



# 2013

## *Annual Report*

# CONTENTS

2013 HIGHLIGHTS	2
MISSION, VISION, VALUES	3
MESSAGE FROM THE CHAIRMAN	4
ABOUT THE REPORT	5

**1.**

ENERGISA	6
GROUP PROFILE	7
TIMELINE	9

**2.**

MARKET AND BUSINESS	11
MACROECONOMIC SCENARIO	12
OPERATING PERFORMANCE	13
ECONOMIC AND FINANCIAL	
PERFORMANCE	18
CAPITAL MARKETS	25
INVESTMENTS	26

**3.**

GROUP COMPANIES	29
ENERGISA PARAÍBA	30
ENERGISA BORBOREMA	32
ENERGISA SERGIPE	34
ENERGISA MINAS GERAIS	36
ENERGISA NOVA FRIBURGO	38
GRUPO ENERGISA DISTRIBUTORS'	
MAIN ASSETS AND FINANCIAL	
INDICATORS	39
COMERCIALIZADORA, GERADORAS	
ELECTRICITY TRADING AND	
GENERATION COMPANIES AND	
SERVICE PROVIDERS	40
RECOGNITIONS AND	
AWARDS 2013	44

**4.**

CORPORATE GOVERNANCE	45
CORPORATE ORGANIZATIONAL	
CHART	46
STATUTORY ORGANIZATIONAL CHART	46
BOARD OF DIRECTORS	47
EXECUTIVE BOARD	49
FISCAL COUNCIL	50
ADVISORY COUNCIL	50
COMMITTEES	50

**5.**

INTANGIBLE ASSETS	51
CONSUMER RELATIONS –	
EXCELLENCE AS A GOAL	52
CREDIBILITY OF ENERGISA BRAND	53

**6.**

SOCIAL AND ENVIRONMENTAL	
RESPONSIBILITY	54
MAIN SOCIAL AND	
CULTURAL ACTIONS	56
ENVIRONMENTAL MANAGEMENT	58

**7.**

PEOPLE MANAGEMENT	59
TRAINING AND PROFESSIONAL	
DEVELOPMENT	61
TRAINEE PROGRAM	62
SUCCESSION PROGRAM	62
HEALTH, SAFETY AND QUALITY	
OF LIFE	62
COMPENSATION AND BENEFITS	63

**8.**

RISK MANAGEMENT	64
FINANCIAL MARKET RISK	
MANAGEMENT	65

2013 SOCIAL BALANCE SHEET	67
CORPORATE INFORMATION	71
FINANCIAL STATEMENTS	72



**IN 2013, THE PURCHASE OF GRUPO REDE TOOK PLACE THROUGH PROCEDURES INVOLVING SEVERAL BODIES SUCH AS THE COURTS, THE ADMINISTRATIVE COUNCIL FOR LEGAL DEFENSE (CADE) AND THE NATIONAL ELECTRICITY AGENCY (ANEEL). THE COMPLETION OF THE TRANSACTION WILL REPRESENT A 2.6 MILLION INCREASE IN ENERGISA'S CONSUMER BASE TO APPROXIMATELY 6 MILLION CUSTOMERS**

## 2013 HIGHLIGHTS

- Purchase of Grupo Rede, by means of various processes involving bodies such as the Courts, the Administrative Council for Legal Defense (CADE) and the National Electricity Agency (ANEEL). The purchase is expected to be completed in April 2014, and will represent a 2.6 million increase in Energisa's consumer base, to about 6 million customers. Grupo Energisa will go from 14th to 7th place in the domestic market in terms of net sales. It will also have a presence in five other states: Tocantins, Mato Grosso, Mato Grosso do Sul, São Paulo and Paraná.
- Grupo Energisa companies well placed in the IASC ranking published by ANEEL in March: Energisa Sergipe, ranked as the third best distributor in Brazil in improved quality of service, and second in the northeast region; Energisa Borborema in fourth place, and third in the northeast; and Energisa Minas Gerais in tenth place in the national ranking, and second in the south and southeast regions.
- Grupo Energisa companies awarded a number of prizes: Abradee Prize 2013: Energisa Paraíba placed first in three categories (Quality of Management, Economic and Financial Management and Improvement in Performance); Transparency Trophy 2013; Eloy Chaves Medal (Energisa Paraíba and Energisa Sergipe); Seal of Sustainable Energy; "Best Company and Most Improved in the Northeast" (Energisa Sergipe); and XV Minas Prize – Company Performance (Energisa Minas Gerais).
- Startup in January of the second generating unit of the Zé Tunin Small Hydroelectric Plant (PCH), in Minas Gerais, with installed capacity of 8 MW.
- Completion in September of construction of the Company's first wind farm complex, consisting of five parks in the state of Rio Grande do Norte.
- Start of expansion works on biomass projects in the state of Mato Grosso do Sul, with completion planned for March 2015.
- Consolidated net income of R\$202.7 million, against R\$291.4 million in 2012. Although this figure was down, the Company showed consolidated EBITDA of R\$621.3 million and Adjusted Consolidated EBITDA of R\$664 million.
- Total sales of electricity by Grupo Energisa amounted to 11,597 GWh, 7% more than in 2012.
- Investments totaled R\$817 million, against R\$674 million in 2012.

## MISSION, VISION, VALUES

### MISSION

Grupo Energisa exists to turn electricity into comfort, development and new opportunities for sustainability, providing its customers with innovative energy solutions, adding value for its shareholders and offering its employees the possibility of advancement.

### VISION

By 2020, Energisa to be one of the best and most respected electricity companies in Brazil, with operations in distribution, generation, sales and services, recognized for the quality of its customer service, its operating efficiency and its profitability for shareholders.

### VALUES



Marcelo Silveira da Rocha, advocate of the Commitment Value

#### **COMMITMENT today and for the future**

We act as responsible citizens, working to generate wealth, with respect for employees, investors, suppliers and customers as our priority. Above all, we are part of a community and we have a commitment to future generations. It is essential to behave ethically and to prize the truth above all else.



André Luis Cabral Theobald, advocate of the Customers Value

#### **CUSTOMERS – To make our customers' lives easier**

We always serve our customers with respect and dedication, building considerate and lasting relationships. We look at things from the customer's point of view, and deliver quick and complete solutions, to make life easier and create value for our users.



Daniele Salomão, advocate of the People Value

#### **PEOPLE – Our energy derives from people**

We are part of a winning team, and together we can get things done, learn and overcome. Opportunities here depend principally on each person's merit and engagement. We value transparency, teamwork and open and participative dialogue. If you think this way too, you are one of us, and we very much want you to be happy here.



Gioreli de Sousa Filho, advocate of the Results Value

#### **RESULTS – Overcoming challenges to get results**

We want extraordinary results that will create value for our customers, our shareholders and our staff. We seek to exceed our goals, and to put Energisa among the best in its sector in terms of efficiency and customer service.



Marcelo Vinhaes, advocate of the Safety Value

#### **SAFETY first**

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



Roberto Carlos Currais, advocate of the Innovation Value

#### **INNOVATION that makes a difference**

We encourage creativity that will generate value, whether by producing something completely new or suggesting a way of improvement. Observing, questioning and experimenting responsibly are part of the proactive attitude that marks us out as different.

## MESSAGE FROM THE CHAIRMAN

2013 was an extremely challenging year for Brazil's electricity sector. A number of changes in the law governing the sector gave the electricity distributors more contractual exposure to the spot market, where prices were higher due to the shortage of rainfall. This affected the companies' profitability in 2013, in spite of the issuing of decrees and regulations that gave some temporary relief.

Against this backdrop, Energisa continued with its strategy for operational excellence and diversification of its sources, remaining focused on maintaining profitability and cutting risks. This allowed us to end the year with gross operating revenues of R\$3,895 million, cash generation (Adjusted EBITDA) of R\$664 million and net income of R\$202.7 million.

In the electricity generating segment, we completed the construction of our first wind farm complex, consisting of five parks in the state of Rio Grande do Norte, and as from September we began to recognize revenues from this source. The units have a total installed capacity of 150 MW. Consolidated operating revenues of R\$28 million were achieved in four months during 2013, with 59.7 average MW sold at the 2010 Alternative Energy Sources Auction. Keeping to our strategy of expansion in the renewable energy segment, in January 2013 we also started operating the second generating unit of the Zé Tunin Small Hydroelectric Plant (PCH), in Minas Gerais, with installed capacity of 8 MW. Expansion work was also started on the biomass projects in the state of Mato Grosso do Sul, with two generating units that will produce a total of 90 MW. Completion is planned for March 2015.

Energisa invested a total of R\$817 million in 2013, compared with R\$674 million in the previous year, a 21.2% increase. Electricity generation projects from alternative sources, with clean, renewable energy, accounted for 61.7% of this total.

Without doubt the major highlight of the year was the Grupo Rede creditors' approval of a Judicial Reorganization Plan transferring control of the group to Energisa. In September the court approved the plan, and in October it received the blessing of the Administrative Economic Defense Council (CADE). In December, the National Electricity Agency (ANEEL) approved the Reorganization and Infringement Correction Plan for the Electricity Distributors of Grupo Rede, on the basis that Energisa would make substantial investments to permit these companies to continue to meet their obligations to the granting authority and attain levels of excellence. The Agency approved the transfer of control to Energisa in January.

## THE MAJOR HIGHLIGHT OF THE YEAR WAS THE GRUPO REDE CREDITOR'S APPROVAL OF A JUDICIAL REORGANIZATION PLAN TRANSFERRING CONTROL OF THE GROUP TO ENERGISA

The completion of the process still depends on the fulfillment of certain conditions, which should occur by April 2014. This will represent an expansion of Energisa's consumer base by 2.6 million, to a total of about 6 million customers. In terms of net sales, Energisa will jump from 14th to 7th place among business groups investing in the electricity segment in the domestic market. We are very optimistic about prospects for 2014. With the completion of the acquisition of Grupo Rede, we shall have a presence in five more states – Tocantins, Mato Grosso, Mato Grosso do Sul, São Paulo and Paraná –, increasing the spread of our brand and diversifying our share of the distribution markets in high growth regions. The acquisition of Grupo Rede represents a strategic move of considerable importance, and consolidates Energisa's position in the distribution segment among the five largest groups in the country, in terms of customer numbers.

2014 has started with great uncertainty for the energy sector and the contractual environment for distributors, made worse by an unusually dry summer. As soon as all the conditions precedent for the acquisition of control of Grupo Rede have been fulfilled, we shall start the process of integration, implementing the management practices that have enabled us to attain high levels of excellence in the electricity sector. We shall maintain our strategy of operating efficiency allied with financial prudence, so as to realize the Company's potential in full. We are aware of the challenges and ready to continue on the path of success; and this would not be possible without the skills and the experience of our staff. I would like to thank you for your support and your efforts during 2013. I am grateful too to all our partners, shareholders, customers and suppliers, who are a part of every one of Energisa's achievements.

**Ivan Müller Botelho**  
Chairman of the Board of Directors

## ABOUT THE REPORT

Information for the Grupo Energisa Annual Report 2013 was collected between January 1 and December 31, 2013. Its main purpose is to give stakeholders transparent and balanced information on the Group's performance in economic, financial, operational, social and environmental terms. The scope of the content was defined according to the relevance of the information to the Group's various stakeholders, within the economic and sectorial context and considering the important events of 2013.





ENERGISA

*Chapter* 01

## GROUP PROFILE

Energisa has played an essential role in Brazil's electricity sector. It has its origins in Companhia Força e Luz Cataguazes-Leopoldina, and from there it has inherited the pioneering and innovative spirit which is part of the Company's DNA.

With 109 years' experience in the market, Energisa today is one of Brazil's leading private distributors of electricity. The Company offers integrated and planned solutions, and it stands out for its daring and innovation in generating, distributing and selling electricity.

In 1907, the Company was listed on the Rio de Janeiro Stock Exchange. It was only the third Brazilian joint stock company to be listed, and this gave an initial boost to its trajectory of daring and innovation.

By the end of 2013, Grupo Energisa, always on the lookout for diversification and operational excellence, controlled 5 distributors and 14 service providers and electricity generators in Brazil.



### DISTRIBUTION SUBSIDIARIES:

Energisa Paraíba, in the state of Paraíba (EPB)  
Energisa Sergipe, in the state of Sergipe (ESE)  
Energisa Borborema, in the state of Paraíba (EBO)  
Energisa Minas Gerais, in the state of Minas Gerais (EMG)  
Energisa Nova Friburgo, in the state of Rio de Janeiro (ENF)

### SUBSIDIARIES IN SALES, ELECTRICITY GENERATION AND SERVICES :

Energisa Comercializadora de Energia Ltda.  
Energisa Geração Rio Grande S/A  
Pequena Central Hidrelétrica Zé Tunin S/A  
SPE Cristina Energia S/A  
Parque Eólico Sobradinho Ltda. (at the pre-operating stage)  
Energisa Geração Centrais Eólicas RN S/A  
Energisa Geração Usina Maurício S/A  
Energisa Bioeletricidade S/A

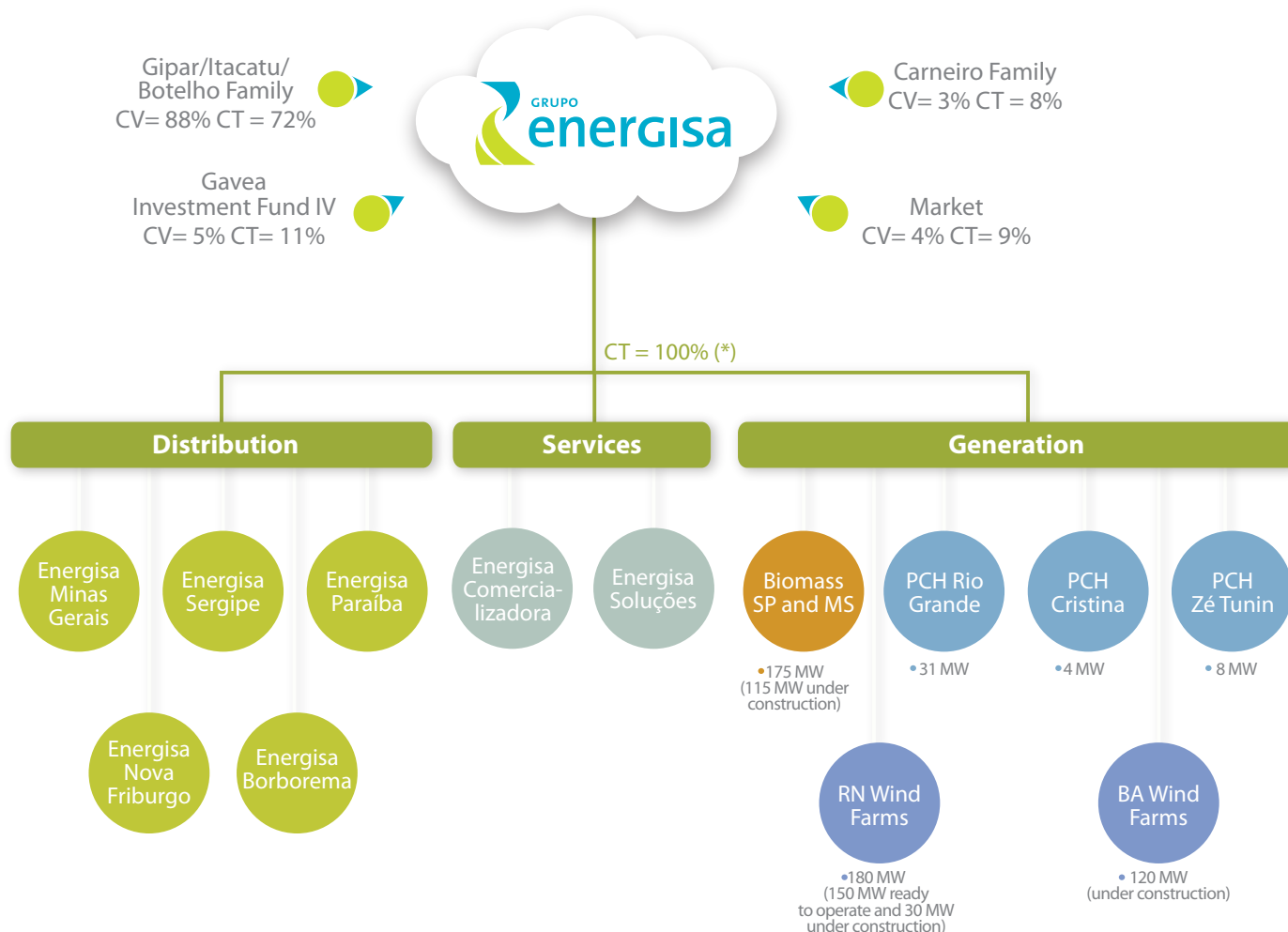
Energisa Soluções S/A  
Energisa Serviços Aéreos de Aeroinspeção S/A  
Energisa Planejamento e Corretagem de Seguros Ltda.  
FIM Zona da Mata  
Caixa FI Energisa

By December 2013, the Group had 4,744 direct employees on its functional staff, and provided services to 2.6 million consumers and a population of nearly 6.7 million inhabitants in 352 municipalities. It was therefore servicing some 3.5% of the population of Brazil, and 10.4% in the northeast region. The group shares are currently traded on the São Paulo Stock, Commodities and Futures Exchange (BM&FBovespa) under the stock symbols ENGI3 (common shares), ENGI4 (preferred shares) and ENGI11 (Unit certificates containing one common share and four preferred shares).

## CORPORATE STRUCTURE AND SHAREHOLDINGS

Grupo Energisa has a horizontal corporate structure, with no dilution of income or cash flow, and holds 100% of its subsidiaries, except for the biomass undertakings, in which its interest is 85%. Energisa's parent company is Gipar S/A, as the following chart shows:

### Corporate structure (before Grupo Rede acquisition process)



CV = Voting Capital / CT = Total Capital

(\*) Except for operational biomass undertakings, where the holding is 85% of the 60 MW. The remaining 15% belongs to Tonon Bioenergia.

## BACKGROUND

Since its foundation in 1905, Grupo Energisa has been prominent in its market for its proactive and innovative stance. The timeline below gives the highlights of its 109 year history.

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### February 26, 1905

José Monteiro Ribeiro Junqueira, João Duarte Ferreira and Norberto Custódio Ferreira found Companhia Força e Luz Cataguazes-Leopoldina, with its headquarters in the city of Cataguases (MG).

### 1907

Cataguazes-Leopoldina is the third joint stock company to obtain a listing on the Rio de Janeiro Stock Exchange.

### 1908

The company opens its first hydroelectric plant, the Maurício Plant, with 800 KW capacity, one of the country's first generators.

### 1910

Acquisition of Serviços Elétricos de Muriaé (MG).

### 1911

First dividend paid.

### 1918

Acquisition of Companhia Pombense de Eletricidade, in Rio Pomba (MG).

### 1925

Cataguazes-Leopoldina becomes one of the first companies in Brazil to offer profit sharing to its employees.

### 1928

Construction of the 4 MW Ituerê Plant, in the municipality of Rio Pomba (MG).

### 1949

Acquisition of Empresa Força e Luz Além Paraíba, in the municipality of Além Paraíba (MG).

### 1970

Acquisition of Diesel Group, for thermal generation of 5.5 MW in Cataguases. Change of distribution frequency from 50 to 60 Hz.

### 1971

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

### 1977

Acquisition of Companhia Leste Mineira de Eletricidade, in Manhuaçu (MG).

### 1983

Inauguration of Glória Plant, of 13 MW, in Muriaé.

### 1994

Acquisition of Industrial Mirahy S/A, an electricity supplier in Mirai (MG), with 3.1 thousand consumers.

### 1996

Awarded the concession for the municipality of Sumidouro (RJ), with 1.6 thousand consumers, in an area bordering on Nova Friburgo.

### 1997

Purchase at auction of Companhia de Eletricidade Nova Friburgo (CENF), now Energisa Nova Friburgo, with 60.5 thousand consumers in Nova Friburgo (RJ). Purchase of Energipe (Empresa Energética de Sergipe), now Energisa Sergipe, with 353 thousand consumers, at a privatization auction.

### 1998

Startup of PCH Cachoeira do Emboque, of 21.4 MW, in the municipality of Raul Soares (MG).

### 1999

Incorporation of Cat-Leo Energia S/A (now Energisa Soluções), hydroelectric generation and plant construction company belonging to the former Cataguazes-Leopoldina System. Purchase at privatization auction of CELB (Companhia Energética da Borborema), in Campina Grande (PB), now Energisa Borborema, with 120 thousand consumers. Startup of PCH Ervália, in the municipality of Ervália (MG).

### 2000

Purchase at privatization auction of Saelpa (Sociedade Anônima de Eletrificação da Paraíba), now Energisa Paraíba, with 715 thousand consumers.

### 2001

Startup of PCH Benjamim Baptista, in the municipality of Manhuaçu (MG). Through the former Cat-Leo Energia S/A, Cataguazes-Leopoldina starts building five new PCHs in the Zona da Mata region in the state of Minas Gerais: Ivan Botelho I, II and III; PCH Ormeo Junqueira Botelho; and PCH Túlio Cordeiro de Melo.

### 2003

Startup of the PCHs Ivan Botelho I and II, Túlio Cordeiro de Melo and Ormeo Junqueira Botelho.

**2004**

Startup of PCH Ivan Botelho III.

**2006**

Companhia Força e Luz Cataguazes-Leopoldina acquires large minority stakes in its subsidiaries with the takeover of Energia do Brasil Participações Ltda.

**2007**

The Cataguazes-Leopoldina System completes its Deverticalization Plan.

Energisa becomes the Group operational holding company and takes the place of Companhia Força e Luz Cataguazes-Leopoldina on the Stock Exchange.

Energisa disposes of Zona da Mata Geração, owner of 11 PCHs, and the Juiz de Fora Thermolectric Plant.

**2008**

The Energisa holding company takes over control of all the Group companies and repositions its brand, giving all the operating units the Energisa name.

**2009**

Incorporation of all the shares in its subsidiaries by Energisa S/A and intensification of electricity generating projects, with the construction of three new PCHs – Caju, São Sebastião do Alto and Santo Antônio – all in Rio de Janeiro state.

**2010**

Energisa enters the sector of wind-sourced electricity generation, as one of the winners of the 2nd Alternative Sources Auction 2010, held by the Federal Government.

**2011**

Energisa starts commercial operations of the Caju and São Sebastião do Alto PCHs, part of the Energisa Rio Grande hydroelectric complex, in Rio de Janeiro.

**2012**

Energisa completes the acquisition of electricity generating assets from sugarcane biomass, and puts PCH Zé Tunin into operation.

**2013**

The various instances responsible approve a Judicial Reorganization Plan that includes transfer of control of Grupo Rede to the Company. This historic court decision gives Energisa a presence in the states of Tocantins, Mato Grosso, Mato Grosso do Sul, São Paulo and Paraná.

**WITH THE HISTORIC COURT DECISION  
IN 2013, ENERGISA WILL BE PRESENT  
IN THE STATES OF TOCANTINS, MATO  
GROSSO, MATO GROSSO DO SUL, SÃO  
PAULO AND PARANÁ**



# MARKET AND BUSINESS

## Chapter 02



## MACROECONOMIC SCENARIO

Brazil's economic growth was stronger in 2013 than in the year before. According to data published by the Brazilian Institute of Geography and Statistics (IBGE), GDP grew by 2.3%, against 1% in 2012. Highlights were agriculture and industry, where increases of 7% and 1%, respectively, reversed the negative results of the previous year.

For the electricity sector in particular, it was a year of challenge and change. Additional charges were transferred from consumers' electricity bills to the National Treasury, and electricity generation and transmission concessions were renewed, thus allowing an extraordinary reduction of approximately 20% in charges. Another challenge to the sector was the low rainfall in the southeast, midwest and northeast regions of the country from the end of 2012, added to the distributors' involuntary exposure to high prices on the spot market for their contractual purchases of electricity. Delays in generation and transmission work were another factor in worsening the national energy situation. Figures from the Energy Research Company (EPE) show domestic consumption of electricity increasing by 3.5% in 2013, to a total of 463.7 thousand GWh. This growth was supported by residential use (+6.1%), while in the northeast region the increase reached 11.5%.

As a result of the unfavorable economic indicators for inflation and the poor state of Brazil's fiscal accounts, the Central Bank of Brazil set in train a series of increases in the basic interest rate (Selic), which ended December at 10% p.a., against 7,25% p.a. at the end of 2012.



**FOR THE ELECTRICITY SECTOR, IT WAS A YEAR OF CHALLENGE AND CHANGE, WITH THE TRANSFER OF ADDITIONAL CHARGES FROM CONSUMERS' ELECTRICITY BILLS TO THE NATIONAL TREASURY, AS WELL AS THE RENEWAL OF ELECTRICITY GENERATION AND TRANSMISSION CONCESSIONS**

## OPERATING PERFORMANCE

### CHANGES IN THE ELECTRICITY MARKET

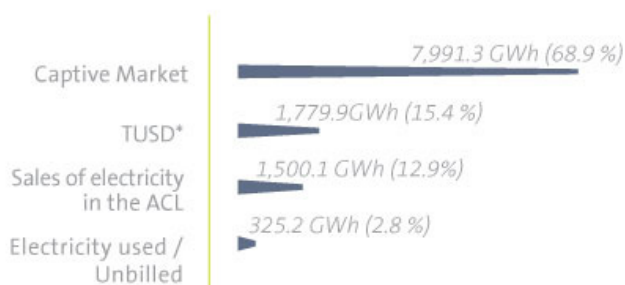
Grupo Energisa sold a total of 11,596.5 GWh of electricity in 2013, 7% more than in 2012. This increase was made up as follows:

Description (Amounts in GWh)	2013	2012	Var. %
<b>1) Segments:</b>			
<b>1.1) Distribution of electricity (EPB, ESE, EMG, EBO and ENF)</b>			
Sales of electricity to consumers (captive market)	7,991.3	7,677.2	+ 4.1
Transmission of electricity to free consumers (TUSD)	1,779.9	1,549.3	+ 14.9
Subtotal (Captive Market + TUSD)	9,771.2	9,226.5	+ 5.9
Electricity used	281.4	470.5	- 40.2
Unbilled electricity	43.8	82.2	- 46.7
<b>Total electricity sold by the distributors</b>	<b>10,096.4</b>	<b>9,779.2</b>	<b>+ 3.2</b>
<b>1.2) Sales of electricity in the ACL (ECOM)*</b>			
Sales of electricity to free consumers	1,500.1	1,054.3	+ 42.2
<b>2) Consolidated Total Electricity Sold (1.1 + 1.2)</b>	<b>11,596.5</b>	<b>10,833.5</b>	<b>+ 7.0</b>

(\*) ACL – Free Market.

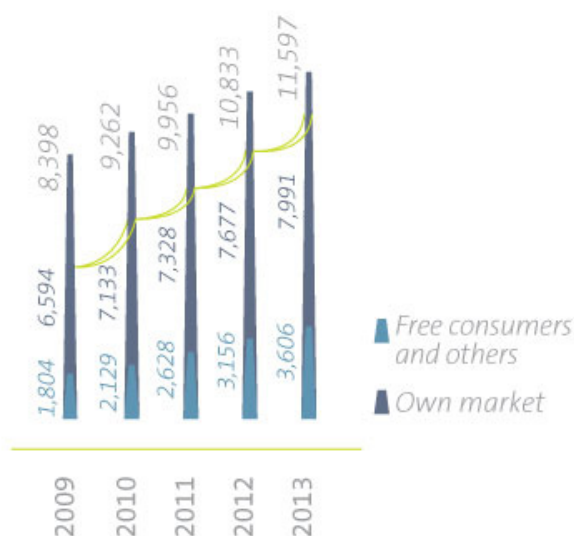
The share of each segment in total sales of Grupo Energisa in 2013 can be represented as follows:

### SHARE IN TOTAL ELECTRICITY SOLD BY SEGMENT - 2013



(\*) Electricity supplied to free consumers.

### DESCRIPTION (AMOUNTS IN GWh)



## Captive and free market of Grupo Energisa distributors

In 2013, consolidated electricity sales to end consumers (captive market) located in the Grupo Energisa concession area, plus electricity transmitted to free consumers (TUSD), totaled 9,771.2 GWh, a 5.9% increase over the previous year's sales. 81.1% of this total was represented by sales made in the northeast region by the distributors Energisa Paraíba, Energisa Sergipe and Energisa Borborema, which jointly accounted for a 6.1% growth in consumption.

Consumption in 2013 was driven mainly by the residential class, which accounted for 39.8% of total consumption of electricity by the captive customers of Grupo Energisa's distributors. Consumption by this class increased by 9.3%. Taking into account both captive and free markets, industrial consumption grew 3.1% in 2013.

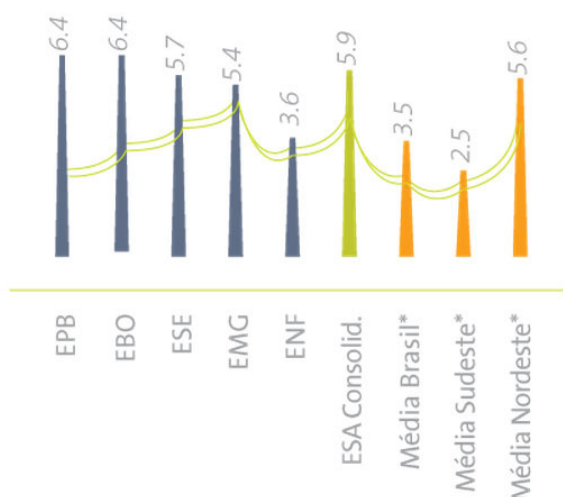
## GRUPO ENERGISA DISTRIBUTORS CAPTIVE MARKET + TUSD BY CONSUMER CLASS

Description (Amounts in GWh)	Year		
	2013	2012	Var. %
<b>Electricity sales to end consumers + TUSD (Free)</b>	<b>9,771.2</b>	<b>9,226.5</b>	<b>+ 5.9</b>
Residential	3,180.0	2,910.2	+ 9.3
Industrial	2,949.2	2,859.5	+ 3.1
Captive	1,252.5	1,367.2	- 8.4
Free	1,696.7	1,492.3	+ 13.7
Commercial	1,650.6	1,538.8	+ 7.3
Captive	1,567.5	1,481.9	+ 5.8
Free	83.1	56.9	+ 46.0
Rural	564.3	545.7	+ 3.4
Other classes	1,427.1	1,372.3	+ 4.0

## CAPTIVE MARKET + TUSD BY DISTRIBUTOR AND REGION (GWH)

Description (Amounts in GWh)	Year		
	2013	2012	Var. %
<b>Electricity Distribution Companies</b>			
<b>Northeast</b>			
Energisa Paraíba (EPB)	4,119.9	3,873.8	+ 6.4
Energisa Sergipe (ESE)	3,130.2	2,961.9	+ 5.7
Energisa Borborema (EBO)	677.3	636.5	+ 6.4
<b>Subtotal Northeast</b>	<b>7,927.4</b>	<b>7,472.2</b>	<b>+ 6.1</b>
<b>Southeast</b>			
Energisa Minas Gerais (EMG)	1,505.2	1,427.6	+ 5.4
Energisa Nova Friburgo (ENF)	338.6	326.7	+ 3.6
<b>Subtotal Southeast</b>	<b>1,843.8</b>	<b>1,754.3</b>	<b>+ 5.1</b>
<b>Total – Electricity Distribution</b>	<b>9,771.2</b>	<b>9,226.5</b>	<b>+ 5.9</b>

## GROWTH IN CAPTIVE + FREE (TUSD) CONSUMPTION OF ELECTRICITY BY DISTRIBUTOR IN 2013 X AVERAGE GROWTH BRAZIL / REGIONS (%)



Energisa's captive consumer units totaled 2,646,273 at the end of 2013, or 3.8% above the figure for the end of 2012.

Total electricity transmitted in the distribution system intended for free customers (the source of revenues from the transmission and distribution system) showed a significant increase of 14.9% in 2013, from 1,549.3 GWh in 2012 to 1,779.9 GWh, as result of the migration of customers from the captive market.

By the end of 2013, the Group had 72 free consumers (32 in Energisa Minas Gerais, 21 in Energisa Paraíba, 17 in Energisa Sergipe, and 2 in Energisa Borborema), or 14 more than in 2012.

\* Source: EPE (Empresa de Pesquisa Energética)

### Electricity trading and generation in the free market (*Ambiente de Contratação Livre or ACL*)

In the electricity trading segment, the volume of electricity sold through Energisa Comercializadora (ECOM), plus sales from the Company's various generating projects, increased by 42.3% to 1,500.1 GWh in 2013.

Grupo Energisa's own electricity generation through its generators Energisa Rio Grande, PCH Zé Tunin, SPE Cristina, PCH Hans and Energisa Bioeletricidade, totalled 379.0 GWh in 2013, up 22.6% against the volume generated in 2012. The electricity generated was traded by Energisa Comercializadora on the free market.

The electricity produced by each Grupo Energisa generator was as follows:

Electricity generation (Amounts in GWh)	2013	2012	Var. %
Energisa Bioeletricidade <sup>(1)</sup>	181.1	135.1	+ 34.0
Energisa Rio Grande <sup>(2)</sup>	150.0	162.9	- 7.9
PCH Zé Tunin	31.4	-	-
SPE Cristina	15.1	9.5	+ 58.9
PCH Hans	1.4	1.6	- 12.5
<b>Total</b>	<b>379.0</b>	<b>309.1</b>	<b>+ 22.6</b>

(1) Santa Cândida and Vista Alegre UTEs, purchased in August 2012

(2) Caju, Santo Antônio and São Sebastião do Alto SHPs (lower generation due to lower flows in the plants' reservoirs).

### Electricity supply and unbilled sales by distributors

The supply of electricity to other electrical energy concessionaires and net unbilled sales by Grupo Energisa's distributors decreased by 41.2% in 2013 against 2012, or 325.2 GWh, basically showing lower levels of electricity contracted to supply the Group's captive market. In September 2013, the wind farms built by Energisa were authorized to operate, resulting in earnings from the 59.7 average MW made available. These revenues were recorded in "Supply of Electricity."



## ELECTRICITY LOSSES

The combat of theft and fraud in electricity consumption is a major concern for the management of Grupo Energisa in its constant efforts to reduce electricity losses by the distributors. Energisa's practices for prevention of non-technical losses are among the best in Brazil, and the levels achieved are already a benchmark for peer companies.

Despite the optimum levels already achieved for non-technical losses, the efforts resulted in an additional fall in energy losses, which were consolidated at 9.75% in the past 12 months, a 0.69 percentage point (p.p.) improvement on 2012. In the past ten years, the reduction in total consolidated electricity losses achieved by Energisa was 5.1 percentage points.

### Energy Balance – Grupo Energisa Distributors

Description	2013					2012	
	EMG	ENF	ESE	EB0	EPB	Consolidated	Consolidated
<b>(a) Electricity required (a=b+c+d+e+f+g)</b>	1,770.5	386.6	3,720.1	722.9	4,814.5	11,413.4	10,950.9
(b) Electricity sold on the captive market	1,146.3	338.6	2,312.5	673.3	3,520.7	7,991.3	7,677.2
. Residential	446.8	160.8	918.2	220.4	1,433.8	3,180.0	2,910.2
. Industrial	177.5	61.9	289.5	214.8	508.8	1,252.5	1,367.1
. Commercial	218.5	72.4	497.7	142.2	636.7	1,567.5	1,481.9
. Rural	156.6	5.1	106.9	24.4	271.3	564.3	545.7
. Public sector and own consumption	146.9	38.4	500.2	71.5	670.0	1,427.0	1,372.3
(c) Transmission of electricity – free customers (TUSD)	358.9	-	817.7	4.0	599.2	1,779.9	1,549.3
(d) Uninvoiced consumption	3.7	1.1	14.8	1.0	23.3	43.8	82.2
(e) Supply to concessionaires (*)	-	-	219.4	1.2	-	219.4	216.5
(f) CCEE Electricity Sale	-	-	5.9	1.3	54.7	62.0	250.5
<b>(g) Total Electricity Sold (g=b+d+e+f)</b>	<b>1,150.0</b>	<b>339.6</b>	<b>2,552.6</b>	<b>676.8</b>	<b>3,598.7</b>	<b>8,316.5</b>	<b>8,226.4</b>
(h) Electricity exchange	115.0	27.0	19.7	-	104.4	266.1	282.3
(i) Loss in distribution	146.5	20.0	336.1	43.4	567.0	1,112.9	1,143.5
(j) Loss in Basic Network	5.7	-	63.2	18.9	87.6	175.5	177.1
(k) Electricity Purchased (k=b+d+e+f+i+j)	1,302.2	359.6	2,951.9	739.1	4,253.2	9,604.9	9,547.1
% of distribution loss (%= i/a)	8.27	5.17	9.04	6.00	11.78	9.75	10.44

(\*)Not including electricity from wind farm contracts (59.7 average MW) coming on line as from September 2013.

Agreements for electricity purchases in the regulated market (Ambiente de Contratação Regulada or ACR), bilateral agreements, agreements for distributed electricity and settlement of differences at the Electricity Trading Chamber (CCEE) by Grupo Energisa totaled 9,604.9 GWh in 2013, to meet the requirements of the Group system. This amount represents an increase of 0.6% against 2012.

**IN THE PAST TEN YEARS, THE REDUCTION IN TOTAL CONSOLIDATED ELECTRICITY LOSSES ACHIEVED BY ENERGISA WAS 5,1 PERCENTAGE POINTS**

## Portfolio of Agreements (GWh) – Distributors of Grupo Energisa

Description (GWh)	2013					2012	
	EMG	ENF	ESE	EB0	EPB	Consolidated	Consolidated
<b>(a) Electricity purchased</b>	1,203.0	359.6	2,853.3	699.9	4,153.7	9,268.3	9,463.3
Bilateral	614.7	-	128.9	89.2	439.0	1,271.7	1,307.9
Electricity Auctions	41.0	-	1,469.9	350.7	1,883.2	3,743.7	7,320.3
Itaipu Share	286.0	-	-	-	-	286.0	287.3
PROINFA Share	28.7	8.6	66.6	17.5	88.3	209.6	210.2
ANGRA Share	49.1	-	113.1	28.5	152.3	342.9	-
Physical Guarantee Share (95%)	183.5	-	1,074.7	214.1	1,591.0	3,063.4	-
Supply Agreement	-	351.0	-	-	-	351.0	337.5
(b) Own Generation	-	-	-	-	-	-	0,9
(c) CCEE Settlement	99.2	-	98.7	39.2	99.5	336.6	82.8
<b>(d) Total Electricity Purchased (d=a+b+c)</b>	<b>1,302.2</b>	<b>359.6</b>	<b>2,951.9</b>	<b>739.1</b>	<b>4,253.2</b>	<b>9,604.9</b>	<b>9,547.1</b>
(e) Level of Contractual Coverage (*)	92.4%	100.0%	96.9%	94.9%	98.9%	-	-

(\*) The Contractual Coverage for all distributors of Grupo Energisa in 2013 is equal to 100%, if involuntary exposure is taken into account, according to paragraph 7 of Article 3 of Decree 5163/2004.

## MANAGEMENT OF RECEIVABLES

The performance of indicators for outstanding receivables (monthly billings receivable after maturity) and consumer default (amounts billed but not received) is as follows:

### Default (in the past 12 months) and Outstandings

Company	Default (%)			Outstandings (No. of months)		
	2013	2012	Var. %	2013	2012	Var. %
Energisa Nova Friburgo (ENF)	1.09	1.17	- 6.8	0.35	0.32	+ 9.4
Energisa Sergipe (ESE)	1.29	1.08	+ 19.4	0.81	0.79	+ 2.5
Energisa Minas Gerais (EMG)	1.13	1.39	- 18.7	0.58	0.54	+ 7.4
Energisa Borborema (EBO)	0.89	1.16	- 23.3	0.54	0.73	- 26.0
Energisa Paraiba (EPB)	3.21	1.95	+ 64.6	1.35	1.26	+ 7.1
<b>Energisa Consolidated</b>	<b>2.04</b>	<b>1.52</b>	<b>+ 34.2</b>	<b>0.96</b>	<b>0.92</b>	<b>+ 4.3</b>

It is worthwhile mentioning that the increase in default in Energisa Paraiba's concession area is due to debts incurred by the water and sanitation utility of the State of Paraiba. These debts were settled in February 2014.

## ECONOMIC AND FINANCIAL PERFORMANCE

### GROSS AND NET OPERATING REVENUES

In 2013, Energisa recorded consolidated gross operating revenues of R\$3,611.2 million - excluding construction revenues, to which a zero margin has been attributed - against R\$3,794.6 million in 2012, down 4.8% (R\$183.4 million).

Consolidated net operating revenues, also excluding construction revenues, decreased by 0.1% (R\$2.3 million) in the year, to R\$2,574.5 million. Net revenues from electricity distribution operations, in the amount R\$2,556.7 million, were equivalent to 85.1% of total net operating revenues in 2013 in the various segments in which the Group operates, as detailed below:

Net revenues by segment (Amounts in R\$ millions)	2013	%	2012	%	Var. % 2013/2012
<b>I) Electricity Distribution segment</b>					
Energisa Paraíba (EPB)	1,095.1	36.5	1,229.3	40.6	- 10.9
Energisa Sergipe (ESE)	728.0	24.2	758.0	25.1	- 4.0
Energisa Minas Gerais (EMG)	462.3	15.4	435.6	14.4	+ 6.1
Energisa Borborema (EBO)	171.3	5.7	186.4	6.2	- 8.1
Energisa Nova Friburgo (ENF)	100.0	3.3	101.4	3.3	- 1.4
<b>Subtotal I - Electricity Distribution segment</b>	<b>2,556.7</b>	<b>85.1</b>	<b>2,710.7</b>	<b>89.6</b>	<b>- 5.7</b>
<b>II) Electricity Trading and Generation segment</b>					
Energisa Comercializadora (ECOM)	211.9	7.1	154.1	5.1	+ 37.5
Energisa Rio Grande (ERG)	30.6	1.0	28.3	0.9	+ 8.1
Energisa Geração RN (EGRN) - Parques Eólicos	27.0	0.9	10.1	0.4	+ 167.3
Energisa Bioeletricidade (EBIO)	26.8	0.9	-	-	-
PCH Zé Tunin (PCHZT)	10.4	0.3	-	-	-
SPE Cristina	3.5	0.1	3.1	0.1	+ 12.9
<b>Subtotal II - Electricity Trading and Generation</b>	<b>310.2</b>	<b>10.3</b>	<b>195.6</b>	<b>6.5</b>	<b>+ 58.6</b>
<b>III) Services Segment</b>					
Energisa Soluções (ESO)	80.0	2.7	67.3	2.2	+ 18.9
Energisa S/A (ESA)	53.9	1.8	49.1	1.6	+ 9.8
Energisa Planning and others	3.1	0.1	2.5	0.1	+ 24.0
<b>Subtotal III - Services Segment</b>	<b>137.0</b>	<b>4.6</b>	<b>118.9</b>	<b>3.9</b>	<b>+ 15.2</b>
<b>(=) Total - Segments (I+II+III)</b>	<b>3,003.9</b>	<b>100.0</b>	<b>3,025.2</b>	<b>100.0</b>	<b>- 0.7</b>
(-) Net revenues of Grupo Energisa companies	146.1	(4.9)	106.1	(3.5)	+ 37.7
<b>(=) Energisa Consolidated (ESA)</b>	<b>2,857.8</b>	<b>95.1</b>	<b>2,919.1</b>	<b>96.5</b>	<b>- 2.1</b>
(-) Construction revenues	283.3	(9.4)	342.3	(11.3)	- 17.2
<b>(=) Energisa - Consolidada (ESA). without construction revenues</b>	<b>2,574.5</b>	<b>85.7</b>	<b>2,576.8</b>	<b>85.2</b>	<b>- 0.1</b>

In spite of the expansion of the electricity market in 2013, tariff reductions arising from Decree No. 7897/13 and the regular tariff review at Energisa Paraíba, Energisa

Borborema and Energisa Sergipe adversely affected the revenues of the distribution segment by 5.7%, as per the table above.

## TARIFF ADJUSTMENTS

In January 30, 2013, pursuant to Decree No. 7891, electricity tariffs in Brazil decreased by 20% on average due to lower sectorial charges and the conditions enforced upon the renewal of concessions of some generators. Subsequently, three Grupo Energisa distributors (EBO, ESE and EPB) underwent the 3rd Tariff Review Cycle, while two other companies (EMG and ENF) had annual adjustments. Tariff reviews and adjustments are regulated by the National Electricity Agency (Aneel), in accordance with the concession agreements. In the period between tariff reviews – which take place every four years at EBO, EPB, EMG and ENF distributors, and every five years at ESSE -, distributors have their costs updated through annual tariff adjustments. The principal effects of the 3rd Tariff Review Cycle and the above tariff adjustments were as follows:

**Energisa Borborema:** the tariff review caused an average increase of 6.18% to consumers as from February 4, while for low voltage consumers the increase was 6.71%, and for high and medium voltage consumers, 5.5%.

