# Tractebel Energia reports steady net income for 2013 and maintains a 100% payout level

Florianópolis (SC), February 20, 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 fourth quarter and twelve month period ending December 31, 2013 (4Q13 and 12M13). 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 real, except where otherwise indicated.

## HIGHLIGHTS

● The Company reported net income for fiscal year 2013 amounting to R$ 1,436.7 million (R$ 2.2011 per share), 3.6% lower than recorded in 2012.

● The Board of Directors approved the proposal for the distribution of complementary dividends for fiscal year 2013 for the amount of R$ 461.8 million (R$ 0.7074583705 per share). For the fiscal year as a whole, total dividends and interest on shareholders equity reached R$ 1,474.2 million, equivalent to R$ 2.2584046518 per share or 100% of net adjusted distributable income.

● EBITDA reached R$ 3,042.6 million in 2013, a decline of 1.9% compared with 2012, principally due to the negative impact of transactions conducted on the short-term market including those through the CCEE (Electric Power Trade Board) year-on-year, and also reflecting the effects of CNPE Resolution 03/2013.

● Net revenue from sales increased by R$ 656.2 million or 13.4% from R$ 4,912.5 million in 2012 to R$ 5,568.7 million in 2013.

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

● The average contracted energy price, net of exports and deductions from gross operating revenue, was R$ 139.97/MWh, 5.5% greater than in 2012.

● In 4Q13, Tractebel Energia added a further 55.4 MW installed capacity to its generating complex with the start up in commercial operations of the Trairi (25.4 MW) and Guajiru (30 MW) wind farms located in the municipality of Trairi, state of Ceará.

● On December 16, 2013, it was approved the acquisition of the full capital stock of Ferrari Termoelétrica S.A., holder of the Ferrari Thermoelectric Power Plant. This is an energy co-generation sugar cane biomass-fired plant with an installed capacity of 65.5 MW and commercial capacity of 23.2 average MW.

● An Extraordinary General Meeting held on December 30, 2013 approved the operation for the incorporation of Companhia Energética São Salvador (CESS) by Tractebel Energia, the controlling company of the former. The operation reduced the Company's organizational structure, decreased costs, rationalized and optimized investments, among other benefits, thus creating shareholder value.

● For the ninth consecutive year, Tractebel Energia shares are constituent of the Corporate Sustainability Index (ISE) of the BM&FBovespa, of which it forms part since it was created in 2005.

● Subsequent event: on January 6, 2014, the Company's shares were included as a component of the Ibovespa Stock Index, valid from this date through May 2, 2014.

**Summary of Economic and Operational Indicators**

| Tractebel - Consolidated | | | | | | |
|---|---|---|---|---|---|---|
| (in millions of R$) | 4Q13 | 4Q12 | Chg. | 12M13 | 12M12 | Chg. |
| Net Revenue from Sales (NRS) | 1,488.0 | 1,267.4 | 17.4% | 5,568.7 | 4,912.5 | 13.4% |
| Result from Service (EBIT) | 423.4 | 611.3 | -30.7% | 2,387.2 | 2,539.3 | -6.0% |
| EBITDA (1) | 645.2 | 760.1 (2) | -15.1% | 3,042.6 | 3,100.5 (2) | -1.9% |
| EBITDA / NRS - (%)(1) | 43.4 | 60.0 | -16.6 p.p. | 54.6 | 63.1 | -8.5 p.p. |
| Net Income | 286.3 | 431.5 (2) | -33.6% | 1,436.7 | 1,490.9 (2) | -3.6% |
| Net Debt | 2,271.2 | 2,354.6 | -3.5% | 2,271.2 | 2,354.6 | -3.5% |
| Energy Sold (avg MW) | 4,061 | 4,109 | -1.2% | 4,046 | 3,934 | 2.8% |
| Average Net Sales Price (R$/MWh) (3) | 144.05 | 136.19 | 5.8% | 139.97 | 132.66 | 5.5% |
| Number of Employees | 1,125 | 1,082 | 4.0% | 1,125 | 1,082 | 4.0% |

(1) EBITDA represents: net income + income tax and social contribution + financial results + depreciation and amortization + impairment.
(2) Adjustment due to change in accounting practice.
(3) Net of taxes and exports.

**2013**

**For immediate release**


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**Conference call and webcast:**
On 02/21/2014 at 09:00 a.m. (EDT) in Portuguese – simultaneous translation into English.

Further details on Upcoming Events section, available on page 16.

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# OPERATING PERFORMANCE

## Generating Complex

The largest private sector electricity generator in Brazil, Tractebel has an installed capacity of 6,964.7 MW and operates a generating complex of 8,685.4 MW. This complex comprises 24 plants (nine hydro, six thermal and nine complementary energy source plants - biomass, small hydro – SHP – and wind-powered), 20 of which are wholly owned by the Company and four - the Itá, Machadinho and Estreito hydro power plants and the biomass Ibitiúva Bioenergética - jointly-owned through consortia 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 |
| Alegrete** | Thermal | Alegrete (RS) | 66.0 | 66.0 | 27-Sep-28 |
| **Total - Thermal** | | | **1,185.0** | **1,185.0** | |
| Ibitiúva Bioenergética | Biomass | Pitangueiras (SP) | 33.0 | 22.9 | 04-Apr-30 |
| Guajiru | Wind Farm | Trairi (CE) | 30.0 | 30.0 | 20-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** | | | **230.1** | **220.0** | |
| **Total** | | | **8,685.4** | **6,964.7** | |

(*) Complex comprised of 3 power plants.

(**) Power plant in the process of being returned to the government.

## Expansion

### Projects under construction:

**Projects Under Construction**

| Power plants | Source | Location | Installed Capacity (MW) | |
|---|---|---|---|---|
| | | | Total | Group's Share |
| Jirau | Hydro | Madeira River (RO) | 3,750.0 | 1,500.0 |
| Fleixeiras I | Wind Farm | Trairi (CE) | 30.0 | 30.0 |
| Mundaú | Wind Farm | Trairi (CE) | 30.0 | 30.0 |
| Cidade Azul | Solar | Capivari de Baixo (SC) | 3.0 | 3.0 |
| **Total** | | | **3,813.0** | **1,563.0** |

**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 Aneel (Brazilian Electricity Regulatory Agency) 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 $CO_2$/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. The first three generating units went into operation on September 6, 2013, February 12 and 19, 2014. Another unit was synchronized to the transmission network in February, totaling four units 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 when the main development risks have been mitigated.

**Wind Farms – Ceará – Trairi**. Two of the four wind farms located in the municipality of Trairi, state of Ceará went into commercial operations in 4Q13: the Guajiru Wind Farm on October 28, 2013 and the Trairi Wind Farm on November 22, 2013. As subsequent event, Fleixeiras I Wind Farm received authorization from Aneel to start its commercial operations from the January 28, 2014. Work on the installation of Mundaú Wind Farm continues, which is forecasted to begin operation in the first quarter of 2014. The four wind farms represent a joint installed capacity of 115.4 MW, 58.2 average MW of commercial capacity and investments of R$ 540 million.

**Photovoltaic Solar Energy Plant – Santa Catarina.** In May 2013, jointly with the Federal University of Santa Catarina's Photovoltaic Research Group and other partners, Tractebel began the construction of the first 70 kWp trial module and the implementation of the Cidade Azul Solar Plant, formerly denominated Nova Aurora Solar Photovoltaic Plant, of 3 MWp, located in Capivari de Baixo, SC adjacent to the Jorge Lacerda Thermoelectric Complex. The project is being developed under Aneel's Technological Research and Development Program for the Electric Energy Sector, having its commercial operation planned for the 1$^{st}$ half of 2014.

