

# Financial Statements

2014



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**INDEX**

<b>BALANCE SHEETS</b> .....	<b>3</b>
<b>INCOME STATEMENT</b> .....	<b>5</b>
<b>COMPREHENSIVE INCOME STATEMENT</b> .....	<b>5</b>
<b>NET EQUITY VARIATION STATEMENT</b> .....	<b>6</b>
<b>CASH FLOW STATEMENT</b> .....	<b>7</b>
<b>ADDED VALUE STATEMENT</b> .....	<b>9</b>
<b>TUTORIAL NOTES TO FINANCIAL STATEMENTS</b> .....	<b>10</b>
NOTE 1 – GENERAL INFORMATION .....	10
NOTE 2 – CONCESSIONS OF ENERGY – PUBLIC SERVICE.....	15
NOTE 3 – SUMMARY OF THE MAIN ACCOUNTING PRAXIS .....	18
NOTE 4 – CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS .....	25
NOTE 5 – CASH AND CASH EQUIVALENTS AND SECURITIES .....	28
NOTE 6 – ESCROW AND EQUITY-LINKED DEPOSITS.....	29
NOTE 7 – CLIENTS .....	30
NOTE 8 – FINANCIAL ASSET – CONCESSION OF PUBLIC SERVICE (ICPC 01).....	31
NOTE 9 – INDEMNIFIABLE ASSETS – LAW Nº 12.783/13 .....	32
NOTE 10 – CREDITS FOR RENEGOTIATED ENERGY – LAW Nº 8.727/93 .....	32
NOTE 11 – RECEIVABLE DIVIDENDS .....	33
NOTE 12 – TAXES TO BE RECOVERED .....	33
NOTE 13 – FUTURE UPFRONT CAPITAL INCREASE .....	34
NOTE 14 – OTHER ASSETS .....	35
NOTE 15 – DEFERRED TAXES (CPC 32).....	37
NOTE 16 – INVESTMENTS (CPC18).....	38
NOTE 17 – FIXED ASSETS (CPC 27).....	43
NOTE 18 – INTANGIBLES (CPC 04).....	47
NOTE 19 – IMPAIRMENT (CPC 01).....	49
NOTE 20 – SUPPLIERS .....	50
NOTE 21 – FUNDS AND LOANS .....	51
NOTE 22 – DEBENTURES.....	56
NOTE 23 – PAYABLE TAXES.....	57
NOTE 24 – ESTIMATED OBLIGATIONS.....	57
NOTE 25 – ONEROUS CONTRACTS .....	58
NOTE 26 – PROVISIONS FOR RISKS AND CONTINGENCIES (CPC 25).....	58
NOTE 27 – R&D AND ENERGY ENHANCEMENT PROGRAMS .....	61
NOTE 28 – PAYABLE CONCESSIONS – PUBLIC ASSETS UTILIZATION.....	62
NOTE 29 – OPERATING PROVISIONS.....	63
NOTE 30 – OTHER LIABILITIES .....	63
NOTE 31 – FURTHER COMMITMENTS .....	64

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NOTE 32 – LONG-TERM OBLIGATIONS.....	64
NOTE 33 – POST-EMPLOYMENT PENSION AND HEALTH CARE BENEFIT (CPC 33) .....	65
NOTE 34 – NET EQUITY .....	71
NOTE 35 – BOARD REMUNERATION .....	73
NOTE 36 – RELATED PARTIES.....	74
NOTE 37 – TRAINING AND PERSONNEL DEVELOPMENT .....	78
NOTE 38 – INFORMATION PER BUSINESS NICHE (CPC 22) .....	78
NOTE 39 – NET OPERATING REVENUE .....	79
NOTE 40 – ONUS PER SECTOR.....	80
NOTE 41 – OPERATING COSTS AND EXPENSES .....	81
NOTE 42 – NET FINANCIAL OUTCOME .....	82
NOTE 43 – REVENUE INCOME TAX AND SOCIAL CONTRIBUTION - OUTCOME.....	83
NOTE 44 – FINANCIAL INSTRUMENTS, RISK MANAGEMENT AND FAIR VALUES.....	84
NOTE 45 – ENVIRONMENTAL INVESTMENTS .....	90
NOTE 46 – SUPPLEMENTARY INFORMATION TO CASH FLOW .....	90
NOTE 47 – EVENTS AFTER THE BALANCE SHEET ISSUANCE (CPC 24).....	91
NOTE 48 – FURTHER SUBJECTS.....	91

**BALANCE SHEETS**  
**As of December 31<sup>st</sup> of 2014 and 2013**  
**(In Thousands of Reais)**

ASSETS	note	Controlling Company		Consolidated	
		31.12.2014	31.12.2013	31.12.2014	31.12.2013
<b>CURRENT</b>					
Cash and cash equilance	5.1	23.390	771.597	26.960	773.711
Deeds and securities	5.2	102.471	-	143.798	-
Clients	7	163.130	109.700	166.394	112.048
Financial Asset - concession of public service	8	61.362	59.775	64.349	62.760
Indemnification credit - Law 12.783/13	9	420.730	391.107	420.730	391.107
Credits for renegotiated energy - Law 8.727/93	10	22.103	134.193	22.103	134.193
Dividends to receive	11	7.010	3.793	4.715	2.057
Taxes to recover	12	54.946	70.078	56.600	70.082
Escrow and equity-linked deposits	6	11.993	25.626	127.739	25.626
Inventory		35.133	35.745	35.133	35.745
Other assets	14	101.477	66.042	102.200	66.058
		<b>1.003.745</b>	<b>1.667.656</b>	<b>1.170.721</b>	<b>1.673.387</b>
<b>NON-CURRENT</b>					
<b>Long-term Realizable Asset</b>					
Indemnification credit - Law 12.783/13	9	-	228.146	-	228.146
Credits for renegotiated energy - Law 8.727/93	10	521.710	374.261	521.710	374.261
Taxes to recover	12	28.738	25.901	28.738	25.901
Net differed fiscal asset	15	-	161.226	293	161.226
Preferred stock recover	16.2	91.310	-	91.310	-
Advance for capital increase	13	606.649	208.629	503.987	208.629
Financial Asset - concession of public service	8	2.008.148	2.004.960	2.087.925	2.088.177
Escrow and equity-linked deposits	6	104.891	113.915	107.568	116.752
Other assets	14	67.547	33.762	62.374	29.188
		<b>3.428.993</b>	<b>3.150.800</b>	<b>3.403.905</b>	<b>3.232.280</b>
<b>Investments</b>	<b>16</b>	<b>2.884.211</b>	<b>2.524.606</b>	<b>2.826.445</b>	<b>2.468.677</b>
<b>Fixed Assets</b>	<b>17</b>	<b>2.413.229</b>	<b>2.378.241</b>	<b>2.616.344</b>	<b>2.378.241</b>
<b>Intangible</b>	<b>18</b>	<b>156.965</b>	<b>164.932</b>	<b>171.575</b>	<b>180.261</b>
		<b>8.883.398</b>	<b>8.218.579</b>	<b>9.018.269</b>	<b>8.259.459</b>
<b>TOTAL ASSET</b>		<b>9.887.143</b>	<b>9.886.235</b>	<b>10.188.990</b>	<b>9.932.846</b>

The tutorial notes are inherent to financial statements.

**BALANCE SHEETS**  
**As of December 31<sup>st</sup> of 2014 and 2013**  
**(In Thousands of Reais)**

<b>LIABILITY AND NET EQUITY</b>	<b>note</b>	<b>Controlling Company</b>		<b>Consolidated</b>	
		<b>31.12.2014</b>	<b>31.12.2013</b>	<b>31.12.2014</b>	<b>31.12.2013</b>
<b>CURRENT</b>					
Suppliers	20	72.017	62.734	76.685	62.863
Financing and Loans	21	284.194	382.874	290.344	389.167
Debentures	22	-	-	255.159	-
Payroll		38.255	35.302	38.315	35.311
Income Revenue and social contributions to collect		2.303	3.201	2.500	3.304
Taxes to recover	23	58.602	53.277	59.024	53.373
Dividends Payable	34	8.542	62.887	9.307	63.466
Estimated bonds	24	39.849	45.559	39.883	45.590
Post-employment benefit	33	7.576	11.733	7.576	11.733
Research and Development	27	37.420	31.349	38.329	32.072
Provision of onerous contracts	25	-	9.662	-	9.662
Operating provisions	29	70.863	111.283	70.863	111.283
Other Liability	30	63.953	57.516	64.246	57.708
		<b>683.574</b>	<b>867.377</b>	<b>952.231</b>	<b>875.532</b>
<b>NON-CURRENT</b>					
Financing and Loans	21	3.295.552	2.775.877	3.315.064	2.800.672
Taxes to recover	23	56.759	72.400	56.759	72.400
Estimated bonds	24	13.397	20.638	13.397	20.638
Net eferred fiscal liability	15	29.357	-	29.357	-
Provision for risks	26	74.933	55.903	74.933	55.903
Post-employment benefit	33	162.372	77.766	162.372	77.766
Advance for capital increase	13	63.976	59.284	63.985	59.284
Provision of onerous contracts	25	-	427.746	-	427.746
Concession Payable - use of public asset	28	23.938	22.814	23.938	22.814
Operating provisions	29	13.448	13.448	13.448	13.448
Other Liability	30	201.146	48	200.458	176
		<b>3.934.878</b>	<b>3.525.924</b>	<b>3.953.711</b>	<b>3.550.847</b>
<b>NET EQUITY</b>					
Capital stock	34	4.295.250	4.295.250	4.295.250	4.295.250
Profits reserve		1.074.209	1.072.411	1.074.209	1.072.411
Adjustments of evaluation sheet		(126.391)	(63.387)	(126.391)	(63.387)
Aditonal proposed dividend		25.623	188.660	25.623	188.660
		<b>5.268.691</b>	<b>5.492.934</b>	<b>5.268.691</b>	<b>5.492.934</b>
<b>Non-controlling interest</b>		<b>-</b>	<b>-</b>	<b>14.357</b>	<b>13.533</b>
<b>TOTAL LIABILITY AND NET EQUITY</b>		<b>9.887.143</b>	<b>9.886.235</b>	<b>10.188.990</b>	<b>9.932.846</b>

The tutorial notes are inherent to financial statements.

**INCOME STATEMENT**  
**Financial Years ended in December 31<sup>st</sup> of 2014 and 2013**  
(In Thousands of Reais)

	note	Controlling Company		Consolidated	
		31.12.2014	31.12.2013	31.12.2014	31.12.2013
<b>NET OPERATIONAL INCOME</b>	<b>39</b>	<b>1.100.183</b>	<b>943.962</b>	<b>1.118.657</b>	<b>1.059.350</b>
<b>OPERATING COST</b>					
<b>Cost with Electric Power</b>		<b>(62.677)</b>	<b>(27.934)</b>	<b>(62.677)</b>	<b>(27.934)</b>
Purchased power for resale	41	(62.677)	(41.864)	(62.677)	(41.864)
Allowance for possible loan losses	25 e 41	-	13.930	-	13.930
<b>Operating Cost</b>	<b>41</b>	<b>(428.624)</b>	<b>(379.077)</b>	<b>(430.065)</b>	<b>(394.872)</b>
Staff, material and outsourced services		(289.183)	(266.116)	(290.235)	(270.070)
Depreciation and amortization		(115.280)	(79.836)	(115.280)	(89.997)
Taxa de fiscalização		(4.274)	(5.626)	(4.274)	(5.626)
Allowance for possible loan losses		601	77	601	(36)
Other		(20.488)	(27.576)	(20.877)	(29.143)
<b>Cost of services rendered to third parties</b>	<b>41</b>	<b>(24.509)</b>	<b>(10.633)</b>	<b>(24.509)</b>	<b>(11.082)</b>
<b>Construction Cost</b>	<b>41</b>	<b>(59.819)</b>	<b>(75.835)</b>	<b>(59.820)</b>	<b>(117.925)</b>
<b>GROSS OPERATING PROFIT</b>		<b>524.554</b>	<b>450.483</b>	<b>541.586</b>	<b>507.537</b>
Operating Expenses	41	(191.210)	(260.590)	(194.631)	(266.538)
<b>SERVICE outcome</b>		<b>333.344</b>	<b>189.893</b>	<b>346.955</b>	<b>240.999</b>
<b>Other income and operating expenses</b>					
Equity income	16	(407.701)	(1.781)	(416.682)	(20.778)
Financial outcome	42	(123.024)	(59.288)	(123.682)	(84.193)
Impairment	19	57.610	(247.578)	57.610	(247.578)
Onerous contracts	25	407.893	488.601	407.893	488.601
Other Net Income/Expense		(7.238)	(11.796)	(7.238)	(11.796)
<b>OPERATING PROFIT BEFORE LAW 12.783/13</b>		<b>260.884</b>	<b>358.051</b>	<b>264.856</b>	<b>365.255</b>
Indemnities Law 12.783/13		-	25.092	-	25.092
<b>OPERATING PROFIT AFTER LAW 12.783/13</b>		<b>260.884</b>	<b>383.143</b>	<b>264.856</b>	<b>390.347</b>
Current income tax and social contribution	43	(2.128)	(6.547)	(3.184)	(9.700)
Deferred income tax and social contribution	43	(222.794)	(111.811)	(222.500)	(113.384)
<b>NET INCOME</b>		<b>35.962</b>	<b>264.785</b>	<b>39.172</b>	<b>267.263</b>
<b>Attributable to:</b>					
Controlling stockholders		35.962	264.785	35.962	264.785
Non-Controlling stockholders		-	-	3.210	2.478
Weighted-average common shares		101.117.798	92.402.707	101.117.798	92.402.707
Basic Profit per common share		0,36	2,87	0,36	2,87

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**COMPREHENSIVE INCOME STATEMENT**  
**Financial Years ended in December 31<sup>st</sup> of 2014 and 2013**  
(In Thousands of Reais)

	Controlling Company		Consolidated	
	31.12.2014	31.12.2013	31.12.2014	31.12.2013
<b>NET INCOME</b>	<b>35.962</b>	<b>264.785</b>	<b>39.172</b>	<b>267.263</b>
Adjustments of actuarial gain (losses)	(600)	134	(600)	134
Adjustments of cash flow hedges	(91.626)	177.742	(91.626)	177.742
Deverred income tax and social contribution	29.222	(54.552)	29.222	(54.552)
<b>COMPREHENSIVE INCOME</b>	<b>(27.042)</b>	<b>388.109</b>	<b>(23.832)</b>	<b>390.587</b>

The tutorial notes are inherent to financial statements.

**NET EQUITY VARIATION STATEMENT**  
**Financial Years ended in December 31<sup>st</sup> of 2014 and 2013**  
(In Thousands of Reais)

	Share Capital	Profits Reserve	Adjust.of evaluation sheet	Proposed additional dividends	Retained Earnings	Net Equity of ContR. Comp. Partners	Particip. of non- controlling	Net Equity Consolid.
<b>BALANCE ON 31.12.2012</b>	<b>3.740.410</b>	<b>1.059.172</b>	<b>(186.711)</b>	<b>46.906</b>	<b>-</b>	<b>4.659.777</b>	<b>13.461</b>	<b>4.673.238</b>
Comprehensive income								
Adjustments of actuarial gains (losses)	-	-	123.190	-	-	<b>123.190</b>	-	<b>123.190</b>
Adjustments of cash flow hedges	-	-	134	-	-	<b>134</b>	-	<b>134</b>
AFAC Incorporation on the Capital	554.840	-	-	-	-	<b>554.840</b>	-	<b>554.840</b>
Approved dividend AGO	-	-	-	(46.906)	-	<b>(46.906)</b>	(2.351)	<b>(49.257)</b>
Net income	-	-	-	-	264.785	<b>264.785</b>	2.478	<b>267.263</b>
Application for AGO								
Statutory reserve	-	13.239	-	-	(13.239)	-	-	-
Minimal compulsory dividend (R\$ 0,17 per stock)	-	-	-	-	(62.886)	<b>(62.886)</b>	(55)	<b>(62.941)</b>
Proposed additional dividends	-	-	-	188.660	(188.660)	-	-	-
Investments reserve	-	-	-	-	-	-	-	-
<b>BALANCE ON 31.12.2013</b>	<b>4.295.250</b>	<b>1.072.411</b>	<b>(63.387)</b>	<b>188.660</b>	<b>-</b>	<b>5.492.934</b>	<b>13.533</b>	<b>5.506.467</b>
Comprehensive income								
Adjustments of actuarial gains (losses)	-	-	(62.404)	-	-	<b>(62.404)</b>	-	<b>(62.404)</b>
Adjustments of cash flow hedges	-	-	(600)	-	-	<b>(600)</b>	-	<b>(600)</b>
Approved dividend AGO	-	-	-	(188.660)	-	<b>(188.660)</b>	(1.621)	<b>(190.281)</b>
Net income	-	-	-	-	35.962	<b>35.962</b>	3.210	<b>39.172</b>
Application for AGO								
Statutory reserve	-	1.798	-	-	(1.798)	-	-	-
Minimal compulsory dividend (R\$ 0,08 per stock)	-	-	-	-	(8.541)	<b>(8.541)</b>	(765)	<b>(9.306)</b>
Proposed additional dividends	-	-	-	25.623	(25.623)	-	-	-
<b>BALANCE ON 31.12.2014</b>	<b>4.295.250</b>	<b>1.074.209</b>	<b>(126.391)</b>	<b>25.623</b>	<b>-</b>	<b>5.268.691</b>	<b>14.357</b>	<b>5.283.048</b>

The tutorial notes are inherent to financial statements.

**CASH FLOW STATEMENT**  
**Financial Years ended in December 31<sup>st</sup> of 2014 and 2013**  
(In Thousands of Reais)

	grade	Controlling Company		Consolidated	
		31.12.2014	31.12.2013	31.12.2014	31.12.2013
<b>OPERATING ACTIVITIES</b>					
<b>Income before revenue and social contribution</b>		<b>260.884</b>	<b>383.143</b>	<b>264.856</b>	<b>390.347</b>
Expenses (revenues) with no effect on cash					
Financial Asset Earning	39	(188.717)	(125.664)	(206.377)	(175.808)
Financial Asset Amortization	8	229.972	174.348	251.071	241.260
Depreciation and amortization		116.962	81.623	116.968	91.809
Premium equities amortization	18	8.973	8.972	8.973	8.972
Monetary Variation		(38.776)	3.734	(38.394)	4.302
Financial Onus Generated		213.513	141.341	216.091	168.205
Equity outcomes of accounting	16	407.701	1.781	416.682	20.778
Adjustment of current Taxes value		4.260	(6.536)	4.260	(6.536)
Reduction of recoverable value of assets (impairment)	19	(57.610)	247.578	(57.610)	247.578
Indemnities Law 12.783/13		-	(25.092)	-	(25.092)
Loss of permanent asset		(1.735)	2.824	(1.735)	2.824
Contingency provisions		8.524	(19.425)	8.524	(19.425)
Allowance for possible loan losses		(10.780)	(64)	(10.780)	49
Actuarial Liability		1.443	4.585	1.443	4.585
Provision for loss with onerous contract		(407.893)	(502.531)	(407.893)	(502.531)
Actuarial earnings (losses)		(5.645)	15.997	(5.645)	15.997
Dismissal Incentive Plan		-	73.695	-	73.695
Others		30.430	15.188	30.430	20.656
		<b>310.622</b>	<b>92.354</b>	<b>326.008</b>	<b>171.318</b>
<b>(Increase) decrease operational assets</b>					
Financial application		(102.471)	-	(143.798)	-
Clients		(52.840)	55.283	(53.756)	56.027
Taxes to recover		34.136	10.122	32.486	12.946
Warehouse		(7.839)	176	(7.839)	176
Escrow, funds and equity linked		22.658	11.627	(92.928)	(30.490)
Other credits		(33.862)	7.155	(34.712)	23.512
		<b>(140.218)</b>	<b>84.363</b>	<b>(300.547)</b>	<b>62.171</b>
<b>(Increase) (decrease) on operational liabilities</b>					
Suppliers		9.283	(27.274)	9.314	(22.124)
Payroll		2.953	(1.587)	3.004	(1.497)
Income revenue and social contribution to collect		708	-	708	-
Taxes to recover		(10.893)	(37.900)	(10.836)	(34.939)
Estimated bonds		(13.145)	(46.976)	(13.142)	(51.814)
Entity of complementary welfare		4.275	3.767	4.275	3.767
Research and development		6.070	2.496	6.256	2.775
Other liability		(24.013)	(80.286)	(23.299)	(84.733)
		<b>(24.762)</b>	<b>(187.760)</b>	<b>(23.720)</b>	<b>(188.565)</b>
<b>Cash arising from operational activities</b>		<b>406.526</b>	<b>372.100</b>	<b>266.597</b>	<b>435.271</b>
Payment of financial Onus		(249.085)	(199.064)	(252.084)	(244.520)
Income revenue and social contribution paid-in		(20.538)	(27.749)	(21.231)	(32.095)
Receipt of financial Onus		448	566	448	566
Receipt of Indemnification credits - Law 12.783/13	9	311.447	1.504.383	311.447	1.504.383
Receipt of credits for renegotiated energy	10	45.878	163.665	45.878	163.665
Judicial Deposits		(20.710)	(31.733)	(20.710)	(31.733)
<b>Net cash of operational activities</b>		<b>473.966</b>	<b>1.782.168</b>	<b>330.345</b>	<b>1.795.537</b>



**CASH FLOW STATEMENT**  
**Financial Years ended in December 31<sup>st</sup> of 2014 and 2013**  
**(In Thousands of Reais)**

	grade	Controlling Company		Consolidated	
		31.12.2014	31.12.2013	31.12.2014	31.12.2013
<b>INVESTMENT ACTIVITY</b>					
Financial Asset	8	(59.819)	(75.835)	(59.820)	(117.925)
In fixed assets		(138.986)	(151.524)	(332.632)	(153.478)
In intangible asset		(3.545)	(3.515)	(3.548)	(3.515)
In corporate participation - capital	16 e 46	(416.893)	(843.656)	(416.843)	(828.656)
In corporate participation - AFAC	13	(657.478)	(389.849)	(554.807)	(389.849)
Remuneration receipt of corporate investment		14.296	20.249	7.696	12.862
Subsidiaries incorporation		-	85.072	-	-
Other investments		29	40	29	40
<b>Net cash of investments activities</b>		<b>(1.262.396)</b>	<b>(1.359.018)</b>	<b>(1.359.925)</b>	<b>(1.480.521)</b>
<b>FINANCING ACTIVITIES</b>					
Loans and financing acquired	21.2	724.014	581.821	974.207	595.578
Payment of loans and financing - principal	21.2	(394.968)	(242.313)	(400.355)	(266.893)
Payment of remuneration to stockholders	34.5	(276.995)	(67.672)	(279.195)	(70.135)
Payment debt complementary welfare		(11.828)	(10.843)	(11.828)	(10.843)
<b>Total of financing activities</b>		<b>40.223</b>	<b>260.993</b>	<b>282.829</b>	<b>247.707</b>
<b>Variation</b>					
<b>Increase (reduction) on cash and equivalent of cash</b>		(748.207)	684.143	(746.751)	562.723
<b>Cash and equivalent of cash in the beginning of period</b>		771.597	87.454	773.711	210.988
<b>Cash and equivalent of cash at the end of period</b>		23.390	771.597	26.960	773.711

The cash effects are evidenced in Tutorial Note nº 46.

The tutorial notes are inherent to financial statements.

**ADDED VALUE STATEMENT**  
**Financial Years ended in December 31<sup>st</sup> of 2014 and 2013**  
(In Thousands of Reais)

	Controlling Company		Consolidated	
	31.12.2014	31.12.2013	31.12.2014	31.12.2013
<b>01 - ADDED VALUE CALCULUS</b>				
<b>Income</b>				
Transmission, generation and services income	1.190.440	997.119	1.210.754	1.079.953
Construction generation income	43.508	541.135	43.508	541.135
Construction transmission income	59.819	75.835	59.820	117.925
	<b>1.293.767</b>	<b>1.614.089</b>	<b>1.314.082</b>	<b>1.739.013</b>
<b>( - ) Input acquired from third-party</b>				
Materials	12.875	16.321	12.987	16.542
Third-party services	107.205	87.939	109.315	92.952
Cost of construction generation	43.508	541.135	43.508	541.135
Cost of construction transmission	59.819	75.835	59.820	117.925
Electric power purchased for resale	62.677	41.864	62.677	41.864
Insurance	4.242	3.982	4.297	4.103
Recoverable value of assets (Impairment)	(57.610)	247.578	(57.610)	247.578
Provision (reversion) losses on commercialization	-	(13.930)	-	(13.930)
Provision (reversion) for contingency	(230)	(33.918)	(230)	(33.918)
Provision (reversion) on onerous contract for purchasing energy	(407.893)	(488.601)	(407.893)	(488.601)
Others	50.732	82.376	51.166	84.660
	(124.675)	560.581	(121.963)	610.310
<b>(=) Gross added value</b>	<b>1.418.442</b>	<b>1.053.508</b>	<b>1.436.045</b>	<b>1.128.703</b>
( - ) Depreciation and amortization	116.962	81.623	116.968	91.809
<b>(=) Net added value</b>	<b>1.301.480</b>	<b>971.885</b>	<b>1.319.077</b>	<b>1.036.894</b>
<b>(+) Added value received by transfer</b>				
Equity income	(407.701)	(1.781)	(416.682)	(20.778)
Financial application income	59.749	69.913	62.293	73.976
Credits for renegotiated energy income	81.237	93.465	81.237	93.465
Other financial income	140.900	130.666	141.513	131.205
	(125.815)	292.263	(131.639)	277.868
<b>(=) Added value over received by transfer</b>	<b>1.175.665</b>	<b>1.264.148</b>	<b>1.187.438</b>	<b>1.314.762</b>
<b>02 - ADDED VALUE OVER DISTRIBUTION</b>				
<b>Staff</b>				
Remuneration/Benefits/FGTS	296.549	270.790	298.075	273.502
Contingency/Labor compensation	10.650	14.455	10.650	14.455
Special retirement/Actuarial liability	1.443	4.585	1.443	4.585
Dismissal Incentive Plan	-	73.695	-	73.695
	308.642	363.525	310.168	366.237
<b>Government</b>				
Taxes	115.742	94.809	116.705	101.793
Regulatory Onus	26.890	16.745	27.759	19.892
Social Onus	52.029	47.130	52.316	47.834
Social Contribution	59.854	31.664	60.129	32.970
Income Revenue tax	165.068	86.694	165.555	90.114
	419.583	277.042	422.464	292.603
<b>Funders</b>				
Onus overs Taxes	3.116	3.956	3.126	3.987
Onus over dividends	25.449	5.131	25.449	5.131
Onus over AFAC	4.692	59.194	4.692	59.194
Onus of debts	271.114	181.569	273.692	210.291
Monetary variation	60.951	76.953	61.943	77.521
Rent	6.568	5.464	6.909	5.820
Others financial expenses	39.588	26.529	39.823	26.715
	411.478	358.796	415.634	388.659
<b>Stockholders</b>				
Minimal mandatory dividend	8.541	62.886	8.541	62.886
Proposed additional dividends	25.623	188.660	25.623	188.660
Retained earnings	1.798	13.239	5.008	15.717
	35.962	264.785	39.172	267.263
<b>Added value distributed</b>	<b>1.175.665</b>	<b>1.264.148</b>	<b>1.187.438</b>	<b>1.314.762</b>

The tutorial notes are inherent to financial statements.

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## Tutorial Notes to Financial Statements

### Financial Years ended in December 31<sup>st</sup> of 2014

(In thousands of Reais or as otherwise defined herein)

#### **NOTE 1 – GENERAL INFORMATION**

##### **1.1 The Company**

Eletrosul Centrais Elétricas S.A. (“Eletrosul” or “Controlling Company”) is a federal closed joint stock company, controlled by Centrais Elétricas Brasileiras S.A (Eletrobras) and is headquartered at Rua Deputado Antonio Edu Vieira, 999, Pantanal, CEP 88040-901, in Florianópolis, State of Santa Catarina.

It was established on December 23<sup>rd</sup>, 1968 and as its main activities are the generation and transmission of electric energy through the three Southern States, Mato Grosso do Sul and Rondônia.

The Company's regulatory operating income is primarily composed by 67.3% out of transmission activity, 30.3% out of generation and 2.4% out of other activities. Transmission revenues are inherent to concession agreements and permits and the generation revenues, are inherent to energy purchase and sale agreements, once executed in the regulated environment, bi-lateral agreements, and short-term transactions, through the Chamber of Commercialization of Electric Energy (CCEE).

Eletrosul electric energy transmission grids, as part of National Grid System (SIN) renders 11.140,4 Km<sup>2</sup> of transmission lines and transforming capacity of 25.817,8 MVA<sup>1</sup> out of 44 substations and the frequency converter on the border of Brazil and Argentina. In addition to its own facilities the company provides services or equipment gear operation and/or maintenance in 36 substations and systems into integration with Uruguay (Rivera) and Argentina (Garabi).

The power plant underway of generation course of Eletrosul consists of 3 hydroelectric plants, 2 PCH's, 3 Wind Farms and one photovoltaic solar unit, in the total capacity of 428,03 MW. It still counts with 121,1Km of transmission lines with a transforming capacity of 288,4 MVA<sup>1</sup> in 5 connecting substations.

Additionally to the transmission grid systems and owned generation premise, the Company endeavors into other Partnership of Specific Purpose (SPE) into the three Southern states, Mato Grosso, Pará and Rondônia, for the purpose of implementation and transmission systems clustering 4.390,4 km of lines<sup>1</sup>, 10 substations with 2.651 MVA<sup>1</sup> transformation capacity, 2 hydroelectric plants with a structured capacity of 5.570 MW and 36 Wind Farms with structured capacity of 660.8 MW<sup>1</sup>.

##### **1.2 Energy Auctions in 2014**

Pursuant ANEEL energy auction held, arising from new endeavors, as per mandatory rules established by Law n. 10.848 from March 15<sup>th</sup>, 2004 as set forth by Decree n. 5.163 of July 30<sup>th</sup>, 2004 the Company was awarded in 2014 by Lots “A” and “E” from Auction 004/2014. The “A” Lot is entitled to endeavors in Rio Grande do Sul, clustering eight new substations, three of them in 525 kV, besides its expansion of its facilities and 17 new line transmission grids with a total of 1.900 Km length. This lot was purchased with 14% discount and the Annual Allowed Revenue was set around R\$336 thousand. The estimated investment is approximately R\$3.03 billion and the start of commercial operation is scheduled for March 2018, with a concession period of 30 years.

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<sup>1</sup> Unaudited information by auditors' diligence.

Lot E was awarded by the Company via Paraíso consortium in joint efforts with Elecnor and Copel companies and it was acquired with 3.62% of discount evidencing annual final RAP of R\$ 22 thousand. This lot gathers two 230kV lines of transmission and one substation on Mato Grosso do Sul.

The projects from the Auction 004/2014 are detailed as below:

<b>Transmission line</b>	<b>Length (Km)</b>	<b>Voltage (kV)</b>	<b>Concession date</b>	<b>Expiration of concession</b>
LT Capivari do Sul-Gravataí	83	525	03/2018	11/2044
LT Capivari do Sul-Viamão 3	65	230	03/2018	11/2044
LT Guaíba 3-Capivari do Sul	178	525	03/2018	11/2044
LT Osório 3 - Gravataí 3	66	230	03/2018	11/2044
LT Porto Alegre 8 - Porto Alegre 1 (underground)	3,4	230	03/2018	11/2044
LT Porto Alegre 12 - Porto Alegre 1 (underground)	4	230	03/2018	11/2044
LT Livramento 3 - Alegrete 2	125	230	03/2018	11/2044
LT Livramento 3-Cerro Chato	10	230	03/2018	11/2044
LT Livramento 3 - Santa Maria 3	247	230	03/2018	11/2044
LT Livramento 3 - Maçambará 3	205	230	03/2018	11/2044
LT Guaíba 3 - Gravataí	127	525	03/2018	11/2044
LT Guaíba 2-Guaíba 3 C1	19	230	03/2018	11/2044
LT Guaíba 2-Guaíba 3 C2	19	230	03/2018	11/2044
LT Guaíba 3 Candiota 2 CD	279	525	03/2018	11/2044
LT Guaíba 3 – Povo Novo C2	245	525	03/2018	11/2044
LT Marmeleiro 2 – Santa Vitória do Palmar 2	48	525	03/2018	11/2044
LT Povo Novo – Marmeleiro 2	152	525	03/2018	11/2044
LT Nova Santa Rita-Guaíba 3 C2	40	525	03/2018	11/2044
LT Paraíso 2-Chapadão C2	65	230	09/2017	11/2044
LT Campo Grande 2-Paraíso 2 C2	200	230	03/2018	11/2044
Sec. Osório 2 - Lagoa dos Barros em Osório 3	4	230	03/2018	11/2044
Sec. LT Passo Fundo - Nova Prata 2 C1 e C2 em Vila Maria	1	230	03/2018	11/2044
Sec. Santo Ângelo - Maçambará	3,3	230	03/2018	11/2044
Sec. Bajé – Pres. Médici SE CTA	-	230	03/2018	11/2044
Sec. LT Nova Santa Rita – Povo Novo em Guaíba 3	-	525	03/2018	11/2044
Sec. LT 230 KV Campo Grande 2 – Chapadão - Paraíso 2	-	230	09/2017	11/2044
<b>Total</b>	<b>2.188,70</b>			

Substations	Transformation Capacity	Location	Concession date	Expiration of concession
SE Viamão 3 EL 230	-	RS	03/2018	11/2044
SE 525/230/138 kV Capivari do Sul 525/230 (3+1)x 224 MVA e 230/138 kV 2x100 MVA	1.096	RS	03/2018	11/2044
SE Gravataí EL 525	-	RS	03/2018	11/2044
SE Guaíba 3 EL 525	-	RS	03/2018	11/2044
SE 230 kV Vila Maria – 2xATF 230/138 kV	150	RS	03/2018	11/2044
SE Gravataí 3 EL 230 OSO3	-	RS	03/2018	11/2044
SE 230 kV Osório 3 – new	-	RS	03/2018	11/2044
SE 230 kV Porto Alegre 1 (new SF6 isolated) 230/69 kV	166	RS	03/2018	11/2044
SE Porto Alegre 12 EL 230	-	RS	03/2018	11/2044
SE Porto Alegre 8 EL 230	-	RS	03/2018	11/2044
SE Alegrete 2 EL 230 LVE3	-	RS	03/2018	11/2044
SE Cerro Chato EL 230 LVE3	-	RS	03/2018	11/2044
SE Livramento 2 Adequation SA	-	RS	03/2018	11/2044
SE 230 kV Livramento 3 - synchronous compensator (-100/+100) MVar	-	RS	03/2018	11/2044
SE 230 kV Maçambará 3	-	RS	03/2018	11/2044
SE Santa Maria 3 EL 230 LVE3	-	RS	03/2018	11/2044
Se Guaíba 2 EL GUA3	-	RS	03/2018	11/2044
SE 525/230 kV Candiota 2 – with ATR transf. and bar reactors of 525 kV (6+1 res) x 224 MVA – (3+1 res) x50 MVar	1.768	RS	03/2018	11/2044
SE 525 kV/230 kV Guaíba 3 ATR (6+1) x 224 MVA	1.568	RS	03/2018	11/2044
SE Gravataí EL 525 GUA3	-	RS	03/2018	11/2044
SE Marmeleiro 2 2EL 525 SPA2 PNO	-	RS	03/2018	11/2044
SE Nova Santa Rita EL 525 GUA3	-	RS	03/2018	11/2044
SE Povo Novo 2EL 525 GUA3 MRO2	-	RS	03/2018	11/2044
SE Sta Vitória do Palmar 2EL 525 MRO2	-	RS	03/2018	11/2044
SE Campo Grande 2 EL 230 PAR2	-	MS	03/2018	11/2044
SE Chapadão EL PAR2	-	MS	03/2018	11/2044
SE 230/138 kV Paraíso 2	300	MS	09/2017	11/2044
<b>Total</b>	<b><u>5.048,00</u></b>			

### 1.3 Existing unamortized assets and/or depreciation as of May, 31<sup>st</sup> 2000.

On September 11<sup>th</sup>, 2012, the Federal Government issued a Provisional Decree n. 579, on the extensions of concession generation, distribution and transmission of energy, and the onus reduction targeting sectoral reasonable tariffs. This Provisional Decree was converted in January 11<sup>th</sup>, 2013 into Law n. 12.783/2013 and became regulated by the Decree 7.891/2013 of January 23<sup>rd</sup>, 2013.

