Transmissora Aliança de Energia Elétrica S.A. - Taesa

(Convenience Translation into English from the Original Previously Issued in Portuguese)

Financial Statements for the Year Ended December 31, 2013 and Independent Auditor's Report

Deloitte Touche Tohmatsu Auditores Independentes

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Financial statements

For the year ended December 31, 2013

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TRANSMISSORA ALIANÇA DE ENERGIA ELÉTRICA S.A.

CNPJ Nº 07.859.971/0001-30

MANAGEMENT REPORT

(In thousands of Brazilian reais, except as otherwise indicated)

The Management of Transmissora Aliança de Energia Elétrica S.A. - TAESA (Bovespa: TAEE11), one of the largest concessionaire groups of electricity transmission in the country, submits to your appreciation its Management Report and Separate and Consolidated Financial Statements, together with the Independent Auditors' Report and the opinion of its Supervisory Board for the fiscal year ended December 31, 2013.The consolidated financial statements were prepared according to the International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board (IASB) and the generally accepted accounting practices in Brazil (BR GAAP), identified as Consolidated; and the separate financial statements were prepared according to BR GAAP, identified as Parent Company.

MESSAGE FROM THE MANAGEMENT

From the Company's standpoint, 2013 was a key year for TAESA, marked by mergers, acquisitions, and robust dividends. The Company sought to achieve financial and operating developments, always focused on financial discipline and value adding. The consolidated EBITDA margin remained high, reaching 91.4%. Net income reached R$892.8 million, up 51.5% from 2012. The table below shows a summary of the key events in 2013:

Date	Event	Description
Jan 31	Merger of subsidiaries.	Merger of the subsidiaries NTE, STE, ATE and UNISA with and into Taesa. With the merger of UNISA, the control over ATE II and ATE III were transferred to Taesa.
May 31	Acquisition of associates: TBE Group.	Disbursement related to the Investment in Transmission Assets Agreement with Cemig GT and CEMIG, amounting to R$1,691 million.
Jun 10	Payment of dividends.	Payment on mandatory and additional dividends for 2012, totaling R$359,285 (R$0.34764 per common and preferred share).
Jun 28	Merger of subsidiary.	Merger of subsidiary ATE II with and into Taesa.
Oct 17	Acquisition of indirect associates.	After complying with all the terms set forth in the related Share Purchase and Sale Agreement, on October 17, 2013 associate EATE completed the acquisition of all Transmineiras shares held by Orteng, corresponding to 10 percent of capital, plus other costs totaliing R$33,633
Dec 13	Acquisition in ANEEL auction.	Taesa was the winner of Lot A of ANEEL Action 013/2013, with Annual Permitted Revenue amounting to R$10,990 and discount of 4.76 percent of the RAP ceiling presented by ANEEL.
Dec 20	Payment on interim dividends and interest on capital.	Payment on interim dividends amounting to R$210,000 (R$0.20319 per common and preferred share) and interest on capital amounting to R$190,000 (R$0.18384 per common and preferred share), deducted from 2013 mandatory dividends.

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Taesa recorded in 2013 profits that reflect in significant developments in its corporate management, governance and strategy. At the operating level, our profits point to sound performance and quality in the transmission line availability, as shown by the maintenance of high service levels in our transmission grids and other facilities. The significant progress in operating efficiency reached in the most diverse Company processes is evidenced by the EBITDA Margin level, consequently by the increased cash generation. We should highlight that during this year the efficiency gains were also obtained from several improvement actions in our internal processes, covering the most varied technical, administrative, support, and infrastructure activities, as well as human resources management.

Taesa's results were supported by high corporate governance standards composed by a sound shareholder base and professional management. Taesa's controlling shareholders, consisting of CEMIG as operating partner with recognized quality in managing power sector assets, and FIP COLISEU as partner with significant know how in finance and investment, were critical to the gains achieved through Senior Management decision forums (Board of Directors, Supervisory Board and specific Committees). This combination of skills from the Shareholders combined with Taesa's team, which has a successful track record in the management of its assets and a staff of recognized technical and management excellence, leveraged substantially the results of 2013 and potentialised the competitiveness of the Company.

In addition, we have as strategic guideline a constant search for opportunities that allow sustainable growth and add value for our shareholders and other stakeholders. Another initiative for growth was Taesa's participation in transmission auctions held by ANEEL in 2013, which have shown our effort to acquire new assets and focus on this segment, contingent upon strict financial discipline according to parameters and guidelines to add value established by our shareholders.

Social and environmentally responsible, Taesa seeks to promote effective incorporation in the areas where it operates together with sustainable development, implementing actions and measures via social and sporting projects to support strategic decisions related to sustainability and equity among generations.

Taesa's management is grateful to the shareholders for their support and trust, which have been key to complete all the actions and projects behind our results. We are also thankful to all our Employees, who were determined and committed to building these achievements.

We also extend our thanks to all our Suppliers, Partners and other Stakeholders for their decisive contributions to the accomplishment of the most varied our actions in 2013.

It is with great pleasure that we present the 2013 results, having been successful in many initiatives in this historic year of consolidation for Taesa. In this report, we detail some factors that we believe drove the 2013 results.

THE COMPANY

Transmissora Aliança de Energia Elétrica S.A. ("Taesa" or "Company") is an electricity transmission concessionaire whose purpose is to render various services in the Brazilian electricity industry. Taesa is engaged is the implementation, operation and maintenance of electricity transmission infrastructure in Brazil.

We are one of the largest private electricity transmission groups in Brazil as measured in Annual Permitted Revenue (RAP). We are exclusively engaged in the construction, operation, and maintenance of transmission assets, with approximately 9,752 km in transmission lines in operation and a concession acquired in an auction, that will extend for approximately 85 km.

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In addition, we own assets in 64 substations with voltage ranging from 230 to 525kV, we operated nationwide, and own an Operation and Control Center located in Brasilia. Currently we operate TAESA 28 transmission concessions, and hold 100% of the assets of 13 concessions, a stake in ETAU, Brasnorte, and 13 other concessions of TBE.
The map below shows the location of Taesa's concessions:

Law 12783/13 (conversion of Provisional Act 579/12) - applicability to the Taesa Group concession agreements

Enacted by the President of Republic on September 11, 2012, MP 579/12 ("Provisional Act" or "MP"), converted into Law 12783/13, establishes the measures for extension of power generation, transmission and distribution concessions, on the reduction of sectorial charges and tariff moderation.

Law 12783/13 only addresses power generation, transmission and distribution concessions granted before publication of Law 8987/95, which expire between 2015 and 2017. These concessions were not subject to a bid process, since at the time these concessions were granted only upon verification of the existence of a reputable requesting party or through public bids for the operation of power services conducted by the Brazilian government. Said Law also establishes the termination and reduction of certain sectorial charges.

In this context, the terms and conditions set forth in Law 12783/13 are not applicable to the Company's and its subsidiaries' and jointly controlled entities' concession arrangements because they are subsequent to the publication of Law 8987/95, where the bid process was held. This understanding is defined by the law itself and supported by the opinion of an outside legal counsel that conducted the legal analysis.

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Provisional Act 627/2013

On November 11, 2013 Provisional Act 627 was issued to repeal the Transitional Tax Regime (RTT) and introduce other provisions, such as: (i) amendments to Decree Law 1598/77, which addresses corporate income tax, and the social contribution on net income law; (ii) establishes that the change or adoption of accounting methods and criteria under administrative measures issued based on the jurisdiction attributed by the Commercial Law, after the enactment of this Provisional Act, shall not have any impact on the calculation of federal taxes until a tax law regulates the matter; (iii) it provides for a specific treatment of the potential taxation of profits or dividends; (iv) includes provisions on the calculation of interest on capital; and includes considerations on investments measured by the equity method of accounting.

Said Provisional Act is effective beginning 2015. Its early adoption in 2014 could eliminate potential tax effects, especially those associated with the payment of dividends and interest on capital effectively paid by the date Provisional Act was enacted, and on the share of profit of subsidiaries.

Considering the current level of operation and the wording of said statute, if the Provisional Act is adopted only in 2015, the main items that could affect the Company's financial position are as follows:

(i) Taxation of the dividends effectively paid by the date Provisional Act was enacted and generated beginning January 1, 2008 through December 31, 2013, higher than the balance sheet amount determined based on the criteria prevailing as at December 31, 2007 (provided for by Regulatory Instruction 1397/13, issued on September 17, 2013). The Company has distributed substantially all the profits earned since January 1, 2008, as adjusted by the legal and tax incentive reserves recognized in the period.

(ii) Lack of a specific provision to defer the profit earned during the infrastructure construction stage, the balance item of which is recognized in Financial assets (applicable exclusively to the concessions to be acquired after the enactment of Provisional Act 627/2013); and

(iii) PIS and COFINS credits on the acquisition of assets and inputs linked to the investments (construction, refurbishment or expansion) of the transmission lines or substation, under the agreements entered into with the ANEEL.

The Company also believes that there is not sufficient information available to conclude on the possible impact on the financial settlement of the temporary differences in the tax treatment arising from the concession agreement. As at December 31, 2013, the Company had a consolidated balance of deferred tax liabilities (IRPJ, CSLL, PIS and COFINS) amounting to R$696 million.

Management awaits the developments and the possible amendments to the original wording of said Provisional Act to make a decision on its early adoption, within the deadlines established therein.

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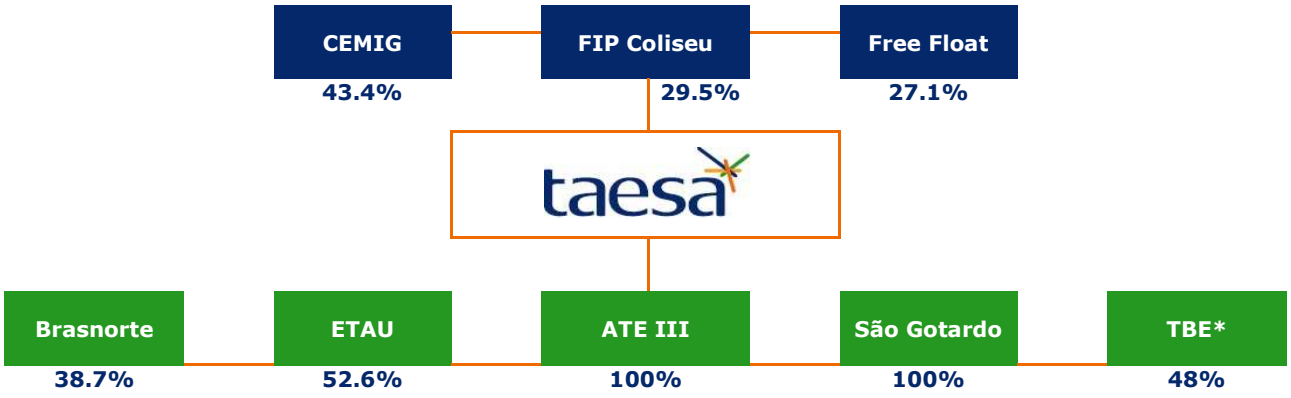
ORGANIZATIONAL STRUCTURE

Organization chart of the Taesa Group as at December 31, 2013:



(*) TBE or the TBE Group is a small set of thirteen electricity transmission concessionaires. Taesa holds an average stake of 48% in these companies.

In de 2013, mergers and acquisitions resulted in some changes in the Taesa's organization chart. We detail these events below:

The mergers did not result in any change in the Company's capital since they refer to the mergers of wholly-owned subsidiaries and, consequently, there was no issuance of new shares; therefore, the establishment of any exchange ratio was not necessary in view of the merger.

Due to the mergers' characteristics, there was no right of withdrawal or reimbursement to dissenting shareholders. There was no goodwill or gain on bargain purchase since all the mergers were conducted at book value and did not result in gains or losses for the Taesa Group. The assets and liabilities merged by the Company are detail Note 29 - Noncash Transactions.

Mergers

Two mergers with and into Taesa were completed aimed at optimizing the corporate and administrative structure, consolidate Taesa's cash generation at corporate level, and cut costs in 2013, as follows:

- Merger of the subsidiaries NTE, UNISA, STE and ATE: The Extraordinary Shareholders' Meeting of Taesa held on January 31, 2013 approved the merger into the Company of UNISA, ATE, STE and NTE pursuant to the Merger Protocols entered into on December 14, 2012.

- Merger of ATE II: The Extraordinary Shareholders' Meetings of ATE II and Taesa, both held on June 28, 2013, approved the merger with and into Taesa of ATE II, as provided for by the Merger Agreements executed on June 12, 2013.

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Acquisitions

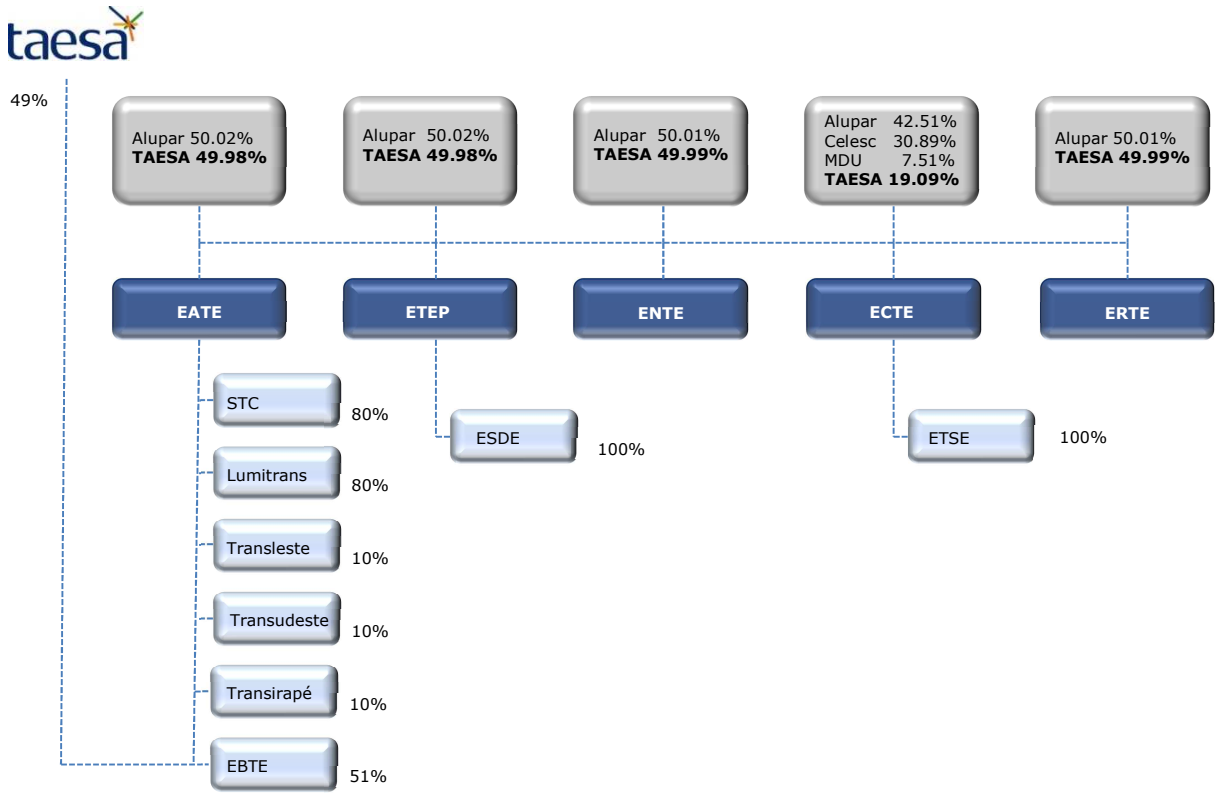
Confirming the Company's constant growth profile, 2013 was marked by acquisitions of a subsidiary, associates, and indirect associates. We detail these acquisitions below:

- Acquisition of associates and indirect associates: On May 17, 2012 we announced the signature of the equity transfer agreement of the TBE Group from CEMIG to Taesa. This transaction was completed on May 31, 2013, when Taesa disbursed R$1,691 million. As a result, the Company added 3,127 km to its current asset base.
- Acquisition of indirect associates. On August 8, 2013, associate EATE (TBE Group) entered into a Share Purchase and Sale Agreement with Orteng Equipamentos e Sistemas S.A. ("Orteng") for the acquisition of 10 percent of the total capital of the transmission companies Transudeste, Transleste and Transirapé de Transmissão ("Transmineiras")

After the compliance with all the terms provided for by the Purchase and Sale Agreement, on October 17, 2013 associate EATE completed the acquisition transaction of 100 percent held by Orteng, corresponding to 10 percent of the capital of Transmineiras, plus other costs totaling R$33,633.

- Acquisition of subsidiary: On December 13, 2013 Taesa was the winner of Lot A of ANEEL Action 013/2013, with Annual Permitted Revenue amounting to R$10,990 and discount of 4.76 percent of the RAP ceiling presented by ANEEL. For this purposes, we established a Special Purpose Entity ("SPE") Mariana Transmissora de Energia Elétrica S.A. ("MAR"), which will receive the concession of the 85 km-long electricity transmission line of 500 kV, in the State of Minas Gerais, between Itabirito and Vespasiano. Our management estimated that the concession agreement will be executed in the first quarter of 2014.

The organization chart of the Taesa Group also taking into account the indirect associates acquired by EATE is as follows:



As a concessionaire of electricity transmission utility services, practically all the Company's revenues arise from the Authorized Annual Revenue ("RAP") it receives in return for the implementation, operation and maintenance of its transmission facilities. The RAP is based on the amount offered by the concessionaire that made the winning bid at the auction and it is not related to the amount of electricity transmitted by its facilities. The RAP is adjusted annually for inflation, as measured by the General Market Price Index (IGP-M) and, in the case of Brasnorte, ATE III, SGT, STC, EBTE and ESDE, by the Broad Consumer Price Index (IPCA). In addition to the annual adjustment to the Concession Agreements, the RAP may also be adjusted due to extraordinary events, such as changes in tax or other relevant laws and in approved investments in transmission lines and facilities duly approved by ANEEL.

CORPORATE GOVERNANCE

Taesa is committed with the best management and corporate governance practices, and is listed in São Paulo Stock Exchange's (BOVESPA) Level 2 of Corporate Governance. In addition, the Company grants its preferred shares the right to tag along and receive 100 percent of the price paid for any transfer of control.

The Company is enhancing its policies, procedures and internal controls to fully comply with the provisions of Law 12683/12 ("Law 12683/12"). Law 12683/12, which amends law 9613/98, addresses "money laundering crimes" and was enacted to make the criminal persecution of money laundering crimes more efficient and list the individuals subject to this type of control.

The Company's senior management has significant experience in the industry and it is closely monitored by the Controlling Shareholders, the Board of Directors, and the Supervisory Board.

QUALITY

IS0 9001:2008 Certification - On October 12, 2009, the Company obtained, through the certification company Bureau Veritas, the Quality Management System - ISO 9001:2008 certification for Transmissora Aliança de Energia Elétrica S.A. in the concessions Novatrans Energia S.A. and TSN covering the following scope: Provision of Operation and Maintenance Services in Electric Power Transmission. In the period from September 10 to 12, 2012 a recertification audit was conducted and it identified that the Quality Management System is implemented in conformity with the requirements of ISO 9001:2008, maintaining, therefore, the ISO 9001:2008 Certification.

Ethics Commission, Communication Channel with the Ethics Commission and e-mail of the Compliance Officer - Taesa established an Ethics Commission for the purpose of clarifying and investigating possible issues related to the topics addressed by the Code of Ethics adopted by the Company. Consequently, all employees will be able to report doubts, criticism, suggestions and incidents related to the Company's Code of Ethics, through the Communication Channel with the Ethics Commission. The employee can either disclose his/her identity or remain anonymous when sending a message through this Channel. The system was designed not prevent the registration of any personal data or data from the computer used to send the message, should the employee decide not to disclose his/her identity. The Compliance Officer's e-mail address, disclosed in TAESA's Code of Ethics, remains active, but is used only by people who do not belong to our organization and wish to report incidents related to Taesa's Code of Ethics.

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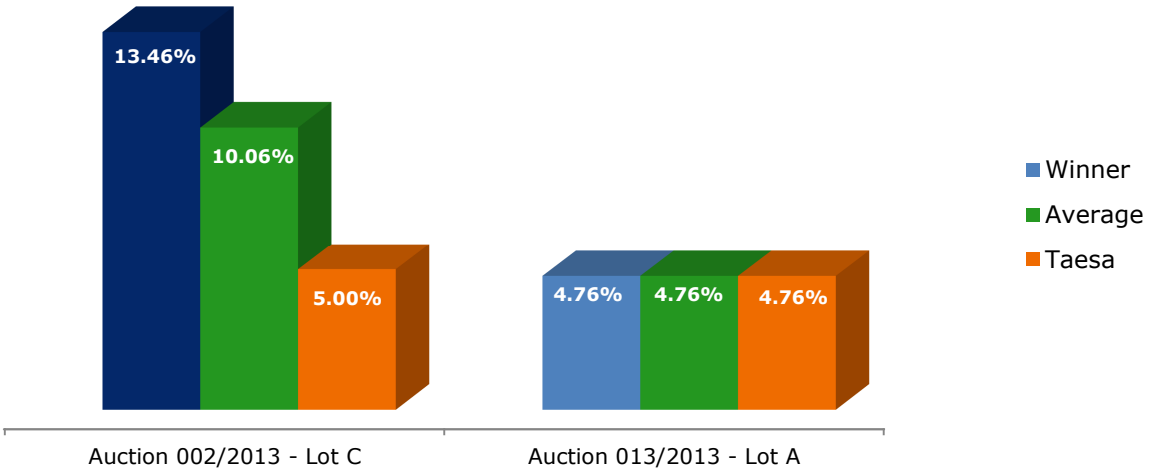
BUSINESS PERFORMANCE

Transmission auctions

In 2013 TAESA participated in four auctions with bids in only one lot of each. The discounts obtained in the auctions in which the Company participated:



Taesa was the only company bidding in lot A of Auction 013/2013, which we won.

New acquisitions and auctions

- Completion of the TBE Group associates and indirect associates acquisition processes; and
- Winning of Lot A of ANEEL Auction No. 013/2013.

Natural hedge against inflation

As revenues are adjusted annually by the IGP-M or the IPCA, our business has a natural hedge against inflation.

The RAP is annually adjusted on July 1 by the twelve-month inflation index (IGP-M or IPCA), for June 12 of the previous year to May of the base year. The table at right shows the annual RAP adjustment since 2007.

Cycle	IPCA	IGP-M
2007-2008	3.2%	4.4%
2008-2009	5.6%	11.5%
2009-2010	5.2%	3.6%
2010-2011	5.2%	4.2%
2011-2012	6.6%	9.8%
2012-2013	5.0%	4.3%
2013-2014	6.5%	6.2%

On June 27, 2013, the ANEEL published Resolution 1559 with Annual Permitted Revenue of the Transmission concessions. The concessions adjusted by the IGP-M were adjusted at 6.22 percent and concessions adjusted by the IPCA were adjusted at 6.50 percent.

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STRATEGY

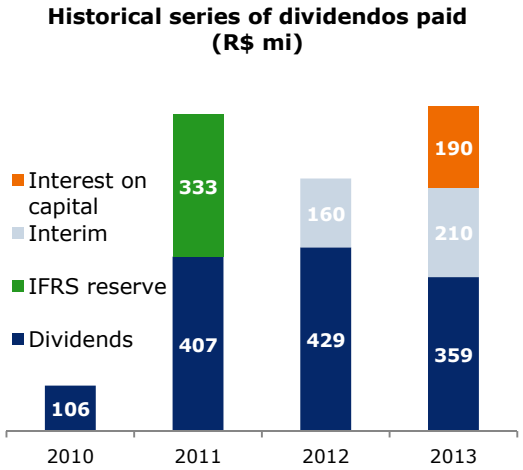
We aim at becoming the leaders among the Brazilian electricity transmission industry companies, providing high-quality utility services, and maximizing the value we generate for our Shareholders, Employees, Agents connected to our facilities (including electricity generation and distribution companies), and to the Concession Grantor and Regulatory Authorities.

Dividends and interest on capital paid

Pursuant to our bylaws, Taesa must distribute at least 50 percent of its profit for the year, after the recognition of the legal and the tax incentive reserve. The chart below shows the history of dividend payment.