**Ferrari Thermoelectric Power Plant – São Paulo.** On December 16, 2013, the Company's Board of Directors, approved the acquisition of the full capital stock of Ferrari Termoelétrica S.A., sole owner of the assets of the Ferrari Thermoelectric Power Plant (Ferrari TPP). This is a cogeneration project, sugar-cane biomass fired, with an installed capacity of 65.5 MW and a commercial capacity of 23.2 average MW. Once the acquisition process is concluded, a consortium comprising Ferrari Termoelétrica S.A. and Ferrari Agroindústria S/A will be constituted to develop and commercially generate electricity and steam from Ferrari TPP. The operation, maintenance and commercial management of the plant will be on an integrated basis with the sugar and alcohol mill pertaining to Ferrari Agro. Ferrari Termoelétrica S.A. is expected to invest about R$ 85 million in the modernization and expansion of Ferrari TPP in order to upgrade its installed capacity to 80.5 MW. This in turn is expected to increase the plant's commercial capacity to 35.6 average MW. Regulatory approval of the operation is pending.

## Uptime Operating

In 4Q13, the plants operated by Tractebel Energia reached a level of 97.7% uptime if programmed shutdowns are excluded: 99.1% in hydroelectric generation, 89.2% in thermoelectric generation and 97.2% for those plants denominated as complementary and made up of SHPs, wind farms and biomass-fired thermoelectric plants. If all shutdowns are taken into account, global uptime in 4Q13 was 91.8% - 93.3% for hydroelectric, 81.7% for thermoelectric and 94.7% for the complementary plants.

The Company's plants operated at an annual accumulated uptime of 97.4% in 2013, if programmed stoppages are ignored: 98.9% for hydroelectric generation, 88.0% for thermoelectric and 96.3% for the complementary plants. When all shutdowns are considered together, global uptime in 2013 was 92.3%, made up of 94.3% for the hydroelectric plants, 79.6% for the thermoelectric plants and 90.4% for the complementary plants.

## Production

Electric energy output in 4Q13 from the plants operated by Tractebel was 13,833 GWh (6,265 average MW). This result represents an increase of 42.5% in relation to 4Q12. The hydroelectric plants were responsible for 11,838 GWh (5,361 average MW) of the total generated, an increase of 48.3%, while the thermoelectric power plants accounted for a further 1,713 GWh (776 average MW), an increase of 12.5%, and plants powered by complementary sources, 282 GWh (128 average MW), an increase of 42.2%.

Certain plants recorded individual monthly records, the monthly record for the hydroelectric complex as a whole was broken in October with generation of 4,100.7 GWh (5,512 average MW) representing a capacity factor of 75.8%. The monthly record for the complementary power plants as a whole was broken in November with 102.4 GWh (142 average MW – equivalent to a capacity factor of 57.8%).

The entry into commercial operations of the Trairi and Guajiru wind farms was a further highlight of 4Q13. These two operations together added 55.4 MW to the Company's installed capacity. The quarter also saw the initial commissioning tests at the Fleixeiras I Wind Farm (30.0 MW of installed capacity).

For the 12 month period, total electricity output was 45,344 GWh (5,176 average MW), a 25.3% increase over 2012. Out of the total generated, hydro was responsible for 38,239 GWh (4,365 average MW), an increase of 25.0%; thermal for 6,294 GWh (718 average MW), an increase of 28.0%; and the complementary plants generated 811 GWh (93 average MW), an increase of 16.9%. Variations were calculated on the basis of GWh. If average MW is taken as the parameter for comparison, then the variations would be slightly different due to the fact that 2012 was a leap year.

These high production levels resulted in a new annual record for Company generation, surpassing the 45,023 GWh (5,140 average MW) achieved in 2011.

These increases are largely associated with an improvement in hydrological conditions in relation to 2012 and at the same time, the greater deployment of the thermoelectric plants which continue to operate above average due to the strategy of increasing guaranteed output for the entire National Power Grid System (SIN).

Since March 2013, Estreito HPP operating at full installed capacity also made a contribution to increased generation together with the startup in commercial operations of the Trairi and Guajiru wind farms.

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 a 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

In 4Q13, free customers reported a 41.4% share of the Company's physical sales and 37.6% of its total net revenue from contracted sales, a rise of 6.3 p.p. and 6.2 p.p., respectively, in relation to the same quarter in 2012.

For 12M13, free customers in the portfolio also reported growth reaching 41.4% of physical sales and 38.0% of net revenue, from sales, representing increases of 7.2 p.p. and 7.6 p.p., respectively compared with 2012.



## 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 December 31, 2013, Tractebel reported the following energy balance.

**Energy Balance**

| | (avg MW) | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | Auction Gross Price (R$/MWh) | Reference Date | Gross Price Adjusted as of 12/31/2013 (R$/MWh) |
|---|---|---|---|---|---|---|---|---|---|---|
| | Own Resources | 3,506 | 3,511 | 3,505 | 3,520 | 3,543 | 3,543 | | | |
| + | Purchases for Resale | 824 | 367 | 245 | 220 | 200 | 200 | | | |
| = | Total Resources (A) | 4,330 | 3,878 | 3,750 | 3,740 | 3,743 | 3,743 | | | |
| | Regulated Sales* | 1,661 | 1,651 | 1,508 | 1,155 | 1,155 | 1,155 | | | |
| | 2004-EE-2007-08 | 10 | - | - | - | - | - | 70.9 | 1-Dec-04 | 109.7 |
| | 2005-EE-2008-08 | 143 | 143 | - | - | - | - | 81.6 | 1-Apr-05 | 122.5 |
| | 2005-EE-2009-08 | 353 | 353 | 353 | - | - | - | 94.0 | 1-Oct-05 | 138.5 |
| | 2005-NE-2010-30 | 200 | 200 | 200 | 200 | 200 | 200 | 115.1 | 1-Dec-05 | 168.1 |
| | 2006-NE-2009-30 | 493 | 493 | 493 | 493 | 493 | 493 | 128.4 | 1-Jun-06 | 184.4 |
| | 2006-NE-2011-30 | 148 | 148 | 148 | 148 | 148 | 148 | 135.0 | 1-Nov-06 | 192.8 |
| | 2007-NE-2012-30 | 256 | 256 | 256 | 256 | 256 | 256 | 126.6 | 1-Jun-07 | 173.4 |
| | Proinfa | 44 | 44 | 44 | 44 | 44 | 44 | 147.8 | 1-Jun-04 | 261.1 |
| | 1st Reserve Energy Auction | 14 | 14 | 14 | 14 | 14 | 14 | 158.1 | 1-Aug-08 | 202.5 |
| + | Bilateral Sales | 2,561 | 2,131 | 1,801 | 1,560 | 1,032 | 661 | | | |
| = | Total Sales (B) | 4,222 | 3,782 | 3,309 | 2,715 | 2,187 | 1,816 | | | |
| | **Balance (A - B)** | **108** | **96** | **441** | **1,025** | **1,556** | **1,927** | | | |
| | Sales average **net** price (R$/MWh)*1: | 140.1 | 139.5 | 140.1 | | | | | | |
| | Purchases average **net** price (R$/MWh)*2: | 131.3 | 139.9 | 148.4 | | | | | | |

* 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 12/31/13, i.e. future inflation is not considered.
*2: Purchase net price, considering benefits from PIS/Cofins credits, as of 12/31/13, i.e. future inflation is not considered.

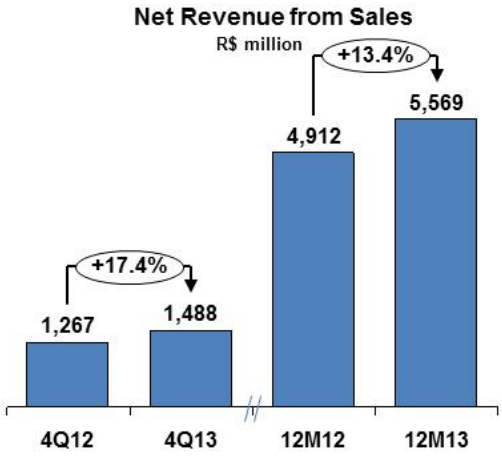
Note: The balance refers to the settlement point.
The average prices are considered simply estimates and are based on financial planning revisions, not considering contrated quantities, which are updated quarterly.