**Energisa Sergipe:** The tariff review caused an average increase of 4.08% to consumers, while for low voltage consumers the increase was 6.6%. For high and medium voltage consumers, there was a decrease of 0.07%. As provided for in Decree No. 7891/2013, Aneel also approved the amount of R\$11.8 million, which was released in a lump sum in order to cover additional expenses arising from System Service Charges (ESS) in the latest tariff period, through the Energy Development Account (CDE).

## IN JANUARY 30, 2013, PURSUANT TO DECREE NO. 7891, ELECTRICITY TARIFFS IN BRAZIL DECREASED BY 20% ON AVERAGE

**Energisa Minas Gerais:** the average effect of EMG tariff adjustments was an increase of 2.56% in consumer bills, with a rise of 3.05% for low voltage customers and 0.99% for high and medium voltage customers, as from June 18.

**Energisa Nova Friburgo:** the average effect of ENF tariff adjustments was an increase of 15.42% in electricity bills. Low voltage consumers (below 2.3 kV) saw an increase of 15.13%, while for high and medium voltage consumers (above 2.3 kV) the increase was 16.44%. The new tariffs were effective as from June 18.

**Energisa Paraíba:** the effect of the tariff review was an average reduction of 3.02% as from August 28. Residential consumers saw a reduction of 2.59%, and industrial consumers, 4.03%.

Pursuant to Decree No. 7945/2013, Aneel publishes, on a monthly basis, the CDE amounts to be transferred by Eletrobras to the Electricity Trading Chamber in order to cover the costs of Electricity Purchased and System Services Charges (ESS) for reasons of energy safety, water supply risks and involuntary exposure to the short term market. In 2013, a transfer of R\$169.3 million was distributed as follows: (i) Energisa Sergipe, R\$57.9 million; (ii) Energisa Borborema, R\$20.9 million; (iii) Energisa Minas Gerais, R\$28.5 million; and (iv) Energisa Paraíba, R\$62 million. These amounts were recorded by the subsidiaries as a reduction in costs of electricity purchased and system services charges.

Pursuant to Decree No. 7891/2013, Aneel also approved the following funds from the Energy Development Account (CDE) to be transferred by Centrais Elétricas Brasileiras S/A - Eletrobras as discounts on tariffs applicable to users of the public electricity distribution service, in the amount of R\$111.4 million, which was distributed as follows: (i) Energisa Sergipe, R\$30.5 million; (ii) Energisa Borborema, R\$2.8 million; (iii) Energisa Minas Gerais, R\$36.4 million; (iv) Energisa Paraíba, R\$40.8 million; and (v) Energisa Nova Friburgo, R\$ 0.9 million. The amounts were recorded by the subsidiaries as revenues from electricity sales.

## OPERATING EXPENSES

In 2013, consolidated operating expenses came to a total of R\$2,407.3 million, a 0.4% reduction (R\$10.1 million). Highlighting the efforts aimed at bringing costs under control, controllable expenses registered a mere 0.9%

increase (R\$4.5 million), which is well below the inflation indices for the period. A breakdown of the operating expenses can be shown as follows:

Breakdown of operating expenses (R\$ millions)	2013	2012	Var. %
1 - Controllable Expenses	501.3	496.8	+ 0.9
1.1 Personnel (includes pension fund)	312.5	301.7	+ 3.6
1.2 Material	31.9	34.1	- 6.5
1.3 Third party services	156.9	161.0	- 2.5
2 - Non-controllable expenses (purchase of electricity and transport)	1,381.4	1,382.1	- 0.1
3 - Depreciation and amortization	170.9	139.0	+ 23.0
4 - Contingent provisions and doubtful debts	7.4	(12.0)	-
5 - Other expenses /revenues	63.0	69.2	- 9.0
<b>Subtotal</b>	<b>2,124.0</b>	<b>2,075.1</b>	<b>+ 2.4</b>
7 -Construction costs	283.3	342.3	- 17.2
<b>Total</b>	<b>2,407.3</b>	<b>2,417.4</b>	<b>- 0.4</b>

## NET INCOME AND OPERATING CASH FLOW GENERATION (EBITDA)

Energisa's consolidated net income for 2013 amounted to R\$202.7 million, by comparison with the R\$291.4 million figure for the year before. Despite the economic scenario and the three tariff revisions applied during the year, efforts directed at maintaining the Company's profitability and containing controllable costs, meant that the decrease in net profits was less pronounced. To a large extent this

reduction in net income is due to non-recurring effects of electricity purchases and marking-to-market of FX hedging derivatives, caused by the 14.6% devaluation in the Real against the dollar that took place over the course of 2013. Consequently, net financial expenses showed a 155.1% increase (or R\$122.8 million). The net income figures for Energisa and its subsidiaries are shown below:

Net Income (Amounts in R\$ million)	Exercício		
	2013	2012	Var. %
<b>Energisa Consolidated</b>	202.7	291.4	- 30.4
<b>I) Segment – Distribution of electricity</b>			
Energisa Paraíba (EPB)	133.9	209.5	- 36.1
Energisa Sergipe (ESE)	45.6	69.2	- 34.1
Energisa Minas Gerais (EMG)	27.5	66.6	- 58.7
Energisa Borborema (EBO)	9.5	29.0	- 67.2
Energisa Nova Friburgo (ENF)	6.9	14.0	- 50.7
<b>II) Segment – Commercialization and generation of electricity</b>			
Energisa Comercializadora (ECOM)	7.3	3.3	+ 121.2
Energisa Geração Centrais Eólicas RN (EGRN) – (*)	15.8	-	-
Energisa Rio Grande (ERG)	3.8	3.8	-
PCH Zé Tunin (PCHZT)	3.5	(0.4)	-
Energisa Bioeletricidade (EBIO)	6.5	2.7	+ 140.7
SPE Cristina	(0.6)	(0.4)	+ 50.0
<b>III) Segment – Services</b>			
Energisa Soluções (ESO)	(1.9)	3.6	-
Energisa Planejamento and others	(0.5)	1.5	-

(\*) From September 2013 onwards Energisa Geração Centrais Eólicas RN S/A (EGRN) began to recognize revenues resulting from Sale and Purchase Contracts of Electricity in a Regulated Framework (CCEARs) signed at the Alternative Sources Auction of 2010, for an amount of 59.7 average MW.

Consolidated operating cash generation (consolidated EBITDA) came to R\$621.3 million, a 3% drop by comparison with the previous year, as a result of the reduction in operating revenues caused by the lower electricity tariffs. In addition, there were recalculations of the electricity purchases of CCEAR and Eletronuclear for previous years that had a R\$35.4 million impact on cash generation measured by EBITDA. For its part, Consolidated Adjusted EBITDA for the period totaled R\$664 million, 2.9% less than in 2012.

### Consolidated Cash Generation (EBITDA)

Breakdown and change in consolidated cash generation (Amounts in R\$ million)	Fiscal Year		
	2013	2012	Var. %
<b>(=) Cash generation (EBITDA)</b>	<b>621.3</b>	<b>640.7</b>	<b>- 3.0</b>
(+) Revenues from interest on bills paid in arrears	42.7	43.3	- 1.4
<b>(=) Adjusted cash generation (Adjusted EBITDA)</b>	<b>664.0</b>	<b>684.0</b>	<b>- 2.9</b>
Adjusted EBITDA Margin (%)	23.2	23.4	- 0.2 p.p.
EBITDA Margin (%)	21.7	21.9	- 0.2 p.p.

Cash generation (EBITDA and Adjusted EBITDA) by subsidiary in 2013 and the respective margins are as follows:

	EPB	ESE	EMG	EBO	ENF	Outras	Energisa Consolidada
<b>(=) EBITDA</b>	<b>229.5</b>	<b>164.2</b>	<b>83.2</b>	<b>19.0</b>	<b>15.6</b>	<b>109.7</b>	<b>621.3</b>
% Variation in EBITDA (2013/2012)	- 25.7	+ 7.5	+ 19.2	- 47.1	+ 48.6	+ 75.2	- 3.0
EBITDA Margin without adjustments (%)	21.0	22.6	18.0	11.2	15.6	-	21.7
<b>(=) Adjusted EBITDA</b>	<b>249.9</b>	<b>176.9</b>	<b>88.7</b>	<b>21.7</b>	<b>17.0</b>	<b>109.8</b>	<b>664.0</b>
% Variation in Adjusted EBITDA (2013/2012)	- 24.2	+ 7.1	+ 17.0	- 43.5	+ 40.5	+ 75.4	- 2.9
Adjusted EBITDA Margin (%)	22.8	24.3	19.2	12.7	17.0	-	23.2

## FINANCIAL OPERATIONS AND DEBT PROFILE

### Financial operations

Loans and financing taken out by the Energisa Group in 2013 totaled R\$912 million, broken down as follows: (i) R\$531 million in financing from the BNDES (National Bank for Economic and Social Development), of which R\$123 million was for support investments by the distributors and R\$408 million related to financing for wind-power ventures under construction in the state of Rio Grande do Norte (total amount contracted R\$454.2 million); (ii) R\$60 million from the issue of debentures by Energisa Sergipe; (iii) R\$320 million of dollar-denominated loans, with swaps against *Reais* to maturity, raised by the distributors Energisa Sergipe and Energisa Paraíba; and (iv) R\$0.8 million financed by FINEP to Energisa Soluções.

By private subscription on April 15, 2013, Energisa also completed a R\$350 million increase in its capital, which rose from R\$660 million to R\$1,010 million. A total of 145,833,334 shares were issued and fully subscribed, of which 70,110,301 were common shares and 75,723,033 preferred shares, at a price of R\$2.40 per share. As a result, the number of shares in the Company's capital stock rose to 1,245,690,889, of which 592,714,397 were common shares and 652,976,492 preferred shares, with nil par value.

Energisa also prepaid the full amount of Energisa S/A's 4th issue of simple unconvertible debentures. The 30,000 debentures, yielding the CDI rate plus 1.6% p.a., were redeemed for the sum of R\$305.8 million, on May 13, 2013. In November 2013 Energisa Sergipe also prepaid 42 thousand debentures, which yielded the variance in the US Dollar plus 8.85% p.a., for the sum of R\$100.4 million.

On July 19, 2013, the subsidiaries Energisa Sergipe and Energisa Paraíba also settled the issue of bonds in US dollars with a seven-year term, denominated Notes Units, in the sum of R\$391.7 million (US\$165 million), with R\$254.6 million being paid by Energisa Sergipe and R\$137.1 million by Energisa Paraíba.

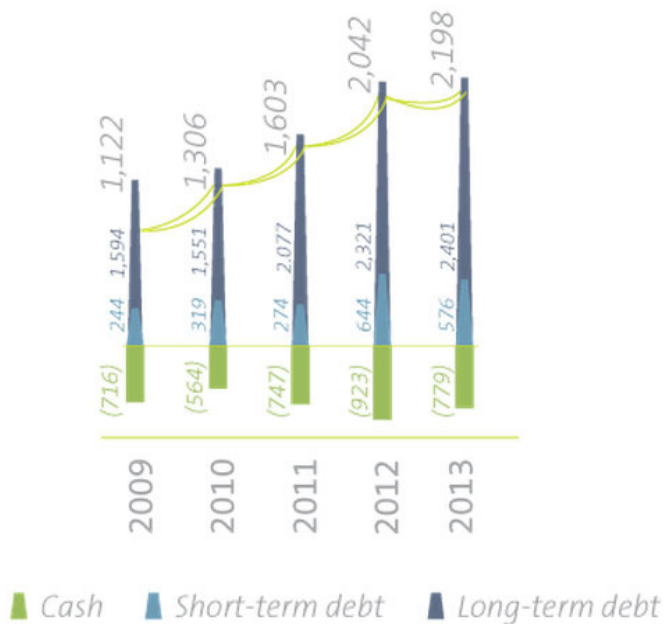
Energisa's consolidated cash, cash equivalents and financial investments position in December 2013 was R\$778.8 million, by comparison with the R\$923.1 million registered on December 31, 2012. This sum is 1.4 times greater than consolidated short-term debt, which totals R\$576.1 million and represents 19.4% of total consolidated debt. Consolidated net debt, at the end of 2013, including charges, totaled R\$2,197.9 million, against the R\$2,041.5 million seen on December 31, 2012. As a result, the Company ended 2013 with a net debt to Adjusted EBITDA ratio for the last 12 months of 3.3 times.

The chart below shows the short- and long-term debt, net of funds available (cash, cash equivalents and financial investments) of Energisa and its subsidiaries as of December 31, 2013:

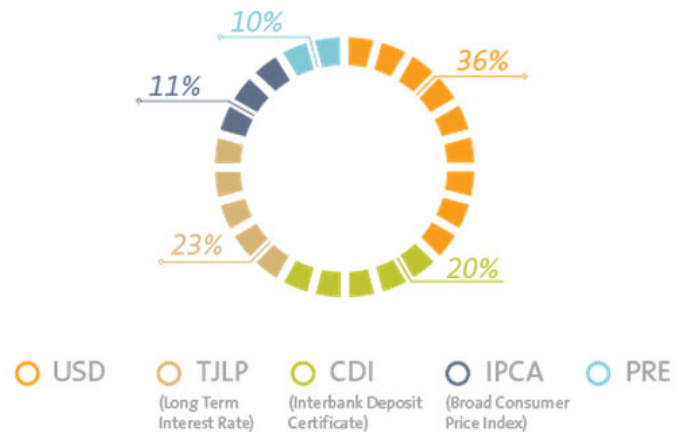
Amounts in R\$ million	EMG	ENF	ESE	EBO	EPB	Energisa Controladora	Energisa Consolidada
<b>Debt Profile</b>							
<b>Short-term</b>	<b>211,3</b>	<b>32,7</b>	<b>94,1</b>	<b>12,4</b>	<b>134,0</b>	<b>70,1</b>	<b>576,1</b>
Loans, financing and debentures	206,9	32,2	79,6	11,8	123,7	68,9	543,3
Debt charges	2,5	0,4	4,2	0,6	2,3	0,8	11,5
Payment of taxes by installment and actuarial deficit	1,8	0,1	10,3	-	8,0	0,4	21,3
<b>Long-term</b>	<b>138,3</b>	<b>28,9</b>	<b>510,2</b>	<b>42,6</b>	<b>539,4</b>	<b>605,6</b>	<b>2.400,6</b>
Loans, financing and debentures	136,2	28,5	447,9	42,6	485,7	574,6	2.278,3
Payment of taxes by installment and actuarial deficit	2,1	0,4	62,3	-	53,7	31,0	122,3
<b>Total debt (*)</b>	<b>349,6</b>	<b>61,6</b>	<b>604,3</b>	<b>55,0</b>	<b>673,4</b>	<b>675,7</b>	<b>2.976,7</b>
(-) Funds available	42,7	9,0	70,0	20,8	194,1	237,4	778,8
<b>Total net debt (*)</b>	<b>306,9</b>	<b>52,6</b>	<b>534,3</b>	<b>34,2</b>	<b>479,3</b>	<b>438,3</b>	<b>2.197,9</b>
Variation in R\$ millions in relation to Dec.31,2012	+ 78,0	+ 6,1	+ 75,8	+ 4,7	+ 59,1	- 258,1	+ 156,4
<b>Relative Indicators</b>							
Short-term debt / total debt (%)	60,4	53,1	15,6	22,5	19,9	10,4	19,4
Net debt / EBITDA 12 months	3,7	3,4	3,3	1,8	2,1	16,2	3,5
Net debt / Adjusted EBITDA 12 months	3,5	3,1	3,0	1,6	1,9	16,2	3,5
Net debt / (Net debt + shareholders' equity)	0,8	0,5	0,6	0,3	0,4	0,2	0,5
EBITDA / Financial expenses (12 months)	1,7	2,0	1,5	2,5	2,4	0,2	1,7
Adjusted EBITDA / Financial expenses (12 months)	1,9	2,2	1,6	2,9	2,6	0,2	1,8

(\*) Does not include mark-to-market derivative instruments in the net sum of R\$94.4 million

## CONSOLIDATED NET DEBT (R\$ MILLIONS)



## INDEXATION OF DEBT



### Debt amortization schedule

The amortization schedule of Energisa's consolidated loans, financing, debt charges and debentures, as of December 31, 2013, in terms of cash, is shown below:

### Cost, average term and indexation of debt

The average cost of debt at the end of 2013 was 9.32% p.a. (against 8.72% p.a. on December 31, 2012) and the average term was 5.1 years. The breakdown of debt by index factor is as follows:

## CASH / FINANCIAL INVESTMENTS AND AMORTIZATION OF BANK DEBT AND DEBT ISSUES - R\$ MILLIONS

### CONSOLIDATED BANK DEBT AND DEBT ISSUED BY INDEX FACTOR - 2013



(\*) The debt in foreign currency includes swaps to CDI rate and other currency protection instruments.



## Ratings

The current ratings of the Energisa Group's companies are listed below:

Agency	Company	Domestic Classification/Outlook	Global Classification/Outlook	Last Report
Standard & Poor's	Energisa S/A	brAA- (negative)	BB (negative)	Sept/2013
	Energisa Sergipe	brAA- (negative)	BB (negative)	Sept/2013
	Energisa Paraíba	brAA- (negative)	BB (negative)	Sept/2013
	FIDC III Energisa 2008	brAAAf (estável)	-	Aug/2013
Moody's	Energisa S/A	Aa3.br (negative)	Ba2 (negative)	Feb/2014
	Energisa Debenture 5 <sup>th</sup> Emissão	Aa3.br (negative)	Ba2 (negative)	Feb/2014
Fitch	Energisa S/A	A+ (bra, negative)	BB (negative)	Feb/2014
	Energisa Sergipe	AA-(bra, negative)	BB (negative)	Feb/2014
	Energisa Paraíba	AA-(bra, negative)	BB (negative)	Feb/2014
	Energisa Minas Gerais	AA-(bra, negative)	BB (negative)	Feb/2014
	Energisa Debenture 3 <sup>rd</sup> emissão	A+(bra, negative)	-	Feb/2014
	Debenture – CVM 476 (*)	AA-(bra, negative)	-	Feb/2014

(\*) Debentures: Energisa Paraíba (1<sup>st</sup> issue), Energisa Sergipe (2<sup>nd</sup> issue) and Energisa Minas Gerais (7<sup>th</sup> issue).

## CAPITAL MARKETS

### CHANGE IN THE SHARES ON THE STOCK EXCHANGE

Energisa's shares are traded on BM&FBovespa under the codes: ENGI3 (common shares), ENGI4 (preferred shares) and ENGI11 (Units, certificates with one common share and

four preferred shares). The market indicators at the end of 2013 are shown below:

Market Indicators	December/13	December/12	Variation %
Market Value (R\$ millions)	3,391	2,775	+ 22.2
Enterprise Value (EV - R\$ millions) <sup>(1)</sup>	5,505	4,708	+ 16.9
Dividend Yield of ENGI11 (Units) - % <sup>(2)</sup>	5.9	6.7	- 0.8 p.p.
Market Value / Shareholders' Equity	1.8	1.9	- 5.3

(1) EV = Market Value + net debt.

(2) Dividends relating to the 2012 and 2013 fiscal years / closing price of the Units.

### DISTRIBUTION OF DIVIDENDS

Energisa's Board of Directors approved the following interim dividend distributions for the 2013 fiscal year:

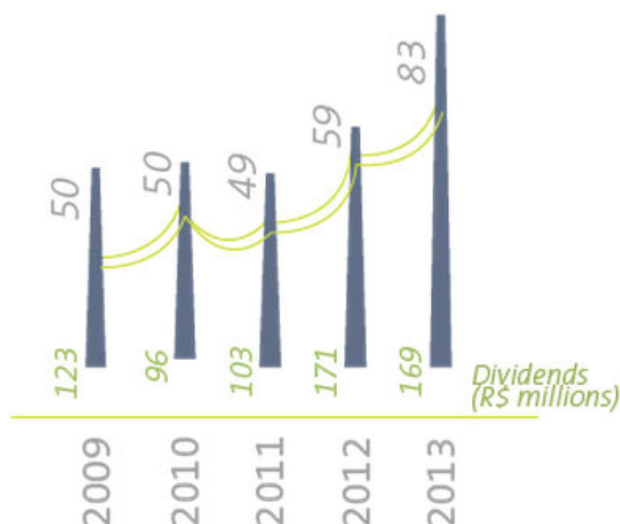
- At a meeting on May 24, 2013, the sum of R\$40 million, equal to R\$0.1635 per Unit or R\$0.0327 per share. This dividend was paid starting on June 3, 2013.

- At a meeting on August 8, 2013, the sum of R\$28.5 million, equal to R\$0.1165 per Unit or R\$0.0233 per share. This dividend was paid starting on August 21, 2013.

- At a meeting on February 27, 2014, the sum of R\$100.4 million, in the amount of R\$0.41 per Unit or R\$0.082 per share. This dividend will be paid starting on March 12, 2014.

The dividends for the fiscal year 2013 totaled R\$168.9 million (R\$0.69 per Unit or R\$0.138 per share), which represents a distribution of 83.3% of net earnings calculated 2013.

### Dividend Payout %

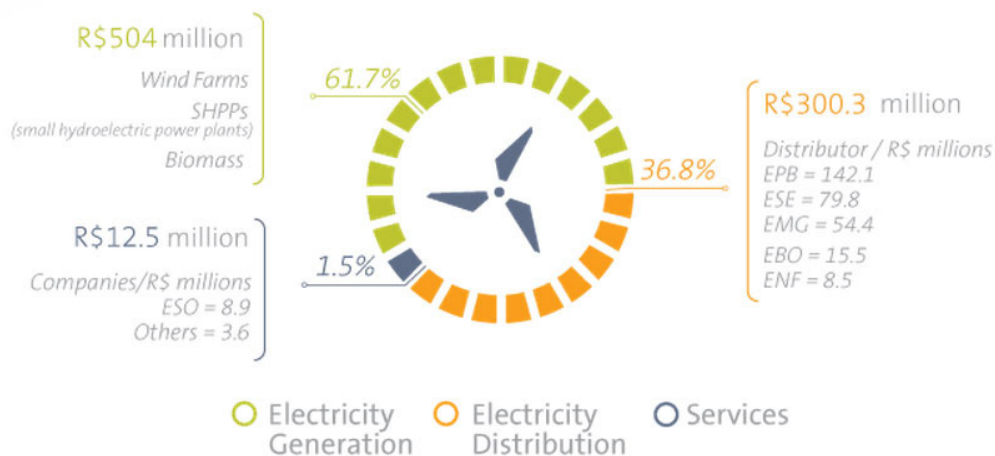


## INVESTMENTS

### INVESTMENTS BY SUBSIDIARY

In 2013, Energisa made investments amounting to R\$816.8 million, by comparison with the R\$673.7 million invested the previous year, which represents a growth of 21.2%. Electricity generation projects based on clean, renewable sources accounted for 61.7% of the total amount, as shown in the chart below:

### Investment by Area (R\$ millions / %) – In 2013



Grupo Energisa's distributors' main assets and operating indicators are shown in the following table:

Main assets and operating indicators as of December 31, 2013						
Description	EMG	ENF	ESE	EBO	EPB	Consolidated Energisa
Concession Area (Km <sup>2</sup> )	16,331	1,000	17,465	1,789	54,595	91,180
Municipalities Served	66	1	63	6	216	352
Number of Captive Consumers (thousands)	415	98	680	188	1,265	2,646
Population Served (thousands)	979	182	1,771	483	3,284	6,699
<b>Transmission Property</b>						
Km of 69 kV Lines	487	16	1,165	3	2,089	3,760
Km of 138 / 230 kV Lines	583	-	7	-	-	590
Total Km of Lines	1,070	16	1,172	3	2,089	4,350
<b>Distribution Property</b>						
Number of Substations	44	6	29	4	61	144
Power in the Substations (MVA)	907	127	678	75	1,106	2,893
Own Distribution Transformers	57,820	3,405	37,039	3,330	52,764	154,358
Installed Capacity of Own Transformers (MVA)	1,043	153	711	143	1,220	3,270
Km of Distribution Lines and Networks	26,071	2,008	26,089	5,098	74,259	133,525

## EXPANSION OF ELECTRICITY GENERATION CAPACITY FROM BIOMASS

The construction work to ensure that the new biomass based thermal electric power plant, Energisa Bioeletricidade Vista Alegre II comes into operation at the start of 2015, and to complete the expansion of the thermal electric power plant, Energisa Bioeletricidade Vista Alegre I, both of which are located in the municipality of Maracaju (in the state of Mato Grosso do Sul) is proceeding at a rapid pace. The two thermal power plants will have a total installed capacity of 90 MW. The capacity of the Vista Alegre I plant will rise from 30 MW to 60 MW, while the Vista Alegre II plant will have a capacity of 30 MW.

The construction work to install and expand these undertakings got under way in August 2013. The forecast investment in these thermal electric power plants is of the order of R\$180 million, with the sum of R\$59.4 million having been spent by December 2013.



## EXPANSION IN GRUPO ENERGISA'S DISTRIBUTION SEGMENT AS A RESULT OF THE ACQUISITION OF GRUPO REDE

### The companies that are in the process of being acquired

In 2013, the proposal drawn up by Energisa for the purchase of Grupo Rede Energia was included in the Grupo Rede's Judicial Reorganization Plan. In September, this plan was approved by the 2nd District Court of Bankruptcies and Judicial Recoveries

of the Central Forum of the City of São Paulo. On January 28, 2014, after the ratification of the judicial reorganization plan, the approval of the operation by Brazil's Council for Economic Defense (CADE) and the approval by Aneel of the Plan for Reorganization and Correction of Infringements for Grupo Rede's distributors under the intervention of the regulatory agency, Aneel gave its approval for indirect shareholding control of the following companies to be transferred to Energisa:

Company	% of Capital
Caiuá Distribuição de Energia S.A.	100%
Companhia de Energia Elétrica do Estado do Tocantins	50.9%
Cia de Força e Luz do Oeste	97.7%
Companhia Nacional de Energia Elétrica	98.7%
Empresa de Distribuição de Energia do Vale Paranapanema	100%
Empresa Elétrica Bragantina S.A.	91.5%
Centrais Elétricas Matogrossenses	39.9%
Empresa Energética do Mato Grosso do Sul	100%
Tangará Energia S.A.	61.7%

The conclusion of the purchase of Grupo Rede is still dependent on other conditions precedent set forth in the Commitment to Investment, Purchase and Sale of Shares and Other Covenants, signed between Energisa and Grupo Rede's controlling shareholder. Energisa has until April 2014 to conclude this operation.

### Capitalization of Grupo Rede's distributors and financing of the acquisition

Under the Plan for Reorganization and Correction of Infringements for Grupo Rede's distributors which was approved by Aneel, Energisa will inject R\$1.2 billion into Grupo Rede's distributors, confirming its commitment to the correction of infringements and the definitive improvement of the economic and financial situation of the concessionaires. This amount is in addition to the commitments made by Energisa

in connection with Grupo Rede's judicial reorganization plan, which add up to a total of R\$1.95 billion to be paid out to creditors, approximately R\$500 million of which in the form of cash.

Energisa already has formal lending commitments from a number of different financial institutions to enable it to pay for the acquisition, as well as for the injection of funds into the Grupo Rede distribution companies, as set out in the group's Judicial Reorganization Plan. In addition to this, the company contracted first class institutions, on a firm commitment basis, to structure Energisa's 6th Issue of Simple Non-Convertible Unsecured Debentures, in a single series, for public distribution with restricted placement efforts, to mature in full after two years, in the sum of R\$1.5 billion, which should be subscribed and paid up by the time of Grupo Rede's acquisition by Energisa.

## The new profile of Grupo Energisa as a result of the acquisition

As a result of the acquisition of Grupo Rede, the company will gain entry to five Brazilian states through a generating company (Tangará Energia, with 120 MW power) and eight electricity utility companies: Cemat (in the state of Mato Grosso); Enersul (in the state of Mato Grosso do Sul); Celtins (in the state of Tocantins); Caiuá, Bragantina, Nacional and Vale Paranaparema (in the state of Sao Paulo); and Força e Luz do Oeste (in the state of Parana). The purchase of Grupo Rede will make Energisa – one of the oldest companies in the electricity sector, having been in existence for 109 years – Brazil’s fifth largest electricity distribution group in terms of the number of customers, with roughly 6 million consumers and serving a population of about 15 million people.

## THE PURCHASE OF GRUPO REDE WILL MAKE ENERGISA BRAZIL’S FIFTH LARGEST ELECTRICITY DISTRIBUTION GROUP IN TERMS OF THE NUMBER OF CUSTOMERS

### Grupo Energisa with the acquisition of Grupo Rede

- Energisa’s Distributors
- Grupo Rede’s Distributors
- ◆ PCHs (small hydroelectric power plants)
- ✦ Wind-farms
- ▼ Thermal-electric power plants

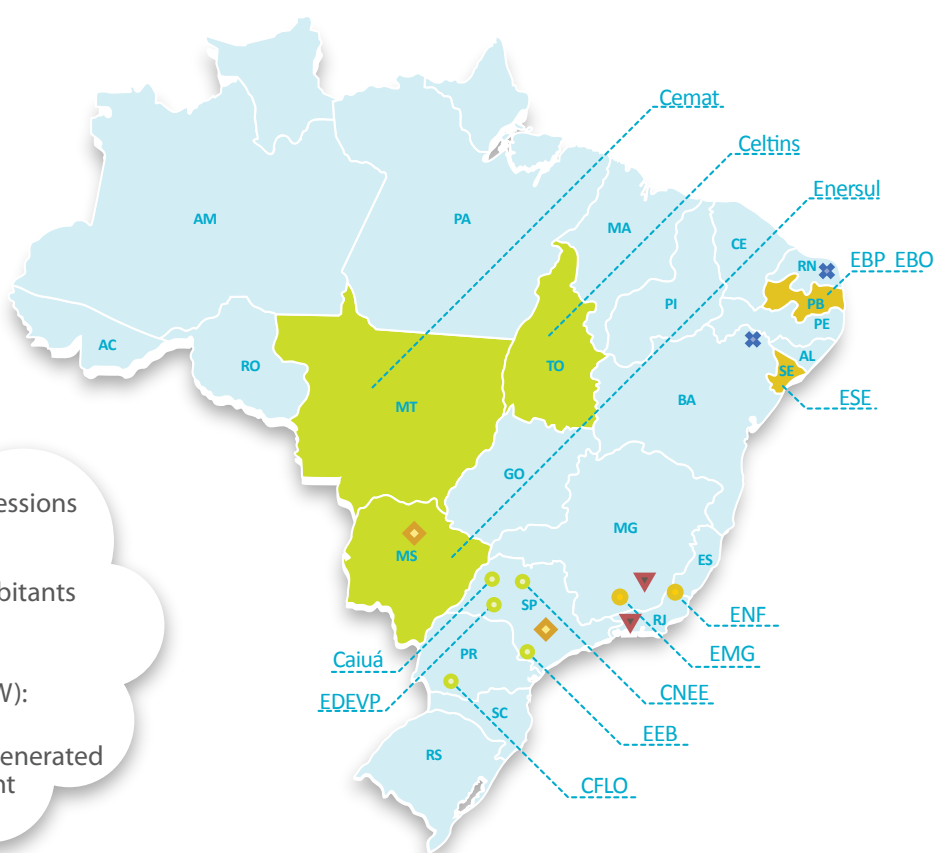
#### 13 electricity distribution concessions

- Area: 1,630,557 Km<sup>2</sup>
- Customers: 6 million
- Population: 15.7 million inhabitants
  - 8.2 % Brazil

#### 2 service companies

#### 21 generation projects (638 MW):

- 223 MW in operation
- 150 MW capable of being generated
- 265 MW under development



Description (Figures related to the 2013 fiscal year)	Energisa Current	With the acquisition of Grupo Rede	Increase (times)
Concession area (thousands Km <sup>2</sup> )	91	1,631	17.9
Municipalities served	352	788	2.2
Number of consumers (thousand)	2,646	5,996	2.3
Number of direct employees (to be confirmed)	4,744	10,094	2,1
Captive consumption of electricity (GWh)	7,991	23,407	2.9
Net Revenue (R\$ billion)	2.9	8,3	2.9
<b>Market share in Brazil</b>			
. In area served (%)	1.1	19.2	-
. In terms of number of consumers (%)	3.5	8.0	-

# GROUP COMPANIES

## Chapter 03



## ENERGISA PARAÍBA

Energisa Paraíba Distribuidora de Energia S/A began operations in 1964, but the company's breakthrough only came in the year 2000, when it totally transformed itself. At an auction that took place in November of that year, Energisa Sergipe, through its specific purpose company – PbPart-SE2 Ltda. – purchased from the Government of the state of Paraíba 87.6% of the voting capital and 74.3% of the total capital of Energisa Paraíba, for the sum of R\$363 million. As a result of this acquisition, the new management began to implement administrative processes in the company, with the establishment of a policy aimed at providing its consumers with an increasingly better standard in terms of service and quality at a lower cost.

At present, Energisa Paraíba serves 1.26 million customers and a population of roughly 3.3 million inhabitants spread across 216 municipalities in the state of Paraíba.

Once again in 2013, the company's quality was recognized. Energisa Paraíba was the winner in three out of the six categories of Abradee's (the Brazilian Association of Electricity Distributors) 2013 Awards, which is one of the country's biggest events in recognition of the electricity sector. The awards the company received were in the categories Quality of Management, Economic Financial Management and Improved Performance, competing with other companies with more than 500 thousand customers.

Energisa Paraíba has also stood out in other domestic rankings and surveys, such as the one produced by Aneel, which was published in March 2013. The company was rated Brazil's third best distribution company in improvement in the quality of the service provided and the second best in the country's Northeastern Region.

### THE COMPANY'S RESULTS

In 2013, Energisa Paraíba registered a net income of R\$133.9 million, against the R\$209.5 million achieved in 2012. Meanwhile, operational cash generation (Adjusted EBITDA) came to a figure of R\$249.9 million in 2013, by comparison with the R\$329.9 million seen the previous year, a 24.2% drop, which was largely due to the decrease in the electricity tariffs.

The change in the Company's cash generation is shown below:

Breakdown of Cash Generation Amounts in R\$ million	2013	2012 (Adjusted)	Var. %
<b>(=) Net Income</b>	133.9	209.5	- 36.1
(-) Social contribution and income tax	(11.9)	(43.6)	- 72.7
(-) Financial result	(36.9)	(15.5)	+ 138.1
(-) Depreciation and amortization	(46.8)	(40.4)	+ 15.8
<b>(=) Cash generation (EBITDA)</b>	229.5	309.0	- 25.7
(+) Revenues from interest on bills paid in arrears	20.4	20.9	- 2.4
<b>(=) Adjusted cash generation (Adjusted EBITDA)</b>	249.9	329.9	- 24.2
Adjusted EBITDA Margin	22.8	26.8	- 4.0 p.p.



## THE LEAP IN THE QUALITY OF THE ENERGISA'S PARAÍBA MANAGEMENT OF ITS SERVICES CAN CLEARLY BE WITNESSED BY TAKING A LOOK AT THE POSITIVE TREND EXHIBITED BY THE RELEVANT INDICATORS

Operating expenses totaled R\$912.4 million, a 5.0% reduction (R\$48.3 million) in relation to 2012. Controllable expenses (personnel, materials and third-party services) were down 1.2% (R\$2.4 million), to R\$202.9 million. Meanwhile, non-controllable expenses for purchases of electricity and transmission showed a 4.1% reduction (R\$20.8 million).

Based on the results achieved over the course of 2013, the Company has already distributed interim dividends for the year, totaling R\$84.8 million, with payments starting on:

- June 17, 2013, amounting to R\$42.1 million (R\$45.90858216 per share).
- August 20, 2013, amounting to R\$16.7 million (R\$18.15122999 per share).
- December 30, 2013, amounting to R\$26 million (R\$28.31750457 per share).

In addition to these dividends, supplementary dividends in the amount of R\$6.8 million (R\$7.418088688 per share) will be paid out, at a future date yet to be decided. The total dividends for the fiscal year, in the amount of R\$91.6 million, represent 68.4% of the net income reported by the Company.

Energisa Paraíba's investments in 2013 came to a total of R\$142.1 million, with the focus being on projects that are designed to improve the quality of the services provided and meet in full the growth in consumption and new connections, particularly in the State's eastern/coastal region, which has required a greater number of construction projects and interventions. Of particular note were the works carried out in Guarabira, Cabedelo, Rio Tinto and Conde, as well as in Patos in the west of the state. Among these projects are the construction of the Pilões/Guarabira, Bessa/Cabedelo and Mussurú/Caxitu 69 kV Lines, which represent a total extension of 53 km, the construction of the Rio Tinto substation, the amplification of the Jatobá substation, and renovations and improvements to various substations throughout the entire state.

The leap in the quality of the Company's management of its services can clearly be witnessed by taking a look at the positive trend exhibited by the relevant indicators. This performance also supports the position of the satisfaction indices expressed by the consumers.

**Management of energy losses:** once again the year was marked by excellent results in relation to combating total electricity losses, which were reduced to a record low of 11.78%, a level that has never before been achieved in the Company's history.

**Management of Default:** the default index was affected to a very pronounced degree by default in water supply services in the State, with a figure of 3.21%, (versus 1.95% in 2012), and the same trend in the number of monthly billings outstanding, which increased from 1.26 to 1.35.

**Electricity Market:** in 2013, electricity sales to end consumers (captive market), located in Energisa Paraíba's concession area, together with the electricity associated with free consumers (TUSD), came to a total of 4,119.9 GWh, which is a 6.4% increase on 2012. Consumption was boosted by the residential class, which registered a 10.5% growth in the year. Meanwhile industrial consumption, taking into account both the captive and free markets, increased by 3.3% in 2013. Total electricity distributed in 2013 amounted to 4,197.9 GWh, against the 4,050.3 GWh registered the year before.

Energisa Paraíba ended the year with 1,264,817 captive consumer units, which is a 3.9% increase over the number registered at the end of 2012, and there were a total of 21 free consumers at the end of 2013.

**Settlement of the Notes Units:** On July 19, 2013 Energisa Paraíba made settlement of the issue of seven-year US dollar denominated bonds, named Notes Units, for the sum of R\$137.1 million (US\$ 57.8 million).



## ENERGISA BORBOREMA

First incorporated into the Energisa Group in 2007, Energisa Borborema is an electricity distributor that serves 188 thousand customers in the municipalities of Campina Grande, Lagoa Seca, Queimadas, Fagundes, Massaranduba and Boa Vista, in the state of Paraíba.

In 2013, this distributor was one of the electricity distributors best rated by Brazilian customers in the IASC – Aneel's Consumer Satisfaction Index. The award ranked it the fourth best distributor in the country and the third best in Brazil's Northeastern Region. The survey was carried out between July 13th and September 27th of 2013 among 19,470 residential consumers in 475 Brazilian municipalities.

## THE COMPANY'S RESULTS

In 2013, Energisa Borborema registered a net income of R\$9.5 million, versus the R\$29 million posted in 2012. Meanwhile, operational cash generation (Adjusted EBITDA) came to a figure of R\$21.7 million in 2013, by comparison with the R\$38.4 million seen the previous year, a 43.5% drop, largely due to the decrease in the electricity tariffs.

The change in the Company's cash generation is shown below:

Breakdown of Cash Generation Amounts in R\$ million	2013	2012 (Adjusted)	Var. %
<b>(=) Net Profit</b>	9.5	29.0	- 67.2
(-) Social contribution and income tax	(2.1)	(5.1)	- 58.8
(-) Financial result	(2.2)	2.9	-
(-) Depreciation and amortization	(5.3)	(4.7)	+ 10.6
<b>(=) Cash generation (EBITDA)</b>	19.0	35.9	- 47.1
(+) Revenues from interest on bills paid in arrears	2.7	2.5	+ 8.0
<b>(=) Adjusted cash generation (Adjusted EBITDA)</b>	21.7	38.4	- 43.5
Adjusted EBITDA Margin	12.7	20.6	- 7.9

Operating expenses totaled R\$157.5 million, a 1.5% increase (R\$2.3 million) in relation to 2012. Controllable expenses (personnel, materials and third-party services) were down 4.1% (R\$1.2 million), to R\$28.3 million. Meanwhile, non-controllable expenses for purchases of electricity and transmission showed a 12.3% increase (R\$11.7 million).

Based on the results achieved over the course of 2013, the Company has already distributed interim dividends for the fiscal year for a total of R\$7.3 million, with payments starting on:

- July 10, 2013, amounting to R\$3.9 million (R\$13.1708035 per share).
- August 20, 2013, amounting to R\$3.4 million (R\$11.4706678 per share).

In addition to these dividends, supplementary dividends in the amount of R\$0.01 million (R\$0.04332377 per share), will be paid out, at a future date yet to be decided. The total dividends for the fiscal year, in the amount of R\$7.3 million, represent 76.8% of the net income reported by the Company.

As for investments, in 2013 investments of the order of R\$15.5 million were made, mainly on projects aimed at improving the quality of the services, regularization and construction of networks and the connection of new customers, with the highlight being the start of construction work on the 7.2 km long 69 kV Campina Grande Dois/Aeroclube Line.

This commitment to constantly seeking to improve its operational activities has enabled the Company to maintain consistent results which are among the best in the country. This fact explains the privileged position of its satisfaction indices confirmed by its customers.

In the latest survey published by the Brazilian Association of Electricity Distributors (Abradee), Energisa Borborema achieved an approval ratio of 83.85% in the ISQP (Satisfaction Index with Perceived Quality).

**Management of energy losses:** once again the year was marked by continued excellent results in relation to combating total electricity losses, which were reduced to 6.0%, one of the lowest levels seen among all of the country's electricity distributors.

**Management of Default:** the default index, taking into account what was not received for sales over the last 12 months, was also one of the highlights, having decreased from 1.16%, in 2012, to 0.89%, in 2013, with the same trend in the number of monthly billings outstanding, which dropped from 0.73 to 0.54.

**Electricity Market:** in 2013, electricity sales to end consumers (captive market), located in Energisa Borborema's concession area, together with the electricity associated with free consumers (TUSD), came to a total of 677.3 GWh, which is a 6.4% increase on 2012. Consumption was boosted by the residential class, which registered a 9.5% growth in the year. Industrial consumption, including both the captive and free markets, increased by 1.4% in 2013. Total electricity distributed in 2013 amounted to 679.6 GWh, against the 660.8 GWh registered the year before.

Energisa Borborema ended the year with 187,570 captive consumer units, which is a 4.7% increase over the number registered at the end of 2012, as well as two free consumers.

On July 19, 2013 Energisa Paraíba settled its issue of seven-year US dollar denominated bonds, named Notes Units, for the sum of R\$137.1 million (US\$ 57.8 million).

**IN THE LATEST SURVEY PUBLISHED  
BY THE BRAZILIAN ASSOCIATION  
OF ELECTRICITY DISTRIBUTORS  
(ABRADEE), ENERGISA BORBOREMA  
ACHIEVED AND APPROVAL RATIO OF  
83.85% IN THE ISQP (SATISFACTION  
INDEX WITH PERCEIVED QUALITY)**



## ENERGISA SERGIPE

In 2013, Energisa Sergipe distributed electricity to more than 680 thousand consumers in 63 of the 75 municipalities of the state of Sergipe, over an area of 17,465 Km<sup>2</sup>.

As proof of its operational excellence, in 2013 Energisa Sergipe was one of the best rated electricity distributors according to Brazilian customers in the IASC – Aneel's Consumer Satisfaction Index.

Energisa Sergipe achieved 3rd place in the ranking and was the 2nd best ranked distributor in the country's Northeastern Region. In addition to this, it was elected the "Northeast's Best Company and Most Improved Company" by the magazine *Eletricidade Moderna* and awarded the Eloy Chaves Medal, in the silver category, in relation to occupational safety issues.

## THE COMPANY'S RESULTS

In 2013, Energisa Sergipe posted a net income of R\$45.6 million, by comparison with the R\$69.2 million registered in 2012. To a great extent this decrease was due to the present value of the marking-to-market of the FX rate protection derivatives. As a result, net financial expenses showed a growth of 98.8% (or R\$34 million). Meanwhile, operational cash generation (Adjusted EBITDA) was R\$176.9 million in 2013, against the R\$165.1 million seen in 2012, a 7.1% increase.