Eletrosul accepted the early conditions of renewal concessions in the Provisional Decree n. 579 (Law 12.783/13), executed on December 4<sup>th</sup>, 2012 the concession amendment n. 057/2001, assigning all the contractual assets to the Federal Union, under the governance of the Company.

The Law n. 12.783/13 also set forth the transmission companies to forward to ANEEL the information concerning the assets previously acquired on May 31<sup>st</sup>, 2000 (RBSE), not yet depreciated or amortized, since it is necessary to calculate the timely supplementary indemnification, to be defined by the assigning authority, in accordance with paragraph 8 of Article 15 of Law n. 12.783/2013, of which once is homologated will be paid within 30 years, since it is ratified as per ordinance given.

On August 12<sup>th</sup>, 2014, Eletrosul filed to ANEEL the Asset Evaluation Technical Report prepared by Delos Consultoria Ltda., an independent company accredited by ANEEL, for the existing assets on May 31, 2000, seeking to recognize the amount of R\$ 1.060.632 thousand as provided in Article 15, paragraph 2 of Law n. 12.783/13, and in the Financial Statements it is stated the amount of R\$513.455 thousand to its caption.

Upon receipt of the Report, ANEEL held validation work on the figures to be indemnified as in reference to the real estate of RBSE and RPC. On December 30<sup>th</sup>, 2014, the Company received the Audit Report n. 071/2014-SFF, correcting the receivable amount by Eletrosul to R\$ 994.991 thousand, in figures around December 2012.

Nonetheless, further clarifications were requested, which were filed in ANEEL on February 2<sup>nd</sup>, 2015. The economic and financial effects as well as the recognition of the related accounting impacts will depend on the approval of the final value by ANEEL as well as the decision on the indexation from the approved amount between the base date and the date of approval by the Ministries of Mines and Energy, and Finance.

#### 1.4 Sale and purchase agreement of assets and stocks subscription performed with Eletronorte

It was approved by Eletrosul Board of Directors on November 12<sup>th</sup>, 2014 the following sales subscription towards Centrais Elétricas do Norte do Brasil S/A (Eletronorte):

- The entire equity of Eletrosul upon Norte Brasil Transmissora de Energia S/A (NBTE), corresponding to 310.425.535 common stocks duly subscribed and paid, 48.152.436 common stocks subscribed unpaid by Eletrosul (stocks), as well as 47.786.673 stocks inherent to capital share increase, out from Eletrosul's responsibility by means of its participation in society, and subscribed and paid by Eletronorte, representing 24,5% of the NBTE capital share.
- The onerous assignment of the entire equity from Eletrosul from Construtora Integração Ltda. (CI), corresponding to 245 subscribed and paid shares by Eletrosul, equivalent to 24,5% of the capital share.
- The sale of operating assets, rights and obligations originated by the Concession Contract No. 10/2009, the purpose of which consists of Lot transmission facilities "A" ANEEL auction No. 007/2008, SE Porto Velho 500 / 230kV, 2 (two) converter CA Stations / DC / AC (Back-to-Back) 400 MW, and LT Porto Velho / Porto Velho, C1 and C2 at 230 kV, both located in the State of Rondônia, and the transfer of contractual obligations existing from the National Bank for Economic and Social Development (BNDES) due under the Loan Agreement No. 10.2.2072.1, in the effective transfer date.

The completion of the transactions is subject to the approval of the National Electric Energy Agency (ANEEL), the Department of Coordination and Governance of State Companies (DEST), the National Bank for Economic and Social Development (BNDES), and the Administrative Council for Economic Defense (CADE). Low investment will be held when met all conditions precedent and the transfer of shares and the management of these companies to Eletronorte, scheduled for the year of 2015.

#### 1.5 Controlled and jointly-controlled companies

The equity interests upon the Partnership of Specific Purpose (SPE) and its company features are as follows:

CONTROLLED	Head Office	Company establish.	Purpose
Uirapuru Transmissora de Energia S/A	Florianópolis - SC	08/2004	Construction, operation and maintenance of LT 525 kV, Ivaiporã (PR) - Londrina (PR)
Eólica Hermenegildo I S/A	Florianópolis - SC	01/2014	Construction, operation and maintenance of wind plants Verace 24, Verace 25, Verace 26 e Verace 27.
Eólica Hermenegildo II S/A	Florianópolis - SC	01/2014	Construction, operation and maintenance of wind plants Verace 28, Verace 29, Verace 30 e Verace 31.
Eólica Hermenegildo III S/A	Florianópolis - SC	01/2014	Construction, operation and maintenance of wind plants Verace 34, Verace 35 e Verace 36.
Eólica Chuí IX S/A	Florianópolis - SC	01/2014	Construction, operation and maintenance of wind plant Chuí 09.
Eólica Coxilha Seca S/A	Florianópolis - SC	01/2014	Construction, operation and maintenance of wind plants Capão do Inglês, Coxilha Seca e Galpões.

- (i) Additional operating and financial information in regard to the Eletrosul controlled companies are evidenced in Note 16.
- (ii) It is underway of ANEEL's analysis, the consent proceedings towards the assignment entitlement upon the Wind Power Plants Capão do Inglês, Coxilha Seca and Galpões implantation.

JOINTLY CONTROLLED	Head Office	Company establish.	Purpose
Empresa Transmissora de Energia do Alto Uruguai S/A - Etau	Rio de Janeiro - RJ	05/2002	Construction, operation and maintenance of LT 230 kV, Campos Novos (SC) - Barra Grande (SC) - Lagoa Vermelha (RS) - Santa Marta (RS)
Norte Brasil Transmissora de Energia S/A	Rio de Janeiro - RJ	05/2008	Construction, operation and maintenance of LT Coletora Porto Velho – Araraquara 2
Construtora Integração Ltda	Rio de Janeiro - RJ	06/2009	Construction, assembly and related services of G1ot from Public Sale ANEEL nº 007/2008, for LT +/- 600KV coletora Porto Velho – Araraquara 2
ESBR Participações S/A	Rio de Janeiro - RJ	08/2008	SPE participation on Energia Sustentável do Brasil S/A, which its main role are construction, operation and manutenção of UHE Jirau (RO)
Teles Pires Participações S/A - TPP	Rio de Janeiro - RJ	11/2011	SPE participation on Companhia Hidrelétrica Teles Pires S/A, which its main role are construction, operation and manutenção of UHE Teles Pires, located at Rio Teles Pires between Mato Grosso and Pará states.
Costa Oeste Transmissora de Energia S/A	Curitiba - PR	12/2011	Construction, operation and maintenance of LT 230/138 kV, Cascavel Oeste – Umuarama (PR)
Santa Vitória do Palmar Holding S/A	Florianópolis - SC	11/2011	Partnership in SPEs created for the purpose to explore Verace I, II, III, IV, V, VI, VII, VIII, IX e X (RS)
Livramento Holding S/A	Florianópolis - SC	11/2011	Participation on SPEs established for the purpose to explore Cerro Chato IV, V and VI, Cerro dos Trindade and Ibaraputiã I (RS)
Chuí Holding S/A	Florianópolis - SC	12/2011	Participation on SPEs established for the purpose to explore Chuí I, II, IV e VI (RS)
Marumbi Transmissora de Energia S/A	Curitiba - PR	12/2011	Construction, operation and maintenance of LT 525 kV Curitiba - Curitiba Leste (PR) and Curitiba substation east 525/230 kV (3+1 res.) x 224 MVA
Transmissora Sul Brasileira de Energia S/A	Florianópolis - SC	12/2011	Construction, operation and maintenance of LT 230 kV Nova Santa Rita - Camaquã 3; LT 230 kV Camaquã 3-Quinta; LT 525 kV Salto Santiago - Itá; LT 525 kV Itá - Nova Santa Rita; Substation Camaquã 3 230/69 kV.
Transmissora Sul Litorânea de Energia S/A	Florianópolis - SC	07/2012	Construction, operation and maintenance of LT Nova Santa Rita – Povo Novo, in 525 kV, LT Povo Novo – Marmeleiro, in 525 kV, LT Marmeleiro – Santa Vitória do Palmar, in 525 kv, SE Povo Novo 525/230 kV of 672 MVA, SE Marmeleiro 525 kV and SE Santa Vitória do Palmar 525/138 kV
Fronteira Oeste Transmissora de Energia S/A	Florianópolis - SC	12/2013	Construction, operation and maintenance of LT 230 kV Santo Ângelo-Maçambará; LT Pinhalzinho-Foz do Chapecó, plain circuit, C1; LT Pinhalzinho-Foz do Chapecó, plain circuit, C2; SE Pinhalzinho 230/138 kV and SE Santa Maria 3 230/138 kV.

**NOTE 2 – CONCESSIONS OF ENERGY – PUBLIC SERVICE**

The Company and its subsidiaries and jointly-controlled render the following concession and permits:

**2.1 Eletrosul Power Plants**

The owned Power Plant structure is composed by the following projects (see note 17):

SPE's	Commercial Operation	River/Location	Installed Power	Concession / Permission	Expiration of concession
(Unaudited)					
<b>Hidroelectric plant (UHE)</b>					
UHE Passo São João	2012	Rio Ijuí (RS)	77,0 MW	08/2006	08/2041
UHE Mauá (49% - consortium)	2012	Rio Tibaji (PR)	177,9 MW	07/2007	07/2042
UHE São Domingos	2013	Rio Verde (MS)	48,0 MW	12/2002	12/2037
<b>Small Hidroelectric Units (PCH)</b>					
PCH Barra do Rio Chapéu	2013	Rio Braço do Norte (SC)	15,2 MW	05/2004	05/2034
PCH João Borges	2013	Rio Caveiras (SC)	19,0 MW	12/2005	12/2035
PCH Santo Cristo <sup>1</sup>	-	Rio Pelotinhas (SC)	19,5 MW	06/2012	06/2042
PCH Coxilha Rica <sup>2</sup>	-	Rio Pelotinhas (SC)	18,0 MW	06/2012	06/2042
<b>Wind Power Plant</b>					
Power plant Cerro Chato I	2011	Sant'Ana do Livramento (RS)	30 MW	08/2010	08/2045
Power plant Cerro Chato II	2011	Sant'Ana do Livramento (RS)	30 MW	08/2010	08/2045
Power plant Cerro Chato III	2011	Sant'Ana do Livramento (RS)	30 MW	08/2010	08/2045
Power plant Capão do Inglês <sup>3</sup>	2015	Sant'Ana do Livramento (RS)	10 MW	05/2014	05/2049
Power plant Coxilha Seca <sup>3</sup>	2015	Sant'Ana do Livramento (RS)	30 MW	05/2014	05/2049
Power Plant Galpões <sup>3</sup>	2015	Sant'Ana do Livramento (RS)	8 MW	05/2014	05/2049
<b>Solar photovoltaic plant</b>					
Solar4 Megawatt	2014	Florianópolis (SC)	0,93 MW	-	-
			<b><u>513,53 MW</u></b>		

<sup>(1)</sup> Underway of Installation License. Beginning of operation in 22 months after issuance of Installation License;

<sup>(2)</sup> Beginning of construction and indefinite operation by means of negative opinion from Historic and Artistic Institute – IPHAN;

<sup>(3)</sup> Construction and operation permit awarded to SPE Wind Power Plant Coxilha Seca S.A via Public Sale from ANEEL 009/2013. Assignment Permit Term of Coxilha Seca S.A Wind Power Plant to Eletrosul in 08.08.2014, therefore, being transferred the full entitlement as per Ordinances MME n. 192, 204 and 210. The assignment proceedings is awaiting for ANEEL's approval;

<sup>(4)</sup> Endeavor approached by ANEEL Resolution 390/2009.



## 2.2 Eletrosul Transmission System

The Company is entitled under concession for construction and operation of substations and transmission lines, as described below:

Concession Contracts	Transmission Lines/Substations	Concession date	Expiration of Concession
<b>057/2001*</b>	38 transmission substation, 1 frequency converter and 9838,33 km of transmission lines in 525 kV, 230 kV and 138 kV	12/2012	12/2042
<b>004/2004</b>	Transmission lines 525 kV Salto Santiago (PR) – Ivaiporã (PR) 168,5 km and Ivaiporã (PR) – Cascavel D'Oeste (PR) 203,4 km and units in SE Ivaiporã, SE Salto Santiago and SE Cascavel do Oeste (Copel)	02/2004	02/2034
<b>010/2005</b>	Transmission line 525 Kv Campos Novos - Blumenau with 357,8 km with length and substation Biguaçu 525 kV	03/2005	03/2035
<b>005/2006</b>	Transmission line 525 kV Campos Novos (SC) – Nova Santa Rita (RS) with 257,43 km length and Units in SE Nova Santa Rita and SE Campos Novos	04/2006	04/2036
<b>004/2008</b>	Transmission Line 230 kV Presidente Médice - Santa Cruz with 237,4 km length	03/2008	03/2038
<b>005/2009</b>	Substation Missões in 230/69 kV (150 MVA)	01/2009	01/2039
<b>010/2009</b>	Transmission lines 230 kV collector Porto Velho - Porto Velho C1 and C2 with 22 km length each, substation collector Porto Velho 500/230 kV and two convertor substations CA/CC/CA Back-to-Back in 400 MW and units SE Porto Velho (Eletronorte)	02/2009	02/2039
<b>011/2010</b>	Substations: Caxias 6 230/69 kv, Ijuí 2 230/69 kv, Lageado Grande 230/69 kv (extension) and Nova Petrópolis 2 230/69 kv	10/2010	10/2040
<b>012/2010</b>	Transmission line 230 kv Monte Claro - Garibaldi (RS) with 33,5 km length and units in SE Garibaldi (CEEE) and SE Monte Claro (CERAN)	10/2010	10/2040
<b>002/2011</b>	Substation Foz do Chapecó 230/138 kv (extension)	06/2011	06/2041
<b>008/2014</b>	SE Ivinhema 2 230/138 kV with 2x150 MVA (extension)	01/2014	01/2044

\* Concession 30-year term renewables as per Law nº 12.783/13.

### 2.3 SPE's Controlled and Jointly-controlled Power Plants

SPE's	Partic.	Power Plants	Location	Installed power	Commercial Operation	Concession / Permission	Exp. Concession/ Permission
<b>Hidroelectric Plants</b>							
ESBR Participações	20,00%	UHE Jirau	Rio Madeira (RO)	3.750 MW	09/2013	08/2008	08/2043
Teles Pires Participações*	24,72%	UHE Teles Pires	Rio Teles Pires (MT)	1.820 MW	07/2015	06/2011	06/2046
<b>Wind power plants</b>							
Chuí*	49,00%	Chuí I	Chuí (RS)	24 MW	05/2015	03/2012	03/2047
		Chuí II	Chuí (RS)	22 MW	05/2015	03/2012	03/2047
		Chuí IV	Chuí (RS)	22 MW	05/2015	02/2012	02/2047
		Chuí V	Chuí (RS)	30 MW	05/2015	03/2012	03/2047
		Chuí VI	Chuí (RS)	24 MW	04/2015	04/2012	04/2047
		Chuí VII	Chuí (RS)	22 MW	04/2015	03/2012	03/2047
Chuí IX*	99,99%	Chuí 09	Chuí (RS)	17,9 MW	04/2015	05/2014	05/2049
Coxilha Seca*	99,99%	Capão do Inglês**	Sant'Ana do Livramento (RS)	10,0 MW	05/2015	05/2014	05/2049
		Coxilha Seca**	Sant'Ana do Livramento (RS)	30,0 MW	05/2015	05/2014	05/2049
		Galpões**	Sant'Ana do Livramento (RS)	8,0 MW	05/2015	05/2014	05/2049
Hermenegildo I*	99,99%	Verace 24	Santa Vitória do Palmar (RS)	19,7 MW	07/2015	06/2014	06/2049
		Verace 25	Santa Vitória do Palmar (RS)	7,2 MW	07/2015	06/2014	06/2049
		Verace 26	Santa Vitória do Palmar (RS)	14,3 MW	07/2015	06/2014	06/2049
		Verace 27	Chuí (RS)	16,1 MW	05/2015	06/2014	06/2049
Hermenegildo II*	99,99%	Verace 28	Chuí (RS)	12,5 MW	07/2015	06/2014	06/2049
		Verace 29	Chuí (RS)	17,9 MW	06/2015	06/2014	06/2049
		Verace 30	Santa Vitória do Palmar (RS)	17,9 MW	08/2015	06/2014	06/2049
		Verace 31	Santa Vitória do Palmar (RS)	9,0 MW	08/2015	06/2014	06/2049
Hermenegildo III*	99,99%	Verace 34	Santa Vitória do Palmar (RS)	14,3 MW	10/2015	06/2014	06/2049
		Verace 35	Santa Vitória do Palmar (RS)	12,5 MW	09/2015	06/2014	06/2049
		Verace 36	Chuí (RS)	21,5 MW	09/2015	06/2014	06/2049
Livramento	52,53%	Cerro Chato IV	Sant'Ana do Livramento (RS)	10 MW	03/2014	03/2012	03/2047
		Cerro Chato V	Sant'Ana do Livramento (RS)	12 MW	05/2014	03/2012	03/2047
		Cerro Chato VI	Sant'Ana do Livramento (RS)	24 MW	10/2014	02/2012	02/2047
		Cerro dos Trindade	Sant'Ana do Livramento (RS)	8 MW	11/2013	03/2012	03/2047
		Ibirapuitã	Sant'Ana do Livramento (RS)	24 MW	06/2015	02/2012	02/2047
Santa Vitória do Palmar*	49,00%	Geribatu I	Santa Vitória do Palmar (RS)	20 MW	02/2015	02/2012	02/2047
		Geribatu II	Santa Vitória do Palmar (RS)	20 MW	02/2015	02/2012	02/2047
		Geribatu III	Santa Vitória do Palmar (RS)	26 MW	02/2015	02/2012	02/2047
		Geribatu IV	Santa Vitória do Palmar (RS)	30 MW	02/2015	02/2012	02/2047
		Geribatu V	Santa Vitória do Palmar (RS)	30 MW	02/2015	04/2012	04/2047
		Geribatu VI	Santa Vitória do Palmar (RS)	18 MW	02/2015	02/2012	02/2047
		Geribatu VII	Santa Vitória do Palmar (RS)	30 MW	02/2015	02/2012	02/2047
		Geribatu VIII	Santa Vitória do Palmar (RS)	26 MW	02/2015	02/2012	02/2047
		Geribatu IX	Santa Vitória do Palmar (RS)	30 MW	02/2015	02/2012	02/2047
		Geribatu X	Santa Vitória do Palmar (RS)	28 MW	02/2015	02/2012	02/2047

\* In pre-operational phase;

\*\*Construction and operational permit awarded by SPE Coxilha Seca SA Wind Energy Plant via ANEEL Auction 009/2013. Assignment Permit Term of Coxilha Seca S.A Wind Power Plant to Eletrosul in 08.08.2014, therefore, being transferred the full entitlement as per Ordinances MME n. 192, 204 and 210.

## 2.4 SPE's Controlled and Jointly-controlled Transmission System

SPE's	Partic.	Transmission Line	Lenght (KM)	Concession	Expiration of Concession
(Unaudited)					
Etau	27,40%	LT 230 kV Campos Novos (SC) – Santa Marta (RS)	188	12/2002	12/2032
Costa Oeste	49,00%	LT 230 kV Cascavel Oeste - Umuarama (PR)	144,4	01/2012	01/2042
Fronteira Oeste*	51,00%	LT 230 kV Santo Ângelo-Maçambará; LT Pinhalzinho-Foz do Chapecó, simple circuit, C1; LT Pinhalzinho-Foz do Chapecó, simple circuit, C2	247	01/2014	01/2044
Marumbi*	20,00%	LT 525 kV Curitiba - Curitiba Leste (PR).	28	05/2012	05/2042
Norte Brasil	24,50%	LT Collector Porto Velho (RO) – Araguara 2 (SP), in CC, ± 600 kV	2.412	02/2009	02/2039
TSBE	80,00%	LT 230 kV Nova Santa Rita - Camaquã 3; LT 230 kV Camaquã 3-Quinta; LT 525 kV Salto Santiago - Itá; LT 525 kV Itá - Nova Santa Rita.	783	05/2012	05/2042
TSLE	51,00%	LT 525 kV Nova Santa Rita - Povo Novo; LT 525 kV Povo Novo - Marmeleiro; LT 525 kV Marmeleiro - Santa Vitória do Palmar, Sectioning of LT 230 Kv Camaquã 3	468	08/2012	08/2042
Uirapuru	75,00%	LT 525 kV Ivaiporã (PR) – Londrina (PR)	120	03/2005	03/2035
Construtora Integração	24,50%	Construction of LT Coletora Porto Velho (RO) – Araguara 2 (SP), assembly and related services.	-	-	-

\* In pre-operational phase.

SPE's	Partic.	Substation	Trans. Capacity	Concession	Expiration of concession
(unaudited)					
Etau	27,40%	SE Lagoa Vermelha 2 230/138 kv	150 MVA	12/2002	12/2032
		SE Barra Grande 230/138 kv	-	12/2002	12/2032
Costa Oeste	49,00%	SE Umuarama 230/138 kv	300 MVA	01/2012	01/2042
Fronteira Oeste*	51,00%	SE Pinhalzinho 230/138 kv	450 MVA	01/2014	01/2044
		SE Santa Maria 3 230/138 kv	166 MVA	01/2014	01/2044
Marumbi*	20,00%	SE Curitiba leste 525/230 kv (3+1 res.) x 224 MVA	672 MVA	05/2012	05/2042
TSBE	80,00%	SE Camaquã 3 230/69 kv	166 MVA	05/2012	05/2042
		SE Povo Novo 525/230 kv	672 MVA	08/2012	08/2042
TSLE	51,00%	SE Marmeleiro 2 525 kv (200 Mvar)	-	08/2012	08/2042
		SE Santa Vitória do Palmar 2 525/138 kv	75 MVA	08/2012	08/2042

\* In Pre-operational phase

### NOTE 3 – SUMMARY OF THE MAIN ACCOUNTING PRAXIS

On March 26, 2015, the Board authorized the completion of individual and consolidated financial statements, submitting as of this date to the approval of the Board of Directors and the Supervisory Board. Once following proposal of Board of Directors and the opinion of the Supervisory Board, it will be submitted for approval upon the Annual General Assembly.

### 3.1 Presentation of Financial Statements

#### 3.1.1 Conformity Declaration

The individual and consolidated financial statements were prepared in accordance with the accounting praxis rendered in Brazil (BR GAAP).

#### 3.1.2 Functional Currency and Presentation Currency

The financial statements are prepared in Reais, which is the functional currency of the Company and of all controlled companies. Financial information are presented in thousand of reais (R\$ mil), except as otherwise defined.

### 3.1.3 Added Value Statement – DVA

The statements of added value - DVA holds information in regard to the wealth created by the Company and how such wealth is distributed. These statements have been prepared in accordance with CPC 09 - Statement of Added Value, which are presented as part of the financial statements in accordance with accounting practices adopted in Brazil, whereas under IFRS they represent additional information.

### 3.1.4 Outcome per segment (note 38)

As per CPC 22 instructions, the company estates the results of its business by segment. The Company's management has defined the business segments adopted for the management as follows:

**I. Generation:** the following Generation business represents the generation and sale of energy arising from Mauá, Passo São João, São Domingos, PCH Barra do Rio Chapéu and PCH João Borges and Solar Megawatt.

**II. Transmission:** renewed contracts: the business transmission segment - renewed contracts - representing the transmission business coming from ANEEL 57/2001 concession contract, 30-year renewable under the terms of Law n. 12.783/2013.

**III. Transmission:** contracts not renewed: the transmission business - contract not renewed - is the transmission business arising from concession agreements and authorization of ANEEL who have not gone through the renewal process.

## 3.2 Main accounting praxis

The accounting practices and policies as below defined were adopted by the Company in all periods presented in these financial statements.

### 3.2.1 Consolidation Basis

The consolidated financial statements include information from Eletrosul and the following subsidiaries:

<u>Controlled</u>	<u>Activity</u>	<u>Capital share (%)</u>	
		<u>31.12.2014</u>	<u>31.12.2013</u>
Chuí IX	Generation	99,99%	-
Coxilha Seca	Generation	99,99%	-
Hermenegildo I	Generation	99,99%	-
Hermenegildo II	Generation	99,99%	-
Hermenegildo III	Generation	99,99%	-
Uirapuru	Transmission	75,0%	75,0%

In preparation of the consolidated financial statements, it were rendered the financial statements of subsidiaries with 30-day delayed, except upon the occurrence of events relevant adjustments in December which are recognized by the equity method.

Transactions between companies, balances and unrealized gains on transactions between group companies are eliminated. Unrealized losses are also eliminated unless the transaction provides evidence of a loss (impairment) of the transferred asset. The accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Company.

## **3.2.2 Financial Instruments**

### **3.2.2.1 Cash and cash equivalents (NOTE 5)**

Include liquid funds in cash, balances in bank accounts, financial investments and other short-term highly liquid investments with original due dates of three months or less that are readily convertible into known amounts of cash and subject to insignificant value change risks.

### **3.2.2.2 Securities (NOTE 5)**

Based on establishing Resolution No. 2,917, of 19.12.2001, and alterations defined by Resolution No. 4034 of 30.11.2011, both the Central Bank of Brazil - BACEN, Eletrosul is allowed to apply its available funds in the Bank of Brazil SA and Caixa Economica Federal, in Fixed Income Funds - Extramarket, referenced to Market Fixed Income Index - IRF-M1.

The investments in fixed income funds (exclusive funds of Eletrobras Group) have very short-term liquidity. Financial investments are recognized and measured at fair value and financial results earned on these transactions are allocated directly to income.

### **3.2.2.3 Escrow and equity-linked deposits (NOTE 6)**

Represent financial investments held for specific future payments. The balances are held to the total fulfillment of certain contractual obligations by suppliers. After initial recognition, these investments are measured at amortized cost using the method of effective interest rate.

### **3.2.2.4 Clients (NOTE 7)**

Corresponds to amounts receivable for energy sales, service and use of the transmission system. Are recognized based on the accrual basis, adjusted where applicable and contractually required. Accounts receivable are presented adjusted for allowance for doubtful accounts "Allowance".

### **3.2.2.5 Loans and financing (NOTE 21)**

Financing and loans are recognized at fair value upon receipt of funds, net of transaction costs and they are measured at amortized cost, being plus charges, interest and inflation adjustments in the contractual terms, incurred up to the balance sheet date.

The financing and loans maturing within one year are classified as current liabilities. Financing and loans with due date exceeding 12 months from the balance sheet date are classified as non-current liabilities

The cost of loans attributable to the acquisition or construction of fixed assets is capitalized as part of the cost of these assets until the beginning of commercial operation.

The cost of loans allocated to the assets that make up the financial asset (concession contracts) is recognized directly in income.

## **3.2.3 Financial asset of concession (NOTE 8)**

The assumptions rendered by the Company for determining the financial assets are arranged on the following:

- (i) Indemnifiable Financial Asset – the Company recognized in its financial statements the residual value of the transmission assets not yet amortized, as a financial asset, once determined as based on the depreciation rates as approved by the National Agency of Electric Energy – ANEEL.

- 
- (ii) RAP Amortizable Financial Asset – The Company recognized in its financial statements as financial assets amortizable the difference between the total net value of the transmission infrastructure and the residual value of the infrastructure on the date of termination of the concession agreement.
  - (iii) Financial Income – The Company recognized in its financial statements as financial income, the calculated receivables value from the recorded Financial Asset (formerly Fixed Asset), based on the determined rate as the incoming flow of RAPs (gross RAP (-) amount allocated for O&M revenue) until the end of the concession contract of energy transmission service.
  - (iv) O&M Revenue - The Company recognized in its financial statements, Revenue Operations and Maintenance (O&M), considering the amounts accountable of personnel, materials, services and others (PMSO) in the period timeframe, plus the PIS and Cofins onus as well as the rates on upon regulatory charges (RGR, supervisory fees and R&D). It is not part of the accounting policy as above described, the revenues arising from the concession agreement n. 057/2001, once renovated in December 4<sup>th</sup>, 2012 for a period of 30 years, whose rate does not include the return on invested capital.
  - (v) Build Margin, Construction Revenue and Construction Costs. The Company recognized in its financial statements, zero profit margin on the amounts recorded in respect of transmission projects construction revenue, whose construction is performed by third parties, given the essential condition of the energy utility company, of which business object is to maintain and operate throughout the concession period, the project where the return is held by receiving the permitted annual revenue (RAP).

### **3.2.4 Indemnifiable credits – Lei nº 12.783/13 (NOTE 9)**

The indemnification credits refers to the amount of the indemnification provided by Law n. 12.783/13, due to the early renewal of the concession contract n. 057/2001, whose values were disclosed by MME Ordinance No. 579/2012, and the Company decided for receiving 50% in cash adjusted by the IPCA from October 2012, the amount of which was received on January 18<sup>th</sup>, 2013, and the remainder, as equivalent to 50% to be received in 31 monthly installments until July 2015, once updated by the IPCA and increased by a weighted average cost of capital (WACC) a regulatory standard equivalent to 5.59% per year.

### **3.2.5 Energy credits renegotiated with Federal Union – Law nº 8.727/93 (NOTE 10)**

The renegotiated loans refer to loans with the Federal Union, once adjusted by the IGP-M, plus interest of 12.68% per year, arising from the assumption of assets of which the Company had in State units. Under the auspices of Law n. 8.727/93 the Federal Union then, managed to refinance and reschedule the debt in 240 installments, as due date from April 1994. Once the period of 20 years is gone and once it remains a balance payable, since the Federal Government only passes the funds received from states which, in turn, is limited by law in revenues of commitment levels, the installment will be extended for another 120 months. The taxes on income arising from the restatement of these credits are being deferred.

### **3.2.6 Other assets and liabilities (NOTE 14 e 30)**

It is stated by acknowledgeable or estimated amount including, whenever is applicable, related income (onus) earned (incurred) until the balance sheet date. It is arranged as described in current assets and current liabilities, respectively, realizable and liabilities due after twelve months.

### **3.2.7 Deferred fiscal assets and liabilities (NOTE 15)**

Deferred revenue tax and social contribution are calculated in regard to temporary differences between the tax basis of assets and liabilities and its carrying amounts into the financial statements. The tax rates currently used to calculate deferred tax assets on the portion of 25% for the income tax and 9% for the social contribution onwards net income.

Deferred revenue tax and social contribution are recognized only if there is provision under the existence of taxable income of which temporary differences and losses can be offset.

On May 14<sup>th</sup>, 2014, Provisional Decree (MP) No. 627, came to be converted in the current Law 12.973/14 which repeals the Transitional Tax Regime (RTT) and brings other measures, such as:

(i) to change the Decree-Law n. 1.598 /77 which deals with the income tax of legal entities, and amending relevant legislation to the social contribution on net income;

(ii) to bring the definition of specific treatment on taxation of profits or dividends;

(iii) to include provisions on the calculation of interest on equity; and

(iv) to include investment assessed considerations towards the equity equivalence method.

The articles of Law n. 12.973/14 are effective from January 1<sup>st</sup>, 2015, and was made available to taxpayers the option of anticipating its effects as of January 1<sup>st</sup>, 2014. The Board had chosen not to adopt the measures set forth in the legislation, effective only as of the 2015 calendar year.

### **3.2.8 Investments (NOTE 16)**

The Company's investments in controlled and/or jointly-controlled companies are recorded under the equity method (individual financial statements), according to CPC 18 (R2), recognized in the income statement as operating income (or expense). For the purposes of calculating the equity gains or transactions between the Company and its subsidiaries and are bypassed as per Company's interest. When necessary, the accounting practices of the subsidiaries and /or from the joint-controlled are changed to ensure consistency with the policies adopted by the Company. For the sake of the equity recognition purposes, the Company adopted the financial statements issued by the investees as of November 30<sup>th</sup>, 2014, except when relevant events occurred in December 2014, of which were promptly recognized.

### **3.2.9 Fixed assets (NOTE 17)**

Fixed assets are recorded by the amortized cost, i.e. the cost of acquisition or construction, less depreciation and, where applicable, reduced to the recoverable amount. The assets of the concessions transmissions are recognized in corporate accounting as a financial asset, according to ICPC 01 (R1) - and OCPC 05, getting the record as fixed assets and relate it to depreciation restricted to the bookkeeping as required by the agent regulator. The generation assets are depreciated over its useful life or concession, whichever is lower, and Eletrosul in the caption of non-contractual provision reversal of assets, at the end of the concession, not depreciated yet and/or amortized, once is chosen to depreciate based on the concession period.

### **3.2.10 Intangible (NOTE 18)**

i) Computer programs (software)

Expenditures related to the acquisition of intangible assets are recognized as an intangible asset, particularly computer software licenses are capitalized and amortized over the license period. The expenses associated with maintaining computer software programs are recognized as incurred expense.

ii) Premium

The premium arising from the acquisition of equity interest in subsidiaries is represented by the difference between the amount paid and /or payable for the acquisition of a business and the fair value of assets and liabilities of the subsidiary once acquired.

The premium is based on expected future income and once its defined life time is due to relation to the established period into the concession contracts, it is then amortized over the term, extension and proportion of the projected results. The premium portion (added value) once allocated to identifiable assets and liabilities is amortized in proportion to these assets and liabilities in the controlled companies once it is held.

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iii) Public Assets Utilization (UBP) (NOTE 28)

Meaning the contracted amounts for the right to render use to a public asset in order to operate the hydropower potential, arising from onerous concession agreements with the Federal Union, stated as per the amortized cost and restated based on interest rates or contractual indexes incurred through the balance sheet, adjusted to current value based on a discount rate as approved for companies upon Eletrobras Group.

**3.2.11 Suppliers (NOTE 20)**

Means the obligations upon suppliers arising from the purchase of assets or services in the ordinary course of business, or estimated, based on contract values, to be then classified in current liabilities commitments due dates within one year. Bonds with due date exceeding 12 months from the balance sheet date are presented as non-current liabilities.

The liabilities to suppliers are recognized at fair value and subsequently measured at amortized cost using the effective interest rate method, if applicable.

**3.2.12 Revenues, costs and expenses (NOTES 39 e 41)**

Revenues, costs and expenses are accounted as per the accrual basis.

Generating revenue is recognized based on CCEAR contracts and/or bilateral. Transmission revenue is recognized based on CPC 17 (R1) and CPC 30 (R1), based on the financial model (ICPC 01 and OCPC 05).

Net financial income consists primarily of interest and monetary variations on cash investments, loans and financing, tax installments plan and renegotiated energy credits. Loan aggregate costs which are not directly attributable to the acquisition, construction or production of a qualifying asset are recognized in income using the effective interest method.

**3.2.13 Sectorial onus (NOTE 40)**

They are accounted for as deduction from gross operating revenue or operating costs, and are calculated on an accrual basis.

**(i) Global Reversion Reserve (RGR)**

The GR was established by Decree No. 41.019 of February 26<sup>th</sup>, 1957, having its validity extended until 2035. It is represented as monthly paid onus performed by the concessionaire of generation, transmission and distribution companies, in order to provide funds for reversal and/or expropriation of the public service energy. Its annual amount surrounds the equivalence of 2.6% from the investments performed by the concessionaire in assets linked to the provision of the service, being limited to 3.0% to its annual revenue.