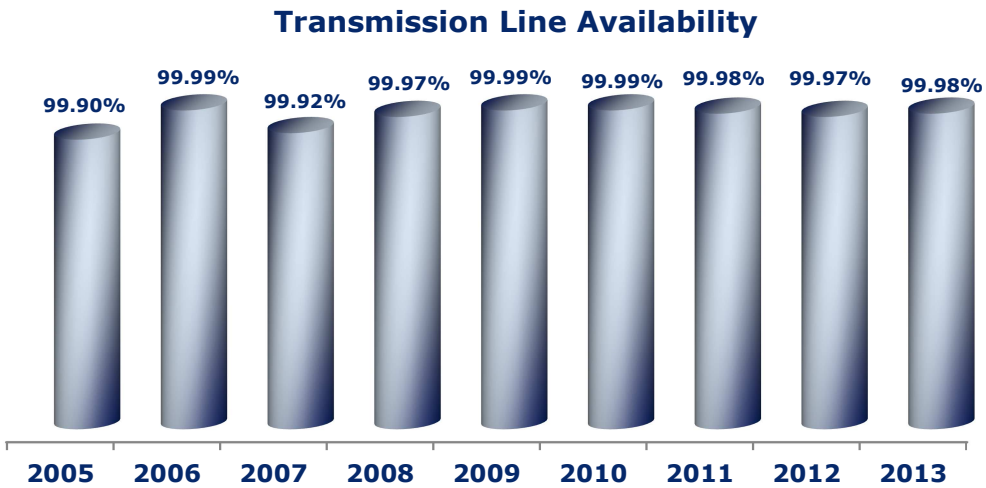
We distributed as dividends 88.14 percent (R$519 million) of profit for 2012, of which R$160 million was paid in December 2012 as interim dividends and R$359 million was paid in June 2013 as 2012 addition and minimum mandatory dividends.

In December 2013 we also paid R$210 million as interim dividends and R$190 million as interest on capital, charged to the minimum mandatory dividends 2013.



OPERATING PERFORMANCE

From an operating standpoint, we once again proved our ability to consistently maintain the availability of the transmission lines at high levels, reaching the result of 99.98 percent in 2013. This performance is also due to the quality of our assets and facilities and, mainly, the technical skill and expertise of the teams responsible for the operation and maintenance of our key processes. As a result, we controlled the variable portion within the planned limits and closed 2013 posting a portion around 0.66 percent of our Permitted Annual Revenue (RAP).



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Taesa's Operating Revenue was adjusted according to its concession agreements, thus hedging it against inflationary losses and maintaining it at the levels expected by its management. The primary adjustment index of the revenues of TAESA's concessions is the IGP-M variance.

2013-2014 cycle	Total	PA calculation	Total net
TSN	385,689	(11,803)	373,886
Gtesa	7,021	(212)	6,809
Munirah	28,802	(869)	27,933
Patesa	16,862	(509)	16,353
ETEO	138,821	(4,188)	134,633
Novatrans	410,285	(12,378)	397,907
ETAU *	18,002	(523)	17,479
Brasnorte *	7,662	(243)	7,419
NTE	120,847	-	120,847
ATE	117,617	(3,879)	113,738
ATE II	179,035	(5,402)	173,633
ATE III	88,908	(2,503)	86,405
STE	64,484	-	64,484
ENTE *	88,838	(2,680)	86,158
EATE *	169,753	(5,121)	164,632
EBTE *	27,336	(1,436)	25,900
ECTE *	14,320	(432)	13,888
ETEP *	38,676	(1,168)	37,508
ERTE *	19,941	(426)	19,515
STC *	12,798	(176)	12,622
Lumitrans *	8,402	(253)	8,149
ESDE *	2,697	(3,489)	(792)
ETSE * (a)	3,014	-	3,014
Transirapé *	17,810	(246)	17,564
Transleste *	32,212	(972)	31,240
Transudeste *	19,965	(602)	19,363
SGT (b)	3,982	-	3,982
TOTAL	**2,043,779**	**(59,510)**	**1,984,269**

- 2013-2014 cycle - RAP for the July 1-June 30, 2014 period - ANEEL Approving Resolution 1559, of June 27, 2013.

(*) Refer to amounts proportional to our equity interests in the concessions as at December 31, 2013. These concessions are Taesa's jointly controlled entities or associates whose results are incorporated in our financial statements under the equity method.

(a) Startup scheduled for July 2014.

(b) Startup scheduled for March 2014.

2012-2013 cycle	Total	PA calculation	Total net
TSN	361,361	(14,325)	347,036
GTESA	6,610	(266)	6,344
MUNIRAH	27,116	(1,088)	26,028
PATESA	15,875	(637)	15,238
ETEO	130,696	(5,250)	125,446
NOVATRANS	386,272	(15,515)	370,757
ETAU **	16,948	(447)	16,501
BRASNORTE **	8,499	(303)	8,196
NTE	113,774	(4,570)	109,204
ATE	110,734	(5,433)	105,301
ATE II	168,557	(6,764)	161,793
ATE III	77,885	(3,103)	74,782
STE	60,710	(2,436)	58,274
TOTAL	**1,485,037**	**(60,137)**	**1,424,900**

- 2012-2013 Cycle - RAP for the period July 1, 2012-June 30, 2013 - ANEEL Approving Resolution 1313 of June 26, 2012.

(**) Amounts proportional to our equity interests in the concessions as at December 31, 2012.

2011-2012 cycle	Total	PA calculation	Total net
TSN	346,228	(2,866)	343,362
MUNIRAH	26,008	127	26,135
GTESA	6,340	(53)	6,287
PATESA	15,226	62	15,288
NOVATRANS	370,484	(3,073)	367,411
ETAU **	16,254	(326)	15,928
ETEO	125,354	(1,040)	124,314
BRASNORTE **	8,098	50	8,148
NTE **	63,656	-	63,656
STE **	16,984	202	17,186
ATE **	30,977	128	31,105
ATE II **	47,153	230	47,383
ATE III **	21,637	81	21,718
TOTAL	**1,094,399**	**(6,478)**	**1,087,921**

- 2011-2012 Cycle - RAP for the period July 1, 2011-June 30, 2012 - ANEEL Approving Resolution 1171 of June 28, 2011

(**) Amounts proportional to our equity interests in the concessions. Specifically for NTE and subsidiaries of UNISA we have: NTE – 100 percent of seven months (December of 2011 to June of 2012) and UNISA subsidiaries – 50 percent of seven months (December 2011-June of 2012).

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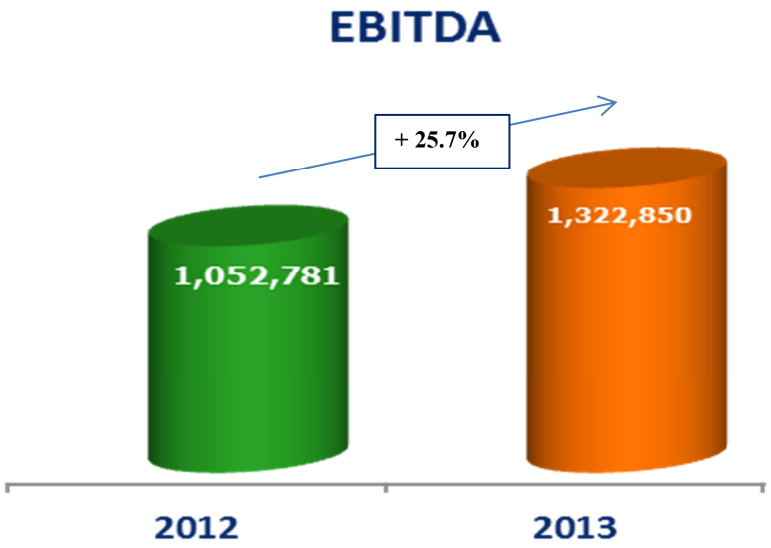
CONSOLIDATED ECONOMIC AND FINANCIAL PERFORMANCE

EBITDA

This year, EBITDA totaled R$1,322,850 with an EBITDA margin of 91.4 percent, 2 p.p. down from 2012.

	2013	2012	Change	Ch. (%)
Net operating revenue	1,447,851	1,126,865	320,986	28.5%
EBITDA	1,322,850	1,052,781	270,069	25.7%
EBITDA margin – standard	91.4%	93.4%	-	-2.0%
EBITDA Reconciliation				
Profit for the year	892,852	589,182		
Finance income (costs), net	369,465	247,274		
Income tax and social contribution	58,853	214,637		
Depreciation	1,680	1,688		
EBITDA	**1,322,850**	**1,052,781**		

EBITDA – corresponds to income before taxes, net finance income or costs, and depreciation and amortization. EBITDA is not a recognized measure under the accounting practices adopted in Brazil and IFRS and does not represent a cash flow for the reporting periods presented, and should not be considered an alternative to profit for the year or a performance indicator. The reported EBITDA is used by us to measure our own performance. We believe that some investors and financial analysts use EBITDA as an operating performance indicator.



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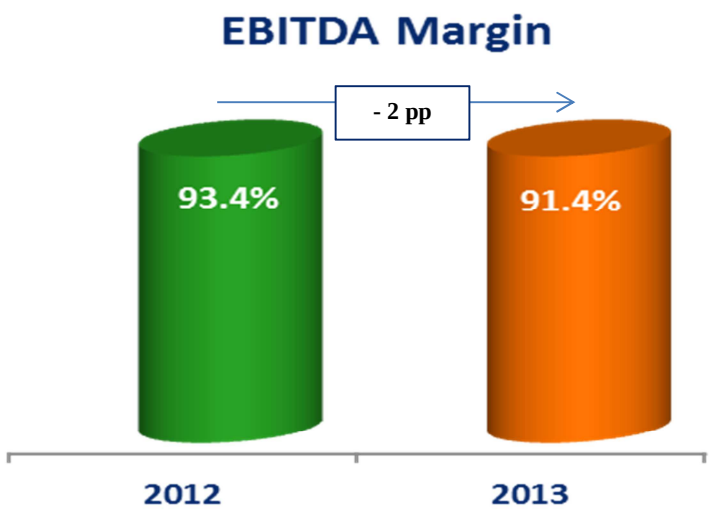
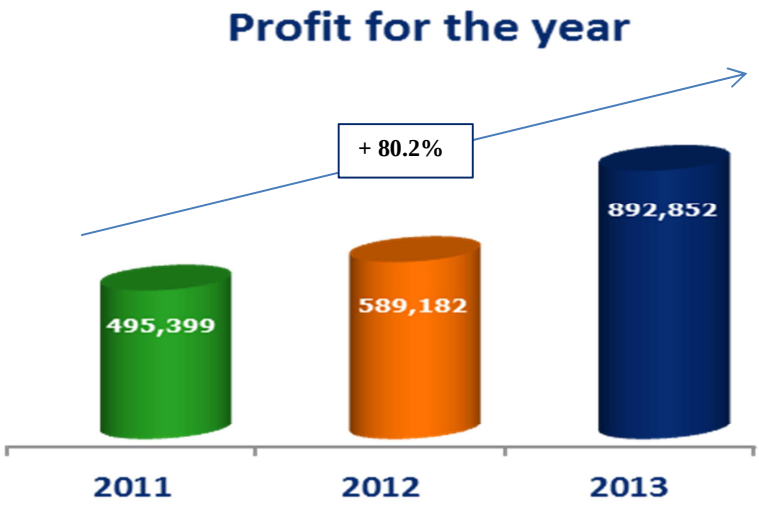


PROFIT FOR THE YEAR



We highlight below the main drivers of our year-on-year improved profit for 2013:

- ✓ Acquisition of the TBE Group associates in May 2013;
- ✓ Annual adjustment for inflation (IGP-M 6.22 percent and IPCA 6.50 percent - pursuant to Approving Resolution 1559 of June 27, 2013, which established the annual permitted revenues (RAPs), adjusted for the 2013/2014 Cycle, charged beginning July 1, 2013);
- ✓ Reduction of debt service charges because of our prepayment of the Novatrans Syndicate loan and the BNDES and IADB loans granted to the companies STE, NTE, ATE and ATE II in the first quarter of 2013, and the settlement of the promissory notes in November 2012; and
- ✓ As a result of the merger of the wholly-owned subsidiaries NTE, ATE, STE and ATE II, in 2013, certain assets became deductible for tax purposes, thus reducing the previously existing temporary difference amounting to R$73,466.

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Debt

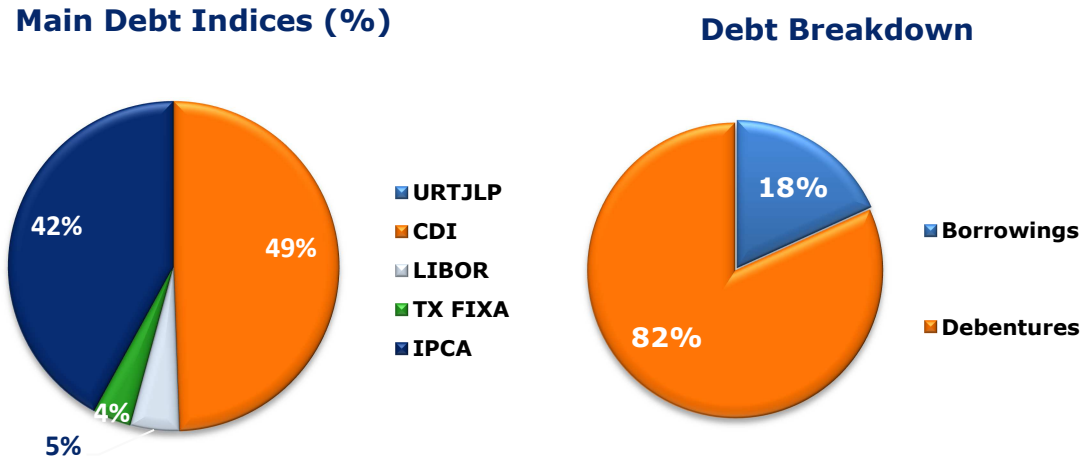
In order to reduce the debt cost and manage more financial flexibility, we prepaid the borrowings below in 2013. Therefore, the Company reaffirms its commitment to generate value to its shareholders through the optimization of the capital structure.

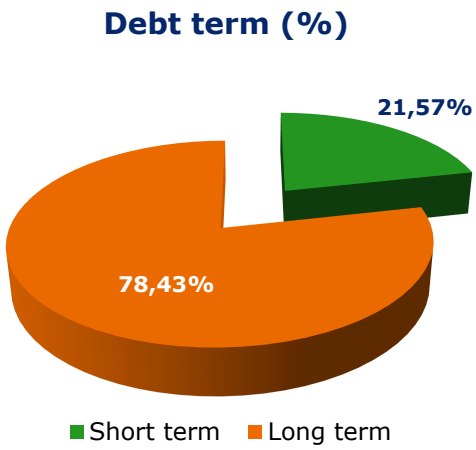
Concession	Creditor	Settlement date	Amount
TAESA (NVT)	Syndicate - Santander, Citibank e BNP	03/15/2013	13,581
STE	Unibanco	03/15/2013	526
STE	BNDES	03/15/2013	51,181
NTE	BNDES	03/15/2013	74,664
ATE	BNDES	03/15/2013	138,139
ATE II	BNDES	05/15/2013	228,462
ATE II	IDB	05/15/2013	192,124
			698,677

Net Debt

	2013	2012
Current	942,160	421,715
Noncurrent	3,425,203	4,316,320
Gross debt	4,367,363	4,738,035
(-) Cash and cash equivalents and securities	(534,126)	(2,626,617)
Net debt	3,833,237	2,111,418
Net debt/EBITDA	2.90	2.01

Net debt - Net debt is not recognized under the accounting practices adopted in Brazil and does not have a standard meaning; therefore, it is not comparable to similar measures provided by other companies, and it is not a measure of cash flows, liquidity or debt repayment ability. Net debt represents the sum of Borrowings and Financing and Debentures in Current Liabilities and Noncurrent Liabilities, less Cash and Cash Equivalents and Securities. The reported net debt is used by the Company to measure its own performance. We believe that some investors and financial analysts use net debt as a performance indicator.





CAPITAL MARKETS

In 2012, the Company returned to the capital market and in July conducted its Re-IPO, raising R$1,755 million and increasing the free float to 27 percent of total capital. In a one-year period, Taesa's units (TAEE11) depreciated 7.4 percent and closed 2013 at R$18.20 (R$19.65 at the end of 2012, quotation adjusted by the distribution of dividends for the period).

As at December 31, 2013 our market cap was R$6.3 billion.

Rating

The Company was awarded by the credit rating agencies S&P, Moodys and Fitch ratings that reflect a perception of sound profitability and strong cash generation ensuring sound credit indicators and liquidity profile and that positions the Company in the investment grade within the National and Global Scale with a stable outlook.

Fitch	Rating	Outlook
Local and foreign currency rating	BBB	Stable
National scale rating	AAA(bra)	Stable
Standard & Poor's	**Rating**	**Outlook**
Corporate credit rating - Brazilian National Scale	brAAA	Stable
Short-term rating for 4th promissory note issue	brA-1	Stable
Global scale rating	BBB-	Stable
Moody's	**Rating**	**Outlook**
Global scale rating	Baa3	Stable
Brazilian National Scale Rating	Aa1.br	Stable

TECHNICAL MANAGEMENT

The Company's technical team, supported by all the processes reported above, developed the technical feasibility studies for participation in the auctions held in 2013, with engineering solutions that provided the competitiveness necessary for Taesa to participate in these auctions.

Studies and proposals were also developed aiming at installing new equipment and systems at Taesa's substations, referred to as "Improvements" and "Enhancements" for regulatory purposes. The "Enhancements" add quality to the Company's services, while the Reinforcements, after approved by ANEEL, provide the Company with additional revenue to cover the investments deemed necessary to expand facilities' transmission capacity.

Specialized maintenance on circuit breakers, transformers and reactors provides Taesa's technical team a competitive edge in maintenance execution processes. Accordingly, we have continuously invested in the training of our maintenance and operation teams, as well as in methodologies to improve the results of the interventions in its facilities. Hot Line special services that enable an effective intervention in the equipment without the need for facility shutdown are also a highlight, contributing to an increased availability of our substations and transmission lines.

Routine maintenance ensures the consistent operational availability of Taesa's transmission lines at the highest performance levels, contributing to increased reliability of the Interconnected Electric System.

QUALITY POLICY

The Taesa Group's concessionaires, supported by its senior management and employees, emphasize their commitment to quality and declare that our overarching guidelines call for fully meeting the customer's requirements and the commitment to continuous improvement and excellence in the quality management system, aiming at operating services and transmission line maintenance.

PEOPLE MANAGEMENT

The development process for our employees must be understood as a business strategy and is an integral part of our management model. All investments related to this matter serve as strategic function to ensure, in the present and in the future, availability of the skills required to provide business leadership. By continuously investing in the growth and development of our employees, Taesa prepares them to create and offer better results for the business.

Furthermore, Human Resources strategies summarize a set of principles, concepts and an action cycle aimed at the development, quality of life and motivation of employees, and, consequently, our success.

Taesa ensures all our employees equal opportunities, in an ethical and transparent manner, respect for diversity, the possibility of developing a solid career, remuneration compatible with the market, attractive benefits in a challenging and motivating environment and also acts as a facilitator of information flow, promoting an objective, direct and two-way communication that is respectful and transparent.

Talent attraction and retention

We believe that people are the organization's key drivers, capable of providing it with the intelligence and learning indispensable for continuous renovation and competitiveness in an environment of changes and challenges. Accordingly, people achieve their professional growth by using their talents to face challenging work situations.

Based on this assumption, Taesa adopted an Internal Recruiting practice where, before looking for new talent on the market, opportunities are offered to the Company's employees, promoting real growth and development opportunities. With this practice, the Company raises employees' expectations for their professional future, retains talents, and values its human capital.

Training

Taesa's Qualification Policy is designed to promote and implement learning actions and strategies so as to enable employees to acquire and enhance capabilities, skills and knowledge that contribute to their professional growth, reflecting the appreciation of the individual and achieving quality and productivity standards necessary to accomplish Taesa's mission and vision.

Taesa intends to further expand qualification actions, by encouraging and supporting the employee in his/her qualification initiatives oriented to the development of institutional and individual capabilities.

Job and Salary Plan

Taesa's compensation policy is intended to define and maintain equitable appreciation and growth criteria, aiming at achieving internal and external competitive balance with respect to its job and salary structures, as well as with respect to its benefit plan. To this end, the Company relies on an own professional executive structure, supported by an independent external advisory firm recognized in the market, the job structure adopted by Taesa being represented by a corresponding salary structure.

Employees receive a variable compensation, based on and aligned with the Company's financial performance, coupled with the fulfillment of the responsibilities inherent to their positions at a level above than that expected.

Communication Processes

Taesa believes that an efficient communication process is one of the most important factors for success of major corporations. Therefore, in an attempt to get closer to its employees, Taesa invests heavily in communication processes, implementing various vehicles that enable strengthening the relationship and reliability among the company and employees, disseminating an information sharing culture at all levels.

Occupational Safety

Taesa, in order to familiarize its employees with a safety culture, has promoted in 2013 various qualification and safety and defensive driving courses.

Safety indicators, which support safety analysis, enable planning actions so as to prevent accidents.

(Convenience Translation into English from the Original Previously Issued in Portuguese)

SOCIAL & ENVIRONMENTAL RESPONSIBILITY

Taesa Group invests in social-oriented projects, because they contribute to the social development and appreciate citizenship. During 2013, about R$2,299 was invested through the Rouanet Law, the Sports Law and the Childhood and Adolescence Fund (FIA). Below are the key projects implemented in 2013:

Rouanet Law

- "Elis, a musical" project: "Elis, a musical" project consists of the creation, production and performance of "Elis - A musical" music show, written by Nelson Motta and directed by Dennis Carvalho. With a completely national production, the show was performed during four months at Oi Casa Grande Theater, in Rio de Janeiro, from November 2013 to February 2014. The idea is to narrate the history of Elis Regina getting into the music business, keeping Elis legacy alive and accessible to the public, who has introduced or brought notoriety, through her music, to some of the most important MPB songwriters.

- "A menina esqueleto" project: "A Menina Esqueleto" project encompasses the organization of a children & adolescent show, oriented to the family, comprising arts, theater, contemporary dance, puppets and multimedia. With a language focused on visual, sound and sensorial stimulus, the show addresses the construction of the love process through the Nordic legend of the Arctic people. 36 initial shows are scheduled to be performed, at low prices.

- "Guia Cultural da Costa Verde" project: "Guia Cultural da Costa Verde" projects refers to the integrated compilation of up to one hundred (100) cultural attractions in places located at the Costa Verde region for the preparation of a Cultural Visitor's Guide, in the form of a book, to be distributed free of charge in strategic selected sites throughout the State of Rio de Janeiro. Besides the printed guide, the initiative will also make available its entire content in a multimedia Internet portal, and launch 4 different applications for tablets.

- "Fado Tropical" project: The project consists of the organization and performance of an instrumental and erudite music show starred by Fafá de Belém, about the work of Brazilian and Portuguese songwriters and poets, with the participation of important Brazilian and Portuguese musicians. Participations: Sebastião Tapajós, Diego Figueiredo, Manoel Cordeiro, Felipe Cordeiro, Nego Nelson, Wagner Tiso, Marcio Malard and Portuguese musicians Pedro Joia and mestre Antonio Chainho. Fafá de Belém performed the erudite repertory of Villa Lobos and Waldemar Henrique. The show was performed at Igreja de Santo Alexandre, at the Museu de Arte Sacra, in Belém, in October 2013, during the Círio de Nazaré week.

- "Música Sinfônica" project: "Música Sinfônica" project refers to the recording of a show performed by Sergio Reis and Renato Teixeira for the production of DVD "Amizade Sincera ao vivo no Rio de Janeiro", at NET RIO theater (Rio de Janeiro).

- "O Circo" project: "O Circo" project contemplates the production, editing and publication of a trilingual arts book (Portuguese, English and Spanish) and images from photographer Gustavo Malheiros about the art and presentation of circus performers at the I International Circus Festival in Rio de Janeiro. Three thousand (3,000) copies will be made, whose launching is scheduled to occur in July 2014, at the main bookstores of Rio and São Paulo.