The following table shows the changes the Company's cash generation:

Breakdown of Cash Generation Amount in R\$ millions	2013	2012 (Adjusted)	Var. %
<b>(=) Net Income</b>	45.6	69.2	- 34.1
(-) Social contribution and income taxes	(4.9)	(6.9)	- 29.0
(-) Financial result	(68.4)	(34.4)	+ 98.8
(-) Depreciation and amortization	(45.3)	(42.3)	+ 7.1
<b>(=) Cash generation (EBITDA)</b>	164.2	152.8	+ 7.5
(+) Arrears surcharge revenue	12.7	12.3	+ 3.3
<b>(=) Adjusted cash generation (Adjusted EBITDA)</b>	176.9	165.1	+ 7.1
Adjusted EBITDA margin	24.3	21.8	+ 2.5 p.p.

Operating expenses totaled R\$609.1 million, a reduction of 5.9% (R\$38.4 million) in relation to 2012. Controllable expenses (personnel, material and third-party services) fell by 2.3% (R\$3.1 million), to R\$134 million. Non-controllable expenses from the purchase of electricity and transportation decreased by 2.7% (R\$9.6 million).

Based on the results achieved in 2013, the Company has already distributed interim dividends to the year's account in the amount of R\$21 million, paid on:

- December 23, 2013, amounting to R\$8 million (R\$40.91883236 per share).
- December 30, 2013, amounting to R\$13 million (R\$66.36943736 per share).

In addition to these dividends, supplementary dividends will be paid in the amount of R\$10.9 million (R\$55.92441703 per share), on a date yet to be decided. Total dividends for the year, in the amount of R\$31.9 million, account for 70% of the net income calculated by the Company.

In 2013, Energisa Sergipe carried out another intense investment program in its high and medium voltage systems, focusing on projects that aim to improve the quality of the services provided. Among the investments, which totaled R\$79.8 million in the year, we highlight the conclusion of the expansion of installed capacity in the capital of Sergipe, Aracaju, with the startup of the new substation Serigy (2 x 20/25 MVA), and the construction of new high voltage distribution lines - HVDL (69 kV). The increasing dissemination of protected networks in medium voltage grids, as well as the installation of automatic reclosers and fault indicators were investments that also deserve special mention, and are essential to improve service quality.

The Programa de Universalização do Uso da Energia Elétrica (Universalization of the Use of Electricity Program) is another highlight of Energisa Sergipe's investments, since by the end of 2013 it had served approximately 53 thousand families living in rural areas, benefiting approximately 260 thousand rural dwellers. Investments in this Program – which is a partnership between the Federal Government, the State Government and Energisa Sergipe –, have already amounted to R\$252.9 million, from 2004 to 2013. R\$72 million of this total was funded by Energisa Sergipe.

Maintaining the quality of the energy supplied and the excellence of services are continuous priorities of Energisa Sergipe. The Company has shown solid improvement in the satisfaction index of its customers, which is measured by an annual opinion poll.

**Management of energy losses:** in line with the strategic objectives of the company, and with regulatory needs, more efficient methods were applied to select inspection lists, combined with structuring measures to shield networks and measurements, which enabled team productivity to increase, with a reduction in the cost of identifying and eliminating fraud and electricity theft. These efforts led to a decrease in energy losses to 9.04% in the year, an improvement of 0.70 percentage points over 2012.

**Management of Default:** the default rate increased slightly in relation to 2012, totaling 1.29%, against 1.08% in 2012.

**Energy market:** in 2013, electricity sales to end consumers (captive market), located in Energisa Sergipe's concession area, plus the energy associated with free consumers (TUSD), totaled 3,130.2 GWh, an increase of 5.7% over 2012. Consumption was driven by the residential sector, which increased by 9.2% in the year. Industrial consumption, considering both the captive and free markets, expanded by 5.2% in 2013. The total distributed energy in 2013 was 3,370.3 GWh, against 3,277.3 GWh in the previous year.

Energisa Sergipe's Board of Directors resolved on October 17, 2013, to realize the 3rd issue of simple, non-convertible, unsecured debentures in a single series, in the amount of R\$60 million, which were publicly distributed with restricted placement efforts, under CVM Instruction No. 476/2009. Sixty debentures were issued, with a unit face value of R\$1 million as of the date of issuance (October 30, 2013), and a 6-year maturity term, maturing on October 30, 2019. These debentures yield 115.5% of the CDI rate. Interest will be paid and the debentures amortized annually, as from month 24 (twenty-four), with the first payment on October 30, 2015.

The funds raised on October 30 were used for prepayment of the 1st issue of the Company's simple non-convertible debentures. The 42,000 debentures, yielding the variance in the US Dollar plus 8.85% per year, were redeemed for the amount of R\$64.3 million on November 8, 2013, together with the amortization on the same date of R\$36.1 million, in accordance with the issuance deed.

On July 19, 2013, Energisa Sergipe also repaid its 7-year US Dollar bonds, or Notes Units, in the amount of R\$254.6 million (US\$107.2 million).

## ENERGISA MINAS GERAIS

Energisa Minas Gerais is an electricity distributor which serves more than 415 thousand consumers and a population of approximately 1 million inhabitants in 65 cities of Minas Gerais State and 1 city in Rio de Janeiro State. Founded in February 26, 1905, the company has its headquarters in the city of Cataguases, Minas Gerais State, and another four Hub Branches with technical, operational and administrative structures in the cities of Muriaé, Manhuaçu, Leopoldina and Ubá.

Energisa Minas Gerais was considered, in 2013, the second best electricity distributor in the south and southeast regions, according to the IASC, the Aneel Customer Satisfaction Index, figuring among the Country's top ten, along with Energisa Sergipe and Energisa Borborema.

Breakdown of Cash Generation Amount in R\$ millions	2013	2012 (Adjusted)	Change %
<b>(=) Net Income</b>	27.5	66.6	- 58.7
(-) Social contribution and income taxes	(14.9)	(34.1)	- 56.3
(-) Financial result	(23.5)	46.4	-
(-) Depreciation and amortization	(17.3)	(15.5)	+ 11.6
<b>(=) Cash generation (EBITDA)</b>	83.2	69.8	+ 19.2
(+) Arrears surcharge revenue	5.5	5.9	- 6.8
<b>(=) Adjusted cash generation (Adjusted EBITDA)</b>	88.7	75.7	+ 17.2
Adjusted EBITDA Margin	19.2	17.4	+ 1.8 p.p.

Operating expenses totaled R\$396.3 million, an increase of 4% (R\$15.1 million) in relation to 2012. Controllable expenses (personnel, material and third-party services) rose by 2.3% (R\$6.2 million), to R\$90.5 million. Non-controllable expenses from the purchase of electricity and transportation decreased by 4.1% (R\$9.7 million), resulting from the transfer of funds from the Energy Development Account.

## COMPANY RESULTS

In 2013, Energisa Minas Gerais recorded net income of R\$27.5 million, against R\$66.6 million in 2012. This reduction results from the financial result (financial revenues less financial expenses) which decreased from net financial revenues of R\$46.4 million in 2012 to a net financial expense of R\$23.5 million in 2013. Operating cash generation (Adjusted EBITDA) amounted to R\$88.7 million in 2013, against R\$75.7 million for 2012, a 17.2% increase.

The following table shows the changes in the Company's cash generation:

Based on the results achieved in 2013, the Company has already distributed interim dividends for the year in the amount of R\$26.1 million, paid on:

- June 21, 2013, amounting to R\$10 million (R\$22.1061826 per share).
- August 20, 2013, amounting to R\$3.1 million (R\$7.00345928 per share).
- December 23, 2013, amounting to R\$13 million (R\$28.84325245 per share).

In addition to these dividends, supplementary dividends will be paid in the amount of R\$1.4 million (R\$3.09746973 per share), on a date yet to be decided. Total dividends for the year, in the amount of R\$27.5 million, account for 100% of the net income calculated by the Company.

## A FOCUS ON THE QUALITY OF THE ENERGY SUPPLIED AND ON THE EXCELLENCE OF SERVICES IS A CONSTANT PRIORITY OF ENERGISA MINAS GERAIS

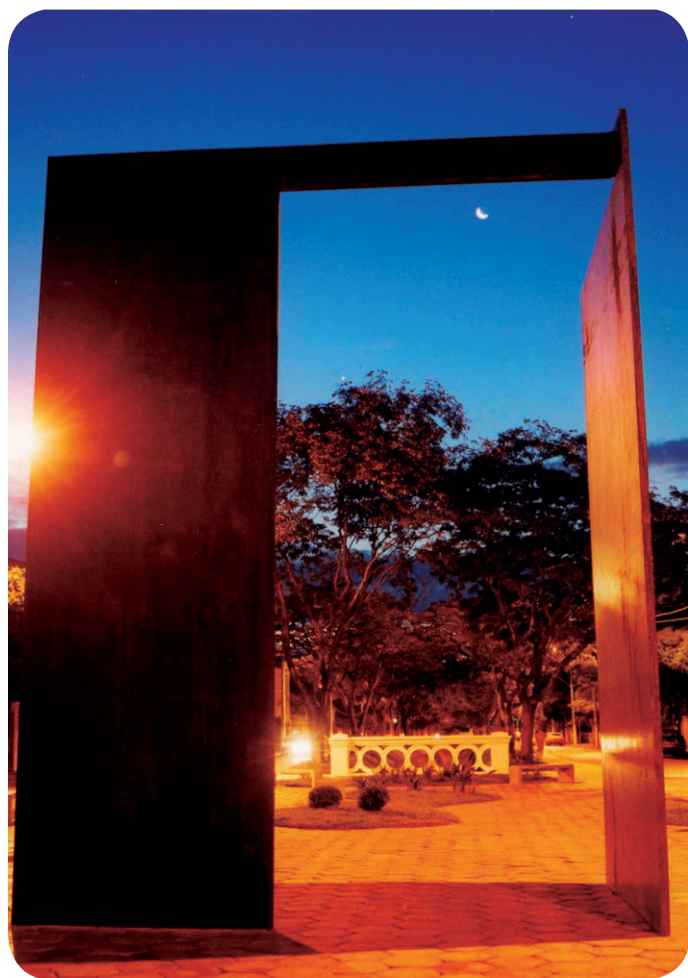
By focusing on projects which aim to improve the quality of services provided, Energisa Minas Gerais achieved an excellent 99.9% energy availability rate for its customers during the year. Investments in 2013 totaled R\$54.4 million. Among the investments, we highlight: (i) the modernization and improvements in several distribution substations, including the Santana de Manhuaçu, Muriaé 1, Ituerê 1, Nova Usina Maurício, Leopoldina, Além Paraíba, Ubá 1 and 2 and Cataguases 2 substations, with works which include the replacement of voltage regulators, circuit breakers and voltage and current transformers; (ii) the expansion of the capacity of the substations serving Visconde do Rio Branco, Sumidouro, Tebas, Sereno and Itamarati de Minas; (iii) the acquisition of land to construct a third substation in Ubá, to be carried out in 2015; (iv) the construction of new distribution feeders in the cities of Ubá, Tocantins, Guiricema and Santa Margarida; (v) the expansion by 16% of automated distribution networks, with substantial reduction of the time taken to restore electricity; (vi) the modernization of protection systems against atmospheric discharges in transmission lines, especially in the following transmission lines which interconnect substations: Benjamin Batista Plant - Manhuaçu, Ubá 1 - Visconde do Rio Branco 2 and Ubá1 - Ubá2; Ubá2 - Visconde do Rio Branco 2, Guary-Ituerê 2 and Tocantins-Ituerê 2; (vii) the installation of a new VHF radio relay station in Pequiá, to expand the communications system in the region of Manhuaçu, Manhumirim and São Miguel do Anta; (viii) the restoration of 202 low voltage circuits. We should also mention the conclusion of the project to connect the Company's transmission system to the Basic Network (which is part of the National Grid System (SIN)) at 345 kV voltage. Interconnection to the SIN in this voltage range not only improves voltage ranges in the entire electricity system, but also contributes decisively to improving the quality and continuity indices, ensuring faster recovery in the case of systemic events and a reduction in technical transmission losses.

A focus on the quality of the energy supplied and on the excellence of services is a constant priority of Energisa Minas Gerais. The Company has shown a consistent improvement in its operating indices.

**Management of energy losses:** once again this was a year with excellent results in the reduction of electricity losses, which were reduced to 8.27%, improving by 0.43 percentage points against 2012.

**Management of default:** the default rate improved by 18.7% in relation to 2012, totaling 1.13%, against 1.39% in 2012.

**Energy market:** in 2013, electricity sales to end consumers (captive market), located in Energisa Minas Gerais's concession area, plus the energy associated with free consumers (TUSD), totaled 1,505.2 GWh, an increase of 5.4% over 2012. Consumption was driven by the residential sector, which increased by 7.3% in the year. Industrial consumption, considering both the captive and free markets, expanded by 3.9% in 2013. The total distributed energy in 2013 was 1,508.9 GWh, against 1,463.6 GWh the previous year.



## ENERGISA NOVA FRIBURGO

Energisa Nova Friburgo is an electricity generation concessionaire which services the entire municipality of Nova Friburgo, an important element of the industrial and service hub located in the highland region of Rio de Janeiro. Its business is generating, transmitting, and distributing electricity to over 98 thousand consumers, representing a population of approximately 190 thousand people.

## COMPANY RESULTS

In 2013, Energisa Nova Friburgo recorded net earnings of R\$6.9 million, against the R\$14 million recorded in 2012. This reduction derives from the financial result (financial revenues minus financial expenses) that went from net financial revenues of R\$14.6 million in 2012 to a net financial expense of R\$1.1 million in 2013. On the other hand, the cash operating generation (Adjusted EBITDA) reached R\$17 million in 2013, against R\$12.1 million in 2012, an increase of 40.5%.

The chart below shows changes in the Company's cash generation:

Composition of Cash Generation Amounts in R\$ million	2013	2012 (Adjusted)	Var. %
<b>(=) Net Profit</b>	6.9	14.0	- 50.7
(-) Social contribution and income taxes	(3.1)	(7.0)	- 55.7
(-) Financial result	(1.1)	14.6	-
(-) Depreciation and amortization	(4.5)	(4.1)	+ 9.8
<b>(=) Cash generation (EBITDA)</b>	15.6	10.5	+ 48.6
(+) Arrears surcharge revenue	1.4	1.6	- 12.5
<b>(=) Adjusted cash generation (Adjusted EBITDA)</b>	17.0	12.1	+ 40.5
Adjusted EBITDA Margin	17.0	11.9	+ 5.1 p.p.

Operating expenses totaled R\$88.8 million, a reduction of 6.5% (R\$6.2 million) compared to 2012. Controllable expenses (personnel, material, and third party services) grew 2.3% (R\$1 million), to R\$27.1 million. On the other hand, non-controllable expenses of electricity and transmission costs decreased by 2.9% (R\$1.5 million).

Based on the results achieved in 2013, the Company has already distributed interim dividends for the year in the amount of R\$2.4 million, paid on:

- June 18, 2013, amounting to R\$0.9 million (R\$67.1352550 per share).
- August 20, 2013, amounting to R\$1.5 million (R\$108.4902778 per share).

In addition to these dividends, supplementary dividends will be paid in the total amount of R\$4.2 million (R\$256.0690543 per share), on a date to be decided. The total dividends for the year, in the amount of R\$6.6 million, represent 95.7% of the net income calculated by the Company.



By focusing on projects that aim to improve the quality of services provided, Energisa Nova Friburgo achieved an excellent 99.9% energy availability rate for its customers during the year. Investments in 2013 totaled R\$8.5 million, among which we highlight:

- A 10% expansion in distribution network automation, with significant impact on the time taken to restore power.
- Preventive maintenance in distribution feeders.
- Installation of a new repeater for VHF radio in Amparo, in order to expand the communication system in the region of Mury, Amparo and Lumiar.
- Installation of capacitor bank for the substations in Conquista and Centenário, which contributes to improve the voltage level.
- Renovation of 58 low-voltage circuits.

A focus on the quality of the power provided and excellence in service are constant priorities for Energisa Nova Friburgo. The Company has maintained its operating indexes among the highest in the Country.

**Energy loss management:** the year was once again marked by excellent results in fighting electricity losses, which were reduced to 5.17%, a 0.23 percentage point improvement compared to 2012.

**Default management:** the default rate has improved 6.8% compared to 2012, and it stands at 1.09%, against 1.17% in 2012.

**Power market:** in 2013, electricity sales to end consumers (captive market), located in the concession area of Energisa Nova Friburgo, totaled 338.6 GWh, a 3.6% increase in relation to 2012. The total power distributed in 2013 was 339.6 GWh, compared to the 327.1 GWh recorded in the previous year.

## KEY ASSETS AND INDICATORS FOR GRUPO ENERGISA DISTRIBUTORS

The key operating assets and indicators for Grupo Energisa distributors are shown in the table below:

Key operating assets and indicators as of December 31, 2013						
Description	EMG	ENF	ESE	EBO	EPB	Consolidated Energisa
Concession Area (Km <sup>2</sup> )	16,331	1,000	17,465	1,789	54,595	91,180
Municipalities Served	66	1	63	6	216	352
Numbers of Captive Consumers (thousand)	415	98	680	188	1,265	2,646
Population Served (thousand)	979	182	1,771	483	3,284	6,699
<b>Transmission Properties</b>						
Km of 69 kV Lines	487	16	1,165	3	2,089	3,760
Km of 138 / 230 kV Lines	583	-	7	-	-	590
Total Line Km	1,070	16	1,172	3	2,089	4,350
<b>Distribution Properties</b>						
Number of Substations	44	6	29	4	61	144
Substation Voltage (MVA)	907	127	678	75	1,106	2,893
Own Distribution Transformers	57,820	3,405	37,039	3,330	52,764	154,358
Capacity installed in Own Transformers (MVA)	1,043	153	711	143	1,220	3,270
Km of Lines and Distribution Networks	26,071	2,008	26,089	5,098	74,259	133,525

## ELECTRICITY TRADING, GENERATION COMPANIES, AND SERVICE PROVIDER

### ENERGISA COMERCIALIZADORA DE ENERGIA LTDA.

Created in October 2005, the Company operates in the electricity trading area in a free contracting environment, trading electricity and providing services both for the Group's own projects and for third party projects. The company also works as a support arm for Grupo Energisa to boost electricity generation.

Despite the difficult external circumstances, Energisa Comercializadora showed excellent results in 2013. Sales negotiated for energy coming from Grupo Energisa's power plants totaled an average of 152 MW, a 36% increase in relation to the previous year. Gross operating revenues in 2013 were R\$233.2 million, 37% higher than 2012, which was R\$169.8 million. EBITDA also showed an expressive growth of 86% compared to the previous year, reaching R\$12.1 million. These results contributed to net earnings of R\$7.3 million, 121% higher than in 2012. The results were linked to the high market prices observed over the year, together with Energisa Comercializadora's strategy of maximizing its long portfolio position, taking advantage of the high prices foreseen and continuously monitored by the price projection models.

This result was related to the operations closed in the short term, which benefited from high prices, especially in the first quarter of the year. In addition, 2013 stood out due to the high DSP (Difference Settlement Price) volatility, which reached R\$413.95/MWh in January and R\$196.13/MWh in April, increasing again in September, when it reached R\$266.16/MWh. This scenario had a direct impact on the decision to shift the distributors' captive customers to the free market.

On the other hand, the troubled scenario contributed to longer contracts by consumers who are already in the free market, as these agents sought to cover their exposure, avoiding the risk of changes in market prices. In this context, 45 sales contracts were closed, enabling the sale of 74 average MW for 2014, 83 average MW for 2015, and 59 average MW for 2016. This gives Energisa Comercializadora a total portfolio, including contracts for direct sales of electricity generated, of an average of 212 MW for 2014 and an average of 184 MW already contracted for 2015.



### ENERGISA GERAÇÃO CENTRAIS EÓLICAS RN

In 2010, Energisa entered the wind-powered electricity generation sector in Brazil. The company was one of the winners of the 2nd Alternative Energy Source Auction 2010 bidding, which fixes energy sales to the regulated market over a period of 20 years.

In 2013, Energisa completed construction and, as from September, started to recognize revenues from its first wind farm complex, consisting of five parks located in the State of Rio Grande do Norte. The units have total installed capacity of 150 MW and recorded consolidated operating revenues of R\$28 million in four months of 2013, from the 59.7 average MW sold in the Alternative Power Sources Auction 2010. Energia Geração Centrais Eólicas RN recorded, net income of R\$15.8 million in 2013.

## ENERGISA BIOELETRICIDADE

In August 2012, the acquisition of four Specific Purpose Companies (SPCs) from Tonon Bioenergia was completed, for approximately R\$150 million. These SPCs own an asset and project portfolio with installed capacity of 170 MW in thermoelectric power plants powered by sugar cane biomass, including 85% of the capital stock of two thermoelectric power plants already in operation, powered by sugar cane biomass, with 60 MW of total installed capacity, and 100% of the rights to build and commercially exploit two other power plants with an additional 110 MW. Focusing on the expansion of these units, Energisa will invest a further R\$350 million, aiming to reach electricity production of approximately 710 GWh a year by 2016. The thermoelectric plants are located in the municipalities of Bocaina (SP) and Maracaju (MS).

The works to put the new biomass-powered thermoelectric plant, Energisa Bioeletricidade Vista Alegre II, into operation early in 2015 and to complete the expansion of the Energisa Bioeletricidade Vista Alegre I thermoelectric plant, both in the municipality of Maracaju (MS), are progressing rapidly. The two thermoelectric plants will have a total installed capacity of 90 MW. Vista Alegre I will go from a 30 MW to a 60 MW capacity, while Vista Alegre II will have 30 MW.

The installation and expansion works for the enterprises started in August 2013. Estimated investments in these thermoelectric plants are around R\$180 million, and R\$59.4 million had already been spent by December 2013.

In 2013, Energisa Bioeletricidade recorded consolidated net operating revenues of R\$26.8 million and net earnings of R\$7.9 million.

## ENERGISA GERAÇÃO RIO GRANDE S/A

On February 4, 2012, PCH Santo Antônio, located in the city of Bom Jardim (RJ), started commercial operations with two turbines with joint capacity for production of 8 MW of power and annual generation of 42 GWh. This is the last of the three projects that were under construction in the Rio Grande bay, associated with the PCHs Caju (10 MW in operation since February, 2011) and São Sebastião do Alto (13.2 MW in operation since September, 2011). Together, the three plants have an installed capacity of 31.2 MW and annual production of 157.4 GWh. In 2013, Energisa Geração Rio Grande had net operating revenues of R\$30.6 million (R\$28.3 million in 2012) and net earnings of R\$3.8 million (R\$3.8 million also in 2012).

## PEQUENA CENTRAL HIDRELÉTRICA ZÉ TUNIN

In January, 2013, operation of the second generating unit of PCH Zé Tunin, in Minas Gerais, started with installed capacity of 8 MW. In the same year, the company recorded consolidated net operating revenues of R\$10.4 million and net earnings of R\$3.5 million.



## SPE CRISTINA ENERGIA S/A

SPE Cristina Energia is the company which owns PCH Cristina, with installed capacity of 3.8 MW, acquired by Grupo Energisa in December, 2011. In 2013, its gross operating revenues were R\$3.5 million, and it recorded a loss of R\$0.6 million.

## ENERGISA SOLUÇÕES

Energisa Soluções is a services provider in the electricity segment, offering integrated, innovative, and high-added value solutions for the generation, transmission, and distribution market and for large industrial customers. Among the services provided by the company, the following are of particular note, by segment:

- Hydroelectric Power Plants (UHEs), Thermal Plants, and Small Hydroelectric Plants (PCHs): operation, maintenance, automation, commissioning, and engineering for the owner.
- Transmission Lines and Substations: project, construction management, automation, maintenance, operation, and commissioning.
- Industrial and Distribution: maintenance and recovery of power transformers.

In 2013, Energisa Soluções closed important contracts in the electric assets operation and maintenance segments. Among them, the following are of particular note:

- O&M (Operation and Maintenance) Contracts for four small hydroelectric plants located in Mato Grosso and Minas Gerais.
- O&M Contracts (BOP - Balance of Plant) for three Wind Farms in Rio Grande do Norte.
- Maintenance Contracts for Transmission Lines and associated Substations, of 230 kV and 345 kV, in Minas Gerais.
- Hotline Maintenance Contracts, for substations and transmission lines, of up to 138 kV in Goiás.

## IN MAY, ENERGISA SOLUÇÕES BEGAN ITS WIND FARM ACTIVITIES



In May, the Company started its first wind farm operations. The company mobilized a team to provide operation and infrastructure maintenance services (BOP) for wind-powered electricity transmission lines and substations in São Bento do Norte, Olho D'Água, Farol and Boa Vista, in the State of Rio Grande do Norte, which comprise the Wind Complex Olhos D'Água. In addition, Energisa Soluções will be responsible for the upkeep of 40 km of a 138 kV transmission line and of three substations. These plants belong to Grupo Galvão Energia and represent the beginning of O&M ESOL activities in this segment. Also in May, Energisa started work on monitoring the commissioning of PCH Maracanã, with installed capacity of 10.5 MW located in the State of Mato Grosso, and it will also run the automation process for remote operation of the PCH through the Operation Center in Cataguases, under a 5-year contract.

In 2013, Energisa Soluções recorded a loss of R\$1.9 million, basically due to contracts that did not obtain the expected financial results. These contracts have already been terminated. The results in the period were also affected by the volume of deals closed by Energisa Soluções, which suffered from the reduction of spending by power generating companies on O&M for power plants, due to the volatile and uncertain environment in the electricity segment.

### ENERGISA SERVIÇOS AÉREOS DE AEROINSPEÇÃO S/A

Energisa Serviços Aéreos de Aeroinspeção, the arm of the group focusing on air and ground thermographic inspections of distribution and transmission lines of any voltage, operates with maximum security, speed, and quality, offering the market the best cost/benefit ratio. With equipment at the cutting edge of technology, it can accurately identify anomalies such as hot spots, which indicate the places where corrective action must be performed to avoid major operations, which would involve higher losses. In 2013, Energisa Serviços Aéreos recorded a loss of R\$1.9 million.

### ENERGISA PLANEJAMENTO E CORRETAGEM DE SEGUROS LTDA.

The company's business is insurance brokerage and the provision of technical services and assistance, and administrative, financial, and market planning and consultancy. In 2013, Energisa Planejamento e Corretagem de Seguros recorded net income of R\$1.4 million.

**ENERGISA SERVIÇOS AÉREOS DE AEROINSPEÇÃO S/A FOCUSES ON AIR AND GROUND THERMOGRAPHIC INSPECTIONS OF DISTRIBUTION AND TRANSMISSION LINES OF ANY VOLTAGE, AND OPERATES WITH MAXIMUM SECURITY, SPEED, AND QUALITY, THUS OFFERING THE MARKET THE BEST COST/BENEFIT RATIO**



## RECOGNITION AND AWARDS 2013

Grupo Energisa ended 2013 with recognition and awards for the excellent services provided by its companies in several categories. This is reason to be proud of a century-old organization that always seeks continuous improvement, aiming at good results and customer satisfaction. In 2013, the awards and medals the Group received were:

### ENERGISA PARAÍBA:

- Sustainable Energy Seal, gold category, awarded by the Institute Acende Brasil (study centered focused on actions and projects that increase transparency and sustainability in the Brazilian electricity sector).
- First place in the 2013 Abradee Award, one of the most widely acknowledged in the Brazilian electricity sector – awarded by the Brazilian Association of Electric Power Distributors – in three categories: Management Quality, Most Improved Performance and Economic and Financial Management.
- 2013 Transparency Award, granted by ANEFAC (National Association of Finance, Administration and Accounting Executives).
- Eloy Chaves Medal, bronze category, for occupational safety.

### ENERGISA SERGIPE:

- Chosen the “Best and Most Improved Company in the Northeast” by *Eletricidade Moderna* magazine.
- Eloy Chaves Medal, silver category, for occupational safety.

### ENERGISA MINAS GERAIS:

- Honored with the XV Minas Prize – Corporate Performance, awarded by *Mercado Comum* Magazine, focused on Economy and Business.

# CORPORATE GOVERNANCE

## *Chapter* 04

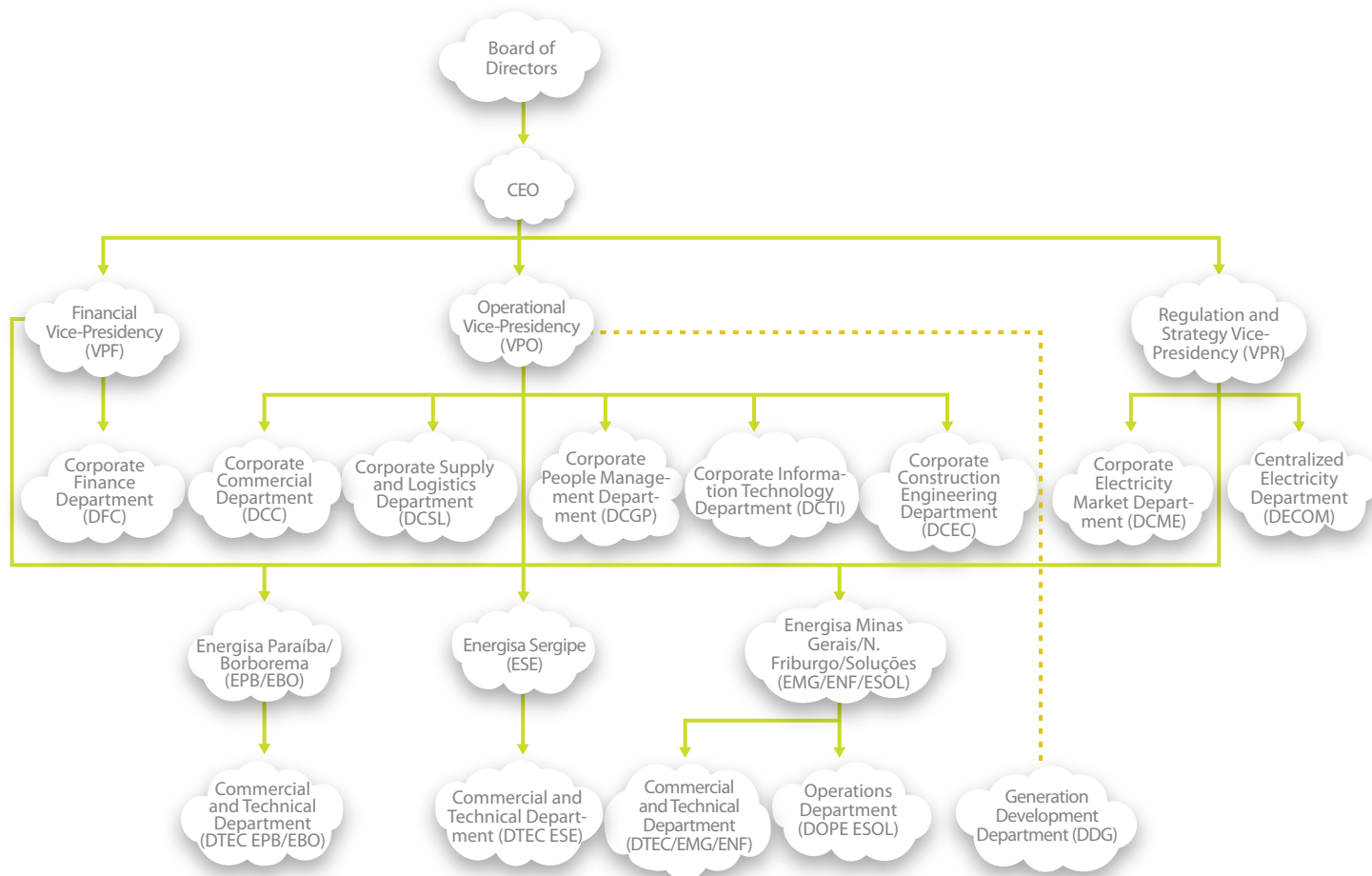


Grupo Energisa has the best corporate governance practices written in its DNA. Since its founding, it has aimed at responsible governance, and it is committed to respecting its partners, employees, and society.

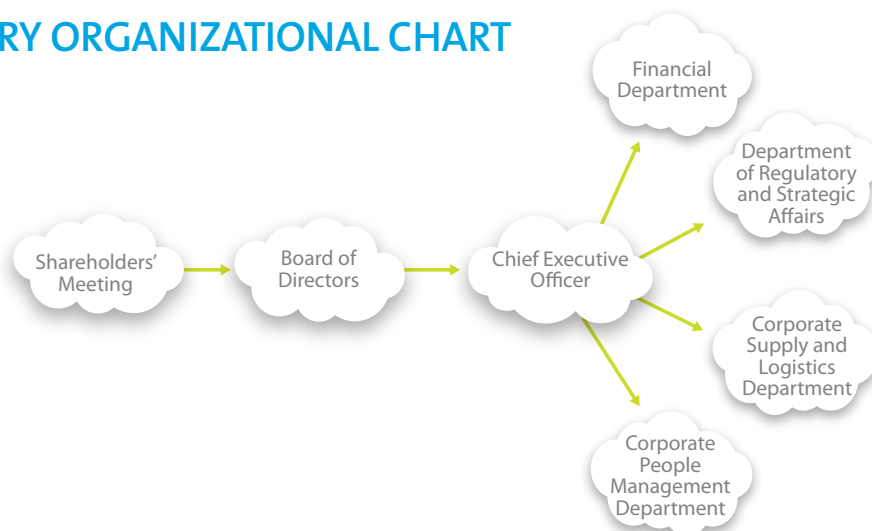
In 2012, the Company showed improvements in its corporate governance practices by subscribing to the new ABRASCA code of Self-regulation and Good Practices in Publicly-held Companies.

Its statutory governance structure is divided between a Board of Directors, Executive Board and Fiscal Council; the latter is not permanent, but is installed whenever it is elected by the Shareholders' Meeting. The Company can also have an Advisory Council, consisting of up to six members, elected and dismissible by the Board of Directors and with a mandate valid for one year, with re-election being allowed.

## CORPORATE ORGANIZATIONAL CHART



## STATUTORY ORGANIZATIONAL CHART



## BOARD OF DIRECTORS

The Board of Directors oversees and controls Energisa's activities; defines its planning and actions; and ensures that its resolutions are put into practice and properly managed by the Executive Board.

Energisa's Board of Directors includes five members elected by the Shareholders' Meeting: one chairman, one deputy chairman and three directors, in addition to two alternates and one seat for minority shareholders. The members of Energisa's Board of Directors were elected by the Annual Shareholders' Meeting (AGO) held on April 25, 2012, their terms of office being valid until the 2014 General Shareholders' Meeting.

Director	Position	Election	Expiring on:
Ivan Müller Botelho	Chairman	AGO April 25, 2012	2014 Annual Shareholders' Meeting
Ricardo Perez Botelho	Vice-Chairman	AGO April 25, 2012	2014 Annual Shareholders' Meeting
Antônio José de Almeida Carneiro	Member	AGO April 25, 2012	2014 Annual Shareholders' Meeting
Omar Carneiro da Cunha Sobrinho	Member	AGO April 25, 2012	2014 Annual Shareholders' Meeting
Marcílio Marques Moreira	Member	AGO April 25, 2012	2014 Annual Shareholders' Meeting
Marcelo Silveira da Rocha	Member	AGE 15/08/2013	2014 Annual Shareholders' Meeting
Ronnie Vaz Moreira	Member	AGE 15/08/2013	2014 Annual Shareholders' Meeting
Pedro Boardman Carneiro	Alternate Member	AGO April 25, 2012	2014 Annual Shareholders' Meeting
André La Saigne de Botton	Alternate Member	AGO April 25, 2012	2014 Annual Shareholders' Meeting
Maurício Perez Botelho	Alternate Member	AGE 15/08/2013	2014 Annual Shareholders' Meeting
Marcos Barbosa Pinto	Alternate Member	AGE 15/08/2013	2014 Annual Shareholders' Meeting

**IVAN MULLER BOTELHO**, 80 years old, vice-president of ABRASCA – Brazilian Association of Publicly Traded 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**, 54 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 Micron 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 Thermolectric 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.

**ANTÔNIO JOSÉ DE ALMEIDA CARNEIRO**, 71 years old, executive 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 the Colégio Estadual de Minas Gerais.

**OMAR CARNEIRO DA CUNHA SOBRINHO**, 67 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 member of the management of the Brazilian Fast Food Corporation. He graduated in Economics from the University of Political and Economic Sciences of Rio de Janeiro.

**MARCÍLIO MARQUES MOREIRA**, 82 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 Economy, Finance and Planning; former special advisor to the Municipal Administration of Rio de Janeiro; international senior consultant to Merrill Lynch & Co.; member of the Advisory Councils of American Bank Note-Brasil, Marsh & McLennan and Embratel. He holds a bachelor degree from the University of the State of Rio de Janeiro – UERJ.

**MARCELO SILVEIRA DA ROCHA**, 73 anos, Diretor Presidente e membro do Conselho de Administração da Energisa Paraíba – Distribuidora de Energia S.A. Ex-membro do Conselho Consultivo, Ex-Diretor Administrativo e Financeiro, Ex-Superintendente Administrativo, Ex-Chefe dos Departamentos de Eletrificação Rural e de Consumidores da Companhia Força e Luz Cataguazes-Leopoldina, Ex-Diretor da Companhia Leste Mineira de Eletricidade, Ex-Diretor da ABCE – Associação Brasileira de Concessionárias de Energia Elétrica, Ex-membro do Conselho de Administração e Ex-Diretor Presidente das empresas: Nova América S/A, Companhia Taubaté Industrial, Multitêxtil S/A e Multifábrica Nordeste S/A. Ex-Diretor Presidente das empresas: Multifábrica S/A, Multidigit Tecnologia S/A e Multipar S/A Planejamento e Corretagem de Seguros. Ex-membro do Conselho de Administração da Sade – Sul Americana de Engenharia S/A; Multitel Tecnologia S/A e Multiserv S/A. Ex-Diretor-Presidente da Energisa Sergipe – Distribuidora de Energia S.A

**RONNIE VAZ MOREIRA**, 56 years old, has a bachelor's degree in economics from Universidade Federal do Rio de Janeiro, and an MBA from the American Graduate School of International Management. Mr. Moreira served as Senior Vice President of ABN AMRO Project Finance & Advisory Group for Latin America and Caribbean, from March 1994 to February 1999. He was also the Chief Financial and Investor Relations Officer of Petróleo Brasil S.A. – Petrobras, from March 1994 to September 2001, Corporate Finance Officer of Deutsche Bank, from October 2001 to February 2002, Chief Executive Officer 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 Chief Executive Officer of CEPEMARES, from June 2011 to December 2012. In addition, he served as a member of the Board of Directors of several companies, including Acesita, Brasil Telecom, Companhia Petrolífera Marlim, Net Serviços, Constellation Overseas and Brasil Supply.

**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 market operator in Dinâmica Investimentos e Empreendimentos; former intern in Banif - Banco Internacional do Funchal (Brazil) S.A.; former intern in Corretor Liquidez brokerage firm.

**ANDRÉ LA SAIGNE DE BOTTON**, 78 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 Brazil, Pronatura (Foundation for the Protection of Nature and Wildlife), The Nature Conservancy (Brazil), Conservation International Brazil, Santa Ignez Foundation, International Advisory Council of the Americas Society (New York) and Novo Horizonte.

**MAURÍCIO PEREZ BOTELHO**, 53 years old, former project analyst at Dow Corning Corporation (Midland - USA); former financial assistant to the vice-president of American Express Bank (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**, 36 years old, joined Gávea Investimentos in May 2011 as a partner. Previously, he served as an executive officer of the Securities and Exchange Commission of Brazil (CVM), from 2007 to 2010, and as chief adviser to the BNDES President, from 2005 to 2006. Also, he practiced law at the firms Morrison & Foerster LLP, in California (from 2001 to 2002), and Levy & Salomão Advogados, in São Paulo (from 2003 to 2004), where he provided clients with assistance in the areas of M&A and private equity transactions. Mr. Pinto has a bachelor's degree and Ph.D. in law from Universidade de São Paulo, a master's degree in law from Yale University, and a master's degree in economics from Fundação Getúlio Vargas, in Rio de Janeiro (FGV-RJ). He was also a guest researcher at Columbia University and corporate law lecturer at FGV-RJ. Currently, he is a member of the Board of Directors of Multiterminais, Unidas and Chilli Beans.

## EXECUTIVE BOARD

Energisa's Executive Board consists of a maximum of five members, who may or may not be shareholders, with terms of office of 1 year (with reelection permitted), appointed by the Board of Directors.

The current Executive Board was chosen at the Meeting of the Board of Directors (RCA) held on May 9, 2013, with a term of office until the 2014 Meeting of the Board of Directors.

Executive Board	Position	Election	Expiring on
Ricardo Perez Botelho	Chief Executive Officer	RCA 05/09/2013	RCA 05/09/2014
Maurício Perez Botelho	Chief Financial and Investor Relations Officer	RCA 05/09/2013	RCA 05/09/2014
Daniilo de Souza Dias	Strategy and Regulatory Affairs Officer	RCA 05/09/2013	RCA 05/09/2014
José Marcelo Gonçalves Reis	Supply and Logistics Officer	RCA 05/09/2013	RCA 05/09/2014
Daniele Araújo Salomão Castelo	Human Resources Officer	RCA 05/09/2013	RCA 05/09/2014

**RICARDO PEREZ BOTELHO**, 54 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 Micron 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 Thermoelectric 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**, 53 years old, former project analyst at Dow Corning Corporation (Midland - USA); former financial assistant to the vice-president of American Express Bank (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**, 59 years old, associate professor of the Graduate Program on Energy at COPPE; former statutory officer for the Energy Wholesale Market; author of scientific books on Energy Economy and several publications in specialized magazines and speaker at domestic and international Conventions; former advisor to the Office of the CEO of BNDES; former statutory officer for the Wholesale Market at LIGHT SESA. He is

Regulatory Affairs and Strategy Officer in the following publicly-held companies: Energisa S/A (which holds equity interests in other companies), since 2007; and the electricity distribution companies Energisa Minas Gerais, since 2003; Energisa Sergipe, since 2003; and Energisa Paraíba, since 2003.

**JOSÉ MARCELO GONÇALVES REIS**, 54 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 supply 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**, 35 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 segment, having worked in various positions before taking office as Business Administration Manager at Oi and Telemar, from 1999 to 2007. Daniele joined Energisa in October 2007 as the Group's Strategic Administration Manager, in charge of the improvement of management systems, strategic planning and initiatives intended to strengthen the Group's culture and values.

## FISCAL COUNCIL

A corporate entity independent from the management and the external auditors. In accordance with Brazilian Corporation Law, it can function on both a permanent and non-permanent basis. In the case of Energisa, the bylaws provide for a non-permanent Fiscal Council elected solely at the request of the company's shareholders during the Annual Meeting. The council must consist of at least three, and at the most five members and an equal number of deputies. There is currently no fiscal council installed at Energisa.

When necessary, its function includes overseeing the activities of the management, reviewing the company's financial statements and reporting its findings to the shareholders.

## ADVISORY BOARD

Consists of at least three and at most six members, whether shareholders or not, for a term of office of one year, with reelection permitted; the company can also have a non-permanent advisory board whose responsibility is to advise the management on conducting the company's business; offer opinions about issues or business deals submitted to it for appreciation; and provide the board of directors with technical, economic, industrial or commercial information and data concerning the business objectives, putting forward suggestions and recommendations. Its members are elected by the board of directors. The Advisory Board is currently not installed.

## COMMITTEES

The Grupo Energisa, based on its strategic long-term objectives and in line with best corporate governance practices, instituted in 2009 its Policy on Managing Risks arising from the Financial Market. The latest version was approved by the board of directors of Energisa S.A. on December 20, 2012.

This Policy provides for a **Financial Market Risk Management Committee**, whose duty is to evaluate processes and

procedures and propose the best alternatives. Simply put, the policy deals with indebtedness limits, mandatory exchange rate hedging of foreign currency-denominated liabilities, counterparty risk limits and the dividends policy for a three-year horizon, among other measures that seek to quantify and mitigate the risks associated with the holding company and its subsidiaries.

An **Audit and Risks Committee** was also set up to monitor and advise the board of directors on matters regarding the accounting and financial reports, risk management, the activities of the internal auditors and the channel for reporting irregularities. Given these factors, and also on account of the Risk Management and Internal Audit area, there was an increase in headcount and in the consultancy work in this segment.

In addition, the **Succession and Compensation Committee** was set up under the board of directors, with the aim of maintaining a consistent compensation policy for management. The company also has Disclosure and Ethics Committees which were set up in August and October of 2013, respectively.