# ECONOMIC AND FINANCIAL PERFORMANCE

## Net Revenue from Sales

In 4Q13, the Company reported year-on-year growth of 17.4% or R$ 220.6 million in net revenue from R$ 1,267.4 million to R$ 1,488.0 million. Leading factors contributing to this variation were: (i) R$ 162.8 million – an increase in transactions conducted in the short term market including those through the Electric Power Trade Board (CCEE); (ii) R$ 80.4 million – increase in average net selling prices; and (iii) R$ 24.6 million – decrease in the energy sales volume.

In 2013, on a year-on-year comparative basis, net revenue from sales increased by R$ 656.2 million, or 13.4%, rising from R$ 4,912.5 million in 2012 to R$ 5,568.7 million in 2013. This increase largely reflects the following combination of factors: (i) R$ 290.0 million – an increase in average net selling prices; (ii) R$ 268.1 million – an increase in revenue from transactions conducted in the short term market including those via the CCEE; (iii) R$ 90.1 million – an increase in the amount of energy sold; (iv) R$ 14.7 million – representing growth in sales of carbon credits and ashes; and (v) R$ 8.0 million – reduced energy exports.




- **Net average selling price**

The average energy selling price, net of exports and taxes on gross revenue, reached R$ 144.05/MWh in 4Q13, a 5.8% improvement over the same quarter in 2012 when the selling price averaged R$ 136.19/MWh. During 2013 as a whole, this price was R$ 139.97/MWh, 5.5% higher than the R$ 132.66/MWh practiced in 2012. The price increase is largely due to the monetary restatement of existing sales agreements.




- **Sales volume**

Energy volume sold decreased from 9,073 GWh (4,109 average MW) in 4Q12 to 8,966 GWh (4,061 average MW) in 4Q13, a reduction of 1.2%, or 107 GWh (48 average MW) between the two compared periods.

The reduction in sales volume was due to the combination of the following: (i) an increase of 531 GWh (240 average MW) in the supply of energy to free customers; (ii) a decrease of 458 GWh (207 average MW) in wholesale supplies of energy to distributors; and (iii) a fall of 180 GWh (81 average MW) in energy sales to trading companies.

Energy volume sold during the full fiscal year 2013 was 35,445 GWh (4,046 average MW) against 34,559 GWh (3,934 average MW) registered in 2012, a growth of 886 GWh (112 average MW), or 2.6% in GWh. When the average MW parameter is used, the variation is slightly different given that 2012 was a leap year.

The increase in volumes of energy sold was a reflection of a combination of the following factors: (i) evolution of 2,864 GWh (330 average MW) in the retail supply of energy to free customers; (ii) reduction of 1,213 GWh (131 average MW) in the wholesale supply of energy to distributors; (iii) decrease of 739 GWh (84 average MW) in energy sales to trading companies; and (iv) export of 26 GWh (3 average MW) in 2012 only.




## Comments on Variations in Net Revenue from Sales, by Type of Account

**a) Wholesale market for electric energy**

Revenue from the wholesale supply of electric energy to distributors and trading companies was R$ 805.5 million in 4Q13, 4.9% lower than the R$ 846.7 million reported in 4Q12. The combination of the following variations contributed to this effect: (i) R$ 69.4 million – a reduction of 458 GWh (207 average MW), equivalent to 8.8% in sales volume to distributors; (ii) R$ 51.8 million – an increase of 7.1% in the net average selling price to distributors; (iii) R$ 22.4 million – a decrease of 180 GWh (81 average MW), or 25.6%, in the amount of energy sold to trading companies; and (iv) R$ 1.2 million – a decline of 1.5% in the price of energy sold to the trading companies.

For 12M13, revenue from the wholesale supply of energy was R$ 3,074.3 million, a reduction of 3.4%, or R$ 108.5 million in relation to fiscal year 2012. This decline is explained by the association of the following variations: (i) R$ 179.1 million – decrease of 1,213 GWh (131 average MW), or 6.1% in GWh, in sales volume to discos; (ii) R$ 141.2 million – growth of 5.1% in the average net selling price to the discos; (iii) R$ 85.0 million – a reduction of 739 GWh (84 average MW), or 25.8% in GWh, in energy volume sold to trading companies; and (iv) R$ 14.4 million – increase in the energy selling price to trading companies of 5.1%.

**b) Retail market for electric energy**

Revenue from sales to free customers increased 24.9% between the quarters in analysis, increasing from R$ 389.0 million in 4Q12 to R$ 486.0 million in the same period in 2013. The following events contributed to this variation: (i) R$ 67.2 million – growth of 531 GWh (241 average MW), or 16.7%, in the amount of energy sold; and (ii) R$ 29.8 million – an increase of 7.1% in the net average price of energy sales.

In 2013, revenue reached R$ 1,887.0 million, a 34.9% rise on the R$ 1,398.4 million recorded for the same period in 2012. Factors driving these figures were as follows: (i) R$ 354.2 million – growth of 2,864 GWh (330 average MW), or 24.3% in GWh, in energy sales volume; and (ii) R$ 134.4 million – growth of 8.6% in the average net price for energy sales.

**c) Transactions in the short-term market**

In 4Q13, revenue generated from transactions in the short-term market including sales conducted across the CCEE, was R$ 183.9 million, as against R$ 21.1 million for the same period in 2012, representing a year-on-year increase of R$ 162.8 million. For the full twelve months of 2013, there was an increase of R$ 268.1 million in these revenues rising from R$ 298.3 million in 2012 to R$ 566.4 million in 2013. 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$ 370.0 million, or 65.0% from R$ 569.4 million in 4Q12 to R$ 939.4 million in the quarter under analysis. In the fiscal year 2013, these costs reached R$ 2,911.9 million, 36.7% or R$ 781.0 million more than the R$ 2,130.9 million recorded in 2012. These variations are principally due to the following components:

a) **Electric power purchased for resale:** increase of R$ 48.4 million in 4Q13 compared with the same quarter in 2012 and of R$ 111,9 million for the full year of 2013 in relation to 2012, reflecting readjustments in existing long-term agreements and the prices of new contracts coming into effect in 2013.

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$ 277.2 million. Comparing the two fiscal years of 2013 and 2012, the reported increase was R$ 584.2 million. Greater details are described in the specific item below.

c) **Charges for the use of and connection to the electricity grid:** decline of R$ 4.9 million between comparable quarters and similarly a decline of R$ 22.4 million between the years 2013 and 2012, reflecting in large part the effects of measures enacted by the Federal Government, resulting in the reduction of sector charges on transmission tariffs in 2013.

d) **Fuels for production of electric energy:** this cost item increased by R$ 23.4 million when comparing 4Q13 with the same quarter in 2012, largely a reflection of the increase in generated energy and therefore natural gas consumed by the William Arjona TPP (UTWA). Comparing successive years as a whole, these costs reported an increase of R$ 30.4 million, reflecting an increase in thermoelectric generation resulting in a rise of R$ 15.3 million in the outlay for natural gas at UTWA and R$ 15.1 million in the net consumption of biomass, coal and diesel fuels.

e) **Financial compensation for the use of water resources (royalties):** an increase of R$ 18.2 million between 4Q12 and 4Q13 and R$ 36.3 million between the compared fiscal years due basically to an increase in generation from the Company's hydro plants.

f) **Personnel:** an increase of R$ 3.8 million in 4Q13 in relation to the fourth quarter of 2012 and R$ 18.8 million for 2012 vs 2013 principally due to annual readjustments in salaries and employee benefits.

g) **Depreciation and amortization:** increase of R$ 0.9 million and R$ 24.4 million when comparing respective quarters and years due above all to startup of new generating units at Estreito HPP and the wind farms.

