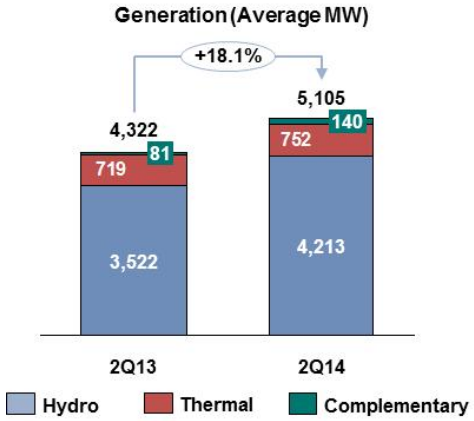
## Uptime Operating

In 2Q14, the plants operated by Tractebel Energia reported uptime working of 96.4% if scheduled shutdowns are not considered: 97.9% for the hydroelectric plants, 86.8% for the thermoelectric plants and 96.1% for the plants fired from complementary sources – namely SHPs, biomass and wind. The plants recorded an accumulated uptime rate of 97.2% in 1H14: 98.4% for hydroelectric plants, 89.8% for thermoelectric plants and 94.9% for plants operated from complementary sources of power.

If all scheduled shutdowns are also taken into consideration, overall second quarter uptime for 2014 was 84.0% - 85.4% for the hydroelectric power plants, 72.6% in the case of the thermoelectric plants and 91.5% at those plants operated from complementary sources. The accumulated uptime rate for the first half of 2014 was 88.7%: 90.4% for the hydroelectric plants, 78.2% for the thermoelectric plants and 88.0% for the plants fired from complementary sources.

## Production

In 2Q14, electric energy output from the plants operated by Tractebel Energia registered 11,147 GWh (5,105 average MW), an increase of 18.1% in generation in relation to 2Q13. Out of the total generated, the hydroelectric plants accounted for 9,201 GWh (4,213 average MW), the thermoelectric for 1,641 GWh (752 average MW) and the plants generating energy from complementary sources, for 305 GWh (140 average MW). The results reveal a year-on-year increase of 19.6% for the hydroelectric plants, 4.5% in the case of the thermoelectric plants and 73.3% for the plants powered from complementary sources.



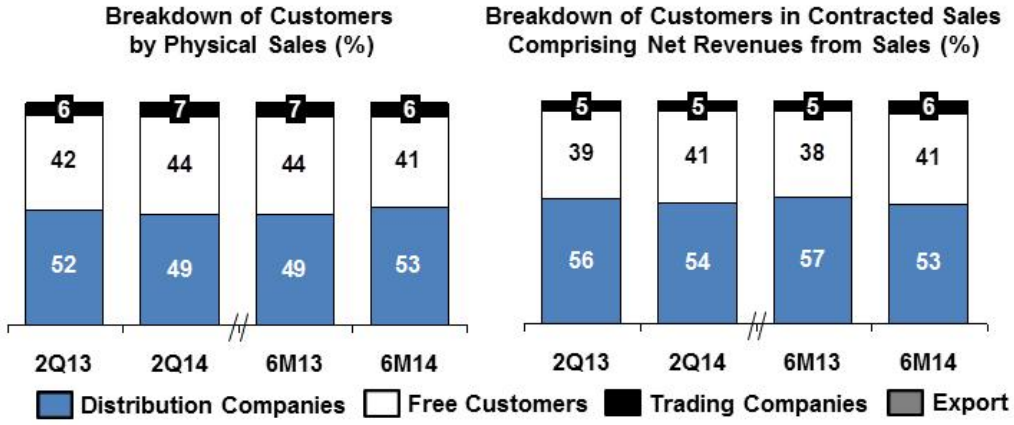

These increases relate mainly to an improvement in hydrological conditions, more especially in the Southern Region, as well as greater deployment of the thermoelectric plants for guaranteeing energy supplies to the entire National Power Grid System (SIN). On the other hand, the significant growth in generation from complementary plants is related to the startup of commercial operations at the Trairi Wind Farm Complex and the acquisition of the Ferrari TPP operation.

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.

## Clients

Compared with 2Q13, the share of free consumers in relation to total physical sales in 2Q14 increased 1.9 p.p. and representing 44.0% of the total. The contribution of these clients to total net revenue from sales relative to contracted sales shows a growth of 1.5 p.p. from 39.2% in 2Q13 to 40.7% in 2Q14.




## 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.

In line with data for proprietary commercial capacity and purchase and sale contracts in effect on June 30, 2014, Tractebel reported the following energy balance.