The Law n. 12.783/2013 as of January 1<sup>st</sup>, 2013, released off the payment obligation of the annual RGR quota, for concessionaires of transmission tendered as of September 12<sup>th</sup>, 2012, and concessionaires of transmission and generation of energy tendered or extended as per this Act. In this sense the concessions which suits this features are eligible not to collect the RGR.

**(ii) P&D and energy efficiency Programs**

The Law No. 9.991/2000 of July 24<sup>th</sup>, 2000, states the companies holding the concession for exploration of energy services are required to invest in research and development (R&D), to the technological improvement of its activity in amount equivalent to 1% of Net Operating Revenue (NOR regulatory), and 0.40% for Research and Development (R & D), 0.40% for the National Fund for Scientific and Technological Development (FNDCT) and 0.20% for the Company Energy Research Company (EPE).



The costs of the Program of Research and Development and Energy Efficiency are recognized in accordance with its accrual basis, and are restated by SELIC until the actual realization of the projects.

### **(iii) Electric Energy Service Supervisory Fee (TFSEE)**

The TFSEE is equivalent to 0.4% (four percent) of economic added value by the concessionaire including in the case of independent production and self-production on the holding of services and electricity facilities.

### **(iv) Financial Compensation per Utilization of Water Resources (CFURH)**

The contribution enforced by Law No. 7.990/1989 is intended to compensate the municipalities affected by the flooding of areas as key features on hold of reservoirs of hydroelectric plants. The calculation of CFURH is performed according to the installed capacity of the power plants, using the following formula:  $= CFURH \text{ TAR} \times 6.75\% \times GH$ , where TAR refers to Reference Updated Tariff, which is annually established by ANEEL through the resolution which ratifies as per homologation of resolution and GH to be the monthly amount of hydroelectric generation.

### **3.2.14 Environmental Issues (NOTE 45)**

The Company capitalizes costs relating to environmental demands backed by the “environmental constraints” for the open environmental agencies for the purpose of granting the permit of which will allow the implementation of projects in the areas of generation and transmission. “Environmental conditions” account for compensation to be made for implementation of the project, aiming to repair or prevent damage to the environment at the site of realization of projects, limited until the end of construction of the projects.

### **3.2.15 Consortium**

The Company has investment towards some consortium for the purpose of exploration of UHE Mauá, in which the partners has entered into an agreement for jointly controlled operations. Shared operations involve assets to power generation, operation as well as maintenance. The Company records in its accounts the assets, liabilities, revenues and expenses in proportion to their participation on the Consortium.

### **3.2.16 Rules and Its Interpretation**

New standards and interpretations issued by the IASB (International Accounting Standards Board) affecting the Company and yet to come into effect for the year ended as of December 31<sup>st</sup>, 2014 which are below listed as follows:

(i) **IFRS 9 - Financial Instruments.** Providing guidance on the classification and measurement of financial instruments, including a new model of expected credit loss for the calculation of the impairment of financial assets, and new requirements for hedge accounting. The standard retains the existing guidance on the recognition and derecognition of financial instruments of IAS 39. The effectiveness for the purpose of the fiscal year of which may initiate on or after January 1<sup>st</sup>, 2018.

(ii) **IFRS 15 - Customer Contract Revenue.** It sets new standard for the recognition on the amount of revenue from assets or services. The Company is evaluating the effects of which IFRS 15 will have on the financial statements and its disclosures. The effectiveness for the purpose of the fiscal year of which may initiate on or after January 1<sup>st</sup>, 2017.

There are no other IFRS or IFRIC interpretations standards of which have not yet entered into enforcements or could have significant impact on the Company.

## NOTE 4 – CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events, considered reasonable under the circumstances. These estimates include:

### **4.1 Impairment of financial and non-financial assets (NOTE 19)**

The Company checks if there is objective evidence which the property, the financial asset or group of financial assets is impaired. An asset or group of assets is impaired and impairment losses whenever is incurred as long as there is objective evidence of impairment, as a result of one or more events of which occurred after the initial recognition of the asset (an “event of loss”) and such event (or events ) loss to present a potential impact on the estimated future cash flows of the asset or group of financial assets which can be reliably estimated.

An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount, which is the higher of net sales price and the value in use of an asset.

For evaluation purposes, assets are attached to group of assets of which there are separately identifiable cash flows (cash generating unit).

### **4.2 Concession Financial Asset (NOTE 8)**

It refers to the financial receivable asset by the Company under the energy transmission concessions. The financial asset includes the compensation that will be made based on the share of investments linked to reversible assets, not yet amortized or depreciated, which have been realized in order to ensure continuity and timeliness of the service provided.

The Financial Asset item refers to financial assets receivable by the Company and its Controlled Companies within the energy transmission concessions, resulting from the application of the financial model. They are classified as current and non-current assets, considering the expected receipt of the amounts involved, based on the date of the end of the concession.

According to ICPC 01 and Technical Guidance OCPC 05, the transmission assets by means of particular certain characteristics (as below defined), are at the scope of application of IFRIC 12 guidance:

- Transmission companies have a contractual obligation to construct, operate and maintain the infrastructure;
- Most contracts have 30-year concession term;
- On the average, the useful lifetime of the assets is greater than the concession period;
- The transmission activity is not competitive. There is no competition between companies (between investors for obtaining the concession);
- The concessionaire is interposed between the grantor and users;
- The activity is subject to the general condition (right of free access) and its continuity;
- Some contracts have maintenance guarantees upon the economic and financial balance;
- The agreement establishes what services and who should be provided;
- The price is regulated by the rate. The Transmitter can not negotiate prices with users;
- RAP is fixed and restated by price index once a year and is revisited in every four years;
- The assets are reversible at the end of the concession, with the right to receive compensation (cash) from the grantor on investments not yet amortized.

Considering the nature of the financial assets classified as receivables, the built infrastructure will be indemnified via two cash flows, as follows:

- (i) The amount of investment of which will be repaid upon receipt of RAPs that will be billed to users on the system, is classified between short and long term considering the expected receipt of these amounts, based on the date of the concessions.

(ii) The amount of investments made and not amortized or depreciated by the end of the concession was classified as a financial asset indemnification to be received directly from the granting authority or to whom it delegates this task. This financial assets are recorded at the right present value and is calculated based on the residual value of the assets belonging to the built infrastructure that will be compensated by the granting authority.

The financial assets are presented as net amount from accrual depreciation and losses for impairment (impairment), when applicable.

The Company makes every year, the impairment test of its financial assets (impairment) using the method of the present value of future cash flows generated by the assets.

Impairment tests and the impacts on the income statement are shown in NOTE 19.

#### **4.3 Assets from Existing Systems (RBSE) (NOTE 1.3)**

For estimation purposes, the Company renders the premise of which the existing assets until May 31<sup>st</sup>, 2000 will be compensated based on the VNR or net book value to be calculated by the agent. The Company maintains the values recorded at net book value, since as per estimation given, the book values are recorded at values lower than those that would be recognized based on the VNR.

#### **4.4 Onerous Contracts (NOTE 25)**

It represents the compulsory commitments as per the provisions, term and conditions of the contract, by the Company, regarding the purchase of electric energy, whose costs exceed the economic benefits expected. The amount related to the long-term period is recognized at current value, based on post tax discount rate (WACC post-tax) approved by the Board.

The critical estimate in determining the provision amount for the future sales of the contract is the historical average spot prices approved by the Eletrobras Group as an assumption for the calculation of the provision for onerous contracts, exclusively for accounting purposes. Using the historical average spot prices of R\$ 157.77 MWh, it was recognized out of income in 2014 reversal of provision in the amount of R\$ 407.893 thousand (reversal of R\$ 488.601 thousand in 2013). The original provision, appropriate in 2012, was R\$ 896.494 thousand, based on the historical average spot prices of R\$ 67.00 MWh.

#### **4.5 Contingent Provisions, Assets and Liabilities (NOTE 26)**

Provisions are recognized when the Company holds a current obligation, legal or informal. It is recognized when a past event has created a future obligation with probability output of resources and its value can be reliably estimated. Therefore, the amount recognized as a provision is, as a matter of fact, the best estimate of settlement of a probable obligation at the balance sheet data, taking into the account of the risks and uncertainties related.

Contingent assets are not recognized except when the Company triggers the gain then to be clear and certain, and may not fit most unfavorable court decisions on such assets.

Contingent liabilities are recognized when the cash disbursement is considered probable. When the liability is classified as possible then, it is disclosed in the financial statements.

#### **4.6 Post-Employment Benefits (NOTE 33)**

##### **4.6.1 Supplementary Plan for Retirement and Pension**

Eletrosul renders a retirement and pension plan, once managed by Eletrosul Foundation of Social Security, which provides its employees pensions and other post-employment benefits.

The liability recognized in the balance sheet related to defined benefit pension plan is the current value of the defined benefit obligation at the balance sheet data less the fair value of plan assets, as adjusted on the following:

- (i) Actuarial gains and losses;
- (ii) The limitation of the amount cap from the recorded assets; and,
- (iii) The requirements of minimum essential elements.

The benefit obligation once is annually calculated by an independent actuarial diligent rendering the projected unit of credit method. The current value of the defined benefit obligation is determined by discounting the future cash outflows, rendering the utilization of interest rates related to the industry, which are denominated in the currency in which the benefits will be paid and once the terms of due date are close to those of the related obligation of the pension plan.

Contracted debts refer to the minimum requirements of the foundation and are considered in the determination of an additional liability for future contributions of which are not recoverable.

Gains and losses resulting from adjustments based on experience and changes in actuarial assumptions are charged or credited directly to the equity in other comprehensive income in the period it takes place. For the defined contribution plan, the Company pays contributions to the ELOS Foundation on a mandatory, contractual or voluntary basis.

The key assumptions used to identify the future exposure of the plan were:

- Actuarial discount interest rate;
- Average annual inflation rate;
- Growth rate of wages;
- Probability of retirement;
- Demographic variables (mortality and disability).

#### **4.6.2 Health Care Benefits Retirement Plan**

Eletrosul maintains a health care program for retired employees for disability and their dependents during the first five (5) years without the employment with Eletrosul has ceased.

For employees who joined the Dismissal Incentive Plan (PID), the Company created a health care program along the lines of the plan which kept the employees, including their dependents, for a period of five (5) years. They chose for the shutdown in 2013, and one (1) year for employees who chose for the shutdown in 2014.

The key assumptions used to identify future exhibition were:

- Actuarial discount interest rate;
- Average annual inflation rate;
- Growth rate of medical costs;
- Demographic variables (mortality and disability).

#### **4.7 Related risks in compliance with Laws and Regulations**

As has been widely reported in the media in 2014 was triggered the “Washing Jet Operation”, of which investigated, according to public information, the existence of an alleged scheme of corruption involving Brazilian companies responsible for projects in the oil and gas industry in Brazil.

As of the date of approval of the Financial Statements of 2014, the Company and its Board, had not been notified of any complaint or objective evidence against any relating companies of Eletrosul, its projects or its management which may arise from related facts with such task force. Despite this fact, the Company adopted some sighted Buffetts measures of internal character in order to assess press reports, to the extent that they relate to Eletrosul

and its projects and then any single issue was identified, nor any illegal activity related to the subject to the approval of Financial Statements.

By means of such press reports involving companies that provide services to one (1) Partnership of Specific Purpose (“SPE”), the Energia Sustentável do Brasil S/A (UHE Jirau Plant), in March 2015 the holding company Eletrobras has created a commission in order to carry out double check diligence on contractors proceedings by the given company. The work of this commission is still ongoing.

The holding company Eletrobras, in addition to the above measures, submitted correspondence in March 2015, to the authorities in charge by such investigations, and requested clarifications whether (i) there is information or evidence during such task force which could affect Eletrobras companies and its ongoing projects, and (ii) if so, to be given access to such documents. However, until the date of approval of these financial statements, the Holding did not get any answers from the given questions.

Based on the information available of the Company to the date, the Board estimates that any given impacts related to this subject, if any, it would not be ground material to its financial statements for the purpose of 2014 statements.

## NOTE 5 – CASH AND CASH EQUIVALENTS AND SECURITIES

### 5.1 Cash and cash equivalent

	<b>Controlling Company</b>		<b>Consolidated</b>	
	<b>31.12.2014</b>	<b>31.12.2013</b>	<b>31.12.2014</b>	<b>31.12.2013</b>
Cash and banks deposits on demand	23.390	45.603	23.402	45.640
Financial application	-	-	3.558	2.077
<b>Total</b>	<b>23.390</b>	<b>45.603</b>	<b>26.960</b>	<b>47.717</b>

### 5.2 Securities

	<b>Controlling Company</b>		<b>Consolidated</b>	
	<b>31.12.2014</b>	<b>31.12.2013</b>	<b>31.12.2014</b>	<b>31.12.2013</b>
Banco do Brasil - Fund FAE	65.019	146.854	65.019	146.854
Banco do Brasil - Fund FAE 2	15.118	314.366	15.118	314.366
CEF - FI Caixa Extramer VI	22.334	264.774	22.334	264.774
Banrisul - CDB	-	-	41.327	-
	<b>102.471</b>	<b>725.994</b>	<b>143.798</b>	<b>725.994</b>

For the year 2014 the average gross profitability of Eletrosul on financial investments reached 10.50% or 99.25% of the IRF-M.

**NOTE 6 – ESCROW AND EQUITY-LINKED DEPOSITS**

As follows, escrow and equity-linked deposits, as evidenced by its nature:

	<b>Controlling Company</b>		<b>Consolidated</b>	
	<b>31.12.2014</b>	<b>31.12.2013</b>	<b>31.12.2014</b>	<b>31.12.2013</b>
<b>Current</b>				
Escrow CEF	9.221	1.285	9.221	1.285
Escrow Bradesco	47	8.310	47	8.310
Attached Fund Banco do Brasil	2.725	16.031	2.725	16.031
Attached Fund Banrisul	-	-	115.746	-
<b>Subtotal</b>	<b>11.993</b>	<b>25.626</b>	<b>127.739</b>	<b>25.626</b>
<b>Non-current</b>				
Attached Fund Banco do Brasil	104.891	106.568	104.891	106.568
Attached Fund Bradesco	-	7.347	-	7.347
Attached Fund Citibank	-	-	2.677	2.837
<b>Subtotal</b>	<b>104.891</b>	<b>113.915</b>	<b>107.568</b>	<b>116.752</b>
<b>Total</b>	<b>116.884</b>	<b>139.541</b>	<b>235.307</b>	<b>142.378</b>

The amount of R\$104.891 thousand under “Attached Fund Banco do Brazil”, the amount of R\$47.867 thousand is due to the due date of the CFT assets of which were escrowed as loan as per the Contract ECF-2799/2009 which was offered as collateral in the judicial process of the Eletronet operation. The same amount is recorded as non-current liabilities under “Other liabilities” as it will be converted into long-term financial loan by Eletrobras.

The displayed values of items “Attached Fund Banco do Brazil” refer to the constitution of the security reserve account as per contractual clauses.

The figures under “Attached Fund Banrisul” in the consolidated refer to the constitution of the security reserve account of the General Electric supply contracts (GE) of wind turbines for the Wind Farms Power Plant once controlled by the one of the subsidiaries Hermenegildo I, II and III.

A breakdown of linked bonds and funds is presented below:

<b>Financial Institution</b>	<b>Application Type</b>	<b>Index</b>	<b>Controlling Company</b>		<b>Consolidated</b>	
			<b>31.12.2014</b>	<b>31.12.2013</b>	<b>31.12.2014</b>	<b>31.12.2013</b>
Banco do Brasil	Fund FAE	IRF-M1	107.616	102.974	107.616	102.974
Banco do Brasil	Investment POS	LFT	-	19.625	-	19.625
Bradesco	CDB	CDI	47	25	47	25
Bradesco	FIC-FI DI - Federal	CDI	-	7.347	-	7.347
Caixa	Ceck.acc with interest	TR	-	33	-	33
Caixa	FI Caixa Extramer VI	IRF-M1	9.221	1.252	9.221	1.252
Banrisul	CDB	CDI	-	8.285	115.746	8.285
Citibank	Fund	CDI	-	-	2.677	2.837
			<b>116.884</b>	<b>139.541</b>	<b>235.307</b>	<b>142.378</b>

## NOTE 7 – CLIENTS

The balance composition from clients account aligned per nature and due date is evidenced as follows:

### 7.1 Composition by Nature

	<b>Controlling Companies</b>			
	<b>31.12.2014</b>			<b>31.12.2013</b>
	<b>Maturing</b>	<b>Overdue</b>	<b>total</b>	<b>total</b>
Use of electrical grid	88.158	8.372	96.530	77.751
Connection to transmission system	5.381	1.788	7.169	7.130
Energy in short timeframe	32.341	6.958	39.299	7.264
Energy Supply	33.659	-	33.659	31.672
(-) allowance for possible loan losses	-	(13.527)	(13.527)	(14.117)
	<b>159.539</b>	<b>3.591</b>	<b>163.130</b>	<b>109.700</b>

  

	<b>Consolidated</b>			
	<b>31.12.2014</b>			<b>31.12.2013</b>
	<b>Vincendas</b>	<b>Vencidas</b>	<b>total</b>	<b>total</b>
Use of electrical grid	91.269	8.708	99.977	80.249
Connection to transmission system	5.381	1.788	7.169	7.130
Energy in short timeframe	32.341	6.958	39.299	7.264
Energy in short timeframe	33.659	-	33.659	31.672
(-) allowance for possible loan losses	-	(13.710)	(13.710)	(14.267)
	<b>162.650</b>	<b>3.744</b>	<b>166.394</b>	<b>112.048</b>

### 7.2 Composition by due date

	<b>Controlling Company</b>			
	<b>31.12.2014</b>			<b>31.12.2013</b>
	<b>Maturing</b>	<b>Overdue until 90 days</b>	<b>Overdue after 90 days</b>	<b>total</b>
Clients	159.539	1.429	15.689	176.657
(-) allowance for possible loan losses	-	-	(13.527)	(13.527)
	<b>159.539</b>	<b>1.429</b>	<b>2.162</b>	<b>163.130</b>

  

	<b>Consolidated</b>			
	<b>31.12.2014</b>			<b>31.12.2013</b>
	<b>Maturing</b>	<b>Overdue until 90 days</b>	<b>Overdue after 90 days</b>	<b>total</b>
Clients	162.650	1.765	15.689	180.104
(-) allowance for possible loan losses	-	-	(13.710)	(13.710)
	<b>162.650</b>	<b>1.765</b>	<b>1.979</b>	<b>166.394</b>

The risk exposure is disclosed in tutotial note n ° 44.

### 7.3 Allowance for possible loan losses activities

The allowance for possible loan losses activities is arranged as below described:

	Controlling Company		Consolidated	
	31.12.2014	31.12.2013	31.12.2014	31.12.2013
<b>Opening balance</b>	<b>14.117</b>	<b>13.766</b>	<b>14.267</b>	<b>14.231</b>
SPE Incorporation	-	428	-	-
Provisions	449	1.230	482	1.369
Reversals	(1.039)	(1.307)	(1.039)	(1.333)
<b>Closing balance</b>	<b>13.527</b>	<b>14.117</b>	<b>13.710</b>	<b>14.267</b>

#### NOTE 8 – FINANCIAL ASSET – CONCESSION OF PUBLIC SERVICE (ICPC 01)

The contracts for Transmission concession of the Company and its Controlled are under the Technical Interpretation ICPC 01 and OCPC 05, as a result from the application of the financial asset template.

	Controlling Company		Consolidated	
	31.12.2014	31.12.2013	31.12.2014	31.12.2013
<b>Financial Asset</b>				
<b>Current</b>				
Financial Asset Amortizable RAP	61.362	59.775	64.349	62.760
<b>Subtotal</b>	<b>61.362</b>	<b>59.775</b>	<b>64.349</b>	<b>62.760</b>
<b>Non-current</b>				
Financial Asset Amortizable RAP	1.355.397	1.346.248	1.412.642	1.406.936
Financial Asset indemnifiable	652.751	658.712	675.283	681.241
<b>Subtotal</b>	<b>2.008.148</b>	<b>2.004.960</b>	<b>2.087.925</b>	<b>2.088.177</b>
<b>Total</b>	<b>2.069.510</b>	<b>2.064.735</b>	<b>2.152.274</b>	<b>2.150.937</b>

From the balance on the amount of R\$652.751 thousand, as “financial asset indemnifiable” under non-current assets, on the amount of R\$513.455 thousand refers to the balance of the financial assets relating to the existing system (RBSE), the value of indemnity is found under review by the diligent agent, as reported in NOTE 1.3.

The mutation of the account "financial assets" is as follows:

	Controlling Company		Consolidated	
	31.12.2014	31.12.2013	31.12.2014	31.12.2013
<b>Transmission</b>				
<b>Opening balance on January, 1st</b>	<b>2.064.735</b>	<b>986.210</b>	<b>2.150.937</b>	<b>2.210.623</b>
(+) Construction revenue	59.819	75.835	59.820	117.925
(+) Financial revenue	188.717	125.664	206.377	175.808
(+) SPE's incorporations	-	1.163.533	-	-
(+) Write off financial asset Law 12.783/13	-	25.092	-	25.092
(-) Amortization, incomes, write off and transfers	(229.972)	(174.348)	(251.071)	(241.260)
(-) <i>Impairment</i> (CPC 01 (R1))	(13.789)	(137.251)	(13.789)	(137.251)
<b>Final balance</b>	<b>2.069.510</b>	<b>2.064.735</b>	<b>2.152.274</b>	<b>2.150.937</b>

The respective amount towards the write-off reversal of financial assets as of December 31<sup>st</sup>, 2013, refers to the revenue permits whose investments were written-off in 2012, nonetheless it had a scheduled to begin its operation in May 1<sup>st</sup>, 2012 and at the time of the 2012 financial statement closing, this information had not yet been ratified by ANEEL.



The impairment figures registered in December 31<sup>st</sup>, 2014, on the amount of R\$13.789 thousand (R\$ 137.251 thousand in 2013), is inherent to the financial asset of LT Presidente Médice – Santa Cruz, SE Missões, LT Campos Novos – Nova Santa Rita, SE Caxias 6 SE Ijuí 2, SE Lageado Grande, SE Nova Petrópolis 2, SE Foz do Chapecó and Colecttor Porto Velho as evidenced in NOTE 19.

**NOTE 9 – INDEMNIFIABLE ASSETS – LAW Nº 12.783/13**

The activity on the indemnifiable assets is below described:

Transaction on period:	<u>Controlling and Consolidated</u>	
	<u>31.12.2014</u>	<u>31.12.2013</u>
<b>Closing balance of previous period</b>	<b>619.253</b>	<b>2.025.283</b>
Receipts	(311.447)	(1.504.383)
Monetary Restatement	87.604	52.916
Interest	25.320	45.437
<b>Balance ending period</b>	<b>420.730</b>	<b>619.253</b>
<b>Current</b>	<b>420.730</b>	<b>391.107</b>
<b>Non-Current</b>	-	<b>228.146</b>

Out of the amount in installments until December 31<sup>st</sup>, 2014, the Company had received 19 (nineteen) paid-in installments of a total of 31 (thirty-one) installments, these four (4) installments were in arrears. The Company expects these installments to be wired during 2015 year.

**NOTE 10 – CREDITS FOR RENEGOTIATED ENERGY – LAW Nº 8.727/93**

Transaction on period:	<u>Controlling and Consolidated</u>	
	<u>31.12.2014</u>	<u>31.12.2013</u>
<b>Closing balance of previous period</b>	<b>508.454</b>	<b>578.654</b>
Receipts	(45.878)	(163.665)
Monetary Restatement	18.512	28.256
Interest	62.725	65.209
<b>Balance ending period</b>	<b>543.813</b>	<b>508.454</b>
<b>Current</b>	<b>22.103</b>	<b>134.193</b>
<b>Non-Current</b>	<b>521.710</b>	<b>374.261</b>

As of April 2014, there was a significant reduction in the amounts received from the Treasury, due to the renegotiation between States debts towards the Federal Union. As a result, the Company's management is underway of solving the claims. The best estimate timeframe for the Administration is that there will be losses.

#### NOTE 11 – RECEIVABLE DIVIDENDS

The amount presented below relates to the estimates of the minimum mandatory dividends to be allocated by the SPEs and are based on the net income as per the Income Statements of the investees as of December 31, 2014.

	% of participation	<b>Controlling</b>	
		<b>31.12.2014</b>	<b>31.12.2013</b>
<b>Partnership of Especific Purpose (SPE)</b>			
Conta Oeste	49,00%	300	458
Etau	27,40%	39	58
Marumbi	20,00%	553	101
Santa Vitória do Palmar	49,00%	1.163	-
TSBE	80,00%	2.660	1.440
Uirapuru	75,00%	2.295	1.736
		<b>7.010</b>	<b>3.793</b>

#### NOTE 12 – TAXES TO BE RECOVERED

The recoverable taxes breakdown is below described:

	<b>Controlling Company</b>		<b>Consolidated</b>	
	<b>31.12.2014</b>	<b>31.12.2013</b>	<b>31.12.2014</b>	<b>31.12.2013</b>
ICMS	2.547	2.080	2.547	2.080
PIS	6.941	9.422	7.182	9.422
COFINS	31.975	43.406	33.084	43.406
Social Contribution	6.779	8.539	6.791	8.539
Income Revenue Tax	34.548	32.864	34.840	32.868
Other Credits	894	971	894	971
(-) Adjustments to current value (CPC 12)	-	(1.303)	-	(1.303)
	<b>83.684</b>	<b>95.979</b>	<b>85.338</b>	<b>95.983</b>
<b>Current</b>	<b>54.946</b>	<b>70.078</b>	<b>56.600</b>	<b>70.082</b>
<b>Non current</b>	<b>28.738</b>	<b>25.901</b>	<b>28.738</b>	<b>25.901</b>

The ICMS, PIS and COFINS taxes is referred to credits taken onto fixed assets purchase and towards the compound from the financial assets of the transmission.

The Social Contribution and Revenue tax as of December 31<sup>st</sup>, 2014, is inherent to the overpaid balance in 2014, once determined by estimation, which exceeds the amount due at the end of 2014. These amounts will be offset against payments to be made in 2015.

## NOTE 13 – FUTURE UPFRONT CAPITAL INCREASE

The future upfront capital increase – AFAC breakdown is described as follows:

### 13.1 AFAC balance on Assets, per SPE:

	<b>Controlling Company</b>	
	<b>31.12.2014</b>	<b>31.12.2013</b>
Chuí	330.500	-
Chuí IX	20.510	-
Costa Oeste	1.146	15.104
Coxilha Seca	2.900	-
Fronteira Oeste	3.641	-
Hermenegildo I	41.161	-
Hermenegildo II	3.203	-
Hermenegildo III	34.887	-
Livramento	73.500	-
Marumbi	6.702	4.505
Santa Vitória do Palmar	18.000	-
TSBE	16.000	86.400
TSLE	54.499	102.620
<b>TOTAL</b>	<b>606.649</b>	<b>208.629</b>

### 13.2 AFAC activities on Assets:

	<b>Controlling Company</b>	
	<b>31.12.2014</b>	<b>31.12.2013</b>
Opening balance	208.629	31.898
(+) AFAC ported during the year	657.478	389.849
(-) SPE Incorporation	-	(15.000)
(-) Payment of Capital	(259.458)	(198.118)
<b>Total</b>	<b>606.649</b>	<b>208.629</b>

### 13.3 AFAC activities on Liabilities:

The balance in regard to “future upfront capital increase” on the amount of R\$ 63.976 thousand is described by the figures received from Eletrobras stockholder.

	<b>Controlling Company</b>	
	<b>31.12.2014</b>	<b>31.12.2013</b>
Opening balance	59.284	554.930
(+) Update by SELIC	4.692	59.194
(-) Incorporated into Capital	-	(554.840)
<b>Total</b>	<b>63.976</b>	<b>59.284</b>

## NOTE 14 – OTHER ASSETS

	<b>Controlling Company</b>		<b>Consolidated</b>	
	<b>31.12.2014</b>	<b>31.12.2013</b>	<b>31.12.2014</b>	<b>31.12.2013</b>
Other credits ( grade 14.1)	90.289	48.842	85.190	44.280
Other debtors (grade 14.2)	27.847	13.213	27.856	13.217
Current Services (grade 14.3)	45.628	32.474	45.628	32.474
Current Deactivation (grade 14.3)	4.077	4.092	4.077	4.092
Current Disposal (grade 14.3)	1.183	1.183	1.823	1.183
	<b>169.024</b>	<b>99.804</b>	<b>164.574</b>	<b>95.246</b>
<b>Current</b>	<b>101.477</b>	<b>66.042</b>	<b>102.200</b>	<b>66.058</b>
<b>Non-current</b>	<b>67.547</b>	<b>33.762</b>	<b>62.374</b>	<b>29.188</b>

### 14.1 Credits Miscellaneous

	<b>Controlling Company</b>		<b>Consolidated</b>	
	<b>31.12.2014</b>	<b>31.12.2013</b>	<b>31.12.2014</b>	<b>31.12.2013</b>
Credities Securities Receivable / Alien., assets and rights	1.291	2.054	1.291	2.054
Credities for Services Rendered to Third Parties	17.052	6.650	11.754	2.076
Securities and Marketable Securities	174	143	174	143
Amounts Judicially Blocked	-	-	45	45
Global Reserve of Reversion (GRR)	3.183	-	3.183	-
Reimbursements	17.976	13.645	17.976	13.645
Insurance Premium	447	582	629	619
Credits under litigation	-	10.154	-	10.154
Deposits linked to litigation	47.641	22.472	47.641	22.472
Municipalities agreements	2.846	4.089	2.846	4.089
Other receivable credits	3.487	3.050	3.459	2.980
(-) allowance for possible loan losses (14.4)	(3.808)	(13.997)	(3.808)	(13.997)
	<b>90.289</b>	<b>48.842</b>	<b>85.190</b>	<b>44.280</b>
<b>Current</b>	<b>22.742</b>	<b>15.080</b>	<b>22.816</b>	<b>15.092</b>
<b>Non-current</b>	<b>67.547</b>	<b>33.762</b>	<b>62.374</b>	<b>29.188</b>

### 14.2 Debtors Miscellaneous

	<b>Controlling Companies</b>		<b>Consolidated</b>	
	<b>31.12.2014</b>	<b>31.12.2013</b>	<b>31.12.2014</b>	<b>31.12.2013</b>
Income receivable - Onus of debts	1.403	1.403	1.403	1.403
Advanced for Suppliers	1.293	1.961	1.293	1.961
Eletrobrás Participações S.A. - Eletropar	7.023	7.023	7.023	7.023
Empresa Brasileira de Telecomunicações S.A.	582	350	582	350
Companhia Estadual de Energia Elétrica - CEEE	16.021	-	16.021	-
Personnel upfront payments	2.660	4.952	2.669	4.952
Personnel credits	384	92	384	98
Medical Accreditation	2.719	2.675	2.719	2.675
Other debtors	2.785	1.780	2.785	1.778
(-) allowance for possible loan losses (14.4)	(7.023)	(7.023)	(7.023)	(7.023)
	<b>27.847</b>	<b>13.213</b>	<b>27.856</b>	<b>13.217</b>

The credits with Eletrobrás Participações S.A. (Eletropar), attached to credits linkage with Eletronet, of which, had been summoned to bankruptcy process, are included in the allowance for possible loan losses.

The amount caption “Companhia Estadual de Energia Elétrica – CEEE” refers to a restructuring debt, proceedings nº 0049617-85.1998.8.24.0023/3, entered into August 31<sup>st</sup> of 2014, on the amount of 22.173 thousand, to be held in 18 installments.

### 14.3 Shutdown, Disposal and Ongoing Services

	<b>Controlling Company</b>		<b>Consolidated</b>	
	<b>31.12.2014</b>	<b>31.12.2013</b>	<b>31.12.2014</b>	<b>31.12.2013</b>
<b>Current Services</b>				
Agreement MME - 009/2004 Evit. Capac. Prodee	179	85	179	85
P&D ANEEL miscellaneous	2.662	278	2.662	278
Transf. replacement III-GENVISA na SE Joinville	743	743	743	743
Project analysis, follow ups on Premises Commission	-	3.425	-	3.425
ANEEL Bidding Rounds and Public Sales	-	553	-	553
Owner’s engineering UHE Mauá	2.247	2.247	2.247	2.247
Owner’s engineering CHUI I, II, IV, V	2.787	1.157	2.787	1.157
Owner’s engineering IBIRAPUITA, C. Chato IV, V	8.158	6.643	8.158	6.643
Owner’s engineering VERACEIA X	7.034	3.466	7.034	3.466
Siderópolis transformer claim	872	872	872	872
Development of output sensors network	2.424	1.687	2.424	1.687
Plasma technology utilization in bauxite	2.291	1.440	2.291	1.440
Study of UHE Belo Monte expansion	-	313	-	313
Development of microbial cell comb. power combination	1.585	1.500	1.585	1.500
Development of agriculture waste biodigestion	842	841	842	841
Desenv. purific. silício metal grau solar	3.455	598	3.455	598
Hydraulic turbine Magnus	896	567	896	567
Construction of Visitor Center in Cerro Chato I, II e III	975	110	975	110
SE bench of batteries replacement	1.149	593	1.149	593
Other services	7.329	5.356	7.329	5.356
	<b>45.628</b>	<b>32.474</b>	<b>45.628</b>	<b>32.474</b>
<b>Current shutdown</b>	<b>4.077</b>	<b>4.092</b>	<b>4.077</b>	<b>4.092</b>
<b>Current disposal</b>	<b>1.183</b>	<b>1.183</b>	<b>1.823</b>	<b>1.183</b>
	<b>50.888</b>	<b>37.749</b>	<b>51.528</b>	<b>37.749</b>

### 14.4 Allowances for Possible Loan Losses Activities

	<b>Consolidated</b>				
	<b>Balance in 31.12.2013</b>	<b>Provisions</b>	<b>Reversal</b>	<b>Loss abatement</b>	<b>Balance in 31.12.2014</b>
<b>Current Assets</b>					
Debtors Miscellaneous	7.023	-	-	-	7.023
Credits Miscellaneous	3.843	24	(59)	-	3.808
<b>Non-Current assets</b>	-	-	-	-	-
Credits Miscellaneous	10.154	-	(10.154)	-	-
	<b>Consolidated</b>				
	<b>Balance in 31.12.2012</b>	<b>Provisions</b>	<b>Reversal</b>	<b>Loss abatement</b>	<b>Balance in 31.12.2013</b>
<b>Current Assets</b>					
Debtors Miscellaneous	7.023	-	-	-	7.023
Credits Miscellaneous	3.830	13	-	-	3.843
<b>Non-Current assets</b>	-	-	-	-	-
Credits Miscellaneous	10.154	-	-	-	10.154

The reversal on “Credits Miscellaneous”, on the amount of R\$10.154 thousand, is inherent to debtors negotiating debt from “Companhia Estadual de Energia Elétrica – CEEE”.

#### **NOTE 15 – DEFERRED TAXES (CPC 32)**

Deferred taxes are recognized to the extent of onward probable future taxable profit as soon as is available to be rendered to offset temporary differences based on elaborate projections of future results and based on internal assumptions and future economic scenarios which may, therefore, vary.

