



We have mastered the
field of energy for

110
YEARS

2014 Annual Report



Contents

2014 Highlights	03		
Mission, Vision and Values	04		
Message from the Chairman	06		
About this Report	08		
 Chapter 1	 09		
Energisa			
Group Profile	10		
The Group's History	12		
Communication	16		
 Chapter 2	 17		
Management and Performance			
Macroeconomic Environment	18		
Operating Performance	18		
Economic and Financial Performance	25		
Capital Market	34		
CAPEX	34		
 Chapter 3	 37		
Intangible Assets			
Relationship with Consumers	38		
Energisa Brand Credibility	39		
 Chapter 4	 40		
Grupo Energisa			
Energisa Minas Gerais	41		
Energisa Paraíba	43		
Energisa Nova Friburgo	45		
Energisa Borborema	46		
Energisa Sergipe	48		
Distributors Acquired from Grupo Rede	50		
Key Operational Data for Grupo			
Energisa's Distributors	62		
Electricity Trader, Generators			
and Service Providers	63		
Awards in 2014	65		
 Chapter 5	 67		
Corporate Governance			
Board of Directors	69		
Executive Board	71		
Statutory Audit Committee	72		
Advisory Board	72		
Committees	72		
 Chapter 6	 73		
Social and Environmental Responsibility			
Main Social and Cultural Initiatives	74		
Environmental Management and			
Energy Efficiency Initiatives	75		
Other Environmental Initiatives – Mitigating Actions	76		
 Chapter 7	 77		
People Management			
Professional Training and Development	78		
Health, Safety and Quality of Life	79		
Compensation and Benefits	80		
 Chapter 8	 81		
Risk Management			
Financial Market Risk Management	82		
Supply Chain Management	83		
 Corporate Information	 84		
Financial Statements	85		

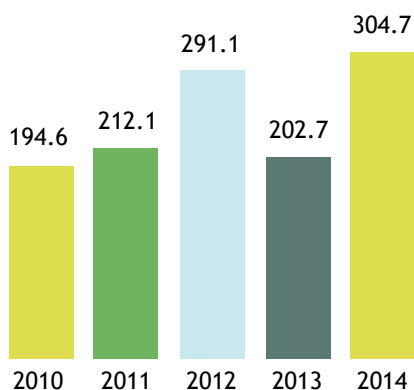
2014 HIGHLIGHTS

Elected the electric utility with the best Corporate Governance

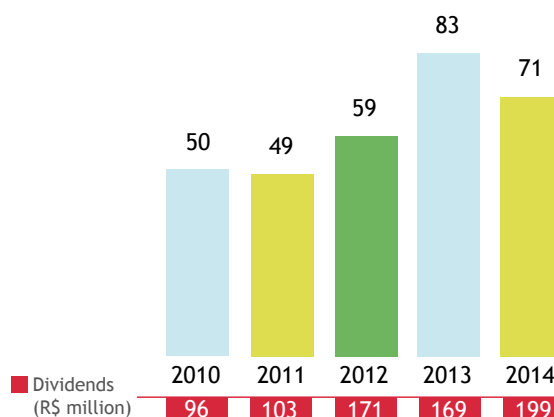


- ✓ We completed the **acquisition of Grupo Rede's distributors**, under intervention by ANEEL (*Agência Nacional de Energia Elétrica*, or Brazilian Electric Energy Agency) since September 2012. As a result of this change of control, Energisa is now **Brazil's sixth largest electrical energy distribution group** by number of clients. After the acquisition, the Company started serving 6.2 million consumers, or a population of 15 million people, in 788 cities and towns in nine States, in all Brazilian regions.
- ✓ **The Company sold its electrical energy generating assets in operation and under construction** to São João Energética S.A., FIP Investimentos Sustentáveis and Brookfield Energia Renovável S.A., companies controlled indirectly by Brookfield Renewable Energy Partners. The negotiation involved 488MW of installed capacity in units such as Small Hydropower Plants (SHPPs), wind farms and thermal power plants fueled by sugarcane biomass.
- ✓ IstoÉ Dinheiro Magazine elected Energisa **the electric utility with the best Corporate Governance**. This recognition was based on the companies' financial statements, code of conduct, internal processes, commitment to ethical and moral values, and equity performance.
- ✓ Energisa Mato Grosso do Sul and Vale Paranapanema won two awards in connection with IASC (*Índice ANEEL de Satisfação do Consumidor*, or ANEEL Consumer Satisfaction Index). Consumers elected Energisa Mato Grosso do Sul the best company in the Center-West Region with over 400 thousand consumer units and Vale Paranapanema the best in the South/Southeast Regions with up to 400 thousand consumer units.
- ✓ Grupo Energisa sold a total of 27,249GWh, **135% more** year-over-year.
- ✓ **Consolidated net income amounted to R\$304.7 million** versus R\$202.7 million in 2013, a **50.3% rise**. Additionally, the Company reported adjusted consolidated operating cash generation (consolidated adjusted EBITDA) of R\$1,673.1 million, up 180.6% year-over-year.
- ✓ **Capital expenditures amounted to R\$1,273.6 million**, vs. R\$817.0 million in 2013.

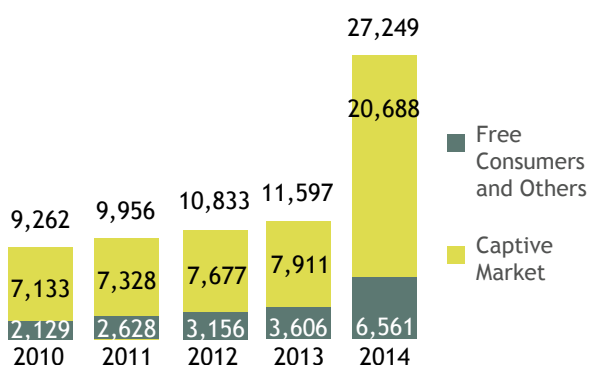
EVOLUTION OF CONSOLIDATED NET INCOME (in R\$ million)



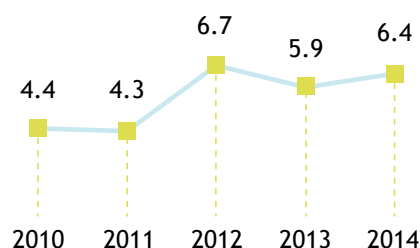
DIVIDEND PAYOUT % (Parent Company)



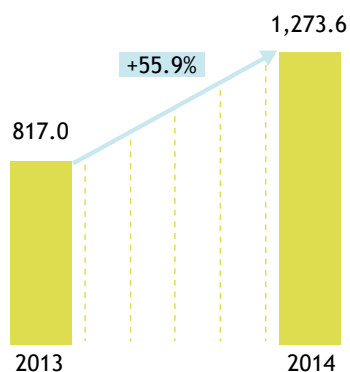
TOTAL CONSOLIDATED ELETRICITY SOLD (GWh)



DIVIDEND YIELD - PARENT COMPANY (Dividend/Unit Price - %)



CONSOLIDATED CAPEX (in R\$ million)



MISSION, VISION AND VALUES

MISSION

Grupo Energisa exists **to turn electricity into comfort**, development and new opportunities in a **sustainable** manner by providing its **clients** with innovative energy **solutions**, creating value for its shareholders and offering opportunities to its employees.

VISION

Energisa will be one of the best and most respected electricity companies in Brazil by 2020, with operations in distribution, generation, sales and services, recognized for its client service quality, operating efficiency and shareholder return.

VALUES



Marcelo Silveira da Rocha, advocate of the Commitment Value

COMMITTED to the present and the future

We act as responsible citizens that work to create wealth, but, first and foremost, respect employees, investors, suppliers and clients. Above all, we are part of a community and we have a commitment to future generations. Accordingly, we must behave ethically and cherish the truth above all else.



André Luis Cabral Theobald, advocate of the Customers Value

CLIENTS – To make our clients' lives easier

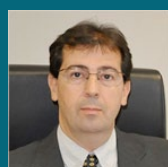
We always serve our clients with respect and dedication by building long-lasting, caring relationships. We put ourselves in our client's place to provide them promptly with definitive solutions that make life easier and create value for users.



Daniele Salomão, advocate of the People Value

PEOPLE – Our strength lies in people

We are part of a winning team where we can accomplish a great deal and learn together. Opportunities here depend mainly on each person's merit and engagement. We value transparency, teamwork, and open and participative dialogue. If this is how you think, you are one of us, and we really want you to be happy here.



Gireli de Sousa Filho, advocate of the Results Value

RESULTS – Overcoming challenges to achieve results

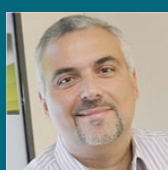
We want extraordinary results that create value for our clients and shareholders. We seek to exceed our goals to make Energisa one of the best in its industry in terms of efficiency and client services.



Marcelo Vinhaes, advocate of the Safety Value

SAFETY first

Life is the most valuable thing we possess. In our processes and attitudes, people's health and safety take pride of place. We work with discipline, invest in prevention and expect everyone to be constantly aware of the need to reduce risks.



Roberto Carlos Currais, advocate of the Innovation Value

INNOVATION to make the difference

We encourage creativity that creates value, whether by producing something completely new or by enabling an improvement. Observing, questioning and experimenting responsibly are part of the proactive attitude that sets us apart.



MESSAGE FROM THE CHAIRMAN

Brazil faced major challenges in 2014, just like in the previous year. Persistent inflation, rising public deficit, uncertainties in the buildup to the presidential election, falling business confidence and the ensuing economic slowdown led to a deterioration of the economy. Concerning the electricity industry, the negative effects of the involuntary drop in distributors' energy purchase and the prolonged drought affecting energy supply worsened. ONS (*Operador Nacional do Sistema*, or Brazilian National Electric System Operator) determined full dispatch from thermal generating units throughout the year, thus leading to higher energy costs. To cope with the mismatch between the costs of purchased energy and rate revenues, distributors obtained CDE (*Conta de Desenvolvimento Energético*, or Energy Development Account) funds and a loan from CCEE (*Câmara de Comercialização de Energia Elétrica*, or Electric Energy Trading Chamber), which ensured a minimum financial balance.

Data from EPE (*Empresa de Pesquisa Energética*, or Energy Research Enterprise) show Brazil's electricity consumption increased by 2.2% year-over-year in 2014. This performance was below expectation, mainly in the manufacturing industry, which recorded a 3.6% downturn, the worst result

since 2009, the climax of the global economic crisis. Unlike the manufacturing industry, the trade and services industry recorded the largest rise in energy consumption, up 7.3% on 2013 on average, thus consolidating the growth from previous years. Residential consumption in Brazil grew by 5.7% over the previous year.

Despite the challenging situation, 2014 was a milestone year for the century-old Grupo Energisa. Our main achievement was completing the acquisition of Grupo Rede's distributors, when their controlling interests were transferred to Energisa on April 11th. Grupo Rede's distributors had been under intervention by ANEEL since September 2012. When the acquisition was completed, Energisa became Brazil's sixth largest electricity distribution group by number of clients, a total of around 6.2 million consumers, corresponding to a population of over 16 million people across all Brazilian regions.

ANEEL put in place a Plan for Reorganization and Correction of Faults and Violations in Grupo Rede's distributors during the process. We are not only strictly following, but also going beyond the plan. In fact, we have made considerable capital contributions, and ANEEL has been following up

on all the results periodically. The initial results indicate improvements in the main technical and financial indicators of the acquired utilities subject to the Plan.

Concerning human resources, the acquisition of Grupo Rede required Grupo Energisa to structure the integration of the acquired group's employees to its culture carefully by undertaking initiatives to disseminate the organization's key values, resuming the skills development programs and implementing the management system, among other measures. It is worth mentioning that all our acquired companies have recently adopted the Energisa brand, thus reaffirming our commitment to lasting changes under a single strong brand.

The completion of this acquisition led us to review Energisa's strategic positioning and start focusing on electricity distribution. As a result, we sold our electrical energy generating assets in operation and under construction to companies controlled indirectly by Brookfield Renewable Energy Partners. Grupo Energisa's capital structure will be impacted by around R\$2.8 billion in 1H15 when this sale is completed.

Concerning our results and reflecting the acquisitions as of April 11, 2014, Grupo Energisa sold a total 27,249GWh, 135.0% up on 2013, in connection with the above-mentioned acquisition. Consolidated net income soared to R\$304.7 million from R\$202.7 million in 2013, a 50.3% rise. Adjusted consolidated operating cash generation (adjusted consolidated EBITDA) totaled R\$1,673.1 million, up 180.6% from R\$596.2 million in 2013. In turn, capital expenditures came to R\$1,273.6 million, against R\$817 million in 2013.

Grupo Energisa will be celebrating its 110th anniversary in 2015, a year in which great uncertainty is expected in the macroeconomic environment and in the energy industry, worsened by unfavorable hydrological conditions. We are confident that AN Eel's mitigation actions designed for the

“2014 WAS A MILESTONE YEAR FOR THE CENTURY-OLD GRUPO ENERGISA. OUR MAIN ACHIEVEMENT WAS COMPLETING THE ACQUISITION OF GRUPO REDE'S DISTRIBUTORS, WHEN THEIR CONTROLLING INTERESTS WERE TRANSFERRED TO ENERGISA ON APRIL 11TH“

distribution sector will ensure electric utilities' economic and financial balance despite this grim scenario. We are aware of the challenges, but the Company took precautions, and is poised to reap the results and focus even more closely on efficiency, synergy gains and financial prudence to remain on the road to success.

I would like to thank everyone involved in Energisa's 110-year history—employees, partners, shareholders, clients and suppliers—and invite them to continue treading this path with us.

Ivan Müller Botelho

Chairman of the Board of Directors

ABOUT THIS REPORT

Information for Grupo Energisa's 2014 Annual Report was collected between January 1 and December 31, 2014. Its purpose is to give stakeholders an overview of the Group's economic, financial, operating, social and environmental performance in a transparent and balanced manner. We determined its scope by taking into account how relevant information is to our stakeholders in view of the economic and industry context, as well as the main events in 2014.





1

Energisa

GROUP PROFILE

First established as Companhia Força e Luz Cataguazes-Leopoldina, Grupo Energisa is celebrating its 110th anniversary in 2015, a milestone in the history of the Brazilian electricity industry. Its history has been marked by its pioneering spirit and innovation so that and Energisa is currently one of Brazil's leading electricity distributors from the private sector.

True to its mission of turning energy into comfort, Energisa offers the market integrated solutions designed through energy generation, distribution and sale.

The Company was the third corporation to register on the Rio de Janeiro Stock Exchange, back in 1907, which shows it has always been concerned about being at the forefront of the industry.

Grupo Energisa increased its portfolio by acquiring Grupo Rede's distributors in 2014 to expand its business; as a result, it is now Brazil's sixth largest electrical energy distribution group by number of clients. At the close of 2014, the Company had 13 distributors, 2 energy traders and 5 service providers.

DISTRIBUTION SUBSIDIARIES

- ✓ Bragantina, in São Paulo State (EEB)
- ✓ Caiuá, in São Paulo State
- ✓ Companhia Força e Luz do Oeste, in Paraná State (CFLO)
- ✓ Energisa Borborema, in Paraíba State (EBO)
- ✓ Energisa Mato Grosso, in Mato Grosso State (EMT)
- ✓ Energisa Mato Grosso do Sul, in Mato Grosso do Sul State (EMS)
- ✓ Energisa Minas Gerais, in Minas Gerais State (EMG)
- ✓ Energisa Nova Friburgo, in Rio de Janeiro State (ENF)
- ✓ Energisa Paraíba, in Paraíba State (EPB)
- ✓ Energisa Sergipe, in the Sergipe State (ESE)
- ✓ Energisa Tocantins, in Tocantins State (ETO)
- ✓ Nacional, in São Paulo State (CNEE)
- ✓ Vale Paranapanema, in São Paulo State (EDEV)

SUBSIDIARIES IN ELECTRICITY SALES, GENERATION AND SERVICES

- ✓ Companhia Técnica de Comercialização de Energia S/A
- ✓ Energisa Bioeletricidade S/A (sold)
- ✓ Energisa Comercializadora de Energia Ltda.
- ✓ Energisa Geração Centrais Eólicas RN S/A (sold)
- ✓ Energisa Geração Rio Grande S/A (sold)
- ✓ Energisa Geração Usina Maurício S/A
- ✓ Energisa Planejamento e Corretagem de Seguros Ltda.
- ✓ Energisa Serviços Aéreos de Aeroinspeção S/A
- ✓ Energisa Soluções S/A
- ✓ Energisa Soluções – Construções e Serviços em Linhas e Redes S/A
- ✓ Parque Eólico Sobradinho Ltda. (in the pre-operational stage)
- ✓ Pequena Central Hidrelétrica Zé Tunin S/A (sold)
- ✓ Rede Eletricidade e Serviços S/A
- ✓ SPE Cristina Energia S/A (sold)
- ✓ Tangará Energia S/A (sold)

GRUPO ENERGISA'S OPERATING AREAS

13 electricity distribution concessions in all regions of Brazil

788

municipalities served

6.2 million

clients

16.0 million

people served (8.2% of Brazil)

1,630 thousand km²

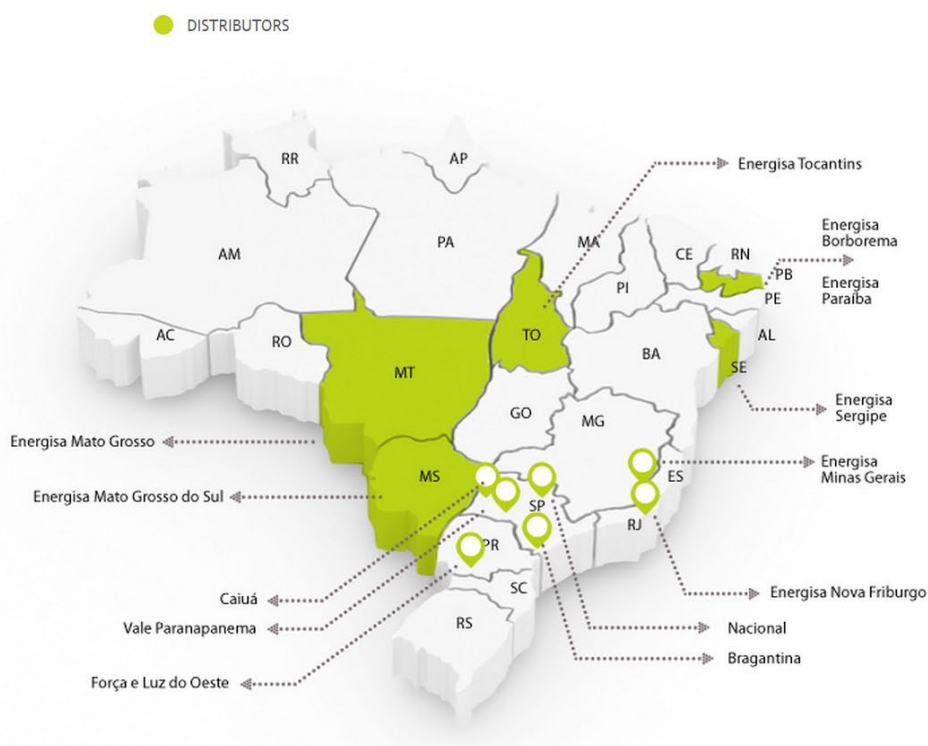
Total area covered

5 service companies

21 generation projects (638 MW):*

- 433 MW operational
- 55 MW under construction
- 150 MW under development

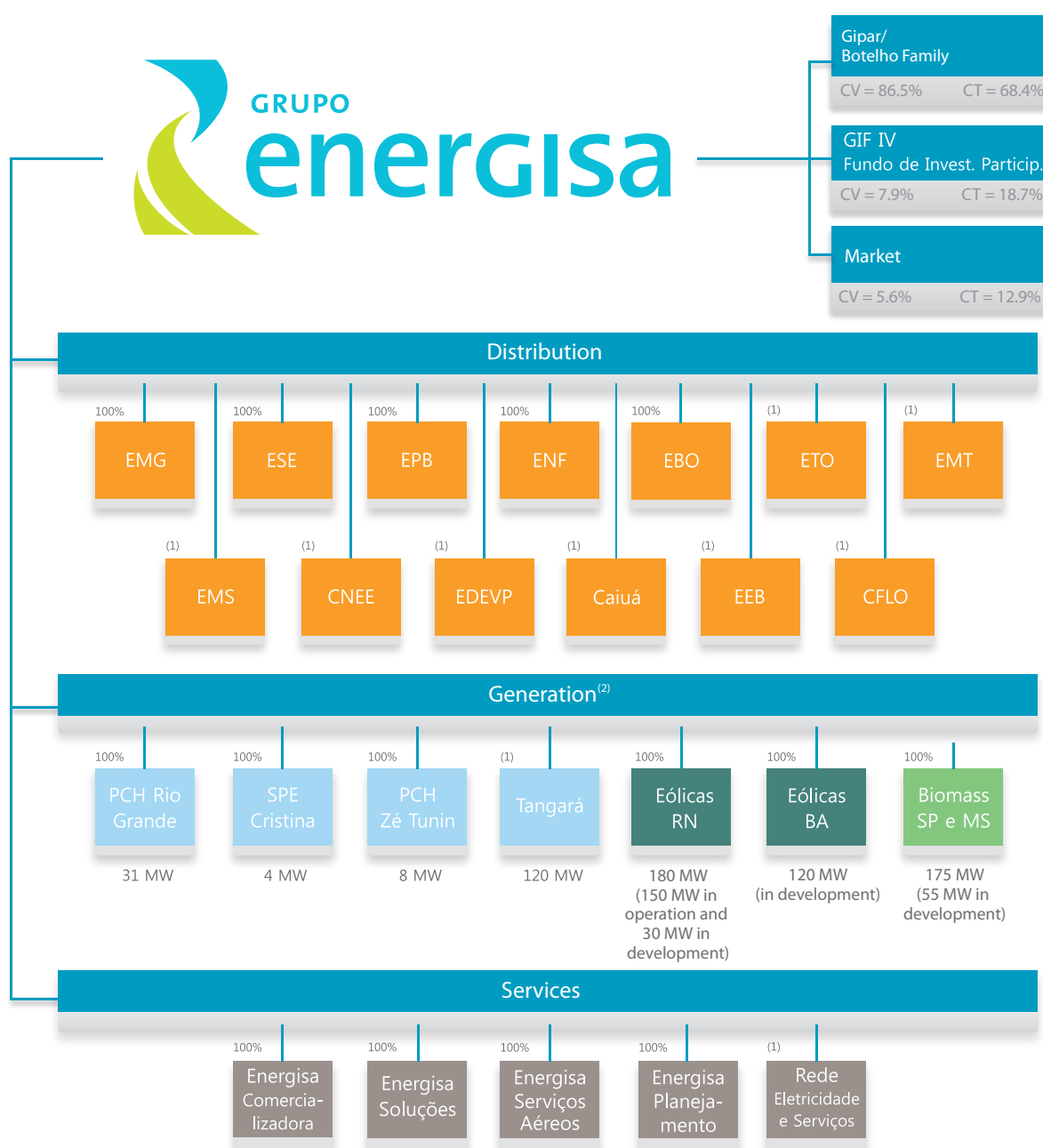
(*) Under sale process, except for wind projects in Bahia.



In December 2014, the Group had 10,106 employees and 5,474 contractors in its workforce, and provided services for 6.2 million consumers, corresponding to 15 million people—or 8.2% of the Brazilian population—in 788 cities and towns. Energisa's shares are currently traded on BM&FBovespa (the São Paulo Securities, Commodities and Futures Exchange) under ticker symbols ENGI3 (common shares), ENGI4 (preferred shares) and ENGI11 (Unit certificates containing one common share and four preferred shares).

CORPORATE STRUCTURE AND SHAREHOLDINGS

There were changes in Grupo Energisa's corporate structure in 2014 due to the acquisition of Grupo Rede's distributors. Additionally, Gávea Investments Fund IV acquired Fundo de Investimentos em Participações Serra's equity interest. Energisa's parent company is Gipar S/A as shown below.



CV = Voting Capital

CT = Total Capital

(1) Subsidiaries of the subsidiary Rede Energisa S/A, which of the total capital hold: 71,4% of Energisa Tocantins (ETO); 57,7% of Energisa Mato Grosso (EMT); 99,9% of Energisa Mato Grosso do Sul (EMS); 98,7% of CNEE; 100% of Caiuá; 91,5% of CLFO; 100% of Tangará and 100% of Rede Eletricidade e Serviços S/A.

(2) Undergoing a disposal process.

THE GROUP'S HISTORY

Some key milestones in the Group's 110-year history are described below. They highlight the Company's pioneering spirit in its industry.

1905-1928



February 26, 1905

José Monteiro Ribeiro Junqueira, João Duarte Ferreira and Norberto Custódio Ferreira found Companhia Força e Luz Cataguazes-Leopoldina, based in Cataguases, Minas Gerais State.

1907

Cataguazes-Leopoldina is the third corporation listed on the Rio de Janeiro Stock Exchange.

1908

The company inaugurates its first 800 kW hydroelectric power plant, Usina Maurício, one of Brazil's pioneering generators.

1910

Acquisition of Serviços Elétricos de Muriaé, Minas Gerais State.

1911

First dividends paid.

1912

Maurício Hydropower Plant's capacity expanded to 1.2MW.

1918

Acquisitions of Companhia Pombense de Eletricidade, in Rio Pomba, Minas Gerais State, and Coronel Domiciano Hydropower Plant, in Muriaé, Minas Gerais State.

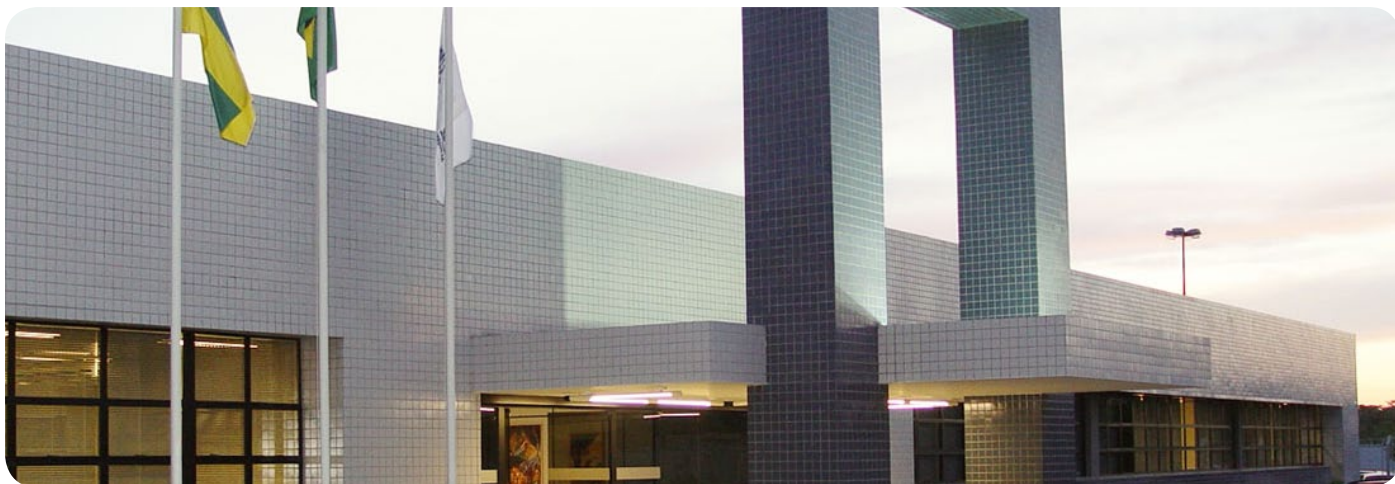
1925

Cataguazes-Leopoldina becomes one of the first companies in Brazil to share profits with employees.

1928

Construction of the 4MW Ituerê Hydropower Plant in Rio Pomba, Minas Gerais State.

1949-1999



1949

Acquisition of Empresa Força e Luz Além Paraíba, in Além Paraíba, Minas Gerais State.

1956

Start-up of the first 5MW turbine at Nova Usina Maurício [New Maurício Hydropower Plant].

1958

Start-up of the second 5MW turbine at Nova Usina Maurício.

1970

Start-up of Nova Usina Maurício's third turbine (11.2 MW) Acquisition of a 5.5MW diesel group for thermal power generation in Cataguases. Change of distribution frequency from 50 to 60Hz.

1971

IPO of Companhia Força e Luz Cataguazes-Leopoldina, now Energisa Minas Gerais.

1977

Acquisition of Companhia Leste Mineira de Eletricidade, in Manhuaçu, Minas Gerais State.

1983

13MW Glória Hydropower Plant, in Muriaé, is opened.

1994

Acquisition of Empresa Industrial Mirahy S/A, an electric utility in Mirai, Minas Gerais State.

1995

Coronel Domiciano Hydropower Plant is repowered.

1996

The Group is awarded the concession for the city of Sumidouro, Rio de Janeiro State, and Neblina Hydropower Plant, in Ipanema, Minas Gerais State, is repowered.

1997

Acquisition at an auction of Companhia de Eletricidade Nova Friburgo (CENF), in Nova Friburgo, Rio de Janeiro State—now Energisa Nova Friburgo—for R\$56.2 million Acquisition, in December, of Energipe (Empresa Energética de Sergipe), currently Energisa Sergipe, with 353,000 consumers, through a privatization auction for R\$577.1 million.

1998

Start-up of the 21.4MW Cachoeira do Emboque SHPP, in Raul Soares, Minas Gerais State.

1999

Foundation of Cat-Leo Energia S/A, the Cataguazes-Leopoldina System's power generation and hydropower plant construction company Acquisition, through a privatization auction, of CELB (Companhia Energética da Borborema) in Campina Grande, Paraíba State, for R\$87.4 million Start-up of the 6.9MW Ervália SHPP in Ervália, Minas Gerais State.



2000

Acquisition, through a privatization auction, of Saelpa (Sociedade Anônima de Eletrificação da Paraíba), for R\$363.0 million.

2001

Start-up of the 9.5MW Benjamim Baptista SHPP, in Manhuaçu Cataguazes-Leopoldina starts building five new SHPPs, with a total of 100MW, in the Zona da Mata region, in the state of Minas Gerais, through Cat-Leo Energia S/A. The Group invested around R\$250 million and created 2,500 jobs to build Ivan Botelho I, II and III; Ormeo Junqueira Botelho; and Túlio Cordeiro de Melo SHPPs, and in the early stage of construction at the Juiz de Fora Thermal Power Plant, the first thermal power plant fueled by natural gas in Minas Gerais State.

2002

Cataguazes-Leopoldina receives the ABRADÉE (*Associação Brasileira dos Distribuidores de Energia Elétrica*, or Brazilian Association of Electric Energy Distributors) Award for the best company in the Southeast Region whereas Energipe receives the ABRADÉE Award for the best company in the Northeast Region. The Company also embarked on a major project and started building five new SHPPs in the Zona da Mata region at the same time.

2003

Start-up of Ivan Botelho I and II, Túlio Cordeiro de Melo and Ormeo Junqueira Botelho SHPPs Cataguazes-Leopoldina wins the ABRADÉE Award for the best company in terms of Social Responsibility in the Brazilian electricity industry.

2004

Start-up of Ivan Botelho III SHPP Cataguazes-Leopoldina receives the ABRADÉE Award for Social Responsibility—once again—and for Management Quality. Energipe receives the ABRADÉE Award for the best company in the Northeast for the second time. In addition, the Company started building two SHPPs in Mato Grosso State, its first hydropower plant construction project for third parties and outside Minas Gerais State.

2005

The Company concludes the 26MW Ombreiras SHPP project, its first hydropower plant constructed for third parties. Cataguazes-Leopoldina receives the ABRADÉE Award for Social Responsibility for the third time and CELB receives the ABRADÉE Award for Management Quality.

2006

Energia do Brasil Participações Ltda. is acquired by Multipar S/A, a company from the Cataguazes-Leopoldina System. Cataguazes-Leopoldina wins the ABRADÉE Social Responsibility Award for the fourth straight year and the ABRADÉE Management Quality Award for the second time. CELB receives the Business Development Award. The construction of the 28MW Canoa Quebrada SHPP, also in Mato Grosso State, owned by Amper Energia S/A is completed.

2007

The Cataguazes-Leopoldina System concludes its Deverticalization Program. Energisa becomes the SCL holding company and replaces Cataguazes-Leopoldina on the Stock Exchange. Energisa sells Zona da Mata Geração, owner of 11 SHPPs (45MW). Cataguazes-Leopoldina wins the ABRADÉE Social Responsibility Award for the fifth time and the ABRADÉE Management Quality Award. Energipe and Saelpe also receive the ABRADÉE Management Quality Award. Energisa wins the IASC (ANEEL Consumer Satisfaction Index) Award in the Northeast Region.

2008

Grupo Cataguazes-Leopoldina becomes Grupo Energisa Group and has a brand new. Grupo Energisa's shareholders approved new corporate names for the group's subsidiaries. All the Companies now have the Energisa prefix, in addition to the name that identifies their area or type of operation, in keeping with the unification under new Energisa brand. The corporate names are now as follows:

Energisa Minas Gerais - Distribuidora de Energia S/A, replacing CFLCL;

Energisa Nova Friburgo - Distribuidora de Energia S/A, replacing CENF;

Energisa Sergipe - Distribuidora de Energia S/A, replacing Energiepe;

Energisa Borborema - Distribuidora de Energia S/A, replacing CELB;

Energisa Paraíba - Distribuidora de Energia S/A, replacing Saelpa;

Energisa Soluções S/A, replacing Cat-Leo Cise;

Energisa Comercializadora de Energia Ltda., replacing Cat-Leo Comercializadora de Energia Ltda. and Energisa Serviços Aéreos de Prospecção S/A, replacing Cataguazes Serviços Aéreos de Prospecção S/A.

2009

All subsidiaries' shares were merged by Energisa S/A and the electricity generation projects were intensified, with the construction of three new SHPPs—Caju, São Sebastião do Alto and Santo Antônio—, all in Rio de Janeiro State.

2010

Energisa enters the wind power generation business in Brazil. The Company is going to invest a total of R\$560 million in building five wind farms in Rio Grande do Norte State.

2011

Caju and São Sebastião do Alto SHPPs, with capacities of 10MW and 13.2MW respectively, go into commercial operation, and the construction of Zé Tunin SHPP, with 8MW of installed capacity, begins. In December 2011, Energisa acquires two thermal power plants belonging to Tonon and located in Bocaina Power Plant, in São Paulo State, and Maracaju Power Plant, in Mato Grosso do Sul State, totaling 60MW of power. In November, the company acquired Cristina SHPP, located on the Lambari River, in the town of Cristina, Minas Gerais State, with installed capacity of 3.8 MW.

2012

Energisa Geração completes the acquisition of electricity generation assets fueled by sugarcane biomass. 8MW Santo Antônio SHPP and the first generating unit (4MW) of 8MW Zé Tunin SHPP go into commercial operation in February and in December respectively.

2013

Energisa Geração puts the second generation unit of Zé Tunin SHPP (8MW) into commercial operation in March 2013. It is also building five wind farms at the same time in Rio Grande do Norte State (Renascença I, II, III, IV and Ventos de São Miguel), which together make up a Wind Farm of 75 wind turbines with an installed capacity of 150MW and production capacity of 614GWh per year, enough to supply renewable energy to 1.4 million people.

2014

Energisa acquired Grupo Rede's controlling interest on April 11. As a result, Energisa started serving around 6.2 million consumers, or a population of 16 million people, in 788 cities and towns in nine States, in all Brazilian regions. In addition, Energisa is now Brazil's sixth largest electrical energy distribution group by number of clients.

Energisa sold its electrical energy generating assets in operation and under construction to São João Energética S.A., FIP Investimentos Sustentáveis and Brookfield Energia Renovável S.A., companies indirectly controlled by Brookfield Renewable Energy Partners.

COMMUNICATION

In connection with the significance of its main achievement in 2014—the acquisitions of Grupo Rede’s distributors—Grupo Energisa created a Communications and Marketing (C&M) department to centralize and standardize its different communication initiatives. The C&M team followed a strategic approach to communicate the integration of the new group companies internally and externally. In fact, it held several training sessions and designed the Rebranding Project to prepare them to adopt the Energisa brand.

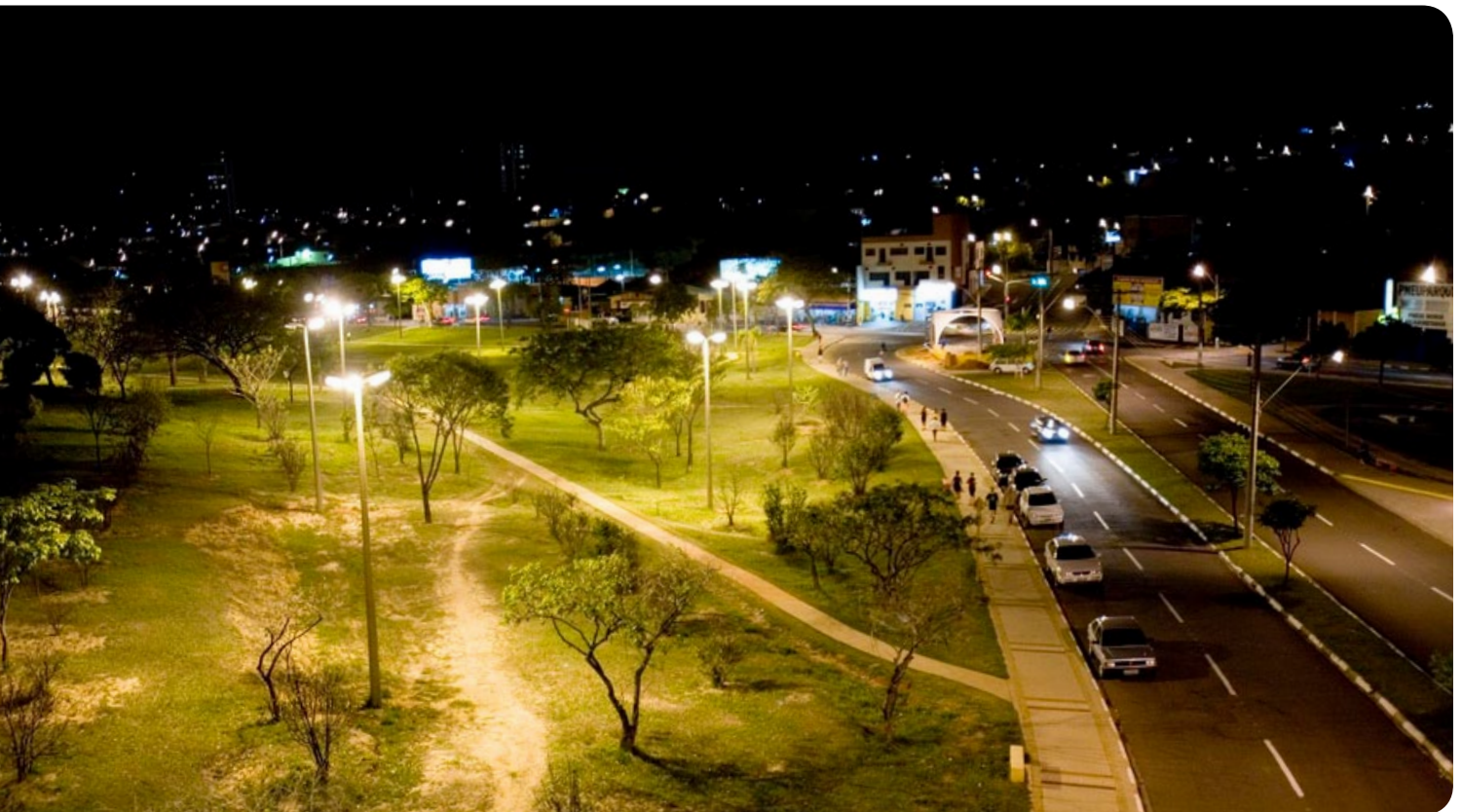
The program was launched in 2014 and implemented in February 2015, when all distributors adopted the Energisa prefix in their names, except in São Paulo, where the four companies operating locally will retain their names for the time being.

In a joint effort with Human Resources, C&M disseminated the Company’s values among the professionals from the new companies to align them with the direction that the Company follows.

Consequently, Grupo Energisa now has a department dedicated to communications and marketing with a threefold focus: **Internal communications**, or preparing the Company’s internal newsletter, memoranda for executives and bulletin board, as well as updating the Group’s intranet; **Institutional communications**, or drawing up the

“IN CONNECTION WITH THE SIGNIFICANCE OF ITS MAIN ACHIEVEMENT IN 2014—THE ACQUISITIONS OF GRUPO REDE’S DISTRIBUTORS—GRUPO ENERGISA CREATED A COMMUNICATIONS AND MARKETING (C&M) DEPARTMENT TO CENTRALIZE AND STANDARDIZE ITS DIFFERENT COMMUNICATION INITIATIVES”

new institutional profile, updating institutional content on the website, training spokespersons and establishing routines; and **Press and Brand Management Marketing**, or standardizing programs, rate flag communications and the model uniform guide, and preparing manuals to strengthen and reposition the brand.





2

Management and Performance

MACROECONOMIC ENVIRONMENT

In 2014, the Brazilian economy took a downturn. The Central Bank of Brazil estimates GDP grew marginally by around 0.2%, vs. 2.3% in 2013.

EPE data show the domestic electricity consumption increased by 2.2% to 473.4 thousand GWh in 2014. This increase was mainly driven by commercial and residential consumption, which rose by 7.3% and 5.7% respectively. In turn, consumption by the industrial class dropped by 3.6% p.p.

It was a challenging year—in particular for the electric sector—once more. Electric utilities' results still reflect the impact of the decrease in charges and changes in the energy purchase system introduced in 2012 by Provisional Measure 579. Some electric utilities also had to cope with the quick depletion of reservoirs in the Southeast Region, which account for 51% of energy consumption, and distributors' increased involuntary exposure in energy purchase

contracts, in the context of high prices in the spot market. The government's measures to support distributors were crucial to prevent this adverse situation from affecting their ability to fulfill contractual obligations. In this regard, CDE funds and a loan from CCEE ensured distributors' minimum financial balance.

On the other hand, delayed transfers of CDE funds, now under the responsibility of the Treasury, had had an impact on Brazilian distributors' working capital of over R\$3.0 billion—R\$297.0 million of which on Grupo Energisa's distributors—by December 31, 2014.

In response to inflation rates close to the target ceiling (6.5%), the poor state of Brazil's fiscal accounts and the world's bleak economic situation, the Central Bank of Brazil set in train a series of increases in the basic interest rate (SELIC), which stood at 11.75% p.a. at the close of December 2014, against 10% p.a. at the close of December 2013.

OPERATING PERFORMANCE

CHANGES IN THE ELECTRICITY MARKET

Grupo Energisa sold 27,249.2GWh of electricity in 2014, 135.0% up on 2013. This sharp rise was due to the acquisition of Grupo Rede on April 11, as a result of which its eight distributors became part of Grupo Energisa. This growth, not including Grupo Rede's first one hundred days in fiscal year 2014, is broken down as follows.

Description (amounts in GWh)	Fiscal Year		
	2014	2013	Chg. %
Electricity sales to end consumers (captive market)	20,687.7	7,991.3	+ 158.9
Electricity supplied to free consumers (TUSD)	3,263.0	1,779.9	+ 83.3
Subtotal (Captive Market + TUSD)	23,950.7	9,771.2	+ 145.1
Energy supply	721.2	281.4	+156.3
Unbilled energy	25.0	43.8	- 42.9
Sales to free consumers (trading)*	2,552.4	1,500.1	+ 70.1
Total electricity sold - Consolidated	27,249.2	11,596.5	+ 135.0

(*) ACL - Free Market.

GRUPO ENERGISA'S DISTRIBUTORS' CAPTIVE MARKET + TUSD (CONSOLIDATED)

In 2014, consolidated electricity sales to end consumers (captive market) located in Grupo Energisa's concession area, plus electricity sold to free consumers (TUSD), totaled 23,950.7GWh, a 145.1% increase year-over-year. Of that amount, 39.7% of sales (between April 11 and December 31) were recorded in the Central-West Region, through Energisa Mato Grosso and Energisa Mato Grosso do Sul distributors. In the North Region, Energisa Tocantins accounts for 6.2% of sales. The Northeast Region, through distributors Energisa Paraíba, Energisa Sergipe and Energisa Borborema, accounts for a 33.9% of total sales. The Southeast and South Regions comprised 20.2% of the total.

Consumption in 2014 was driven mainly by the residential and commercial classes, which accounted for 59.3% of total consumption by Grupo Energisa's distributors' captive clients. Considering energy sales by Rede Energia's companies as if they had been controlled by Energisa in 2014 and 2013, these classes recorded a consumption growth of 8.2% and 7.8% respectively on a pro forma basis. Taking into account both captive and free markets, industrial consumption grew 1.6% in 2014. It is worth noting the newly acquired distributors posted a sharp increase of 7% in consumption, vs. a 2.2% increase in Brazil's total consumption in 2014. The diversification of concession areas provided by Grupo Energisa's new structure is as a major mitigating factor for the group's market risk.

CAPTIVE ELECTRIC ENERGY MARKET BY CONSUMER CLASS + TUSD (CONSOLIDATED)

Description (Amounts in GWh)	Fiscal Year		
	2014	2013	Chg. %
Electricity sales to end consumers + TUSD(*)	23,950.7	9,771.2	+ 145.1
Residential	7,866.6	3,180.0	+ 147.4
Industrial	6,578.9	3,032.4	+ 117.0
.Captive	3,315.9	1,252.5	+ 164.7
.Free	3,263.0	1,779.9	+ 83.3
Commercial	4,407.6	1,567.5	+ 181.2
Rural	1,988.2	564.3	+ 252.3
Other classes	3,109.4	1,427.0	+ 117.9

(*) Electricity sales between April 11 and December 31 by companies acquired from Grupo Rede.

CAPTIVE ELECTRIC ENERGY MARKET BY CONSUMER CLASS + TUSD (CONSOLIDATED) PRO-FORMA DATA(*)—IN GWH

Description (Amounts in GWh)	Fiscal Year		
	2014	2013	Chg. %
Electricity sales to end consumers + TUSD(*)	29,004.0	27,481.6	+ 5.5
Residential	9,539.3	8,819.1	+ 8.2
Industrial	7,870.3	7,749.5	+ 1.6
.Captive	3,986.2	3,686.0	+ 8.1
.Free	3,884.1	4,063.5	- 4.4
Commercial	5,435.7	5,041.7	+ 7.8
Rural	2,459.2	2,311.7	+ 6.4
Other classes	3,699.5	3,559.6	+ 3.9

(*) Market growth was calculated by considering energy sales by companies acquired from Rede Energia as if they had been controlled by Energisa in 2014 and 2013.

CAPTIVE MARKET + TUSD BY DISTRIBUTOR AND REGION—PRO-FORMA DATA(*)—IN GWH

Description (Amounts in GWh)	Fiscal Year		
	2014	2013	Chg. %
North Region	1,965.0	1,827.3	+ 7.5
Energisa Tocantins (*)	1,965.0	1,827.3	+ 7.5
Northeast Region	8,134.6	7,927.4	+ 2.6
Energisa Paraíba	4,227.3	4,119.9	+ 2.6
Energisa Sergipe	3,207.8	3,130.2	+ 2.5
Energisa Borborema	699.5	677.3	+ 3.3
Central-West Region	12,880.4	11,966.0	+ 7.6
Energisa Mato Grosso (*)	7,941.0	7,416.2	+ 7.1
Energisa Mato Grosso do Sul (*)	4,939.4	4,549.8	+ 8.6
Southeast Region	5,725.4	5,472.3	+ 4.6
Energisa Minas Gerais	1,578.0	1,505.3	+ 4.8
Energisa Nova Friburgo	343.3	338.6	+ 1.4
Caiuá (*)	1,175.3	1,124.7	+ 4.5
Vale Paranapanema (*)	925.5	858.2	+ 7.8
Bragantina (*)	1,110.8	1,091.2	+ 1.8
Nacional (*)	592.5	554.3	+ 6.9
South Region	298.6	288.6	+ 3.5
Força e Luz do Oeste (*)	298.6	288.6	+ 3.5
Total-Distribution in Brazil's five regions	29,004.0	27,481.6	+ 5.5

(*) Market growth was calculated by considering energy sales by companies acquired from Rede Energia as if they had been controlled by Energisa in 2014 and 2013.

The Company had 6,220,361 captive consumer units at the close of 2014, up 135.1% year-over-year.

Total electricity transmitted to free clients in the distribution system (the source of revenue from the transmission and distribution system) shot up by 83.3%, from 1,779.9GWh in 2013 to 3,263.0GWh in 2014.

Grupo Energisa closed the year with 235 free consumers (33 at Energisa Minas Gerais, 17 at Energisa Sergipe, 2 at Energisa Borborema, 20 at Energisa Paraíba, 87 at Energisa Mato Grosso, 43 at Energisa Mato Grosso do Sul, 7 at Energisa Tocantins, 6 at Caiuá, 3 at Vale Paranapanema, 12 at Bragantina, 4 at Nacional and 1 at Força e Luz do Oeste).



ELECTRICITY TRADING AND GENERATION IN THE FREE MARKET (AMBIENTE DE CONTRATAÇÃO LIVRE OR ACL)

In the electricity trading segment, electricity sold through Energisa Comercializadora and the Company's different generation projects increased by 70.1% to 2,552.4GWh in 2014.

Grupo Energisa's own electricity generation through its generators Energisa Rio Grande, Zé Tunin SHPP, SPE Cristina, Hans SHPP, Energisa Bioeletricidade and Tangará Energia totaled 639.2 GWh in 2014, up 68.7% against the volume generated in 2013, as shown below.

Electricity Generation (Amounts in GWh)	Fiscal Year		
	2014	2013	Chg. %
Tangará Energia (*)	333.5	-	-
Energisa Bioeletricidade	172.5	181.1	- 4.7
Energisa Rio Grande	75.4	150.0	- 49.7
Energisa Geração RN (**)	30.0	-	-
Zé Tunin SHPP	21.3	31.4	- 32.2
SPE Cristina	5.1	15.1	- 66.2
Hans SHPP	1.4	1.4	-
Total	639.2	379.0	+ 68.7

(*) From April 11 to December 31, 2014

(**) Energy generation for 27 days

The severe drought affected the production of all hydropower plants in the Southeast Region and all sugarcane crops. This led to a drop in power generation by Energisa Rio Grande, Zé Tunin SHPP, SPE Cristina and Energisa Bioeletricidade. It is worth noting the start of generation at Energisa Geração RN after the wind farms were connected to the basic transmission grid, in December 2014.

On November 19, 2014, Grupo Energisa concluded negotiations with São João Energética S.A., FIP Investimentos Sustentáveis and Brookfield Energia Renovável S.A., companies indirectly controlled by Brookfield Renewable Energy Partners, to sell its electrical energy generating assets in operation and under construction.

The negotiations involved 488MW of installed capacity in units such as Small Hydropower Plants (43MW) in Minas Gerais and Rio de Janeiro States, a wind farm in Rio Grande do Norte State

(150MW), cogeneration power plants fueled by sugarcane biomass in São Paulo and Mato Grosso do Sul States (175 MW, 115 of which under construction) and a hydropower plant in Mato Grosso State (120 MW).

The negotiation involves about R\$1.4 billion, subject to the usual balance sheet adjustments to be prepared when the transaction is completed. This amount will allow Energisa to reduce its consolidated net debt by R\$2.6 billion and its CAPEX commitments by R\$0.2 billion by early 2016. Still subject to the approval of the founders of the projects sold, the agreement has been approved by CADE (*Conselho Administrativo de Defesa Econômica*, or Administrative Council for Economic Defense) and ANEEL.

ELECTRICITY LOSSES

The Company redesigned and increased inspections of acquired distributors' consumer units after acquiring Grupo Rede's controlling interest. The purpose is to fight power theft and fraud by applying the best practices that make Energisa a benchmark in this field in Brazil.

At the close of 2014, Energisa's distributors' energy losses were as follows, highlighting the improvement recorded by the companies with most losses in the Central-West and North Regions.

Distributors	Electricity Losses (%)		
	2014	2013	Change in percentage points
Força e Luz do Oeste	3.93	3.42	+ 0.51
Energisa Nova Friburgo	5.00	5.17	- 0.17
Bragantina	5.03	4.98	+ 0.05
Energisa Borborema	5.90	6.00	- 0.10
Vale Paranapanema	7.65	7.42	+ 0.23
Caiuá	8.09	7.95	+ 0.14
Nacional	8.77	8.20	+ 0.57
Energisa Minas Gerais	9.13	8.27	+ 0.86
Energisa Sergipe	9.14	9.04	+ 0.10
Energisa Paraíba	12.08	11.78	+ 0.30
Energisa Mato Grosso	12.93	15.60	- 2.67
Energisa Tocantins	14.01	14.70	- 0.69
Energisa Mato Grosso do Sul	14.01	17.21	- 3.20
Energisa - Consolidated(*)	11.24	12.36	- 1.12

(*) Consolidated energy losses in 2013 were calculated by considering companies acquired from Grupo Rede as if they had been controlled by Energisa.

Energy Summary (GWh)—Energisa Distributors

Description (GWh)	EMG	ENF	ESE	EBO	EPB	EMT	EMS
(a) Required energy (a=b+c+d+e+h+i)	1,770.2	394.3	3,809.4	782.7	4,943.6	6,815.0	4,177.2
(b) Electricity sold on the captive market	1,208.6	343.3	2,398.7	694.6	3,786.1	5,055.0	3,203.1
> Residential	480.8	165.6	965.3	231.0	1,534.6	1,808.7	1,169.0
> Industrial	175.6	57.0	299.3	216.6	628.5	732.4	468.5
> Commercial	237.2	74.7	522.9	149.9	684.4	1,137.8	767.3
> Rural	163.1	5.7	103.8	24.6	263.4	740.5	337.3
> Public sector and own consumption	152.0	40.2	507.4	72.4	675.2	635.6	461.0
(c) Transmission of electricity - free customers (TUSD)	369.4	-	809.0	4.9	441.2	887.2	354.0
(d) Unbilled consumption	2.4	0.7	2.2	2.0	12.5	(16.9)	21.0
(e) Supply to utilities	-	-	231.0	1.2	-	-	-
(f) CCEE electricity sales	7.0	-	46.3	1.9	81.4	83.3	182.1
(g) Total Electricity Sold (g=b+d+e+f)	1,218.0	344.0	2,678.2	699.7	3,880.0	5,121.4	3,406.2
(h) Electricity exchange	28.2	30.6	20.5	33.8	106.7	8.6	13.7
(i) Losses in distribution	161.6	19.7	348.0	46.2	597.1	881.1	585.4
(j) Loss in Basic Grid	10.3	-	63.0	16.6	91.0	70.1	28.4
(k) Total Electricity Purchased (k=b+d+e+f+i+j)	1,389.9	363.7	3,089.2	762.5	4,568.0	6,072.6	4,019.9
% of distribution losses (%= i/a)	9.1	5.0	9.1	5.9	12.1	12.9	14.0

Energy Summary (GWh)–Energisa Distributors (cont'd)

Description (GWh)	ETO	Caluá	EDEVP	EEB	CNEE	CFLO	Energisa-Consolidated
(a) Required energy (a=b+c+d+e+h+i)	1,733.7	949.8	701.0	843.5	481.7	225.6	27,627.6
(b) Electricity sold on the captive market	1,448.7	792.1	610.0	529.6	401.2	216.8	20,687.7
> Residential	580.7	310.9	221.3	173.5	159.1	66.2	7,866.6
> Industrial	213.6	109.0	111.5	165.2	65.1	73.7	3,315.9
> Commercial	285.7	200.6	116.8	93.4	88.7	48.0	4,407.5
> Rural	138.0	46.4	74.6	50.0	35.9	4.8	1,988.2
> Public sector and own consumption	230.7	125.2	85.9	47.5	52.3	24.1	3,109.3
(c) Transmission of electricity - free customers (TUSD)	36.5	33.8	38.0	272.0	16.1	0.6	3,263.0
(d) Unbilled consumption	2.6	(0.2)	(0.7)	(0.5)	0.5	(0.6)	25.0
(e) Supply to utilities	-	-	-	-	21.6	-	253.7
(f) CCEE Electricity Sale	-	13.4	9.8	-	0.6	-	425.8
(g) Total Electricity Sold (g=b+d+e+f)	1,451.3	805.3	619.1	529.0	423.9	216.2	21,392.2
(h) Electricity exchange	3.1	47.2	-	-	-	-	292.4
(i) Loss in distribution	242.8	76.9	53.6	42.4	42.2	8.9	3,105.9
(j) Loss in Basic Network	20.7	31.8	22.2	19.9	11.3	-	385.2
(k) Total Electricity Purchased (k=b+d+e+f+i+j)	1,714.8	914.0	694.9	591.4	477.4	225.1	24,883.3
% of distribution loss (%= i/a)	14.0	8.1	7.6	5.0	8.8	3.9	11.2

Obs.: The energy summary was prepared by considering energy sales between April 11 and December 31 by companies acquired from Rede Energia and between January and December 2014 by the other companies.

Electricity purchases contracts in the Regulated Market (Ambiente de Contratação Regulada or ACR), bilateral agreements, contracts for distributed energy and settlement of differences at the Electricity Trading Chamber (CCEE) by Grupo Energisa totaled 24,883.2 GWh in 2014, to meet the requirements of the Group's system.

Portfolio of Contracts (GWh)–Grupo Energisa's Distributors

Description (GWh)	EMG	ENF	ESE	EBO	EPB	EMT	EMS
(a) Electricity purchased	1,328.8	362.3	2,982.1	717.4	4,342.0	4,800.1	3,988.9
> Bilateral	662.4	-	128.9	89.2	439.0	1,709.3	333.1
> Electricity Auctions	114.9	-	1,595.7	368.2	2,066.3	1,152.9	1,630.6
> Itaipu Share	288.8	-	-	-	-	952.0	599.2
> PROINFA Share	28.9	8.6	67.1	17.0	91.1	116.1	77.9
> ANGRA Share	48.8	-	112.5	28.3	151.5	177.9	122.1
> Physical Guarantee Share (95%)	185.0	-	1,077.9	214.7	1,594.2	687.4	897.1
> Supply agreement	-	353.7	-	-	-	-	-
> Distributed generation	-	-	-	-	-	4.4	329.0
(b) Internal Generation / Embedded / Desverticalized	-	1.4	-	-	-	1,009.9	0.8
(c) Settlement at CCEE	61.1	-	107.1	45.1	226.0	262.6	30.1
(d) Total Electricity Purchased (d=a+b+c)	1,389.9	363.7	3,089.2	762.5	4,568.0	6,072.6	4,019.9
(e) Level of Contractual Coverage (LCC)(*)	96.1%	100.0%	98.0%	94.3%	96.8%	96.4%	104.0%

Portfolio of Contracts (GWh)–Grupo Energisa’s Distributors (cont’d)

Description (GWh)	ETO	Caiuá	EDEVP	EEB	CNEE	CFLO	Consolidated
(a) Electricity purchased	1,339.0	895.5	687.8	534.6	442.5	225.1	22,646.1
› Bilateral	148.4	194.0	193.9	178.7	107.1	-	4,184.0
› Electricity Auctions	592.5	391.1	302.4	177.3	171.9	-	8,563.6
› Itaipu Share	-	198.2	146.1	140.7	95.9	-	2,420.9
› PROINFA Share	32.7	20.5	15.9	13.2	10.3	5.5	504.8
› ANGRA Share	50.2	33.7	26.3	21.8	17.1	-	790.3
› Physical Guarantee Share (95%)	471.6	58.0	3.2	2.8	2.1	-	5,194.0
› Supply Agreement	-	-	-	-	-	219.6	573.3
› Distributed generation	43.6	-	-	-	38.1	-	415.1
(b) Internal Generation / Embedded / Desverticalized	177.4	-	-	-	-	-	1,189.5
(c) CCEE Settlement	198.4	18.5	7.1	56.8	34.9	-	1,047.7
(d) Total Electricity Purchased (d=a+b+c)	1,714.8	914.0	694.9	591.4	477.4	225.1	24,883.2
(e) Level of Contractual Coverage (LCC)(*)	87.1%	99.4%	100.4%	90.4%	92.8%	100.0%	97.27%

LCC is presented on an annual basis. Grupo Energisa's distributors' contractual coverage, except in the case of Energisa Tocantins, for 2014 is 100%, considering involuntary exposures under the terms of Paragraph 7 of Section 3 of Executive Order 5163/2004. The specific case of purchase levels below required levels by Energisa Tocantins was included by the new controlling shareholder in the company's Reorganization Plan and should be subject to specific treatment by ANEEL.

MANAGEMENT OF RECEIVABLES

The indicators for the Company's receivables (average monthly billings receivable after the respective due dates) and consumer default (ratio between past-due bills and billed energy in the past 12 months) are as follows.

Default (in the past 12 months) and Past-Due Receivables

Company	Default (%)			Past-Due Bills (# of months)		
	2014	2013	Chg. %	2014	2013	Chg. %
Energisa Borborema	0.77	0.89	- 13.5	0.51	0.54	- 5.6
Vale Paranapanema	0.85	1.35	- 37.0	0.29	0.32	- 9.4
Nacional	1.03	1.46	- 29.5	0.15	0.16	- 6.3
Bragantina	1.04	1.05	- 1.0	0.15	0.16	- 6.3
Caiuá	1.09	1.31	- 16.8	0.20	0.23	- 13.0
Energisa Nova Friburgo	1.15	1.09	+ 5.5	0.31	0.35	- 11.4
Energisa Minas Gerais	1.16	1.13	+ 2.7	0.57	0.58	- 1.7
Energisa Sergipe	1.31	1.29	+ 1.6	0.73	0.81	- 9.9
Força e Luz do Oeste	1.76	1.45	+ 21.4	0.13	0.12	+ 8.3
Energisa Paraíba	1.80	3.21	- 43.9	1.16	1.35	- 14.1
Energisa Mato Grosso	2.14	2.21	- 3.2	1.17	1.39	- 15.8
Energisa Tocantins	2.33	2.62	- 11.1	0.51	0.62	- 17.7
Energisa Mato Grosso do Sul	2.39	2.52	- 5.2	1.58	1.71	- 7.6

ECONOMIC AND FINANCIAL PERFORMANCE

COMPARATIVE ANALYSIS OF THE VAS

In keeping with one of its strategic pillars, Grupo Energisa focuses on creating value for its different stakeholders. The Group's Value-Added Statement describes the Company's economic profile and performance in 2014 in detail.

Value-Added Statement (%)	%
Shareholders	4.3
Employees (compensation and benefits for employees)	12.7
Government	57.9
Retained earnings	1.6
Interest and lease (operating costs)	23.6
Abridged Value-Added Statement (in R\$ thousand)	R\$ millions
1 - Revenue	11,719.5
2 - Inputs acquired from third parties	6,436.3
3 - Gross Value Added (1 - 2)	5,283.2
4 - Retentions	591.4
5 - Net value added produced by the organization (3-4)	4,691.8
6 - Value added received in transfer	488.9
7 - Total value added to be distributed (5+6)	5,180.7
Value-Added Statement	R\$ millions
1 - Revenue	11,719.5
1.1) Sales of energy and services	10,560.8
1.2) Revenue from the construction of the organization's own assets	1,084.5
1.3) Allowance for doubtful accounts and bad debt recovery	40.5
1.4) Other revenues	33.7
2 - Inputs acquired from third parties	6,436.3
2.1) Cost of energy sold	4,497.7
2.2) Materials and third-party services	850.9
2.3) Other operating costs	1,087.7
3 - Gross value added	5,283.2
4 - Retentions	591.4
4.1) Depreciation, amortization and depletion	591.4
5 - Net value added produced by the Company	4,691.8
6 - Value added received in transfer	488.9
7 - Total value added to be distributed	5,180.7
8 - Value added distribution	
8.1) Personnel and payroll charges	655.5
8.2) Taxes and contributions	2,997.5
8.3) Interest and lease	1,222.1
8.4) Dividends	199.5
8.5) Retained earnings	81.9
8.6) Earnings distributed to non-controlling shareholders	24.2
Economic value retained (economic value generated - economic value distributed)	5,180.7

GROSS AND NET OPERATING REVENUES

In 2014, Energisa recorded consolidated gross operating revenues of R\$10,559.2 million—not considering construction revenues, to which a zero margin is attributed—vs. R\$3,546.6 million in 2013, up significantly by 197.7% (R\$7,012.6 million).

Consolidated net operating revenues, also without construction revenue, increased by 194.5% (R\$4,905.0 million) to R\$7,426.6 million in 2014. Net revenue from electricity distribution totaled R\$8,043.1 million, or 91.1% of total net operating revenue in 2014 in Grupo Energisa's different business segments. Below are subsidiaries' net revenues, which were consolidated in Energisa's results, broken down by business segments.

Net revenues by business segments (Amounts in R\$ million)	Fiscal Year		
	2014	2013	Chg. %
I) Segment - Electricity Distribution	8,043.1	2,556.7	+ 214.6
Energisa Mato Grosso (*)	2,173.3	-	-
Energisa Mato Grosso do Sul (*)	1,357.0	-	-
Energisa Paraíba	1,299.4	1,095.1	+ 18.7
Energisa Sergipe	912.0	728.0	+ 25.3
Energisa Tocantins (*)	618.0	-	-
Energisa Minas Gerais	491.1	462.3	+ 6.2
Caiuá (*)	274.0	-	-
Vale Paranapanema (*)	216.1	-	-
Bragantina (*)	188.0	-	-
Energisa Borborema	186.7	171.3	+ 9.0
Nacional (*)	144.0	-	-
Energisa Nova Friburgo	113.9	100.0	+ 13.9
Força e Luz do Oeste (*)	69.6	-	-
II) Segment - Electricity Generation, Trading and Services	781.4	447.2	+ 74.7
Energisa Comercializadora	405.8	211.9	+ 91.5
Energisa Geração RN	84.1	27.0	+ 211.5
Tangará Energia (*)	75.3	-	-
Energisa Soluções	71.9	80.0	- 10.1
Energisa S/A	57.1	53.9	+ 5.9
Energisa Bioeletricidade	34.0	26.8	+ 26.9
Energisa Rio Grande	29.6	30.6	- 3.3
Zé Tunin SHPP	9.0	10.4	- 13.5
SPE Cristina	3.2	3.5	- 8.6
Others	11.4	3.1	+ 267.7
(=) Total - Segments I+II	8,824.5	3,003.9	+ 193.8
(-) Revenues from discontinued operations	235.2	52.9	+ 344.6
(-) Net intercompany revenues/Adjustments	309.7	146.1	+ 112.0
(=) Energisa Consolidated	8,279.6	2,804.9	+ 195.2
(-) Construction revenues	853.0	283.3	+ 201.1
(=) Energisa - Consolidated, without construction revenues	7,426.6	2,521.6	+ 194.5

(*) Energisa started consolidating these companies' figures into its financial statements on April 11, 2014. Therefore, the results above correspond to the period between April 11 to December 31.

RATE ADJUSTMENTS

The average effects perceived by consumers of the rate adjustments granted to Grupo Energisa's subsidiaries in 2014 were as follows.

Distribuidor	Rate Adjustment - Average Effect	
	%	Effective as of
Energisa Borborema	3.15	February 4
Energisa Mato Grosso	11.89	April 8
Energisa Mato Grosso do Sul	11.20	April 8
Energisa Sergipe	11.85	April 22
Vale Paranapanema	19.66	May 10
Caiuá	14.15	May 10
Bragantina	14.78	May 10
Nacional	16.86	May 10
Energisa Minas Gerais	5.31	June 18
Energisa Nova Friburgo	12.56	June 18
Força e Luz do Oeste	31.96	June 29
Energisa Tocantins	10.84	July 4
Energisa Paraíba	21.81	August 28

Additionally, Grupo Energisa, through its subsidiaries, received a total of R\$908.4 million from CDE (*Conta de Desenvolvimento Energético*, or Energy Development Account) transferred by Eletrobras to the Electricity Trading Chamber to cover the costs of electricity purchased and system services charges. These amounts were recorded as contra entries to costs of electricity purchased and system

services charges. ANEEL also approved the transfer of R\$209.7 million, under the terms of Executive Order 7891, of 2013, in connection with discounts on rates applicable to users of electricity distribution utilities. The amounts were recorded by the subsidiaries as revenues from electricity sales. The amounts per distributor are as follows.

Distribuidor	CDE Funds-Costs Covered (R\$ million)	Funds-Exec, Order 7891 (R\$ million)	Total (R\$ million)
Energisa Mato Grosso	157.9	82.6	240.5
Energisa Paraíba	201.7	21.6	223.3
Energisa Tocantins	111.2	26.4	137.6
Energisa Sergipe	110.6	10.0	120.6
Energisa Mato Grosso do Sul	91.7	6.7	98.4
Caiuá	46.6	7.5	54.1
Bragantina	45.2	8.1	53.3
Nacional	41.1	11.1	52.2
Energisa Minas Gerais	26.0	22.6	48.6
Vale Paranapanema	34.3	11.4	45.7
Energisa Borborema	42.1	0.8	42.9
Força e Luz do Oeste	-	0.8	0.8
Energisa Nova Friburgo	-	0.1	0.1
Total	908.4	209.7	1,118.1

Grupo Energisa's distributors also received R\$297.0 million in overdue subsidies that will be replaced with the Extraordinary Rate Adjustment approved on 03.02.2015.