**Energy Balance**

| (avg MW) | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | Auction Gross Price (R$/MWh) | Reference Date | Gross Price Adjusted as of 06/30/2014 (R$/MWh) |
|---|---|---|---|---|---|---|---|---|---|
| Own Resources | 3,529 | 3,534 | 3,530 | 3,550 | 3,573 | 3,573 | | | |
| + Purchases for Resale | 950 | 623 | 536 | 403 | 370 | 350 | | | |
| = Total Resources (A) | 4,479 | 4,157 | 4,066 | 3,953 | 3,943 | 3,923 | | | |
| Regulated Sales* | 1,780 | 1,819 | 1,676 | 1,323 | 1,323 | 1,322 | | | |
| 2004-EE-2007-08 | 10 | - | - | - | - | - | 70.9 | Dec-04 | 111.6 |
| 2005-EE-2008-08 | 143 | 143 | - | - | - | - | 81.6 | Apr-05 | 125.7 |
| 2005-EE-2009-08 | 353 | 353 | 353 | - | - | - | 94.0 | Oct-05 | 141.4 |
| 2005-NE-2010-30 | 200 | 200 | 200 | 200 | 200 | 200 | 115.1 | Dec-05 | 172.3 |
| 2006-NE-2009-30 | 493 | 493 | 493 | 493 | 493 | 493 | 128.4 | Jun-06 | 189.5 |
| 2006-NE-2011-30 | 148 | 148 | 148 | 148 | 148 | 148 | 135.0 | Nov-06 | 197.0 |
| 2007-NE-2012-30 | 256 | 256 | 256 | 256 | 256 | 256 | 126.6 | Jun-07 | 177.9 |
| 2014-EE-2014-06 | 101 | 150 | 150 | 150 | 150 | 150 | 270.7 | May-14 | 270.7 |
| Proinfa | 44 | 44 | 44 | 44 | 44 | 44 | 147.8 | Jun-04 | 264.8 |
| 1st Reserve Energy Auction | 14 | 14 | 14 | 14 | 14 | 14 | 158.1 | Aug-08 | 214.0 |
| Auction Mix (Reserve / New Energy / DG) | 18 | 18 | 18 | 18 | 18 | 17 | - | - | 199.0 |
| + Bilateral Sales | 2,528 | 2,266 | 2,118 | 1,872 | 1,456 | 1,083 | | | |
| = Total Sales (B) | 4,308 | 4,085 | 3,794 | 3,195 | 2,779 | 2,405 | | | |
| **Balance (A - B)** | **171** | **72** | **272** | **758** | **1,164** | **1,518** | | | |
| Sales average **net** price (R$/MWh)*1: | 143.6 | 146.5 | 144.8 | | | | | | |
| Purchases average **net** price (R$/MWh)*2: | 136.9 | 146.6 | 154.3 | | | | | | |

* XXXX-YY-WWW-ZZ, where:
XXXX ⇨ year of auction
YY ⇨ EE = existing energy or NE = new energy
WWWW ⇨ year of delivery start
ZZ ⇨ supply contract duration (in years)

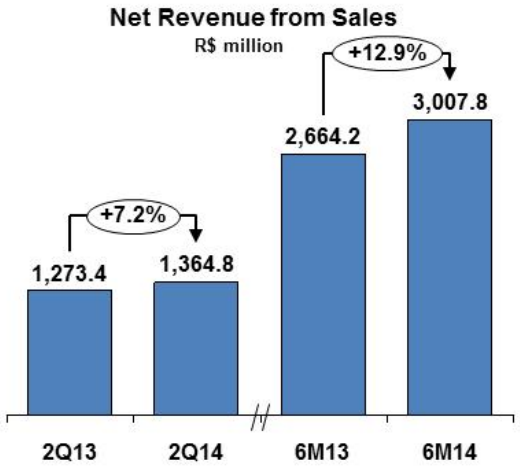
*1: Sales price is net of ICMS and taxes over revenues (PIS/Cofins, R&D), as of 06/30/14, i.e. future inflation is not considered.
*2: Purchase net price, considering benefits from PIS/Cofins credits, as of 06/30/14, i.e. future inflation is not considered.

Note: The balance refers to the settlement point.
The average prices are considered simply estimates and are based on financial planning revisions, not considering contrated quantities, which are updated quarterly.

# ECONOMIC AND FINANCIAL PERFORMANCE

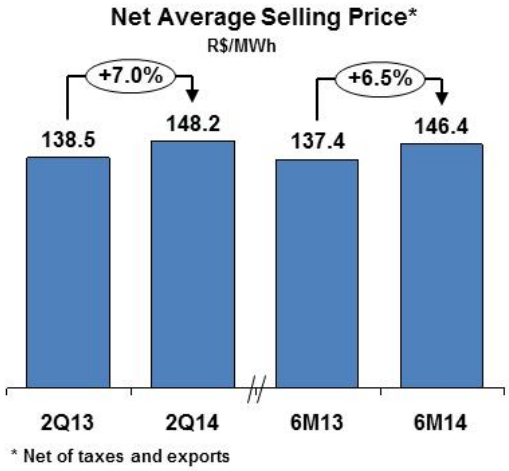
## Net Revenue from Sales

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



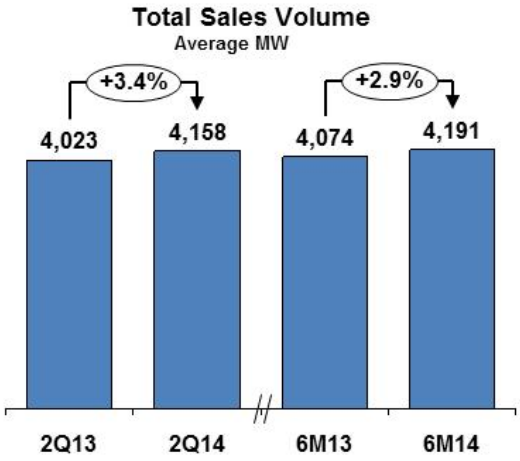

- **Net average selling price**

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




- **Sales Volume**

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




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

**a) Distribution Companies**

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

**b) Trading Companies**

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

**c) Free consumers**

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

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

In 2Q14, revenue generated from transactions in the short term market, including sales conducted across the CCEE, was R$ 5.8 million as against R$ 47.8 million for the same period in 2013, representing a year-on-year decrease of R$ 42.0 million. A

more detailed explanation as to these operations is to be found in the item below “Details of short term operations including transactions conducted through the CCEE”.