## 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 so-called "sub-market risk"; (iii) dispatch triggered by the Risk Aversion Curve (CAR); (iv) the application of System Service Charges (ESS), resulting in dispatch which diverges from the thermal plants order of merit; and (v), naturally, exposure (a short or long position in the monthly accounting) which will be settled at the spot price.

In 4Q13, the Company reported a net negative result (difference between revenues and expenses – less taxes and contributions on same) from its short-term transactions including those conducted through the CCEE in the amount of R$ 125.5 million, an increase of R$ 114.4 million in relation to the similarly net negative result of R$ 11.1 million registered in 4Q12.

This variation is essentially due to the combination of the following factors: (i) short-term purchasing of energy in 4Q13; (ii) a decrease in the credit position on the CCEE in the light of the strategy adopted by the Company for the monthly allocation of energy; (iii) reduction in thermoelectric exposure due to greater deployment of these plants by order of merit; (iv) greater MRE revenue due to the increase in hydroelectric generation; and (v) net positive result due to the difference between (v.i) revenues posted in 4Q13 given the excess of hydroelectric generation in the National Interconnected System (SIN) in relation to energy allocated in the CCEE by member agents, and (v.ii) the expenses incurred in 4Q12 due to insufficiency of hydro generation in the SIN.

For the accumulated year 2013, the net result from short-term transactions including those conducted on the CCEE, was a negative R$ 71.3 million compared with a positive result for fiscal year 2012 of R$ 244.8 million, that is a negative variation of R$ 316.1 million between the two successive years.

This reduced result arose more from a combination of the following events: (i) purchase of short term energy as from 2Q13 to reduce the short position on the CCEE and consequently to mitigate the effects of CNPE Resolution 03/2013 ("CNPE 03"); (ii) a net negative effect due to the difference between (ii.i) the expenses incurred in 2013 due to insufficient hydroelectric generation in the SIN in relation to energy allocation in the CCEE by member agents, more particularly in the months of January and February, and (ii.ii) the gain recorded in 2012 due to excess hydroelectricity in the SIN, mainly in the first two quarters of the year; (iii) increase of the long position in the CCEE as a result of the Company's strategy adopted for energy allocation; (iv) reduction in thermoelectric exposure due to the increased deployment of these plants by order of merit; (v) positive MRE result in 2013 due to greater hydroelectric generation, essentially in the second half compared to the negative impact in 2012; and (vi) recognition of estimated costs in relation to the participation of the generators in the apportionment of System Services Charges (ESS) under CNPE 03 despite a court injunction granted in favor of the Company's class association, the Brazilian Association for Independent Energy Producers (Apine), suspending the implementation of this Resolution.

Should a court judgment rule against the effects of CNPE 03, the additional cost of R$ 54.5 million recognized in the 2013 accounts will be reversed by the Company.

It is worth noting that the significant increase in average annual PLD for South and Southeast/Mid-Western markets which increased from R$ 166.77/MWh in 2012 to R$ 258.19/MWh in 2013, contributed significantly to the positive effects on results due to the increase in the credit position on the CCEE and to that of secondary energy. Conversely there was a negative impact due to the costs relating to thermoelectric exposure.

On a comparative basis between the quarters under review, average PLD for the Southern and the Southeast/Mid-Western submarkets was 6.1% less, declining from R$ 305.17/MWh in 4Q12 to R$ 286.51/MWh in 4Q13.

## General, Sales and Administrative Expenses

General, sales and administrative expenses increased 5.1%, or R$ 2.8 million, in the quarters under review from R$ 54.4 million in 4Q12 to R$ 57.2 million in 4Q13. During the fiscal year, these expenses were R$ 197.1 million in 2013 and R$ 188.6 million in 2012, a 4.5% growth of R$ 8.5 million. These variations relate largely to the result of the adjustment in employee salaries and benefits.

## Constitution and Reversal of Operational Provisions, Net

In 4Q13, the Company recognized revenue from the reversal of operational provisions, net of new provisions set aside, in the amount of R$ 4.0 million. In the same period of 2012, Tractebel reported an expense with net operational provisions of R$ 32.2 million, producing a positive effect between the quarters under review of R$ 36.2 million. The variation in 4Q13 basically reflects the reversal of civil and tax contingencies as opposed to 4Q12 when this item was due principally to the constitution of provisions of a civil and tax nature of R$ 12.6 million and a provision for a non-recurring loss of R$ 15.7 million resulting from the effects of the incorporation of an asset.

In 2013 as a whole, the Company reported net revenue from the reversal of operating provisions of R$ 0.8 million while in the preceding year a net expense was recognized with respect to the constitution of provisions of R$ 37.0 million. There was thus a positive impact of R$ 37.8 million between the years under review. The principal provisions recorded in 2012 also related to civil and tax provisions amounting to R$ 24.5 million and the provision for non-recurring loss mentioned in the previous paragraph.

## Other Operating Revenues and Expenses, Net

The comparison between 4Q13 and 4Q12 shows a negative impact of R$ 71.8 million in the result. This in large part was due to the recognition of a provision for an impairment loss on assets at the Charqueadas TPP amounting to R$ 66.9 million. The loss was due to regulations recently introduced by Aneel which will reduce the reimbursement for coal consumption as from January 2016, not permitting the recovery of additional investments which would be required to adhere to compliance with new efficiency parameters at the plant as ordered by the regulator.

In 2013, reported net expenses were R$ 73.2 million, again largely a consequence of the impairment charge while in 2012, this item registered a net expense of R$ 16.7 million. These factors produced a year-on-year negative effect of R$ 56.5 million.

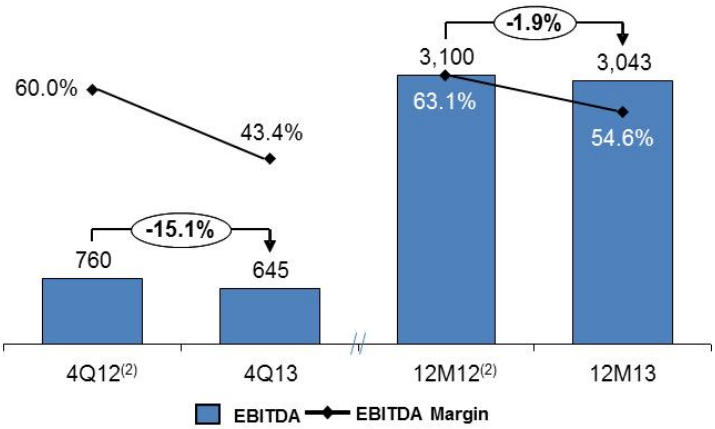
## EBITDA and EBITDA Margin

In the light of the foregoing, 4Q13 EBITDA was R$ 645.2 million, 15.1%, or R$ 114.9 million, below the R$ 760.1 million posted in 4Q12. EBITDA margin was 43.4% in 4Q13, a 16.6 p.p. decrease in relation to the same quarter of 2012. These declines were

substantially due to the negative result of R$ 114.4 million in transactions on the short-term market including those conducted through the CCEE.

In the twelve month period, there was a year-on-year reduction of 1.9% in EBITDA of R$ 57.9 million from R$ 3,100.5 million in 2012 to R$ 3,042.6 million in 2013. The EBITDA margin in 2013 was 54.6%, representing a decrease of 8.5 p.p. against 2012. These reductions were largely the result of the negative variation in the result for transactions in the short-term market including the CCEE for the periods in question amounting to R$ 316.1 million. This amount incorporates the effects of CNPE 03, including the provision of R$ 54.5 million set aside for that Resolution.

**EBITDA (1) (R$ million) and EBITDA Margin (%)**




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

(2) Adjustment due to change in accounting practice.