Rate Flags

ANEEL approved the “Rate Flag System” for power bills, starting in January 2015. The flag is “raised” on a monthly basis by ANEEL, in accordance with information provided by ONS, based on the Brazil’s electricity generation capacity. The flag is used on the first day of the month after the announcement is made. The flags are green, yellow and red, and indicate whether electricity will cost more or less as a result of electricity. The system is intended to reduce distributors’ expenditures in the short term, as described below.

- ✓ Green Flag: good conditions for energy generation. Electricity rates will not be increased;
- ✓ Yellow Flag: less favorable generation conditions. The rate is R\$0.025 higher per Kwh consumed.
- ✓ Red Flag: unfavorable energy generation conditions. The rate is R\$0.055 higher per Kwh consumed.

Extraordinary Rate Adjustment

At a meeting held on 02.27.2015, ANEEL decided to award an Extraordinary Rate Adjustment (RTE) for all electricity distribution utilities in Brazil, effective as of 03.02.2015. Consumers of Grupo Energisa’s electric utilities will perceive the following average adjustments:

Average RTE Effect by Distributor

Distributors	%
Bragantina	38.5
Nacional	35.2
Caiuá	32.4
Força e Luz do Oeste	31.9
Vale Paranapanema	29.4
Energisa Mato Grosso do Sul	27.9
Energisa Minas Gerais	26.9
Energisa Mato Grosso	26.8
Energisa Nova Friburgo	26.0
Energisa Sergipe	8.0
Energisa Borborema	5.7
Energisa Tocantins	4.5
Energisa Paraíba	3.8

RTE is intended to align rates with current costs in the Energy Development Account (CDE) and energy purchases.

OPERATING EXPENSES

Consolidated operating expenses, not including construction costs, totaled R\$6,459.6 million in 2014, up 206.2% (R\$4,350.0 million) year-over-year. This steep rise

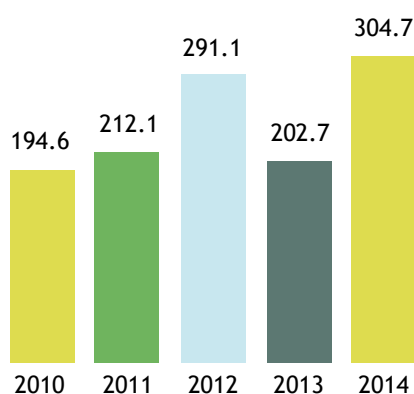
was due to the acquisition of Grupo Rede's companies. Of that amount, controllable expenses rose by 176.5% (R\$865.3 million). Operating expenses are broken down as follows:

Breakdown of operating expenses (R\$ million)	Fiscal Year		
	2014	2013	Change (R\$ million)
1 - Controllable expenses	1,355.6	490.3	+ 865.3
1.1 Personnel (including pension fund)	699.9	309.4	+ 390.5
1.2 Material	93.0	31.7	+ 61.3
1.3 Third-party services	562.7	149.2	+ 413.5
2 - Non-controllable expenses (energy purchase and transmission)	4,326.4	1,409.1	+ 2,917.3
3 - Depreciation and amortization	591.4	141.5	+ 449.9
4 - Contingent provisions and doubtful debts	(77.8)	7.4	- 85.2
5 - Other expenses /revenues	264.0	61.3	+ 202.7
Subtotal	6,459.6	2,109.6	+ 4,350.0
7 - Construction costs	853.0	283.3	+ 569.7
Total	7,312.6	2,392.9	+ 4,919.7

NET INCOME AND OPERATING CASH GENERATION (EBITDA)

Energisa's consolidated net income shot up from R\$202.7 million in 2013 to R\$304.7 million in 2014, a 50.3% leap. This increase was mainly due to the regulatory assets accounted for, which drove after-tax earnings by R\$239.7 million; equity pickup from the companies acquired from Grupo Rede, amounting to R\$101.0 million; and offset by higher financial expenses, amortization of goodwill and asset revaluation relating to the acquisition of Grupo Rede.

EVOLUTION OF CONSOLIDATED NET INCOME (in R\$ million)



Consolidated operating cash generation (adjusted EBITDA) came to R\$1,558.4 million, up 181.6% year-over-year. In turn, Consolidated Adjusted EBITDA amounted to R\$1,673.1 million, up 180.6% from 2013. These figures do not consider 12 months of operations of Grupo Rede since it was acquired on April 11, 2014. The Company's operating cash generation on a pro-forma basis, considering 12 months of operations of the companies acquired from Grupo Rede, totaled R\$1,885.8 million. It is worth noting cash generation was impacted by the initial recognition of net regulatory assets totaling R\$362.3 million.

The chart below shows the Company's consolidated net income and cash generation.

Breakdown of cash generation (Amounts in R\$ million)	Year		
	2014	2013	Chg. %
(=) Net Income	304.7	202.7	+ 50.3
(-) Social contribution and income tax	(21.9)	(40.7)	- 46.2
(-) Income from discontinued operations	(0.9)	30.5	-
(-) Equity pickup	(3.6)	-	-
(-) Financial result	(635.9)	(199.1)	+ 219.4
(-) Depreciation and amortization	(591.4)	(141.5)	+ 318.0
(=) Cash generation (EBITDA)	1,558.4	553.5	+ 181.6
(+) Income from interest on late payment	114.7	42.7	+ 168.6
(=) Adjusted cash generation (Adjusted EBITDA)	1,673.1	596.2	+ 180.6
Adjusted EBITDA Margin (%)	20.2	21.3	- 1.1 p.p

Subsidiaries' earnings in 2014 considering the acquired companies for 12 months.

Net Income (Amounts in R\$ million)	Year		
	2014	2013	Chg. %
I) Segment - Electricity distribution			
Energisa Mato Grosso	104.8	(382.7)	-
Energisa Paraíba	119.4	133.9	- 10.8
Energisa Mato Grosso do Sul	33.4	(21.1)	-
Energisa Sergipe	102.2	45.6	+ 124.1
Energisa Tocantins	66.8	(156.3)	-
Energisa Minas Gerais	23.0	27.5	- 16.4
Bragantina	30.0	6.6	+ 354.5
Energisa Borborema	2.6	9.5	- 72.6
Nacional	25.1	19.4	+ 29.4
Vale Paranapanema	17.3	8.5	+ 103.5
Caiuá	20.1	(42.6)	-
Energisa Nova Friburgo	2.3	6.9	- 66.7
Força e Luz do Oeste	4.9	1.9	+ 157.9
II) Segment - Electricity trading and generation			
Energisa Geração RN	9.8	15.8	- 38.0
Energisa Comercializadora	6.8	7.3	- 6.8
Energisa Rio Grande	(2.9)	3.8	-
Zé Tunin SHPP	0.9	3.5	- 74.3
Energisa Bioeletricidade	3.8	7.9	- 51.9
SPE Cristina	(1.7)	(0.6)	+ 183.3
Tangará Energia	(130.6)	5.0	-
III) Segment - Services			
Energisa Soluções	(1.1)	(1.9)	- 42.1
Energisa Planejamento and others	(1.2)	(0.5)	+ 140.0

Cash generation (EBITDA and Adjusted EBITDA) by subsidiary consolidated into Energisa's figures and their respective margins in 2014 are as follows:

Distribuidor	EBITDA		Adjusted EBITDA	
	Amount (R\$ million)	Margin w/o adjustments (%)	Amount (R\$ million)	Adjusted margin (%)
Energisa Mato Grosso	461.3	21.2	493.4	22.9
Energisa Mato Grosso do Sul	246.4	18.2	265.8	19.6
Energisa Paraíba	230.1	17.7	249.8	19.2
Energisa Sergipe	210.5	23.1	223.9	24.6
Energisa Tocantins	113.7	18.4	124.7	20.2
Energisa Minas Gerais	80.6	16.4	86.3	17.6
Energisa Geração RN	64.6	76.8	64.6	76.8
Bragantina	45.6	25.9	47.7	27.0
Caiuá	44.4	16.2	47.4	17.3
Vale Paranapanema	38.7	17.9	40.6	18.8
Energisa Borborema	11.5	6.2	14.1	7.6
Energisa Rio Grande	15.7	53.0	15.7	53.0
Energisa Comercializadora	12.8	3.2	12.8	3.2
Nacional	28.8	20.0	30.2	21.0
Energisa Bioeletricidade	16.0	47.1	16.0	47.1
Energisa Nova Friburgo	11.3	9.9	12.8	11.2
Força e Luz do Oeste	11.4	16.7	12.3	18.0
Tangará Energia	5.9	7.8	5.9	7.8
Zé Tunin SHPP	5.2	57.8	5.2	57.8
Energisa Soluções	2.2	3.1	2.2	3.1
SPE Cristina	0.6	18.8	0.6	18.8
Holdings/Others	9.3	-	9.3	-
Discontinued operations	(108.2)	-	(108.2)	-
Total	1,558.4	18.6	1,673.1	20.1

FINANCIAL OPERATIONS AND DEBT PROFILE

Loans and financing taken out by Grupo Energisa in 2014 totaled R\$4,477 million, broken down as follows: (i) R\$96.0 million from BNDES financing lines; (ii) R\$1,500.0 million from debentures issued by Energisa S.A., used to acquire Grupo Rede; (iii) R\$900.0 million from debentures issued by Energisa Mato Grosso, Energisa Tocantins and Energisa Mato Grosso do Sul used to restructure those Companies' debt by settling expensive debts in advance; (iv) R\$641.3 million from the issuance of receivables-backed securities to fund Energisa Mato Grosso's and Energisa Mato Grosso do Sul's investments; and (v) R\$1,340.0 million in loans to refinance maturing debt and be used as working capital by Grupo Energisa's distributors.

In connection with the acquisition of Grupo Rede and its commitment to restoring the financial health of the acquired companies, Energisa settled in advance over R\$1,015.0 million

in expensive debts starting in May 2014, thus achieving a considerable improvement in the debt profile of the newly acquired distributors. Also in compliance with ANEEL's Plan, it made a capital contribution of R\$795 million in the acquired distributors and repaid loans totaling R\$414.0 million between the distributors and Grupo Rede's holding company.

The chart below shows Energisa's consolidated and its distributors' short- and long-term debt—net of cash, cash equivalents and financial investments—on December 31, 2014. It should be noted that cash and cash equivalents were affected by delays in rates subsidies totaling R\$ 297.0 million, the receipt of which will be settled during the first half of 2015, given the extraordinary rate increase of 03.02.2015.

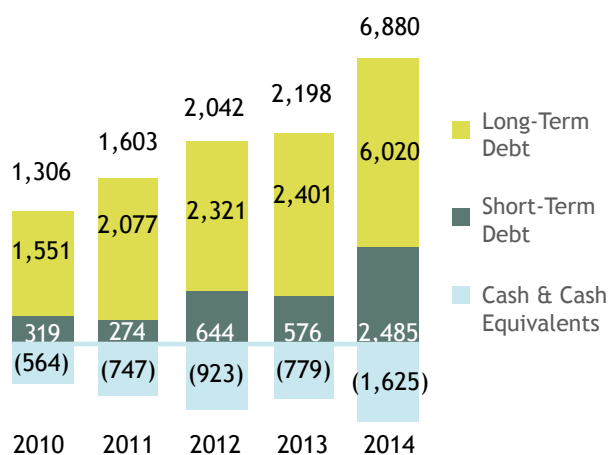
Amounts in R\$ million	EMG	ENF	ESE	EBO	EPB	EMT	EMS
Short-Term	247.7	18.6	209.8	19.6	152.3	258.7	122.9
Loans, financing and leasing	243.3	18.2	180.1	19.0	138.3	79.6	112.9
Debentures	-	-	8.7	-	-	46.7	4.3
Debt charges	3.6	0.3	5.4	0.6	3.2	2.9	5.5
Payment of taxes in installments and actuarial deficit	0.8	0.1	15.6	-	10.8	5.9	0.2
Payment of sector charges	-	-	-	-	-	123.6	-
Energy purchase in installments from Itaipu	-	-	-	-	-	-	-
Long-term	99.8	47.4	524.4	40.7	540.3	1,715.3	728.0
Loans, financing and leasing	98.2	47.2	361.2	40.7	483.3	754.5	330.3
Debentures	-	-	60.0	-	-	447.3	397.6
Payment of taxes in installments and actuarial deficit	1.6	0.2	103.2	-	57.0	11.7	0.1
Payment of sector charges	-	-	-	-	-	150.7	-
Energy purchase in installments from Itaipu	-	-	-	-	-	351.1	-
Total debt (*)	347.5	66.0	734.2	60.3	692.6	1,974.0	850.9
(-) Cash & cash equivalents	21.0	12.1	56.1	13.4	83.7	681.6	325.1
Total net debt (*)	326.5	53.9	678.1	46.9	608.9	1,292.4	525.8

Debts by distributor (cont'd)

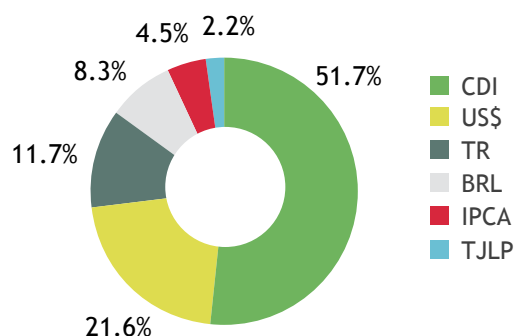
Amounts in R\$ million	ETO	CAIUÁ	EDEVP	EEB	CNEE	CFLO	Energisa - Consolidated
Short Term	20.4	54.8	36.8	171.7	9.3	2.6	2,484.7
Loans, financing and leasing	19.5	0.6	0.3	46.2	0.1	0.1	1,233.5
Debentures	-	-	-	-	-	-	786.9
Debt charges	0.7	0.1	-	-	-	-	42.5
Payment of taxes in installments and actuarial deficit	0.2	4.8	3.6	3.5	2.8	2.5	50.7
Payment of sector charges	-	49.3	32.9	45.5	6.4	-	294.6
Energy purchase in installments from Itaipu	-	-	-	76.5	-	-	76.5
Long-term	238.5	106.5	21.5	35.7	15.8	3.1	6,020.2
Loans, financing and leasing	187.8	77.5	0.2	13.0	-	0.1	2,841.1
Debentures	49.7	-	-	-	-	-	2,386.6
Payment of taxes in installments and actuarial deficit	1.0	27.1	20.3	20.4	15.6	3.0	263.8
Payment of sector charges	-	1.9	1.0	2.3	0.2	-	177.6
Energy purchase in installments from Itaipu	-	-	-	-	-	-	351.1
Total debt	258.9	161.3	58.3	207.4	25.1	5.7	8,504.9
(-) Cash & cash equivalents	129.8	55.6	37.7	35.7	55.6	2.1	1,624.6
Total net debt (*)	129.1	105.7	20.6	171.7	(30.5)	3.6	6,880.3

(*) The consolidated net sum of R\$96.4 million does not include mark-to-market derivative instruments.

CONSOLIDATED NET DEBT (R\$ million)



DEBT INDICES



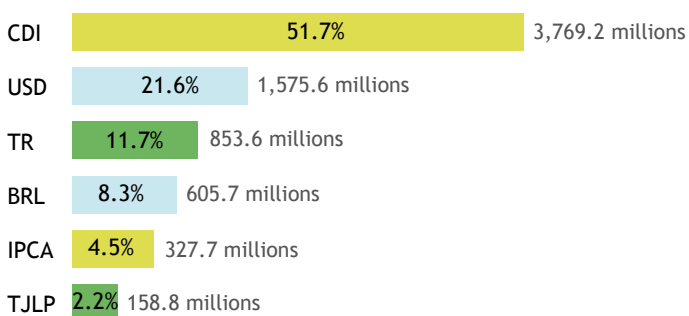
Cost, Average Maturity and Indexation of Debt

The average debt cost stood at 11.79% (vs. 9.32% p.a. on December 31, 2013) and the average maturity was 5.8 years at the close of 2014. The breakdown of debt by index factor is as follows:

Debt Amortization Schedule

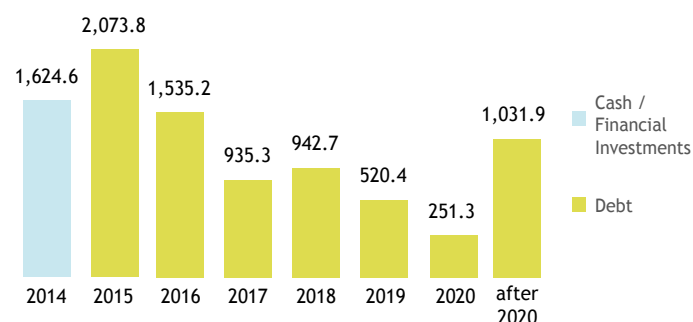
Below is the amortization schedule of Energisa's consolidated loans, financing, debt charges and debentures vs. cash on December 31, 2014.

CONSOLIDATED BANK LOANS AND DEBT ISSUES BY INDEXING UNIT - 2014



Note: The debt in foreign currency is hedged against the CDI rate and foreign exchange risks.

CASH / FINANCIAL INVESTMENTS AND DEBT AMORTIZATION BANK LOANS AND DEBT ISSUES - (R\$ million)



CAPITAL MARKET

PERFORMANCE OF SHARES ON THE STOCK EXCHANGE

Energisa's shares are traded on BM&FBovespa under ticker symbols ENGI3 (common shares), ENGI4 (preferred shares) and ENGI11 (Units, certificates with one common share and four preferred shares). The market indicators at the close of 2014 are shown below.

Market Indicators	Dec. 14	Dec. 13	Chg. %
Market Value (R\$ millions)	3,302	3,391	- 2.6
Enterprise Value (EV - R\$ millions) ⁽¹⁾	10,258	5,505	+ 86.3
Dividend Yield of ENGI11 (Units) - % ⁽²⁾	6.4	5.9	+ 8.5
Market Value / Shareholders' Equity	1.8	1.8	-

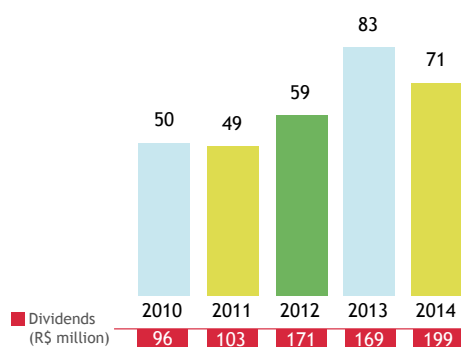
(1) EV = Market Value + net debt.

(2) Dividends relating to fiscal years 2013 and 2014 / closing price of the Units.

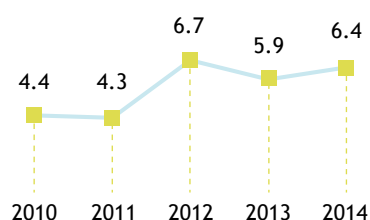
Dividend Payments

The Company paid interim dividends for fiscal year 2014, in the amount of R\$68.5 million (R\$0.056 per share or R\$0.28 per Unit), on September 11. In addition to these dividends, supplementary dividends totaling R\$130.9 million (R\$0.107 per share or R\$0.535 per Unit) will be paid on a date to be determined. Total dividends for fiscal year 2014, in the amount of R\$199.4 million, correspond to 71.8% of net income reported by the Company.

DIVIDEND PAYOUT % (Parent Company)



DIVIDEND YIELD - PARENT COMPANY (Dividend/Unit Price - %)



CAPEX

CAPEX BY SUBSIDIARY

In 2014, Grupo Energisa invested in its operations R\$1,273.4 million, R\$707.1 million of which in the companies acquired from Grupo Rede. This is a year-over-year rise of 55.9%.

Capital Expenditures (R\$ million)

Companies	2014	%
Energisa Mato Grosso	304.2	23.9
Energisa Mato Grosso do Sul	219.7	17.3
Thermal power plants fueled by sugarcane biomass (*)	178.5	14.0
Energisa Paraíba	154.5	12.1
Energisa Tocantins	95.6	7.5
Energisa Sergipe	90.0	7.1
Energisa Minas Gerais	49.5	3.9
Caiuá	29.7	2.3
Wind Farms (*)	23.8	1.9
Energisa Borborema	20.5	1.6
Bragantina	19.9	1.6
Nacional	16.9	1.3
Vale Paranapanema	16.4	1.3
Energisa Soluções	10.6	0.8
Energisa Nova Friburgo	8.3	0.7
Energisa S/A	5.2	0.4
Força e Luz do Oeste	4.7	0.4
Others	25.4	2.0
Total	1,273.4	100.0

(*) Assets being sold.

The key operating data for Grupo Energisa's distributors are shown in the chart below.

Key Operating Data on December 31, 2014							
Description	EMG	ENF	ESE	EBO	EPB	EMT	EMS
Concession Area (sq. km.)	16,331	1,000	17,465	1,789	54,595	903,378	328,335
Municipalities Served	66	1	63	6	216	141	74
Number of Captive Consumers (thousand)	426	101	708	196	1,313	1,270	938
Population Served (thousand)	1,028	184	1,930	483	3,284	3,224	2,400
Transmission Assets							
Transmission lines in km	1,070	15,6	1,268	-	2,291	5,751	3,789
Distribution Assets							
Number of Substations	44	6	31	7	61	156	98
Substation Voltage (MVA)	901	152	680	165	1,146	3,030	2,163
Own Distribution Transformers	59,243	3,420	37,896	3,948	56,250	127,405	59,513
Installed Capacity in Own Transformers (MVA)	1,145	206	740	151	1,234	2,110	1,727
Km of Distribution Lines and Grids	26,278	1,916	25,518	4,784	71,201	114,616	85,028

Key Operating Data on December 31, 2014 (cont'd)

Key Operating Data on December 31, 2014							
Description	ETO	CAIUÁ	EDEVP	EEB	CNEE	CFLO	Energisa - Consolidated
Concession Area (sq. km.)	277,621	9,149	11,770	3,453	4,500	1,200	1,630,586
Municipalities Served	139	24	27	15	15	1	788
Number of Captive Consumers (thousand)	546	233	175	147	111	56	6,220
Population Served (thousand)	1,427	552	435	332	278	177	15,734
Transmission Assets							
Transmission lines in km	1,255	623	494	496	370	-	17,141
Distribution Assets							
Number of Substations	1,067	423	308	378	196	90	592
Substation Voltage (MVA)	82,224	8,581	7,634	6,610	3,135	1,779	11,475
Own Distribution Transformers	64,477	11,199	8,053	11,709	4,269	2,448	449,830
Capacity installed in Own Transformers (MVA)	1,067	423	308	378	196	90	9,775
Km of Distribution Lines and Networks	82,224	8,581	7,634	6,610	3,135	1,779	439,304





3

Intangible Assets

RELATIONSHIP WITH CONSUMERS

It is Energisa S.A.'s goal to offer the best service and build transparent trust-based relationships with its consumers. Our ongoing search for excellence can be seen in the consumer satisfaction levels we have achieved once again.

ANEEL CONSUMER SATISFACTION INDEX (IASC) AND ABRADÉE AWARD

IASC [*Índice Aneel de Satisfação do Consumidor*, or ANEEL Consumer Satisfaction Index] is based on a survey conducted annually by ANEEL with residential consumers. The survey assess consumers' satisfaction with the services provided by Brazil's 63 electrical energy distributors. Seven Energisa distributors were among the highest-ranked companies: Energisa Paraíba, Energisa Minas Gerais, Energisa Mato Grosso do Sul, Vale Paranapanema, Energisa Tocantins, Energisa Mato Grosso and Bragantina.

Check out each company's position:

- ✓ Energisa Mato Grosso do Sul: best company in the Center-West Region and third best in Brazil
- ✓ Vale Paranapanema: best company in the South/Southeast Region with up to 400 thousand consumer units
- ✓ Energisa Tocantins: second best in the North Region
- ✓ Energisa Mato Grosso: second best in the Center-West Region

- ✓ Energisa Paraíba: second best in the Northeast Region
- ✓ Bragantina: second best in the South/Southeast Region
- ✓ Energisa Paraíba: fourth place in the general ranking and second best in the Northeast Region
- ✓ Energisa Minas Gerais: Brazil's fifth best company

Grupo Energisa was also among the industry benchmarks of ABRADÉE (*Associação Brasileira dos Distribuidores de Energia Elétrica*, or Brazilian Association of Electric Energy Distributors). In 2014, three distributors won the ABRADÉE Award, one of the highest honors in Brazil's electricity industry. Energisa Paraíba won in the Performance Improvement category and was considered the Best Distributor in the Northeast Region. In turn, Energisa Mato Grosso do Sul was the Best Distributor in the North/Center-West Regions. Finally, Nacional won in three out of four categories assessed by ISQP (*Índice de Satisfação com a Qualidade Percebida*, or Perceived Quality Satisfaction Index): Social Responsibility, Client Evaluation and Brazil's Best Distributor of its size.

The chart below shows those indicators and their averages for Brazilian companies.

Description	ISQP			IASC		
	2014	2013	Chg. %	2014	2013	Chg. %
Nacional	95.50	86.60	+ 10.3	67.17	63.61	+ 5.6
Bragantina	94.40	87.90	+ 7.4	80.69	62.43	+ 29.2
Vale Paranapanema	91.20	91.30	- 0.1	84.13	61.12	+ 37.6
Energisa Minas Gerais	89.00	83.30	+ 6.8	75.02	68.00	+ 10.3
Força e Luz do Oeste	88.70	91.03	- 2.6	78.22	58.23	+ 34.3
Energisa Borborema	87.40	83.80	+ 4.3	64.77	69.53	- 6.8
Energisa Mato Grosso do Sul	87.20	79.80	+ 9.3	68.50	65.30	+ 4.9
Energisa Paraíba	87.10	82.20	+ 6.0	72.73	60.31	+ 20.6
Energisa Mato Grosso	84.90	72.60	+ 16.9	68.29	61.83	+ 10.4
Energisa Sergipe	84.10	86.70	- 3.0	58.84	69.56	- 15.4
Energisa Tocantins	83.52	79.37	+ 5.2	58.75	60.70	- 3.2
Energisa Nova Friburgo	76.60	87.90	- 12.9	65.80	52.91	+ 24.4
Caiuá	76.60	82.60	- 7.3	64.21	58.62	+ 9.5
ISQP National Average (ABRADÉE) / IASC Average (ANEEL)	78.90	78.70	+ 0.3	67.74	60.41	+ 12.1

SERVICE QUALITY INDICATORS – SAIDI AND SAIFI



In 2014, the indicators for Grupo Energisa's distributors' technical performance and service quality, SAIDI (System Average Interruption Duration Index) and SAIFI (System Average Interruption Frequency Index), were as follows:

Description	SAIDI			SAIFI		
	2014	2013	Chg. %	2014	2013	Chg. %
Força e Luz do Oeste	5.92	5.64	+ 5.0	5.68	5.31	+ 7.0
Vale Paranapanema	6.43	5.88	+ 9.4	5.57	5.52	+ 0.9
Energisa Nova Friburgo	6.46	8.29	- 22.1	5.08	7.16	- 29.1
Nacional	6.82	8.68	- 21.4	9.28	11.41	- 18.7
Energisa Borborema	8.23	9.06	- 9.2	5.79	6.37	- 9.1
Caiuã	9.02	8.30	+ 8.7	7.70	8.87	- 13.2
Energisa Minas Gerais	9.46	9.80	- 3.5	6.48	7.47	- 13.3
Bragantina	11.37	13.36	- 14.9	8.00	10.30	- 22.3
Energisa Mato Grosso do Sul	12.87	11.82	+ 8.9	7.26	7.54	- 3.7
Energisa Sergipe	15.70	14.64	+ 7.2	9.39	9.29	+ 1.1
Energisa Paraíba	21.01	20.18	+ 4.1	9.82	10.69	- 8.1
Energisa Mato Grosso	27.99	30.12	- 7.1	20.60	23.47	- 12.2
Energisa Tocantins	33.13	38.80	- 14.6	14.35	17.72	- 19.0

ENERGISA BRAND CREDIBILITY

The Group launched the Energisa brand in March 2008 to be closer to stakeholders and strengthen its brand. The change did increase the respect for, and recognition of, the Group in the Brazilian business market. It is due to this respect and recognition that the Company has been able to reach its **110th year of existence in Brazil's electricity industry.**

The new brand was created to strengthen Grupo Energisa's global vision while preserving the essence of each company that forms the Company. In addition, the name introduced seven years ago allows the Group to enter different Brazilian states and adapt to the peculiarities and diversity of the cultures that thrive in Brazil.



4

Grupo Energisa

ENERGISA MINAS GERAIS

Energisa Minas Gerais is an electricity distributor serving over 426 thousand consumers and a population of around 1.0 million inhabitants in 65 cities and towns of Minas Gerais State and one city in Rio de Janeiro State. Founded on February 26, 1905 as Companhia Força e Luz Cataguazes-Leopoldina, it was the cornerstone of Grupo Energisa.

In 2014, ANEEL ranked the company the fourth best in Brazil. In addition to this honor, Energisa Minas Gerais received the Eloy Chaves Silver Medal for occupational safety.

COMPANY RESULTS:

In 2014, Energisa Minas Gerais recorded net income of R\$23.0 million, against R\$27.5 million in 2013. Net income in the fourth quarter (4Q14) amounted to R\$2.5 million, vs. a net loss of R\$1.7 million in 4Q13.

Operating cash generation (adjusted EBITDA) came to R\$86.3 million in 2014, vs. R\$88.7 million in 2013, a 2.7% drop largely because revenue growth failed to keep pace with rising costs of purchased energy. Adjusted EBITDA amounted to R\$20.7 million in 4Q14, up 27.8% from 4Q13.

The chart below shows the Company's net income and cash generation.

Breakdown of cash generation (Amounts in R\$ million)	Year		
	2014	2013	Chg.%
(=) Net Income	23.0	27.5	- 16.4
(-) Social contribution and income tax	(12.2)	(14.9)	- 18.1
(-) Financial result	(26.0)	(23.5)	+ 10.6
(-) Depreciation and amortization	(19.4)	(17.3)	+ 12.1
(=) Cash generation (EBITDA)	80.6	83.2	- 3.1
(+) Income from interest on late payment	5.7	5.5	+ 3.6
(=) Adjusted cash generation (Adjusted EBITDA)	86.3	88.7	- 2.7
Adjusted EBITDA Margin (%)	17.6	19.2	- 1.6 p.p

At the Annual General Meeting, the Company's management is going to propose paying dividends for fiscal year 2014 in the amount of R\$5.8 million (R\$12.77406055 per share) on a date to be determined.

Operating expenses totaled R\$429.9 million in 2014, up 8.5% (R\$33.6 million) year-over-year. Controllable expenses (personnel, material and third-party services) rose by 12.6%



(R\$11.4 million) to R\$101.9 million. Non-controllable expenses from the electricity purchase and transmission increased by 13.4% (R\$30.2 million) due to higher costs in energy purchase, resulting from low rainfall in Brazil in 2014.

Energisa Minas Gerais invested around R\$49.5 million throughout 2014, mainly in projects designed to improve service quality and client satisfaction, and achieved a 99.9% energy availability rate. Some of these investments were: towers and structures to handle emergencies were acquired; pylon foundations were repaired; the transmission line of Nova Usina Maurício-Uba1 substation, of 69 kV, was upgraded; lightning arresters were replaced at Além Paraíba and Odessa II substations; grids and feeders were refurbished at Muriaé 1 substation; voltage regulators and feeders were installed at Matipó substation; voltage regulators and a three-phase system were installed in Coronel Domiciano Plant's feeder; 3.6 MVA capacitor banks were installed at Eugenópolis, Santana do Manhuaçu and Manhumirim substations; land to build the third Ubá substation was acquired; the data communication network

was expanded by installing repeaters and automatic switches for better quality and continuity; and power distribution networks were upgraded in Itamarati de Minas.

It is also important to note SAIDI and SAIFI improved in 2014, owing to both the company's investments, based on correct planning for system needs, and specific initiatives undertaken. SAIDI and SAIFI fell by 3.5% and 13.3% respectively.

A continued focus on top quality power supply and client services has allowed Energisa Minas Gerais to record consistent operational indicators, reflecting in the company's outstanding satisfaction levels as shown by consumer surveys.

Electricity loss management: energy losses remained low, at 9.13%, in 2014 despite a 0.86p.p. rise.

Default management: the default rate rose slightly by 0.03p.p. to 1.16% in 2014, against 1.13% in 2013.

Energy market: electricity sales to end consumers (captive market) in Energisa Minas Gerais's concession area, plus energy supplied to free consumers (TUSD), totaled 1,578.0GWh, 4.8% up on 2013. Consumption was driven by the commercial class, whose consumption increased by 8.6% in 2014. In turn, industrial consumption, considering both the captive and free markets, rose by 1.6% in 2014.

“ENERGISA MINAS GERAIS IS AN ELECTRICITY DISTRIBUTOR SERVING OVER 426 THOUSAND CONSUMERS AND A POPULATION OF AROUND 1.0 MILLION INHABITANTS IN 65 CITIES AND TOWNS OF MINAS GERAIS STATE AND ONE CITY IN RIO DE JANEIRO STATE”



ENERGISA PARAÍBA



Energisa Paraíba went into business in 1964. However, it was only in November 2000 that the distribution company reached a turning point in its history. That was when Energisa Sergipe—through its special purpose entity PbPart-SE2 Ltda.—acquired from the Paraíba State Government 87.6% of the voting stock and 74.3% of the total capital of Saelpa, Energisa Paraíba's former corporate name. As a result, new administrative processes started being introduced at the Company.

At present, Energisa Paraíba serves 1.3 million clients and a population of roughly 3.3 million inhabitants in 216 cities and towns in the state of Paraíba.

COMPANY RESULTS

In 2014, Energisa Paraíba recorded net income of R\$119.4 million, against R\$133.9 million in 2013. Net income in 4Q14 amounted to R\$64.7 million, vs. R\$12.0 million in 4Q13.

Operating cash generation (adjusted EBITDA) remained flat at R\$249.8 million year-over-year in 2014. Adjusted EBITDA amounted to R\$124.5 million in 4Q14, up 225.1% from 4Q13.

In 2014, the company's quality was recognized once again. It won the 2014 ABRADEE Award, granted by the Brazilian Association of Electric Energy Distributors, for Performance Improvement. It was also ranked the Best Distributor in the Northeast Region. In addition, Energisa Paraíba was ranked second in the Northeast Region in the ANEEL Consumer Satisfaction Index, fourth in ANEEL's ranking of best companies in Brazil, and won the Eloy Chaves Silver Medal for occupational safety.

The chart below shows the Company's net income and cash generation.

Breakdown of cash generation (Amounts in R\$ million)	Year		
	2014	2013	Chg. %
(=) Net Income	119.4	133.9	- 10.8
(-) Social contribution and income tax	(19.4)	(11.9)	+ 63.0
(-) Financial result	(37.6)	(36.9)	+ 1.9
(-) Depreciation and amortization	(53.7)	(46.8)	+ 14.7
(=) Cash generation (EBITDA)	230.1	229.5	+ 0.3
(+) Income from interest on late payment	19.7	20.4	- 3.4
(=) Adjusted cash generation (Adjusted EBITDA)	249.8	249.9	-
Adjusted EBITDA Margin (%)	19.2	22.8	- 3.6 p.p

Operating expenses totaled R\$1,123.0 million in 2014, up 23.1% (R\$210.6 million) year-over-year. Controllable expenses (personnel, material and third-party services) rose by 5.3% (R\$10.7 million) to R\$213.6 million. Non-controllable expenses from the electricity purchase and transmission increased by 30.4% (R\$149.2 million) due to higher costs in energy purchase, resulting from low rainfall in Brazil in 2014.

The Company has paid interim dividends for fiscal year 2014, in the amount of R\$51.9 million, as follows:

- ✓ R\$31.1 million (R\$33.9103837566 per share) on June 11, 2014
- ✓ R\$4.9 million (R\$5.27548523 per share) on August 4, 2014, and
- ✓ R\$15.9 million (R\$17.31724318 per share) on January 19, 2015.

The Company will be paying supplementary dividends totaling R\$13.0 million (R\$14.19221178 per share) on a date to be determined. Total dividends for fiscal year 2014 will amount to R\$64.9 million.

Energisa Paraíba's capital expenditures totaled R\$154.5 million in 2014, invested mainly in service quality projects. Some of these investments were: the Santa Rita/Bessa HVDL was built; Sousa and Mata Redonda substations were expanded; MV feeders were built and refurbished; a voltage regulator bank was installed; and new consumers were connected.

It is also important to note the continuity indicator, SAIFI, fell by 8.1% to 9.82 times in 2014, owing to the company's investments, based on correct planning for system needs. The 21.01 SAIDI (vs. 20.18 in 2013) reflects the climate, with unusually high rainfall, specifically in the first four months of the year, leading to an increase in the number critical days in the state in comparison to 2013. However, the end result in 2014 was below the limit set by the regulatory body (ANEEL).

The Company's outstanding consumer satisfaction levels, as described above in ABRADEE's and ANEEL's rankings, show the quality leap the Company achieved in managing its services.

**“ENERGISA PARAÍBA SERVES
1.3 MILLION CLIENTS AND A
POPULATION OF ROUGHLY 3.3 MILLION
INHABITANTS IN 216 CITIES AND
TOWNS IN THE STATE OF PARAÍBA”**

Electricity loss management: Energisa Paraíba recorded a low non-technical loss level in 2014. In fact, it reached a point where further loss reduction initiatives may no longer be possible. Total losses rose marginally by 0.30 percentage point against 2013. A major consumer migrated to the Basic Grid, thus contributing to that increase.

Default management: the default rate, considering amounts not received for energy sold over the last 12 months, was also one of the highlights in 2014. It slumped by 43.9%, from 3.21% in 2013 to 1.80% in 2014, just like the number of monthly billings outstanding, which fell from 1.35% in 2013 to 1.17% in 2014.

Energy market: electricity sales to end consumers (captive market) in Energisa Paraíba's concession area, plus electricity sold to free consumers (TUSD), came to 4,227.3GWh in 2014, a 2.6% increase on 2013. Consumption was driven by the commercial and residential classes, whose consumption increased by 7.5% and 7.0% respectively in the year. In turn, industrial consumption, considering both the captive and the free market, fell by 3.5% in 2014.

Energisa Paraíba closed the year with 1,312,768 captive consumer units, 3.8% up on 2013. In turn, it had 20 free consumers at the close of 2014.

ENERGISA NOVA FRIBURGO

Energisa Nova Friburgo is an electric utility that serves the entire city of Nova Friburgo, an important center for industry and services in the hill country of Rio de Janeiro State. It distributes electricity to over 100 thousand consumers, or a population of around 190 thousand people.

COMPANY RESULTS:

Energisa Nova Friburgo recorded net income of R\$2.3 million in 2014, against R\$6.9 million in 2013. Operating cash generation (adjusted EBITDA) came to R\$12.8 million in 2014, vs. R\$17.0 million in 2013, a 24.7% drop largely because revenue growth failed to keep pace with rising costs of purchased energy.



The chart below shows the Company's net income and cash generation.

Breakdown of cash generation (Amounts in R\$ million)	Year		
	2014	2013	Chg. %
(=) Net Income	2.3	6.9	- 66.7
(-) Social contribution and income tax	(0.8)	(3.1)	- 74.2
(-) Financial result	(3.3)	(1.1)	+ 200.0
(-) Depreciation and amortization	(4.9)	(4.5)	+ 8.9
(=) Cash generation (EBITDA)	11.3	15.6	- 27.6
(+) Income from interest on late payment	1.5	1.4	+ 7.1
(=) Adjusted cash generation (Adjusted EBITDA)	12.8	17.0	-24.7
Adjusted EBITDA Margin (%)	11.2	17.0	- 5.7 p.p

At the Annual General Meeting, the Company's management is going to propose paying dividends for fiscal year 2014 in the amount of R\$537.9 million (R\$33.0071114 per share) on a date to be determined.

Operating expenses totaled R\$107.5 million in 2014, up 21.1% (R\$18.7 million) year-over-year. Controllable expenses (personnel, material and third-party services) rose by 8.9% (R\$2.4 million) to R\$29.5 million. In turn, non-controllable expenses on electricity purchase and transmission increased by 22.7% (R\$11.3 million).

Energisa Nova Friburgo invested R\$8.3 million throughout 2014, mainly in projects designed to improve service quality and client satisfaction, and achieved a 99.9% energy availability rate. Some of these investments were: the wall of Conselheiro Paulino substation was reinforced and the equipment in the control room was raised; a 3.6 MVA capacitor bank was installed at Conselheiro Paulino

substation; the design for the 69kV JAP-CPO distribution line was completed and the license for the project was obtained; the Spare Parts project for circuit reclosers was completed; spare equipment for substations was purchased; and the Conquista-Conquista feeder was refurbished.

It is also important to note SAIDI and SAIFI improved in 2014, owing to both the company's investments, based on correct planning for system needs, and specific initiatives undertaken. SAIDI and SAIFI improved by 22.1% and 29.1% respectively.

Focusing on the quality of power supply and client services is a constant priority for Energisa Nova Friburgo. As a result, the Company's operational indicators are always among the best in Brazil.

Electricity loss management: in 2014, the Company achieved—once again—excellent results in its fight against electricity losses, which fell by 0.17p.p. year-over-year to 5.0%.

Default management: the default rate rose slightly by 0.06p.p. to 1.15% in 2014, against 1.09% in 2013.

Energy market: electricity sales to end consumers (captive market) in Energisa Nova Friburgo's concession area totaled 343.3GWh in 2014, a 1.4% increase in relation to 2013. Total electricity distributed in 2014 amounted to 344.0 GWh, against the 339.6 GWh registered the year before.

ENERGISA BORBOREMA

Energisa Borborema, which became part of Grupo Energisa in 2007, distributes electricity to 196 thousand clients and a population of around 500 thousand people in Campina Grande, Lagoa Seca, Queimadas, Fagundes, Massaranduba and Boa Vista, in the state of Paraíba.

COMPANY RESULTS

Energisa Borborema recorded net income of R\$2.6 million in 2014, vs. R\$9.5 million in 2013. In turn, operating cash generation (adjusted EBITDA) came to R\$14.2 million, vs. R\$21.7 million in 2013, a 34.6% drop largely due to the rising costs of purchased energy due to low rainfall in Brazil in 2014.



The chart below shows the Company's consolidated net income and cash generation.

Breakdown of cash generation (Amounts in R\$ million)	Year		
	2014	2013	Chg. %
(=) Net Income	2.6	9.5	- 72.6
(-) Social contribution and income tax	(0.1)	(2.1)	- 95.2
(-) Financial result	(3.0)	(2.2)	+ 36.4
(-) Depreciation and amortization	(5.8)	(5.2)	+ 11.5
(=) Cash generation (EBITDA)	11.5	19.0	- 39.5
(+) Income from interest on late payment	2.6	2.7	- 3.7
(=) Adjusted cash generation (Adjusted EBITDA)	14.1	21.7	-35.0
Adjusted EBITDA Margin (%)	7.6	12.7	- 5.1 p.p

Operating expenses totaled R\$180.9 million in 2014, up 14.9% (R\$23.4 million) year-over-year. Controllable expenses (personnel, material and third-party services) rose by 13.1% (R\$3.7 million) to R\$32.0 million. In turn, non-controllable expenses on electricity purchase and transmission increased by 9.1% (R\$9.7 million).

At the Annual General Meeting, the Company's management is going to propose paying dividends for fiscal year 2014 in the amount of R\$1.5 million (R\$5.06547769 per share) on a date to be determined.

Energisa Borborema invested around R\$20.5 million in 2014, mainly in projects to improve service quality, regularize illegal connections, build power lines and connect new

clients. Some of these investments were: the Campina Grande II/Aeroclube HVDL was built; the assets received from CHESF were refurbished; MV feeders were refurbished.

It is also important to note SAIDI and SAIFI continued improving, owing to the company's investments, based on correct planning for system needs. SAIDI and SAIFI fell by 9.2% and 9.1% respectively.

Committed to improving its operational activities continuously, the Company has been consistently able to maintain its results among the best in Brazil.

Electricity loss management: in 2014, the Company achieved—once again—good results in its fight against electricity losses, which fell by 0.10p.p. year-over-year to 5.90%. In fact, the Company's energy losses are among the lowest in Brazil.

Default management: the default rate, considering amounts not received for energy sold over the last 12 months, was also one of the highlights in 2014. It fell from 0.89% in 2013 to 0.77% in 2014, just like the number of monthly billings outstanding, which dropped from 0.54% in 2013 to 0.51% in 2014.

Energy market: electricity sales to end consumers (captive market) in Energisa Borborema's concession area, plus electricity sold to free consumers (TUSD), came to 699.5GWh in 2014, 3.3% up on 2013. Consumption was driven by the commercial class, whose consumption increased by 5.5% in 2014. In turn, industrial consumption, considering both the captive and free markets, rose by 1.2%.

ENERGISA SERGIPE



In 2014, Energisa Sergipe distributed electricity to over 708 thousand consumers in 63 of the 75 cities and towns in the state of Sergipe, over an area of 17,465 sq. km.

It was also among the nine best distributors in Brazil and was ranked the third best in the Northeast Region by ABRADEE.

COMPANY RESULTS

Energisa Sergipe recorded net income of R\$102.2 million in 2014, against R\$45.6 million in 2013, a 124.1% rise. This sharp rise is due largely to the increase in net revenues from energy sales and components of Part A (CVA, or *Conta de Compensação de Variação de Valores de Itens da Parcela A*, or Tracking Account for the Variation in the Items Included in Part A), as well as a fall in net financial expenses. Net income in 4Q14 amounted to R\$52.9 million, vs. R\$12.5 million in 4Q13, a 323.2% rise.

Operating cash generation (adjusted EBITDA) amounted to R\$223.9 million in 2014, against R\$176.9 million in 2013, a 26.6% increase. Adjusted EBITDA amounted to R\$99.4 million in 4Q14, up 149.1% from 4Q13.

**“IN 2014, ENERGISA SERGIPE
DISTRIBUTED ELECTRICITY TO OVER
708 THOUSAND CONSUMERS IN
63 OF THE 75 CITIES AND TOWNS
IN THE STATE OF SERGIPE, OVER AN
AREA OF 17,465 SQ. KM”**

The chart below shows the Company's consolidated net income and cash generation.

Breakdown of cash generation (Amounts in R\$ million)	Year		
	2014	2013	Chg.%
(=) Net Income	102.2	45.6	+ 124.1
(-) Social contribution and income tax	(11.8)	(4.9)	+ 140.8
(-) Financial result	(48.5)	(68.4)	- 29.1
(-) Depreciation and amortization	(48.0)	(45.3)	+ 6.0
(=) Cash generation (EBITDA)	210.5	164.2	+ 28.2
(+) Income from interest on late payment	13.4	12.7	+ 5.5
(=) Adjusted cash generation (Adjusted EBITDA)	223.9	176.9	+ 26.6
Adjusted EBITDA Margin (%)	24.6	24.3	+ 0.3 p.p

The Company has paid interim dividends for fiscal year 2014, in the amount of R\$46.7 million, as follows:

- i) R\$16.4 million, or R\$84.13169118 per share, on June 11, 2014
- ii) R\$10.7 million, or R\$54.5871405 per share, on September 4, 2014 and
- iii) R\$19.6 million, or R\$100.251139334 per share, on January 19, 2015.

The Company will be paying supplementary dividends totaling R\$20.2 million (R\$103.321948862 per share) on a date to be determined. Total dividends for fiscal year 2014 will amount to R\$66.9 million.

Operating expenses totaled R\$749.5 million in 2014, up 23.1% (R\$140.4 million) year-over-year. Controllable expenses (personnel, material and third-party services) rose by 8.4% (R\$11.3 million) to R\$145.5 million. In turn, non-controllable expenses on energy purchase and transmission climbed by 27.6% (R\$97.3 million).

In 2014, Energisa Sergipe invested heavily in its high and medium voltage systems, focusing on projects to improve the service quality. Investments in 2014 totaled R\$90.0 million (vs.

R\$79.8 million in 2013), highlighting: the installed capacity in Aracaju, the capital of Sergipe State, was expanded when the new Cabrita substation (20/25 MVA) went into service; Monte Alegre substation (5 MVA), in Sergipe State, and new high-voltage distribution lines (69 kV) were constructed; protected medium voltage power lines were expanded; automatic reclosers and fault indicators were installed; the Carmópolis substation was expanded to 10/12.5 MVA; hundreds of low voltage circuits were refurbished.

Energisa Sergipe also invested heavily in *Programa de Universalização do Uso da Energia Elétrica* (Program for the Universalization of Electricity Use) since it had concluded new electrical connections for around 1.2 thousand families living in rural areas, benefiting approximately 5.8 thousand rural dwellers, by the end of 2014. Investments in this Program—a partnership between the Brazilian Federal Government, the State Government and Energisa Sergipe—amounted to R\$260 million between 2004 to 2014.

The Company focuses constantly on client satisfaction, as well as on the quality of power supply and client services. Energisa Sergipe has been investing continuously in network improvements and in its staff to fulfill the expectations of its shareholders, society and clients as efficiently as possible.

Electricity loss management: in line with the Company's strategic goals and regulatory requirements, Energisa Sergipe has been adopting more efficient methods to select inspection lists, combined with structuring measures to shield networks and power meters. This allowed teams to work more productively and reduced costs in detecting and eliminating electricity fraud and theft. Technical losses fell from 6.81% in 2013 to 6.58% in 2014 whereas commercial losses in the low voltage segment dropped from 6.65% in 2013 to 6.50% in 2014. However, non-technical losses rose by 0.34p.p. year-over-year, from 2.22% in 2013 to 2.56% in 2014, which led to a 0.10p.p. increase in total losses in 2014.

Default management: outstanding accounts receivable (unpaid monthly electricity bills) fell by 9.9% in 2014. However, the default rate climbed slightly by 0.02p.p., from 1.29% in 2013 to 1.31% in 2014. This increase occurred because public bodies paid electricity bills late.

Energy market: in 2014, electricity sales to end consumers (captive market) in Energisa Sergipe's concession area, plus energy sold to free consumers (TUSD), totaled 3,207.8GWh, up 2.5% year-over-year. Consumption was driven by the residential and commercial classes, whose consumption increased by 5.1% in 2014. In turn, industrial consumption, considering both the captive and free markets, rose by 0.1% in 2014. Total electricity distributed in 2014 amounted to 3,487.2GWh, against 3,370.3GWh in 2013.

DISTRIBUTORS ACQUIRED FROM GRUPO REDE

In 2014, Grupo Energisa made a great stride in the strategy of expanding its services in Brazil. On April 11, the Company completed the acquisition of Grupo Rede's distributors. As a result, the Group now owns eight distributors. All of them will soon be including the "Energisa" prefix in their names.

CAIUÁ

Formerly known as Companhia Elétrica Caiuá, the company was established in 1929 in connection with the foundation of city of Presidente Prudente, São Paulo State, and the consolidation of Cia. Marcondes de Colonização, Indústria e Comércio and Empresa Elétrica de Presidente Prudente Ltda.

Caiuá went public in 1966 and was acquired by Rede Energia in 1985. Since September 2012, it had been managed by ANEEL. Grupo Energisa took over the five electricity distributors that comprised Rede Sul Sudeste, including Caiuá, in April 2013, after submitting a Plan for Reorganization and Correction of Faults and Violations in Grupo Rede.

At present, Caiuá serves 24 cities and towns in the Alta Sorocabana and Alta Paulista regions, with over 550 thousand inhabitants.

Company results

Caiuá recorded net income of R\$20.1 million in 2014, against a net loss of R\$42.6 million in 2013. Operating cash generation (adjusted EBITDA) amounted to R\$54.8 million in 2014, vs. a negative R\$5.5 million in 2013. This performance resulted largely from the 17.9% rise in net operating revenue, coupled with a 4.7% fall in operating expenses, not considering construction costs.

The chart below shows the Company's net income and cash generation.

Breakdown of cash generation (Amounts in R\$ million)	Year		
	2014	2013	Chg. %
(=) Net Income	20.1	(42.6)	-
(-) Social contribution and income tax	1.9	8.8	- 78.4
(-) Financial result	(17.7)	(21.9)	- 19.2
(-) Depreciation and amortization	(14.7)	(20.2)	- 27.2
(=) Cash generation (EBITDA)	50.6	(9.3)	-
(+) Income from interest on late payment	4.2	3.8	+ 10.5
(=) Adjusted cash generation (Adjusted EBITDA)	54.8	(5.5)	-
Adjusted EBITDA Margin (%)	15.4	(1.8)	+ 17.2 p.p

Operating expenses totaled R\$320.9 million in 2014, down 3.4% (R\$11.3 million) year-over-year. Controllable expenses (personnel, material and third-party services) rose by 9.3% (R\$4.8 million) to R\$56.3 million. Non-controllable expenses on electricity purchase and transmission increased by 12.8% (R\$25.5 million) due to rising costs of electricity, resulting from low rainfall in Brazil in 2014.

To improve service quality, the company invested R\$29.7 million in 2014, mainly in: acquiring fixed capacitor banks for feeders, totaling 29.7MVar; acquiring a 20/25/30MVA transformer for 88/34.5kV P1 substation; acquiring two 10/12.5MVA transformers for 34.5/13, 8-11.4kV Santo Anastácio substation;

automating 15 line reclosers; acquiring a 10/12.5MVA voltage regulator for 11.4 kV Álvares Machado substation; and adjusting the busbar of P4 and P5 substations to 30MVA.

Concerning operational performance, it is important to note SAIFI (System Average Interruption Frequency Index) fell to 7.70 hours in 2014 owing to the company's investments, based on correct planning for system needs.

Focusing on top quality power supply and client services is a constant priority for Caiuá, whose operational indicators have been improving.

Electricity loss management: fighting electricity theft and fraud remains the focus of the company's management initiatives. As a result, the Company has been recording low electricity losses. In fact, they stood at 8.09% in 2014, vs. 7.95% in 2013.

Default management: the default rate fell by 16.8%, from 1.31% in 2013 to 1.09% in 2014.

Energy market: electricity sales to end consumers (captive market) in Caiuá's concession area, plus electricity sold to free consumers (TUSD), totaled 1,175.3GWh in 2014, 4.5% up on 2013. Consumption was driven by the commercial class, whose consumption increased by 8.7% in 2014. In turn, industrial consumption, considering both the captive and free markets, rose by 5.3% in 2014. Total electricity distributed in 2014 amounted to 1,194.3GWh, against 1,128.1GWh in 2013.

Caiuá closed the year with 233,192 captive consumer units, 2.6% up on 2013, in addition to six free consumers.

ENERGISA MATO GROSSO

Energisa Mato Grosso, formerly named Centrais Elétricas Matogrossenses (CEMAT), was the first hydropower plant founded in Mato Grosso State, in 1928. The company harnessed the potential of the Casca River, in Cuiabá. Due to increased demand for power supply, it constructed another hydropower plant in the same river in the 1950s. Over the years, the company's business was expanded to include the construction and operation of energy generation, transmission and transformation systems, in addition to power distribution.

The company went public in October 1994 and was managed by the State Government, jointly with Eletrobrás, under intervention of BNDES [*Banco Nacional de Desenvolvimento Econômico e Social*, or the Brazilian National Bank for

Economic and Social Development], from September 1996 to December 1997. Both institutions conducted the privatization of the Company, which was acquired by Rede Energia at an auction in November 1997. Under ANEEL intervention since September 2012, the Company has belonged to Grupo Energisa since April 2014.

It currently distributes electricity to Mato Grosso State in a concession area of 903 thousand sq. km., benefiting over 3.2 million inhabitants in 141 cities and towns.

Another milestone in Energisa Mato Grosso do Sul's history was being ranked second in the 2014 IASC (*Índice ANEEL de Satisfação do Consumidor*, or ANEEL Consumer Satisfaction Index) award, in the Center-West Region.

Company results

Energisa Mato Grosso recorded net income of R\$104.8 million in 2014, vs. a net loss of R\$382.7 million in 2013. Operating cash generation (adjusted EBITDA) shot up from a negative R\$6.8 million in 2013 to R\$418.7 million in 2014.

The chart below shows the Company's net income and cash generation (EBITDA).

Breakdown of cash generation (Amounts in R\$ million)	Year		
	2014	2013	Chg. %
(=) Net Income	104.8	(382.7)	-
(-) Social contribution and income tax	140.6	19.0	+ 642.5
(-) Financial result	(258.6)	(252.5)	- 0.7
(-) Depreciation and amortization (*)	(155.8)	(111.2)	+ 40.1
(=) Cash generation (EBITDA)	378.6	(38.0)	-
(+) Income from interest on late payment	40.1	31.2	+ 28.5
(=) Adjusted cash generation (Adjusted EBITDA)	418.7	(6.8)	-
Adjusted EBITDA Margin (%)	15.9	(0.3)	+ 16.2 p.p

(*) Including PIS and Cofins credits (9.25%)

Operating expenses totaled R\$2,415.1 million in 2014, down 1.9% (R\$47.0 million) year-over-year. Controllable expenses rose by 4.5% (R\$18.2 million) to R\$422.3 million. In turn, non-controllable expenses on energy purchase and transmission climbed by 13.4% (R\$171.5 million), basically due to rising electricity costs, resulting from low rainfall in Brazil in 2014.

Energisa Mato Grosso invested R\$304.2 million, mainly in projects designed to improve service quality. Some of these investments were: advancing toward the goal of universalizing electricity access in urban areas; maintenance of medium and low voltage networks; expanding the distribution network; improving the voltage level; fighting electricity theft; upgrading the undergrounding system; installing different equipment—voltage regulators/circuit reclosers/capacitor banks; installing remotely-operated switches and upgrading the distribution network.

It is also important to note the continuity indicators, SAIDI (System Average Interruption Duration Index) and SAIFI (System Average Interruption Frequency Index), improved in 2014 owing to both the company's investments, based on correct planning for system needs, and specific initiatives undertaken in 2014 in connection with the Service Quality Improvement Plan, which focuses on maintenance work and investments in feeders depending on relevance for overall indicators. The main initiatives were: inspecting and performing preventive maintenance in structures used in a larger number of operations; interconnecting circuits, installing automated circuit reclosers; pruning tree; cleaning rights of way; establishing a regular maintenance schedule.

Focusing on the quality of power supply and client services is a constant priority for Energisa Mato Grosso, whose operational indicators have been improving consistently.

Electricity loss management: the Company achieved—once again—excellent results in its fight against electricity losses, which fell by 2.67p.p. year-over-year to 17.1% in 2014. This success resulted from initiatives undertaken throughout the year, such as approaching and negotiating with the community, inspecting upscale neighborhoods areas in a targeted manner and investing in technology.

Default management: the default rate fell by 3.2%, from 2.21% in 2013 to 2.14% in 2014.

Energy market: in 2014, electricity sales to end consumers (captive market) in Energisa Mato Grosso's concession area, plus electricity sold to free consumers (TUSD), totaled 7,941.0GWh, rising significantly by 7.1% year-over-year, in comparison to an average growth of 2.2% in Brazil and 5.3% in the Center-West Region. Consumption rose considerably in all captive classes, mainly in the residential class, whose consumption grew by 10.0% in the year. Considering both captive and free markets, industrial consumption grew 1.8% in 2014. Total electricity distributed in 2014 amounted to 8,015.2GWh, against the 7,407.5GWh in 2013.

Energisa Mato Grosso closed the year with 1,269,581 captive consumer units, up 4.1% year-over-year, as well as 87 free consumers.

ENERGISA TOCANTINS

Companhia de Energia Elétrica do Estado do Tocantins (CELTINS), as the company was named before being acquired by Grupo Energisa, was founded in March 1989 and privatized in September of the same year, when its controlling interest was acquired by Grupo Rede through Caiuá. It was the first state electric utility to be privatized in Brazil. It dates back to 1988, when the Brazilian Federal Constitution enacted that year split Goiás State into two parts, the northernmost of which became Tocantins State.

Rede Energia won the public auction for the concession to distribute electricity throughout Tocantins State a year later.

Energisa Tocantins is present in an area of 277,621 sq. km., in 139 cities and towns in Tocantins State, benefiting over 546 thousand clients.

Energisa Tocantins won the first runner-up award in the ANEEL Consumer Satisfaction Index, in the North Region, in 2014, which shows the company's quality as an electricity distributor.

Company results

Energisa Tocantins recorded net income of R\$66.8 million in 2014, against a net loss of R\$156.3 million in 2013. Operating cash generation (adjusted EBITDA) amounted to R\$94.2 million in 2014, vs. a negative R\$98.6 million in 2013.

The chart below shows the Company's net income and cash generation.

Breakdown of cash generation (Amounts in R\$ million)	Year		
	2014	2013	Chg. %
(=) Net Income	66.8	(156.3)	-
(-) Social contribution and income tax	27.1	26.9	+ 0.7
(-) Financial result	4.8	(30.6)	-
(-) Depreciation and amortization	(43.9)	(42.0)	+ 4.5
(=) Cash generation (EBITDA)	78.8	(110.6)	-
(+) Income from interest on late payment	15.4	12.0	+ 28.3
(=) Adjusted cash generation (Adjusted EBITDA)	94.2	(98.6)	-
Adjusted EBITDA Margin (%)	12.0	(14.6)	+ 26.6 p.p

Operating expenses totaled R\$750.6 million in 2014, down 9.1% (R\$75.3 million) year-over-year. Controllable expenses (personnel, material and third-party services) rose by 16.6% (R\$28.5 million) to R\$200.1 million. In turn, non-controllable expenses on energy purchase and transmission climbed by 29.1% (R\$87.6 million), basically due to rising electricity costs, resulting from low rainfall in Brazil in 2014.

Energisa Tocantins invested R\$95.6 million in 2014 to improve service quality. Some of these investments were: constructing Arraias substation, fed by the 138kV line and with capacity of 15 MVA. The substation serves the towns of Novo Alegre, Combinado, Lavandeiras, Aurora, Taguatinga, Ponte Alta do Bom Jesus, Novo Jardim, Dianópolis, Taipas, Conceição, Paranã and Arraias; constructing the 69kV Araguatins substation, with a capacity of 10/12.5 MVA. The substation serves the towns of Araguatins, São Bento, Axixá,

Esperantina, Sítio Novo and Buriti do Tocantins; the 61-km long 34.5kV Porto Nacional/Silvanópolis/Ipueiras distribution line, which serves the central area of the State; and installing 14 towers to expand the VHF communications system, an automatic system to receive and relay signals, thus allowing communications to cover a larger area. The repeaters are fully solar-powered to cover the entire concession area.

It is also important to note SAIDI and SAIFI fell in 2014, owing to both the company's investments, based on correct planning for system needs, and specific initiatives undertaken. SAIDI and SAIFI improved by 14.6% and 19.0% respectively.

Focusing on top quality power supply and client services is a constant priority for Energisa Tocantins, whose operational indicators have been improving.

Electricity loss management: fighting electricity theft and fraud remains the focus of the company's management initiatives. As a result, the Company has been recording low electricity losses. Losses stood at 14.01% in 2014, down 0.69p.p. year-over-year.

Default management: the default rate fell by 11.1%, from 2.62% in 2013 to 2.33% in 2014.

Energy market: in 2014, electricity sales to end consumers (captive market) in Energisa Tocantins's concession area, plus energy sold free consumers (TUSD), totaled 1,965.0GWh, up 7.5% year-over-year. Consumption was driven by the industrial class, whose consumption increased by 11.1% in 2014, considering both the captive and free markets. Total electricity distributed in 2014 amounted to 1,969.1GWh, against 1,828.7GWh in 2013.

Energisa Tocantins closed the year with 546,415 captive consumer units, 4.2% up on 2013, as well as seven free consumers.

ENERGISA MATO GROSSO DO SUL

Founded in 1979, Energisa Mato Grosso do Sul (Enersul's new corporate name) was responsible for supplying electricity to Mato Grosso do Sul State. Some cities with their own electrical systems were incorporated into the state in the 1980s. As a result, seven new substations went into operation then.

Later, in 1990s, two important changes marked the company's history: a new corporate name (Empresa Energética de Mato Grosso do Sul) and the privatization

process, whereby the company was acquired by Escelsa. In 2003, the Company became part of Grupo EDP – Electricidade de Portugal. In September 2008, Rede Energia took over the distributor.

At present, the utility distributes 4,452GWh to 938 thousand captive clients and serves 74 out of the 79 municipalities in Mato Grosso do Sul State, whose population is 2.4 million inhabitants.

In 2014, Energisa Mato Grosso do Sul was elected the best company in the Center-West Region and ranked third

in Brazil in the ANEEL Consumer Satisfaction Index. Additionally, the company won the 2014 ABRADÉE Award for Best Distributor in the North/Center-West Regions. This shows the top quality of its electricity distribution services.

Company results

Energisa Mato Grosso do Sul recorded net income of R\$33.4 million in 2014, vs. a net loss of R\$21.1 million in 2013. Operating cash generation (adjusted EBITDA) shot up by 70.8% year-over-year to R\$209.2 million in 2014.

The chart below shows the Company's net income and cash generation (EBITDA).

Breakdown of cash generation (Amounts in R\$ million)	Year		
	2014	2013	Chg. %
(=) Net Income	33.4	(21.1)	-
(-) Social contribution and income tax	(18.0)	4.7	-
(-) Financial result	(57.9)	(41.5)	+ 39.5
(-) Depreciation and amortization	(68.1)	(71.6)	- 4.9
(=) Cash generation (EBITDA)	177.4	87.3	+ 103.2
(+) Income from interest on late payment	31.8	35.2	- 9.7
(=) Adjusted cash generation (Adjusted EBITDA)	209.2	122.5	+ 70.8
Adjusted EBITDA Margin (%)	12.6	8.4	+ 4.2 p.p

Operating expenses totaled R\$1,554.2 million in 2014, up 7.4% (R\$106.8 million) year-over-year. Controllable expenses rose by 12.0% (R\$30.4 million) to R\$284.6 million. In turn, non-controllable expenses on energy purchase and transmission climbed by 22.7% (R\$167.4 million), due to rising electricity costs, resulting from low rainfall in Brazil in 2014.

At the Annual General Meeting, the Company's management is going to propose paying dividends for fiscal year 2014 in the amount of R\$29.4 million (R\$0.46652600021 per lot of 1,000 shares) on a date to be determined.

Energisa Mato Grosso do Sul invested R\$219.7 million in 2014, mainly in projects designed to improve service quality. Some of these investments were: constructing a new 69/13.8 kV distribution substation, in Águas de Miranda region; acquiring a 138 kV-40 MVA mobile transformer; acquiring a 138 kV-45 MVA transformer for

strategic reserve purposes; expanding Iguatemi Substation by building a 138 kV section; upgrading the oil drainage systems in 4 substations; implementing projects to fight non-technical losses; expanding the transforming capacity of 11 substations; and the carrying out the Service Quality Improvement Program, highlighting the Self-Healing Project in Campo Grande, Dourados, Paranaíba and Corumbá, by installing 214 circuit reclosers.

It is also important to note SAIFI fell in 2014, owing to both the company's investments, based on correct planning for system needs, and specific initiatives undertaken.

Focusing on top quality power supply and client services is a constant priority for Energisa Mato Grosso do Sul. As a result, the Company's operational indicators have been improving consistently.

Electricity loss management: the Company achieved—once again—better results in its fight against electricity losses, which fell by 2.48p.p. year-over-year to 14.73% in 2014.

Default management: the default rate fell by 5.2%, from 2.52% in 2013 to 2.39% in 2014.

Energy market: in 2014, electricity sales to end consumers (captive market) in Energisa Mato Grosso do Sul's concession area, plus electricity sold to free consumers (TUSD), totaled 4,940GWh, rising significantly by 8.6% year-over-year, in comparison to an average growth of 2.2% in Brazil and 5.3% in the Center-West Region. Consumption was driven by the residential class, whose consumption rose by 11.5% in 2014. Considering both the captive and the free market, industrial consumption grew 6.7% in 2014. Total electricity distributed in 2014 amounted to 5,159GWh, against 4,522GWh in 2013.

Energisa Mato Grosso do Sul closed the year with 938,105 captive consumer units, up 3.7% year-over-year, as well as 67 free consumers.

COMPANHIA FORÇA E LUZ DO OESTE

Founded in 1909, Companhia Força e Luz do Oeste distributes electricity in the city of Guarapuava, Paraná State. It was formerly called Empresa de Eletricidade de Guarapuava Silvio Colle e Ciscato and was taken over by Schlumberger e Cia. in 1952. Only in 1958 was it renamed Companhia Força e Luz do Oeste. It became part of Rede Energia in 1955 and started being managed by ANEEL in September 2012. In April 2014, it was taken over by Grupo Energisa.

Companhia Força e Luz do Oeste distributes electricity to over 55 thousand clients in a concession area of 1,200 sq. km.

Company results

In 2014, Companhia Força e Luz do Oeste recorded net income of R\$4.9 million, against R\$1.9 million in 2013, up an impressive 157.9%. Operating cash generation (adjusted EBITDA) came to R\$11.9 million in 2014, vs. R\$7.6 million in 2013, a 56.6% rise largely due to a 28.4% growth in net revenue, coupled with a 23.7% increase in operating expenses.

The chart below shows the Company's cash generation.

Breakdown of cash generation (Amounts in R\$ million)	Year		
	2014	2013	Chg. %
(=) Net Income	4.9	1.9	+ 157.9
(-) Social contribution and income tax	(3.5)	(0.9)	+ 288.9
(-) Financial result	(0.2)	(1.4)	- 85.7
(-) Depreciation and amortization	(2.1)	(2.3)	- 8.7
(=) Cash generation (EBITDA)	10.7	6.5	+ 64.6
(+) Income from interest on late payment	1.2	1.1	+ 9.1
(=) Adjusted cash generation (Adjusted EBITDA)	11.9	7.6	+ 56.6
Adjusted EBITDA Margin (%)	13.6	11.2	+ 2.4 p.p

Operating expenses totaled R\$78.7 million in 2014, up 23.7% (R\$15.1 million) year-over-year. Controllable expenses (personnel, material and third-party services) rose by 21.4% (R\$2.4 million) to R\$13.6 million. Non-controllable expenses on electricity purchase and transmission increased by 18.7% (R\$9.0 million) due to rising energy costs, resulting from low rainfall in Brazil in 2014.