## Costs of Electric Energy and Services

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

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

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

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

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

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

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

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

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

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

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

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

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

Generically speaking, these elements are income or expense items arising for example from: (i) the application of the Energy Reallocation Mechanism (MRE); (ii) the Assured Energy Adjustment Factor which occurs when the generation from the plants which are part of the MRE, in relation to allocated energy, is greater (Secondary Energy) or less (Generation Scaling Factor - GSF); (iii) the so-called “sub-market risk”; (iv) dispatch triggered by the Risk Aversion Curve (CAR); (v) the application of

System Service Charges (ESS), resulting in dispatch which diverges from the thermal plants order of merit; and (vi) naturally, exposure (a short or long position in the monthly accounting) which will be settled at the spot price.

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

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

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

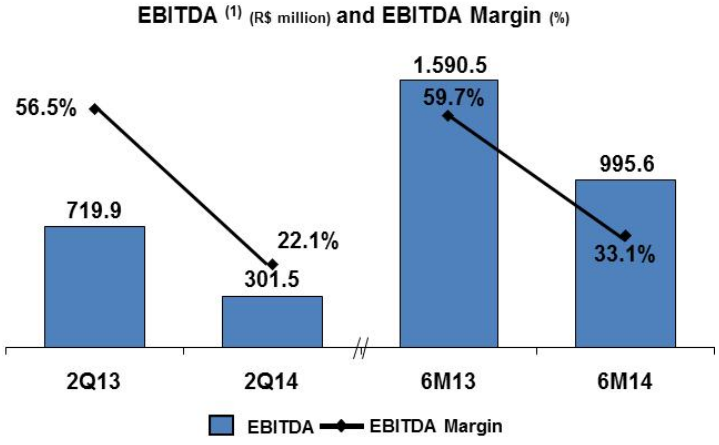
Overall, the major increases in average PLDs for the Southern and Southeast/Mid-Western submarkets contributed considerably to the effects mentioned in items (i) to (iv).

## General, Sales and Administrative Expenses

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

## EBITDA and EBITDA Margin

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




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

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

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

## Financial Result

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

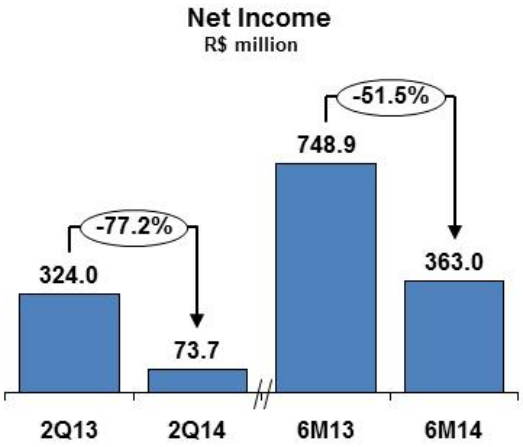
**Financial expenses:** These expenses posted a year-on-year decline in 2Q14 of R$ 8.7 million to R$ 134.1 million due largely to the following: (i) a positive impact of R$ 26.3 million on the translation effect of currency denominated loans; (ii) an increase of R$ 14.1 million in interest and monetary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

## Income Tax and Social Contribution on Net Income

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

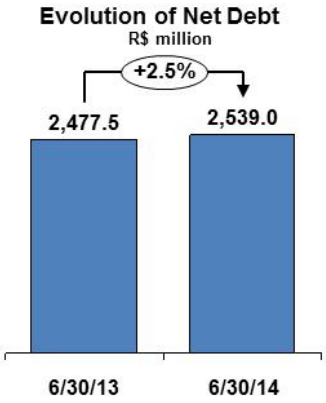
## Net Income

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

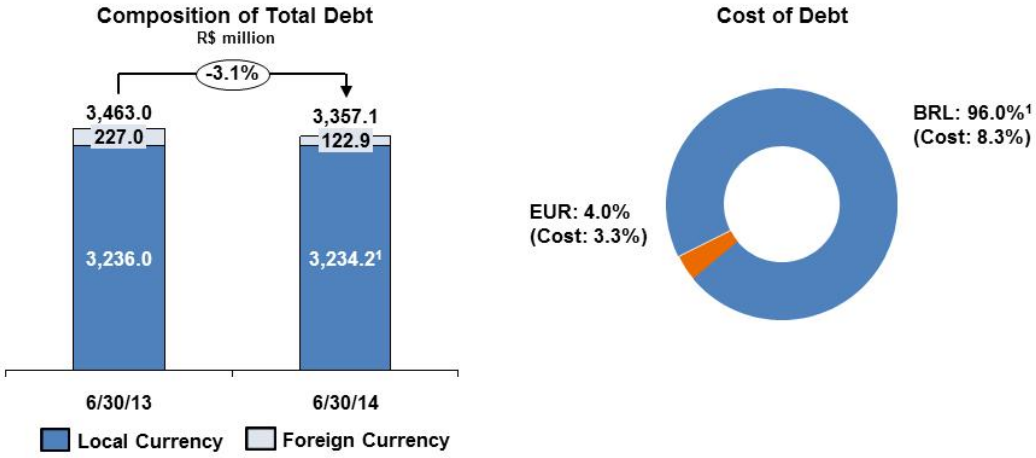



## Debt

On June 30, 2014, the Company recorded net debt (total debt less cash and cash equivalents) of R$ 2,539.0 million, 2.5% higher than the R$ 2,477.5 million posted on June 30, 2013.