Sports Law

- "Equipe Ricardo Acioly de Tênis" project: "Equipe Ricardo Acioly de Tênis" project is focused on the training of a team of four (4) top tennis players, to improve the ranking at national and international level, and enable the inclusion of one of those players in the Brazilian tennis team in the Olympic Games of Rio de Janeiro in 2016.

Childhood and Adolescence Fund (FIA)

Special fund created by law to raise funds to be specifically allocated to the childhood and adolescence area, whose specific purpose is to sponsor programs, projects and actions for the promotion and defense of the rights of the child and adolescent and their respective families. It is comprised of a group of revenues (financial resources deposited in one or various bank accounts), which are invested as decided by the Child and Adolescent Right Councils (CMDCA). Within municipal scope, FIA is managed by CMDCA, with the support (administrative) of the bodies responsible for municipal planning and investment, as set forth in Law 4320/64, as well as other public fund management policies. Some of the sources of revenue are set forth in the own ECA, such as the administrative fines imposed due to the some infringements set forth in arts. 245 to 258 of the ECA (pursuant to arts. 154 c/c 214 of the ECA), the fines imposed in connection with civil class action (pursuant to art. 214 of the ECA) and the so-called "subsidized donations" from individuals or legal entities, set forth in art. 260, caput, of the ECA, that can be deducted from the income tax of donors up to the legal limit of 1 percent for the legal entity and 6 percent for the individual.

RELATIONSHIP WITH INDEPENDENT AUDITORS

Pursuant to CVM Instruction 381/2003, we hereby inform that Deloitte Touche Tohmatsu Auditores Independentes ("Deloitte") provides independent audit services in connection with the financial statements of the Company, its subsidiaries and jointly-controlled entities since 2012. The Company has engaged Deloitte to provide independent audit services in connection with the financial statements over a period of three (3) consecutive years, adjusted based on the IGP-M. In 2013 Deloitte's compensation relating to the independent audit services in connection with the financial statements was R$1,242 thousand.

In 2013 the Company also engaged Deloitte to provide other independent audit-related services in the total amount of R$640 thousand, which basically refer to: (i) the preparation of a net assets valuation reports at book value relating to the merger of a subsidiary, (ii) issuance of corporate and regulatory financial statements relating to the merged subsidiaries (Merger PAC), (iii) issuance of an assurance report on debt covenants and (iv) quarterly review of calculations arising from the adoption of ICPC 01.

Also in 2013 the Company engaged KPMG Auditores Independentes, at the amount of R$72, to provide audit services in connection with the balance sheets as at January 1, 2012 (deriving from the financial statements for the year ended December 31, 2011), which were adjusted due to the accounting pronouncements effective beginning January 1, 2013.

TAESA's policies when engaging independent auditors to provide non-audit services are intended to ensure the lack of conflict of interests, loss of independence or objectivity and rely on principles that preserve the auditor's independence.

During 2013, our independent auditors did not provide any non-audit services.

CVM - BM&FBOVESPA

The Company is subject to the jurisdiction of the Market Arbitration Panel as set forth in the arbitration clause included in its bylaws.

(Convenience Translation into English from the Original Previously Issued in Portuguese)

Annual Social Report - 2013 and 2012 - Consolidated Information

Transmissora Aliança de Energia Elétrica S.A.

1 - Tax basis	2013			2012		
Net Revenue (RL)			1,447,851			1,126,865
Operating Income/Loss (RO)			1,142,152			1,007,480
Gross Payroll (FPB)			74,002			54,231
2 - Internal Social Indicators	**Amount**	**% on FPB**	**% on RL**	**Amount**	**% on FPB**	**% on RL**
Meals	2,804	3.79%	0.19%	2,178	4.02%	0.19%
Compulsory Social Charges	12,874	17.40%	0.89%	10,388	19.15%	0.92%
Private Pension	1,773	2.40%	0.12%	1,295	2.39%	0.11%
Healthcare	3,638	4.92%	0.25%	2,906	5.36%	0.26%
Occupational Safety and health	164	0.22%	0.01%	119	0.22%	0.01%
Education	-	0.00%	0.00%	-	0.00%	0.00%
Culture	-	0.00%	0.00%	-	0.00%	0.00%
Professional qualification and growth	716	0.97%	0.05%	725	1.34%	0.06%
Nurseries or nursery allowance	-	0.00%	0.00%	-	0.00%	0.00%
Profit Sharing	10,247	13.85%	0.71%	8,095	14.93%	0.72%
Other	523	0.71%	0.04%	622	1.15%	0.06%
Total - Internal Social Indicators	32,739	44.24%	2.26%	26,328	48.55%	2.34%
3 - External Social Indicators	**Amount**	**% on RO**	**% on RL**	**Amount**	**% on RO**	**% on RL**
Education	-	0.00%	0.00%	-	0.00%	0.00%
Culture	1,410	0.12%	0.10%	1,480	0.15%	0.13%
Health and Sanitation	-	0.00%	0.00%	-	0.00%	0.00%
Sports	352	0.03%	0.02%	443	0.04%	0.04%
Hunger Eradication and food Security	-	0.00%	0.00%	-	0.00%	0.00%
Other	300	0.03%	0.02%	250	0.02%	0.02%
Total contributions to society	2,062	0.18%	0.14%	2,173	0.22%	0.19%
Taxes (Excluding Social Charges)	190,247	16.66%	13.14%	329,198	32.68%	29.21%
Total - External Social Indicator	192,309	16.84%	13.28%	331,371	32.89%	29.41%
4 - Environmental Indicators	**Amount**	**% on RO**	**% on RL**	**Amount**	**% on RO**	**% on RL**
Investments related to the Company's production / operation	-	0.00%	0.00%	-	0.00%	0.00%
Investments in external programs and/or projects	745,543	65.28%	51.49%	830,417	82.43%	73.69%
Total environmental investments	745,543	65.28%	51.49%	830,417	82.43%	73.69%
With respect to the establishment of "annual goals" to minimize residues, consumption in general in production / operation and increase efficiency in terms of use of natural resources, the Company:	( ) does not have goals ( ) meets from 51to 75% ( ) meets from 0 to 50% (x) meets from 76 to 100%			( ) does not have goals ( ) meets from 51to 75% ( ) meets from 0 to 50% (x) meets from 76 to 100%		

5 - Staff Indicators	2013	2012
Number of employees at the end of the period	418	258
Number hires during the period	151	55
Number of outsourced employees	24	25
Number of trainees	11	14
Number of employees above 45 years old	74	53
Number of women working at the Company	60	40
% of leadership positions held by women	9.75%	1.16%
Number of black individuals working at the Company	116	32
% of leadership positions held by black individuals	0.60%	5.00%
Number of disabled individuals	2	1

6 - Relevant information on the exercise of the corporate citizenship	2013			2012		
Ratio between the highest and lowest compensation at the Company	3732%			4637%		
Total number of work accidents	0			1		
Social and environmental projects developed by the Company were defined by	( ) management	(x) management and managers	( ) all employees	( ) management	(x) management and managers	( ) all employees
Occupational safety & health standards were defined by:	(x) management and managers	( ) all employees	( ) all employees +Cipa	(x) management and managers	( ) all employees	( ) all employees +Cipa
With respect to union freedom, right of collective bargaining and internal representation of employees, the Company:	( ) does not participant	(x) follows OIT standards	( ) encourages and follows OIT	( ) does not participant	(x) follows OIT standards	( ) encourages and follows OIT
Private pensions encompasses:	( ) management	( ) management and managers	(x) all employees	( ) management	( ) management and managers	(x) all employees
Profit sharing encompasses:	( ) management	( ) management and managers	(x) all employees	( ) management	( ) management and managers	(x) all employees
In selecting suppliers, the same ethical and social environmental responsibility standards social adopted by the Company:	( ) are not considered	( ) are suggested	(x) are required	( ) are not considered	( ) are suggested	(x) are required
With respect to the participation of employees in voluntary work, the Company:	( ) does not participant	(x) supports	( ) supports and encourages	( ) does not participant	(x) supports	( ) supports and encourages
Total number of complaints and criticisms from costumers:	at the company _____	at Procon _____	at the court _____	at the company _____	at Procon _____	at the court _____
% of complaints and criticisms answered or solved:	at the company _____ %	at Procon _____ %	at the court _____ %	at the company _____ %	at Procon _____ %	at the court _____ %
Total wealth to distribute (in R$ thousand):	**In 2013: 1,630,149**			**In 2012: 1,357,657**		
Wealth (DVA) distributed:	11.67% government 35.03% shareholders 19.74% withheld 29.64% third parties 3.92% employees			24.25% government 38.25% shareholders 5.14% withheld 28.99% third parties 3.37% employees		

(Convenience Translation into English from the Original Previously Issued in Portuguese)

STATEMENT BY THE EXECUTIVE BOARD

The undersigned members of the Executive Board of Transmissora Aliança de Energia Elétrica S.A. ("Company"), in performing their legal and statutory duties, declare that they have reviewed, discussed and agree with the Company's financial statements for the year ended December 31, 2013, and related additional documents.

Rio de Janeiro, March 17, 2014

José Aloise Ragone Filho
Managing Officer

Cristiano Correa de Barros
Chief Financial and Investor Relations Officer

Marco Antonio Resende Faria
Chief Technical Officer

(Convenience Translation into English from the Original Previously Issued in Portuguese)

STATEMENT BY THE EXECUTIVE BOARD

The undersigned members of the Executive Board of Transmissora Aliança de Energia Elétrica S.A. ("Company"), in performing their legal and statutory duties, declare that they have reviewed, discussed and agree with the opinion of the Company's independent auditors expressed in the independent auditor's report on the Company's financial statements for the year ended December 31, 2013, and related additional documents.

Rio de Janeiro, March 17, 2014

José Aloise Ragone Filho
Managing Officer

Cristiano Correa de Barros
Chief Financial and Investor Relations Officer

Marco Antonio Resende Faria
Chief Technical Officer

(Convenience Translation into English from the Original Previously Issued in Portuguese)

SUPERVISORY BOARD'S OPINION

The undersigned members of the Supervisory Board of Transmissora Aliança de Energia Elétrica S.A. ("Company"), in performing their legal and statutory duties, in a meeting held at the present date in the Company's head office at Praça XV de Novembro, 20, salas 601, 602, 1002 and 1003, in the City of Rio de Janeiro, State of Rio de Janeiro, have audited the management report and other documents comprising the Company's financial statements for the year ended December 31, 2013, as well as Management's proposal for allocation of the profit for 2013 and, after verifying that the abovementioned documents reflect the Company's economic and financial condition and, also taking into consideration the explanations provided by the representatives of the Company's management and its independent auditors (Deloitte Touche Tohmatsu Auditores Independentes), the members of the Supervisory Board have an unanimous, favorable opinion on their approval at the Annual General Meeting to be held in a date to be set on a timely basis.

Rio de Janeiro, March 17, 2014

Clayton Ferraz de Paiva

Cláudio Canalis Goulart

José Maria Rabelo

Jorge Khoury Hedaye

Isabel da Silva Ramos

Deloitte Touche Tohmatsu
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(Convenience Translation into English from the Original Previously Issued in Portuguese)

INDEPENDENT AUDITOR'S REPORT

To the Shareholders, Directors and Management of
Transmissora Aliança de Energia Elétrica S.A. - Taesa
Rio de Janeiro - RJ

We have audited the accompanying individual and consolidated financial statements of Transmissora Aliança de Energia Elétrica S.A. ("Company"), identified as Parent and Consolidated, respectively, which comprise the balance sheet as at December 31, 2013, and the income statement, statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of the individual financial statements in accordance with accounting practices adopted in Brazil and the consolidated financial statements in accordance with International Financial Reporting Standards (IFRS), issued by the International Accounting Standards Board - IASB, and in accordance with accounting practices adopted in Brazil, and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Brazilian and International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by Management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

"Deloitte" refere-se à sociedade limitada estabelecida no Reino Unido "Deloitte Touche Tohmatsu Limited" e sua rede de firmas-membro, cada qual constituindo uma pessoa jurídica independente e legalmente separada. Acesse www.deloitte.com/about para uma descrição detalhada da estrutura jurídica da Deloitte Touche Tohmatsu Limited e de suas firmas-membro.

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Opinion on the individual financial statements

In our opinion, the individual financial statements present fairly, in all material respects, the financial position of Transmissora Aliança de Energia Elétrica S.A. as at December 31, 2013, and its financial performance and its cash flows for the year then ended, in accordance with accounting practices adopted in Brazil.

Opinion on the consolidated financial statements

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of Transmissora Aliança de Energia Elétrica S.A. as at December 31, 2013, and its consolidated financial performance and its consolidated cash flows for the year then ended, in accordance with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board - IASB and accounting practices adopted in Brazil.

Emphasis of matter

Restatement of the corresponding amounts

As mentioned in Note 4.20.2 to the financial statements, mainly due to the change in the accounting policy introduced by IFRS 11 and CPC 19 (R2), and the other reclassifications described in Note 4.21, the corresponding individual and consolidated amounts related to the year ended December 31, 2012, presented for purposes of comparison, have been adjusted and were restated as prescribed by CPC 23/IAS 8 - Accounting Policies, Changes in Accounting Estimates and Errors and CPC 26(R1)/IAS 1 - Presentation of Financial Statements. Our conclusion does not contain any modification with respect to this matter.

Differences between accounting practices adopted in Brazil and IFRS

We draw attention to Note 3.1 to the financial statements, which states that the individual financial statements have been prepared in accordance with accounting practices adopted in Brazil. In the case of the Company, these accounting practices differ from the IFRS, applicable to separate financial statements, only with respect to the measurement of investments in subsidiaries, associates and joint ventures by the equity method of accounting, which, for purposes of IFRS would be measured at cost or fair value. Our opinion is not qualified regarding this matter.

Other matters

Statements of value added

We have also audited the individual and consolidated statements of value added ("DVA") for the year ended December 31, 2013, prepared under the responsibility of the Company's management, the presentation of which is required by the Brazilian Corporate Law for publicly-traded companies and as supplemental information for IFRS, which does not require the presentation of a DVA. These statements were subject to the same auditing procedures described above and, in our opinion, are fairly presented, in all material respects, in relation to the financial statements taken as a whole.

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Restatement of the opening balances of the balance sheet

The corresponding individual and consolidated figures as at January 1, 2012, shown in note 4.21, presented for purposes of comparison, which have been restated herein, were audited by other independent auditors, who issued a report thereon dated March 17, 2014, without modifications.

Convenience Translation into English

The accompanying financial statements have been translated into English for the convenience of readers outside Brazil.

Rio de Janeiro, March 17, 2014

DELOITTE TOUCHE TOHMATSU
Auditores Independentes

José Carlos Monteiro
Engagement Partner

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BALANCE SHEETS AT DECEMBER 31, 2013
(Amounts in thousands of Brazilian reais - R$)

	Note	Consolidated			Parent		
		2013	2012 (Restated)	01/01/2012 (Restated)	2013	2012 (Restated)	01/01/2012
Assets							
Current assets							
Cash and cash equivalents	5	121,140	538,696	289,683	70,743	123,868	265,593
Securities	6	308,615	1,938,765	-	308,615	1,938,765	-
Trade receivables	7	156,844	155,073	110,459	147,425	96,055	97,851
Financial assets	7	1,065,966	1,006,283	659,014	1,002,265	606,372	580,553
Taxes and social contributions	8	81,081	70,711	17,036	60,925	21,271	15,869
Derivative financial instruments	22	394	967	-	-	-	-
Dividends and interest on capital receivable	20	12,042	4,245	1,659	18,174	17,943	10,358
Other receivables	13	37,533	44,211	46,855	59,568	54,362	44,504
Other assets		4,413	3,723	2,492	4,413	792	786
Total current assets		**1,788,028**	**3,762,674**	**1,127,198**	**1,672,128**	**2,859,428**	**1,015,514**
Noncurrent assets							
Securities	6	104,371	149,156	14,385	29,683	47,634	-
Trade receivables	7	11,493	-	-	10,865	-	-
Taxes and social contributions	8	12,126	19,215	-	-	-	-
Other receivables	13	11,303	6,665	754	11,107	4,997	728
Escrow deposits	11	13,510	12,509	7,079	12,122	3,599	3,599
Deferred taxes and social contribution	9	135,555	281,346	327,577	102,389	281,346	327,577
Deferred taxes	10	-	-	569	-	-	569
Financial assets	7	5,161,786	5,166,859	3,030,047	4,617,200	2,571,589	2,660,021
Investment	12	1,885,077	161,733	957,999	2,247,739	2,328,478	1,290,605
Property, plant and equipment:		22,861	17,456	13,932	22,861	16,837	13,932
Intangible assets		7,969	7,294	6,447	7,969	4,855	3,884
Total noncurrent assets		**7,366,051**	**5,822,233**	**4,358,789**	**7,061,935**	**5,259,335**	**4,300,915**
Total assets		**9,154,079**	**9,584,907**	**5,485,987**	**8,734,063**	**8,118,763**	**5,316,429**

(continues)

BALANCE SHEETS AT DECEMBER 31, 2013
(Amounts in thousands of Brazilian reais - R$)

	Note	Consolidated			Parent		
		2013	2012 (Restated)	01/01/2012 (Restated)	2013	2012 (Restated)	01/01/2012
Liabilities							
Current liabilities							
Trade payables		34,012	26,417	14,238	32,484	9,938	12,293
Borrowings and financing	15	460,021	158,516	1,212,848	422,964	16,292	1,190,828
Debentures	16	482,139	263,199	33,262	482,139	263,199	33,262
Taxes and social contributions	8	10,764	21,548	7,109	9,239	7,878	4,765
Regulatory charges		60,684	51,447	32,814	58,196	33,696	28,614
Dividends payable	20	25,395	99,648	214,270	25,395	99,648	214,270
Other payables	13	24,555	22,187	11,070	22,884	15,688	10,666
Total current liabilities		**1,097,570**	**642,962**	**1,525,611**	**1,053,301**	**446,339**	**1,494,698**
Noncurrent liabilities							
Borrowings and financing	15	336,314	896,820	94,252	11,615	1,451	16,955
Debentures	16	3,088,889	3,419,500	1,434,697	3,088,889	3,419,500	1,434,697
Deferred taxes and contributions	9	741	164,134	45,253	-	-	-
Deferred taxes	10	311,603	313,385	103,963	260,561	114,849	87,875
Provisions for labor, tax and civil risks	17	2.991	2,953	340	2,991	878	334
Other payables	13	10,907	47,910	29,399	11,642	38,503	29,398
Total noncurrent liabilities		**3,751,445**	**4,844,702**	**1,707,904**	**3,375,698**	**3,575,181**	**1,569,259**
Total liabilities		**4,849,015**	**5,487,664**	**3,233,515**	**4,428,999**	**4,021,520**	**3,063,957**
Equity							
Capital	19	3,042,035	3,042,035	1,312,536	3,042,035	3,042,035	1,312,536
Capital reserve	19	594,507	594,507	594,507	594,507	594,507	594,507
Earnings reserve	19	522,833	201,059	345,429	522,833	201,059	345,429
Proposed additional dividends	19	145,689	259,642	-	145,689	259,642	-
Total equity		**4,305,064**	**4,097,243**	**2,252,472**	**4,305,064**	**4,097,243**	**2,252,472**
Total liabilities and equity		**9,154,079**	**9,584,907**	**5,485,987**	**8,734,063**	**8,118,763**	**5,316,429**

The accompanying notes are an integral part of these financial statements.

INCOME STATEMENTS AT DECEMBER 31, 2013
(Amounts in thousands of Brazilian reais - R$, except value per share)

	Note	Consolidated		Parent	
		2013	2012 (Restated)	2013	2012
Net operating revenue	24	**1,447,851**	**1,126,865**	**1,259,444**	**753,842**
Operating costs					
Personnel and management		(30,857)	(26,823)	(30,645)	(24,584)
Materials		(133,213)	(27,261)	(105,350)	(12,136)
Outside services		(44,013)	(37,473)	(27,282)	(12,388)
Depreciation and amortization		(684)	(611)	(673)	(580)
Other operating costs		(9,816)	(3,244)	(8,261)	(1,018)
		(218,583)	(95,412)	(172,211)	(50,706)
Gross Profit		**1,229,268**	**1,031,453**	**1,087,233**	**703,136**
General and administrative expenses					
Personnel and management		(43,144)	(27,574)	(43,120)	(27,574)
Outside services		(32,394)	(28,954)	(29,246)	(21,464)
Depreciation and amortization		(996)	(1,077)	(996)	(1,077)
Other operating income (expenses), net		(10,583)	(11,532)	(9,779)	(9,216)
		(87,117)	(69,137)	(83,141)	(59,331)
Other operating income					
Gain on remeasurement of acquisition of control of UNISA		-	45,169	-	45,169
Profit before finance income (costs), net, of equity in subsidiaries and taxes		**1,142,151**	**1,007,485**	**1,004,092**	**688,974**
Share in profit of subsidiaries		179,019	43,608	261,937	249,307
Finance income		113,701	146,260	94,177	120,644
Finance costs		(483,166)	(393,534)	(416,910)	(340,460)
Finance income (costs), net	25	(369,465)	(247,274)	(322,733)	(219,816)
Profit (loss) before taxes contributions		**951,705**	**803,819**	**943,296**	**718,465**
Current income tax and social contribution		(73,509)	(119,523)	(56,895)	(70,989)
Deferred income tax and social contribution		14,656	(95,114)	6,451	(58,294)
Income tax and social contribution	18	(58,853)	(214,637)	(50,444)	(129,283)
Profit attributable to Company's owners		**892,852**	**589,182**	**892,852**	**589,182**
Earnings per share					
Common share – basic (in R$)	23	0.86391	0.65628	0.86391	0.65628
Preferred share – basic (in R$)	23	0.86391	0.65628	0.86391	0.65628
Common share - diluted (in R$)	23	0.86391	0.65628	0.86391	0.65628
Preferred share - diluted (in R$)	23	0.86391	0.65628	0.86391	0.65628

The accompanying notes are an integral part of these financial statements.

STATEMENTS OF COMPREHENSIVE INCOME AT DECEMBER 31, 2013
(In thousands of Brazilian reais - R$)

	Consolidated		Parent	
	2013	2012	2013	2012
Profit for the year	**892,852**	**589,182**	**892,852**	**589,182**
Other comprehensive income	-	-	-	-
Total comprehensive income	**892,852**	**589,182**	**892,852**	**589,182**

The accompanying notes are an integral part of these financial statements.

INDIVIDUAL AND CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY AT DECEMBER 31, 2013
(In thousands of Brazilian reais - R$)

	Note	Capital	Capital reserve	Earnings reserves			Proposed additional dividends	Retained earnings	Total
			Special goodwill reserve	Legal	Tax incentive	Special			
Balance at December 31, 2011		**1,312,536**	**594,507**	**89,067**	**42,095**	**214,267**	**-**	**-**	**2,252,472**
Allocation of special reserve as optional dividends		-	-	-		(214,267)	-	-	(214,267)
Capital increase – new share issuance		1,755,000	-	-	-	-	-	-	1,755,000
Cost of new share issuance		(25,501)	-	-	-	-	-	-	(25,501)
Interim dividends paid		-	-	-	-	-	-	(160,000)	(160,000)
Profit for the year		-	-	-	-	-	-	589,182	589,182
Allocation of profit for the year:									
Legal reserve		-	-	29,459	-	-	-	(29,459)	-
Tax incentive reserve		-	-	-	40,438	-	-	(40,438)	-
Mandatory dividends		-	-	-	-	-	-	(99,643)	(99,643)
Proposed additional dividends		-	-	-	-	-	259,642	(259,642)	-
Balance at December 31, 2012	19	**3,042,035**	**594,507**	**118,526**	**82,533**	**-**	**259,642**	**-**	**4,097,243**
Approval of additional dividends		-	-	-	-	-	(259,642)	-	(259,642)
Interim dividends paid		-	-	-	-	-	-	(210,000)	(210,000)
Interest on capital paid		-	-	-	-	-	-	(190,000)	(190,000)
Profit for the year		-	-	-	-	-	-	892,852	892,852
Allocation of profit for the year:									
Legal reserve		-	-	44,643	-	-	-	(44,643)	-
Tax incentive reserve		-	-	-	34,543	-	-	(34,543)	-
Mandatory dividends		-	-	-	-	-	-	(25,389)	(25,389)
Proposed additional dividends		-	-	-	-	-	145,689	(145,689)	-
Special reserve - expansion		-	-	-	-	242,588	-	(242,588)	-
Balance at December 31, 2013	19	**3,042,035**	**594,507**	**163,169**	**117,076**	**242,588**	**145,689**	**-**	**4,305,064**

The accompanying notes are an integral part of these financial statements.