Income tax and social contribution deferred on temporary differences are stated as follows:

	<b>Controlling Company</b>		<b>Consolidated</b>	
	<b>31.12.2014</b>	<b>31.12.2013</b>	<b>31.12.2014</b>	<b>31.12.2013</b>
<b>Non-current Assets</b>				
Civil and Fiscal Provisions	15.261	14.727	15.261	14.727
Labor Provision	23.087	20.725	23.087	20.725
Post employment benefits - actuarial	23.081	-	23.081	-
Allowance for possible loan losses	7.164	7.441	7.164	7.441
Provision for loss with onerous contract	-	138.682	-	138.682
Premium amortization without investment	9.461	7.784	9.461	7.784
Recoverable value of assets (Impairment)	155.394	174.981	155.394	174.981
Profits sharing (PLR)	10.203	11.824	10.203	11.824
Contribution for benefit of current generation	2.858	5.096	2.858	5.096
Dismissal Incentive Plan	2.495	4.648	2.495	4.648
Others	4.281	7.771	4.574	7.771
	<b>253.285</b>	<b>393.679</b>	<b>253.578</b>	<b>393.679</b>
<b>Non-current Liability</b>				
Revenue for updating on renegotiated energy credits (i)	184.890	172.323	184.890	172.323
Special installment plan (PAES)	-	1.757	-	1.757
Provision of adoption adjustments CPC's	11.848	7.353	11.848	7.353
Premium amortization without investment	24.323	13.435	24.323	13.435
Expedited depreciation of power plants	53.187	25.076	53.187	25.076
Judicial deposits updates	4.190	3.781	4.190	3.781
Post employment benefits - actuarial	-	4.390	-	4.390
Setting of current tax values and UBP	834	968	834	968
Others	3.370	3.370	3.370	3.370
	<b>282.642</b>	<b>232.453</b>	<b>282.642</b>	<b>232.453</b>
<b>Net Deferred Taxes</b>	<b>(29.357)</b>	<b>161.226</b>	<b>(29.064)</b>	<b>161.226</b>
<b>Non-current Assets</b>	<b>-</b>	<b>161.226</b>	<b>293</b>	<b>161.226</b>
<b>Non-current Liability</b>	<b>29.357</b>	<b>-</b>	<b>29.357</b>	<b>-</b>

(i) The deferral of taxes on upgrade revenue upon renegotiated energy credits - Law n. 8.727/93 began in January 1999. Until December 1998, all taxes levied on such income (interest and monetary variation) were collected on an accrual basis. On the other hand, the amounts paid up until such date already exceeded the actual amounts received from Federal Union with the debt payment to Eletrosul, by means of the Law n. 8.727/93. Thus, in order to preserve the Company's assets, the Board had decided to defer taxes, from January 1999 for the sake of payments based on the amount received.

Until December 2004, there had been all offsets upon the ordinance of December 1998. From January 2005 on, it turned out on tax collection upon amounts actually received. This situation is due to the fact that the Federal Union timely executes its payments on the monthly installments of the debt according to the accrual from the States which, in turn, are restricted by law into certain commitment levels of revenues, as described in NOTE 3.2.5.

The expected compensation of deferred fiscal assets and liabilities is described as follows:

<b>Year</b>	<b>Consolidated</b>	
	<b>Deferred fiscal asset</b>	<b>Deferred fiscal liability</b>
2015	22.319	9.914
2016	28.405	10.751
2017	23.753	10.751
2018	22.243	10.751
2019	19.023	10.751
After 2019	137.835	229.724
<b>Total</b>	<b>253.578</b>	<b>282.642</b>

#### NOTE 16 – INVESTMENTS (CPC18)

The Company's investments in controlled and in jointly-controlled companies are recorded as per CPC 18 (R2) - Investments in Associates, in Controlled and in Jointly-Controlled companies, as presented as follows:

#### 16.1 Investments in controlled and jointly-controlled

<b>Permanent Corporate Participation</b>	<b>Controlling Company</b>	
	<b>31.12.2014</b>	<b>31.12.2013</b>
Controlled	57.766	55.929
Jointly-controlled company	2.823.168	2.465.400
Others	3.277	3.277
<b>Total</b>	<b>2.884.211</b>	<b>2.524.606</b>

#### 16.2 Redeemable stocks

Eletrosul furnished provisions to SPE Livramento on the amount of R\$61.910 thousand, which is represented by 61.910.000 redeemable stocks, as well as to SPE Santa Vitória do Palmar, on the amount of R\$29.400 thousand, represented by 29.400.000 redeemable stocks.

### 16.3 Investments activities (Controlled)

Partnership of Specific Purposes (SPE's)	Part. (%)	Balance in 31.12.2013	Additions	Corporate Part. Outcome	Adj. Of Equity Evaluation	Dest / Adjust. of dividends	Premium amort. / transf. of premium	Recap of Cashable stocks	Liabilities recap shortage	Balance in 31.12.2014
<b>Operating Controlled</b>										
Uirapuru	75,0%	<b>55.929</b>	-	9.631	-	(7.159)	(722)	-	-	<b>57.679</b>
<b>Jointly-controlled</b>										
Costa Oeste	49,0%	<b>4.279</b>	17.554	(481)	-	158	-	-	-	<b>21.510</b>
ESBR Participações	20,0%	<b>1.376.070</b>	309.000	(230.788)	(600)	-	-	-	-	<b>1.453.682</b>
Etau	27,4%	<b>24.199</b>	-	6.713	-	(7.677)	-	-	-	<b>23.235</b>
Integração	24,5%	<b>22.454</b>	-	63	-	-	-	-	-	<b>22.517</b>
Livramento	52,5%	<b>97.348</b>	-	(150.370)	-	-	-	(44.427)	97.449	-
Norte Brasil	24,5%	<b>231.446</b>	193.123	(3.517)	-	-	-	-	-	<b>421.052</b>
TSBE	80,0%	<b>167.403</b>	98.400	11.377	-	(1.220)	-	-	-	<b>275.960</b>
TSLE	51,0%	<b>16.901</b>	125.455	(2.637)	-	-	-	-	-	<b>139.719</b>
<b>Pre-operational phase Controlled</b>										
Chuí IX	99,99%	-	10	(65)	-	-	-	-	55	-
Coxilha Seca	99,99%	-	10	77	-	-	-	-	-	<b>87</b>
Hermenegildo I	99,99%	-	10	(384)	-	-	-	-	374	-
Hermenegildo II	99,99%	-	10	(156)	-	-	-	-	146	-
Hermenegildo III	99,99%	-	10	(123)	-	-	-	-	113	-
<b>Jointly-controlled</b>										
Chuí	49,0%	<b>75.210</b>	-	(37.715)	-	-	-	-	-	<b>37.495</b>
Fronteira Oeste	51,0%	<b>5</b>	11.835	(16)	-	-	-	-	-	<b>11.824</b>
Marumbi	20,0%	<b>1.151</b>	6.414	1.930	-	(452)	-	-	-	<b>9.043</b>
Santa Vitória do Palmar	49,0%	<b>185.970</b>	-	2.220	-	(1.163)	-	(29.400)	-	<b>157.627</b>
Teles Pires Participações	24,7%	<b>262.964</b>	-	(13.460)	-	-	-	-	-	<b>249.504</b>
<b>Other Investments</b>		<b>3.277</b>	-	-	-	-	-	-	-	<b>3.277</b>
<b>Total</b>		<b>2.524.606</b>	<b>761.831</b>	<b>(407.701)</b>	<b>(600)</b>	<b>(17.513)</b>	<b>(722)</b>	<b>(73.827)</b>	<b>98.137</b>	<b>2.884.211</b>

The main variation in equity income statements in 2014 as recognized by the Company arising from equity investments is evidenced as follows:

**ESBR Participações S/A:** the loss on the amount of R\$230.788 thousand basically reflects the cost of provisioning due to the delay of conclusion of Hydroelectric Plant Jirau.

**Livramento Holding S/A:** the loss of R\$150.37 thousand is primarily due to the accrual of losses in the financial statements with power ballast acquisition, to put up with the energy sales contracts in 2012 into Open Market (ACL) as because of commercial arrears, and the impairment calculation towards non-complied investments by means of default towards the supplying upon the contract from wind turbines in the wind farms supported by Wind Power.

**Chuí Holding S/A:** the loss of R\$37.715 thousand is primarily due to the accrual of losses in the financial statements upon the performed investments, by means of default towards non compliance of supplying energy from wind farms by Wind Power.



Partnership of Specific Purposes (SPE's)	Part. (%)	Balance in 31.12.2012	Additions	Corporate Part. Outcome	Adj. Of Equity Evaluation	Dest / Adjust. of dividends	Premium Amortization	SPE Incorporation	Balance in 31.12.2013
<b>In operation</b>									
<b>Subsidiaries and controlled</b>									
Artemis <sup>(i)</sup>	100,0%	252.971	-	3.592	-	-	(87.584)	(168.979)	-
Cerro Chato I <sup>(i)</sup>	90,0%	86.499	-	326	-	-	-	(86.825)	-
Cerro Chato II <sup>(i)</sup>	90,0%	80.006	-	478	-	-	-	(80.484)	-
Cerro Chato III <sup>(i)</sup>	90,0%	75.819	-	543	-	(112)	-	(76.250)	-
Porto Velho <sup>(i)</sup>	100,0%	302.440	-	1.746	-	1.351	(1.409)	(304.128)	-
RS Energia <sup>(i)</sup>	100,0%	231.919	-	4.882	-	2.331	-	(239.132)	-
Uirapuru	75,0%	56.432	-	7.433	-	(7.215)	(721)	-	55.929
<b>Jointly-controlled</b>									
Etau	27,4%	23.696	-	3.845	-	(3.342)	-	-	24.199
Integração	24,5%	20.155	-	11.342	-	(9.043)	-	-	22.454
<b>In pre-operational phase</b>									
<b>Jointly-controlled</b>									
Chuí	49,0%	33.606	41.797	(193)	-	-	-	-	75.210
Costa Oeste	49,0%	1.138	-	3.599	-	(458)	-	-	4.279
ESBR Participações	20,0%	939.825	475.000	(38.889)	134	-	-	-	1.376.070
Fronteira Oeste	51,0%	-	5	-	-	-	-	-	5
Livramento	49,0%	35.280	73.031	(10.963)	-	-	-	-	97.348
Marumbi	20,0%	570	-	682	-	(101)	-	-	1.151
Norte Brasil	24,5%	193.625	30.625	6.391	-	805	-	-	231.446
Santa Vitória do Palmar	49,0%	97.059	88.772	139	-	-	-	-	185.970
TSBE	80,0%	6.301	157.754	4.788	-	(1.440)	-	-	167.403
TSLE	51,0%	16.781	-	120	-	-	-	-	16.901
Teles Pires Participações	24,5%	89.816	174.790	(1.642)	-	-	-	-	262.964
<b>Other investments</b>		3.277	-	-	-	-	-	-	3.277
<b>Total</b>		<b>2.547.215</b>	<b>1.041.774</b>	<b>(1.781)</b>	<b>134</b>	<b>(17.224)</b>	<b>(89.714)</b>	<b>(955.798)</b>	<b>2.524.606</b>

(i) Incorporated by the Company in 2013

#### 16.4 Information on Investee Societies

Partnership of Specific Purposes (SPE's)	% Part.	Stockholders	%	Beginning Construct.	Beginning Operation	Expiration Concession
<b>Under commercial operation</b>						
Costa Oeste	49,0%	Copel	51,0%	2012	2014	2042
ESBR Participações	20,0%	SUEZ	40,0%			
		CHESF	20,0%	2009	2013	2043
		Mitsui	20,0%			
Etau	27,4%	Transmissora Aliança	52,6%			
		CEEE	10,0%	2003	2005	2032
		DME Energética	10,0%			
Uirapuru	75,0%	ELOS	25,0%	2004	2006	2035
Construtora Integração	24,5%	Eletronorte	24,5%	-	-	-
		Abengoa Brasil	51,0%			
Livramento	52,53%	Rio Bravo Investimentos	41,0%			
		Fundação Elos	6,47%	2012	2013	2047
		Eletronorte	24,5%			
Norte Brasil	24,5%	Eletronorte	24,5%	2009	2014	2039
		Abengoa Brasil	51,0%			
TSBE	80,0%	Copel	20,0%	2012	2014	2042
TSLE	51,0%	CEEE	49,0%	2012	2014	2042
<b>In pre-operational phase</b>						
Chuí	49,0%	Rio Bravo Investimentos	51,0%	2012	2015	2047
Chuí IX	99,99%	Renobrax	0,01%	2014	2015	2049
Coxilha Seca	99,99%	Renobrax	0,01%	2014	2015	2049
Hermenegildo I	99,99%	Renobrax	0,01%	2014	2015	2049
Hermenegildo II	99,99%	Renobrax	0,01%	2014	2015	2049
Hermenegildo III	99,99%	Renobrax	0,01%	2014	2015	2049
Fronteira Oeste	51,0%	CEEE	49,0%	2014	2015	2044
Marumbi	20,0%	Copel	80,0%	2012	2015	2042
Teles Pires Participações	24,7%	Neoenergia	50,6%	2011	2015	2046
		Fumas	24,7%			
Santa Vitória do Palmar	49,0%	Brave Winds Geradora	51,0%	2012	2015	2047

## 16.5 Summary of controlled and jointly-controlled financial information

The Company renders the financial statements of November 30<sup>th</sup>, 2014 to calculate the result of participation in the controlled and jointly-controlled companies by adjusting the balances to December 31<sup>st</sup>, 2014 when significant variations become relevant.

### Balance Sheets – 31.12.2014

Partnership of Specific Purposes (SPE's)	% Particip. in 31.12.2014	Current				Non-current			
		Current	Non-current		Total	Current	Non-current	Net Equity	Total
			Others	Fixed Assets, Intangible and Investments					
<b>Controlled</b>									
Chuí IX	99,99%	2.577	197	48.086	50.860	30.326	20.512	22	50.860
Coxilha Seca	99,99%	2.372	28	628	3.028	12	2.900	116	3.028
Hermenegildo I	99,99%	16.664	695	120.044	137.403	96.140	41.165	98	137.403
Hermenegildo II	99,99%	21.106	417	76.250	97.773	94.592	3.203	(22)	97.773
Hermenegildo III	99,99%	38.081	374	78.128	116.583	81.431	34.891	261	116.583
Uirapuru	75,0%	11.763	82.220	-	93.983	10.977	24.606	58.400	93.983
<b>Jointly-controlled</b>									
Chuí	49,0%	2.759	-	596.093	598.852	192.602	330.500	75.750	598.852
Costa Oeste	49,0%	1.740	90.317	29	92.086	9.777	37.737	44.572	92.086
ESBR Participações	20,0%	506.661	1.379.947	20.338.744	22.225.352	719.454	14.237.486	7.268.412	22.225.352
Etau	27,4%	31.699	109.962	-	141.661	11.342	45.870	84.449	141.661
Fronteira Oeste	51,0%	14.048	15.478	-	29.526	834	29	28.663	29.526
Integração	24,5%	566	126.596	3	127.165	28.112	-	99.053	127.165
Livramento	52,5%	16.929	7.439	190.806	215.174	152.899	238.932	(176.657)	215.174
Marumbi	20,0%	10.235	118.659	-	128.894	12.175	70.546	46.173	128.894
Norte Brasil	24,5%	278.788	3.237.029	10.727	3.526.544	216.004	1.594.749	1.715.791	3.526.544
Santa Vitória do Palmar	49,0%	82.728	39	1.053.933	1.136.700	101.787	707.041	327.872	1.136.700
Teles Pires Participações	24,7%	28.870	22.743	4.712.849	4.764.462	240.564	3.498.994	1.024.904	4.764.462
TSBE	80,0%	54.544	676.250	37	730.831	37.872	346.505	346.454	730.831
TSLE	51,0%	38.852	871.495	16	910.363	516.930	110.210	283.223	910.363

### Balance Sheets – 31.12.2013

Partnership of Specific Purposes (SPE's)	% Particip. in 31.12.2013	Current				Non-current			
		Current	Non-current		Total	Current	Non-current	Net Equity	Total
			Others	Fixed Assets, Intangible and Investments					
<b>Controlled</b>									
Uirapuru	75,0%	8.315	85.789	-	94.104	10.017	29.027	55.060	94.104
<b>Jointly-Controlled</b>									
Chuí	49,0%	9.662	-	151.863	161.525	2.761	5.328	153.436	161.525
Costa Oeste	49,0%	2.848	46.264	33	49.145	11.012	32.290	5.843	49.145
ESBR Participações	20,0%	291.803	754.687	17.571.028	18.617.518	757.421	10.939.958	6.920.139	18.617.518
Etau	27,4%	27.954	112.160	-	140.114	10.690	31.773	97.651	140.114
Fronteira Oeste	51,0%	10	-	-	10	-	-	10	10
Integração	24,5%	106.875	4.856	4	111.735	25.670	-	86.065	111.735
Livramento	49,0%	40.007	12.859	305.462	358.328	97.938	153.661	106.729	358.328
Marumbi	20,0%	5.276	31.241	-	36.517	8.291	23.499	4.727	36.517
Norte Brasil	24,5%	109.774	2.705.368	12.068	2.827.210	432.273	1.463.748	931.189	2.827.210
Santa Vitória do Palmar	49,0%	178.942	-	660.718	839.660	167.224	353.029	319.407	839.660
Teles Pires Participações	24,7%	735.768	33.323	3.421.481	4.190.572	268.129	2.868.497	1.053.946	4.190.572
TSBE	80,0%	47.339	486.064	39	533.442	209.146	113.316	210.980	533.442
TSLE	51,0%	40.523	381.039	1	421.563	203.212	183.935	34.416	421.563

### Income Statement – 31.12.2014

Partnership of Specific Purposes (SPE's)	% Particip. in 31.12.2014	Net Operational Revenue	Operating Costs	Service Outcome	Financial Outcome	Operational Outcome	Revenue Income and Social Cont.	Year Outcome
<b>Controlled</b>								
Chuí IX	99,99%	-	(314)	<b>(314)</b>	132	<b>(182)</b>	194	<b>12</b>
Coxilha Seca	99,99%	-	(67)	<b>(67)</b>	198	<b>131</b>	(25)	<b>106</b>
Hermenegildo I	99,99%	-	(888)	<b>(888)</b>	289	<b>(599)</b>	687	<b>88</b>
Hermenegildo II	99,99%	-	(780)	<b>(780)</b>	338	<b>(442)</b>	410	<b>(32)</b>
Hermenegildo III	99,99%	-	(782)	<b>(782)</b>	666	<b>(116)</b>	367	<b>251</b>
Uirapuru	75,00%	21.545	(5.049)	<b>16.496</b>	(2.575)	<b>13.921</b>	(1.036)	<b>12.885</b>
<b>Jointly-controlled</b>								
Chuí	49,00%	-	(76.911)	<b>(76.911)</b>	(759)	<b>(77.670)</b>	(16)	<b>(77.686)</b>
Costa Oeste	49,00%	43.468	(38.164)	<b>5.304</b>	(1.006)	<b>4.298</b>	(1.716)	<b>2.582</b>
ESBR Participações	20,00%	732.639	(2.370.080)	<b>(1.637.441)</b>	(174.981)	<b>(1.812.422)</b>	615.695	<b>(1.196.727)</b>
Etau	27,40%	33.034	(4.981)	<b>28.053</b>	(1.654)	<b>26.399</b>	(11.600)	<b>14.799</b>
Fronteira Oeste	51,00%	15.420	(15.739)	<b>(319)</b>	406	<b>87</b>	(30)	<b>57</b>
Integração	24,50%	126.579	(97.134)	<b>29.445</b>	(2.544)	<b>26.901</b>	(13.913)	<b>12.988</b>
Livramento	52,53%	29.910	(298.054)	<b>(268.144)</b>	(4.276)	<b>(272.420)</b>	(10.966)	<b>(283.386)</b>
Marumbi	20,00%	87.434	(73.433)	<b>14.001</b>	556	<b>14.557</b>	(2.918)	<b>11.639</b>
Norte Brasil	24,50%	686.710	(576.917)	<b>109.793</b>	(114.583)	<b>(4.790)</b>	1.135	<b>(3.655)</b>
Santa Vitória do Palmar	49,00%	12.153	(1.588)	<b>10.565</b>	943	<b>11.508</b>	(670)	<b>10.838</b>
Teles Pires Participações	24,72%	-	(17.782)	<b>(17.782)</b>	(701)	<b>(18.483)</b>	(10.560)	<b>(29.043)</b>
TSBE	80,00%	206.965	(171.990)	<b>34.975</b>	(19.310)	<b>15.665</b>	(1.666)	<b>13.999</b>
TSLE	51,00%	495.162	(447.411)	<b>47.751</b>	(43.520)	<b>4.231</b>	(1.414)	<b>2.817</b>

### Income Statement – 31.12.2013

Partnership of Specific Purposes (SPE's)	% Particip. in 31.12.2013	Net Operational Revenue	Operating Costs	Service Outcome	Financial Outcome	Operational Outcome	Revenue Income and Social Cont.	Year Outcome
<b>Controlled</b>								
Uirapuru	75,0%	17.815	(4.177)	<b>13.638</b>	(3.038)	<b>10.600</b>	(853)	<b>9.747</b>
<b>Jointly-controlled</b>								
Chuí	49,0%	-	(634)	<b>(634)</b>	239	<b>(395)</b>	-	<b>(395)</b>
Costa Oeste	49,0%	41.677	(35.878)	<b>5.799</b>	260	<b>6.059</b>	(1.336)	<b>4.723</b>
ESBR Participações	20,0%	147.005	(370.828)	<b>(223.823)</b>	(4.607)	<b>(228.430)</b>	77.767	<b>(150.663)</b>
Etau	27,4%	31.469	(4.784)	<b>26.685</b>	(2.757)	<b>23.928</b>	(1.794)	<b>22.134</b>
Integração	24,5%	39.583	(23.758)	<b>15.825</b>	942	<b>16.767</b>	(5.684)	<b>11.083</b>
Livramento	49,0%	29.132	(67.241)	<b>(38.109)</b>	650	<b>(37.459)</b>	12.724	<b>(24.735)</b>
Marumbi	20,0%	30.378	(27.320)	<b>3.058</b>	484	<b>3.542</b>	(1.081)	<b>2.461</b>
Norte Brasil	24,5%	665.835	(582.452)	<b>83.383</b>	(77.120)	<b>6.263</b>	(2.189)	<b>4.074</b>
Santa Vitória do Palmar	49,0%	-	(1.316)	<b>(1.316)</b>	1.667	<b>351</b>	(109)	<b>242</b>
Teles Pires Participações	24,7%	-	(15.162)	<b>(15.162)</b>	(926)	<b>(16.088)</b>	(19.387)	<b>(35.475)</b>
TSBE	80,0%	430.345	(417.040)	<b>13.305</b>	(419)	<b>12.886</b>	(5.105)	<b>7.781</b>
TSLE	51,0%	334.339	(326.355)	<b>7.984</b>	(4.418)	<b>3.566</b>	(1.935)	<b>1.631</b>

The equity is recognized based on financial statements of controlled and jointly-controlled companies with a 30-day of delay, except for the occurrence of significant events on the month of December, which are promptly recognized.

**NOTE 17 – FIXED ASSETS (CPC 27)**

**17.1 Composition**

	<b>Controlling Company</b>		<b>Consolidated</b>	
	<b>31.12.2014</b>	<b>31.12.2013</b>	<b>31.12.2014</b>	<b>31.12.2013</b>
<b>Transmission</b>				
Fixed Assets in Service	97.710	97.710	97.710	97.710
(-) Accrued Depreciation	(70.407)	(61.963)	(70.407)	(61.963)
Fixed Assets on course	57.096	40.005	57.096	40.005
(-) <i>Impairment</i> (CPC 01 (R1))	(3.043)	(36.315)	(3.043)	(36.315)
<b>Total transmission</b>	<b>81.356</b>	<b>39.437</b>	<b>81.356</b>	<b>39.437</b>
<b>Generation</b>				
Fixed Assets in Service	2.691.897	2.684.095	2.691.897	2.684.095
(-) Accrued Depreciation	(214.719)	(115.285)	(214.719)	(115.285)
Fixed Assets on course	83.327	47.622	286.289	47.622
(-) <i>Impairment</i> (CPC 01 (R1))	(270.845)	(308.972)	(270.845)	(308.972)
<b>Total generation</b>	<b>2.289.660</b>	<b>2.307.460</b>	<b>2.492.622</b>	<b>2.307.460</b>
<b>Management</b>				
Fixed Assets in Service	55.164	41.582	55.323	41.582
(-) Accrued Depreciation	(30.018)	(17.594)	(30.024)	(17.594)
Fixed Assets on course	17.067	7.356	17.067	7.356
<b>Total Management</b>	<b>42.213</b>	<b>31.344</b>	<b>42.366</b>	<b>31.344</b>
<b>Total Net Assets</b>	<b>2.413.229</b>	<b>2.378.241</b>	<b>2.616.344</b>	<b>2.378.241</b>

**17.1.1 Endeavors on course of construction in Transmission**

The caption “fixed assets on course” in transmission, has been basically recording the assets regarding Transmission Line Brasil-Uruguai which is being build in partnership with Elétricas Brasileiras S/A (Eletrobras).

**17.1.2 Endeavors on course of construction in Generation**

The caption “fixed assets on course” in generation, has been basically recording the following generation assets investments on course of construction:

**Eletrosul ownership:** PCH Santo Cristo, Wind Farm Coxilha Seca, Gapões e Ingleses.

**Controlled companies’ ownership:**

Eólica Hermenegildo I S/A: Parques Eólicos Verace 24, Verace 25, Verace 26 e Verace 27.  
Eólica Hermenegildo II S/A: Parques Eólicos Verace 28, Verace 29, Verace 30 e Verace 31.  
Eólica Hermenegildo III S/A: Parques Eólicos Verace 34, Verace 35 e Verace 36.  
Eólica Chui IX S/A: Wind Farm Chui IX.

## 17.2 Capitalized financial onus

Financial onus linked to funds are recognized in the fixed assets during the construction of electric energy. The capitalized onus in the fixed assets are evidenced as follows:

	<b>Controlling Company</b>		<b>Consolidated</b>	
	<b>31.12.2014</b>	<b>31.12.2013</b>	<b>31.12.2014</b>	<b>31.12.2013</b>
Total of financial onus	332.110	266.267	335.680	295.557
(-) Transfer to Assets	45	7.745	45	7.745
<b>Net impact outcome</b>	<b>332.065</b>	<b>258.522</b>	<b>335.635</b>	<b>287.812</b>

## 17.3 Depreciation rates

	<b>Consolidated</b>	
	<b>31.12.2014</b>	<b>31.12.2013</b>
<b>Generation</b>		
Intangibles	20,00%	20,00%
Reservoir, dam, water mains	3,65%	3,65%
Edifications, civil work and improvements	3,79%	3,79%
Machines and Equipments	4,05%	4,05%
Furniture and utensils	6,25%	6,25%
Land sit	3,52%	3,52%
<b>Management</b>		
Intangibles	20,00%	20,00%
Edifications, civil work and improvements	3,45%	3,45%
Machines and Equipments	4,96%	4,41%
Vehicles	8,28%	8,16%
Furniture and utensils	6,25%	6,25%

On February 16<sup>th</sup>, 2012 the National Electric Energy Agency (ANEEL) issued a Normative Resolution No. 474/2012, which establishes new annual depreciation rates for assets granted in the Electricity Sector service. The Company, for the generation of fixed assets depreciation calculation, the rule “concession/authorization or lifetime whichever is lower”, and the service life is approaching the rates set by ANEEL. In view of this, the Company adopts the ANEEL’s depreciation rates as a parameter.

## 17.4 Activities

	Controlling Company				31.12.2014 Net Value
	31.12.2013	Additions	Write-off	Transfer	
	Net value				
<b>Generation</b>					
In service	2.684.095	-	(4.149)	11.951	2.691.897
Accrued Depreciation	(115.285)	(99.432)	-	(2)	(214.719)
On course	47.622	78.028	(30.481)	(11.842)	83.327
<b>Total</b>	<b>2.616.432</b>	<b>(21.404)</b>	<b>(34.630)</b>	<b>107</b>	<b>2.560.505</b>
<b>Transmission</b>					
In service	97.710	-	-	-	97.710
Accrued Depreciation	(61.963)	(8.444)	-	-	(70.407)
On course	40.005	18.211	(1.120)	-	57.096
<b>Total</b>	<b>75.752</b>	<b>9.767</b>	<b>(1.120)</b>	<b>-</b>	<b>84.399</b>
<b>Management</b>					
In service	41.582	115	(659)	14.126	55.164
Accrued Depreciation	(17.594)	(13.205)	531	250	(30.018)
On course	7.356	16.073	(578)	(5.784)	17.067
<b>Total</b>	<b>31.344</b>	<b>2.983</b>	<b>(706)</b>	<b>8.592</b>	<b>42.213</b>
(-) Impairment (CPC 01 (R1))	(345.287)	(37.977)	109.376	-	(273.888)
<b>TOTAL</b>	<b>2.378.241</b>	<b>(46.631)</b>	<b>72.920</b>	<b>8.699</b>	<b>2.413.229</b>

	Consolidated				31.12.2014 Net Value
	31.12.2013	Additions	Write-off	Transfer	
	Net value				
<b>Generation</b>					
In service	2.684.095	-	(4.149)	11.951	2.691.897
Accrued Depreciation	(115.285)	(99.432)	-	(2)	(214.719)
On course	47.622	280.990	(30.481)	(11.842)	286.289
<b>Total</b>	<b>2.616.432</b>	<b>181.558</b>	<b>(34.630)</b>	<b>107</b>	<b>2.763.467</b>
<b>Transmission</b>					
In service	97.710	-	-	-	97.710
Accrued Depreciation	(61.963)	(8.444)	-	-	(70.407)
On course	40.005	18.211	(1.120)	-	57.096
<b>Total</b>	<b>75.752</b>	<b>9.767</b>	<b>(1.120)</b>	<b>-</b>	<b>84.399</b>
<b>Management</b>					
In service	41.582	274	(659)	14.126	55.323
Accrued Depreciation	(17.594)	(13.211)	531	250	(30.024)
On course	7.356	16.073	(578)	(5.784)	17.067
<b>Total</b>	<b>31.344</b>	<b>3.136</b>	<b>(706)</b>	<b>8.592</b>	<b>42.366</b>
(-) Impairment (CPC 01 (R1))	(345.287)	(37.977)	109.376	-	(273.888)
<b>TOTAL</b>	<b>2.378.241</b>	<b>156.484</b>	<b>72.920</b>	<b>8.699</b>	<b>2.616.344</b>

	<b>Controlling Company</b>					<b>31.12.2013</b>
	<b>31.12.2012</b>					
	<b>Net value</b>	<b>Additions</b>	<b>Write-off</b>	<b>Transfer</b>	<b>Incorporation</b>	
<b>Generation</b>						
In service	590.156	-	(3.262)	1.660.497	436.704	2.684.095
Accrued Depreciation	(11.502)	(71.797)	-	(76)	(31.910)	(115.285)
On course	1.600.426	155.961	(48.417)	(1.661.471)	1.123	47.622
<b>Total</b>	<b>2.179.080</b>	<b>84.164</b>	<b>(51.679)</b>	<b>(1.050)</b>	<b>405.917</b>	<b>2.616.432</b>
<b>Transmission</b>						
In service	97.710	-	-	-	-	97.710
Accrued Depreciation	(61.963)	-	-	-	-	(61.963)
On course	3.350	37.676	(1.021)	-	-	40.005
<b>Total</b>	<b>39.097</b>	<b>37.676</b>	<b>(1.021)</b>	<b>-</b>	<b>-</b>	<b>75.752</b>
<b>Management</b>						
In service	39.322	2.568	(26)	(579)	297	41.582
Accrued Depreciation	(16.062)	(1.786)	25	294	(65)	(17.594)
On course	5.652	3.795	(46)	(2.049)	4	7.356
<b>Total</b>	<b>28.912</b>	<b>4.577</b>	<b>(47)</b>	<b>(2.334)</b>	<b>236</b>	<b>31.344</b>
(-) Impairment (CPC 01 (R1))	(234.960)	(110.652)	325	-	-	(345.287)
<b>TOTAL</b>	<b>2.012.129</b>	<b>15.765</b>	<b>(52.422)</b>	<b>(3.384)</b>	<b>406.153</b>	<b>2.378.241</b>

	<b>Consolidated</b>				
	<b>31.12.2012</b>				
	<b>Net value</b>	<b>Additions</b>	<b>Write-off</b>	<b>Transfer</b>	<b>Net Value</b>
<b>Generation</b>					
In service	996.933	-	(4.221)	1.691.383	2.684.095
Accrued Depreciation	(33.251)	(81.958)	-	(76)	(115.285)
On course	1.635.001	157.909	(52.931)	(1.692.357)	47.622
<b>Total</b>	<b>2.598.683</b>	<b>75.951</b>	<b>(57.152)</b>	<b>(1.050)</b>	<b>2.616.432</b>
<b>Transmission</b>					
In service	97.710	-	-	-	97.710
Accrued Depreciation	(61.963)	-	-	-	(61.963)
On course	3.350	37.676	(1.021)	-	40.005
<b>Total</b>	<b>39.097</b>	<b>37.676</b>	<b>(1.021)</b>	<b>-</b>	<b>75.752</b>
<b>Management</b>					
In service	39.601	2.575	(26)	(568)	41.582
Accrued Depreciation	(16.102)	(1.811)	25	294	(17.594)
On course	5.663	3.799	(46)	(2.060)	7.356
<b>Total</b>	<b>29.162</b>	<b>4.563</b>	<b>(47)</b>	<b>(2.334)</b>	<b>31.344</b>
(-) Impairment (CPC 01 (R1))	(234.960)	(110.652)	325	-	(345.287)
<b>TOTAL</b>	<b>2.431.982</b>	<b>7.538</b>	<b>(57.895)</b>	<b>(3.384)</b>	<b>2.378.241</b>

### 17.5 Unavailability of assets

According to Articles 63 and 64 of Decree n. 41.019 of February 26<sup>th</sup>, 1957, assets and facilities rendered into production, transmission, distribution and sale of electric energy are binded towards these public services and can not be removed, sold or mortgaged without the prior written authorization of the Granting Authority Organ.

ANEEL Resolution 20/99 sets forth the disassociation of assets from the Public Service of Electric Energy, granting prior authorization to release the obsolete assets by the concession, once is addressed for disposal, also determining the provions from the sale to be wired in a linked bank account, then to be reinvested in the concession.

### 17.6 Assets reversal related to the concession

At the end of the concession agreements, all assets and facilities binded to the Power Plants will become part of the assets of the Federal Union. Additional investments to the basic project authorization, once performed to ensure the continuity and updating of the service, will have the unamortized portion or the depreciated indemnified at the end of the concession term.

By the execution of the contract amendment as per the Concession Agreement n. 057/2001 on December 4<sup>th</sup>, 2012, the Company accepted the conditions of early extension of concessions from the Law 12.783/13.

### 17.7 Assets and prerogatives from Federal Government (Union)

The Company maintains as side records, the amount of R\$ 5.199 thousand by way of Union Assets under Management (BUSA), in regard to substation sector - SE Alegrete, 138 kV Transmission Line Jupiá/Mimoso I, Transmission Line 138 kV Mimoso/Campo Grande I, 230 kV Transmission Line Assisi/Londrina, Londrina 230 kV Transmission Line/Apucarana and land lot situated in the municipality of Capivari de Baixo.