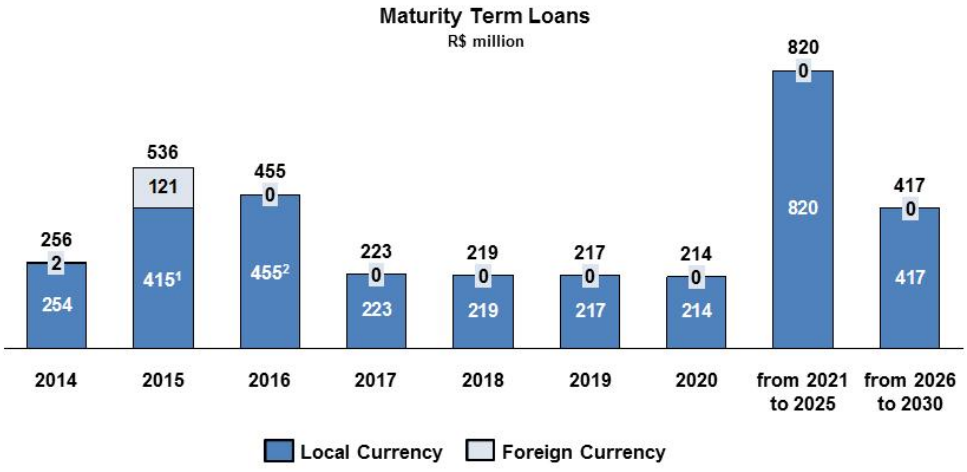



Total consolidated gross debt – represented principally by loans, debentures and financing – amounted to R$ 3,357.1 million at the end of 2Q14, a decrease of 3.1% compared to the position on June 30, 2013. Of total debt outstanding at the end of the period, 16.8% was foreign currency denominated (6.6% at the end of 2Q13). However, taking into account the swap operation in 3Q13, the effective currency exposure was 3.7% of total gross debt at the end of the period under review




[1] Includes debt of US$ 190.0 million, with full swap to CDI.

The net decrease in Company leverage is related principally to a combination of factors occurring between 2Q13 and 2Q14: (i) drawdown of lines of credit with the Brazilian Development Bank (BNDES) and its financial agents amounting to a total of R$ 143.4 million, for investments in Estreito HPP and Trairi Wind Complex; (ii) assumption of a financing agreement for R$ 44.5 million with the BNDES and agent banks as a result of the acquisition of Ferrari TPP; (iii) conclusion of two loan agreements with HSBC Bank USA totaling US$ 190.0 million (equivalent to R$ 438.3 million) subject to a swap operation to hedge total future funds flows against an appreciation in the USD-Real exchange rate; (iv) payment of R$ 280.3 million in charges and monetary and foreign exchange restatement; (v) amortization of debentures amounting to R$ 184.6 million; (vi) R$ 778.5 million in amortization of loans and financing; and (vii) gain of R$ 49.1 million due to the pre-payment of debt with the National Treasury Department at market value.




[1] Includes debt of US$ 90.0 million, with full swap to CDI.
[2] Includes debt of US$ 100.0 million, with full swap to CDI.

## Capital Expenditures

As disclosed in the Market Announcement released on April 11, 2014, the Company acquired two wind projects in the State of Bahia, totaling a potential installed capacity of 450 MW, which demanded investments of R$ 56.5 million, in the period under review. In 2Q14, the Company disbursed R$ 63.5 million, corresponding to the payment of part of R$ 56.5 million mentioned as well as the payment of the remaining investments installments made in previous periods.

In addition, R$ 30.3 million was applied in the construction of new power plants and R$ 25.4 million for maintenance projects and the revitalization of the generating complex of the Company. In 2Q14, R$ 98.9 million were effectively paid, relating to the partial disbursement of investment mentioned above, in addition to the payments for acquisitions made in previous months.

## Dividend Payments

At its meeting of July 25, 2014, the Board of Directors of Tractebel Energia approved the payment of interim dividends based on the financial statements raised as at June 30, 2014 for the amount of R$ 380.1million (R$ 0.5823340186 per share), translating into a payout of 100% for the first half of 2014 based on distributable net income.

Payment conditions will be subsequently decided by the Board of Executive Officers and announced through a Notice to Shareholders.

# SUSTAINABILITY: COMMITMENT, CERTIFICATIONS AND PERFORMANCE

Tractebel Energia operates according to the principles of sustainable development, respecting the balance of environmental, social and economic dimensions in all its businesses. The guidelines that form the bedrock to the Company's plans for environmental management are contained in the Environmental Code, which governs compliance with environmental protection agency regulations as well as the interaction with the communities that live adjacent to the plants by cooperating to ensure improvement in their quality of life.

All Tractebel Energia plants are NBR ISO 9001 and NBR ISO 14001 certified, except from those acquired in 2008 and after. The objective of NBR ISO 9001 certification is to improve internal procedures and upgrade company products and services. NBR ISO 14001 is a standard for governing environmental management systems, designed to reconcile environmental protection and prevention of pollution with the socio-economic growth of the companies.

Thanks to this permanent commitment, the Company remained listed in BM&FBovespa's (São Paulo Stock Exchange) Corporate Sustainability Stock Index (ISE), a portfolio of shares of companies considered sustainable over a long-term horizon and with an excellent performance in financial, social, environmental and corporate governance practice aspects.