STATEMENTS OF CASH FLOWS AT DECEMBER 31, 2013
(In thousands of Brazilian reais - R$)

	Note	Consolidated		Parent	
		2013	2012 (Restated)	2013	2012 (Restated)
Cash flows from operating activities					
Profit for the year		892,852	589,182	892,852	589,182
Adjustments to:					
Share of profit of subsidiaries	12	(179,019)	(43,608)	(261,937)	(249,307)
Gain on remeasurement of acquisition of control of UNISA		-	(45,169)	-	(45,169)
Depreciation and amortization		1,680	1,688	1,670	1,657
Provisions for tax, social security, labor and civil risks	17	38	2,613	38	544
Tax credit recognized in the year - COFINS		-	(12,284)	-	(12,284)
Exchange rate changes, net – US dollar checking accounts	25	(9,018)	(6,044)	-	-
Interest and inflation adjustment on borrowings and financing	25	90,234	182,820	25,813	134,065
Interest and inflation adjustment on debentures	25	368,171	202,608	368,171	202,608
Current income tax and social contribution	18	73,509	119,523	56,895	70,989
Deferred income tax and social contribution	18	(14,656)	95,114	(6,451)	58,294
Deferred taxes		(1,908)	4,206	4,382	(4,127)
Financial assets income	24	(1,050,182)	(883,854)	(920,017)	(546,680)
Provision for variable portion		1,605	9,585	1,150	9,585
Provision for fines		9,069	-	9,069	-
Changes in assets and liabilities:					
(Increase) decrease in trade receivables	7	(14,868)	(2,314)	(14,028)	(7,789)
Decrease in financial assets	7	995,572	848,201	869,720	628,900
(Increase) decrease in taxes and contributions Assets, net of liabilities	8	(15,990)	(20,385)	(9,806)	16,007
(Increase) decrease in other receivables	13	(1,899)	11,946	(3,489)	(14,998)
Increase (decrease) in trade payables		7,595	5,969	13,633	(2,355)
Increase in regulatory charges		9,237	7,075	14,233	5,082
Increase (decrease) in other payables	13	(43,704)	(28,589)	(44,106)	14,134
Dividends received from subsidiaries	20	-	-	30,000	127,613
Dividends and interest on capital received from jointly-controlled entities and associates	20	139,294	861	139,294	861
Cash provided by operating activities		1,257,612	1,039,144	1,167,086	976,812
Income tax and social contribution paid		(71,584)	(74,729)	(68,993)	(77,001)
Net cash provided by operating activities		**1,186,028**	**964,415**	**1,098,093**	**899,811**
Net cash flows from investing activities					
Decrease (increase) in securities	6	1,683,953	(1,978,117)	1,675,918	(1,986,399)
Acquisition of associates and subsidiaries (net of cash acquired)		(1,691,415)	(658,874)	(1,691,415)	(876,193)
Cash from merger of subsidiaries		-	-	143,278	-
Cash arising from consolidation UNISA		-	217,319	-	-
Additions to /write-offs from property, plant and equipment and intangible assets		(7,760)	(6,019)	(7,760)	(5,535)
Capital increase in subsidiaries		-	-	(153,858)	(2,401)
Cash used in investing activities		**(15,222)**	**(2,425,691)**	**(33,837)**	**(2,870,528)**
Net cash flows from financing activities					
Borrowings and financing	15	27,688	727	10,298	727
Issue of debentures	16	-	2,157,463	-	2,157,463
Issue of promissory notes	15	399,744	904,839	399,744	904,839
Payment of borrowings and financing - principal	15	(747,037)	(95,464)	(283,988)	(16,200)
Payment of borrowings and financing - interest	15	(29,630)	(41,871)	(4,308)	(2,437)
Payment of promissory notes - principal	15	-	(2,069,196)	-	(2,069,191)
Payment of promissory notes - interest	15	-	(141,842)	-	(141,842)
Payment of debentures - principal	16	(216,536)	-	(216,536)	-
Payment of debentures - interest	16	(263,306)	(145,332)	(263,306)	(145,332)
Issuance of shares in the Parent	19	-	1,729,499	-	1,729,499
Payment of dividends and interest on capital	20	(759,285)	(588,534)	(759,285)	(588,534)
Cash provided by financing activities		**(1,588,362)**	**1,710,289**	**(1,117,381)**	**1,828,992**
Increase (decrease) in cash and cash equivalents		**(417,556)**	**249,013**	**(53,125)**	**(141,725)**
Opening balance of cash and cash equivalents	5	538,696	289,683	123,868	265,593
Closing balance of cash and cash equivalents	5	121,140	538,696	70,743	123,868
Increase (decrease) in cash and cash equivalents		**(417,556)**	**249,013**	**(53,125)**	**(141,725)**

The accompanying notes are an integral part of these financial statements.

STATEMENT OF VALUE ADDED FOR THE YEAR ENDED DECEMBER 31, 2013
(In thousands of Brazilian reais - R$)

	Nota	Consolidated		Parent	
		2013	2012 (Restated)	2013	2012 (Restated)
Revenues					
Operation and maintenance		415,077	346,285	365,122	273,108
Construction and indemnity		112,099	20,422	83,926	6,857
Financial assets income		1,050,182	883,854	920,017	546,680
Variable portion and other revenues		(10,376)	(23,566)	(8,038)	(10,855)
	24	1,566,982	1,226,995	1,361,027	815,790
Inputs purchased from third parties					
(includes taxes - ICMS, IPI, PIS, and COFINS)					
Materials, power, outside services and other		(209,619)	(93,688)	(161,879)	(45,988)
General, administrative and other expenses		(18,254)	(8,999)	(16,248)	(4,526)
		(227,873)	(102,687)	(178,127)	(50,514)
Gross value added		1,339,109	1,124,308	1,182,900	765,276
Depreciation, amortization and depletion		(1,680)	(1,688)	(1,669)	(1,657)
Wealth created by the Company		1,337,429	1,122,620	1,181,231	763,619
Wealth received in transfer					
Share in profit of subsidiaries	12	179,019	43,608	261,937	249,307
Finance income	25	113,701	146,260	94,177	120,644
Other		-	45,169	-	45,169
Total wealth for distribution		**1,630,149**	**1,357,657**	**1,537,345**	**1,178,739**
Wealth distributed					
Personnel					
Salaries and wages		41,261	27,902	41,222	27,682
Benefits		19,866	15,940	19,743	14,852
Severance pay fund (FGTS)		2,757	1,902	2,743	1,747
		63,884	45,744	63,708	44,281
Taxes, fees and contributions					
Federal (including ANEEL's regulatory charges)		189,655	325,659	163,368	201,349
State		338	3,392	267	3,325
Municipal		254	146	240	142
		190,247	329,197	163,875	204,816
Third parties					
Debt charges, inflation adjustment and exchange differences, net	25	458,405	385,428	393,984	336,673
Other	25	24,761	8,106	22,926	3,787
		483,166	393,534	416,910	340,460
Shareholders					
Interim dividends paid		210.000	160,000	210,000	160,000
Interest on capital paid		190.000	-	190,000	-
Legal reserve		44.643	29,459	44,643	29,459
Tax incentive reserve		34.543	40,438	34,543	40,438
Accrued mandatory dividends		25,389	99,643	25,389	99,643
Proposed additional dividends		145,689	259,642	145,689	259,642
Special reserve - expansion		242,588	-	242,588	-
	19	892,852	589,182	892,852	589,182
Total value added distributed		**1,630,149**	**1,357,657**	**1,537,345**	**1,178,739**

The accompanying notes are an integral part of these financial statements.

Below are the notes that are an integral part of the set of the Company´s financial statements, as follows:

1. GENERAL INFORMATION
2. ACQUISITION OF NON-CONTROLLING EQUITY INTERESTS
3. BASIS OF PREPARATION
4. SIGNIFICANT ACCOUNTING POLICIES
5. CASH AND CASH EQUIVALENTS
6. SECURITIES
7. TRADE RECEIVABLES AND FINANCIAL ASSETS
8. TAXES AND SOCIAL CONTRIBUTIONS
9. DEFERRED TAXES AND CONTRIBUTIONS
10. DEFERRED TAXES
11. ESCROW DEPOSITS
12. INVESTMENTS (IN SUBSIDIARIES, JOINTLY-CONTROLLED ENTITIES AND ASSOCIATES)
13. OTHER RECEIVABLES AND PAYABLES
14. RELATED PARTIES
15. BORROWINGS AND FINANCING
16. DEBENTURES
17. PROVISION FOR LABOR, TAX AND CIVIL RISKS
18. INCOME TAX AND SOCIAL CONTRIBUTION
19. EQUITY
20. DIVIDENDS RECEIVABLE AND PAYABLE
21. INSURANCE COVERAGE
22. FINANCIAL INSTRUMENTS
23. EARNINGS PER SHARE
24. NET OPERATING REVENUE
25. FINANCE INCOME (COSTS)
26. PENSION PLAN
27. COMMITMENTS ASSUMED
28. OTHER INFORMATION
29. NONCASH TRANSACTIONS
30. EVENTS AFTER THE REPORTING PERIOD

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2013

(Amounts expressed in thousands of Brazilian reais – R$, unless stated otherwise)

1. GENERAL INFORMATION

Transmissora Aliança de Energia Elétrica S.A. ("Taesa" or "Company") is a publicly-held company domiciled in Brazil and headquartered at Praça XV de Novembro, 20 salas 601, 602, 1002 e 1003 – Centro - Rio de Janeiro – RJ.

The Company is engaged in:

- Operating and exploiting the power transmission public utility concession for implementation, operation and maintenance of the transmission lines comprising the Basic Grid of the National Interconnected System (SIN).
- Perform other activities concerning the power transmission industry, such as: (a) planning studies and activities; (b) chemical analysis of materials and equipment; (c) basic and detailed engineering services, search and procurement process, performance of construction work, commissioning; (d) lease, loan or onerous assignment of equipment, infrastructure and facilities; and (e) technical support.
- Perform any other activities that enable the better use and appreciation of the aggregate grids, structures, resources and capabilities.
- Operate, both in Brazil and abroad, individually or through partnership with other companies.
- Hold interests in other companies, either Brazilian or foreign, operating in the power transmission segment, as a partner or shareholder; and
- Implement a project associated with the public utility concession that it is exploiting, in particular the provision of telecommunication and data transmission services, operation and maintenance of facilities owned by other concessionaires.

Direct controlling shareholders – On December 31, 2013, the Company's controlling shareholders were Companhia Energética de Minas Gerais - CEMIG and Fundo de Investimento em Participações Coliseu ("FIP Coliseu").

Transfer of Taesa's shares from Cemig GT to CEMIG – On October 24, 2013, the Debenture holders' General Meetings of Cemig Geração e Transmissão S.A. ("Cemig GT"), relating to the issuances described below, approved, as prescribed by article 174, § 3, of Brazilian Corporate Law, Cemig GT's capital decrease from R$3,296,785 to R$893,192 due to the transfer of shares issued from the Company to CEMIG, which is the guarantor of the debentures of the issuances, as approved by the National Electric Energy Agency (ANEEL), through Authorization Resolution 4108, of May 14, 2013, and according to the Cemig GT's Extraordinary General Meeting's resolution, held on September 26, 2013, as set forth in clauses VII, item (viii), and X of the Issuance Deed; (i) 2nd issuance of unsecured, nonconvertible, registered, book-entry debentures, in two series, for public distribution of Cemig GT; and (ii) 3rd issuance of unsecured, nonconvertible, registered, book-entry debentures, in three series, for public distribution of Cemig GT – 1st, 2nd and 3rd series.

Upon approval of the operation by the debenture holders, the transfer of shares from CEMIG GT to CEMIG was concluded on December 11, 2013 through: (i) concession term of rights and obligations, under the commitment term entered into between Fundo de Investimento em Participações Coliseu and Cemig Geração e Transmissão S.A., entered into between Cemig Geração e Transmissão S.A. and Companhia Energética de Minas Gerais - CEMIG; and (ii) concession term of rights and obligations and adhesion to the shareholders' agreement of Transmissora Aliança de Energia Elétrica S.A., entered into between Cemig Geração e Transmissão S.A and Companhia Energética de Minas Gerais - CEMIG.

Concessions – the concessions in which Taesa Group holds direct or indirect ownership interest are as follows:

	Concession	Acquisition or organization Concession Agreement	Start End	Equity interest	Location	Km (a)	SE (b)
TAESA	Transmissora Sudeste Nordeste S.A. ("TSN")	06/06/2006 097/2000	12/20/2000 12/20/2030	100%	Bahia and Goiás	1,069	7
	Novatrans Energia S.A. ("NVT")	06/06/2006 095/2000	12/20/2000 12/20/2030	100%	Distrito Federal, Goiás, Maranhão, and Tocantins	1,278	6
	Transmissora de Energia S.A. ("Munirah")	03/31/2006 006/2004	02/18/2004 02/18/2034	100%	Bahia	106	2
	Goiânia Transmissora de Energia ("Gtesa")	11/30/2007 001/2002	01/21/2002 01/21/2032	100%	Paraíba and Pernambuco	51	2
	Paraíso-Açu Transmissora de Energia S.A. ("Patesa")	11/30/2007 087/2002	12/11/2002 12/11/2032	100%	Rio Grande do Norte	135	2
	Empresa de Transmissão de Energia do Oeste Ltda. ("ETEO")	05/31/2008 040/2000	05/12/2000 05/12/2030	100%	São Paulo	505	3
	Sul Transmissora de Energia S.A. ("STE")	11/30/2011 081/2002	12/19/2002 12/19/2032	100%	Rio Grande do Sul	389	4
	ATE Transmissora de Energia S.A. ("ATE")	11/30/2011 003/2004	02/18/2004 02/18/2034	100%	Paraná and São Paulo	370	3
	ATE II Transmissora de Energia S.A. ("ATE II")	11/30/2011 011/2005	03/15/2005 03/15/2035	100%	Bahia, Piauí and Tocantins	942	4
	Nordeste Transmissora de Energia S.A. ("NTE")	11/30/2011 002/2002	01/21/2002 01/21/2032	100%	Paraíba, Pernambuco and Sergipe	383	4

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2013

(Amounts expressed in thousands of Brazilian reais – R$, unless stated otherwise)

	Concession	Acquisition or organization Concession Agreement	Start / End	Equity interest	Location	Km (a)	SE (b)
SUBSIDIARIES	ATE III Transmissora de Energia S.A. ("ATE III")	11/30/2011 001/2006	04/27/2006 04/27/2036	100%	Pará e Tocantins	454	4
	São Gotardo Transmissora de Energia S.A. ("SGT") (c)	06/06/2012 024/2012	08/27/2012 08/27/2042	100%	Minas Gerais	n/a	1
	Mariana Transmissora de Energia Elétrica S.A. ("MAR") (d)	12/18/2013	(d)	100%	Minas Gerais	n/a	n/a
JOINTLY-CONTROLLED ENTITIES	Empresa de Transmissão do Alto Uruguai S.A. ("ETAU")	12/28/2007 082/2002	12/18/2002 12/18/2032	52.5838%	Rio Grande do Sul and Santa Catarina	188	4
	Brasnorte Transmissora de Energia S.A. ("Brasnorte")	09/17/2007 003/2008	03/17/2008 03/17/2038	38.6645%	Mato Grosso	402	4
ASSOCIATES	Empresa Amazonense de Transmissão de Energia S.A. ("EATE")	05/31/2013 042/2001	06/12/2001 06/12/2031	49.98%	Pará and Maranhão	928	5
	Empresa Paranaense de Transmissão de Energia S.A. ("ETEP")	05/31/2013 0043/2001	06/12/2001 06/12/2031	49.98%	Pará	324	2
	Empresa Catarinense Transmissão de Energia S.A. ("ECTE")	05/31/2013 088/2000	11/01/2000 11/01/2030	19.09%	Santa Catarina	253	2
	Empresa Norte de Transmissão de Energia S.A. ("ENTE")	05/31/2013 085/2002	12/11/2002 12/11/2032	49.99%	Pará and Maranhão	458	3
	Empresa Regional de Transmissão de Energia S.A. ("ERTE")	05/31/2013 083/2002	12/11/2002 12/11/2032	49.99%	Pará	155	3
	Sistema de Transmissão Catarinense S.A. ("STC")	05/31/2013 006/2006	04/27/2006 04/27/2036	39.98%	Santa Catarina	195	3
	Lumitrans Companhia Transmissora de Energia Elétrica S.A. ("Lumitrans")	05/31/2013 007/2004	02/18/2004 02/18/2034	39.98%	Santa Catarina	51	2
	EBTE Empresa Brasileira de Transmissão de Energia Elétrica S.A. ("EBTE")	05/31/2013 011/2008	10/16/2008 10/16/2038	74.49%	Mato Grosso	772	7
	ESDE Empresa Santos Dumont de Energia S.A. ("ESDE") (c)	05/31/2013 025/2009	11/19/2009 11/19/2039	49.98%	Minas Gerais	n/a	1
	ETSE Empresa de Transmissão Serrana S.A. ("ETSE") (c)	05/31/2013 006/2012	05/10/2012 05/10/2042	19.09%	Santa Catarina	n/a	2
	Companhia Transleste de Transmissão S.A. ("Transleste")	10/17/2013 009/2004	02/18/2004 02/18/2034	5.00%	Minas Gerais	138	1
	Companhia Transudeste de Transmissão S.A. ('Transudeste")	10/17/2013 005/2005	03/04/2005 03/04/2035	4.95%	Minas Gerais	145	-
	Companhia Transirapé de Transmissão S.A. ("Transirapé")	10/17/2013 012/2005	03/15/2005 03/15/2035	4.95%	Minas Gerais	61	1
					Total	**9,752**	**64**

(a) Kilometers ("Km") under the Transmission Services Arrangement (CPST) entered into with the National Electric System Operator (ONS).
(b) Substations ("SE") belonging to more than one concession were accounted for only once.
(c) Substation under construction.
(d) Mariana Transmissora de Energia Elétrica S.A. ("MAR") – On December 13, 2013, Taesa was the winning bidder of Plot A in auction 013/2013 conducted by the National Electric Energy Agency (ANEEL), with Annual Permitted Revenue of R$10,990 and negative goodwill of 4.76% against the maximum RAP provided by ANEEL. The Company organized special-purpose entity ("SPE") Mariana Transmissora de Energia Elétrica S.A. ("MAR"), which will be granted concession to operate the 50 kV power transmission line, with an 85 km extension, in the State of Minas Gerais, between the cities of Itabirito and Vespasiano. A Management expects the agreement between "MAR" and ANEEL to be signed in the first quarter of 2014.

Subsidiaries, jointly controlled entities and associates - The Company holds equity interests in the following entities:

- Subsidiaries: ATE III, SGT and MAR.
- Jointly-controlled entities: ETAU and Brasnorte.
- Associates: (a) holding direct equity interests - EATE, ECTE, ENTE, ERTE e ETEP; (b) holding indirect equity interests - STC, Lumitrans, ESDE, ETSE, Transleste, Transirapé, Transudeste; and (c) holding direct and indirect equity interests - EBTE. All the companies above are collectively referred to as "TBE Group". The TBE Group companies were acquired directly or indirectly by Taesa in 2013, as detailed in Note 2.

The subsidiaries, jointly-controlled entities and associates (herein referred to as "Taesa Group" or "Group", when referred to together with the Company) are privately-held companies domiciled in Brazil and headquartered in the following States: RJ (ATE III, SGT, ETAU and Brasnorte), SC (Lumitrans, STC and ECTE), SP (ERTE, EBTE, ETEP, ETSE, EATE, ENTE and ESDE) and MG (Transleste, Transudeste and Transirapé).

All companies in which the Company has equity interests are engaged in the operation and use of electric power transmission concessions to implement, operate and maintain basic SIN network facilities for a 30-year period. For more information, see Note 12.

Merger of subsidiaries

- ATE, STE, NTE and UNISA - ANEEL Resolution 3845/13, published on the Official Gazette (DOU) on January 17, 2013, authorized the corporate restructuring of Taesa, through the merger of STE and ATE into União de Transmissoras de Energia Elétrica Holding S.A. ("UNISA") and, subsequently, NTE and UNISA into Taesa, generating the respective concessions of the merged companies and transfer of the shareholding control of ATE II and ATE III, directly held by UNISA to Taesa (the indirect parent of these companies).

  The Extraordinary Shareholders Meeting of Taesa held on January 31, 2013 approved the merger into the Company of UNISA, ATE, STE and NTE pursuant to the Merger Protocols entered into on December 14, 2012.

  The aforementioned restructuring transaction was completed on January 31, 2013. The Company sent to ANEEL the documentation supporting the transaction.

- ATE II - ANEEL Resolution 4154/13, published on DOU on June 27, 2013, gave consent to the transfer of ATE II, through the merger of this company by Taesa.

  The Extraordinary Shareholders Meetings of ATE II and Taesa, both held on June 28, 2013, approved the merger into the Company of ATE II, pursuant to the Merger Protocols entered into on June 12, 2013.

  The aforementioned restructuring transaction was completed on June 28, 2013. The Company sent to ANEEL the documentation supporting the transaction.

Both merged companies were Taesa's direct subsidiaries. The merger transactions are justified as they are included in a context of a corporate restructuring intended to streamline the corporate structure and, consequently, increase the efficiency in the management and use of the Company´s financial and administrative structure.

The mergers did not result in any change in the Company's capital (as the transactions involved mergers of wholly-owned subsidiaries) and, consequently, there was no issuance of new shares; therefore, establishing an exchange ratio in view of the merger was not necessary.

Due to the merger characteristics, dissenting shareholders were not entitled to any withdrawal or reimbursement. No goodwill or negative goodwill was recorded on the process as all transactions were conducted at book values and did not generated gains to Taesa Group. The assets and liabilities merged by the Company are detailed in Note 29 – Noncash transactions.

Law 12783/13 (conversion of Provisional Act 579/12) – applicability of Taesa Group concession arrangements

Enacted by the President of Republic on September 11, 2012, Provisional Act 579/12, converted into Law 12783, establishes the measures for extension of power generation, transmission and distribution concessions, on the reduction of sectorial charges and tariff moderation.

Law 12783/13 only addresses power generation, transmission and distribution concessions granted before publication of Law 8987/95, which expire between 2015 and 2017. These concessions were not subject to a bid process, since at the time these concessions were granted only upon verification of the existence of a reputable requesting party or through public bids for the operation of power services conducted by the Brazilian government. The Law also establishes the termination and reduction of certain sectorial charges.

In this context, the terms and conditions set forth in Law 12783/13 are not applicable to the Company's, its subsidiaries, jointly controlled entities' and associates' concession arrangements because they are subsequent to the publication of Law 8987/95, where the bid process was held. Such understanding is defined by the law and supported by the opinion of outside legal counsel which conducted the legal analysis.