At the Annual General Meeting, the Company's management is going to propose paying dividends for fiscal year 2014 in the amount of R\$4.9 million (R\$0.01433180831 per share of stock) on a date to be determined.

Companhia Força e Luz do Oeste invested R\$4.7 million in 2014 to improve service quality. Some of these investments were: acquiring and automating four line reclosers; and laying 1km and replacing 3.2km of cables for Trevo feeder.

Focusing on the quality of power supply and client services is a constant priority for Companhia Força e Luz do Oeste, whose operational indicators have been improving consistently.

Electricity loss management: fighting electricity theft and fraud remains the focus of the company's management initiatives. As a result, the Company has been recording low electricity losses. In fact, they stood at 3.93% in 2014, vs. 3.42% in 2013.

Default management: outstanding accounts receivable (unpaid monthly electricity bills) rose by 8.3% in 2014. The default rate climbed slightly by 0.31p.p., from 1.45% in 2013 to 1.76% in 2014.

Energy market: electricity sales to end consumers (captive market) in Companhia Força e Luz do Oeste's concession area, plus electricity sold to free consumers (TUSD), totaled 298.6GWh in 2014, 3.5% up on 2013. Consumption was driven by the commercial class, whose consumption increased by 9.9% in 2014. In turn, industrial consumption, considering both the captive and free markets, expanded by 0.2% in 2014. Total electricity distributed in 2014 amounted to 298.0GWh, against the 288.6GWh in 2013.

Companhia Força e Luz do Oeste closed the year with 55,622 captive consumer units, up 2.6% year-over-year, as well as one free consumer.

COMPANHIA NACIONAL DE ENERGIA ELÉTRICA

Companhia Nacional de Energia Elétrica ("Nacional" or "CNEE") is the successor to Empresa Elétrica de Catanduva and used a diesel generators in its first years of operations. A few years later, it conducted studies to build a hydropower plant on the Ribeirão dos Porcos River, between the towns of Itápolis and Borborema. The plant was built in 1921.

It was opened in 1923 and named Reynaldo Gonçalves. Nacional's operating area expanded, and the company acquired the concession to supply electricity to other cities and towns. It became part of Rede Energia in 1984 and started being managed by ANEEL in September 2012. Later, it was acquired by Grupo Energisa.

Continuing its inspiring history, Nacional won the 2014 ABRADÉE Award—one of the top awards in the Brazilian electricity industry—in three out of four categories: Social Responsibility, Client Evaluation and Brazil's Best Distributor of its size.

At present, it serves 110,687 clients and a population of roughly 300 thousand inhabitants in 15 cities and towns in the state of São Paulo, over an area of 4,500 sq. km.

Company results

CNEE recorded net income of R\$25.1 million in 2014, vs. R\$19.4 million in 2013, a 29.4% rise. Operating cash generation (adjusted EBITDA) came to R\$34.4 million in 2014, vs. R\$37.5 million in 2013, a 8.3% drop largely due to rising costs of purchased energy.

The chart below shows the Company's net income and cash generation.

Breakdown of cash generation (Amounts in R\$ million)	Year		
	2014	2013	Chg. %
(=) Net Income	25.1	19.4	+ 29.4
(-) Social contribution and income tax	(14.7)	(9.7)	+ 51.5
(-) Financial result	13.6	0.5	+ 2.620.0
(-) Depreciation and amortization	(6.2)	(7.1)	- 12.7
(=) Cash generation (EBITDA)	32.4	35.7	- 9.2
(+) Income from interest on late payment	2.0	1.8	+ 11.1
(=) Adjusted cash generation (Adjusted EBITDA)	34.4	37.5	- 8.3
Adjusted EBITDA Margin (%)	18.5	25.4	- 6.9 p.p

The Company is going to pay dividends for fiscal year 2014, in the amount of R\$26.2 million, or R\$11.07866346 per share. These dividends will be paid on a date to be determined.

Operating expenses totaled R\$160.0 million in 2014, up 34.5% (R\$41.0 million) year-over-year. Controllable expenses (personnel, material and third-party services) rose by 18.9% (R\$4.6 million) to R\$28.9 million. Non-controllable expenses on electricity purchase and transmission increased by 23.9% (R\$21.8 million) due to rising electricity costs, resulting from low rainfall in Brazil in 2014.

Additionally, CNEE invested R\$16.9 million in 2014 to improve service quality. Some of these investments were: acquiring a fixed capacitor bank for feeders, totaling 12.3MVAR; acquiring 20/25/30 MVA, 15/20 MVA and 10/12.5MVA transformers respectively for 138/13.8kV Catanduva I, 69/34.5/13.8kV Urupês and 34.5/13.8kV Itajobi substations; and acquiring and automating 7 line reclosers.

Focusing on top quality power supply and client services is a constant priority for Nacional, whose operational indicators have been improving.

Electricity loss management: fighting electricity theft and fraud remains the focus of the company's management initiatives. As a result, the Company has been recording low electricity losses. In fact, they stood at 8.77% in 2014, vs. 8.20% in 2013.

Default management: the default rate fell by 29.5%, from 1.46% in 2013 to 1.03% in 2014. Outstanding accounts receivable (unpaid monthly electricity bills) fell by 6.3% in 2014.

It is also important to note SAIDI and SAIFI improved significantly in 2014, owing to both the company's investments, based on correct planning for system needs, and specific initiatives undertaken. SAIDI and SAIFI fell by 21.4% and 18.7% respectively.

Energy market: electricity sales to end consumers (captive market) in Nacional's concession area, plus electricity sold to free consumers (TUSD) in 2014, totaled 592.5GWh, 6.9% up on 2013. Consumption was driven by the rural class, whose consumption increased by 23.1% in 2014. In turn, industrial consumption, considering both the captive and free markets, rose by 1.6% in 2014. Total electricity distributed in 2014 amounted to 615.7GWh, against the 554.3GWh in 2013.

Nacional closed the year with 111,165 captive consumer units, 2.8% up on 2013, in addition to four free consumers.

EMPRESA ELÉTRICA BRAGANTINA

Based in Bragança Paulista, São Paulo State, Empresa Elétrica Bragantina ("Bragantina" or "EEB") was established in 1903. It was the first electric utility in the area. In 1941, Bragantina crossed the state line to offer its services in Extrema, in southern Minas Gerais State. However, Bragantina's expansion was affected by the coffee crisis in the 1950s, when dairy cattle farming became the main economic activity in the area.

As the local economic growth rebounded in the mid-1960s, the company, driven by that recovery, expanded its distribution lines, even to other cities in the state. Under ANEEL intervention since September 2012, the company has belonged to Grupo Energisa since April 2014.

In 2014, Bragantina was ranked second among electricity distributors in the South and Southeast Regions, on ANEEL's annual satisfaction survey.

Bragantina serves 147 clients and a population of roughly 332 thousand inhabitants in 15 cities and towns in the state of São Paulo, over an area of 3,453 sq. km.

Company results

EEB recorded net income of R\$30.0 million in 2014, vs. R\$6.6 million in 2013, a 354.5% rise. This performance resulted mainly from a rise in operating revenue, coupled with a fall in net operating expenses. Operating cash generation (adjusted EBITDA) amounted to R\$53.0 million in 2014, vs. R\$36.7 million in 2013, a 44.4% increase.

The chart below shows the Company's net income and cash generation.

Breakdown of cash generation (Amounts in R\$ million)	Year		
	2014	2013	Chg. %
(=) Net Income	30.0	6.6	+ 354.5
(-) Social contribution and income tax	(12.8)	1.3	-
(-) Financial result	0.8	(18.1)	-
(-) Depreciation and amortization	(8.2)	(10.5)	- 21.9
(=) Cash generation (EBITDA)	50.2	33.9	+ 48.1
(+) Income from interest on late payment	2.8	2.8	-
(=) Adjusted cash generation (Adjusted EBITDA)	53.0	36.7	+ 44.4
Adjusted EBITDA Margin (%)	21.6	17.3	+ 4.3 p.p

At the Annual General Meeting, the Company is going to propose paying dividends for fiscal year 2014, in the amount of R\$28.0 million, or R\$23.8559629805 per share. These dividends will be paid on a date to be determined.

Operating expenses totaled R\$203.2 million in 2014, up 7.3% (R\$14.0 million) year-over-year. Controllable expenses (personnel, material and third-party services) rose by 15.5% (R\$5.4 million) to R\$40.3 million. Non-controllable expenses on electricity purchase and transmission decreased by 0.6% (R\$0.8 million).

Bragantina invested R\$19.9 million in 2014, mainly in projects designed to improve service quality. Some of these investments were: acquiring a 12MVAR fixed capacitor bank for feeders; and acquiring and automating line reclosers.

It is also important to note SAIDI and SAIFI fell in 2014, owing to both the company's investments, based on correct planning for system needs, and specific initiatives undertaken. SAIDI and SAIFI fell by 14.9% and 22.3% respectively.

Focusing on top quality power supply and client services is a constant priority for Bragantina, whose operational indicators have been improving.

Electricity loss management: fighting electricity theft and fraud remains the focus of the company's management initiatives. As a result, the Company has been recording low electricity losses. In fact, they stood at 5.03% in 2014, vs. 4.98% in 2013.

Default management: outstanding accounts receivable (unpaid monthly electricity bills) fell by 6.3% in 2014. The default rate fell by 1%, from 1.05% in 2013 to 1.04% in 2014.

Energy market: electricity sales to end consumers (captive market) in Bragantina's concession area, plus electricity sold to free consumers (TUSD), totaled 1,110.8GWh in 2014, 1.8% up on 2013. Consumption was driven by the commercial class, whose consumption increased by 6.4% in 2014. In turn, industrial consumption, considering both the captive and free markets, slid by 0.7% in 2014.

Bragantina closed the year with 147,012 captive consumer units, 3.8% up on 2013, in addition to 12 free consumers.

VALE PARANAPANEMA

Empresa José Giorgi was commissioned by the São Paulo State Government to build 400km of extension lines for Sorocabana Railroad in 1912. As the works progressed, the gas lamps were replaced by electricity generated by steam engines and wood-burning boilers, also used by many residents of Assis, in the state of São Paulo.

Eight years later, the José Giorgi do Vale Paranapanema company is established and starts supplying electricity to the area. In 1940, it was renamed Vale Paranapanema ("EDEV"). In 1981, it was acquired by Rede Energia. Later, in September 2012, ANEEL intervened in its operations. Grupo Energisa acquired it in April 2014.

In the same year, Vale Paranapanema was ranked the best company in the South/Southeast Regions in the ANEEL Consumer Satisfaction Index.

At present, it serves 173,672 clients and a population of roughly 0.4 million inhabitants in 27 cities and towns in the state of São Paulo, over an area of 11,770 sq. km.

Company results

EDEVP recorded net income of R\$17.3 million in 2014, vs. R\$8.5 million in 2013, a 103.5% rise. Operating cash generation (adjusted EBITDA) came to R\$40.9 million in 2014, vs. R\$12.8 million in 2013, a steep rise of 219.5% largely due to an increase in net revenue in relation to an increase in operating expenses.

The chart below shows the Company's net income and cash generation.

Breakdown of cash generation (Amounts in R\$ million)	Year		
	2014	2013	Chg. %
(=) Net Income	17.3	8.5	+ 103.5
(-) Social contribution and income tax	(8.2)	14.4	-
(-) Financial result	(1.7)	(3.6)	- 52.8
(-) Depreciation and amortization	(11.0)	(12.7)	- 13.4
(=) Cash generation (EBITDA)	38.2	10.4	+ 267.3
(+) Income from interest on late payment	2.7	2.4	+ 12.5
(=) Adjusted cash generation (Adjusted EBITDA)	40.9	12.8	+ 219.5
Adjusted EBITDA Margin (%)	14.6	5.5	+ 9.1 p.p

Operating expenses totaled R\$252.7 million in 2014, up 7.4% (R\$17.5 million) year-over-year. Controllable expenses (personnel, material and third-party services) rose by 28.9% (R\$9.5 million) to R\$42.4 million. In turn, non-controllable expenses on energy purchase and transmission climbed by 23.8% (R\$35.7 million) due to rising electricity costs, resulting from low rainfall in Brazil in 2014.

Vale Parapananema invested R\$16.4 million in 2014, mainly in projects designed to improve service quality. Some of these investments were: installing 1.8 MVA at Assis I substation

and 0.9 MVA Assis III and Iepê substations; acquiring a fixed capacitor bank for feeders, totaling 19.2MVA; acquiring a 15/20MVA transformer for 88/40kV Ibirarema substation; and acquiring and automating 11 line reclosers.

Focusing on top quality power supply and client services is a constant priority for EDEVP, whose operational indicators have been improving.

Electricity loss management: fighting electricity theft and fraud remains the focus of the company's management initiatives. As a result, the Company has been recording low electricity losses. In fact, they stood at 7.65% in 2014, vs. 7.42% in 2013.

Management of receivables: outstanding accounts receivable (unpaid monthly electricity bills) fell by 9.4% in 2014. The default rate fell significantly by 37.0%, from 1.35% in 2013 to 0.85% in 2014.

Energy market: electricity sales to end consumers (captive market) in EDEVP's concession area, plus electricity sold to free consumers (TUSD), totaled 925.5GWh in 2014, 7.8% up on 2013. Consumption was driven by the commercial class, whose consumption increased by 9.4% in 2014. In turn, industrial consumption, considering both the captive and free markets, rose by 13.4% in 2014. Total electricity distributed in 2014 amounted to 941.2GWh, against the 858.2GWh in 2013.

Vale Paranapanema closed the year with 175,167 captive consumer units, 2.5% up on 2013, in addition to 3 free consumers.

KEY OPERATIONAL DATA FOR GRUPO ENERGISA'S DISTRIBUTORS

The key operational data for Grupo Energisa's distributors are shown in the chart below.

Description	EMG	ENF	ESE	EBO	EPB	EMT	EMS
Concession Area (sq. km.)	16,331	1,000	17,465	1,789	54,595	903,378	328,335
Municipalities Served	66	1	63	6	216	141	74
Number of Captive Consumers (thousand)	426	101	708	196	1,313	1,270	938
Population Served (thousands)	1,028	184	1,930	483	3,284	3,224	2,400
Transmission Assets							
Transmission lines in km	1,070	15,6	1,268	-	2,291	5,751	3,789
Distribution Assets							
Number of Substations	44	6	31	7	61	156	98
Substation Voltage (MVA)	901	152	680	165	1,146	3,030	2,163
Own Distribution Transformers	59,243	3,420	37,896	3,948	56,250	127,405	59,513
Capacity installed in Own Transformers (MVA)	1,145	206	740	151	1,234	2,110	1,727
Km of Distribution Lines and Networks	26,278	1,916	25,518	4,784	71,201	114,616	85,028

Key Operational Data on December 31, 2014 (cont'd)

Description	ETO	CAIUÁ	EDEVP	EEB	CNEE	CFLO	Energisa - Consolidated
Concession Area (sq. km.)	277,621	9,149	11,770	3,453	4,500	1,200	1,630,586
Municipalities Served	139	24	27	15	15	1	788
Number of Captive Consumers (thousand)	546	233	175	147	111	56	6,220
Population Served (thousand)	1,427	552	435	332	278	177	15,734
Transmission Assets							
Transmission lines in km	1,255	623	494	496	370	-	17,141
Distribution Assets							
Number of Substations	1,067	423	308	378	196	90	592
Substation Voltage (MVA)	82,224	8,581	7,634	6,610	3,135	1,779	11,475
Own Distribution Transformers	64,477	11,199	8,053	11,709	4,269	2,448	449,830
Capacity installed in Own Transformers (MVA)	1,067	423	308	378	196	90	9,775
Km of Distribution Lines and Networks	82,224	8,581	7,634	6,610	3,135	1,779	439,304



ELECTRICITY TRADER, GENERATORS AND SERVICE PROVIDERS

COMPANHIA TÉCNICA DE COMERCIALIZAÇÃO DE ENERGIA S/A

The company sells electricity of any type and from any source, including the purchase, import, export and sale of electric energy to other traders, consumers free to choose electricity suppliers or other parties allowed by the law to purchase electricity.

ENERGISA COMERCIALIZADORA DE ENERGIA LTDA.

Created in October 2005, this Energisa company trades electricity in the free contracting environment. Energisa Comercializadora offers integrated solutions to rationalize energy expenses and provides services for both the Group and third-party projects.

ENERGISA GERAÇÃO CENTRAIS EÓLICAS RN (SOLD IN MARCH 2015)

The complex comprises a wind farm with 75 wind turbines, encompassing the Group's five power plants in Rio Grande do Norte State (Renaissance I, II, III and IV, and São Miguel), and has an installed capacity of 150MW. It generates over 700GWh per year, enough to provide renewable energy for 1.4 million people.

ENERGISA BIOELETRICIDADE (SOLD IN MARCH 2015)

Energisa completed the acquisition of four Special Purpose Entities (SPEs) from Tonon Bioenergia, for around R\$150 million, in August 2012. The SPEs' asset and project portfolio amounts to an installed capacity of 170MW in thermal power plants fueled by sugarcane biomass, including: 85% of the capital stock of two operating thermal power plants fueled by sugarcane biomass, with 60MW of total installed capacity, and full rights to build and commercially exploit two other power plants with an additional 110 MW. The thermal plants are located in Bocaina, São Paulo State, and Maracaju, Mato Grosso do Sul State.

ENERGISA GERAÇÃO RIO GRANDE (SOLD IN MARCH 2015)

Santo Antônio SHPP, in Bom Jardim, Rio de Janeiro State, went into commercial operation on February 4, 2012, with two turbines with joint production capacity of 8MW of energy and annual generation of 42.0GWh. This is the last of the three projects under construction in the Rio Grande Basin, associated with 10MW Caju SHPP, in operation since February, 2011, and 13.2MW São Sebastião do Alto SHPP, in operation since September, 2011. The three plants have a combined installed capacity of 31.2MW and annual production of 157.4GWh.

ZÉ TUNIN SMALL HYDROPOWER PLANT (SOLD IN MARCH 2015)

The second generating unit of Zé Tunin SHPP, in Minas Gerais State, with installed capacity of 8MW, went into operation in January 2013.

CRISTINA ENERGIA SPE (SOLD IN MARCH 2015)

Cristina Energia SPE owns Cristina SHPP, with installed capacity of 3.8MW. It was acquired by Grupo Energisa in December 2011.

ENERGISA SOLUÇÕES

Energisa Soluções provides services for the electricity industry and offers innovative integrated high value-added solutions for energy generation, transmission and distribution companies, as well as major industrial clients. The Company owns 100% of Energisa Soluções Construções e Serviços em Linhas e Redes. The company provides the following services by segment among others:

- ✓ Hydropower Plants (HPPs), Thermal Power Plants and Small Hydropower Plants (SHPPs): operation, maintenance, automation, commissioning and engineering for owners.
- ✓ Transmission Lines and Substations: design, construction management, automation, maintenance, operation and commissioning.
- ✓ Industrial Services and Distribution: transformer maintenance and recovery.

ENERGISA SERVIÇOS AÉREOS DE AEROINSPEÇÃO

Energisa Serviços Aéreos de Aeroinspeção performs air and ground thermographic inspections of distribution and transmission lines of any voltage with maximum safety, speed and quality. It offers the market the best cost/benefit ratio. Its cutting-edge equipment allows it detect abnormalities such as hot spots, which indicate places where corrective maintenance is required to prevent the need for major, more costly repairs.

ENERGISA PLANEJAMENTO E CORRETAGEM DE SEGUROS LTDA.

The company is an insurance broker and provides technical services and assistance, as well as administrative, financial and market planning and consulting services.

REDE ELETRICIDADE E SERVIÇOS S/A (ATUAL MULTI ENERGISA SERVIÇOS S/A)

The company's business purpose is (i) to provide services (a) associated with the generation, transmission and distribution of electricity of all types and from all sources, such as—but not limited to—studies, design, construction, operation, maintenance, repairs, refurbishment and powering, among others, in facilities for the generation, transmission, transformation, distribution and end use of electricity; (b) electricity consulting; (c) billing, collection and recovery of electricity bills and amounts owed to electric utilities; (d) call centers and services for electricity consumers and others; (e) associated with any other activities related or complementary to the company's business purpose; as well as (ii) own equity in other companies.

AWARDS IN 2014

Grupo Energisa had many great achievements in 2014. IstoÉ Dinheiro Magazine elected Energisa the electric utility with the best Corporate Governance. This recognition was based on the companies' financial statements, code of conduct, internal processes, and commitment to ethical and moral values, with equity performance as a tie-breaking criterion.

Energisa also won the Companies that Communicate Best with Journalists Award, granted by the *Negócios da Comunicação* [Communications Business] magazine. The award was based on a survey with 25 thousand journalists from the whole of Brazil who chose three winners from 32 fields of business by taking into account how accessible, available and easy to determine corporate information is. Grupo Energisa is among the best evaluated companies from the electricity industry.

The following subsidiaries were awarded, in addition to Energisa itself:

ENERGISA PARAÍBA

- ✓ 2014 ABRADÉE Award, granted by ABRADÉE (*Associação Brasileira dos Distribuidores de Energia Elétrica*, or Brazilian Association of Electric Energy Distributors), for Performance Improvement and as the Best Distributor in the Northeast Region.
- ✓ First runner-up in the IASC (*Índice Aneel de Satisfação do Consumidor*, or ANEEL Consumer Satisfaction Index) Award in the Northeast Region.
- ✓ Ranked fourth by ANEEL (*Agência Nacional de Energia Elétrica*, or Brazilian Electric Energy Agency) among Brazil's best companies.
- ✓ Eloy Chaves Silver Medal for occupational safety and
- ✓ Silver medal in Group III (companies with over 2,000 employees) in Fundação COGE's *Prêmio Nacional de Segurança* [Brazilian National Safety Award].

ENERGISA MINAS GERAIS

- ✓ Ranked fourth by ANEEL among Brazil's best companies.
- ✓ Eloy Chaves Silver Medal for occupational safety and
- ✓ Silver medal in Group II (companies with 501 to 2,000 employees) in Fundação COGE's *Prêmio Nacional de Segurança*.

ENERGISA MATO GROSSO DO SUL

- ✓ The best company in the Center-West Region and third best in Brazil in IASC, and
- ✓ 2014 ABRADÉE Award for Best Distributor in the North/Center-West Regions.

NACIONAL

- ✓ Grand winner of the 2014 ABRADÉE Award—one of the top awards in the Brazilian electricity industry—in three out of four categories: Social Responsibility, Client Evaluation and Brazil's Best Distributor of its size, and
- ✓ Gold medal in Group I (companies with up to 500 employees) in Fundação COGE's *Prêmio Nacional de Segurança*.

CAIUÁ

- ✓ Bronze medal in Group II (companies with 501 to 2,000 employees) in Fundação COGE's *Prêmio Nacional de Segurança*.



VALE PARANAPANEMA

- / Best company in the South/Southeast Regions with up to 400 thousand consumer units in IASC.

ENERGISA TOCANTINS

- / First runner-up in the IASC Award in the North Region.

ENERGISA MATO GROSSO

- / First runner-up in the IASC Award in the Center-West Region.

BRAGANTINA

- / First runner-up in the IASC Award in the South/Southeast Regions.



5

Corporate Governance

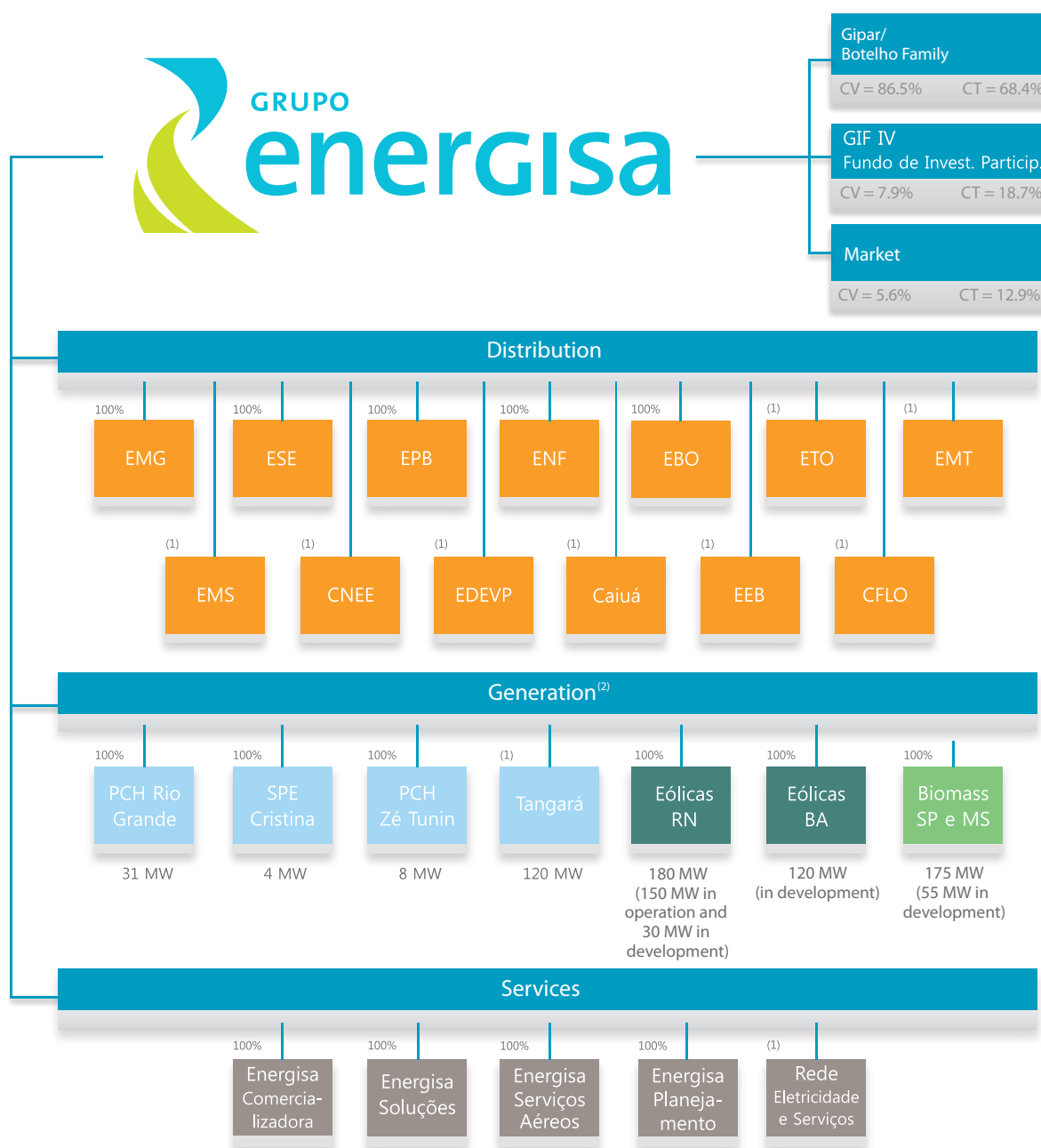
Grupo Energisa adopts the best corporate governance practices because it is aware it is responsible for creating a good relationship between the company and its stakeholders. Since 2012, the Company has been improving its practices by subscribing to the new ABRASCA [Associação Brasileira das Companhias Abertas, or Brazilian Association of Public Companies] Code of Self-Regulation and Good Practices in Publicly-Held Companies.

Adopting these procedures allowed the Group to be recognized by IstoÉ Dinheiro Magazine as the electric utility with the best Corporate Governance. This recognition was

based on the companies' financial statements, code of conduct, internal processes, commitment to ethical and moral values, and equity performance.

Its current Corporate Governance structure comprises a Board of Directors, an Executive Board and a non-permanent Statutory Audit Committee established whenever it is elected by the General Meeting. The Company may also have an Advisory Council of up to six members elected for a one-year term by the Board of Directors, which may also re-elect and remove Advisory Council members.

ORGANIZATIONAL CHART



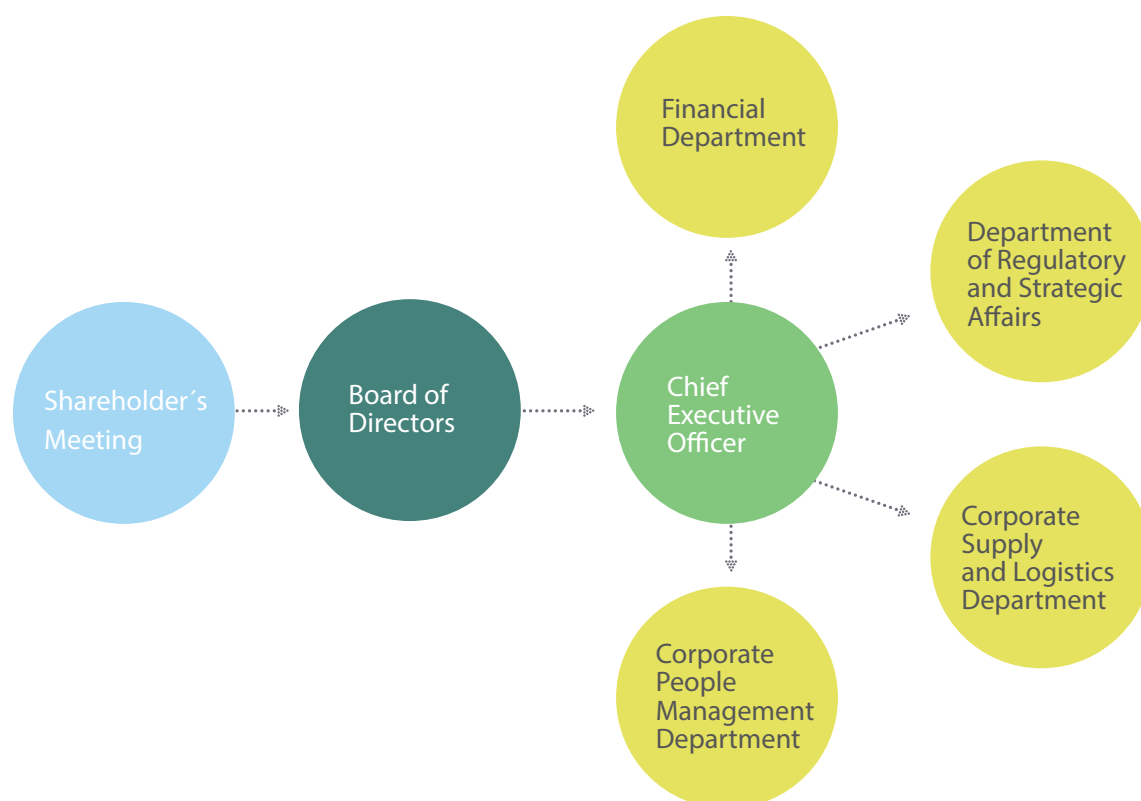
CV = Voting Capital

CT = Total Capital

(1) Subsidiaries of the subsidiary Rede Energisa S/A, which of the total capital hold: 71,4% of Energisa Tocantins (ETO); 57,7% of Energisa Mato Grosso (EMT); 99,9% of Energisa Mato Grosso do Sul (EMS); 98,7% of CNEE; 100% of Caiuá; 91,5% of CLFO; 100% of Tangará and 100% of Rede Eletricidade e Serviços S/A.

(2) Undergoing a disposal process.

CORPORATE GOVERNANCE CHART



BOARD OF DIRECTORS

Energisa's Board of Directors oversees and controls the Company's activities, establishes business strategies and monitors the execution of the Company's plans.

It consists of seven members elected for a two-year term by the General Meeting, which may re-elect them. Two of the seven director positions are reserved for minority shareholders.

Director	Position	Elected at	Term ends at
Ivan Müller Botelho	Chairman	04.25.2014 AGM	Until 2016 AGM
Ricardo Perez Botelho	Deputy Chairman	04.25.2014 AGM	Until 2016 AGM
Omar Carneiro da Cunha Sobrinho	Director	04.25.2014 AGM	Until 2016 AGM
Marcílio Marques Moreira	Director	04.25.2014 AGM	Until 2016 AGM
Antônio José de Almeida Carneiro	Director	04.25.2014 AGM	Until 2016 AGM
Luiz Henrique Fraga	Director	11.19.2014 EGM	Until 2016 AGM
Ronnie Vaz Moreira	Director	04.25.2014 AGM	Until 2016 AGM
Andre La Saigne de Botton	Alternate	11.19.2014 EGM	Until 2016 AGM
Pedro Boardman Carneiro	Alternate	04.25.2014 AGM	Until 2016 AGM
Maurício Perez Botelho	Alternate	04.25.2014 AGM	Until 2016 AGM
Marcos Barbosa Pinto	Alternate	04.25.2014 AGM	Until 2016 AGM
Frederico de Souza Queiroz Pasowitch	Alternate	11.19.2014 EGM	Until 2016 AGM

Ivan Müller Botelho, 81 years old, Vice-President of ABRASCA—Brazilian Association of Public Companies; Vice-President of ABCE—Brazilian Association of Electricity Concessionaires; member of the Advisory Council of FIEMG—Federation of Industries of the State of Minas Gerais; member of the Industrial Policy Board of the Commercial Association of Rio de Janeiro. He graduated in Electrical Engineering from the University of Miami.

Ricardo Perez Botelho, 55 years old, former electronic engineer at CFLCL; former electronic engineer at GTE Laboratories and GTE Communications Products - Tempe, Arizona (USA); former head of the Development Team of the Micro Technology Signal Processing Group, Arizona (USA); former member of the Board of Directors and CEO at Nova América S/A; deputy chairman of the Board of Directors of Energisa Sergipe, Energisa Paraíba, Energisa Borborema and Energisa S.A.; chairman of the Board of Directors of Cat-Leo Cise (now Energisa Soluções) and of the Thermal Power Plant of Juiz de Fora. He graduated in Electronic Engineering from the Pontifical Catholic University of Rio de Janeiro, and specialized in Microelectronics at the Arizona State University.

Omar Carneiro da Cunha Sobrinho, 68 years old, former chairman of Shell do Brasil S/A and Billiton Metais S/A; vice-president of the Commercial Association of Rio de Janeiro; former chairman of AT&T Brasil Ltda. and board member of the Brazilian Fast Food Corporation. He graduated in Economics from *Universidade de Ciências Políticas e Econômicas do Rio de Janeiro* [the University of Political and Economic Sciences of Rio de Janeiro].

Marcílio Marques Moreira, 83 years old, former member of the Board of Directors of BNDES, former deputy chairman and member of the Board of Directors of the Unibanco Group; former ambassador of Brazil in the United States; former Minister of the Economy, Finance and Planning; former special advisor to the City of Rio de Janeiro; international senior consultant to Merrill Lynch & Co.; and member of the Advisory Boards of American Bank Note-Brasil, Marsh & McLennan Companies and Embratel. He holds a bachelor degree from UERJ [*Universidade do Estado do Rio de Janeiro*, or the University of the State of Rio de Janeiro].

Antônio José de Almeida Carneiro, 72 years old, officer at Multiplic Empreendimentos e Comércio Ltda., Sobrapar Sociedade Brasileira de Organização e Participações Ltda, Agropecuária Ponte Nova Ltda, Multiplic Ltda and 196 Participações Ltda. He completed his secondary studies at Colégio Estadual de Minas Gerais [Minas Gerais State High School].

Luiz Henrique Fraga, 54 years old, founding partner of Gávea Investimentos, member of the Investment and Private Equity Committees, the Real Estate Committee, Private Equity Valuation Committee, and Compensation Committee of Gávea Group and is in charge of the Private Equity practice. Mr. Fraga was CEO of Latinvest Asset Management and a partner of GlobalInvest Management Co. between 1994 and 2002, and an officer for Emerging Markets at Bear Stearns, whose M&A activities and corporate finances he

headed in Brazil. He was also an officer at the New York branch of Unibanco. Mr. Fraga has a B.A. in Economics from the Pontifical Catholic University of Rio de Janeiro and an MBA in Finances from the American Graduate School of International Management, in Thunderbird (USA).

Ronnie Vaz Moreira, 57 years old, holds a B.A. in Economics from the Federal University of Rio de Janeiro and an MBA from the American Graduate School of International Management. Formerly Senior Vice President of ABN AMRO Project Finance & Advisory Group for Latin America and Caribbean from March 94 to February 99. Subsequently the CEO and Investor Relations Officer of Petróleo Brasil S/A - Petrobras from March 1994 to September 2001, Corporate Finances Officer of Deutsche Bank from October 2001 to February 2002, CEO of Globopar - Globo Comunicações e Participações S/A from March 2002 to July 2005, Executive Vice President and Investor Relations Officer of Light Serviços de Eletricidade from August 2006 to March 2010 and CEO of CEPEMARES from June 2011 to December 2012. Mr. Moreira was also a member of the Board of Directors of several companies like Acesita, Brasil Telecom, Companhia Petrolífera Marlim, Net Serviços, Constellation Overseas and Brasil Supply.

Andre La Saigne de Botton, 79 years old, president of ACV Comércio e Participações and SPA do Brasil S/A; former chairman of Mesbla; member of the Board of Directors of NRF – National Retail Federation (New York), GAM (Global Asset Management) Emerging Markets Multi-Fund I and II (London), Makro Brasil – Atacadista, Supergasbras S/A – Distribuidora de Gás, Ceras Johnson do Brasil, Propay Brasil, Pronatura (*Fundação para Proteção da Natureza e da Vida Selvagem*, or Foundation for the Protection of Nature and Wildlife), The Nature Conservancy (Brazil), Conservation International Brasil, Santa Ignez Foundation, International Advisory Council of the Americas Society (New York) and Novo Horizonte.

Pedro Boardman Carneiro, 28 years old, graduated in Production Engineering from the Pontifical Catholic University of Rio de Janeiro – PUC-RIO in 2010. He is a partner and financial market operator at Dinâmica Investimentos e Empreendimentos; former intern at Banif–Banco Internacional do Funchal (Brasil) S.A.; former intern at Corretora Liquidez brokerage firm.

Maurício Perez Botelho, 54, is a former project analyst at Dow Corning Corporation, in Midland, USA; former Financial Assistant to the Vice-President of American Express Bank, in New York. He graduated in Mechanical Engineering from Gama Filho University in 1985, and in Finance from the Tutane University School of Business (New Orleans, USA), in 1988.

Marcos Barbosa Pinto, 37 years old, joined Gávea Investimentos in May 2011 as a partner. He was a director of CVM (*Comissão de Valores Mobiliários*, or Brazilian Securities Commission) from 2007 to 2010 and was chief advisor to the chairman of BNDES (Brazilian Development Bank) from 2005 to 2006. He has also worked as an attorney

at Morrison & Foerster LLP law firm, in California (2001-02) and Levy & Salomão Advogados in São Paulo (2003-04), where he advised clients about Mergers & Acquisitions and private equity transactions. Mr. Pinto holds a B.A. and Ph.D. in law from the University of São Paulo, an M.A. in Law from Yale University and an M.A. in economics from Fundação Getúlio Vargas, in Rio de Janeiro. He was also a guest researcher at Columbia University and corporate law lecturer at Fundação Getúlio Vargas in Rio de Janeiro (FGV-RJ). He is currently a member of the Board of Directors of Multiterminais, Unidas and Chilli Beans.

Frederico de Souza Queiroz Pascowitch, 31 years, holds a B.A. in business administration from Ibmecc São Paulo. He has been a partner at Gávea Investimentos since 2011. He worked at Itaú BBA as an analyst of the public services sector and in the syndicated loans department for Latin America at BBVA Securities. He currently serves on the Board of Cell Site Solutions and Committees at Azul, and has served on the Board of Arcos Dorados (McDonald's Latam).

EXECUTIVE BOARD

Energisa's Executive Board may consist of up to 5 members, who may or may not be shareholders. They serve one-year terms of office and may be re-elected.

The current Executive Board was elected at the Meeting of the Board of Directors (MBD) held on May 8, 2014, to serve a term of office until the 2015 Meeting of the Board of Directors.

Executive Board	Position	Elected at	Term ends at
Ricardo Perez Botelho	Chief Executive Officer	05.08.2014 MBD	05.08.2015 MBD
Maurício Perez Botelho	Chief Finance and Investor Relations Officer	05.08.2014 MBD	05.08.2015 MBD
Danilo de Souza Dias	Regulatory Affairs and Strategy Officer	05.08.2014 MBD	05.08.2015 MBD
José Marcelo Gonçalves Reis	Supply and Logistics Officer	05.08.2014 MBD	05.08.2015 MBD
Daniele Araújo Salomão Castelo	People Management Officer	05.08.2014 MBD	05.08.2015 MBD

Ricardo Perez Botelho, 55 years old, former electronic engineer at CFLCL; former electronic engineer at GTE Laboratories and GTE Communications Products - Tempe, Arizona (USA); former head of the Development Team of the Micro Technology Signal Processing Group, Arizona (USA); former member of the Board of Directors and CEO at Nova América S/A; deputy chairman of the Board of Directors of Energisa Sergipe, Energisa Paraíba, Energisa Borborema and Energisa S.A.; chairman of the Board of Directors of Cat-Leo Cise (now Energisa Soluções) and of the Thermal Power Plant of Juiz de Fora. He graduated in Electronic Engineering from the Pontifical Catholic University of Rio de Janeiro, and specialized in Microelectronics at the Arizona State University.

Maurício Perez Botelho, 54, is a former project analyst at Dow Corning Corporation, in Midland, USA; former Financial Assistant to the Vice-President of American Express Bank, in New York. He graduated in Mechanical Engineering from Gama Filho University in 1985, and in Finance from the Tutane University School of Business (New Orleans, USA), in 1988.

Danilo de Souza Dias, 60 years old, associate professor of the Energy Graduate Program at COPPE; former statutory officer for the Energy Wholesale Market; author of scientific books on Energy Economy and countless publications in journals and speaker at Conferences in Brazil and other countries; former advisor to the CEO of BNDES; former statutory officer for the Wholesale Market at LIGHT SESA. Mr. Dias has been Regulatory Affairs and Strategy Officer of

publicly-held companies: Energisa S/A (which holds equity interests in other companies) since 2007; and the electricity distributors Energisa Minas Gerais since 2003; Energisa Sergipe since 2003; and Energisa Paraíba since 2003.

José Marcelo Gonçalves Reis, 56 years old, former officer at Cat-Leo Energia S/A (2004 to 2005), a provider of electricity services; former chief administrative officer in the publicly-held company and electricity distributor Energisa Minas Gerais—Distribuidora de Energisa S/A (2007 to 2009); logistics and supplies officer in the following publicly-held companies: Energisa S/A (which holds equity interests in other companies) since 2004; and electricity distributors Energisa Minas Gerais, Energisa Sergipe and Energisa Paraíba since 2009.

Daniele Araújo Salomão Castelo, 36 years old, graduated in Business Administration from the Federal University of Ceará, with specialization in Corporate Finance. She holds an MBA in Management from the Pontifical Catholic University of Rio de Janeiro. She started her career in the telecommunications industry, where she had different positions before taking office as Business Administration Manager at Oi and Telemar, from 1999 to 2007. Ms. Castelo joined Energisa in October 2007 as the Group's Strategic Administration Manager, in charge of improving management systems, strategic planning and initiatives intended to strengthen the Group's culture and values.

STATUTORY AUDIT COMMITTEE

Under Brazilian corporate law, the Statutory Audit Committee is a permanent or non-permanent corporate body independent from management and independent auditors. Its main duties include inspecting management's activities, reviewing the Company's financial statements and reporting its conclusions to shareholders. In addition, it must comprise at least three and at most five sitting members and their respective alternates.

Grupo Energisa's Bylaws provide for a non-permanent Statutory Audit Committee elected solely at the request of the Company's shareholders at the Annual Meeting. The Statutory Audit Committee was not elected in 2014.

ADVISORY BOARD

The Advisory Council is elected by the Board of Directors to advise management in relation to the company's business; give opinions on business and other issues submitted to it for consideration; provide the Board of Directors with technical, economic, industrial or business information and data related to the Company's goals; and make suggestions and recommendations.

It consists at least three and at most six members, who may or may not be shareholders, with a one-year term of office. Advisory Board members may be re-elected. The Advisory Board was not elected in 2014.

COMMITTEES

In line with the best international practices and the Group's strategic goals, the Company introduced in 2009 its Financial Market Risk Management Policy, the latest version of which was approved by the Board of Directors of Energisa S.A. on December 23, 2014.

The Policy provides for a **Risk Management Committee** specializing in the Financial Market to assess operations, processes and procedures, and propose the best alternatives. In short, the Policy deals with monitoring debt, financial investments and derivatives; managing the liquidity risk; and reviewing the risk management and the dividend policy to assess the risks to which the Company is exposed and propose mitigation measures.

Additionally, the **Audit and Risks Committee** monitors and advises the Board of Directors in matters regarding the accounting and financial reports, risk management, the activities of the internal auditors and the channel for reporting violations.

The **Succession and Compensation Committee**, connected with the Board of Directors, was introduced to ensure a consistent compensation policy for management. The Group

also has an **Ethics Committee**, which ensures compliance with the Code of Ethics and Conduct and examine any possible violations.

In 2012, Energisa S.A. subscribed to the ABRASCA Code of Self-Regulation and Good Practices for Publicly-Held Companies ("ABRASCA Code"). In compliance with the code requirements, it approved its Material Information Control and Disclosure Policy, which also provides for a duly organized Disclosure Committee. The **Disclosure Committee** manages the Company's disclosure policy and records access to inside information by rating it according to criteria that make it easy to monitor, discussing and recommending the disclosure or non-disclosure of potentially material acts and facts.

Also in connection with the ABRASCA Code, the Company approved the following policies: (i) Securities Trading Policy; (ii) Policy on Transactions with Related Parties; and (iii) the Grupo Energisa Code of Ethics.





6

Social and Environmental Responsibility

Aware of its role and presence in different communities throughout Brazil, Energisa invests constantly in initiatives focused on society through cultural, sporting or environmental projects. The Company shows its social responsibility by supporting different types of projects. In addition, all Energisa companies donated 1% of their income tax payable in 2014 to support programs geared to children's and adolescents' rights.

MAIN SOCIAL AND CULTURAL INITIATIVES

IN THE STATE OF PARAÍBA:

- ✓ Usina Cultural [Cultural Power Plant]: This program offers musical events to introduce new Brazilian music artists to local youth, in addition to allowing local music groups show their work. In 2014, these spaces received around 26 thousand visitors.
- ✓ Espaço Energia [Energy Space]: Based in Usina Cultural Energia, the project teaches visitors about the efficient and safe use of electric energy by showing the principles of physics and the history of electricity through play. In 2014, over 16 thousand people visited the space.
- ✓ Balcão de Livros [Book Counter]: The project was launched in 2011 and offers clients works of Brazilian and foreign literature. The collection of over five thousand books is available at Energisa's points of service.
- ✓ Aware of the importance of sports for everyone's life, the Company sponsors *Caminhada da Saúde* [Health Walk], which had over 2 thousand participants, including employees and other people, in 2014; the *Gol de Placa* [Brilliant Goal] program; and the *Magia V* [V Magic] project, through the Federal Sports Incentive Law.
- ✓ Partnership with Junior Achievement, a not-for-profit educational foundation in which Energisa employees do volunteer work educating young entrepreneurs in public and private schools.
- ✓ Bem da Gente [Just Like Us/Our Well-Being] Project: This productive inclusion project promotes entrepreneurship by training participants in workshops organized by SEBRAE Microempreendedor.
- ✓ A partnership with Parque dos Falcões [Hawk Park], a sanctuary of birds of prey, to develop an active project that fits the purposes of the Park and serves as a source of income for the institution, thus making the Park sustainable.
- ✓ Bem da Gente Project: This productive inclusion project promotes entrepreneurship by training participants in workshops organized by SEBRAE Microempreendedor.

IN THE STATES OF MINAS GERAIS AND RIO DE JANEIRO:

- ✓ Viola and Food Festival of Piacatuba: The festival, which brings together Brazil's best viola players and features good quality food, has built a new identity for Piacatuba, now recognized as a town with rich cultural heritage in Minas Gerais State. The 12th edition attracted around 28 thousand people in 2014.
- ✓ A program developed jointly with Junior Achievement, a not-for-profit educational foundation in which Energisa employees do volunteer work educating young entrepreneurs in public and private schools.
- ✓ Energisa Library: A space sponsored by Energisa that involves exchanging books to provide access to reading materials.
- ✓ Lya Maria Müller Botelho Reading House: the space is located in Leopoldina, Minas Gerais State, and sponsored by the Company. It maintains a close relationship with public and private education institutions to promote reading habits among children and youth. In 2014, the space benefited 28 public schools and received around 2,800 visitors attending different events.
- ✓ Nossa Energia [Our Energy] Project: The project is intended to raise the Company's clients' awareness of consumer rights, duties and safety, as well as the rational use of energy.
- ✓ Usina Cultural [Cultural Power Plat] Project: This initiative focuses on developing cultural initiatives in Minas Gerais State and Nova Friburgo, Rio de Janeiro State, by encouraging new names in Brazilian music and attracting new audiences. The program attracted an audience of 22 thousand people in the first area and around 4 thousand people in the second.
- ✓ Energia Total [Total Energy]: The goal of the project is to come closer to low-income communities to promote the safe and rational use of electric energy.
- ✓ Zé Luz na Escola [Joe Light at School] Program: The goal is to raise young people's awareness of the risks of playing near power lines. The program also provides information about dengue fever and substance abuse.
- ✓ Energisa Sergipe sponsors several cultural projects under the terms of cultural incentive laws. In 2014, the company sponsored four projects, among which the 6th Edition of *CinePort* (a competitive festival of feature and short films), and the Youth Orchestra of Sergipe State, which has introduced 100 young people from low-income families to classical music to make them professional musicians.

- ✓ The Company also supports other programs developed by Ormeo Junqueira Botelho Foundation, highlighting: Cia Ormeo, in Cataguases, Minas Gerais State, and support for the Factory of the Future and the Audiovisual Complex of the Zona da Mata region, Minas Gerais State.
- ✓ Sponsorship for feature films: Energisa sponsors projects carried out mostly in the Zona da Mata region of Minas Gerais State, thus promoting job creation, during recordings and in the supply chain, through hotels, restaurants and transportation services.
- ✓ Energisa participates in consortiums and committees to promote sustainable development and protect water resources in the concession area. In addition, the Company is part of CERHMG (*Conselho Estadual de Recursos Hídricos de Minas Gerais*, or Minas Gerais State Commission for Water Resources).

IN THE STATE OF MATO GROSSO

- ✓ Energisa Mato Grosso sponsors several cultural projects under the terms of cultural incentive laws. Three projects were benefited in 2014, thus allowing three feature films to be produced and completed.
- ✓ The Company also sponsored the *Magia V* project under the terms of the Federal Sports Incentive Law.

IN THE STATE OF MATO GROSSO DO SUL

- ✓ Energisa Mato Grosso do Sul sponsors several cultural projects under the terms of cultural incentive laws. One project was benefited in 2014, thus allowing one feature film to be produced and completed.
- ✓ Energisa Mato Grosso do Sul donated 12,200 saplings to different cities through an agreement with ASSOMASUL (*Associação dos Municípios de Mato Grosso do Sul*, or Association of Municipalities of Mato Grosso do Sul). The purpose is to have in urban areas tree species that do not damage buildings, power lines, sidewalks and pavements.
- ✓ The Company sponsored training courses for professionals working in the construction, operation and maintenance of distribution networks and substations, with training in essential and specific skills for the community at large.

IN THE STATE OF TOCANTINS

- ✓ UNICEF Seal of Approved Municipality: This is a joint project with Tocantins State that supports programs designed to strengthen local public policies protecting

the rights of children and adolescents. An initiative with the United Nations Children's Fund that Energisa supports by raising funds through power bills. In 2013-2016 edition, 111 cities and towns, comprising 80% of the state's municipalities, signed up. Since the partnership began, Energisa has raised almost R\$3 million, R\$427 thousand of which in 2014 alone. All the proceeds have gone to UNICEF Brazil.

- ✓ Energisa Tocantins sponsors several cultural projects under the terms of cultural incentive laws. One project was benefited in 2014, thus allowing one feature film to be produced and completed.
- ✓ Atletas do Futuro [Athletes of the Future]: This partnership between Energisa Tocantins, AEC (*Associação dos Empregados da Energisa Tocantins*, or Association of Energisa Tocantins's Employees) and SESI benefits 100 children and adolescents with soccer, swimming and dancing lessons.

IN THE STATE OF SÃO PAULO

- ✓ The Company offered talks to students, teachers, construction workers and technical schools, among others, during the 9th National Week of Population Safety with Electricity.
- ✓ Grupo Energisa also discussed safety issues when it participated in another edition of the Raul Albiéri Kite Festival. The company also distributed the safety trail game and an informative pamphlet to all five thousand participants.
- ✓ The Company also sponsored the *Magia V* project under the terms of the Federal Sports Incentive Law.
- ✓ The Company also donated the children's book *A Semente da Verdade* [The Seed of Truth], by Patricia Engel Seco, to promote reading habits.

IN THE STATE OF PARANÁ

- ✓ Companhia Força e Luz do Oeste engaged with hundreds of people, including students, teachers, and construction workers during the 9th National Week of Population Safety with Electricity.
- ✓ In connection with one of the largest floods ever in the city, in 2014, the Company organized a drive to collect coats, clothes and shoes for displaced people. The company also donated 200 kits containing comforters, blankets and underwear for adults and children affected by the flood.
- ✓ In December, employees showed their caring spirit once again by organizing a toy drive that collected countless dozens of toys that were donated to local needy children.

ENVIRONMENTAL MANAGEMENT AND ENERGY EFFICIENCY INITIATIVES

Every year, Energisa undertakes several projects of the "Energy Efficiency" program to promote behavioral changes regarding the use of energy. It invested over R\$25 million in the 2014 program, in initiatives to promote the conscious electricity consumption, highlighting:

- ✓ *Energisa Comunidades* [Energisa Communities]/ *Energisa em Minha Casa* [Energisa at my Home]/ *Nossa Energia* [Our Energy]/ *Energia Solidária* [Solidary Energy]: initiatives in local communities, such as replacing light bulbs, donating efficient equipment, adjusting internal electrical installations and, in specific cases, installing standard cables and meter boxes in low-income communities. In addition, the Company gave talks about the rational use electricity and equipment. The Energisa Mobile Unit, a vehicle equipped to support and conduct traveling programs in the concession area, is used as a base in the communities benefited by this program.
- ✓ *Espaço Energia*: This is an interactive and educational facility located in João Pessoa, Paraíba State, which presents the history of electricity and promotes its rational and efficient use through play. In 2014, over 16 thousand people visited the space. There are plans to expand the project to the city of Campo Grande, Mato Grosso do Sul State, in 2015.
- ✓ *Conta Cidadã* [Citizen Bill]: This project involves exchanging recyclable waste brought by consumers for power bill credits. Over 6 thousand tonnes of waste was collected in 2014, thus ensuring this material was disposed of properly.

OTHER ENVIRONMENTAL INITIATIVES — MITIGATING ACTIONS

Energisa mitigates its impacts through programs and practices that comprise the Environmental, Social Aspects, Health and Safety Management System—SGMASS and the Social and Environmental Management System—SGSA. Some of the programs and practices in force are:

- ✓ Installing shielded and protected networks;
- ✓ Setting up the Social and Environmental Management Committee — COGESA ;
- ✓ Continuing managing the Company's own solid waste;
- ✓ Following procedures related to new environmental licensing processes systematically, as well as monitoring and controlling the renewal of operating licenses;
- ✓ Running internal and external campaigns to reduce water and energy consumption, and providing education based on the 3 Rs (Reduce, Re-use and Recycle) and education for conscious consumption;
- ✓ Carrying out periodic inspections of environmental performance at its facilities, preparing environmental improvement plans, monitoring its Environmental Performance Index and training employees;
- ✓ Contracting with suppliers that can prove to have good environmental behavior and;
- ✓ Participating in Tree Committees, local government bodies responsible for ensuring trees will not damage the urban infrastructure of the cities and towns in Energisa's concession areas.





7

People Management

PROFESSIONAL TRAINING AND DEVELOPMENT

In the year when eight distributors became Energisa companies, the Company focused all its efforts on the adaptation of the professionals from these old structures. To that end, it introduced several Human Resources processes to prepare a development plan and focus on creating leaders. During the process, an independent consulting firm was responsible for reviewing managers and coordinators and checking whether these professionals' values were in line with the Group's.

The last part of the procedure involved disseminating the concept of Grupo Energisa "brand ambassador" among the new employees, a stage focusing on the Company's values and highlighting how important it is for each employee to act in accordance with them. Concerning leadership development, the online Distance Learning platform, already used by employees, was made available to these professionals to offer them technical and behavioral training and complement their learning process. By the close of 2014, 203.5 thousand men/hours of training had been offered, and 500 leaders had been trained in the *People Management* module.

The Company is also concerned about the development of its previous companies, so it created the Leaders' Academy and the Training Center for Electrical System Operators in 2014. The former program involved a survey of strategic priorities for leaders of different departments. It started in December 2014 and is going to finish in December 2016. The purpose is to increase assertiveness in relation to the issues that needed to be addressed. In the latter program, Grupo Energisa offers special training to the professionals ultimately responsible for its distributors' good performance—electrical system operators. In this regard, it addressed the need for standardized and centralized training, retraining and certification programs for the Group's operators.

Energisa also continued initiatives to strengthen the People value and launched the Self-Development Program, designed to support the development of its employees (managers, coordinators, supervisors and senior professionals), in October 2014 so that each one can reflect on and build his/her professional future. The program is an online platform providing theoretical content, practical activities and tests to enable participants to learn, identify their professional characteristics and set career goals.

It is also essential to note the Company reached the mark of 3 thousand Individual Development Plans (IDP) carried out in 2014. All Group employees prepare their IDPs every year after their performance reviews, jointly with department managers. IDPs will be introduced in the new companies in February 2015. In addition to the new programs and a heavier focus on employees, the Company invested over R\$4.2 million in 676.9 thousand men/hours of training. The company closed the year with 10,106 employees and 5,474 contractors, not considering the employees of service providers in network and power plant construction.

The Company will continue standardizing processes and training programs in all the units making up Grupo Energisa in 2015. The goal is to optimize and revise the career and salary plans of the employees from the new companies and introduce the Successor Identification and Development Program, a practice employed by the Group for 7 years that allows sharing knowledge in a structured manner.



“IN OCTOBER 2014, ENERGISA LAUNCHED THE SELF-DEVELOPMENT PROGRAM, DESIGNED TO SUPPORT THE DEVELOPMENT OF ITS EMPLOYEES, SO THAT EACH ONE CAN REFLECT ON AND BUILD HIS/HER PROFESSIONAL FUTURE”

TRAINEE PROGRAM

Grupo Energisa selects young people for its Trainee Program every year as part of its strategy to grow and to consolidate its values. The Company offers the participants special training to provide these new talents with a greater understanding of the Group's different areas. In the last four years, 34 young people have been selected for the Program.

SUCCESSION PROGRAM

The Succession Program is considered one of the key components of the Group's people management planning. It establishes criteria and procedures to identify and develop employees that are able or have the potential to hold strategic positions within the Group.

HEALTH, SAFETY AND QUALITY OF LIFE



Employee safety is considered a high priority for the Group. Accordingly, it is one of its values and the cornerstone of the Job Safety Plan. The Company shows its commitment to and responsibility for its professionals' health through coordinated initiatives to prevent accidents.

As a result, it adopts the following measures: publication of quarterly occupational safety reports by the Central Occupational Health and Safety Committee; standardization of occupational medicine initiatives; corporate occupational safety seminars; intensive training program in standardized operational safety and procedures across all Group companies; and regular inspections of vehicles and internal and external operational areas.

In recognition of their efforts to prevent occupational accidents, Energisa Paraíba and Energisa Minas Gerais received the Eloy Chaves Silver Medal in 2014.

In addition, four Group companies received Fundação COGE's *Prêmio Nacional de Segurança* [Brazilian National Safety Award]. Companhia Nacional de Energia Elétrica received the gold medal as the grand winner in Group I—companies with up to 500 employees. In turn, Energisa Minas Gerais and Caiuá Distribuidora de Energisa S.A. received the silver and bronze medals respectively in Group II—companies with 501 to 2 thousand employees. Finally, Energisa Paraíba won the silver medal in Group III—companies with over 2,000 employees.

COMPENSATION AND BENEFITS



Grupo Energisa has a compensation and benefit policy in line with the market practices to retain and recognize its talents and in compliance with the labor legislation and each category collective bargaining agreement. The Group also grants salary adjustments in connection with merit or adequacy, or for equalization purposes, based on the employee's annual performance appraisal.

In addition to fixed compensation, the Group offers its employees variable compensation through its Profit Sharing Program (PSP). Variable compensation is paid according to the achievement of specific targets established in agreement with the employees' union. In addition, the Group offers executives a compensation program connected directly with individual performance, according to the managerial indicators for each one's department and the company's global indicators.

The Group also offers its employees a benefits package under the collective bargaining agreement, which includes supermarket vouchers, school supply allowances, day-care allowances, disability assistance, transfer allowance, life insurance, medical and dental care, private pension plan, occupational accident and illness supplementary allowance, retirement premiums and scholarships.

The Company's compensation policy for members of the Board of Directors and Statutory and Non-Statutory Executive Officers is based on the following criteria: the policy should be (i) in line with market practices so as to ensure the organizational competitiveness of the company within its segment; (ii) transparent and documented in rules that ensure it is properly understood; (iii) flexible and subject to adaptations over time, according to adjustments/changes in the organization's strategy; and (iv) based on objective and measurable results. In 2011, the Succession and Compensation Committee was set up under the Board of Directors to ensure a consistent compensation policy for management.

The compensation of the Board of Directors and the Statutory and Non-Statutory Executive Boards consists of annual fixed compensation (monthly salary) plus direct and indirect benefits such as life insurance, health insurance, a private pension plan and a car. The Group also offers these professionals variable compensation through profit sharing schemes, payable based on the achievement of targets established based on performance indicators, with the Hay market mean as a reference.



8

Risk Management

FINANCIAL MARKET RISK MANAGEMENT

The Company introduced its Financial Market Risk Management Policy in 2009 in accordance with the best international practices and in line with Grupo Energisa's strategic goals. The fifth version of the document takes into account the new consolidated total debt and liquidity positions to preserve the main guideline, that is, prudence and predictability in Grupo Energisa's financial management.

Risk management is a process, rather than an isolated initiative; as a result, it should involve different departments of the Group (legal, finance, risk control, etc.) and requires a widespread risk culture, an ongoing search for best practices and a constant involvement of the whole staff. Its implementation should be discussed, approved and reviewed periodically by the Board of Directors, according to suggestions from the Chief Financial Officer. Additionally, the Company has a Corporate Risk Management Advisory Team, created to monitor the risks that may impact Grupo Energisa adversely.

The financial market risk management policy assesses all the risks associated with the Company, its subsidiaries and associates; defines the different decision-making levels related to Grupo Energisa's operations; the duties and competences of each hierarchical level; acceptable risk limits for the Company, consistent with its shareholders' inclinations and taking them so as to optimize the risk-reward ratio, to be approved by the Board of Directors; and introducing the risk management process—risk assessment, risk policy, control activities, information, communication and monitoring.

The Chief Financial Officer is responsible for risk management, with the support and assistance of the Financial Market Risk Management Committee. It is supposed to evaluate operations, processes and procedures to propose the best alternatives. From time to time, the Committee seeks independent advice from macroeconomic consultants, who, in turn, validate the Monthly Report on the Financial Market Risk Management Policy and vouch for compliance with that policy, any waivers that may be needed or in force and recommendations for adjustments, as the case may be.

Grupo Energisa believes financial risks mainly arise from debt, including all the Company's loan and financing operations and debt securities issued in the Brazilian and foreign financial markets; temporary cash investments, that is, financial investments made; and derivatives, structured transactions to eliminate exposure to certain indices whose variance may have an adverse impact.

The Financial Market Risk Management Policy is available on the Company's website and can be accessed by stakeholders interested in reading the full material about the origin and management strategy of Grupo Energisa's risks.

“RISK MANAGEMENT IS A PROCESS, RATHER THAN AN ISOLATED INITIATIVE; AS A RESULT, IT SHOULD INVOLVE DIFFERENT DEPARTMENTS OF THE GROUP (LEGAL, FINANCE, RISK CONTROL, ETC.) AND REQUIRES A WIDESPREAD RISK CULTURE, AN ONGOING SEARCH FOR BEST PRACTICES AND A CONSTANT INVOLVEMENT OF THE WHOLE STAFF”

SUPPLY CHAIN MANAGEMENT

Energisa is constantly seeking new opportunities and partnerships, so it is continuously improving its supply chain, primarily for those types of materials in scarce supply, through its Corporate Procurement Department.

The Company gives its current suppliers special treatment to develop long-lasting relationships by integrating customer and supplier in the search for new technologies, improvements in logistics aspects and stable relationships to develop empathy. In this regard, Energisa enters into long-term agreements with its main suppliers, covering around 96% all materials acquired.

Since 2005, Energisa has required its suppliers to provide a statement that they do not permit on their premises, and have no suppliers who engage in, child labor, slave labor or racial or social discrimination. Suppliers also have to submit proof of their social responsibility and environmental conservation practices.

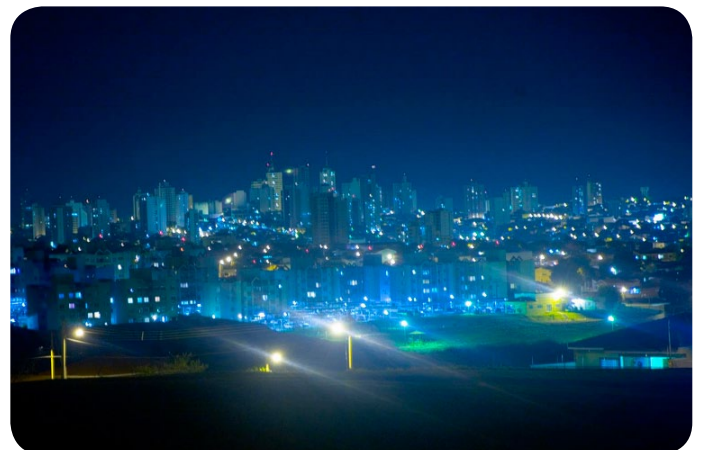
Energisa has introduced a scale methodology for suppliers to ensure ongoing improvement in these stakeholders' quality systems, as well as strict compliance with its specific requirements. Energisa influences the management process of its suppliers of materials and equipment by monitoring their requirements continuously and through the following steps: registration and pre-selection, qualification, selection, hiring and performance appraisal. Approved suppliers are those that comply with the items evaluated during the qualification phase and, when applicable, those whose laboratory and application tests meet the pre-established criteria.

To encourage suppliers of materials, equipment and services to improve performance, Energisa has ranked them since 2008. These companies are evaluated based on delivery performance, financial health, product quality and certification of their quality management systems. After the ranking is prepared and published, suppliers receive feedback individually through letters, meetings and visits.

Energisa is constantly prospecting and developing new suppliers, both in Brazil and other countries. Since 2010, it has had a structured procedure for mapping classes of materials that are scarce and expanding the supply. In 2012, it started importing supplies such as aluminum cables among others.

In 2013, Energisa entered into a partnership with Achilles, one of the world's top providers of integrated solutions for supply chain management. As a result, it made progress in managing the risks associated with the procurement of materials by assessing and monitoring financial, fiscal, labor, social and environmental aspects, among others.

Energisa has recently created a Supplier Quality Management Guide, available on its institutional website: www.energisa.com.br. The Guide establishes the requirements for Energisa to register suppliers and approve their products. In addition, it describes all the acts and practices that will serve as a basis for the relationship between the parties.



CORPORATE INFORMATION

GRUPO ENERGISA

Principal Place of Business

Praça Rui Barbosa, 80
Cataguases (MG) - CEP 36770-901
Telephone: (32) 3429-6000 | Fax: (32) 3429-6317

Rio de Janeiro Office

Av. Pasteur, 110 (5th and 6th floors)
Botafogo (RJ) - CEP 22290-240
Telephone: (21) 2122-6900 | Fax: (21) 2122-6931
E-mail: stockinfo@energisa.com.br

INVESTOR RELATIONS DEPARTMENT

Mauricio Perez Botelho – Investor Relations Officer

Avenida Pasteur nº 110 – 6th andar
Rio de Janeiro (RJ) – CEP 22290-240
Telephone: (21) 2122-6904 | Fax: (21) 2122-6931
E-mail: mbotelho@energisa.com.br

Carlos Aurélio Martins Pimentel – Investor Relations Manager

Praça Rui Barbosa, 80
Cataguases (MG) - CEP 36770-901
Telephones: (32) 3429-6226 / 3429-6365 / 3429-6327 | Fax: (32) 3429-6317
E-mail: caurelio@energisa.com.br

INDEPENDENT AUDITORS

Deloitte Touche Tohmatsu Auditores Independentes

Av. Presidente Wilson, 231 – 22nd floor Rio de Janeiro (RJ) – CEP 20030-021

Legal Notice

The financial statements of the Grupo Energisa abide by the accounting standards of Brazilian Corporation law and are published in large circulation newspapers. The publications of the parent company Energisa currently appear in the Valor Econômico newspaper and in the Official Gazette of the State of Minas Gerais.