#### NOTE 18 – INTANGIBLES (CPC 04)

	<u>Controlling Company</u>		<u>Consolidated</u>	
	<u>31.12.2014</u>	<u>31.12.2013</u>	<u>31.12.2014</u>	<u>31.12.2013</u>
<b>Intangible in services rendered</b>				
Softwares	4.308	4.264	4.311	4.264
Public assets utilization	25.636	25.636	25.636	25.636
Intangible - concession rights	244.313	244.313	261.385	261.385
(-) <i>Impairment</i> (CPC 01 (R1))	(33.855)	(33.855)	(33.855)	(33.855)
	<b>240.402</b>	<b>240.358</b>	<b>257.477</b>	<b>257.430</b>
<b>(-) Accrued amortization</b>				
Softwares	20%	(4.092)	(4.092)	(3.716)
Public assets utilization		(1.720)	(1.720)	(784)
Intangible - concession rights		(83.433)	(85.898)	(76.925)
		<b>(89.245)</b>	<b>(91.710)</b>	<b>(81.425)</b>
<b>Current Intangible</b>				
Softwares		5.808	5.808	4.256
		<b>5.808</b>	<b>5.808</b>	<b>4.256</b>
<b>Total Intangible</b>		<b>156.965</b>	<b>171.575</b>	<b>180.261</b>



Intangibles activities are below described:

	<b>Controlling Company</b>				<b>Total</b>
	<b>Softwares</b>	<b>Public Assets Utilization</b>	<b>Concession Rights</b>	<b>Impairment</b>	
<b>Balance in 31.12.2012</b>	<b>3.139</b>	<b>25.601</b>	<b>54.534</b>	<b>-</b>	<b>83.274</b>
Additions	1.673	-	-	-	<b>1.673</b>
SPE Incorporation*	-	-	122.830	(33.855)	<b>88.975</b>
Amortization	(8)	(749)	(8.233)	-	<b>(8.990)</b>
<b>Balance in 31.12.2013</b>	<b>4.804</b>	<b>24.852</b>	<b>169.131</b>	<b>(33.855)</b>	<b>164.932</b>
Additions	1.596	-	-	-	<b>1.596</b>
Amortization	(376)	(936)	(8.251)	-	<b>(9.563)</b>
<b>Balance in 31.12.2014</b>	<b>6.024</b>	<b>23.916</b>	<b>160.880</b>	<b>(33.855)</b>	<b>156.965</b>

\* This figures are made in reference to the premium of Artemis from investment group by means of Company incorporation.

	<b>Consolidated</b>				<b>Total</b>
	<b>Softwares</b>	<b>Public Assets Utilization</b>	<b>Concession Rights</b>	<b>Impairment</b>	
<b>Balance in 31.12.2012</b>	<b>3.139</b>	<b>25.601</b>	<b>193.432</b>	<b>(33.855)</b>	<b>188.317</b>
Additions	1.673	-	-	-	<b>1.673</b>
Amortization	(8)	(749)	(8.972)	-	<b>(9.729)</b>
<b>Balance in 31.12.2013</b>	<b>4.804</b>	<b>24.852</b>	<b>184.460</b>	<b>(33.855)</b>	<b>180.261</b>
Additions	1.599	-	-	-	<b>1.599</b>
Amortization	(376)	(936)	(8.973)	-	<b>(10.285)</b>
<b>Balance in 31.12.2014</b>	<b>6.027</b>	<b>23.916</b>	<b>175.487</b>	<b>(33.855)</b>	<b>171.575</b>

Concession rights from controlled companies were defined based on the current value of estimated future cash flow projections obtained through economic and financial appraisals as a result from the acquisition of the concession granted by ANEEL to the use of the electric transmission grid system.

The book value of the concession rights assignment is inherent to the acquisition of the shareholding in SC Energia on February 11<sup>th</sup>, 2009, Artemis on August 11<sup>th</sup>, 2011, in Uirapuru on August 11<sup>th</sup>, 2011 and the Porto Velho on November 12<sup>th</sup>, 2010. Concession rights have a finite useful life and are being amortized over the concession period.

As per Technical Guidance "OCPC 05", the figures regarding the use of public assets arising from contracts of onerous concessions to the Federal Union are stated at amortized cost and updated as established in contracts. Thus, the Company recorded the public assets utilization, which were discounted at the weighted average cost of capital. The figures are disclosed in NOTE 28.

**NOTE 19 – IMPAIRMENT (CPC 01)**

The Company annually holds tests towards the recoverability for its intangible assets, which basically gathers the portion of premium upon the expected future earnings arising from the business combination, based on the current value of cash flows.

For long-term assets (financial assets and fixed assets), there is an annual revision or whenever there might be indications from the carrying amount not to be recoverable.

The Company held on December 31<sup>st</sup>, 2014 and 2013, individual assessment of all its cash generating units (UGC) as per the aspects of impairment.

The recoverable amount of a UGC is determined based on the ongoing calculation value, through projected cash flows, after revenue tax and social contribution, based on financial budgets approved by the Board.

**19.1 Main adopted assumptions:**

	<b>2014</b>	<b>2013</b>
Cash flow discount rate - Generation	6,69% after-tax	6,80% after-tax
Cash flow discount rate - Transmission	6,57% after-tax	6,45% after-tax
Price per energy generated	Updated pricing value from existing contract in regulated and/or free environment	
PIS and Cofins	9,25% over gross revenue	
Research and Development	1% ROL	
CFURH	Preset amount as per ANEEL resolution	
EUSD/EUST	Preset amount as per ANEEL resolution	
ANEEL Supervisory fee	0,4% of gross revenue	
RGR	3% of gross revenue for transmission concessions tendered until September 11 <sup>th</sup> of 2012 (Law 12.783/2013), deducted deducted any inspection fee.	
UBP	Values established in the concession agreement	
Depreciation	During the concession period and/or authorization.	
Personnel, materials, services and others	Financial budget determined by Cash Generating Unit (UGC), considering the reduction of staff due to the incentive plan shutdown and other cost reductions.	
Cash Flow Timeframe	Terms of concessions and/or authorization.	

## 19.2 Impairment Tests Outcome

The impairment tests impact towards the Cash Generating Units (UGC) on the outcome and the accrued balances are described as follows:

	Outcome Impact		Provision Balance	
	31.12.2014	31.12.2013	31.12.2014	31.12.2013
<b>Generation - Asset</b>				
UGC PCH João Borges	(11.623)	2.139	34.893	46.516
UGC PCH Rio Chapéu	(10.579)	(325)	29.425	40.004
UGC PCH Coxilha Rica	252	-	9.991	9.739
UGC UHE Passo São João	(2.574)	49.685	151.311	153.885
UGC UHE São Domingos	(15.285)	58.828	43.543	58.828
UGC Wind Power Plant Cerro Chato	1.682	-	1.682	-
	<b>(38.127)</b>	<b>110.327</b>	<b>270.845</b>	<b>308.972</b>
<b>Transmission - Financial Asset</b>				
UGC LT Presidente Méd. - Santa Cruz	(3.068)	5.660	29.709	32.777
UGC SE Missões	(954)	(1.332)	2.712	3.666
UGC LT Campos Novos - Nova Santa Rita	(5.612)	27.701	22.089	27.701
UGC SE Caxias/Ijuí/ N.Petrópolis /Lageado	9.210	23.384	32.594	23.384
UGC LT Monte Claro - Garibaldi	(1.493)	10.468	8.975	10.468
UGC Conversor Uruguaiana	(33.272)	-	3.043	36.315
UGC Conversor Porto Velho	15.706	71.370	87.076	71.370
	<b>(19.483)</b>	<b>137.251</b>	<b>186.198</b>	<b>205.681</b>
<b>Intangible</b>				
UGC LT Salto Santiago - Ivaiporã - C. Oeste	-	-	33.855	33.855
	<b>-</b>	<b>-</b>	<b>33.855</b>	<b>33.855</b>
<b>Total</b>	<b>(57.610)</b>	<b>247.578</b>	<b>490.898</b>	<b>548.508</b>

The reversal impairment costs impact as recorded in the 2014 on the amount of R\$ 38.127 thousand for the generation sector and R\$ 19.483 thousand for the transmission sector, are primarily inherent from the changes in the discount rate (wacc) from 6,80% in 2013 to 6.69% in 2014 for the generation sector and 6,45% in 2013 to 6.57% in 2014 for the transmission sector, and as per the provision performance previously recognized due to the assets depreciation.

### NOTE 20 – SUPPLIERS

The composition of suppliers is described as follows:

Supplier	Controlling		Consolidated	
	31.12.2014	31.12.2013	31.12.2014	31.12.2013
Materials and Services	62.395	60.340	67.063	60.469
Utilization of Electrical Grid Onus	821	1.074	821	1.074
Supply of electric energy	8.801	1.320	8.801	1.320
	<b>72.017</b>	<b>62.734</b>	<b>76.685</b>	<b>62.863</b>

## NOTE 21 – FUNDS AND LOANS

The Company renders funds and loans resources in order to finance the implementation of corporate investments and financial investments upon betterments towards controlled and jointly-controlled.

In 2014, the Company raised the following funds and loans:

- On September 22<sup>nd</sup>, 2014, Eletrobras authorized the wire on the amount of R\$1.21 billion. The first financial release was held on October 3<sup>rd</sup>, 2014 on the amount of R\$300 thousand. On December 8<sup>th</sup>, 2014 it was released the 2<sup>nd</sup> installment, as of this particular case, economically speaking, the amount of R\$ 419.444 thousand was allocated for the purpose to amortize outstanding debts arising from the agreement n. 3035/2012, as well as dividends.

- On September 25<sup>nd</sup>, 2014 it was executed the contract n.1367/2013, on the amount of R\$11.3 thousand, arising from FINEP – Studies and Projects Lender. The amount will be addressed to Anemometrics and Solarimetrics Stations located in the States of Mato Grosso, Rio Grande do Sul, Santa Catarina and Rondonia.

### 21.1 Composition

	Controlling Company				Consolidated			
	31.12.2014				31.12.2014			
	Current		Non-current		Current		Non-current	
	Onus	Main	Main	Total	Onus	Main	Main	Total
<b>Foreign Currency</b>								
<b>Related parties</b>								
Eletrobras	-	-	191.173	191.173	-	-	191.173	191.173
	-	-	191.173	191.173	-	-	191.173	191.173
<b>National Currency</b>								
<b>Related parties</b>								
Eletrobras	60	87.881	1.628.359	1.716.300	60	87.881	1.628.359	1.716.300
<b>Financial Institution</b>								
BRDE	80	4.525	15.466	20.071	230	10.525	34.978	45.733
BNDES	8.530	106.034	938.880	1.053.444	8.530	106.034	938.880	1.053.444
Banco do Brasil	4.033	73.040	518.053	595.126	4.033	73.040	518.053	595.126
FINEP	11	-	3.621	3.632	11	-	3.621	3.632
	<b>12.714</b>	<b>271.480</b>	<b>3.104.379</b>	<b>3.388.573</b>	<b>12.864</b>	<b>277.480</b>	<b>3.123.891</b>	<b>3.414.235</b>
	<b>12.714</b>	<b>271.480</b>	<b>3.295.552</b>	<b>3.579.746</b>	<b>12.864</b>	<b>277.480</b>	<b>3.315.064</b>	<b>3.605.408</b>
<hr/>								
	Controlling Company				Consolidated			
	31.12.2013				31.12.2013			
	Current		Non-current		Current		Non-current	
	Onus	Main	Main	Total	Onus	Main	Main	Total
<b>Foreign Currency</b>								
<b>Related parties</b>								
Eletrobras	-	-	191.143	191.143	-	-	191.143	191.143
	-	-	191.143	191.143	-	-	191.143	191.143
<b>National Currency</b>								
<b>Related parties</b>								
Eletrobras	665	214.886	937.558	1.153.109	665	214.886	937.558	1.153.109
<b>Financial Institution</b>								
BRDE	89	4.403	19.459	23.951	660	10.125	44.254	55.039
BNDES	9.042	133.035	1.193.940	1.336.017	9.042	133.035	1.193.940	1.336.017
Banco do Brasil	3.547	17.207	433.777	454.531	3.547	17.207	433.777	454.531
	<b>13.343</b>	<b>369.531</b>	<b>2.584.734</b>	<b>2.967.608</b>	<b>13.914</b>	<b>375.253</b>	<b>2.609.529</b>	<b>2.998.696</b>
	<b>13.343</b>	<b>369.531</b>	<b>2.775.877</b>	<b>3.158.751</b>	<b>13.914</b>	<b>375.253</b>	<b>2.800.672</b>	<b>3.189.839</b>

## 21.2 Funds and Loans Balance and Activities

	Controlling Company							
	Moeda nacional				Moeda estrangeira			
	Current			Non-current	Current			Non-current
	Onus	Main	Total	Main	Onus	Main	Total	Main
<b>Balance in 31.12.2012</b>	<b>14.538</b>	<b>165.988</b>	<b>180.526</b>	<b>1.816.576</b>	-	-	-	<b>35.831</b>
Admission	-	-	-	445.757	-	-	-	136.064
SPE Incorporation	898	94.844	95.742	617.140	-	-	-	-
Re-financing*	411	(454)	(43)	43	-	-	-	-
Onus provision	178.035	-	178.035	3.160	3.221	-	3.221	-
Monetary and Exchange Variation	2.187	(2.608)	(421)	56.132	-	-	-	19.248
Transfer	-	354.074	354.074	(354.074)	-	-	-	-
Amortization/payments	(182.726)	(242.313)	(425.039)	-	(3.221)	-	(3.221)	-
<b>Balance in 31.12.2013</b>	<b>13.343</b>	<b>369.531</b>	<b>382.874</b>	<b>2.584.734</b>	-	-	-	<b>191.143</b>
Admission	-	-	-	724.014	-	-	-	-
Re-financing	(34.770)	8.426	(26.344)	26.344	-	-	-	-
Onus provision	263.685	-	263.685	-	5.445	-	5.445	-
Monetary and Exchange Variation	47	7.115	7.162	50.663	-	-	-	30
Transfer	-	281.376	281.376	(281.376)	-	-	-	-
Amortization/payments	(229.591)	(394.968)	(624.559)	-	(5.445)	-	(5.445)	-
<b>Balance in 31.12.2014</b>	<b>12.714</b>	<b>271.480</b>	<b>284.194</b>	<b>3.104.379</b>	-	-	-	<b>191.173</b>

\*Balance between lines recap.

	Consolidated							
	National Currency				Foreign Currency			
	Current			Non-current	Current			Non-current
	Onus	Main	Total	Main	Onus	Main	Total	Main
<b>Balance in 31.12.2012</b>	<b>34.599</b>	<b>235.737</b>	<b>270.336</b>	<b>2.499.583</b>	-	-	-	<b>35.831</b>
Admission	-	-	-	459.514	-	-	-	136.064
Re-financing*	411	(454)	(43)	43	-	-	-	-
Onus provision	204.899	-	204.899	3.160	3.221	-	3.221	-
Monetary and Exchange Variation*	2.187	(2.502)	(315)	56.594	-	-	-	19.248
Transfer	-	409.365	409.365	(409.365)	-	-	-	-
Amortization/payments	(228.182)	(266.893)	(495.075)	-	(3.221)	-	(3.221)	-
<b>Balance in 31.12.2013</b>	<b>13.914</b>	<b>375.253</b>	<b>389.167</b>	<b>2.609.529</b>	-	-	-	<b>191.143</b>
Admission	-	-	-	724.014	-	-	-	-
Re-financing	(34.770)	8.426	(26.344)	26.344	-	-	-	-
Onus provision	266.263	-	266.263	-	5.445	-	5.445	-
Monetary and Exchange Variation	47	7.317	7.364	50.843	-	-	-	30
Transfer	-	286.839	286.839	(286.839)	-	-	-	-
Amortization/payments	(232.590)	(400.355)	(632.945)	-	(5.445)	-	(5.445)	-
<b>Balance in 31.12.2014</b>	<b>12.864</b>	<b>277.480</b>	<b>290.344</b>	<b>3.123.891</b>	-	-	-	<b>191.173</b>

\* Balance between lines recap.

## 21.3 Long-term due dates:

The amortization of long-term funds and loans installments is below described on the following:

Year	Controlling Company		Consolidated	
	31.12.2014	31.12.2013	31.12.2014	31.12.2013
2015	-	320.640	-	326.396
2016	306.001	267.699	310.419	273.455
2017	404.986	275.938	409.404	281.694
2018	404.531	275.556	408.949	281.312
2019	379.193	250.795	383.611	252.566
2020	349.800	250.795	351.640	252.566
After 2020	1.451.041	1.134.454	1.451.041	1.132.683
<b>Total Non-current</b>	<b>3.295.552</b>	<b>2.775.877</b>	<b>3.315.064</b>	<b>2.800.672</b>

## 21.4 Debt Balance per Index

	<b>Controlling Company</b>		<b>Consolidated</b>	
	<b>31.12.2014</b>	<b>31.12.2013</b>	<b>31.12.2014</b>	<b>31.12.2013</b>
IPCA	840.047	788.767	840.047	788.767
TJLP	1.201.643	1.302.955	1.221.866	1.327.839
SELIC	65.819	244.895	65.819	244.895
Currency Scoop	191.173	191.143	196.612	197.347
CDI Tax	970.823	250.852	970.823	250.852
Others	310.241	380.139	310.241	380.139
<b>Total</b>	<b>3.579.746</b>	<b>3.158.751</b>	<b>3.605.408</b>	<b>3.189.839</b>
Main	3.567.032	3.145.408	3.592.544	3.175.925
Onus	12.714	13.343	12.864	13.914
<b>Total</b>	<b>3.579.746</b>	<b>3.158.751</b>	<b>3.605.408</b>	<b>3.189.839</b>

## 21.5 Controller contractual financing terms and conditions

<b>Execution Date</b>	<b>Purpose</b>	<b>Interest</b>	<b>Contract Termination</b>	<b>Collateral</b>	<b>Balance in 31.12.2014</b>
<b>Centrais Elétricas Brasileiras S.A</b>					<b>1.907.473</b>
12/01/2006	Harness connection island - continent	7,0% a.a	30/08/2019	a	72.325
20/11/2008	Implantation SE Joinville Norte	7,0% a.a	30/03/2016	a	14.589
14/03/2011	Reluz Novo Hamburgo RS	6,5% a.a.	30/11/2017	a	4.076
01/07/2009	Complex São Bernardo PCHs	Currency conversion + 2,2% a.a.	30/12/2038	a	42.898
24/05/2013	Complex São Bernardo PCHs	37% = curr. conversion (Euro)+4,70% a.a. 30% = curr. conversion (Euro)+2,20% a.a. 33% = curr. conversion (Euro)+2,24% a.a.	30/12/2042	a	148.275
01/11/2009	Arrearage restructuring (ECF 2626, ECF 2692 e ECF 2727)	7% p.a. + IPCA	30/03/2030	a	566.497
04/03/2010	Transmission owrk construction	7% p.a. + IPCA	30/09/2021	a	86.148
01/04/2013	Dividends reversals to Eletrobras regarding 2011; debt offset from month 12/2012; resources release towards SPE's application.	0,5% p.a. + SELIC	20/04/2015	a	10.667
01/04/2013	judicial dispute assurance in Eletronet	SELIC	30/08/2021	-	55.152
17/08/2011	Acquisition of Artemis and Uirapuru	7% a.a. + IPCA	28/02/2024	a	187.402
22/09/2014	(i) Loan offset Eletrobras; (ii) Dividends offset of 2013 to the Holding (iii) Investment coverage program.	119,5% from CDI	30/09/2022	a	719.444
<b>Banco do Brasil S.A.</b>					<b>595.126</b>
06/12/2013	Contribution towards SPE's and corporate endeavors	115% of CDI	15/11/2023	c	251.379
16/04/2009	Implantation of UHE Mauá	TJLP + 2,13 a.a.	15/01/2028	d	160.599
01/03/2011	Trade bonds - substation Biguaçu expansion D	5,5% p.a.	15/03/2021	b	5.044
01/03/2011	Trade bonds - substation Biguaçu expansion F	5,5% p.a.	15/03/2021	b	1.687
26/05/2006	Line implantation 525 kV Campos Novos - Blumenau	80% = TJLP + 4,5% p.a 20% = currency scoop + 4,5% a.a	15/05/2019	e	20.114
25/06/2010	Airgenerators construction	4,5% p.a.	01/07/2020	g	156.303

Execution Date	Purpose	Interest	Contract Termination	Collateral	Balance in 31.12.2014
<b>Banco Regional de Desenvolvimento do Extremo Sul - BRDE</b>					<b>20.071</b>
26/05/2006	Line implantation 525 kV Campos Novos - Blumenau	80% = TJLP + 4,5% p.a 20% = currency scoop + 4,5% p.a	15/05/2019	e	20.071
<b>Banco Nacional de Desenvolvimento Econômico e Social - BNDES</b>					<b>1.053.444</b>
05/08/2005	LT 525 KV connecting Salto Santiago and Cascavel Oeste	TJLP + SPREAD de 4%	15/08/2018	f	56.217
24/05/2006	Line implantation 525 kV Campos Novos - Blumenau	80% = TJLP + 4,0% a.a 20% = cesta de moedas + 4% a.a	15/05/2019	e	40.496
23/12/2008	Transmission line expansion Campos Novos - Blumenau	TJLP + 2,12% a.a	15/03/2021	e	35.507
04/03/2008	Implantation of UHE Passo São João	TJLP + 1,91% a.a	15/07/2026	c	151.718
20/06/2012	Implantation of UHE Passo São João	TJLP + 1,91% a.a.	15/07/2026	c	12.539
16/04/2009	Implantation of UHE Mauá	TJLP + 1,81 a.a.	15/01/2028	d	160.546
10/03/2011	Implantation of UHE São Domingos	TJLP + 1,72 a.a.	15/06/2028	c	199.791
04/03/2011	SE Collector Porto Velho in 500/230 kV	76% = TJLP + 2,2% a.a. 24% = IPCA + 9,39% a.a.	15/08/2028	h	269.555
07/05/2008	Transmission line expansion 525 kV, Campos Novos (SC) - Nova Santa Rita (RS)	TJLP + 3,00%	15/06/2021	i	76.889
04/04/2012	SE Caxias 6, SE Ijuí 2, SE Nova Petrópolis 2 and SE Lajeado Grande	61% = TJLP + 2,12% a.a. 39% = TJLP + 1,72% a.a.	15/03/2027	j	33.891
30/04/2012	SE Foz de Chapecó	63% = TJLP + 2,12% a.a. 37% = TJLP + 1,72% a.a.	15/03/2027	j	8.943
26/04/2013	LT 230kV Monte Claro/Garibaldi	92% = TJLP + 2,42% a.a. 8% = TJLP + 2,02% a.a.	15/08/2027	j	7.352
<b>Financiadora de Estudos e Projetos - FINEP</b>					<b>3.632</b>
25/09/2014	Stations/Towers installation solar and termometric and Stations/Towers installation anemometrical.	TJLP + 2,00% p.a.	15/10/2021	k	3.632
<b>Total</b>					<b>3.579.746</b>

## Funds and Loans Assurances

The Company's funds and loans are below arranged:

- (a) Own revenue, supported by the entitlement for amount receipts due and unpaid;
- (b) Pledge Trade Note Agreements, with 180-day estimated due date, not exceeding the expiration date of such contract, covering at least 130% of the resulting debt from such fund/loan;
- (c) of Eletrobras;
- (d) Pledge of Eletrobras, with the assignment and revenue earmarks;
- (e) Pledge of Shares;
- (f) Lien on emerging rights of the concession, the escrow of all common stocks issued by the Company, the collateral of receivables arising from the provision of transmission services and maintain a debt coverage ratio - DSCR higher than 1,3 during the term of the contact;
- (g) Partial Endorsement of Eletrobras and fixed assets of the company as grant of an equitable onus to Banco do Brasil;
- (h) Fiduciary assignment of all rights arising from the concession inured as a result of the Transmission Concession Contract n. 010/2009 - ANEEL;
- (i) Lien on emerging rights of the Transmission Concession Contract n. 005/2006, lien of credit prerogatives, and a pledge of common stocks owned by stockholders;
- (j) Endorsement of Eletrobras, fiduciary assignment of rights arising from the concession and receivables from transmission service contract;
- (k) Letter of Credit.

Eletrosul comprehends in December 31<sup>st</sup> 2014, in addition to financial covenants, redeems compliant to non financial covenants as required by the financial contractual enforcements.

## 21.6 Contractual financing terms and conditions of Uirapuru Transmissora de Energia S/A

Execution date	Purpose	Interest	Expiration of Contract	Balance in 31.12.2014
<b>Banco Nacional de Desenvolvimento do Extremo Sul</b>				
15/10/2006	Transmission Line Assy 535 kV, Ivaporã (PR) - Londrina (PR)	TJLP + 4,50%	15/03/2019	20.223
15/10/2006	Transmission Line Assy 535 kV, Ivaporã (PR) - Londrina (PR)	Currency Scoop + 4,5% a.a.	15/03/2019	5.439
<b>Total</b>				<b>25.662</b>

### Eletrosul Collaterals

Lien on emerging rights of the concession, the escrow of all common stocks issued by the Company, the collateral of receivables arising from the provision of transmission services and maintain a debt coverage ratio - DSCR higher than 1,3 during the term of the contact;

### 21.7 Company Collaterals as per controlled and jointly-controlled endeavors

The Company as invested by intervener itself upon the endeavors of SPEs Uirapuru Transmissora de Energia S/A and Marumbi Transmissora de Energia S/A, whose secured amounts, projections and amount already paid-in are evidenced as per the table below:

Year	Endeavor	Lender/Fund	SPE Name <sup>(1)</sup>	% ELETROSUL Controlled Participation	Total Amount Financed R\$	Ratio financed (Subsidiary Share)	Debit Balance in 31/12/2014 (Total Amount Financed)	Outstanding Balance Projection - End of the timeframe			To be released After 2017	Expiration of Collateral Assurance
								2015	2016	2017		
2005	Transmission Line (S. Santiago (PR)-Ivaporã-Cascavel (PR)) - 525 kV with 476 km	BRDESC-17.265	Uirapuru Transmissora de Energia S.A	75,00%	67.131	50.348	25.553	19.390	12.940	7.185	-	15/10/2018
2014	Transmission Line LT 525 kV Curitiba Leste, and SE 525/230 KV Curitiba Leste; Public Sale n° 06/2011 triggered by ANEEL - National Agency of Electric Energy in December, 16th of 2011 and F lot was awarded	BNDES 1420585*	Marumbi Transmissora de Energia S.A.	20,00%	55.037	11.007	34.723	34.566	31.816	29.066	26.315	30/06/2029

\*Encumbrance on a Letter of Credit acquired via ABC Brasil S/A.

### 21.8 Contractual covenants

The Company holds BNDES funds upon contractual terms which surrogates the fulfillment of covenants based on financial ratios called debt service coverage ratio (DSCR).

The DSCR is calculated as operating cash generation division by debt service, based on information recorded in the financial statements. As the table below, the DSCR calculated for Eletrosul sustains a value above the minimum required by the BNDES, which is 1.3 ratio.



CALCULATION OF RATIO COVERAGE OF DEBIT SERVICE (ICSD)

December 2014	Biannual	Annual
<b>A) Generation of cash activity</b>	875.422	1.063.929
(+) Final availability in immediate previous year	440.716	771.597
(+) LAJIDA (EBITDA)	450.306	450.306
(-) Revenue Income	(165.068)	(165.068)
(-) Social Contribution	(59.854)	(59.854)
(+/-) working capital variation	209.322	66.948
(+) Working capital needed on t period	478.504	478.504
(-) Working capital needed on t-1 period	269.182	411.556
<b>B) Debt Service</b>	630.004	630.004
(+) Amortization from the principal	394.968	394.968
(+) Interest payments	235.036	235.036
<b>C) Coverage ratio of debit service A/B</b>	<b>1,4</b>	<b>1,7</b>

**NOTE 22 – DEBENTURES**

On October 20<sup>th</sup>, 2014, the controlled Chui IX, Hermenegildo I, Hermenegildo II and Hermenegildo III performed issue of single debentures, not convertible into shares, in a single series, unsecured with additional collateral enforced, subject to public distribution with restricted distribution criteria, exclusively addressed to qualified investors, pursuant to CVM Instruction 476, of January 16<sup>th</sup>, 2009 and other applicable legal and regulatory provisions, which were distributed under firm ambiance out from individual ordinance and not solidary among each.

The bonds were issued under nominative registry, as per the book-entry form, without the issuance of certificates and with twelve (12) months of issuance term, except in the cases of early redemption and early due date.

The debentures have no grace period and the incident remuneration over them will be paid at its due date or early redemption.

SPE	Debentures	Issuance date	Type of Issuance	Quantity of Titles	Value per Unit	Financial Onus	31.12.2014
Chui IX	single series	20.10.2014	Public	791	100	100% CDI + spread de 1,90% a.a.	25.516
Hermenegildo I	single series	20.10.2014	Public	791	100	100% CDI + spread de 1,90% a.a.	80.732
Hermenegildo II	single series	20.10.2014	Public	668	100	100% CDI + spread de 1,90% a.a.	80.732
Hermenegildo III	single series	20.10.2014	Public	250	100	100% CDI + spread de 1,90% a.a.	68.179
							<b><u>255.159</u></b>

The funds raised through these units will be entirely addressed to construction, implementation and development of wind farms at each controlled company as it were released on November 6<sup>th</sup>, 2014, via Banco do Estado do Rio Grande do Sul SA - Banrisul.

**Personal Security**

The grantor Centrais Elétricas Brasileiras S.A – Eletrobras, in irrevocable and irreversible modus renders guarantee in favor of the debenture holders, appointing the faithful and timely payment of 99.99% (ninety-nine point ninety-nine percent) of principal and ancillary obligations arising from the debenture issuer, as long as remains in default.

## NOTE 23 – PAYABLE TAXES

The balance of payable taxes composition is below mentioned:

	Controlling Company		Consolidated	
	31.12.2014	31.12.2013	31.12.2014	31.12.2013
<b>Current Liability</b>				
PIS	1.407	1.275	1.420	1.283
COFINS	6.481	5.863	6.540	5.863
Special installment plan (PAES)	33.109	31.594	33.109	31.594
Social Onus (Payroll)	8.600	7.547	8.611	7.558
Mandatory withholding taxes	2.584	1.526	2.584	1.526
ICMS	89	81	89	81
Other taxes and contributions	6.332	5.391	6.671	5.468
	<b>58.602</b>	<b>53.277</b>	<b>59.024</b>	<b>53.373</b>
<b>Non-Current Liability</b>				
INSS without vacation bOnus - Judicial Deposit	10.654	-	10.654	-
Special installment plan (PAES)	46.105	72.400	46.105	72.400
	<b>56.759</b>	<b>72.400</b>	<b>56.759</b>	<b>72.400</b>
	<b>115.361</b>	<b>125.677</b>	<b>115.783</b>	<b>125.773</b>

The PAES amount due activity is explained as follows:

	Controlling Company		Consolidated	
	31.12.2014	31.12.2013	31.12.2014	31.12.2013
<b>Final balance from previous year</b>	<b>103.994</b>	<b>140.777</b>	<b>103.994</b>	<b>140.777</b>
Tax rebate compensation	-	(7.467)	-	(7.467)
Monetary Restatement	2.734	3.792	2.734	3.792
Payments performed	(32.681)	(31.751)	(32.681)	(31.751)
Adjustment of current value	5.167	(1.357)	5.167	(1.357)
<b>Final balance period</b>	<b>79.214</b>	<b>103.994</b>	<b>79.214</b>	<b>103.994</b>
<b>Current</b>	<b>33.109</b>	<b>31.594</b>	<b>33.109</b>	<b>31.594</b>
<b>Non-current</b>	<b>46.105</b>	<b>72.400</b>	<b>46.105</b>	<b>72.400</b>

## NOTE 24 – ESTIMATED OBLIGATIONS

The estimated obligations are composed on the following:

	Controlling Company		Consolidated	
	31.12.2014	31.12.2013	31.12.2014	31.12.2013
Provisions social and labor Onus	32.401	30.718	32.435	30.749
Rearrangement Plan to Personnel timetable	3.137	5.058	3.137	5.058
Dismissal Incentive Plan	17.708	30.421	17.708	30.421
	<b>53.246</b>	<b>66.197</b>	<b>53.280</b>	<b>66.228</b>
<b>Current</b>	<b>39.849</b>	<b>45.559</b>	<b>39.883</b>	<b>45.590</b>
<b>Non-current</b>	<b>13.397</b>	<b>20.638</b>	<b>13.397</b>	<b>20.638</b>

The amount of R\$ 17.708 thousand (R\$ 30.421 in 2013) is intended to fund the Dismissal Incentive Plan (PID). By means of being recorded as provisions, the figures are added to the taxable income effect, turning to deductibles, or deleted only upon termination of labor contract.

#### NOTE 25 – ONEROUS CONTRACTS

The amount of onerous contracts accrued is below referenced:

<u>Plant</u>	<u>Consolidated</u>	
	<u>31.12.2014</u>	<u>31.12.2013</u>
	<u>Total figures</u>	<u>Total figures</u>
<b>Current</b>		
UHE Mauá - Klabin	-	9.662
	<u>-</u>	<u>9.662</u>
<b>Non-current</b>		
UHE Jirau	-	407.893
UHE Mauá - Klabin	-	19.853
	<u>-</u>	<u>427.746</u>
<b>Total</b>	<u>-</u>	<u>437.408</u>

The accrued amount in December 31<sup>st</sup> 2013, on behalf of onerous contracts entitlements were reverted throughout 2014.

The main variation into the account refers to the provision arising from the PPA executed by Energia Sustentável do Brasil S/A, a jointly-controlled by the Company, in the reason of the assumptions of which justified the provision in 2012 and 2013, to be no longer effective in 2014 due the appreciation of the historical average spot prices on the amount of R\$109,78/MWh in December 31<sup>st</sup>, 2013 to R\$ 157,77/MWh in December 31<sup>st</sup>, 2014.

#### NOTE 26 –PROVISIONS FOR RISKS AND CONTINGENCIES (CPC 25)

The Company and its controlled companies are exposed to certain risks, once represented by tax proceedings and labor and civil claims on court with various stages of trial. The classification of disputes is performed in accordance to the loss probability of potential rank as probable, possible or remote.

##### 26.1 Disputes with probability of loss ranked as probable, then accrued.

The contingencies provisions are stated as below:

	<u>Controlling and Consolidated</u>	
	<u>31.12.2014</u>	<u>31.12.2013</u>
<b>Non-current Liability</b>		
Labor	37.987	21.515
Civil	36.430	33.832
Tax	516	556
	<u>74.933</u>	<u>55.903</u>

Provisions activities between December 2014 and 2013 are on the following:

<b>Balance in 31.12.2012</b>	<b>120.366</b>
Additions	53.186
Write-off	(98.887)
Monetary Restatement	5.494
Reclassification of Judicial deposits into Asset	<u>(24.256)</u>
<b>Balance in 31.12.2013</b>	<b><u>55.903</u></b>
Additions	12.882
Write-off	(18.809)
Monetary Restatement	6.046
Reclassification of Judicial deposits into Asset	<u>18.911</u>
<b>Balance in 31.12.2014</b>	<b><u>74.933</u></b>

The Company records under “provisions for contingencies”, only the amount of judiciary deposits related to provisions whose opinion from the legal department was labeled as “probable losses”, then reducing its provisions for contingencies. The remaining judiciary deposits, the ones considered as “possible losses” and “remote losses” are disclosed in non-current assets.

### 26.2 Disputes with probability of loss ranked as possible, not accrued

The Company also holds non-provided disputes with possible losses, in accordance to the below distribution:

<b>Contingency</b>	<b><u>Controlling and Consolidated</u></b>	
	<b><u>31.12.2014</u></b>	<b><u>31.12.2013</u></b>
Civil	283.060	238.269
Labor	44.290	35.673
Tax	979	841
<b>Total</b>	<b><u>328.329</u></b>	<b><u>274.783</u></b>

The amount of R\$283.06 thousand of the possible loss of civil contingencies, R\$189.57 thousand refers to the 49% of the possible actions of loss Consórcio Energético Cruzeiro do Sul – CECS, whose main possible risk discussion remains in regard to the authorship of indemnity action upon Mineradora Tibagiana Ltda, on the amount of R\$ 386.878 thousand.

### 26.3 Taxation Aspects of Law 12.783/2013

The Provisional Decree n. 579/2012, converted into Law n. 12.783/2013 once established at sole discretion of Federal Union, once could extend to the concession of the public energy power transmission. In acceptance of the conditions imposed by the granting authority, the Company and the Union agreed on, on December 4<sup>th</sup>, 2012, towards the extension term of the Concession Agreement n. 57/2001, upon definition in regard the payment to be performed to Eletrosul as of compensation basis of the unamortized assets, indemnity arising from funds from the Global Reversion Reserve (RGR) resources of which enforced by law to fund the reversal of assets at the closing and expropriation of energy industry concessions, as well as the amount of new rates arising from the extension of the concession agreement.