2. ACQUISITION OF NON-CONTROLLING EQUITY INTERESTS

On May 31, 2013, the Company made a disbursement relating to the Transmission Asset Investment Agreement entered into with CEMIG GT, its shareholder in the controlling group, and CEMIG, the direct parent of CEMIG GT, in the amount of R$1,691 million (corresponding to the amount defined on the date of the agreement signed on May 17, 2012, of R$1,732 million, subject to inflation adjustment by CDI from December 31, 2011 through the transaction completion date and discounted from dividends and interest on capital declared in that period), whereby 100% of the equity interests previously held both by CEMIG and CEMIG GT, either directly or indirectly, in the following electric power transmission concessionaires belonging to TBE Group:

Company	Equity interest acquired by TAESA (direct or indirect)
Direct associates	
EATE	49.98%
ECTE	19.09%
ENTE	49.99%
ERTE	49.99%
ETEP	49.98%
EBTE (*)	49.00%
Indirect associates	
STC	39.98%
ESDE	49.98%
Lumitrans	39.98%
ETSE	19.09%
EBTE	25.49%

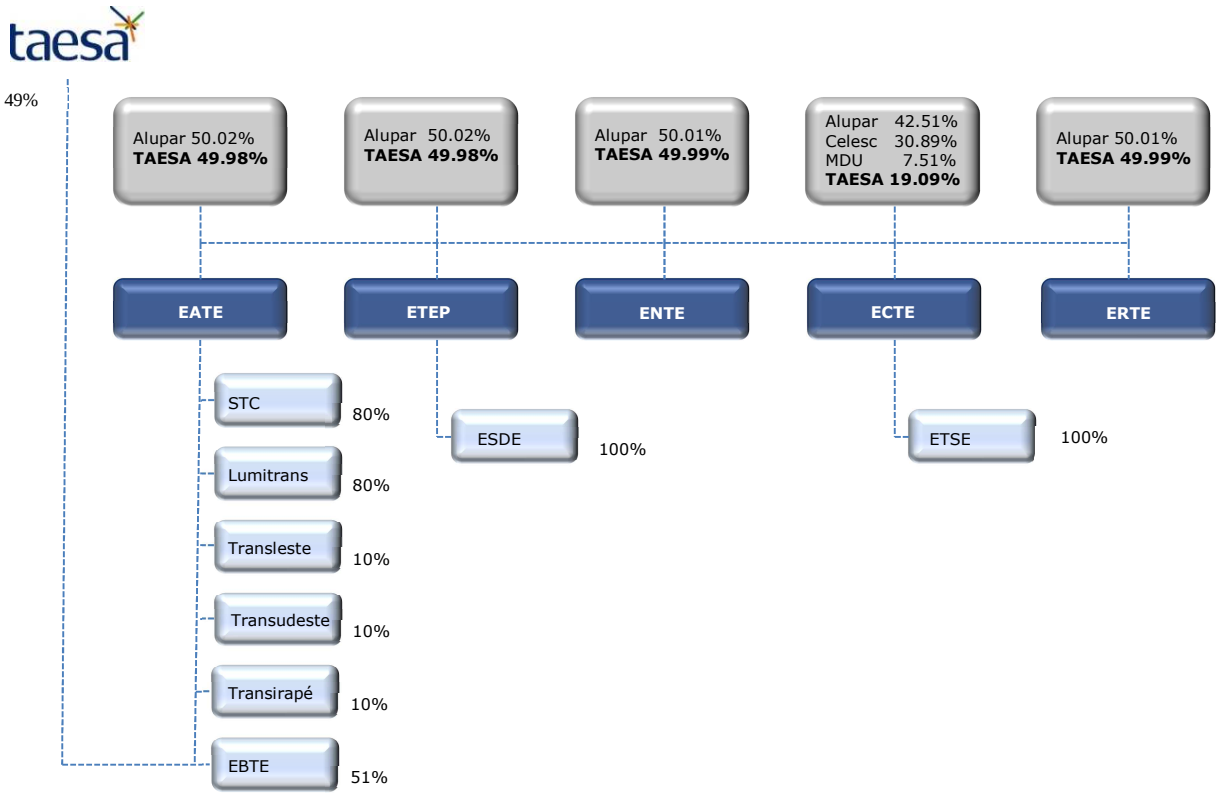
(*) EATE controls EBTE with a 51% equity interest, and the remaining 49% equity interest is directly held by Taesa. Consequently, the Company also has a 25.49% indirect equity interest in EBTE through EATE (with Taesa holding a 49.98% equity interest in EATE). As a result, Taesa´s direct and indirect equity interest in EBTE is 74.49%. Taesa has a significant influence over EBTE, pursuant to the shareholders agreement entered into between the parties.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2013

(Amounts expressed in thousands of Brazilian reais – R$, unless stated otherwise)

TBE Group Organization Chart



Due to characteristics of the power transmission segment, these acquired companies are under technical interpretation ICPC 01(R1) - Concession Arrangements (equivalent to IFRIC 12) Considering that concessions are entered into with the Concession Grantor and regulated by the National Electric Energy Agency (ANEEL) and that concession arrangements provide for an unconditional contractual right to receive cash with no risk of claim (Annual Permitted Revenue (RAP), the Company has identified and measured the fair value of each financial asset acquired from the respective companies based on technical interpretation ICPC 01(R1)/IFRIC 12, for purposes of compliance with paragraph 32 of CPC 18 (R2) – Investments in Associates, Subsidiaries and Jointly-Controlled Entities (equivalent to IAS 28 (2012)), since the transaction required the approval of the shareholders of the companies involved, since they are not under common control. Accordingly, the financial assets of the companies were measured based on the discounted cash flow method at present value and the related deferred taxes were measured on an appreciation basis. The cash flow was discounted by applying the discounted rates that reflect current market assessments and the characteristics of each concession arrangement. The key assumptions adopted by the Company are described in Notes 3.4 and 7. The other assets and liabilities were also measured at their fair value on the date of acquisition of these equity interests (May 31, 2013).

As set forth in the Transmission Asset Investment Agreement, the Company should not dispose of, assign or transfer its ownership interests in the TBE Group companies during a 120-month period counted from the date of effective transfer of such ownership interests to the Company, except if previously authorized by CEMIG.

During the aforementioned period, the Company may sell, assign or transfer, wholly or partially, any equity interest held in the TBE Group companies, provided that it transfers to CEMIG the positive difference arising from the aforementioned sale, assignment or transfer, by matching the sale, assignment or transfer amount to the transfer amount of the TBE Group companies to the Company, inflation adjusted using the SELIC rate disclosed by the Central Bank of Brazil (BACEN) on the sale, assignment or transfer date.

Additionally, on May 31, 2013, amendments to the Shareholders Agreement for TBE Group companies became effective. Under the amended version of such Shareholders Agreement, the Company has a significant influence over TBE Group companies, and, as such, these equity interests will be measured under the equity method.

The main clauses under such agreements are summarized below:

a) Alupar will have the right to purchase shares issued by the "company"(all TBE companies) belonging to TAESA, in case CEMIG no longer has the control or no longer takes part in TAESA's controlling group.

b) The decisions made by the general meeting will be taken by the majority of votes of the attending shareholders, except in those cases where the law requires a more qualified quorum, except for the following matters, which can only be approved through the affirmative vote of shareholders holding 55% (except for ECTE, in which the equity interest is 69%) of the voting shares issued by the relevant company:

- Capital increase or reduction, as provided for in such agreement, share split or reverse split, share redemption or purchase for cancellation or holding in treasury, change in the corporate purpose, issuance or sale of any securities by the relevant company, including the creation and issuance of preferred shares, debentures of any nature or any other debt securities convertible into shares, founder's shares, subscription warrants or stock options or share subscription;

- Spin-off, merger, consolidation or transformation involving the relevant company, establishment of subsidiaries;

- Liquidation or dissolution of the relevant company;

- Change in the minimum percentage of profit to be annually distributed to shareholders;

- Interest held by the relevant company in other companies, jointly-controlled entities or consortia, as well as third-party associations of any nature;

- Going public or going private;

- Change in the authority limits of the Board of Directors for resolutions addressing certain matters.

c) Shareholder's prohibition from taking part in any decision on the approval, execution or termination of any agreements, transactions or contracts among the relevant company and any of its shareholders and/or controlling shareholders, subsidiaries, associates or companies under common control;

d) The referred company's Board of Directors will be comprised of six members and respective alternates (except for ECTE's and EBTE's Boards of Directors, which will have five members and respective alternates), and each lot of common shares issued by such company, representing 15% (except for ECTE, with 16%, and EBTE, with 16.5%) of the voting capital ensures the holder the right to appoint one member to the Board of Directors. The Chairman of the Board of Directors will be elected among the members appointed by Alupar or by EATE, as the case may be, to be part of such body and will be responsible by the organization and coordination of the Board of Directors' activities. Except for the matters below, the decisions of the Board of Directors' decisions will be made through the affirmative vote of the majority of the attending members, with the Board of Directors' chairman having the casting vote. The Board of Directors' decisions, with respect to the matters below, will only be made by the affirmative vote of four Directors:

- Election and payment of compensation of such company´s Directors, pursuant to item 4.8 of the agreement, and sub items, as well as determine the Directors' duties, in addition to those defined in Bylaws

- Approve borrowings, financing, issuance or sale of debt securities non-convertible into shares, establishment of liens and collaterals to secure third parties´ obligations and contracting in general, that may be entered into by such company, in amounts higher than R$1,350; and

- Submittal to the General Shareholders Meeting of the proposal for allocation of the profit for the year, in accordance with the Bylaws.

e) The Board of Directors´ decisions with respect to the following matter will be subject to veto of at least two Directors (or a director appointed by Alupar or by the Company, in ECTE´s case), as expressed in the Board of Directors' meeting. Approve/change such company´s annual budget that is relevant in relation to the prior year one.

f) In case of deadlock in an Executive Board's decision, the matter will be submitted to the Board of Directors.

g) The Executive Board will be comprised of two officers, one Chief Administrative & Financial Officer and one Chief Technical & Commercial Officer (except for ECTE's Executive Board, which will also have a Chief Planning & Regulation Officer). The Executive Board members may be removed at any time by the Board of Directors, and will have a three-year term of office, reelection being permitted.

While Alupar, or EATE, as the case may be, holds at least 49% (except for ECTE, with 15%) of the voting shares issued by such company, it will appoint the Chief Administrative & Financial Officer and while the Company holds at least 49% (except for ECTE, with 15%) of the voting shares, it will appoint the Chief Technical & Commercial Officer.

Taesa Group understands that the acquisitions resulted in additions to existing operating assets, thus expanding its geographical operating area. These companies operate a total of 3,136 km of transmission lines.

The table below shows the total fair values of the direct equity interests acquired in these companies, classified in the balance sheet as investments in associates:

At May 31, 2013	Fair values recognized on acquisition
Assets:	
Cash and cash equivalents	35,400
Financial assets	5,060,912
Investments – equity interests	535,073
Intangible assets	11,556
Other assets	181,861
	5,824,802
Liabilities	
Trade and other payables	173,980
Borrowings and financing	193,767
Debentures	661,369
Deferred taxes	1,242,021
	2,271,137
Total identifiable assets, net	**3,553,665**
Taesa's stake in net assets acquired (*)	47.60%
Consideration transferred for the acquisition	**1,691,415**

(*) Sum of direct equity interests acquired by the Company in the net assets of each acquired company.

On the acquisition date, the total net assets at book value of the companies whose direct equity interests were acquired totaled R$2,008,927.

The shares in the Company´s income and expenses (using the equity method of accounting) for the year ended December 31, 2013, from the acquisition date, relating to the companies acquired are presented in Note 12. The profit (loss) (using the equity method of accounting) that would be generated by the acquired companies in 2013, if the companies had been acquired at the beginning of the year, would be R$213,740.

Acquisition of an indirect associate – On August 8, 2013, associate EATE entered into a Share Purchase and Sale Agreement with Orteng Equipamentos e Sistemas S.A. ("Orteng") for the acquisition of 10% of the total capital of Companhia Transudeste de Transmissão, Companhia Transleste de Transmissão and Companhia Transirapé de Transmissão ("Transmineiras"). Upon fulfillment of all conditions set forth in the respective Share Purchase and Sale Agreement, on October 17, 2013, associate EATE completed the transaction for acquisition of the equity interest held by Orteng, corresponding to 10%, in Transmineiras´ capital, plus other costs, totaling R$33,633.

3. BASIS OF PREPARATION

3.1. Statement of compliance

The Company's financial statements include:

- The consolidated financial statements prepared in accordance with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and the accounting practices adopted in Brazil (BR GAAP), identified as Consolidated.
- The Parent's individual financial statements prepared in accordance with accounting practices adopted in Brazil (BR GAAP), identified as Parent.

The accounting practices adopted in Brazil include those established in the Brazilian Corporate Law, as well as the technical pronouncements, instructions and interpretations issued by the Accounting Pronouncements Committee ("CPC") and approved by the Federal Accounting Council ("CFC") and the Brazilian Securities Commission ("CVM").

The Parent's individual financial statements have been prepared in accordance with the BR GAAP and, in the case of the Taesa Group, these accounting practices differ from the IFRSs applicable to separate financial statements due to the measurement of investments in subsidiaries, associates and jointly-controlled entities under the equity method in the BR GAAP, whereas for purposes of IFRS such investments would be measured at cost or fair value.

However, there is no difference between the consolidated equity and the profit/loss presented by the Taesa Group and the Company's equity and profit/loss presented in its individual financial statements. Accordingly, Taesa Group's consolidated financial statements and the Parent's individual financial statements are presented as a single set, side by side.

The individual and consolidated financial statements were approved and authorized for publication by Management and the Supervisory Board on March 17, 2014.

3.2. Basis of measurement

The individual and consolidated financial statements have been prepared based on the historical cost, except for derivative instruments stated at fair value and non-derivative instruments stated at fair value through profit or loss (notes 22).

3.3. Functional and reporting currency

The individual and consolidated financial statements are presented in Brazilian reais (R$), which is the Company's functional currency. All financial statements presented in Brazilian reais (R$) have been rounded to the nearest thousand, unless otherwise stated.

3.4. Use of estimates and judgments

The preparation of individual and consolidated financial statements pursuant to the accounting practices adopted in Brazil and IFRSs requires Management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from those estimates.

Estimates and assumptions are reviewed on an ongoing basis. Revised accounting estimates are recognized in the year in which estimates are reviewed and in any future years that may be impacted. The main areas involving estimates and assumptions are described below:

a. Financial assets: The Company measures financial assets at the beginning of the concession at fair value and subsequently at amortized cost. At the beginning of the concession, the Rate of Return on the Financial Asset (TRAF) is estimated by the Company using internal and external market inputs. The TRAF is estimated by concession and used to compensate the financial asset of the aforementioned concession during the concession term.

   The balance of the financial asset reflects the amount of the future cash flow discounted by the concession's TRAF. Future cash flows takes into account the Company's estimates when determining the monthly RAP portion that should compensate for infrastructure and the indemnity expected to be received from the Concession Grantor at the end of concession. The indemnifiable amount is considered by the Company as the residual carrying amount at the end of concession.

   The Company uses its historical profit or loss to as a basis for its estimates, taking into consideration the type of concession, area of operation and specifications of each auction.

b. Revenue from operation & maintenance ("O&M"): revenue from these services is determined based on their fair values and recognized on a straight-line basis over the concession term.

c. Measurement of financial instruments: The Company uses valuation techniques that include information not based on observable market inputs to estimate the fair value of certain financial instruments. Note 22 contains detailed information on the key assumptions used by the Company when determining the fair value of its financial instruments, as well as the sensitivity analysis of these assumptions.

d. Taxes and contributions: There are uncertainties surrounding the interpretation of complex tax regulations and the amount and timing of future taxable income. In view of the long-term nature and complexity of contractual instruments, differences between actual income and the assumptions adopted, or future changes in these assumptions, could require future adjustments to tax income and expenses already recorded. The Company recognizes provisions based on reasonable estimates with respect to potential effects of tax audits by the tax authorities in the respective jurisdictions where it operates. The amount of these provisions is based on various factors, such as the experience of past tax audits and different interpretations of tax regulations by the taxable entity and the competent tax authority. These interpretation differences can arise within an extensive set of issues, depending on the conditions in place in the respective domicile of the entities comprising the Company.

   Deferred income tax and social contribution, as well as deferred taxes, are accounted for based on temporary differences between accounting and tax basis in conformity with prevailing tax laws and the aspects mentioned in the preceding paragraph.

e. Recovery of recoverable and deferred income tax and social contribution assets: The Company accounts for assets relating to deferred tax arising from temporary differences between the accounting basis of assets and liabilities and the tax basis. Deferred tax assets are recognized to the extent that the Company expects to generate sufficient future taxable income based on projections and estimates prepared by Management. These projections and estimates include various circumstances relating to the Company's performance and factors that could differ from current estimates.

Under prevailing Brazilian tax laws, there is no term for utilization of tax losses. However, accumulated tax losses can be offset only up to the limit of 30% of annual taxable income. See Note 9.

f. Provisions for labor, tax, and civil risks: The Company is a party to various lawsuits and administrative proceedings, as described in Note 17. Provisions are recognized for all risks relating to lawsuits whose likelihood of loss is assessed as probable and that can be reliably estimated. The likelihood of loss is assessed based on available evidences, the hierarchy of laws, available case rulings, most recent court decisions and their relevance within the legal system, and the assessment made by the outside legal counsel. Management believes that these provisions for tax, civil and labor risks are fairly measured and stated in the financial statements.

3.5. Segment reporting

Taesa Group operates only in the power transmission segment.

The Company provides the basic grid based on the agreement entered into among the Company and the National Electric System Operator (ONS), called as Transmission System Use Agreement (CUST). Such agreement sets out the terms and conditions that will govern the management of the ONS in connection with the collection and settlement of power transmission charges. Therefore, the Company has no control over who are the users of the transmission line and how much each of them should pay in consideration for such access. The ONS is fully liable for such control.

4. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies described below have been consistently applied by the Taesa Group companies to all reporting periods.

4.1. Basis of consolidation and investments in subsidiaries

The consolidated financial statements incorporate the financial statements of Taesa and its subsidiaries, described in notes 1 and 12. Control is obtained when the Company has the power to control an entity's financial and operating policies to benefit from its activities. The companies in which the Company holds joint control or has significant influence are accounted for under the equity method.

In the Parent's individual financial statements, the financial information on the subsidiaries, jointly-controlled entities and associates are recognized under the equity method.

Profit or loss of subsidiaries and/or jointly controlled entities acquired or sold during the year are included in the consolidated income statements and statements of comprehensive income as from the effective acquisition date through the effective sale date, as applicable. The balance of comprehensive income is attributable to the Company's owners and noncontrolling interests, even if results presented are negative.

The Company is a unitholder of investment fund Fundo de Investimento em Cotas de Fundos de Investimento Pampulha Renda Fixa - Crédito Privado, ("Pampulha Fund" or "Fund") which is an exclusive fund of the Taesa Group and the CEMIG Group. Because it is an exclusive fund, the Pampulha Fund is proportionately consolidated in the Company's financial statements based on the number of units held by the Taesa Group.

Fundo Pampulha is managed and administered by Votorantim Asset Management Distribuidora de Títulos e Valores Mobiliários Ltda. and the assets comprised in its portfolio are held in custody by Banco Bradesco S.A. The Fund is subject to the restricted obligation of payment for services provided in connection with the management of assets, attributable to the operation of investments, such as custody and audit fees and other expenses; there are no material financial obligations or judicial or extrajudicial claims, as well as unitholders' assets to secure these obligations.

In 2012, after the acquisition of the remaining 50% of UNISA on July3, 2012, such acquisition impacted the consolidated financial statements as follows: from January to June - 50% (accounted for under the equity method) and from July to December - 100% (consolidated on a per line basis).

When necessary, the financial statements of the subsidiaries are adjusted to conform their accounting policies to those of established by the Group. All intragroup transactions, balances, revenues, and expenses are fully eliminated in the consolidated financial statements.

4.2. Investments in associates and jointly-controlled entities

An associate is an entity over which the Group has significant influence and that does not qualify as a subsidiary or a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

A joint venture is a joint arrangement under which the parties that hold the joint control over the arrangement hold rights over the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control, applicable only when the decisions on the material activities require the unanimous consent of the parties that share the control.

The profit or loss, the assets and the liabilities of associates or jointly-controlled entities are incorporated in these consolidated financial statements under the equity method, except when the investment or a portion of the investment is classified as held for sale, in which case it is accounted for pursuant to IFRS 5 (equivalent to CPC 31). Under the equity method and joint venture investment in an associate or a joint venture is initially recognized in the balance sheet at cost and subsequently adjusted to recognize the Group's interests in the profit or loss and other comprehensive income of the associate or joint venture. When the Group's interests in the losses of an associate or a joint venture exceeds the Group's interests in the associate or joint venture (which includes any long-term interest that, in substance, are part of the Group's net investment in the associate or joint venture), the Group ceases to recognize its interest in additional losses. The additional losses are recognized only if the Group has incurred legal or constructive obligations, or has assumed obligations on behalf of the associate or joint venture.

An investment in an associate or joint venture is accounted for by the equity method from the date that an investee becomes an associate or a joint venture. Upon the acquisition of the investment in an associate or joint venture, any investment cost exceeding the Group's interests in the net fair value of the investee's identifiable assets and liabilities is recognized as goodwill, and included in the carrying amount of the investment. Any amount of the Group's interests in the net fair value of the investee's identifiable assets and liabilities exceeding the investment cost, after the revaluation, is immediately recognized in profit or loss for the period when the investment is acquired.

The requirements of IAS 39 (equivalent to CPC 38) are applied to determine the need to recognize any impairment loss related to the Group's investment in an associate or joint venture. When necessary, the total carrying amount of the investment (including goodwill) is tested for impairment pursuant to IAS 36 (equivalent to CPC 01 (R1)) as a single asset by comparing its recoverable value (which is the higher of its value in use and the cost to sell) with its carrying amount. Any impairment loss recognized is part of the carrying amount of the investment. Any reversal of this impairment loss is recognized pursuant to IAS 36 (equivalent to CPC 01 (R1)) to the extent that the recoverable value of the investment is subsequently increased.

When a Group entity conducts a transaction with a Group associate or joint venture, the profits or losses arising on the transaction with the associate or joint venture are recognized in the Group's consolidated financial statements only to the extent the interests in such associate or joint venture are not related to the Group.

4.3. Business combinations

Business combinations are accounted for on the acquisition date, i.e., when control is transferred to Taesa Group under the acquisition method. Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. When determining control, Taesa Group takes into consideration potential voting rights which are currently exercisable.

In a phased business combination, the Company measures again its previous interest in the acquiree at fair value on the acquisition date and recognizes the corresponding gain or loss, if any, in profit or loss for the period, or in other comprehensive income, if applicable.

The Taesa Group measures goodwill on the acquisition date as the amount of the consideration transferred plus the net amount (generally at fair value) of identifiable assets acquired and liabilities assumed.

Transaction costs, except costs relating to the issuance of debt instruments, incurred by the Taesa Group in connection with business combinations are accounted for in profit or loss, when incurred.

4.4. Foreign currency

Assets and liabilities from foreign transactions, including fair value adjustments arising from acquisition are translated into Brazilian reais using the exchange rates on the reporting date. Revenues and expenses from foreign operations are translated into Brazilian reais at the exchange rates prevailing on the transaction dates.

4.5. Financial instruments

a. Non-derivative financial assets

The Taesa Group recognizes loans and receivables and deposits initially on the date they were originated. All other financial assets (including assets designated at fair value through profit or loss) are initially recognized on trade date when the Group becomes a party to the underlying contract.

The Taesa Group does not recognize a financial asset when the contractual rights to the cash flows of the asset expire, or when the Group transfers the rights to receive contractual cash flows on a financial asset in a transaction where essentially all the risks and rewards of ownership of the financial asset are transferred. Any interests created or retained by the Group in financial assets are recognized as an individual asset or liability.

Financial assets or liabilities are offset and the net amount stated in the balance sheet when, and only when, the Group retains the legal right to set off the amounts and has the intention to simultaneously settle the liability or realize the asset on a net basis.

The Taesa Group recognizes a financial asset arising from concession arrangements when it has an unconditional contractual right to receive cash or other financial asset from the Concession Grantor or the party indicated by it in connection with construction or improvements made. These financial assets are measured at fair value on initial recognition and classified as loans and receivables. After initial recognition, financial assets are measured at amortized cost.

The Taesa Group classifies non-derivative financial assets in the following categories:

(i) Financial assets at fair value through profit or loss: A financial asset is classified at fair value through profit or loss if it is classified as held for trading, i.e., designated as such on initial recognition. Financial assets are designated at fair value through profit or loss if the Taesa Group manages such investments and makes buy or sell decisions based on their fair values according to the documented risk management policy and its investment strategy. Transaction costs are recognized in profit or loss when incurred. Financial assets at fair value through profit or loss are measured at fair value and changes in the fair value of these assets, which take into consideration any gain on dividends, are recognized in profit or loss for the year.