In 2012, Energisa S.A. subscribed to the ABRASCA Code of Self-Regulation and Good Practices for Publicly-held Companies ("ABRASCA Code"), and in order to comply with the requirements of this code, it approved its Policy on Control and Disclosure of Material Information, which also provides for a Disclosure Committee that has already been duly constituted. The Disclosure Committee is the entity whose purpose is to manage the company's disclosure policy, and is in charge of registering access to inside information, which is classified according to criteria that make it easy to monitor, discussing and recommending the disclosure or otherwise of potentially material acts and facts.

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

# INTANGIBLE ASSETS

## Chapter 05





## CONSUMER RELATIONS - EXCELLENCE AS THE GOAL

The objective of Energisa S/A is to attain excellence in providing services and in relations with customers of every one of its subsidiaries. This feature vouches for the privileged position in consumer satisfaction indicators which, for yet another year, are showing high satisfaction levels in the surveys.

### Aneel Consumer Satisfaction Index (IASC) and Perceived Quality Satisfaction Index (ISQP)

The Aneel Consumer Satisfaction Index (IASC) is the result of a survey with residential consumers carried out annually by Aneel (the National Electrical Energy Agency) to assess the degree of satisfaction with the services provided by Brazil's 63 electrical energy distributors. Three electrical

energy companies of Grupo Energisa were among those with the best assessments by Brazilian customers in the IASC: Energisa Sergipe, Energisa Borborema and Energisa Minas Gerais. Energisa Sergipe took 3rd place in the overall ranking and 2nd place in the Northeastern region; Energisa Borborema had the fourth-best assessment in Brazil and the 3rd in the Northeast. And Energisa Minas Gerais holds 10th place in the national ranking and is 2nd best in the Southern and Southeastern regions.

Abradee (Brazilian Association of Electrical Energy Distributors) has been publishing the Perceived Quality Satisfaction Index (ISQP) since the 1990s. In this evaluation, the Energisa distributors were significantly above the national average.

The table below illustrates these indicators in comparison with the average of these indices for the companies in Brazil:

Description	ISQP			IASC		
	2013	2012	Variation %	2013	2012	Variation %
Energisa Nova Friburgo (ENF)	87.9	75.3	+ 16.7	52.91	65.97	- 19.8
Energisa Sergipe (ESE)	86.7	85.9	+ 0.9	69.56	64.30	+ 8.2
Energisa Minas Gerais (EMG)	83.3	83.8	- 0.6	68.00	71.99	- 5.5
Energisa Borborema (EBO)	83.8	88.8	- 5.6	69.53	66.77	+ 4.1
Energisa Paraíba (EPB)	82.2	78.8	+ 4.3	60.31	68.88	- 12.4
ISQP National Average (Abradee) / IASC Average (Aneel)	78.7	78.2	+ 0.6	60.41	61.51	- 1.78

## SERVICE QUALITY INDICATORS - DEC AND FEC

In 2013, the indicators that evaluate technical performance and the quality of the services provided by the electrical energy distributors, DEC (Equivalent Duration of Interruptions per Consumer Unit) and FEC (Equivalent Frequency of Interruptions per Consumer Unit) of Grupo Energisa were positioned as follows:

Description	DEC			FEC		
	2013	2012	Variation %	2013	2012	Variation %
Energisa Nova Friburgo (ENF)	8.29	9.17	- 9.6	7.16	7.59	- 5.7
Energisa Sergipe (ESE)	14.64	15.74	- 7.0	9.29	11.67	- 20.4
Energisa Minas Gerais (EMG)	9.80	10.16	-3.5	7.47	8.87	- 15.8
Energisa Borborema (EBO)	9.06	9.14	- 0.9	6.37	6.76	- 5.8
Energisa Paraiba (EPB)	20.18	18.34	+ 10.0	10.69	11.09	- 3.6

## CREDIBILITY OF THE ENERGISA BRAND

In March 2008, the Grupo **Energisa** began a rebranding exercise, with an extensive media campaign directed at all consumers of the Group companies. Based on a new trademark, all investments in communication, advertising and marketing were centrally capitalized and all actions taken under a single brand name: Energisa.

Building a successful brand with extensive public appeal has strengthened the Group, not only in its concession market in the regions known as Zona Mata de Minas Gerais of Companhia Força e Luz Cataguazes-Leopoldina, which has opened the way for the new Energisa, but also for having won even greater respect and recognition throughout Brazilian industry. And by virtue of the strength of this brand, the Group is celebrating its 109th birthday.

The brand reflects the Group's profile of thinking globally while acting locally, and is a brand with no geographical, cultural or historical features, which afford it a globalized nature. Thus it is a name that fits in perfectly in every state where it operates and will also be a brand easily implemented anywhere it chooses to expand in the future. It also precisely reflects the field in which the Group operates: **the electrical energy sector**.



# SOCIAL AND ENVIRONMENTAL RESPONSIBILITY

## *Chapter* 06



**THE GROUP'S SOCIAL RESPONSIBILITY IS REFLECTED ACROSS ALL ITS SUBSIDIARIES, WHICH ARE PROACTIVE IN ADVANCING AND DEVELOPING A VARIETY OF PROGRAMS WITHIN THE SOCIAL AND ENVIRONMENTAL SCOPE**

The primary business of the Grupo Energisa is to provide electrical energy to a significant portion of consumers. An important part of the company's Mission foresees a socially and environmentally responsible performance. The Group acknowledges the importance of this role and is strengthening its commitment and the actions intended for society, whether through incentivized, cultural, environmental, social or sporting actions. The Group's social responsibility is reflected across all its subsidiaries, which are proactive in advancing and developing a variety of programs within the social and environmental scope, primarily in their concession areas.



## PRINCIPAL SOCIAL AND CULTURAL ACTIONS

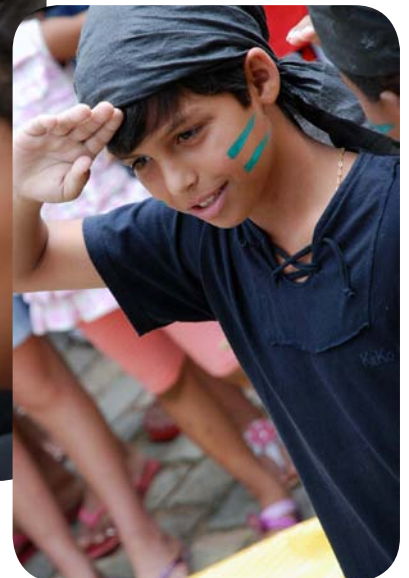
### IN THE STATE OF PARAÍBA:

- **Usina Cultural Energia:** Energisa Paraíba and Energisa Borborema continued with their activities in the fields of culture and social and environmental responsibility, the highlight being the Usina Cultural Energia in the city of João Pessoa, one of the cultural spaces most representative of Paraíba, with its plastic arts gallery (9 exhibitions in 2013), exhibition hall and book launches (47 events in 2013), audiovisual room and music, dance, cinema and theatrical spectacles (81 events in 2013). In 2013 there were 12 editions of the New Fair, an event for the exchange and consumption of quality information and culture.
- **Espaço Energia,** also set up in the Usina Cultural, is dedicated to disseminating historical and scientific knowledge and, in particular, to raising awareness about the importance of electricity and its rational and efficient use. In 2013 some 28,375 visitors visited Espaço Energia (an increase of 5.4% over 2012), including visitors from the Espaço Energia de Sousa, also conceived for the same purposes as those of the Espaço de João Pessoa.
- In 2013, the company continued with the Balcão de Livros, a book project launched in 2011 to stimulate the habit of reading and expand knowledge through customer service outlets and agencies, making available to the company's customers access to the major works of universal literature, especially in the Portuguese language.
- Also worthy of note among the achievements in 2013 is the continuity of the Bem da Gente Project, which seeks to generate income within the Muçumagro community by setting up self-sustaining businesses guided by the community's values and vocation. The project provided training to 57 entrepreneurs.



### IN THE STATE OF SERGIPE:

- **Energia Total:** putting on itinerant cultural and educational events dealing with recycling and the conscientious use of electricity in the State of Sergipe.
- **Arte na Empresa Program:** intended to promote local artists by putting on exhibitions in the company's entrance hall.
- **Zé da Luz na Escola Program:** guidance for children and adolescents about the risks and the precautions regarding electricity. In 2013 the significant figure of 452 exhibitions was achieved.
- **Natal Iluminado Project:** a Christmas scenic illumination project in the Governador Augusto Franco Park, in partnership with the local authorities.



## IN THE STATES OF MINAS GERAIS AND RIO DE JANEIRO:

- **The Piacatuba Guitar Cultural Festival and the Samba and Snacks Festival:** the former opened its doors to almost 35,000 people in an event that has become a reference in the cultural calendar of Minas Gerais. The latter brought together over 32,000 people in the cities of Além Paraíba and Mirai in Minas Gerais, promoting samba and bar food in the State. The festivals are responsible for leveraging the economic life of the locations where they are held by mobilizing businessmen in the hotel and gastronomy segments, as well as artists and cultural producers, among others.
- **Usina Cultural Project:** around 18,000 people attended the regular musical and theatrical spectacles in the cultural centers maintained by the company within the concession areas in these states.
- **4th edition of the Grande Hotel Muriahe Circuit:** puts on theatrical, music and dance spectacles, as well as exhibitions, movie sessions and workshops in Muriaé.
- **Support** for other projects developed by **Fundação Ormeo Junqueira Botelho**, the highlights being Casa de Leitura Lya Maria Müller Botelho, in Leopoldina (MG); the Energy Museum in Cataguases (MG); support for the “Factory of the Future” and the Audiovisual Complex of the Zona da Mata (MG) region; and the social inclusion activities of the Café com Pão Arte Confusão Project, which run parallel to the Nossa Energia Project.
- **Partnership** with **Junior Achievement**, a not-for-profit educational foundation, in the volunteer work program whose aim is to educate young entrepreneurs by putting on courses in local schools.
- **Participation** in **water basin consortiums and committees in Minas Gerais**, in favor of sustainable development and water resources in the concession area, where the company has a seat on the Minas Gerais State Commission for Water Resources (CERHMG).
- **Energisa Library Project:** encourages book exchange and expands access to culture through reading.
- **Sponsorship of the Magia V Project:** enabled a high-level team led by Olympic champion Torben Grael to participate in the main national and international events of the 2013 ocean racing season.
- **Sponsorship of feature films:** in the case of Energisa Minas Gerais, short films too, in addition to video clips of local bands, generating income and employment in addition to collaborating with the consolidation of the Zona da Mata Audiovisual Complex.



## ENVIRONMENTAL MANAGEMENT

### ACTIONS TO PROMOTE ENERGY EFFICIENCY

The Energy Efficiency program of the Grupo Energisa's five distributors had a budget of R\$ 13,3 million during 2013. This investment enabled us to move forward with a series of actions intended for conscientious consumption of electricity and helped save 14,400 MWh of energy, enough to supply 73,000 residential customers with an average consumption of 200 kWh for one month.

The main highlight in 2013 was the action for encouraging the exchange of recyclable materials for bonuses on light bills, contributing to the environment by ensuring that the more than 845 tons of material collected were properly disposed of. Having invested R\$2,8 million, the initiative has 7,000 customers registered in 12 cities of Paraíba, Minas Gerais and Rio de Janeiro. In Sergipe, a pilot project was implemented with employees, and the program will be implemented in 2014.

Over R\$10,2 million was destined for projects for the low-income population, by substituting inefficient equipment (refrigerators, TV sets and replacing incandescent lamps with fluorescent ones) as well as putting on awareness events in schools and public squares, including lectures and educational activities. The Grupo Energisa has three trucks equipped with experiments and exhibition rooms that run between the cities in the concession areas, taking information to the population. Also, over R\$310,000 was invested in improvements to the lighting systems of public buildings and to performance in private companies.

All these actions, associated with the Aneel/Procel Energy Efficiency Program, benefited more than 82,000 customers in numerous municipalities within the concession areas of Energisa in Minas Gerais, Sergipe, João Pessoa and Rio de Janeiro.

### OTHER ENVIRONMENTAL ACTIONS – MITIGATING ACTIONS

Energisa mitigates its impacts through programs and practices that comprise the Environmental, Social Aspects, Healthcare and Safety Management System - SGMASS and the Social and Environmental Management System - SGSA. Among the programs and practices in force, worthy of note are:

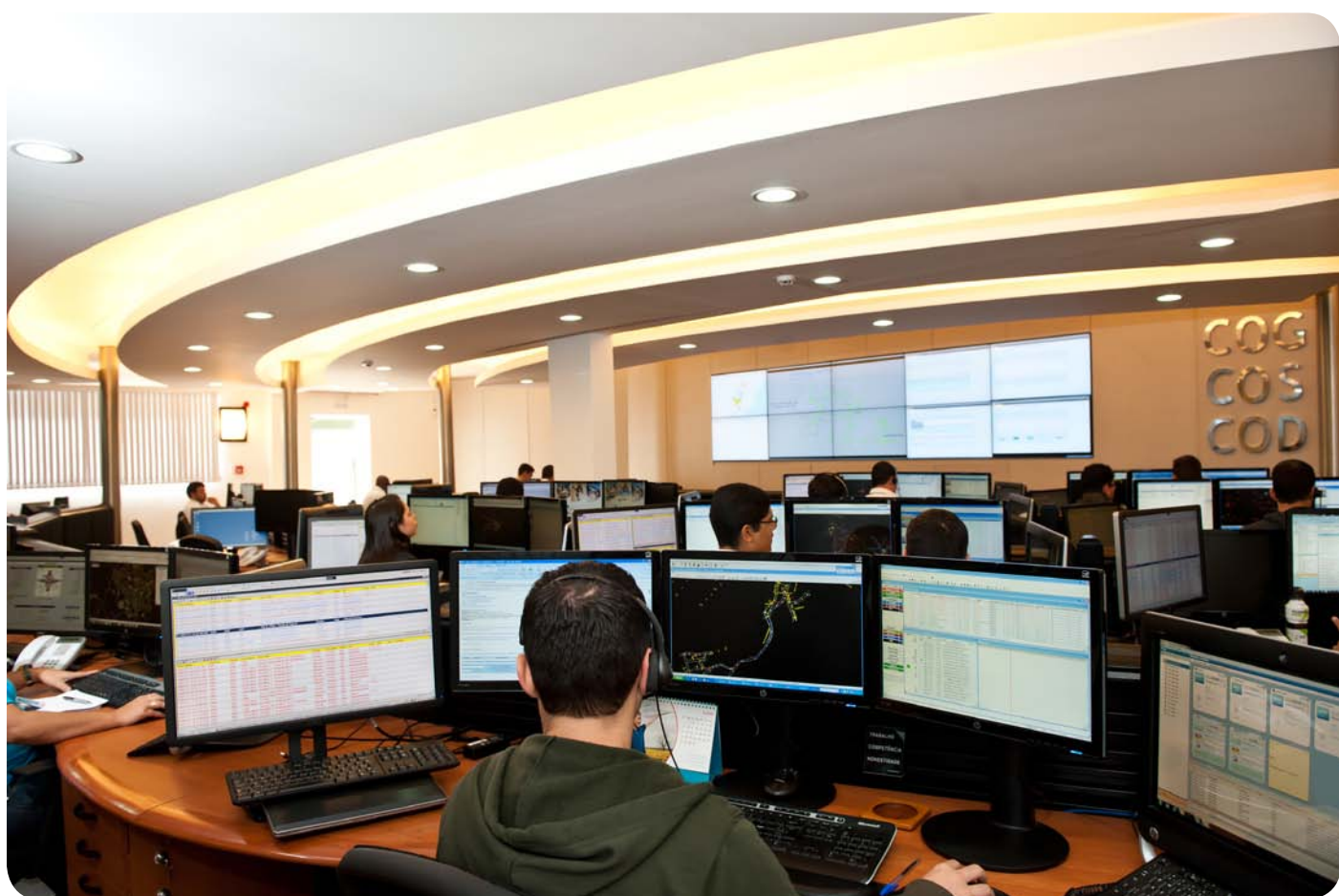
- Installation of insulated and protected networks.
- Set-up of the Social and Environmental Management Committee – COGESA. .
- Continuity of in-house solid waste management.
- Systematic deployment of procedures regarding new environmental licenses, in addition to monitoring and controlling the renewal of operating licenses..
- Development of in-house and external campaigns for reducing water and energy consumption, education based on the 3 Rs (Reduce, Re-use and Recycle) and education for conscientious consumption.
- Carrying out periodic inspections of environmental performance at its facilities, drawing up environmental improvement plans and monitoring its Environmental Performance Index (IDA), in addition to training employees.
- Contracting with suppliers with demonstrably good environmental behavior.
- Participation in the Afforestation Committees, local government entities that deal with issues involving the harmonious coexistence of afforestation and the existing infrastructure in the urban areas of the municipalities in its concession areas.

# PEOPLE MANAGEMENT

## Chapter 07



**THE GRUPO ENERGISA VALUES ITS HUMAN CAPITAL BY INVESTING HEAVILY IN PEOPLE MANAGEMENT, ENHANCING THE WAY THE DEPARTMENT OPERATES AND ADDING TO THE PREMISES OF MORE RESPONSIVE AND FLEXIBLE MANAGEMENT IN THE CONSTANT QUEST FOR IMPROVEMENT IN THE QUALITY OF SERVICES. THE COMPANY ENDED 2013 WITH 4,744 DIRECT EMPLOYEES AND 2,278 CONTRACTORS, TAKING INTO ACCOUNT THE EMPLOYEES OF SERVICE PROVIDER COMPANIES CONNECTED WITH THE CONSTRUCTION SECTOR.**



## PROFESSIONAL TRAINING AND DEVELOPMENT

In 2013 Grupo Energisa dedicated 513,200 man-hours to training (representing 5.8% of the hours worked) with a total of 126 hours per employee, investing over R\$2,9 million in 2013 alone. Since 2009, the company has maintained a Distance Learning Center (NEAD). In 2013, some 329,000 man-hours were devoted to this modality, representing 64.1% of the total training hours of Grupo Energisa.

Also in 2013 Grupo Energisa structured its training and development actions through the Corporate Education Program, focusing on the company's mission, vision and values, the business challenges and the strategic competences and directives, in addition to defining schools and learning trails so as to foster its employees' development and support the Group's strategies.

Within a context of major organizational changes, in which it is essential to strengthen leaders, Energisa has given emphasis to developing its managers through the Leader Portal. During the third cycle of the program in 2013, managers were presented with nine practical courses of Harvard Business Publishing, carefully chosen so that the learning process adds knowledge and applicability to the leaders' work.

Among the primary benefits derived from the program, the highlights are: fostering of integration, exchange of experiences and the dissemination of good management and leadership practices, emphasis on people management and the measurement of results, the enhancement of managerial skills and, primarily, the consolidation and strengthening of the organizational culture.

Another achievement of the People Management area in 2013 was the setting up of the Training and Certification Center for Electrical System Operators in Cataguases (MG). So as to meet training requirements and standardize and centralize the training of electricity distribution system operators, the Center functions as a simulator of situations to which distribution and transmission systems are subject on a daily basis.

Also with regard to employee training, another important achievement in 2013 was the implementation of the manpower training project, in partnership with the National Industrial Apprenticeship Service (SENAI), to train electricians. The primary gain from setting up the partnership is the training of manpower for our suppliers, so as to meet the current and future demands of Energisa Paraíba and Energisa Sergipe. It is expected that around 80 professionals will be trained annually at each of the companies served by this partnership.



## TRAINEE PROGRAM

Bearing in mind that one cannot build a winning company without talented people ready to take up the challenges of the market, in 2013 Energisa selected ten young people to join its Trainee Program. This is an opportunity for career guidance by means of a differentiated development process where priority is given to understanding the different areas of the Group. The company trains and values its new talent. In the last five years 48 trainees have been admitted.



## SUCCESSION PROGRAM

To identify new leaders we rely on the Succession Program, one of the most significant processes within people management planning, because it establishes the criteria and the procedures for identifying and developing employees with potential and those capable of holding strategic positions within the Group. In 2013, changes were made to the process, especially in regard to the application of the assessment tool for managerial level positions. The aim of the Program is to ensure that Energisa develops a group of managers with the leadership capabilities needed to support its strategic movements and to meet the Group's high performance expectations using an exercise that takes full advantage of its in-house talents.



## HEALTH, SAFETY AND QUALITY OF LIFE

The main objective of the Energisa Occupational Safety Plan is to prevent accidents through coordinated actions that keep risk conditions to a minimum in the daily activities of its employees. The Plan works by strengthening the responsibility, behavior, planning and preventive attitude of the employee, using the following measures:

- Issuance of quarterly occupational safety reports by the Central Occupational Health and Safety Committee.
- Standardization of occupational medical treatment.
- Holding corporate occupational safety seminars.
- Intensive training program intended for security and standardized operating procedures across all group companies.
- Permanent inspections of work vehicles and internal and external areas.

In recognition of the dedication to the efforts made on the question of occupational safety in 2013, Energisa Sergipe was awarded the Eloy Chaves Medal in the silver category. Energisa Paraíba also received the bronze award.



## COMPENSATION AND BENEFITS

The Grupo Energisa's compensation and benefits policy is in line with the best practices of the markets where it operates, labor legislation and the collective bargaining agreements of each category, and its purpose is to retain and continually train its talents.

The Group also grants salary adjustments based on merit, promotion, classification or parity, but always 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 (PLR). Variable compensation is paid according to the achievement of objective targets established in agreement with the employees' union. Also, the Group offers a compensation program directly tied to individual performance for managerial level employees, according to the managerial indicators of the area in which they operate and the company's global indicators.

The Group offers its employees a defined benefits package under the collective bargaining agreement, which includes assistance with meals, school material, daycare centers, assistance for the handicapped, transfer allowance, life insurance, medical and dental insurance, private pension plan, occupational accident and illness supplementary allowance, retirement premiums and scholarships.

## THE GRUPO ENERGISA'S COMPENSATION AND BENEFITS POLICY IS IN LINE WITH THE BEST PRACTICES OF THE MARKETS WHERE IT OPERATES, LABOR LEGISLATION AND THE COLLECTIVE BARGAINING AGREEMENTS OF EACH CATEGORY, AND ITS PURPOSE IS TO RETAIN AND CONTINUALLY TRAIN ITS TALENTS

## DIRECTORS' AND EXECUTIVE OFFICERS' COMPENSATION

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, with the aim of maintaining 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 stakeholders variable compensation through profit sharing (PLR), payable based on fulfillment of the targets established using performance indicators, where the benchmark is the Hay market mean.

In fiscal year 2013, compensation for members of the board of directors of Energisa S/A was R\$ 353,000 (R\$240,000 in 2012); that of the Executive Board, R\$228,000 (R\$113,000 in 2012) in the case of the parent company, and R\$4,751,000 (R\$3,931,000 in 2012) and R\$12,353,000 (R\$9,925,000 in 2012) on a consolidated basis. In addition to compensation, the company and its subsidiaries are sponsors of a private pension plan, health insurance and life insurance benefits for their executive officers.

The Annual Shareholders Meeting (AGO) of April 24, 2013 approved the annual global compensation limit for the management, for fiscal year 2013, amounting to R\$1,098,000 (R\$1,035,000 as of December 31, 2012) at the parent company, and R\$25,384,000 (R\$22,403,000 on December 31, 2012) on a consolidated basis.

# RISK MANAGEMENT

## Chapter 08





## FINANCIAL MARKET RISK MANAGEMENT

Since May 2009 the Grupo Energisa has maintained a Risk Management Policy (PGRM) that sets out the principles, process guidelines and responsibilities for integrated risk management across the Group. A fourth version was drawn up in 2012 in response to senior management's perception of enhancement, and adapted to the new reality of the inventory of consolidated debt and liquidity. The more important guidelines, such as prudence and the predictability of the Group's financial management, have been retained in all periodic revisions until now.

The Policy was developed according to best international market practices and in line with the company's strategic objectives, so as to measure the financial market risks inherent to the Group's business and that of its subsidiaries. Its components define the different instances for taking decisions about Energisa's operations, in addition to the responsibilities at each hierarchical level. They also define acceptable risk limits in accordance with the shareholders' propensity to assume them and with the optimization of the risk-return ratio.

Financial market risk management in general is a process, rather than a stand-alone action, and involves different areas of the Group (legal, finance, risk control, etc.). Setting it up involves measuring risks and results, preliminary analysis of the evaluation of the alternatives, debates, validation (defining the policy, execution, information and communication) and periodic review (control) by the board of directors, according to suggestions by the Vice President of Finance, and also demands the dissemination of a culture of prevention and the continuous participation of the staff complement.

To carry out a more efficient assessment of the risks, Energisa created a Corporate Risk Management Advisory Unit. The Group also has a Financial Market Risk Management Committee, whose duty is to evaluate processes and procedures and propose the best control alternatives. This Committee must submit to the Vice President of Finance initiatives to be evaluated and, if appropriate, approved by the board of directors. From time to time this Committee seeks independent advice from macroeconomic consultants, who in turn validate the Monthly Report on monitoring the Financial Market Risk Management Policy and vouch for compliance with that policy, any necessary or current waivers and recommendations for adaptations, as the case may be.

The origins of the financial risks for Grupo Energisa lie primarily in indebtedness, financial investments and derivatives. The group operates various forms of control when dealing with each of them.

To read the full material about the origin and management of the risks faced by the Grupo Energisa, the Financial Market Risk Management Policy is available on the company's website and can be accessed by stakeholders.

## SUPPLY CHAIN MANAGEMENT

Through its Corporate Procurement Department (DCSU), Energisa is always on the lookout for new possibilities for partnerships in the future, primarily for those classes of materials where supply is scarce.

Current suppliers receive special treatment, so as to develop long-lasting relationships, integrating customer/supplier in the search for new technologies, improvements to aspects of logistics and stable relationships so as to develop empathy. To do so, Energisa enters into long-term agreements with its main suppliers, covering around 95% of the volume of materials acquired.

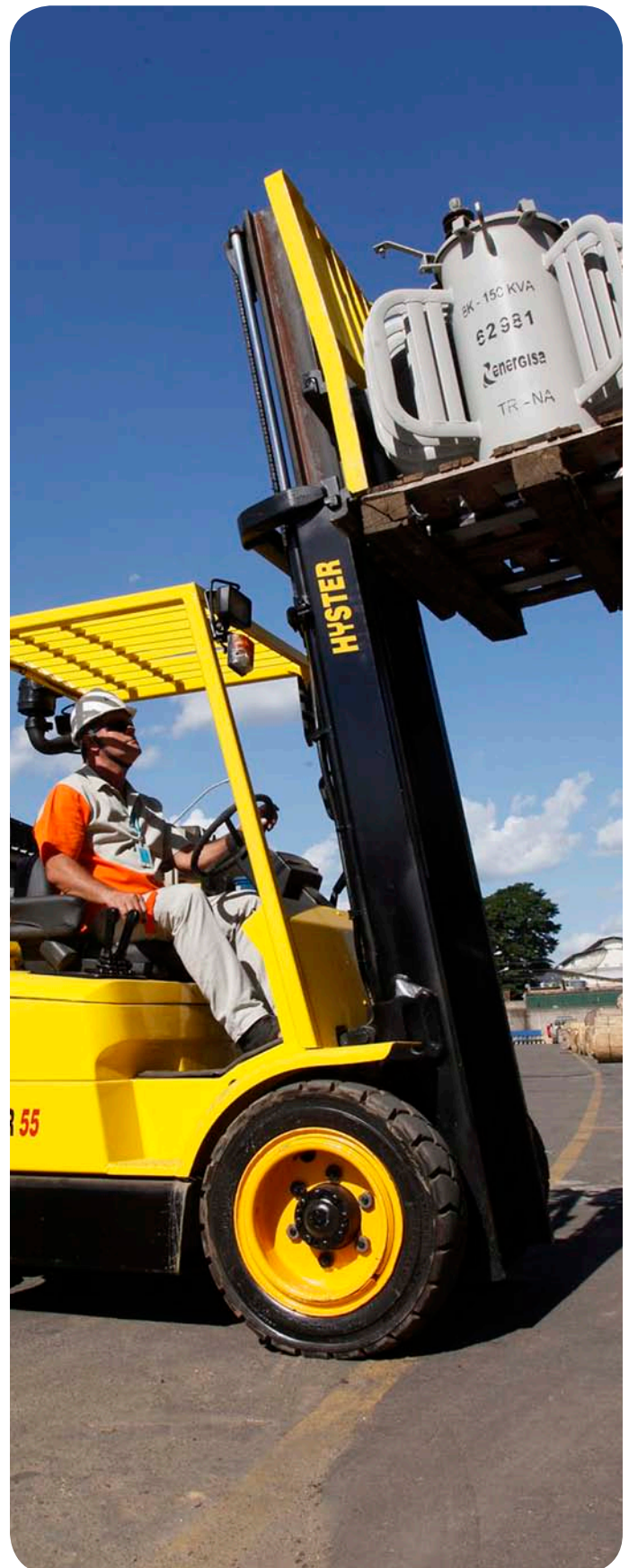
Since 2005, Energisa has required its suppliers to provide a declaration that they do not permit on their premises and that they have no suppliers who engage in child labor, slave labor or racial or social discrimination, and they are also asked to submit documentary evidence of the existence of social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

In 2013, Energisa entered into an alliance with Achilles, one of the world's top providers of integrated solutions for supply chain management, enabling it to make progress in managing the risks associated with the procurement of materials by means of better analysis and monitoring of the financial, fiscal, labor law and social and environmental aspects, among others.

The process of managing suppliers of materials and equipment covers the following phases: registration and pre-selection, qualification, selection, hiring and performance appraisal. Approved suppliers are those that comply with the items evaluated during the qualification and, when applicable, those whose laboratory and application tests meet the defined criteria.

Prospecting and development of new suppliers, both in Brazil and abroad, has been a constant for Energisa, which since 2010 has had a structured practice of mapping classes that are scarce and expanding the supply and, beginning 2012, initiated regular imports of materials like aluminum cables etc.

To encourage suppliers of materials, equipment and services in its search to improve performance, since 2008 Energisa has kept a ranking of suppliers of materials and equipment. These companies are evaluated on their delivery performance, the quality of their products in use (existence of non-conformities) and certification of their quality management systems. After drawing up this ranking, the results are published and the feedback is presented to the individual suppliers in letters, meetings and visits.



# SOCIAL BALANCE SHEET 2013

ENERGISA S/A

ANNUAL CONSOLIDATED SOCIAL BALANCE SHEET - 2013

(In thousands of Reais)

	2013			2012		
<b>1- Base Year</b>						
Net Revenues (RL)	2,857,772			2,919,079		
Operating Result (RO)	248,406			422,506		
Gross Payroll (FPB)	257,645			239,274		
<b>2. Internal Social Indicators</b>	<b>Amount</b>	<b>% of FPB</b>	<b>% of RL</b>	<b>Amount</b>	<b>% of FPB</b>	<b>% of RL</b>
Meals	37,533	14.57%	1.31%	33,581	14.03%	1.15%
Mandatory social charges	58,073	22.54%	2.03%	53,096	22.19%	1.82%
Private Pension Plan	21,016	8.16%	0.74%	12,771	5.34%	0.44%
Healthcare	12,307	4.78%	0.43%	15,433	6.45%	0.53%
Occupational safety and health	2,109	0.82%	0.07%	2,436	1.02%	0.08%
Education	944	0.37%	0.03%	841	0.35%	0.03%
Culture	14	0.01%	0.00%	33	0.01%	0.00%
Professional training and development	3,153	1.22%	0.11%	3,720	1.55%	0.13%
Daycare centers or daycare center allowances	1,148	0.45%	0.04%	1,002	0.42%	0.03%
Profit sharing	21,892	8.50%	0.77%	19,978	8.35%	0.68%
Others	5,552	2.15%	0.19%	4,639	1.94%	0.16%
<b>Total Internal Social Indicators</b>	<b>163,741</b>	<b>63.55%</b>	<b>5.73%</b>	<b>147,530</b>	<b>61.66%</b>	<b>5.05%</b>
<b>3 - External Social Indicators</b>	<b>Amount</b>	<b>% of RO</b>	<b>% of RL</b>	<b>Amount</b>	<b>% of RO</b>	<b>% of RL</b>
Education	1,261	0.51%	0.04%	1,132	0.27%	0.04%
Culture	4,983	2.01%	0.17%	4,473	1.06%	0.15%
Healthcare and sanitation	86	0.03%	0.00%	0	0.00%	0.00%
Sport	294	0.12%	0.01%	358	0.08%	0.01%
Anti-hunger and food safety	0	0.00%	0.00%	0	0.00%	0.00%
Others	2,727	1.10%	0.10%	2,784	0.66%	0.10%
<b>Total contributions to society</b>	<b>9,351</b>	<b>3.76%</b>	<b>0.33%</b>	<b>8,747</b>	<b>2.07%</b>	<b>0.30%</b>
Taxes (excluding social charges)	860,193	346.29%	30.10%	1,014,183	240.04%	34.74%
<b>Total External Social Indicators</b>	<b>869,544</b>	<b>350.05%</b>	<b>30.43%</b>	<b>1,022,930</b>	<b>242.11%</b>	<b>35.04%</b>

4. Environmental Indicators	Amount	% of RO	% of RL	Amount	% of RO	% of RL
Investments in company's production /operations	50,745	20.43%	1.78%	42,166	9.98%	1.44%
Investments in external programs and/or projects	0	0.00%	0.00%	14	0.00%	0.00%
<b>Total investments in the environment</b>	<b>50,745</b>	<b>20.43%</b>	<b>1.78%</b>	<b>42,180</b>	<b>9.98%</b>	<b>1.44%</b>
Regarding the setting of annual targets for keeping waste to a minimum and overall consumption in production/operations and increasing efficient use of natural resources, the company	<input type="checkbox"/> has no targets <input type="checkbox"/> fulfills 51 to 75% <input type="checkbox"/> fulfills 0 to 50% <input checked="" type="checkbox"/> fulfills 76 to 100%		<input type="checkbox"/> has no targets <input type="checkbox"/> fulfills 51 to 75% <input type="checkbox"/> fulfills 0 to 50% <input checked="" type="checkbox"/> fulfills 76 to 100%			

5, Headcount Indicators	2013	2012
No. of employees at the end of the period	4,744	5,016
No. of new hires during the period	581	807
No. of outsourced employees	2,155	2,389
No. of interns	192	193
No. of employees over the age of 45	751	830
No. of women working at the company	802	857
% of managerial positions held by women	22.56%	23.64%
No. of Afro-Brazilians working at the company	1,274	1,270
% of managerial positions held by Afro-Brazilians	21.53%	11.75%
No. of handicapped persons or those with special needs	175	167

6. Material information regarding the exercise of corporate citizenship	2013			2014 Targets		
Ratio of the highest to the lowest compensation in the company	9.7			10.0		
Total number of work accidents	105			102		
Social and environmental projects developed by the company were defined by:	(x) the executive board	( ) the executive board and managerial staff	( ) all employees	(x) the executive board	( ) the executive board and managerial staff	( ) all employees
Safety and health conditions within the work environment were defined by:	(x) the executive board and managerial staff	( ) all employees	( ) all employees + Cipa	(x) the executive board and managerial staff	( ) all employees	( ) all employees + Cipa
Regarding freedom of union association, the right to collective bargaining and internal worker representation, the company:	( ) does not get involved	(x) segue as normas da OIT	( ) encourages and abides by the ILO	( ) does not get involved	(x) will adhere to the ILO standards	( ) will encourage and abide by the ILO
The private pension plan includes:	( ) the executive board	( ) the executive board and managerial staff	(x) all employees	( ) the executive board	( ) the executive board and managerial staff	(x) all employees
Profit sharing includes:	( ) the executive board	( ) the executive board and managerial staff	(x) all employees	( ) the executive board	( ) the executive board and managerial staff	(x) all employees
When choosing suppliers, the same standards of ethics and social and environmental responsibility adopted by the company:	( ) does not get involved	( ) adheres to the ILO standards	(x) are required	( ) will not be considered	( ) will be suggested	(x) will be required
Regarding employee participation in volunteer programs, the company:	( ) does not get involved	( ) supports	(x) organizes and encourages	( ) does not get involved	( ) will support	(x) will organize and encourage
Total number of consumer complaints and criticisms:	At the company 48,024	At the Consumer Protection Agency 793	In the courts 3,580	At the company 44,170	At the Consumer Protection Agency 786	In the courts 3,734
% of the complaints and criticisms responded to or resolved:	At the company 98%	At the Consumer Protection Agency 69%	In the courts 38%	At the company 100%	At the Consumer Protection Agency 69%	In the courts 38%
Total value added to be distributed (in R\$ thousands)	<b>In 2013: 1,840,527</b>			<b>In 2012: 2,141,390</b>		
Distribution of Value Added (DVA):	52% government 22% employees 15% shareholders 7% third parties 4% retained			58% government 15% employees 13% shareholders 8% retained 6% third parties		

7. Other information	2013	2012
7. Social investments		
7.1. Light for All Program		
7.1.1. Investment by the Federal Government	2,050	6,424
7.1.2. Investment by the State	594	223
7.1.3. Investment by the Municipality	0	0
7.1.4. Investment by the Concessionaire	340	1,105
<b>Total - Light for All Program (7.1.1 to 7.1.4)</b>	<b>2,984</b>	<b>7,752</b>
7.2. Energy Efficiency Program	13,422	10,026
7.3. Research and Development Program	5,714	10,445
<b>Total social investments (7.1 to 7.3)</b>	<b>22,120</b>	<b>28,223</b>

## CORPORATE INFORMATION

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### 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](http://www.energisa.com.br).



*Financial Statements*  
**2013**

# INDEX

1.

BALANCE SHEET - ASSETS

74

2.

BALANCE SHEET - LIABILITIES

75

3.

STATEMENT OF INCOME

76

4.

COMPREHENSIVE STATEMENT  
OF INCOME

77

5.

STATEMENT OF CASH FLOWS

78

6.

STATEMENT OF ADDED VALUE

80

7.

STATEMENTS OF CHANGES IN  
SHAREHOLDERS' EQUITY

81

8.

NOTES TO THE FINANCIAL  
STATEMENTS

82



# 1 Balance Sheet - Assets

ENERGISA S/A  
BALANCE SHEET  
AT DECEMBER 31, 2013  
(In thousands of reais)

Assets	Note	Parent Company			Consolidated		
		2013	2012 (ajusted)	1/1/2012 (ajusted)	2013	2012 (ajusted)	1/1/2012 (ajusted)
<b>Current</b>							
Cash and cash equivalents	6	75,107	11,231	144,421	252,185	213,172	355,023
Money market and secured funds	6	146,083	225,372	233,430	423,577	602,203	361,753
Clients, consumers and concessionaires	7	4,812	4,343	4,488	391,055	469,377	412,619
Credit receivables	8	-	3,700	-	43,694	64,292	68,362
Inventory		68	48	40	8,935	12,551	11,368
Recoverable taxes	13	8,172	11,198	7,492	130,960	121,839	106,948
Dividends receivable	16	45,977	43,311	16,404	295	279	972
Prepaid expenses		47	135	123	11,666	9,674	7,028
Low income and other receivables	11	5,082	2,970	2,874	107,712	94,728	84,868
<b>Total current</b>		<b>285,348</b>	<b>302,308</b>	<b>409,272</b>	<b>1,370,079</b>	<b>1,588,115</b>	<b>1,408,941</b>
<b>Noncurrent</b>							
<b>Long-term assets</b>							
Money market and secured funds	6	16,219	38,284	-	103,069	107,768	30,392
Clients, consumers and concessionaires	7	-	-	-	16,119	16,119	16,119
Credit receivables	8	-	-	955	37,722	51,401	73,805
Related-party credits	12	28,784	58,276	42,864	-	-	-
Recoverable taxes	13	17,418	7,490	-	74,820	64,484	61,652
Tax credits	14	17,412	17,552	62,681	232,802	210,765	281,037
Restricted deposits and escrows	24	4	14	227	61,371	56,259	55,592
Derivative financial instruments	33	18,469	35,668	27,184	94,355	79,716	39,600
Accounts receivable from the concession	15	-	-	-	801,188	583,188	254,940
Other		24	25	77	4,917	2,538	5,189
		<b>98,330</b>	<b>157,309</b>	<b>133,988</b>	<b>1,426,363</b>	<b>1,172,238</b>	<b>818,326</b>
Investments	16	2,102,448	1,956,690	1,589,926	18,443	16,372	12,553
Property, plant and equipment	17	6,972	8,118	9,420	1,181,693	690,359	393,012
Intangible assets	18	4,141	2,686	2,462	1,530,402	1,614,791	1,637,329
<b>Total noncurrent</b>		<b>2,211,891</b>	<b>2,124,803</b>	<b>1,735,796</b>	<b>4,156,901</b>	<b>3,493,760</b>	<b>2,861,220</b>
<b>Total assets</b>		<b>2,497,239</b>	<b>2,427,111</b>	<b>2,145,068</b>	<b>5,526,980</b>	<b>5,081,875</b>	<b>4,270,161</b>

See the accompanying notes to the financial statements.

## 2 Balance Sheet - Liabilities

ENERGISA S/A  
BALANCE SHEET  
AT DECEMBER 31, 2013  
(In thousands of reais)

Liabilities	Note	Parent Company			Consolidated		
		2013	2012 (adjusted)	1/1/2012 (adjusted)	2013	2012 (adjusted)	1/1/2012 (adjusted)
<b>Current</b>							
Suppliers payable	19	2,425	1,112	998	318,174	264,422	174,910
Debt charges	20	818	739	6,398	11,518	26,726	29,421
Loans and financing	20	-	-	-	273,173	442,018	160,123
Debentures	21	68,909	86,098	72,142	270,102	116,028	74,366
Taxes and social contributions	22	1,744	1,309	1,675	128,179	141,557	135,073
Financing of taxes	23	-	-	-	3,372	3,177	4,551
Dividends payable	25,5	1,958	10,327	1,385	2,344	10,664	1,954
Estimated obligations		1,308	1,538	1,367	22,175	20,383	18,343
Consumer charges payable		-	-	-	804	16,303	20,164
Public lighting fee		-	-	-	7,133	7,607	6,980
Employee benefits - pension plan	34	378	358	106	17,960	14,098	7,371
Intrasector Obligations		-	-	-	54,674	56,081	56,003
Other accounts payable		2,750	2,128	2,496	46,873	59,993	46,938
<b>Total current</b>		<b>80,290</b>	<b>103,609</b>	<b>86,567</b>	<b>1,156,481</b>	<b>1,179,057</b>	<b>736,197</b>
<b>Noncurrent</b>							
Suppliers payable	19	-	-	-	6,286	5,763	5,312
Loans and financing	20	175,695	154,320	372,010	1,819,385	1,278,845	1,377,460
Debentures	21	398,888	727,674	387,452	458,888	941,235	664,789
Derivative financial instruments		-	-	-	-	-	24,099
Taxes and social contributions	22	-	-	-	43,807	30,931	4,052
Deferred income and social contribution taxes	14	-	-	16,830	15,092	15,902	34,897
Financing of taxes	23	-	-	-	4,717	7,630	10,097
Debts to related parties	12	31,051	-	-	-	-	-
Provision for labor, civil and tax risks	24	-	-	-	68,607	69,821	70,589
Employee benefits - pension plan	34	2,100	2,108	291	117,646	92,936	58,236
Other accounts payable		1,307	463	467	9,555	2,191	2,982
<b>Total noncurrent</b>		<b>609,041</b>	<b>884,565</b>	<b>777,050</b>	<b>2,543,983</b>	<b>2,445,254</b>	<b>2,252,513</b>
<b>Shareholders' equity</b>							
Capital	25,1	1,010,000	660,000	600,000	1,010,000	660,000	600,000
Treasury stock		(42,675)	(42,675)	(42,675)	(42,675)	(42,675)	(42,675)
Capital reserve	25,2	1,848	1,848	1,848	1,848	1,848	1,848
Profit reserves	25,3	793,812	761,029	701,984	793,812	761,029	701,984
Additional dividends proposed	25,5	100,351	102,416	43,118	100,351	102,416	43,118
Retained earnings		-	305	-	-	305	-
Other comprehensive income		(55,428)	(43,986)	(22,824)	(55,428)	(43,986)	(22,824)
		1,807,908	1,438,937	1,281,451	1,807,908	1,438,937	1,281,451
Minority interest		-	-	-	18,608	18,627	-
<b>Total shareholders' equity</b>		<b>1,807,908</b>	<b>1,438,937</b>	<b>1,281,451</b>	<b>1,826,516</b>	<b>1,457,564</b>	<b>1,281,451</b>
<b>Total liabilities and shareholders' equity</b>		<b>2,497,239</b>	<b>2,427,111</b>	<b>2,145,068</b>	<b>5,526,980</b>	<b>5,081,875</b>	<b>4,270,161</b>

See the accompanying notes to the financial statements.