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

| (in thousand R$) | 4Q13 | 4Q12 | Chg. % | 12M13 | 12M12 | Chg. % |
|---|---|---|---|---|---|---|
| Net income | 286,313 | 431,466* | -33.6 | 1,436,747 | 1,490,880* | -3.6 |
| (+) Income tax and social contribution | 3,874 | 70,917* | -94.5 | 564,962 | 595,417* | -5.1 |
| (+) Financial expenses, net | 133,260 | 108,924* | 22.3 | 385,521 | 452,990* | -14.9 |
| (+) Depreciation and Amortization | 148,928 | 148,834 | 0.1 | 582,486 | 561,174 | 3.8 |
| **EBITDA** | **572,375** | **760,141*** | **-24.7** | **2,969,716** | **3,100,461*** | **-4.2** |
| (+) Impairment | 72,837 | - | - | 72,837 | - | - |
| **Adjusted EBITDA** | **645,212** | **760,141*** | **-15.1** | **3,042,553** | **3,100,461*** | **-1.9** |

* Adjustment due to change in accounting practice.

## Financial Result

**Financial income:** in 4Q13, income reached R$ 28.6 million, R$ 9.7 million more than the R$ 18.9 million reported for the same quarter in 2012 – principally due to the increase in income from financial investments following an increase in interest rates prevailing in the financial market.

On a full year comparative basis, financial income increased by R$ 94.5 million from R$ 88.2 million in 2012 to R$ 182.7 million in 2013. The explanation for this variation is essentially as follows: (i) a gain of R$ 49.1 million as a result of an anticipated settlement at market value of debt with the National Treasury Department (STN) together with the corresponding deposit in guarantee; (ii) non-recurring gain of R$ 29.2 million as a result of litigation questioning the amount of interest and monetary restatement due on energy sales for which payment was received with delay in earlier years; (iii) an increase of R$ 22.2 million in income on financial investments; and (iv) a reduction of R$ 6.2 million in interest on accounts receivable.

**Financial expenses:** in 4Q13, these expenses were R$ 161.9 million, R$ 34.1 million more than reported in the same quarter for 2012. The principal variations between quarters were: (i) an increase of R$ 21.0 million in interest and monetary restatement on concessions payable; (ii) an increase of R$ 6.6 million in the financial restatement of provisions; and (iii) an increase of R$ 6.0 million in the foreign exchange translation effect on currency denominated loans.

On a full year comparative basis, expenses rose from R$ 541.2 million to R$ 568.2 million, a difference of R$ 27.0 million, resulting from the combination of the following variations: (i) an increase of R$ 17.5 million in foreign exchange variation on

debt; (ii) a reduction of R$ 10.9 million in interest and monetary restatement on debt; (iii) an increase of R$ 10.5 million in interest and monetary restatement on concessions payable; (iv) an increase of R$ 8.7 million in the financial restatement of provisions; and (v) an increase of R$ 4.6 million in net interest on an actuarial liability.

## Income Tax and Social Contribution on Net Income

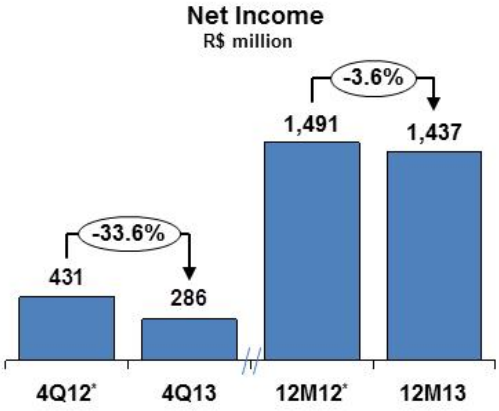
Income tax and social contribution overheads in 4Q13 were R$ 3.9 million, a R$ 67.0 million reduction on the same quarter in 2012, when this item stood at R$ 70.9 million. The reduction reflects the combination of lower pre-tax profits and the reduced credit of interest on shareholders' equity in 2013 which resulted in an increase of taxable profit.

On a full fiscal year basis, these expenses rose from R$ 595.4 million in 2012 to R$ 565.0 million in 2013, a decline of R$ 30.4 million. This variation is also primarily the result of a reduction in pre-tax profits and the credit of interest on shareholders' equity. Effective tax rates on profit in 2013 and 2012 were 28.2% and 28.5%, respectively.

## Net Income

Net income for 4Q13 was R$ 286.3 million, R$ 145.2 million, or 33.6%, down on the R$ 431.5 million reported for the same quarter in 2012. This decline is mainly due to the following factors which have already been commented above: (i) increase in the negative result in transactions on the short-term market including those conducted through the CCEE, with a total value of R$ 75.5 million; (ii) recognition of impairment values for certain assets in the thermoelectric generation segment amounting to R$ 49.4 million; and (iii) an increase of R$ 17.8 million in interest and monetary restatement on concessions payable and the foreign exchange translation effect on Company loans.

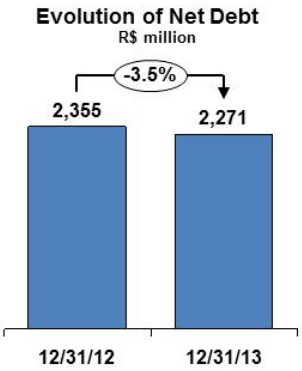
On a twelve month comparative basis, net income declined by R$ 54.2 million or 3.6% from R$ 1,490.9 million in 2012 to R$ 1,436.7 million in 2013. This variation is essentially due to the combination of the following impacts already mentioned: (i) negative variation in the net result on transactions conducted on the short-term market and including the CCEE, amounting to R$ 208.6 million, this value also sweeping up the effects of CNPE 03, including the provision of R$ 36.0 million set aside to cover that Resolution; (ii) an increase in profit relative to other operations of the Company in the amount of R$ 159.4 million; (iii) the booking of an impairment loss on thermoelectric generation assets in the amount of R$ 49.4 million; and (iv) recognition of non-recurring gains of R$ 51.7 million due to the early settlement of debt and the court action ruled in favor of the Company covering interest and monetary restatement on energy sales.



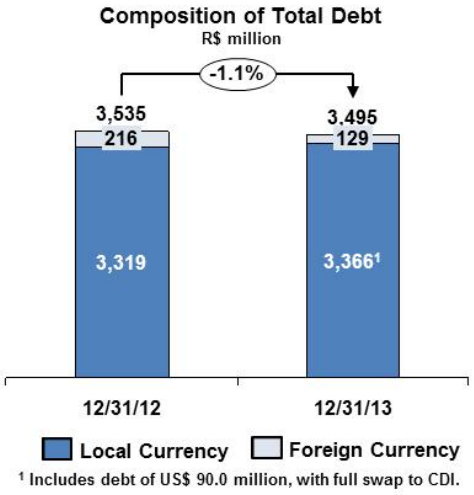

* Adjustment due to change in accounting practice.

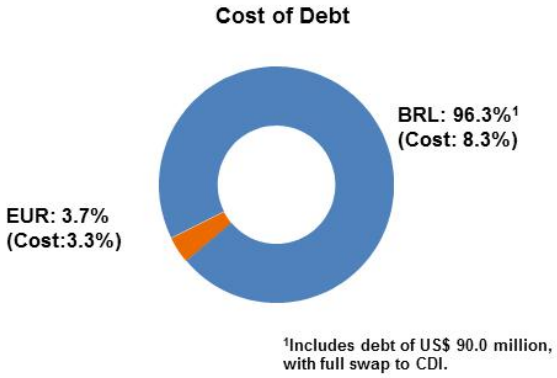
## Debt

On December 31, 2013, the Company recorded net debt (total debt less cash and cash equivalents) of R$ 2,271.2 million, 3.5% lower than the R$ 2,354.6 million posted on December 31, 2012.