(ii) Loans and receivables: These are financial assets with fixed or determinable payments that are not quoted in an active market. These assets are initially recognized at fair value plus any attributable transaction costs. After initial recognition, loans and receivables are measured at the amortized cost using the effective interest method, less any impairment losses.

(iii) Held-to-maturity financial assets: These are non-derivative financial assets with fixed or determinable payments and fixed maturity dates that the Group has the positive intent and ability to hold to maturity. After the initial recognition, held-to-maturity financial assets are measured at amortized cost using the effective interest method, less probable impairment losses.

b. Non-derivative financial liabilities

The Taesa Group recognizes debt securities issued and subordinated liabilities initially on the date they are originated. All other financial liabilities (including liabilities designated at fair value through profit or loss) are initially recognized on trade date when the Taesa Group becomes a party to the underlying contract. The Taesa Group derecognizes a financial liability when its contractual obligations are discharged or cancelled or when they are settled.

The Group classifies non-derivative financial liabilities as other financial liabilities. These financial liabilities are initially recognized at fair value plus any attributable transaction costs. After initial recognition, these financial liabilities are measured at amortized cost using the effective interest method.

c. Derivatives

The Company, through its subsidiary ATE III, holds derivative instruments to hedge against risks arising from foreign currencies under the financing agreement entered into with Inter-American Development Bank (IDB), as described in Note 22.

Derivatives are initially recognized at fair value on the date the derivative agreement is entered into and any attributable transaction costs are recognized in profit or loss when incurred. After initial recognition, derivatives are measured at fair value and changes in the fair value are recognized in profit or loss (in line item "Finance income (costs)").

Although the Taesa Group uses derivatives for hedging purposes, it does not adopt the hedge accounting. The fair value of derivatives is disclosed in Note 22.

4.6. Property, plant and equipment

a. Recognition and measurement

Property, plant and equipment items are measured at the historical purchase or construction cost, less accumulated depreciation and, where applicable, accumulated impairment losses.

Cost includes expenditures directly attributable to the purchase of an asset. Software purchased that is an integral part of a piece of equipment's functionality is capitalized as part of such equipment.

When parts of a property, plant and equipment item have different useful lives, such parts are recognized as individual property, plant and equipment items (main components).

Gains and losses on the disposal of a property, plant and equipment item (calculated by comparing disposal proceeds with the carrying amount of the property, plant and equipment item) are recognized in line item 'Other operating income and expenses' in profit or loss.

The Company accounts for as property, plant and equipment only tangible assets not related to the concession infrastructure.

b. Depreciation

Property, plant and equipment items are depreciated on a straight-line basis in profit or loss for the year based on the estimated economic useful life of each item. Land is not depreciated.

Property, plant and equipment items are depreciated from the date they are installed and are available for use.

The weighted average depreciation rates used for property, plant and equipment items are as follows: Buildings - 4%, Machinery and equipment - 4.5%, Buildings, construction work and improvements - 3.7%, Furniture and fixtures - 11%, and Vehicles - 24%.

The depreciation methods, the useful lives and the residual values are reviewed at each yearend.

4.7. Intangible assets

a. Recognition and measurement

Intangible assets comprise:

- Concession intangible asset relating to the allocation of appreciations of business combinations recorded by the Company already including the allocation to financial assets and the accounting for deferred taxes, measured at total acquisition cost, less amortization expenses;
- Software - measured at total acquisition cost, less amortization expenses.
- Trademarks and patents - stated at acquisition cost.

The Company accounts for as intangible assets only intangible assets not related to the concession infrastructure.

b. Amortization

Amortization is calculated on the cost of an asset, or other substitute amount for cost, less the residual value, and is recognized in profit or loss on a straight-line basis based on the estimated useful lives of intangible assets, except for goodwill, from the date they are available for use, as this method is more representative of the time pattern in which future economic benefits from the asset are consumed.

The weighted average amortization rate used for intangible assets with finite useful lives is as follows: software - 20% and concession intangible assets – 4.96%

4.8. Impairment

a. Financial assets (including receivables)

A financial asset not measured at fair value through profit or loss is assessed at each reporting date to determine whether there is any indication that it is impaired. An asset is considered to be impaired if there is indication that a loss event has occurred after the initial recognition of the asset and that the loss event had a negative effect on the projected future cash flows of that asset that can be reliably estimated.

Indication that a financial asset is impaired may include the default or delinquency on payment by the borrower, renegotiation of the amount payable to the Taesa Group based on conditions that Taesa Group would not take into consideration in other transactions, indications that a borrower or issuer will file for bankruptcy, or the disappearance of an active market for a security. In addition, for an equity security, a significant or prolonged decline in its fair value below its cost is objective evidence of impairment.

The Company did not identify impairment losses to be recognized in any of the reporting years.

b. Financial assets at amortized cost

The Taesa Group considers evidence of impairment of assets at amortized cost both individually and collectively. Individually material assets are measured with respect to the loss of specific amount. Individually material assets are measured collectively with respect to the loss of amount based on the group of securities with similar risks.

In assessing collective impairment Taesa Group uses historical trends of the probability of default, the timing of recovery and the amount of loss incurred, adjusted to reflect Management's judgment as to the assumptions whether current economic and credit conditions are such that the actual losses are likely to be greater or lower than suggested by historical trends.

An impairment of a financial asset measured at amortized cost is calculated as the difference between the carrying amount and the present value of estimated future cash flows, discounted at the effective original interest rate of the asset. Losses are recognized in profit or loss in "allowance for impairment losses". Interest on the impaired asset continues to be recognized. When a subsequent event indicates the reversal of impairment, the impairment loss is reversed and recognized in profit or loss.

The Company did not identify impairment losses to be recognized in any of the reporting years.

c. Nonfinancial assets

The carrying amounts of the Taesa Group's nonfinancial assets, other than deferred income tax and social contribution, are reviewed at each reporting date to determine whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is estimated.

An impairment loss is recognized if the carrying amount of the asset or cash-generating unit (CGU) exceeds its recoverable amount.

The recoverable value of an asset or CGU is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pretax discount rate that reflects a current market valuation of the time value of money and the risks specific to the asset or the CGU for the which the estimated future cash flows has not been adjusted.

For impairment testing purposes, assets that cannot be individually tested are grouped in the lowest group of assets that generates cash inflows from continuing use which are mainly independent from cash inflows from other assets or groups of assets (the CGU). For impairment test of goodwill, the goodwill amount on a business combination is allocated to the CGU or the group of CGUs for which the benefit of combination synergies is expected. Such allocation reflects the lowest level where goodwill is monitored for internal purposes and is not higher than an operating segment determined as prescribed in IFRS 8 and CPC 22 - Segment Reporting.

Impairment losses are recognized in profit or loss. Losses relating to a CGU are initially allocated in the impairment of any goodwill allocated to such CGU (or group of CGUs), and subsequently to the impairment of other assets of such CGU (or CGUs) on a pro rata basis.

An impairment loss on goodwill is not reversed. Impairment losses on other assets are reversed only to the extent the carrying amount of the asset does not exceed the carrying amount that would have been determined, less depreciation or amortization, had the impairment loss not been recognized.

The Company did not identify impairment losses to be recognized in any of the reporting years.

4.9. Provisions for labor, tax and civil risks

A provision is recognized, as a result of a past event, when Taesa Group has a present legal or constructive obligation that can be reliably estimated and it is probable an outflow of resources will be required to settle the obligation. Provisions are determined using the expected discounted future cash flows at a pretax rate that reflects current market assessments of the time value of money and specific risks for the liability. Finance costs incurred are recognized in profit or loss.

4.10. Capital

a. Common shares - Common shares are classified in equity. Additional costs directly attributable to share and stock option issuances are recognized as a deduction from equity, net of taxes.

b. Preferred shares - Preferred shares are classified in equity in case they are not redeemable, or if they are redeemable only at the Company's discretion. Additional proposed dividends are recognized in equity when approved by the Company's management, and recognized as a liability when approved at the shareholders' meeting. Additional costs directly attributable to share issuance are recognized as a deduction from equity, net of taxes. As provided for by Company bylaws, minimum mandatory dividends are recognized as liabilities.

4.11. Operating revenue

Operating revenue from concession arrangements: Under ICPC 01 (R1) - Concession Arrangements (equivalent to IFRIC 12) and OCPC - 05 – Concession Arrangements, power transmission concessionaires operating in the Brazilian regulatory environment adopt the financial asset model, as prescribed in paragraph 93 of said guideline.

Based on such model, the permitted annual revenue (RAP) is comprised of a portion that remunerates the financial asset recognized (investment in the construction of transmission lines), and a portion that remunerates the operation and maintenance of the power transmission grid, the latter being recognized on a straight-line basis.

Revenues from infrastructure construction, incurred at the transmission line construction phase, were recorded at their fair values in conformity with CPC 17 (R1) - Construction Arrangements (equivalent to IAS 11) and CPC 30 (R1) – Revenues (equivalent to IAS 18) and ICPC 01 (R1) (equivalent to IFRIC 12), on accrual basis and under the straight- line method recognition for operation and maintenance revenues.

In view of the foregoing, the Taesa Group recognizes its revenues when the revenue amounts can be reliably measured and it is probable that is future economic benefits will flow to Taesa Group. The Taesa Group's main sources of revenue are as follows:

- Finance income arising from the compensation of the concession financial asset to be recognized up to the end of the concession term and determined taking into consideration the rate of return on each investment and defined at the beginning of each concession.
- Operation and maintenance revenue is recognized on a straight-line basis and measured at the beginning of each concession, in conformity with CPC 30 (R1) – Revenues (equivalent to IAS 18).
- Infrastructure construction revenue, incurred at the construction phase and only relating to the construction of power transmission lines and expansions that generate additional revenue (additional revenue). Infrastructure construction revenue is recognized in profit or loss based on the percentage of completion, as prescribed in CPC 17 (R1) - Construction Agreements and measured based on their fair values. Infrastructure construction revenue is recognized when incurred.

4.12. Government grants and government assistance

Grants that are intended to compensate the Taesa Group for any expenses incurred are recognized in profit or loss on a systematic basis in the same period in which expenses are accounted for. Such tax reduction or exemption is recognized as investment grant by accounting for total taxes in profit or loss as if they were payable as a balancing item to a corresponding revenue from grant and stated reduced by the other.

Amounts recorded in profit or loss are allocated to the tax incentive reserve in equity, when profit or loss is allocated.

4.13. Finance income and finance costs

Finance income include interest income on short-term investments, exchange differences, net of balances in US dollar-denominated banks and changes in the fair value of financial assets measured at fair value through profit or loss. Interest income is recognized in profit or loss under the effective interest method.

Finance costs comprise interest expenses, inflation adjustments, net on borrowings and financing, debentures and promissory notes, exchange rates changes, net of foreign currency-denominated liabilities, impairment losses recognized in financial assets (except receivables) and losses on hedge instruments. Borrowings costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognized in profit or loss under the effective interest method.

4.14. Income tax and social contribution

Current and deferred income tax and social contribution are calculated at the rate of 15%, plus a 10% surtax on taxable income exceeding R$240 for income tax and 9% on taxable income for social contribution, and take into consideration the offset of tax loss carryforwards, limited to 30% of taxable income.

Current tax is the expected tax payable or receivable on taxable income or loss for the year at tax rates that have been enacted or substantially enacted by the end of the reporting period and any adjustment to taxes payable in relation to prior years. Current and deferred taxes are recognized in profit or loss unless they are related to the business combination or items recognized directly in equity.

Deferred taxes are recognized on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used for tax calculation purposes. Deferred taxes are measured at the rates that are expected to be applied on temporary differences when they are reversed, based on tax rates effective at the balance sheet dare.

If the Company is subject to the Transitional Tax Regime (RTT), it should eliminate the adjustments arising from Law 11638/07 and various CPCs, in order to reestablish the rules effective through December 31, 2007.

A deferred income tax and social contribution asset is recognized on tax losses, tax credits and deductible temporary not utilized when it is probable that future income subject to taxation is available and against which they will be utilized.

Deferred income tax and social contribution assets are reviewed at each reporting period and will be reduced to the extent their realization is no longer probable.

Provisional Act 627/2013 - On November 11, 2013 Provisional Act 627 was issued to repeal the Transitional Tax Regime (RTT) and introduce other provisions, such as: (i) amendments to Decree Law 1598/77, which addresses corporate income tax, and the social contribution on net income law; (ii) establishes that the change or adoption of accounting methods and criteria under administrative measures issued based on the jurisdiction attributed by the Commercial Law, after the enactment of this Provisional Act, shall not have any impact on the calculation of federal taxes until a tax law regulates the matter; (iii) it provides for a specific treatment of the potential taxation of profits or dividends; (iv) includes provisions on the calculation of interest on capital; and includes considerations on investments measured by the equity method of accounting.

Said Provisional Act is effective beginning 2015. Its early adoption in 2014 could eliminate potential tax effects, especially those associated with the payment of dividends and interest on capital effectively paid by the date Provisional Act was enacted, and on the share of profit of subsidiaries.

Considering the current level of operation and the wording of said statute, if the Provisional Act is adopted only in 2015, the main items that could affect the Company's financial position are as follows:

(i) Taxation of the dividends effectively paid by the date Provisional Act was enacted and generated beginning January 1, 2008 through December 31, 2013, higher than the balance sheet amount determined based on the criteria prevailing as at December 31, 2007 (provided for by Regulatory Instruction 1397/13, issued on September 17, 2013); The Company has distributed substantially all the profits earned since January 1, 2008, as adjusted by the legal and tax incentive reserves recognized in the period;

(ii) Lack of a specific provision to defer the profit earned during the infrastructure construction stage, the balance item of which is recognized in Financial assets (applicable exclusively to the concessions to be acquired after the enactment of Provisional Act 627/2013); and

(iii) PIS and COFINS credits on the acquisition of assets and inputs linked to the investments (construction, refurbishment or expansion) of the transmission lines or substation, under the agreements entered into with the ANEEL.

The Company also believes that there is not sufficient information available to conclude on the possible impact on the financial settlement of the temporary differences in the tax treatment arising from the concession agreement. As at December 31, 2013, the Company had a consolidated balance of deferred tax liabilities (IRPJ, CSLL, PIS and COFINS) amounting to R$696 million.

Management awaits the developments and the possible amendments to the original wording of said Provisional Act to make a decision on its early adoption, within the deadlines established therein.

4.15. Earnings per share

Basic earnings per share is calculated based on profit or loss for the period attributable to the Company's controlling and noncontrolling shareholders divided by the weighted average number of outstanding shares in the respective period.

Diluted earnings per share is calculated based on profit or loss for the period attributable to the Company's controlling and noncontrolling shareholders divided by the weighted average number of outstanding shares in the respective period adjusted to reflect the effects of all potential dilutive common shares.

4.16. Pension plan (defined contribution)

Contributions to defined contribution pension plans are recognized as expenses when the services that confer right to these contributions are provided, i.e., when Fundação Forluminas de Seguridade Social - FORLUZ provides management services to the pension plan.

4.17. Statements of Value Added ("DVA")

This statement is intended to disclose the wealth created by the Company and its distribution during a certain period and is presented by the Company, as required by Brazilian corporate law, as part of its individual financial statements and as supplemental information to the consolidated financial statements, since it is neither provided for nor mandatory under IFRSs.

The DVA has been prepared using information obtained in the same accounting records used to prepare the financial statements and pursuant to the provisions of CPC 09 - Statement of Value Added. The first part of the DVA presents the wealth created by the Company, represented by revenues (gross sales revenue, including taxes levied thereon, other income and the effects of the allowance for doubtful accounts), inputs purchased from third parties (cost of sales and purchases of materials, power and outside services, including the taxes levied at the time of the purchase, the effects of impairment and recovery of assets, and depreciation and amortization) and the value added received from third parties (share in the profit of subsidiaries, finance income and other income). The second part of the DVA presents the distribution of wealth among personnel, taxes and contributions, lenders and lessors, and shareholders.

4.18. Statements of Cash Flows

The Company, its subsidiaries and jointly controlled entities classify in the statements of cash flows interest paid as financing activity and dividends received as operating activity, because they understand that interest paid correspond to costs to raise financial resources and dividends received correspond to an extension of their operating activities.

4.19. Operating leases

Operating lease payments are recognized as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed. Contingent operating lease payments are recognized as an expense in the year or period in which they are incurred.

4.20. New and revised standards and interpretations

4.20.1. Adoption of new and revised standards which did not have a material impact on the financial statements

The following new and revised standards were adopted in preparing these financial statements. The adoption of these standards did not significantly impact the amounts reported in the current and prior periods.

- IFRS 10 (CPC 36 (R3)) - Consolidated Financial Statements.
- IFRS 13 (CPC 46) - Fair Value Measurement.
- Amendments to IAS 01 (revised in 2011) - Presentation of Items from Other Comprehensive Income.
- IAS 19 (revised in 2011) (CPC 33(R1)) - Employee Benefits.
- IAS 27 (revised in 2011) (CPC 35(R2)) - Separate Financial Statements.
- Amendments to IFRSs – Annual improvement cycles for 2009-2011.
- IFRIC 20 - Stripping Costs in the Production Phase of a Surface Mine.
- Amendments to IFRS 7 – Offsetting Financial Assets and Financial Liabilities.

4.20.2. Adoption of new and revised standards which had a significant impact on the financial statements

The new and revised standards adopted in these financial statements are described below. The adoption of these standards had a significant impact on the amounts reported in the current and prior periods.

- IFRS 11 (CPC 19 (R2)) – Joint Arrangements.
- IFRS 12 (CPC 45) - Disclosure of Interests in Other Entities.
- IA 28 revised in 2011 (CPC 18 (R2)) - Investments in Associates and Joint Ventures.

The adoption of these new standards beginning January 1, 2013 resulted in significant changes in the accounting for investments held by Taesa Group in jointly-controlled entities Brasnorte and Etau, which, through December 31, 2012, were accounted for under the proportionate consolidation method, as set forth in CPC 19(R1) – Investments in Joint Ventures ("Joint-Ventures"), equivalent to IAS 31.

Under IFRS 11, jointly-controlled entities should be classified between joint ventures and joint operations and accounted for in the consolidated financial statements under the equity and proportionate consolidation method, respectively. Jointly-controlled entities Brasnorte and ETAU are classified under IFRS 11 as joint ventures and, therefore, were recorded under the equity method in the financial statements at December 31, 2013 (as at June 30, 2012, Unisa, in addition to ETAU and Brasnorte, was also a Taesa Group´s jointly-controlled subsidiary. See note 12).

Note that, as at December 31, 2013, Taesa Group did not have other interests in jointly controlled entities in addition to those mentioned above.

As prescribed by CPC 23 - Accounting Policies, Changes in Accounting Estimates and Errors and CPC 26 (R1) – Presentation of Financial Statements (equivalent to IAS 8 and IAS 1, respectively), these amendments were also applied retrospectively in the comparative financial information presented in these financial statements. Consequently, the consolidated balance sheet as at December 31, 2012 and as at January 1, 2012 and the consolidated income statement, statement of comprehensive income, statement of cash flows and statement of value added for the year ended December 31, 2012 are being restated for purposes of comparison, as shown in Note 4.21. There was no impact on the Parent as a result of the adoption of these new pronouncements.

4.20.3 New and revised standards and interpretations already issued but not yet effective

The Group did not adopt the new and revised IFRS below which have already been issued but are not effective yet:

- IFRS 9 - Financial Instruments (b).
- Amendments to IFRS 9 and IFRS 7 - Mandatory Application Date of IFRS 9 and Transition Disclosures (b).
- IFRS 14 – Regulatory deferral accounts (c).
- Amendments to IAS 19 (CPC 33 (R1)) – Employee Benefits (a).
- Amendments to IFRSs – Annual Improvement Cycles for 2010-2012 and 2011-2013 (a).
- Amendments to IFRS 10, 12 and IAS 27 – Investment Entities (a).
- Amendments to IAS 32 (CPC 39) – Offsetting Financial Assets and Financial Liabilities (a)
- Amendments to IAS 36 (CPC 01 (R1)) – Recoverable Amounts Disclosures for Non-Financial Assets (a).
- Amendments to IAS 39 - Offsetting Derivatives and Amendment to Hedge Accounting (a).
- IFRIC 21 – Levies (a).

Effective for annual periods beginning on or after:

(a) January 1, 2014.
(b) January 1, 2015.
(c) January 1, 2016.

The CPC has not yet issued any pronouncements equivalent to the IFRSs above, but it is expected that such pronouncements will be issued before the effective date. The early adoption of IFRS is contingent on the prior approval of CVM through a resolution.

The Company and its subsidiaries, jointly-controlled entities and associates did not early adopt the amendments changes in their financial statements at December 31, 2013. No significant impacts are expected from the adoption of these new amendments, except for IFRS 9. The impacts of the adoption of IFRS 9 may modify the classification and measurement of financial assets held by TAESA Group; however, these are still under the evaluation of the Company´s management.

4.21. Reclassification and adoption of new and revised IFRSs

As detailed in Note 4.20.2, the adoption of new and revised IFRSs was also applied retrospectively on the comparative information presented in these financial statements. Consequently, the consolidated balance sheet as at December 31, 2012 and January 1, 2012, the consolidated income statement, statement of cash flows, and statement of value added for the year ended December 31, 2012 are being restated for purposes of comparison. For these financial statements, the balance considered as opening balance sheet was that of January 1, 2012, in accordance with CPC 23 (IAS 8).

The adoption of IFRSs did not impact the consolidated statement of comprehensive income and statement of changes in equity. There was not any impact on the individual financial statements as a result of the adoption of these new pronouncements.

The Company also identified the following reclassifications applicable to the individual and consolidated financial statements for the prior years:

a) Reclassifications in the statements of cash flows between line items "Operating activities" for a better presentation of the Provision for Variable Portion, in the amount of R$9,585, Consolidated, and R$9,585, Parent, which did not impact the Company´s profit and were presented net of changes in operating assets and liabilities, and not as an adjustment to profit.

b) Beginning 2013, the Company has presented its short-term investments (measured at fair value and held to maturity) and restricted deposits in only one caption, "Securities", for a better presentation of these balances. Accordingly, the balances at December 31, 2012 (R$2,087,921, Consolidated, and R$1,986,399, Parent) and January 1, 2012 (R$14,385, Consolidated) were restated for purposes of comparison.

c) Beginning 2013, the Company has presented the gains (losses) on the Variable Portion ("VP"), in the total amount of R$(24,000), Consolidated, and R$(11,696), Parent, in line item Other income ("Variable portion and other income") for a better presentation of these amounts in the "Net operating income" caption. Accordingly, the amounts presented in Note 24 and in the statement of value added at December 31, 2012 have been restated for purposes of comparison.

These reclassifications did not impact the individual and consolidated income statements, and statements of comprehensive income and statements of changes in equity.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2013

(Amounts expressed in thousands of Brazilian reais – R$, unless stated otherwise)

Below are the restated comparative financial statements considering the reclassifications and the adoption of new and revised IFRSs mentioned above.