All material facts of Energisa and its subsidiaries are disclosed to the authorities, the regulatory bodies in Brazil and the market in general. Quarterly financial statements, material facts and Notices to Shareholders are available in the Investor Relations area on the site www.energisa.com.br.



We have mastered the
field of energy for

110
YEARS

Financial
Statements



Contents

1. Balance Sheet – Assets	87	8. Social Balance	97
2. Balance Sheet – Liabilities	88	9. Notes	101
3. Statements of Income	90	Relatório dos Auditores Independentes sobre as Demonstrações Financeiras	212
4. Comprehensive Statement of Income	91	Declaração dos Diretores da Energisa S.A. sobre o Parecer dos Auditores Independentes	215
5. Statement of Cash Flows	91	Declaração dos Diretores da Energisa S.A. ("Companhia") sobre as Demonstrações Financeiras do exercício de 2014	215
6. Statement of Added Value – DVA	93		
7. Statements of Charges in Shareholders' Equity	95		

1. Balance Sheet - Assets

ENERGISA S/A BALANCE SHEET AT DECEMBER 31, 2014 (IN THOUSANDS OF REAIS)

	Parent Company			Consolidated	
	Note	2014	2013	2014	2013
Assets Current					
Cash and cash equivalents	6	50,249	75,107	576,072	252,185
Money market and secured funds	6	6,046	146,083	998,535	423,577
Clients, consumers and concessionaires	7	5,158	4,812	1,403,552	391,055
Credit receivables	8	-	-	65,070	43,694
Inventory		53	68	29,474	8,935
Recoverable taxes	14	193	8,172	307,260	130,960
Dividends receivable	17	30,127	45,977	-	295
Prepaid expenses		56	47	4,251	11,666
Other accounts receivable	12	3,079	5,082	532,178	107,712
Derivative financial instruments	35	0	-	59,705	-
Regulatory assets	11	-	-	439,948	-
Accounts receivable from the concession	16	-	-	861,289	-
Discontinued assets	41	818,984	-	2,014,537	-
Total current		913,945	285,348	7,291,871	1,370,079
Non-current					
Noncurrent assets					
Money market and secured funds	6	-	16,219	50,022	103,069
Clients, consumers and concessionaires	7	-	-	138,433	16,119
Credit receivables	8	-	-	43,473	37,722
Regulatory assetss	11	-	-	568,853	-
Related-party credits	13	760,728	28,784	106,328	-
Recoverable taxes	14	-	17,418	173,111	74,820
Tax credits	15	209,190	17,412	928,170	232,802
Restricted deposits and escrows	25	41	4	163,318	61,371
Derivative financial instruments	35	74,361	18,469	157,398	94,355
Accounts receivable from the concession	16	-	-	2,162,764	801,188
Other	12	24	24	183,949	4,917

Continues

		1,044,344	98,330	4,675,819	1,426,363
Investments	17	2,934,043	2,102,448	36,410	18,443
Property, plant and equipment	18	9,098	6,972	85,208	1,181,693
Intangible assets	19	4,717	4,141	6,512,334	1,530,402
Total noncurrent		3,992,202	2,211,891	11,309,771	4,156,901
Total assets		4,906,147	2,497,239	18,601,642	5,526,980

See the accompanying notes to the financial statements.

2. Balance Sheet - Liabilities

ENERGISA S/A BALANCE SHEET AT DECEMBER 31, 2014 (IN THOUSANDS OF REAIS)

	Parent Company			Consolidated	
	Note	2014	2013	2014	2013
Liabilities Current					
Suppliers payable	20	1,182	2,425	966,244	318,174
Debt charges	21	7,353	818	42,462	11,518
Loans and financing	21	372,840	-	1,233,487	273,173
Debentures	22	726,084	68,909	786,868	270,102
Taxes and social contributions	23	80,519	1,744	434,254	128,179
Tax financing	24	-	-	22,851	3,372
Dividends payable		1,993	1,958	14,592	2,344
Estimated obligations		1,398	1,308	85,545	22,175
Consumer charges payable		-	-	8,575	804
Public lighting fee		-	-	47,579	7,133
Employee benefits - pension plan	36	255	378	27,856	17,960
Intrasector Obligations		-	-	118,783	54,674
Regulatory liabilities	11	-	-	214,641	-
Regulatory fees	26	-	-	294,601	-
Other accounts payable		53,170	2,750	512,229	46,873
Available-for-sale liabilities	41	32,348	-	1,221,309	-
Total current		1,277,142	80,290	6,031,876	1,156,481
Non-current					

Continues

Continuation

Suppliers payable	20	-	-	359,895	6,286
Loans and financing	21	199,215	175,695	2,841,085	1,819,385
Debentures	22	1,398,032	398,888	2,386,610	458,888
Derivative financial instruments	35	-	-	328,231	-
Taxes and social contributions	23	-	-	75,964	43,807
Deferred income and social contribution taxes	15	-	-	1,765,217	15,092
Tax financing	24	-	-	90,712	4,717
Debts to related parties	13	144,018	31,051	-	-
Provision for labor, civil and tax risks	25	-	-	629,114	68,607
Employee benefits - pension plan	36	1,510	2,100	174,188	117,646
Regulatory liabilities		-	-	440,339	-
Regulatory fees	26	-	-	177,585	-
Other accounts payable		3,291	1,307	301,966	9,555
Total noncurrent		1,746,066	609,041	9,570,906	2,543,983
Shareholders' equity					
Capital	27.1	1,010,000	1,010,000	1,010,000	1,010,000
Treasury stock		(42,675)	(42,675)	(42,675)	(42,675)
Capital reserve		1,848	1,848	1,848	1,848
Profit reserves		874,812	793,812	874,812	793,812
Additional dividends proposed	27.5	130,946	100,351	130,946	100,351
Other comprehensive income		(91,992)	(55,428)	(91,992)	(55,428)
		1,882,939	1,807,908	1,882,939	1,807,908
Minority interest		-	-	1,115,921	18,608
Total shareholders' equity		1,882,939	1,807,908	2,998,860	1,826,516
Total liabilities and shareholders' equity		4,906,147	2,497,239	18,601,642	5,526,980

See the accompanying notes to the financial statements.

3. Statements of Income

ENERGISA S/A STATEMENT OF INCOME FINANCIAL YEAR ENDED DECEMBER 31, 2014 (IN THOUSANDS OF REAIS)

	Parent Company			Consolidated	
	Note	2014	2013	2014	2013
Net operating revenue	28	57,063	53,912	8,279,559	2,804,948
Cost of the electricity service	29	-	-	(4,326,378)	(1,409,079)
Costs of operations and services provided to third parties	29	(9,346)	(21,857)	(2,036,459)	(552,101)
Gross profit		47,717	32,055	1,916,722	843,768
Sales expenses	29	(25)	-	(195,095)	(111,874)
General and administrative expenses	29	(72,591)	(22,631)	(738,021)	(310,558)
Other revenue	31	382	89	55,063	28,275
Other expenses	31	(113)	(33)	(71,650)	(37,573)
Equity in net income of subsidiaries	17	370,566	227,067	(3,623)	-
Net income before net financial revenue (expenses), goodwill and tax		345,936	236,547	963,396	412,038
Financial revenue	32	148,239	47,389	492,476	164,233
Financial expenses	32	(302,419)	(111,596)	(1,128,402)	(363,340)
Net financial income (expenses)		(154,180)	(64,207)	(635,926)	(199,107)
Income before tax		191,756	172,340	327,470	212,931
Current income and social contribution taxes	15	(104,150)	-	(291,739)	(57,646)
Deferred income and social contribution taxes	15	192,141	-	269,878	16,949
Earnings from discontinued operations		731	29,021	(889)	30,513
Net income for the year		280,478	201,361	304,720	202,747
Net income attributable to:					
Shareholders of parent company		280,478	201,361	280,478	201,361
Noncontrolling shareholders		-	-	24,242	1,386
Basic and diluted net income per common and preferred share - R\$		0.2252	0.1696		

See the accompanying notes to the financial statements.

4. Comprehensive Statement of Income

ENERGISA S/A COMPREHENSIVE STATEMENT OF INCOME FINANCIAL YEAR ENDED DECEMBER 31, 2014 (IN THOUSANDS OF REAIS)

	Parent Company		Consolidated	
	2014	2013	2014	2013
Net income for the year	280,478	201,361	304,720	202,747
Items that will not be reclassified to the income statement				
Other comprehensive income	(31,399)	(11,442)	(31,399)	(11,442)
Total comprehensive income for the year, net of tax	249,079	189,919	273,321	191,305
Attributable to:				
Controlling shareholders	249,079	189,919	249,079	189,919
Noncontrolling shareholders	-	-	24,242	1,386

See the accompanying notes to the financial statements.

5. Statement of Cash Flows

ENERGISA S/A STATEMENT OF CASH FLOWS FINANCIAL YEAR ENDED DECEMBER 31, 2014 (IN THOUSANDS OF REAIS)

	Note	Parent Company		Consolidated	
		2014	2013	2014	2013
Operating activities					
Income before tax		191,756	172,340	327,470	212,931
Net income before tax of discontinued companies		-	-	-	35,475
Expenses on interest and monetary and exchange variance - net		244,604	65,705	280,099	280,085
Depreciation and amortization	29	23,388	17,637	591,357	141,493
Allowance for doubtful accounts	29	-	-	(40,493)	12,322
Provision for risks	29	-	(342)	(5,927)	(4,922)
(Gain) loss on the sale of PP&E and intangible assets	30	(269)	(56)	16,587	9,409
Equity in net income of subsidiaries	17	(370,566)	(227,067)	-	(106)
Mark-to-market of derivatives	31	(5,363)	44,727	6,960	114,939

Continues

Continuation

Derivative Financial Instruments	31	(15,503)	(26,516)	(87,312)	(152,275)
Changes in current and noncurrent assets					
(Increase) decrease in consumers and concessionaires		(346)	(469)	(162,587)	53,674
Decrease in credit receivables		-	3,700	449,126	28,902
Decrease (increase) in inventories		15	(20)	242	3,616
(Increase) in recoverable taxes		(2,283)	(6,902)	(314,497)	9,995
(Increase) in escrow deposits		(37)	10	(1,682)	(5,112)
(Increase) in prepaid expenses		(9)	88	6,886	(1,992)
(Increase) in other accounts receivable		2,100	(3,771)	(119,694)	(36,755)
Changes in current and noncurrent liabilities					
(Decrease) increase in suppliers payable		(1,243)	1,313	(268,731)	69,634
Increase in taxes and social contributions		3,399	575	212,898	2,676
Income and social contribution taxes paid		-	-	(68,167)	(48,163)
Increase (decrease) in estimated obligations		90	(230)	63,546	1,792
Increase (decrease) in consumer charges payable		-	-	7,771	(15,499)
Increase (decrease) in other accounts payable		51,691	2,573	(154,306)	(13,937)
Net cash produced by operating activities		121,424	43,295	739,546	698,182
Investment activities					
Capital increase and acquisition of shares in subsidiaries and other investments		(1,180,873)	(140,880)	-	(1,089)
Short-term investments and secured funds		205,918	128,226	(226,539)	248,357
Allocations to PPE and intangible assets		(5,238)	(3,621)	(942,378)	(723,474)
Related parties		(744,528)	29,492	-	-
Sale of PP&E and intangible assets	30	277	89	33,720	28,282
Acquisition of cash and cash equivalents		-	-	84,066	-
Cash and cash equivalents discontinued		-	-	(61,403)	
Receipt of dividends		15,850	223,639	-	-
Net cash produced by (used in) investment activities		(1,708,594)	236,945	(1,112,534)	(447,924)
Financing activities					
New loans, financing and debentures		1,935,146	-	3,981,033	794,497
Payments of loans - principal		(62,898)	(360,000)	(2,191,923)	(1,002,044)
Payments of loans - interest		(106,063)	(57,085)	(318,496)	(193,010)
Settlement of derivative financial instruments		(35,026)	(1,012)	(33,261)	22,697
Payment of dividends		(168,848)	(179,317)	(215,875)	(180,666)

Continues

Continuation

Debts to related parties		-	31,051	-	-
Capital increase through share subscription		-	350,000	-	350,000
Payment of tax financing			-	(524,603)	(2,718)
Net cash produced by (used in) financing activities		1,562,311	(216,363)	696,875	(211,244)
Net cash variation		(24,859)	63,877	323,887	39,014
Opening cash and cash equivalents		75,108	11,231	252,185	213,171
Closing cash and cash equivalents		50,249	75,108	576,072	252,185
Net cash variation		(24,859)	63,877	323,887	39,014

See the accompanying notes to the financial statements.

6. Statement of Added Value - DVA

ENERGISA S/A STATEMENT OF ADDED VALUE - DVA FINANCIAL YEAR ENDED DECEMBER 31, 2014 (IN THOUSANDS OF REAIS)

	Parent Company			Consolidated	
	Note	2014	2013	2014	2013
Generation of added value:					
Revenue					
Revenue from energy sales and services	28	64,306	60,755	10,560,811	3,546,590
Other revenue	30	382	88	33,719	28,276
Revenue relating to construction of company assets	28	-	-	1,084,462	760,809
Allowance for doubtful accounts	9	-	-	40,493	(12,394)
(-) Consumables acquired from third parties					
Cost of electricity sold	29	-	-	4,497,677	1,568,099
Materials and outsourced services	29	39,076	10,803	850,931	637,720
Other operating costs		1,998	630	1,087,682	360,487
		41,074	11,433	6,436,290	2,566,306
Gross added value		23,614	49,410	5,283,195	1,756,975
Depreciation, amortization and realization of goodwill	29	23,389	17,637	591,357	141,493
Net added value		225	31,773	4,691,838	1,615,482
Transferred added value					
Equity in net income of subsidiaries	17	370,566	227,067	(3,623)	-
Finance revenue	31	148,239	47,389	492,476	164,233
Added value to be distributed		519,030	306,229	5,180,691	1,779,715

Continues

Continuation

Personnel	29				
Direct remuneration		10,894	9,852	513,176	196,757
Benefits		3,351	2,825	96,808	55,798
FGTS		807	594	45,505	14,816
Taxes, charges and contributions	28				
Federal		(79,565)	7,680	846,790	250,446
State		-	-	1,942,662	645,337
Municipal		1,299	1,227	5,823	5,615
Intrasector Obligations		-	-	202,218	39,670
Interest expenses					
Interest	31	302,419	111,595	1,199,535	392,247
Rent		78	116	22,565	6,795
Interest earnings	27				
Dividends	27.4	68,532	68,532	68,532	68,532
Additional dividends proposed	27.4	130,946	100,351	130,946	100,351
Legal reserve	27.2	14,024	10,068	14,024	10,068
Retained earnings		-	(305)	-	(305)
Retained earnings	27.3	66,976	22,715	66,976	22,715
Discontinued operations		(731)	(29,021)	889	(30,513)
Minority interests in profits		-	-	24,242	1,386
		519,030	306,229	5,180,691	1,779,715

See the accompanying notes to the financial statements.

7. Statements of Changes in Shareholders' Equity

ENERGISA S/A STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY FINANCIAL YEAR ENDED DECEMBER 31, 2014 (IN THOUSANDS OF REAIS)

	Notes	Capital	Treasury stock	Other Capital Reserves	Profit reserves			Additional dividends proposed	Retained earnings (accumulated losses)	Other comprehensive income	Adjustment of asset valuation	Total attributed to controlling shareholders	Minority interests	Consolidated total
					Legal reserve	Profit retention	Retention of retained earnings due to a change in the accounting practices							
Balances at January 01, 2013 - adjusted		660,000	(42,675)	1,848	73,415	582,400	105,214	102,416	305	(43,986)	-	1,438,937	18,627	1,457,564
Payment of additional dividends		-	-	-	-	-	-	(102,416)	-	-	-	(102,416)	(1,011)	(103,427)
Capital increase as per the AGM and EGM held 4/15/2013	27.1	350,000	-	-	-	-	-	-	-	-	-	350,000	-	350,000
Other comprehensive income										(11,442)	-	(11,442)	(8)	(11,450)
Net income for the year		-	-	-	-	-	-	-	201,361	-	-	201,361	1,386	202,747
Proposed allocation of net income:														
. Legal Reserve	27.2	-	-	-	10,068	-	-	-	(10,068)	-	-	-	-	-
. Dividends	27.5	-	-	-	-	-	-	-	(68,532)	-	-	(68,532)	(386)	(68,918)
. Additional dividends proposed	27.5	-	-	-	-	-	-	100,351	(100,351)	-	-	-	-	-
. Profit retention	27.3	-	-	-	-	22,715	-	-	(22,715)	-	-	-	-	-
Balances at December 31, 2013		1,010,000	(42,675)	1,848	83,483	605,115	105,214	100,351	-	(55,428)	-	1,807,908	18,608	1,826,516
Payment of additional dividends		-	-	-	-	-	-	(100,351)	-	-	-	(100,351)	-	(100,351)
Minority interests		-	-	-	-	-	-	-	-	-	-	-	1,073,070	1,073,070
Other comprehensive income		-	-	-	-	-	-	-	-	(31,399)		(31,399)	(88)	(31,487)
Adjustment of asset valuation		-	-	-	-	-	-	-	-	-	(5,165)	(5,165)		(5,165)

Continues

Continuation

Net income for the year		-	-	-	-	-	-	-	280,478	-	-	280,478	24,331	304,809
Proposed allocation of net income:														
. Legal Reserve	27.2	-	-	-	14,024	-	-	-	(14,024)	-	-	-	-	-
. Dividends	27.5	-	-	-	-	-	-	-	(68,532)	-	-	(68,532)	-	(68,532)
. Additional dividends proposed	27.5	-	-	-	-	-	-	130,946	(130,946)	-	-	-	-	-
. Profit retention	27.3	-	-	-	-	66,976	-	-	(66,976)	-	-	-	-	-
Balances at December 31, 2014		1,010,000	(42,675)	1,848	97,507	672,091	105,214	130,946	-	(86,827)	(5,165)	1,882,939	1,115,921	2,998,860

See the accompanying notes to the financial statement.

8. Social Balance

ENERGISA S/A CONSOLIDATED ANNUAL SOCIAL BALANCE SHEET - 2014 (In thousands of reais)						
1 - Calculation Base	2014			2013		
Net revenue (RL)	8,279,559			2,804,948		
Operating income (RO)	327,470			212,931		
Gross payroll (FPB)	229,141			257,645		
2 - Internal Social Indicators	Amount	% of FPB	% over RL	Amount	% of FPB	% over RL
Meals	93,327	40.73%	1.13%	37,533	14.57%	1.34%
Compulsory social charges	171,662	74.92%	2.07%	58,073	22.54%	2.07%
Private pensions	26,850	11.72%	0.32%	21,016	8.16%	0.75%
Health insurance	47,891	20.90%	0.58%	12,307	4.78%	0.44%
Occupational health and safety	5,082	2.22%	0.06%	2,109	0.82%	0.08%
Education	1,186	0.52%	0.01%	944	0.37%	0.03%
Culture	17	0.01%	0.00%	14	0.01%	0.00%
Professional training and development	3,893	1.70%	0.05%	3,153	1.22%	0.11%
Crèches or crèche allowance	2,078	0.91%	0.03%	1,148	0.45%	0.04%
Profit sharing	65,278	28.49%	0.79%	21,892	8.50%	0.78%
Other	11,766	5.13%	0.14%	5,552	2.15%	0.20%
Total - Internal social indicators	429,030	187.23%	5.18%	163,741	63.55%	5.84%
3 - External Social Indicators	Amount	% over RO	% over RL	Amount	% over RO	% over RL
Education	1,148	0.35%	0.01%	1,261	0.59%	0.04%
Culture	5,222	1.59%	0.06%	4,983	2.34%	0.18%
Healthcare and sanitation	401	0.12%	0.00%	86	0.04%	0.00%
Sports	330	0.10%	0.00%	294	0.14%	0.01%
Combating hunger and food safety	0	0.00%	0.00%	0	0.00%	0.00%
Other	2,321	0.71%	0.03%	2,727	1.28%	0.10%
Total contributions to society	9,422	2.88%	0.11%	9,351	4.39%	0.33%
Taxes (not including social charges)	2,734,808	835.13%	33.03%	860,193	403.98%	30.67%
Total - External social indicators	2,744,230	838.01%	33.14%	869,544	408.37%	31.00%
4 - Environmental Indicators	Amount	% over RO	% over RL	Amount	% over RO	% over RL
Investments related to company production / operation	67,656	20.66%	0.82%	50,745	23.83%	1.81%

Continues

Continuation

Investments in external programs and/or projects	0	0.00%	0.00%	0	0.00%	0.00%
Total environmental investment	67,656	20.66%	0.82%	50,745	23.83%	1.81%
Regarding the establishment of annual targets to minimize waste and overall consumption in production/operations and improve resource usage efficiency, the company	() has no targets () performs 51 to 75% () performs 0 to 50% (x) performs 76 to 100%			() has no targets () performs 51 to 75% () performs 0 to 50% (x) performs 76 to 100%		
5 - Workforce Indicators	2014			2013		
Number of employees at period-end	4,933			4,744		
Number of admissions in the period	778			581		
Number of outsourced employees	2,280			2,155		
Number of trainees	187			192		
Number of employees over 45	864			751		
Number of women working at the company	838			802		
% management positions held by women	24.97%			22.56%		
Number of black people working at the company	1,356			1,274		
% management positions held by black employees	25.08%			21.53%		
No of workers with handicaps or special needs	176			167		
6 - Material information regarding corporate citizenship	2014			2015 Targets		
Ratio of highest to lowest compensation in the company	25,6			25,6		
Total number of occupational accidents	92			92		
The social and environmental projects implemented by the company were defined by:	(x) directors	() directors and managers	() all employees	(x) directors	() directors and managers	() all employees
The occupational health and safety standards were defined by:	(x) directors and managers	() all employees	() all + Cipa	(x) directors and managers	() all employees	() all + Cipa
In respect of trade union freedom, the right to collective bargaining and internal representation of workers, the company:	() does not get involved	(x) follows the OIT rules	() promotes and follows OIT	() does not get involved	(x) follows the OIT rules	() promotes and follows OIT
The private pension embraces:	() directors	() directors and managers	(x) all employees	() directors	() directors and managers	(x) all employees
Profit-sharing embraces:	() directors	() directors and managers	(x) all employees	() directors	() directors and managers	(x) all employees

Continues

Continuation

When selecting suppliers the same ethical, social responsibility and environmental standards adopted by the company:	() are not considered	() are suggested	(x) are demanded	() will not be considered	() will be suggested	(x) will be demanded
In respect of employee participation in voluntary work programs, the company:	() does not get involved	() gives support	(x) offers organization and incentives	() will not get involved	() will give support	(x) will offer organization and incentives
Total number of consumer complaints and criticism:	to the company 48,024	to Procon 793	to the Courts 3,580	to the company 44,170	to Procon 786	to the Courts 3,734
% complaints and criticism handled or resolved:	at the company 98%	at Procon 69%	at the Courts 38%	at the company 100%	at Procon 69%	at the Courts 38%
Added value to be distributed (in R\$ thousand):	In 2014: 5,180,691			In 2013: 1,779,715		
Distribution of Added Value (DVA):	-15% government 3% employees 38% shareholders 28% third parties 15% retained earnings			52% government 15% employees 4% shareholders 22% third parties 7% retained earnings		
7 - Further Information	2014			2013		
7) Social investments						
7.1 - The “Light for All” Program			0			
7.1.1 - Government Investment			12,686			
7.1.2 - State Investment			914			
7.1.3 - Municipal Investment			0			
7.1.4 - Concessionaire Investment			76,418			
Total - Light for All program (7.1.1 to 7.1.4)			90,018			
7.2 - Energy efficiency program			45,513			
7.3 - Research and development program			24,859			
Total social investment (7.1 to 7.3)			160,390			

Notes to the Financial Statements

ENERGISA S/A **NOTES TO THE FINANCIAL STATEMENTS FOR THE** **YEAR ENDED DECEMBER 31, 2014** **(IN THOUSANDS OF REAIS, UNLESS STATED OTHERWISE)**

1 OPERATIONS

Energisa S/A (“Energisa” or “Company”) is a publicly traded company listed on the São Paulo Stock Exchange (BOVESPA), with its head office in Cataguases (Minas Gerais state). In addition to holding equity interests in other companies, its core activity is to provide administrative services to its distribution companies and other subsidiaries listed in note 4.

The distribution, generation and trading subsidiaries are subject to regulatory obligations as stated in the electricity distribution concession agreements and the authorizations awarded to the generation and sale companies, as follows:

ELECTRICITY DISTRIBUTION:

I – to supply electricity to consumers located in their concession area, at the levels of quality and continuity established in specific legislation

II – to carry out the work necessary to provide the concession services, replace assets and operate the infrastructure so as to ensure the regular, continuous, efficient and safe provision of services and charging of rates, in accordance with the specific technical and legal standards

III – to organize and maintain a record and inventory of the concession assets and strive for the integrity thereof, where concession operator may not sell or submit as collateral such assets without the prior explicit consent of the regulatory agency

IV – to meet all tax, labor, social security and regulatory obligations, including the provision of information to consumers

V – to implement measures to combat energy waste, through energy consumption reduction programs and innovations

VI – to submit to the prior approval of the National Electricity Regulatory Agency (ANEEL) any changes in equity positions that could result in control changing hands. In the event share control is transferred, the new controlling shareholders should sign an agreement accepting the terms of the concession arrangement and the concession legislation and regulations;

The concession may be discontinued by terminating the agreement, expropriation of the service, cessation, rescission, irregularities or bankruptcy of the concession operator, and may be extended by way of an application from the concession operator and at the sole discretion of the concession authority.

CONCESSION RENEWAL:

On January 11, 2013 the Federal government issued Law 12783 resulting from Provisional Law 579 regarding electricity generation, transmission and distribution concessions expiring between 2015 and 2017 can be extended for the term of up to 30 years in order to ensure the continuity, efficiency of service and minimum price increases.

In June 2012 the subsidiaries Energisa Minas Gerais – Distribuidora de Energia (MG), Energisa Nova Friburgo – Distribuidora de Energia (RJ), Caiuá Distribuição de Energia, Companhia Nacional de Energia, Empresa de Distribuição de Energia Vale Paranapanema, Empresa Elétrica Bragantina (São Paulo) and Companhia Força e Luz do Oeste (Paraná), stated their interest in extending the Concession Agreements for the term of 30 (thirty) years, pursuant to art. 2 (2) of Decree 7805/12.

The applications were resubmitted in October 2012 and we are waiting to be informed of the conditions established by the Concession Authority in the amendments to the Contracts, when the legal framework governing future instruments will be disclosed.

As the concession terms expire by 2015, to date we are not aware of decisions regarding the applications submitted. A meeting was scheduled with the state minister for mines and energy to report the gravity and impacts of this uncertainty. Management expects these extension applications to be approved by the Concession authority on terms similar to those currently in force and for a term of 30 years. The parent companies are waiting for a position from the Concession Authority.

The information regarding rate reviews and adjustments, regulatory assets and liabilities accounts receivable of the concession, concession assets, construction revenue and concession term can be seen in notes 10, 11, 16.19, 28 and 38 respectively.

ELECTRICITY GENERATION:

By way of its electricity generation subsidiaries, Energisa has 488 MW of installed capacity of plants like the small hydroelectric power stations - SHPs (43 MW), located in Minas Gerais and Rio de Janeiro, a wind farm in Rio Grande do Norte (150 MW), cogeneration plant running on sugarcane biomass in São Paulo and Mato Grosso do Sul (175 MW, of which 115 is under construction) and a hydroelectric power plant in Mato Grosso (120 MW).

The obligations established in the ANEEL authorizations/concessions to explore energy generation are as follows:

I – Build and operate UHEs and SHPs, thermal generation power plants running on biomass and windfarms

II - Enter into the contracts for connecting to and using the transmission and distribution systems;

III - Organize and maintain permanently up-to-date the record of generating facilities and assets;

IV - Maintain a file at the disposal of the ANEEL audit all the studies and projects of the plants;

V - In an adequate operating and conservation structure permanently maintain the equipment and facilities of the SHPs, UHE and wind farm and biomass ventures in a perfect state of repair and conservation with an inventory of spare parts, technical and administrative personnel legally qualified and trained in order to ensure the continuity, regularity, efficiency and safety of the exploration of the SHPs, UHE and wind farm and biomass ventures.

VI - Perform all tax, labor, social security, environmental and regulatory obligations and any other related obligations;

VII – Request the prior consent of ANEEL, in the event the share control is transferred; and

VIII - At the end of the 30-year term (which is renewable), the assets and facilities used to generate hydraulic electricity shall be returned to the government, in exchange for compensation of the investments made, providing they are previously authorized, as determined by an ANEEL audit, or where the concession operator could be required to restore the original watercourse, at its own expense. The licenses for the windfarm and biomass ventures, with terms of 35 and 30 years respectively, will not be entitled to indemnification for investments made until the license expires, although the independent producer is entitled to remove its facilities.

The subsidiary Tangará S/A holds the concession for Usina Hidrelétrica Guaporé (UHE Guaporé) located in the municipalities of Vale de São Domingos and Pontes e Lacerda, in Mato Grosso state. It is authorized to operate a public concession for the production and sale of electricity as an independent energy producer in accordance with Generation Concession Agreement 15/2000 - ANEEL.

ELECTRICITY TRADING:

The sale of electricity and related services proposing integrated solutions with objectives to optimize costs is made through the subsidiary Energisa Comercializadora de Energia Ltda, which also participate in the Free Contracts System (ACL).

SERVICES:

By way of its subsidiaries Energisa Soluções and Rede Serviços, Energisa provides operating, maintenance services and services related to electricity distribution generation, commission, preparation, remote and local operation and electrical and mechanical maintenance of plants, substations, transmission lines and facilities.

WORKING CAPITAL:

As of December 31, 2014 Energisa had a working capital deficiency of R\$ 378,541 at the parent company. As announced on November 20, 2014, the Company signed sale agreements for its generation assets with São João Energética S/A, a corporation indirectly controlled by Brookfield Renewable Energy Partners (São João Energética) for R\$ 1,400,000 plus certain adjustments standard in operations of this nature. We estimate that the conditions precedent established in the contracts will be performed and the sales settled within the first four months of 2015. Management also believes that the flow of dividends from the subsidiaries' earnings and the process of negotiating extensions and substitution of the short-term debts will generate sufficient funds to honor the remaining financial commitments and restore the balance of the net working capital.

ACQUISITION OF SHARE CONTROL:

After the conditions precedent of the Commitment had been performed or waived, on April 11, 2014 Rede Energia, EMT and EMS in conjunction with Energisa and the other Companies announced that they had officially transferred the equity interests guaranteeing the share control of the companies comprising Rede Group to Energisa, in accordance with CVM Directive 358/02.

On that date the General Meetings took place of Companhia Força e Luz do Oeste; Empresa Elétrica Bragantina S.A.; Companhia Nacional de Energia Elétrica; Empresa de Distribuição de Energia Vale Paranapanema S.A.; Caiuá - Distribuição de Energia S.A.; and Energisa Mato Grosso do Sul Distribuidora de Energia S.A.– EMS, concession operators which were subject to administrative intervention by the National Electricity Regulatory Agency ("ANEEL"). These meetings resolved the election of the management members nominated by Energisa as the new indirect controlling shareholder of the distribution concession operators of Rede Group. On April 14, 2014 the general meetings were held to elect the management members nominated by Energisa to Energisa Mato Grosso

Distribuidora de Energia S.A. - EMT and Energisa Tocantins Distribuidora de Energia S.A. – ETO, companies which also underwent administrative intervention.

The acquisition was made by formally transferring to Energisa 90.91% of the capital of JQMJ, 65.68% of the capital of BBPM, 20.11% of the capital of Denerge and 0.03% of Rede Energia (holding companies) and the payment of the token amount of R\$ 1.00 (one real), in addition to capital contributions by Energisa to the companies JQMJ, BBPM, Denerge and Rede Energia amounting to R\$ 1,295,356, with all conditions established in the Commitment having been satisfied and/or waived.

Steps in the acquisition of the share control of Rede Group by Energisa S/A

1.1 ANEEL REORGANIZATION PLAN

Pursuant to art. 12 of Provisional Law 577 issued August 29, 2012, in force at the time and subsequently enacted as Law 12767/12, the shareholders of the Companies under intervention have 60 days as from the intervention date to submit a reorganization plan to address the reasons that led to intervention.

Pursuant to Provisional Law 577/2012, as the direct controlling shareholder of the Companies under intervention, in October 2012 the subsidiary Rede Energia approved the respective reorganization plans required by ANEEL at Extraordinary General Meetings held by each of the Companies under intervention and the Extraordinary General Meeting held by Rede Energia itself.

The aforesaid reorganization plans of all of the Companies under intervention were duly submitted to ANEEL and subsequently updated, in accordance with the progress of the negotiations for the future sale of Rede Energia and the group's share control, as disclosed to the market.

On October 01, 2013 the subsidiary Rede Energia submitted a new reorganization plan to ANEEL for its analysis and approval. This plan was conditional on the transfer of share control to Energisa S.A. in accordance with the Commitment.

On December 17, 2013 ANEEL published Notice 4463/2013 approving the reorganization plan of the concession operators under intervention submitted by Rede Group, which was detailed and updated by Energisa Group.

On January 28, 2014 ANEEL Authorizing Resolution 4510 approved the transfer of the share control to Energisa S.A. On April 08, 2014 ANEEL decreed the end of intervention in the concession operators. On April 11, 2014 a notice was published announcing that the transfer of the share control to Energisa S.A. had been officially completed.

Judicial Reorganization

On November 26, 2012 the subsidiary Rede Energia announced that it had submitted an application for judicial reorganization to the courts of São Paulo state, in accordance with article 51 et seq. of Law 11101/05. The same date joint applications for judicial reorganization were submitted by Companhia Técnica de Comercialização de Energia ("CTCE"), QMRA Participações S.A. ("QMRA"), Empresa de Eletricidade Vale Paranapanema S.A. ("EEVP") and Denerge Desenvolvimento Energético S.A. ("Denerge").

Despite management's efforts with creditors, applying and potential investors, the judicial reorganization application proved inevitable due to the worsening of the economic and financial crisis of the subsidiary Rede Energia, CTCE, QMRA, EEVP and Denerge. The measure aimed to protect the value of these companies' assets, to meet the interests of its collectors in an organized and rational fashion, based on the resources available, and primarily to maintain it as a going concern, especially regarding the management by Rede Energia of majority interest in several electricity distribution concession operators, then under government intervention.

The judicial reorganization application submitted by the subsidiary Rede Energia was distributed under number 0067341-20.2012.8.26.0100, to the 2nd Bankruptcy and Judicial Reorganizations Court of São Paulo.

On September 09, 2013 the 2nd Bankruptcy and Judicial Reorganizations Court returned an initial decision accepting the Judicial Reorganization Plan voted on by the general creditors meeting, and awarded judicial reorganization to the companies undergoing reorganization, including Rede Energia. This decision was subject to emotion for clarification filed by the actual companies undergoing reorganization, stating that the reorganization plan had actually been ratified via cram down (article 58 (1) of Law 11101/2005) and not by ordinary channels (article 58 (main section) of Law 11101/2005). This latest decision was published in Diário de Justiça Eletrônico (Electronic Justice Journal) on 11/20/2013.

A decision was delivered on August 27, 2014 under an auxiliary proceeding filed before the state Court of New York (Chapter 15) recognizing that the reorganization plan was valid in that state, and an order was issued on 9/9/2014 permitting the making of payments to foreign creditors in accordance with the Reorganization Plan. This payment has been made, meaning the Judicial Reorganization Plan is being strictly performed.

Two appeals submitted by foreign creditors are still pending judgement: one filed against the ratification of the judicial reorganization plan and the other disputing whether it is possible for several companies of the same group to file for reorganization.

1.2. INVESTMENT AND SHARE PURCHASE AND SALE COMMITMENT AND OTHER COVENANTS

An Investment and Share Purchase and Sale Commitment and Other Covenants was signed on July 11, 2013 between Energisa and Mr. Jorge Queiroz de Moraes Junior, by which the latter, subject to the verification of certain precedent conditions, undertook to transfer to Energisa his entire equity interests in the Company and the companies JQM Participações S.A. ("JQM"), BBPM Participações S.A. ("BBPM"), Denerge and EEVP, equity interests which would afford Energisa the indirect control over Rede Energia S.A. and therefore the other companies of Rede Group, including the electricity distribution companies under ANEEL intervention at the time, namely: EMS, EMT, ETO, Caiuá – Distribuição de Energia S.A., Empresa Elétrica Bragantina S.A., Companhia Nacional de Energia Elétrica, Empresa de Distribuição de Energia Vale Paranapanema S.A. and Companhia Força e Luz do Oeste. In return and having verified the applicable precedent conditions, amongst other obligations Energisa undertook to make new capital contributions to the Company, in order to perform the reorganization plan submitted to ANEEL of the electricity distribution companies under intervention.

The acquisition subject to the Commitment was approved by CADE - Administrative Council for Economic Defense on October 16, 2013, unreservedly, and by ANEEL via Authorizing Resolution 4510 on January 28, 2014.

Pursuant to article 4 of ANEEL Resolution 4510/2014 issued January 28, 2014, the proving that the indirect share control has been transferred terminated the administrative intervention of the electricity distribution concession operators of the companies, pursuant to ANEEL Resolution 4622 published April 10, 2014.

1.3. JUDICIAL REORGANIZATION PLAN

The Judicial Reorganization Plan was ratified on September 09, 2013 by the 2nd Bankruptcy and Judicial Reorganizations Court for the companies Rede Energia, CTCE, EEVP, Denerge and QMRA, which permitted the companies to overcome their economic and financial crisis, to lift the intervention of the electricity distribution companies (EMT, EMS, ETO, CFLO, CNEE, EEB, EDEVP and CAIUÁ), to uphold the creditors' rights, to establish the source of funding, conditions and schedules of payments in order to make feasible energy distribution and generation, in preservation of the concessions awarded.

As shown in the items above, Energisa has performed the steps determined in the Reorganization Plan as follows:

Capital contributions

The Company has contributed around R\$ 1,295,356 to the companies JQM, BBPM, Denerge and Rede Energia, with these funds being transferred to the other subsidiaries as an advance for future capital increase, resulting in Energisa

directly holding 99.95% of the capital of JQM, 89.57% of the capital of BBPM, 49.28% of the capital of Denerge, and 14.95% of the capital of Rede Energia.

Payment to Creditors

On the principal obligation, the ordinary creditors had until November 18, 2013 to choose between Options A, B and C for receiving their credits, applicable to the entire credits held by them, where:

- ✓ The Bondholders' credits will be restructured and paid in accordance with the Reorganization Plan, in accordance with Option C, chosen by most of the Bondholders.
- ✓ Option A creditors - will receive their credits with no discount, where: (i) payment of R\$ 10 at sight on April 14, 2014 (ii) interest of 1% p.a. on the principal as from the approval date (November 20, 2013), paid annually, with the first payment taking place on July 30, 2014, the other payments on July 30 of the subsequent years for the period of 22 (twenty-two) years as from the approval date; (iii) payment of the principal after 22 years, where the first interest payments were duly made on July 30, 2014.
- ✓ Option B ordinary creditors - will receive their credits with no discount, where: (i) payment of R\$ 10 at sight on April 14, 2014 (ii) interest of 1% p.a. on the principal as from the approval date (November 20, 2013), paid annually, with the first payment taking place on July 30, 2014, the other payments on July 30 of the subsequent years for the period of 22 (twenty-two) years as from the approval date; (iii) payment of the principal after 22 years; (iv) annual monetary restatement calculated by the IPCA price index on the balance of the principal from the approval date, paid in a lump sum after 22 years; (v) payment of the principal after 22 years, where the first payments were duly made on July 30, 2014.
- ✓ Option B Creditors with Secured Guarantees - will receive their credits with no discount, where: (i) payment of R\$ 10 at sight on April 14, 2014 (ii) interest of 4% p.a. on the principal as from the approval date (November 20, 2013), paid annually, with the first payment taking place on July 30, 2014, the other payments on July 30 of the subsequent years for the period of 22 (twenty-two) years as from the approval date; (iii) payment of the principal after 22 years; (iv) annual restatement calculated by the TR price index on the balance of the principal from the approval date, paid in a lump sum after 22 years; (v) payment of the principal after 22 years, where the first payments were duly made on July 30, 2014.
- ✓ Option C Creditors - creditors who opted to assign up to all of their credits - creditors assigned by creditors with secured guarantees or ordinary creditors on the principal obligation to Energisa received 25% of their respective credits. The amount paid for the Credit Assignment was not subject to monetary restatement.

Rede Energia and CTCE will pay Energisa for the credits assigned by the Option C creditors on the following conditions: (i) amount equal to 25% of the total credit not restructured to be paid in a lump sum within up to 1 year of the date this assignment is paid, incurring interest of 12.5% p.a. as from the date the assignment is paid; (ii) remaining amount equal to 75% will be paid after 22 years in a lump sum with capitalized interest of 0.5% p.a. due as from the date the assignment is paid. Energisa began paying the assignments on April 14, 1 working day after the date on which the parent company Energisa assumed share control of the companies.

Regardless of the option chosen, creditors with secured guarantees and ordinary creditors both received R\$ 10 before the incidence of negative goodwill.

Ordinary credits resulting from fines were paid in accordance with the following parameters: (i) reduction of 95% (ninety-five percent) of the final amount, which is justified due to the case being classified as bankruptcy (ii) payment or other means of settling the credit made under the initial performance of the plan (60 days as from ratification of the judicial reorganization plan) (iii) any option to agree with the reduction of its credits by at least 2/3 (two thirds) of the respective fine, meaning they are paid in accordance with the provisions regarding payment of Ordinary Creditors on the Principal Obligation under Option C, applying the formula to the fine credit after the reduction of 2/3 (two thirds) (iv) for the case of a fine set by a final and unappealable court decision or arbitration decision before the plan is approved, the amount will be considered for all purposes to be ordinary, whereby payment shall be made in accordance with the provisions regarding payment of Ordinary Creditors on the Principal Obligation under Option C and (v) payment of fines is limited to the aggregate amount of R\$ 65,000.

As a result of the acquisition of Rede Group by Energisa and in accordance with the Judicial Reorganization Plan, see below a summary of the remaining impact of the debts qualified by the companies undergoing reorganization (Rede Energia and CTCE) and the subsidiary Tangará, which undertook the obligations of the company undergoing reorganization QMRA, as follows:

Description	Rede Energia	Denerge	Tangará	CTCE	Total
Credits acquired by Energisa against companies under reorganization	1,743,157	-	-	573,349	2,316,506
Amount paid/payable on credits acquired (25%)(2)	429,200	-	-	65,792	494,992
Amounts payable by companies under reorganization to creditors opting for receipt after 22 years	456,182	712,520	102,410	97,754	1,368,866
. With interest of 1%	456,182	-	102,410	97,754	656,346
. With interest of TR + 4% p.a.	-	712,520	-	-	712,520
Amounts payable by the companies under the reorganization to creditors with amounts <10 thousand	-	-	-	50	50
Amounts payable by the companies under the reorganization to creditors as fine 95%	-	-	-	62,574	62,574
					0
Liabilities assumed under Judicial Reorganization Plan	885,382	712,520	102,410	226,170	1,926,482
Restatement (1)	82,065	38,436	17,884	28,669	167,054
Adjustment to present value (1) and (3)	(406,583)	(500,353)	-	(87,097)	(994,033)
Discounts (1)	-	-	-	(59,444)	(59,444)
Settlement/Assignment of Credits (4)	(432,357)	(19,351)	(120,294)	(69,362)	(641,364)
Total at December 31, 2014 - Noncurrent liabilities (Loan, financing and trade payables)	128,507	231,252	-	38,936	398,695

(1) Adjustments made to other finance revenue in the statement of income for the period of Rede Energia, Denerge and CTCE. At Energisa these amounts were recorded directly in the opening balance sheet.

(2) Payments made by Energisa S.A.

(3) Adjustments to Present Value:

Denotes the adjustment to present value recorded by the subsidiaries Rede Energia, Denerge and CTCE, for the credits of the creditors who chose to receive their credits in accordance with options A and B in the Judicial Reorganization Plan. A rate of 15.19% p.a. was used to discount the amount to present value, which the Company believes is an adequate rate of return for realizing the credits. This rate is compatible with the nature, tenor and risk for similar transactions on market conditions in the current situation. Company Management believes this discount rate adequately denotes the capital cost.

- (4) The payments stipulated in the judicial reorganization plan began to be made on April 11, 2014, and around R\$ 26,781 and R\$ 494,992 have been directly settled by Rede Energia and Energisa. In September 2014 the debt of the subsidiary Tangará with Banco Itaú BBA was settled in the amount of R\$ 119,579.

Assignment of Credits – Option C

In accordance with the judicial reorganization plan, the creditors of Rede Group assigned their credit rights to Energisa with a “discount” of around 75% of the debt amount. Rede Energia and CTCE will pay Energisa for the assigned credits on the following conditions: (i) 25% of the total credit will be paid in a lump sum within up to 1 year of the date this assignment is paid, incurring interest of 12.5% per annum (ii) the remaining amount equal to 75% of the total credit will be paid in a lump sum after 22 years with capitalized interest of 0.5% per annum.

As from the date Energisa assumed the share control of Rede Group on April 11, 2014 and in accordance with the Judicial Reorganization Plan and creditors’ option, the assignment has been completed to Energisa of credits held by creditors against the companies undergoing reorganization against payment of 25% of their value. The credits amount to R\$ 494,992, of which R\$ 444,299 have been settled. These amounts were recorded by Energisa at fair value, and charged to related-party credits against other accounts payable in the current liabilities.

1.4 CONSOLIDATION OF THE FINANCIAL STATEMENTS

On April 11, 2014 Energisa began including in its financial statements the financial statements of the acquired companies J.Q.M.J. Participações S.A. (“JQM”), BBPM Participações S.A. (“BBPM”), Denerge Energisa S/A (“Denerge”), which have direct interests in Rede Energia, which in turn hold the share control of the electricity distribution companies EMT, EMS, ETO, CAIUÁ, CFLO, CNEE, EDEVP, EEB, and Tangará Energia, CTCE, QMRA, Rede Power, Companhia Geral and Vacaria.

After the end of the administrative intervention imposed by Aneel and the transfer of the share control to Energisa, these investments were measured at fair value at the transaction date in accordance with CPC 15 (R1) and IFRS 3 (R). There is therefore no comparative information and the financial statements will only begin to be comparative as from the 2nd quarter of 2015.

The opening balance of the companies acquired on April 11, 2014 is as follows:

	Consolidated JQM Balances at 4/11/2014 (*)
Assets	
Current assets	1,764,450
Noncurrent assets	3,411,980
Investments	14,924
Property, plant and equipment	182,440
Intangible assets	5,338,427
Total noncurrent assets	8,947,771
Total assets	10,712,221
Liabilities and Shareholders’ Equity	
Current liabilities	4,488,554
Noncurrent liabilities	
. Taxes payable	1,818,148
. Provision for labor, civil and tax risks	566,797
. Other	2,745,288
Total noncurrent liabilities	5,130,233
Minority interest	1,134,153
Shareholders’ Equity	(40,719)
Total liabilities and shareholders’ equity	10,712,221

(*) At the acquisition date the identifiable assets acquired and liabilities undertaken were recognized at fair value as a new measurement basis of these assets and liabilities. Energisa determined the purchase price allocation - PPA which denotes the best estimate of the allocation of the fair value of the acquired assets and liabilities undertaken.

Subsidiary Rede Energia - Consolidation of the financial statements – electricity distribution companies

The consolidated financial statements of the subsidiary Rede Energia then reflected the assets and liabilities of the subsidiaries, electricity distribution companies, as measured at fair value at the transaction date (April 11, 2014) in accordance with CPC 15 (R1) and IFRS 3 (R).

The individual financial statements of Rede Energia have been prepared and presented in accordance with ICPC Technical Interpretation 09 - Individual financial statements, separate financial statements, consolidated statements and application of the equity income method (paragraph 68), which states that the parent company's individual financial statements should reflect the situation of the individual parent company, without overlooking the fact that they are related to the economic entity as a whole. The equity of the parent company and the subsidiaries are therefore involved. The individual financial statements (parent company) of Rede Energia reflect the assets and liabilities of the subsidiaries, as measured at fair value at the transaction date, in accordance with CPC 15 (R1) and IFRS 3 (R). The shareholders' equity of both balance sheets of the subsidiary (individual and consolidated) are therefore the same.

See the reconciled balances of the financial information of the electricity distribution subsidiaries of Rede Energia as of April 11, 2014:

a) Assets and liabilities:

	ETO	EMT	EMS	Companies in south southeast (*)	Total
Assets					
Current assets	179,413	622,468	494,531	347,572	1,643,984
Noncurrent assets	899,318	1,436,256	644,296	1,032,663	4,012,533
. Investments	-	6,393	687	558	7638
. Intangible assets	505,432	2,629,507	1,760,216	183,271	5,078,426
Total noncurrent assets	1,404,750	4,072,156	2,405,199	1,216,492	9,098,597
Total assets	1,584,163	4,694,624	2,899,730	1,564,064	10,742,581
Liabilities and Shareholders' Equity					
Current liabilities	469,789	1,784,513	610,582	901,948	3,766,832
Noncurrent liabilities	480,782	1,502,746	1,048,719	417,195	3,519,442
. Taxes payable	179,121	363,036	324,616	77,677	944,450
. Provision for labor, civil and tax risks	81,362	249,084	191,213	40,206	561,865
. Other	220,299	890,626	532,890	369,312	2,013,127
Total noncurrent liabilities	480,782	1,502,746	1,048,719	487,195	3,519,442
Shareholders' Equity	633,592	1,407,365	1,240,429	174,921	3,456,307
Total liabilities and shareholders' equity	1,584,163	4,694,624	2,899,730	1,564,064	10,742,581

(*) Includes the subsidiaries EDEVP, EBB, CAIUÁ, CNEE and CFLO.

b) Information about earnings:

Company	Line of business	Operating revenue for April 11 to December 31, 2014 R\$ Thousand	Net income for the period April 11 to December 31, 2014 R\$ Thousand
Electricity distribution subsidiaries (*):			
Caiua Distribuição de Energia S.A.	Electricity distribution	265,544	9,863
Centrais Elétricas Matogrossenses S.A.	Electricity distribution	2,108,155	32,542
Companhia de Energia Elétrica do Estado do Tocantins	Electricity distribution	596,588	13,229
Companhia Força e Luz do Oeste	Electricity distribution	67,689	(2,874)
Companhia Nacional de Energia Elétrica	Electricity distribution	139,819	12,842
Empresa de Distribuição de Energia Vale Paranapanema S.A.	Electricity distribution	209,793	3,255
Empresa Elétrica Bragantina S.A.	Electricity distribution	182,114	469
Empresa Energética de Mato Grosso do Sul S.A.	Electricity distribution	1,317,857	67,508

(*) The subsidiaries' earnings were determined from April 11, 2014, the date on which the companies began to be consolidated.

2 PRESENTATION OF THE FINANCIAL STATEMENTS

The individual and consolidated financial statements have been prepared in accordance with the accounting practices adopted in Brazil, which embrace corporate legislation, the Pronouncements, Guidance and Interpretations issued by the Accounting Pronouncements Committee – CPC, approved by the standards and regulations of the Brazilian Securities Commission – CVM and specific legislation applying to the Public Energy concession operators established by the National Electricity Regulatory Agency – ANEEL and in accordance with International Financial Reporting Standards (“IFRS”).

Authorization for the issuance of these financial statements was given by the Board of Directors on March 19, 2014.

CONSOLIDATED FINANCIAL STATEMENTS

The individual and consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards (“IFRS”) issued by the International Accounting Standards Board (IASB) and accounting practices generally accepted in Brazil (“BR GAAP”). The practices adopted in Brazil include those established in the Brazilian Corporate Law and the technical pronouncements, instructions and interpretations issued by the Accounting Pronouncements Committee - CPC and approved by the Federal Accounting Council - CFC and the Brazilian Securities Commission – CVM.

FUNCTIONAL CURRENCY

These individual and consolidated financial statements are being presented in Brazilian reais, which is the Company and its subsidiaries' functional currency. All financial statements are presented in thousands of reais, except where specified otherwise.

The financial statements have been prepared based on historic cost, except for the following items:

- ✓ Derivative financial instruments measured at fair value, and
- ✓ Nonderivative financial instruments stated at fair value through profit or loss

JUDGMENTS AND ESTIMATES

Accounting estimates - Preparing the financial statements in accordance with the accounting practices adopted in Brazil requires management to use estimates to carry certain transactions affecting the assets and liabilities, revenues and expenses, and to disclose information concerning the figures in its financial statements. The final results of such transactions and information when actually realized in subsequent years may differ from these estimates. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in future periods affected. The main estimates are shown below:

Purchase and sale of electricity at the Electricity Trading Chamber - CCEE - the recording of electric power purchase and sale transactions through the CCEE are recognized

on the accrual basis based on calculations prepared and disclosed by the entity or by Management estimate, when this information is not available in time.

Allowance for doubtful accounts - (i) trade accounts receivable, consumers and concession operators is created based on receivables from residential consumers more than 90 days overdue, commercial consumers more than 180 days overdue and industrial, rural, government, public lighting and public service sector consumers more than 360 days overdue; (ii) credits receivables composed at 100% of the debt after 3 (three) contractual payments have fallen overdue.

Provision for labor, civil and tax claims - The subsidiaries made provisions, which involves management judgement, for labor, civil and tax claims when it is probable that an outflow of economic benefits will be required to settle the obligation, which has arisen as a result of past events and which can be reliably estimated.

The Company is also subject to several legal, civil and labor claims arising out of the normal course of business. The Company's judgement relies on the opinion of its legal advisers. Provisions are revised and adjusted to reflect changes in circumstances, such as the applicable statute of limitations, the completion of tax inspections or exposure identified as a result of new issues or court decisions.

Retirement and pension supplementation plan - The Company has a benefits plan for employees which includes retirement and pension supplementation plans (BD and PS), retirement premiums and health plans.

The actuarial commitments with respect to the supplementary pension and retirement plans are provisioned for based on actuarial calculations prepared by independent actuaries. Their calculations are based on the projected unit of credit method, net of the assets guaranteeing the plan, when applicable. The costs are recognized in the employees' vesting period, in according with CVM Resolution 695 issued December 13, 2012 and the accounting rules established by CPC Technical Pronouncement 33 R1 (IAS 19) issued by the Accounting Pronouncements Committee. Any surpluses on employee benefit plans are not recorded, due to restrictions on their use.

The projected unit of credit method considers each term of employment to be an event that generates an additional unit of benefit, which are accrued to calculate the final obligation. Other actuary premises are also used, such as biometric and economic hypotheses and historical data on expenses incurred and on employees' contributions.

The actuarial gains and losses generated by adjustments and alterations to the actuarial premises of the pension and retirement benefit plans and the actuarial commitments related to the health coverage plan are recognized in full in other comprehensive income in the shareholders' equity.

Tax credits - the tax credits are recognized on tax losses and the negative basis of social contribution in relation to temporary differences between the book values of assets and liabilities for accounting purposes and the corresponding amounts used for tax purposes. If they are recognized to the extent it is probable that the taxable income in coming years will be able to be used to offset tax credits, based on projected future earnings relying on internal assumptions and future economic scenarios, which are therefore subject to change. The recorded amounts are periodically revised and any effects of realization or settlement are recorded in accordance with the legislation.

Derivative financial instruments - The judgments and estimates for derivative financial instruments can be seen in note 35.

3 ADOPTION OF INTERNATIONAL ACCOUNTING STANDARDS

3.1 NEW ACCOUNTING PROCEDURES ISSUED BY IASB - INTERNATIONAL ACCOUNTING STANDARDS BOARD

Application of new and revised standards that did not have an effect or material effect on the financial statements.

See below the new and revised standards that are applicable as from the date of these financial statements. The application of these standards did not have a material impact on the amount disclosed in the current year or prior years.

- ✓ Modifications to IAS 39 - Novation of Derivatives and continuation of hedge accounting
- ✓ Amendments to IAS 36 (CPC 01 (R1)) - Disclosure of recoverable amounts to non-financial assets;
- ✓ Amendments to IFRS 10,12 and IAS 27 - Investment Entities;
- ✓ Amendments to IAS 32 (CPC 39) – Offsetting of Financial Assets and Liabilities;
- ✓ IFRIC 21 - Government Fees;
- ✓ • IAS 27/CPC 35 - alteration of the standard to include the option to account for investments in subsidiaries, joint ventures and associates by the equity income methods in separate financial

statements. This amendment to IAS 27 is mandatory for annual periods starting on or after January 01, 2016, with early adoption permitted. To reflect these amendments made by the IASB, the pronouncements CPC 18, CPC 35 and CPC 37 were revised by the Accounting Pronouncements Committee and this revision approved by the CVM in December 2014. Note that these amendment to said accounting pronouncements did not produce any effect on the Company's individual financial statements for the financial year ended December 31, 2014 and 2013, as this practice was already being used in Brazil under the existing corporate legislation.

New revised standards and interpretations issued but not yet adopted by the Company:

- ✓ IFRS 9 Financial Instruments (5)
- ✓ IFRS 15 — Revenue from Contracts with Customers (4)
- ✓ Modifications to IFRS 11/CPC 19 (R2) Joint contractual agreement (3)
- ✓ Modifications to IAS 16/CPC 27 and IAS 38/CPC 04 (R1) Clarification of acceptable methods of depreciation and amortization (3)
- ✓ Modifications to IAS 16 / CPC 27 and IAS 41 / CPC 29 Agriculture: Productive plants (3)
- ✓ Modifications to IAS 19/CPC 33 (R1) Defined-benefit plan: Employee Contributions
- ✓ Modifications to IFRSs Annual improvements to IFRSs cycle 2010-2012 (2)
- ✓ Modifications to IFRSs Annual improvements to IFRSs cycle 2011-2013 (1)

(1) Effective for annual periods starting on or after July 01, 2014, with early adoption permitted.

(2) Effective for annual periods starting on or after July 01, 2014, with exceptions. Early adoption permitted.

(3) Effective for annual periods starting on or after January 01, 2016, with early adoption permitted.

(4) Effective for annual periods starting on or after January 01, 2017, with early adoption permitted.

(5) Effective for annual periods starting on or after January 01, 2018, with early adoption permitted.

The CPC has not yet issued equivalent pronouncements for certain IFRS, but is expected to do so before the adoption deadline. The early adoption of the IFRS is subject to prior approval by a normative ruling of the CFC.

The Company did not early adopt these amendments for its financial statements as of December 31, 2014. None of these new standards is expected to have a material effect on the financial statements, except for IFRS 9, which could change the classification and measurement of the financial assets.

3.2 DESCRIPTION OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies detailed below have been applied consistently to all the years presented in these individual and consolidated financial statements and have been consistently applied by the consolidated entities.

- a. Cash and cash equivalents - includes balances of cash and short-term investments that can be redeemed within up to 90 days from acquisition at the contracted rates and are subject to an insignificant risk of impairment, which are used to manage short-term obligations
- b. Financial instruments — All financial instruments (assets and liabilities) are recognized in the Company's balance sheets, and are measured at fair value when applicable and after the initial recognition according to classification. The Company and its subsidiaries' financial instruments have been classified into: (i) marketable securities — stated at fair value through profit or loss. This classification includes derivative transactions. (ii) held to maturity — valued at the effective interest rate and recorded in profit and loss, (iii) loans and receivables — measured at amortized cost, using the effective interest rate method and recorded in the income statement and (iv) available-for-sale financial assets are nonderivative instruments not classified as: (a) loans and receivables, (b) held-to-maturity investments or (c) financial assets at fair value through profit or loss.

There are three classification levels of fair value for financial instruments, as shown below:

Level 1 - Inputs from an active market (quoted price not adjusted), which can be accessed on a daily basis, including at the fair value measurement date.

Level 2 - Inputs other than those from an active market (quoted price not adjusted), included in level 1, taken from a pricing model based on observable market inputs.

Level 3 - Inputs taken from a pricing model not based on observable market inputs.

The classification of financial instruments by determining its fair value is presented in note 35.

The main financial assets recognized by the Company and its subsidiaries are: cash and banks; money market; secured funds; clients, consumers, and concession operators; accounts receivable from the concession; regulatory assets, credit receivables and derivative financial instruments.

The main financial liabilities recognized by the Company and its subsidiaries are: suppliers payable; loans and financing, debentures, debt charges, regulatory liabilities and derivative financial instruments.

A financial asset is derecognized when the contractual rights to the asset's cash flows expire or when the Company transfers the rights to receive the contractual cash flows of a financial asset in a transaction where essentially all the risks and rewards of ownership of financial assets are transferred to the buyer. Financial liabilities are measured at amortized cost, using the effective interest rate method and recorded in net income.

- c. Clients, consumers and concessionaires - primarily embrace the provision of billed and unbilled electricity (unbilled electricity is an estimate, recognized on the accrual basis of accounting), up to closure of the balance sheet
- d. The allowance for doubtful accounts was made to an amount deemed sufficient to cover any losses incurred on the collection of loans in accordance with ANEEL criteria
- e. Inventory - inventories are valued at the average acquisition cost not in excess of market value or acquisition cost
- f. Accounts receivable from the concession - denotes the portion invested in infrastructure by the subsidiaries and electricity distribution companies, not amortized during the concession period, to be indemnified at the end of the arrangement.

Following the publication of Provisional Law 579/2012, enacted as Law 12783/2013, the company confirmed it would use the VNR – New Replacement Value published by the Concession Authority to pay for the indemnification of assets not amortized when the concession expires. The electricity distribution subsidiaries therefore recorded the amount corresponding to the difference between the VNR and the historic book cost as financial revenue in FY 2013. These assets are classified as available-for-sale, the effects of which are explained in detail in note 16.

- g. Regulatory assets and liabilities - denote assets and liabilities dating from temporary differences between the ratified costs of Portion A and other financial components, which are included in the rate at the start of the rate period and those which are effectively incurred throughout the period the rate is in force. This difference constitutes a Company receivable whenever the ratified costs included in the rate are lower than the costs effectively incurred, or an obligation under the ratified costs is greater than the costs incurred. These amounts are effectively settled during the coming rate periods, or in the event the concession is terminated with balances that have not been recovered, they will be included in the compensation base that exists in the case of termination for any reason of the concession. As the Company's concession agreements were restated in December 2014, to include in the compensation basis the remaining balances of temporary differences between the amounts ratified and included in the

existing rates and those which are effectively incurred in the course of the concession term, and given the technical guidelines set out in OCPC 08 (Recognition of Certain Assets and Liabilities in General Financial and Accounting Reports of Electricity Distribution Companies Issued in Accordance with Brazilian and International Accounting Standards), the Company acquired a right or unconditional obligation to receive or deliver cash or other financial instrument to the Concession Authority and accordingly began recording the amounts within their respective accrual periods. These assets and liabilities are detailed in note 11.

- h. Investments - investments in subsidiaries are recorded at the value established by the equity method of accounting in the individual financial statements, based on these investees' shareholders' equities at the reporting date. The other investments are recorded at acquisition cost less a provision for devaluation, when applicable.
- i. Business combinations - Equity interests acquired are valued at fair value of the assets and liabilities held by the entities subject to the transaction and differences from the amount paid are classified as: (i) intangible assets (goodwill) when the amount paid exceeds the fair value of the assets and liabilities; (ii) net income for the year (favorable acquisition) when the amount paid is lower than the fair value of the assets and liabilities. The goodwill referring to entities subject to an economic exploration arrangement and/or concession for a fixed term are amortized over the exploration term. (see note 19.3).
- j. Property, Plant and Equipment - Items of property, plant and equipment are measured at the historic cost of acquisition or construction, minus accumulated depreciation and impairment, when applicable.

The cost includes expenses directly attributable to the acquisition of an asset. The cost of assets built by the Company itself includes:

- ✓ The cost of materials and direct labor,
- ✓ Any other costs to bring the asset to its location and condition necessary so it can be fully operated.
- ✓ The disassembly costs, and the restoration of the site where these assets are located, and
- ✓ Loan costs on qualifiable assets.

When parts of an item of property, plant and equipment have different useful lives, these items are recorded as separate items (principal constituents) of property, plant and equipment.

The gains and losses deriving from the sale of property, plant and equipment (determined by comparing the funds obtained through the sale against the book value of the property, plant and equipment), are recorded net amongst other revenue/expense figures in the income statement for the year.

Depreciation:

Items of property, plant and equipment are depreciated by the straight-line method in the income statement for the year, based on the estimated useful economic life of each component and/or according to the term of the concession/arrangement (note 18).

- k. Leases - the assets acquired under a financial commercial lease have been recognized as property, plant and equipment and intangible assets, and are subject to depreciation and amortization at the rates practiced by the Company and subsidiaries, in accordance with the nature of each item. The respective payable balances of these contracts are recognized as financing in the current liabilities or noncurrent liabilities based on the present value of outstanding instalments. The difference between the present value and the value of the instalments will be appropriated to the income statement as a financial expense. The rural property lease to build and set up the wind farms are directly recognized as a cost of the project entering into operation from this date are being recorded under operating expenses in profit or loss.
- l. Intangible assets - (i) concession arrangement: the assets operated by the subsidiaries to provide electricity distribution services. The amortization is based on the consumption pattern of the benefits expected during the arrangement term. (ii) concession usage right: paid on acquisitions of the share control of the distribution subsidiaries. The amortization is taking place over the concession term of the subsidiaries, i.e. Energisa SE (30 years from December 1997), Energisa PB (30 years from December 2000), Energisa NF for the remaining period of 18 years from July 1997 and Energisa BO for 30 years, from January 2000; Companies acquired on April 11, 2014: EMT for 30 years expiring on December 10, 2027, EMS for 30 years expiring on December 04, 2027, ETO for 20 years expiring on January 30, 2020 and the companies CAIUA, CNEE, EBB, CFLO and EDEVP expiring on July 07, 2015 (iii) goodwill: paid on the acquisition of biomass projects, and being amortized over 20 years when the ventures come into operation; (see note 19.3);
- m. The interest and financial charges are capitalized to works in progress at the average effective capitalization rate.
- n. Decrease in recoverable value - the Company evaluates its property, plant and equipment and intangible assets with defined useful lives if there are signs of impairment.

A financial asset not measured at fair value through profit and loss is valued at each reporting date to test for impairment. An asset has incurred impairment if objective evidence indicates impairment has occurred after the initial recognition of the asset and this impairment has had a negative effect on the future projected cash flows that can be estimated reliably.

Objective evidence that the financial assets have incurred impairment can include: (i) nonpayment or late payment by the debtor; (ii) restructuring of the amount owed to the Company and its subsidiaries on terms that they would not accept in other transactions of the same nature (iii) signs that the debtor or issuer is going to enter bankruptcy proceedings and (iv) the disappearance of an active market for a security. Furthermore, a significant or prolonged decline in the fair value of the security below its cost is objective evidence of impairment.

The Company and its subsidiaries take into account evidence of impairment for receivables and securities kept to maturity, both individually and collectively. All receivables and securities kept to an individually significant maturity are specifically tested for impairment. All receivables and securities kept to an individually significant maturity found not to have incurred impairment are then tested collectively for any impairment that may have occurred, but not yet been identified. Receivables and securities kept to maturity that are not individually material are tested collectively for impairment by grouping securities posing similar risks.

When testing for impairment collectively the Company and its subsidiaries use historic patterns of default probability, recovery terms and the size of losses incurred, adjusted to reflect management's judgment as to whether the current economic credit conditions mean that the actual losses will probably be greater or less than those suggested by historic patterns.

An impairment loss in respect of a financial asset measured at amortized cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. The losses and interest on financial assets are recognized in profit or loss and reflected in a provision against receivables, when losses, and reversal of discount, when interest. When a subsequent event indicates a reversal of the impairment, the decrease in the impairment is reversed and credited to the income statement.

Impairment of financial assets available for sale is recognized by reclassifying the cumulative loss that was recognized in other comprehensive income in the shareholders' equity to the net income. The cumulative loss that is reclassified from other comprehensive income to the net income is the difference between the acquisition cost, net of any reimbursement and principal amortization, and the current fair value, minus any impairment previously charged to the income statement. Changes in the provisions for impairment, attributable to the effective interest rate, are recognized in financial revenue.

At the end of each year the Company and its subsidiaries review the book value of its tangible and intangible assets to check for signs of impairment. If there are signs of impairment, the asset's recoverable value is estimated in order to measure the impairment. When an asset's

recoverable value cannot be estimated individually, the Company and its subsidiaries calculate the recoverable value of the cash generating unit the asset belongs to. When a reasonable and consistent allocation basis can be identified, the corporate assets are also allocated to the individual cash generating units or the smallest group of cash generating units for which a reasonable and consistent allocation basis can be identified.

Company management did not identify any evidence of impairment, other than the provisions already made.

- o. Loans, financing and debentures - stated net of transaction costs incurred, and subsequently stated at the amortized cost using the effective interest rate method.
- p. Derivatives – the Company and its subsidiaries have financial derivatives to hedge against foreign currency (subsidiaries) and interest rate (Company and subsidiaries) risks. Derivative financial instruments are initially recognized at their fair value; attributable transaction costs are recognized in income/expenses when incurred. After their initial recognition, the derivatives are appraised at fair value and any changes are recorded in the income statement. Details can be seen in note 35.
- q. Income and social contribution taxes - These expenses and revenue consist of current and deferred income tax. The deferred tax is recorded in the income statement unless it is related to items recorded in comprehensive income in the shareholders' equity. The Company opted to use the Transitional Taxation Scheme (RTT) to calculate its income and social contribution taxes from FY 2008. The deferred tax is recognized in relation to temporary differences between the values of assets and liabilities for accounting purposes and the corresponding amounts used for tax purposes. The income and social contribution taxes was calculated on the presumed profit basis for the generation subsidies.