Arising from the compensation process, the interests of the Federal Revenue of Brazil, reported up to the marketplace, towards the possibility of federal tax exaction, in a way of September 10<sup>th</sup>, 2013, the Company filed consultation, once resolved on June 16<sup>th</sup>, 2014 Solution Consultation No. 7005 SRRF07/DISIT, clarified with divergent understanding of the opinions of internal lawyers, external and from the Board of the Company, the Revenue Service understands that compensation should be computed both once in the calculation of income tax, once in the determination of the calculation basis from the Social Contribution onwards net income.

In full disagreement upwards the given understanding from the Federal Union collection agency, on July 10<sup>th</sup>, 2014, the Company and the its Board, based on the opinion of its internal and external legal counsel, foresees the monetary resource arising from the reversal of assets for the sake of Union's legal indemnity, as per the given equity recomposition, so that it filed a legal action before the Federal Court of Judicial Subsection of Florianópolis-SC, aiming to set interpretation as and that those indemnities to be found out of the incidence grounds of Income Tax and Contribution Social onwards net income.

Embodied into external legal opinion, of which assigns possible risk of loss, including the judicial level, the Company chooses not to account provisioning the taxes amount.

#### **26.4 Disputes with probability of loss ranked as remote, not accrued**

The Company is underway of administrative and tax dispute towards the Brazilian Revenue Service by the following facts:

##### **26.4.1 Law 8.727/93 – Renegotiated credits with the Federal Union– revenue tax of legal entity / social contribution over net income**

On December 17<sup>th</sup>, 2010, the IRS of Brazil issued a tax assessment for the period from 2005 to 2009, on the grounds of legal systematic dismissal of deferral of payment of taxes by the difference of credits renegotiated with the Federal Union. In addition to claim the tax credit on the not computed amount in this Company accrual basis, also dismissed the tax payments made during the period of such exaction, as well as disregarded its fiscal procedure carried out in 2001 on such circumstances, moment of which remained silent in contrary to the procedure, and then, tacitly ratifying such behavior, in a way of which the Company, on January 18<sup>th</sup>, 2011 challenged the tax assessment demanding the nullity and unsubstantiated self incident on non-realized financial income and bound to restructuring payments as per Law n. 8.727/1993.

On June 28<sup>th</sup>, 2011 the traverse of such Company was denied by the IRS of Brazil, and on September, 2<sup>nd</sup> 2011, under administrative ambience, had timely interposed, a voluntary appeal to the Board of Tax Appeals - CARF, whose trial on May 8<sup>th</sup>, 2013 partially granted on the Company's complaint, in a way that the National Treasury filed a special appeal on September, 27<sup>th</sup> 2013, of which awaits its admissibility, to the later then Eletrosul to be summoned, as per the contents of final decision from the federal fiscal council.

Embodied in external legal opinion, of which assigned the grade of remote risk of loss, including in judicial grounds, the Company renders to maintain any accounting provision as of the tax assessment to the Balance Sheet, whose updated figures, as ending of December 31, 2014, is estimated on the amount of R\$ 462.796 thousand.

##### **26.4.2 PIS and COFINS – Contracts prior to 31/10/2003 – non cumulative x cumulative**

On January 7<sup>th</sup>, 2011, the IRS of Brazil issued a tax assessment for the period of 2006 and 2007, on the grounds which the incidence of taxes on revenues from contracts executed until October 31<sup>st</sup>, 2003 must comply with the non-cumulative rules, rather than the cumulative system, the last regime adopted by the Company in accordance with the terms of article 10, section XI, article 15 of Law n. 10.833/2013, c/c Article 109 of Law n. 11.196/2005 and in accordance with the contents of Technical Note n. 224/2006-SFF-ANEEL, in a way that on February 7<sup>th</sup>, 2011 challenged the tax assessment requiring its nullity and unsubstantiated.

On August 10<sup>th</sup>, 2011 the traverse of this Company was denied by the IRS of Brazil, and on October 17<sup>th</sup>, 2011, under administrative ambience, had timely interposed, a voluntary appeal to the Board of Tax Appeals - CARF, whose trial on November 28<sup>th</sup>, 2012 from the federal collegiate, in the casting vote, render dismissal upon the Company's claim, in a way of March 8<sup>th</sup>, 2013 such taxpayer-complainant requested reconsideration, of which was partially granted, and to the date is awaiting trial.

Embodied in external legal opinion, of which assigned the grade of remote risk of loss, including in judicial grounds, the Company renders to maintain any accounting provision as of the tax assessment to the Balance Sheet, whose updated figures, as ending of December 31<sup>st</sup>, 2014 is estimated on the amount of R\$143.516 thousand.

## 26.5 Active Contingencies

### PIS/COFINS on the financial Revenue

On November 9, 2005, in plenary session, the Federal Supreme Court (STF) ruled unconstitutional in four individual resources, paragraph 1 of article 3 of Law No. 9.718/98, which defined as base of PIS and COFINS, the total revenues earned by a corporation. The Supreme Court held that the said Law, when their issue was incompatible with the constitution then in force, provided that the incidence of social security contributions only on billing of legal entities and not on all of their income. It turns out that the Supreme Court decisions were not made in the Direct Action of Unconstitutionality (ADIN), benefiting only and solely the parties involved on the mentioned features.

By reason of the foregoing, the Company filed a lawsuit postulating statement unenforceability of PIS and COFINS for the period from February 1999 to July 2004, being judged partially granted the request relating to payments made considering expired all gatherings before February 23<sup>rd</sup>, 2011 (five years preceding the filing of interruptive protest by the company).

The Company appealed the decision and the TRF-4 issued a decision on December 12<sup>th</sup>, 2012, partially confirming the 1<sup>st</sup> degree sentence and delimiting the refund to the period from 02/26/2001 to 01/12/2002 (PIS) and the 02/26/2001 to 01/02/2004 (COFINS), a decision which led to the filing of a special appeal (STJ) and Extraordinary Appeal (STF) in order to ensure receipt of overpayment and/or compensation of incidents values over the entire postulated period (February/1999 to July/2004). The judgment considered the understanding of RE n.566 621, of August 4<sup>th</sup>, 2011, with general repercussion, who understood the five-year retroactive application provided for in LC 118/05 only for cases filed after the *vacatio legis* of the respective law (the case of Eletrosul), thus ruling out the application of the ten-year expiration previously postulated let alone accepted by the STJ and STF.

On December 31<sup>st</sup>, 2014, the amount of the lawsuit accrued approximately R\$ 117.337 thousand. By means of presenting the Contingency Assets nature, the values are not reflected in the financial statements due to the absence of a definitive favorable decision.

### **NOTE 27 –R&D AND ENERGY ENHANCEMENT PROGRAMS**

	<u>Controlling Company</u>		<u>Consolidated</u>	
	<u>31.12.2014</u>	<u>31.12.2013</u>	<u>31.12.2014</u>	<u>31.12.2013</u>
National Fund for Dev. of Science and Tech (FNDCT)	707	673	725	687
Company of Energy Research (EPE)	353	336	362	343
Research and Development (P&D)	36.360	30.340	37.242	31.042
<b>Total</b>	<b><u>37.420</u></b>	<b><u>31.349</u></b>	<b><u>38.329</u></b>	<b><u>32.072</u></b>

The Law n. 9.991/2000 sets forth the concession awarded companies are obliged to invest in Research and Development (R&D), in view of the technological improvement of the activity, in an amount equivalent to 1% of the operating net revenue, and 0,40% for Research and Development (R&D), 0,40% to the National Fund for Scientific and Technological Development (FNDCT) and 0,20% for the Energy Research Company (EPE).

**NOTE 28 – PAYABLE CONCESSIONS – PUBLIC ASSETS UTILIZATION**

The Company holds onerous concession agreements with the Federal Government for the purpose of the utilization of public asset in order to generate energy into Passo São João, Mauá and Santo Domingo Power Plants. The businesses features and the agreement give evidence on the condition and intention of the parties to fully implement it.

In view of reflection, towards the equity, the concession award and the related obligation upon the Federal Union, the awarded amount was recorded into the intangibles assets, in return of the non-current liabilities.

The acknowledged contractual amount are set as futures prices and therefore, the Company had adjusted to current amount based on the discount rate determined on the due obligation date.

The adjustment of the obligation based on the discount rate and monetary variation is capitalized in assets during the power plant construction and from the operating commencement date, directly acknowledged in the outcome.

	<u>Controlling Company</u>		<u>Consolidated</u>	
	<u>31.12.2014</u>	<u>31.12.2013</u>	<u>31.12.2014</u>	<u>31.12.2013</u>
<b>Public Asset Utilization</b>				
<b>Non-Current Asset (intangible - grade 13)</b>				
Plant Passo São João	3.739	3.880	3.739	3.880
Plant Mauá (Consórcio Cruzeiro do Sul - 49%)	11.485	11.902	11.485	11.902
Plant São Domingos	8.692	9.070	8.692	9.070
	<b><u>23.916</u></b>	<b><u>24.852</u></b>	<b><u>23.916</u></b>	<b><u>24.852</u></b>
<b>Current Liability*</b>				
Plant Passo São João	321	302	321	302
Plant Mauá (Consórcio Cruzeiro do Sul - 49%)	963	904	963	904
Plant São Domingos	800	771	800	771
	<b><u>2.084</u></b>	<b><u>1.977</u></b>	<b><u>2.084</u></b>	<b><u>1.977</u></b>
<b>Non-current Liability</b>				
Plant Passo São João	3.757	3.538	3.757	3.538
Plant Mauá (Consórcio Cruzeiro do Sul - 49%)	11.416	10.739	11.416	10.739
Plant São Domingos	8.765	8.537	8.765	8.537
	<b><u>23.938</u></b>	<b><u>22.814</u></b>	<b><u>23.938</u></b>	<b><u>22.814</u></b>
	<b><u>26.022</u></b>	<b><u>24.791</u></b>	<b><u>26.022</u></b>	<b><u>24.791</u></b>

\*The UBP balance upon the current liability is mentioned in other liabilities.

The UBP payments are performed in monthly intallments as of the beginning of commercial operation until the concession termination date, and therefore are arranged as follows:

	<u>Payment timeframe</u>	<u>Original Figures</u>		<u>Updated Figures</u>	
		<u>Annual Payment</u>	<u>Total Payment</u>	<u>Annual Payment</u>	<u>Total Payment</u>
<b>Plants</b>					
Plant Passo São João	04/2012 a 08/2041	200	5.867	321	8.592
Plant Mauá*	10/2012 a 07/2042	618	18.386	963	26.644
Plant São Domingos	02/2012 a 12/2037	260	6.717	800	18.453

\*It referes to the 49% Eletrosul Consortium participation.

## NOTE 29 – OPERATING PROVISIONS

The composition of operating provisions is evidenced as follows:

	<b>Controlling and Consolidated</b>	
	<b>31.12.2014</b>	<b>31.12.2013</b>
<b>Current</b>		
UHE Passo São João	4.112	4.227
UHE Mauá	28.281	51.478
PCH Barra Rio Chapeu	7.396	7.396
PCH João Borges	2.164	2.800
UHE São Domingos	14.048	23.195
LT/SE RS Energia	6.934	14.098
SE Porto Velho	7.086	8.089
Wind Power Plant Cerro Chato I, II e III	55	-
Solar Megawatt	787	-
	<b>70.863</b>	<b>111.283</b>
<b>Non-current</b>		
UHE Mauá	13.448	13.448
	<b>13.448</b>	<b>13.448</b>
	<b>84.311</b>	<b>124.731</b>

Operational provisions are inherent to further commitments and not yet concluded on the commencement endeavor commercial operation. These amounts were capitalized at the beginning of commercial operations of the projects.

## NOTE 30 – OTHER LIABILITIES

The balance composition of other liabilities is evidenced as follows:

	<b>Controlling Company</b>		<b>Consolidated</b>	
	<b>31.12.2014</b>	<b>31.12.2013</b>	<b>31.12.2014</b>	<b>31.12.2013</b>
<b>Current</b>				
Indemnities / expropriation	475	480	345	480
MME-PRODEEM-Agreement nº 009/2004	-	1.290	-	1.290
Supervisory fee - ANEEL	1.037	279	1.045	279
Global Reserve of Reversion (RGR)	2.444	280	2.494	334
Amounts to be reimbursed - Copel	2.381	10.970	2.381	10.970
Payable Concession - Use of public asset	2.084	1.977	2.084	1.977
Upfront - Transmissora Sul Brasileira	10.733	-	10.733	-
Others	44.799	42.240	45.164	42.378
	<b>63.953</b>	<b>57.516</b>	<b>64.246</b>	<b>57.708</b>
<b>Non-current</b>				
Centrais Elétricas do Norte do Brasil S.A.*	102.963	-	102.963	-
Liabilities recap shortage (grade 16)	98.137	-	97.449	-
Others	46	48	46	176
	<b>201.146</b>	<b>48</b>	<b>200.458</b>	<b>176</b>
	<b>265.099</b>	<b>57.564</b>	<b>264.704</b>	<b>57.884</b>

\*The amount of R\$102.963 thousand is inherent to capital contributions held in SPE Norte Brasil, on behalf of Eletrosul, via Power Plants in Norte do Brasil S/A, in accordance to the trading of stocks, operation of which is described in NOTE 1.4 .



### NOTE 31 – FURTHER COMMITMENTS

The Company has entered into further commitments relating to future equity participation as of Partnership of Specific Purpose (SPE) related to upfront future capital increase - AFAC, as shown below:

	Controlling Company					
	2015	2016	2017	2018	2019	A partir de 2019
<b>SPE Financial investments</b>						
ESBR	204.000	-	-	-	-	-
Teles Pires	130.000	-	-	-	-	-
Livramento	126.000	-	-	-	-	-
Chuí	7.000	-	-	-	-	-
Hermenegildo I	158.000	-	-	-	-	-
Hermenegildo II	108.000	-	-	-	-	-
Hermenegildo III	87.000	-	-	-	-	-
Chuí IX	28.000	-	-	-	-	-
Costa Oeste	3.000	-	-	-	-	-
Fronteira Oeste	17.000	-	-	-	-	-
Paraiso	-	5.819	3.371	931	-	-
	<b>868.000</b>	<b>5.819</b>	<b>3.371</b>	<b>931</b>	-	-
<b>Corporate Investments</b>						
Generation	350.000	43.951	43.951	-	-	-
Transmission	111.000	1.040.000	1.266.000	317.000	-	-
	<b>461.000</b>	<b>1.083.951</b>	<b>1.309.951</b>	<b>317.000</b>	-	-
<b>Total</b>	<b>1.329.000</b>	<b>1.089.770</b>	<b>1.313.322</b>	<b>317.931</b>	-	-

The Corporate investments addressed to generation are inherent to the construction of PCH Santo Cristo and the Coxilha Seca Wind Farm. The Corporate investments planned for the transmission are inherent to the implementation of the planned investments in auction 004/2014 as per NOTE 1.2.

### NOTE 32 – LONG-TERM OBLIGATIONS

The Company and its subsidiaries hold a long-term regulated sale and purchase energy contracts as well as bilaterals ones, of which the predetermined agreed energy and figures are below evidenced:

Purchased position*	Controlling Company					
	2015	2016	2017	2018	2019	After 2019
Capacity MW	800.926,80	1.203.978,96	1.204.324,80	1.204.324,80	1.204.324,80	18.677.622,72
Price MWh	188,58	191,28	182,46	166,53	173,63	144,68
<b>Total</b>	<b>151.042</b>	<b>230.299</b>	<b>219.742</b>	<b>200.559</b>	<b>209.108</b>	<b>2.702.264</b>

The values provided from the purchased positions are inherent to the energy sale and purchase signed with the jointly controlled Energia Sustentável do Brasil S/A (UHE Jirau) and Teles Pires Participações S/A, as a result of Eletrosul to be the assurer towards the funder agent, BNDES, as per the non-commercialized energy among the Regulated Contracting Environment (ACR) endeavor, proportionally to stocks owned.

\* Unaudited information by auditors' diligence.

**NOTE 33 – POST-EMPLOYMENT PENSION AND HEALTH CARE BENEFIT (CPC 33)**

**33.1 Retirement Plan and Pension**

The Company is a sponsor of Eletrosul Foundation of Social Security (ELOS), whose key feature is to complement the average based salary from the last 36 months of each employee’s activity in reference to the amount of retirement benefit from the Official Social Security, for Defined Benefit Plan (BD) and on January 1<sup>st</sup>, 2010, the Defined Contribution plan (CD) turned effective, which was offered as an option to the employees.

In the Defined Contribution Plan (CD) contributions are accrued into individual accounts between participants and sponsor and result from pre-set funding plan once annually established by the actuary agent in charge of the program which is also managed by ELOS Foundation.

The sponsored plans, which are the type of defined benefit and defined contribution, as of December 31<sup>st</sup>, 2014 and 2013, as shown below, with the following population profile:

<b>POPULATION DATA BD PLAN</b>	<b><u>31.12.2014</u></b>	<b><u>31.12.2013</u></b>
<b>1. Active participants</b>		
1.1. Number	543	648
1.2. Average Age	48,4	49,0
1.3. Average Salary in R\$	9.610,21	9.040,85
<b>2. Retired</b>		
2.1. Number	671	567
2.2. Average Age	61,3	60,7
2.3. Average Salary in R\$	6.170,22	5.951,47
<b>3. Pensionary</b>		
3.1. Number	54	46
3.2. Average Salary in R\$	2.824,26	2.746,22
<b>Total of Monthly Benefits (R\$ thousand)</b>	<b>4.293</b>	<b>3.501</b>
<b>Total of Continuous Benefit Annually (R\$ thousand) (13x)</b>	<b>55.805</b>	<b>45.511</b>

From December 15<sup>th</sup>, 2000, the plan funding structure has come to be equally divided between the sponsor and employees, except the resulting onus from the conversion of special retirement into retirement for rendered service.

Obligations regarding such programs were estimated by an independent actuarial agent and are evidenced by the current value of benefits granted and to be granted to beneficiaries.

**33.2 Sponsor’s Obligations**

The obligations of the sponsor to the Foundation, including the complementation to cover actuarial liabilities and Respecting equality contributory defined in Article 21 of the Supplementary Law No. 109 of May 29, 2001 and by the Instituion Bylaw, as well as the actuarial liability calculated by an independent agent pursuant CPC 33 (R1), are shown as below:

	<b>Controlling Company</b>			
	<b>31.12.2014</b>			<b>31.12.2013</b>
	<b>Current</b>	<b>Non-Current</b>	<b>total</b>	<b>total</b>
Special retirement - SB 40	2.965	1.658	4.623	6.802
Additional contribution/registration length of service	-	-	-	3.351
Supplementary contribution	803	8.093	8.896	9.084
Contribution over current generation benefit	1.199	29.287	30.486	29.598
Difference mathematical reserve	169	4.853	5.022	4.873
<b>Subtotal</b>	<b>5.136</b>	<b>43.891</b>	<b>49.027</b>	<b>53.708</b>
Normal contribution	2.440	-	2.440	3.789
Actuarial Liability - Post Employment Benefit (PID)*	1.742	5.054	6.796	9.356
Actuarial Liability - Health Recovery Plan	-	5.688	5.688	5.760
Actuarial Liability pension plan	-	112.793	112.793	26.242
<b>Total</b>	<b>9.318</b>	<b>167.426</b>	<b>176.744</b>	<b>98.855</b>

\*Balance acknowledged in statement in "Foresseable Obligations."

The amount of R\$ 4.623 thousand under “special retirement - SB 40” is inherent to the resulting onus from the conversion of special retirement into retirement for time rendered regarding its employees. The termination of such commitment ends when the retired employee fulfills the rendered timeframe, once updated by the INPC index.

The amount of R\$ 8.896 thousand upon the additional contribution caption refers to Mathematical Reserve Contractor - Past Service, hired on April 1<sup>st</sup>, 2008, to be paid in 192 monthly installments until December 2023. Both figures are updated by the INPC + 6% of interest per year.

The amount of R\$ 30.486 thousand refers to “contribution over current generation benefit” of which refers to employees enlisted in the BD Plan of which migrated to the new defined CD Contribution Plan. This debt was hired on April 26<sup>th</sup>, 2012 to be paid in 240 monthly installments until April 2032. The contract is updated by the INPC + 6% of interest per year.

The amount of R\$ 5.022 thousand as per “difference mathematical reserve” was hired on August 19<sup>th</sup>, 2011 to be paid in 252 monthly installments until December 2023. The contract is updated by INPC + 6% of interest per year.

### 33.3 Actuarial calculation of benefits program

The amount calculated on an actuarial report on the program separately for retirement benefits and health care, once recognized in the balance sheet are stated as follows:

<b>PENSION PLAN - BD</b>	<b>31.12.2014</b>	<b>31.12.2013</b>
Current value from actuarial obligations	(1.064.016)	(936.521)
Fair value of plan assets	906.982	863.373
<b>Current value of obligations exceeding the fair assets value</b>	<b>(157.034)</b>	<b>(73.148)</b>
Actuarial liability recognized in the statement	(112.793)	(26.242)
Acquired debt - Actuarial liability recognized in the statement	(44.241)	(46.906)

<b>HEALTH RECOVERY PLAN</b>	<b>31.12.2014</b>	<b>31.12.2013</b>
Current value from actuarial obligations	(5.688)	(5.760)
Fair value of plan assets	-	-
<b>Current value of obligations exceeding the fair assets value</b>	<b>(5.688)</b>	<b>(5.760)</b>
<b>Actuarial liability recognized in the statement</b>	<b>(5.688)</b>	<b>(5.760)</b>

<b>HEALTH CARE - POST-EMPLOYMENT BENEFITS</b>	<b>31.12.2014</b>	<b>31.12.2013</b>
Current value from actuarial obligations	(6.796)	(9.356)
Fair value of plan assets	-	-
<b>Current value of obligations exceeding the fair assets value</b>	<b>(6.796)</b>	<b>(9.356)</b>
<b>Actuarial liability recognized in the statement in foreseeable obligations</b>	<b>(6.796)</b>	<b>(9.356)</b>

The changes in the current value of actuarial liabilities for post-employment benefits for the years ended December 31<sup>st</sup>, 2014 and 2013 are below described:

<b>PENSION PLAN - BD</b>	<b>31.12.2014</b>	<b>31.12.2013</b>
Value of actuarial obligations in the beginning of the year	936.521	1.157.166
Current service cost	5.784	10.536
Interest over actuarial obligation	110.445	98.939
Paid benefits in the year	(54.722)	(39.361)
(Earnings)/Loss over actuarial obligation	65.988	(290.759)
<b>Current value of actuarial obligations in the end of the year</b>	<b>1.064.016</b>	<b>936.521</b>
Fair value of assets in the beginning of the year	863.373	920.893
Paid benefits during the year	(54.722)	(39.361)
Participant contributions shed during the year	6.458	6.133
Employer contributions shed during the year	19.581	13.481
Effective assets income during the year	72.292	(37.773)
<b>Fair value of assets in the end of the year</b>	<b>906.982</b>	<b>863.373</b>

<b>PENSION PLAN - CD Risk</b>	<b>31.12.2014</b>	<b>31.12.2013</b>
Value of actuarial obligations in the beginning of the year	24.715	33.163
Current service cost	70	2.380
Interest over actuarial obligation	2.963	2.835
Paid benefits in the year	(3.017)	(281)
(Earnings)/Loss over actuarial obligation	3.717	(13.382)
<b>Current value of actuarial obligations in the end of the year</b>	<b>28.448</b>	<b>24.715</b>
Fair value of assets in the beginning of the year	62.625	118.403
Paid benefits during the year	(3.017)	(281)
Participant contributions shed during the year	1.253	1.190
Employer contributions shed during the year	1.389	3.603
Effective assets income during the year	4.670	(60.290)
<b>Fair value of assets in the end of the year</b>	<b>66.920</b>	<b>62.625</b>

<b>HEALTH RECOVERY PLAN</b>	<b>31.12.2014</b>	<b>31.12.2013</b>
Value of actuarial obligations in the beginning of the year	5.760	6.457
Current service cost	472	-
Interest over actuarial obligation	657	552
Paid benefits in the year	(724)	(590)
(Earnings)/Loss over actuarial obligation	(477)	(659)
<b>Current value of actuarial obligations in the end of the year</b>	<b>5.688</b>	<b>5.760</b>
Fair value of assets in the beginning of the year	-	-
Paid benefits during the year	(724)	(590)
Participant contributions shed during the year	-	-
Employer contributions shed during the year	724	590
Effective assets income during the year	-	-
Fair value of assets in the end of the year	-	-
(Earnings)/Loss regarding the plan assets	-	-
<b>Expected income of assets during the year</b>	<b>-</b>	<b>-</b>

<b>HEALTH CARE - POST-EMPLOYMENT BENEFITS</b>	<b>31.12.2014</b>	<b>31.12.2013</b>
Value of actuarial obligations in the beginning of the year	9.356	-
Past service cost	-	9.356
Interest over actuarial obligation	962	-
Paid benefits in the year	(1.534)	-
(Earnings)/Loss over actuarial obligation	(1.988)	-
<b>Valor corrente das obrigações no final do exercício</b>	<b>6.796</b>	<b>9.356</b>
Fair value of assets in the beginning of the year	-	-
Paid benefits during the year	(1.534)	-
Participant contributions shed during the year	-	-
Employer contributions shed during the year	1.534	-
Effective assets income during the year	-	-
Fair value of assets in the end of the year	-	-
(Earnings)/Loss regarding the plan assets	-	-
<b>Current value of actuarial obligations in the end of the year</b>	<b>-</b>	<b>-</b>

### 33.4 Collateral Assets

The collateral assets from the benefits program of BD-ELOS/Eletrosul Plan are arranged on the following:

<b>COLLATERAL ASSETS</b>	<b>31.12.2014</b>	<b>%</b>	<b>31.12.2013</b>	<b>%</b>	<b>Limitation to Realocate</b>
Fixed Income	725.849	80,1%	675.596	78,2%	up to 100%
Variable Income	131.147	14,5%	136.379	15,8%	up to 70%
Structural funds	10.283	1,1%	10.510	1,2%	up to 20%
Real Estates	32.766	3,6%	28.155	3,3%	up to 8%
Loans	23.095	2,5%	23.045	2,7%	up to 15%
Avaiable assets	63.410	7,0%	65.547	7,6%	-
Sponsors receivable contribution	(44.241)	-4,9%	(46.712)	-5,4%	-
Other receivable assets	(35.327)	-3,9%	(29.147)	-3,4%	-
<b>Total</b>	<b>906.982</b>	<b>100,0%</b>	<b>863.373</b>	<b>100,0%</b>	

\*Limitation to realocate are set by CMN National Monetary Council, as per ordinance n. 3792 from 24/09/2009.

### 33.5 Recognized figures on the overcomes

The recognized figures are evidenced as follows:

	<u>31.12.2014</u>	<u>31.12.2013</u>
<b>PENSION PLAN - BD</b>		
Current service costs	5.784	10.536
Interest costs over actuarial obligations	110.445	98.939
Expected contributions over	-	-
Expected return over assets	(102.869)	(78.736)
<b>Total</b>	<u><b>13.360</b></u>	<u><b>30.739</b></u>
<b>PENSION PLAN - CD</b>		
Current service costs	70	2.380
Interest costs over actuarial obligations	-	-
Expected return over assets	-	-
<b>Total</b>	<u><b>70</b></u>	<u><b>2.380</b></u>
<b>HEALTH RECOVERY PLAN</b>		
Current service costs	472	-
Interest costs over actuarial obligations	657	552
Expected return over assets	-	-
<b>Total</b>	<u><b>1.129</b></u>	<u><b>552</b></u>
<b>HEALTH CARE - POST-EMPLOYMENT BENEFIT</b>		
Past service costs	-	9.356
Interest costs over actuarial obligations	962	-
Expected return over assets	-	-
<b>Total</b>	<u><b>962</b></u>	<u><b>9.356</b></u>

### 33.6 Recognized figures over comprehensive outcome

#### Gains (losses) recognized in other comprehensive outcome

	<u>31.12.2014</u>	<u>31.12.2013</u>
Actuarial yearly earnings (losses):		
Pension Plan - BD	92.771	(178.305)
Pension Plan - CD risk	1.319	1.223
Health plan recovery	(477)	(660)
Health Care Plan - long-term rescindable benefit	(1.987)	-
<b>Total</b>	<u><b>91.626</b></u>	<u><b>(177.742)</b></u>

#### Other accumulated comprehensive revenue (net of deferred taxes)

	<u>31.12.2014</u>	<u>31.12.2013</u>
Pension Plan - BD	125.366	62.022
Pension Plan - CD risk	1.678	807
Health plan recovery	658	1.157
Health Care Plan - long-term rescindable benefit	(1.311)	-
<b>Total</b>	<u><b>126.391</b></u>	<u><b>63.986</b></u>

### 33.7 The main actuarial and financial assumptions used in the projections were:

ECONOMIC HYPOTHESIS	31.12.2014			
	Plan BD	Plan CD	Health	Health PID
Annual actuarial real interest rate	12,24%	12,22%	12,23%	11,48%
Annual interest rate actuarial discount	6,17%	6,15%	6,16%	5,44%
Annual projected inflation rate	5,72%	5,72%	5,72%	5,72%
Real annual salary evolution rate	9,80%	7,83%	-	-
Real annual benefits evolution	5,72%	5,72%	-	-
Return expectation from asset of the plan	12,24%	12,22%	-	-
Factor of added medical cost	-	-	2,68%	2,68%
<b>ACTUARIAL HYPOTHESIS</b>				
Turnover rate	0,00%	0,00%	0,00%	-
Assets and inactives mortality table	AT-2000	AT-2000	AT-2000	AT-2000
Void mortality table	AT-83 M	AT-83 M	AT-83 M	AT-83 M
Invalidity table	LIGHT F	LIGHT F	LIGHT F	-
% of marriage on retirement date	95%	95%	-	-
Age difference between men and women	4 years	4 years	-	-

#### Long-term interest rates

From 2012, the interest rate used was the market for government bonds, according to criteria recommended by the accounting standards, terms similar to the flows of bonds benefit program, called the concept "Duration". These rates were respectively 6,17% in 2014 and 6,42% in 2013.

### 33.8 Employer contributions expected for next year

The Company expects to contribute with R\$21.429 thousand toward the Defined Benefit Plan, including the ordinary and extraordinary contributions.

### 33.9 Sensitivity Analysis

The sensitivity analyses of the main hypothesis are stated on the following:

Pension plan - BD	Biometrics		Wage Growth		Interest Rates		Statement Parameters
	age -1	age +1	+ 0,25%	- 0,25%	+ 0,25%	- 0,25%	
<b>Amount of:</b>							
Current value of actuarial obligations	1.076.230	1.051.283	1.067.824	1.060.278	1.033.421	1.096.161	1.064.016
Fair value of plan assets	906.982	906.982	906.982	906.982	906.982	906.982	906.982
<b>Surplus/(Shortfall) technical plan</b>	<b>(169.248)</b>	<b>(144.301)</b>	<b>(160.842)</b>	<b>(153.296)</b>	<b>(126.439)</b>	<b>(189.179)</b>	<b>(157.034)</b>
<b>Variations</b>							
Increase/decrease of actuarial obligations	1,1%	-1,2%	0,4%	-0,4%	-2,9%	3,0%	-
Increase/decrease of plan assets	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	-
Increase/decrease Surplus/(Shortfall) technical plan	7,8%	-8,1%	2,4%	-2,4%	-19,5%	20,5%	-

Pension plan - CD risk	Biometrics		Interest Rates		Statement Parameters
	Idade -1	Idade +1	+ 0,25%	- 0,25%	
<b>Amount of:</b>					
Current value of actuarial obligations	28.877	28.004	27.751	29.177	28.448
Fair value of plan assets	66.920	66.920	66.920	66.920	66.920
<b>Surplus/(Shortfall) technical plan</b>	<b>38.043</b>	<b>38.916</b>	<b>39.169</b>	<b>37.743</b>	<b>38.472</b>
<b>Variations</b>					
Increase/decrease of actuarial obligations	1,5%	-1,6%	-2,5%	2,6%	-
Increase/decrease of plan assets	0,0%	0,0%	0,0%	0,0%	-
Increase/decrease Surplus/(Shortfall) technical plan	-1,1%	1,2%	1,8%	-1,9%	-

  

Health Care Coverage Plan	Biometrics		HCTR		Interest Rates		Statement Parameters
	age -1	age +1	+ 0,25%	- 0,25%	+ 0,25%	- 0,25%	
<b>Amount of:</b>							
Current value of actuarial obligations	5.692	5.683	5.749	5.628	5.615	5.763	5.688
Fair value of plan assets	-	-	-	-	-	-	-
<b>Surplus/(Shortfall) technical plan</b>	<b>(5.692)</b>	<b>(5.683)</b>	<b>(5.749)</b>	<b>(5.628)</b>	<b>(5.615)</b>	<b>(5.763)</b>	<b>(5.688)</b>
<b>Variations</b>							
Increase/decrease of actuarial obligations	0,1%	-0,1%	1,1%	-1,1%	-1,3%	1,3%	-
Increase/decrease of plan assets	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	-
Increase/decrease Surplus/(Shortfall) technical plan	0,1%	-0,1%	1,1%	-1,1%	-1,3%	1,3%	-

  

Health Care Plan - long-term rescindable benefit	Biometrics		HCTR		Interest Rates		Statement Parameters
	age -1	age +1	+ 0,25%	- 0,25%	+ 0,25%	- 0,25%	
<b>Amount of:</b>							
Current value of actuarial obligations	6.803	6.789	6.891	6.703	6.766	6.828	6.796
Fair value of plan assets	-	-	-	-	-	-	-
<b>Surplus/(Shortfall) technical plan</b>	<b>(6.803)</b>	<b>(6.789)</b>	<b>(6.891)</b>	<b>(6.703)</b>	<b>(6.766)</b>	<b>(6.828)</b>	<b>(6.796)</b>
<b>Variations</b>							
Increase/decrease of actuarial obligations	0,1%	-0,1%	1,4%	-1,4%	-0,4%	0,5%	-
Increase/decrease of plan assets	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	-
Increase/decrease Surplus/(Shortfall) technical plan	0,1%	-0,1%	1,4%	-1,4%	-0,4%	0,5%	-

#### NOTE 34 – NET EQUITY

	<b>Controlling and Consolidated</b>	
	<b>31.12.2014</b>	<b>31.12.2013</b>
Capital stock (grade 34.1)	4.295.250	4.295.250
Funds reserve	1.074.209	1.072.411
Statutory reserve (grade 34.2)	117.565	115.767
Investment reserve (grade 34.3)	956.644	956.644
Appraisal equity adjustments (grade 34.4)	(126.391)	(63.387)
Additional proposed dividends (grades 34.5)	25.623	188.660
<b>Total</b>	<b>5.268.691</b>	<b>5.492.934</b>



### 34.1 Capital Share

The Company's shareholding structure upon this date on remains as follows:

<b>Stockholders:</b>	<b>Number of stocks</b>	<b>Capital Stock</b>	<b>% of Participation</b>
ELETROBRAS	100.993.125	4.289.954	99,8767
USIMINAS	57.901	2.461	0,0573
CEEE	49.519	2.105	0,0490
COPEL	14.195	601	0,0140
CELESC	1.544	64	0,0015
CSN	1.194	52	0,0012
OTHERS	320	13	0,0003
<b>Total</b>	<b>101.117.798</b>	<b>4.295.250</b>	<b>100,00</b>

The book value per share on December 31<sup>st</sup>, 2014 is R\$52,10 (R\$54,32 in December 31<sup>st</sup>, 2013).