Balance Sheet	Consolidated		
	2012 (Reported)	2012 Adjustment	2012 (Restated)
Assets:			
Current assets			
Cash and cash equivalents	543,266	(4,570)	538,696
Short-term investments measured at fair value	1,877,000	(1,877,000)	-
Short-term investments at amortized cost and restricted deposits	61,765	(61,765)	-
Securities	-	1,938,765	1,938,765
Trade receivables	157,885	(2,812)	155,073
Financial assets	1,023,734	(17,451)	1,006,283
Taxes and social contributions	71,041	(330)	70,711
Dividends receivable	-	4,245	4,245
Other receivables	44,612	(401)	44,211
Other accounts not affected	4,690	-	4,690
Total current assets	**3,783,993**	**(21,319)**	**3,762,674**
Noncurrent assets			
Short-term investments at amortized cost and restricted deposits	151,013	(151,013)	-
Securities	-	149,156	149,156
Other receivables	6,738	(73)	6,665
Escrow deposits	12,699	(190)	12,509
Deferred taxes and contributions	281,425	(79)	281,346
Financial assets	5,356,531	(189,672)	5,166,859
Investments	-	161,733	161,733
Other accounts not affected	43,965	-	43,965
Total noncurrent assets	**5,852,371**	**(30,138)**	**5,822,233**
Total assets	**9,636,364**	**(51,457)**	**9,584,907**
Liabilities			
Current liabilities			
Trade payables	26,692	(275)	26,417
Borrowings and financing	166,355	(7,839)	158,516
Regulatory charges	52,126	(679)	51,447
Taxes and social contributions	22,078	(530)	21,548
Other payables	22,825	(638)	22,187
Other accounts not affected	362,847	-	362,847
Total current liabilities	**652,923**	**(9,961)**	**642,962**
Noncurrent liabilities			
Borrowings and financing	921,967	(25,147)	896,820
Deferred taxes and contributions	166,685	(2,551)	164,134
Deferred taxes	326,076	(12,691)	313,385
Provision for labor, tax and civil risks	3,122	(169)	2,953
Other payables	48,848	(938)	47,910
Other accounts not affected	3,419,500	-	3,419,500
Total noncurrent liabilities	**4,886,198**	**(41,496)**	**4,844,702**
Total equity	**4,097,243**	**-**	**4,097,243**
Total liabilities and equity	**9,636,364**	**(51,457)**	**9,584,907**

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2013

(Amounts expressed in thousands of Brazilian reais – R$, unless stated otherwise)

Balance Sheet	Consolidated		
	01/01/2012 (Reported)	01/01/2012 Adjustment	01/01/2012 (Restated)
Assets:			
Current assets			
Cash and cash equivalents	495,406	(205,723)	289,683
Trade receivables	138,187	(27,728)	110,459
Financial assets	820,544	(161,530)	659,014
Taxes and social contributions	61,399	(44,363)	17,036
Dividends receivable	-	1,659	1,659
Other receivables and other assets	41,213	8,134	49,347
Total current assets	**1,556,749**	**(429,551)**	**1,127,198**
Noncurrent assets			
Short-term investments at amortized cost and restricted deposits	58,559	(58,559)	-
Securities	-	14,385	14,385
Other receivables	3,537	(2,783)	754
Escrow deposits	9,781	(2,702)	7,079
Deferred taxes and contributions	327,597	(20)	327,577
Deferred taxes	381	188	569
Financial assets	4,215,380	(1,185,333)	3,030,047
Investments	-	957,999	957,999
Property, plant and equipment	13,940	(8)	13,932
Other accounts not affected	6,447	-	6,447
Total noncurrent assets	**4,635,622**	**(276,833)**	**4,358,789**
Total assets	**6,192,371**	**(706,384)**	**5,485,987**
Liabilities			
Current liabilities			
Trade payables	33,009	(18,771)	14,238
Borrowings and financing	1,274,685	(61,837)	1,212,848
Regulatory charges	39,435	(6,621)	32,814
Taxes and social contributions	13,961	(6,852)	7,109
Other payables	38,637	(27,567)	11,070
Derivative instruments	632	(632)	-
Other accounts not affected	247,532	-	247,532
Total current liabilities	**1,647,891**	**(122,280)**	**1,525,611**
Noncurrent liabilities			
Borrowings and financing	580,708	(486,456)	94,252
Deferred taxes and contributions	53,864	(8,611)	45,253
Deferred taxes	188,237	(84,274)	103,963
Provision for labor, tax and civil risks	949	(609)	340
Other payables	33,553	(4,154)	29,399
Other accounts not affected	1,434,697	-	1,434,697
Total noncurrent liabilities	**2,292,008**	**(584,104)**	**1,707,904**
Total equity	**2,252,472**	**-**	**2,252,472**
Total liabilities and equity	**6,192,371**	**(706,384)**	**5,485,987**

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2013

(Amounts expressed in thousands of Brazilian reais – R$, unless stated otherwise)

Balance Sheet	Parent		
	2012 (Reported)	2012 Adjustment	2012 (Restated)
Assets:			
Current assets			
Short-term investments measured at fair value	1,877,000	(1,877,000)	-
Short-term investments at amortized cost and restricted deposits	61,765	(61,765)	-
Securities	-	1,938,765	1,938,765
Other accounts not affected	920,663	-	920,663
Total current assets	**2,859,428**	**-**	**2,859,428**
Noncurrent assets			
Short-term investments at amortized cost and restricted deposits	47,634	(47,634)	-
Securities	-	47,634	47,634
Other accounts not affected	5,211,701	-	5,211,701
Total noncurrent assets	**5,259,335**	**-**	**5,259,335**
Total assets	**8,118,763**	**-**	**8,118,763**
Liabilities			
Other accounts not affected	446,339	-	446,339
Total current liabilities	**446,339**	**-**	**446,339**
Noncurrent liabilities			
Other accounts not affected	3,575,181	-	3,575,181
Total noncurrent liabilities	**3,575,181**	**-**	**3,575,181**
Total equity	**4,097,243**	**-**	**4,097,243**
Total liabilities and equity	**8,118,763**	**-**	**8,118,763**

Statement of income	Consolidated		
	2012 (Reported)	2012 Adjustment	2012 (Restated)
Net operating revenue	**1,223,676**	**(96,811)**	**1,126,865**
Personnel and management	(27,180)	357	(26,823)
Materials	(28,653)	1,392	(27,261)
Outside services	(49,755)	12,282	(37,473)
Depreciation and amortization	(707)	96	(611)
Other operating costs	(2,528)	(716)	(3,244)
Operating costs	(108,823)	13,411	(95,412)
		-	
Gross profit	**1,114,853**	**(83,400)**	**1,031,453**
Personnel and management	(27,685)	278	(27,407)
Outside services	(32,138)	3,184	(28,954)
Depreciation and amortization	(1,077)	-	(1,077)
Other operating income (expenses), net	(11,878)	179	(11,699)
Operating expenses	(72,778)	3,641	(69,137)
Gain on remeasurement of acquisition of control of UNISA	45,169	-	45,169
Other operating income	45,169	-	45,169
Profit before finance income (costs), net, equity in subsidiaries and taxes	**1,087,244**	**(79,759)**	**1,007,485**
Share in profit of subsidiaries	**-**	43,608	43,608
Finance income	155,627	(9,367)	146,260
Finance costs	(433,931)	40,397	(393,534)
Finance income (costs), net	(278,304)	31,030	(247,274)
Profit before taxes and contributions	**808,940**	**(5,121)**	**803,819**
Current income tax and social contribution	(132,648)	13,125	(119,523)
Deferred income tax and social contribution	(87,110)	(8,004)	(95,114)
Income tax and social contribution	**(219,758)**	**5,121**	**(214,637)**
Profit for the year	**589,182**	-	**589,182**
Earnings per common share – Basic – R$	0.65628	-	0.65628
Earnings per preferred share – Basic – R$	0.65628	-	0.65628
Earnings per common share - diluted – R$	0.65628	-	0.65628
Earnings per preferred share – diluted = R$	0.65628	-	0.65628

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2013

(Amounts expressed in thousands of Brazilian reais – R$, unless stated otherwise)

Statement Of Cash Flows	Consolidated		
	2012 (Reported)	2012 Adjustment	2012 (Restated)
Cash flows from operating activities			
Profit for the year	589,182	-	589,182
Adjustments to:			
Share in profit of subsidiaries	-	(43,608)	(43,608)
Depreciation and amortization	1,784	(96)	1,688
Provision for labor, tax and civil risks	174	2,439	2,613
Tax credit recognized in the year - COFINS	(12,284)	-	(12,284)
Exchange rate changes, net – US dollar checking accounts	(6,203)	159	(6,044)
Interest and inflation adjustment on borrowings and financing	223,376	(40,556)	182,820
Interest and inflation adjustment on debentures	202,608	-	202,608
Current income tax and social contribution	132,648	(13,125)	119,523
Deferred income tax and social contribution	87,110	8,004	95,114
Deferred taxes	4,012	194	4,206
Financial assets income	(958,126)	74,272	(883,854)
Provision for variable portion	-	9,585	9,585
Gain on remeasurement of acquisition of control of UNISA	(45,169)	-	(45,169)
Changes in assets and liabilities:			
(Increase) decrease in trade receivables	7,434	(9,748)	(2,314)
Decrease in financial assets	948,210	(100,009)	848,201
(Increase) decrease in tax assets, net of liabilities	44,849	(65,234)	(20,385)
Increase in other receivables	(7,539)	19,485	11,946
Decrease in trade payables	(9,056)	15,025	5,969
Increase in regulatory charges	6,912	163	7,075
Increase in other payables	(24,597)	(3,992)	(28,589)
Dividends received from jointly-controlled entities	-	861	861
Cash provided by operating activities	1,185,325	(146,181)	1,039,144
Income tax and social contribution paid	(150,666)	75,937	(74,729)
Net cash provided by operating activities	**1,034,659**	**(70,244)**	**964,415**
Cash flows from investing activities			
(Increase) in short-term investments measured at fair value (current)	(1,877,000)	1,877,000	-
(Increase) in short-term measured at amortized cost (current and noncurrent)	(103,329)	103,329	-
Decrease (increase) in securities	-	(1,978,117)	(1,978,117)
Additions to property, plant and equipment and intangible assets	(6,127)	108	(6,019)
Acquisition of associate and subsidiaries, net of acquired cash	(658,874)	-	(658,874)
Cash arising from consolidation UNISA	-	217,319	217,319
Net cash used in investing activities	**(2,645,330)**	**219,639**	**(2,425,691)**
Cash flows from financing activities			
Borrowings and financing	809	(82)	727
Issue of debentures	2,157,463	-	2,157,463
Issue of promissory notes	904,839	-	904,839
Payment of borrowings and financing - principal	(128,260)	32,796	(95,464)
Payment of borrowings and financing - interest	(61,468)	19,597	(41,871)
Payment of promissory notes - principal	(2,068,643)	(553)	(2,069,196)
Payment of promissory notes - interest	(141,842)	-	(141,842)
Payment of debentures - interest	(145,332)	-	(145,332)
Issuance of shares in the Parent	1,729,499	-	1,729,499
Payment of dividends	(588,534)	-	(588,534)
Net cash generated by financing activities	**1,658,531**	**51,758**	**1,710,289**
Increase in cash and cash equivalents	**47,860**	**201,153**	**249,013**
Opening balance of cash and cash equivalents	495,406	(205,723)	289,683
Closing balance of cash and cash equivalents	543,266	(4,570)	538,696
Increase in cash and cash equivalents	**47,860**	**201,153**	**249,013**

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2013

(Amounts expressed in thousands of Brazilian reais – R$, unless stated otherwise)

Statement Of Cash Flows	Parent		
	2012 (Reported)	2012 Adjustment	2012 (Restated)
Cash flows from operating activities			
Profit for the year	589,182	-	589,182
Adjustments to:		-	
Share in profit of subsidiaries	(249,307)	-	(249,307)
Depreciation and amortization	1,657		1,657
Provision for labor, tax and civil risks	544	-	544
Tax credit recognized in the year - COFINS	(12,284)	-	(12,284)
Exchange rate changes, net – US dollar checking accounts	-	-	-
Interest and inflation adjustment on borrowings and financing	134,065	-	134,065
Interest and inflation adjustment on debentures	202,608	-	202,608
Current income tax and social contribution	70,989	-	70,989
Deferred income tax and social contribution	58,294	-	58,294
Deferred taxes	(4,127)	-	(4,127)
Financial assets income	(546,680)	-	(546,680)
Provision for variable portion	-	9,585	9,585
Gain on remeasurement of acquisition of control of UNISA	(45,169)	-	(45,169)
Changes in assets and liabilities:		-	
(Increase) decrease in trade receivables	1,796	(9,585)	(7,789)
Decrease in financial assets	628,900	-	628,900
(Increase) decrease in tax assets, net of liabilities	16,007	-	16,007
Increase in other receivables	(14,137)	(861)	(14,998)
Decrease in trade payables	(2,355)	-	(2,355)
Increase in regulatory charges	5,082	-	5,082
Increase in other payables	14,134	-	14,134
Dividends received from subsidiaries	127,613	-	127,613
Dividends and interest on capital received from jointly-controlled entities and associates	-	861	861
Cash provided by operating activities	976,812	-	976,812
Income tax and social contribution paid	(77,001)	-	(77,001)
Net cash provided by operating activities	**899,811**	**-**	**899,811**
Cash flows from investing activities			
(Increase) in short-term investments measured at fair value (current)	(1,877,000)	1,877,000	-
(Increase) in short-term measured at amortized cost (current and noncurrent)	(109,399)	109,399	-
Decrease (increase) in securities	-	(1,986,399)	(1,986,399)
Additions to property, plant and equipment and intangible assets	(5,535)	-	(5,535)
Acquisition of associate and subsidiaries, net of acquired cash	(876,193)	-	(876,193)
Cash arising from consolidation UNISA	-	-	-
Capital increase in subsidiaries	(2,401)	-	(2,401)
Net cash used in investing activities	**(2,870,528)**	**-**	**(2,870,528)**
Cash flows from financing activities			
Borrowings and financing	727	-	727
Issue of debentures	2,157,463	-	2,157,463
Issue of promissory notes	904,839	-	904,839
Payment of borrowings and financing - principal	(16,200)	-	(16,200)
Payment of borrowings and financing - interest	(2,437)	-	(2,437)
Payment of promissory notes - principal	(2,069,191)	-	(2,069,191)
Payment of promissory notes - interest	(141,842)	-	(141,842)
Payment of debentures - interest	(145,332)	-	(145,332)
Issuance of shares in the Parent	1,729,499	-	1,729,499
Payment of dividends	(588,534)	-	(588,534)
Net cash generated by financing activities	**1,828,992**	**-**	**1,828,992**
Increase in cash and cash equivalents	**(141,725)**	**-**	**(141,725)**
Opening balance of cash and cash equivalents	265,593	-	265,593
Closing balance of cash and cash equivalents	123,868	-	123,868
Increase in cash and cash equivalents	**(141,725)**	**-**	**(141,725)**

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2013

(Amounts expressed in thousands of Brazilian reais – R$, unless stated otherwise)

Statement of value added	Consolidated		
	2012	2012	2012
	(Reported)	Adjustment	(Restated)
Revenue			
Operation and maintenance	357,052	(10,767)	346,285
Construction and indemnity	21,151	(729)	20,422
Financial assets income	958,126	(74,272)	883,854
Variable portion and other revenues	434	(24,000)	(23,566)
	1,336,763	(109,768)	1,226,995
Inputs purchased from third parties			
(includes taxes - ICMS, IPI, PIS, and COFINS)			
Materials, power, outside services and other	(110,546)	16,858	(93,688)
General, administrative and other expenses	(8,030)	(969)	(8,999)
	(118,576)	15,889	(102,687)
Gross value added	1,218,187	(93,879)	1,124,308
Depreciation, amortization and depletion	(1,784)	96	(1,688)
Wealth created by the Company	1,216,403	(93,783)	1,122,620
Wealth received in transfer			
Share in profit of subsidiaries	-	43,608	43,608
Finance income	155,627	(9,367)	146,260
Other	46,285	(1,116)	45,169
Total wealth for distribution	**1,418,315**	**(60,658)**	**1,357,657**
Wealth distributed			
Personnel			
Salaries and wages	28,060	(158)	27,902
Benefits	16,103	(163)	15,940
Severance pay fund (FGTS)	1,968	(66)	1,902
	46,131	(387)	45,744
Taxes, fees and contributions			
Federal (including ANEEL's regulatory charges)	344,018	(18,359)	325,659
State	3,785	(393)	3,392
Municipal	152	(6)	146
	347,955	(18,758)	329,197
Third parties			
Debt charges, inflation adjustment and exchange differences, net	425,984	(40,556)	385,428
Other	9,063	(957)	8,106
	435,047	(41,513)	393,534
Shareholders			
Interim dividends paid	160,000	-	160,000
Legal reserve	29,459	-	29,459
Tax incentive reserve	40,438	-	40,438
Mandatory dividends	99,643	-	99,643
Proposed additional dividends	259,642	-	259,642
	589,182	-	589,182
Total value added distributed	**1,418,315**	**(60,658)**	**1,357,657**

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2013

(Amounts expressed in thousands of Brazilian reais – R$, unless stated otherwise)

Statement of value added	Parent		
	2012 (Reported)	2012 Adjustment	2012 (Restated)
Revenue			
Operation and maintenance	261,412	11,696	273,108
Construction and indemnity	6,857	-	6,857
Financial assets income	546,680	-	546,680
Variable portion and other revenues	841	(11,696)	(10,855)
	815,790	-	815,790
Inputs purchased from third parties			
(includes taxes - ICMS, IPI, PIS, and COFINS)			
Materials, power, outside services and other	(45,988)	-	(45,988)
General, administrative and other expenses	(4,526)	-	(4,526)
	(50,514)	-	(50,514)
Gross value added	765,276	-	765,276
Depreciation, amortization and depletion	(1,657)	-	(1,657)
Wealth created by the Company	763,619	-	763,619
Wealth received in transfer			
Share in profit of subsidiaries	249,307	-	249,307
Finance income	120,644	-	120,644
Other	45,169	-	45,169
Total wealth for distribution	**1,178,739**	**-**	**1,178,739**
Wealth distributed			
Personnel			
Salaries and wages	27,682	-	27,682
Benefits	14,852	-	14,852
Severance pay fund (FGTS)	1,747	-	1,747
	44,281	-	44,281
Taxes, fees and contributions			
Federal (including ANEEL's regulatory charges)	201,349	-	201,349
State	3,325	-	3,325
Municipal	142	-	142
	204,816	-	204,816
Third parties			
Debt charges, inflation adjustment and exchange differences, net	336,673	-	336,673
Other	3,787	-	3,787
	340,460	-	340,460
Shareholders			
Interim dividends paid	160,000	-	160,000
Legal reserve	29,459	-	29,459
Tax incentive reserve	40,438	-	40,438
Mandatory dividends	99,643	-	99,643
Proposed additional dividends	259,642	-	259,642
	589,182	-	589,182
Total value added distributed	**1,178,739**	**-**	**1,178,739**

5. CASH AND CASH EQUIVALENTS

	Consolidated		Parent	
	2013	2012 (Restated)	2013	2012 (Restated)
Cash and banks	7,044	53,545	287	345
Short-term investments	114,096	485,151	70,456	123,523
	121,140	**538,696**	**70,743**	**123,868**

Short-term investments correspond to bank certificates of deposits and transactions under repurchase agreements contracted with local and foreign financial institutions with branches in Brazil at prices and conditions prevailing in the market, under repurchase agreements on the transaction maturity date, or early, at the Company´s discretion. All transactions are highly liquid, can be immediately converted into a known cash amount, are subject to an insignificant risk of change in value, and are redeemable at any time. Cash equivalents are held to meet short-term cash requirements rather than for investment or other purposes.

The Group's short-term investments are substantially made through Fundo Pampulha, an exclusive investment fund of Taesa Group and CEMIG. At December 31, 2013, the average yield of all Taesa Group's short-term investments was approximately 103.4% of CDI (102.5% at December 31, 2012).

The Company's exposure to floating interest rate risks and the respective sensitivity analysis are disclosed in Note 22.

6. SECURITIES

Securities are comprised of short-term investments contracted with local and foreign financial institutions with branches in Brazil at prices and conditions prevailing in the market.

	Consolidated		Parent	
	2013	2012 (Restated)	2013	2012 (Restated)
CDBs, repurchase agreements and debentures	75,259	1,431,256	75,259	1,422,148
Financial Bills – Private Banks	174,422	267,194	174,422	267,194
Government bonds	78,690	288,187	78,690	288,187
Restricted deposits and others (*)	74,688	89,929	-	-
Other	9,927	11,355	9,927	8,870
	412,986	**2,087,921**	**338,298**	**1,986,399**
Current assets	308,615	1,938,765	308,615	1,938,765
Noncurrent assets	104,371	149,156	29,683	47,634
	412,986	**2,087,921**	**338,298**	**1,986,399**

(*) This balance is comprised of reserve accounts (on demand deposits held in checking account in local and foreign [US dollar] currencies and short-term investments held in investment funds (Santander Títulos Públicos, Santander Soberano DI, Fundo Bradesco FIC Referencial DI Federal and Target Bradesco), to collateralize financing agreements obtained from the National Bank for Economic and Social Development (BNDES) and the Inter-American Development Bank (IDB). Reserve accounts and short-term investments linked to financing agreements early settled in 2013 (see Note 15) were released and redeemed by the Group.

The Group's short-term investments are substantially made through Fundo Pampulha. At December 31, 2013, the average yield of all Taesa Group's short-term investments was approximately 103.4% of CDI (102.5% at December 31, 2012).

The Company's exposure to floating interest rate risks and the respective sensitivity analysis are disclosed in Note 22, as well as the classification of these securities in accordance with the categories under the accounting standards.

7. TRADE RECEIVABLES AND FINANCIAL ASSETS

I - Trade receivables

	Consolidated		Parent	
	2013	2012 (Restated)	2013	2012 (Restated)
Trade receivables	169,942	164,658	159,440	105,640
Variable portion (*)	(1,605)	(9,585)	(1,150)	(9,585)
	168,337	**155,073**	**158,290**	**96,055**
Current	156,844	155,073	147,425	96,055
Noncurrent	11,493	-	10,865	-
	168,337	**155,073**	**158,290**	**96,055**

(*) Refers to the variable portion outstanding or under discussion (provision) with ANEEL, arising from the automatic and scheduled disconnections in 2013 and 2012, which due to the discount limits established by ONS, will be deducted in the subsequent collections.

Below is the detailed table containing the changes in the year relating to the variable portion:

	2012 (Restated)	Additions	Reversals	Deductions	2013
Consolidated	**(9,585)**	(33,510)	22,068	19,422	**(1,605)**
Parent	**(9,585)**	(32,410)	21,727	19,118	**(1,150)**

The aging list of trade receivables is as follows:

	Current balances	Up to 90 days past due	Over 90 days past due	2013	2012 (Restated)
Consolidated	157,238	628	12,076	**169,942**	**164,658**
Parent	147,451	596	11,393	**159,440**	**105,640**

Over 90 days past-due balances refer basically to customers that have not agreed with the amounts charged by Taesa in the power services provided and filed claims to challenge these collections. The Company is waiting for the final outcome of these claims. Accordingly, in 2013, the balance was reclassified to noncurrent assets.

Management understands that recognizing an allowance for doubtful accounts is not necessary, since, in case of failure to pay on the due date, the Company, as the transmission agent, may request ONS to enforce the user's bank guarantee in connection with the collateral agreement or bank letter of guarantee. Additional information on the Company's credit risk is included in Note 22.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2013

(Amounts expressed in thousands of Brazilian reais – R$, unless stated otherwise)

II - Financial assets

	Consolidated		Parent	
	2013	2012 (Restated)	2013	2012 (Restated)
Current	1,065,966	1,006,283	1,002,265	606,372
Noncurrent	5,161,786	5,166,859	4,617,200	2,571,589
	6,227,752	**6,173,142**	**5,619,465**	**3,177,961**

The rate used by the Company to pay interest on the balance of receivables from services provided, including indemnity balance, reflects the opportunity cost of an investor at the time the decision to invest in transmission assets is made, which was determined using the Capital Asset Pricing Model (CAPM), which took into consideration the amounts at the time the investment was made. The rate adopted varied from 6% and 15%, on a concession by concession basis, taking into account the specific characteristics of each concession and their investment dates.

At December 31, 2013, Taesa Group recorded income on financial assets totaling R$1,050,182 (R$883,854 at December 31, 2012). In Parent, the effect at December 31, 2013 was R$920,017 (R$546,680 at December 31, 2012).