Although current tax assets and liabilities are recognized and measured separately, the offsetting thereof in the balance sheet is subject to similar criteria to those established the financial instruments. The entity is normally legally entitled to offset the current tax asset against a current tax liability when they are related to income taxes charged by the same tax authority and the tax legislation permits the entity to make or receive a single net payment.

Deferred income and social contribution tax assets are reviewed at each closing date and are reduced to the extent that realization is no longer probable.

Provisional Law 627/2013 enacted as Law 12973/2014 introduced material amendments to federal tax rules, including: (i) revoking of the Transitional Taxation Scheme ("RTT"); (ii) amendment of Law 1598/77 addressing the IRPJ and CSLL taxes; (iii) establishing that the modification or adoption of accounting methods and criteria under the administrative acts issued based on the competence attributed by commercial law subsequent to the publication of this Provisional Law will not affect the calculation of federal taxes until the tax law regulates the matter; (iv) inclusion of specific treatment about the taxation of profits or dividends; (v) inclusion of provisions about the calculation of interest on shareholder's equity and (vi) new considerations about investments valued by the equity income method.

This Law is effective from 2014 for companies electing this option by November 07, 2014, in accordance with Normative Instruction 1499 issued by the federal tax authority on 10/16/2014. Application of these standards is mandatory from January 2015 for companies which did not elect this option. The Company and its subsidiaries evaluated the impacts of the law and will adopt an arrangement from FY 2015 and did not expect material impacts.

- r. SUDENE/SUDAM tax incentives - as the terms established will almost certainly be met by the subsidiaries, these incentives received by the subsidiaries in the north-east of Brazil have been recognized in the income statement and allocated to a specific profit reserve, where they are held until capitalization (see note 15);
- s. Provisions - a provision is recognized in the balance sheet when the Company has a legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are recorded considering the best estimates of the risk involved. Liabilities related to court cases are provisioned for to amounts deemed adequate by the legal advisors and directors to cover unfavorable outcomes
- t. Restatement - certain receivables have been restated based on specific interest rates, which reflect the nature of these assets in terms of term, risk, currency and receipt terms at the dates of the respective transactions

- u. Dividends - Dividends declared in excess of the minimum mandatory dividend after the accounting period reported on by the financial statements are recorded separately in the shareholders' equity, as they do not constitute a present obligation, and the respective liability is not recorded until it has been approved
- v. Income statement - revenue and expenses are recognized in the income statement for the year on the accrual basis of accounting. Revenue is not recognized if there are significant uncertainties as to its realization. The electricity-concession-operating subsidiaries record revenue and cost during the construction of the assets used to provide the electricity distribution service. The works are outsourced and Management accordingly believes that this activity generates a very small margin and does not justify additional expenditure to measure and control it;
- w. Employee benefits - defined benefit - The net obligation of the Company and its subsidiaries under defined-benefit pension plans is calculated for each plan by estimating the future benefit the employees are entitled to in return for their work in the current period and previous periods, discounted to present value. Any unrecognized past service costs and the fair values of any of the plan's assets are deducted. The discount rate is the yield at the reporting date for first-rate securities which mature on dates near the obligations of the Company and its subsidiaries denominated in the same currency in which the benefits are expected to be paid. Calculation is made annually by a qualified actuary using the projected units credit method. When the calculation produces a benefit, the asset to be recognized is limited to the total of any past service costs not recognized and the present value of economic benefits available in the form of future reimbursements under the plan or decrease to the plan's future contributions. To calculate the present value of the economic benefits, any minimum costing requirements applying to any plan are taken into account. An economic benefit is available if it can be realized within the plan's life or upon settlement of the plan's liabilities. Actuarial gains and losses are directly recognized in other comprehensive income.
- x) Other (current and non-current) assets and liabilities - other assets and liabilities are stated at known or calculable values, plus the corresponding earnings/charges incurred up to the reporting date, when applicable.
- y) Statement of added value - prepared relying on information obtained from the accounting records, in accordance with CPC 09 – Statement of Added Value. This shows the wealth created by the Company and the distribution thereof in a given period, and is being presented in accordance with Brazilian corporate legislation, as part of its financial statements.
- z) Available-for-sale assets - The entity should classify a noncurrent asset as available-for-sale if its carrying amount will be recovered, primarily via a sale transaction instead of ongoing use. In order for this to be the case, the asset or group of assets held for sale, should be available for sale immediately in its current state of repair, subject only to the habitual and customary terms for the sale of such available-for-sale assets. For this to be the case, its sale should be highly probable and its carrying amount will be recovered. The assets or groups of assets should classify all the assets and liabilities as available-for-sale when the established criteria have been met. The Company should present and disclose information that permits an evaluation of the financial effects of discontinued operations and the write-off of non-current assets available-for-sale. The Company reclassified the assets and liabilities available-for-sale for current assets and liabilities and the discontinued operations are stated in the statement of income for the year.

4 CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements include the financial statements of Energisa and the subsidiaries:

	Line of business	2014	2013
Energisa Sergipe - Distribuidora de Energia S/A (ESE) (3)	Electricity distribution	100	100
Energisa Borborema - Distribuidora de Energia S/A (EBO)	Electricity distribution	100	100
Energisa Paraíba - Distribuidora de Energia S/A (EPB) (3)	Electricity distribution	100	100
Energisa Minas Gerais - Distribuidora de Energia S/A (EMG) (3)	Electricity distribution	100	100
Energisa Nova Friburgo Distribuidora de Energia S/A (ENF)	Electricity distribution	100	100
Energisa Soluções S/A (ESO) (5)	Energy distribution and generation services	100	100
Energisa Serviços Aéreos de Aeroinspeção S/A (ESER)	Aerial thermographic inspections	100	100
Energisa Planejamento e Corretagem de Seguros Ltda. (EPLA)	Insurance brokerage	100	100
Energisa Comercializadora Ltda. (ECOM)	Electricity trading	100	100
Energisa Geração Rio Grande S/A (EGR)	Hydraulic energy Generation	100	100
Pequena Central Hidrelétrica ZéTunin S/A	Hydraulic energy Generation	100	100
SPE Cristina Energia S/A	Hydraulic energy Generation	100	100
Parque Eólico Sobradinho Ltda (1)	Wind energy generation	100	100
Energisa Geração Centrais Eólicas RN S/A (2)	Wind energy holding company	100	100
Energisa Geração Usina Maurício S/A (GUM)	Electricity generation	100	100
Energisa Bioeletricidade S/A (EBIO) (4)	Electricity generation holding company - sugarcane biomass	100	100
Energisa Geração Central Solar Coremas	Solar energy generation	100	-
FIM Zona da Mata	Exclusive investment fund	100	100
Caixa FI Energisa	Exclusive investment fund	100	100
JQM Participações S/A	Holding company	99.95	-

- (1) Pre-operational.
- (2) Holding company that owns the share control of Energisa Geração Central Eólica Renascença S/A I, II, III, IV and Energisa Geração Central Eólica Ventos de São Miguel S/A.
- (3) Publicly held companies
- (4) The subsidiary acquired the 15% minority interest on 9/29/2014, and now holds the entire capital of the companies Energisa Bioeletricidade Vista Alegre I and Energisa Bioeletricidade Santa Cândida I S/A, both of which are operational. The subsidiary holds the entire capital of Energisa Bioeletricidade Vista Alegre II and Energisa Bioeletricidade Santa Cândida II S/A which are undergoing construction - all dedicated to generating electricity from sugar cane biomass.
- (5) Company with a 99.99% interest in the capital of Energisa Soluções Construções e Serviços em Linhas e Redes S/A, founded in November 2013.

Description of main consolidation procedures:

- ✓ Elimination of inter-company asset and liability account balances
- ✓ Elimination of the balances of investments and corresponding interests in the capital and earnings of subsidiaries, and
- ✓ Elimination of inter-company income and expense balances arising from inter-company transactions.

5 SEGMENT REPORTING

An operational segment is a component of the Company that develops business activities from which revenue streams can be derived and expenses incurred, including revenue and expenses related to transactions with other Company components. All operational income from segments is reviewed frequently by Management to support decisions about new resources to be allocated to

the segment and to evaluate its performance, for which individual financial statements are made available.

Segment results reported to Management include items directly attributable to the segment and items that can be reasonably allocated. Items not allocated primarily consist of corporate assets.

The Company and its subsidiaries operate in energy generation, distribution and sale and the provision of maintenance and operation of services for electricity distribution generation ventures. Summary segment reporting follows:

a) SEGMENT REPORTING

	2014				
	Distribution	Generation	Sales	Services	Total
External Revenue	7,883,712	317	363,023	32,507	8,279,559
Intersegment Revenue	7,021	-	-	108,935	115,956
Total	7,890,733	317	363,023	141,442	8,395,515
Financial Revenue	437,404	18	35,180	379,223	851,825
Financial Expenses	(866,052)	(11)	(4,125)	(617,563)	(1,487,751)
Total	(428,648)	7	31,055	(238,340)	(635,926)
Depreciation and amortization	562,153	32	40	29,132	591,357
Reportable net income by segment before income and social contribution taxes	536,999	(1,259)	42,360	(250,630)	327,470

	2013				
	Distribution	Generation	Sales	Services	Total
External Revenue	2,551,318	2,791	205,572	45,267	2,804,948
Intersegment Revenue	5,307	42,835	6,302	91,675	146,119
Total	2,556,625	45,626	211,874	136,942	2,951,067
Financial Revenue	135,851	2	1,185	47,827	184,865
Financial Expenses	(268,023)	(2)	(2,320)	(113,627)	(383,972)
Total	(132,172)	-	(1,135)	(65,800)	(199,107)
Depreciation and amortization	119,034	30	31	22,396	141,491
Reportable net income by segment before income and social contribution taxes	260,413	(1,424)	11,013	(57,071)	212,931

	Distribution	Generation	Sales	Services	2014	2013
Current assets	5,048,360	290	92,258	2,241,080	7,381,988	1,464,051
Noncurrent assets	10,685,420	1,693	107,322	440,636	11,235,071	4,263,409
Liabilities of reportable segments	10,071,735	342	357,876	5,188,246	15,617,199	3,900,944
Current liabilities	3,461,973	338	53,556	2,606,125	6,121,992	1,290,874
Noncurrent liabilities	6,609,762	4	304,320	2,582,121	9,496,207	2,610,070

b) RECONCILIATION OF SEGMENT REVENUE, PROFITS, ASSETS AND LIABILITIES

	2014	2013
Revenue		
Total net revenue of reportable segments	8,395,515	2,951,067
Elimination of intersegment revenue	(115,956)	(146,119)
Consolidated net revenue	8,279,559	2,804,948
Depreciation and amortization		
Total depreciation and amortization of reportable segments	591,357	141,491
Consolidated depreciation and amortization	591,357	141,491
Financial revenue		
Total financial revenue of reportable segments	851,825	184,865
Elimination of intersegment revenue	(359,349)	(20,632)
Consolidated financial revenue	492,476	164,233
Financial expense		
Total financial expense of reportable segments	(1,487,751)	(383,972)
Elimination of intersegment revenue	359,349	20,632
Consolidated financial expense	(1,128,402)	(363,340)
Profits		
Total earnings of reportable segments	327,470	212,931
Income before tax	327,470	212,931

	2014	2013
Assets		
Total reportable segment assets	18,617,059	5,727,460
Other unallocated amounts	(15,417)	(200,480)
Total consolidated assets	18,601,642	5,526,980
Liabilities		
Total reportable segment liabilities	15,617,199	3,900,944
Other unallocated amounts	(15,417)	(200,480)
Total consolidated liabilities	15,602,782	3,700,464

6 CASH AND CASH EQUIVALENTS, SHORT-TERM INVESTMENTS IN THE MONEY MARKET AND SECURED FUNDS

a) CASH AND CASH EQUIVALENTS

a.1 Short-term investments appraised at fair value through profit and loss

Financial institution	Type	Maturity (1)	Compensation	Parent Company		Consolidated	
				2014	2013	2014	2013
	CDB Automatic	12/30/2015	20.0% of CDI	-	-	4,961	-
Bradesco							
CEF	CDB	11/30/2017 to 8/22/2019	100.5% of CDI	38,503	66,464	175,878	160,731
CEF	Repurchase	12/29/2017 to 7/3/2019	101.5% of CDI	10,585	-	128,952	-
CEF FID	CDB	11/30/2017	103.2% of CDI	-	-	1,038	705
Itaú	CDB	12/31/2015	20% of CDI	-	-	-	-
Itaú	CDB Automatic	12/30/2015	20.0% of CDI	-	-	7,044	-
Santander	Debentures (2)	11/21/2016 to 12/12/2016	103.2% of CDI	52	8,120	112,802	38,885
				49,140	74,584	430,675	200,321
Cash and banks				1,109	523	145,397	51,864
Total cash and cash equivalents				50,249	75,107	576,072	252,185

b) MONEY MARKET AND SECURED FUNDS

b.1 Short-term investments appraised at fair value through profit and loss

Financial institution	Type	Maturity	Compensation	Parent Company		Consolidated	
				2014	2013	2014	2013
ABC Brasil	CDB	1/13/2015	105.0% of CDI	-	-	5	4
Banco do Brasil	CDB	11/8/2017 to 8/9/2019	95.0% to 100% % of CDI	-	-	25,005	-
Banrisul	Investment Fund	-	100% of CDI	-	-	51	2,911
BB Amplo	Investment Fund	-	100% of CDI	28	25	136,797	25
BES	CDB	10/1/2015	100.0% of CDI	-	-	47	127
BICBanco	CDB	8/24/2015	98.0% of CDI	20	18	88	79
BMG	CDB	1/19/2015	113.0% of CDI	-	-	11	10
Bradesco	CDB	3/23/2015 to 3/20/2017	70.0% to 95.0% of CDI	-	-	2,043	129
Bradesco	Debentures	3/23/2015 to 3/20/2017	75.0% to 95.0% of CDI	-	-	-	-
Bradesco	Investment Fund	-	100% of CDI	-	-	36,544	-
BTG Pactual	CDB	12/14/2015	97.5% of CDI	20	19	115	107
BVA	CDB	11/5/2015	70% to 103.2% of CDI	-	-	4	-
CEF FI Energisa (4)	LFT	3/1/2018	SELIC	-	-	-	-
CEF	CDB	9/4/2019	100.5% of CDI	-	-	16,936	-
CEF	Account pledge deposit	-	-	-	-	10	-

Continues

Continuation

CEF FI Energisa (4)	LFT/NTN/Dentures DPGE/LF/CDB	4/27/2015 to 5/15/2045	SELIC/IPCA/CDI	-	45,541	97,931	110,567
CEF	Savings	-	Savings	-	-	146	162
Bradesco	Savings	-	Savings	-	-	108	-
FIM Zona da Mata (4)	CDB	1/28/2015 to 7/31/2019	100.5% to 115.0% of CDI	-	15,826	63,283	39,619
FIM Zona da Mata (4)	Debentures	7/15/2019	IPCA + 9.23%	-	7,397	13,381	18,518
FIM Zona da Mata (4)	Repurchase	08/24/2015 to 11/14/2016	100.5% to 103.2% of CDI	-	18,253	158,047	45,696
FIM Zona da Mata (4)	DPGE	7/10/2015 to 12/21/2015	107.5% to 113% of CDI	-	10,754	46,529	26,922
FIM Zona da Mata (4)	LF	5/4/2015 to 5/24/2021	105.5% to 114.0% of CDI	-	549	64,451	1,373
FIM Zona da Mata (4)	CCB	2/24/2017	CDI + 6.1677%	-	-	26,785	-
FIM Zona da Mata (4)	Commercial paper	1/26/2015	CDI + 2.25%	-	-	50,687	-
FIM Zona da Mata (4)	Fixed-Income Funds	-	Benchmark CDI	-	409	113,470	1,023
FIM Zona da Mata (4)	LFT	9/7/2015 to 3/1/2020	SELIC	-	1,074	25,098	2,689
FIM Zona da Mata (4)	NTN	8/15/2016 and 7/1/2017	IPCA e IGPM	-	3,893	2,542	9,745
FIM Zona da Mata (4)	Multimarket Funds	-	Benchmark CDI	-	10,126	-	25,351
FIM Zona da Mata (4)	Credit Funds	-	Credit Funds	-	-	19,634	-
HSBC	CDB	1/19/2015	103.3% of CDI	-	-	671	679
HSBC	Investment Fund	-	100% of CDI	18	17	18	17
Itaú	CDB	8/12/2015	98.0% of CDI	5	8	2,009	63,864
Itaú	Debentures	5/23/2016 to 9/30/2016	75.0% to 101.0% of CDI	-	-	500	1,259
Itaú	Debentures	10/2/2015 to 6/2/2016	75.0% to 101.2% of CDI	-	-	-	-
Itaú	Investment Fund	-	Benchmark CDI	-	-	1,999	1,886
Itaú	Receivables investment fund	12/29/2020	100% of CDI	-	-	38,479	-
Itaú Corp Plus	Investment Fund	-	Benchmark CDI	-	-	51	-
Itaú TOP DI	Investment Fund	-	Benchmark CDI	-	-	2,801	1,343
Modal	CCB	4/29/2016	IPCA + 2%a.m			37,484	
CEF	CDB	1/18/2018	100.0% of CDI	-		550	-
Nordeste	CDB	7/28/2017	90.0% of CDI	-	-	42,312	51,668
Pine	CDB	6/11/2015	100.0% of CDI	-	-	244	220
Safra	CDB Automatic	12/31/2015	10.00% of CDI		-	8	-
Safra	Debentures	4/16/2016 to 4/20/2022	100.0% of CDI	11	-	65	12
Safra	CDB	2/24/2015 to 3/27/2015	101.00% of CDI	-	-	17	-
Safra	Investment Fund	-	Benchmark CDI	-	16,260	-	42,810
Santander	CDB	12/30/2016	100.5% of CDI	-	-		-
Santander	CDB	12/29/2015	100.5% of CDI	-	-	998	46
Vinci	Investment Fund	-	Benchmark CDI	-	15,914	-	15,915
Citibank	Investment Fund	1/15/2025	100.0% of CDI	-	-	8,286	-
Votorantim	CDB	4/24/2015	98.0% of CDI	-	-	13	4
				102	146,083	1,036,253	464,780

b.2 Held-to-maturity securities

Financial institution	Type	Maturity	Compensation	Parent Company		Consolidated	
				2014	2013	2014	2013
Citibank	Investment Fund	1/15/2025	100% of CDI	-	-	-	14,538
Itaú	Investment Fund	12/29/2020	100.0% of CDI	-	-	6,361	6,061
Mercantil	DPGE	4/15/2014 to 6/26/2015	112.0% of CDI	5,944	16,219	5,943	41,267
				5,944	16,219	12,304	61,866
Total balance of money market and secured funds (3)				6,046	162,302	1,048,557	526,646
Current				6,046	146,083	998,535	423,577
Non-current				-	16,219	50,022	103,069

- (1) The dates presented denote the maturity of the security underlying the financial investments. These investments can be redeemed within 90 days of the procurement date at the contracted rates, under a contractual clause.
- (2) Debentures held under repurchase agreements - Sales of securities subject to a repurchase agreement undertaken by the seller, alongside the resale commitment undertaken by the buyer. These operations have immediately liquidity, yield the CDI rate and underlie the debentures issued by the bank.
- (3) Exclusive investment funds include investments in CDB, Debentures, DPGE, Fixed-Income Funds, LFT, LF, LTN, NTN-B and Multimarket Funds.
- (4) Exclusive investment funds include investments in CDB, Debentures, DPGE, Fixed-Income Funds, LFT, LF, LTN, NTN-B and Multimarket Funds.

7 CLIENTS, CONSUMERS AND CONCESSIONAIRES

Consumption Sectors	Consolidated									
	Parent company (1)		Overdue						Total	
	2014	2013	Overdue Balances (2)	30 days	31 to 90 days	91 to 180 days	181 to 360 days	over 360 days	2014	2013
Residential	-	-	172,428	133,362	28,018	10,349	5,256	13,160	362,573	82,054
Industrial	-	-	115,476	20,062	2,823	2,685	1,652	22,009	164,707	49,991
Comercial	-	-	133,660	39,241	7,061	4,217	4,073	14,776	203,028	51,945
Rural	-	-	38,998	14,338	5,056	2,230	1,044	1,878	63,544	9,980
Government:										
Federal	-	-	10,968	3,783	988	55	70	78	15,942	4,426
State	-	-	17,986	4,106	1,199	99	51	48	23,489	5,496
Municipal	-	-	17,123	5,109	1,459	432	91	10,312	34,526	6,917
Public lighting	-	-	18,273	3,048	669	89	53	15,597	37,729	12,686
Public utility	-	-	24,864	2,429	1,722	2,365	3,954	76,671	112,005	28,723
Energy Financing - Novated Invoices	-	-	115,366	4,887	4,316	2,752	12,267	109,246	248,834	-
(-) Adjustment to present value (4)	-	-	(11,223)	-	-	-	-	-	(11,223)	-
Subtotal - receivables	-	-	653,919	230,365	53,311	25,273	28,511	263,775	1,255,154	252,218
Concession operators (3)	-	-	70,161	-	-	-	-	18,004	88,165	25,592
Unbilled sales	-	-	372,174	-	-	-	-	-	372,174	82,382
Energy sales to free consumers	-	-	-	-	-	-	-	-	-	37,295

Continues

Continuation

Other	5,158	4,812	134,659	6,094	2,868	1,076	3,123	37,654	185,474	32,728
Decrease in use of the distribution system (5)	-	-	12,201	-	-	-	-	-	12,201	-
(-) Allowance for doubtful accounts	-	-	(26,782)	(732)	(11,772)	(14,621)	(18,427)	(298,849)	(371,183)	(23,041)
Total	5,158	4,812	1,216,332	235,727	44,407	11,728	13,207	20,584	1,541,985	407,174
Current	5,128	4,812							1,403,552	391,055
Noncurrent	-	-							138,433	16,119

- (1) Administrative services provided to the subsidiaries, as per the agreements approved by ANEEL (see note 13).
- (2) Maturities are scheduled for the 5th working day after the bills are delivered, except for government consumers who have 10 working days from receipt of the bills to pay.
- (3) Includes energy sold at the Electricity Sale Chamber – CCEE of R\$ 81,512 (R\$ 20,612 in 2013). These balances were determined based on calculations prepared and published by the CCEE. The breakdown of these amounts, including the balances recorded under “suppliers payable” in the current liabilities of R\$ 107,462 (R\$ 25,444 in 2013), derive from the acquisition of electricity and system service charges, as shown below:

	Consolidated	
	2014	2013
Breakdown of CCEE credits		
Outstanding balances	63,508	1,921
Credits linked to court injunctions up to December 2002 (a)	15,236	13,562
Overdue credits (b)	2,768	5,129
	81,512	20,612
(-) Energy acquisitions at CCEE	(96,312)	(18,002)
(-) System service charges	(11,150)	(7,442)
	(25,950)	(4,832)

Transactions at the CCEE are being settled 45 days after the accrual month.

- (a) Current energy amounts linked to court injunctions are subject to change, depending on the outcome of the legal proceedings in progress. These proceedings have been brought by various companies in the sector relating to the interpretation of existing market rules. Not included in the rationing area, these companies obtained a court injunction which overturned ANEEL Resolution 288 issued May 16, 2002 which aimed to clarify companies operating in the sector about the treatment and means of applying certain MAE (now the CCEE) accounting rules set out in the General Electric Sector Agreement. These companies’ claim involves the sale of Itaipu’s quota in the southeast/central and western submarket during the period of rationing between 2001 and 2002, when there was a significant discrepancy in short-term energy prices between the submarkets.

The subsidiaries Energisa Sergipe, Energisa Minas Gerais and Energisa Nova Friburgo have not made an allowance for doubtful accounts referring to the amounts linked to these injunctions, as they hold that the amounts will be received in full either from the borrowers judicially contesting the loans or from other companies which the CCEE specifies in the future.

- (b) The subsidiaries have an allowance for doubtful accounts.
- (4) Adjustment to present value: Refers to the adjustment for renegotiating the contract without interest and those renegotiated with an interest-rate below the sector’s WACC (before tax). A rate of 11.36% p.a. was used for discounting to present value (as established by Ratifying Resolution 1506 issued April 05, 2013), which ANEEL considers to be an adequate rate of return for energy distribution services, the method of which is defined in ANEEL Normative Resolution 457 issued 11/8/2011. This rate is compatible with the nature, tenor and risk for similar transactions on market conditions in the current situation. Subsidiaries’ Management believes this discount rate adequately denotes the capital cost. Given the nature, complexity and volume of the renegotiations, the cash flow has not been disclosed, as the net effect on the AVP is not material.
- (5) Decrease in use of the distribution system: ANEEL Ratifying Resolution 1270 issued April 03, 2012 awarded the subsidiary EMT the amounts due to the financial loss of the discounts awarded in the TUSD. The amount is intended to restore the subsidiary’s revenue for providing the transmission grid to free consumers, generators and incentivized sources. For the remaining balance of R\$ 12,201 suspended by injunction, the same amount is recorded against other accounts payable in the consolidated non-current liabilities.

8 CREDIT RECEIVABLES

Refers to overdue electricity bills, renegotiated with consumers through the Debt Acknowledgement Instruments, restated according to the variation of the IGPM price index.

This includes the Enforcement Proceeding (383/2001 - 3rd Lower Treasury Court – Cuiabá) of the subsidiary EMT, filed against the municipality of Cuiabá, which resulted in order 13.699/2004/TJMT. The proceeding is currently is ranked 4th in the list of orders pending payment by the municipal finance department of Cuiabá. The Company has a provision for losses on government securities of R\$ 28,000, recorded during acquisition of the share control on April 11, 2014.

The subsidiary EMS also has government securities issued between 2000 and 2001, ceded by municipalities between 2005 and 2006, to settle electricity invoices pending payment. To date the subsidiary has received 91% of the amount owed. The remaining balance will continue to be received in accordance with the individual payment schedule for each order.

The receivables under certain operations that have been negotiated at rates other than those practiced for this set of accounts receivable have been restated to present value based on the change in the CPI rate.

As of December 31, 2014 and 2013 the balances break down as follows:

	Consolidated	
	2014	2013
Credit receivables	203,262	130,057
Adjustment to present value	(22,632)	(14,532)
Allowance for doubtful accounts (*)	(72,087)	(34,109)
	108,543	81,416
Current	65,070	43,694
Non-current	43,473	37,722

(*) Included in the total presented as a reduction to the current assets.

As of December 31, 2014 the credits mature as follows :

	Consolidated
Overdue receivables	72,087
2015	65,070
2016	11,836
2017	9,039
2018	2,061
2019	1,362
2020 onwards	19,175
Total	180,630

9 ALLOWANCE FOR DOUBTFUL ACCOUNTS - CONSOLIDATED

Change in provisions	2014	2013
Balance - opening - current - 2013 and 2012	57,150	52,300
Balance acquired on April 11, 2014	429,433	-
Provisions recorded in the year	13,576	16,280
Reversal of provisions in the year	(56,889)	(11,430)
Balance - closing - current - 2014 and 2013	443,270	57,150
Trade accounts receivable, consumers and concession operators	371,183	23,041
Credit receivables	72,087	34,109

The allowance for doubtful accounts was made to an amount deemed sufficient to cover any losses incurred on the realization of loans and in accordance with ANEEL instructions, which have been summarized below:

CUSTOMERS WITH RELEVANT DEBTS

✓ Individual analysis of the trade accounts receivable by consumption sector, with little prospect of realization.

For the other cases:

- ✓ Residential consumers more than 90 days overdue
- ✓ Commercial consumers more than 180 days overdue
- ✓ Industrial, rural and government consumers, street lighting, public services and others more than 360 days overdue.

✓ A provision is made for outstanding and overdue receivables more than 90 days overdue.

Overdue bills were excluded after a closer analysis by Company Management, the loss of which is not considered to have been incurred.

For the public service, government and public lighting sectors: the indirect subsidiaries EMT, ETO, EMS, CFLO, EEB, EDEVP, CNEE and CAIUÁ individual assess credits undergoing judicial collection subject to a final and unappealable decision which have been subject to a payment order, as in these cases the realization of the credit is a certainty. An impairment loss is recognized for all other government credits more than 360 days overdue.

10 PERIODICAL RATE ADJUSTMENT AND REVIEW - CONSOLIDATED

Rate adjustment:

As consideration for services rendered the concession operator is entitled to charge consumers the rates determined and ratified by the concession authority. The rates are adjusted annually and the concession operator's revenue is divided into two portions: A Portion (consisting of uncontrollable costs) and B Portion (efficient operating costs and capital costs). The annual rate adjustment aims to pass through uncontrollable costs and to monetarily restate controllable costs.

The subsidiaries' rates have been readjusted as follows:

Distribution company	Ratifying Resolution	Average effect on consumers (%)	Valid from
EMG	Resolution 1,737, issued 6/10/2014	5.31%	6/18/2014
ENF	Resolution 1,738, issued 6/10/2014	12.56%	6/18/2014
EPB	Resolution 1,785, issued 8/26/2014	21.81%	8/28/2014
EBO	Resolution 1,854, issued 2/3/2015	39.55%	2/4/2015
ESE	Resolution 1,712, issued 4/15/2014	11.85%	4/22/2014
EMT	Resolution 1,704, issued 4/7/2014	11.89%	4/8/2014

Continues

Continuation

ETO	Resolution 1,760, issued 7/3/2014	10.84%	7/4/2014
EMS	Resolution 1,725, issued 5/6/2014	11.20%	4/8/2014
CNEE	Resolution 1,727, issued 5/6/2014	16.86%	5/10/2014
CAIUÁ	Resolution 1,728, issued 5/6/2014	14.15%	5/10/2014
EDEVP	Resolution 1,726, issued 5/6/2014	19.66%	5/10/2014
EEB	Resolution 1,729, issued 5/6/2014	14.78%	5/10/2014
CFLO	Resolution 1,765, issued 7/22/2014	31.96%	6/29/2014

RATE REVIEW:

The subsidiaries' periodic rate reviews take place: (i) every four years for EMG, ENF, EBO, EPB, ETO, Caiuá, EEB, CNEE, EDEVP and CFLO, and every five years for ESE, EMT and EMS.

In this process ANEEL recalculated the rates according to the changes in the structure of the concession operator's costs and sales, in order to foster the efficiency and affordability of the rates. The adjustments and reviews are rate restatement mechanisms, both stipulated in the concession agreement. The concession operator may also request an extraordinary review whenever an event causes a significant economic and financial imbalance in the concession.

The rate adjustments in force have been summarized below:

Distribution company	ANEEL Ruling	Average effect on consumers (%)	Valid from
EBO	Resolution 1,483, issued 1/29/2013	6.18%	2/4/2013
ESE	Resolution 1,513, issued 4/16/2013	4.08%	4/22/2013
EMG	Resolution 1,293, issued 6/5/2012	1.20%	6/18/2012
ENF	Resolution 1,292, issued 6/5/2012	-4.82%	6/18/2012
EPB	Resolution 1,592, issued 8/27/2013	-3.02%	8/28/2013
CAIUÁ	Resolution 1,288, issued 5/8/2012	7.60%	5/10/2012
EEB	Resolution 1,289, issued 5/8/2012	0.74%	5/10/2012
CNEE	Resolution 1,286, issued 5/8/2012	2.96%	5/10/2012
EDEVP	Resolution 1,287, issued 5/8/2012	-2.72%	5/10/2012
CFLO	Resolution 1,314, issued 6/26/2012	7.97%	6/29/2012
ETO	Resolution 1,320, issued 7/3/2012	-1.61%	7/4/2012
EMT	Resolution 1,506, issued 4/5/2013	-0.04%	4/8/2013
EMS	Resolution 1,505, issued 4/5/2013	-3.17%	4/8/2013

11 CONSOLIDATED REGULATORY ASSETS AND LIABILITIES

The memorandum account for amounts of the A portion - CVA is a mechanism intended to record the changes in costs incurred on energy purchases and regulatory charges in the period, including rate adjustments and/or periodical revisions, in order to permit greater neutrality when passing through the changes to the rates.

On November 25, 2014 ANEEL decided to amend the concession and permission agreements of the electricity distribution companies, in order to eradicate any hitherto existing uncertainty regarding the recognition and realization of temporary differences, the amounts of which are passed through annually to the electricity distribution rate - A Portion (CVA) and other financial items. The Company and ANEEL amended the concession agreement to include a

specific cause, enabling the recognition of regularity assets and liabilities as a financial asset or liability.

In accordance with OCPC 08, the existing balances should be recorded in the years the amendment was made to the concession agreement on a prospective basis.

In its amendment ANEEL guarantees that the CVA amounts and other financial item shall be incorporated into the compensation calculation upon termination of the concession.

The initial recognized amounts of regulatory assets and liabilities were accordingly charged to revenue from the sale of goods and services.

The subsidiaries recorded the changes in these costs as regulatory assets and liabilities, as shown below:

Regulatory assets - consolidated	2014
Items of Portion A (i)	
Electricity purchased for resale	838,299
Transportation of electricity to national grid	81,532
Alternative Energy Sources Incentive Program - PROINFA	9,636
Energy Development Account - CDE	6,412
Fuel Consumption Account - CCC	2,613
Financial components	
Overcontracting of energy (ii)	52,606
Financial items	11,438
Other	6,265
Total Regulatory Assets	1,008,801
Current	439,948
Noncurrent	568,853
Regulatory liabilities - consolidated	2014
Portion A	
System Service Charges - ESS (c)	316,088
Deferral of the A portion	3,074
Financial components	
Overcontracting	291,278
Financial Items	
Recovery of the 3% of the contracting of E.E.	18,598
Other	25,942
Total Regulatory Liabilities	654,980
Current	214,641
Noncurrent	440,339
Net balance of regulatory assets and liabilities	353,821

Effect on income statement - Consolidated	2014
Operating Revenue	355,543
Other Financial Expenses	(1,722)
Total Income	353,821

(i) Recoverable uncontrollable rates of the A Portion - CVA

Interministerial Ordinance 25, issued January 24, 2002 by the Ministries of State Finance and Mines and Energy, established the Compensation Account for the Variation in the Values of the Items of "A Portion - CVA", as the account for recording negative or positive changes in costs occurring in the period between annual rate adjustments, relating to the items established in the electricity distribution concession agreements.

These changes are determined as the difference between the expense effectively incurred and the expenses estimated when the rate is established in the annual rate adjustments. The amounts included in the CVA are restated monetarily based on the Selic base interest rate.

(ii) Pass-through of energy overcontracting (surplus energy)

Decree 5163 (article 38) issued July 30, 2004 stipulates that in the pass-through of electricity acquisition costs to the rates of final consumers ANEEL should include up to 103% of the total energy contracted in relation to the annual supply load of the distribution agent. This pass-through was regulated by ANEEL Resolution 255 issued March 06, 2007.

Electricity distribution companies are obliged to guarantee 100% of their energy market through contracts approved, recorded and ratified by ANEEL, also guaranteed by the pass-through of the costs and revenue derived from the electricity surpluses and deficits, limited to 3% of the load requisite.

(iii) System Service Charges - ESS

Denotes a charge intended to cover the system service costs, which includes auxiliary services provided by users.

(iv) Neutrality

Denotes the neutrality of sector charges in the rate, determining the monthly differences between the amounts invoiced and the amounts included in the rates.

12 OTHER ACCOUNTS RECEIVABLE

	Parent Company		Consolidated	
	2014	2013	2014	2013
Low income (1)	-	-	58,158	24,630
Service orders in progress - PEE and R&D	-	-	86,098	25,150
Service orders in progress - other	-	-	18,454	5,017
Deactivation orders in progress	-	-	7,170	-
Expenses to be reimbursed - ODR	-	2,758	2,450	2,840
Advances	1,005	2,088	23,194	9,160
CDE subsidy - rate discount (2)	-	-	238,849	15,720
Banco Daycoval (3)	-	-	176,791	-
Provision for losses Banco Daycoval (3)	-	-	(176,791)	-
Other credits receivable -CELPA - in 'Judicial Reorganization" (4)	-	-	57,883	-
(-) Adjustment to present value - CELPA (4)	-	-	(26,027)	-
ICMS - Acquisition of third-party credits (5)	-	-	11,246	-
Subrogation of CCC (6)	-	-	42,857	-
Credits receivable - Reimbursement of sector charges	-	-	-	1,714
Acquisition of fuel via CCC account	-	-	12,663	-
Low income standard	-	-	4,969	-
Universalization Plan	-	-	4,597	-
Pension fund advance	-	-	8,704	-
Credit receivable Banco Pine	-	-	1,663	-
Accounts receivable companies available-for-sale	-	-	159,995	-
Other	2,098	260	3,204	28,398
Total	3,103	5,106	716,127	112,629
Current	3,079	5,082	532,178	107,712
Non-current	24	24	183,949	4,917

(1) LOW INCOME – CONSOLIDATED

	EMG	ENF	ESE	EPB	EBO	EMT	ETO	EMS	Companies in south southeast	Total
Balances -2013	3,398	275	6,399	13,053	1,505	-	-	-	-	24,630
Balances acquired on 4/11/2014	-	-	-	-	-	5,734	3,242	5,537	2,942	17,455
Low-income subsidy	21,024	1,761	42,755	84,457	9,012	29,218	17,024	28,087	9,676	243,014
Eletrobrás Reimbursement	(20,889)	(1,569)	(41,246)	(73,936)	(9,013)	(28,409)	(16,221)	(27,223)	(8,435)	(226,941)
Balances -2014	3,533	467	7,908	23,574	1,504	6,543	4,045	6,401	4,183	58,158

These credits consist of the subsidy for the low-income residential sector with monthly consumption of under 220 kWh, subject to certain requirements being met. This revenue is paid for with funds from the RGR – Global Reversal Reserve and the CDE – Energy Development

Account, both administrated by Eletrobrás. The balances not yet reimbursed have been recorded in the balance sheet under “other receivables” in the consolidated current assets. The subsidiaries’ management does not expect to incur any losses on the realization of the balance.

(2) CDE SUBSIDY - RATE DISCOUNT - CONSOLIDATED

	EMG	EPB	ESE	ENF	EBO	EMT	ETO	EMS	Companies in south southeast	Total
Rate discount due to Irrigation and Rural subsidy	80,955	83,844	54,813	1,889	5,778	299,196	61,408	11,608	95,818	695,309
Eletrobrás Reimbursement	(53,653)	(57,203)	(39,981)	(1,431)	(4,079)	(209,104)	(32,646)	(4,909)	(53,454)	(456,460)
Balances -2014	27,302	26,641	14,832	458	1,699	90,092	28,762	6,699	42,364	238,849

As of December 31, 2014 the balances consist of the subsidy incurred in June 2014 to December 2014, the reimbursement of which the subsidiaries' management expects to receive from CDE in the months ahead.

(3) BANCO DAYCOVAL

Refers to the amounts transferred by Banco Daycoval S.A. to the current account of the shareholder Rede Energia S/A – “Under judicial reorganization” on 2/28/2012 to settle outstanding debts of this holding company, as justified by the Financial Institution. Management of the indirect subsidiaries EMT, CAIUÁ and EMS consider these transfers improper and have filed suit to recover this amount.

It transpires that the Transgression and Failure Correction and Recovery Plan that led to the intervention of EMT, CAIUÁ and EMS was amended after the General Creditors' Meeting approved the Judicial Reorganization of Rede Energia S/A – “Under judicial reorganization”. On 12/17/2013 ANEEL Authorizing Resolution 4463 approved the ANEEL Plan and accepted ENERGISA's proposal to make an advance for future capital increase (AFAC) in the amount equal to the withdrawal made by Banco Daycoval S/A.

The reimbursement of the short-term investment of the indirect subsidiaries EMT, CAIUÁ and EMS only therefore relied on the suit filed by the subsidiaries, therefore constituting a contingent asset, as the realization thereof will only be confirmed as a result of future events occurring or not, which are uncertain and not completely under the entity's control. Because of this subsidiaries' management decided to provision for losses while the legal issue is in progress.

(4) CELPA CREDITS

Credit that the indirect subsidiaries EMT, CAIUÁ, ETO, CNEE, EEB and EDEVP has against Centrais Elétricas do Pará S.A. – CELPA – “under judicial reorganization”, deriving from related-party transactions. They will be received in semiannual payments as from the last month of September 2019, with conclusion in September 2034. The indirect subsidiary maintains a receivable adjustment to present value of R\$ 26,027.

(5) ICMS CREDITS

ICMS credits acquired by the indirect subsidiary EMT from Small Hydroelectric Power Stations (SHPs) located in Mato Grosso state. These credits were qualified by the finance department of Mato Grosso state (PAC – Credit Qualification Application) and subsequently offset (RUC – Recording of Credit Usage), both issued by the site of the finance department of Mato Grosso state. After the applications and record had been qualified, the state authority issued a notification questioning the generation company about the feasibility of qualify the credit. EMT was also jointly notified and as a result of this suspended the appropriation of the right until the appeal filed by the generation company has been resolved. The asset underlies an obligation with the generation company that will be payable after the proceeding has concluded.

(6) SUB-ROGATION CCC

Sub-rogation CCC: In accordance with ANEEL Resolution 784 issued December 24, 2002 and ANEEL Authorizing Resolution 81 issued March 09, 2004, the indirect subsidiary EMT was classified in the subrogation of the right to use the Fuel Consumption Account - CCC due to the implementation of electricity ventures that led to a decrease in the CCC expense, which helped secure rates for end consumers.

The following ventures were approved to calculate the benefit:

- ✓ Juruena Transmission System, with a project and subsidy approved of R\$ 40,310, plus an adjustment of R\$ 3,549, via Authorizing Resolution 1371 issued May 20, 2008. The amount of R\$ 6,558 was received in 2011, R\$ 10,649 in 2012, R\$ 6,765 in 2013 and R\$ 8,069 in 2014, amounting to R\$ 32,041;
- ✓ Energized on October 31, 2013, Sapezal / Comodoro Transmission System has a project and subsidy approved of R\$ 32,254, via Authorizing Resolution 1,877 issued April 07, 2009. R\$ 1,215 was received in 2014.

ANEEL order 4722 issued December 18, 2009 applying to publications in FY 2009 addresses items 53 and 34 regarding the accounting of the subsidy received by the concession operator from the CCC fund due to works deactivating thermal plants, and consequently reducing the diesel oil in energy generation in Brazil.

This order determined that all amounts already received or approved be recorded under group of accounts “223 - Special Obligations linked to the Public Electricity Service Concession”. Amounts already received and amounts pending receipt that have been approved by the regulatory agency are segregated in this group.

13 RELATED-PARTY TRANSACTIONS

The Company is the holding company of Energisa Group, which holds the share control of the companies presented in note 4, and is directly controlled by Gipar S/A (82.1% of the voting stock).

Gipar S/A is controlled by Nova Gipar (50.06% of the voting stock), which in turn is controlled by Itacatu S/A (50.6% of the voting stock) and by Multisetor Ltda (26.4% of the voting stock). Itacatu S/A is controlled by Multisetor S/A (72.2% of the voting stock).

Multisetor is controlled by Mr. Ivan Muller Botelho (77.6% of the voting stock).

The related-party balances are as follows:

PARENT COMPANY:

	2014		2013	
	Assets	Liabilities	Assets	Liabilities
Clients, consumers and concession operators (1)	5,060		4,712	-
Loans (2):				
. Dinâmica Direitos Creditórios S/A	57,885	-	-	-
. Energisa Serviços Aéreos S/A	9,153	-	7,822	-
. Energisa Comercializadora de Energia Ltda	43,864	-	12,655	-
. Energisa Geração Rio Grande S/A	-	-	4,998	-
. SPE Cristina Energia S/A	-	-	3,309	-
. Ze Tunin S/A Small Hydroelectric Power Station	-	-	-	31,051
. Rede Energia S/A	7,560	-	-	-
. Companhia Técnica de Comercialização de Energia S/A	870	-	-	-
. Caiuá Cargas	2	-	-	-
. Empresa de Eletricidade Vale Paranapanema S/A	-	144,018	-	-
. Companhia Técnica de Comercialização de Energia S/A- RJ (*)	76,221	-	-	-
. Rede Energia S/A - RJ (*)	486,632	-	-	-
. Denerge Desenvolvimento Energético S/A	78,161	-	-	-
. BBPM Participações S/A	380	-		
	760,728	144,018	28,784	31,051
Investments - Funds allocated to future capital increase (3):				
. Energisa Geração Rio Grande S/A	-	-	2,381	-
. Energisa Geração Central Solar Coremas S/A	881	-	-	-
. Dinâmica Direitos Creditórios S/A	9,752	-	-	-
. Parque Eólico Sobradinho S/A	2,208	-	1,550	-
. Energisa Geração Usina Maurício S/A	-	-	597	-

Continues

Continuation

. Energisa Bioeletricidade S/A	-	-	34,900	-
. Energisa Geração Centrais Eólicas RN S/A	-	-	69,456	-
. Energisa Minas Gerais Distribuidora de Energia S/A	9,861	-	-	-
. Energisa Geração Central Eólica Boa Esperança S/A	11	-	-	-
. Energisa Geração Central Eólica Mandacaru S/A	11	-	-	-
. Energisa Geração Central Eólica Alecrim S/A	11	-	-	-
. Energisa Geração Vista Alegre II S/A	21	-	-	-
. Energisa Geração Santa Cândida II S/A	101	-	-	-
. Energisa Geração Central Eólica Muquim S/A	11	-	-	-
. Rede Energia S/A	8,000	-	-	-
	30,868	-	108,884	-
Total	796,656	144,018	142,380	31,051

(*) Acquisition of credits assigned under judicial reorganization.

CONSOLIDATED:

	2014	
		ETO
Tocantins state	credits receivable (1)	106,328

(1) CREDITS RECEIVABLE

Denotes the receivables of the subsidiary ETO against the Tocantins state government, as follows:

✓ Reluz Tocantins Program

The National Efficient Public Lighting Program - RELUZ was introduced in 2000 by Eletrobrás with the support of the Ministry of Mines and Energy, and implemented by electricity concession operators with the participation of state and municipal governments. The Program aims to develop efficient public lighting and traffic light systems and to value public urban areas, thereby improving the population's safety. Authorities are qualified to operate the programs (municipalities, state governments and districts) by way of electricity concession operators. Federal entities wishing to include their projects in the RELUZ Program should directly approach the local electricity concession operators which will negotiate and present the request for Eletrobrás financing, as per the Program's Instructions Manual. The Eletrobrás financing is up to 75% of the project's total value. The remaining 25% should constitute the payment of the federal entities and/or electricity concession operators.

In order to enhance and expand public lighting in municipalities in Tocantins state, the Tocantins State Government introduced the Reluz Tocantins Program, which entails works to improve the energy efficiency of the public lighting system in the 139 municipalities comprising the state.

On 6/24/2010 the State Government entered into a financing agreement with the Company, as authorized by Law 2305 issued 3/24/2010. This contract entails financing of R\$ 82,423 from the State government for ETO and the delivery by the Company of the works and services necessary to implement the Reluz Tocantins Program. The means of payment is established in the contract as follows:

- Transfer of electricity grids and structures owned by the state government
- Transfer of common shares accounting for 9% of the capital of ETO and owned by the state government
- Use of the entire dividends credited
- The remaining balance after the previous items have been realized should be paid over 24 monthly, equal and successive instalments.

The subsidiary ETO delivered all the works and services under the Reluz Program and received the approval of the program's finalization by Eletrobrás via letter CTA-DF-5975/2013 dated 9/11/2013.

The subsidiary sent to the state government all the payment event notifications, according to the conclusion of the physical events established in the contract schedule and Eletrobrás approval.

By way of a payment in kind, on 7/9/2014 9% of ETO shares owned by the Tocantins State government was transferred, totaling 34,085,056 preferred shares worth R\$ 33,063.

The balance receivable related to the Reluz Tocantins Program was restated in accordance with the contractual clauses, which generally entail 7.5% p.a. of the financial restatement on the principal balance and for overdue payments monetary restatements based on the monthly variance of the IGPM/FGV price index, plus interest of 0.5% (zero point five percent) and a fine of 10% (ten percent) on the total overdue amount, which stood at R\$ 88,045 as of 12/31/2014, including the deduction from the debit balance of dividends credited for the 2009, 2010 and 2011 financial years, and the payment in kind consisting of the transfer of 9% of the shares.

As stipulated in the contract of the Reluz Tocantins Program, the Company retained the dividends credited to the shareholder Tocantins state, in compliance with the contractual provision stating that at any time the Company

can use the dividends credited to settle overdue instalments of the Program's debt. On 9/29/2013 the shareholder Tocantins state filed suit to receive the dividends and an injunction ordered the amounts be placed in a court deposit until the substance of the demand be judged. After the chief justice of the High Court of Appeal had stayed the injunction, the frozen amounts were returned to ETO on April 07 and 09, 2014. If the final decision goes against the Company, the debit balance will be recalculated net of the payment made via the dividend offset.

✓ Arrangement 028/2008 - arrangement made to implement 125 km of transmission lines interconnecting Tocantinópolis and Xambioá. The accounting for completion of the works was submitted to the state government by way of correspondence CE – 003/2012-DFC, dated 2/29/2012. The restated amount receivable is R\$ 18,283. By the closure of these financial statements Tocantins state had not released the funds in accordance with the work plan established in the Arrangement.

Company Management expects to receive the funds from the shareholder in the short term.

Transactions conducted in the period by the Company and its subsidiaries:

Subsidiary	Administrative services (1)	Endorsement commission/Restatement of loans (Financial revenue) (2)	Balance receivable (Receivables, consumers and concession operators)
EMG	11,302	4,552	870
EPB	22,963	6,635	1,805
ESE	13,950	7,443	1,097
EBO	6,127	409	482
EGR	-	542	-
ECOM	2,560	2,246	285
ESOL	1,650	-	126
ENF	5,020	828	395
ESA	-	837	-
REN I	-	11	-
REN II	-	28	-
REN III	-	41	-
REN IV	-	52	-
EYSM	-	62	-
GRN	-	21	-
EBSC II	-	92	-
EBVA I	-	1,969	-
EBVA II	-	2,260	-
EMS	-	79	-

Continues

Continuation

CTCE	-	2,571	-
Rede Energia	-	34,145	-
2014	63,572	64,823	5,060
2013	59,607	20,632	4,712

- (1) Refers to administrative services provided to its subsidiaries. The costs are benchmarked to the benchmark company model used by the ANEEL regulated department for rate purposes. The contracts have been approved by ANEEL.
- (2) The loans are charged interest at the average borrowing rate, which in the period was an average of the CDI rate + 0.81% p.a. (CDI + +0.6% p.a. in 2013), maturing through May/2015. Also refers to endorsement commission, initiated in February 2013, for the subsidiaries' contractual guarantees at the rate of 1.5% p.a.
- (3) The funds intended for future capital increase are not remunerated and are recorded under investments.

D&O compensation

In the financial year ended December 31, 2014 the members of the Board of Directors and Audit Committee received remuneration of R\$ 478 (R\$ 353 in 2013) and the Executive Board R\$ 161 (R\$ 228 in 2013), at the parent company, and R\$ 5,553 (R\$ 4,751 in 2013) and R\$ 18,062 (R\$ 12,353 in 2013) in the consolidated statement.

In addition to this remuneration, the Company and its subsidiaries provide private pension, health insurance and life insurance benefits to their directors, generating an expense of R\$ 89 (R\$ 11 in 2013) at the parent company and R\$ 2,123 (R\$ 1,269 in 2013) in the consolidated statement.

Payroll charges on compensation amounted to R\$ 105 (R\$ 43 in 2013) at the parent company and R\$ 4,269 (R\$ 1,695 in 2013) in the consolidated statement.

The highest and lowest compensation attributed to directors was R\$ 15 and R\$ 1 for the parent company and R\$ 126 and R\$ 2 in the consolidated statement (R\$ 14 and R\$ 1 for the parent company and R\$ 82 and R\$ 3 in the consolidated statement in 2013) respectively. The average monthly compensation in the period ended December 31, 2014 was R\$ 3 at the parent company and R\$ 28 in the consolidated statement (R\$ 3 at the parent company and R\$ 38 in the consolidated statement in 2013).

14 RECOVERABLE TAXES

	Parent Company		Consolidated	
	2014	2013	2014	2013
Value Added Tax on Sales and Services - ICMS	-	-	170,575	60,685
Withholding Income Tax - IRRF	9,646	829	21,736	6,399
Income Tax-IRPJ	16,715	23,855	156,898	57,231
Social Contribution on Net Income -CSLL	1,319	607	41,672	7,217
PIS and COFINS	192	219	102,727	70,881
Other	1	80	14,443	3,367
	27,873	25,590	508,051	205,780
Current	12,529	8,172	319,596	130,960
Non-current	15,344	17,418	1,188,45	74,820

15 TAX CREDITS, DEFERRED TAXES AND CURRENT INCOME TAX AND SOCIAL CONTRIBUTION EXPENSES

Refers to tax credits deriving from tax loss carryforwards, negative social contribution bases and temporary differences recorded in accordance with CPC 32 and presented in accordance with CPC 26.

The consolidated estimated for the realization of deferred taxes can be seen below, and the earnings projections used in the recoverability study of these assets were approved by the Boards of Directors of the Company and its subsidiaries.

As of December 31, 2014 the Company had an asset balance of unrecognized accumulated tax losses and negative basis of social contribution amounting to R\$ 147,815 (R\$ 359,036 in 2013), as the estimated earnings are not sufficient to offset these amounts.

Deferred taxes recognized in the balance sheet:

	Parent Company		Consolidated	
	2014	2013	2014	2013
Assets				
Tax loss carryforwards	27,751	60,865	147,171	44,381
Negative basis of social contribution	11,106	22,681	66,794	16,836
Temporary differences	220,590	2,428	885,374	240,147
Tax credit not recognized - CVM Directive 371	(50,257)	(68,562)	(171,169)	(68,562)
Total noncurrent	209,190	17,412	928,170	232,802
Liabilities				
Temporary Differences:				
Income Tax	-	-	1,297,954	11,097
Social Contributions	-	-	467,263	3,995
Total Noncurrent	-	-	1,765,217	15,092

The deferred credits have the following nature:

	2014			
	Parent Company		Consolidated	
	Calculation basis	IRPJ + CSSL	Calculation basis	IRPJ + CSSL
Assets				
Tax loss carryforwards	111,002	27,751	588,685	147,171
Negative basis of CSLL	123,403	11,106	742,151	66,794
Tax credits - goodwill (1)	-	-	372,789	126,748
Provision for actuarial adjustment	1,765	600	188,720	64,165
Provisions for risks	431	146	566,046	192,456
Allowance for doubtful accounts - Allowance for doubtful allowance	26	9	541,613	184,148
Other provisions (PEE; R&D; Fees and Other)	-	-	227,693	77,416
Exchange variance losses	21,393	7,274	239,577	81,456
Mark-to-market - derivatives	10,309	3,505	(117,546)	(39,966)
Adjustments to present value	-	-	131,200	44,608

Continues

Continuation

Regulatory assets (liabilities) (CVAs)	-	-	(65,107)	(22,136)
Other temporary additions	-	-	11,410	3,899
Tax credit not recognized - CVM Directive 371	(147,815)	(50,257)	(847,807)	(171,169)
IRPJ and CSSL on the portion of the VNR of the				
Concession receivables and restatement	-	-	(107,224)	(36,456)
Provision for the capital gain on assets held for sale - sale not made (2)	614,871	209,056	614,871	209,056
Total noncurrent assets	735,385	209,190	3,087,071	928,170

	2014			
	Parent Company		Consolidated	
	Calculation basis	IRPJ + CSSL	Calculation basis	IRPJ + CSSL

Liabilities

Adjustments to present value	-	-	(3,043,409)	(1,034,759)
Appreciation	-	-	(2,402,634)	(816,896)
Negative goodwill on interest in EMS	-	-	(188,939)	(64,239)
Revaluation reserve charges	-	-	(275,157)	(93,553)
Other temporary exclusions	-	-	(26,015)	(8,846)
Tax loss and negative basis usable in the realization of temporary differences (30%)	-	-	744,342	253,076
Total noncurrent liabilities	-	-	(5,191,812)	(1,765,217)

	2013			
	Parent Company		Consolidated	
	Calculation basis	IRPJ + CSSL	Calculation basis	IRPJ + CSSL

Assets

Tax loss carryforwards	243,458	60,865	328,632	82,158
Negative basis of CSSL	252,008	22,681	346,707	31,204
Tax credits - goodwill (1)	-	-	250,676	85,230
Provision for actuarial adjustment	2,477	842	135,607	46,106
Provisions for risks	-	-	68,607	23,326
Allowance for possible loan losses - PCLD	-	-	26,167	8,897
Other provisions (PEE; R&D; Fees and Other)	-	-	51,857	17,631
Exchange variance losses	21,393	7,274	174,727	59,407
Mark-to-market - derivatives	(18,469)	(6,279)	(94,355)	(32,081)
Adjustments to present value	-	-	14,532	4,941
Regulatory assets (CVAs)	-	-	51,823	17,620
Other temporary exclusions	1,743	591	6,714	2,283
Tax credit not recognized - CVM Directive 371	(359,036)	(68,562)	(359,036)	(68,562)
IRPJ and CSSL on the portion of the VNR of the concession accounts receivable and restatement:	-	-	(133,407)	(45,358)
Total noncurrent assets	143,574	17,412	869,251	232,802

- (1) The tax credits - goodwill of R\$ 126,748 (R\$ 85,230 in 2013) are being realized over the remaining term of the subsidiaries' concession term: ENF (15 years), EBO (16 years) and EPB (17 years), according to the annual projected future income of these subsidiaries, as determined by ANEEL Resolutions 759 of December 12, 2006 (EPB and EBO) and 771 of December 19, 2006 (ENF).
- (2) The tax credits created in the financial year of R\$ 209,190 denote the income and social contribution taxes payable on the Provision for the capital gain of assets held for sale - sale not made of generating assets which are in the process of conclusion, forecast to occur at the end of the first quarter of 2015, whereupon the entire tax credit recorded will be realized.

Tax credits were realized as follows:

Year	Parent Company	Consolidated
2015	209,190	301,518
2016	-	97,875
2017	-	72,739
2018	-	62,068
2019 to 2024	-	393,970
Total	209,190	928,170

The income and social contribution amounts which affected the income for the year, in addition to the offsetting of the tax credits recorded, are shown below:

	Parent Company		Consolidated	
	2014	2013	2014	2013
Income before tax	191,756	172,340	327,470	212,931
Combined tax bracket	34%	34%	34%	34%
Income and social contribution taxes expense, calculated at the total tax bracket	(65,197)	(58,596)	(111,340)	(72,397)
Adjustments:				
Permanent items:				
Equity in net income of subsidiaries	125,991	77,204	-	36
Non-deductible expenses (donations, free gifts, fines etc)	-	-	(73,439)	-
Decrease to Income Tax and Surcharges (*)	-	-	52,758	48,817
Tax credits - IR and CS not recorded in the year	27,197	(18,608)	70,721	(18,608)
Exclusion of finance income - Refis law 12996/14	-	-	39,973	-
Effects of Law 11638/2007	-	-	(8,381)	-
Difference by determining the tax according to the presumed profit method	-	-	-	6,611
Other	-	-	7,847	(5,156)
Revenue (expense) from income and social contribution taxes	87,991	-	(21,861)	(40,697)
Effective rate	-	-	6,68%	19,11%

- (*) The subsidiaries ESE, EPB and EBO have qualified for income tax and surcharge incentives. Approval was obtained from the Ministry of Social Integration in December 2012 for the new applications for a tax incentive of 75% for the period 1/1/2012 to 12/31/2021 and the application was accepted by the federal tax authorities, ESE - Decision 126 – DRF/ASJU of 3/4/2013, EPB- Decision 128 – DRF/JPA of 5/23/2013 and EBO - Sudene Constitutive Report 0206/2012. The tax benefit consists of a reduction of up to 75% of the Income Tax calculated on operating profits.

As they are located in an area embraced by SUDAM – Amazônia Development Department, the subsidiaries ETO and EMT had their applications for income tax and surcharge reductions accepted. In December 2014 the Ministry of Social Integration approved the tax incentive applications, thereby reducing the tax by 75% for the period 1/1/2014 to 12/31/2023. The applications were accepted by SUDAM Constitutive Reports 113 and 114/2014. The tax benefit consists of a reduction of up to 75% of the Income Tax calculated on operating profits.

The decreases to the income tax and surcharges obtained by the subsidiaries amount to R\$ 52,758 (R\$ 48,817 in 2013), where: R\$ 26,033 (R\$ 35,619 in 2013) at EPB, R\$ 962 (R\$ 1,825 in 2013) at EBO and R\$ 25,763 at ESE (R\$ 11,373 in 2013). These amounts were recorded directly in the income statement for the period under “current income and social contribution taxes”, and will be allocated to the tax incentive reserve at the subsidiaries.

Law 12973/2014 (Provisional Law 627/2013)

Provisional Law 627/2013 enacted as Law 12973/2014 introduced material amendments to federal tax rules, including: (i) revoking of the Transitional Taxation Scheme (“RTT”); (ii) amendment of Law 1598/77 addressing the IRPJ and CSLL taxes; (iii) establishing that the modification or adoption of accounting methods and criteria under the administrative acts issued based on the competence

attributed by commercial law subsequent to the publication of this Provisional Law will not affect the calculation of federal taxes until the tax law regulates the matter; (iv) inclusion of specific treatment about the taxation of profits or dividends; (v) inclusion of provisions about the calculation of interest on shareholder’s equity and (vi) new considerations about investments valued by the equity income method.

This Law is effective from 2014 for companies electing this option by the deadline of 11/7/2014, in accordance with Normative Instruction 1499 issued by the federal tax authority on 10/16/2014. Application of these standards is mandatory from January 2015 for companies which did not elect this option. The Company is evaluating the impacts of the law and will adopt the new arrangement from FY 2015 and does not expect material impacts on its financial statements.

16 ACCOUNTS RECEIVABLE FROM THE CONCESSION - CONSOLIDATED

Preliminary Law 579/2012, enacted as Law 12783/2013, confirmed the concession authority’s intention to use the VNR – New replacement value – to determine the value of credits receivable at the end of the concession as compensation for investments made and not recovered when providing the concession services.

Company Management believes that this fact changed the contractual terms of the concession regarding the means of compensating the Company for investments made in concession assets, which was recognized at historic cost until FY 2011.

On December 31, 2012 the subsidiaries EMG, ENF, ESE, EPB, EBO, EDEVP, EMT, CAIUA, ETO, EEB, CNEE, CFLO and EMS began recognizing the VNR – New replacement value, ratified by ANEEL, for assets comprising the concession, restated by the variance of the IGP-M price index, recognizing R\$ 31,527 (R\$ 29,567 in 2013) in the year in financial revenue restatement of concession accounts receivable - VNR.

The concession’s accounts receivable are classified as available-for-sale in the non-current assets.

See the changes occurring in the year:

	EMG	EPB	ESE	ENF	EBO	Subtotal
Financial asset - historic cost - 2013	285,875	225,555	182,867	84,182	22,709	801,188
Additions in the period (*)	40,875	45,523	41,062	7,053	8,486	142,999
Write-offs in the period	(4,891)	(1,916)	(783)	(664)	(286)	(8,540)
Restatement of accounts receivable from the concession - VNR	7,638	7,062	5,428	2,455	735	23,318
Financial asset - restated cost - 2014	329,497	276,224	228,574	93,026	31,644	958,965
Current	329,497	-	-	93,026	-	422,523
Noncurrent	-	276,224	228,574	-	31,644	536,442

Subsidiaries acquired on April 11, 2014:

	EMT	ETO	EMS	Companies in south southeast (**)	Subtotal	Consolidated(***)
Opening balances consolidated from April 11, 2014	784,316	390,908	277,391	458,722	1,911,337	2,712,525
Additions in the period (*)	92,632	51,519	38,907	(5,460)	177,598	320,597
Write-offs in the period	(2,283)	(17,445)	(642)	(11,686)	(32,056)	(40,596)
Restatement of accounts receivable from the concession - VNR	4,203	3,613	3,203	(2,810)	8,209	31,527
Financial asset - restated cost - 2014	878,868	428,595	318,859	438,766	2,065,088	3,024,053
Current	-	-	-	438,766	438,766	861,289
Noncurrent	878,868	428,595	318,859	-	1,626,322	2,162,764

(*) Transfer from intangible assets to accounts receivable of the concession.

(**) Includes the subsidiaries CFLO, CNEE, EEB, Caiuá and EDEVP.

(***) R\$ 293,588 of the additions of R\$ 320,597 was transferred from intangible assets to the concession's accounts receivable, of which R\$ 15,996 consisted of the incorporation of grids and R\$ 11,013 of segregation.

17 INVESTMENTS

	Parent Company		Consolidated	
	2014	2013	2014	2013
Interest in subsidiaries	2,928,562	2,092,397	-	-
Other	10,051	10,051	36,410	18,443
Total	2,938,613	2,102,448	36,410	18,443

Interest in subsidiaries:

2014									
Information about subsidiaries								Information about the parent company's investment	
Subsidiary	Capital	No. shares/quotas	%	Assets	Liabilities	Shareholders' Equity	Net income for the year	Equity in net income of subsidiaries and associated companies	Investments
Energisa MG	44,171	450,712	100	586,809	495,556	91,253	23,029	23,029	91,253
Energisa SE	357,136	195	100	1,381,279	995,406	385,873	102,178	102,298	385,873
Energisa PB	461,423	918	100	1,794,668	1,123,194	671,474	119,363	119,548	671,474
Energisa BO	64,577	293	100	227,474	135,524	91,950	2,574	2,574	91,950
Energisa NF	39,743	13	100	152,149	93,689	58,460	2,265	2,265	58,460
Energisa Soluções	39,000	29,635	100	72,625	26,300	46,325	(1,145)	(1,145)	46,325
Energisa Serviços Aéreos de Aeroinspeção (1)	1,000	120	100	7,116	9,819	(2,703)	(1,534)	(1,534)	-
Energisa Planejamento	1,685	1,685	100	3,288	838	2,450	1,656	1,656	2,450
Energisa Comercializadora	1	1	100	96,825	91,834	4,991	6,823	6,823	4,991

Continues

Continuation

Alvorada Direitos Creditórios S.A	251	200	50	339	66	273	20	10	137
Dinâmica Direitos Creditórios	7,570	500	50	69,164	58,948	10,216	(7,265)	(3,633)	9,983
Energisa Geração Rio Grande	133,179	68,249	100	264,935	125,258	139,677	(193)	(193)	-
SPE Cristina S/A	21,100	7,400	100	29,417	10,769	18,648	(1,201)	(1,201)	-
Zé Tunin Small Hydroelectric Power Station	61,448	27,925	100	108,670	43,686	64,984	1,549	1,549	-
Parque Eólico Sobradinho	2,552	398	100	889	327	562	(905)	(905)	562
Energisa Geração Usina Maurício	15	1	100	776	8	768	253	253	768
Energisa Bioeletricidade	151,597	1	100	437,936	254,678	183,258	4,981	4,981	-
Energisa Geração Centrais Eólicas RN	167,468	63,500	100	665,263	475,717	189,546	12,308	13,621	-
Energisa Geração Solar Coremas	1	1	100	314	7	307	(574)	(574)	307
Energisa Geração Vista Alegre	1	1	100	22	-	22	1	1	22
Energisa Geração Santa Cândida	1	1	100	100	-	100	(1)	(1)	100
BBPM Participações(2)	437,621	177,741	89,57	422,947	8,604	414,343	23,300	37,016	371,127
Denerge(2)	545,985	251,934,725	49,28	1,536,006	570,459	965,547	56,498	27,259	475,821
JQM Participações (2)	175,898	71,270	99,95	148,268	242	148,026	8,520	20,407	148,193
Rede Energia S.A.(2)	2,245,787	256,409	14,95	3,601,396	1,426,983	2,174,413	146,775	17,233	333,179
EMT(2)	-	76	0,05	5,321,090	3,485,806	1,835,284	32,542	-	10,201
Energisa Geração Eólica Boa Esperança	1	1	100	1	-	1	-	(10)	1
Energisa Geração Eólica Mandacaru	1	1	100	1	-	1	-	(10)	1
Energisa Geração Eólica Alecrim	1	1	100	1	-	1	-	(10)	1
Energisa Geração Eólica Umbuzeiro - Muquim	1	1	100	1	-	1	-	(10)	1
Goodwill paid in the acquisition of subsidiaries							-	-	220,811
Balance reclassified to available-for-sale assets								(731)	-
Total								370,566	2,928,562

- (1) The Company made a provision for the unsecured liabilities of its subsidiary Energisa Serviços Aéreos to the amount of R\$ 2,703 (R\$ 1,171 in 2013), recorded under other accounts payable in the noncurrent liabilities in the parent company.
- (2) Companies acquired on April 11, 2014.