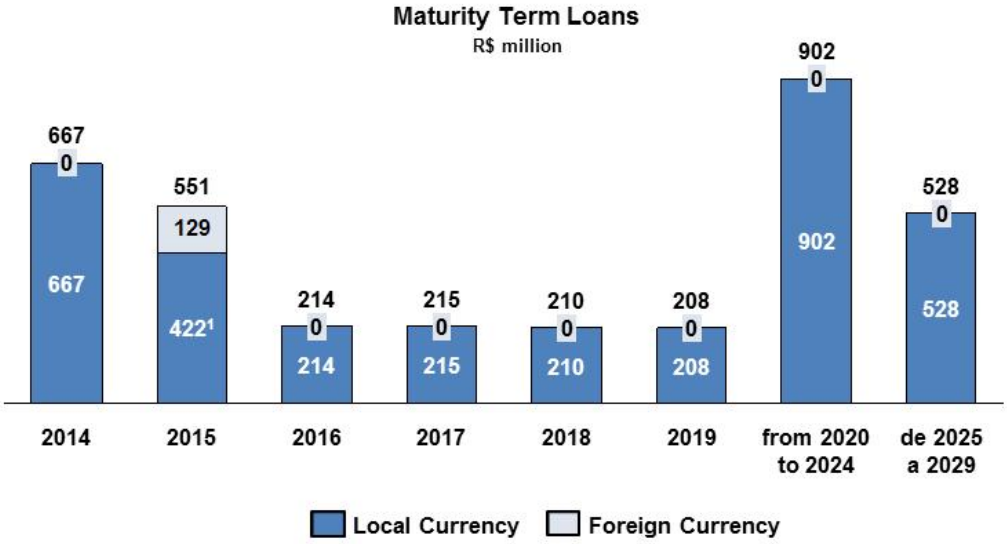



Total consolidated gross debt – represented principally by loans, debentures and financing – amounted to R$ 3,495.4 million at the end of 4Q13, a decrease of 1.1% compared to the position on December 31, 2012. Of total debt outstanding at the end of the period, 9.7% was foreign-currency denominated (6.1% at the end of 2012). However, taking into account the swap operation in 2013, the effective currency exposure was 3.7% of total gross debt at the end of the period under review.




The decreased Company leverage is related principally to a combination of factors occurring between 2012 and 2013: (i) draw down of lines of credit with the Brazilian Development Bank (BNDES) and its financial agents amounting to a total of R$ 170.8 million, for investments in Estreito HPP and Trairi Wind Complex; (ii) conclusion of a loan agreement with the Nordic Investment Bank (NIB) in the amount of R$ 141.8 million, corresponding to US$ 70.0 million (iii) conclusion of a loan agreement with HSBC Bank USA for US$ 90.0 million (equivalent to R$ 207.3 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$ 303.9 million in charges and monetary and foreign exchange restatement; (v) amortization of debentures amounting to R$ 184.8 million; (vi) R$ 629.0 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 as described under “Financial income”.




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

## Capital Expenditures

In 4Q13, Tractebel Energia invested R$ 201.5 million. Of this amount, R$ 56.6 million was earmarked to the maintenance and repowering plan for its generator complex. The remaining R$ 144.9 million was invested in the construction of new generating plants (Estreito HPP, and the Trairi, Campo Largo and Santa Mônica wind farm complexes).

During 2013, the Company invested R$ 443.3 million for implementing its growth plan with the construction of Estreito HPP, and the Trairi, Campo Largo and Santa Mônica wind farm complexes. A further R$ 241.2 million was allocated to the Company's maintenance and repowering projects to ensure a high level of plant uptime.

Being that, Tractebel Energia's total investments in 2013 amounted to R$ 684.5 million.

## Proposed Complementary Dividends

The meeting of Tractebel's Board of Directors held on February 20, 2014 approved the complementary dividend proposal for the period from January 1 to December 31, 2013 in the amount of R$ 461.8 million (R$ 0.7074583705 per share). This will be ratified by the Ordinary General Meeting which will also establish payout conditions.

Thus, total profit distribution for 2013 will amount to R$ 1,474.2 million, equivalent to R$ 2.2584046518 per share, equivalent to a 100% payout of the net adjusted distributable income.

# 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 | 4Q13 | 4Q12 | Change | 2013 | 2012 | Change |
| Quality | Number of certified plants | 15 | 15 | - | 15 | 15 | - |
| | Generation plant uptime, except for scheduled stoppages (%) | 97.7 | 97.0 | 0.7 p.p. | 97.4 | 96.9 | 0.5 p.p. |
| | Generation plant uptime, including scheduled stoppages (%) | 91.9 | 92.4 | -0.5 p.p. | 92.3 | 90.9 | 1.4 p.p. |
| Environment | Number of licensed operating plants | 24 | 22 | 2 | 24 | 22 | 2 |
| | Saplings donated and planted (sum-total of planed and donated saplings)[2] | 63,065 | 95,601 | -34.0% | 257,110 | 311,038 | -17.3% |
| | Number of visitors at the plants | 25,862 | 25,661 | 0.8% | 100,686 | 93,600 | 7.6% |
| | CO2 Emissions (fossil fuel plants) (t/MWh) | 1.008 | 1.058 | -4.8% | 1.031 | 1.087 | -5.2% |
| | CO2 Emissions from the Tractebel Energia generation plant (t/MWh) | 0.125 | 0.166 | -24.5% | 0.143 | 0.148 | -3.2% |
| Occupational Heath and Safety and Social Responsibility | Number of employees | 1,125 | 1,082 | 4.0% | 1,125 | 1,082 | 4.0% |
| | Frequency Rate ("Taxa de Frequência" - TF), except for outsourced positions[3] | 0.000 | 0.000 | ⇔ | 0.980 | 0.000 | ⇧ |
| | Severity Rate ("Taxa de Gravidade" - TG), except for outsourced positions[4] | 0.000 | 0.000 | ⇔ | 0.000 | 0.000 | ⇔ |
| | Frequency Rate ("Taxa de Frequência" - TF), including outsourced positions[3] | 0.000 | 1.100 | ⇩ | 0.950 | 1.280 | ⇩ |
| | Severity Rate ("Taxa de Gravidade" - TG), including outsourced positions[4] | 0.000 | 0.000 | ⇔ | 0.006 | 0.000 | ⇧ |
| | Investments via Children and Teenagers Fund and Cultural Incentives Act (R$ thousands) | 5,094 | 4,101 | 24.2% | 12,121 | 12,040 | 0.7% |
| | Non-incentive investments, except for Estreito Social Investment (R$ thousands)[5] | 1,378 | 247 | 459.1% | 4,408 | 2,323 | 89.8% |

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.
5) Amounts relating to one-off initiatives executed in the regions within the plants' sphere of influence were included in the periods for 2013 and 4Q13 but not incorporated in the figures for 2012 and prior quarters in 2013.

## CORPORATE GOVERNANCE

Tractebel Energia's bylaw has been permanently adapted to comply with the new rules and procedures of the BM&FBovespa's Novo Mercado Listing Regulations. The Company's Board of Directors is made up of nine members, one of which represents the employees and two who are independent directors. With the exception of the employees' representative, all are elected by a General Shareholders' Meeting. A permanent Fiscal Council, which is independent of management and the Company's outside auditors, is responsible for supervising management acts and examining and opining on the financial statements.

The Company has a Code of Ethics and maintains a structure of committees, advisory councils and formally responsible individuals for ethical issues, which are also monitored through organizational surveys.