### 34.2 Statutory Reserve

Pursuant the Articles of Incorporation and Law nº 6.404/76, the Company establishes a reserve on the portion of 5% over the net revenue for the year, up to 20% from the capital share.

### 34.3 Investment Reserve

The investment reserve account records the withholding profits by the Company, whose proposals were approved by the Stockholders' Meeting.

### 34.4 Equity evaluation adjustment

Other Comprehensive Outcomes – actuarial gains and losses

The CPC 33 (R1) sets forth the actuarial gains and losses arising from adjustments and changes in actuarial assumptions from the post-employment benefit plans (pension and health care) should be recognized directly in net equity in other comprehensive income. Therefore, the Company acknowledged on December 31<sup>st</sup>, 2014 in its equity information the net negative outcome on the amount of R\$63.004 thousand (net positive gain of R\$ 123.324 thousand in 2013). The account shows the negative accrued balance outcome on the amount of R\$126.391 thousand (R\$ 63.387 thousand in 2013).

### 34.5 Dividends

The 2014 and 2013 dividends were calculated as follows:

	<b><u>31.12.2014</u></b>	<b><u>31.12.2013</u></b>
Net income	35.962	264.785
Legal reserve over net profit (5%)	(1.798)	(13.239)
<b>Calculation base for minimum dividends</b>	<b>34.164</b>	<b>251.546</b>
Minimal compulsory dividend (25%)	8.541	62.886
Surplus value to minimum mandatory dividend as per General Assembly	25.623	188.660
<b>Proposed dividends</b>	<b><u>34.164</u></b>	<b><u>251.546</u></b>

Dividends activities:

	<b>31.12.2014</b>	<b>31.12.2013</b>
<b>Balance on previous year</b>	<b>62.887</b>	<b>15.636</b>
Additional dividends proposed on previous year	188.660	46.906
Update SELIC	25.449	5.131
Payments	(276.995)	(67.672)
Minimal compulsory dividend	8.541	62.886
<b>Balance at the end of the year</b>	<b>8.542</b>	<b>62.887</b>

The balance of accrued dividends and not yet paid, including additional dividends approved by the Annual General Assembly - AGO, is as follows:

	<b>Controlling Company</b>		<b>Consolidated</b>	
	<b>31.12.2014</b>	<b>31.12.2013</b>	<b>31.12.2014</b>	<b>31.12.2013</b>
Centrais Elétricas Brasileiras S.A. - ELETROBRAS	8.530	62.809	8.530	62.809
Centrais Elétricas de Santa Catarina S.A. - CELESC	-	1	-	1
Companhia Estadual de Energia Elétrica - CEEE	4	30	4	30
Companhia Paranaense de Energia - COPEL	1	9	1	9
Companhia Siderúrgica Nacional - CSN	-	1	-	1
Usinas Sid. de Minas Gerais S.A. - USIMINAS	6	36	6	36
Other stockholders	1	1	766	580
<b>Dividends remaining balance</b>	<b>8.542</b>	<b>62.887</b>	<b>9.307</b>	<b>63.466</b>

In accordance to the Articles of Incorporation, section 43, the unclaimed dividends prior to 3 (three) years, as of the issuance date, shall be reverted in favor of the Company.

### 34.6 Basic and diluted earning per common stock

Pursuant to CPC 41, the Company gives evidence the following information in regard to return stock earnings at year end as of December 31<sup>st</sup> of 2014 and 2013.

	<b>31.12.2014</b>	<b>31.12.2013</b>
Net profit assigned to controlled stockholders	35.962	264.785
Weighted-average common shares	101.117.798	92.402.707
<b>Diluted earnings per common stock</b>	<b>0,36</b>	<b>2,87</b>

## NOTE 35 – BOARD REMUNERATION

The total remuneration and benefits awarded to directors and board members is evidenced as follows:

	<b>Controlling Company</b>			
	<b>31.12.2014</b>		<b>31.12.2013</b>	
	<b>Directors</b>	<b>Advisors</b>	<b>Directors</b>	<b>Advisors</b>
Remuneration and benefits	2.335	273	1.420	258
Social contribution and others	572	55	599	52
<b>Total</b>	<b>2.907</b>	<b>328</b>	<b>2.019</b>	<b>310</b>

**NOTE 36 – RELATED PARTIES**

The main balances and transactions with related parties are evidenced on the following:

ASSET	Controlling Company							
	31.12.2014				31.12.2013			
	Accounts receivable	Dividends	AFAC / Redeemable stocks	Total	Accounts receivable	Dividends	AFAC / Redeemable stocks	Total
<b>Controllers</b>								
Federal Entity (Government)	964.543	-	-	<b>964.543</b>	1.127.707	-	-	<b>1.127.707</b>
Eletrobras	1.212	-	-	<b>1.212</b>	1.128	-	-	<b>1.128</b>
<b>Related parties</b>								
Amazonas Distribuidora	2.904	-	-	<b>2.904</b>	5	-	-	<b>5</b>
CEAL	364	-	-	<b>364</b>	277	-	-	<b>277</b>
CELG Distribuição	1.802	-	-	<b>1.802</b>	1.405	-	-	<b>1.405</b>
CEPISA	1.285	-	-	<b>1.285</b>	1.078	-	-	<b>1.078</b>
CERON	723	-	-	<b>723</b>	755	-	-	<b>755</b>
CGTEE	275	-	-	<b>275</b>	318	-	-	<b>318</b>
Chesf	5.667	-	-	<b>5.667</b>	6.631	-	-	<b>6.631</b>
Eletroacre	5	-	-	<b>5</b>	-	-	-	-
Eletronorte	4.414	-	-	<b>4.414</b>	5.066	-	-	<b>5.066</b>
Eletronuclear	602	-	-	<b>602</b>	528	-	-	<b>528</b>
Furnas	3.555	-	-	<b>3.555</b>	3.490	-	-	<b>3.490</b>
<b>Controlled</b>								
Chuí IX	10	-	20.510	<b>20.520</b>	-	-	-	-
Coxilha Seca	-	-	2.900	<b>2.900</b>	-	-	-	-
Hermenegildo I	29	-	41.161	<b>41.190</b>	-	-	-	-
Hermenegildo II	29	-	3.203	<b>3.232</b>	-	-	-	-
Hermenegildo III	25	-	34.887	<b>34.912</b>	-	-	-	-
Uirapuru	5.383	2.295	-	<b>7.678</b>	5.304	1.736	-	<b>7.040</b>
<b>Jointly-controlled</b>								
Chuí	-	-	330.500	<b>330.500</b>	-	-	-	-
Costa Oeste	-	300	1.146	<b>1.446</b>	-	458	15.104	<b>15.562</b>
Etau	9	39	-	<b>48</b>	62	58	-	<b>120</b>
Fronteira Oeste	-	-	3.641	<b>3.641</b>	-	-	-	-
Livramento	10	-	135.410	<b>135.420</b>	112	-	-	<b>112</b>
Marumbi	-	553	6.702	<b>7.255</b>	-	101	4.505	<b>4.606</b>
Santa Vitória do Palmar	-	1.163	47.400	<b>48.563</b>	-	-	-	-
TSBE	12	2.660	16.000	<b>18.672</b>	208	1.440	86.400	<b>88.048</b>
TSLE	5	-	54.499	<b>54.504</b>	474	-	102.620	<b>103.094</b>
<b>TOTAL ASSET</b>	<b>992.863</b>	<b>7.010</b>	<b>697.959</b>	<b>1.697.832</b>	<b>1.154.548</b>	<b>3.793</b>	<b>208.629</b>	<b>1.366.970</b>

ASSET	Consolidated							
	31.12.2014				31.12.2013			
	Accounts receivable	Dividends	AFAC / Redeemable stocks	Total	Accounts receivable	Dividends	AFAC / Redeemable stocks	Total
<b>Controllers</b>								
Federal Entity (Government)	964.543	-	-	<b>964.543</b>	1.127.707	-	-	<b>1.127.707</b>
Eletrobras	1.212	-	-	<b>1.212</b>	1.128	-	-	<b>1.128</b>
<b>Related parties</b>								
Amazonas Distribuidora	2.904	-	-	<b>2.904</b>	-	-	-	<b>-</b>
CEAL	364	-	-	<b>364</b>	281	-	-	<b>281</b>
CELG Distribuição	1.802	-	-	<b>1.802</b>	1.430	-	-	<b>1.430</b>
CEPISA	1.285	-	-	<b>1.285</b>	1.084	-	-	<b>1.084</b>
CERON	723	-	-	<b>723</b>	755	-	-	<b>755</b>
CGTEE	275	-	-	<b>275</b>	324	-	-	<b>324</b>
Chesf	5.667	-	-	<b>5.667</b>	6.872	-	-	<b>6.872</b>
Eletroacre	5	-	-	<b>5</b>	-	-	-	<b>-</b>
Eletronorte	4.414	-	-	<b>4.414</b>	5.257	-	-	<b>5.257</b>
Eletronuclear	602	-	-	<b>602</b>	528	-	-	<b>528</b>
Furnas	3.555	-	-	<b>3.555</b>	3.614	-	-	<b>3.614</b>
<b>Controlled</b>								
Uirapuru	-	-	-	<b>-</b>	1.327	-	-	<b>1.327</b>
<b>Jointly-controlled</b>								
Chuí	-	-	330.500	<b>330.500</b>	-	-	-	<b>-</b>
Costa Oeste	-	300	1.146	<b>1.446</b>	-	458	15.104	<b>15.562</b>
Etau	9	39	-	<b>48</b>	62	58	-	<b>120</b>
Fronteira Oeste	-	-	3.641	<b>3.641</b>	-	-	-	<b>-</b>
Livramento	10	-	135.410	<b>135.420</b>	112	-	-	<b>112</b>
Marumbi	-	553	6.702	<b>7.255</b>	-	101	4.505	<b>4.606</b>
Santa Vitória do Palmar	-	1.163	47.400	<b>48.563</b>	-	-	-	<b>-</b>
TSBE	12	2.660	16.000	<b>18.672</b>	208	1.440	86.400	<b>88.048</b>
TSLE	5	-	54.499	<b>54.504</b>	474	-	102.620	<b>103.094</b>
<b>TOTAL ASSET</b>	<b>987.387</b>	<b>4.715</b>	<b>595.298</b>	<b>1.587.400</b>	<b>1.151.163</b>	<b>2.057</b>	<b>208.629</b>	<b>1.361.849</b>

LIABILITY	Controlling Company							
	31.12.2014				31.12.2013			
	Accounts Payable	Dividends	AFAC	Total	Accounts Payable	Dividends	AFAC	Total
<b>Controllers</b>								
Eletrobras	1.907.729	8.530	63.976	<b>1.980.235</b>	1.344.365	-	59.284	<b>1.403.649</b>
<b>Related Parties</b>								
Amazonas Distribuidora	28	-	-	<b>28</b>	-	-	-	<b>-</b>
Chesf	55	-	-	<b>55</b>	50	-	-	<b>50</b>
Eletronorte	103.015	-	-	<b>103.015</b>	32	-	-	<b>32</b>
Furnas	63	-	-	<b>63</b>	-	-	-	<b>-</b>
<b>Controlled</b>								
Uirapuru	2	-	-	<b>2</b>	2	-	-	<b>2</b>
<b>Jointly-controlled</b>								
Costa Oeste	1	-	-	<b>1</b>	-	-	-	<b>-</b>
Etau	2	-	-	<b>2</b>	3	-	-	<b>3</b>
Norte Brasil	23	-	-	<b>23</b>	-	-	-	<b>-</b>
TSBE	10.735	-	-	<b>10.735</b>	-	-	-	<b>-</b>
TSLE	-	-	-	<b>-</b>	5	-	-	<b>5</b>
<b>TOTAL LIABILITY</b>	<b>2.021.653</b>	<b>8.530</b>	<b>63.976</b>	<b>2.094.159</b>	<b>1.344.457</b>	<b>-</b>	<b>59.284</b>	<b>1.403.741</b>

LIABILITY	Consolidated							
	31.12.2014				31.12.2013			
	Accounts Payable	Dividends	AFAC	Total	Accounts Payable	Dividends	AFAC	Total
<b>Controllers</b>								
Eletrobras	1.907.729	8.530	63.976	<b>1.980.235</b>	1.344.365	-	59.284	<b>1.403.649</b>
<b>Related Parties</b>								
Amazonas Distribuidora	28	-	-	<b>28</b>	-	-	-	<b>-</b>
Chesf	55	-	-	<b>55</b>	50	-	-	<b>50</b>
Eletronorte	103.015	-	-	<b>103.015</b>	32	-	-	<b>32</b>
Furnas	63	-	-	<b>63</b>	62	-	-	<b>62</b>
<b>Jointly-controlled</b>								
Costa Oeste	1	-	-	<b>1</b>	-	-	-	<b>-</b>
Etau	2	-	-	<b>2</b>	3	-	-	<b>3</b>
Norte Brasil	23	-	-	<b>23</b>	-	-	-	<b>-</b>
TSBE	10.735	-	-	<b>10.735</b>	-	-	-	<b>-</b>
TSLE	-	-	-	<b>-</b>	5	-	-	<b>5</b>
<b>TOTAL LIABILITY</b>	<b>2.021.651</b>	<b>8.530</b>	<b>63.976</b>	<b>2.094.157</b>	<b>1.344.517</b>	<b>-</b>	<b>59.284</b>	<b>1.403.801</b>

OUTCOME	Controlling Company							
	31.12.2014				31.12.2013			
	Revenues	Onus and Services	Financial Outcome	Total	Revenues	Onus and Services	Financial Outcome	Total
<b>Controlling</b>								
Federal Entity (Government)	-	-	194.161	<b>194.161</b>	-	-	191.818	<b>191.818</b>
Eletrobras	244	(251)	(189.749)	<b>(189.756)</b>	269	(283)	(142.412)	<b>(142.426)</b>
<b>Related Parties</b>								
Amazonas Distribuidora	2.727	(382)	-	<b>2.345</b>	-	-	-	<b>-</b>
CEAL	2.979	-	-	<b>2.979</b>	2.619	(5)	-	<b>2.614</b>
CELG Distribuição	15.361	-	-	<b>15.361</b>	14.026	-	-	<b>14.026</b>
CEPISA	9.424	-	-	<b>9.424</b>	8.880	-	-	<b>8.880</b>
CERON	6.463	(37)	-	<b>6.426</b>	4.427	(73)	-	<b>4.354</b>
CGTEE	2.346	-	-	<b>2.346</b>	2.741	-	-	<b>2.741</b>
Chesf	56.553	(863)	-	<b>55.690</b>	88.085	(739)	-	<b>87.346</b>
Eletroacre	32	-	-	<b>32</b>	-	-	-	<b>-</b>
Eletronorte	42.465	(1.817)	-	<b>40.648</b>	69.161	(876)	-	<b>68.285</b>
Eletronuclear	5.253	-	-	<b>5.253</b>	5.904	-	-	<b>5.904</b>
Furnas	31.353	(1.166)	-	<b>30.187</b>	42.928	(785)	-	<b>42.143</b>
<b>Controlled</b>								
Uirapuru	2.590	(27)	-	<b>2.563</b>	2.450	(21)	-	<b>2.429</b>
<b>Jointly-controlled</b>								
Costa Oeste	-	(3)	-	<b>(3)</b>	-	-	-	<b>-</b>
Etau	615	(34)	-	<b>581</b>	760	(25)	-	<b>735</b>
Livramento	126	-	-	<b>126</b>	125	-	-	<b>125</b>
Norte Brasil	-	(33)	-	<b>(33)</b>	-	-	-	<b>-</b>
TSBE	444	(20)	-	<b>424</b>	2.595	-	-	<b>2.595</b>
TSLE	3.496	-	-	<b>3.496</b>	8.236	-	-	<b>8.236</b>
<b>TOTAL OUTCOME</b>	<b>182.471</b>	<b>(4.633)</b>	<b>4.412</b>	<b>182.250</b>	<b>253.206</b>	<b>(2.807)</b>	<b>49.406</b>	<b>299.805</b>

OUTCOME	Consolidated							
	31.12.2014				31.12.2013			
	Revenues	Onus and Services	Financial Outcome	Total	Revenues	Onus and Services	Financial Outcome	Total
<b>Controlling</b>								
Federal Entity (Government)	-	-	194.161	<b>194.161</b>	-	-	191.818	<b>191.818</b>
Eletrobras	244	(251)	(189.749)	<b>(189.756)</b>	269	(283)	(142.412)	<b>(142.426)</b>
<b>Related Parties</b>								
Amazonas Distribuidora	2.727	(382)	-	<b>2.345</b>	-	-	-	<b>-</b>
CEAL	3.042	-	-	<b>3.042</b>	2.639	(5)	-	<b>2.634</b>
CELG Distribuição	15.361	-	-	<b>15.361</b>	14.026	-	-	<b>14.026</b>
CEPISA	9.496	-	-	<b>9.496</b>	8.902	-	-	<b>8.902</b>
CERON	6.482	(37)	-	<b>6.445</b>	4.452	(73)	-	<b>4.379</b>
CGTEE	2.428	-	-	<b>2.428</b>	2.765	-	-	<b>2.765</b>
Chesf	58.534	(863)	-	<b>57.671</b>	90.582	(739)	-	<b>89.843</b>
Eletoacre	32	-	-	<b>32</b>	-	-	-	<b>-</b>
Eletronorte	43.951	(1.817)	-	<b>42.134</b>	71.172	(876)	-	<b>70.296</b>
Eletronuclear	5.435	-	-	<b>5.435</b>	5.959	-	-	<b>5.959</b>
Furnas	32.445	(1.166)	-	<b>31.279</b>	44.092	(785)	-	<b>43.307</b>
<b>Controlled</b>								
Uirapuru	-	-	-	-	613	(5)	-	<b>607</b>
<b>Jointly-controlled</b>								
Costa Oeste	-	(3)	-	<b>(3)</b>	-	-	-	<b>-</b>
Etau	615	(34)	-	<b>581</b>	760	(25)	-	<b>735</b>
Livramento	126	-	-	<b>126</b>	125	-	-	<b>125</b>
Norte Brasil	-	(33)	-	<b>(33)</b>	-	-	-	<b>-</b>
TSBE	444	(20)	-	<b>424</b>	2.595	-	-	<b>2.595</b>
TSLE	3.496	-	-	<b>3.496</b>	8.236	-	-	<b>8.236</b>
<b>TOTAL OUTCOME</b>	<b>184.858</b>	<b>(4.606)</b>	<b>4.412</b>	<b>184.664</b>	<b>257.187</b>	<b>(2.791)</b>	<b>49.406</b>	<b>303.801</b>

The main transactions with related parties are as follows:

- a) Federal Union: renegotiated energy credits (Law 8.727/93) in claims for damages (MP 579);
- b) Eletrobras: funds and loans, AFAC, dividends in financial onus;
- c) Subsidiaries and/or jointly-controlled: dividends, AFAC, transmission revenues and marketing costs of the transmission system (EUST), outsourced services;
- d) Related Parties: customers, credit various vendors, transmission Revenue Services, costs of the transmission system (EUST), third party services.

Equity interests in Partnership of Specific Purpose (SPE) which are related parties are evidenced in NOTE 16.

Funds and Loans with related parties are evidenced in NOTE 21.

**NOTE 37 – TRAINING AND PERSONNEL DEVELOPMENT**

The Company is committed to a policy of continuous qualification of officers and personnel, and is employing the following indexes:

\* Unaudited information by auditors' diligence.

<b>Indexes*</b>	<b>Controlling Company</b>	
	<b>31.12.2014</b>	<b>31.12.2013</b>
Trained employees	1.228	1.244
Trained manpower per hours	73.148	77.195
Index of employees trained (%)	93%	81%
Average training hours	56	62
Trained labor force (%)	2,6%	2,4%
Total investment (thousand)	1.993	1.258
Average value invested per employee (thousand)	1,5	1,0

**NOTE 38 – INFORMATION PER BUSINESS NICHE (CPC 22)**

The outcome determined by business niche is found as below described:

	<b>Controlling Company</b>							
	<b>31.12.2014</b>				<b>31.12.2013</b>			
	<b>Generation</b>	<b>Renewable Transmission</b>	<b>Non renewable Transmission</b>	<b>Total</b>	<b>Generation</b>	<b>Renewable Transmission</b>	<b>Non renewable Transmission</b>	<b>Total</b>
<b>NET OPERATIONAL INCOME</b>	<b>339.917</b>	<b>472.299</b>	<b>287.967</b>	<b>1.100.183</b>	<b>287.651</b>	<b>411.628</b>	<b>244.683</b>	<b>943.962</b>
<b>OPERATING COST</b>								
<b>Cost with Electric Power</b>	(62.677)	-	-	(62.677)	(27.934)	-	-	(27.934)
Purchased power for resale	(62.677)	-	-	(62.677)	(41.864)	-	-	(41.864)
Provision (reverse) loss onerous contract	-	-	-	-	13.930	-	-	13.930
<b>Operating Cost</b>	<b>(176.286)</b>	<b>(222.020)</b>	<b>(30.318)</b>	<b>(428.624)</b>	<b>(125.617)</b>	<b>(230.325)</b>	<b>(23.135)</b>	<b>(379.077)</b>
Personnel, material and outsourced services	(35.453)	(224.200)	(29.530)	(289.183)	(26.209)	(219.213)	(20.694)	(266.116)
Depreciation and amortization	(115.280)	-	-	(115.280)	(79.836)	-	-	(79.836)
Supervisory rate	(898)	(2.032)	(1.344)	(4.274)	(766)	(3.169)	(1.691)	(5.626)
Allowance for possible loan losses	758	(138)	(19)	601	-	70	7	77
Others	(25.413)	4.350	575	(20.488)	(18.806)	(8.013)	(757)	(27.576)
<b>Cost of services rendered to third parties</b>	<b>-</b>	<b>(24.509)</b>	<b>-</b>	<b>(24.509)</b>	<b>-</b>	<b>(10.633)</b>	<b>-</b>	<b>(10.633)</b>
<b>Construction costs</b>	<b>-</b>	<b>-</b>	<b>(59.819)</b>	<b>(59.819)</b>	<b>-</b>	<b>-</b>	<b>(75.835)</b>	<b>(75.835)</b>
<b>GROSS OPERATING PROFIT</b>	<b>100.954</b>	<b>225.770</b>	<b>197.830</b>	<b>524.554</b>	<b>134.100</b>	<b>170.670</b>	<b>145.713</b>	<b>450.483</b>
Operating Expenses	(31.171)	(107.911)	(52.128)	(191.210)	(17.181)	(120.348)	(49.366)	(186.895)
Dismissal Incentive Plan	-	-	-	-	-	(73.695)	-	(73.695)
<b>SERVICE outcome</b>	<b>69.783</b>	<b>117.859</b>	<b>145.702</b>	<b>333.344</b>	<b>116.919</b>	<b>(23.373)</b>	<b>96.347</b>	<b>189.893</b>
<b>Other income and Operating Expenses</b>								
Profit sharing outcome	(430.764)	9.631	13.432	(407.701)	(50.201)	14.061	34.359	(1.781)
Financial Outcome	(83.581)	71.632	(111.075)	(123.024)	(112.576)	109.295	(56.007)	(59.288)
Impairment	38.127	-	19.483	57.610	(110.327)	-	(137.251)	(247.578)
Onerous Contracts	407.893	-	-	407.893	488.601	-	-	488.601
Other income/expenses	387	(4.591)	(3.034)	(7.238)	(2.828)	(5.846)	(3.122)	(11.796)
<b>OPERATING PROFIT BEFORE LAW 12.783/13</b>	<b>1.845</b>	<b>194.531</b>	<b>64.508</b>	<b>260.884</b>	<b>329.588</b>	<b>94.137</b>	<b>(65.674)</b>	<b>358.051</b>
Indemnities Law 12.783/13	-	-	-	-	-	25.092	-	25.092
<b>OPERATING PROFIT AFTER LAW 12.783/13</b>	<b>1.845</b>	<b>194.531</b>	<b>64.508</b>	<b>260.884</b>	<b>329.588</b>	<b>119.229</b>	<b>(65.674)</b>	<b>383.143</b>
Social Contribution	(38.729)	(16.553)	(4.572)	(59.854)	(33.420)	(7.047)	8.803	(31.664)
Revenue Income	(106.808)	(45.650)	(12.610)	(165.068)	(91.502)	(19.293)	24.101	(86.694)
<b>NET INCOME</b>	<b>(143.692)</b>	<b>132.328</b>	<b>47.326</b>	<b>35.962</b>	<b>204.666</b>	<b>92.889</b>	<b>(32.770)</b>	<b>264.785</b>

	Consolidated							
	31.12.2014				31.12.2013			
	Generation	Renewable Transmission	Non renewable Transmission	Total	Generation	Renewable Transmission	Non renewable Transmission	Total
<b>NET OPERATIONAL INCOME</b>	<b>339.917</b>	<b>469.709</b>	<b>309.031</b>	<b>1.118.657</b>	<b>308.879</b>	<b>409.199</b>	<b>341.272</b>	<b>1.059.350</b>
<b>OPERATING COST</b>								
Cost with Electric Power	(62.677)	-	-	(62.677)	(27.934)	-	-	(27.934)
Purchased power for resale	(62.677)	-	-	(62.677)	(41.864)	-	-	(41.864)
Provision (reverse) loss onerous contract	-	-	-	-	13.930	-	-	13.930
<b>Operating Cost</b>	<b>(176.259)</b>	<b>(222.020)</b>	<b>(31.786)</b>	<b>(430.065)</b>	<b>(139.407)</b>	<b>(230.325)</b>	<b>(25.140)</b>	<b>(394.872)</b>
Personnel, material and outsourced services	(35.453)	(224.200)	(30.582)	(290.235)	(28.251)	(219.213)	(22.606)	(270.070)
Depreciation and amortization	(115.280)	-	-	(115.280)	(89.997)	-	-	(89.997)
Supervisory rate	(898)	(2.032)	(1.344)	(4.274)	(766)	(3.169)	(1.691)	(5.626)
Allowance for possible loan losses	758	(138)	(19)	601	-	70	(106)	(36)
Others	(25.386)	4.350	159	(20.877)	(20.393)	(8.013)	(737)	(29.143)
Cost of services rendered to third parties	-	(24.509)	-	(24.509)	-	(10.633)	(449)	(11.082)
Construction costs	-	-	(59.820)	(59.820)	-	-	(117.925)	(117.925)
<b>GROSS OPERATING PROFIT</b>	<b>100.981</b>	<b>223.180</b>	<b>217.425</b>	<b>541.586</b>	<b>141.538</b>	<b>168.241</b>	<b>197.758</b>	<b>507.537</b>
Operating Expenses	(33.604)	(107.911)	(53.116)	(194.631)	(19.028)	(120.348)	(53.467)	(192.843)
Dismissal Incentive Plan	-	-	-	-	-	(73.695)	-	(73.695)
<b>SERVICE outcome</b>	<b>67.377</b>	<b>115.269</b>	<b>164.309</b>	<b>346.955</b>	<b>122.510</b>	<b>(25.802)</b>	<b>144.291</b>	<b>240.999</b>
<b>Other income and Operating Expenses</b>								
Profit sharing outcome	(430.115)	9.631	3.802	(416.682)	(51.548)	14.061	16.709	(20.778)
Financial Outcome	(82.055)	71.632	(113.259)	(123.682)	(116.050)	109.295	(77.438)	(84.193)
Impairment	38.127	-	19.483	57.610	(110.327)	-	(137.251)	(247.578)
Onerous Contracts	407.893	-	-	407.893	488.601	-	-	488.601
Other income/expenses	387	(4.591)	(3.034)	(7.238)	(2.828)	(5.846)	(3.122)	(11.796)
<b>OPERATING PROFIT BEFORE LAW 12.783/13</b>	<b>1.614</b>	<b>191.941</b>	<b>71.301</b>	<b>264.856</b>	<b>330.358</b>	<b>91.708</b>	<b>(56.811)</b>	<b>365.255</b>
Indemnities Law 12.783/13	-	-	-	-	-	25.092	-	25.092
<b>OPERATING PROFIT AFTER LAW 12.783/13</b>	<b>1.614</b>	<b>191.941</b>	<b>71.301</b>	<b>264.856</b>	<b>330.358</b>	<b>116.800</b>	<b>(56.811)</b>	<b>390.347</b>
Social Contribution	(38.658)	(16.553)	(4.918)	(60.129)	(33.612)	(7.047)	7.689	(32.970)
Revenue Income	(106.621)	(45.650)	(13.284)	(165.555)	(92.080)	(19.293)	21.259	(90.114)
<b>NET INCOME</b>	<b>(143.665)</b>	<b>129.738</b>	<b>53.099</b>	<b>39.172</b>	<b>204.666</b>	<b>90.460</b>	<b>(27.863)</b>	<b>267.263</b>

### NOTE 39 – NET OPERATING REVENUE

The reconciliation between gross operating revenue and net operating revenue is held in compliance with CPC 30 - Revenues as below:

	Controlling Company		Consolidated	
	31.12.2014	31.12.2013	31.12.2014	31.12.2013
<b>GROSS OPERATIONAL INCOME</b>				
Energy generation revenue	325.497	267.248	325.497	289.280
Energy in short-term timeframe revenue	46.058	48.516	46.058	48.516
O&M service revenue - renewables	497.480	430.595	497.480	430.595
O&M service revenue - non renewables	88.276	71.121	93.520	84.045
Financial asset revenue	188.717	125.664	206.377	175.808
Construction of transmission line revenue	59.819	75.835	59.820	117.925
SCM - multimedia communication service revenue	1.782	1.078	1.782	1.078
Services rendered by third parties revenue	19.532	16.458	16.964	14.065
Other revenues	8.889	10.940	8.867	11.180
	<b>1.236.050</b>	<b>1.047.455</b>	<b>1.256.365</b>	<b>1.172.492</b>
<b>DEDUCTIONS TO OPERATIONAL INCOME</b>				
<b>Taxes and contributions</b>				
COFINS	(90.965)	(75.066)	(91.757)	(80.776)
PIS/PASEP	(19.749)	(16.297)	(19.920)	(17.534)
ICMS/ISS	(2.537)	(1.011)	(2.537)	(1.011)
	<b>(113.251)</b>	<b>(92.374)</b>	<b>(114.214)</b>	<b>(99.321)</b>
<b>Sectorials Onus</b>				
Global Reserve of Reversion (RGR)	(12.231)	(2.617)	(12.864)	(4.624)
P&D	(10.385)	(8.502)	(10.630)	(9.197)
	<b>(22.616)</b>	<b>(11.119)</b>	<b>(23.494)</b>	<b>(13.821)</b>
<b>NET OPERATIONAL INCOME</b>	<b>1.100.183</b>	<b>943.962</b>	<b>1.118.657</b>	<b>1.059.350</b>



### Energy sold\*\*

Once composed by “energy generation revenue” as per Controlling Company, on the amount of R\$ 325.497 thousand, is inherent to turnover from UHE Passo São João, UHE Mauá, UHE São Domingos, PCH João Borges and PCH Barra Rio Chapéu and from Wind Plants Cerro Chato I, II e III, as well as short term timeframe revenue.

	<b>Controlling and Consolidated</b>			
	<b>31.12.2014</b>		<b>31.12.2013</b>	
	<b>Capacity (MWh)</b>	<b>Amount (R\$ thousand)</b>	<b>Capacity (MWh)</b>	<b>Amount (R\$ thousand)</b>
Sold Energy*	1.979.494,277	371.555	1.753.940,050	315.764
Generated Energy - Controlled	-	-	104.497,700	22.032

\*In 2013 rubric it is computed the revenues authorized by ANEEL, out of R\$12.728 thousand, in reference to UHE São Domingos, from January 2012 to February 2013. The balance of generated energy from the controlled ones in 2013 is related to the turnover from Wind Power Plants Cerro Chato I, II and III prior to incorporation.

\*\* Unaudited information from diligence auditors

### Transmission Revenue

As of January, 1<sup>st</sup>, 2013, with the concessions renewals as foreseen in Law No. 12.783/13, all tariffs related to Concession Agreement No. 057/2001 began to be recorded as of O& M revenue. Revenues related to reinforcements and betterments pursuant ANEEL authorization onto the contract, once carried out as of January 1<sup>st</sup>, 2013 are held as financial assets.

### Multimedia Communication Service – SCM

The Company is duly complied with ANATEL as per Act No. 50.088 of 29<sup>th</sup> April, 2005, in order to explore the Multimedia Communication Service (SCM) for an indefinite period, under non-exclusive basis, both nationally and internationally and having the National territory as the boundaries of service rendering.

The SCM is a fixed telecommunications service of which enables the provision of transmission capacity, emission and reception of multimedia information, rendering any given means to subscribers who may have a contractual bond towards the bailee for the fruition purpose of SCM, within an authorized area for the service rendering.

The Telecommunications System consists of optical and radio stations installed in substations, which are rendered for corporate communication, electrical system teleprotection, communication with the ONS, interconnection of private telephone units, among other services. The surplus is sold by SCM.

### NOTE 40 – ONUS PER SECTOR

The sectorial onus breakdown from the energy industry as acknowledged in the outcome is below referenced:

	<b>Controlling Company</b>		<b>Consolidated</b>	
	<b>31.12.2014</b>	<b>31.12.2013</b>	<b>31.12.2014</b>	<b>31.12.2013</b>
Global Reserve of Reversion (RGR)	12.231	2.617	12.864	4.624
Supervisory fee ANEEL*	4.274	5.626	4.265	6.071
National Fund for the Develop. OF Science and Tech (FNDCT)	4.154	3.418	4.154	3.418
Energy Research Company (EPE)	2.077	1.695	2.077	1.695
Research and Development (P&D)	4.154	3.389	4.399	4.084
<b>Total</b>	<b>26.890</b>	<b>16.745</b>	<b>27.759</b>	<b>19.892</b>

\*The amount of supervisory fee is acknowledged in operational costs

There had been a reduction over sectorial contribution in regard to Global Reserve of Reversion (RGR) in 2013, as per Law n. 12.783/13, of which exempts collection, among others, to the concessions amended.