2013									
Information about subsidiaries								Information about the parent company's investment	
Subsidiary	Capital	No. shares/quotas	%	Assets	Liabilities	Shareholders' Equity	Net income for the year	Equity in net income of subsidiaries and associated companies	Investments
Energisa MG	44,171	450,712	100	526,662	462,767	63,895	27,516	27,516	63,895
Energisa SE	345,763	195	100	1,099,969	752,436	347,533	45,561	45,561	347,533

Continues

Continuation

Energisa PB	425,805	918	100	1,540,985	942,899	598,086	133,944	133,944	598,086
Energisa BO	62,753	293	100	187,837	91,576	95,261	9,533	9,533	95,262
Energisa NF	39,743	13	100	141,155	80,495	60,660	6,867	6,867	60,660
Energisa Soluções	39,000	29,635	100	73,180	24,958	48,222	(1,924)	(1,924)	48,221
Energisa Serviços Aéreos de Aeroinspeção	1,000	120	100	7,897	9,068	(1,171)	(1,933)	(1,933)	-
Energisa Planejamento	1,685	1,685	100	3,890	1,183	2,707	1,433	1,433	2,707
Energisa Comercializadora	1	1	100	45,505	40,047	5,458	7,286	7,286	5,459
Alvorada Direitos Creditórios S.A	251	200	50	296	43	253	3	2	127
Dinâmica Direitos Creditórios	7,570	500	50	7,856	126	7,730	211	105	3,865
Energisa Geração Rio Grande	130,797	68,249	100	268,823	128,886	139,937	3,756	3,756	139,937
SPE Cristina S/A	21,100	7,400	100	31,741	11,893	19,848	(554)	(554)	19,848
Pequena Central Hidrelétrica Zé Tunin S/A	61,448	27,925	100	107,585	43,946	63,639	3,462	3,462	63,639
Parque Eólico Sobradinho	2,552	398	100	849	36	813	(1,396)	(1,396)	813
Energisa Geração Usina Maurício	15	1	100	683	26	657	74	74	657
Energisa Bioeletricidade	151,597	1	100	243,943	52,502	191,441	6,543	6,543	191,441
Energisa Geração Centrais Eólicas RN S/A	167,468	63,500	100	765,666	518,208	247,458	15,813	15,813	247,458
Goodwill paid in the acquisition of subsidiaries								-	202,789
Balance reclassified to available-for-sale assets								(29,021)	-
Total								227,067	2,092,397

Changes in investments:

Subsidiary	12/31/2013	Investments acquired on 4/11/2014	Subscription/ acquisition/ advance for future capital increase	Dividends	Amortization	Comprehensive Income	Equity in net income of subsidiaries	12/31/2014
Energisa MG	63,895	-	9,861	(5,757)	-	225	23,029	91,253
Energisa SE	347,533	-	-	(38,175)	-	(25,783)	102,298	385,873
Energisa PB	598,086	-	-	(42,975)	-	(3,185)	119,548	671,474
Energisa BO	95,262	-	-	(1,315)	-	-	2,574	96,521
Energisa NF	60,660	-	-	(4,711)	-	246	2,265	58,460
Energisa Soluções	48,221	-	-	(684)	-	(67)	(1,145)	46,325
Energisa Serviços Aéreos de Aeroinspeção (1)	-	-	-	-	-	-	(1,534)	-
Energisa Planejamento	2,707	-	-	(1,951)	-	38	1,656	2,450
Energisa Comercializadora	5,459	-	-	(7,170)	-	(121)	6,823	4,991
Alvorada Direitos Creditórios S.A	127	-	-	-	-	-	10	137
Dinâmica Direitos Creditórios	3,865	-	9,752	-	-	(1)	(3,633)	9,983

Continues

Continuation

Parq. Eólico Sobr.	813	-	658	-	-	(4)	(905)	562
Energisa Geração Usina Mauricio	657	-	-	(142)	-	-	253	768
Energisa Geração Solar Coremas	-	-	881	-	-	-	(574)	307
Energisa Geração Vista Alegre	-	-	21	-	-	-	1	22
Energisa Geração Santa Cândida	-	-	101	-	-	-	(1)	100
BBPM Participações	-	(75,072)	412,667	-	-	(3,484)	37,016	371,127
Denerge	-	(53,462)	506,829	-	-	(4,805)	27,259	475,821
JQM Participações	-	(37,018)	166,261	-	-	(1,457)	20,407	148,193
Rede Energia S.A.	-	-	315,016	-	-	930	17,233	333,179
EMT	-	-	10,201	-	-	-	-	10,201
Energisa Geração Eólica Boa Esperança	-	-	11	-	-	-	(10)	1
Energisa Geração Eólica Mandacaru	-	-	11	-	-	-	(10)	1
Energisa Geração Eólica Alecrim	-	-	11	-	-	-	(10)	1
Energisa Geração Eólica Umbuzeiro-Muquim	-	-	11	-	-	-	(10)	1
Goodwill paid in the acquisition of subsidiaries	202,789	165,552	-	-	(147,530)	-	-	220,811
Balance reclassified to available-for-sale assets	662,323	-	(102,304)	(3,311)	-	(391)	18,026	-
Total	2,092,397	-	1,329,988	(106,191)	(147,530)	(37,859)	370,566	2,928,562

(*) Equity interest - business combination.

EFFECTS OF THE CONSOLIDATION AND ACQUISITION OF THE COMPANIES OF REDE GROUP

The equity interests assuring the share control of the companies comprising Rede Group were officially transferred to Energisa on April 11, 2014, pursuant to the Investment and Share Purchase and Sale Commitment and Other Covenants.

Rede Group was acquired by formally transferring to Energisa 90.91% of the capital of JQM Participações S.A., 65.68% and of the capital of BBPM Participações S.A., 20.11% of the capital of Denerge Desenvolvimento Energético S.A., and 0.03% of the of Rede Energia S/A (holding companies) and the payment of the token amount of R\$ 1.00 (one real), with all conditions established in the Commitment having been satisfied and/or waived.

The fair values of the identifiable assets and liabilities acquired at the business combination date are the following:

	JQM	BBPM	Denerge	Rede Energia	Total
Fair value of the assets acquired	40,719	114,299	265,849		
% interest	90.91%	65.68%	20.11%		
Value of interest	37,018	75,072	53,462		165,552
Amount paid in the acquisition	-	-	-	-	-
Goodwill not allocated	37,018	75,072	53,462	-	165,552
Capital gains (losses)	(395)	6,145	24,552	(126,647)	(96,345)
Goodwill not allocated after the capital contributions	36,623	81,217	78,014	(126,647)	69,207

The acquisition made on April 11, 2014 was measured and recorded at fair value on the transaction date, in accordance with CPC 15 (R1) and IFRS 3 (R).

GOODWILL ON ACQUISITIONS

The goodwill determined under the acquisition of the Companies stands at R\$ 165,552 and was recognized in “investment” for the parent company and “intangible assets” in the consolidated statement. The symbolic acquisition price of R\$ 1.00 (one real) was based on the market value valuation of the equity of the companies acquired. The goodwill determined on the acquisition is primarily due to the fact the PPA calculations did not include the renewal of the electricity distribution concessions introduced by Law 12783/2013, as by the reporting date the government had not issued an explicit declaration about the renewal of the concessions, already requested by the subsidiaries, and the variance between the average used to determine the price and the best estimate of the shareholders’ equity at fair value at the effective acquisition date.

Capital gains on the greater interest in the capital increases via capital contributions made at the subsidiaries JQMJ, BBPM, Denerge and Rede Energia amounting to R\$ 96,345 was deducted from the goodwill (R\$ 165,552).

The acquisition price of the share control was determined based on the concession period of the electricity generation and distribution companies.

The Company used a concession period to determine the goodwill. The amount of R\$ 69,207 is therefore being amortized in accordance with the concession period of the subsidiaries terminating on: EMT and EMS (2027), ETO (2020) and Empresas Sul Sudeste (CNEE, EEB, EDEVP, CAIUÁ and CFLO) (JUN/2015).

R\$ 6,795 was amortized in the period, recorded under depreciation and amortization in the income statement.

R\$ 6,362 was reclassified to the item available-for-sale assets, referring to the portion of the goodwill of the indirect subsidiary Tangará.

PROVISION FOR LABOR, CIVIL AND TAX RISKS

The Company recognized the amount of R\$ 77,527 as a provision for labor, civil and tax risks, rated as possible and remote chances of defeat. The contingent liabilities assumed on the initial recording of the business combination was recorded at fair value, and the amount of R\$ 23,095 had been reversed by December 31, 2014.

IMPACT OF THE ACQUISITION ON NET INCOME

Had the business combination taken place on January 1, 2014, Energisa’s consolidated net operating revenue deriving from continued operations would be R\$ 9,838,873 and the net income for the period ended December 31, 2014 would be R\$ 210,920. (Not audited by the independent auditors).

DETERMINATION OF FAIR VALUES

Since the intervention determined by the National Electricity Regulatory Agency (“ANEEL”) the subsidiary Rede Energia lost control over the economic and operating decisions of the electricity distribution subsidiaries, although the right to its respective equity interests was upheld.

Pursuant to item 20 of CPC 18 (R2) – Investments in associated company and subsidiaries (CVM Resolution 696 issued 12/18/2012), losing the control over the electricity distribution companies that had been under the intervention of the concession authority (as per note 1) resulted in the subsidiary Rede Energia reclassifying its investments to Financial assets - available-for-sale on that date.

Due to the end of the intervention in the concession operators by ANEEL as declared in Authorizing Resolution 4622 published on April 10, 2014, the subsidiary Rede Energia assumed control over the operating and economic decisions of the subsidiaries, and from April 11, 2014 began consolidating and publishing Consolidated financial statements. Based on the opinions of its independent advisors, the subsidiary Rede Energia consequently used the replacement cost method to determine the fair value of the intangible assets of the companies holding electricity distribution concessions, as follows: (i) Caiuá Distribuição de Energia S.A.; (ii) Energisa Mato Grosso Distribuidora de Energia S.A.; (iii) Energisa Tocantins Distribuidora de Energia S.A.; (iv) Companhia Força e Luz do Oeste; (v) Companhia Nacional de Energia Elétrica; (vi) Empresa de Distribuição de Energia Vale Paranapanema S.A.; (vii) Empresa Elétrica Bragantina S.A.; and (viii) Energisa Mato Grosso do Sul Distribuidora de Energia S.A. The replacement cost method was also used to determine the fair value of the intangible assets for the generation company Tangará Energia S/A.

The application of the fair value of investments is as follows:

Company	SE adjusted to fair value 4/11/2014	%	Investment at fair value	Investment appraised at cost	Adjustment of fair value	Amortization net of tax (*)
EMT	1,407,365	39.92%	561,820	520,590	41,230	(25,425)
ETO	633,592	50.86%	322,245	297,068	25,177	(29,026)
EMS	1,240,429	60.16%	746,242	462,453	283,789	(17,326)
CNEE	86,160	98.69%	85,031	76,830	8,201	(3,036)
CFLO	28,569	97.70%	27,912	18,057	9,855	(8,292)
EEB	81,525	91.45%	74,555	70,159	4,396	(15,053)
EDEVP	114,350	100.00%	114,350	114,038	312	(14,977)
CAIUÁ	(135,682)	100.00%	(135,682)	(31,292)	(104,390)	(11,289)
TANGARÁ	96,583	100.00%	96,583	39,956	56,627	(3,556)
Sub total	-		1,893,056	1,567,859	325,197	(127,980)
Indirect interest of the subsidiary Rede Power in EMS:						
EMS	1,240,429	39.77%	493,319	305,709	187,610	(11,440)
Total	-		2,386,375	1,873,568	512,807	(139,420)

(*) expensed as amortization and depreciation in the income statement for the year.

APPRECIATION OF INTANGIBLE ASSETS

The acquisitions described in the note above were recorded in accordance with CPC 15 (R1) - "Business Combinations" and IFRS 3 (R) - "Business Combinations" as on April 11, 2014 Rede Energia regained control of the electricity distribution companies (EMT, EMS, ETO, EDEVP, EEB, Caiuá, CFLO and CNEE) following the termination of the intervention imposed by the concession authority which since August 31, 2012 had intervened in the management of the subsidiaries and which led the Company to no longer adjust its permanent investments at equity value by the equity method. On April 11, 2014 it regained the share control of the Companies. In accordance with accounting regulations that consider the economic essence of the operation, Rede Energia began evaluating the subsidies' assets at fair value, after regaining the control thereof. As a result and in accordance with the determinations of CPC 15 (R1) and IFRS 3 (R), the net assets and liabilities of the companies were valued at fair value and allocated according to the appraisal report prepared by a specialized company, which resulted in the companies recording: (a) an intangible asset - concession right of R\$ 2,717,048; (b) recording of deferred income and social contribution taxes in noncurrent liabilities of R\$ 897,437;

and (c) other current liabilities of R\$ 77,527 (provision for labor, civil and tax risks) amounting to R\$ 1,742,084, recorded at each subsidiary as an equity appraisal adjustment in shareholders' equity on April 11, 2014.

The deferred taxes (liabilities) were created over the difference between the appreciation of identifiable assets acquired and the respective carrying amounts thereof, as their tax bases were not affected by the business combination, and consequently generated temporary differences. These deferred taxes were created at the rate of 34% over the appreciation of these assets. The deferred income tax will be realized in the accounts as the intangible asset is amortized or if the investment is sold by the parent company. The subsidiaries are also taxed on the taxable income basis, under which amortization of the intangible asset is not deductible. The tax realization at the parent companies therefore occurs on the sale of the property, plant and equipment at the subsidiary or sale of the investment by the parent company, which would lead to a tax rate of 34% for the parent company, as a result of recording a capital gain.

Subsidiary	Cost of intangible assets and property, plant and equipment	Deemed cost of contingencies	Taxes	Effect on shareholders' equity
EMT	913,193	40,145	296,836	576,212
ETO	397,674	10,941	131,489	255,244
EMS	979,283	11,859	328,924	638,500
CNEE	16,178	1,675	4,931	9,572
CFLO	22,639	876	7,399	14,364
EEB	45,458	2,118	14,735	28,605
EDEVP	45,289	4,670	13,811	26,808
CAIUÁ	37,349	5,243	10,916	21,190
TANGARÁ	259,985	-	88,396	171,589
Sub total	2,717,048	77,527	897,437	1,742,084

18 PROPERTY, PLANT AND EQUIPMENT

	Parent Company					
	Balance 2013	Addition	Transfers	Write-offs	Depreciation	Balance 2014
Property, plant and equipment In service						
Cost:						
Land	16	-	-	-	-	16
Buildings and improvements	4,212	-	87	(50)	-	4,249
Machinery and equipment	4,616	-	2,883	(999)	-	6,500
Vehicles	8,552	-	414	(488)	-	8,478
Furniture and fixtures	13,761	-	40	(292)	-	13,509
Total property, plant and equipment in service	31,157	-	3,424	(1,829)	-	32,752
Accumulated depreciation:						
Buildings and improvements	(1,917)	-	-	25	(142)	(2,034)
Machinery and equipment	(3,035)	-	(31)	999	(322)	(2,389)
Vehicles	(8,095)	-	-	408	(133)	(7,820)
Furniture and fixtures	(11,138)	-	31	292	(633)	(11,448)
Total accumulated depreciation	(24,185)	-	-	1,724	(1,230)	(23,691)
Subtotal Property, Plant and Equipment	6,972	-	3,424	(105)	(1,230)	9,061
Property, plant and equipment in progress	-	3,461	(3,424)	-	-	37
Total of Property, plant and equipment	6,972	3,461	-	(105)	(1,230)	9,098

	Parent Company					
	Balance 2012	Addition	Transfers	Write-offs	Depreciation	Balance 2013
Property, plant and equipment In service						
Cost:						
Land	19	-	-	(3)	-	16
Buildings and improvements	4,043	-	169	-	-	4,212
Machinery and equipment	3,786	-	830	-	-	4,616
Vehicles	8,711	-	215	(374)	-	8,552

Continues

Continuation

Furniture and fixtures	13,679	-	82	-	-	13,761
Total property, plant and equipment in service	30,238	-	1,296	(377)	-	31,157
Accumulated depreciation:						
Buildings and improvements	(1,769)	-	-	-	(148)	(1,917)
Machinery and equipment	(2,857)	-	-	-	(178)	(3,035)
Vehicles	(7,061)	-	-	349	(1,383)	(8,095)
Furniture and fixtures	(10,434)	-	-	-	(704)	(11,138)
Total accumulated depreciation	(22,121)	-	-	349	(2,413)	(24,185)
Property, plant and equipment in progress	1	1,295	(1,296)	-	-	-
Total of Property, plant and equipment	8,118	1,295	-	(28)	(2,413)	6,972

CONSOLIDATED								
PROPERTY, PLANT AND EQUIPMENT	Balance 2013	Opening balances consolidated from 4/11/2014	Addition	Transfers	Write-offs	Amortization / Depreciation	Reclassification of assets for sale	Balance 2014
Property, plant and equipment in service								
Cost:								
Software	17	-	-	-	-	-	-	17
Land	16,566	1,743	-	810	-	-	(18,021)	1,098
Reservoirs, dams and water pipelines	175,444	74,069	-	(919)	-	-	(246,403)	2,191
Buildings and improvements	112,197	27,958	-	(24,401)	(196)	-	(102,305)	13,253
Machinery and equipment	862,152	138,522	2,531	78,428	(3,220)	-	(1,002,298)	76,115
Vehicles	29,846	302	-	7,009	(2,627)	-	(689)	33,841
Furniture and fixtures	44,160	597	-	298	(306)	-	(1,198)	43,551
Total property, plant and equipment in service	1,240,382	243,191	2,531	61,225	(6,349)	-	(1,370,914)	170,066
Accumulated depreciation:								
Software	(270)	-	-	-	-	(4)	-	(274)
Reservoirs, dams and water pipelines	(11,248)	(16,295)	-	(103)	-	(6,025)	32,618	(1,053)
Buildings and improvements	(11,183)	(7,815)	-	3,507	75	(4,741)	15,134	(5,023)
Machinery and equipment	(60,583)	(37,116)	(161)	(3,205)	1,788	(37,784)	97,638	(39,423)
Vehicles	(16,489)	(219)	-	(13)	2,190	(2,917)	297	(17,151)
Furniture and fixtures	(24,464)	(585)	-	(186)	310	(1,999)	289	(26,635)
Total accumulated depreciation	(124,237)	(62,030)	(161)	-	4,363	(53,470)	145,976	(89,559)
Subtotal Property, Plant and Equipment	1,116,145	181,161	2,370	61,225	(1,986)	(53,470)	(1,224,938)	80,507
Property, plant and equipment in progress	65,548	198	248,213	(61,225)	-	-	(248,033)	4,701
Total of Property, plant and equipment	1,181,693	181,359	250,583	-	(1,986)	(53,470)	(1,472,971)	85,208

	Consolidated					
	Balance 2012	Addition (**)	Transfers (*)	Write-offs	Depreciation	Balance 2013
Property, plant and equipment In service						
Cost:						
Software	538	-	(515)	(6)	-	17
Land	14,143	-	2,423	-	-	16,566
Reservoirs, dams and water pipelines	109,100	3,652	62,719	(27)	-	175,444
Buildings and improvements	84,756	-	35,008	(7,567)	-	112,197
Machinery and equipment	240,450	3,044	613,607	5,051	-	862,152
Vehicles	28,663	-	2,601	(1,418)	-	29,846
Furniture and fixtures	41,388	-	4,739	(1,967)	-	44,160
Total property, plant and equipment in service	519,038	6,696	720,582	(5,934)	-	1,240,382
Accumulated depreciation and amortization:						
Software	(274)	-	-	43	(39)	(270)
Reservoirs, Dams, Water Pipelines and land	(4,224)	-	-	(1,568)	(5,456)	(11,248)
Buildings and improvements	(6,780)	-	(896)	1,226	(4,733)	(11,183)
Machinery and equipment	(34,536)	-	(4,364)	1,201	(22,884)	(60,583)
Vehicles	(13,413)	-	(571)	1,259	(3,764)	(16,489)
Furniture and fixtures	(23,348)	-	(831)	1,231	(1,516)	(24,464)
Total accumulated depreciation	(82,575)	-	(6,662)	3,392	(38,392)	(124,237)
Property, plant and equipment in progress	253,896	525,397	(713,920)	-	-	65,548
Total of Property, plant and equipment	690,359	532,093	-	(2,542)	(38,392)	1,181,693

The Company and its subsidiaries use the following depreciation rates:

Depreciation rates of property, plant and equipment	Fees
Reservoirs, dams, water pipelines and land	4.68%
Buildings and improvements	3.88%
Machinery and equipment	6.25%
Vehicles	14.29%
Furniture and fixtures	6.25%

The assets of the SHPs, wind farms and biomass ventures of the indirect subsidiary Tangará are depreciated at the depreciation rates specified, limited to the authorization or concession term.

19 INTANGIBLE ASSETS

19.1 INTANGIBLE ASSETS - PARENT COMPANY

Intangible assets	Balance 2013	Addition	Transfers	Amortization	Balance 2014
In Service					
Cost of software	6,954	-	1,777	-	8,731
Accumulated Amortization	(2,813)	-	-	(1,201)	(4,014)
Subtotal	4,141	-	1,777	(1,201)	4,717
In Progress	-	1,777	(1,777)	-	-
Grand Total	4,141	1,777	-	(1,201)	4,717

Intangible assets	Balance 1/1/2013	Addition	Transfers	Amortization	Balance 12/31/2013
In Service					
Cost of software	4,601	-	2,353	-	6,954
Accumulated Amortization	(1,942)	-	-	(871)	(2,813)
Subtotal	2,659	-	2,353	(871)	4,141
In Progress	27	2,326	(2,353)	-	-
Grand Total	2,686	2,326	-	(871)	4,141

Software is amortized at the rate of 20% per annum.

19.2 INTANGIBLE ASSET - CONSOLIDATED

Intangible assets	Balance 2013	Opening balances consolidated from 4/11/2014	Addition	Transfers	Write-offs (*)	Amortization	Reclassification of assets for sale	Balance 2014
In Service								
Cost	2,432,913	9,685,121	3,888	392,134	(134,875)	-	(284,474)	12,094,707
Accumulated Amortization	(1,153,601)	(3,643,035)	(75)	-	116,515	(667,894)	8,835	(5,339,255)
Subtotal	1,279,312	6,042,086	3,813	392,134	(18,360)	(667,894)	(275,639)	6,755,452
In Progress	124,047	704,345	879,943	(392,134)	(389,093)	-	-	927,108
Studies and Projects	52	-	-	-	-	-	-	52
Total	1,403,411	6,746,431	883,756	-	(407,453)	(667,894)	(275,639)	7,682,612
(-) Obligations linked to the concession		-						
In Service								
Cost	415,767	1,667,598	17,341	593	(9)	-	-	2,101,290
Accumulated Amortization	(114,322)	(583,167)	(355)	-	-	(98,045)	-	(795,889)
Subtotal	301,445	1,084,431	16,986	593	(9)	(98,045)	-	1,305,401
In Progress	133,243	172,502	186,095	(593)	(110,504)	-	-	380,743
Total obligations linked to the concession	434,688	1,256,933	203,081	-	(110,513)	(98,045)	-	1,686,144
Grand Total	968,723	5,489,498	680,675	-	(296,940)	(569,849)	(275,639)	5,996,468

(*) R\$ 293,588 of the write-offs of R\$ 296,940 was transferred to accounts receivable of the concession, of which R\$ 14,999 refers to the return of special obligations under the Light for All program, transfer to the item loans and financing - 5th tranche in August 2014 and R\$ 18,351 to write-offs made in the year.

	Balance 2012	Addition	Transfers	Write-offs (*)	Amortization	Balance 2013
Intangible assets in service						
Cost	2,306,531	570	180,444	(54,632)	-	2,432,913
Accumulated Amortization	(1,056,023)	-	1,236	25,745	(124,559)	(1,153,601)
Subtotal	1,250,508	570	181,680	(28,887)	(124,559)	1,279,312
In Progress	166,320	293,026	(177,870)	(157,429)	-	124,047
Studies and Projects	14,833	239	(3,810)	(11,210)	-	52
Total	1,431,661	293,835	-	(197,526)	(124,559)	1,403,411
(-) Obligations linked to the concession						
In Service						
Cost	376,602	-	42,492	(3,327)	-	415,767
Accumulated Amortization	(88,493)	-	-	-	(25,829)	(114,322)
Subtotal	288,109	-	42,492	(3,327)	(25,829)	301,445
In Progress	124,266	72,643	(42,492)	(21,174)	-	133,243
Total	412,375	72,643	-	(24,501)	(25,829)	434,688
Grand Total (**)	1,019,286	221,192	-	(173,025)	(98,730)	968,723

(*) R\$ 136,255 of the write-offs of R\$ 173,025 was transferred to the Concession's Accounts Receivable, R\$ 12,839 of special obligations was recorded in current liabilities - other accounts payable referring to the return of funds of the Light For All Program to Eletrobrás, R\$ 6,696 was transferred to property, plant and equipment and R\$ 42,913 to write-offs in the year. Around R\$ 54,469 of additional special obligations were transferred from the concession accounts receivable.

(**) Includes R\$ 54,510 (R\$ 39,148 in 2012) referring to software.

19.3 INTANGIBLE ASSETS - CONCESSION AGREEMENT - CONSOLIDATED

Portion of the assets used by the subsidiaries in the electricity distribution concession to be recovered through electricity rates during the arrangement term.

The assets used by the subsidiaries in their operations are tied to public energy distribution services, and may not be removed, sold, transferred or pledged under mortgage guarantee without the prior, express consent of the Regulatory Authority. ANEEL Resolution 20/99 regulates the freeing up of the public electricity service concessions' infrastructure, awarding preliminary authorization for the release for the purpose of disposal. It also determines the proceedings of the disposal be deposited into a specific bank account and the funds reinvested into the concession's assets.

The amortization is being conducted over the arrangement term based on the economic benefits generated annually. The subsidiaries' average weighted amortization rates are:

Company	2014	2013
EMG	3.91%	3.83%
ESSE	3.77%	3.78%
EPB	3.90%	3.89%
EBO	3.88%	4.00%
ENF	3.90%	3.83%
EDEVP	3.83%	4.15%
EMT	3.95%	3.99%
CAIUA	3.99%	4.07%
ETO	3.84%	3.85%
EEB	4.04%	4.02%
CNEE	4.05%	4.16%
CFLO	4.34%	4.39%
SEM	4.32%	4.32%

The balance of intangible assets and accounts receivable from the concession is reduced by obligations linked to the concession, consisting of:

Obligations linked to the concession:	2014	2013
Consumer contributions	311,582	305,710
Balances acquired on 4/11/2014	2,198,524	-
Government Subsidy - CDE funds	498,814	321,809
State Government Subsidy	58,358	75,390
Reversal reserve	1,721	1,722
Excess Demand Revenue and Surplus Reactive Energy	64,995	10,657
(-) Accumulated amortization	(189,721)	(114,322)
Total	2,944,273	600,966
Allocation:		
Accounts receivable from the concession	1,108,126	166,278
Infrastructure - Intangible assets in service	1,455,404	301,445
Infrastructure - Intangible assets in progress	315,748	122,586
Excess Demand Revenue and Surplus Reactive Energy	64,995	10,657
Total	2,944,273	600,966

Consumer contributions represent third-party participation in construction work to supply electricity to areas not embraced by the electricity concessionaires' expansion projects.

Government subsidies – CDE funds and Government subsidies derive from the Energy Development Account - CDE and are allocated to the Light for All program.

The reversal reserve, constituted up until December 31, 1971, represents the amount of proceeds deriving from the reversal fund, which have been invested in the expansion project of the subsidiaries ESE and EMG, which is charged interest of 5% per annum paid monthly.

The subsidiaries began amortizing their special obligations on: ESE (April/2008), EMG (June/2008), ENF (June/2008), EBO (February/2009), EPB (August 2009), CNEE (May/2008), EDEVP (May/2008), CAIUÁ (May/2008), CFLO (June/2008), ETO (July/2008), EMT (April/2008), EMS (April/2008) As from the second periodical rate review the obligations linked to the concession (special obligations) are now amortized at the average depreciation rate for intangible assets of the respective activity in which the special obligation funds were used.

Excess Demand Revenue and Surplus Reactive Energy

By way of Normative Resolution 463 issued November 22, 2011, ANEEL determined that the amounts deriving from fines for exceeding demand and surplus reactive energy consumption will be recorded as special obligations, as from the 3rd cycle of rate reviews. Before the 3rd cycle, these amounts used to be recorded as operating revenue. The subsidiaries underwent the 3rd rate review cycle; EMG and ENF in September 2012, EBO in February 2013, ESE in April 2013 and EPB in August 2013, CNEE, EDEVP, CAIUÁ in May/2012, CFLO in June/2012, ETO in July/2012, EMT and EMS in April/2013. Thereafter the invoicing of excess demand is now recorded as Special Obligations.

As of December 31, 2014 the amount recorded in this item stood at R\$ 57,370 (R\$ 10,657 in 2013).

As the representative of electricity distribution companies, ABRADÉE (Brazilian Association of Electricity Distributors) filed suit contesting the treatment afforded to this revenue.

Impairment testing

Upon closing the financial statements for the financial year ended December 31, 2014, the indirect subsidiaries conducted an impairment test on intangible assets and financial assets of the concession arrangements in accordance with CPC 01 - R1 (Asset impairment). The intangible asset was tested based on its value in use, using the cash flow method for the term of the concession. The financial asset resulting from the adoption of OCPC 05 - Concession Agreements was based on the remuneration basis of the last adjusted rate review. No material event occurred in the period ended December 31, 2014 that required the test be revised. The following main assumptions were used in the cash flow model projections:

- ✓ Historic ratio between growth in energy sold (MWh) and the economy as measured by GDP;
- ✓ For the future economic scenario and economic variables, studies were used developed by economic models and other available market data;
- ✓ The cash flows were adjusted to present value at an average rate denoting the average weighted capital cost.

The amounts determined in this test were insufficient to cover the intangible assets and financial assets.

19.4 CONCESSION RIGHT - CONSOLIDATED

	2014	2013
Recognized by subsidiaries (1)	538,012	538,012
Recognized by parent company (2)	320,580	320,580
Acquisition of interest (3)	69,207	-
Goodwill (4)	48,777	45,690
Balance reclassified to available-for-sale assets	(77,129)	-
Accumulated amortization	(383,581)	(342,603)
Subtotal	515,866	561,679

The change is as follows:

Consolidado		
	2014	2013
Opening balance	561,679	595,505
Acquisition of equity interest	72,294	-
Balance reclassified to available-for-sale assets	(77,129)	-
Amortization in the year	(40,978)	(33,826)
Closing balance	515,866	561,679

(1) Intangible assets recognized by the subsidiary:

Refers to the concession right incorporated by the subsidiary ESE which is being amortized from April 1998 and will continue to be amortized until the end of the electricity distribution concession (December 2027), based on this Company's projected income. The amortization will reduce the income and social contribution taxes by 34%. As of December 31, 2014 the balance to be amortized by the subsidiary is R\$ 295,055 (R\$ 314,254 in 2013).

(2) Intangible assets recognized by parent company:

Consists of the concession rights in the interests in the subsidiaries ENF, EBO, ESE and EPB of R\$ 157,741 (R\$ 171,156 in 2013), which are being amortized over the concession term, in accordance with the profit projected for the subsidiaries.

The Company acquired six specific purpose entities: (i) (Renascença I, II, III and IV and Ventos do São Miguel), owners of wind energy projects in the municipality of Parazinho – RN, for the amount of R\$ 25,231 less accumulated amortization of R\$ 1,682, and (ii) Parque Eólico Sobradinho, located in the municipality of Sobradinho - BA, for the amount of R\$ 7,022 (R\$ 7,022 in 2013).

The Renascença I, II, III and IV and Ventos do São Miguel projects prevailed at the alternative sources auction, in August 2010. These projects started with sales of an average 59.7 MW for 20 years at the price of R\$ 136.00/MWh from September 2013. They have been inspected by ANEEL and found to be apt to generate energy, which said ventures performing all the conditions necessary to be able to operate. In the financial year ended December 31, 2014 operation revenue was recognized of R\$ 87,293 (R\$ 27,988 in 2013).

The amounts paid to acquire the wind farms have been recorded under concession arrangements, to be amortized over 35 years as from start-up of the companies in September 2013.

These ventures are in the process of being sold, see note 41.

(3) Intangible assets goodwill

Denotes the goodwill recognized as a result of the difference between the fair value, net of tax, of the equity interests acquired by the subsidiary Energisa Bioeletricidade S/A, which will be amortized over 20 years commencing August 2012 of R\$ 46,903, less amortization, as it has a defined useful life.

Due to the sale of the generation project, the amounts related to the bioelectricity ventures were transferred to available-for-sale assets (see note 41). Around R\$ 77,129 was written off from this item as a result of comprising the Ventures' costs.

The amortization of these concession rights and reduction to the income and social contribution taxes has been projected as follows:

Amortization period	Consolidated	Reduction in income and social contribution taxes - ESE
2015 and 2016	32,710	6,698
2017 and 2018	60,879	13,913
2019 and 2020	62,508	14,598
2021 and 2022	64,269	15,280
2023 and 2024	65,815	15,954
2025 and 2026	67,415	16,616
2027 onwards	162,270	17,260
Total	515,866	100,319

20 SUPPLIERS PAYABLE

	Parent Company		Consolidated	
	2014	2013	2014	2013
Supplies:				
Furnas	-	-	136	136
Ampla -Cusd	-	-	783	783
CCEE	-	-	96,312	18,002
Bilateral Contracts (1)	-	-	1,017,475	125,740
Use of the high-voltage national grid (1)	-	-	6,089	6,412
Connection to the grid (1)	-	-	801	752
Service charges in the system (1)	-	-	11,150	7,442
Use of the distribution system (CUSD) (1)	-	-	17,583	11,284
Materials, services and other (2)	1,182	2,425	175,810	153,909
Total	1,182	2,425	1,326,139	324,460
Current	1,182	2,425	966,244	318,174
Noncurrent	-	-	359,895	6,286

- (1) The acquisition of electricity from generators, use of the high-voltage grid and the distribution system, with an average settlement of 25 days. This item includes R\$ 427,632 of Eletrobrás debits, of which R\$ 351,140 has been recorded under noncurrent liabilities owed by the electricity distribution subsidiaries EMT and EEB referring to the Itaipu pass-through. As these debits are overdue they were financed over 60 instalments with interest payable on the principal, which will be amortized in the first 24 payments with the principal being amortized over the remainder. The interest is being calculated according to the variance of the Selic interest rate.
- (2) Acquisitions of materials, services and other items required to implement, conserve and maintain the electricity sale, generation and distribution services, with an average settlement of 40 days.

21 LOANS, FINANCING AND DEBT CHARGES

Company			Principal		Total		Re.
	Operations	Debt charges	Current	Noncurrent	2014	2013	
ENERGISA S/A	Local currency						
	COMMERCIAL PAPERS - 2 nd ISSUANCE - SINGLE SERIES	5,640	100,000	-	105,640	-	
	Total local currency	5,640	100,000	-	105,640	-	
	Foreign currency						
	CITIBANK	582	-	199,215	199,797	176,513	(1)
	ABC	315	164,246	-	164,561	-	(1)
	Santander	816	108,594	-	109,410	-	(1)
	Total em moeda estrangeira	1,713	272,840	199,215	473,768	176,513	
	Total ENERGISA S A	7,353	372,840	199,215	579,408	176,513	
ENERGISA SERGIPE	Local currency						
	Credit Receivables Investment Fund - Energisa Group III	140	-	15,000	15,140	15,114	
	Eletrobrás - Light for All - 1 st tranche	13	140	138	291	456	
	Eletrobrás - Light for All - 2 nd tranche	45	382	1,126	1,553	2,020	
	Eletrobrás - Light for All - 3 rd tranche	65	474	1,624	2,163	2,612	
	Eletrobrás - Light for All - 4 th tranche	1	41	246	288	359	
	Eletrobrás - Light for All - 5 th tranche	197	26	1,819	2,042	251	
	Eletrobrás- Subtransmission	116	1,658	487	2,261	4,078	
	Eletrobrás - Light for All - 6 th tranche	8	-	4,433	4,441	-	
	Banco do Nordeste - Financ. Investment 200702008 (FNE)	298	2,228	4,348	6,874	8,799	
	Banco do Nordeste - Financ. Investment 200702008 (FAT)	923	3,226	1,315	5,464	7,467	
	Banco do Nordeste - Financ. Investment 200902010 (FNE)	759	2,649	12,259	15,667	18,997	
	Banco ABC - BNDES pass-through	498	5,027	18,829	24,354	29,792	
	Banco ABC - BNDES pass-through	85	212	2,516	2,813	3,399	
	Banco Itaú BBA - FINAME	60	1,494	17,227	18,781	11,133	
	Banco Itaú BBA - FINEM	47	2,835	14,118	17,000	-	
	Commercial paper Itaú	536	80,000	-	80,536	-	
	Total local currency	3,791	100,392	95,485	199,668	104,477	
	(-) Borrowing costs incurred	(154)	-	(472)	(626)	(777)	

Continues

Continuation

ENERGISA PARAÍBA	Foreign currency					
	Bank of America Merrill Lynch	117	79,686	-	79,803	70,332 (2)
	Banco Itaú BBA	1,070	-	133,424	134,494	118,688 (2)
	Citibank	583	-	132,810	133,393	117,805 (2)
	Total foreign currency	1,770	79,686	266,234	347,690	306,825
	Total ENERGISA SERGIPE	5,407	180,078	361,247	546,732	410,525
	Local currency					
	Credit Receivables Investment Fund - Energisa Group III	591	-	61,000	61,591	61,485
	Eletrobrás - Light for All - 1 st tranche	29	354	358	741	1,127
	Eletrobrás - Light for All - 2 nd tranche	73	520	1,346	1,939	2,504
	Eletrobrás - Light for All - 3 rd tranche	67	376	1,469	1,912	2,322
	Eletrobrás - Light for All - 4 th tranche	57	324	1,712	2,093	2,448
	Eletrobrás - Light for All - 5 th tranche	234	420	2,397	3,051	3,310
	Eletrobrás - Light for All - 6 th tranche	81	896	-	977	3,451
	Eletrobrás- Subtransmission	10	3,589	2,231	5,830	13,987
	Eletrobrás - Rural Electrification	-	-	-	-	15
	Eletrobrás - Rural Electrification	-	-	-	-	8
	Eletrobrás - Return of LPT	-	13,646	-	13,646	529
	Banco do Nordeste - Financ. Investments 2005/2006 (FNE)	-	-	-	-	5,363
	Banco do Nordeste - Financ. Investments 2007/2008 (FNE)	36	9,782	13,955	23,773	33,311
	Banco do Nordeste - Financ. Investments 2008/2009 (FNE)	10	8,502	39,507	48,019	53,966
	Banco do Nordeste - Financ. Investments 200702008 (FAT)	1	2,228	3,842	6,071	8,499
	Banco ITAU BBA - BNDES FINEM	126	1,536	32,053	33,715	-
	Banco BNB - BNDES pass-through	39	7,797	24,957	32,793	40,812
	Banco Itaú BBA - FINAME	154	3,193	33,199	36,546	24,256
	Banco Itaú CCB	-	40,269	-	40,269	-
	Total local currency	1,508	93,432	218,026	312,966	257,393
	(-) Borrowing costs incurred	(338)	-	(1,054)	(1,392)	(1,732)
	Foreign currency					
	Banco Itaú BBA I	621	44,890	-	45,511	39,882 (2)
	Banco Itaú BBA II	1,330	-	160,108	161,438	142,428 (2)
	Citibank	61	-	106,248	106,309	93,764 (2)
	Total foreign currency	2,012	44,890	266,356	313,258	276,074
	Total ENERGISA PARAÍBA	3,182	138,322	483,328	624,832	531,735
	Local currency					
	Credit Receivables Investment Fund - Energisa Group III (*)	138	-	15,000	15,138	15,112
	Eletrobrás - Light for All - 1 st tranche	57	1,043	1,926	3,026	4,161

Continues

Continuation

ENERGISA NOVA FRIBURGO	Banco ITAU BBA - BNDES pass-through IV	4	188	957	1,149	1,338	
	Banco Itaú BBA - BNDES PER pass-through	4	298	1,516	1,818	2,115	
	Banco Itaú BBA - repasse BNDES PER	1	743	186	930	1,675	
	Banco Itaú BBA - FINAME	49	1,249	12,832	14,130	8,950	
	Caixa Econômica Federal - FINAME	39	493	3,202	3,734	4,277	
	Banco Bradesco - CCB	1,066	12,500	-	13,566	25,795	(1)
	Banco ITAU BBA - BNDES FINEM	158	5,211	9,197	14,566	13,375	
	Commercial paper - Itaú	402	60,000	-	60,402	-	
	Total local currency	2,309	87,826	54,637	144,772	109,047	
	(-) Borrowing costs incurred	(55)	-	(119)	(174)	(271)	
	Foreign currency						
	Citibank	289	-	43,694	43,983	38,770	(2)
	Bank of America Merrill Lynch	-	-	-	-	67,048	
	Bank of America Merrill Lynch	283	75,742	-	76,025	-	(2)
	Banco Itaú BBA	738	79,687	-	80,425	70,953	(2)
	Total foreign currency	1,310	155,429	43,694	200,433	176,771	
	Total ENERGISA MINAS GERAIS	3,564	243,255	98,212	345,031	285,547	
	Local currency						
	Credit Receivables Investment Fund - Energisa Group III	37	-	4,000	4,037	4,030	
	Eletrobrás - Light for All - 1 st tranche	-	46	141	187	287	
	Eletrobrás - Light for All - Emergency	11	15	442	468	632	
	Banco HSBC - BNDES pass-through	1	78	49	128	346	
	Banco HSBC - BNDES pass-through	-	55	25	80	184	
	Banco HSBC - BNDES pass-through	-	26	16	42	112	
	Banco ITAU BBA - BNDES pass-through I	1	182	914	1,097	1,281	
	Banco ITAU BBA - BNDES pass-through II	1	104	349	454	462	
	Banco ITAU BBA - BNDES pass-through III	2	76	381	459	536	
	Banco ITAU BBA - BNDES pass-through IV	11	125	626	762	879	
	Banco ITAU BBA - BNDES pass-through V	19	210	1,163	1,392	-	
	Banco ITAU BBA - BNDES pass-through VI	3	90	498	591	-	
	Banco Itaú BBA - BNDES PER pass-through	2	743	186	931	1,676	
	Banco Itaú BBA - FINAME pass-through	7	139	1,262	1,408	902	
	Banco ITAU BBA - BNDES AUTOMATICO	18	1,302	3,511	4,831	6,341	
	Banco ITAU BBA - BNDES AUTOMATICO	37	599	1,106	1,742	1,836	
	Total local currency	150	3,790	14,669	18,609	19,504	
	(-) Borrowing costs incurred	(6)	-	(32)	(38)	(44)	
	Foreign currency						
	Citibank	-	-	21,914	21,914	19,424	(2)
	Bank of America Merrill Lynch	-	-	-	-	9,404	
	Bank of America Merrill Lynch	4	-	10,625	10,629	-	(2)
	Banco Itaú BBA I	110	7,969	-	8,079	7,129	(2)

Continues

Continuation

	Banco Itaú BBA II	4	6,401	-	6,405	5,649	(2)
	Total foreign currency	118	14,370	32,539	47,027	41,606	
	Total ENERGISA NOVA FRIBURGO	262	18,160	47,176	65,598	61,066	
	Local currency						
	Credit Receivables Investment Fund - Energisa Group III	55	-	5,000	5,055	5,047	
	Eletrobrás - Light for All - 1 st tranche	2	55	54	111	170	
	BNB financing - BNDES PASS-THROUGH	47	-	2,000	2,047	2,051	
	BNB financing - BNDES PASS-THROUGH	137	2	8,476	8,615	7,886	
	Banco do Nordeste - Financ. Investment 200702008 (FNE)	194	2,018	3,296	5,508	7,358	
	Banco do Nordeste - Financ. Investment 200902010 (FNE)	16	465	5,303	5,784	7,191	
ENERGISA BORBOREMA	Banco Itaú BBA - FINAME	14	261	2,926	3,201	1,649	
	LOAN ITAU BBA BNDES FINEM	39	128	3,039	3,206	-	
	Total local currency	504	2,929	30,094	33,527	31,352	
	(-) Borrowing costs incurred	(27)	-	(66)	(93)	(119)	
	Foreign currency						
	Bank of America Merrill Lynch	-	-	-	-	9,506	
	Bank of America Merrill Lynch	74	-	10,702	10,776	-	(2)
	Banco Itaú BBA	-	16,095	-	16,095	14,257	(2)
	Total foreign currency	74	16,095	10,702	26,871	23,763	
	Total ENERGISA BORBOREMA	551	19,024	40,730	60,305	54,996	
	Local currency						
ENERGISA SOLUÇÕES	Finep	12	940	3,651	4,603	5,950	
	Banco Itaú BBA - FINAME	9	319	3,488	3,816	1,257	
	Total local currency	21	1,259	7,139	8,419	7,207	
	(-) Borrowing costs incurred	-	(6)	(18)	(24)	(29)	
	Total ENERGISA SOLUÇÕES	21	1,253	7,121	8,395	7,178	
	Local currency						
ENERGISA SOL. CONSTRUÇÕES	Banco Itaú BBA - FINAME	12	228	2,913	3,153	-	
	Total local currency	12	228	2,913	3,153	-	
	Total ENERGISA SOLUÇÕES	12	228	2,913	3,153	-	
	Local currency						
	BNDES - Financ. Investment	-	-	-	-	85,501	

Continues

Continuation

ENERGISA GERAÇÃO RIO GRANDE S/A	BNDES - Financ. Investment	-	-	-	-	27,931	
	Banco Itaú BBA - BNDES PER pass-through	-	-	-	-	1,666	
	Total local currency	-	-	-	-	115,098	
	(-) Borrowing costs incurred	-	-	-	-	(222)	
	Total ENERGIA GERAÇÃO RIO GRANDE	-	-	-	-	114,876	
SPE CRISTINA	Local currency						
	BNDES - Financ. Investment	-	-	-	-	6,211	
	BNDES - Financ. Investment	-	-	-	-	2,175	
	Total local currency	-	-	-	-	8,386	
	(-) Borrowing costs incurred	-	-	-	-	(41)	
	Total SPE CRISTINA	-	-	-	-	8,345	
SERV. AÉREOS	Local currency						
	LEASING BRADESCO	-	534	-	534	1,108	
	Total local currency	-	534	-	534	1,108	
	Total ENERGISA SERVIÇOS AÉREOS	-	534	-	534	1,108	
CENTRAL EÓLICA RENASCENÇA I S/A	Local currency						
	BNDES - Financ. Investment	-	-	-	-	85,133	(1)
	Total local currency	-	-	-	-	85,133	
	(-) Borrowing costs incurred	-	-	-	-	(162)	
	Total RENASCENÇA I	-	-	-	-	84,971	
CENTRAL EÓLICA RENASCENÇA II S/A	Local currency						
	BNDES - Financ. Investment	-	-	-	-	82,348	(1)
	Total local currency	-	-	-	-	82,348	
	(-) Borrowing costs incurred	-	-	-	-	(162)	
	Total RENASCENÇA II	-	-	-	-	82,186	
CENTRAL EÓLICA RENASCENÇA III S/A	Local currency						
	BNDES - Financ. Investment	-	-	-	-	83,100	(1)
	Total local currency	-	-	-	-	83,100	
	(-) Borrowing costs incurred	-	-	-	-	(162)	
	Total RENASCENÇA III	-	-	-	-	82,938	
CENTRAL EÓLICA RENASCENÇA IV S/A	Local currency						
	BNDES - Financ. Investment	-	-	-	-	82,633	(1)
	Total local currency	-	-	-	-	82,633	
	(-) Borrowing costs incurred	-	-	-	-	(162)	
	Total RENASCENÇA IV	-	-	-	-	82,471	

Continues

Continuation

		Local currency				
VENTOS DE SÃO MIGUEL S/A	BNDES - Financ. Investment	-	-	-	-	79,849 (1)
	Total local currency	-	-	-	-	79,849
	(-) Borrowing costs incurred	-	-	-	-	(162)
	Total VENT. SÃO MIGUEL	-	-	-	-	79,687
		Local currency				
PCH ZÉ TUNIN	BDMG - BNDES pass-through	-	-	-	-	11,594 (1)
	BDMG - BNDES pass-through	-	-	-	-	28,340 (1)
	Total local currency	-	-	-	-	39,934
	(-) Borrowing costs incurred	-	-	-	-	-
		Total Zé Tunin	-	-	-	39,934
		Local currency				
REDE ENERGIA	BANCO INDUSTRIAL E COMERCIAL S.A. (BICBANCO) Option A	158	-	3,868	4,026	
	BANCO DO NORDESTE DO BRASIL S.A. (Option A)	878	-	8,530	9,408	
	LOANS "RJ" CREDITORS (OPTION C)	-	-	3,209	75,722	
	Total local currency	1,036	-	15,607	89,156	
		Total REDE ENERGIA	1,036	-	15,607	89,156
		Local currency				
CAIUÁ	Santander - 270626414	79	-	8,500	8,579	
	ELETROBRÁS - EFS00042/2004	-	322	242	564	
	HP leasing	-	24	-	24	
	Total local currency	79	346	8,742	9,167	-
		Foreign currency				
CAIUÁ	Banco Itaú BBA	-	208	68,778	68,986	(2)
	Total foreign currency	-	208	68,778	68,986	-
	Total CAIUÁ	79	554	77,520	78,153	-
		Local currency				
ETO	ELETROBRÁS	-	947	552	1,499	
	ELETROBRÁS	90	18,536	105,023	123,649	
	Banco Santander	62	-	7,867	7,929	
	Banco Santander	597	-	75,133	75,730	
	HP leasing	-	12	-	12	
	Total local currency	749	19,495	188,575	208,819	-
		(-) Borrowing costs incurred	(42)	-	(764)	(806)

Continues

Continuation

	Total ETO	707	19,495	187,811	208,013	-
	Local currency					
	STOCK OPTIONS	12,196	-	219,056	231,252	
DENERGE	Total local currency	12,196	-	219,056	231,252	-
	Total DENERGE	12,196	-	219,056	231,252	-
	Local currency					
	BANCO BMG S/A - Option A	-	307	2,985	3,292	
CTCE	Total local currency	-	307	2,985	3,292	
	Total CTCE	-	307	2,985	3,292	
	Local currency					
	ELETROBRÁS	37	12,169	40,441	52,647	-
	SAFRA	1	334	46	381	-
	SAFRA	1	84	11	96	-
	HP leasing	-	29	-	29	-
EMS	VOLKSWAGEN	2	244	-	246	-
	Banco Itaú - Commercial note	5,448	100,000	-	105,448	
	Credit Receivables Investment Funds	-	31	289,789	289,820	
	Total local currency	5,489	112,891	330,287	448,667	-
	(-) Borrowing costs incurred	-	-	-	-	
	Total SEM	5,489	112,891	330,287	448,667	-
	Local currency					
	ELETROBRAS	4	42,940	304,575	347,519	-
	FIBRA/BTG	64	7,907	-	7,971	-
	HP004365ER14V6	-	27	-	27	-
	Banco JP Morgan - CCB	54	14,857	21,048	35,959	-
	Finame - SAFRA	-	80	27	107	-
	Banco Santander	270	-	32,000	32,270	
EMT	Credit Receivables Investment Funds	2,455	-	351,415	353,870	
	Total local currency	2,847	65,811	709,065	777,723	-
	Foreign currency					
	Banco Merrill Lynch	29	9,659	13,683	23,371	- (1)
	Cessna Finance	7	4,405	31,783	36,195	-
	Total foreign currency	36	14,064	45,466	59,566	-
	Total EMT	2,884	79,875	754,531	837,290	-

Continues

Continuation

CNEE	Local currency					
	ELETROBRÁS - ECF00041/2004	5	64	48	117	
	HP leasing	-	8	-	8	
	Total local currency	5	72	48	125	-
	Total CNEE	5	72	48	125	-
CFLO	Local currency					
	ELETROBRÁS - ECFS0127/2005	1	64	124	189	
	HP leasing	-	7	-	7	
	Total local currency	1	71	124	196	-
	Total CFLO	1	71	124	196	-
EDEVP	Local currency					
	ELETROBRÁS - ECFS00040/2004	7	269	202	478	
	HP leasing	-	12	-	12	
	Total local currency	7	281	202	490	-
	Total	7	281	202	490	-
EEB	Local currency					
	ELETROBRÁS EFS - 0037/2004	-	794	2,386	3,180	
	HP leasing	-	11	-	11	
	Total local currency	-	805	2,386	3,191	-
	Foreign currency					
	ABC Brasil - LA 35 030 14	-	45,410	-	45,410	(2)
	ITAU - OPERAÇÃO 4131	-	32	10,581	10,613	(2)
CONSOLIDADO	Total foreign currency	-	45,442	10,581	56,023	
	Total EEB	-	46,247	12,967	59,214	-
	Sub - total in local currency	36,344	590,467	1,900,044	2,526,855	1,106,570
	(-) Borrowing costs incurred	(919)	(6)	(2,526)	(3,451)	(4,046)
	Total local currency	35,426	590,461	1,897,518	2,523,405	1,102,524
CONSOLIDADO	Sub - total in foreign currency	7,036	643,026	943,567	1,593,629	1,001,552
	Total foreign currency	7,036	642,026	943,567	1,593,629	1,001,552
	TOTAL	42,462	1,233,487	2,841,085	4,117,034	2,104,076

To guarantee payment of the short-term portions, the subsidiaries maintain interest-earning bank deposits to the amount of R\$ 212,251 (R\$ 65,869 in 2013), recorded under “secured funds” in the consolidated current assets.

The BNDES financing (Energisa Geração Rio Grande, Zé Tunin Small Hydroelectric Power Station, Central Eólica Renascença I, II, III and IV and Ventos do São Miguel S/A) and Bradesco (CCB) financing have covenants which in general require the maintenance of certain financial indexes at certain levels. Failure to maintain these levels could result in early maturity of the debts. In a letter sent April 10, 2014 the BNDES suspended the application of the financial indicators in 2014, following the procedure adopted by the other creditors of Energisa.

The amounts relating to these contracts were transferred to available-for-sale liabilities.

(1) The loans from Bank of America Merrill Lynch, Citibank and Itaú BBA contracts are subject to a currency swap and financial derivative instruments (see note 35).

The financing obtained from Finame is secured by the actual equipment financed.

The Company and its subsidiaries usually allocate interest payments on financing to the cash flow statement.

CONTRACTUAL COVENANTS OF THE LOANS AND FINANCING AS OF DECEMBER 31, 2014:

Company	Operation	Details of the Operation			Average Term months	Cost of the Debt			Re.
		Maturity	Amortization Frequency	Collateral		Index	Interest Rate % p.a.	TIR (Effective interest rate)	
ENERGISA	Citibank	Apr/18	Semi-annual after Apr.2016	Endorsement of Energisa S.A.	40	Libor	+ 1.64% p.a.	15.03%	(1)
	Commercial Paper 2 nd Issuance - single series	Jan/15	final	Endorsement of Energisa S.A.	1	CDI	+ 2.50% p.a.	12.83%	
	ABC	Jan/15	final	Endorsement of Energisa S.A.	1	US dollar	+ 3.20% p.a.	16.59%	
	Banco Santander	Sep/15	final	Endorsement of Energisa S.A.	9	Libro	+ 2.10% p.a.	15.72%	
ENERGISA SERGIPE	Credit Receivables Investment Fund - Energisa Group III	Dec/20	monthly, after Dec.2017	Receivables	72	CDI	+ 0.70%	11.51%	
	Eletrobrás - Light for All - 1 st tranche	Oct/16	monthly	Receivables	22	RGR 5.0%		5.00%	
	Eletrobrás - Light for All - 2 nd tranche	Apr/18	monthly	Receivables	40	RGR 5.0%		5.00%	
	Eletrobrás - Light for All - 3 rd tranche	Oct/19	monthly	Receivables	58	RGR 5.0%		5.00%	
	Eletrobrás - Light for All - 4 th tranche	Jul/22	monthly	Receivables	91	RGR 5.0%		5.00%	
	Eletrobrás - Light for All - 5 th tranche	Oct/22	monthly	Receivables	94	RGR 5.0%		5.00%	
	Eletrobrás-Subtransmission	Mar/16	monthly	Receivables	15	RGR 5.0%		5.00%	
	Eletrobrás - Light for All - 6 th tranche	Aug/26	Monthly, after Aug.2016	Endorsement of Energisa S.A.	140	Fixed 6.0%		6.00%	
	Banco do Nordeste - Investment Financing 2007-2008 (FNE)	Jun/17	monthly	Receivables + Reserve Fund	30	Fixed 8.3%		8.30%	(2)
	Banco do Nordeste - Investment Financing 2007-2008 (FAT)	Jun/17	monthly	Receivables + Reserve Fund	30	TJLP	+ 4.00%	9.00%	
	Banco do Nordeste - Investment Financing 2009-2010 (FNE)	Aug/19	monthly	Receivables + Reserve Fund	44	Fixed 8.4%		8.40%	(2)
	Banco ABC - BNDES pass-through I	May/19	monthly	Endorsement of Energisa S.A.	53	TJLP	+ 2.2% to 4.1%	7.2% to 9.09%	
	Banco ABC - BNDES pass-through II	Feb/23	monthly	Endorsement of Energisa S.A.	98	fixed	8.10% to 9.10%	8.10% to 9.10%	

Continues

Continuation

	Banco Itaú BBA -FINAME	until Feb-2024	monthly	Endorsement of Energisa S.A.	110	fixed	2.5% to 8.7%	2.5% to 8.7%	
ENERGISA	Citibank	Apr/18	Semi-annual after Apr.2016	Endorsement of Energisa S.A.	40	Libor	+ 1.64% p.a.	15.03%	(1)
	Commercial Paper 2 nd Issuance - single series	Jan/15	final	Endorsement of Energisa S.A.	1	CDI	+ 2.50% p.a.	12.83%	
	ABC	Jan/15	final	Endorsement of Energisa S.A.	1	US dollar	+ 3.20% p.a.	16.59%	
	Banco Santander	Sep/15	final	Endorsement of Energisa S.A.	9	Libro	+ 2.10% p.a.	15.72%	
	Credit Receivables Investment Fund - Energisa Group III	Dec/20	monthly, after Dec.2017	Receivables	72	CDI	+ 0.70%	11.51%	
ENERGISA SERGIPE	Eletrobrás - Light for All - 1 st tranche	Oct/16	monthly	Receivables	22		5.00%		
	Eletrobrás - Light for All - 2 nd tranche	Apr/18	monthly	Receivables	40	RGR 5.0%		5.00%	
	Eletrobrás - Light for All - 3 rd tranche	Oct/19	monthly	Receivables	58	RGR 5.0%		5.00%	
	Eletrobrás - Light for All - 4 th tranche	Jul/22	monthly	Receivables	91	RGR 5.0%		5.00%	
	Eletrobrás - Light for All - 5 th tranche	Oct/22	monthly	Receivables	94	RGR 5.0%		5.00%	
	Eletrobrás-Subtransmission	Mar/16	monthly	Receivables	15	RGR 5.0%		5.00%	
	Eletrobrás - Light for All - 6 th tranche	Aug/26	Monthly,after Aug.2016	Endorsement of Energisa S.A.	140	Fixed 6.0%		6.00%	
	Banco do Nordeste - Investment Financing 2007-2008 (FNE)	Jun/17	monthly	Receivables + Reserve Fund	30	Fixed 8.3%		8.30%	(2)
	Banco do Nordeste - Investment Financing 2007-2008 (FAT)	Jun/17	monthly	Receivables + Reserve Fund	30	TJLP	+ 4.00%	9.00%	
	Banco do Nordeste - Investment Financing 2009-2010 (FNE)	Aug/19	monthly	Receivables + Reserve Fund	44	Fixed 8.4%		8.40%	(2)
	Banco ABC - BNDES pass-through I	May/19	monthly	Endorsement of Energisa S.A.	53	TJLP	+ 2.2% to 4.1%	7.2% to 9.09%	
	Banco ABC - BNDES pass-through II	Feb/23	monthly	Endorsement of Energisa S.A.	98	fixed	8.10% to 9.10%	8.10% to 9.10%	
	Banco Itaú BBA - FINAME	until Feb-2024	monthly	Endorsement of Energisa S.A.	110	fixed	2.5% to 8.7%	2.5% to 8.7%	
	Banco BNB - BNDES Finem pass-through	Mar/20	monthly	Endorsement of Energisa S.A.	63	TJLP	+ 2.90% to 3.90%	7.9% to 8.89%	
	Commercial paper Itaú	Dec/15	final	Endorsement of Energisa S.A.	12	CDI	+ 2.00%	12.81%	
	Bank of America Merrill Lynch	Sep/15	final	Endorsement of Energisa S.A.	9	Libor	+ 2.45%	16.07%	(1)
	Banco Itaú BBA	Apr/18	Annual, after Apr-2018	Endorsement of Energisa S.A.	40	US dollar	+ 3.4892% p.a.	16.88%	(1)
	Citibank	Apr/18	final	Endorsement of Energisa S.A.	40	Libor	+ 1.91%	15.53%	(1)

Continues

Continuation

ENERGISA PB	Credit Receivables Investment Fund - Energisa Group III	Dec/20	monthly, after Dec.2017	Receivables	72	CDI	+ 0.70%	11.51%	
	Eletrobrás - Light for All - 1 st tranche	Nov/16	monthly	Receivables	23	RGR 5.0%		5.00%	
	Eletrobrás - Light for All - 2 nd tranche	Apr/18	monthly	Receivables	40	RGR 5.0%		5.00%	
	Eletrobrás - Light for All - 3 rd tranche	Jul/19	monthly	Receivables	27	RGR 5.0%		5.00%	
	Eletrobrás - Light for All - 4 th tranche	Oct/20	monthly	Receivables	82	RGR 5.0%		5.00%	
	Eletrobrás - Light for All - 5 th tranche	Jun/21	monthly	Receivables	78	RGR 5.0%		5.00%	
	Eletrobrás - Light for All - 6 th tranche	Mar/22	monthly	Receivables	87	RGR 5.0%		5.00%	
	Eletrobrás Subtransmission	Mar/16	monthly	Receivables	15	RGR 5.0%		5.00%	
	Eletrobrás return of LPT	Mar/16	monthly	Receivables	15	Accrued Selic		10.90%	
	Banco do Nordeste - Investment Financing 2007-2008 (FNE)	Jun/17	monthly	Receivables + Reserve Fund	18	Fixed 7.8%		7.80%	(2)
	Banco do Nordeste - Investment Financing 2008-2009 (FNE)	Jun/19	monthly	Receivables + Reserve Fund	54	Fixed 8.1%		8.10%	(2)
	Banco do Nordeste - Investment Financing 2007-2008 (FAT)	Jun/17	monthly	Receivables + Reserve Fund	18	TJLP	+ 4.00%	9.00%	
	Banco Itau - BNDES Finem pass-through	By Dec/23	monthly	Endorsement of Energisa S.A.	108	TJLP	+ 3.5% to 8.90%	8.50 to 13.90%	
	Banco do Nordeste - BNDES pass-through	Jan/19	monthly	Endorsement of Energisa S.A.	49	TJLP	+ 3.4% to 4.4%	8.4% to 9.41%	
	Banco Itaú BBA - FINAME	up to Aug-2023	monthly	Endorsement of Energisa S.A.	104	pre-fixed 2.5% to 10%		7.48% to 15.00%	
	Itaú CCB	Feb/15	Final	Endorsement of Energisa S.A.	-	CDI	+ 2.50%	13.31%	
	Banco Itaú BBA I	Aug/15	Final	Endorsement of Energisa S.A.	8	US dollar	+ 3.2466	16.64%	(1)
	Banco Itaú BBA II	Apr/18	Annual, after Apr-2017	Endorsement of Energisa S.A.	40	US dollar	+ 3.49%	16.88%	(1)
	Citibank	Sep/17	Annual after Sep.2016	Endorsement of Energisa S.A.	33	Libor	+ 1.90%	15.81%	(1)
	Credit Receivables Investment Fund - Energisa Group III	Dec/20	monthly, after Dec.2017	Receivables	72	CDI	+ 0.70%	11.8%	
	Eletrobrás - Light for All - 1 st tranche	Aug/17	monthly	Receivables	32	RGR 5.0%		5.00%	
	Eletrobrás - Light for All - 1 st tranche (RJ)	Aug/17	monthly	Receivables	32	RGR 5.0%		5.00%	
	Eletrobrás - Light for All - 2 nd tranche	Dec/19	monthly	Receivables	60	RGR 5.0%		5.00%	
	Eletrobrás Subtransmission	Feb/18	monthly	Receivables	38	RGR 5.0%		5.00%	
	Eletrobrás - return of LPT	Feb/15	monthly	Receivables	3	Accrued Selic		10.90%	
	Banco HSBC - BNDES pass-through I	May/16	monthly	Endorsement of Energisa S.A.	17	TJLP	+ 4.30%	9.30%	
	Banco HSBC - BNDES pass-through II	May/16	monthly	Endorsement of Energisa S.A.	17	UMBND	+ 4.3% + floating interest	4.35%	

Continues

Continuation

ENERGISA MG	Banco HSBC - BNDES pass-through III	May/16	monthly	Endorsement of Energisa S.A.	17	TJLP	+ 3.90%	8.90%	
	Banco Itaú BBA - BNDES pass-through I	Jan/21	monthly	Endorsement of Energisa S.A.	73	TJLP	+ 4.75%	9.75%	
	Banco Itaú BBA - BNDES pass-through II	Jan/21	monthly	Endorsement of Energisa S.A.	73	UMBND	+ 3.75% + floating interest	3.80%	
	Banco Itaú BBA - BNDES pass-through III	Jan/21	monthly	Endorsement of Energisa S.A.	73	TJLP	+ 5.95%	10.95%	
	Banco Itaú BBA - BNDES pass-through IV	Jan/21	monthly	Endorsement of Energisa S.A.	73	Fixed 5.5%		5.50%	
	Banco Itaú BBA - BNDES PER pass-through	Mar/16	monthly	Endorsement of Energisa S.A.	15	Fixed 5.5%		5.50%	
	Banco Itaú BBA -FINAME	until Apr-2024	monthly	Endorsement of Energisa S.A.	112	pre-fixed 2.5% to 10%		2.5% to 10%	
	Caixa Econômica Federal - FINAME	Jan/22	monthly	Endorsement of Energisa S.A.	85	Fixed 8.7%		8.70%	
	Banco Bradesco - CCB	Nov/15	annual	-	11	CDI + 1.25%		12.06%	
	Banco Itaú BBA BNDES Finem	Dec/23	monthly	Endorsement of Energisa S.A.	108	TJLP + 2.25% to 4.15%		7.23% to 9.16%	
	Commercial paper Itaú	Jun/15	final	Endorsement of Energisa S.A.	6	CDI	+ 2.00%	12.81%	
	Citibank	Sep/17	final	Endorsement of Energisa S.A.	33	Libor + 1.36%		15.20%	(1)
	Bank of America Merrill Lynch	Jun/15	final	Endorsement of Energisa S.A.	6	Libor + 2.0%		15.92%	(1)
	Banco Itaú BBA	Sep/15	final	Endorsement of Energisa S.A.	9	US dollar	+ 2.95%	16.73%	(1)
	Credit Receivables Investment Fund - Energisa Group III	Dec/20	monthly, after Dec.2017	Receivables	72	CDI	+ 0.70%	11.51%	
	Eletrobrás - Light for All - 1 st tranche	Aug/17	monthly	Receivables	32	RGR 5.0%		5.00%	
	Eletrobrás - Light for All - Emergency	May/19	monthly, after Jun.2014	-	53	RGR 5.0%		5.00%	
	Banco HSBC - BNDES pass-through I	Apr/16	monthly	Endorsement of Energisa S.A.	16	TJLP	+ 4.30%	9.30%	
	Banco HSBC - BNDES pass-through II	Apr/16	monthly	Endorsement of Energisa S.A.	16	UMBND	+ 4.3% + floating interest	4.35%	
	Banco HSBC - BNDES pass-through III	Apr/16	monthly	Endorsement of Energisa S.A.	16	TJLP	+ 3.90%	8.90%	
	Banco Itaú BBA - BNDES pass-through I	Dec/20	monthly	Endorsement of Energisa S.A.	72	TJLP	+ 4.75%	9.75%	
	Banco Itaú BBA - BNDES pass-through II	Dec/20	monthly	Endorsement of Energisa S.A.	72	UMBND	+ 3.75% + floating interest	3.80%	
	Banco Itaú BBA - BNDES pass-through III	Dec/20	monthly	Endorsement of Energisa S.A.	72	TJLP	+ 5.95%	10.95%	
	Banco Itaú BBA - BNDES pass-through IV	Dec/20	monthly	Endorsement of Energisa S.A.	72	Fixed 5.5%		5.50%	

Continues

Continuation

ENERGISA NF	ENERGISA							
	Instrument	Term	Frequency	Endorsement	Number	Index	Rate	
	Banco Itaú BBA - BNDES V pass-through	Apr/21	monthly	Endorsement of Energisa S.A.	76	TJLP	+ 8.10%	13.10%
	Banco Itaú BBA - BNDES VI pass-through	Apr/21	monthly	Endorsement of Energisa S.A.	76	SELIC	+ 3.10%	14.00%
	Banco Itaú BBA - BNDES PER pass-through	Mar/16	monthly	Endorsement of Energisa S.A.	15	Fixed 5.5%		5.50%
	Banco Itaú BBA - FINAME	up to Nov-2024	monthly	Endorsement of Energisa S.A.	119	pre-fixed 2.5% to 5.5%		2.5% to 5.5%
	Banco Itaú BBA - BNDES Automatic I	Jun/18	monthly	Endorsement of Energisa S.A.	42	TJLP	+ 4.65%	9.65%
	Banco Itaú BBA - BNDES Automatic II	Jun/18	monthly	Endorsement of Energisa S.A.	42	UMBND	+ 3.65%	3.70%
	Citibank	Sep/17	final	Endorsement of Energisa S.A.	33	Libor	+ 2.25%	16.21% (1)
	Bank of America Merrill Lynch	Mar/16	final	Endorsement of Energisa S.A.	15	US dollar	+ 2.45%	15.84%
	Banco Itaú BBA I	Aug/15	final	Endorsement of Energisa S.A.	8	US dollar	+ 3.25%	16.64% (1)
	Banco Itaú BBA II	Dec/15	final	Endorsement of Energisa S.A.	12	US dollar	+ 3.25%	16.64% (1)
ENERGISA BO	Credit Receivables Investment Fund - Energisa Group III	Dec/20	monthly, after Dec.2017	Receivables	72	CDI	+ 0.70%	11.51%
	Eletrobrás - Light for All - 1 st tranche	Nov/16	monthly	Receivables	23	RGR 5.0%		5.00%
	BNB financing - BNDES Pass-through I	Mar/23	Monthly - from Apr-2017	Endorsement of Energisa S.A.	99	UMBND	+ 3.90%	3.95%
	BNB financing - BNDES Pass-through II	Mar/23	Monthly - from Apr-2017	Endorsement of Energisa S.A.	99	TJLP	+ 3.90%	8.90%
	Banco do Nordeste - Investment Financing 2007-2008 (FNE)	Jun/17	monthly	Receivables + Reserve Fund	30	Fixed 7.5%		7.50% (2)
	Banco do Nordeste - Investment Financing 2009-2010 (FNE)	Aug/19	monthly	Receivables + Reserve Fund	56	Fixed 7.5%		7.50% (2)
	Banco Itaú BBA - FINAME	until Feb-2021	monthly	Endorsement of Energisa S.A.	74	pre-fixed 4.5% to 5.5%		4.5% to 5.5%
	Banco Itaú BBA - FINEM	Apr/21	monthly	Endorsement of Energisa S.A.	64	TJLP		3.81% to 8.10%
	Bank of America Merrill Lynch	Feb/16	final	Endorsement of Energisa S.A.	14	Libor	+ 2.45%	16.07%
	Banco Itaú BBA	Aug/15	Final	Endorsement of Energisa S.A.	8	Dollar + 3.2466%		16.64% (1)
ENERGISA SOLUÇÕES	FINEP	Oct/18	monthly	Guarantee Energisa S.A.	25	Fixed 8.0%		8.00%
	Banco Itaú BBA FINAME	until Feb-2024	Monthly	Endorsement of Energisa S.A.	57	pre-fixed 2.5% to 6.0%		2.5% to 6.0%
ENERGISA SOLUÇÕES CONSTRUÇÕES	Banco Itaú BBA FINAME	up to Nov-2024	Monthly	Endorsement of Energisa S.A.	57	Fixed 6.0%		6.00%

Continues

Continuation

ENERGISA SERV. AÉREOS	Leasing Bradesco	Dec/15	monthly	Statutory lien	24	CDI		10.33%
REDE ENERGIA	Banco Industrial e Comercial s.a. (BICBANCO)	Jul/36	Monthly	Receivables	259	IPCA	+ 1.05% p.a.	7.46%
	Banco do Nordeste do Brasil S.A.	Jul/36	Monthly	Receivables	259	IPCA	+ 1.05% p.a.	7.46%
CAIUÁ	Banco Santander	Jun/19	Monthly	Receivables + Endorsement	54	CDI	2.28% p.a.	13.09%
	Eletrobrás	Sep/16	Monthly	Receivables	17	UFIR	6.0% p.a.	6%
	HP Leasing	May/15	Monthly	Guarantee	5	CDI	3.72% p.a.	14.51%
	Itaú BBA	Nov/17	Monthly	Guarantee	35	US dollar	+ 2.25 %	15.64%
ETO	Eletrobrás I	Feb/13	Monthly	Receivables	1	UFIR		7.18% p.a. 7.18%
	Eletrobrás II	Jun/16 to Apr/22	Monthly	Receivables	37	UFIR	6.0 to 6.50 p.a.	6.0 to 6.5%
	Banco Santander	Jun/19	monthly	Receivables	54	CDI	2.28% p.a.	13.09%
	Banco Santander	Jun/19	monthly	Receivables	54	CDI	2.28% p.a.	13.09%
	HP Leasing	May/15	monthly	Guarantee	5	CDI	0% p.a.	10.81%
DENERGE	Stock options	Jul/36	monthly		259	TR	4.0% p.a.	4.90%
CTCE	Banco BMG	Jul/36	monthly		259			
EMS	Eletrobrás	Jun/15 to May/22	quarterly	-	24	-	6.0 to 8.0% p.a.	6.0 to 8.0
	Safra Finame I	Nov/15 to Mar/16	monthly	Statutory lien	7	Pre	8.0% p.a.	8%
	Safra Finame II	Nov/15 to Mar/16	monthly	Statutory lien	9	URTJLP	5.7% p.a.	10.70%
	HP Leasing	Jan/15	final	Guarantee	1	CDI	2.94% p.a.	13.75%
	Volkswagen - leasing	Mar/15 to May/15	monthly	Statutory lien	4	PRE	11.88% p.a.	22.69%
	Banco Itaú Commercial Papers	Jan/15	final	Endorsement of Energisa	1	CDI	2.25% p.a.	13.33%
	Credit Receivables Investment Funds	Oct/34	monthly	Receivables	237	TR	8.0% p.a.	8.93%
EMT	Eletrobrás	up to Aug/22	Quarterly	-	92	Pre	6.0 to 8.0% p.a.	6.0% to 8.0% p.a.
	Banco Fibra/BTG	Aug/15	Monthly	Assignment of Sub-rogation CCC	8	CDI	4.43% p.a.	15.24%
	HP leasing	Apr/15	Monthly	Guarantee	4	CDI	0% p.a.	10.81%
	Finame - SAFRA	Apr/16	Monthly	-	16	TJLP	3.9 to 6.5% p.a.	8.89% to 11.52%
	Banco Santander	Jun/17	Monthly	Receivables + Endorsement	30	CDI	2.8% p.a.	13.61%
	Credit Receivables Investment Funds	Oct/34	monthly	Receivables	237	TR	8.0% p.a.	8.93%
	Banco Merrill Lynch	May/17	monthly	Guarantee	29	CDI	2.0% p.a.	12.81%
CNEE	Cessna Finance	Sep/20	quarterly	Escrow	69	Pre	6.75% p.a.	6.75%
	Eletrobrás	Sep/16	Monthly	Receivables	21	UFIR	6.0% p.a.	6.00%
	HP leasing	May/15	Monthly	Guarantee	5	CDI	3.72% p.a.	14.53%

Continues

Continuation

CNEE	Eletrobrás	Sep/16	Monthly	Receivables	21	UFIR	6.0% p.a.	6.00%
	HP leasing	May/15	Monthly	Guarantee	5	CDI	3.72% p.a.	14.53%
CFLO	Eletrobrás	Jun/16 to Jul/18	Monthly	Receivables	25	UFIR	6.0% p.a.	6.00%
	HP leasing	May/15	Monthly	Guarantee	5	CDI	0% p.a.	10.81%
EDEVP	Eletrobrás	Sep/16	Monthly	Receivables	21	UFIR	6.0% p.a.	6.00%
	HP leasing	May/15	Monthly	Guarantee	5	CDI	3.72% p.a.	14.53%
EEB	Eletrobrás	Sep/16 to Jul/22	Monthly	Receivables	60	UFIR	6.0% p.a.	6.00%
	HP leasing	May/15	Monthly	Guarantee	5	CDI	3.72% p.a.	14.53%
	Banco ABC Brasil	Sep/15	Monthly	Guarantee	9	US dollar	+ 2.62%	16.01%
	Banco Itaú	Nov/17	Monthly	Guarantee	35	US dollar	+ 3.40%	16.87%

1 - With Swap

2 - Includes a 25% and 15% bonus on interest for performance, for investments in and out of the semi-arid region respectively.