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

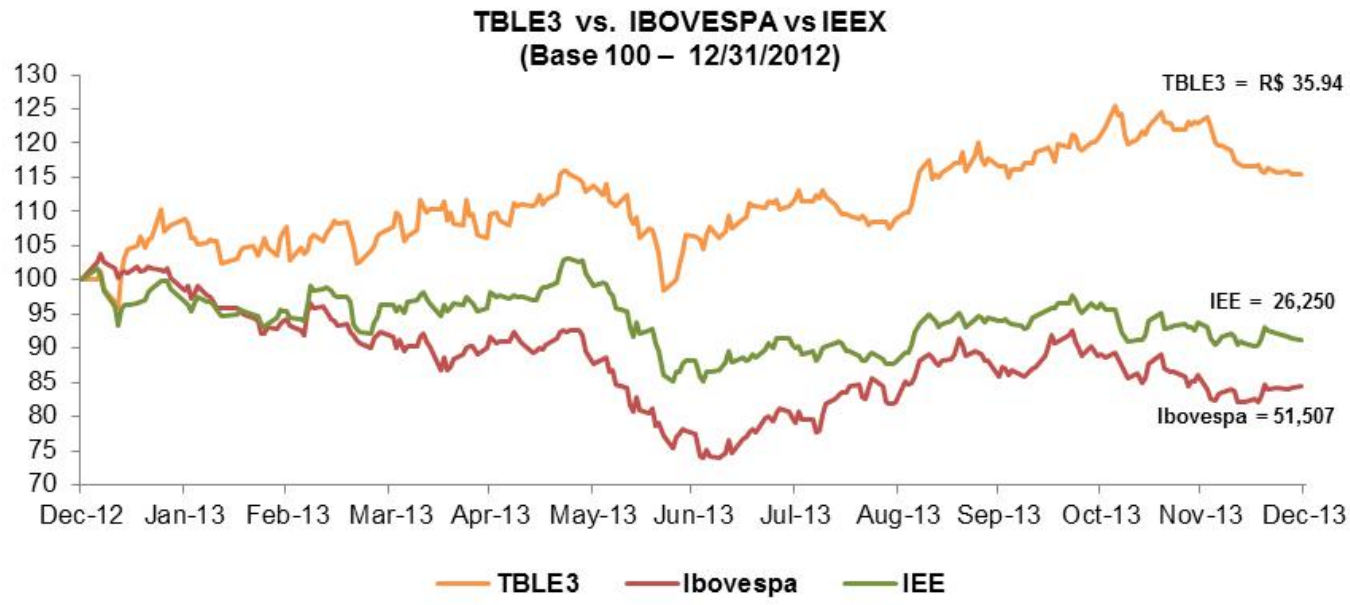
Bovespa's leading stock index ended 2013 reporting the worst performance among all the principal global stock indices. During the year, the Ibovespa lost 15.5% against an appreciation of 7.4% in 2012, while the Dow Jones Industrial recorded an annual gain of 26.5%.

In US dollar terms, the Ibovespa accumulated an annual decline of approximately 26% in 2013.

In 2013, Tractebel Energia's shares registered an appreciation of 15.5%, a positive result when compared with the losses incurred by the Ibovespa and the IEE – the Electric Sector Stock Index of 15.5% and 8.8%, respectively.

This result was instrumental in Tractebel Energia ending another year as the largest company by market value in the Brazilian electricity sector and worth R$ 23.5 billion.

During 2013, the average daily traded volume was R$ 22.8 million, a slight decline of 1.4% in relation to 2012.



## UPCOMING EVENTS

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

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

**Date:** February 21, 2014
**Time:** 9:00 a.m. (EDT) / 11:00 a.m. (Brasília time)

**Connection numbers:**
Participants in Brazil: (55 11) 4688-6361
Participants in the USA: +1 (786) 924-6977
Participants from other countries: +1 (888) 700-0802
Access code: Tractebel

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

A replay will be available from February 21st to 27, 2014. Access by dialing: (55 11) 4688-6312, code: 5416266#

### Meetings with analysts

**Florianópolis**
**Date:** February 21, 2014
**Time:** 6:30 p.m. (Brasília Time)
**Venue:** Majestic Palace Hotel

**São Paulo**
**Date:** February 25, 2014
**Time:** 9:00 a.m. (Brasília Time)
**Venue:** Staybridge Suites São Paulo

**Rio de Janeiro**
**Date:** February 25, 2014
**Time:** 7:00 p.m. (Brasília Time)
**Venue:** JW Marriott Hotel Rio de Janeiro

**Belo Horizonte**
**Date:** February 25, 2014
**Time:** 7:00 p.m. (Brasília Time)
**Venue:** Hotel Mercure BH Lourdes

**Porto Alegre**
**Date:** February 26, 2014
**Time:** 12:30 p.m. (Brasília Time)
**Venue:** Plaza São Rafael Hotel

## 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** | **12/31/2013** | **12/31/2012** |
| **Current Assets** | **2,338,458** | **2,031,068** |
| Cash and cash equivalents | 1,224,276 | 1,179,976 |
| Accounts receivables from clients | 740,326 | 622,916 |
| Inventory | 64,785 | 45,374 |
| Income tax and social contribution recoverable | 21,752 | 9,451 |
| Other fiscal credits recoverable | 59,830 | 55,298 |
| Restricted deposits | 10 | 1,309 |
| Refund of fuel purchases | 139,601 | 47,823 |
| Other current assets | 87,878 | 68,921 |
| **Non Current Assets** | **10,315,939** | **10,279,816** |
| **Long Term Assets** | **481,360** | **487,231** |
| Taxes and social contributions recoverable | 8,125 | 5,766 |
| Other fiscal credits recoverable | 100,222 | 122,419 |
| Receivable on assets | 86,886 | 86,886 |
| Deferred income taxes and social contribution | 17,575 | 16,992 |
| Restricted deposits | 130,857 | 103,310 |
| Deposits in court | 106,854 | 110,411 |
| Derivatives | 1,115 | - |
| Other non current assets | 29,726 | 41,447 |
| **Property, Plant and Equipment** | **9,708,227** | **9,683,085** |
| **Intangible** | **126,352** | **109,500** |
| **Total** | **12,654,397** | **12,310,884** |

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

| (in thousands of R$) | | |
|---|---|---|
| **Liabilities** | **12/31/2013** | **12/31/2012** |
| **Current Liabilities** | **2,183,704** | **1,736,436** |
| Suppliers | 510,346 | 265,091 |
| Dividends and interest on shareholder´s equity | 221,276 | 247,591 |
| Loans and financing | 492,843 | 357,043 |
| Debentures | 174,072 | 170,042 |
| Concessions payable | 51,763 | 48,800 |
| Tax and social contribution obligations | 434,166 | 382,782 |
| Other fiscal and regulatory obligations | 62,927 | 54,149 |
| Provision for labor obligations | 64,122 | 61,785 |
| Provision for tax, civil and labor risks | 15,136 | 29,170 |
| Obligations related to retirement benefits | 28,851 | 32,368 |
| Other current liabilities | 128,202 | 87,615 |
| **Non Current Liabilities** | **5,106,082** | **5,072,197** |
| Loans and financing | 2,829,645 | 2,848,912 |
| Debentures | - | 158,548 |
| Concessions payable | 1,543,406 | 1,380,126 |
| Provision for tax, civil and labor risks | 179,836 | 145,550 |
| Obligations related to retirement benefits | 189,668 | 215,598 |
| Deferred income taxes and social contribution | 163,663 | 199,430 |
| Other non current liabilities | 199,864 | 124,033 |
| **Shareholders' Equity** | **5,364,611** | **5,502,251** |
| Share capital | 2,445,766 | 2,445,766 |
| Capital reserve | 91,695 | 91,695 |
| Fixed asset valuation | 527,416 | 582,656 |
| Profit reserves | 2,233,572 | 2,331,017 |
| Other comprehensive income | 62,924 | 48,454 |
| Non controlling interests | 3,238 | 2,663 |
| **Total** | **12,654,397** | **12,310,884** |