Regarding social-environmental indicators, the following table presents the quarter and annual highlights:

| Sustainability Indices[1] | | | | |
|---|---|---|---|---|
| | **Index** | **2Q14** | **2Q13** | **Change** |
| Quality | Number of certified plants | 15 | 15 | - |
| | Generation plant uptime, except for scheduled stoppages (%) | 96.4 | 97.8 | - 1,4 p.p. |
| | Generation plant uptime, including scheduled stoppages (%) | 84.0 | 91.1 | - 7,1 p.p. |
| Environment | Percentage of licensed plants (%) | 100.0 | 100.0 | - |
| | Saplings donated and planted (sum-total of planed and donated saplings)[2] | 73,264 | 61,856 | 18.4% |
| | Number of visitors at the plants | 25,664 | 31,912 | -19.6% |
| | CO2 Emissions (fossil fuel plants) (t/MWh) | 0.977 | 1.037 | -5.8% |
| | CO2 Emissions from the Tractebel Energia generation plant (t/MWh) | 0.144 | 0.173 | -16.9% |
| Occupational Heath and Safety and Social Responsibility | Number of employees | 1,125 | 1,108 | 1.5% |
| | Frequency Rate ("Taxa de Frequência" - TF), except for outsourced positions[3] | 1.910 | 3.810 | ⇩ |
| | Severity Rate ("Taxa de Gravidade" - TG), except for outsourced positions[4] | 0.128 | 0.065 | ⇧ |
| | Frequency Rate ("Taxa de Frequência" - TF), including outsourced positions[3] | 3.535 | 2.190 | ⇧ |
| | Severity Rate ("Taxa de Gravidade" - TG), including outsourced positions[4] | 0.047 | 0.030 | ⇧ |
| | Investments via Children and Teenagers Fund and Cultural Incentives Act (R$ thousands) | 2,978 | 3,193 | -6.7% |
| | Non-incentive investments, except for Estreito Social Investment (R$ thousands) | 3,108 | 3,763 | -17.4% |

Notes: 1) Additional indices available from ITR (Tractebel website / Investor / CVM information).
2) CESTE not included.
3) TF = number of occupational accidents for every million hours of exposure to hazards.
4) TG = number of days lost due to occupational accidents for every one thousand hours of exposure to hazards.

## CORPORATE GOVERNANCE

Tractebel Energia's Corporate Bylaws are being permanently adjusted to the new rules and procedures of the BM&FBovespa Novo Mercado Listing Regulations, the highest corporate governance level of that stock exchange. The Company has also been a component of BM&FBovespa's Corporate Sustainability Stock Index (ISE) since its inception in 2005. Tractebel Energia's Board of Directors' meetings are monitored in relation to the time dedicated to strategic and short term issues, relative to corporate sustainability. The Board is made up of nine effective members, one of whom represents the employees. A further two directors are independent. With the exception of the employee representative, all are elected by the shareholders at a General Shareholders Meeting. Permanently installed, the Fiscal Council is totally independent of management and the outside auditor, and is accountable for the supervision of management acts and for examining and opining on the financial statements, for evaluating risk management systems and internal controls as well as proposals to be submitted to the Board of Directors when engaging additional services from the external auditor of the financial statements.

Ethical behavior is one if the Company's corporate values. In this context it has adopted a Code of Ethics – a public document which can be accessed from the corporate website -, as well as having an Ethics Committee responsible for updating the Code and for the analyzing ethical issues. In 2013, Tractebel Energia ratified its adherence to the Business Pact for Integrity and against Corruption, an Instituto Ethos initiative in parallel with the United Nations Global Compact to which GDF SUEZ has been a signatory since launch.

In addition to Novo Mercado regulations, Tractebel Energia complies with the precepts of the Sarbanes-Oxley act, the purpose of which is to combat unethical conduct and make the financial statements more reliable.

Tractebel Energia's dividend policy establishes a minimum mandatory dividend of 30% of net income for the fiscal year, adjusted pursuant to Law 6,404/76. In addition, the Company policy determines the intention of paying in each calendar year dividends and/or interest on shareholders' equity for a value of not less than 55% of adjusted net income in the form of semi-annual payouts.

With respect to the asset transfer model and other transactions with related parties, Tractebel and its controlling shareholder understand that its existing corporate governance standards should be raised even further. Among the initiatives implemented stands out the creation, by means of adaptation to the Company's Bylaw, of the Special Independent Committee for Valuation of Transactions with Related Parties, a non-permanent body, which, when called, will be composed in its majority by independent directors of the Tractebel Energia's Board.

## CAPITAL MARKETS

Since its listing on BM&FBovespa's Novo Mercado, Tractebel has become a component of the Special Corporate Governance Stock Index (**IGC**) and the Special Tag Along Stock Index (**ITAG**), incorporating those companies offering greater protection to minority shareholders in the event of the sale of a controlling stake. The Company's shares are also included in the Corporate Sustainability Stock Index (**ISE**), comprising companies with a recognized commitment to social and corporate responsibility, as well as the Electric Energy Stock Index (**IEE**), which is a sector index made up of the more significant listed companies in the industry.

On January 6, 2014, the Company's shares became a component of BM&FBovespa's Ibovespa Stock Index.