### 3 Statement of Income

ENERGISA S/A  
STATEMENT OF INCOME  
FINANCIAL YEAR ENDED DECEMBER 31, 2013  
(In thousands of reais)

	Note	Parent Company		Consolidated	
		2013	2012 adjusted	2013	2012 adjusted
Net operating revenue	26	53,912	49,131	2,857,772	2,919,079
Cost of the electricity service	27	-	-	(1,381,414)	(1,608,576)
Costs of operations and services provided to third parties	27	(21,857)	(24,284)	(611,293)	(401,144)
<b>Gross profit</b>		<b>32,055</b>	<b>24,847</b>	<b>865,065</b>	<b>909,359</b>
Sales expenses	27	-	-	(112,038)	(94,631)
General and administrative expenses	27	(22,631)	(25,234)	(293,275)	(286,523)
Other revenue	28	89	2,819	28,282	23,652
Other expenses	28	(33)	(1,532)	(37,691)	(50,148)
Equity in net income of subsidiaries	16	256,088	401,022	106	-
<b>Net income before net financial revenue (expenses), goodwill and tax</b>		<b>265,568</b>	<b>401,922</b>	<b>450,449</b>	<b>501,709</b>
Financial revenue	29	47,389	46,948	171,764	231,931
Financial expenses	29	(111,596)	(129,488)	(373,807)	(311,134)
<b>Net financial income (expenses)</b>		<b>(64,207)</b>	<b>(82,540)</b>	<b>(202,043)</b>	<b>(79,203)</b>
<b>Income before tax</b>		<b>201,361</b>	<b>319,382</b>	<b>248,406</b>	<b>422,506</b>
Current income and social contribution taxes	14	-	-	(62,608)	(96,819)
Deferred income and social contribution taxes	14	-	(28,636)	16,949	(34,317)
<b>Net income for the year</b>		<b>201,361</b>	<b>290,746</b>	<b>202,747</b>	<b>291,370</b>
<b>Net income attributable to:</b>					
Shareholders of parent company		201,361	290,746	201,361	290,746
Noncontrolling shareholders		-	-	1,386	624
<b>Basic and diluted net income per common and preferred share - R\$</b>	30	0.1696	0.2697		

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, 2013  
(In thousands of reais)

	Parent Company		Consolidated	
	2013	2012 (adjusted)	2013	2012 (adjusted)
Net income for the year	201,361	290,746	202,747	291,370
Items that will not be reclassified to the income statement				
Other comprehensive income	(11,442)	(21,162)	(11,450)	(21,162)
<b>Total comprehensive income for the year, net of tax</b>	<b>189,919</b>	<b>269,584</b>	<b>191,297</b>	<b>270,208</b>
<b>Attributable to:</b>				
Controlling shareholders	189,919	269,584	189,919	269,584
Noncontrolling shareholders	-	-	1,378	624

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, 2013  
(In thousands of reais)

	Note	Parent Company		Consolidated	
		2013	2012 (adjusted)	2013	2012 (adjusted)
<b>Operating activities</b>					
Profit before income and social contribution taxes		201,361	319,382	248,406	422,506
Expenses on interest and monetary and exchange variance - net		65,705	123,738	280,085	219,886
Depreciation and amortization	27	17,637	18,297	170,945	139,006
Allowance for doubtful accounts	27	-	-	12,322	(7,328)
Provision for labor, civil and tax risks	27	(342)	105	(4,922)	(4,646)
(Gain) loss on the sale of PP&E and intangible assets	28	(56)	(1,287)	9,409	26,496
Equity in net income of subsidiaries	16	(256,088)	(401,022)	(106)	-
Mark-to-market of derivatives	29	44,727	1,631	114,939	(12,447)
Derivative Financial Instruments	29	(26,516)	(20,621)	(152,275)	(56,285)
<b>Changes in current and noncurrent assets</b>					
(Increase) decrease in consumers and concessionaires		(469)	145	53,674	(56,189)
Decrease (increase) in credit receivables		3,700	(2,745)	28,902	21,732
(Increase) decrease in inventories		(20)	(8)	3,616	(1,183)
(Increase) in recoverable taxes		(6,902)	(11,196)	(19,457)	(17,723)
Decrease (increase) in escrow deposits		10	213	(5,112)	(667)
Decrease (increase) in prepaid expenses		88	(12)	(1,992)	(2,646)
(Increase) in other accounts receivable		(3,771)	(1,065)	(36,755)	(12,970)
<b>Changes in current and noncurrent liabilities</b>					
Increase in trade payables		1,313	114	69,634	66,083
Increase (decrease) in taxes and social contributions		575	(36)	2,676	-
Income and social contribution taxes paid		-	-	(48,163)	(59,618)
(Decrease) increase in estimated obligations		(230)	171	1,792	2,040
(Decrease) in consumer charges payable		-	-	(15,499)	(3,861)
Increase (decrease) in other accounts payable		2,573	(1,553)	(13,948)	22,307
<b>Net cash produced by operating activities</b>		<b>43,295</b>	<b>24,251</b>	<b>698,171</b>	<b>684,493</b>

## 5 Statement of Cash Flows

ENERGISA S/A  
STATEMENT OF CASH FLOWS  
FINANCIAL YEAR ENDED DECEMBER 31, 2013  
(In thousands of reais)

to be continued

<b>Investment activities</b>					
Capital increase and acquisition of shares in subsidiaries and other investments		(140,880)	(313,892)	(1,089)	(153,215)
Short-term investments and secured funds		(369,731)	(114,448)	(1,161,376)	(540,507)
Discharge of short-term investments		497,957	106,529	1,409,733	256,794
Additions to property, plant and equipment		(1,295)	(1,362)	(496,322)	(185,948)
Additions to Intangible assets		(2,326)	(1,010)	(227,152)	(266,002)
Related parties		29,492	(15,543)	-	7,518
Sale of PP&E and intangible assets	28	89	2,819	28,282	23,652
Acquisition of cash and cash equivalents		-	-	-	3,127
Receipt of dividends		223,639	288,450	-	691
<b>Net cash produced by (used in) investment activities</b>		<b>236,945</b>	<b>(48,457)</b>	<b>(447,924)</b>	<b>(853,890)</b>
<b>Financing activities</b>					
New loans, financing and debentures		-	540,434	794,497	1,019,682
Payments of loans - principal		(360,000)	(467,440)	(1,002,044)	(675,827)
Payments of loans - interest		(57,085)	(89,398)	(193,010)	(212,925)
Settlement of derivative financial instruments		(1,012)	10,575	22,697	3,611
Payment of dividends		(179,317)	(103,155)	(180,666)	(103,155)
Debts to related parties		31,051	-	-	-
Capital increase through share subscription		350,000	-	350,000	-
Payment of tax financing		-	-	(2,718)	(3,840)
<b>Net cash produced by (used in) financing activities</b>		<b>(216,363)</b>	<b>(108,984)</b>	<b>(211,244)</b>	<b>27,546</b>
<b>Net cash variation</b>		<b>63,877</b>	<b>(133,190)</b>	<b>39,003</b>	<b>(141,851)</b>
Opening cash and cash equivalents		11,231	144,421	213,171	355,023
Closing cash and cash equivalents		75,108	11,231	252,174	213,172
<b>Net cash variation</b>		<b>63,877</b>	<b>(133,190)</b>	<b>39,003</b>	<b>(141,851)</b>

See the accompanying notes to the financial statements.

## 6 Statement of Added Value

ENERGISA S/A  
STATEMENT OF ADDED VALUE - DVA  
FINANCIAL YEAR ENDED DECEMBER 31, 2013  
(In thousands of reais)

	Note	Parent Company		Consolidated	
		2013	2012 (adjusted)	2013	2012 (adjusted)
<b>Generation of added value:</b>					
Revenue					
Revenue from energy sales and services	26	60,755	55,359	3,611,205	3,794,538
Other revenue	28	88	2,819	28,283	43,941
Revenue relating to construction of company assets	26	-	-	760,809	537,479
Allowance for doubtful accounts	9	-	-	(12,394)	7,328
(-) Consumables acquired from third parties					
Cost of electricity sold	27	-	-	1,540,433	1,511,956
Materials and outsourced services	27	10,803	12,426	645,664	378,741
Other operating costs		630	2,369	362,201	444,124
		11,433	14,795	2,548,298	2,334,821
Gross added value		49,410	43,383	1,839,605	2,048,465
Depreciation, amortization and realization of goodwill	27	17,637	18,298	170,948	139,006
<b>Net added value</b>		<b>31,773</b>	<b>25,085</b>	<b>1,668,657</b>	<b>1,909,459</b>
<b>Transferred added value</b>					
Equity in net income of subsidiaries	16	256,088	401,022	106	-
Financial revenue	29	47,389	46,948	171,764	231,931
<b>Added value to be distributed</b>		<b>335,250</b>	<b>473,055</b>	<b>1,840,527</b>	<b>2,141,390</b>
<b>Distribution of added value:</b>					
Personnel	27				
Direct remuneration		9,852	12,296	199,835	215,035
Benefits		2,825	2,409	55,798	54,115
FGTS		594	726	14,816	14,360
Taxes and contributions	26				
Federal		7,680	36,122	259,420	383,875
State		-	-	653,117	679,045
Municipal		1,227	1,110	5,615	4,811
Intrasector Obligations		-	-	39,670	181,314
Interest expenses					
Interest	29	111,595	129,488	402,714	311,134
Rent		116	158	6,795	6,331
Interest earnings	25				
Dividends	25.4	68,532	68,980	68,532	68,980
Additional dividends proposed	25.4	100,351	102,416	100,351	102,416
Legal reserve	25.2	10,068	14,522	10,068	14,522
Retained earnings		(305)	305	(305)	305
Retained earnings	25.3	22,715	104,523	22,715	104,523
Minority interests in profits		-	-	1,386	624
		<b>335,250</b>	<b>473,055</b>	<b>1,840,527</b>	<b>2,141,390</b>

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, 2013  
(In thousands of reais)

	Notes	Capital	Treasury stock	Other Capital Reserves	Profit reserves			Additional dividends proposed	Retained earnings	Other comprehensive income	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						
<b>Balances at January 01, 2012 - adjusted</b>		600,000	(42,675)	1,848	58,893	477,877	165,214	43,118	-	(22,824)	1,281,451	-	1,281,451
Payment of additional dividends		-	-	-	-	-	-	(43,118)	-	-	(43,118)	-	(43,118)
Capital increase as per the AGM and EGM held 4/29/2012		60,000	-	-	-	-	(60,000)	-	-	-	-	-	-
Other comprehensive income		-	-	-	-	-	-	-	-	(21,162)	(21,162)	-	(21,162)
Net income for the year		-	-	-	-	-	-	-	290,746	-	290,746	624	291,370
Proposed allocation of net income:		-	-	-	-	-	-	-	-	-	-	-	-
- Legal Reserve	25.2	-	-	-	14,522	-	-	-	(14,522)	-	-	-	-
- Dividends	25.5	-	-	-	-	-	-	-	(68,980)	-	(68,980)	-	(68,980)
- Additional dividends proposed	25.5	-	-	-	-	-	-	102,416	(102,416)	-	-	-	-
- Profit retention	25.3	-	-	-	-	104,523	-	-	(104,523)	-	-	-	-
Minority interests		-	-	-	-	-	-	-	-	-	-	18,003	18,003
<b>Balances at December 31, 2012 - adjusted</b>		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	25.1	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	25.2	-	-	-	10,068	-	-	-	(10,068)	-	-	-	-
- Dividends	25.5	-	-	-	-	-	-	-	(68,532)	-	(68,532)	(386)	(68,918)
- Additional dividends proposed	25.5	-	-	-	-	-	-	100,351	(100,351)	-	-	-	-
- Profit retention	25.3	-	-	-	-	22,715	-	-	(22,715)	-	-	-	-
Minority interests		-	-	-	-	-	-	-	-	-	-	-	-
<b>Balances at December 31, 2013</b>		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

# Energisa S.A. Notes to the financial statements for the year ended December 31, 2013

(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.

On January 11, 2013 the Federal government issued Law 12783 resulting from Provisional Law 579, which addressed the matters:

Concession renewal:

Electricity generation, transmission and distribution concessions expiring between 2015 and 2017 can be extended for the term of 30 years in order to ensure the continuity, efficiency of service and minimum price increases.

The subsidiaries EMG and ENF’s concessions expire in 2015. In accordance with the legislation, on October 15, 2012 they stated their intention to have their concession extended for 30 years from July 2015.

The extension terms will only be known when the concession authority discloses the draft amendment to the concession agreement.

Reduction/elimination of sector charges:

The following regulatory charges have been eliminated from electricity rates. The RGR (Global Reversal Reserve); CCC – Fuel consumption cost and reduction of the CDE – Energy Development Account and minimum price increases.

The eliminations and reductions in sector charges payable on electricity did not directly impact the subsidiaries earnings (EMG, ENF, ESE, EBO and EPB), as the revenue drop was offset by lower charges and taxes levied on the supply of electricity to consumers.

See a number of the subsidiaries’ obligations by segment:

### 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.

The information regarding rate reviews and adjustments, accounts receivable of the concession, concession assets, construction revenue and concession term can be seen in notes 10, 15, 18, 26 and 36 respectively.

### Electricity generation:

I – Build and operate 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, 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 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.

### 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 subsidiary Energisa Soluções, 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.

#### Acquisition of Rede Group

On July 11, 2013 the Company and the controlling shareholder of Grupo Rede entered into an Investment and Share Purchase Commitment and Other Covenants (“Commitment”) for the acquisition of a controlling interest in Grupo Rede and its subsidiaries, subject to certain precedent conditions, in accordance with the Judicial Reorganization Plan approved by vote in the General Creditors’ Meeting held in São Paulo on July 5, 2013.

This plan provides a number of alternatives for creditors, which in short are the sale of the credits against the companies of Grupo Rede undergoing reorganization for a discount of 75% or novation of the credit, with the debt profile being lengthened to 22 years and interest rates being lowered. Grupo Rede’s Judicial Reorganization Plan specifies a maximum investment by Energisa of R\$ 1.95 billion, in addition to implementation of a plan to recover failure transgressions of Grupo Rede’s electricity subsidiary concession operators with the National Electricity Regulatory Agency (ANEEL) of approximately R\$ 1.1 billion.

The debt restructuring plan for Rede Group, which includes the transfer of its control, was approved in September and October by the lower court and the Administrative Council for Economic Defense (CADE) respectively.

In December ANEEL (National Electricity Regulatory Agency) approved the reorganization plan for the distribution subsidiaries of Rede Group submitted by it with the assistance of Energisa and on January 28, 2014 said agency approved the transfer of the share control to Energisa.

Energisa has agreements with several financial institutions to provide loans of R\$ 2.4 billion to make the acquisition and to contribute funds to the distribution companies of Rede Group, as stipulated in the Judicial Reorganization Plan of Rede Group. The first-class banks have been procured under a firm guarantee basis to structure the 6th issuance of non-convertible, unsecured simple debentures in a single series with placement restrictions of Energisa, over a total term of two years, amounting to R\$ 1.5 billion, which shall be subscribed and paid in until Rede Group has been acquired by Energisa. This process should be concluded by April 2014.

Following the acquisition of Rede Group, by way of its subsidiaries Energisa will have a presence in five new states, Tocantins, Mato Grosso and Mato Grosso do Sul, São Paulo (downstate) and Paraná (downstate), thereby boosting our brand and quality standards, raising our potential sales in market, which will expand from approximately 2.6 million to 6.0 million consumers.

## 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 14, 2014.

### Consolidated financial statements

The 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”).

### Individual financial statements

The parent company’s individual financial statements were prepared in accordance with BR GAAP, which state that the equity income method should be used to record investments in subsidiaries. The individual financial statements are not fully compliant with IFRS, which requires investments be appraised in the parent company’s individual statements at fair value or cost.

### 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 make provisions, which involves management judgment, 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 judgment 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 accordance 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 33.

## 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.

- FRS 10 (CPC 36 (R3)) - Consolidated Financial Statements.
- FRS 11 (CPC 19 (R2)) - Joint Arrangements.
- IFRS 12 (CPC 45) - Disclosures of Interests in Other Entities.
- IFRS 13 (CPC 46) - Fair Value Measurement.
- Modifications to IAS 01 revised in 2011 - Presentation of Items of Other Comprehensive Income.
- IAS 19 revised in 2011 (CPC 33 (R1)) - Employee Benefits.
- IAS 27 revised in 2011 CPC 35 (R2) - Separate Financial Statements.
- IAS 28 revised in 2011 CPC 18 (R2) - Investments in Associates and Joint Ventures.
- Amendments to IFRS 7 – Offsetting of Financial Assets and Liabilities.

New revised standards and interpretations issued but not yet adopted

The Company has not adopted the new revised IFRS below, which though already published are as yet non-mandatory:

- IFRS 9 – Financial Instruments (b).
- Amendments to IFRS 9 and IFRS 7 – Date of mandatory application of IFRS 9 and Transition Disclosures (b).
- Amendments to IAS 19 (CPC 33 (R1)) - Employee Benefits (b).
- Amendments to IFRS 10, 12 and IAS 27 - Investment Entities (a).
- Amendments to IAS 32 (CPC 39) – Offsetting of Financial Assets and Liabilities (a).
- Amendments to IAS 36 (CPC 01 (R1)) - Disclosure of recoverable amounts to non-financial assets (a).

In force for annual periods beginning on or after:

- (a) January 01, 2014.
- (b) January 01, 2015.

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 really adopt these amendments for its financial statements as of December 31, 2013. 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 33.

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; 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 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;

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 2012. These assets are classified as available-for-sale, the effects of which are explained in detail in note 15;

g. Regulatory assets and liabilities - for the purpose of rates, costs not yet recognized in the rates and/or costs recognized in the rates at amounts in excess of the effective amounts are deferred and only recognized by ANEEL when included in the electricity rates. As international accounting standards (IFRS) and the CPCs do not provide for recording these assets and liabilities, they are recognized in the income statement of the year they are charged to clients, i.e. based on invoicing;

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 18.3);

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 qualifying 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 17).

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; (iii) goodwill: paid on the acquisition of biomass projects, and being amortized over 20 years when the ventures come into operation; (see note 18.3);

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.

Impairment of a financial asset measured at amortized cost is calculated as the difference between the book value and the present value of future estimated cash flows, discounted at the asset's effective original 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 33;

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 reporting date and are reduced to the extent that realization is no longer probable.

Provisional Law 627/13 was published on November 12, 2013, which changed the country's Federal Tax Legislation. The main changes are: (i) revoking of the transitional taxation arrangement (RTT) from 2015, but with early adoption for January 01, 2014. If the Provisional Law is adopted early, the RTT will be automatically eliminated and the new provision shall be effective from 2014 on an irrevocable basis. (ii) taxation of companies domiciled in Brazil, in relation to the equity increase resulting from participating in overseas profits made by associated companies and associates; and (iii) special financing of the PIS/PASEP and COFINS taxes. The early option of the provision will eliminate taxation and any excess distribution of company profits regarding to the profits distributed, calculated in accordance with the accounting criteria in force as of December 31, 2007.

The Company is awaiting the enactment of the Provisional Law as a law to conduct a more in-depth and conclusive analysis of the effects of the new tax regulations.

r. SUDENE 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 14);

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.

### 3.3 Adjustments

#### CPC 33 (R1) and IAS 19 Revised – Employee benefits

The accounting practices referring to the recognition of employee benefits - supplementary retirement and pensions plan and retirement premium, were amended on January 01, 2013 by the new rules introduced by CPC 33 (R1) and IAS 19, which eliminated the corridor method approach which permitted the deferral of the recognition of actuarial gains and losses, which are now recognized in full in liabilities under “employee benefits – pension plan” and charged to the statement of comprehensive income in the shareholder’s equity, net of deferred income and social contribution taxes. Consequently, in order to maintain good comparability of its balance sheet with the classification adopted, the Company and its subsidiaries adjusted the opening and closing balances in the balance sheet for 2012 in relation to those originally published, as follows:

Balance Sheet	Parent Company			Consolidated		
	Balance in 2012	Adjustments	Balance in 2012	Balance in 2012	Adjustments	Balance in 2012
	(Published)		(Adjusted)	(Published)		(Adjusted)
<b>Assets</b>						
<b>Noncurrent assets</b>	2,166,606	(41,803)	2,124,803	3,471,258	22,502	3,493,760
Noncurrent assets						
Tax credits	16,914	638	17,552	188,263	22,502	210,765
Investments	1,999,131	(42,441)	1,956,690	-	-	-
<b>Total Assets</b>	<b>2,468,914</b>	<b>(41,803)</b>	<b>2,427,111</b>	<b>5,059,373</b>	<b>22,502</b>	<b>5,081,875</b>
<b>Liabilities</b>						
<b>Noncurrent liabilities</b>	882,687	1,878	884,565	2,379,071	66,183	2,445,254
Employee benefit - pension plan	230	1,878	2,108	26,753	66,183	92,936
<b>Shareholders' equity</b>	1,482,618	(43,681)	1,438,937	1,501,245	(43,681)	1,457,564
Retained earnings	-	305	305	-	305	305
Other comprehensive income	-	(43,986)	(43,986)	-	(43,986)	(43,986)
<b>Total Liabilities</b>	<b>2,468,914</b>	<b>(41,803)</b>	<b>2,427,111</b>	<b>5,059,373</b>	<b>22,502</b>	<b>5,081,875</b>

Statement of Income	Parent Company			Consolidated		
	Balance in 2012	Adjustments	Balance in 2012	Balance in 2012	Adjustments	Balance in 2012
	(Published)		(Adjusted)	(Published)		(Adjusted)
General and administrative expenses	-	-	-	(286,985)	462	(286,523)
Equity in net income of subsidiaries	400,717	305	401,022	-	-	-
Net income before net financial revenue (expenses) and tax	401,617	305	401,922	501,247	462	501,709
Income before tax	319,077	305	319,382	422,044	462	422,506
Income and social contribution taxes	(28,636)	-	(28,636)	(130,979)	(157)	(131,136)
<b>Net income for the year</b>	<b>290,441</b>	<b>305</b>	<b>290,746</b>	<b>291,065</b>	<b>305</b>	<b>291,370</b>
Net income attributable to:						
Shareholders of parent company	290,441	305	290,746	290,441	305	290,746
Noncontrolling shareholders	-	-	-	624	-	624

Statement of Other Comprehensive Income	Parent Company			Consolidated		
	Balance in 2012	Adjustments	Balance in 2012	Balance in 2012	Adjustments	Balance in 2012
	(Published)		(Adjusted)	(Published)		(Adjusted)
Net Income for the Year	290,441	305	290,746	291,065	305	291,370
Other Comprehensive Income	-	(21,162)	(21,162)	-	(21,162)	(21,162)
Total Comprehensive Income for the Year, net of tax	290,441	(20,857)	269,584	291,065	(20,857)	270,208
Attributed to controlling interests	290,441	(20,857)	269,584	290,441	(20,857)	269,584

Statement of Added Value	Parent Company			Consolidated		
	Balance in 2012	Adjustments	Balance in 2012	Balance in 2012	Adjustments	Balance in 2012
	(Published)		(Adjusted)	(Published)		(Adjusted)
Transferred Added Value						
Equity in Net Income of Subsidiaries	400,717	305	401,022	-	-	-
Total Added Value to be Distributed	472,750	305	473,055	-	-	-
Personnel						
Benefits	-	-	-	54,577	(462)	54,115
Taxes, Duties and Contributions	-	-	-	383,718	157	383,875
Federal						
Interest earnings						
Retained earnings	-	305	305	-	305	305

Statement of Financial Position	Parent Company			Consolidated		
	Balance at 1/1/2012	Adjustments	Balance at 1/1/2012	Balance at 1/1/2012	Adjustments	Balance at 1/1/2012
	(Published)		(Adjusted)	(Published)		(Adjusted)
Assets						
Noncurrent assets	1,758,706	(22,910)	1,735,796	2,849,462	11,758	2,861,220
Noncurrent assets						
Tax credits	62,710	(29)	62,681	269,279	11,758	281,037
Investments	1,612,807	(22,881)	1,589,926	-	-	-
<b>Total Assets</b>	<b>2,167,978</b>	<b>(22,910)</b>	<b>2,145,068</b>	<b>4,258,403</b>	<b>11,758</b>	<b>4,270,161</b>
Liabilities						
Noncurrent liabilities	777,136	(86)	777,050	2,217,931	34,582	2,252,513
Employee benefit - pension plan	377	(86)	291	23,654	34,582	58,236
Shareholders' equity	1,304,275	(22,824)	1,281,451	1,304,275	(22,824)	1,281,451
Other comprehensive income	-	(22,824)	(22,824)	-	(22,824)	(22,824)
<b>Total Liabilities</b>	<b>2,167,978</b>	<b>(22,910)</b>	<b>2,145,068</b>	<b>4,258,403</b>	<b>11,758</b>	<b>4,270,161</b>

## 4 Consolidated financial statements

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

	Line of business	% interest	
		2013	2012
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) (6)	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 Zé Tunin S/A	Hydraulic energy Generation	100	100
SPE Cristina Energia S/A	Hydraulic energy Generation	100	100
Renascença I Energias Renováveis Ltda., II, III and IV (5)	Wind energy generation	-	100
Parque Eólico Sobradinho Ltda (1)	Wind energy generation	100	100
Ventos de São Miguel Energias Renováveis Ltda. (5)	Wind energy generation	-	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
FIM Zona da Mata	Exclusive investment fund	100	-
Caixa FI Energisa	Exclusive investment fund	100	100

(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) Company which owns 85% of the voting stock of the companies Energisa Bioeletricidade Vista Alegre I and Energisa Bioeletricidade Santa Cândida I S/A, both operational, and the entire share capital of Energisa Bioeletricidade Vista Alegre II and Companhia Tonon Bioeletrica, currently under construction and all dedicated to generating electricity from sugar cane biomass.

(5) Companies whose operations were terminated in the first half of 2013.

(6) 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 information is 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

	2013				
	Distribution	Generation	Sales	Services	Total
External Revenue	2,551,319	55,614	205,572	45,267	2,857,772
Intersegment Revenue	5,307	42,835	6,302	91,675	146,119
<b>Total</b>	<b>2,556,626</b>	<b>98,449</b>	<b>211,874</b>	<b>136,942</b>	<b>3,003,891</b>
Financial Revenue	135,851	7,533	1,185	47,827	192,396
Financial Expenses	(268,023)	(10,469)	(2,320)	(113,627)	(394,439)
<b>Total</b>	<b>(132,172)</b>	<b>(2,936)</b>	<b>(1,135)</b>	<b>(65,800)</b>	<b>(202,043)</b>
Depreciation and amortization	119,033	29,485	31	22,396	170,945
Reportable net income by segment before income and social contribution taxes	260,413	34,051	11,013	(57,071)	248,406
	2012				
	Distribution	Generation	Sales	Services	Total
External Revenue	2,704,396	28,741	154,110	31,832	2,919,079
Intersegment Revenue	6,255	12,718	-	87,167	106,140
<b>Total</b>	<b>2,710,651</b>	<b>41,459</b>	<b>154,110</b>	<b>118,999</b>	<b>3,025,219</b>
Financial Revenue	183,711	1,170	1,986	48,551	235,418
Financial Expenses	(169,621)	(11,257)	(3,450)	(130,293)	(314,621)
<b>Total</b>	<b>14,090</b>	<b>(10,087)</b>	<b>(1,464)</b>	<b>(81,742)</b>	<b>(79,203)</b>
Depreciation and amortization	107,002	10,627	32	21,345	139,006
Reportable net income by segment before income and social contribution taxes	484,669	5,903	5,013	(73,079)	422,506

	Distribution	Generation	Sales	Services	2013	2012	1/1/2012
Assets of reportable segments	3,520,813	1,419,290	45,505	718,330	5,703,938	5,227,836	4,341,620
Current assets	871,399	204,589	37,805	326,736	1,440,529	1,639,936	1,434,197
Noncurrent assets	2,649,414	1,214,701	7,700	391,594	4,263,409	3,857,900	2,907,423
Liabilities of reportable segments	2,309,719	736,887	40,046	745,109	3,831,761	3,770,272	3,060,169
Current liabilities	942,622	152,313	27,368	99,388	1,221,691	1,230,879	761,453
Noncurrent liabilities	1,367,097	584,574	12,678	645,721	2,610,070	2,539,393	2,298,716

b) Reconciliation of segment revenue, profits, assets and liabilities

	2013	2012
<b>Revenue</b>		
Total net revenue of reportable segments	3,003,891	3,025,219
Elimination of intersegment revenue	(146,119)	(106,140)
<b>Consolidated net revenue</b>	<b>2,857,772</b>	<b>2,919,079</b>
<b>Depreciation and amortization</b>		
Total depreciation and amortization of reportable segments	170,945	139,006
<b>Consolidated depreciation and amortization</b>	<b>170,945</b>	<b>139,006</b>
<b>Financial revenue</b>		
Total financial revenue of reportable segments	192,396	235,418
Elimination of intersegment revenue	(20,632)	(3,487)
<b>Consolidated financial revenue</b>	<b>171,764</b>	<b>231,931</b>
<b>Financial expense</b>		
Total financial expense of reportable segments	(394,439)	(314,621)
Elimination of intersegment revenue	20,632	3,487
<b>Consolidated financial expense</b>	<b>(373,807)</b>	<b>(311,134)</b>
<b>Retained</b>		
Total earnings of reportable segments	248,406	422,506
<b>Income before tax</b>	<b>248,406</b>	<b>422,506</b>

	2013	2012	1/1/2012
<b>Assets</b>			
<b>Total reportable segment assets</b>	<b>5,703,938</b>	<b>5,227,836</b>	<b>4,341,620</b>
Other unallocated amounts	(200,480)	(145,961)	(71,459)
<b>Total consolidated assets</b>	<b>5,503,458</b>	<b>5,081,875</b>	<b>4,270,161</b>
<b>Liabilities</b>			
Total reportable segment liabilities	3,831,761	3,770,272	3,060,169
Other unallocated amounts	(200,480)	(145,961)	(71,459)
<b>Total consolidated liabilities</b>	<b>3,631,281</b>	<b>3,624,311</b>	<b>2,988,710</b>

## 6 Cash and cash equivalents, short-term investments in the money market and secured funds

a) Cash and cash equivalents

Financial institution	Type	Maturity (1)	Compensation	Parent Company		Consolidated	
				2013	2012	2013	2012
CEF	CDB	10/30/2015 to 11/21/2018	100,5% of CDI	66,464	10,771	160,731	132,592
CEFFID	CDB	6/30/2015	100,5% of CDI	-	-	705	-
HSBC	CDB	9/3/2014	98,0% of CDI	-	-	-	459
Mercantil	CDB	11/14/2014 to 10/1/2015	105,0% of CDI	-	194	-	11,883
MercantilFID	CDB	11/21/2022	105,0% of CDI	-	-	-	780
Santander	Debentures (2)	3/12/2015 to 12/21/2015	103,2% of CDI	8,120	169	38,885	8,504
				<b>74,584</b>	<b>11,134</b>	<b>200,321</b>	<b>154,218</b>
<b>Cash and banks</b>				<b>523</b>	<b>97</b>	<b>51,864</b>	<b>58,954</b>
<b>Total cash and cash equivalents</b>				<b>75,107</b>	<b>11,231</b>	<b>252,185</b>	<b>213,172</b>

b) Money market and secured fundss

Financial institution	Type	Maturity	Compensation	Parent Company		Consolidated	
				2013	2012	2013	2012
ABC Brasil	CDB	6/26/2013 to 9/25/2014	100.5% to 107.5% of CDI	-	-	4	35,260
Banrisul	Investment Fund	-	CDI	-	-	2,911	-
BB Amplo	Investment Fund	-	CDI	25	19,795	25	19,795
BES	CDB	1/21/2013 to 10/1/2015	100.0% to 115.0% of CDI	-	4	127	121
BICBanco	CDB	8/26/2014 to 2/10/2016	98.0% to 115.0% of CDI	18	67,832	79	85,614
BICBanco	Credit receivables investment funds	-	112,0% of CDI	-	-	-	5,033
BMG	CDB	1/18/2013 to 1/24/2014	112.0% to 115.0% of CDI	-	36,999	10	40,660
Bradesco	Financial Bill	2/8/2013	106,5% of CDI	-	16,948	-	16,948
Bradesco	CDB	7/25/2013 to 6/19/2016	70.0% to 100.0% of CDI	-	-	129	1,488
Bradesco	Debentures (2)	7/12/2013	75.0% to 90.0% of CDI	-	-	-	13,952
Bradesco	Investment Fund	-	CDI	-	-	-	14,815
Bradesco	Capitalization bond	3/2/2013	Saving rate 0.5% p.m.	-	-	-	74
BTG Pactual	Investment Fund	-	CDI	-	118	-	49,453
BTG Pactual	CDB	12/9/2014 to 12/12/2014	97,5% of CDI	19	-	107	-
CEF (4)	Investment Fund	-	CDI	-	42	-	7,339
CEF	Financial Treasury Bill, Securities subject to repurchase commitments, Debentures (2), DPGE, Financial Bill	4/9/2015 to 3/1/2018	102.7% to 122.11% of CDI/SELIC/IPCA+5.7%	45,541	-	110,567	-
CEF	Savings	-	Savings	-	-	162	162
Daycoval	CDB	2/26/2013 to 2/26/2015	102.0% to 107.0% of CDI	-	-	-	16,907
FIM Zona da Mata (4)	CDB	8/17/2015 to 12/1/2015	100.5% to 112.0% of CDI	15,826	-	39,619	-
FIM Zona da Mata (4)	Debentures (2)	4/7/2016	100.0% of CDI + 3.9%	7,397	-	18,518	-
FIM Zona da Mata (4)	Repurchase	2/21/2014 to 10/8/2015	102.5% to 103.2% of CDI	18,253	-	45,696	-
FIM Zona da Mata (4)	DPGE	7/10/2015 to 12/21/2015	107.5% to 113% of CDI	10,754	-	26,922	-
FIM Zona da Mata (4)	Financial Bill	5/4/2017	107,0% of CDI	549	-	1,373	-
FIM Zona da Mata (4)	Fixed-Income Funds	-	CDI	409	-	1,023	-
FIM Zona da Mata (4)	Financial Treasury Bill	9/7/2015 to 3/1/2018	SELIC	1,074	-	2,689	-
FIM Zona da Mata (4)	NTN	8/15/2016	IPCA	3,893	-	9,745	-
FIM Zona da Mata (4)	Multimarket Funds	-	CDI	10,126	-	25,351	-
HSBC	CDB	1/19/2015 to 8/3/2015	100.0% to 103.3% of CDI	-	-	681	630

HSBC	Investment Fund	-	CDI	17	20,234	17	21,125
Itaú	CDB	3/7/2014 to 11/27/2015	90.0% to 101.8% of CDI	8	7	63,864	1,229
Itaú	Debentures (2)	3/2/2015 to 11/27/2015	100.0% to 103.5% of CDI	-	-	1,259	1,399
Itaú	Investment Fund	-	CDI	-	-	1,886	72,184
Itaú TOP DI	Investment Fund	-	CDI	-	-	1,343	-
Itaú	Investment Fund	-	CDI	-	-	-	1,600
Mercantil	CDB	12/30/2013	105,0% of CDI	-	-	-	281
Modal	CCB	1/19/2015	100.0% of CDI + 0.5% p.m.	-	39,311	-	39,311
North-east	CDB	1/2/2014 to 2/15/2023	90.0% to 100.0% of CDI	-	-	51,668	46,356
North-east	Capitalization bond	12/22/2013	100,0% of CDI	-	-	-	10
Pine	CDB	6/16/2014 to 2/8/2017	100.0% to 104.0% of CDI	-	-	220	934
Safra	Financial Bill	1/31/2013 to 2/1/2013	108,5% of CDI	-	52,360	-	105,352
Safra	Investment Fund	-	CDI	16,260	-	42,810	-
Safra	Debentures (2)	1/28/2014	101,0% of CDI	-	-	12	21
Santander	Investment Fund	-	CDI	-	-	-	62,661
Santander	CDB	7/15/2015	100,5% of CDI	-	-	46	-
Standard Bank	CDB	2/1/2013 to 5/2/2013	90.0% to 100.25% of CDI	-	-	-	9
Sul América	Investment Fund	-	CDI	-	-	-	6,019
Vinci	Investment Fund	-	CDI	15,914	-	15,915	-
Votorantim	CDB	5/27/2014	98,0% of CDI	-	-	4	-
				146,083	253,650	464,782	666,742

#### Held-to-maturity securities

Citibank	Investment Fund	1/15/2025	CDI	-	-	14,538	13,590
Itaú	Credit Receivables Investment Funds	12/29/2020	100,0% of CDI	-	-	6,061	11,205
Mercantil	DPGE	5/15/2014 to 6/26/2015	112.0% to 113.0% of CDI	16,219	10,006	41,265	18,434
				16,219	10,006	61,864	43,229
<b>Total balance of money market and secured funds (3)</b>				162,302	263,656	526,646	709,971
Current				146,083	225,372	423,577	602,203
Noncurrent				16,219	38,284	103,069	107,768

(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) Includes R\$ 70 at the parent company and R\$ 129,588 in the consolidated statements referring to funds linked to loans, energy auctions and funds blocked by court.

(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	
	2013	2012	Overdue Balances (2)	Up to 30 days	31 to 90 days	91 to 180 days	181 to 360 days	over 360 days	2013	2012
Residential	-	-	29,215	38,707	9,500	4,061	498	73	82,054	95,972
Industrial	-	-	37,737	2,860	391	384	880	7,739	49,991	63,131
Commercial	-	-	36,590	8,426	1,607	1,219	1,201	2,902	51,945	66,285
Rural	-	-	5,691	2,835	853	466	81	54	9,980	12,283
Government:										
Federal	-	-	3,654	663	77	28	2	2	4,426	4,905
State	-	-	4,424	908	122	37	5	-	5,496	6,086
Municipal	-	-	5,619	1,079	152	39	28	-	6,917	7,647
Public lighting	-	-	9,645	1,521	1,001	319	194	6	12,686	13,688
Public utility	-	-	8,392	3,373	6,594	10,241	122	1	28,723	11,006
Subtotal - clients	-	-	140,967	60,372	20,297	16,794	3,011	10,777	252,218	281,003
Concession operators (3)	-	-	6,901	-	-	-	-	18,691	25,592	79,517
Unbilled sales	-	-	82,382	-	-	-	-	-	82,382	84,461
Energy sales to free consumers	-	-	37,295	-	-	-	-	-	37,295	25,395
Services rendered	4,812	4,343	2,311	3,196	794	855	705	836	8,697	8,873
Other	-	-	24,031	-	-	-	-	-	24,031	28,134
(-) Allowance for doubtful accounts	-	-	-	-	-	(4,061)	(1,699)	(17,281)	(23,041)	(21,887)
<b>Total</b>	<b>4,812</b>	<b>4,343</b>	<b>293,887</b>	<b>63,568</b>	<b>21,091</b>	<b>13,588</b>	<b>2,017</b>	<b>13,023</b>	<b>407,174</b>	<b>485,496</b>
Current	4,812	4,343	-	-	-	-	-	-	391,055	469,377
Noncurrent	-	-	-	-	-	-	-	-	16,119	16,119

(1) Administrative services provided to the subsidiaries, as per the agreements approved by ANEEL (see note 12).

(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\$ 20,612 (R\$ 80,973 in 2012). 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\$ 25,444 (R\$ 24,450 in 2012), derive from the acquisition of electricity and system service charges, as shown below:

	Consolidated	
	2013	2012
<b>Breakdown of CCEE credits</b>		
Outstanding balances	1,921	61,426
Credits linked to court injunctions up to December 2002 (1)	13,562	13,562
Overdue invoices (2)	5,129	5,985
	20,612	80,973
(-) Energy acquisitions at CCEE	(18,002)	(336)
(-) System service charges	(7,442)	(24,114)
	(4,832)	56,523

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

(1) 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.

(2) The subsidiaries have an allowance for doubtful accounts.

## 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. 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, 2013 and 2012 the balances break down as follows:

	Parent Company	Consolidated	
	2012	2013	2012
Credit receivables	3,700	130,057	158,959
Adjustment to present value	-	(14,532)	(12,853)
Allowance for doubtful accounts (*)	-	(34,109)	(30,413)
	<b>3,700</b>	<b>81,416</b>	<b>115,693</b>
Current	3,700	43,694	64,292
Noncurrent	-	37,722	51,401

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

As of December 31, 2013 the credits mature as follows:

	Consolidated
Overdue invoices (1)	34,109
2014	43,694
2015	12,650
2016	9,738
2017	5,902
2018	3,385
2019 onwards	6,047
<b>Total</b>	<b>115,525</b>

## 9 Allowance for doubtful accounts

Changes in provisions	2013	2012
Balance - opening - current - 2012 and 1/1/2012	52,300	44,700
Provisions recorded in the period	16,280	19,965
Reversal of provisions in the period	(11,430)	(12,365)
<b>Final balance - current - 2013 and 2012</b>	<b>57,150</b>	<b>52,300</b>
Trade accounts receivable, consumers and concession operators	23,041	21,887
Credit receivables	34,109	30,413

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;

## 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 EMG and ENF had their rates adjusted in June 2013 and EBO in February 2014 as follows:

Distributor	ANEEL Ruling	Average effect on consumers (%)	Valid from
EMG	Resolution 1,532, issued 6/11/2013	2.56%	6/18/2013
ENF	Resolution 1,531, issued 6/11/2013	15.42%	6/18/2013
EBO	Resolution 1678, issued 1/30/2014	3.15%	2/4/2014

Rate review:

The subsidiaries' periodic rate reviews take place: (i) every four years at EMG, ENF, EBO and EPB and every five years at ESE. EMG and ENF's reviews took place in June 2012 while EBO, ESE and EPB's finished in January, April and August 2013, respectively.

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:

Distributor	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

## 11 Low income and other receivables

	Parent Company		Consolidated	
	2013	2012	2013	2012
Low income	-	-	24,630	33,015
Service orders in progress - PEE and R&D	-	-	25,150	33,242
Service orders in progress - other	-	-	5,017	4,025
Expenses to be reimbursed - ODR	2,758	999	2,840	2,052
Pass-through to generators (1)	-	-	-	1,920
Advances to suppliers	2,088	1,811	9,160	6,888
CDE subsidy - rate discount (2)	-	-	15,720	-
Third-party credits - Sale of rights assets and receivables	-	-	10,881	3,443
Credits receivable - Reimbursement of sector charges	-	-	1,714	-
Other	236	160	12,600	10,143
<b>Total current</b>	<b>5,082</b>	<b>2,970</b>	<b>107,712</b>	<b>94,728</b>

(1) Recalculation of the pass-through to generators in accordance with Aneel Normative Resolution 387/2009.

(2) CDE subsidy for energy consumption by the sectors: Rural – Irrigation and the Public Service sector ratified by Decree 7891/2013.

### Low income – consolidated

	EMG	ENF	ESE	EPB	EBO	Total
<b>Balance – 1/1/2012</b>	<b>2,384</b>	<b>844</b>	<b>4,320</b>	<b>9,888</b>	<b>954</b>	<b>18,390</b>
Low-income subsidy	20,287	1,121	36,446	87,132	8,094	153,080
Eletrobrás Reimbursement	(18,769)	(1,692)	(34,241)	(80,611)	(7,627)	(142,940)
<b>Accounts receivable Eletrobrás</b>	<b>2,074</b>	<b>348</b>	<b>1,904</b>	<b>-</b>	<b>159</b>	<b>4,485</b>
<b>Balance -2012</b>	<b>5,976</b>	<b>621</b>	<b>8,429</b>	<b>16,409</b>	<b>1,580</b>	<b>33,015</b>
Low-income subsidy	20,225	1,530	38,739	84,191	9,009	153,694
Eletrobrás Reimbursement	(22,803)	(1,876)	(40,769)	(87,547)	(9,084)	(162,079)
<b>Balance -2013</b>	<b>3,398</b>	<b>275</b>	<b>6,399</b>	<b>13,053</b>	<b>1,505</b>	<b>24,630</b>

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.