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

| (in thousands of R$) | 4Q13 | 4Q12 | Chg. % | 12M13 | 12M12 | Chg. % |
|---|---|---|---|---|---|---|
| **Net Revenue from Sales** | **1,487,950** | **1,267,410** | **17.4** | **5,568,658** | **4,912,499** | **13.4** |
| **Costs of Energy Sold and Services Provided** | **(939,439)** | **(569,429)** | **65.0** | **(2,911,860)** | **(2,130,934)** | **36.6** |
| Electric power purchased for resale | (211,320) | (162,914) | 29.7 | (775,517) | (663,591) | 16.9 |
| Transactions in the short term market, including those conducted through the CCEE | (309,425) | (32,240) | 859.8 | (637,744) | (53,470) | 1,092.7 |
| Charges for the use of and connection to the electricity grid | (78,818) | (83,718) | -5.9 | (307,593) | (329,949) | -6.8 |
| Fuel expenses | (31,606) | (8,223) | 284.4 | (70,058) | (39,659) | 76.7 |
| Financial compensation for use of water resources | (48,798) | (30,605) | 59.4 | (148,139) | (111,838) | 32.5 |
| Personnel | (51,545) | (47,762) | 7.9 | (186,296) | (167,518) | 11.2 |
| Materials and third party services | (45,689) | (44,577) | 2.5 | (159,054) | (156,875) | 1.4 |
| Depreciation and amortization | (146,970) | (146,029) | 0.6 | (574,487) | (550,086) | 4.4 |
| Others | (15,268) | (13,361) | 14.3 | (52,972) | (57,948) | -8.6 |
| **Gross Income** | **548,511** | **697,981** | **-21.4** | **2,656,798** | **2,781,565** | **-4.5** |
| **Operating Income (Expenses)** | **(125,064)** | **(86,674)** | **44.3** | **(269,568)** | **(242,278)** | **11.3** |
| Selling expenses | (5,306) | (6,645) | -20.2 | (18,637) | (23,368) | -20.2 |
| General and administrative expenses | (51,895) | (47,802) | 8.6 | (178,466) | (165,246) | 8.0 |
| Impairment | (72,837) | - | - | (72,837) | - | - |
| Other operating income (expenses), net | 4,974 | (32,227) | -115.4 | 372 | (53,664) | -100.7 |
| **Income Before Financial Result and Taxes** | **423,447** | **611,307** | **-30.7** | **2,387,230** | **2,539,287** | **-6.0** |
| **Net Financial Result** | **(133,260)** | **(108,924)** | **22.3** | **(385,521)** | **(452,990)** | **-14.9** |
| Financial income | 28,641 | 18,923 | 51.4 | 182,659 | 88,185 | 107.1 |
| Financial expenses | (161,901) | (127,847) | 26.6 | (568,180) | (541,175) | 5.0 |
| **Income Before Taxes** | **290,187** | **502,383** | **-42.2** | **2,001,709** | **2,086,297** | **-4.1** |
| Income tax | (1,113) | (50,464) | -97.8 | (409,668) | (432,678) | -5.3 |
| Social contribution | (2,761) | (20,453) | -86.5 | (155,294) | (162,739) | -4.6 |
| **Net Income for the Period** | **286,313** | **431,466** | **-33.6** | **1,436,747** | **1,490,880** | **-3.6** |
| Income allocated to: | | | | | | |
| Tractebel Energia's shareholders | 286,148 | 431,455 | -33.7 | 1,436,112 | 1,490,454 | -3.6 |
| Non-controlling shareholder of Ibitiúva Bioenergética S.A. | 165 | 11 | 1,400.0 | 635 | 426 | 49.1 |
| **EBITDA** | **645,212** | **760,141** | **-15.1** | **3,042,553** | **3,100,461** | **-1.9** |
| Net income per share | 0.4386 | 0.6610 | -33.6 | 2.2011 | 2.2840 | -3.6 |

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

| (in thousands of R$) | 4Q13 | 4Q12 | 12M13 | 12M12 |
|---|---|---|---|---|
| **Cash flow from operating activities** | | | | |
| Income before taxes | 290,187 | 502,383 | 2,001,709 | 2,086,297 |
| Adjustments to reconcile net income taxes and operating cash flow: | | | | |
| Depreciation and amortization | 148,928 | 148,834 | 582,486 | 561,174 |
| Impairment | 72,837 | - | 72,837 | - |
| Monetary and exchange rate variation | 45,822 | 23,650 | 138,794 | 124,471 |
| Interests | 102,996 | 87,837 | 326,762 | 365,757 |
| Constitution (reversals) of operating provisions | 234 | 34,421 | 488 | 39,439 |
| Others | 76 | 519 | 2,663 | 10,569 |
| **Adjusted profit** | 661,080 | 797,644 | 3,125,739 | 3,187,707 |
| Reduction (increase) in assets | | | | |
| Accounts receivables from clients | 21,420 | 48,779 | (95,508) | (82,404) |
| Refund of fuel purchases | (27,051) | (6,025) | (91,778) | (91) |
| Other taxes and social charges recoverable | (32,299) | 22,278 | (5,295) | 63,998 |
| Inventory | (1,564) | (3,848) | (19,411) | (2,537) |
| Deposits in court and restricted deposits | (2,962) | 20,828 | (3,274) | 42,628 |
| Other assets | (29,330) | 4,276 | (27,357) | (15,183) |
| Increase (reduction) in liabilities | | | | |
| Suppliers | 134,804 | 44,608 | 232,356 | 67,199 |
| Research and development obligations | (570) | 2,380 | 15,929 | 9,135 |
| Obligations related to retirement benefits | (6,155) | (6,853) | (25,150) | (27,776) |
| Other fiscal and regulatory obligations | (15,238) | (8,177) | (28,691) | (11,754) |
| Other liabilities | (15,129) | (37,800) | (8,202) | (32,999) |
| **Cash generated from operating activities** | 687,006 | 878,090 | 3,069,358 | 3,197,923 |
| Payment of income tax and social contribution | (33,006) | (14,044) | (507,533) | (529,288) |
| Payment of interests on loans, financing and debentures | (62,576) | (64,336) | (245,888) | (272,638) |
| | | | | |
| **Net cash from operating activities** | **591,424** | **799,710** | **2,315,937** | **2,395,997** |
| | | | | |
| **Investments activities** | **(129,854)** | **(90,319)** | **(558,903)** | **(334,988)** |
| Acquisitions of investments | 1,994 | - | (11,461) | - |
| Advance payment for the acquisition of investments | (1,994) | - | - | - |
| Used in fixed assets | (120,391) | (66,223) | (533,011) | (306,704) |
| Used in intangibles | (9,463) | (24,096) | (14,431) | (28,284) |
| **Financing activities** | **(2,594)** | **47,249** | **(1,712,734)** | **(1,662,841)** |
| Loans and financing contracted | 61,003 | 173,737 | 519,937 | 244,262 |
| Payment of loans, financing and debentures | (47,373) | (77,580) | (567,930) | (395,200) |
| Payments of concessions payable | (13,409) | (12,599) | (51,607) | (49,053) |
| Payments of dividends and interest on shareholders' equity | (68) | (36,750) | (1,612,144) | (1,457,801) |
| Deposits for funding | (2,747) | 441 | (990) | (5,049) |
| **Increase (decrease) in cash and cash equivalents** | **458,976** | **756,640** | **44,300** | **398,168** |
| **Reconciliation of cash and cash equivalents** | | | | |
| Opening balance | 765,300 | 423,336 | 1,179,976 | 781,808 |
| Closing balance | 1,224,276 | 1,179,976 | 1,224,276 | 1,179,976 |
| **Increase (decrease) in cash and cash equivalents** | **458,976** | **756,640** | **44,300** | **398,168** |
| **Transactions that do not affect cash and cash equivalents** | | | | |
| Capitalized interest on loans and concession | 3,807 | 4,437 | 21,061 | 33,841 |
| Used in fixed assets and intangibles against suppliers | 10,986 | 24,602 | 23,819 | 36,900 |
| Complementary dividends proposed and interest on shareholders' equity credited | 706,588 | 852,629 | 706,588 | 852,629 |
| Offsetting of income tax and social contribution | 6,392 | 5,276 | 80,038 | 16,650 |
| Record of supplement in concession payable | - | - | - | 3,515 |
| Revision of the estimate on environmental costs | - | - | 6,432 | - |
| Fixed assets purchase provisioned by estimates of future disbursements | (30,538) | - | 66,973 | - |
| Balance of remaining installments related to purchase of investments | - | - | 15,881 | - |