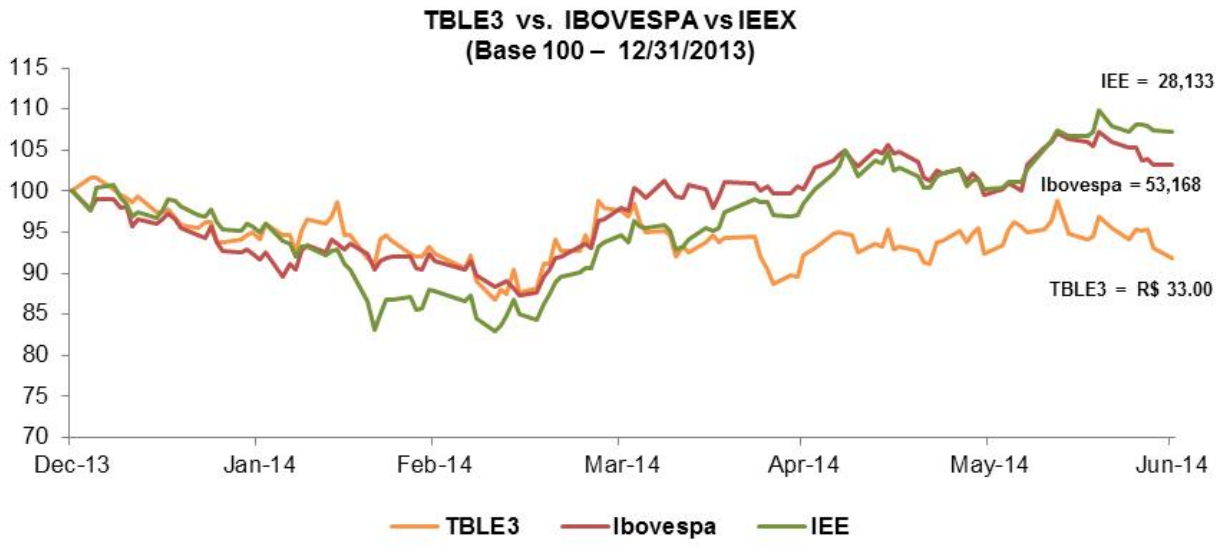
Tractebel Energia's common shares are traded on the São Paulo Stock Exchange (BM&FBovespa) under the TBLE3 symbol. In addition, the Company's Level I American Depositary Receipts (ADRs) trade on the US Over-The-Counter OTC market under the TBLEY symbol at a ratio of one ADR for each common share.

### Share Performance – TBLE3

The second quarter ended with the Ibovespa reporting a surge driven by external inflows and speculation as to the outcome of the upcoming general elections. The stock index rose 5.5% in the quarter, recording an overall gain of 3.2% in 1H14.

Tractebel Energia's stocks fell 5.2% in 2Q14, while the Electric Energy Stock Index (IEE) saw a robust appreciation of 14.4% in the period. In 6M14, TBLE3 fell 8.2%, against a 7.2% rise in the IEE. Tractebel's shares reported a closing price of R$ 33.00/share at the end of the period, translating into a market capitalization for the Company of approximately R$ 21.5 billion.

In 2Q14, the average daily trading volume of TBLE3 was R$ 25.7 million, 2.6% lower than the R$ 26.4 million reported for the same period in 2013.


TBLE3 vs. IBOVESPA vs IEEX
(Base 100 – 12/31/2013)
115
110
105
100
95
90
85
80
75
70
Dec-13
Jan-14
Feb-14
Mar-14
Apr-14
May-14
Jun-14
IEE = 28,133
Ibovespa = 53,168
TBLE3 = R$ 33.00
TBLE3
Ibovespa
IEE

## UPCOMING EVENT

Tractebel Energia will be holding the following event to discuss the earnings results:

### Conference call with webcast
### (in Portuguese - simultaneous translation into English)

**Date:** July 28, 2014
**Time:** 10:00 a.m. (EDT) / 11:00 (Brasília time)

Connection numbers**:**
Participants in Brazil: (55 11) 3193-1001 / (55 11) 2820 4001
Participants in the USA: (1 786) 924-6977
Participants from other countries: (1 888) 700-0802
Access code: Tractebel

### Webcast

The access links can be found on the Company's website (www.tractebelenergia.com.br), at the Investors section.

Replay will be available from July 28th to August 3, 2014. Access by dialing: (55 11) 3193-1012, code: 7096710#.

## Disclaimer

***This release contains information and opinions on future events subject to risks and uncertainties based on current forecasts, projections and tendencies of the Company's business. Innumerous factors can affect the estimates and suppositions on which these opinions are based. In view of these risks and uncertainties described herein, estimates and declarations with respect to future events contained in this material may not become realities. In view of these restrictions, shareholders and investors should not take any decisions based on estimates, projections and declarations as to future events contained in this release.***

# ATTACHMENT I
# TRACTEBEL ENERGIA S.A.
# CONSOLIDATED BALANCE SHEET – ASSETS

| (in thousands of R$) | | |
|---|---|---|
| **Assets** | **6/30/2014** | **12/31/2013** |
| **Current Assets** | **2,000,593** | **2,338,458** |
| Cash and cash equivalents | 818,036 | 1,224,276 |
| Accounts receivables from clients | 656,611 | 740,326 |
| Inventory | 73,018 | 64,785 |
| Income tax and social contribution recoverable | 17,474 | 21,752 |
| Other fiscal credits recoverable | 63,323 | 59,830 |
| Restricted deposits | 47,842 | 3,833 |
| Refund of fuel purchases | 231,333 | 139,601 |
| Other current assets | 92,956 | 84,055 |
| **Non Current Assets** | **10,427,359** | **10,315,939** |
| **Long Term Assets** | **474,793** | **481,360** |
| Accounts receivables from clients | 3,869 | 4,432 |
| Taxes and social contributions recoverable | 8,303 | 8,125 |
| Other fiscal credits recoverable | 85,406 | 100,222 |
| Receivable on assets disposal | 86,886 | 86,886 |
| Restricted deposits | 139,087 | 130,857 |
| Deposits in court | 109,061 | 106,854 |
| Deferred income taxes and social contribution | 16,368 | 17,575 |
| Other non current assets | 25,813 | 26,409 |
| **Property, Plant and Equipment** | **9,635,896** | **9,708,227** |
| **Intangible** | **316,670** | **126,352** |
| **Total** | **12,427,952** | **12,654,397** |