THE MAIN INDICATORS USED TO RESTATE THE LOANS AND FINANCING PRESENTED THE FOLLOWING PERCENTAGE VARIATIONS IN THE YEARS:

Currency/indicators	2014	2013
US\$ x R\$	13.39%	14.64%
TJLP	5.00%	5.00%
SELIC	10.90%	8.22%
CDI	10.81%	8.06%
IPCA	6.41%	5.91%
IGP-M	3.67%	5.53%
LIBOR	0.23%	0.27%
UMBNB	0.05%	0.04%

AS OF DECEMBER 31, 2014 THE LONG-TERM FINANCING LOANS MATURE AS FOLLOWS:

	Parent Company	Consolidated
2016	66,405	348,214
2017	66,405	669,315
2018	66,405	605,163
2019	-	192,578
2019 onwards	-	1,025,815
Total	199,215	2,841,085

SEE THE CHANGES OCCURRING IN THE YEAR:

Description	Parent Company		Consolidated	
	2014	2013	2014	2013
Balances in 2013 and 2012	176,513	155,059	2,104,076	1,747,589
Opening balances acquired on 4/11/2014	-	-	2,856,794	-
New loans and financing obtained	440,000	-	1,466,527	720,152

Continues

Continuation

Debt charges - interest, monetary and exchange variance	89,286	25,488	466,569	298,206
Principal payment	(29,946)	-	(1,623,777)	(545,959)
Interest payments	(96,445)	(4,034)	(286,356)	(115,912)
Liabilities related to available-for-sale assets (*)	-	-	(866,799)	-
Balances in 2014 and 2013	579,408	176,513	4,117,034	2,104,076
Current	380,193	818	1,275,949	284,691
Non-current	199,215	175,695	2,841,085	1,819,385

THE BORROWING COSTS OF THE FINANCING TO BE AMORTIZED OVER SUBSEQUENT YEARS IS AS FOLLOWS:

Company	Contracts	2015	2016	2017 onwards	Total
ESE	Credit Receivables Investment Fund - Energisa Group III	25	-	123	148
	Banco do Nordeste - Investment Financing 2007-2008 (FNE)	30	30	15	75
	Banco do Nordeste - Investment Financing 2007-2008 (FAT)	25	25	12	62
	Banco ABC - BNDES Pass-through	18	18	44	80
	Banco do Nordeste - Investment Financing 2009-2010 (FNE)	56	56	149	261
		154	129	343	626
EPB	Credit Receivables Investment Fund - Energisa Group III	97	-	484	581
	Banco do Nordeste - Investment Financing 2007-2008 (FNE)	110	110	55	275
	Banco do Nordeste - Investment Financing 2007-2008 (FAT)	28	28	14	70
	Banco do Nordeste - Investment Financing 2008-2009 (FNE)	104	104	259	467
		339	242	812	1,393
EMG	Credit Receivables Investment Fund - Energisa Group III	24	-	119	143
	Banco ITAU BBA - BNDES FINEM	31	-	-	31
		55	-	119	174
ENF	Credit Receivables Investment Fund - Energisa Group III	6	-	32	38
		6	-	32	38
EBO	Credit Receivables Investment Fund - Energisa Group III	8	-	38	46
	Banco do Nordeste - Investment Financing 2007-2008 (FNE)	19	19	9	47
		27	19	47	93
ESOL	Finep	6	6	12	24
		6	6	12	24
ETO	Banco Santander	184	368	551	1,103
		184	368	551	1,103
	TOTAL	771	764	1,916	3,451

22. DEBENTURES (NONCONVERTIBLE)

Main features:

	Parent Company				
	3 rd Issuance	5 th Issuance 1 H	5 th Issuance 2 H	6 th Issuance	Total
Issue type	Public	Public	Public	Public	
Issue date	4/1/2008	7/15/2012	7/15/2012	3/1/2014	
Maturity date	4/1/2014	7/15/2017	7/15/2019	3/1/2016	
Guarantee	Ordinary	Ordinary	Ordinary	Ordinary	
Yields	CDI + 1.1% p.a.	CDI + 1.3% p.a.	CDI + 1.55% p.a.	CDI + 2.34% p.a.	
Number of securities	15,000	12,857	27,143	150,000	
Value at issue	150,000	128,570	271,430	1,500,000	
Securities in circulation	15,000	12,857	27,143	150,000	
Interest grace period	6 months	6 months	12 months	12 months	
Amortizations/installments	5 semi-annual	2 annual	2 annual	2 annual	
Balances in 2014	-	135,818	327,704	1,660,594	2,124,116
Current	-	7,674	56,600	661,810	726,084
Non-current	-	128,144	271,104	998,784	1,398,032
Balances in 2014	-	135,818	327,704	1,660,594	2,124,116
Current	-	7,674	56,600	661,810	726,084
Non-current	-	128,144	271,104	998,784	1,398,032
Balances in 2013	30,685	133,734	303,378	-	467,797
Current	30,685	5,859	32,365		68,909
Non-current	-	127,875	271,013	-	398,888

	Total Parent Company	Subsidiary EMG	Subsidiary EPB	Subsidiary ESE		Subtotal Consolidated
		7 th Issuance	1 st Issuance	2 nd Issuance	3 rd Issuance	
Issue type		Public	Public	Public	Public	
Issue date		12/15/2009	12/15/2009	12/15/2009	10/30/2013	
Maturity date		12/15/2014	12/15/2014	12/15/2014	10/30/2019	
Guarantee		Ordinary	Ordinary	Ordinary	Ordinary	
Yields		CDI + 11.92% p.a.	CDI + 11.92% p.a.	CDI + 11.92% p.a.	115,5% of CDI	
Number of securities		60,000	80,000	60,000	60	
Value at issue		60,000	80,000	60,000	60,000	
Interest grace period		6 months	6 months	6 months	24 months	
Amortizations/installments		Final	Final	Final	5 annual	
Balances in 2014	2,124,116	-	-	-	68,746	2,192,862
Current	726,084	-	-	-	8,746	734,830
Non-current	1,398,032				60,000	1,458,032
Balances in 2013	467,797	60,051	80,029	60,051	61,062	728,990
Current	68,909	60,051	80,029	60,051	1,062	270,102
Non-current	398,888	-	-	-	60,000	458,888

		Subsidiary Rede Energia	Subsidiary EMT				Subsidiary EMS	Subsidiary ETO	
	Subtotal	4 th Issuance	2 nd Issuance	3 rd Issuance	4 th Issuance	5 th Issuance	7 th Issuance	1 st Issuance	Consolidated total
Issue type		Public	Public	Public	Public	Public	Public	Public	
Issue date		12/22/2009	4/15/2010	4/7/2011	10/19/2011	5/15/2014	5/31/2014	5/31/2014	
Maturity date		12/22/2014	5/15/2017	4/7/2016	12/20/2021	5/17/2021	5/30/2021	5/30/2019	
Guarantee		Ordinary	Floating	Floating	Floating	Floating	Ordinary	Ordinary	
Yields		CDI + 3.40%	1st Series CDI + 2.75% p.a - 2nd to 13th Series	CDI + 3.90%	CDI + 3.75%	CDI + 2.28%	CDI + 2.28% a.a.	CDI + 2.28% a.a.	
TIR (effective interest rate)		14.37%	1st Series 13.6% p.a - 2nd to 13th Series 15.7%	14.70%	14.55%	13.09%	13.09%	13.09%	
Number of securities		370,000	250	98	1,000	45,000	40,000	5,000	
Value at issue		370,000	1,000,000	1,000,000	100,000	10,000	400,000	50,000	
Securities in circulation		-	250	34	1,000	45,000	40,000	5,000	
Interest grace period		6 months	6 months	6 months	N/A	24 months	2 years	2 years	
Renegotiation date		-	1/8/2012	21/8/2012	14/5/2012	-	-	-	
Amortizations/ installment		semi-annual	Monthly	Monthly	Monthly	Monthly after the grace period	semi-annual	Monthly 6/30/2016	
Balances in 2014 (*)	2,192,862	34,928	40,431	-	-	453,324	401,892	50,041	3,173,478
Current	734,830	1,012	40,431	-	-	6,017	4,281	297	786,868
Non-current	1,458,032	33,916				447,307	397,611	49,744	2,386,610
Balances in 2013 (*)	728,990	-	-	-	-	-	-	-	728,990
Current	270,102	-	-	-	-	-	-	-	270,102
Non-current	458,888	-	-	-	-	-	-	-	458,888

(*) Less R\$ 7,191 (R\$ 2,241 in 2013) deducted as borrowing costs.

The debentures of the Parent Company's 4th issuance through Banco do Nordeste do Brasil S.A. were renegotiated in the Judicial Reorganization – (option A) with interest of IPCA + 1% and is being presented less the adjustment to present value of R\$ 297,785.

The debentures of the subsidiary EMT have covenants which in general require the maintenance of certain financial indexes at certain levels. Failure to maintain these

levels could result in early maturity of the debts. As of December 31, 2014 the contractual requirements had not been performed for the 2nd issuance, and the waiver is valid through December 31, 2014.

On April 10, 2014 the application of the financial indicators in 2014 was suspended, following the procedure adopted by the other creditors of Energisa.

AS OF DECEMBER 31, 2014 THE MATURITIES OF THE NONCURRENT DEBENTURES ARE SCHEDULED AS FOLLOWS:

Year	Parent Company	Consolidated
2016	1,062,722	1,186,535
2017	63,938	265,474
2018	135,506	337,043
2019	135,866	327,397
2019 onwards	-	270,161
Total	1,398,032	2,386,610

THE BORROWING COSTS OF THE DEBENTURES TO BE AMORTIZED OVER SUBSEQUENT PERIODS IS AS FOLLOWS:

2014				
	Parent Company			Consolidated
	5 th Issuance 1 H	5 th Issuance 2 H	6 th Issuance	
FY 2015	-	-	4,864	4,864
FY 2016	347	-	1,216	1,563
2016 onwards	347	417	-	764
	694	417	6,080	7,191

2013							
	Parent Company			Subsidiary EMG	Subsidiary EPB	Subsidiary ESE	Consolidated
	3 rd Issuance	5 th Issuance 1 H	5 th Issuance 2 H	7 th Issuance	1 st Issuance	2 nd Issuance	
FY 2014	81	269	91	195	299	195	1,130
FY 2015	-	269	91	-	-	-	360
FY 2016	-	269	91	-	-	-	360
2016 onwards	-	156	235	-	-	-	391
	81	963	508	195	299	195	2,241

SEE THE CHANGES OCCURRING IN THE YEAR:

Description	Parent Company		Consolidated	
	2014	2013	2014	2013
Balance in 2013 and 2012	467,797	813,772	728,990	1,057,263
Opening balances acquired on 4/11/2014	-	-	328,219	-
New debentures obtained	1,495,146	-	2,514,300	102,648
Debt charges - interest, monetary and exchange variance	203,742	67,076	327,227	102,262
Principal payment	(32,952)	(360,000)	(567,946)	(456,085)
Interest payments	(9,617)	(53,051)	(32,140)	(77,098)
Liabilities related to available-for-sale assets (*)	-	-	(125,172)	-
Balance in 2014 and 2013	2,124,116	467,797	3,173,478	728,990
Current	726,084	68,909	786,866	270,102
Non-current	1,398,032	398,888	2,386,612	458,888

23. TAXES AND SOCIAL CONTRIBUTIONS

	Parent Company		Consolidated	
	2014	2013	2014	2013
ICMS	-	-	222,654	62,404
Social Charges	314	285	17,083	7,123
IRPJ	50,779	-	101,949	37,879
CSSL	25,692	-	47,610	16,993

Continues

Continuation

PIS/COFINS	707	924	101,591	39,099
IOF	1	62	691	4,684
IRRF	486	157	6,962	2,555
Other	2,540	316	11,678	1,249
Total	80,519	1,744	510,218	171,986
Current	80,519	1,744	434,254	128,179
Noncurrent (1)	-	-	75,964	43,807

(1) Basically refers to suspended taxes.

24. REFINANCING OF TAXES - CONSOLIDATED

Description	EMG	ESE	EMT	ETO	REDE SUL	12/31/2014	12/31/2013 (*)
LAW 11941	-	-	-	726	-	726	-
INSS	529	-	-	-	-	529	1,885
IRPJ	-	-	-	-	-	-	-
PIS	-	303	-	-	-	303	429
COFINS	-	4,195	-	-	2,574	6,769	5,734
CSSL	-	28	-	-	-	28	35
IRRF	-	6	-	-	-	6	6
ICMS	-	-	5,899	-	99,303	105,202	-
TOTAL	529	4,532	5,899	726	101,877	113,563	8,089

(*) The information as of 12/31/2013 relates to the subsidiaries Energisa Minas Gerais and Energisa Sergipe.

On August 25, 2014 the subsidiaries entered into the new REFIS program introduced by Law 12996/2014, with payment of up to 20% of the balance in 5 equal successive instalments until the debit has been consolidated by the federal tax authorities and restated by the variance of the Selic base interest rate. On November 28, 2014 it was decided to settle the entire debit of R\$ 294,492 in accordance with Law 13043/2014, which made it possible to settle the entire balance of financing by using 70% of its own tax losses and/or negative basis of social contribution or those of other Companies of the same economic group, and with an upfront payment of 30%. Entry into the program led to a reduction in the fine and interest of R\$ 39,973, recorded under other financial revenue in the income statement for the year. The Companies used its own tax losses and negative basis of social contribution of R\$ 135,917 and R\$ 70,227 of the company QMRA Participações S/A, belonging to the same economic group, with cash payment of R\$ 88,348 corresponding to the 30% permitted. The process in the phase of being ratified by the federal tax authorities.

The subsidiaries recognized R\$ 31,045 in the income and social contribution tax expenses in the consolidated income statement of the amount of company tax losses and negative basis of social contribution used to settle the financing balances.

The statement is as follows:

	Original value
Law 12996 (PIS, COFINS, IRPJ and CSSL)	
Balance - 2013	433,789
Restatement	30,013
Amortization	(99,962)
Decrease in fines and interest (other financial revenue)	(39,973)
Inclusion of financing Law 11941 and other debits	30,381
Prepayments	(56,456)

Continues

Continuation

Payment of 30%	(88,348)
Amount of own tax loss carryforwards and negative calculation base of social contribution - CSLL	(135,917)
Amount of own tax loss carryforwards and negative calculation base of social contribution CSLL - CIAS of the same Economic Group	(70,227)
Balances in 2014 of the financing	3,300

The subsidiaries Caiuá, CNEE, EDEVP and EEB used the benefits of the Financing program introduced by São Paulo state via Decree 60344/2014 to settle the ICMS debits at sight.

Settlement of the debits led to a net reduction in the fines and interest of R\$ 20,219 recorded in other financial revenue in the consolidated statement, as shown below:

Subsidiary	Original Debt Amount	Cash Payment	Fine and interest reduction
CAIUA	40,402	30,341	10,061
CNEE	10,081	6,933	3,148
EDEVP	8,726	6,353	2,373
EEB	19,518	14,881	4,637
Total	78,727	58,508	20,219

See below the number of repayment instalments:

Description	EMG	ESE	EMT	ETO	REDE SUL
LAW 12,996	-	-	-	62	-
LAW 11941	-	-	-	-	14
INSS	6	-	-	-	-
PIS	-	28	-	-	-
COFINS	-	28	-	-	-
CSLL (Social Contribution)	-	28	-	-	-
IRRF	-	28	-	-	-
ICMS	-	-	20	-	99
Total	6	112	20	62	113

The consolidated balance of the financed taxes are scheduled as follows:

	2014	2013 (*)
2014	6,413	3,372
2015	19,306	2,374
2016	18,877	2,343
After	68,967	-
Total	113,563	8,089
Current	22,851	3,372
Non-current	90,712	4,717

(*) The amounts as of December 31, 2013 relate to the subsidiaries Energisa Minas Gerais and Energisa Sergipe.

25. PROVISIONS FOR LABOR, CIVIL AND TAX RISKS - CONSOLIDATED

PROBABLE RISK - BREAKDOWN AND CHANGES

	Opening balance 2013	Consolidated opening balances 4/11/2014	Provisions made	Reversal of provisions	Restatement	Closing balance 2014
Labor claims	26,361	142,998	101,187	(74,261)	5,501	201,786
Civil	37,714	372,565	115,945	(179,427)	20,473	367,270
Tax	4,532	51,233	11,467	(12,239)	5,065	60,058
Total	68,607	566,796	228,599	(265,927)	31,039	629,114
Restricted and escrow deposits (*)	(31,156)					(115,014)

(*) The direct and indirect subsidiaries have escrow deposits in their noncurrent assets amounting to R\$ 163,318 (R\$ 61,371 in 2013). No provisions for risks have been made for R\$ 48,304 (R\$ 30,215 in 2013) of this total, as the chances of success have been rated as possible or probable.

The consolidated amount of R\$ 39,116 (R\$ 15,298 in 2013) was paid in the period, consisting of labor claim settlements of R\$ 27,364 (R\$ 6,505 in 2013) and civil claim compensation of R\$ 11,751 (R\$ 8,793 in 2013).

	Opening balance 2012	Provisions made	Reversal of provisions	Restatement	Closing balance 2013
Labor claims	29,648	6,470	(11,191)	1,434	26,361
Civil	33,367	13,369	(10,827)	1,806	37,715
Tax	6,806	329	(3,072)	468	4,531
Total	69,821	20,168	(25,090)	3,708	68,607
Restricted and escrow deposits (*)	(25,297)				(31,156)

(*) The subsidiaries have escrow deposits in their noncurrent assets amounting to R\$ 61,371 (R\$ 56,259 in 2012). No provisions for risks have been made for R\$ 30,215 (R\$ 30,962 in 2012) of this total, as the chances of success have been rated as possible or probable.

Probable losses

✓ Labor claims

Most of the claims address: (i) Work-related accidents; (ii) Overtime and respective obligations; (iii) Severance notice period and respective obligations; (iv) Salary parity; (v) Allowance for driving vehicles; (vi) FGTS (40% on inflationary restatement); (vii) health hazard allowance. Provisions have been made for the aforesaid labor proceedings rated as having a probable chance of defeat by the company's legal advisers. In general proceedings rated as having a probable chance of defeat take between 3 (three) and 5 (five) years to reach the final judgment and effective disbursement by the company of the amounts provisioned for, in the event the company does not prevail.

✓ Civil

The civil proceedings are mainly disputing indemnification for moral and material damages and consumer complaints for issues such as (i) Improper cut-offs from electricity supply (ii) Improper listing in credit protection agency (SPC/Serasa); (iii) Cancellation/Revision of consumption irregularity invoice; (iv) Cancellation/Revision of normal consumption invoice; (v) Reimbursement for electrical damage; (vi) Connection or changing of ownership of consumer unit; (vii) Luz no Campo Program/Light for

All program; (viii) Incorporation/ Compensation for construction of private electricity grid; (ix) Accidents involving third parties; (x) indemnification

Lawsuits have also been filed by consumers claiming reimbursement of amounts paid to the subsidiaries resulting from tariff increases introduced under DNAEE Ordinances 38 and 45 applied during the term of the Cruzado Plan in 1986. A provision has been made for the amount of the tariff increase.

✓ Tax

Refers to disputes involving the COFINS, INSS, PIS, ISS, ICMS and CSLL taxes. The requirement to pay the liabilities has been stayed under the proceedings, either because the administrative proceedings are in progress or because the tax executions in progress have been duly guaranteed.

Management holds all the other provisions made are sufficient to cover any losses arising from the proceedings in progress. Based on the opinion of our legal advisors, provisions have been made for all judicial proceedings for which the chance of a future outlay has been rated as probable for the direct and indirect subsidiaries.

Possible losses - Consolidated

The Company and its subsidiaries are party to labor, civil and tax claims in progress to the total amount of R\$ 1,927,780 (R\$ 695,036 in 2013) in the consolidated statement, where the chance of success has been estimated as possible, meaning no provision was required.

The increase in proceedings rated as possible losses in the consolidated statement includes R\$ 1,100,542 referring to the companies acquired on April 11, 2014 reflecting the increase when compared with December 31, 2013.

See below the cases rated as a possible risk:

✓ Labor claims

Consolidated labor claims amounting to R\$ 129,202 (R\$ 35,937 in 2013) consist of the following claims submitted by former employees seeking overtime, danger hazard allowances, "on call" hours, indemnity for work-related accidents, in addition to claims from former employees of service providers hired by the Company, claiming joint liability for severance pay and salaries and collection of trade union fees.

R\$ 72,033 of the increase in proceedings in the period of R\$ 99,563 (R\$ 74,830 in 2013) refers to the increase in proceedings resulting from the companies acquired on April 11, 2014 consisting of the following claims submitted by former employees seeking overtime, danger hazard allowances, "on call" hours, indemnity for work-related accidents, in addition to claims from former employees of service providers hired by the Company, claiming joint liability for severance pay and salaries and collection of trade union fees. Of this amount R\$ 27,530 basically derives from labor claims refers to the filing of claims seeking to joint liability of the subsidiary Energisa Paraíba relating to labor contracts between the contractor and its employees and the public civil action filed by the Prosecutors' Office against the subsidiaries Energisa Paraíba and Energisa Minas Gerais, in order to prevent outsourcing and to determine occupational health and safety obligations. An Ordinary Appeal was filed to the TRT, which entertained it, overturning the award and all the procedural acts and determined the case be returned to the lower court for all the issues raised by the party to be re-examined, which were not appreciated due to the nullity of the acts declared in the Revisional Court (TRT).

✓ Civil

Consolidated civil claims amounting to R\$ 922,354 (R\$ 181,077 in 2013) consist of the following: (i) revision or cancellation of electricity invoices due to the uncertainty of the amount; (ii) indemnification for material and moral

damages due to the suspension of the electricity supply due to non-payment, irregularities in meters, surges in voltages or temporary blackouts; and (iii) regulatory fines originating from inspections conducted by the concession authority which are undergoing administrative defense; claims in which consumers are seeking reimbursement of amounts due to the rate adjustments determined by Ordinances 38 and 45/1986, of the former National Department of Electricity and Water - DNAEE, during the freezing of prices under the Cruzado Plan. In addition to the regulatory fines originating from inspections conducted by the concession authority which are undergoing administrative defense.

The increase of R\$ 661,184 of civil proceedings basically refers to the increase in the proceedings of the companies acquired on April 11, 2004, of R\$ 651,434, on the disputes described above, and possible losses referring to public civil actions (slow delivery of services), collection proceedings, distribution grid, suspension of supply, electrical damage, ICMS contracted on demand, revision of provisions and monetary restatement.

✓ Tax

The consolidated tax and labor claims amounting to R\$ 882,087 (R\$ 478,022 in 2013) basically consist of disputes about: (i) PIS and COFINS on electricity invoices; (ii) ICMS on energy sales; (iii) offsetting and appropriation of ICMS credits; (iv) rate differential; and (v) income and social contribution taxes; (vi) collection of ISS on concession services; (vii) offsetting and appropriation of ICMS credits on equipment for providing for energy transmission and distribution services allocated to the company's permanent assets, having already obtained favorable decisions in the lower and appeals courts, with a number of proceedings now final and unappealable; (viii) demand for ICMS due to exempt sale of electricity received under deferral.

R\$ 377,075 of the R\$ 414,864 increase in tax and labor claims consists of the increase in the proceedings of the companies acquired on April 11, 2014, which have been described above, and reversal of former provisions and monetary restatement.

The administrative proceedings of the indirect subsidiary EMT, embraced by the *Lei da Copa* Law (State Law 9165/2009 - as amended by State law 9746/2012), were also classified as a possible defeat, as they were included in the program, which authorized the conversion of debits into investment in the energy infrastructure necessary to hold the FIFA World Cup in 2014.

26. REGULATORY FEES AND OBLIGATION OF THE ENERGY EFFICIENCY PROGRAM - CONSOLIDATED

	2014
Quotas for Global Reversal Reserve - RGR	73,625
Alternative Energy Sources Incentive Program - PROINFA	125,132
Quota - Fuel Consumption Account - CCC	114,996
Quota - Energy Development Account - CDE	158,434
Total	472,187
Current	294,601
Non-current	177,586

The regulatory fees were fully financed on July 01, 2014 with Eletrobrás by the indirect subsidiaries EMT, ETO, CFLO, CAIUÁ, CNEE, EBB and EDEVP, as follows: (i) RGR and CDE financed over 60 months, with the compensatory interest on the principal, amortized in the first 24 payments and the principal over the remainder; (ii) The overdue Proinfa and CCC debits were divided over 12 equal and consecutive payments. The interest is being calculated according to the variance of the Selic interest rate.

27. SHAREHOLDERS' EQUITY

27.1 CAPITAL

The share capital is R\$ 1,010,000 (R\$ 1,010,000 in 2013), represented by 1,245,690,889 registered shares, consisting of 592,714,397 common shares and 652,976,492 preferred shares, with no par value. The amount of shares converted into Units comes to 155,880,012.

The preferred shares hold no voting rights, have priority in any capital reimbursement without premiums and are entitled to be included in the public share control sale offering, and to be assured the price equal to 80% of the amount paid per voting share, comprising the share control.

Irrespective of amendments to the bylaws, the share capital may be increased up to a maximum of 3,000,000,000 shares, consisting of up to 1,626,300,000 common shares and up to 1,373,700,000 preferred shares.

The Company has 4,368,045 common shares (4,368,045 in 2013) and 17,529,630 preferred shares (17,529,630 in 2013) in the treasury for sale and/or cancellation. In Units the converted amount comes to 4,368,045. The market value of these shares as of December 31, 2014 was R\$ 60,189 (R\$ 54,730 in 2013).

27.2 PROFIT RESERVE – LEGAL RESERVE

Allocated 5% of the net income for the year prior to any other allocations, limited to 20% of the share capital.

27.3 PROFIT RESERVE – RETAINED EARNINGS RESERVE

Based on the capital budget approved by the Board of Directors and to be approved by the Annual General Meeting, R\$ 66,976 (R\$ 22,715 in 2013) of the net income for the year was allocated to the profit retention reserve.

27.4 PROFIT RESERVE - RETAINED EARNINGS DUE TO A CHANGE IN THE ACCOUNTING PRACTICES

The gain on a favorable acquisition occurred on the acquisition of a minority interest in subsidiaries in FY 2006. R\$ 60,000 and R\$ 131,210 respectively was capitalized at the EGM held in 2012 and 2011. The remaining balance of R\$ 105,214 has been recorded as retained earnings due to a change in the accounting practice, in shareholders' equity, as explained in CPC 15 and ICPC 09, at the disposal of the General Shareholders' Meeting.

27.5 DIVIDENDS

The corporate bylaws determine the payment of a mandatory dividend of 25% of the net income for the year, adjusted as stipulated by article 202 of Law 6404, dated 12/15/1976.

The dividends proposed at the close of the year were calculated as follows:

	2014	2013
Net income for the year	280,478	201,361
Retained earnings	-	305
Legal reserve (5%)	(14,024)	(10,068)
Adjusted net income	266,454	191,598
Mandatory dividends (25%)	66,613	47,899
Mandatory dividends provisioned for		
Dividend payments:		
Dividends advanced in September 2014 (paid on June 03 and August 21, 2013):		
Amount paid per share R\$ 0.055 and R\$ 0.28 (R\$ 0.0327 and R\$ 0.0233 in 2013) and amount paid per Unit R\$ 0.1635 and R\$ 0.1165 (R\$ 0.1635 and R\$ 0.1165 in 2013) respectively.	68,532	68,532
Additional dividends proposed: (1)		
Amount per share R\$ 0.105 (R\$ 0.082 in 2013) and amount per unit R\$ 0.535 (R\$ 0.41 in 2013)	130,946	100,351
Total dividends	199,478	168,883
% over adjusted net income	74,87%	88,14%

The Company usually allocates dividend receipts from subsidiaries to investments to the cash flow statement.

27.6 INCENTIVE PROFIT RESERVE - INCOME TAX REDUCTION RESERVE (SUBSIDIARIES)

Because the subsidiaries EPB, ESE, EBO, EMT and ETO operate in the infrastructure sector of the North-East region, central and western and northern regions they obtained a reduction to the income tax payable for the purposes of investments in projects expanding their installed capacity, as determined by article 551 (3) of Decree 3000, dated March 26, 1999.

This reduction was approved by the Constitutive Reports, which impose a number of obligations and restrictions:

- ✓ The amount obtained as a benefit cannot be distributed to the shareholders

- ✓ The amount should be recorded as a capital reserve and capitalized by December 31 of the successive year and/or used to offset losses, and

- ✓ The amount should be invested in activities directly related to production in the region embraced by the tax incentive.

Following the enactment of Law 11638/07 and Law 11941/09, the tax incentives are now recorded in the income statement for the year and subsequently transferred to the profits reserve and income tax reduction reserve.

See the information about the incentives obtained by:

Subsidiary	Government Agency	No. of constitutive report	Income tax decrease (consolidated)	
			2014	2013
EPB	SUDENE	197/2012	26,033	35,619
ESE	SUDENE	205/2012	962	1,825
EBO	SUDENE	206/2012	25,763	11,373
EMT (1)	SUDAM	114/2014	-	-
ETO (2)	SUDAM	113/2014	-	-
Total			52,758	48,817

(1) The subsidiary EMT did not record exploration profit in the financial year ended December 31, 2014.

(2) Despite having had its application accepted by SUDAM, the subsidiary ETO is awaiting approval by the federal tax authorities.

These amounts were recorded directly in the income statement for the year under consolidated "current income and social contribution taxes", and will be allocated to the tax incentive reserve at the subsidiaries.

28 OPERATING REVENUE

28.1 GROSS OPERATING REVENUE - PARENT COMPANY

	2014	2013
Operating revenue		
Specialized services (*)	64,306	60,755
Deductions from operating revenue		
PIS	1,061	1,002
COFINS	4,887	4,617
ISS	1,295	1,224
Net operating revenue	57,063	53,912

(*) Refers to administrative services provided to its subsidiaries.

28.2 GROSS OPERATING REVENUE - CONSOLIDATED

	2014			2013		
	Not audited by the independent auditors		R\$ (*)	Not audited by the independent auditors		R\$
	No. of consumers	MWh		No. of consumers	MWh	
Residential	5,038,205	7,866,646	3,705,221	2,196,518	3,179,984	1,389,789
Industrial	68,003	3,315,945	1,347,901	12,447	1,252,499	375,963
Commercial	460,500	4,407,522	2,118,141	190,337	1,567,474	677,605
Rural	578,362	1,988,233	670,980	215,285	564,317	180,772
Government:						
Federal	3,246	242,767	127,392	946	108,665	56,886
State	15,854	434,819	172,296	8,688	161,084	60,644
Municipal	41,903	404,394	176,025	16,995	158,203	44,421
Public Lighting	5,934	1,096,983	259,349	1,683	500,966	109,342
Public Utility	7,048	901,122	268,031	2,934	486,455	112,697
Internal Use	1,309	29,267	-	440	11,675	-
Subtotal	6,220,364	20,687,698	8,845,336	2,646,273	7,991,322	3,008,119
Revenue from Remuneration of Concession Assets	-	-	53,834	-	-	46,214
Electricity sales to distributors	3	721,193	178,955	2	281,435	48,658
Sales not invoiced (net)	-	25,006	49,455	-	43,760	(2,077)
Energy sales to free consumers	-	2,552,377	405,823	-	1,500,112	228,067
Provision of the transmission and distribution system	236	921,347	135,999	72	-	118,585
Specialized services	-	-	60,755	-	-	64,547
Construction Revenue	-	-	853,017	-	-	283,292
Regulatory assets and liabilities	-	-	358,840	-	-	-
Other operating revenue	-	-	471,814	-	-	34,479

Continues

Continuation

Total - gross operating revenue	6,220,603	24,907,621	11,413,828	2,646,347	9,816,629	3,829,884
Deductions from operating revenue						
ICMS	-	-	1,942,660	-	-	645,338
PIS	-	-	177,651	-	-	59,743
COFINS	-	-	810,322	-	-	275,212
ISS	-	-	5,066	-	-	4,973
Quota for RGR	-	-	-	-	-	(6,404)
Energy Efficiency Program - PEE	-	-	32,188	-	-	11,259
Energy Development Account - CDE	-	-	76,303	-	-	9,648
Energy Development Account - CCC	-	-	-	-	-	4,886
Research and Development Program - P&D	-	-	32,188	-	-	20,279
Excess Demand Revenue and Surplus Reactive Energy	-	-	57,891	-	-	-
Total	-	-	3,134,269	-	-	1,024,934
Total - net operating revenue	6,220,603	24,907,621	8,279,559	2,646,347	9,816,629	2,804,948

(*) Due to the acquisitions of the companies of Rede Group, from April 11, 2014 only the supply amounts from that date were calculated.

29 OPERATING EXPENSES

The operating costs and expenses specified in the income statement for the year are broken down into the following types of expenses:

Parent Company					
Nature of the Expense		Operating Expenses		Total	
	Provided to Third Parties	Selling Expenses	General and Admin.	2014	2013
Personnel and management			17,359	17,359	15,168
Private pension fund	-	-	170	170	163
Material	8,303	-	(7,705)	598	507
Outsourced services	238	25	38,216	38,479	10,297
Depreciation and amortization	-	-	23,389	23,389	17,637
Allowance for doubtful accounts and recovery of uncollectible amounts	-	-	406	406	(342)
Other	805	-	756	1561	1,058
	9,346	25	72,591	81,962	44,488

Consolidated							
Nature of the Expense	Service Cost			Operating Expenses		Total	
	Electric Energy	Operation	Provided to Third Parties	Selling Expenses	General and Admin.	2014	2013
Electricity purchased for resale (*)	4,060,162	-	-	-	-	4,060,162	1,278,816
Charge for using transmission and distribution system (*)	266,216	-	-	-	-	266,216	130,263
Personnel and management	-	309,142	33,844	62,438	264,173	669,597	288,956
Private pension fund	-	10,683	11	3,038	16,614	30,346	20,444
Material	-	49,702	14,993	11,921	16,344	92,960	31,694

Continues

Continuation

Outsourced services	-	218,791	13,449	111,896	218,539	562,675	149,189
Depreciation and amortization	-	505,732	1,473	329	83,823	591,357	141,491
Allowance for doubtful accounts and recovery of uncollectible amounts	-	-	-	(40,493)	-	(40,493)	10,844
Provisions for labor, civil and tax risks	-	5,948		3,950	(47,226)	(37,328)	(3,444)
Construction cost	-		853,017	-		853,017	283,292
Other	-	16,204	3,470	42,016	185,754	247,444	52,067
	4,326,378	1,116,202	920,257	195,095	738,021	7,295,953	2,383,612

30 COST OF ENERGY PURCHASED FOR RESALE-CONSOLIDATED

	MWH (2)		Electricity purchased for resale	
	2014	2013	2014 (3)	2013
Energy from Itaipú - Binational	2,337,755	285,542	322,417	32,802
Auction energy	8,405,250	3,758,064	1,778,506	621,404
Bilateral energy	8,093,484	2,811,147	1,616,783	495,972
Angra Quotas REN 530/12	773,106	342,934	119,205	46,515
Short-term electricity - CCEE	1,034,809	330,693	1,046,742	138,376
Physical Guarantee Quotas- Ratifying Ratification ANEEL 1410 - Appendix I	5,116,449	3,062,535	158,949	94,037
Alternative energy sources incentive program - PROINFA	494,577	207,866	132,838	49,494
Reimbursement for thermal exposure (1)	-	-	(707,870)	(80,497)
(-) Recoverable portion of noncumulative PIS/COFINS	-	-	(407,408)	(119,287)
Total	26,255,430	10,798,781	4,060,162	1,278,816

- (1) Presidential decree 8221 created the Account in the Regulated Contracting Environment (ACCOUNT-ACR), which is intended to fully or partly cover the expenses incurred by public electricity distribution service concession operators resulting from: (i) involuntary exposure in the spot market; and (ii) output of thermal power plants linked to Electricity Purchase Contracts in a Regulated Environment - CCEAR, according to electricity provision.
- (2) Not audited by the independent auditors
- (3) From 4/11/2014 the amounts in 2014 include the information of the distribution companies acquired (EMT, ETO, EMS and Empresas Sul Sudeste).

Aneel had already ratified the reimbursement for thermal exposure below for January to October:

Months	Order	EMG	EPB	ESE	EBO	EMT	ETO	EMS	Companies in south southeast	Total
January	Order 515 dated March 07, 2014	2,529	10,708	4,107	1,769	-	-	-	-	19,113
February	Order 1,256 dated April 22, 2014	6,686	32,024	22,265	5,987	-	-	-	-	66,962
March	Order 1,443 dated May 09, 2014	7,154	48,528	25,934	8,520	-	-	-	-	90,136
April	Order 1,696 dated June 02, 2014	3,853	31,077	16,387	6,555	-	4,852	8,038	24,371	95,133
May	Official notice 90/2014 dated July 08, 2014	3,736	28,949	14,265	5,587	-	390	-	6,058	58,985
June	Order 3,017 dated August 05, 2014	1,057	-	-	295	-	6,801	-	2,257	10,410
July	Order 3,588 dated September 02, 2014	-	9,604	620	2,090	-	12,797	-	3,574	28,685
August	Order 3,968 dated September 30, 2014	-	11,711	7,930	2,819	10,528	23,463	-	4,749	61,200
September	Order 4,288 dated October 30, 2014	-	17,914	12,382	5,138	80,681	33,098	-	8,748	157,961
October	Order 4,657 dated December 02, 2014	1,000	11,191	6,732	3,323	42,490	23,750	18,681	12,118	119,285
		26,015	201,706	110,622	42,083	133,699	105,151	26,719	61,875	707,870

The amounts relating to the Orders from January to October were passed through by the Electricity Trading Chamber – CCEE in the current accounts linked to the contribution of financial guarantees in the concession operators' spot market. The other amounts are pending reimbursement.

The amounts were recorded in profit or loss by the respective subsidiaries as a reduction to the cost of energy purchased and are subject to PIS and COFINS/.

31 OTHER INCOME

	Parent Company		Consolidated	
	2014	2013	2014	2013
Other Revenue:				
Gains on deactivation	382	64	47,762	21,062
Other	-	25	7,301	7,213
Total	382	89	55,063	28,275
Other Expenses:				
Losses on deactivation	79	28	63,327	37,212
Other	34	5	8,323	361
Total	113	33	71,650	37,573

32 FINANCIAL REVENUE AND EXPENSES

	Parent Company		Consolidated	
	2014	2013	2014	2013
Revenue on short-term investments	49,662	26,871	156,649	62,159
Monetary variation and arrears surcharge on energy sold	-	-	114,751	42,708
Restatement of accounts receivable from the concession - VNR	-	-	31,527	29,567
Endorsement commission	19,866	17,642	-	-
Other financial revenue	78,711	2,876	189,549	29,799
Total financial revenue	148,239	47,389	492,476	164,233
Debt charges - interest	(240,839)	(71,190)	(563,506)	(192,237)
Debt charges - monetary and exchange variance	(52,188)	(21,375)	(230,290)	(177,119)
(-) Transfer to orders in progress	-	-	12,923	7,126
Mark-to-market of Derivatives	5,363	(44,727)	(6,960)	(114,939)
Derivative Financial Instruments	15,503	26,516	87,312	152,275
Restatement of loans	(1,238)	-	(146,477)	(1,160)
Adjustment to present value	-	-	(161,655)	-
IOF expenses	(1,960)	(249)	(17,240)	(1,047)
Restatement of Tax Financing	-	-	(6,081)	(604)
Interest/fine	(2,113)	(29)	(44,960)	(2,129)
Other financial expenses	(24,947)	(542)	(51,468)	(33,506)
Total financial expenses	(302,419)	(111,596)	(1,128,402)	(363,340)
Net financial expenses	(154,180)	(64,207)	(635,926)	(199,107)

33 INSURANCE COVERAGE

Energisa and its subsidiaries have the policy of taking out insurance coverage for the assets subject to risk to cover any incidents, considering the nature of their activity. The Company's insurance contracts are made in accordance with the risk management and insurance fundamentals

generally employed by electricity distribution companies. Given their nature, the risk assumptions adopted do not comprise the scope of a financial statements audit, and were not therefore reviewed by our independent auditors.

The main items covered are:

Lines	Maturity date	Insurance Coverage	Parent Company		Consolidated	
			2014	2013	2014	2013
Operating risks	10/23/2015	90,000	31	31	1,714	1,706
General Civil Liability	10/23/2015	50,600	13	10	927	937
Automobiles - Third party material and personal damages	10/23/2015	Up to R\$ 360,000 / vehicle	13	12	589	590
General civil liability to 2nd Risk	10/4/2015	10,000	-	-	127	-
Aeronautical - civil liability (RETA)	12/12/2015	521	-	-	3	7
Aeronautical - Hull/LUC	12/12/2015	129,365	-	-	197	237
Engineering risks	3/1/2015	287,295	-	-	331	404
General civil liability - SHPs	3/1/2015	60,000	-	-	122	178
Multirisk	4/25/2015	200,000	-	-	126	68
Collective Life Insurance - Death and Personal Accidents	12/31/2015	86,285	158	128	1,434	1,307
Transportation	5/6/2015	1,500/ transportation		-	2	9
			215	181	5,572	5,443

OPERATING RISKS

The policy taken out states the buildings and equipment and the respective insured values and the indemnification ceilings. It has basic coverage including fire, lightning strike and explosions of any nature, electrical damages, hurricanes, aircraft crash, collision by air or ground vehicle, commotion, flooding/water damage, minor engineering work, extraordinary expenses inclusion / exclusion of assets and sites, mistakes and omissions.

CIVIL LIABILITY

The insurance policy covers moral hazard, material and personal damages to third parties resulting from the Company's operations.

MULTIRISK

Guarantees insurance coverage for losses deriving from risks affecting buildings, machinery, furniture and fixtures, goods and raw materials of the insured.

VEHICLES

The Company has insurance coverage for RCF/V – Optional/Vehicle Civil Liability, guaranteeing coverage of personal and/or material damages incurred by third parties involved in accidents.

COLLECTIVE LIFE INSURANCE AND PERSONAL ACCIDENTS

Guarantees insurance coverage for its employees in the event of death by any cause, full or partial permanent disability due to accidents and permanent and/or total disability due to illness.

Insurance coverage of engineering risks, civil liability and Multiline for the Rio Grande SHPs under the responsibility of the subsidiary Energisa Geração Rio Grande.

These policies are taken out as required, according to the Insured's SHP construction schedule, with insurance coverage deemed sufficient to cover losses caused by any claims.

TRANSPORTATION

Guarantees insurance coverage for loading, unloading, transporting and theft of goods inherent to the insured's activity, primarily machinery and equipment, when transported in company vehicles.

34 COMMERCIAL LEASE - CONSOLIDATED

The Company and its subsidiaries have commercial leases worth R\$ 35,457 (R\$ 37,097 in 2013) for vehicles and aircraft net of depreciation, recorded in property, plant and equipment. These were acquired under commercial leases over a term of 36 months, have call options and are charged interest at the CDI interest rate.

In compliance with CPC-06, in the period ended December 31, 2014 the Company and its subsidiaries recognized consolidated depreciation expenses of R\$ 4,335 (R\$ 4,330 in 2013) and consolidated financial expenses of R\$ 1,783.

The Eólicos Renascenças I, II, III, IV and Ventos São Miguel wind farms have operational leases with several owners of rural properties in the municipality of Parazinho, Rio Grande do Norte state. The contracts are remunerated from the operational period, commencing September 01, 2013, as a result of operating start-up, based on a fixed percentage of 0.85% of gross revenue from the wind farms or a fixed amount of R\$ 5, at the date the lease is signed, per megawatt of installed generating capacity, less taxes and contributions. See below the future payments of the leases:

	2014 (*)	2013
Up to one year	818	722
One to five years	3,271	3,089
Over five years	12,267	11,583

(*) As per note 41, the amounts referring to the leases of the wind farms were reclassified to available-for-sale assets and liabilities.

35 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The book and fair values of the principal financial instrument assets and liabilities have been compared below:

Parent Company				
	2014		2013	
	Book	Fair value	Book	Fair value
Cash and cash equivalents	50,249	50,249	75,107	75,107
Money market and secured funds	6,046	6,046	162,302	162,302
Clients, consumers and concessionaires	5,158	5,158	4,812	4,812
Derivative financial instruments	74,361	74,361	18,469	18,469

	2014		2013	
	Book	Fair value	Book	Fair value
Liabilities				
Suppliers payable	1,182	1,182	2,425	2,425
Loans, financing, debt charges and debentures	2,703,524	2,681,385	644,310	626,676

Consolidated				
	2014		2013	
	Book	Fair value	Book	Fair value
Assets				
Cash and cash equivalents	576,072	576,072	252,185	252,185
Money market and secured funds	1,048,557	1,048,557	526,646	526,646
Clients, consumers and concessionaires	1,541,985	1,541,985	407,174	407,174
Credit receivables and other	108,543	108,543	81,416	81,416
Accounts receivable from the concession	3,024,053	3,024,053	801,188	801,188
Regulatory assets	1,008,801	1,008,801	-	-
Derivative financial instruments	217,103	217,103	94,355	94,355
	2014		2013	
	Book	Fair value	Book	Fair value
Liabilities				
Suppliers payable	1,326,139	1,326,139	324,460	324,460
Loans, financing, debt charges and debentures	7,290,512	7,268,373	2,833,066	2,817,901
Regulatory liabilities	654,980	654,980	-	-
Financial instrument - MTM (*)	328,231	328,231	-	-

(*) The subsidiary EEVP has a contract which contains a share sale option and embeds an instrument with features similar to a derivative instrument.

In compliance with CVM Instruction 475/2008 and Resolution 604/2009, the description of the book balances and the fair values of the financial instruments included in the balance sheet at December 31, 2014 and December 31, 2013 are shown below:

NONDERIVATIVES - CLASSIFICATION AND MEASUREMENT

Loans and receivables

Includes trade accounts receivable, consumers and concession operators, outstanding receivables, other receivables, accounts receivable of the concession and regulatory assets. They are initially measured at amortized cost using the effective interest rate, and their balances are approximated to fair value.

Money market and secured funds

The balances of short-term investments in Bank Deposit Certificates and investment funds are valued at fair value through profit and loss, except when held to maturity, when the Company and its subsidiaries have the intention and financial ability to hold them to maturity. Subsequent to initial valuation, these assets are recorded at amortized cost at the effective interest rate method, less any impairment.

Available-for-sale financial assets

Available-for-sale financial assets are nonderivative instruments not classified as: (a) loans and receivables, (b) held-to-maturity investments or (c) financial assets at fair value through profit or loss.

After initial measurement, available-for-sale financial assets are measured at fair value, with unrealized gains and losses directly recognized as other comprehensive income until the investment is derecognized, with the exception of impairment losses, interest calculated by the effective interest method and exchange variance gains and losses on monetary assets, which are recognized directly in profit or loss for the year.

Financial liabilities measured at amortized cost:

Suppliers payable - stated at the known amounts or estimated, plus, when applicable, the corresponding charges and/or monetary and exchange variations incurred up to the balance sheet date, where the book value approximates fair value.

Loans, financing, debt charges and debentures - These financial instruments are classified as financial liabilities at amortized cost. The book values of the local-currency loans and financing related to the investments and construction of Small Hydroelectric Power Stations (SHPs) and Wind Farms obtained from Eletrobrás, BNB, BNDES, BDMG Finep and loans from commercial banks, are compatible with the value of the transactions, as similar transactions are not available on the financial market, with comparable maturities and interest rates. The fair value of the financial liabilities traded in active markets is determined based on the prices observed in said markets (source: CETIP), i.e. the 5th and 6th debentures issuance of the parent company, 1st debentures issuance (ETO), 7th debentures issuance (EMS) and the 2nd and 5th debentures issuance (EMT). For financial instruments with no active market, i.e. FIDC (III and IV), the commercial papers of the parent company and EMS, the 3rd debentures issuance (ESE) and the 1st issuance of Tangará, the Company determined the fair value as the equivalent of the instrument's carrying amount.

Derivatives

The estimated fair values of the financial assets and liabilities were determined through information available in the market and appropriate valuation methodologies.

The Company and its subsidiaries have the policy of managing market risks, thereby avoiding assuming material positions exposed to fair value fluctuations. They therefore only seek to use instruments which provide greater risk control. The derivative contracts involve swap operations and options with interest and exchange rates, in order to counter the exposure to changes in US dollar exchange rate and to bring the debt cost in line with market trends.

The hedge transactions against adverse exchange variance require constant monitoring in order to preserve the efficiency of their structures. The transactions in force are subject to restructuring at any time and can be reversed or subject to additional transactions in order to reduce potential material losses.

CREDIT RISK MANAGEMENT

The debt index at the end of the reporting period is the following:

	Consolidated	
	2014	2013
Debt (a)	7,290,512	2,833,066
Cash and cash equivalents	(576,072)	(252,185)
Net debt	6,714,440	2,580,881
Net equity (b)	2,998,860	1,826,516
Net debt index	2,24	1,41

Uncertainty

The amounts were estimated at the reporting date based on information available in the market and appropriate appraisal techniques. However, considerable judgment was required in the interpretation of the market data to estimate the most adequate fair value. Consequently, the estimates used and presented below do not necessarily indicate the values that could be realized in the current exchange market.

Financial risk management

The Board of Directors is generally responsible for establishing and supervising the risk management model of the Company and its subsidiaries. The Company has therefore implemented operating limits with pre-established amounts and indicators in the "Financial Risk Management policy" (reviewed every two years and available on the Company's site, reviewed last on 12/23/2014) and in the internal regulations of the Executive Board of the Company and its subsidiaries.

The Risk Management Committee, consisting of the Financial Board and specialist independent consultant, monitors compliance of operations with the "Financial Market Risk Management Policy" by way of the Quarterly Risk Management Report.

Furthermore, the Company and its subsidiaries' risk management aims to detect, analyze and monitor risks encountered, in order to establish limits and check compliance with them. For this, the Company and its subsidiaries have been using the services of an independent company specialized in cash and debt risk management, which means that the main macroeconomic metrics and their impact on results are monitored on a daily basis, in particular derivative transactions. This allows contracting and repositioning strategies to be devised, pursuing low risk and higher financial income.

- ✓ (a) The debt is defined as short and long-term loans, financing and debentures (excluding derivatives and financial surety contracts), as detailed in notes 21 and 22.
- ✓ (b) The shareholders' equity includes the entire capital and reserves of the Group, managed as capital.

a) Liquidity risk

By way of the projected cash flow, Management schedules its obligations to generate financial liabilities to the flow of receipts or sources of financing in order to ensure the greatest possible liquidity so as to honor its obligations, thereby avoiding default which hinders the operational progress of Energisa and its subsidiaries.

The contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of currency trading agreements at the net position are as follows:

Parent Company							
	Average effective weighted interest rate (%) months	Up to 6 months	6 to 12 months	1 to 3 years	3 to 5 years	Over 5 years	Total
Suppliers payable		1,182	-	-	-	-	1,182
Loans and financing, debt charges and debentures	13.83%	711,122	366,916	1,641,211	460,095	-	3,179,344
Total		712,304	366,916	1,641,211	460,095	-	3,180,526

Consolidated							
Suppliers payable		966,244	-	-	-	359,895	1,326,139
Loans and financing, debt charges and debentures	9.80%	1,468,826	1,084,477	3,663,525	2,124,188	2,848,270	11,189,286
Total		2,435,070	1,084,477	3,663,525	2,124,188	3,208,165	12,515,425

Credit risk

Management believes the risks posed by its interest-earning bank deposits are minimal, as there is no concentration and transactions are conducted with banks which assess risk in accordance with the "Financial Risk Management policy". The Board of Directors' Audit Committee was convened in the first quarter of 2010 to oversee the group's management, according to the rules and principles established in the policy.

The credit risk, especially that of Energisa Group's distribution companies, is posed by accounts receivable, which is, however, mitigated by sales to a broad consumer base and legal prerogatives which allow the provision of services to defaulting clients to be suspended.

Part of the receivables referring to sales, energy acquisition and system service charges, incurred at CCEE, are also subject to change depending on the outcome of legal proceedings in progress, filed by a number of companies in the sector. These proceedings have resulted from the interpretation of market rules in force between June 2001 and February 2002, during which the Emergency Electricity Rationing Program was in force.

Exposure to credit risks

The book value of the financial assets denotes the maximum credit exposure. The maximum exposure to the credit risk at the reporting date is as follows:

	Parent Company		Consolidated	
	2014	2013	2014	2013
Assets				
Cash and cash equivalents	50,249	75,107	576,072	252,185

Continues

Continuation

Money market and secured funds	6,046	162,302	1,048,557	526,646
Clients, consumers and concessionaires	5,158	4,812	1,541,985	407,174
Credit receivables and other	-	-	108,543	81,416
Accounts receivable from the concession	-	-	3,024,053	801,188
Regulatory assets	-	-	1,008,801	-
Derivative financial instruments	74,361	18,469	217,103	94,355
Financial instruments - MTM	-	-	328,231	-

(1) The additional dividends proposed were recorded in the specific item dividends payable in shareholders' equity of R\$ 130,946, in accordance with CPC-08 standards. On February 27, 2014 the Board of Directors resolved to pay these additional dividends from March 12, 2014.

Further information about these credits can be seen in notes 6, 7, 8.16 and 35.

b) Interest and exchange rate risk

Part of the local-currency loans and financing presented in note 21 consist of financing from several national development agencies (Eletrobrás, Banco do Nordeste, BNDES, BDMG and FINEP) and other institutions in the capital market. The interest rate is defined by these Agents, taking into account the underlying interest rate, the risk premium compatible with the financed companies, their guarantees and the sector they are engaged in. In the event it is not possible to acquire alternatives or different market hypotheses and/or methods for their estimates, in view of the subsidiaries' business and sector specifics, these are measured by the amortized cost method at the contractual rates.

The Company's earnings are susceptible to variations due to the volatility of the exchange rate on the sale of options underlying swaps of liabilities denominated in foreign currencies, mainly the US dollar. The US dollar exchange rate closed the period ended December 31, 2014 up by 13.39% over December 31, 2013, quoted at R\$ 2.6562 / USD. The volatility of the US dollar as of December 31, 2014 was 14.33%, compared with 11.5% as of December 31, 2013.

R\$ 1,593,629 (R\$ 1,001,552 in 2013) of the Company's consolidated bank debts and issuances of R\$ 7,301,154 (R\$ 2,837,112 in 2013) as of December 31, 2014 is denominated in US dollars, as per note 21. Just 3% of this amount is not hedged against adverse exchange variance as it is a leasing operation where the price of the asset is denominated in US dollars.

The USD loans have a short- and long-term maturity (last maturity on April 27, 2018) and maximum costs of USD plus 4.4% per annum.

The balance sheet as of December 31, 2014 presents R\$ 74,361 in the noncurrent assets (R\$ 18,469 as of December 31, 2013) at the parent company, R\$ 59,705 in the noncurrent assets and R\$ 157,398 (R\$ 94,355 as of December 31, 2013) in the noncurrent consolidated assets referring to the mark-to-market of the financial derivatives related to the foreign exchange rate and interest, resulting from a combination of factors usually adopted for the mark-to-market of these instruments, such as volatility, currency coupon, interest rates and the US dollar exchange rate. This is not a material liability, because the reversal value of derivatives at the calculation date is estimated, which does not correspond to the hedge objective. The mark-to-market entries made in the financial statements are reversed when the caps established for the existing operations are not exceeded, as shown below. Moreover, greater volatility of the currency coupon and the f/x rate could result in the amounts recorded increasing.

The Company and its subsidiaries have hedged more than 97% of the dollar-indexed liabilities against adverse exchange variance, thereby hedging the principal and interest through maturity. These hedges are split into the following instruments:

Debt	Notional (USD)	Financial Cost/Rate (per annum)	Maturity	Cap
Loan 4131				
BAML x EBO 3	4,000		2/1/2016	-
Receivable Position		Libor + 2.45%		
Liability Position		116.45% CDI		
Loan 4131				
BAML x ENF 5	4,000		3/5/2015	-
Receivable Position		Libor + 2.35%		
Liability Position		114.75% CDI		
Loan 4131				
Citibank x ESA 1A	75,000		4/27/2018	2.8576(Apr-16)
Receivable Position		Libor + 1.64%		3.0235(Apr-17)
Liability Position		102.15% CDI		3.1896(Apr-18)
Loan 4131				
Itau BBA x EBO 2/ENF 3/ EPB 1	25,900		8/17/2015	2.85 (Aug - 15)
Receivable Position		VC + 4.33%		
Liability Position		100.00% CDI		
Loan 4131				
Itau BBA x EMG 3	30,000		9/21/2015	2.85 (Sep - 15)
Receivable Position		VC + 3.93%		
Liability Position		101.50% CDI		
Loan 4131				
BAML x ESE 1	30,000		9/21/2015	2.90 (Sep - 15)
Receivable Position		Libor + 2.45%		
Liability Position		100.00% CDI		
Loan 4131				3.0185 (Sep - 16)
Citibank x EPB 2	40,000		9/21/2017	3.1975 (Sep - 17)
Receivable Position		Libor + 1.90%		
Liability Position		101.00% CDI		
Loan 4131				
Itaú BBA x ENF 4	2,410		12/28/2015	2.95 (Dec - 15)
Receivable Position		VC + 3.82%		
Liability Position		110.50% CDI		
Loan 4131	110,508		4/17/2018	3.11 (Apr - 17)
Itaú BBA x ESE 2/EPB 3				3.30 (Apr - 18)
Receivable Position		VC + 4.105%		
Liability Position		108.95% CDI		
Loan 4131				
Citibank x ESE 3	50,000		4/19/2018	3.31 (Apr - 18)
Receivable Position		Libor + 1.91%		

Continues

Continuation

Liability Position		103.50% CDI	
Loan 4131			
ABC Brasil x ESA 2	36,224		1/2/2015 -
Receivable Position		VC + 3.20%	
Liability Position		CDI + 2.90%	
Loan 4131			
BAML x EMT 1	8,787		5/4/2017 -
Receivable Position		Libor + 1.50%	
Liability Position		CDI + 1.45%	
Loan 4131			
Itaú BBA x UVA I/UVAIL	17,887		3/5/2015 -
Receivable Position		VC + 1.40%	
Liability Position		CDI + 2.25%	
Loan 4131			
ABC Brasil x Bragantina 1	17,094		9/11/2015 -
Receivable Position		VC + 3.50%	
Liability Position		CDI + 2.90%	
Loan 4131			
Citibank x ENF 6/EMG 4	24,700		9/28/2017 -
Receivable Position		Libor + 1.36%	
Liability Position		113.90% CDI	
Loan 4131			
Santander x ESA 3	40,883		9/28/2015 -
Receivable Position		VC + 2.80%	
Liability Position		117.30% CDI	
Loan 4131			
BAML x EMG 5	28,515		6/10/2015
Receivable Position		VC + 1.79%	
Liability Position		112.5% CDI	
Loan 4131			
ABC Brasil x ESA 4	31,873		11/30/2015
Receivable Position		VC + 4.40%	
Liability Position		CDI + 2.90%	
Loan 4131			
Itaú BBA x Caiuá 1/Bragantina 2	29,877		11/28/2017
Receivable Position		VC + 4.00%	
Liability Position		CDI + 2.25%	
Loan 4131			
ABC Brasil x ESA 5	29,963		7/2/2015
Receivable Position		VC + 4.00%	
Liability Position		CDI + 2.90%	

The Company also has swaps (fixed rates, CDI, TJLP, among others) for the notional value of its local currency debt (Reais). See below the interest swaps:

Operation	Notional (BRL)	Operation	Maturity
SWAP			
ESA x HSBC	33,333		10/17/2016
Receivable Position		CDI + 1.60%	
Liability Position		109.2% CDI + (TJLP-6%)	
SWAP			
ESA x Santander	166,666		10/17/2016
Receivable Position		CDI + 1.60%	
Liability Position		CDI + 1.27% + (TJLP-6%)	
SWAP			
ESA x Santander	128,570		7/17/2017
Receivable Position		CDI + 1.30%	
Liability Position		CDI + 1.00% + (TJLP-5.5%)	
SWAP			
ESA x HSBC	128,570		7/17/2017
Receivable Position		CDI + 0%	
Liability Position		Fixed 8.8% + (TJLP-5.5%)	
SWAP			
ESA x Santander	271,430		7/15/2019
Receivable Position		IPCA + 6.15%	
Liability Position		IPCA + 5.85% + (TJLP-5.5%)	
SWAP			
ESA x BAML	287,616		7/15/2019
Receivable Position		IPCA + 5.85%	
Liability Position		CDI + 0.99%	
SWAP			
ESA x HSBC	141,600		4/27/2018
Receivable Position		100% CDI	
Liability Position		96% CDI + (TJLP-5.5%)	
SWAP			
ESA x HSBC	175,000		6/15/2020
Receivable Position		Fixed 9.63%	
Liability Position		102.65% CDI	
SWAP			
EMS x HSBC	31,111		9/5/2016
Receivable Position		CDI + 3.5%	
Liability Position		132% CDI + (TJLP-6.0%)	

The Company and its subsidiaries' management monitor changes in the market, so that these hedge transactions may be restructured and their terms even extended depending on the performance of the exchange rate (R\$/USD), in terms of volatility and stabilization level. Company management and its subsidiaries proceeded to replace complex derivatives with simpler structures with greater liquidity, with a view to lower risk exposure.