#### NOTE 41 – OPERATING COSTS AND EXPENSES

The breakdown costs per nature are evidenced as follows:

Nature	Controlling				Consolidated			
	31.12.2014				31.12.2014			
	Generation Cost	Transm. Cost	Operating Expenses	Total	Generation Cost	Transm. Cost	Operating Expenses	Total
Personnel	9.717	218.631	120.229	348.577	9.717	218.883	121.790	350.390
Material	650	10.369	1.857	12.876	650	10.369	1.969	12.988
Third party services	25.086	48.562	33.557	107.205	25.086	49.362	34.867	109.315
Allowance for possible loan losses	(758)	157	(10.179)	(10.780)	(758)	157	(10.179)	(10.780)
Cost building the transmission line	-	59.819	-	59.819	-	59.820	-	59.820
Purchased power for resale	62.677	-	-	62.677	62.677	-	-	62.677
Depreciation and amortization	115.280	-	1.682	116.962	115.280	-	1.688	116.968
Supervisory fee ANEEL	898	3.376	-	4.274	898	3.376	(9)	4.265
EUSD	4.611	-	-	4.611	4.611	-	-	4.611
EUST	9.017	-	-	9.017	8.990	-	-	8.990
CFURH	9.139	-	-	9.139	9.139	-	-	9.139
Provision (reversion) for contingencies	-	-	8.525	8.525	-	-	8.525	8.525
Special retirement	-	-	1.443	1.443	-	-	1.443	1.443
Profit (losses) actuarial	-	-	(5.645)	(5.645)	-	-	(5.645)	(5.645)
(-) Expenses recovery*	(728)	(16.301)	(4.548)	(21.577)	(728)	(16.301)	(4.548)	(21.577)
Other expenses	3.374	12.053	44.289	59.716	3.374	12.469	44.730	60.573
<b>Total</b>	<b>238.963</b>	<b>336.666</b>	<b>191.210</b>	<b>766.839</b>	<b>238.936</b>	<b>338.135</b>	<b>194.631</b>	<b>771.702</b>

\* It basically comprises PIS and COFINS credits accrued over depreciation, chargeback contributions actuarial report and expenses reversals forwarded as investment as per Resolution 643 from ANEEL

Nature	Controlling				Consolidated			
	31.12.2013				31.12.2013			
	Generation Cost	Transm. Cost	Operating Expenses	Total	Generation Cost	Transm. Cost	Operating Expenses	Total
Personnel	6.934	195.475	115.511	317.920	6.934	196.118	118.284	321.336
Material	1.220	12.862	2.239	16.321	1.247	12.863	2.432	16.542
Third party services	18.055	42.136	27.748	87.939	20.070	43.551	29.331	92.952
Allowance for possible loan losses	-	(77)	13	(64)	-	36	13	49
Cost building the transmission line	-	75.835	-	75.835	-	117.925	-	117.925
Purchased power for resale	41.864	-	-	41.864	41.864	-	-	41.864
Provision (reversion) of onerous contracts	(13.930)	-	-	(13.930)	(13.930)	-	-	(13.930)
Depreciation and amortization	79.836	-	1.787	81.623	89.997	-	1.812	91.809
Supervisory fee ANEEL	766	4.860	-	5.626	766	4.860	445	6.071
EUSD	4.335	-	-	4.335	4.335	-	-	4.335
EUST	6.304	-	-	6.304	7.281	-	-	7.281
CFURH	8.607	-	-	8.607	8.607	-	-	8.607
Provision (reversion) for contingencies	-	-	(19.425)	(19.425)	-	-	(19.425)	(19.425)
Special retirement	-	-	4.585	4.585	-	-	4.585	4.585
Profit (losses) actuarial	-	-	15.997	15.997	-	-	15.997	15.997
Dismissal Incentive Plan	-	-	73.695	73.695	-	-	73.695	73.695
(-) Expenses recovery*	(2.436)	(2.659)	(12.656)	(17.751)	(2.436)	(2.436)	(12.656)	(17.528)
Other expenses	1.996	11.496	51.096	64.588	2.606	11.555	52.025	66.186
<b>Total</b>	<b>153.551</b>	<b>339.928</b>	<b>260.590</b>	<b>754.069</b>	<b>167.341</b>	<b>384.472</b>	<b>266.538</b>	<b>818.351</b>

**NOTE 42 – NET FINANCIAL OUTCOME**

The financial revenue and expenses breakdown is arranged as follows:

	Controlling Company		Consolidated	
	31.12.2014	31.12.2013	31.12.2014	31.12.2013
<b>a) Financial income</b>				
Income over financial application	59.749	69.913	62.293	73.976
Energy credits renegotiated - Interest	62.725	65.209	62.725	65.209
Energy credits renegotiated - Monetary variation	18.512	28.256	18.512	28.256
Concession of credits for indemnity - monetary variation	112.924	98.353	112.924	98.353
Interest	642	721	642	721
Fine	2.810	3.822	2.810	3.822
Monetary Variation over Judicial Deposits	1.665	2.449	1.665	2.449
Adjustment of current tributs value/UBP	1.873	8.753	1.873	8.753
Miscellaneous	20.986	16.568	21.599	17.107
<b>Subtotal</b>	<b>281.886</b>	<b>294.044</b>	<b>285.043</b>	<b>298.646</b>
<b>b) Financial expenses</b>				
Onus of debts (financing)	271.114	181.569	273.692	210.291
Monetary variation (financing)	60.951	76.953	61.943	77.521
Onus overs taxes and social contribution	3.116	3.956	3.126	3.987
Miscellaneous of fines	356	2.891	356	2.911
Miscellaneous of interests	3.447	7	3.452	17
Bank expenses	361	280	363	303
Tax on Financial Operations (IOF)	14.041	8.076	14.188	8.129
Monetary variation - Contingency	6.046	6.137	6.046	6.137
Dividends updated by SELIC	25.449	5.131	25.449	5.131
AFAC Eletrobras updated by SELIC	4.692	59.194	4.692	59.194
PREQ/PID updated by SELC	1.967	930	1.967	930
Adjustment of current taxes value/UBP	6.133	2.217	6.133	2.219
Monetary variation - Other	7.237	5.991	7.318	6.069
<b>Subtotal</b>	<b>404.910</b>	<b>353.332</b>	<b>408.725</b>	<b>382.839</b>
<b>Net Financial Outcome</b>	<b>(123.024)</b>	<b>(59.288)</b>	<b>(123.682)</b>	<b>(84.193)</b>

**NOTE 43 – REVENUE INCOME TAX AND SOCIAL CONTRIBUTION - OUTCOME**

	Controlling company			
	31.12.2014		31.12.2013	
	Income Revenue	Social Contribution	Income Revenue	Social Contribution
<b>Profit (presumed) before taxes</b>	<b>260.884</b>	<b>260.884</b>	<b>383.143</b>	<b>383.143</b>
Permanent additions	478.757	478.757	92.448	92.448
Permanent exclusions	(77.474)	(74.592)	(126.650)	(123.768)
<b>Taxable Revenue/Basis to social contribution</b>	<b>662.167</b>	<b>665.049</b>	<b>348.941</b>	<b>351.823</b>
Tax rates	15%+10%	9%	15%+10%	9%
<b>Income Revenue and Social Contribution</b>	<b>165.518</b>	<b>59.854</b>	<b>87.211</b>	<b>31.664</b>
Fiscal incentive*	(480)	-	(517)	-
Others	30	-	-	-
<b>Income Revenue and Social Contribution from the period</b>	<b>165.068</b>	<b>59.854</b>	<b>86.694</b>	<b>31.664</b>
Current Income Revenue and Social Contribution	1.249	879	4.480	2.067
Deferred Income Revenue and Social Contribution	163.819	58.975	82.214	29.597
<b>Income Revenue and Social Contribution from the period</b>	<b>165.068</b>	<b>59.854</b>	<b>86.694</b>	<b>31.664</b>

Additions and exclusions towards the Revenue Income Tax and Social Contribution basis is inherent to permanent items such as sponsorship and donations, equity and premium amortization.

	Consolidated			
	31.12.2014		31.12.2013	
	Income Revenue	Social Contribution	Income Revenue	Social Contribution
<b>Controlled</b>				
Artemis <sup>(1)</sup>	-	-	1.489	536
Cerro Chato I <sup>(1)</sup>	-	-	113	45
Cerro Chato II <sup>(1)</sup>	-	-	247	93
Cerro Chato III <sup>(1)</sup>	-	-	218	54
Porto Velho <sup>(1)(2)</sup>	-	-	(638)	(225)
RS Energia <sup>(1)(2)</sup>	-	-	1.429	510
Hermenegildo I	(125)	(46)	-	-
Hermenegildo II	(39)	(15)	-	-
Hermenegildo III	(27)	(11)	-	-
Coxilha Seca	26	10	-	-
Chuí IX	(22)	(9)	-	-
Uirapuru <sup>(1)</sup>	674	346	562	293
<b>Controlling Company</b>	<b>165.068</b>	<b>59.854</b>	<b>86.694</b>	<b>31.664</b>
<b>Totals</b>	<b>165.555</b>	<b>60.129</b>	<b>90.114</b>	<b>32.970</b>
Current income revenue and social contribution	1.949	1.235	6.742	2.958
Deferred income revenue and social contribution	163.606	58.894	83.372	30.012
<b>Totals</b>	<b>165.555</b>	<b>60.129</b>	<b>90.114</b>	<b>32.970</b>

<sup>(1)</sup> Reference to pre incorporation timeframe

<sup>(2)</sup> Presumed profit taxation

**NOTE 44 – FINANCIAL INSTRUMENTS, RISK MANAGEMENT AND FAIR VALUES**

The main financial assets and liabilities instruments are set in accordance to the adopted accounting practices by the company as of December 31<sup>st</sup>, 2014 and December 31<sup>st</sup>, 2013 as below described:

**44.1 Financial Instrument**

The company renders various financial instruments specially available including investment accounts payable and financing.

The amount recorded as assets and liabilities have immediate liquidity or due date mostly in terms of less than three months. Considering the timing and features of such instruments, which are systematically renegotiated, the carrying amounts approximate its fair values.

**44.1.1 Financial Assets and Liabilities**

The main financial assets and liabilities of the company on December 31st 2014 and December 31st 2013, on the following:

	grade	Controlling Company		Consolidated	
		31.12.2014	31.12.2013	31.12.2014	31.12.2013
<b>Financial asset</b>					
<b>a.1) Measured to amortized cost</b>					
<b>Receivables</b>					
Clients	7	163.130	109.700	166.394	112.048
Financial asset - public concession	8	2.069.510	2.064.735	2.152.274	2.150.937
Indemnifiable credits	9	420.730	619.253	420.730	619.253
Renegotiated energy credits	10	543.813	508.454	543.813	508.454
<b>Held until maturity</b>					
Marketable security		174	143	174	143
<b>a.2) Measured to fair value</b>					
Marketable securities	5.1	102.471	-	147.356	2.077
Escrow and attached deposits	6	116.884	139.541	235.307	142.378
		<b>3.416.712</b>	<b>3.441.826</b>	<b>3.666.048</b>	<b>3.535.290</b>
<b>Financial liability</b>					
<b>a.3) Measured to amortized cost</b>					
Suppliers	20	72.017	62.734	76.685	62.863
Funds and loan	21	3.579.746	3.158.751	3.605.408	3.189.839
Debentures	22	-	-	255.159	-
Payable dividends	34.5	8.542	62.887	9.307	63.466
		<b>3.660.305</b>	<b>3.284.372</b>	<b>3.946.559</b>	<b>3.316.168</b>

The amounts recorded in current assets and liabilities tender immediate liquidity or due date, mostly in shorter periods as of three months timeframe. Considering the term and characteristics of these instruments, which are systematically renegotiated, in face of carrying amounts approximate in a range of its fair values.

**44.2 Risks Management (CPC 40 (R1))**

The Company counts on its structure an area responsible for process monitoring controls in order to ensure the internal rules and procedures to ensure a minimum adequate level of security for the recordings proceedings.

In addition to the traceability mapping geared to the financial statements control, it is mapped those risks related to generation availability, critical supply management, legal affairs, tax management, new business and auction, environmental controls and social responsibility.

Eletrosul has achieved enhancements and facing challenges in order to disseminate the risk management practices, however, there is the possibility to trigger improvements and enhancements towards the environment of integrated risk management endeavor.

The Company also counts on an Internal Audit diligence which develops annual audit activities, besides external monitoring by the TCU.

#### 44.3 Risks arising from financial instruments

The Company is exposed to the following risks:

##### 44.3.1 Currency Exchange Rate Risks

The company has a financing contract in foreign currency (Euro) obtained with Eletrobras through the KFW bank to invest in the PCH São Bernardo's complex. About these operations there were not contracted operations as "hedge" (protection).

	<b>Controlling Company</b>			
	<b>31.12.2014</b>		<b>31.12.2013</b>	
	<b>Foreign Currency</b>	<b>Reais</b>	<b>Foreign Currency</b>	<b>Reais</b>
<b>Liabilities</b>				
Loan in Euro	59.242	191.173	59.242	191.143
<b>Net Exposure</b>	<b>59.242</b>	<b>191.173</b>	<b>59.242</b>	<b>191.143</b>

##### 44.3.2 Interest Rate Risks

The company is exposed to the risk that a change in interest rate causes an increase of financial expenses with future interest payments.

The amount of exposure of the company upon the interest rate risks as of December 31st of 2014 and 2013 is as follows:

	<b>Controlling Company</b>		<b>Consolidated</b>	
	<b>31.12.2014</b>	<b>31.12.2013</b>	<b>31.12.2014</b>	<b>31.12.2013</b>
IPCA	840.047	788.767	840.047	788.767
TJLP	1.201.643	1.302.955	1.221.866	1.327.839
SELIC	65.819	244.895	65.819	244.895
Scoop of Currencies	191.173	191.143	196.612	197.347
CDI rate	970.823	250.852	970.823	250.852
Others	310.241	380.139	310.241	380.139
<b>Total</b>	<b>3.579.746</b>	<b>3.158.751</b>	<b>3.605.408</b>	<b>3.189.839</b>

##### 44.3.3 Credit Risks

Except for customer accounts, escrow deposits, financial assets transmission, energy credits renegotiated and indemnity claims, the company has no other significant balances receivable from third parties accounted for this year. For this fact and purpose, this risk is considerably low.

	<b>Controlling Company</b>		<b>Consolidated</b>	
	<b>31.12.2014</b>	<b>31.12.2013</b>	<b>31.12.2014</b>	<b>31.12.2013</b>
<b>Potential balance receivable from third parties</b>				
Clients	163.130	109.700	166.394	112.048
Financial asset - public concessions	2.069.510	2.064.735	2.152.274	2.150.937
Indamnifiable credits	420.730	619.253	420.730	619.253
Energy credits renegotiated	543.813	508.454	543.813	508.454
<b>Total</b>	<b>3.197.183</b>	<b>3.302.142</b>	<b>3.283.211</b>	<b>3.390.692</b>

The RAP of a transmission company is received from companies using its infrastructure via Usage Rate Transmission System (TUST). This rate results from the apportionment among users of transmission of some specific values, (i) the RAP of all transmitters, (ii) the services provided by ONS, and (iii) regulatory burdens.

The granting authority delegated to the generators distributors free counselors exporters and importers monthly payment of RAP, which should be guaranteed by the broadcast regulatory framework, consists in unconditional contractual rights to receive cash or another financial asset so the risk credit is low.

#### 44.3.4 Liquidity Risk

Liquidity risk is the risk of which the Company will face insufficient resources difficulties, cash or other financial assets in order to meet obligations associated with its financial liabilities.

The expected cash flow is held by the company, its projection being continuously monitored in order to guarantee and insured liquidity requirements, limit or covenants of the loan insufficient cash to meet operational needs of the business.

Any excess cash generated by the operations of the company is invested in accounts bearing interest, deposits and short term deposits, choosing instruments with appropriate due dates or sufficient liquidity to provide margin, as determined by the above-mentioned forecast.

The table below analyzes the derivative financial liabilities, by due date dates, for the period remaining on the balance sheet date to the contractual due date date. These figures are excluded from funding provided by the parent company Eletrobras. The amount disclosed in the table appears to be the contractual undiscounted cash flows.

	<b>grade</b>	<b>Controlling Company</b>			
		<b>&lt; 1 year</b>	<b>1 - 2 years</b>	<b>2 - 5 years</b>	<b>&gt; 5 years</b>
<b>Balance in 31.12.2014</b>					
Funds and loans	21	312.974	298.531	777.375	991.009
Suppliers	20	72.017	-	-	-
Concessions to pay – UBP	28	2.099	2.231	7.313	88.550
<b>Balance in 31.12.2013</b>					
Funds and loans	21	278.702	294.912	802.566	1.180.584
Suppliers	20	62.734	-	-	-
Concessions to pay – UBP	28	1.990	2.110	6.918	89.782

	grade	<b>Consolidated</b>			
		<b>&lt; 1 year</b>	<b>1 - 2 years</b>	<b>2 - 5 years</b>	<b>&gt; 5 years</b>
<b>Balance in 31.12.2014</b>					
Funds and loans	21	321.339	306.045	790.363	994.133
Suppliers	20	76.685	-	-	-
Concessions to pay – UBP	28	2.099	2.231	7.313	88.550
Debentures	22	255.159	-	-	-
<b>Balance in 31.12.2013</b>					
Funds and loans	21	284.995	306.423	815.850	1.180.584
Suppliers	20	62.863	-	-	-
Concessions to pay – UBP	28	1.990	2.110	6.918	89.782

#### 44.3.5 Labor Risks

The Company sets forth provisions are made for the contingencies of labor litigation risk recognized by the company, which represent the universe of probable losses, which judicial dispute constitute in termination pay, salary premiums, overtime and other amounts due from subsidiary responsibility, which are quantified at current value by the time of the effective settlement of such application.

The accounting provision of these demands is following the guidelines of accounting pronouncement CPC 25 and impacts for the company are shown in note 26.

#### 44.3.6 Environmental Risks

The environmental actions triggered for the purpose of contingency provisions towards environmental risks in the business units of the Company's commitment to ensure achievement of emissions Environmental Permits and authorization for cutting vegetation, with the support of the Public Ministry which oversees the building of these investments.

#### 44.4 Capital Management

The Company's objectives when managing capital are to safeguard the Company's ability to continue to provide returns for stockholders and benefits for other stakeholders and to maintain and optimal capital structure to reduce the cost.

The financial leverage is calculated as per the net debt divided by total capital. The net debt corresponds to total of loans deducted from the cash and cash equivalents as recorded in the statement. The total capital is calculated by the sum of the total net equity including upfront future capital increase (AFACs) together with the net debt.

#### Financial leverage Index

	<b>Controlling Company</b>		<b>Consolidated</b>	
	<b>31.12.2014</b>	<b>31.12.2013</b>	<b>31.12.2014</b>	<b>31.12.2013</b>
Total of funds and loans	3.579.746	3.158.751	3.605.408	3.189.839
Total of debentures	-	-	255.159	-
(-) Cash and cash equivalents and exclusive funds*	(125.861)	(771.597)	(170.758)	(773.711)
<b>(=) Net Debt</b>	<b>3.453.885</b>	<b>2.387.154</b>	<b>3.689.809</b>	<b>2.416.128</b>
Total of net equity	5.268.691	5.492.934	5.268.691	5.492.934
AFAC's	63.976	59.284	63.976	59.284
<b>(=) Total of capital</b>	<b>8.786.552</b>	<b>7.939.372</b>	<b>9.022.476</b>	<b>7.968.346</b>
Index of financial leverage	39%	30%	41%	30%

\* Investments in exclusive funds render high liquidity.



#### 44.5 Hierarchy for fair value measurement

The Company applies the CPC 40 (R1) for financial instruments measured in the balance sheet at fair value, which requires disclosure of fair value measurements by level of the following hierarchy for fair value measurement. The fair value of cash and cash equivalents, financial application, clients, funds and suppliers are equivalents to its accounting information. Other long term assets and liabilities also give evidence os equivalent values as of its accounting information.

Below is the hierarchy of fair value of consolidated assets of the Company in December 31<sup>st</sup> of 2013 and December 31<sup>st</sup> of 2014.

- **Level 1** – Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- **Level 2** – Input of information, other than quoted prices included within level 1 which are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., as derived from prices).
- **Level 3** – Input of information for the asset or liability which are not based on observable market data (which means, unobservable inputs).

##### Balance in 31.12.2014

Asset	Consolidated			
	Fair Value	Level 1	Level 2	Level 3
Cash and cash equivalents	26.960	26.960	-	-
Marketable securities	143.798	143.798	-	-
<b>Total do Ativo</b>	<b>170.758</b>	<b>170.758</b>	-	-

##### Balance in 31.12.2013

Assets	Consolidated			
	Fair Value	Level 1	Level 2	Level 3
Cash and cash equivalents	47.717	47.717	-	-
Marketable securities	725.994	725.994	-	-
<b>Total Asset</b>	<b>773.711</b>	<b>773.711</b>	-	-

#### 44.6 Risk Exposure Fluctuation Index Sensitivity Analysis

As per CPC 40, the Company shows the sensitivity analysis upon its funds and loans which are subject to variation risks fluctuation risk.

The scenario-prone for December 31<sup>st</sup> 2014 was set based on the premises approved by the Controlling Company and was made available in the market, and the sensitivity calculus was made considering the variation between rates and indexes of the foreseeable scenario for December 31<sup>st</sup>, 2014. The sensitivity analysis also found a variation on 25% to 50% upon the fluctuation indexes taken into this scenario-prone.

#### 44.6.1 Interest Rate Sensitivity Analysis

		<b>Controlling Company</b>				
		<b>31.12.2014</b>				
<b>Indexes (Risk)</b>	<b>Balance in R\$ thousand</b>	<b>Financial Expense Decrease - 12 months</b>			<b>Financial Expense Increase - 12 months</b>	
		<b>Status I (-50%)</b>	<b>Status II (-25%)</b>	<b>Foreseeable Status</b>	<b>Status I (+25%)</b>	<b>Status II (+50%)</b>
<b>LIABILITIES</b>						
IPCA		3,19%	4,79%	6,38%	7,98%	9,57%
TJLP		2,50%	3,75%	5,00%	6,25%	7,50%
SELIC		5,88%	8,81%	11,75%	14,69%	17,63%
CDI		5,88%	8,81%	11,75%	14,69%	17,63%
<b>Funds and Loans</b>						
IPCA	840.047	26.797	40.238	53.595	67.036	80.392
TJLP	1.201.643	30.041	45.062	60.082	75.103	90.123
SELIC	65.819	3.870	5.799	7.734	9.669	11.604
CDI	970.823	57.084	85.530	114.072	142.614	171.156
<b>Total</b>	<b>3.078.332</b>	<b>117.792</b>	<b>176.629</b>	<b>235.483</b>	<b>294.422</b>	<b>353.275</b>
		<b>Consolidated</b>				
		<b>31.12.2014</b>				
<b>Índices (Risco)</b>	<b>Balance in R\$ thousand</b>	<b>Financial Expense Decrease - 12 months</b>			<b>Financial Expense Increase - 12 months</b>	
		<b>Status I (-50%)</b>	<b>Status II (-25%)</b>	<b>Foreseeable Status</b>	<b>Status I (+25%)</b>	<b>Status II (+50%)</b>
<b>LIABILITIES</b>						
IPCA		3,19%	4,79%	6,38%	7,98%	9,57%
TJLP		2,50%	3,75%	5,00%	6,25%	7,50%
SELIC		5,88%	8,81%	11,75%	14,69%	17,63%
CDI		5,88%	8,81%	11,75%	14,69%	17,63%
<b>Funds and Loans</b>						
IPCA	840.047	26.797	40.238	53.595	67.036	80.392
TJLP	1.221.866	30.547	45.820	61.093	76.367	91.640
SELIC	65.819	3.870	5.799	7.734	9.669	11.604
CDI	970.823	57.084	85.530	114.072	142.614	171.156
<b>Debentures</b>						
CDI	255.159	15.003	22.480	29.981	37.483	44.985
<b>Total</b>	<b>3.353.714</b>	<b>133.301</b>	<b>199.867</b>	<b>266.475</b>	<b>333.169</b>	<b>399.777</b>

#### 44.6.2 Foreign Currency Exchange Sensitivity Analysis

Currency (Risk)	Consolidated					
	31.12.2014					
	Balance in ME	Balance in R\$ thousand	Financial Expense Decrease		Financial Expense Increase	
Status I (-50%)			Status II (-25%)	Status I (+25%)	Status II (+50%)	
<b>LIABILITIES</b>						
Currency quoted value (Euro)	3,23		1,61	2,42	4,03	4,84
Loans	59.242	191.173	(95.586)	(47.790)	47.797	95.588
<b>Total</b>	<b>59.242</b>	<b>191.173</b>	<b>(95.586)</b>	<b>(47.790)</b>	<b>47.797</b>	<b>95.588</b>

#### NOTE 45 – ENVIRONMENTAL INVESTMENTS

Throughout the year, the Company performed the following investments and disbursements in regard to the environment, once attested in the fixed asset as well as on the statements, as follows:

	Controlling Company			
	31.12.2014		31.12.2013	
	Investment	Outcome	Investment	Outcome
Environment Investments	12.668	-	2.828	-
Environment Expenditures	-	6.405	-	3.920
<b>Total</b>	<b>12.668</b>	<b>6.405</b>	<b>2.828</b>	<b>3.920</b>

Investments and environmental expenses on the amount of R\$19.073 thousand in 2014 (R\$6.748 thousand in 2013), refer to the recovery programs of degraded areas and biodiversity conservation, and environmental education programs and other environmental projects.

\* Unaudited information by auditors' diligence.

#### NOTE 46 – SUPPLEMENTARY INFORMATION TO CASH FLOW

	Controlling Company		Consolidated	
	31.12.2014	31.12.2013	31.12.2014	31.12.2013
Investments in controlled (a)	(102.963)	-	(102.963)	-
Investments in property (b)	40.420	(19.830)	40.420	(19.830)
	<b>(62.543)</b>	<b>(19.830)</b>	<b>(62.543)</b>	<b>(19.830)</b>

(a) The amount of R\$102.963 thousand refers to the recognition of the obligation for capital contributions performed by Eletronorte, on behalf of Eletrosul, at SPE Norte Brasil.

(b) The amount of R\$40.42 thousand refers to investments in fixed assets as per the accrual basis of which had not been paid yet.

**NOTE 47 – EVENTS AFTER THE BALANCE SHEET ISSUANCE (CPC 24)**

In accordance to provisions as per CPC 24 - Subsequent Events are presented on the following event held between closing date of the year of 2014 and authorization date for completion of financial statements.

**Capital Investment in Investee Companies**

<u>Date</u>	<u>SPE</u>	<u>Event</u>	<u>Amount</u>
06/01/2015	Livramento Holding	AFAC	5.000
12/01/2015	Hermenegildo II	AFAC	1.000
13/01/2015	Costa Oeste	AFAC	2.867
16/01/2015	Livramento Holding	AFAC	17.000
28/01/2015	Chuí Holding	AFAC	1.703
28/01/2015	Hermenegildo I	AFAC	1.548
28/01/2015	Hermenegildo II	AFAC	1.049
28/01/2015	Hermenegildo III	AFAC	700
09/02/2015	Hermenegildo I	AFAC	6.311
09/02/2015	Hermenegildo II	AFAC	5.327
09/02/2015	Chuí IX	AFAC	3.360
20/02/2015	Chuí Holding	AFAC	7.300
06/03/2015	Hermenegildo I	AFAC	1.050
06/03/2015	Hermenegildo II	AFAC	1.550
06/03/2015	Hermenegildo III	AFAC	1.550
06/03/2015	Chuí IX	AFAC	1.050
13/03/2015	Livramento Holding	AFAC	3.000
13/03/2015	Chuí Holding	AFAC	6.500
13/03/2015	Hermenegildo I	AFAC	10.500
13/03/2015	Hermenegildo II	AFAC	10.000
13/03/2015	Hermenegildo III	AFAC	4.500
13/03/2015	Chuí IX	AFAC	5.000
20/03/2015	Chuí Holding	AFAC	5.500
<b>Total</b>			<b>103.365</b>

**NOTE 48 – FURTHER SUBJECTS**

**Betterments fomentation towards transmission systems**

On December 16<sup>th</sup>, 2014, ANEEL, via REN 643/14, established a range of criteria and procedures in view of the performance of investments of which will be inserted upon the tariff proceedings implementation and will be subject to an additional of revenue, including the ones already held from January, 01<sup>st</sup>, 2013. Alongside with the given Resolution, the Company reversed the amount of R\$24.408 thousand recorded to betterment investments once collected between the years of 2013 and 2014, given into consideration these investments to have their additional respective Annual Allowed Revenue - RAP once recognized by regulation, with retroactive effects as of the date of commercial operation and with evaluation in the subsequent Tariff Revision.

**ADMINISTRATIVE BOARD**

**Valter Luiz Cardeal de Souza**  
President

**Eurides Luiz Mescolotto**  
Advisor

**Cláudia Hofmeister**  
Advisor

**Willian Rimet Muniz**  
Advisor

**Wanderlei Lenartowicz**  
Advisor

**Celso Knijnik**  
Advisor

**EXECUTIVE BOARD**

**Eurides Luiz Mescolotto**  
Chief Executive Officer

**Antonio Waldir Vittori**  
Chief Financial Officer

**Paulo Afonso Evangelista Vieira**  
Managing Director

**Ronaldo dos Santos Custódio**  
Engineering and Operational Director

**ACCOUNTING DEPARTMENT**

**Sandro Rodrigues da Silva**  
Department Accounting Manager  
Accountant CRC-SC 15360/O-9

Florianópolis, March 26<sup>th</sup>, 2015.



**Eletrosul Centrais Elétricas S.A**

**Independent Auditor's Report  
On the Financial Statements**

KPMG Independent Auditors  
March, 2015  
KPDS 112461



**KPMG Independents Auditors**  
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## **Independent Auditor's on the financial statement**

Attention to Advisors and Directors of  
**Eletrosul Centrais Elétricas S.A**  
Florianópolis – SC

We have rendered examination upon the individual and consolidated financial statements of Eletrosul Centrais Elétricas S/A (“the Company”), hereby mentioned as Controlling and Consolidated, respectively, of which comprised the balance sheet of December 31<sup>st</sup>, 2014 and its respective income statement, comprehensive income, statement of changes in stockholder's equity, and into cash flows, as of the fiscal year end upon the mentioned date, as well as the summary of the main accountancy praxis and other tutorial notes.

### **Board Liability upon financial statements**

The administration of the company is responsible for the preparation and proper presentation of the given financial statements pursuant to the Brazilian main accounting praxis, as well as internal controlling inured from its proper determination in order to entice the preparation of the financial statements free from any relevant deviation, irrespective from any occurrence of fraud or error.

### **Independent Auditor's Attribution**

Our chore is to estate an opinion in regard to financial statements based in our diligence, once conducted as per Brazilian and international mandatory legislation upon due diligences. Such scope of regulation requires the ethical compliance as from our auditors and the diligence to be planned and executed focused on obtaining a reasonable security as it stands upon the financial statements to be free from any relevant deviation.

An audit diligence pertain proper procedural performance execution as selected and addressed to obtain evidences in regard to the amount and information presented towards the financial statements. These certain selected procedures depend on the discretion from the auditor, including deviation risk assessment upon the financial statements, irrespective if triggered by fraud or error. As per the given risk assessment, the auditor considers the relevant internal controls for the preparation and proper presentation of the given financial statements of the Company in order to set the

appropriate procedural planning as of the given circumstances, but not limited to express an opinion as per the effectiveness of the internal controls of the Company. A due diligence also comprises the analysis of the suitability of the rendered accounting praxis and the reasonable accounting estimate performed by the administration, as well as the assessment of the presented financial statements as set altogether.

We acknowledge the evidence accrued in such diligence to be sufficient and adequate to embed our opinion.





### **Opinion as per the consolidated financial statements**

Upon our basis, the financial statements, as above referenced, adequately corroborates, into all relevant aspects, Eletrosul Centrais Elétricas S.A equities and financial status as of December 31<sup>st</sup>, 2014, as well as its performance in operations and cash flows for the fiscal end year as of that date, in accordance with Brazilian main accounting praxis.

### **Emphasis**

#### *Receivables subject to Controller's approval*

As described in Note 1.3, the Company accepted the conditions of early renovation of concessions upon Provisional Decree 579 (Law N. 12.783/13), countersigned in December 4<sup>th</sup>, 2012, the affected extended concessions contracts.

The remaining balance from the transmission assets, in May 31<sup>st</sup>, 2000, as well as the remaining balance of hydraulic generation in December 31<sup>st</sup>, 2012, in exception of the respective plain projects, it were assessed under responsibility of the Company and its respective reports were forwarded to the National Agency of Electric Energy – ANEEL for ratification purposes, in order to foreseeable award of indemnities.

In December 31<sup>st</sup>, 2014 the remaining balance from transmission assets as above mentioned, accrues the total sum of R\$ 513.455 thousand, and it was determined by the Company at the best of its projection and legislation, subject to be amended until final ratification and execution of it.

Our conclusion does not contain any safeguard upon these subjects.

#### *Operational continuity of the jointly-controlled companies*

In accordance to the tutorial note 1.6 from the corporate financial statements, the jointly-controlled companies together with Energia Sustentável do Brasil Participações S.A, Teles Pires Participações S.A., Chuí Holding S.A, Livramento Holding S.A and Transmissora Sul Litorânea de Energia S.A., are under continuous accrual upon its operations and stated in December 31<sup>st</sup>, 2014, negative working capital on the total amount of 1.228.378 thousand and unsecured liability on the total amount of 97.449 thousand.

Additionally, the company sustains an ongoing investment towards the jointly-controlled ESBR Participações S/A, of which is underway of considerable costs in connection with the development of the hydroelectric project of Jirau. Such costs, according to estimates from the administration of the invested company, shall be absorbed by future income generation for such further project. The conclusion of the venture, and subsequent beginning of operation, depends on the capacity of the

invested company to continue to acquire funds as much as required for the continuity and for the conclusion of these mentioned projects.

The operational continuity of the jointly-controlled companies as above mentioned depends on the maintenance on the financial support from the Controlling Company and its stockholders.



Our opinion does not comprise any of this for the given subject.

*Related Risks in compliance with laws and regulations*

In accordance with the tutorial note 4.7, by means of broadcasted information towards the media in respect of the potential involvement of the company and/or its invested companies in the process of investigation rendered by public federal authorities into a renowned operation called “Lava Jato”, the board of the company adopted certain internal precautionary actions, with the purpose to identify eventual non-compliances towards any mandatory laws or regulations in connection with the subject as above mentioned. Some of these actions are still on the way of its course, nonetheless, based on the information accurate by the company to the date, as per the administration assessment, eventual impact related to this subject, if any, would not figure into financial statements in regard to 2014. However, as the operation “Lava Jato” takes its course, there are certain grounds of uncertainty related to the future developments arising from this investigation procedure once conducted by the public authorities and its eventual impacts towards the financial statements of the company itself. Our opinion does not comprise any of this for the subject.

**Other subjects**

*Added value statements*

We, also, endeavored into individual and consolidated statements as of the added value purposes (DVA), in reference to the fiscal and the year of December 31<sup>st</sup>, 2014, once prepared under the responsibility of the administration of the Company, of which the presentation is required by Brazilian publicly-traded mandatory corporate legislation, as per supplemented information over the IFRS which does not comply with DVA presentation. These statements were submitted to the same parameters of any given diligence as described above, and in our opinion, in exception of eventual effect from determinate adjustments once we perform our procedures of diligence rendering the materiality applicable to this company, if any, are then duly presented, in any of its relevant aspects, in regard to financial statements as set altogether.

*Diligence upon the corresponding figures*

The financial statements corresponding to the year end of December 31<sup>st</sup>, 2013, duly presented by means of crosscheck comparison, were previously audited by other independent auditors who issued the report dated as of March 26<sup>th</sup>, 2014 without any modification.

Florianópolis, March 26<sup>th</sup> 2015.

KPMG Independent Auditors  
CRC SC-000071/F-8



Cristiano Jardim Seguecio

Cristiano Jardim Seguecio

Accountant CRC SP-2445525/0-9T-RS



Danilo Siman Simões

Danilo Siman Simões

Accountant CRC 1MG058180/0-2-T-SP

## FISCAL ADVISORY BOARD OPINION

The members from the Fiscal Advisory Board of Eletrosul Centrais Elétricas S.A., as herein duly countersigned, upon the examination of the Administration Report and the Individual and Consolidated Financial Statements in respect of the year end of December 31<sup>st</sup>, 2014, as embodied in Balance Sheets, Income Statements of the Period, Statements of Changes in Stockholders' Equity, Added Value Statement, and Cash Flow Statement and its respective Tutorial Notes, jointly followed by the issued opinion, as of March 26<sup>th</sup>, 2015 without any remarks, once held by KPMG Independent Auditors diligence, and as per the proposal of the destination of the net income, as of R\$ 1.798 MI as for statutory reserve; R\$ 8.541 MI for stockholders' minimal dividends payable as of the period of 2014 and R\$ 25.623 MI for additional proposed dividends; as mutual understanding upon the Statements above referred to be fully compliant to the comprehensive equity and financial status of Eletrosul Centrais Elétricas S.A, as of such date thereon, and as per the proposal of the destination of the net income to be in accordance with mandatory legislation and to the Bylaws of the Company, to be then in effect and jointly submitted upon the Administration Annual Report, as per the approval of the Stockholders on the forthcoming Ordinary General Meeting.

Florianópolis, March 26<sup>th</sup>, 2015.

  
Sônia Regina Jung

  
Suzana Teixeira Braga

  
Antonio Gomes de Farias Neto