# ATTACHMENT II
# TRACTEBEL ENERGIA S.A.
# CONSOLIDATED BALANCE SHEET – LIABILITIES

| (in thousands of R$) | | |
|---|---|---|
| **Liabilities** | **6/30/2014** | **12/31/2013** |
| **Current Liabilities** | **1,940,408** | **2,183,704** |
| Suppliers | 621,606 | 510,346 |
| Dividends and interest on shareholder´s equity | 474,896 | 221,276 |
| Loans and financing | 355,772 | 492,843 |
| Debentures | - | 174,072 |
| Concessions payable | 54,079 | 51,763 |
| Tax and social contribution obligations | 89,123 | 434,166 |
| Other fiscal and regulatory obligations | 68,941 | 62,927 |
| Provision for labor obligations | 53,576 | 64,122 |
| Research and development (R&D) program obligations | 64,092 | 55,997 |
| Obligations on investments acquisition | 69,229 | 3,573 |
| Provision for tax, civil and labor risks | 16,802 | 15,136 |
| Obligations related to retirement benefits | 28,851 | 28,851 |
| Other current liabilities | 43,441 | 68,632 |
| **Non Current Liabilities** | **5,221,745** | **5,106,082** |
| Loans and financing | 3,001,285 | 2,829,645 |
| Concessions payable | 1,638,154 | 1,543,406 |
| Research and development (R&D) program obligations | 27,759 | 27,416 |
| Obligations on investments acquisition | 784 | 12,846 |
| Provision for tax, civil and labor risks | 190,702 | 179,836 |
| Obligations related to retirement benefits | 186,622 | 189,668 |
| Deferred income taxes and social contribution | 120,644 | 163,663 |
| Other non current liabilities | 55,795 | 159,602 |
| **Shareholders' Equity** | **5,265,799** | **5,364,611** |
| Share capital | 2,445,766 | 2,445,766 |
| Capital reserve | 91,695 | 91,695 |
| Adjustment on fixed asset | 504,788 | 527,416 |
| Profit reserves | 1,776,955 | 2,233,572 |
| Other comprehensive income | 62,924 | 62,924 |
| Retained earnings | 380,114 | - |
| Non controlling interests | 3,557 | 3,238 |
| **Total** | **12,427,952** | **12,654,397** |

# ATTACHMENT III
# TRACTEBEL ENERGIA S.A.
# CONSOLIDATED INCOME STATEMENT

| (in thousands of R$) | 2Q14 | 2Q13 | Chg. % | 6M14 | 6M13 | Chg. % |
|---|---|---|---|---|---|---|
| **Net Revenue from Sales** | **1,364,803** | **1,273,365** | **7.2** | **3,007,845** | **2,664,246** | **12.9** |
| **Costs of Energy Sold and Services Provided** | **(1,161,192)** | **(648,627)** | **79.0** | **(2,213,180)** | **(1,263,108)** | **75.2** |
| Electric power purchased for resale | (319,392) | (232,843) | 37.2 | (584,599) | (407,852) | 43.3 |
| Transactions in the short term market, including those conducted through the CCEE | (473,742) | (66,191) | 615.7 | (854,014) | (148,276) | 476.0 |
| Charges for the use of and connection to the electricity grid | (79,375) | (74,982) | 5.9 | (156,808) | (150,012) | 4.5 |
| Fuel expenses | (50,427) | (6,078) | 729.7 | (100,994) | (33,642) | 200.2 |
| Financial compensation for use of water resources | (36,870) | (27,514) | 34.0 | (77,770) | (54,836) | 41.8 |
| Personnel | (53,275) | (48,452) | 10.0 | (98,749) | (91,324) | 8.1 |
| Materials and third party services | (44,640) | (37,072) | 20.4 | (80,500) | (73,083) | 10.1 |
| Depreciation and amortization | (147,022) | (143,260) | 2.6 | (292,770) | (281,956) | 3.8 |
| Others | 43,551 | (12,235) | -456.0 | 33,024 | (22,127) | -249.2 |
| **Gross Income** | **203,611** | **624,738** | **-67.4** | **794,665** | **1,401,138** | **-43.3** |
| **Operating Income (Expenses)** | **(51,128)** | **(49,820)** | **2.6** | **(95,756)** | **(96,839)** | **-1.1** |
| Selling expenses | (4,745) | (4,868) | -2.5 | (9,142) | (8,895) | 2.8 |
| General and administrative expenses | (48,258) | (45,756) | 5.5 | (88,871) | (85,043) | 4.5 |
| Other operating income (expenses), net | 1,875 | 804 | 133.2 | 2,257 | (2,901) | -177.8 |
| **Income Before Financial Result and Taxes** | **152,483** | **574,918** | **-73.5** | **698,909** | **1,304,299** | **-46.4** |
| **Net Financial Result** | **(33,061)** | **(91,826)** | **-64.0** | **(153,429)** | **(190,318)** | **-19.4** |
| Financial income | 101,087 | 50,958 | 98.4 | 134,730 | 75,473 | 78.5 |
| Financial expenses | (134,148) | (142,784) | -6.0 | (288,159) | (265,791) | 8.4 |
| **Income Before Taxes** | **119,422** | **483,092** | **-75.3** | **545,480** | **1,113,981** | **-51.0** |
| Income tax | (33,206) | (116,149) | -71.4 | (132,867) | (266,274) | -50.1 |
| Social contribution | (12,471) | (42,929) | -70.9 | (49,637) | (98,816) | -49.8 |
| **Net Income for the Period** | **73,745** | **324,014** | **-77.2** | **362,976** | **748,891** | **-51.5** |
| Income allocated to: | | | | | | |
| Tractebel Energia's shareholders | 73,608 | 323,865 | -77.3 | 362,657 | 748,577 | -51.6 |
| Non-controlling shareholder of Ibitiúva Bioenergética S.A. | 137 | 149 | -8.1 | 319 | 314 | 1.6 |
| **EBITDA** | **301,495** | **719,933** | **-58.1** | **995,634** | **1,590,475** | **-37.4** |
| Net income per share | 0.1130 | 0.4964 | -77.2 | 0.5561 | 1.1473 | -51.5 |