### CDE subsidy - rate discount - consolidated

	EMG	EPB	ESE	ENF	EBO (*)	Total
Rate discount due to Irrigation and Rural subsidy	36,381	40,825	30,449	918	2,799	111,372
Pass-through/Advance of ANEEL Order 1711/2013	(31,679)	(35,797)	(25,667)	(573)	(1,936)	(95,652)
<b>Total</b>	<b>4,702</b>	<b>5,028</b>	<b>4,782</b>	<b>345</b>	<b>863</b>	<b>15,720</b>

By way of Aneel Order 1711 issued May 29, 2013, the Federal Government provided CDE funds of R\$ 67,010, which were received on June 03, 2013 and appropriated to profit or loss for the year in proportion to the number of months in the period May to December 2013, in addition to the R\$ 28,642 relating to the months of March, April and May to cover the CDE subsidy for discounts on the rates applying to users of the public electricity distribution service, pursuant to article 13 (VII) of Law 10438 of April 26, 2002.

## 12 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:

	2013		2012
	Assets	Liabilities	Assets
Clients, consumers and concession operators(1)	4,712	-	4,295
Loans (2):			
. Energisa Serviços Aéreos S/A	7,822	-	6,600
. Energisa Comercializadora de Energia Ltda	12,655	-	31,518
. Energisa Geração Rio Grande S/A	4,998	-	4,667
. Energisa Soluções S/A (*)	-	-	5,166
. SPE Cristina Energia S/A	3,309	-	10,325
. Pequena Central Hidrelétrica Zé Tunin S/A	-	31,051	-
	<b>28,784</b>	<b>31,051</b>	<b>58,276</b>
Investments - Funds allocated to future capital increase (3):			
. Energisa Geração Rio Grande S/A	2,381	-	62,548
. Renascença I,II,III and IV			
. Parque Eólico Sobradinho	1,550	-	2,154
. Pequena Central Hidrelétrica Zé Tunin S/A		-	33,476
. Energisa Geração Usina Maurício	597	-	14
. Energisa Serviços Aéreos de Aeroinspeção		-	880
. Energisa Bioeletricidade S/A	34,900	-	151,596
. Energisa Geração Centrais Eólicas RN S/A	69,456	-	103,969
	<b>108,884</b>	<b>-</b>	<b>354,637</b>
<b>Total</b>	<b>142,380</b>	<b>31,051</b>	<b>417,208</b>

The related-party balances for the supplementary retirement and pension plans are described in note 34.

Transactions conducted in the year by the Company and its subsidiaries:

Subsidiary	Administrative services (1)	Endorsement commission (Financial revenue) (2)	Balance receivable (Receivables, consumers and concession operators)
EMG	10,600	3,825	823
EPB	21,538	5,389	1,708
ESE	13,084	7,442	1,038
ESER	(85)	637	-
EBO	5,747	305	456
EGR	-	427	-
ECOM	2,365	1,403	188
ESO	1,650	522	126
ENF	4,708	682	373
2013	59,607	20,632	4,712
2012	54,696	3,487	4,295

(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 year was an average of the CDI rate + 0.7% p.a. (CDI + +0.6% p.a. in 2012), 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 year the members of the Board of Directors received remuneration of R\$ 353 (R\$ 240 in 2012) and the Executive Board R\$ 228 (R\$ 113 in 2012), at the parent company, and R\$ 4,751 (R\$ 3,931 in 2012) and R\$ 12,353 (R\$ 9,925 in 2012) 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\$ 19 (R\$ 9 in 2012) at the parent company and R\$ 1,744 (R\$ 1,764 in 2012) in the consolidated statement. Payroll charges on compensation amounted to R\$ 74 (R\$ 61 in 2012) at the parent company and R\$ 2,322 (R\$ 2,223 in 2012) in the consolidated statement.

The AGM held April 24, 2013 ratified the overall annual D&O compensation limit for 2013 at R\$ 1,098 (R\$ 1,035 as of December 31, 2012) for the parent company and R\$ 25,384 (R\$ 22,403 as of December 31, 2012) for the consolidated figure.

As of December 31, 2013 the highest and lowest compensation attributed to directors was R\$ 14 and R\$ 1 for the parent company and R\$ 82 and R\$ 3 in the consolidated statement (R\$ 2 and R\$ 1 for the parent company and R\$ 76 and R\$ 3 in the consolidated statement in 2012) respectively. The average monthly compensation in the year ended December 31, 2013 was R\$ 3 at the parent company and R\$ 38 in the consolidated statement (R\$ 2 at the parent company and R\$ 36 in the consolidated statement in 2012).

## 13 Taxes and contributions recoverable

	Parent Company		Consolidated	
	2013	2012	2013	2012
Value Added Tax on Sales and Services - ICMS	-	-	60,685	66,352
Withholding Income Tax - IRRF	829	2,216	6,399	4,688
Corporate Income Tax - IRPJ	23,855	14,572	57,231	31,052
Social Contribution on Net Income - CSSL	607	1,730	7,217	4,114
PIS and COFINS	219	170	70,881	74,882
Other	80	-	3,367	5,235
	<b>25,590</b>	<b>18,688</b>	<b>205,780</b>	<b>186,323</b>
Current	8,172	11,198	130,960	121,839
Noncurrent	17,418	7,490	74,820	64,484

## 14 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, 2013 the Company had an asset balance of unrecognized accumulated tax losses and negative basis of social contribution amounting to R\$ 41,837 (R\$ 23,229 in 2012), as the estimated earnings are not sufficient to offset these amounts.

Deferred taxes recognized in the balance sheet:

	Parent Company		Consolidated	
	2013	2012	2013	2012 (adjusted)
<b>Assets</b>				
Tax loss carryforwards	23,088	23,088	44,381	46,836
Negative basis of social contribution	8,313	8,313	16,836	17,706
Temporary differences	(13,989)	(13,849)	171,585	146,223
<b>Total noncurrent</b>	<b>17,412</b>	<b>17,552</b>	<b>232,802</b>	<b>210,765</b>

	Parent Company		Consolidated	
	2013	2012	2013	2012 (adjusted)
<b>Liabilities</b>				
Temporary Differences:				
Income Tax	-	-	11,098	11,692
Social Contributions	-	-	3,994	4,210
<b>Total noncurrent</b>	<b>-</b>	<b>-</b>	<b>15,092</b>	<b>15,902</b>

The deferred credits have the following nature:

	2013			
	Parent Company		Consolidated	
	calculation basis	IRPJ + CSSL	calculation basis	IRPJ + CSSL
<b>Assets</b>				
Tax loss carryforwards	92,350	23,088	177,524	44,381
Negative basis of CSLL	92,367	8,313	187,066	16,836
Tax credits - goodwill (1)	-	-	250,676	85,230
Provision for actuarial adjustment	2,108	717	134,129	45,604
Provisions for risks	-	-	68,607	23,326
Allowance for doubtful accounts - PCLD	-	-	26,167	8,897
Other provisions (PEE; R&D; Fees and Other)	-	-	51,857	17,631
Exchange variance losses	1,177	400	154,511	52,534
Mark-to-market - derivatives	(30,582)	(10,398)	(94,355)	(32,081)
Adjustments to present value	-	-	14,532	4,941
Regulatory assets (CVAs)	-	-	51,823	17,620
Other temporary exclusions	(13,846)	(4,708)	(19,879)	(6,759)
IRPJ and CSSL on the portion of the VNR of the concession accounts receivable and restatement:	-	-	(133,407)	(45,358)
<b>Total - noncurrent assets</b>	<b>143,574</b>	<b>17,412</b>	<b>869,251</b>	<b>232,802</b>

	2012 (adjusted)			
	Parent Company		Consolidated	
	calculation basis	IRPJ + CSSL	calculation basis	IRPJ + CSSL
<b>Assets</b>				
Tax loss carryforwards	92,350	23,088	187,502	46,876
Negative basis of CSLL	92,367	8,313	196,876	17,719
Tax credits - goodwill (1)	-	-	271,276	92,234
Provision for actuarial adjustment	2,108	717	152,651	51,901
Provisions for risks	-	-	69,816	23,737
Allowance for doubtful accounts - PCLD	-	-	23,012	7,824
Other provisions (PEE; R&D; Fees and Other)	-	-	55,629	18,914
Exchange variance losses	1,177	400	1,177	400
Mark-to-market - derivatives	(30,582)	(10,398)	(62,205)	(21,150)
Adjustments to present value	-	-	11,708	3,981
Regulatory assets (CVAs)	-	-	34,976	11,892
Other temporary additions (exclusions)	(13,434)	(4,568)	(24,290)	(8,259)
IRPJ and CSSL on the portion of the VNR of the concession accounts receivable and restatement:	-	-	(103,837)	(35,305)
<b>Total - noncurrent assets</b>	<b>143,986</b>	<b>17,552</b>	<b>814,291</b>	<b>210,765</b>

(1) The tax credits - goodwill of R\$ 85,230 (R\$ 92,234 in 2012) 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).

Tax credits were realized as follows:

Year	Parent Company	Consolidated
2014	953	8,947
2015	901	26,623
2016	1,960	12,005
2017	3,583	13,637
2018	3,884	13,931
2019 to 2023	6,131	157,659
<b>Total</b>	<b>17,412</b>	<b>232,802</b>

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	
	2013	2012 (adjusted)	2013	2012 (adjusted)
Income before tax	201,361	319,382	248,406	422,506
Combined tax bracket	34%	34%	34%	34%
Income and social contribution taxes expense, calculated at the total tax bracket	(68,462)	(108,590)	(84,458)	(143,652)
Adjustments:				
Permanent items:				
Equity in net income of subsidiaries	87,070	136,348	36	-
Decrease to Income Tax and Surcharges (*)	-	-	48,817	61,416
Tax credits - IR and CS not recorded in the year	(18,608)	(23,229)	(18,608)	(23,229)
Tax credits - IR and CS reverted of prior years	-	(28,636)	-	(28,636)
Difference by determining the tax according to the presumed profit method	-	-	6,611	440
Other	-	(4,529)	2,943	2,525
<b>Income tax and social contribution expense</b>	<b>-</b>	<b>(28,636)</b>	<b>(45,659)</b>	<b>(131,136)</b>
Effective rate	-	8.97%	18.39%	31.03%

(\*) 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.

The decreases to the income tax and surcharges obtained by the subsidiaries amount to R\$ 48,817 (R\$ 61,416 in 2012), where: R\$ 35,619 (R\$ 39,289 in 2012) at EPB, R\$ 1,825 (R\$ 5,735 in 2012) at EBO and R\$ 11,373 at ESE (R\$ 16,392 in 2012). These amounts were recorded directly in the income statement for the year under “current income and social contribution taxes”, and will be allocated to the tax incentive reserve at the subsidiaries.

## 15 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 and EBO 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\$ 29,567 (R\$ 103,838 in 2012) in the net income for 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 below the changes occurred by subsidiary:

	EMG	EPB	ESE	ENF	EBO	Total
Financial asset - historic cost - 1/1/2012	136,442	30,777	34,021	48,144	5,556	254,940
Additions in the year (*)	24,199	100,502	83,810	4,973	12,702	226,186
Write-offs in the year	(126)	-	(1,029)	(617)	(4)	(1,776)
Financial asset - historic cost - 2012	160,515	131,279	116,802	52,500	18,254	479,350
<b>Restatement of accounts receivable from the concession - VNR</b>	<b>57,224</b>	<b>15,770</b>	<b>13,344</b>	<b>16,286</b>	<b>1,214</b>	<b>103,838</b>
<b>Financial asset - restated cost - 2012</b>	<b>217,739</b>	<b>147,049</b>	<b>130,146</b>	<b>68,786</b>	<b>19,468</b>	<b>583,188</b>
Additions in the year (*)	56,221	73,897	44,575	11,868	4,163	190,724
Write-offs in the year	(770)	(838)	(463)	(145)	(75)	(2,291)
<b>Subtotal</b>	<b>273,190</b>	<b>220,108</b>	<b>174,258</b>	<b>80,509</b>	<b>23,556</b>	<b>771,621</b>
<b>Restatement of accounts receivable from the concession - VNR</b>	<b>12,685</b>	<b>5,447</b>	<b>8,609</b>	<b>3,673</b>	<b>(847)</b>	<b>29,567</b>
<b>Financial asset - restated cost - 2013</b>	<b>285,875</b>	<b>225,555</b>	<b>182,867</b>	<b>84,182</b>	<b>22,709</b>	<b>801,188</b>

(\*) Transfer from intangible assets to accounts receivable of the concession.

## 16 Investments

	Parent Company		Consolidated	
	2013	2012 (adjusted)	2013	2012 (adjusted)
<b>Interest in subsidiaries</b>	<b>2,092,397</b>	<b>1,946,639</b>	-	-
Other	10,051	10,051	18,443	16,372
<b>Total</b>	<b>2,102,448</b>	<b>1,956,690</b>	<b>18,443</b>	<b>16,372</b>

Interest in subsidiaries:

2013									
Subsidiary	Information about subsidiaries							Information about the parent company's investment	
	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
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 (2)	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 (3)	251	200	50	296	43	253	3	1	127
Dinâmica Direitos Creditorios (3)	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 (1)	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
<b>Total</b>								<b>256,088</b>	<b>2,092,397</b>

(1) Acquisition of equity interests - business combination.

(2) The Company made a provision for the unsecured liabilities of its subsidiary Energisa Serviços Aéreos to the amount of R\$ 1,171, recorded under other accounts payable in the noncurrent liabilities in the parent company.

(3) Joint subsidiary.

2012 (adjusted)									
Subsidiary	Information about subsidiaries						Information about the parent company's investment		
	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	538,726	437,847	100,879	66,615	66,615	100,879
Energisa SE	345,736	195	100	1,113,626	769,041	344,585	69,051	69,171	344,585
Energisa PB	386,516	918	100	1,478,455	921,598	556,857	209,344	209,946	556,857
Energisa BO	57,018	293	100	183,442	85,252	98,190	28,961	29,033	98,190
Energisa NF	32,650	13	100	133,578	75,114	58,464	14,031	14,112	58,464
Energisa Soluções	23,210	29,635	100	61,322	27,673	33,649	3,563	3,563	33,650
Energisa Serviços Aéreos de Aeroinspeção	120	120	100	9,113	8,351	762	(34)	(34)	762
Energisa Planejamento	1,685	1,685	100	3,883	1,059	2,824	1,581	1,581	2,823
Energisa Comercializadora	1	1	100	56,681	54,208	2,473	3,326	3,326	2,473
Alvorada Direitos Creditórios S.A	250	200	50	274	22	252	3	1	125
Energisa Geração Rio Grande	68,249	68,249	100	273,709	139,023	134,686	3,780	3,780	134,686
SPE Cristina S/A	14,083	7,400	100	33,473	20,088	13,385	(358)	(358)	13,385
Pequena Central Hidrelétrica Zé Tunin S/A	27,925	27,925	100	65,757	4,944	60,813	(412)	(412)	60,813
Renascença I, II, III, IV, Ventos de São Miguel and Parque Eólico Sobradinho	2,134	2,134	100	2,502	107	2,395	(530)	(530)	2,395
Energisa Geração Usina Maurício	1	1	100	559	558	1	(13)	(13)	-
Energisa Bioeletricidade (1)	1	1	100	192,284	38,675	153,609	2,683	2,683	153,609
Energisa Geração Centrais Eólicas RN S/A	63,500	63,500	100	344,092	178,291	165,801	(1,442)	(1,442)	165,800
Goodwill paid in the acquisition of subsidiaries	-	-	-	-	-	-	-	-	217,143
<b>Total</b>								<b>401,022</b>	<b>1,946,639</b>

(1) Acquisition of equity interests - business combination.

Changes in investments:

Subsidiary	2012	Subscription/ acquisition/ advance for future capital increase	Capital Increase (Decrease)	Dividends paid/ proposed by the subsidiaries (1)	Amortization	Comprehensive Income (2)	Equity in net income of subsidiaries	2013
(Adjusted)								
Energisa MG	100,879	-	-	(64,650)	-	150	27,516	63,895
Energisa SE	344,585	-	-	(28,670)	-	(13,943)	45,561	347,533
Energisa PB	556,857	-	-	(94,296)	-	1,581	133,944	598,086
Energisa BO	98,190	-	-	(12,461)	-	-	9,533	95,262
Energisa NF	58,464	-	7,093	(11,836)	-	72	6,867	60,660
Energisa Soluções	33,649	-	15,790	-	-	706	(1,924)	48,221
Energisa Serviços Aéreos de Aeroinspeção	762	-	-	-	-	-	(1,933)	-
Energisa Planejamento	2,824	-	-	(1,545)	-	(5)	1,433	2,707
Energisa Comercializadora	2,473	-	-	(4,316)	-	16	7,286	5,459
Alvorada Direitos Creditórios S.A	125	-	-	-	-	-	2	127
Dinamica Credit Receivables	-	3,785	-	(25)	-	-	105	3,865
Energisa Geração Rio Grande	134,686	2,381	-	(891)	-	5	3,756	139,937
SPE Cristina S/A	13,385	-	7,017	-	-	-	(554)	19,848
Ze Tunin S/A Small Hydroelectric Power Station	60,813	-	47	(683)	-	-	3,462	63,639
Renascença I, II, III, IV, Ventos de São Miguel and Parque Eólico Sobradinho	2,395	1,550	(1,736)	-	-	-	(1,396)	813
Energisa Geração Usina Maurício	-	597	-	(14)	-	-	74	657
Energisa Bioeletricidade	153,609	34,900	-	(3,565)	-	(46)	6,543	191,441
Energisa Geração Centrais Eólicas RN S/A	165,800	69,456	-	(3,359)	-	(252)	15,813	247,458
Goodwill paid in the acquisition of subsidiaries	217,143	-	-	-	(14,354)	-	-	202,789
<b>Total</b>	<b>1,946,639</b>	<b>112,669</b>	<b>28,211</b>	<b>(226,311)</b>	<b>(14,354)</b>	<b>(11,716)</b>	<b>256,088</b>	<b>2,092,397</b>

(1) As of December 31, 2013 this includes R\$ 45,707 referring to dividends receivable from the subsidiaries EPB (R\$ 16,000), ESE (R\$ 8,000), ECOM (R\$ 1,822), EBIO (R\$ 1,554), GUM (R\$ 14), Ze Tunin (R\$ 683), EGR (R\$ 892), EPLAN (R\$ 358), EMG (R\$ 13,000), Dinâmica (R\$ 25) and ERN (R\$ 3,359) recorded in current assets under Dividends receivable at the parent company.

(2) Includes reflective equity income due to the recognition of the new practice established in CPC 33 R1 (IAS19) of the gains and losses under the supplementary retirement and pensions plan and retirement premium, recorded by the subsidiaries in other comprehensive income in shareholders' equity, as follows:

Subsidiary	1/1/2012	Subscription/acquisition/funds intended for future capital increase	Dividends paid/proposed by the subsidiaries (1)	Amortization	Comprehensive Income	Equity in net income of subsidiaries	2012
Energisa MG	68,530	-	(33,788)	-	(478)	66,615	100,879
Energisa SE	340,877	-	(57,281)	-	(8,182)	69,171	344,585
Energisa PB	546,319	-	(189,188)	-	(10,220)	209,946	556,857
Energisa BO	89,483	-	(20,326)	-	-	29,033	98,190
Energisa NF	50,664	-	(6,189)	-	(123)	14,112	58,464
Energisa Soluções	31,721	-	(849)	-	(786)	3,563	33,649
Termosergipe	32	(32)	-	-	-	-	-
Energisa Serviços Aéreos de Aeroinspeção	796	-	-	-	-	(34)	762
Energisa Planejamento	5,685	(4,000)	(394)	-	(48)	1,581	2,824
Energisa Comercializadora	3,974	-	(4,804)	-	(23)	3,326	2,473
Alvorada Direitos Creditórios S.A	124	-	-	-	-	1	125
Energisa Geração Rio Grande	116,112	15,696	(897)	-	(5)	3,780	134,686
SPE Cristina	13,743	-	-	-	-	(358)	13,385
Zé Tunin SHP	13,608	47,617	-	-	-	(412)	60,813
Renascença I, II, III, IV, Ventos de São Miguel and Parque Eólico Sobradinho	2,404	521	-	-	-	(530)	2,395
Energisa Geração Usina Maurício	13	-	-	-	-	(13)	-
Energisa Bioeletricidade	1	151,595	(670)	-	-	2,683	153,609
Energisa Geração Rio Grande do Norte	64,747	102,495	-	-	-	(1,442)	165,800
Goodwill paid in the acquisition of subsidiaries	231,052	-	-	(13,909)	-	-	217,143
<b>Total</b>	<b>1,579,885</b>	<b>313,892</b>	<b>(314,386)</b>	<b>(13,909)</b>	<b>(19,865)</b>	<b>401,022</b>	<b>1,946,639</b>

(1) Includes R\$ 43,032 referring to dividends receivable from the subsidiaries EPB (R\$ 35,392), EBO (R\$ 4,000), ESOL (R\$ 846), ECOM (R\$ 832), EGR (R\$ 897), EPLAN (R\$ 395) and ERN (R\$ 670) recorded in current assets under Dividends receivable at the parent company.

## Acquisition of interests - business combination:

Via its specific subsidiary Energisa Bioeletricidade S/A in August 2012 the Company acquired 4 (four) Specific Purpose Entities (“SPEs”) from Tonon Bioenergia S/A.

See below the fair value of the aforesaid SPEs and goodwill recognized as a result of the difference in the fair value, net of tax on equity interests, the price paid for the right to build and operate the thermal power plant running on sugarcane biomass Companhia Energisa Bioeletricidade Vista Alegre II in the municipality of Maracaju/MS and Companhia Tonon Biolétrica em Bocaina/SP. Management attributed the goodwill paid on the purchase to the future profitability.

Acquired biomass companies	Energisa Bioeletricidade Vista Alegre I	Energisa Bioeletricidade Santa Cândida I	Energisa Bioeletricidade Vista Alegre II	Energisa Bioeletricidade Santa Cândida II
Location	Maracaju/MS	Bocaina/SP	Maracaju/MS	Bocaina/SP
Installed capacity	30 MW	30 MW	30 MW	50 MW
Amount paid in the acquisition	67,267	52,237	16,263	13,894
Shareholders' equity (book)	73,649	17,195	20	20
Appreciation attributed to property, plant and equipment	4,528	21,935	-	-
Appreciation attributed to sales contract	-	21,153	-	-
Deferred income and social contribution taxes	1,540	14,650	-	-
Fair value of shareholders' equity	76,637	45,634	20	20
Interest acquired	85%	85%	100%	100%
Controlling interests	65,142	38,789	20	20
Minority interests (*)	11,495	6,845	-	-
Goodwill	2,125	13,448	16,243	13,874

(\*) Calculated on the fair value of shareholders' equity.

The plants mentioned above will be operated for 20 years as from acquisition and the investments to be built will be operated for the same term as from the date these assets come into operation.

The purchase agreement for these investments stipulates that the assets of the thermal plants will be returned to Tonon Bioenergia S/A at the end of the exploration period, in the state they were originally delivered.

Based on the opinions of its independent appraisals, the Company used the replacement cost method to determine the fair value of the property, plant and equipment of the SPEs Energisa Bioeletricidade Vista Alegre I and Tonon Bioeletricidade S/A, and the assets were adjusted by R\$ 4,528 and R\$ 21,935 respectively.

The appraisals identified gains in future cash flows of electricity sale contracts of the subsidiary Tonon Bioeletricidade S/A considered to be intangible assets with a present value of R\$ 21,153.

Deferred income and social contribution taxes were recorded for this appreciation of around 34%, which generated liabilities of R\$ 1,540 at Energisa Bioeletricidade Vista Alegre I and R\$ 14,650 at Tonon Bioeletricidade S/A.

As these ventures have defined useful lives, both the appreciation (property, plant and equipment and intangible assets) and the goodwill will be amortized over the exploration period, i.e. 20 years. The amortization of these assets is not tax-deductible.

The minority shareholders of Energisa Bioeletricidade Vista Alegre I and Energisa Bioeletricidade Santa Cândida I have a call option for shares in the companies, where they are entitled to acquire more than 15% of the share capital as from year four of the companies' operation. The value of the option is zero as December 31, 2013.

To determine the fair value of the call option the IPCA price index is plus 14% compared with the present value of the amounts capitalized by December 31, 2013.

## 17 Property, plant and equipment

Parent Company						
	Balance 2012	Addition	Transfers	Write-offs	Depreciation	Balance 2013
<b>Property, plant and equipment In service</b>						
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
Furniture and fixtures	13,679	-	82	-	-	13,761
<b>Total property, plant and equipment in service</b>	<b>30,238</b>	<b>-</b>	<b>1,296</b>	<b>(377)</b>	<b>-</b>	<b>31,157</b>
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)
<b>Total accumulated depreciation</b>	<b>(22,121)</b>	<b>-</b>	<b>-</b>	<b>349</b>	<b>(2,413)</b>	<b>(24,185)</b>
<b>Property, plant and equipment in progress</b>	<b>1</b>	<b>1,295</b>	<b>(1,296)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total of Property, plant and equipment</b>	<b>8,118</b>	<b>1,295</b>	<b>-</b>	<b>(28)</b>	<b>(2,413)</b>	<b>6,972</b>

Parent Company						
	Balance as of 1/1/2012	Addition	Transfers	Write-offs	Depreciation	Balance 2012
<b>Property, plant and equipment In service</b>						
Cost:						
Land	20	-	-	(1)	-	19
Buildings and improvements	3,446	-	600	(3)	-	4,043
Machinery and equipment	3,216	-	570	-	-	3,786
Vehicles	8,483	-	228	-	-	8,711
Furniture and fixtures	13,440	-	239	-	-	13,679
<b>Total property, plant and equipment in service</b>	<b>28,605</b>	<b>-</b>	<b>1,637</b>	<b>(4)</b>	<b>-</b>	<b>30,238</b>
Accumulated depreciation:						
Buildings and improvements	(1,648)	-	-	(1)	(120)	(1,769)
Machinery and equipment	(2,750)	-	-	-	(107)	(2,857)
Vehicles	(5,383)	-	-	-	(1,678)	(7,061)
Furniture and fixtures	(9,680)	-	-	-	(754)	(10,434)
<b>Total accumulated depreciation</b>	<b>(19,461)</b>	<b>-</b>	<b>-</b>	<b>(1)</b>	<b>(2,659)</b>	<b>(22,121)</b>
<b>Property, plant and equipment in progress</b>	<b>276</b>	<b>1,362</b>	<b>(1,637)</b>	<b>-</b>	<b>-</b>	<b>1</b>
<b>Total of Property, plant and equipment</b>	<b>9,420</b>	<b>1,362</b>	<b>-</b>	<b>(5)</b>	<b>(2,659)</b>	<b>8,118</b>

	Consolidated					
	Balance 2012	Addition (**)	Transfers (*)	Write-offs	Depreciation	Balance 2013
<b>Property, plant and equipment in service</b>						
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
<b>Total property, plant and equipment in service</b>	<b>519,038</b>	<b>6,696</b>	<b>720,582</b>	<b>(5,934)</b>	<b>-</b>	<b>1,240,382</b>
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)
<b>Total accumulated depreciation</b>	<b>(82,575)</b>	<b>-</b>	<b>(6,662)</b>	<b>3,392</b>	<b>(38,392)</b>	<b>(124,237)</b>
<b>Property, plant and equipment in progress</b>	<b>253,896</b>	<b>525,397</b>	<b>(713,920)</b>	<b>-</b>	<b>-</b>	<b>65,548</b>
<b>Total of Property, plant and equipment</b>	<b>690,359</b>	<b>532,093</b>	<b>-</b>	<b>(2,542)</b>	<b>(38,392)</b>	<b>1,181,693</b>

(\*) The transfers from PP&E in progress to PP&E in service essentially refers to the unitization of the wind farms and Zé Tunin SHP.

(\*\*) R\$ 6,696 refers to the transfer from intangible assets.

	Consolidated					
	Balance as of 1/1/2012	Addition (*)	Transfers	Write-offs	Depreciation	Balance 2012
<b>Property, plant and equipment in service</b>						
Cost:						
Software	-	588		(50)		538
Land	4,920	-	9,224	(1)	-	14,143
Reservoirs, dams and water pipelines	29,104	2,033	77,963	-	-	109,100
Buildings and improvements	19,598	8,396	56,765	(3)	-	84,756
Machinery and equipment	43,423	155,491	79,614	(38,078)	-	240,450
Vehicles	16,633	1,791	10,341	(102)	-	28,663
Furniture and fixtures	16,721	24,105	562	-	-	41,388
<b>Total PP&amp;E in Service</b>	<b>130,399</b>	<b>192,404</b>	<b>234,469</b>	<b>(38,234)</b>	<b>-</b>	<b>519,038</b>
Accumulated depreciation:						
Software	-	(266)	-	11	(19)	(274)
Reservoirs, Dams, Water Pipelines and land	(582)	(920)	(64)	-	(2,658)	(4,224)
Buildings and improvements	(3,500)	(446)	(17)	(1)	(2,816)	(6,780)
Machinery and equipment	(12,086)	(21,552)	(297)	7,929	(8,530)	(34,536)
Vehicles	(9,728)	(811)	-	88	(2,962)	(13,413)
Furniture and fixtures	(11,367)	(10,161)	(1)	-	(1,819)	(23,348)
<b>Total accumulated depreciation</b>	<b>(37,263)</b>	<b>(34,156)</b>	<b>(379)</b>	<b>8,027</b>	<b>(18,804)</b>	<b>(82,575)</b>
<b>Subtotal Property, Plant and Equipment</b>	<b>93,136</b>	<b>158,248</b>	<b>234,090</b>	<b>(30,207)</b>	<b>(18,804)</b>	<b>436,463</b>
<b>Property, plant and equipment in progress</b>	<b>299,876</b>	<b>188,110</b>	<b>(234,090)</b>	<b>-</b>	<b>-</b>	<b>253,896</b>
<b>Total of Property, plant and equipment</b>	<b>393,012</b>	<b>346,358</b>	<b>-</b>	<b>(30,207)</b>	<b>(18,804)</b>	<b>690,359</b>

(\*) The R\$ 158,248 referring to the addition of property, plant and equipment net of depreciation includes the transfer of intangible assets of R\$ 45,760 and R\$ 112,488 for the acquisition of assets of the 4 (four) Specific Purpose Companies ("SPEs") of Tonon Bioenergia S/A.

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	4.00%
Machinery and equipment	6.25%
Vehicles	14.29%
Furniture and fixtures	6.25%

The assets of the SHPs, wind farms and biomass ventures are depreciated at the depreciation rates specified, limited to the authorization or concession term.

## 18 Intangible assets

	Parent Company		Consolidated	
	2013	2012	2013	2012
Concession agreement/ software	4,141	2,686	968,723	1,019,286
Concession right	-	-	561,679	595,505
<b>Total</b>	<b>4,141</b>	<b>2,686</b>	<b>1,530,402</b>	<b>1,614,791</b>

### 18.1 Intangible assets - parent company

Intangible assets	Opening Balance 2012	Addition	Transfers	Amortization	Closing Balance 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)	-	-
<b>Grand Total</b>	<b>2,686</b>	<b>2,326</b>	<b>-</b>	<b>(871)</b>	<b>4,141</b>

Intangible assets	Opening Balance 1/1/2012	Addition	Transfers	Write-offs	Amortization	Closing Balance 2012
In Service						
Cost of software	3,691	-	983	(73)	-	4,601
Accumulated Amortization	(1,229)	-	-	8	(721)	(1,942)
Subtotal	2,462	-	983	(65)	(721)	2,659
In Progress	-	1,010	(983)	-	-	27
<b>Grand Total</b>	<b>2,462</b>	<b>1,010</b>	<b>-</b>	<b>(65)</b>	<b>(721)</b>	<b>2,686</b>

Software is amortized at the rate of 20% per annum.

## 18.2 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.

	Balance 2012	Addition	Transfers	Write-offs (*)	Amortization	Balance 2013
<b>Intangible assets in service</b>						
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
<b>Total</b>	<b>1,431,661</b>	<b>293,835</b>	<b>-</b>	<b>(197,526)</b>	<b>(124,559)</b>	<b>1,403,411</b>
<b>(-) Obligations linked to the concession</b>						
<b>In Service</b>						
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
<b>Total</b>	<b>412,375</b>	<b>72,643</b>	<b>-</b>	<b>(24,501)</b>	<b>(25,829)</b>	<b>434,688</b>
<b>Grand Total (**)</b>	<b>1,019,286</b>	<b>221,192</b>	<b>-</b>	<b>(173,025)</b>	<b>(98,730)</b>	<b>968,723</b>

(\*) 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.

	Balance as of 1/1/2012	Addition	Transfers	Write-offs (*)	Amortization	Closing Balance 2012
<b>Intangible assets in service</b>						
Cost	2,321,397	21,153	229,214	(265,233)	-	2,306,531
Accumulated amortization	(1,000,385)	(721)	-	54,411	(109,328)	(1,056,023)
Subtotal	1,321,012	20,432	229,214	(210,822)	(109,328)	1,250,508
In Progress	190,032	340,890	(226,711)	(137,891)	-	166,320
Studies and Projects	13,306	4,030	(2,503)	-	-	14,833
<b>Total</b>	<b>1,524,350</b>	<b>365,352</b>	<b>-</b>	<b>(348,713)</b>	<b>(109,328)</b>	<b>1,431,661</b>
<b>(-) Obligations linked to the concession</b>						
<b>In Service</b>						
Cost	395,736	-	34,923	(54,057)	-	376,602
Accumulated amortization	(67,782)	-	-	-	(20,711)	(88,493)
Subtotal	327,954	-	34,923	(54,057)	(20,711)	288,109
Intangible assets in progress	141,259	33,126	(34,923)	(15,196)	-	124,266
<b>Total</b>	<b>469,213</b>	<b>33,126</b>	<b>-</b>	<b>(69,253)</b>	<b>(20,711)</b>	<b>412,375</b>
<b>Grand Total</b>	<b>1,055,137</b>	<b>332,226</b>	<b>-</b>	<b>(279,460)</b>	<b>(88,617)</b>	<b>1,019,286</b>

(\*) R\$ 226,186 of the R\$ 279,460 was transferred to the Concession's Accounts Receivable, R\$ 45,760 was transferred to property, plant and equipment and R\$ 7,514 to write-offs in the year.

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: EMG - 3.83% (3.75% in 2012), EPB - 3.89% (3.70% in 2012), ESE - 3.78% (3.77% in 2012), EBO - 4.00% (3.92% in 2012) and ENF - 3.83% (3.80% in 2012).

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:	2013	2012
Consumer contributions	305,710	273,931
Government Subsidy – CDE funds	321,809	341,545
State Government Subsidy	75,390	69,902
Reversal reserve	1,722	1,722
Excess Demand Revenue and Surplus Reactive Energy	10,657	1,668
(-) Accumulated amortization	(114,322)	(88,493)
<b>Total</b>	<b>600,966</b>	<b>600,275</b>
Allocation:		
Accounts receivable from the concession	166,278	187,900
Infrastructure - Intangible assets in service	301,445	288,109
Infrastructure - Intangible assets in progress	122,586	122,598
Excess Demand Revenue and Surplus Reactive Energy	10,657	1,668
<b>Total</b>	<b>600,966</b>	<b>600,275</b>

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) and EPB (August 2009). 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. Thereafter the invoicing of excess demand is now recorded as Special Obligations.

As of December 31, 2013 the amount recorded in this item stood at R\$ 10,657 (R\$ 1,668 in 2012).

As the representative of electricity distribution companies, ABRADÉE (Brazilian Association of Electricity Distributors) filed suit contesting the treatment afforded to this revenue.

## Financial charges

In FY 2013 and 2012 the subsidiaries transferred financial capitalization charges, as shown below:

	Consolidated	
	2013	2012
Debt charges - interest	223,349	243,061
( - ) transfer to PP&E in progress (*)	(21,679)	(757)
( - ) transfer to intangible assets in progress (*)	(7,126)	(11,350)
<b>Net effect on income</b>	<b>194,544</b>	<b>230,954</b>

(\*) Pursuant to CPC 20, the subsidiaries used the average weighted rate to appropriate the costs of loans for assets not directly related and the effective rate for the specific assets.

## 18.3 Concession right - Consolidated

	2013	2012
Recognized by subsidiaries (1)	538,012	538,012
Recognized by parent company (2)	320,580	320,580
Goodwill (3)	45,690	45,690
Accumulated amortization	(342,603)	(308,777)
<b>Total</b>	<b>561,679</b>	<b>595,505</b>

The change is as follows:

	Consolidated	
	2013	2012
<b>Opening balance - 2012 and 01/01/2012</b>	<b>595,505</b>	<b>582,192</b>
Goodwill	-	45,690
Acquisition in the year	-	1,004
Amortization in the year	(33,826)	(33,381)
<b>Closing balance - 2013 and 2012</b>	<b>561,679</b>	<b>595,505</b>

(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, 2013 the balance to be amortized by the subsidiary is R\$ 314,254 (R\$ 332,947 in 2012).

(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\$ 171,156 (R\$ 184,890 in 2012), 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) (Renasçença 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\$ 24,810 (R\$ 25,231 in 2012) less amortization recorded of R\$ 421 in the year, and (ii) Parque Eólico Sobradinho, located in the municipality of Sobradinho - BA, for the amount of R\$ 7,022 (R\$ 7,022 in 2012).

The construction of the nine Renasçença and Ventos de São Miguel wind farms began in 2012 and was concluded in 2013, in which some R\$ 607,186 (R\$ 108,161 in 2012) was invested, with a capacity of 236 MWh.

The Renascença 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 or R\$ 27,988 of operating revenue recognized 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.

However, it is not possible to inject energy into the transmission system it will be connected to, as the National Grid facilities necessary for this connection which are the responsibility of the transmission company have not yet been concluded.

Therefore, regardless of the effective delivery of energy to the electric system, the contractual terms agreed by the wind farms in the auctions which they prevailed guarantee them the right to earn the revenue stated in the auctions, monetarily restated pursuant to the agreements between the companies, at the rate of one twelfth of the fixed annual revenue, which is the criteria used for recognizing the operation revenue in the year.

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.

The Sobradinho project has not yet contracted out its energy generation, and will participate in the coming regulated auctions, which take place regularly. As an alternative, free market access structures are being evaluated and could be used with this project.

R\$ 815 was invested by December 31, 2013 (R\$ 723 in 2012) in this project.

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
2013 and 2014	35,428	6,528
2015 and 2016	67,435	13,568
2017 and 2018	66,384	14,255
2019 and 2020	67,963	14,941
2021 and 2022	69,514	15,617
2023 and 2024	71,192	16,288
2025 onwards	183,763	25,650
<b>Total</b>	<b>561,679</b>	<b>106,847</b>

### (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\$ 44,437, less amortization, as it has a defined useful life.

## 19 Suppliers payable

	Parent Company		Consolidated	
	2013	2012	2013	2012
Supplies: (1)				
Furnas	-	-	136	136
Ampla - Cusd	-	-	783	1,419
CCEE	-	-	17,353	2,439
Bilateral Contracts (1)	-	-	133,831	153,417
Use of the high-voltage national grid (1)	-	-	6,412	12,038
Connection to the grid (1)	-	-	752	1,049
Use of the distribution system (CUSD) (1)	-	-	11,284	30,277
Materials, services and other (2)	2,425	1,112	153,909	69,410
<b>Total</b>	<b>2,425</b>	<b>1,112</b>	<b>324,460</b>	<b>270,185</b>
Current	2,425	1,112	318,174	264,422
Noncurrent	-	-	6,286	5,763

(1) The acquisition of electricity from generators, use of the high-voltage grid and the distribution system, with an average settlement of 25 days.

(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.