In accordance with CPC 40, the values of the Company and its subsidiaries' derivative financial instruments as of December 31, 2014 and December 31, 2013 are summarized below:

	Reference value		Description	Fair value	
	2014	2013		2014	2013
Interest swaps	Receivable Position				
			Fixed interest rate, CDI and IPCA	1,466,839	1,700,210
	1,363,897	1,632,786	Liability Position		
			CDI interest rate + TJLP and IPCA	(1,447,383)	(1,696,049)
			Total Swap Position	19,456	4,161
	Receivable Position				
Currency swap with options			Foreign Currency - USD and LIBOR	1,729,372	1,098,466
	1,385,427	894,716	Liability Position		
			CDI Interest Rate	(1,435,984)	(920,169)
			Foreign Currency Options (USD)	(90,166)	(88,103)
			Total Swap Position with Options	203,222	90,194

(*) Includes the reference value of R\$ 40,000 and R\$ 5,834 of fair value of the derivative operations for available-for-sale assets.

The subsidiaries calculated the Fair Value of the derivatives as of December 31, 2014 and December 31, 2013 based on the market price quotes for similar contracts. Their variance is directly associated with the variance of the debt balances listed in the note 21 and 22 and the positive performance of the hedge mechanisms used, as described above. The Company and its subsidiaries do not intend to settle these contracts before maturity. They also have different expectations for the results presented as Fair Value – as shown below. To ensure perfect management, daily monitoring is conducted in order to keep risk to a minimum and obtain better financial results.

The mark-to-market (MtM) of the Company and its subsidiaries' operations was calculated by an accepted method generally used by the market. The method basically consists of calculating the future value of the operations agreed in each contract, discounting the present value at market rates. A variant of the Black & Scholes formula is used to calculate the MtM of options. This formula is normally used to calculate the premium on currency options. The data used in these calculations was obtained from reliable sources. The market rates, such as the fixed rate and dollar coupon, were obtained directly from the BM&F site (Market Rates for Swaps). The Ptax exchange rate was obtained from the Central Bank's site. The implicit dollar volatility for options were obtained from BMF.

Sensitivity analysis

Pursuant to CPC 40, the Company and its subsidiaries conducted sensitivity analyses on the main risks to which the financial instruments and derivatives are exposed, as shown:

(3) Exchange variance

If the exchange exposure as of December 31, 2014 were maintained, and the effects on the future financial statements simulated by type of financial instrument and for three different scenarios, the following results would be obtained (restated as for the reporting date):

Operation	Exposure (**)	Risk	Scenario I (Probable)(*)	Scenario II (Deterioration of 25%)	Scenario III (Deterioration of 50%)
Financial instruments Swap with Options	-		167,333	(215,070)	(597,463)
Receivable position - Foreign Currency - USD and LIBOR	1,723,797		1,562,737	1,953,421	2,344,105
Payable Position - CDI Interest Rate	(1,435,984)	Higher f/x rate	(1,435,984)	(1,435,984)	(1,435,984)
Foreign Currency Options - USD	(90,166)		-	(123,807)	(321,666)
Subtotal	197,647		126,753	393,630	586,455
Total Net - gains (losses)	-		294,086	178,560	(11,008)

(*) Considers the macroeconomic scenario presented by the Focus Survey as of December 31, 2015 for the future dates until the final settlement of the operations.

(**) Includes the present value of derivative operations for available-for-sale assets of R\$ 4,624 in Scenario I, R\$ 22,203 in Scenario II and R\$ 36,782 in Scenario III.

The derivatives in the “Probable Scenario” calculated based on the net analysis of the above operations until the maturity thereof, adjusted to present value by the fixed rate in Brazilian reais as of December 31, 2014, which is reflected in the positive present value of R\$ 294,086, that shows how the adverse exchange variance in existing debts was mitigated. The higher the exchange devaluation (risk variable considered), the higher the gain of the swaps will be,

providing the derivative caps are not exceeded, which would leave the Company with no hedge protection. However, there would be a positive present value of R\$ 178,560 and negative value of R\$ 11,008 in the scenarios where the Brazilian real lost 25% and 50% against the US dollar, a scenario in which some of the current caps would be exceeded.

(4) Interest rate variance

If the interest-rate exposure as of December 31, 2014 were maintained, and the effects on the future financial statements simulated by type of financial instrument and for three different scenarios, the following results would be obtained (restated as for the reporting date):

	Exposure	Risk	Scenario I (Probable)(1)	Scenario II (Deterioration of 25%)	Scenario III (Deterioration of 50%)
Swap	-		3,076	(92,245)	(187,346)
Receivable Position - CDI Interest Rate and IPCA	1,466,839		1,460,750	1,650,279	1,839,376
Payable Position - CDI Interest Rate + TJLP	(1,447,383)	Rise in TJLP/IPCA	(1,444,356)	(1,613,596)	(1,782,005)
Subtotal	19,456		16,394	36,683	57,371
Net - gains (losses)	-		19,470	(55,562)	(129,975)

Considering the exposure of financial instruments indexed to interest rates as of December 31, 2014 is maintained and the respective accumulated annual indexes are (CDI = 11.0%, LTIR = 5.0% and FNE = 8.0%) and if the indexes vary in accordance with the three scenarios defined, the net financial result would be affected by:

Instruments	Exposure (R\$ thousand)	Risk	Scenario I (Probable)(1)	Scenario II (Deterioration of 25%)	Scenario III (Deterioration of 50%)
Receivable financial instruments:					
Money market and secured funds	1,477,863	Increase in CDI	57,748	72,186	86,626
Payable financial instruments:					
	(3,768,331)	Increase in CDI	(450,657)	(563,322)	(675,986)
Loans, financing and debentures	(149,070)	Increase in LTIR	(7,907)	(9,834)	(11,762)
	(109,652)	Increase in FNE	(8,721)	(10,902)	(13,083)
Subtotal (2)	(4,027,053)		(467,285)	(584,058)	(700,831)
Total -losses (2)	(2,549,190)	-	(409,537)	(511,872)	(614,205)

(1) Considers the CDI rate at December 31, 2015 (12.5% per annum), quote of the estimates presented by the recent BACEN survey, dated December 31, 2014, TJLP of 5% per annum and FNE of 8.0% per annum.

(2) It does not include other dollar transactions of R\$ 1,593,629 and fixed operations of R\$ 1,360,785.

It does not include dollar transactions with swap to CDI, with a notional value in reais equal to R\$ 1,385,426. Have these operations been included, the net income would change by (R\$ 152,396) in the Probable scenario, (R\$ 190,496) in Scenario II and (R\$ 228,595) in Scenario III.

Fair value hierarchy

The table below presents the financial instruments recorded at fair value by a valuation method.

The different levels were assigned as follows:

- ✓ **Level 1** -Prices quoted (in adjusted) in active markets for identical assets and liabilities
- ✓ **Level 2** -Inputs, except for quoted prices, included in Level 1 that are observable for the assets and liabilities, directly (prices) or indirectly (derived from prices)
- ✓ **Level 3** -Premises, for the asset or liability, that are not based on observable market data (unobservable inputs).

Financial instruments	Level	Parent Company		Consolidated	
		2014	2013	2014	2013
Assets					
Money market and secured funds	2	6,046	162,302	1,048,557	526,646
Derivative financial instruments	2	74,361	18,469	217,103	94,355
Accounts receivable from the concession	3	-	-	3,024,053	801,188
Regulatory assets	3	-	-	1,008,801	-

Liquidity risk management

The liquidity risk denotes the risk of the Company struggling to honor its obligations posed by financial liabilities. The Company monitors the liquidity risk by maintaining investments readily convertible to meet obligations and commitments, in addition to foreseeing its future cash requirements.

36 EMPLOYEE BENEFITS

A breakdown follows of the actuarial deficit balances of the pension plans:

Plan balances	Pension Plan				Premium			
	Defined Benefit		Paid-in Plan		Retirement		Total	
	2014	2013	2014	2013	2014	2013	2014	2013
Inergus	(114,257)	(66,557)	-	-	-	-	(114,257)	(66,557)
Funasa	(67,802)	(61,681)	-	-	-	-	(67,802)	(61,681)
Redeprev	(13,264)	-	-	-	-	-	(13,264)	-
Other	-	-	-	-	(6,721)	(7,368)	(6,721)	(7,368)
Total	(195,323)	(128,238)	-	-	(6,721)	(7,368)	(202,044)	(135,606)
Current							27,856	17,960
Non-current							174,188	117,646

(*) The Surplus referring to the plan has not been recorded.

RETIREMENT AND PENSION SUPPLEMENTATION PLAN

The following changes to the pension benefit plans maintained by the subsidiaries Energisa PB (Funasa) and Energisa SE (Inergus) in the form of defined benefits were approved by the Private Pensions Department:

- ✓ Closure of Defined-Benefit Plans (BD) for new participants.
- ✓ Creation of Paid-in Plans (PS) to which current active participants can migrate, and
- ✓ Creation of the Defined-Contribution Plans (CD) which can be migrated to by all current active participants who have simultaneously migrated to the PS plans.

Upon retirement, participants who opted to migrate to the PS plans will be entitled to a proportional benefit that was calculated based on the mathematical reserves determined at the migration date and which will be readjusted until the date the benefits are awarded. The total of the proportional benefits determined when the plans are implemented was undertaken as debts by the sponsors Energisa Sergipe and Energisa Paraíba to the respective sponsored funds Inergus and Funasa, respectively, already fully settled. Because of their features, the PS plans will not receive monthly contributions from the participants or sponsors, and any actuarial deficit will have to be shouldered by the sponsors.

The size of the contributions is known in CD plans, and the value of the benefits depends on the savings accrued by the participants and sponsors and the financial earnings obtained on the investments made by the plan administrators. This type of plan does not therefore generate liabilities for the sponsors as a result of an actuarial deficit.

The subsidiary Energisa MG also has a defined-benefit plan, which is no longer accepting new participants following its closure on 11/19/1997. Currently only 22 participants are still enrolled as assisted participants and pensioners. This plan is administrated by HSBC and is recording a surplus.

Energisa BO's employees participate in a defined-benefit plan administrated by Brasil Previdência, which has always recorded a surplus.

DEFINED CONTRIBUTION PLAN

Energisa, Energisa Soluções, Energisa MG and Energisa NF have a defined-contribution plan, as have the subsidiaries Energisa PB and Energisa SE following the aforesaid restructuring.

A breakdown of the pension and retirement plans follows:

Company	Beneficiary Plan	Annual contribution		% over payroll	Actuarial surplus (deficit)	
		2014	2013		2014	2013
Energisa S/A	CD	175	168	116	-	-
Energisa MG	CD	511	411	120	-	-
Energisa MG	BD	-	-	-	303	283
Energisa NF	CD	182	181	151	-	-
Energisa Soluções	CD	422	424	109	-	-
Energisa SE	PS	534	476	09	-	-
Energisa SE	BD	1,034	1,125	213	(95,883)	(66,557)
Energisa SE	CD	988	962	25	-	-
Energisa PB	PS	413	342	07	(18,374)	-
Energisa PB	BD	6,137	5,962	1044	(67,802)	(61,681)
Energisa PB	CD	631	560	107	-	-
Energisa BO	BD	113	95	1,38	4,184	3,782
Energisa MT	BD	243	-	-	(10965)	-
Energisa MS	BD	4095	-	-	(57)	37945
Energisa TO	BD	131	-	-	(614)	46
CAIUÁ	BD	51	-	-	(378)	48
CNEE	BD	25	-	-	(166)	98
CFLO	BD	11	-	-	(540)	1
EBB	BD	35	-	-	(1310)	58
EDEVP	BD	42	-	-	(679)	26

The technical reserves to comply with the standards established by the SPC – Supplementary Pensions Office are determined by the external actuaries, which issued opinions which did not contain any comments representing any additional risk or qualification regarding the procedures adopted by the plans' administrations.

The actuarial position of the assets and liabilities related to the retirement plans as of December 31, 2014 and 2013 are shown below, in accordance with the rules approved by CVM Resolution 695. The Projected Credit Unit Method was used to determine the actuarial deficit:

Defined-benefit plan:

Defined benefit	Energisa SE - Inergus		Energisa PB - Funasa		Energisa BO		Energisa MG	
	2014	2013	2014	2013	2014	2013	2014	2013
Present value of actuarial obligations	(122,485)	(103,847)	(131,163)	(126,611)	(3,632)	(3,493)	(1,514)	(1,362)
Fair value of the plan's assets	26,602	37,290	63,361	64,930	7,818	7,275	1,817	1,645
Unrecognized actuarial assets	-	-	-	-	(4,186)	(3,782)	(303)	(283)
Net assets (liabilities)	(95,883)	(66,557)	(67,802)	(61,681)	-	-	-	-

Paid-in Plan:

Paid-in Plan	Energisa SE - Inergus		Energisa PB - Funasa	
	2014	2013	2014	2013
Present value of actuarial obligations	(60,767)	(36,493)	(26,220)	(22,003)
Fair value of the plan's assets	42,393	40,605	28,104	25,097
Reduction of plan assets	-	(4,112)	(1,884)	(3,094)
Present value of the obligations in excess of the fair value of the assets / net liabilities	(18,374)	-	-	-

Statement of the expenses for the 2015 financial year according to the criteria of CVM Resolution 695:

	Energisa SE - Inergus		Energisa PB - Funasa		Energisa BO
	PS	BD	PS	BD	BD
Current service cost	-	157	535	815	125
Interest cost	7,156	13,954	3,401	13,652	386
Expected return on the plan's assets	(4,973)	(2,678)	(3,647)	(6,562)	(854)
Remeasurement of financial cost	-	-	(77)	2,730	(171)
Employee contributions	-	-	-	-	(76)
Expenses (revenue) projected for 2015	2,183	11,433	212	10,635	(590)

Statement of the change in the sponsor's net deficit in the year:

2014						
	Energisa SE - Inergus		Energisa PB - Funasa		Energisa BO	Energisa MG
	PS	BD	PS	BD	BD	BD
Net actuarial liability (asset) at the start of the year:	-	66,557	-	61,681	3,782	-
Current expenses (revenue)	680	8,137	517	6,741	277	-
Company Contributions	-	-	-	(5,681)	59	-
Other comprehensive income	17,694	21,189	(517)	5,061	68	(303)
Net actuarial liability (asset) at the end of the year	18,374	95,883	-	67,802	4,186	(303)

2013						
	Energisa SE - Inergus		Energisa PB - Funasa		Energisa BO	Energisa MG
	PS	BD	PS	BD	BD	BD
Net actuarial liability (asset) at the start of the year:	37,855	55,455	6,814	56,464	(2,930)	-
Current expenses (revenue)	5,076	4,977	2,043	4,726	(271)	-
Company Contributions	-	(955)	-	(5,971)	(59)	-
Other comprehensive income	(12,762)	33,889	(8,857)	6,462	(522)	(283)
Settlement of sponsor's debt	(30,169)	(26,809)	-	-	-	-
Net actuarial liability (asset) at the end of the year	-	66,557	-	61,681	(3,782)	(283)

The plan's assets are:

	Consolidated	
	2014	2013
Government securities	60,240	31,429
Fixed-income fund quotas	93,474	124,821
Variable-income fund quotas	1,016	3,333
Property investments	9,744	9,913
Loans to participants	934	1,090
Other	1,361	1,071
	166,769	171,657

The change in the fair value of the assets is presented as follows:

2014						
	Energisa SE - Inergus		Energisa PB - Funasa		Energisa BO	Energisa MG
	PS	BD	PS	BD	BD	BD
Fair value of assets at start of year	36,493	37,290	25,097	64,930	7,275	1,645
Benefits paid	(956)	(10,597)	(268)	(13,414)	(232)	(126)
Participant contributions invested in the year	-	835	-	617	76	-
Sponsor contributions invested in the year	-	835	-	5,681	59	-
Effective return on assets	4,502	3,947	2,809	6,899	805	187
Actuarial gains (losses) of the assets	2,354	(5,708)	3,560	(1,352)	(765)	112
Fair value of assets at end of year	42,393	26,602	31,198	63,361	7,218	1,818

2013						
	Energisa SE - Inergus		Energisa PB - Funasa		Energisa BO	Energisa MG
	PS	BD	PS	BD	BD	BD
Fair value of assets at start of year	12,904	51,786	27,558	72,850	8,402	2,631
Benefits paid	(850)	(10,035)	(245)	(12,873)	(273)	(133)
Participant contributions invested in the year	-	990	-	649	69	-
Sponsor contributions invested in the year	-	955	-	5,971	59	-
Effective return on assets	1,057	3,949	2,316	5,776	692	206
Actuarial gains (losses) of the assets	27,494	(10,355)	(4,532)	(7,443)	(1,675)	(1,059)
Fair value of assets at end of year	40,605	37,290	25,097	64,930	7,274	1,645

The change in the present value of the obligations is presented as follows:

2014						
	Energisa SE - Inergus		Energisa PB - Funasa		Energisa BO	Energisa MG
	PS	BD	PS	BD	BD	BD
Balance at beginning of year	36,493	103,844	22,003	126,611	3,493	1,362
Benefits paid in the year	(956)	(10,597)	(268)	(13,414)	(232)	(126)
Interest on actuarial obligation	4,041	11,047	2,461	13,399	375	154
Current service cost (including interest)	1,140	1,041	865	766	124	-
Participant contributions invested in the year	-	835	-	-	-	-
Sponsor contributions invested in the year	-	835	-	-	-	-
Losses (Gains) on actuarial obligations	20,049	15,480	1,159	3,801	(128)	124
Balance at end of year	60,767	122,485	26,220	131,163	3,632	1,514

2013						
	Energisa SE - Inergus		Energisa PB - Funasa		Energisa BO	Energisa MG
	PS	BD	PS	BD	BD	BD
Balance at beginning of year	50,759	107,241	34,372	129,314	4,081	2,223
Benefits paid in the year	(850)	(10,035)	(245)	(12,874)	(273)	(133)
Interest on actuarial obligation	4,244	8,511	2,891	10,180	322	173
Current service cost (including interest)	1,890	1,207	1,468	850	205	-
Losses (Gains) on actuarial obligations	(19,550)	(3,077)	(16,483)	(859)	(842)	(901)
Balance at end of year	36,493	103,847	22,003	126,611	3,493	1,362

The premises used in the actuarial valuation are set out below:

Economic hypotheses

	Energisa SE - Inergus	Energisa PB - Funasa	EnergisaBO	EnergisaMG
	PS and BD	PS and BD	BD	BD
Actuarial discount rate	6.05% p.a. PS and BD	6.23% p.a (PS) and 6.187% p.a (BD).	6.229% p.a. (does not include inflation)	11.03% p.a.
Expected rate of return on assets	5.50% p.a. (including inflation)	13.06% p.a. (including inflation)	6.66% p.a. (includes inflation).	11.03% p.a.
Benefit readjustment	0.99% accumulated variance of IPC/FIPE	Inflation only	Inflation only	Inflation only
Wage growth	0% PS and 2% p.a. above inflation	0% p.a. (PS) and 1% p.a. above inflation (BD)	0.5% p.a. above inflation	NA
Projected inflation	5.50% p.a.	6% p.a.	6% p.a.	4.50% p.a.

Demographic Hypotheses

	Energisa SE - Inergus	Energisa PB - Funasa	EnergisaBO	EnergisaMG
	PS and BD	PS and BD	BD	BD
Mortality table	AT-2000	AT-83	AT-83	AT-2000 by sex
Mortality table of disabled people	MI-85 by sex	IAPB-57	IAPB-57	AT-2000 by sex
Disability rate table	LIGHT (Average)	IAPC	CSO 58M	NA

A summary follows of the data used to actuarially appraise the benefit plans offered by Energisa SE, Energisa PB, Energisa BO and Energisa MG to their employees:

Description	Energisa SE - Inergus		Energisa PB - Funasa		Energisa BO	Energisa MG
	PS	BD	PS	BD	BD	BD
Contributing Members:						
Number	494	49	229	44	47	-
Average Age	42	42	50,38	50.40	44.2	-
Participation time (years)	16	18	21.17	23.4	18.3	-
Participant's Average Salary	R\$0.777	R\$2.654	R\$0.839	R\$2.863	R\$ 3.58	-
Assisted Participants:						
Number	43	364	23	446	7	4
Average Age	55	65	57.13	70.2	66.99	78.3
Average Monthly Benefit	R\$2.256	R\$1.951	R\$0.851	R\$1.834	R\$ 2.38	R\$1.516
Pensioners:						
Number of Pensioners	6	112	3	269	3	17
Average Benefit per Family Group	R\$0.766	R\$1.028	R\$0.299	R\$0.847	R\$ 0.34	R\$0.247

RETIREMENT AND PENSION PLAN - COMPANIES ACQUIRED ON APRIL 11, 2014

The subsidiaries sponsor defined-contribution retirement plans and defined-benefit retirement plans for their employees. The plans are no longer accepting new participants and current participants have the status of assisted participants. The defined-benefit plan undergoes an actuarial assessment at the end of each financial year, in order to ascertain whether the contribution rates are sufficient to establish the reserves required to meet the current and future payment commitments.

As of December 31, 2014 the expense incurred on sponsoring these plans stood at R\$ 8,575.

In conjunction with their employees, former employees and respective beneficiaries, the subsidiaries sponsor retirement and pension benefit plans in order to complement and supplement the benefits paid by the official social security system, which is administrated by way of Redeprev - Fundação Rede de Previdência, a multi-sponsor private complementary pension entity, incorporated as a non-profit foundation with administrative and financial autonomy.

The benefits plan introduced by the Company and Redeprev is as follows:

a. BD-I Benefits Plan:

Introduced on 1/1/1994, it is structured as a defined benefit plan and is paid for by active participants, assisted participants and the sponsor. The plan has been closed to new participants since 1/1/1999. It provides supplementary benefits to the retirement for length of service/old age, invalidity retirement, sickness allowance, pension for death and lump sum in the case of death.

b. Benefits Plan - R:

It obtained authorization and approval of the application of the Regulations by way of Ordinance 880 issued 1/12/2007 by the Technical Analysis Department of the Supplementary Pensions Office of the Ministry of Social Security. This plan has resulted from the merger of the former benefits plans CELPA-R, EMT-R and ELÉTRICAS-R, whose Regulations have been consolidated into a single Regulation, without a continuity solution. The plan has been structured in the form of a Defined Benefit.

It ensures the following structured-risk benefits: disability retirement supplements, sick pay supplements; supplements to the pension for death and lump sum in the case of death.

The benefits are paid for exclusively by the subsidiaries and jointly with the other sponsors, CELPA - Centrais Elétricas do Pará S.A. – in “Judicial Reorganization” and the companies of the group Rede Energia S.A. – in “Judicial Reorganization”.

Before the merger the plans were recorded separately, and since then the accounts have been submitted jointly, in a single trial balance, on account of the legislation regulating supplementary pension entities. However, specifically for the effects of this Valuation and compliance with CPC 33 (R1) - Employee benefits, it is necessary to jointly determine the actuarial commitments, contribution expenses and costs and assets of the R Benefits Plan for each sponsor.

c. Benefit Plan -OP:

Introduced on 1/1/1999, this ensures lifetime monthly income after the deferral term.

During the benefit's deferral term, this plan is structured in the form of a defined contribution and the lifetime monthly income is always linked to the financial amount of the contributions accumulated by the participant.

Once triggered, the lifetime monthly income is monetarily restated every year, and this date is considered to be a Defined Benefit.

The plan is paid for by active participants and the sponsor. At their choice, the participants contribute a percentage of between 2% to 20% of the contribution salary and the sponsor in turn contributes an additional 10% over and above the amount contributed by the participant.

In FY 2014 the sponsor contributed R\$ 243.

Financial status of the benefit plans - actuarial appraisal - base date 12/31/2014

Based on the actuarial appraisal prepared by the Company's independent actuaries as of December 31, 2014 and in accordance with the criteria required by CPC 33 (R1) – Employee benefits, the defined-benefit plans have the following states:

d. Assumptions made in this actuarial appraisal:

Rates per annum	2014 Actuarial appraisal
Real discount rate for calculating the present value	6.05% - all plans
Expected rate of return on plan assets	11.88% - all plans
Future real salary growth rate	2.11%
Real growth rate of benefits	
Social Security	-
The Plan	-
Inflation rate	5.50%
Capacity factor	
Salaries	1.00
Benefits	1.00
General mortality table	AT 2000 Suav. 10%
Mortality table of disabled people	MI85, N/A for EMT OP
Disability rate table	Light average, N/A for EMT OP
Turnover rate	0%

The actuarial assumptions adopted are impartial and mutually compatible. The discount rate is based on the yield of the NTN-B public bond indexed to the IPCA price index. The bond was used as it is suitable for the benefits' features. The expected rate of return on the plan's assets reflects market expectations for the yields of the plan's assets. Real salary growth rate is based on the Company's past experience.

The projected units credit method is used to determine the present value of the defined-benefit obligations. This method is mandatory in accordance with CVM Resolution 695/2012.

Any actuarial differences are recognized as "remeasurements" in other comprehensive income. When the obligation's balance is greater than the fair value of the plan's assets, the deficit should be recognized in the sponsor's liabilities.

Reconciliation of the position of the defined-benefit funds

	EMT	EMS	ETO	CAIUA	CNEE	CFLO	EBB	EDEVP	Total - 2014
	BD-I, OP and R	BD-I, OP and R	BD-I, OP and R	BD-I, OP and R	BD-I, OP and R	BD-I, OP and R	BD-I, OP and R	BD-I, OP and R	BD-I, OP and R
Present value of the defined-benefit obligation									
Balance at beginning of year - 2013	178,513	87,577	14,000	10,979	13,524	5,396	22,118	10,581	342,688
Current service cost	23	-	2	30	20	-	-	18	93
Past service cost	(44,610)	-	-	-	-	-	-	-	(44,610)
Interest cost	19,879	9,752	1,558	1,223	1,571	601	2,463	1,178	38,225
Benefits paid	(2,985)	(7,453)	(535)	(638)	(1,067)	(401)	(586)	(867)	(14,532)
Actuarial gains/losses	8,136	9,146	(3,002)	33	2,952	2	4,990	3,618	27,741
Balance at end of year - 2013	158,956	99,022	12,023	11,627	17,000	5,598	28,985	14,528	347,739
Fair value of the plan's assets									
Balance at beginning of year - 2014	176,779	160,048	11,643	11,400	15,899	4,244	23,734	11,033	414,780
Expected return	19,686	17,823	1,297	1,269	1,770	442	2,643	1,229	46,159
Amendment to the regulations of the OP Plan	(38,532)	-	-	-	-	-	-	-	(38,532)
Benefits paid	(2,985)	(7,453)	(535)	(638)	(1,067)	(401)	(1,526)	(375)	(14,980)
Actuarial gains/losses	(6,957)	(33,508)	(950)	(734)	330	774	3,808	2,480	(34,757)
Balance at end of year - 2014	147,991	136,910	11,455	11,297	16,932	5,059	28,659	14,367	372,670
Balances:	(10,965)	37,888	(568)	(330)	(68)	(539)	(326)	(161)	24,931
Saldos:									
BD-I	(3,688)	35,484	46	48	98	1	58	26	32,073
OP	(3,143)	2,460	(86)	(217)	(36)	(403)	(291)	(138)	(1,854)
R	(4,134)	(56)	(528)	(161)	(130)	(137)	(93)	(49)	(5,288)
Total	(10,965)	37,888	(568)	(330)	(68)	(539)	(326)	(653)	24,439
Deficit recorded	(10,965)	(56)	(614)	(378)	(166)	(540)	(384)	(161)	(13,264)
Unrecorded surplus	-	37,944	46	48	98	1	58	26	38,221
Current	2,369	-	241	146	93	125	-	-	2,224
Non-current	8,596	56	373	232	73	415	384	161	11,040

Percent allocation of the fair value of the plans' assets

	2014		
	BD-I	OP	R
Investments:			
Government securities	27.35%	33.14%	46.95%
Private credits and deposits	43.75%	37.85%	20.70%
Shares	0.42%	0.39%	0.39%
Investment funds	27.27%	24.18%	30.73%
Loans and financing	1.17%	4.40%	1.18%
Other	0.03%	0.04%	0.05%
Total	100%	100%	100%

RETIREMENT BONUS

The Company and its subsidiaries Energisa MG, Energisa NF, Energisa Soluções, Energisa Comercializadora and Energisa Planejamento are parties to a collective agreement under which employees are entitled to a retirement bonus paid upon application for retirement at the National Social Security Institute (INSS).

The retirement bonus ranges from 1.5 to 15 times the employee's salary, depending on seniority (at least 6 months, but limited to 25 years) upon applying for retirement.

The participants of the CD Plan who at the requested retirement date present amounts deposited by the sponsor in their individual counts in excess of 15 base salaries, are not entitled to the premium.

For FY 2014 the plan maintenance expense is R\$ 255 (R\$ 270 in 2014) at the parent company, R\$ 545 (R\$ 534 in 2014) at Energisa Soluções, R\$ 301 (R\$ 351 in 2014) at Energisa MG and R\$ 58 (R\$ 99 in 2014) at Energisa NF.

A reconciliation of assets and liabilities recognized in the balance sheet, a statement of changes in net actuarial liabilities (assets) for the period, and the total expense recognized in the statement of income of Energisa S.A and consolidated statement of income are provided below.

The actuarial position of assets and liabilities recognized in the balance sheet is shown below:

2014							
	Parent Company	Energisa MG	Energisa NF	Energisa Soluções	Energisa Comerc. and Others (Generation)	Energisa Planejamento	Total
Present value of actuarial obligations - covered	4,622	4,238	954	4,418	606	136	14,974
Fair value of the plan's assets	(2,856)	(2,306)	(668)	(2,284)	(39)	(97)	(8,250)
Actuarial liability to be provisioned for	1,766	1,932	286	2,134	567	39	6,724

2013							
	Parent Company	Energisa MG	Energisa NF	Energisa Soluções	Energisa Comerc. and Others (Generation)	Energisa Planejamento	Total
Present value of actuarial obligations - covered	2,750	2,212	576	1,907	511	91	8,047
Fair value of the plan's assets	(272)	(235)	(7)	(146)	(16)	(3)	(679)
Actuarial liability to be provisioned for	2,478	1,977	569	1,761	495	88	7,368

See below the change in net actuarial liabilities:

2014							
	Parent Company	Energisa MG	Energisa NF	Energisa Soluções	Energisa Comerc. and Others (Generation)	Energisa Planejamento	Total
Net actuarial deficit at the start of the year	2,478	1,977	569	1,761	32	88	6,905
Expense (revenue) recognized in the statement of income	356	296	90	496	7	9	1,254
Other comprehensive income	(1,069)	(341)	(373)	(123)	526	(58)	(1,438)
Net actuarial deficit at end the year	1,765	1,932	286	2,134	565	39	6,721

(*) In 2014 this does not include changes of the companies transferred to available for available-for-sale assets.

2013							
	Parent Company	Energisa MG	Energisa NF	Energisa Soluções	Energisa Comerc. and Others (Generation)	Energisa Planejamento	Total
Net actuarial deficit at the start of the year	2,464	2,027	566	2,236	131	-	7,424
Expense (revenue) recognized in the statement of income	430	179	110	594	14	8	1,335
Other comprehensive income	(416)	(229)	(107)	(1,069)	350	80	(1,391)
Net actuarial deficit at end the year	2,478	1,977	569	1,761	495	88	7,368

Reconciliation of the present value of the obligations as of December 31, 2014.

2014							
	Parent Company	Energisa MG	Energisa NF	Energisa Soluções	Energisa Comerc. and Others (Generation)	Energisa Planejamento	Total
Present value of the obligations at the beginning of the year	2,750	2,212	576	1,907	47	91	7,583
Current gross service cost (including interest)	183	159	49	370	5	3	769
Interest on actuarial obligation	193	156	41	126	4	6	526
Benefits paid in the year	(22)	(198)	(109)	(51)	-	-	(380)
Actuarial losses (gains) on actuarial liability	1,518	1,909	397	2,066	550	36	6,476
Value of the obligations calculated at the end of year	4,622	4,238	954	4,418	606	136	14,974

2013							
	Parent Company	Energisa MG	Energisa NF	Energisa Soluções	Energisa Comerc. and Others (Generation)	Energisa Planejamento	Total
Present value of the obligations at the beginning of the year	2,592	2,178	615	2,545	57	73	8,060
Current gross service cost (including interest)	212	194	60	540	8	1	1,015
Interest on actuarial obligation	224	188	54	212	5	6	689
Benefits paid in the year	(34)	(195)	-	(144)	-	-	(373)
Actuarial losses (gains) on actuarial liability	(244)	(153)	(153)	(1,246)	445	11	(1,340)
Value of the obligations calculated at the end of year	2,750	2,212	576	1,907	515	91	8,051

Statement of the expenses for the 2015 financial year according to the criteria of CVM Resolution 695:

	Parent Company	Energisa MG	Energisa NF	Energisa Soluções	Energisa Comerc. and Others (Generation)	Energisa Planejamento	Total
Current service cost (including interest)	163	149	39	149	14	4	518
Interest on actuarial obligations	234	220	48	245	39	5	791
Expected returns on plan assets	(134)	(101)	(34)	(115)	-	(3)	(387)
Remeasurement of financial cost	(8)	33	5	36	4	-	70
Value of the obligations calculated at the end of year	255	301	58	315	57	6	992

a) Healthcare plan

Subsidiaries Energisa SE, Energisa PB, Energisa BO and Energisa NF are sponsors of their employees' health insurance plans, which are managed by operators accredited by the National Health Agency (ANS). Upon termination of employment or retirement, employees may retain their health insurance plans provided they assume all the costs; the subsidiaries have no post-employment ties with or obligations to employees.

The Company, Energisa MG and Energisa Soluções have their own refund policies, under which employees are entitled to a reimbursement of 60% of their medical expenses. This benefit ceases immediately upon termination or retirement.

In FY 2014 the expenses on this benefit amounted to R\$ 803 (R\$ 675 in 2013) at the parent company and R\$ 24,220 (R\$ 10,510 in 2013) in the consolidated statement.

37 COMMITMENTS - CONSOLIDATED

The subsidiaries have the following commitments under long-term energy sale contracts:

	Energy sale contract - reais thousand						
	Term	2015	2016	2017	2018	2019	2019 onwards
Energisa Comercializadora	2015 to 2026	364,659	401,091	424,963	470,332	534,127	5,913,800
		364,659	401,091	424,963	470,332	534,127	5,913,800

The subsidiaries have the following commitments under long-term energy acquisition contracts:

	Energy purchase contract - reais thousand (**)						
	Term	2015	2016	2017	2018	2019	2019 onwards
Energisa Nova Friburgo Distribuidora Energia S/A (*)	2015 to 2026	58,586	59,907	61,584	63,165	64,807	498,662
Energisa Minas Gerais Distribuidora Energia S/A	2015 to 2046	208,451	187,750	193,385	198,953	213,906	2,946,662
Energisa Paraíba Distribuidora Energia S/A	2015 to 2046	591,140	595,879	588,839	575,034	611,887	8,101,102
Energisa Sergipe Distribuidora Energia S/A	2015 to 2046	436,295	444,588	411,566	413,826	429,400	5,983,551
Energisa Borborema Distribuidora Energia S/A	2015 to 2046	99,905	100,336	97,194	95,141	96,299	1,241,427
Caiuá Distribuição de Energia S.A.	2015 to 2046	161,759	144,358	149,659	150,841	158,078	2,126,908
Energisa Mato Grosso Distribuidora de Energia S.A. - EMT	2015 to 2046	1,342,817	1,306,960	1,331,030	1,452,421	1,554,732	18,869,588
Energisa Tocantins Distribuidora de Energia S.A.. - ETO	2015 to 2046	306.800	319,993	309,095	307,928	423,356	6,637,751
Energisa Mato Grosso do Sul Distribuidora de Energia S.A.- EMS	2015 to 2046	658,593	542,385	543,554	562,947	612,846	8,957,455
Companhia Nacional de Energia Elétrica - CNEE	2015 to 2046	73,485	53,834	50,909	38,949	38,600	571,244
Empresa Elétrica Bragantina S.A. - EEB	2015 to 2046	99,107	91,878	98,151	99,899	121,198	1,833,173
Empresa de Distribuição de Energia Vale Paranapanema S.A. - EDEVP	2015 to 2046	134,652	120,530	120,181	120,197	123,932	1,985,085
Companhia Força e Luz do Oeste - CFLO	2015 to 2026	61,659	63,495	65,432	67,486	69,578	551,302
Energisa Comercializadora de Energia Ltda.	2015 to 2026	353,596	381,364	409,644	436,596	496,955	5,570,030
		4,586,845	4,413,257	4,430,223	4,583,383	5,015,574	65,873,940

(*) The supply contracts of ENF and CFLO are being amended, as per the provisions set out in Submodule 11.1 of PRORET (Rate Regulation Procedure).

(**) This does not include the Proinfa and Itaipu quotas.

The amounts referring to energy acquisition contracts lasting between 8 and 30 years represent the volume contracted at the average current price at the end of December 2014, which have been ratified by ANEEL.

38 COST OF THE PUBLIC ELECTRICITY SERVICE - CONSOLIDATED

Distribution:

Company	Contract Date	Concession Term	End of Concession
ESE	12/23/1997	30 years	12/23/2027
EBO	2/4/2000	30 years	2/4/2030
EPB	1/15/2001	30 years	1/15/2031
EMG	6/18/1999	20 years (*)	7/7/2015
ENF	6/18/1999	20 years (*)	7/7/2015
EMT	12/10/1997	30 years	12/10/2027
ETO	6/28/1999	20 years	1/30/2020
EMS	12/4/1997	30 years	12/4/2027

Continua

Continuation

CNEE	2/3/1999	20 years (*)	7/7/2015
CAIUÁ	2/3/1999	20 years (*)	7/7/2015
EDEVP	2/3/1999	20 years (*)	7/7/2015
EBB	2/3/1999	20 years (*)	7/7/2015
CFLO	2/3/1999	20 years (*)	7/7/2015

(*) As from July 07, 1995.

Generation:

Company	Authorization date	Publication date	Authorization term	Maturity
Energisa Geração Rio Grande S/A (PCH Caju, São Sebastião e Santo Antonio) (3)	7/8/2008	7/14/2008	30 years	7/14/2038
Ze Tunin S/A Small Hydroelectric Power Station (3)	7/5/2011	7/13/2011	30 years	7/13/2041
SPE Cristina Energia S/A (3)	12/22/1999	12/23/1999	30 years	12/23/2029
Energisa Geração Central Eólica Renascença I S/A (3)	5/2/2011	5/2/2011	35 years	5/2/2046
Energisa Geração Central Eólica Renascença II S/A (3)	5/4/2011	5/4/2011	35 years	5/4/2046
Energisa Geração Central Eólica Renascença III S/A (3)	5/13/2011	5/13/2011	35 years	5/13/2046
Energisa Geração Central Eólica Renascença IV S/A (3)	6/2/2011	6/2/2011	35 years	6/2/2046
Energisa Geração Central Eólica Ventos de São Miguel S/A (3)	5/2/2011	5/2/2011	35 years	5/2/2046
Energisa Bioeletricidade Santa Cândida I S/A (Usina Santa Cândida I) (1) and (3)	11/12/2001	11/13/2001	30 years	11/13/2031
Energisa Bioeletricidade Santa Cândida II S/A (Usina Santa Cândida II) (1), (2) and (3)	-	-	-	-
Energisa Bioeletricidade Vista Alegre I (Usina Vista Alegre I) (3)	12/16/2008	12/31/2008	35 years	12/31/2043
Energisa Bioeletricidade Vista Alegre II (Usina Vista Alegre II) (2) and (3)	-	-	-	-
EMT - concession of thermal electric plants	12/10/1997	12/11/1997	30 years	12/10/2027
Tangará	8/15/2000	7/7/1995	30 years	7/7/2025

(1) 20-year exploration term.

(2) Application for concession release submitted to Concession Authority.

(3) Reclassified to available-for-sale.

39 ENVIRONMENT

The Company and its subsidiaries handle the social and environmental impacts caused by their products, services, processes and facilities through programs and practices that evidence their concern about and responsibility for the environment. In FY 2014 the investment in these projects and practices amounted to R\$ 74,744 (R\$ 55,721 in 2013), R\$ 63,653 (R\$ 50,073 in 2013) of which was allocated to property, plant and equipment and R\$ 6,304 (R\$ 5,648 in 2013) to consolidated operating expenses.

Includes information about the companies reclassified to available-for-sale.

The nonfinancial information was not audited by our independent auditors.

40 ADDITIONAL INFORMATION TO THE CASH FLOWS

As of December 31, 2014 and December 31, 2013 the equity changes that did not affect the Company's consolidated cash flows relating to the business combination are as follows:

	9/30/2014	12/31/2013
Fair value acquisition Rede Group		
Cash and cash equivalents	84,066	-
Money market	216,928	-
Clients, consumers and concession operators and PDD	834,861	-
Recoverable Taxes	269,709	-
Credit receivables	206,545	-
Inventory	20,781	-
Escrow and secured deposits	100,560	-
Other accounts receivable	729,987	-
Related-party credits	24,705	-
Deferred Taxes	641,863	-
Accounts receivable from the Concession	2,061,340	-
Property, plant and equipment	182,440	-
Goodwill on acquisition of companies	165,552	-
Intangible assets (PPA)	5,338,427	-
Suppliers payable	1,329,437	-
Payroll payable	13,855	-
Loans and Financing	2,856,794	-
Debentures	328,219	-
Taxes and Contributions	2,045,714	-
Tax, civil and labor contingencies	566,797	-
Tax financing	630,077	-
Other liabilities	1,847,664	-
Available-for-sale asset - Generation		
Cash and cash equivalents	49,823	-
Money market	49,055	-
Clients, consumers and concession operators and PDD	28,718	-
Other accounts receivable	60,428	-
Property, plant and equipment	1,412,675	-
Intangible assets	358,969	-
Loans and Financing	864,831	-
Debentures	121,652	-
Taxes and Contributions	132,815	-
Other liabilities	102,011	-
Other noncash transactions		
Operating activities		-
Concession accounts receivable - Segregation of Assets	320,597	190,582
Concession accounts receivable - VNR Restatement	31,525	29,567
Suppliers payable	26,536	24,822

Continues

Continuation

Investment activities		
Property, plant and equipment and intangible assets - Supplier	26,536	53,970
Financing activities		
Loans - Finame	26,511	28,303
Capitalization of reserves	-	316,141

41 AVAILABLE-FOR-SALE ASSETS

On November 18, 2014 the Company concluded negotiations with São João Energética S.A., FIP Investimentos Sustentáveis and Brookfield Energia Renovável SA, companies indirectly controlled by Brookfield Renewable Energy Partners, to sell the electricity generation assets in operation and under construction. The sale involves 488 MW of installed capacity of plants like the small hydroelectric power stations - SHPs (43 MW), located in Minas Gerais and Rio de Janeiro, a wind farm in Rio Grande do Norte (150 MW), cogeneration plant running on sugarcane biomass in São Paulo and Mato Grosso do Sul (175 MW, of which 115 MW is under construction) and a hydroelectric power plant in Mato Grosso (120 MW).

Brookfield acquired: SPE Cristina, Energisa Centrais Eólicas and their wind generation subsidiaries, Energisa Bioeletricidade and its thermal generation subsidiaries, Zé Tunin Small Hydroelectric Power Station, Energisa Geração Rio Grande, and the new expansions of cogeneration plants Energisa Geração Vista Alegre II and Energisa Geração Santa Cândida II and Tangará Energia.

Subject to the usual adjustments to the balance sheet to be prepared upon completion of the operation, the sale is worth some R\$ 1,428,100. These proceeds will enable Energisa to cut its consolidated net debt by R\$ 2,607,900, in addition to reducing its investment commitment by R\$ 200,000 through early 2016. The sale is subject to the performance or waiver of certain precedent conditions usual in transactions involving the purchase and sale of assets, for which the prior consent is required of the National Electricity Regulatory Agency (Aneel), for the hydroelectric ventures, approval by Administrative Council for Economic Defense – CADE, awarded on December 11, 2014, provide a special balance sheet to determine the purchase price, obtain consent from all beneficiaries of the guarantees from the financial institutions, approval from financial institutions for the transfers of the financing loans of the sold ventures, performance of all legal requisites to award the pre-emptive rights to Energisa shareholders pursuant to article 253 (I) of Brazilian corporation law, as a result of the

direct and indirect sale of the shares issued by SPE Cristina and Centrais Eólicas, transfer of the properties on which the SHPs are located, signing of the Handover Instrument for the expansion works of Usina Termoelétrica Vista Alegre I and Implementation of Usina Termoelétrica Vista Alegre II, delivery of updated certificates issued on behalf of the sold Companies, and termination of the environmental contracts.

Pursuant to technical pronouncement CPC 31, on September 30, 2014 the Company reclassified these assets and liabilities which were held for sale, without there being any impact on net income.

In December 2014 the generation assets intended for sale were capitalized in investment funds at market value, as follows: (i) into the FIP REDE GERAÇÃO HIDRELÉTRICA fund, shares accounting for 95.07% of the share capital of Tangará Energia S/A, for R\$ 229,594; (ii) into the FIP ENERGISA GERAÇÃO HIDRELÉTRICA Fund, shares accounting for 92.2% of the share capital of SPE Cristina Energia S/A, for R\$ 23,788 and e shares accounting for 100% of the share capital of Energisa Geração Rio Grande S/A for R\$ 221,800 and the Ze Tunin Small Hydroelectric Power Station for R\$ 68,600; (iii) into the FIP ENERGISA GERAÇÃO EÓLICA FUNDO DE INVESTIMENTO EM PARTICIPAÇÕES Fund, shares accounting for 92.2% of the share capital of Energisa Geração Centrais Eólicas RN, for R\$ 485,894 and (iv) into the FIP ENERGISA GERAÇÃO BIOMASSA fund, shares accounting for 100% of the share capital of Energisa Bioeletricidade, for R\$ 436,800.

The assets held for sale were transferred to the Investment Fund at market value in December 2014, under which a capital gain was recorded of R\$ 657,469, which in accordance with CPC 30 and because we have not yet met all the conditions that permit recognition of the gain recorded on the sale of assets, the Company did not recognize the amounts in its income statement and expects to conclude the transaction by the end of the 1st quarter of 2015.

ASSETS AND LIABILITIES RECLASSIFIED TO AVAILABLE-FOR-SALE - BALANCE AT DECEMBER 31, 2014:

	Parent Company	Consolidated
	2014	2014
Assets		
Current assets		
. Cash and cash equivalents and short-term investments in the money market	-	95,407
. Trade receivables	-	25,697
. Other	-	20,182
Total current assets	-	141,286
Noncurrent assets	192,644	47,510
. Investment	626,340	-
. Property, plant and equipment/Intangible assets	-	1,825,741
Total noncurrent assets	818,984	1,873,251
Total available-for-sale assets	818,984	2,014,537
Liabilities		
Current liabilities		
. Suppliers payable		39,969
. Loans, financing, debentures and debt charges	-	333,487
. Taxes and contributions		8,537
. Other	-	18,245
Total current liabilities	-	400,238
Noncurrent liabilities		
. Suppliers payable		19,057
. Loans, financing, debentures and debt charges	-	658,484
. Deferred taxes	-	119,375
. Tax financing		
. Other	32,348	24,155
Total noncurrent liabilities	32,348	821,071
Total liabilities associated with assets available-for-sale	32,348	1,221,309

	Parent Company	Consolidated
	2014	2014
Net revenue	-	111,686
(-) Cost of operation and electricity	-	(21,339)
(-) Cost of services provided to third parties	-	(24,274)
Gross operating profit	-	66,073
(-) Operating expenses		(7,263)
Service income	-	58,810
Financial revenue	-	36,244
Financial expenses	-	(90,287)
Equity in net income of subsidiaries	731	-

Continues

Continuation

Other operating income	-	38
Loss before IRPJ and CSLL	731	4,805
(-) IRPJ and CSL	-	(5,694)
Profit from discontinued operation	731	(889)

To facilitate a comparative analysis, we are re-presenting the individual and consolidated income statements, statements of cash flow and statements of added value for the financial year ended December 31, 2013.

The table below compares the re-presented financial statements:

Statement of Income	Parent Company			Consolidated		
	2013 published	Reclassification	2013 adjusted	2013 adjusted	Reclassification	2013 adjusted
Net operating revenue	53,912	-	53,912	2,857,772	(52,824)	2,804,948
Cost of the electricity service	-	-	-	(1,381,414)	(27,665)	(1,409,079)
Costs of operations and services provided to third parties	(21,857)	-	(21,857)	(611,293)	59,192	(552,101)
Gross profit	32,055	-	32,055	865,065	(21,297)	843,768
Sales expenses	-	-	-	(112,038)	164	(111,874)
General and Administrative Expenses	(22,631)	-	(22,631)	(293,275)	(17,283)	(310,558)
Other Operating Income	89	-	89	28,282	(7)	28,275
Other Operating Expenses	(33)	-	(33)	(37,691)	118	(37,573)
Equity in Net Income of Subsidiaries	256,088	(29,021)	227,067	106	(106)	-
Net income before financial revenue (expenses), goodwill and tax	265,568	(29,021)	236,547	450,449	(38,411)	412,038
Financial Revenue	47,389	-	47,389	171,764	(7,531)	164,233
Financial Expenses	(111,596)	-	(111,596)	(373,807)	10,467	(363,340)
Net financial income (expenses)	(64,207)	-	(64,207)	(202,043)	2,936	(199,107)
Income before tax	201,361	-	172,340	248,406	(35,475)	212,931
Current income and social contribution taxes	-	-	-	(62,608)	4,962	(57,646)
Deferred Income and Social Contribution Taxes	-	-	-	16,949	-	16,949
Net Income from Continued Operations	201,361	(29,021)	172,340	202,747	(30,513)	172,234
Net income from discontinued operations	-	29,021	29,021	-	30,513	30,513
Net income for the year	201,361	-	201,361	202,747	-	202,747

Continues

Continuation

. Attributed to parent company shareholders	201,361	-	201,361	201,361	-	201,361
. Attributed to parent company shareholders	-	-	-	1,386	-	1,386

Statement of Added Value	Parent Company		
	Reported 2013	Adjustments - Reclassification to available-for-sale assets	Reported 2013
Revenue	64,687	-	64,687
. Other Revenue	88	-	88
Retentions	23,388	-	23,388
. Depreciation, Amortization and Depletion	17,637	-	17,637
Net Added Value Produced	31,773	-	31,773
Transferred Added Value	303,477	(29,021)	274,456
. Equity in Net Income of Subsidiaries	256,088	(29,021)	227,067
Total Added Value to be Distributed	335,250	(29,021)	306,229
Distribution of Added Value	335,250	(29,021)	306,229
Interest earnings	201,361	-	201,361
. Dividends	68,532	-	68,532
. Retained Earnings/Loss for the Period	22,715	-	22,715
Other	-	29,021	29,021
. Discontinued operations	-	29,021	29,021

Statement of Added Value	Consolidated		
	Reported 2013	Adjustments - Reclassification to available-for-sale assets	Reported 2013
Revenue	4,387,903	(64,622)	4,323,281
. Sales of Goods, Products and Services	3,611,205	(64,615)	3,546,590
. Other Revenue	28,283	(7)	28,276
Consumables acquired from third parties	2,548,298	18,008	2,566,306
. Cost of Goods and Services Sold	1,540,433	27,666	1,568,099
. Material, Energy, Outsourced Services and Other	645,664	(7,944)	637,720
. Other	362,201	(1,714)	360,487
Gross Added Value	1,839,605	(82,630)	1,756,975
Retention	170,948	(29,455)	141,493
. Depreciation, Amortization and Depletion	170,948	(29,455)	141,493
Net Added Value Produced	1,668,657	(53,175)	1,615,482
Transferred Added Value	171,870	(7,637)	164,233
. Financial Revenue	171,764	(7,531)	164,233
Total Added Value to be Distributed	1,840,527	(60,812)	1,779,715

Continues

Continuation

Distribution of Added Value	1,840,527	(60,812)	1,779,715
Personnel	270,449	(3,078)	267,371
. Direct Remuneration	199,835	(3,078)	196,757
. Benefits	55,798	-	55,798
Taxes and contributions	957,822	(16,754)	941,068
. Federal	259,420	(8,974)	250,446
. State	653,117	(7,780)	645,337
Interest Expenses	409,509	(10,467)	399,042
. Interest	402,714	(10,467)	392,247
Interest earnings	202,747	(30,513)	172,234
. Dividends	68,532	-	68,532
. Retained Earnings/Loss for the Period	22,715	-	22,715
. Part. Minority interests in retained earnings	1,386	-	1,386
Other	-	(30,513)	(30,513)
. Discontinued operations	-	(30,513)	(30,513)

Statement of cash flows Parent company	Reported 2013	Adjustments - Reclassification to available-for-sale assets	Re-presented 2013
Net Cash from Operating Activities	43,295	-	43,295
Income before tax	201,361	(29,021)	172,340
Equity in net income of subsidiaries	(256,088)	29,021	(227,067)
Net Cash from Investment Activities	236,945	-	236,945
Net Cash from Financing Activities	(216,363)	-	(216,363)
Increase (Decrease) in Cash and Cash Equivalents	63,877	-	63,877
Opening Balance of Cash and Cash Equivalents	11,231	-	11,231
Closing Balance of Cash and Cash Equivalents	75,108	-	75,108
Net cash variation	63,877	-	63,877

Statement of cash flows Parent company	Reported 2013	Adjustments - Reclassification to available-for-sale assets	Re-presented 2013
Net Cash from Operating Activities	698,182	-	698,182
Income before tax	248,406	(35,475)	212,931
Equity in net income of subsidiaries	-	35,475	35,475
Net Cash from Investment Activities	(447,924)	-	(447,924)
Net Cash from Financing Activities	(211,244)	-	(211,244)
Increase (Decrease) in Cash and Cash Equivalents	39,014	-	39,014
Opening Balance of Cash and Cash Equivalents	213,171	-	213,171
Closing Balance of Cash and Cash Equivalents	252,185	-	252,185
Net cash variation	39,003	-	39,003

42 SUBSEQUENT EVENTS

a. RATE FLAGS

From 2015 energy bills will start using the Rate Flag System. The rate flag is “raised” on a monthly basis by ANEEL, in accordance with the information submitted by the National Electric System Operator (ONS), based on the country’s electricity generation capacity.

The green, yellow and red flags indicate whether electricity will cost more or less as a result of the electricity generation conditions.

Green Flag: good conditions for energy generation. Electricity rates will not be increased;

Yellow Flag: less favorable generation conditions. The rate is rising R\$ 0.025 for each KWh consumed;

Red Flag: costlier energy generation conditions. The rate is rising R\$ 0.055 for each KWh consumed;

The distribution company will disclose in energy bills the application of the flags so that consumers can see which flag is being used in the current month.

The flag will be used on the first day of the month, subsequent to the disclosure date.

b. NEW COMPANY NAME

On February 02, 2015 the Extraordinary General Meeting resolved to change the name of the subsidiaries Centrais Elétricas Matogrossenses S/A (“CEMAT”) to Energisa Mato Grosso – Distribuidora de Energia S/A. (“EMT”), Companhia de Energia Elétrica do Estado de Tocantins (“CELTINS”) to Energisa Tocantins – Distribuidora de Energia S/A (“ETO”) and Empresa Energética de Mato Grosso do Sul S/A (“ENERSUL”) to Energisa Mato Grosso do Sul – Distribuidora de Energia S/A (“EMS”).

c. EXTRAORDINARY RATE REVIEW

At a meeting held 2/27/2015, the National Electricity Regulatory Agency (Aneel) resolved to award an extraordinary rate adjustment (RTE) for all electricity distribution concession operators in Brazil, effective from 3/2/2015. The concession operators of Energisa Group received the following average adjustments:

Average RTE increase by distribution company

Distribution company	%
Bragantina	38.5
Nacional	35.2
Caiuá	32.4
Força e Luz do Oeste	31.9
Vale Paranapanema	29.4
Energisa Mato Grosso do Sul	27.9
Energisa Minas Gerais	26.9
Energisa Mato Grosso	26.8
Energisa Nova Friburgo	26.0
Energisa Sergipe	8.0
Energisa Borborema	5.7
Energisa Tocantins	4.5
Energisa Paraíba	3.8

The extraordinary rate adjustment (RTE) introduced aims to adjust rates to cover the current costs of the Energy Development Account (CDE) and energy purchases.

d. LOANS PARENT COMPANY

- ✓ The Company's Board of Directors' meeting held February 23, 2015 approved the following:
- ✓ Loan pursuant to Law 4131 enacted September 03, 1962, of R\$ 20,000, maturing on August 24, 2015 and incurring annual interest of CDI + 3.50% p.a.;
- ✓ The Company's Board of Directors' meeting held March 13, 2015 approved the following:
- ✓ Bank Credit Note of R\$ 105,000 to be entered into with Banco Itaú BBA S/A for a term of 20 (twenty) days renewable for a further 40 (forty) days yielding CDI + 1.90% p.a.
- ✓ Bank Credit Note of R\$ 40,000 to be entered into with Banco Pine S/A for a term of 60 (sixty) days yielding CDI + 3.50% p.a.

e. LOANS OF SUBSIDIARY ENF

The Board of Directors' meeting held February 23, 2015 approved the contracting of the loan pursuant to Law 4131 issued September 03, 1962 of R\$ 22,000, maturing on February 25, 2016, incurring annual interest of CDI + 2.35% p.a. and with submission of a guarantee linked to the loan.

f. LOANS OF SUBSIDIARY EBP

The Board of Directors' meeting held March 13, 2015 approved the ratification of the loan contracted by the Company on February 27, 2015 pursuant to Law 4131 issued September 03, 1962 of R\$ 15,800, from Banco Citibank, for the term of 4 years, incurring annual interest of CDI + 1.80%.

g. DEBENTURES 6TH ISSUANCE:

On February 25, 2015 the general debenture holders meeting resolved to postpone the first payment of interest and amortization of the 6th debentures issuance of Energisa S.A. The interest and amortization of 33% of the unit par value will therefore be paid on May 01, 2015. It also resolved to postpone the obligation to realize the capital increase of at least R\$ 500,000 to until June 30, 2015.

On March 06, 2015 the general debenture holders meeting resolved to change the type of debentures from ordinary to "secured", in accordance with the deed obligations. The debentures are now secured by the statutory lien of shares issued by Energisa Borborema, Empresa de Distribuição de Energia Vale Paranapanema, Caiuá, Bragantina and Companhia Força e Luz do Oeste held by Energisa S.A. and Rede Energia S.A..

RELATÓRIO DOS AUDITORES INDEPENDENTES SOBRE AS DEMONSTRAÇÕES FINANCEIRAS

Aos Acionistas, Conselheiros e Administradores da
Energisa S.A.
Cataguases - MG

Examinamos as demonstrações financeiras individuais e consolidadas da Energisa S.A. ("Companhia"), identificadas como controladora e consolidado, respectivamente, que compreendem o balanço patrimonial em 31 de dezembro de 2014 e as respectivas demonstrações do resultado, do resultado abrangente, das mutações do patrimônio líquido e dos fluxos de caixa, para o exercício findo naquela data, assim como o resumo das principais práticas contábeis e demais notas explicativas.

RESPONSABILIDADE DA ADMINISTRAÇÃO SOBRE AS DEMONSTRAÇÕES FINANCEIRAS

A Administração da Companhia é responsável pela elaboração e adequada apresentação das demonstrações financeiras individuais e consolidadas de acordo com as práticas contábeis adotadas no Brasil e de acordo com as normas internacionais de relatório financeiro (*IFRS*), emitidas pelo *International Accounting Standards Board - IASB*, assim como pelos controles internos que ela determinou como necessários para permitir a elaboração dessas demonstrações financeiras livres de distorção relevante, independentemente se causada por fraude ou erro.

RESPONSABILIDADE DOS AUDITORES INDEPENDENTES

Nossa responsabilidade é a de expressar uma opinião sobre essas demonstrações financeiras com base em nossa auditoria, conduzida de acordo com as normas brasileiras e internacionais de auditoria. Essas normas requerem o cumprimento de exigências éticas pelos auditores e que a auditoria seja planejada e executada com o objetivo de obter segurança razoável de que as demonstrações financeiras estão livres de distorção relevante.

Uma auditoria envolve a execução de procedimentos selecionados para obtenção de evidência a respeito dos valores e divulgações apresentados nas demonstrações financeiras. Os procedimentos selecionados dependem do julgamento do auditor, incluindo a avaliação dos riscos de distorção relevante nas demonstrações financeiras, independentemente se causada por fraude ou erro. Nessa avaliação de riscos, o auditor considera os controles internos relevantes para a elaboração e adequada apresentação das demonstrações financeiras da Companhia para planejar os procedimentos de auditoria que são apropriados nas circunstâncias, mas não para fins de expressar uma opinião sobre a eficácia desses controles internos da Companhia. Uma auditoria inclui, também, a avaliação da adequação das práticas contábeis utilizadas e a razoabilidade das estimativas contábeis feitas pela Administração, bem como a avaliação da apresentação das demonstrações financeiras tomadas em conjunto.

Acreditamos que a evidência de auditoria obtida é suficiente e apropriada para fundamentar nossa opinião com ressalva.

BASE PARA OPINIÃO COM RESSALVA

A controlada indireta Energisa Tocantins – Distribuidora de Energia S.A. possui créditos a receber do Governo do Estado de Tocantins nos montantes de R\$88.045 mil e R\$18.283 mil, referentes ao programa Reluz Tocantins e ao convênio firmado para a implementação de linhas de transmissão interligando Tocantinópolis a Xambioá, respectivamente. Em 31 de dezembro de 2014, devido à ausência de análises e documentação suporte que demonstrem a valorização e, principalmente, as condições de realização do ativo, não foi possível nos satisfazermos quanto à adequação dos referidos créditos.

OPINIÃO COM RESSALVA

Em nossa opinião, exceto pelos possíveis efeitos do assunto descrito no parágrafo "Base para a opinião com ressalva", se houver, as demonstrações financeiras individuais e consolidadas acima referidas apresentam adequadamente, em todos

os aspectos relevantes, a posição patrimonial e financeira, individual e consolidada, da Energisa S.A. em 31 de dezembro de 2014, o desempenho individual e consolidado de suas operações e os seus fluxos de caixa para o exercício findo naquela data, de acordo com as práticas contábeis adotadas no Brasil e com as normas internacionais de relatório financeiro (IFRS) emitidas pelo *International Accounting Standards Board (IASB)*.

ÊNFASES

✓ Fim da intervenção administrativa ANEEL nas Distribuidoras do Grupo Rede Energia

Conforme mencionado na nota explicativa nº 1 às demonstrações financeiras individuais e consolidadas, em 8 de abril de 2014 a ANEEL determinou o fim da intervenção administrativa nas Distribuidoras: EMT (antiga CEMAT), ETO (antiga CELTINS), EMS (antiga ENERSUL), CFLO, Cauiá, EBB, EDEVP e CNEE. A conclusão do processo estava condicionada transferência de controle da controladora final. Com o fim da intervenção, passou a vigorar regime excepcional de sanções aprovado pela ANEEL, que inclui, entre outros, a obrigatoriedade de aporte de recursos pelo novo controlador final, e outras obrigações mencionadas nas referidas notas. Nossa opinião não contém modificação relacionada a esse assunto.

✓ Transferência de controle acionário das empresas do Grupo Rede Energia

Conforme mencionado na nota explicativa nº 1 às demonstrações financeiras individuais e consolidadas, em 11 de julho de 2013 foi celebrado compromisso de Investimento, Compra e Venda de Ações e Outras Avenças entre o Sr. Jorge Queiroz de Moraes Junior e a Energisa S.A., para a transferência à Companhia de 90,91% das ações da J.Q.M.J. Participações S.A., 65,68% das ações da BBPM Participações S.A., 20,11% das ações da Denerge Desenvolvimento Energético S.A. e 0,03% das ações da Rede Energia S.A., mediante o cumprimento de algumas condições precedentes. Em 11 de abril de 2014, após terem sido cumpridas ou dispensadas as condições precedentes, foi formalizada a transferência do controle indireto da Rede Energia S.A. para a Energisa S.A. Nossa opinião não contém modificação relacionada a esse assunto.

✓ Continuidade operacional da Companhia

Conforme descrito nas notas explicativas nos 1 e 42 às demonstrações financeiras individuais e consolidadas, a Companhia apresenta passivos circulantes em excesso aos seus ativos circulantes no montante de R\$378.541 mil na controladora (R\$1.165.777 mil desconsiderando a reclassificação de ativos disponíveis para venda). Para cumprir com os compromissos de curto prazo, especialmente a primeira parcela de R\$500.000 mil da 6ª emissão de debêntures, que vence em 1 de maio de 2015 (conforme Primeiro Aditamento do Instrumento Particular de Escritura Pública da 6ª emissão de debêntures), a Administração espera cumprir com as condições precedentes e concluir a venda dos ativos de geração classificados como disponíveis para venda. Adicionalmente, a Administração espera que o fluxo de dividendos oriundo das operações de suas controladas e o sucesso no processo de alongamento e substituição das dívidas de curto prazo irão prover os recursos financeiros para fazer frente aos compromissos de curto prazo e restabelecer o capital circulante líquido. Em 31 de dezembro de 2014, a manutenção das operações depende da Administração concluir com êxito as referidas estratégias, já que a não confirmação das mesmas indica a existência de incerteza significativa que pode levantar dúvida quanto à capacidade de continuidade operacional da Companhia. Nossa opinião não contém modificação relacionada a esse assunto.

✓ Continuidade operacional das controladas que possuem concessão vencendo em 2015

Conforme mencionado na nota explicativa nº 1 às demonstrações financeiras individuais e consolidadas, as respectivas concessões para exploração da atividade de distribuição de energia elétrica das controladas EMG, ENF, CFLO, Cauiá, EBB, EDEVP e CNEE expira em 7 de julho de 2015. As controladas protocolaram, em 2012, o pedido de prorrogação do prazo da concessão junto a Agência Nacional de Energia Elétrica ("ANEEL"). Até o presente momento, o pedido de prorrogação está sob análise, cabendo ao Poder Concedente a decisão final sobre a aprovação. Esta situação indica a existência de incerteza que pode levantar dúvida significativa quanto a capacidade de continuidade normal das operações das controladas, pois a prorrogação do contrato de concessão depende da decisão final pelo Poder Concedente. As demonstrações financeiras das controladas incluídas na consolidação foram preparadas com base no pressuposto de continuidade das operações, a qual contempla a realização de ativos e o pagamento de obrigações e compromissos no

curso normal de suas atividades. Nossa opinião não contém modificação relacionada a esse assunto.

✓ Repasses de recursos da Conta de Desenvolvimento Energético – CDE

Conforme mencionado na nota explicativa nº 30 às demonstrações financeiras individuais e consolidadas, as controladas contabilizaram, como redução do custo com energia elétrica, repasses de recursos diretos da Conta de Desenvolvimento Energético - CDE e através da Câmara de Comercialização de Energia Elétrica – CCEE referentes aos meses de janeiro a outubro de 2014. Nossa opinião não contém modificação relacionada a esse assunto.

OUTROS ASSUNTOS

Demonstrações do valor adicionado

Examinamos, também, as demonstrações individual e consolidada do valor adicionado (DVA) referentes ao exercício findo em 31 de dezembro de 2014, elaboradas sob a responsabilidade da Administração da Companhia, cuja apresentação é requerida pela legislação societária brasileira para companhias abertas, e como informação suplementar pelas *IFRSs* que não requerem a apresentação da DVA. Essas demonstrações foram submetidas aos mesmos procedimentos de auditoria descritos anteriormente e, em nossa opinião, estão adequadamente apresentadas, em todos os seus aspectos relevantes, em relação às demonstrações financeiras tomadas em conjunto.

Rio de Janeiro, 19 de março de 2015

DELOITTE TOUCHE TOHMATSU
Auditores Independentes
CRC 2SP 011.609/O-8 “F” RJ

Antônio Carlos Brandão de Sousa
Contador
CRC 1RJ 065.976/O-4

DECLARAÇÃO DOS DIRETORES DA ENERGISA S.A. SOBRE O PARECER DOS AUDITORES INDEPENDENTES

Os diretores da Energisa S.A. abaixo assinados declaram, nos termos do art. 25, § 1º, V, da Instrução CVM nº 480/09, que, em reunião realizada nesta data, revisaram, discutiram e concordam, ressalvados os limites específicos das respectivas competências, com as opiniões expressas no parecer dos auditores independentes, tendo aprovado o referido documento.

Cataguases, 19 de março de 2015.

Ricardo Perez Botelho
Diretor-Presidente

Maurício Perez Botelho
Diretor Financeiro e de Relações com Investidores

Danilo de Souza Dias
Diretor de Assuntos Regulatórios e Estratégia

José Marcelo Gonçalves Reis
Diretor de Suprimentos e Logística

Daniele Araújo Salomão Castelo
Diretor de Gestão de Pessoas

DECLARAÇÃO DOS DIRETORES DA ENERGISA S.A. (“COMPANHIA”) SOBRE AS DEMONSTRAÇÕES FINANCEIRAS DO EXERCÍCIO DE 2014

Os diretores da Energisa S.A. abaixo assinados declaram, nos termos do art. 25, § 1º, VI, da Instrução CVM nº 480/09, que, em reunião realizada nesta data, revisaram, discutiram e concordam, ressalvados os limites específicos das respectivas competências, com as Demonstrações Financeiras da Companhia, tendo aprovado o referido documento.

Cataguases, 19 de março de 2015.

Ricardo Perez Botelho
Diretor-Presidente

Maurício Perez Botelho
Diretor Financeiro e de Relações com Investidores

Danilo de Souza Dias
Diretor de Assuntos Regulatórios e Estratégia

José Marcelo Gonçalves Reis
Diretor de Suprimentos e Logística

Daniele Araújo Salomão Castelo
Diretor de Gestão de Pessoas