# ATTACHMENT IV
# TRACTEBEL ENERGIA S.A.
# CONSOLIDATED STATEMENT OF CASH FLOW

| (in thousands of R$) | 2Q14 | 2Q13 | 6M14 | 6M13 |
|---|---|---|---|---|
| **Cash flow from operating activities** | | | | |
| Income before taxes | 119,422 | 483,092 | 545,480 | 1,113,981 |
| Adjustments to reconcile net income before taxes generated from operating cash flow: | | | | |
| Depreciation and amortization | 149,012 | 145,015 | 296,725 | 286,176 |
| Monetary and exchange rate variation | 4,031 | 37,529 | 42,671 | 59,813 |
| Interests | 57,083 | 95,127 | 157,073 | 185,531 |
| Constitution (reversals) of operating provisions, net | 761 | 412 | 2,073 | 2,661 |
| Others | 444 | 131 | 449 | 426 |
| **Adjusted profit** | 330,753 | 761,306 | 1,044,471 | 1,648,588 |
| Reduction (increase) in assets | | | | |
| Accounts receivables from clients | 103,794 | 171,620 | 88,135 | 16,415 |
| Refund of fuel purchases | (8,979) | 4,092 | (91,732) | (62,251) |
| Other taxes and social charges recoverable | 5,188 | 10,509 | 11,360 | 17,242 |
| Inventory | (4,131) | (7,805) | (8,233) | (16,551) |
| Deposits in court and restricted deposits | 12,899 | (7,997) | 5,445 | (26,693) |
| Other assets | (21,029) | (3,445) | (25,218) | 23,177 |
| Increase (reduction) in liabilities | | | | |
| Suppliers | (122,358) | (55,287) | 123,142 | 183 |
| Taxes and social contribution | (24,875) | (291) | (78,438) | (5,926) |
| Other fiscal and regulatory obligations | 17,860 | (10,497) | 4,332 | 318 |
| Research and development obligations | 6,423 | 5,045 | 8,438 | 10,887 |
| Obligations related to retirement benefits | (7,035) | (6,854) | (14,579) | (12,629) |
| Other liabilities | (73,461) | (11,640) | (55,216) | (11,395) |
| **Cash generated from operating activities** | 215,049 | 848,756 | 1,011,907 | 1,581,365 |
| Payment of income tax and social contribution | (56,347) | (10,253) | (455,051) | (411,239) |
| Payment of interests on loans, financing and debentures | (73,203) | (77,583) | (132,209) | (126,283) |
| | | | | |
| **Net cash from operating activities** | **85,499** | **760,920** | **424,647** | **1,043,843** |
| | | | | |
| **Investments activities** | **(162,480)** | **(119,211)** | **(378,674)** | **(260,784)** |
| Acquisitions of investments, net of cash and cash equivalents received | (63,539) | (3,729) | (215,429) | (10,238) |
| Used in fixed assets | (101,219) | (114,286) | (162,816) | (247,918) |
| Used in intangibles | 2,278 | (1,196) | (429) | (2,628) |
| **Financing activities** | **(237,654)** | **(471,682)** | **(452,213)** | **(977,706)** |
| Loans and financing contracted | - | 30,875 | 234,415 | 172,700 |
| Payment of loans, financing and debentures | (222,050) | (208,232) | (413,822) | (270,477) |
| Payments of concessions payable | (13,467) | (12,667) | (26,880) | (25,274) |
| Payments of dividends and interest on shareholders' equity | (10) | (282,180) | (243,737) | (855,630) |
| Deposits for funding | (2,127) | 522 | (2,189) | 975 |
| **Increase (decrease) in cash and cash equivalents** | **(314,635)** | **170,027** | **(406,240)** | **(194,647)** |
| **Reconciliation of cash and cash equivalents** | | | | |
| Opening balance | 1,132,671 | 815,302 | 1,224,276 | 1,179,976 |
| Closing balance | 818,036 | 985,329 | 818,036 | 985,329 |
| **Increase (decrease) in cash and cash equivalents** | **(314,635)** | **170,027** | **(406,240)** | **(194,647)** |
| **Transactions that do not affect cash and cash equivalents** | | | | |
| Capitalized interest on loans and concession | 143 | 3,935 | 1,198 | 11,930 |
| Supplier's of fixed assets and intangibles | (42,338) | 3,571 | (28,227) | 75,456 |
| Offsetting of income tax and social contribution | 20,362 | 292 | 20,939 | 69,843 |
| Balance of remaining installments related to purchase of investments, net of escrow account | (7,785) | 12,221 | 7,424 | 12,221 |