## 20 Loans, financing and debt charges

Company	Operations	Debt charges	Principal		Total		Re.
				Noncurrent	2013	2012	
ENERGISA S/A	Foreign currency						
	CITIBANK	818	-	175,695	176,513	155,059	(3)
	Total foreign currency	818	-	175,695	176,513	155,059	
	Total ENERGISA S A	818	-	175,695	176,513	155,059	
ENERGISA SERGIPE	Local currency						
	Credit Receivables Investment Fund - Energisa Group III (*)	114	-	15,000	15,114	15,078	
	Eletrobrás - Light for All – 1st tranche	13	153	290	456	620	
	Eletrobrás - Light for All – 2nd tranche	45	421	1,554	2,020	2,488	
	Eletrobrás - Light for All – 3rd tranche	65	512	2,035	2,612	3,060	
	Eletrobrás - Light for All – 4th tranche	1	45	313	359	461	
	Eletrobrás - Light for All – 5th tranche	-	29	222	251	287	
	Eletrobrás- Subtransmission	117	3,141	820	4,078	5,836	
	Eletrobrás – Return of LPT	-	-	-	-	1,489	
	Banco do Nordeste - Investment Financing 2007-2008 (FNE)	303	2,229	6,267	8,799	11,033	
	Banco do Nordeste - Investment Financing 2007-2008 (FAT)	535	3,262	3,670	7,467	9,490	
	Banco do Nordeste - Investment Financing 2009-2010 (FNE)	780	2,649	15,568	18,997	21,692	
	Banco ABC – BNDES pass-through	567	5,239	27,385	33,191	-	
	Banco Itaú BBA - FINAME	53	804	10,276	11,133	5,843	
	INERGUS Financing Defined Benefits Plan - 1	-	-	-	-	30,169	(4)
	INERGUS financing Paid-in Plan	-	-	-	-	26,809	(4)
	Total local currency	2,593	18,484	83,400	104,477	134,355	
	(-) Borrowing costs incurred	(153)	-	(624)	(777)	(790)	
	Foreign currency						
	NOTES UNITS	-	-	-	-	230,208	(2) and (3)
	Bank of America Merrill Lynch	54	-	70,278	70,332	61,440	(3)
	Banco Itaú BBA	1,017	-	117,671	118,688	-	(3)
	Citibank	672	-	117,133	117,805	-	(3)
	Total foreign currency	1,743	-	305,082	306,825	291,648	
	(-) Borrowing costs incurred	-	-	-	-	(708)	
	Total ENERGISA SERGIPE	4,183	18,484	387,858	410,525	424,505	

to be continued

	Local currency						
	Credit Receivables Investment Fund - Energisa Group III (*)	485	-	61,000	61,485	61,339	
	Eletrobrás - Light for All – 1st tranche	29	386	712	1,127	1,493	
	Eletrobrás - Light for All – 2nd tranche	72	567	1,865	2,504	3,086	
	Eletrobrás - Light for All – 3rd tranche	67	410	1,845	2,322	2,769	
	Eletrobrás - Light for All – 4th tranche	58	354	2,036	2,448	2,769	
	Eletrobrás - Light for All – 5th tranche	86	432	2,792	3,310	3,785	
	Eletrobrás - Light for All – 6th tranche	9	391	3,051	3,451	3,848	
	Eletrobrás- Subtransmission	7	6,130	7,850	13,987	20,204	
	Eletrobrás - Rural Electrification	9	14	-	23	44	
	Eletrobrás – Return of LPT	-	529	-	529	7,096	
	Banco do Nordeste - Investment Financing 2005-2006 (FNE)	1	5,362	-	5,363	11,014	
	Banco do Nordeste - Investment Financing 2007-2008 (FNE)	31	9,784	23,496	33,311	43,335	
	Banco do Nordeste - Investment Financing 2008-2009 (FNE)	12	7,135	46,819	53,966	55,817	
	Banco do Nordeste - Investment Financing 2007-2008 (FAT)	1	2,429	6,069	8,499	10,930	
	Banco BNB – BNDES pass-through	60	7,647	33,105	40,812	-	
	Banco Itaú BBA – FINAME	106	2,149	22,001	24,256	10,702	
	Total local currency	1,033	43,719	212,641	257,393	238,231	
	(-) Borrowing costs incurred	(339)	-	(1,393)	(1,732)	(2,062)	
	Foreign currency						
	NOTES UNITS	-	-	-	-	124,059	(2) and (3)
	Banco Itaú BBA I	293	-	39,589	39,882	35,085	(3)
	Banco Itaú BBA II	1,222	-	141,206	142,428	-	(3)
	Citibank	60	-	93,704	93,764	81,908	(3)
	Total foreign currency	1,575	-	274,499	276,074	241,052	
	(-) Borrowing costs incurred	-	-	-	-	(381)	
	Total ENERGISA PARAÍBA	2,269	43,719	485,747	531,735	476,840	

to be continued

	Local currency						
	Credit Receivables Investment Fund - Energisa Group III (*)	112	-	15,000	15,112	15,076	
	Eletrobrás - Light for All – 1st tranche	57	1,137	2,967	4,161	5,641	
	Eletrobrás - Light for All – 1st tranche (RJ)	2	10	25	37	52	
	Eletrobrás - Light for All – 2nd tranche	325	1,446	6,905	8,676	20,994	
	Eletrobrás- Subtransmission	8	280	904	1,192	1,403	
	Eletrobrás – Return of LPT	-	12,846	2,569	15,415	-	
	Banco HSBC – BNDES pass-through I	5	511	752	1,268	1,781	
	Banco HSBC – BNDES pass-through II	4	272	349	625	774	
	Banco HSBC – BNDES pass-through III	7	319	421	747	1,066	
	Banco ITAU BBA – BNDES pass-through I	9	451	2,749	3,209	3,664	
	Banco ITAU BBA – BNDES pass-through II	4	162	914	1,080	1,070	
	Banco ITAU BBA – BNDES pass-through III	5	188	1,145	1,338	1,526	
ENERGISA MINAS GERAIS	Banco ITAU BBA – BNDES pass-through IV	3	298	1,814	2,115	2,411	
	Banco Itaú BBA – BNDES PER pass-through	3	743	929	1,675	2,205	
	Banco Itaú BBA - FINAME	29	1,198	7,723	8,950	5,265	
	Caixa Econômica Federal – FINAME	43	493	3,741	4,277	4,351	
	Banco Bradesco – CCB	793	12,502	12,500	25,795	38,263	(2) and (3)
	Banco ITAU BBA - BNDES FINEM	58	8,666	4,651	13,375	17,972	
	Total local currency	1,467	41,522	66,058	109,047	123,514	
	(-) Borrowing costs incurred	(97)	-	(174)	(271)	(356)	
	Foreign currency						
	Citibank	234	38,536	-	38,770	34,136	(2)
	Bank of America Merrill Lynch	249	66,799	-	67,048	58,998	(2)
	Banco Itaú BBA	676	-	70,277	70,583	61,820	(2)
	Total foreign currency	1,159	105,335	70,277	176,771	154,954	
	Total ENERGISA MINAS GERAIS	2,529	146,857	136,161	285,547	278,112	

to be continued

ENERGISA NOVA FRIBURGO	Local currency						
	Credit Receivables Investment Fund - Energisa Group III (*)	30	-	4,000	4,030	4,020	
	Eletrobrás - Light for All – 1st tranche	-	76	211	287	363	
	Eletrobrás - Light for All – Emergency	-	74	558	632	632	
	Banco HSBC – BNDES pass-through I	2	147	197	346	493	
	Banco HSBC – BNDES pass-through II	1	80	103	184	228	
	Banco HSBC – BNDES pass-through III	-	48	64	112	162	
	Banco ITAU BBA – BNDES pass-through I	1	183	1,097	1,281	1,467	
	Banco ITAU BBA – BNDES pass-through II	-	74	388	462	461	
	Banco ITAU BBA – BNDES pass-through III	3	76	457	536	613	
	Banco ITAU BBA – BNDES pass-through IV	3	125	751	879	1,004	
	Banco Itaú BBA – BNDES PER pass-through	4	743	929	1,676	2,205	
	Banco Itaú BBA - FINAME pass-through	4	108	790	902	478	
	Banco ITAU BBA - BNDES AUTOMATICO I	26	1,402	4,913	6,341	5,244	
	Banco ITAU BBA – BNDES AUTOMATICO II	38	417	1,381	1,836	1,334	
	Total local currency	112	3,553	15,839	19,504	18,704	
	(-) Borrowing costs incurred	(6)	-	(38)	(44)	(50)	
	Foreign currency						
	Citibank	98	19,326	-	19,424	17,120	(3)
	Bank of America Merrill Lynch	34	9,370	-	9,404	8,281	(3)
	Banco Itaú BBA I	100	-	7,028	7,129	11,157	(3)
	Banco Itaú BBA II	4	-	5,646	5,649	-	(3)
	Total foreign currency	236	28,696	12,674	41,606	36,558	
Total ENERGISA NOVA FRIBURGO	342	32,249	28,475	61,066	55,212		

to be continued

ENERGISA BORBOREMA	Local currency						
	Credit Receivables Investment Fund - Energisa Group III (*)	47	-	5,000	5,047	5,035	
	Eletrobrás - Light for All – 1st tranche	2	59	109	170	228	
	Eletrobrás – Rural Electrification Program	-	-	-	-	1	
	BNB financing – BNDES PASS-THROUGH I	51	-	2,000	2,051	-	
	BNB financing – BNDES PASS-THROUGH II	-	-	7,886	7,886	-	
	Banco do Nordeste - Investment Financing 2007-2008 (FNE)	194	1,744	5,420	7,358	8,721	
	Banco do Nordeste - Investment Financing 2009-2010 (FNE)	-	390	6,801	7,191	7,863	
	Banco Itaú BBA - FINAME	4	202	1,443	1,649	954	
	Total local currency	298	2,395	28,659	31,352	22,802	
	(-) Borrowing costs incurred	(26)	-	(93)	(119)	(147)	
	Foreign currency						
	Bank of America Merrill Lynch	135	9,371	-	9,506	8,344	(3)
	Banco Itaú BBA	201	-	14,056	14,257	12,457	(3)
	Total foreign currency	336	9,371	14,056	23,763	20,801	
Total ENERGISA BORBOREMA	608	11,766	42,622	54,996	43,456		
ENERGISA SOLUÇÕES	Local currency						
	Finep	19	1,053	4,878	5,950	6,163	
	Banco Itaú BBA - FINAME	3	86	1,168	1,257	-	
	Total local currency	22	1,139	6,046	7,207	6,163	
	(-) Borrowing costs incurred	(6)	-	(23)	(29)	(35)	
	Total ENERGISA SOLUÇÕES	16	1,139	6,023	7,178	6,128	
ENERGISA GERAÇÃO RIO GRANDE S/A	Local currency						
	BNDES- Financ. Invest.	287	7,691	77,523	85,501	93,224	(2)
	BNDES- Financ. Invest.	73	4,840	23,018	27,931	32,775	(2)
	Banco Itaú BBA – BNDES PER pass-through	223	743	700	1,666	2,195	
	Total local currency	583	13,274	101,241	115,098	128,194	
	(-) Borrowing costs incurred	(46)	-	(176)	(222)	(248)	
	Total ENERGISA RIO GRANDE GERAÇÃO	537	13,274	101,065	114,876	127,946	
SPE CRISTINA	Local currency						
	BDMG – BNDES pass-through	25	763	5,423	6,211	6,971	
	BDMG – BNDES pass-through	1	428	1,746	2,175	2,386	
	Total local currency	26	1,191	7,169	8,386	9,357	
	(-) Borrowing costs incurred	(6)	-	(35)	(41)	(47)	
	Total SPE CRISTINA	20	1,191	7,134	8,345	9,310	

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SERV. AÉREOS	Local currency						
	LEASING BRADESCO	-	574	534	1,108	1,681	
	Total local currency	-	574	534	1,108	1,681	
	Total ENERGISA SERVIÇOS AÉREOS	-	574	534	1,108	1,681	
CENTRAL EÓLICA RENASCENÇA I S/A	Local currency						
	BNDES- Financ. Invest.	-	209	84,923	85,133	34,030	(2)
	Total local currency	-	209	84,923	85,133	34,030	
	(-) Borrowing costs incurred	-	-	(162)	(162)	(162)	
	Total RENASCENÇA I	-	209	84,761	84,971	33,868	
CENTRAL EÓLICA RENASCENÇA II S/A	Local currency						
	BNDES- Financ. Invest.	-	188	82,160	82,348	34,030	(2)
	Total local currency	-	188	82,160	82,348	34,030	
	(-) Borrowing costs incurred	-	-	(162)	(162)	(162)	
	Total RENASCENÇA II	-	188	81,998	82,186	33,868	
CENTRAL EÓLICA RENASCENÇA III S/A	Local currency						
	BNDES- Financ. Invest.	-	194	82,906	83,100	34,030	(2)
	Total local currency	-	194	82,906	83,100	34,030	
	(-) Borrowing costs incurred	-	-	(162)	(162)	(162)	
	Total RENASCENÇA III	-	194	82,744	82,938	33,868	
CENTRAL EÓLICA RENASCENÇA IV S/A	Local currency						
	BNDES- Financ. Invest.	-	189	82,444	82,633	34,030	(2)
	Total local currency	-	189	82,444	82,633	34,030	
	(-) Borrowing costs incurred	-	-	(162)	(162)	(162)	
	Total RENASCENÇA IV	-	189	82,282	82,471	33,868	
VENTOS DO SÃO MIGUEL S/A	Local currency						
	BNDES- Financ. Invest.	-	166	79,683	79,849	34,030	(2)
	Total local currency	-	166	79,683	79,849	34,030	
	(-) Borrowing costs incurred	-	-	(162)	(162)	(162)	
	Total VENT.SÃO MIGUEL	-	166	79,521	79,687	33,868	

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Pequena Central Hidrelétrica Zé Tunin S/A	Local currency					
	BDMG – BNDES pass-through	86	1,169	10,339	11,594	-
	BDMG – BNDES pass-through	109	1,805	26,426	28,340	-
	Total local currency	195	2,974	36,765	39,934	-
	Total Zé Tunim SHP	195	2,974	36,765	39,934	-
CONSOLIDATED	Total local currency	6,330	129,771	970,469	1,106,570	853,151
	(-) Borrowing costs incurred	(679)	-	(3,367)	(4,046)	(4,545)
	Total foreign currency	5,867	143,402	852,283	1,001,552	900,072
	Borrowing costs incurred	-	-	-	-	(1,089)
	<b>TOTAL</b>	<b>11,518</b>	<b>273,173</b>	<b>1,819,385</b>	<b>2,104,076</b>	<b>1,747,589</b>

To guarantee payment of the short-term portions, the subsidiaries maintain interest-earning bank deposits to the amount of R\$ 65,869 (R\$ 63,986 in 2012), recorded under "secured funds" in the consolidated current assets.

(1) The BNDES financing (Energisa Geração Rio Grande, Zé Tunim 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 (see note 33 – Financial Instruments). All these covenants were being performed as of December 31, 2013.

(2) 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 33).

(3) On July 19, 2013 the subsidiaries Energisa Sergipe and Energisa Paraíba settled the issuance of 7-year bonds in US dollars denominated Notes Units for R\$ 391,734 (USD 164.7 million of principal), including R\$ 254,625 by Energisa Sergipe and R\$ 137,109 by Energisa Paraíba.

(4) On July 10 and September 19, 2013 the subsidiary Energisa Sergipe settled in advance the entire financing loan with INERGUS – Instituto Energipe de Seguridade Social, referring to the Defined-benefit and Paid-in Plan amounting to R\$ 26,492 and R\$ 30,203 respectively.

At a Board of Directors' meeting held November 08, 2013, the subsidiary Energisa Sergipe approved the contracting of the Bank Credit Note - Financing via Pass-through of BNDES amounting to R\$ 22,687, to be taken out from Banco Itaú BBA S.A. maturing on March 15, 2020 incurring interest of TJLP plus 2.90% p.a. and a grace period of ninety days, intended to implement the investment program for expanding, modernizing and adapting the electricity distribution system in the concession area.

The subsidiary Energisa Paraíba approved the contracting of the Bank Credit Note - financing via pass-through of BNDES amounting to R\$ 39,565, to be taken out from Banco Itaú BBA S.A. maturing on December 15, 2023 and interest of TJLP + 2.90% p.a. to 4% p.a.

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, 2013:

Company	Operation	Maturity	Details of the Operation			Average Term months	Cost of the Debt		TIR (Effective interest rate)	Ref
			Amortization Frequency	Collateral	Index		Interest Rate % p.a.			
ENERGISA	Citibank	Apr-2018	Semi-annual after Apr.2016	Endorsement of Energisa S.A.	40	US dollar	+ 1.64% p.a.	16.52% p.a.	(1)	
ENERGISA SE	Credit Receivables Investment Fund - Energisa Group III	Dec-2020	monthly, after Dec.2017	Receivables	66	CDI	+ 0.7%	8.82%		
	Eletrobrás - Light for All - 1st tranche	Oct-2016	monthly	Receivables	17	RGR 5.0%		5.0%		
	Eletrobrás - Light for All - 2nd tranche	Apr-2018	monthly	Receivables	26	RGR 5.0%		5.0%		
	Eletrobrás - Light for All - 3rd tranche	Oct-2019	monthly	Receivables	34	RGR 5.0%		5.0%		
	Eletrobrás - Light for All - 4th tranche	Jul-2022	monthly	Receivables	51	RGR 5.0%		5.0%		
	Eletrobrás - Light for All - 5th tranche	Oct-2022	monthly	Receivables	53	RGR 5.0%		5.0%		
	Eletrobrás-Subtransmission	Mar-2016	monthly	Receivables	9	RGR 5.0%		5.0%		
	Banco do Nordeste - Investment Financing 2007-2008 (FNE)	Jun-2017	monthly	Receivables + Reserve Fund	21	Fixed 8.3%		8.48	(2)	
	Banco do Nordeste - Investment Financing 2007-2008 (FAT)	Jun-2017	monthly	Receivables + Reserve Fund	16	TJLP	+ 4.0%	9.2%		
	Banco do Nordeste - Investment Financing 2009-2010 (FNE)	Aug-2019	monthly	Receivables + Reserve Fund	34	Fixed 8.4%		8.4%	(2)	
	Banco ABC - BNDES pass-through	May-2019	monthly	Endorsement of Energisa S.A.	35	TJLP	+ 2.2% to 4.1%	7.31% to 9.3%		
	Banco Itaú BBA - FINAME	until Feb-2021	monthly	Endorsement of Energisa S.A.	54	fixed	2.5% to 5.5%	2.5% to 5.5%		
	Bank of America Merrill Lynch	Sep-2015	final	Endorsement of Energisa S.A.	21	Libor	+ 2.45%	18.02%	(1)	
Banco Itaú BBA	April - 2018	Annual, after Apr-2018	Endorsement of Energisa S.A.	46	US dollar	+ 3.4892% p.a.	18.64%			
Citibank	Apr-2018	final	Endorsement of Energisa S.A.	52	Libor	+ 1.91%	17.40%			
ENERGISA PB	Credit Receivables Investment Fund - Energisa Group III	Dec-2020	monthly, after Dec.2017	Receivables	66	CDI	+ 0.7%	8.82%		
	Eletrobrás - Light for All - 1st tranche	Nov-2016	monthly	Receivables	17	RGR 5.0%		5.0%		
	Eletrobrás - Light for All - 2nd tranche	Apr-2018	monthly	Receivables	26	RGR 5.0%		5.0%		
	Eletrobrás - Light for All - 3rd tranche	Aug-2019	monthly	Receivables	33	RGR 5.0%		5.0%		
	Eletrobrás - Light for All - 4th tranche	Nov-2020	monthly	Receivables	40	RGR 5.0%		5.0%		
	Eletrobrás - Light for All - 5th tranche	Aug-2021	monthly	Receivables	44	RGR 5.0%		5.0%		
	Eletrobrás - Light for All - 6th tranche	Oct-2022	monthly	Receivables	50	RGR 5.0%		5.0%		
	Eletrobrás-Subtransmission	Mar-2016	monthly	Receivables	14	RGR 5.0%		5.0%		
	Eletrobrás - Rural Electrification	Nov-2014	quarterly	-	3	RGR 8.0%		8.0%		

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ENERGISA PB	Eletróbrás – Return of LPT	Sep-2013	monthly	Receivables	1	Accrued Selic	8.22%	
	Banco do Nordeste – Investment Financing 2005-2006 (FNE)	Nov-2014	monthly	Receivables + Reserve Fund	6	Fixed 7.7%	7.7%	(2)
	Banco do Nordeste – Investment Financing 2007-2008 (FNE)	Jun-2017	monthly	Receivables + Reserve Fund	21	Fixed 7.8%	7.8%	(2)
	Banco do Nordeste – Investment Financing 2008-2009 (FNE)	Jun-2019	monthly	Receivables + Reserve Fund	35	Fixed 8.1%	8.1%	(2)
	Banco do Nordeste – Investment Financing 2007-2008 (FAT)	Jun-2017	monthly	Receivables + Reserve Fund	21	TJLP	+ 4.0%	9.2%
	Banco do Nordeste – BNDES pass-through	Jan-2019	monthly	Endorsement of Energisa S.A.	31	TJLP	+ 3.4% to 4.4%	8.57% to 9.62%
	Banco Itaú BBA – FINAME	until Feb-2021	monthly	Endorsement of Energisa S.A.	54	pre-fixed	2.5% to 5.5%	2.5% to 5.5%
	Banco Itaú BBA I	Aug-2015	Final	Endorsement of Energisa S.A.	20	US dollar	+ 3.2466	18.36%
	Banco Itaú BBA II	Apr-2018	Annual, after Apr-2017	Endorsement of Energisa S.A.	46	US dollar	+ 3.4892%	18.64%
	Citibank	Sep-2017	Annual after Sep.2016	Endorsement of Energisa S.A.	39	Libor	+ 1.8987%	17.39%
ENERGISA MG	Credit Receivables Investment Fund - Energisa Group III	Dec-2020	monthly, after Dec.2017	Receivables	66	CDI	+ 0.7%	8.82%
	Eletróbrás – Light for All – 1st tranche	Aug-2017	monthly	Receivables	22	RGR 5.0%	5.0%	
	Eletróbrás – Light for All – 1st tranche (RJ)	Aug-2017	monthly	Receivables	22	RGR 5.0%	5.0%	
	Eletróbrás – Light for All – 2nd tranche	Dec-2019	monthly	Receivables	35	RGR 5.0%	5.0%	
	Eletróbrás Subtransmission	Mar-2018	monthly	Receivables	28	RGR 5.0%	5.0%	
	Eletróbrás – return of LPT	Feb-2015	monthly	Receivables	9	Accrued Selic	8.22%	
	Banco HSBC – BNDES pass-through I	May-2016	monthly	Endorsement of Energisa S.A.	15	TJLP	+ 4.3%	9.51%
	Banco HSBC – BNDES pass-through II	May-2016	monthly	Endorsement of Energisa S.A.	15	UMBND	+ 4.3% + floating interest	19.56%
Banco HSBC – BNDES pass-through III	May-2016	monthly	Endorsement of Energisa S.A.	15	TJLP	+ 3.9%	9.1%	

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ENERGISA MG

Banco Itaú BBA – BNDES pass-through I	Jan-2021	monthly	Endorsement of Energisa S.A.	43	TJLP	+ 4.75%	9.98%	
Banco Itaú BBA – BNDES pass-through II	Jan-2021	monthly	Endorsement of Energisa S.A.	42	UMBND	+ 3.75% + floating interest	19.05%	
Banco Itaú BBA – BNDES pass-through III	Jan-2021	monthly	Endorsement of Energisa S.A.	43	TJLP	+ 5.95%	11.25%	
Banco Itaú BBA – BNDES pass-through IV	Jan-2021	monthly	Endorsement of Energisa S.A.	43	Fixed 5.5%		5.5%	
Banco Itaú BBA – BNDES PER pass-through	Mar-2016	monthly	Endorsement of Energisa S.A.	14	Fixed 5.5%		5.5%	
Banco Itaú BBA - FINAME	until May-2021	monthly	Endorsement of Energisa S.A.	52	pre-fixed 2.5% to 10%		2.5% to 10%	
Caixa Econômica Federal - FINAME	Jan-2022	monthly	Endorsement of Energisa S.A.	48	Fixed 8.7%		8.7%	
Banco Bradesco – CCB	Oct-2015	annual	-	16	CDI + 1.25%		9.41%	
Banco Itaú BBA BNDES Finem	May-2015	monthly	Endorsement of Energisa S.A.	11	TJLP + 2.25% to 4.15%		7.36% to 9.36%	
Citibank	Sep-2014	final	Endorsement of Energisa S.A.	9	Libor + 2.25%		17.79%	(1)
Bank of America Merrill Lynch	Oct-2014	final	Endorsement of Energisa S.A.	10	Libor + 2.0%		17.51%	(1)
Banco Itaú BBA	Sep-2015	final	Endorsement of Energisa S.A.	21	US dollar	+ 2.95%	18.02%	(1)

ENERGISA NF

Credit Receivables Investment Fund - Energisa Group III	Dec-2020	monthly, after Dec.2017	Receivables	66	CDI	+ 0.7%	8.82%	
Eletrobrás - Light for All – 1st tranche	Aug-2017	monthly	Receivables	23	RGR 5.0%		5.0%	
Eletrobrás Emergency	May-2019	monthly, after Jun.2014	-	36	RGR 5.0%		5.0%	
Banco HSBC – BNDES pass-through I	Apr-2016	monthly	Endorsement of Energisa S.A.	14	TJLP	+ 4.3%	9.51%	
Banco HSBC – BNDES pass-through II	Apr-2016	monthly	Endorsement of Energisa S.A.	14	UMBND	+ 4.3% + floating interest	19.56%	
Banco HSBC – BNDES pass-through III	Apr-2016	monthly	Endorsement of Energisa S.A.	14	TJLP	+ 3.9%	9.1%	
Banco Itaú BBA – BNDES pass-through I	Dec-2020	monthly	Endorsement of Energisa S.A.	42	TJLP	+ 4.75%	9.98%	
Banco Itaú BBA – BNDES pass-through II	Dec-2020	monthly	Endorsement of Energisa S.A.	42	UMBND	+ 3.75% + floating interest	19.05%	
Banco Itaú BBA – BNDES pass-through III	Dec-2020	monthly	Endorsement of Energisa S.A.	42	TJLP	+ 5.95%	11.25%	
Banco Itaú BBA – BNDES pass-through IV	Dec-2020	monthly	Endorsement of Energisa S.A.	42	Fixed 5.5%		5.5%	
Banco Itaú BBA – BNDES PER pass-through	Mar-2016	monthly	Endorsement of Energisa S.A.	14	Fixed 5.5%		5.5%	

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	Banco Itaú BBA - FINAME	until Feb-2021	monthly	Endorsement of Energisa S.A.	50	pre-fixed 4.5% to 5.5%		4.5% to 5.5%	
	Banco Itaú BBA – BNDES Automatic I	Jun-2018	monthly	Endorsement of Energisa S.A.	27	TJLP	+ 4.65%	9.88%	
	Banco Itaú BBA – BNDES Automatic II	Jun-2018	monthly	Endorsement of Energisa S.A.	27	UMBND	+ 3.65%	18.31%	
	Citibank	Sep-2014	final	Endorsement of Energisa S.A.	9	Libor	+ 2.25%	17.79%	(1)
	Bank of America Merrill Lynch	Feb-2014	final	Endorsement of Energisa S.A.	2	Libor	+ 2.45%	18.02%	(1)
	Banco Itaú BBA I	Aug-2015	final	Endorsement of Energisa S.A.	20	US dollar	+ 3.2466%	18.36%	(1)
	Banco Itaú BBA II	Dec-2015	final	Endorsement of Energisa S.A.	24	US dollar	+ 3.247%	18.36%	(1)
ENERGISA BO	Credit Receivables Investment Fund - Energisa Group III	Dec-2020	monthly, after Dec.2017	Receivables	66	CDI	+ 0.7%	8.82%	
	Eletrobrás - Light for All – 1st tranche	Nov-2016	monthly	Receivables	18	RGR 5.0%		5.0%	
	BNB financing – BNDES Pass-through I	Mar-2023	Monthly – from Apr-2017	Endorsement of Energisa S.A.	74	UMBND	+ 3.9%	18.59%	
	BNB financing – BNDES Pass-through II	Mar-2023	Monthly – from Apr-2017	Endorsement of Energisa S.A.	76	TJLP	+ 3.9%	9.1%	
	Banco do Nordeste - Investment Financing 2007-2008 (FNE)	Jun-2017	monthly	Receivables + Reserve Fund	22	Fixed 7.5%		7.5%	(2)
	Banco do Nordeste - Investment Financing 2009-2010 (FNE)	Aug-2019	monthly	Receivables + Reserve Fund	39	Fixed 7.5%		7.5%	(2)
	Banco Itaú BBA - FINAME	until Feb-2021	monthly	Endorsement of Energisa S.A.	52	pre-fixed 4.5% to 5.5%		4.5% to 5.5%	
	Bank of America Merrill Lynch	Jan-2014	final	Endorsement of Energisa S.A.	1	Libor	+ 2.15%	17.67%	(1)
	Banco Itaú BBA	Aug-2015	Final	Endorsement of Energisa S.A.	20	Dollar + 3.2466%		18.36%	(1)
ENERGISA SOLUÇÕES	FINEP	Oct-2018	monthly	Guarantee Energisa S.A.	30	Fixed 8.0%		8.0%	
	Banco Itaú BBA FINAME	TO FEB-2022	Monthly	Endorsement of Energisa S.A.	54	pre-fixed 2.5% to 3.0%		2.5% to 3.0%	
ENERGISA GERAÇÃO RIO GRANDE	BNDES- Financ. Invest. I	Jan-2025	monthly	Shares E.Rio Grande + Receivables	67	TJLP	+ 2.05%	7.15%	
	BNDES- Financ. Invest. II	Sep-2019	monthly	Shares E.Rio Grande + Receivables	35	Fixed 4.5%		4.5%	
	Banco Itaú BBA – BNDES PER pass-through	Mar-2016	monthly, after Mar.2013	Endorsement of Energisa S.A.	11	Fixed 5.5%		5.5%	

SPE CRISTINA	BDMG – BNDES pass-through I	Dec-2021	monthly	Shares SPE Cristina + Receivables	48	TJLP	+ 4.0%	9.2%	
	BDMG – BNDES pass-through II	Dec-2019	monthly	Shares SPE Cristina + Receivables	35	Fixed 4.5%		4.5%	
ENERGISA SERV.AÉREOS	Bradesco Leasing	Dec-2015	monthly	Lien	12	CDI		8.06%	
CENTRAL EÓLICA RENASCENÇA I, II, III, IV AND VENTOS DO SÃO MIGUEL S/A	BNDES Financ. Invest	Mar-2030	Monthly	Endorsement of Energisa S.A.	104	TJLP	+ 1.89%	6.98%	
PCH PEQUENA CENTRAL HIDRELÉTRICA ZÉ TUNIN S/A	BNDES I – Financ. Invest.	Feb-2022	monthly	shares PCH Pequena Hidrelétrica Zé Tunim S/A + receivables	95	Fixed	2.5%	2.5%	
	BNDES II – Financ. Invest.	Sep-2029	monthly	shares PCH Pequena Hidrelétrica Zé Tunim S/A + receivables	55	TJLP	+ 1.76%	6.85%	

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 year:

Currency/indicators	2013	2012
USD x R\$	14.64%	8.94%
TJLP	5.00%	5.50%
SELIC	8.22%	8.49%
CDI	8.06%	8.40%
IPCA	5.91%	5.84%
IGP-M	5.53%	7.81%

As of December 31, 2013 the long-term financing loans mature as follows:

	Parent Company	Consolidated
2015	-	345,451
2016	58,565	216,816
2017	58,565	334,896
2018	58,565	426,782
2019	-	99,961
2019 onwards	-	395,478
<b>Total</b>	<b>175,695</b>	<b>1,819,384</b>

See the changes occurring in the period:

Description	Parent Company		Consolidated	
	2013	2012	2013	2012
<b>Balance in 2012 and 1/1/2012</b>	<b>155,059</b>	<b>378,408</b>	<b>1,747,589</b>	<b>1,567,004</b>
New loans and financing obtained	-	141,600	720,152	640,802
Debt charges - interest, monetary and exchange variance	25,488	85,538	298,206	251,195
Principal payment	-	(407,440)	(545,959)	(573,233)
Interest payment	(4,034)	(43,047)	(115,912)	(138,179)
<b>Balance in 2013 and 2012</b>	<b>176,513</b>	<b>155,059</b>	<b>2,104,076</b>	<b>1,747,589</b>

The borrowing costs of the financing to be amortized over subsequent years is as follows:

Company	Contracts	2014	2015	2016	2017 onwards	Total
ESE	Credit Receivables Investment Fund - Energisa Group III	25	25	25	98	173
	Banco do Nordeste - Investment Financing 2007-2008 (FNE)	30	30	30	15	105
	Banco do Nordeste - Investment Financing 2007-2008 (FAT)	25	25	25	12	87
	Banco ABC - BNDES Pass-through	17	17	17	43	94
	Banco do Nordeste - Investment Financing 2009-2010 (FNE)	56	56	56	150	318
		153	153	153	318	777
EPB	Credit Receivables Investment Fund - Energisa Group III	97	97	97	387	678
	Banco do Nordeste - Investment Financing 2007-2008 (FNE)	110	110	110	55	385
	Banco do Nordeste - Investment Financing 2007-2008 (FAT)	28	28	28	12	96
	Banco do Nordeste - Investment Financing 2008-2009 (FNE)	104	104	104	261	573
			339	339	339	715

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EMG	Credit Receivables Investment Fund - Energisa Group III	24	24	24	95	167
	Banco ITAU BBA - BNDES FINEM	73	31	-	-	104
		97	55	24	95	271
ENF	Credit Receivables Investment Fund - Energisa Group III	6	6	6	26	44
		6	6	6	26	44
EBO	Credit Receivables Investment Fund - Energisa Group III	8	8	8	30	54
	Banco do Nordeste - Investment Financing 2007-2008 (FNE)	18	18	18	11	65
		26	26	26	41	119
ESOL	Finep	6	6	6	11	29
		6	6	6	11	29
ERGG	BNDES financing loan	46	46	46	84	222
		46	46	46	84	222
SPE	BDMG Loan	4	4	4	19	31
	BDMG Loan	2	2	2	4	10
		6	6	6	23	41
RE I,II,III,IV, VSM	BNDES financing loan	-	52	52	706	810
		-	52	52	706	810
	<b>TOTAL</b>	<b>679</b>	<b>689</b>	<b>658</b>	<b>2,019</b>	<b>4,045</b>

## 21 Debentures (nonconvertible)

Main features:

	Parent Company				Total
	3rd Issuance	4th Issuance	5th Issuance 1 H	5th Issuance 2 H	
Issue type	Public	Public	Public	Public	
Issue date	4/1/2008	10/15/2010	7/15/2012	7/15/2012	
Maturity date	4/1/2014	10/15/2016	7/15/2017	7/15/2019	
Guarantee	Ordinary	Ordinary	Ordinary	Ordinary	
Yields	CDI + 1.1% p.a.	CDI + 1.6% p.a.	CDI + 1.3% p.a.	IPCA + 1.55% p.a.	
Number of securities	15,000	30,000	12,857	27,143	
Value at issue	150,000	300,000	128,570	271,430	
Securities in circulation	15,000	-	12,857	27,143	
Interest grace period	6 months	-	6 months	12 months	
Amortizations/installments	5 semi-annual	-	2 annual	2 annual	
<b>Balances in 2013</b>	<b>30,685</b>	<b>-</b>	<b>133,734</b>	<b>303,378</b>	<b>467,797</b>
Current	30,685	-	5,859	32,365	68,909
Noncurrent	-	-	127,875	271,013	398,888
<b>Balances in 2012</b>	<b>91,432</b>	<b>303,537</b>	<b>132,329</b>	<b>286,474</b>	<b>813,772</b>
Current	61,530	5,103	4,439	15,026	86,098
Noncurrent	29,902	298,434	127,890	271,448	727,674

	Total Parent Company	Subsidiary EMG	Subsidiary EPB	Subsidiary ESE			Consolidated Total
		7th Issuance	1st Issuance	1st Issuance	2nd Issuance	3rd Issuance	
Issue type		Public	Public	Public	Public	Public	
Issue date		12/15/2009	12/15/2009	11/8/2007	12/15/2009	10/30/2013	
Maturity date		12/15/2014	12/15/2014	11/8/2015	12/15/2014	10/30/2019	
Guarantee		Ordinary	Ordinary	Ordinary with Guarantee of Energisa S/A	Ordinary	Ordinary	
Yields		CDI + 1.9% p.a.	CDI + 1.9% p.a.	Exchange Variance + 8.85% p.a.	CDI + 1.9% p.a.	115,5% of CDI	
Number of securities		60,000	80,000	42,000	60,000	60	
Value at issue		60,000	80,000	73,248	60,000	60,000	
Securities in circulation		60,000	80,000	42,000	60,000	60	
Interest grace period		6 months	6 months	6 months	6 months	24 months	
Amortizations/installments		Final	Final	3 annual	Final	5 annual	
<b>Balances in 2013</b>	<b>467,797</b>	<b>60,051</b>	<b>80,029</b>	<b>-</b>	<b>60,051</b>	<b>61,062</b>	<b>728,990</b>
Current	68,909	60,051	80,029	-	60,051	1,062	270,102
Noncurrent	398,888	-	-	-	-	60,000	458,888
<b>Balances in 2012</b>	<b>813,772</b>	<b>46,734</b>	<b>64,448</b>	<b>86,749</b>	<b>45,560</b>	<b>-</b>	<b>1,057,263</b>
Current	86,098	98	136	29,601	95	-	116,028
Noncurrent	727,674	46,636	64,312	57,148	45,465	-	941,235

The debentures 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, 2013 the contractual requirements were performed and the maturities are as follows:

Year	Parent Company	Consolidated
2015	-	12,000
2016	63,803	75,803
2017	63,803	75,803
2018	135,461	147,461
2019	135,821	147,821
<b>Total</b>	<b>398,888</b>	<b>458,888</b>

The borrowing costs of the debentures to be amortized over subsequent years is as follows:

	2013							
	Parent Company				Subsidiary EMG	Subsidiary EPB	Subsidiary ESE	Consolidated
	3rd Issuance	4th Issuance	5th Issuance 1 H	5th Issuance 2 H	7th Issuance	1st Issuance	2nd 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
	<b>81</b>	<b>-</b>	<b>963</b>	<b>508</b>	<b>195</b>	<b>299</b>	<b>195</b>	<b>2,241</b>

	2012								Consolidated
	Parent Company				Subsidiary EMG	Subsidiary EPB	Subsidiary ESE		
	3rd Issuance	4th Issuance	5th Issuance 1H	5th Issuance 2H	7th Issuance	1st Issuance	1st Issuance	2nd Issuance	
FY 2014	214	132	265	90	30	41	141	30	943
FY 2015	98	522	-	-	279	432	128	279	1,738
FY 2016	-	522	-	-	-	-	127	-	649
2016 onwards	-	522	951	501	-	-	-	-	1,974
	<b>312</b>	<b>1,698</b>	<b>1,216</b>	<b>591</b>	<b>309</b>	<b>473</b>	<b>396</b>	<b>309</b>	<b>5,304</b>

Renegotiation clauses:

Description	Company	Renegotiation Date/ Optional Early Redemption	Premium	Terms
Debentures 3rd issuance	Energisa S/A	from month 36 after the issuance date.	1.50%	Optional Early Redemption   Reimbursement Premium (%) = $\frac{P \times (DD)}{(TDC)}$ Where: P = 1.5% ; DD = number of consecutive days from the Redemption Date to the Maturity Date, and TCD = total number of consecutive days from month 36 from the issuance date to the maturity date.

By way of the online auction organized and disclosed by CETIP S.A – Mercados Organizados, on June 20, 2013 part of the debentures previously redeemed by the subsidiaries Energisa Paraíba (15,255 debentures of the 1st issuance for R\$ 15,274); Energisa Sergipe (14,255 debentures of the 2nd issuance for R\$ 14,273) and Energisa Minas Gerais (13,085 debentures of the 7th issuance for R\$ 13,101) for the nominal unit price (PU) of one thousand reais, plus the yield equal to the CDI rate plus 1% per annum. The debentures were held in the subsidiaries' treasury because of the failure to reach an agreement by part of the respective issuances' creditors on December 17, 2012.

On October 17, 2013 the Energisa Sergipe Board of Directors resolved to early redeem the entire nonconvertible simple debentures of Energisa S/A's 1st issuance. The 42,000 debentures incurring exchange variance plus 8.85% per annum, were redeemed at the amount of R\$ 64,337 on November 08, 2013, and this date the amount of R\$ 36,095 had been amortized in accordance with the issuance deed.

See the changes occurring in the year:

Description	Parent Company		Consolidated	
	2013	2012	2013	2012
<b>Balance in 2012 and 1/1/2012</b>	<b>813,772</b>	<b>459,594</b>	<b>1,057,263</b>	<b>739,155</b>
New loans and financing obtained	-	398,834	102,648	398,834
Debt charges - interest, monetary and exchange variance	67,076	61,695	102,262	96,614
Principal payment	(360,000)	(60,000)	(456,085)	(102,594)
Interest payment	(53,051)	(46,351)	(77,098)	(74,746)
<b>Balance in 2013 and 2012</b>	<b>467,797</b>	<b>813,772</b>	<b>728,990</b>	<b>1,057,263</b>

## 22 Taxes and social contributions

	Parent Company		Consolidated	
	2013	2012	2013	2012
ICMS	-	-	62,404	67,409
Social Charges	285	313	7,123	7,028
IRPJ	-	-	37,879	26,192
CSSL	-	-	16,993	19,062
PIS/COFINS	924	568	39,099	45,512
Other	535	428	8,488	7,285
<b>Total</b>	<b>1,744</b>	<b>1,309</b>	<b>171,986</b>	<b>172,488</b>
Current	1,744	1,309	128,179	141,557
Noncurrent (1)	-	-	43,807	30,931

(1) Basically refers to suspended taxes.

## 23 Financing of taxes - consolidated

Description	ESE	EMG	2013	2012
Benefit of Law 11941/2009 – Refis IV and debit financing	6,093	1,995	8,089	10,807
Number of outstanding instalments	39	15	-	-

On November 30, 2009 the subsidiary Energisa Sergipe entered into the special financing program introduced by Law 11941/2009 over 90 monthly instalments, restated by the variance of the Selic base interest rate, with the respective benefits and productions.

On April 19, 2010 the subsidiary Energisa Minas Gerais elected to finance its social security debts to the federal tax authorities of R\$ 6,201 over 60 monthly instalments, restated by the Selic base interest rate.

See the information below about the principal, interest and fines of the federal taxes subject to the financing program, using the benefits provided by Law 11941/2009.

Position at December 31, 2013:

	Original value	Fine	Interest	Total
INSS	610	63	1,212	1,885
IR	2	-	4	6
PIS	166	10	253	429
COFINS	2,029	217	3,488	5,734
CSSL	9	2	24	35
<b>TOTAL</b>	<b>2,816</b>	<b>292</b>	<b>4,981</b>	<b>8,089</b>

Position at December 31, 2012:

	Original value	Fine	Interest	Total
INSS	631	71	1,444	2,146
IR	3	-	5	8
PIS	217	12	372	601
COFINS	2,653	285	5,064	8,002
CSSL	12	3	35	50
<b>TOTAL</b>	<b>3,516</b>	<b>371</b>	<b>6,920</b>	<b>10,807</b>

The consolidated balance of the financed taxes are scheduled as follows:

	2013	2012
2013	-	3,177
2014	3,372	3,224
2015	2,374	2,194
After	2,343	2,212
<b>Total</b>	<b>8,089</b>	<b>10,807</b>
Current	3,372	3,177
Noncurrent	4,717	7,630

In November 2013 the subsidiary EMG opted to use the benefits of Law 12865 of 10/9/2013, which reopened the term and benefits introduced by Law 11941/2009. The subsidiary paid IR, CS, PIS and COFINS taxes of R\$ 7,434 thousand, obtaining an income tax reduction of R\$ 5,913 recorded in financial income.

## 24 Provisions for labor, civil and tax risks - consolidated

a) Probable risk - breakdown and changes

	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	37,714
Tax	6,806	329	(3,072)	468	4,532
<b>Total</b>	<b>69,821</b>	<b>20,168</b>	<b>(25,090)</b>	<b>3,708</b>	<b>68,607</b>
Restricted and escrow deposits (*)	(25,297)				(31,156)

	Opening balance 1/1/2012	Provisions made	Reversal of provisions	Restatement	Closing balance 2012
Labor claims	29,717	9,241	(11,015)	1,705	29,648
Civil	33,155	8,330	(9,952)	1,834	33,367
Tax	7,717	-	(1,250)	340	6,806
<b>Total</b>	<b>70,589</b>	<b>17,571</b>	<b>(22,217)</b>	<b>3,879</b>	<b>69,821</b>
Restricted and escrow deposits (*)	(22,682)				(25,297)

(\*) The subsidiaries ESE, EBO, EPB, EMG, ENF and Energisa Soluções 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.

The consolidated amount of R\$ 15,298 (R\$ 13,876 in 2012) was paid in the financial year, consisting of labor claim settlements of R\$ 6,505 (R\$ 7,232 in 2012) and civil claim compensation of R\$ 8,793 (R\$ 6,644 in 2012).

Provisions for success fees were made in the year for proceedings rated as possible and remote defeats of R\$ 10,546 (R\$ 9,301 in 2012) in the consolidated statements, recorded under trade payables.

### Probable losses

#### ○ Labor claims

Most of these lawsuits involve claims for overtime, salary parity, FGTS (Government Severance Indemnity Fund for Employees) and contractual/legal fees.

#### ○ Civil

The civil proceedings are mainly disputing indemnification for moral and material damages and consumer complaints involving energy debits. Lawsuits have also been filed by consumers claiming reimbursement of amounts paid to the subsidiaries resulting from rate 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 rate increase of R\$ 3,192.

## ○ 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 subsidiaries ESE, EBO, EPB, EMG, ENF and Energisa Soluções.

## Potential losses

The Company and its subsidiaries are party to labor, civil and tax claims in progress to the total amount of R\$ 695,036 (R\$ 589,759 in 2012) in the consolidated statement, where the chance of success has been estimated as possible, meaning no provision was required.

See below the cases rated as a possible risk:

## ○ Labor claims

Consolidated labor claims amounting to R\$ 35,937 (R\$ 20,495 in 2012) 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 and its subsidiaries, claiming joint liability for severance pay and salaries and charging union fees.

The increase in shares in the financial year of R\$ 15,257, around R\$ 8,303, originating 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 R\$ 6,877 refers to 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\$ 181,077 (R\$ 158,446 in 2012) 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 in the year of R\$ 22,631, around R\$ 12,998, originates from the subsidiary Energisa Paraíba, referring to: (i) indemnification for accidents; (ii) collection proceeding in which the plaintiff is seeking to receive lawyers’ fees agreed with the co-operative CEDAL, as it believes the subsidiary is a successor of the Cooperative. The case is at the discovery phase and a contestation has been submitted.

## ○ Tax

The consolidated tax and labor claims amounting to R\$ 478,022 (R\$ 410,818 in 2012) basically consist of disputes about: (i) PIS and COFINS on electricity invoices; (ii) ICMS on energy sales; (iii) offsetting and appropriation of ICMS credits; (iii) rate differential; (iv) income and social contribution taxes; (v) collection of ISS on concession services; (vi) 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. (vii) demand for ICMS due to exempt sale of electricity received under deferral.

The increase in the year of R\$ 67,389, around R\$ 19,466 at the subsidiary Energisa Paraíba, is due to the assessment notice of the federal tax authorities disputing the deductibility of operating expenses in the calculation of the income and social contribution taxes. At the subsidiary Energisa Sergipe (R\$ 28,427) the assessment notice was issued to demand tax credit on the financial transactions tax - IOF, as they ruled that the advance for future capital increase - AFAC should be classified as a loan; and the subsidiary Energisa Minas Gerais (R\$ 8,670) refers to the demand for ICMS due to exempt sale of electricity received under deferral, which violates the existing legislation, which is why we guaranteed the enforcement and filed a motion against the tax enforcement in order to contest this improper collection.

## 25 Shareholders' equity

### 25.1 Capital

The share capital is R\$ 1,010,000 (R\$ 660,000 in 2012), 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 R\$ 155,867,212.

By way of a private subscription, Energisa's Board of Directors ratified the capital increase of R\$ 350,000 on April 15, 2013, with the share capital rising from R\$ 660,000 to R\$ 1,010,000. A total of 145,833,334 shares were issued and subscribed, consisting of 70,110,301 common shares and 75,723,033 preferred shares at the price of R\$ 2.40 per share. The number of the Company's shares is consequently 1,245,690,889 shares, consisting of 592,714,397 common shares and 652,976,492 preferred shares, with no par value.

Preferred shares have no voting rights, have priority in capital reimbursements in premiums and are included in the public offering of the control sale, being assured a price equal to 80% of the amount paid for voting shares comprising the control block.

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 2012) and 17,529,630 preferred shares (17,529,630 in 2012) in the treasury for sale and/or cancellation. In Units the converted amount comes to 4,368,045. The amount invested to buy these shares was R\$ 42,675 (R\$ 42,675 in 2012). The market value of these shares as of December 31, 2013 was R\$ 54,730 (R\$ 51,993 in 2012).

### 25.2 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.

### 25.3 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\$ 22,715 (R\$ 104,523 in 2012) of the net income for the year was allocated to the profit retention reserve.

### 25.4 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.

### 25.5 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:

	2013	2012
Net income for the year	201,361	290,441
Retained earnings	305	-
Legal reserve (5%)	(10,068)	(14,522)
Adjusted net income	<b>191,598</b>	<b>275,919</b>
Mandatory dividends provisioned for	-	8,614
Dividends payment:		
Advanced dividends (paid on June 03 and August 21, 2013):		
Amount paid per share R\$ 0.0327 and R\$ 0.0233 (R\$ 0.056 in 2012) and amount paid per Unit R\$ 0.1635 and R\$ 0.1165 (R\$ 0.28 in 2012) respectively.	68,532	60,366
Additional dividends proposed: (1)		
Amount per share R\$ 0.082 (R\$ 0.095 in 2012) and amount per unit R\$ 0.41 (R\$ 0.475 in 2012)	100,351	102,416
<b>Total dividends</b>	<b>168,883</b>	<b>171,396</b>
% over adjusted net income	88.14%	62.12%

(1) The additional dividends proposed were recorded in the specific item dividends payable in shareholders' equity of R\$ 100,351, in accordance with CPC-08 standards. On February 27, 2014 the Board of Directors resolved to pay these additional dividends from March 12, 2014.

The Company usually allocates dividend receipts from subsidiaries to investments to the cash flow statement.

## 26 Operating revenue

### 26.1 Gross operating revenue - parent company

	2013	2012
<b>Operating revenue</b>		
Specialized services (*)	60,755	55,358
Deductions from operating revenue		
PIS	1,002	913
COFINS	4,617	4,207
ISS	1,224	1,107
<b>Net operating revenue</b>	<b>53,912</b>	<b>49,131</b>

(\*) Refers to administrative services provided to its subsidiaries.

### 26.2 Gross operating revenue - consolidated

	2013			2012		
	Not audited by the independent auditors		R\$	Not audited by the independent auditors		R\$
	No. of consumers	MWh		No. of consumers	MWh	
Residential	2,196,518	3,179,984	1,389,789	2,113,102	2,910,208	1,449,396
Industrial	12,447	1,252,499	375,963	12,480	1,367,133	483,151
Commercial	190,337	1,567,474	677,605	185,026	1,481,896	716,896
Rural	215,285	564,317	180,772	207,306	545,739	133,610
Government:						
Federal	946	108,665	56,886	915	99,482	63,000
State	8,688	161,084	60,644	8,531	148,782	68,128
Municipal	16,995	158,203	44,421	16,480	145,739	50,113
Public Lighting	1,683	500,966	109,342	1,582	486,318	123,015
Public Utility	2,934	486,455	112,697	2,897	481,152	116,197

to be continued

Internal Use	440	11,675	-	310	10,785	-
Subtotal	2,646,273	7,991,322	3,008,119	2,548,629	7,677,234	3,203,506
Revenue from Remuneration of Concession Assets	-	-	46,214	-	-	30,502
Electricity sales to distributors	2	281,435	48,658	2	470,482	100,148
Sales not invoiced (net)	-	43,760	(2,077)	-	82,160	12,287
Energy sales to free consumers	-	1,500,112	295,364	-	1,054,262	206,258
Provision of the transmission and distribution system	72	-	117,563	58	-	160,208
Specialized services (1)	-	-	62,887	-	-	47,711
Construction Revenue	-	-	283,292	-	-	342,338
Other operating revenue	-	-	34,479	-	-	33,965
Total - gross operating revenue	2,646,347	9,816,629	3,894,499	2,548,689	9,284,138	4,136,923
Deductions from operating revenue						
ICMS	-	-	653,117	-	-	679,045
PIS	-	-	60,458	-	-	63,019
COFINS	-	-	278,510	-	-	290,222
ISS	-	-	4,973	-	-	4,243
Quota for RGR	-	-	(6,404)	-	-	30,344
Energy Efficiency Program - PEE	-	-	11,259	-	-	11,649
Energy Development Account - CDE	-	-	9,648	-	-	34,894
Energy Development Account - CCC	-	-	4,886	-	-	84,115
Research and Development Program – P&D	-	-	11,291	-	-	18,645
Excess Demand Revenue and Surplus Reactive Energy	-	-	8,989	-	-	1,668
<b>Total</b>	<b>-</b>	<b>-</b>	<b>1,036,727</b>	<b>-</b>	<b>-</b>	<b>1,217,844</b>
<b>Total - net operating revenue</b>	<b>2,646,347</b>	<b>9,816,629</b>	<b>2,857,772</b>	<b>2,548,689</b>	<b>9,284,138</b>	<b>2,919,079</b>

## 27 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				
TYPE OF EXPENSE	COST OF SERVICE PROVIDED	GENERAL AND ADMINISTRATIVE OPERATING EXPENSES	TOTAL	
			2013	2012
Personnel and management	11,026	4,142	15,168	17,460
Private pension fund	-	163	163	336
Material	264	242	506	501
Outsourced services	7,409	2,888	10,297	11,923
Depreciation and amortization	2,333	15,304	17,637	18,297
Other	825	(108)	717	1,001
	<b>21,857</b>	<b>22,631</b>	<b>44,488</b>	<b>49,518</b>

TYPE OF EXPENSE	CONSOLIDATED						
	COST OF SERVICE			OPERATING EXPENSES		TOTAL	
	ELECTRICITY	OPERATION	PROVIDED TO THIRD PARTIES	SALES	GENERAL AND ADMIN.	2013	2012
Electricity purchased for resale (*)	1,247,074	-	-	-	-	1,247,074	1,157,317
Charge for using transmission and distribution system (*)	134,340	-	-	-	-	134,340	224,790
Personnel and management	-	84,501	45,849	41,839	119,752	291,941	280,269
Private pension fund	-	7,935	86	3,292	9,223	20,536	21,409
Material	-	9,271	5,194	10,578	6,872	31,915	34,085
Outsourced services	-	26,382	18,850	39,382	72,296	156,910	160,961
Depreciation and amortization	-	104,738	13,512	350	52,345	170,945	139,006
Allowance for doubtful accounts and recovery of uncollectible amounts	-	-	-	12,322	-	12,322	(7,328)
Provisions for labor, civil and tax risks	-	(3,444)	-	-	(1,478)	(4,922)	(4,646)
Construction cost	-	-	283,292	-	-	283,292	342,338
Other	-	12,489	2,638	4,275	34,265	53,667	42,673
	<b>1,381,414</b>	<b>241,872</b>	<b>369,421</b>	<b>112,038</b>	<b>293,275</b>	<b>2,398,020</b>	<b>2,390,874</b>

(\*) R\$ 80,497 and R\$ 88,777 deducted referring to the CDE funds to be passed through by Eletrobrás to the Electricity Trading Chamber to cover the electricity acquisition and transmission and distribution system service charges respectively, as a result of energy security, the hydrological risk and involuntary exposure in the spot market and were recorded by the subsidiaries in accordance with Aneel Order 1135 issued April 17, 2013.

## 28 Other Income

	Parent Company		Consolidated	
	2013	2012	2013	2012
Other Revenue:				
Gains on deactivation	64	1,154	24,342	20,803
Other	25	1,665	3,940	2,849
<b>Total</b>	<b>89</b>	<b>2,819</b>	<b>28,282</b>	<b>23,652</b>
Other Expenses:				
Losses on deactivation	28	50	37,330	48,774
Other	5	1,482	361	1,374
<b>Total</b>	<b>33</b>	<b>1,532</b>	<b>37,691</b>	<b>50,148</b>

## 29 Finance income and finance costs

	Parent Company		Consolidated	
	2013	2012	2013	2012
Revenue on short-term investments	26,871	38,516	69,690	70,403
Monetary variation and arrears surcharge on energy sold	-	-	42,708	43,255
Restatement of accounts receivable from the concession - VNR	-	-	29,567	103,838
Endorsement commission	17,642	-	-	-
Other financial revenue	2,876	8,432	29,799	14,435
<b>Total financial revenue</b>	<b>47,389</b>	<b>46,948</b>	<b>171,764</b>	<b>231,931</b>
Debt charges - interest	(71,190)	(104,333)	(223,349)	(243,061)
Debt charges - monetary and exchange variance	(21,375)	(42,900)	(177,119)	(104,748)
(-) Transfer to orders in progress	-	-	28,805	12,107
Mark-to-market of Derivatives	(44,727)	(1,631)	(114,939)	12,447
Derivative Financial Instruments	26,516	20,621	152,275	56,285
Other financial expenses	(820)	(1,245)	(39,480)	(44,164)
<b>Total financial expenses</b>	<b>(111,596)</b>	<b>(129,488)</b>	<b>(373,807)</b>	<b>(311,134)</b>
<b>Net financial expenses</b>	<b>(64,207)</b>	<b>(82,540)</b>	<b>(202,043)</b>	<b>(79,203)</b>

## 30 Earnings per share

The basic and diluted earnings per share were calculated through profit and loss of the year attributable to the Company's controlling shareholders and the respective number of common and preferred shares in circulation.

	Parent Company	Consolidated
	2013	2012
Net income for the year per share attributable to controlling shareholders:	201,361	290,746
Average weighted by shares (thousand)	1,187,335	1,077,960
<b>Basic and diluted net income per common and preferred share - R\$</b>	<b>0.1696</b>	<b>0.2697</b>

## 31 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. The risk assumptions adopted, given their nature, are not part of an audit of financial statements and, accordingly, were not examined by our independent auditors.

The main items covered are:

Lines	Maturity date	Insurance Coverage	Parent Company		Consolidated	
			2013	2012	2013	2012
Operating risks	10/23/2014	60,000	31	28	1,706	1,718
General Civil Liability	10/23/2014	50,600	10	9	937	856
Automobiles – Third-party material and personal damages	10/23/2014	Up to R\$ 360,000 / vehicle	12	17	590	430
Aeronautical – civil liability (RETA)	12/12/2014	457	-	-	7	7
Aeronautical – Hull/LUC	12/12/2014	210,717	-	-	237	277
Engineering risks	3/1/2015	287,295	-	-	404	398
General civil liability - SHPs	3/1/2015	60,000	-	-	178	136
Multirisk	4/25/2014	200,000	-	-	68	50
Collective life insurance – Personal Death and Accidents	12/31/2014	83,500	128	150	1,307	1,235
Transportation	5/6/2014	1,500	-	-	9	-
			<b>181</b>	<b>204</b>	<b>5,443</b>	<b>5,107</b>

### 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.

## 32 Commercial lease - consolidated

The Company and its subsidiaries have commercial leases worth R\$ 126 in 2012 for vehicles at the parent company and R\$ 1,562 (R\$ 2,037 in 2012) for vehicles and aircraft in the consolidated statement, 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 year ended December 31, 2013 the Company and its subsidiaries recognized depreciation expenses of R\$ 113 (R\$ 150 in 2012) at the parent company and R\$ 376 (R\$ 424 in 2012) in the consolidated statement and a consolidated financial expenses of R\$ 99.

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:

Up to one year	722
One to five years	3,089
Over five years	11,583

## 33 Financial instruments and risk management

The book and fair values of the principal financial instrument assets and liabilities have been compared below:

Parent Company				
	2013		2012	
	Book	Fair value	Book	Fair value
<b>Assets</b>				
Cash and cash equivalents	75,107	75,107	11,231	11,231
Money market and secured funds	162,302	162,302	263,656	263,656
Clients, consumers and concessionaires	4,812	4,812	4,343	4,343
Credit receivables and other	-	-	3,700	3,700
Derivative financial instruments	18,469	18,469	35,668	35,668
<b>Liabilities</b>				
Trade payables	2,425	2,425	1,112	1,112
Loans, financing, debt charges and debentures	644,310	626,676	968,831	1,022,068
Consolidated				
	2013		2012	
	Book	Fair value	Book	Fair value
<b>Assets</b>				
Cash and cash equivalents	252,185	252,185	213,172	213,172
Money market and secured funds	526,646	526,646	709,971	709,971
Clients, consumers and concessionaires	407,174	407,174	485,496	485,496
Credit receivables and other	81,416	81,416	115,693	115,693
Accounts receivable from the concession	801,188	801,188	583,188	583,188
Derivative financial instruments	94,355	94,355	79,716	79,716
<b>Liabilities</b>				
Trade payables	324,460	324,460	270,185	270,185
Loans, financing, debt charges and debentures	2,833,066	2,817,901	2,804,852	2,898,463

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, 2013 and 2012 are shown below:

## Nonderivatives - classification and measurement

### Loans and receivables

Includes trade accounts receivable, consumers and concession operators, outstanding receivables, other receivables and accounts receivable of the concession. 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 period.

### 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 debentures issuance of the parent company, 2nd debentures issuance (ESE), 1st debentures issuance (EPB) and 7th debentures issuance (EMG). For financial instruments with no active market, i.e. FIDC, the 3rd debentures issuance of the parent company and the 3rd debentures issuance (ESE), 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.

## ○ 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 annually and available on the Company’s site, reviewed last on 12/20/2012) and in the internal regulations of the Executive Board of the Company and its subsidiaries.

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. Risk management policies and systems are reviewed regularly in order to evaluate changes in market conditions and the activities of the Company and its subsidiaries. The Executive Board issues a monthly report on budgetary performance and risk factors involving the Company and its subsidiaries.

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.

## Capital Risk Management

The debt index at the end of the year is the following:

	Consolidated	
	2013	2012 (adjusted)
Debt (a)	2,833,066	2,804,852
Cash and cash equivalents	(252,185)	(213,172)
Net debt	2,580,881	2,591,680
Net equity (b)	1,872,177	1,457,564
Net debt index	1.38	1.78

(a) The debt is defined as short and long-term loans, financing and debentures (excluding derivatives and financial surety contracts), as detailed in notes 20 and 21.

(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
Trade payables		2,425	-	-	-	-	2,425
Loans and financing, debt charges and debentures	10.74%	40,770	51,120	219,119	411,732	199,122	921,863
<b>Total</b>		<b>43,195</b>	<b>51,120</b>	<b>219,119</b>	<b>411,732</b>	<b>199,122</b>	<b>924,288</b>
Consolidated							
Trade payables		318,174	-	-	-	6,286	324,460
Loans and financing, debt charges and debentures	9.40%	179,548	534,039	917,038	1,219,349	894,540	3,744,514
<b>Total</b>		<b>497,722</b>	<b>534,039</b>	<b>917,038</b>	<b>1,219,349</b>	<b>900,826</b>	<b>4,084,833</b>

#### b) 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	
	2013	2012	2013	2012
<b>Assets</b>				
Cash and cash equivalents	75,107	11,231	252,185	213,172
Money market and secured funds	162,302	263,656	526,646	709,971
Clients, consumers and concessionaires	4,812	4,343	407,174	485,496
Credit receivables and other	-	3,700	81,416	115,693
Accounts receivable from the concession	-	-	801,188	583,188
Derivative financial instruments	18,469	35,668	94,355	79,716

Further information about these credits can be seen in notes 6, 7, 8.15 and 33.

#### c) Interest and exchange rate risk

Part of the local-currency loans and financing presented in note 20 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 and its subsidiaries are always looking for opportunities to renew these hedge instruments, and are therefore structuring instruments which will ensure the continuity of these existing hedge mechanisms, and may adopt other mechanisms which prudently balance risk and cost.

The Company and its subsidiaries' 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, 2013 up by 15% over December 31, 2012, quoted at R\$ 2.3426 / USD. The volatility of the US dollar as of December 31, 2013 was 11.5%, compared with 6.00% as of December 31, 2012.

R\$ 1,001,552 (R\$ 987,218 in 2012) of the consolidated bank debts and issuances of R\$ 2,839,352 (R\$ 2,815,790 in 2012) as of December 31, 2013 is denominated in US dollars, arising from (i) USD 75.5 million (principal of USD 75.0 million) of loans obtained by the subsidiary EMG; (ii) USD 17.8 million (principal of USD 17.7 million) of loans obtained by the subsidiary ENF; (iii) USD 10.1 million (principal of USD 10.0 million) of loans obtained by the subsidiary EBO; (iv) USD 75.3 million (principal of USD 75 million) of loans obtained by Energisa; (v) USD 117.8 million (principal of USD 117.2 million) of loans obtained by the subsidiary EPB; and (vi) USD 131.0 million (principal of USD 130.2 million) of loans obtained by the subsidiary ESE.

The USD loans have a short- and long-term maturity (last maturity on April 27, 2018) and maximum costs of USD plus 4.33% per annum.

The balance sheet as of December 31, 2013 presents R\$ 18,469 in the noncurrent assets (R\$ 35,668 in 2012) at the parent company and R\$ 94,355 (R\$ 79,716 in 2012) in the 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 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	Maturity	Cap
Loan 4131 Itaú BBA x EMG 1/ENF 1	24,700		9/30/2014	2.9633(Sep -14)
Receivable Position		Libor + 2.25%		
Liability Position		91.5% CDI		
Loan 4131 BAML x EMG 2	28,515		10/27/2014	2.9828(Oct -14)
Receivable Position		Libor + 2.00%		
Liability Position		91.0% CDI		
Loan 4131 BAML x EBO 1	4,000		1/17/2014	2.8006(Jan -14)
Receivable Position		Libor + 2.15%		
Liability Position		98.0% CDI		
Loan 4131 BAML x ENF 2	4,000		2/18/2014	2.8196(Feb -14)
Receivable Position		Libor + 2.45%		
Liability Position		102.0% CDI		
Loan 4131 Citibank x ESA	75,000		4/27/2018	2.8576(Apr -16) 3.0235(Apr - 17) 3.1896(Apr - 18)
Receivable Position		Libor + 1.64%		
Liability Position		102.15% CDI		
Loan 4131 Itaú 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 Itaú 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 Citibank x EPB 2	40,000		9/21/2017	3.0185 (Sep - 16) 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 Itaú BBA x ESE 2/ EPB 3	110,508		4/17/2018	3.11 (Apr - 17) 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%		
Liability Position		103.50% CDI		

Under its the Financial Risk Management policy, Energisa Group may also carry out forex operations with a view to additional hedging or even arbitrage in periods of greater volatility, limited to a sum total exposure of USD 50 million.

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	50,000		10/17/2016
Receivable Position		CDI + 1.60%	
Liability Position		109.2% CDI + (TJLP-6%)	
SWAP ESA x Santander	250,000		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 ESA x BTG Pactual	200,000		1/2/2017
Receivable Position		Fixed 11.79%	
Liability Position		100% CDI	

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. On September 13, 2013 Energisa Management accordingly raised the caps maturing in 2014 of the swaps associated with loans 4131, in order to mitigate the risk of losses due to an increase in the dollar exchange rate, in the event the market was agitated by the presidential elections and other events taking place both domestically and overseas. The new swap caps are shown in the table below:

Distributor	Maturity	Notional (USD thousand)	Previous Strike	Current Strike (post adjustment)
BORBOREMA	1/17/2014	4,000	2.6500	2.8006
NOVA FRIBURGO	2/18/2014	4,000	2.6500	2.8196
MINAS GERAIS	9/30/2014	16,450	2.9170	2.9633
NOVA FRIBURGO	9/30/2014	8,250	2.9170	2.9633
MINAS GERAIS	10/27/2014	28,515	2.9170	2.9828

In accordance with CPC 40, the values of the Company and its subsidiaries' derivative financial instruments as of December 31, 2013 and 2012 are summarized below:

	Reference value		Description	Fair value	
	2013	2012		2013	2012
Interest swaps		Notional (BRL)	Receivable Position		
			Fixed interest rate, CDI and IPCA	1,700,210	1,066,648
	1,632,786	970,170	Liability Position		
			CDI interest rate + TJLP and IPCA	(1,696,049)	(1,036,205)
			Total Swap Position	4,161	30,443
Forex Swap with options – Itaú BBA, Santander, Merrill Lynch and Citibank		Notional (BRL)	Receivable Position		
			Foreign Currency - USD and LIBOR	1,098,466	1,093,382
	894,716	890,537	Liability Position		
			CDI Interest Rate	(920,169)	(1,027,061)
			Foreign Currency Options (USD)	(88,103)	(17,048)
			Total Swap Position with Options	90,194	49,273

The subsidiaries calculated the Fair Value of the derivatives as of December 31, 2013 and 2012 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 20 and 21 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). These rates are determined monthly and embrace the period from January 02, 2014 through maturity of all derivative operations. 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, 2013 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%)
<b>Financial instruments – Loans</b>	<b>1,001,552</b>		<b>167,856</b>	<b>(57,265)</b>	<b>(282,385)</b>
<b>Swap with Options</b>					
Receivable position - Foreign Currency - USD and LIBOR	1,098,466		869,306	1,086,633	1,303,960
Payable Position - CDI Interest Rate	(920,169)	Higher f/x rate	(854,354)	(854,354)	(854,354)
Foreign Currency Options - USD	(88,103)		-	(27,212)	(202,952)
<b>Subtotal</b>	<b>90,194</b>		<b>14,952</b>	<b>205,067</b>	<b>246,654</b>
<b>Total Net - gains (losses)</b>	<b>-</b>		<b>182,808</b>	<b>147,802</b>	<b>(35,731)</b>

(\*) Considers the macroeconomic scenario presented by the Focus Survey as of December 31, 2013 for the future dates until the final settlement of the operations.

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, 2013, the derivatives are effective, which is reflected in the positive present value of R\$ 182,808, 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\$ 147,802 and negative value of R\$ 35,731 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, 2013 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%)
<b>Swap</b>	<b>1,632,786</b>		<b>16,583</b>	<b>(78,857)</b>	<b>(174,006)</b>
Receivable Position - CDI Interest Rate and IPCA	1,700,210	Rise in TJLP/IPCA	1,669,110	1,856,308	2,042,946
Payable Position - CDI + TJLP Interest Rate	(1,696,049)		(1,680,577)	(1,886,262)	(2,091,871)
<b>Subtotal</b>	<b>4,161</b>		<b>(11,467)</b>	<b>(29,954)</b>	<b>(48,925)</b>
<b>Net - gains (losses)</b>	<b>4,161</b>		<b>5,116</b>	<b>(108,811)</b>	<b>(222,931)</b>

Considering the exposure of financial instruments indexed to interest rates as of December 31, 2013 is maintained and the respective accumulated annual indexes are (CDI = 10.47%, 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%)
<b>Receivable financial instruments:</b>					
Money market and secured funds	726,968	Increase in CDI	76,435	95,550	114,667
<b>Payable financial instruments:</b>					
Loans, financing and debentures	(569,873)	Increase in CDI	(55,201)	(69,002)	(82,801)
	(648,240)	Increase in LTR	(33,149)	(41,436)	(49,724)
	(134,984)	Increase in FNE	(8,746)	(10,934)	(13,121)
<b>Subtotal (2)</b>	<b>(1,353,097)</b>		<b>(97,096)</b>	<b>(121,372)</b>	<b>(145,646)</b>
<b>Total - sales (2)</b>	<b>(626,129)</b>		<b>(20,661)</b>	<b>(25,822)</b>	<b>(30,979)</b>

(1) Considers the CDI at December 31, 2014 (10.47% per annum), quote of the estimates presented by the recent BACEN survey, dated December 31, 2013, TJLP 5% per annum and FNE funds of 8% per annum (loans contracted from Banco do Nordeste already reflecting the performance bonus).

(2) Does not include dollar transactions worth R\$ 1,001,552.

## 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	
		2013	2012	2013	2012
<b>Assets</b>					
Money market and secured funds	2	162,302	263,656	526,646	709,971
Derivative financial instruments	2	18,469	35,668	94,355	79,716
Accounts receivable from the concession	3	-	-	801,188	583,188

## 34 Employee benefits

A breakdown follows of the actuarial surplus and deficit balances of the pension plans:

Plan balances	Pension Plan				Premium Retirement		Healthcare Plan	
	Defined Benefit		Paid-in Plan		2013	2012	2013	2012
	2013	2012 (adjusted)	2013	2012				
Inergus	(20,142)	(55,455)	-	(37,855)	-	-	-	-
Funasa	(38,913)	(56,464)	-	(6,814)	-	-	-	-
BB Previdência (*)	3,782	4,321	-	-	-	-	-	-
Other	-	-	-	-	(7,368)	(3,859)	(3,183)	(13,475)
<b>Total</b>	<b>(55,273)</b>	<b>(107,598)</b>	<b>-</b>	<b>(44,669)</b>	<b>(7,368)</b>	<b>(3,859)</b>	<b>(3,183)</b>	<b>(13,475)</b>

(\*) 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:

1. Closure of Defined-Benefit Plans (BD) for new participants.
2. Creation of Paid-in Plans (PS) to which current active participants can migrate, and
3. 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)	
		2013	2012		2013	2012 (adjusted)
Energisa S/A	CD	168	336	1.16	-	-
Energisa MG	CD	411	315	1.20	-	-
Energisa MG	BD	-	-	-	283	408
Energisa NF	CD	181	116	1.51	-	-
Energisa Soluções	CD	424	454	1.09	-	-
Energisa SE	PS	476	458	0.9	-	(37,855)
Energisa SE	BD	1,125	895	2.13	(66,557)	(55,455)
Energisa SE	CD	962	905	2.5	-	-
Energisa PB	PS	342	362	0.6	-	(6,814)
Energisa PB	BD	5,962	5,891	10.52	(61,681)	(56,464)
Energisa PB	CD	560	542	0.99	-	-
Energisa BO	BD	95	93	1.19	3,782	4,321

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, 2013 and 2012 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	
	2013	2012 (*) (adjusted)	2013	2012 (*) (adjusted)	2013	2012 (adjusted)	2013	2012 (adjusted)
Present value of actuarial obligations	(103,847)	(107,241)	(126,611)	(129,314)	(3,493)	(4,081)	(1,362)	(2,223)
Fair value of the plan's assets	37,290	51,786	64,930	72,850	7,275	8,402	1,645	2,631
Unrecognized actuarial assets	-	-	-	-	(3,782)	(4,321)	(283)	(408)
<b>Net assets (liabilities)</b>	<b>(66,557)</b>	<b>(55,455)</b>	<b>(61,681)</b>	<b>(56,464)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

## Paid-in Plan:

Paid-in Plan	Energisa SE - Inergus		Energisa PB - Funasa	
	2013	2012	2013	2012
Present value of actuarial obligations	(36,493)	(50,759)	(22,003)	(34,372)
Fair value of the plan's assets	40,605	12,904	25,097	27,558
Reduction of plan assets	(4,112)	-	(3,094)	-
<b>Present value of the obligations in excess of the fair value of the assets / net liabilities</b>	<b>-</b>	<b>(37,855)</b>	<b>-</b>	<b>(6,814)</b>

Statement of the expenses for the 2014 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	1,140	1,041	865	766	124
Interest cost	4,041	11,047	2,461	13,399	375
Expected return on the plan's assets	(4,502)	(3,947)	(2,809)	(6,899)	(805)
Remeasurement of financial cost	-	553	(41)	820	46
Employee contributions	(53)	(835)	-	(525)	(63)
<b>Expenses projected for 2014</b>	<b>626</b>	<b>7,859</b>	<b>476</b>	<b>7,561</b>	<b>(323)</b>

Statement of the change in the sponsor's net deficit in the year:

	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)	(33)
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)	-	-	-	-
<b>Net actuarial liability (asset) at the end of the year</b>	<b>-</b>	<b>66,557</b>	<b>-</b>	<b>61,681</b>	<b>(3,782)</b>	<b>(316)</b>

	2012					
	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:	24,186	38,964	1,241	40,870	(2,633)	(2,569)
Current expenses (revenue)	4,157	5,054	1,547	5,581	(236)	(300)
Company Contributions	-	(961)	-	(5,472)	(61)	-
Impact resulting from reducing the benefit plan	9,512	-	4,026	-	-	-
Other comprehensive income	-	12,398	-	15,485	-	2,869
<b>Net actuarial liability (asset) at the end of the year</b>	<b>37,855</b>	<b>55,455</b>	<b>6,814</b>	<b>56,464</b>	<b>(2,930)</b>	<b>-</b>

The plan's assets are:

	Consolidated	
	2013	2012
Government securities	31,429	-
Fixed-income fund quotas	124,821	137,657
Variable-income fund quotas	3,333	3,680
Property investments	9,913	4,881
Loans to participants	1,090	1,142
Other	1,071	1,460
	<b>171,657</b>	<b>148,820</b>

The change in the fair value of the assets is presented as follows:

	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 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)
<b>Fair value of assets at end of year</b>	<b>40,605</b>	<b>37,290</b>	<b>25,097</b>	<b>64,930</b>	<b>7,274</b>	<b>1,645</b>

	2012					
	Energisa SE - Inergus		Energisa PB - Funasa		Energisa BO	Energisa MG
	PS	BD	PS	BD	BD	BD
Fair value of assets at start of year	8,161	49,354	23,114	66,260	7,239	4,517
Benefits paid	(653)	(9,773)	(305)	(12,151)	(448)	(136)
Participant contributions in the year	-	880	-	629	73	-
Sponsor contributions invested in the year	-	961	-	5,472	61	-
Effective return on assets	773	4,457	2,276	5,950	706	418
Actuarial gains (losses) of the assets	4,623	5,907	2,473	6,690	771	(2,168)
<b>Fair value of assets at end of year</b>	<b>12,904</b>	<b>51,786</b>	<b>27,558</b>	<b>72,850</b>	<b>8,402</b>	<b>2,631</b>

The change in the present value of the obligations is presented as follows:

	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)
<b>Balance at end of year</b>	<b>36,493</b>	<b>103,847</b>	<b>22,003</b>	<b>126,611</b>	<b>3,493</b>	<b>1,362</b>

	2012					
	Energisa SE - Inergus		Energisa PB - Funasa		Energisa BO	Energisa MG
	PS	BD	PS	BD	BD	BD
Balance at beginning of year	32,347	88,318	24,355	107,130	3,695	1,698
Benefits paid in the year	(653)	(9,773)	(305)	(12,151)	(448)	(136)
Interest on actuarial obligation	3,596	9,306	2,723	11,604	398	118
Current service cost (including interest)	1,334	1,277	1,100	1,033	183	-
Losses (Gains) on actuarial obligations	14,135	18,113	6,499	21,698	253	543
<b>Balance at end of year</b>	<b>50,759</b>	<b>107,241</b>	<b>34,372</b>	<b>129,314</b>	<b>4,081</b>	<b>2,223</b>

The premises used in the actuarial valuation are set out below:

## Economic hypotheses

	Energisa SE - Inergus	Energisa PB - Funasa	Energisa BO	Energisa MG
	PS and BD	PS and BD	BD	BD
Actuarial discount rate	6.43% p.a. PS and 6.39% BD	6.44% p.a (PS) and 6.36% p.a (BD).	6.41% p.a.	7% p.a.
Expected rate of return on assets	7.12% p.a. (including inflation)	7.12% p.a. (including inflation)	7.12% p.a. (including inflation)	7% p.a.
Benefit readjustment	Inflation only	Inflation only	Inflation only	Inflation only
Wage growth	0% PS and 0.5% p.a. above inflation	0% p.a. (PS) and 0.5% p.a. above inflation (BD)	0.5% p.a. above inflation	NA
Projected inflation	6% p.a.	6% p.a.	6% p.a.	4.50% p.a.

## Demographic Hypotheses

	Energisa SE - Inergus	Energisa PB - Funasa	Energisa BO	Energisa MG
	PS and BD	PS and BD	BD	BD
Mortality table	AT-83	AT-83	AT-83	AT-2000
Mortality table of disabled people	IAPB-57	IAPB-57	IAPB-57	AT-2000
Disability rate table	IAPC	IAPC	IAPC	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	542	61	239	47	55	-
Average Age	40.06	41.46	49.39	49.40	42.98	-
Participation time (years)	13.95	15.87	20.04	25.21	16.80	-
Participant's Average Salary	R\$ 0.775	R\$ 2.594	R\$ 0.788	R\$ 2.494	R\$ 2.811	-
Assisted Participants:						
Number	29	363	18	461	7	4
Average Age	56.31	63.98	55.72	69.47	65.99	77.3
Average Monthly Benefit	R\$ 2.443	R\$ 1.827	R\$ 0.710	R\$ 1.726	R\$ 2.384	R\$ 1.435
Pensioners:						
Number of Pensioners	2	103	3	225	3	18
Average Benefit per Family Group	R\$ 0.444	R\$ 1.053	R\$ 0.283	R\$ 0.793	R\$ 0.336	R\$ 0.221

## Retirement bonus

The Company and its subsidiaries Energisa MG, Energisa NF and Energisa Soluções 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.

Members of the CD plan who at the requested retirement date have amounts deposited by the sponsor in their individual accounts, amounts greater than 15 base salaries, are not entitled to the premium.

Based on actuarial calculations, premium sponsorship expenses in 2012 of R\$ 589 for the parent company, R\$ 1,139 for Energisa Soluções, R\$ 1,621 for Energisa MG and R\$ 498 for Energisa NF were expensed.

For FY 2014 the plan maintenance expense is R\$ 270 (R\$ 358 in 2013) at the parent company, R\$ 534 (R\$ 710 in 2013) at Energisa Soluções, R\$ 351 (R\$ 372 in 2013) at Energisa MG and R\$ 99 (R\$ 115 in 2013) 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:

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)
<b>Actuarial liability to be provisioned for</b>	<b>2,478</b>	<b>1,977</b>	<b>569</b>	<b>1,761</b>	<b>495</b>	<b>88</b>	<b>7,368</b>

2012							
	Parent Company	Energisa MG	Energisa NF	Energisa Soluções	Energisa Comerc. and Others (Generation)	Energisa Planejamento	Total
Present value of actuarial obligations - covered	2,592	2,178	615	2,545	57	73	8,060
Fair value of the plan's assets	(126)	(150)	(49)	(307)	(4)	-	(636)
<b>Actuarial liability to be provisioned for</b>	<b>2,466</b>	<b>2,028</b>	<b>566</b>	<b>2,238</b>	<b>53</b>	<b>73</b>	<b>7,424</b>

See below the change in net actuarial liabilities:

2013							
	Controladora	Energisa MG	Energisa NF	Energisa Soluções	Energisa Comerc. e Outras (Geração)	Energisa Planejamento	Total
Passivo atuarial líquido no início do ano	2.464	2.027	566	2.236	131	-	7.424
Despesas (receitas) reconhecidas na demonstração do resultado	430	179	110	594	14	8	1.335
Outros resultados abrangentes	(416)	(229)	(107)	(1.069)	350	80	(1.391)
<b>Passivo atuarial líquido no final do ano</b>	<b>2.478</b>	<b>1.977</b>	<b>569</b>	<b>1.761</b>	<b>495</b>	<b>88</b>	<b>7.368</b>

2012							
	Parent Company	Energisa MG	Energisa NF	Energisa Soluções	Energisa Comerc. and Others (Generation)	Total	
Net actuarial deficit at the start of the year	396	1,085	313	766	9	2,569	
Expense (revenue) recognized in the statement of income	106	218	68	279	8	679	
Other comprehensive income	1,962	724	185	1,191	114	4,176	
<b>Net actuarial deficit at end the year</b>	<b>2,464</b>	<b>2,027</b>	<b>566</b>	<b>2,236</b>	<b>131</b>	<b>7,424</b>	

Reconciliation of the present value of the obligations as of December 31, 2013.

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)
<b>Value of the obligations calculated at the end of year</b>	<b>2,750</b>	<b>2,212</b>	<b>576</b>	<b>1,907</b>	<b>515</b>	<b>91</b>	<b>8,051</b>

2012							
	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	466	1,146	332	932	9	-	2,885
Current gross service cost (including interest)	54	93	32	168	2	-	349
Interest on actuarial obligation	52	134	39	108	1	-	334
Benefits paid in the year	(50)	(128)	(38)	(138)	-	-	(354)
Actuarial losses (gains) on actuarial liability	2,070	933	250	1,475	45	73	4,846
<b>Value of the obligations calculated at the end of year</b>	<b>2,592</b>	<b>2,178</b>	<b>615</b>	<b>2,545</b>	<b>57</b>	<b>73</b>	<b>8,060</b>

Statement of the expenses for the 2014 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)	180	159	48	364	31	3	785
Interest on actuarial obligations	193	157	41	126	38	6	561
Expected returns on plan assets	(20)	(2)	-	12	(3)	-	(13)
Remeasurement of financial cost	25	37	10	32	1	-	105
<b>Value of the obligations calculated at the end of year</b>	<b>378</b>	<b>351</b>	<b>99</b>	<b>534</b>	<b>67</b>	<b>9</b>	<b>1,438</b>

#### b) 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 2013 the expenses on this benefit amounted to R\$ 675 (R\$ 664 in 2012) at the parent company and R\$ 10,510 (R\$ 13,475 in 2012) in the consolidated statement.

## 35 Commitments - consolidated

The subsidiaries have the following commitments under long-term energy sale contracts:

	Energy sale contract - reais thousand						
	Term	2014	2015	2016	2017	2018	2018 onwards
Energisa Bioeletricidade Vista Alegre I	2012 to 2042	26,721	40,292	29,421	30,449	41,087	213,242
Energisa Bioeletricidade Vista Alegre II	2015 to 2042	-	24,957	28,003	28,378	33,485	193,789
Energisa Bioeletricidade Santa Candida I	2012 to 2042	11,606	11,229	18,160	19,248	19,731	105,634
Energisa Bioeletricidade Santa Candida II	2016 to 2042	-	-	27,749	30,276	35,367	205,303
Energisa Geração Central Eólica Renascença S/A I, II, III, IV and Ventos de São Miguel	2013 to 2033	87,650	98,141	107,647	112,914	118,514	685,386
Energisa Comercializadora	2009 to 2023	322,653	331,681	341,014	370,740	381,783	2,901,880
Energisa Geração Rio Grande S/A (EGR)	2010 to 2023	36,289	38,424	40,909	35,844	37,516	180,026
Pequena Central Hidrelétrica Zé Tunin S/A	2013 to 2023	10,837	11,128	10,720	11,288	11,819	46,877
SPE Cristina Energia S/A	2012 to 2023	3,473	3,668	3,877	4,057	4,257	24,669
		<b>499,229</b>	<b>559,520</b>	<b>607,500</b>	<b>643,194</b>	<b>683,559</b>	<b>4,556,806</b>

The subsidiaries have the following commitments under long-term energy acquisition contracts:

	Energy purchase contract - reais thousand						
	Term	2014	2015	2016	2017	2018	2018 onwards
ENF (*)	2014	49,560	-	-	-	-	-
EMG	2014 to 2046	166,517	161,914	156,087	157,849	162,617	2,632,354
EPB	2014 to 2046	454,118	418,568	440,967	429,585	442,755	7,176,891
ESE	2014 to 2046	365,781	360,481	378,846	342,142	349,105	5,603,394
EBO	2014 to 2046	82,005	75,159	76,542	71,839	72,043	1,060,046
ECOM	2014 to 2023	316,978	302,690	299,836	308,899	296,658	1,915,536
		<b>1,434,959</b>	<b>1,318,812</b>	<b>1,352,278</b>	<b>1,310,314</b>	<b>1,323,178</b>	<b>18,388,221</b>

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 2013, which have been ratified by ANEEL.

○ This does not include the Proinfa and Itaipu quotas.

## 36 Concession of the public electric energy 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

(\*) As from July 07, 1995.

Generation:

Company	Authorization date	Publication date	Authorization term	Maturity
Energisa Geração Rio Grande S/A (Caju SHP, São Sebastião and Santo Antonio)	7/8/2008	7/14/2008	30 years	7/14/2038
Pequena Central Hidrelétrica Zé Tunin S/A	7/5/2011	7/13/2011	30 years	7/13/2041
SPE Cristina Energia S/A	12/22/1999	12/23/1999	30 years	12/23/2029
Energisa Geração Central Eólica Renascença I S/A	5/2/2011	5/2/2011	35 years	5/2/2046
Energisa Geração Central Eólica Renascença II S/A	5/4/2011	5/4/2011	35 years	5/4/2046
Energisa Geração Central Eólica Renascença III S/A	5/13/2011	5/13/2011	35 years	5/13/2046
Energisa Geração Central Eólica Renascença IV S/A	6/2/2011	6/2/2006	35 years	6/2/2046
Energisa Geração Central Eólica Ventos de São Miguel S/A	5/2/2011	5/2/2011	35 years	5/2/2046
Energisa Bioeletricidade Santa Cândida I S/A (Usina Santa Cândida I) (1)	11/12/2001	11/13/2001	30 years	11/13/2031
Energisa Bioeletricidade Santa Cândida II S/A (Usina Santa Cândida II) (1) and (2)	-	-	-	-
Energisa Bioeletricidade Vista Alegre I (Usina Vista Alegre I)	12/16/2008	12/31/2008	35 years	12/31/2043
Energisa Bioeletricidade Vista Alegre II (Usina Vista Alegre II) (2)	-	-	-	-

(1) 20-year exploration term.

(2) Application for concession release submitted to Concession Authority.

## 37 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 2013 the investment in these projects and practices amounted to R\$ 55,721 (R\$ 46,104 in 2012), R\$ 50,073 (R\$ 39,824 in 2012) of which was allocated to property, plant and equipment and R\$ 5,648 (R\$ 6,280 in 2012) to consolidated operating expenses.

The nonfinancial information was not examined by our independent auditors.

## 38 Additional information to the cash flows

In 2013 and 2012 the equity changes that did not affect the Company's consolidated cash flows relating to the business combination are as follows:

	2013	2012 (Adjusted)
<b>Operating activities</b>		
Trade accounts receivable	-	3,365
Accounts receivable from the concession	190,582	226,186
Restatement of accounts receivable from the concession - VNR	29,567	103,838
Trade payables	24,822	24,159
<b>Investment activities</b>		
Property, Plant and Equipment and Intangible Assets	53,970	111,666
<b>Financing activities</b>		
Loans and financing	28,303	19,954
Capitalization of reserves	316,141	60,000

## 39 Subsequent events

### Expansion of Energisa Group following the acquisition of Rede Group

On January 28, 2014 the National Electricity Regulatory Agency (ANEEL) approved the transfer of the indirect share control of the Rede Group companies to Energisa: Caiuá Distribuição de Energia S.A (100% of the capital); Companhia de Energia Elétrica do Estado do Tocantins (50.9%); Cia de Força e Luz do Oeste (97.7%); Companhia Nacional de Energia Elétrica (98.7%); Empresa de Distribuição de Energia do Vale Paranapanema (100%); Empresa Elétrica Bragantina S.A. (91.5%); Centrais Elétricas Matogrossenses (39.9%); Empresa Energética do Mato Grosso do Sul (100%) and Tangará Energia (61.7%).

Acquisition of the share control of Rede Group is also subject to the performance of other covenants in the Investment and Share Purchase Commitment and Other Covenants entered into by Energisa and the controlling shareholder of Rede Group. Energisa has until April 15 to complete the acquisition.

### Total capital contribution to distribution companies being acquired

The Company has agreements with several financial institutions to provide loans of R\$ 2 billion to make the acquisition and to contribute funds to the distribution companies of Rede Group, as stipulated in the Judicial Reorganization Plan of Rede Group. The banks Itaú BBA, BTG Pactual and Citi have been procured under a firm guarantee basis to structure the 6th issuance of non-convertible, unsecured simple debentures in a single series with placement restrictions, over a total term of two years, amounting to R\$ 1.5 billion, which shall be subscribed and paid in until Rede Group has been acquired.

### Loan costs

The subsidiaries Energisa Minas Gerais and Energisa Nova Friburgo took out the loans approved at the Board of Directors' meeting on January 08, 2014 and Extraordinary General Meeting on February 06, 2014 respectively, with the Company's endorsement, as follows:

- Energisa Minas Gerais - contracting the Bank Credit Note of R\$ 35,831 - financing via pass-through of BNDES amounting to be taken out from Banco Itaú BBA S.A. maturing on December 15, 2023 and interest of TJLP + 2.90% p.a. to 4% p.a. February 06, 2014 and
- Energisa Nova Friburgo - loan of USD 4,000 (four million US dollars) maturing on March 05, 2015 with an annual interest rate equal to Libor plus 2.35% to be taken out from Bank of America N.A.; as a consequence and in accordance with article 16 (paragraph five) of the Company's Bylaws, the promissory note was issued to the bank equal to 120% of the loan.

### 6th Debentures Issuance

On February 27, 2014 the Company's Board of Directors approved the 6th issuance of simple, nonconvertible ordinary debentures in up a single series for public distribution subject to placement constraints amounting to R\$ 1.5 billion. 150,000 debentures were issued, with a yield based on the CDI rate plus a spread of 2.34%. The debentures were issued on March 01, 2014 and mature on March 01, 2016.

The funds raised on March 14, 2014 are being used to finance the obligation established in the "Investment and Share Purchase Commitment and Other Covenants" signed for the acquisition of Rede Group.