Below are the changes in financial assets as at December 31, 2013 and 2012:

Financial assets	TRAF (a)	2012 (Restated)	Additions (d)	Mergers and transfer (b)	Interest, inflation adjustment and other	Receipts	2013
TSN	14%	969,338	74,593	-	183,602	(218,052)	1,009,481
Munirah	13%	94,411	-	-	17,453	(17,280)	94,584
Gtesa	12%	31,933	-	-	5,275	(5,613)	31,595
Patesa	11%	79,481	255	-	13,224	(13,377)	79,583
ETEO	11%	488,037	42	-	78,284	(102,377)	463,986
NVT	15%	1,514,761	1,251	-	295,036	(312,996)	1,498,052
NTE	15%	-	415	441,226	83,570	(83,603)	441,608
STE	10%	-	432	323,606	48,653	(47,204)	325,487
ATE	10%	-	165	661,762	96,165	(86,342)	671,750
ATE II	9%	-	6,773	964,611	98,755	(66,800)	1,003,339
Total Parent		**3,177,961**	**83,926**	**2,391,205**	**920,017**	**(953,644)**	**5,619,465**
UNISA	10%	2,549,070	2,010	(2,541,667)	18,275	(27,688)	-
NTE	15%	443,378	-	(441,226)	5,194	(7,346)	-
ATE II	9%	-	5,227	19,597	35,214	(60,038)	-
ATE III	7%	-	-	572,091	71,080	(58,955)	584,216
SGT	6%	2,733	20,936	-	402		24,071
Total Consolidated		**6,173,142**	**112,099**	**-**	**1,050,182**	**(1,107,671)**	**6,227,752**

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2013

(Amounts expressed in thousands of Brazilian reais – R$, unless stated otherwise)

Financial assets	TRAF (a)	2011 (Restated)	Additions (e)	Acquisition UNISA (c)	Interest, inflation adjustment and other	Receipts	2012 (Restated)
TSN	14%	994,917	6,630	-	168,726	(200,935)	969,338
Munirah	13%	94,378	-	-	13,931	(13,898)	94,411
Gtesa	12%	31,715	-	-	5,714	(5,496)	31,933
Patesa	11%	78,394	-	-	13,888	(12,801)	79,481
ETEO	11%	499,529	227	-	72,988	(84,707)	488,037
NVT	15%	1,541,641	181	-	271,433	(298,494)	1,514,761
Total Parent		**3,240,574**	**7,038**	**-**	**546,680**	**(616,331)**	**3,177,961**
UNISA	10%	-	10,859	2,448,428	255,891	(166,108)	2,549,070
NTE	15%	448,487	-	-	81,257	(86,367)	443,378
SGT	6%	-	2,707	-	26	-	2,733
Total Consolidated		**3,689,061**	**20,604**	**2,448,428**	**883,854**	**(868,806)**	**6,173,142**

(a) Refers to the rate of return on the financial asset as defined in note 3.4, item (a).

(b) Refers to transfers resulting from the merger transactions conducted on January 31 and June 30, 2013. For details, see note 1.

(c) Refers to the business combination relating to the remaining 50% of UNISA. For additional information on this transaction, see note 2 to the financial statements for the year ended December 31, 2012, disclosed on March 27, 2013.

(d) The main additions occurred in 2013 basically refer to the revenue from the construction of improvements and the concessions under construction stage as shown below:

Concession LT/SE	Improvement/ concession under construction stage	ANEEL Resolution	Estimated revenue	Estimated completion and status	REIDI
TSN SE Sapeaçu	Improvement relating to one static compensator- CE to SE Sapeaçu 230 kV.	ANNEL Authorization Resolution 2946, of 06/07/2011.	R$7.5 million	24 months after publication of ANEEL Authorization Resolution. Completion and start-up of operations scheduled for: April 30, 2014	MME Ordinance 437, of July 14, 2011, and Executive Declaratory Act 203, of November 23, 2011.
ATE II SE São João do Piauí	Improvement relating to the installation of the switchable reactor bank of 500 kV, 3x60 (180) Mvar	ANNEL Resolution 3029, of 08/09/2011.	R$2.4 million	20 months after publication of ANEEL Authorization Resolution. Completion and start-up of operations scheduled for: June 09, 2013.	MME Ordinance 545, of September 21, 2011, and Executive Declaratory Act 44, of April 26, 2012.
TSN SE Sapeaçu	Improvement relating to the installation of the 3rd set of monophasic auto-transformers 500/230 kV - 3x200 MVA, connections and general infrastructure improvements and installation of one circuit breaker and one disconnecting key to supplement CT 500 kV to AT 05T1 and general infrastructure improvements	ANNEL Resolution 3323, of January 31, 2012.	R$5.2 million	21 months after publication of ANEEL Authorization Resolution. Completion and start-up of operations scheduled for: April 30, 2014.	MME Ordinance 160, of March 21, 2012, and Executive Declaratory Act 188, of August 23, 2012.
SGT SE São Gotardo 2	Concession in construction stage under the Concession Agreement 024/12 - ANEEL	Approval and Adjudication Notice - Action 5/12 - ANEEL.	R$3.7 million	18 months after execution of the transmission concession arrangement. Completion and start-up of operations scheduled for March 18, 2014. (*)	MME Ordinance 128, of October 8, 2012, and Executive Declaratory Act 239, of November 19, 2012.

(*) Under the concession agreements entered into between the Company and SGT, the date scheduled for completion of substation was February 28, 2014. However, the Company completed the works in March 18, 2014, and the penalties under the agreement were made a provision in SGT.

New improvements – On October 3, 2013, ANEEL Authorization Resolution 4347 was published in the Federal Official Gazette, authorizing the implementation of improvements under the responsibility of different concessionaires providing electric power transmission services, including Taesa (ATE, ATE II, NTE, STE, Novatrans, TSN) and ATE III, as described below:

Concession	Substation	Improvement	Due date for implementation after publication of ANEEL Res. (months)	Classification under Regulatory Res. 443/11
Taesa (Novatrans)	SE SAMAMBAIA 500 KV	Installation of new hardware and definition of parameters for the database software designed for Taesa Operational Center's supervision and control system.	Up to 12	VII
Taesa (TSN)	SE RIO DAS ÉGUAS 500 KV	Install one circuit breaker and one disconnecting key to supplement the connection module of LT 500 kV Rio das Éguas - Serra da Mesa II.	Up to 18	IV
Taesa (TSN)	SE RIO DAS ÉGUAS 500 KV	Install one circuit breaker and one disconnecting key to supplement the bus reactor´s connection module.	Up to 18	IV
Taesa (ATE)	SE ASSIS 500 KV	Development and implementation of Servers and IHMs SAGE, as well as development of collecting points, as determined by submodule 2.7 of ONS network procedure.	Up to 12	VII
Taesa (ATE II)	SE COLINAS 500 KV	Development and implementation of Servers and IHMs SAGE, as well as development of collecting points, as determined by submodule 2.7 of ONS network procedure.	Up to 12	VII
ATE III	SE COLINAS 500 KV	Development and implementation of Servers and IHMs SAGE, as well as development of collecting points, as determined by submodule 2.7 of ONS network procedure.	Up to 12	VII
Taesa (NTE)	SE ANGELIM II 500 KV	Installation of new hardware and definition of parameters for the database software designed for NTE's supervision and control system.	Up to 12	VII
Taesa (STE)	SE SANTO ÂNGELO 230 KV	Development and implementation of Servers and IHMs SAGE, as well as development of collecting points, as determined by submodule 2.7 of ONS network procedure.	Up to 12	VII

(e) The main additions occurred in 2012 are related to reinforcements or concessions under construction phase, as shown below:

Concession LT/SE	Improvement/ concession under construction stage	ANEEL Resolution	Estimated revenue	Estimated completion and status	REIDI
TSN SE Ibicoara	Improvement relating to two circuit breakers to SE of 500 kV of Ibicoara for adjustment of the bar disposal	ANNEL Resolution 2946, of 06/07/2011.	R$1.7 million	18 months after publication of ANEEL Authorization Resolution Project completed in September 2012.	Ordinance MME 437, of July 14, 2011, and Executive Declaratory Act 203, of November 23, 2011.

- Below are the main characteristics of the concession agreements entered into among the Group concessionaires and ANEEL as described in Note 1:

  Annual Permitted Revenue (RAP) - Public power transmission services will be provided upon the payment to the transmission company of the RAP to be earned, as from the start-up of activities of transmission facilities. RAP is adjusted on an annual basis according to the General Market Price Index - IGP-M (TSN, GTESA, PATESA, Munirah, Novatrans, ETEO, ETAU, ATE, ATE II, STE, EATE, ETEP, ENTE, ECTE, ERTE and Lumitrans) and Wide Consumer Price Index - IPCA (Brasnorte, ATE III and SGT,STC, EBTE and ESDE).

  Billing of operating, maintenance and construction revenues - In consideration for the availability of transmission facilities for commercial operation, the transmission company will be entitled, in the first 15 years of operation, to annual operating, maintenance and construction revenues, adjusted for inflation and reviewed on an annual basis. After the 16th year of operation, the annual operating, maintenance and construction revenues of the transmission company will correspond to 50% of the 15th year of operation and should be extended through the final term of the concession.

  In case of concessions held by Brasnorte, SGT, STC, EBTE and ESDE, as well as improvements in transmission lines made after 2008, there is no decrease in revenues in the 16th year, and the RAP is received on a straight-line basis over the concession term.

  Variable Portion (VP) - The operating, maintenance and construction revenue will be subject to deduction, upon reduction on a monthly basis, reflecting the availability status of the transmission facilities, according to the methodology set out in the Transmission Service Agreement (CPST).

  The portion relating to the annual discount due to unavailability shall not exceed 12.5% (25% for ECTE) of the annual operating, maintenance and construction revenues of the transmission company, relating to the ongoing period of 12 months prior to the unavailability month, including the current month. In the event the aforementioned limit is exceeded, the transmission company will be subject to a fine, applied by ANEEL under Resolution 318, of October 6, 1998, in the maximum amount per breach of 2% of the annual operating, maintenance and construction revenues for the last 12 months prior to the issuance of the assessment notice.

  Indemnifiable financial assets (termination of concession and reversal of assets underlying the power public utility services) – the close proximity with the final term of the concession agreement provides for the termination of the concession by operation of law, and ANEEL shall have the right, on own discretion, to extend the term of the aforementioned agreement until a new power transmission company undertakes activities. The termination of concession will give rise to the reversal, by operation of law, to the Concession Grantor of the assets underlying the service, subject to the necessary appraisals and valuations, as well as the determination of the indemnity amount payable to the transmission company, based on the related amounts and date of insertion in the electric system.

  The indemnity for the reversible assets will correspond to the amount resulting from an inventory count carried out by ANEEL or its specially appointed representative, and its payment will be made using the funds in the Global Reversal Reserve (GRR), as prescribed in article 33 of Decree 41019, of February 26, 1957, Electric Energy Service Regulation, and

article 4 of Law 5655, of May 20, 1971, as amended by article 9 of Law 8631, of March 4, 1993, after settlement of the administrative proceeding and end of all terms and dismissal of all appeals, in one single installment, adjusted for inflation through the payment date.

The Company is not required to compensate the Concession Grantor for the power transmission line concessions by means of additional investments upon the reversal of the assets underlying the power public utility service. Management understands that the best estimate for the indemnity amount is the residual value of the property, plant and equipment items.

Renewal or termination - At ANEEL's sole discretion and in order to ensure the continuity and quality of the public service, the concession term may be extended over a maximum equal period, as prescribed in paragraph 3, article 4 of Law 9074/95, as requested by the transmission company. Any probable extension of the concession term shall be subject to public interest and review of the conditions stipulated in the concession arrangement.

Environmental aspects - The transmission company should build, operate and maintain transmission facilities, in conformity with the prevailing environmental laws and policies, by adopting all measures necessary before the competent agency to obtain the licenses, on own account and risk, and perform all requirements set forth therein. Regardless of any other requirements from the environmental agency, the transmission company should implement countervailing measures, as prescribed in article 36 of Law 9985, of July 18, 2000, which addresses the "compensation for environmental damages caused by the destruction of forests and other ecosystems", to be described in the presentation of the Basic Environmental Project, under its responsibility, to the competent body, and should also be subject to the requirements from the environmental agencies in the States where the transmission lines will be built.

Noncompliance with penalties - In the event of noncompliance with the penalties imposed per breach or notice or ANEEL's determination, and with the grid procedures, the concession may be declared as forfeited in order to regularize the provision of services, as prescribed in the laws and the concession arrangement, without prejudice to the determination of the transmission company's obligations to the Concession Grantor, ANEEL, users and third parties, and to the applicable indemnities. Instead of the declaration of forfeiture ANEEL may propose the expropriation of the group of the transmission company's controlling shares and place these shares in a public auction. The minimum amount set for the auction will correspond to the net indemnity amount that would be payable in case of forfeiture. The amount equivalent to the respective interests will be transferred to the controlling shareholders out of the amount calculated.

- RAP calculation framework

The Group's power transmission line concessions are compensated based on the availability of its transmission facilities, comprising the Basic Grid, the Basic Border Grid and the Other Transmission Facilities (DIT), and are not subject to the transmitted power load but rather to the volume approved by ANEEL when the concession arrangement is granted. The compensation for the DITs, not comprising the Basic Grid, is paid through a tariff set by ANEEL. This compensation does not vary based on availability.

- Approving resolutions issued by ANEEL

  Below is a breakdown of the Annual Permitted Revenue (RAP) for each concession of Taesa Group, under the approving resolutions issued by ANEEL. The revenue of the Group are recognized under ICPC 01 (R1) (equivalent to IFRIC 12), as detailed in Note 4.

	Cycle 2013-2014			Cycle 2012-2013			Cycle 2011-2012		
	Total revenue	PA calculation	Total net	Total revenue	PA calculation	Total net	Total revenue	PA calculation	Total net
TSN	385,689	(11,803)	373,886	361,361	(14,325)	347,036	346,228	(2,866)	343,362
Gtesa	7,021	(212)	6,809	6,610	(266)	6,344	26,008	127	26,135
Munirah	28,802	(869)	27,933	27,116	(1,088)	26,028	6,340	(53)	6,287
Patesa	16,862	(509)	16,353	15,875	(637)	15,238	15,226	62	15,288
ETEO	138,821	(4,188)	134,633	130,696	(5,250)	125,446	370,484	(3,073)	367,411
Novatrans	410,285	(12,378)	397,907	386,272	(15,515)	370,757	16,254	(326)	15,928
ETAU (*)	18,002	(523)	17,479	16,948	(447)	16,501	125,354	(1,040)	124,314
Brasnorte (*)	7,662	(243)	7,419	8,499	(303)	8,196	8,098	50	8,148
NTE	120,847	-	120,847	113,774	(4,570)	109,204	63,656	-	63,656
ATE	117,617	(3,879)	113,738	110,734	(5,433)	105,301	16,984	202	17,186
ATE II	179,035	(5,402)	173,633	168,557	(6,764)	161,793	30,977	128	31,105
ATE III	88,908	(2,503)	86,405	77,885	(3,103)	74,782	47,153	230	47,383
STE	64,484	-	64,484	60,710	(2,436)	58,274	21,637	81	21,718
ENTE (*)	88,838	(2,680)	86,158	6,970	(280)	6,690	-	-	-
EATE (*)	169,753	(5,121)	164,632	13,320	(535)	12,785	-	-	-
EBTE (*)	27,336	(1,436)	25,900	1,396	(117)	1,279	-	-	-
ECTE (*)	14,320	(432)	13,888	2,941	(118)	2,823	-	-	-
ETEP (*)	38,676	(1,168)	37,508	3,035	(122)	2,913	-	-	-
ERTE (*)	19,941	(426)	19,515	1,232	(49)	1,183	-	-	-
STC (*)	12,798	(176)	12,622	1,252	(14)	1,238	-	-	-
Lumitrans (*)	8,402	(253)	8,149	824	(33)	791	-	-	-
ESDE (*)	2,697	(3,489)	(792)	61	-	61	-	-	-
ETSE (*) (a)	3,014	-	3,014	-	-	-	-	-	-
Transirapé (*)	17,810	(246)	17,564	-	-	-	-	-	-
Transleste (*)	32,212	(972)	31,240	-	-	-	-	-	-
Transudeste (*)	19,965	(602)	19,363	-	-	-	-	-	-
SGT (*) (b)	3,982	-	3,982	-	-	-	-	-	-
TOTAL	**2,043,779**	**(59,510)**	**1,984,269**	**1,516,068**	**(61,405)**	**1,454,663**	**1,094,399**	**(6,478)**	**1,087,921**

(*) Refers to amounts proportional to the Company's share in the concessions in each period. Regarding NTE and UNISA, details are as follows: (a) NTE - 100% of seven months (from December 2011 to June 2012); and (b) UNISA's subsidiaries - 50% of seven months (from December 2011 to June 2012). These concessions, except for NTE, are the Company's jointly-controlled entities or associates, whose profit or loss is recorded in the Company's financial statements on the equity method of accounting.
(a) Scheduled to start operations in July 2014.
(b) Completion and start-up of operations scheduled for March 18, 2014.

2013-2014 Cycle - RAP from July 1, 2013 to June 30, 2014 - ANEEL Approving Resolution 1559, of June 27, 2013:

2012-2013 Cycle - RAP from July 1, 2012 to June 30, 2013 - ANEEL Approving Resolution 1313, of June 26, 2012.

2011-2012 Cycle - RAP from July 1, 2011 to June 30, 2012 - ANEEL Approving Resolution 1171, of June 28, 2011.

Where:

Total RAP Revenue = RBL – Bid Basic Grid; RAP - RBNI - Rede Básica Novas Instalações; Fronteira - RBNI – New Facility Basic Grid - Border; Border - RBL - Bid Basic Grid - Border; RPEC - DIT - Revenue from assets of other transmission concessionaires subject to bid - Other transmission facilities, RCDM - DIT - Revenue from other transmission facilities.

PA – Calculation – portion of adjustment in the year to offset the deficit or surplus in the prior year revenues (2011-2012/2012-2013).

8. TAXES AND SOCIAL CONTRIBUTIONS

	Consolidated		Parent	
	2013	2012	2013	2012
Assets		(Restated)		(Restated)
Prepayment of income tax (IRPJ) and social contribution (CSLL)	3,269	3,311	3,050	1,566
Recoverable taxes on revenue (PIS and COFINS) (a)	43,055	56,076	22,914	14,592
Recoverable IRPJ and CSLL/withholding income tax (b)	34,756	22,228	25,744	4,518
Withheld taxes and contributions (c)	11,305	7,313	8,615	374
Other	822	998	602	221
	93,207	**89,926**	**60,925**	**21,271**
Current	81,081	70,711	60,925	21,271
Noncurrent	12,126	19,215	-	-
	93,207	**89,926**	**60,925**	**21,271**
Liabilities				
Current income tax and social contribution	1,200	12,912	1,187	3,514
Taxes on revenues (PIS and COFINS)	4,317	3,265	4,317	2,511
Social Security Tax (INSS) and Severance Pay Fund (FGTS)	1,645	1,620	1,628	1,229
Service tax (ISS)	510	821	360	96
State VAT (ICMS)	1,848	1,777	655	173
Other	1,244	1,153	1,092	355
	10,764	**21,548**	**9,239**	**7,878**

(a) Refer basically to PIS and COFINS credits computed under the non-cumulative regime, as well as COFINS tax credits recognized in 2012, relating to a tax refund claim, brought by TSN and Novatrans, which was final and unappealable, in the total amount of R$12,284, of which R$5,464 of principal and R$6,820 of interest and inflation adjustment.

(b) Refers primarily to IRRF levied on short-term investments redeemed for transfer to new interests in TBE Group; interest on capital received in the year, and on the negative balance of current taxes computed by ATE III to be offset.

(c) Refers to withholding taxes and social contributions – Law 10833/03 (IRRF, CSLL, PIS and COFINS) on services provided to the public administration's bodies and agencies by Taesa and ATE III.

Considering that, beginning January 2014, the Company will no longer benefit from the tax incentive granted to TSN, Novatrans, Gtesa, Patesa and NTE concessions, which expired in December 31, 2013, the Company estimates that the amount recorded in current assets will be used over the next 12 months.

The amounts recorded as noncurrent refer to the taxes that, according to the Company's realization capacity, will not be offset over the next 12 months. There are no indications that these assets are impaired.

9. DEFERRED TAXES AND CONTRIBUTIONS

The tax credits described below, levied on tax loss carryforwards and other amounts recognized as temporary differences, which will be utilized to reduce future tax burden, were recognized based on the history of earnings and expected generation of taxable income over the next years. The amounts were recorded under CVM Instruction 319/99 and Instruction 349/01 and, as approved by ANEEL, the amounts are amortized based on the curve between expected future earnings and the concession terms of the Taesa Group.

Net deferred income tax and social contribution are presented in the consolidated balance sheet, segregated by company, as follows:

	2013			2012		
	Assets	Liabilities	Net effect on assets (liabilities)	Assets	Liabilities	Net effect on assets (liabilities)
						(Restated)
TAESA	509,412	(407,023)	102,389	551,814	(270,468)	281,346
ATE III	38,808	(5,642)	33,166	-	-	-
Assets	**548,220**	**(412,665)**	**135,555**	**551,814**	**(270,468)**	**281,346**
NTE	-	-	-	695	(45,003)	(44,308)
UNISA	-	-	-	23,075	(142,817)	(119,742)
SGT	-	(741)	(741)	-	(84)	(84)
Liabilities	**-**	**(741)**	**(741)**	**23,770**	**(187,904)**	**(164,134)**
	548,220	**(413,406)**	**134,814**	**575,584**	**(458,372)**	**117,212**

The main balances of deferred income tax and social contribution assets and liabilities are as follows:

	Consolidated		Parent	
	2013	2012	2013	2012
		(Restated)		(Restated)
Assets				
Merged tax credit – goodwill (a)	504,661	532,806	504,661	532,806
Temporary differences (b)	28,411	23,310	4,751	19,008
Tax loss carryforwards	15,148	19,468	-	-
	548,220	**575,584**	**509,412**	**551,814**
Liabilities				
Temporary differences (b)	**(413,406)**	**(458,372)**	**(407,023)**	**(270,468)**

(a) The tax credit on goodwill derives from the merger of the spun-off portion of Transmissora Atlântico de Energia S.A. in 2009 and the merger of Transmissora Alterosa de Energia S.A. in 2010.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2013

(Amounts expressed in thousands of Brazilian reais – R$, unless stated otherwise)

(b) Temporary differences are broken down as follows:

	12/31/2013		12/31/2012
	Tax base	IRPJ and CSLL	IRPJ and CSLL
			(Restated)
Consolidated			
Advanced apportionment and adjustment portion	-	-	13,851
Accrued profit sharing	9,056	3,079	2,981
Accrued trade payables	2,213	752	993
Provision for variable portion	1,604	546	3,374
Provision for labor risks	1,573	535	264
Taxes with suspended payment	-	-	18
Adjustments – Law 11638/07 and Law 11941/09:			
- Deferred asset – preoperating expenses	-	-	526
- Adjustment to market value - derivatives	-	-	1,303
- Adoption of ICPC 01 (R1) – Concession Arrangements	69,114	23,499	-
Total assets		**28,411**	**23,310**
Advanced apportionment and adjustment portion	(4,348)	(1,478)	-
Exchange rate changes - cash basis	(6,574)	(2,235)	(20,766)
Adjustments – Law 11638/07 and Law 11941/09:			
- Adoption of CPC 20 (R1) - Borrowing Costs	(4,607)	(1,566)	(2,109)
- Adoption of ICPC 01 (R1) – Concession Arrangements	(1,199,984)	(407,994)	(435,497)
- Adjustment to market value - derivatives	(394)	(133)	-
Total liabilities		**(413,406)**	**(458,372)**
Parent			
Advanced apportionment and adjustment portion	-	-	11,859
Provision for variable portion	1,150	391	3,258
Accrued profit sharing	9,056	3,079	2,793
Accrued trade payables	2,194	746	298
Provision for labor risks	1,573	535	256
Taxes with suspended payment	-	-	18
Adjustments – Law 11638/07 and Law 11941/09:			
- Deferred asset – preoperating expenses	-	-	526
Total assets		**4,751**	**19,008**
Advanced apportionment and adjustment portion	(4,151)	(1,411)	-
Adjustments – Law 11638/07 and Law 11941/09:			
- Adoption of CPC 20 (R1) - Borrowing Costs	(4,607)	(1,566)	(2,109)
- Adoption of ICPC 01 (R1) – Concession Arrangements	(1,188,371)	(404,046)	(268,359)
Total liabilities		**(407,023)**	**(270,468)**

Expected realization of deferred tax assets

Based on technical studies of projected taxable income, deferred income tax and social contribution assets are expected to be realized in the following years:

	2014	2015	2016	2017	2018	After 2018	Total
Merged tax credit – goodwill (a)	34,639	37,594	40,098	40,789	43,745	307,796	504,661
Temporary differences	6,087	1,175	1,175	1,175	1,175	17,624	28,411
Social contribution tax loss carryforwards	3,584	3,584	3,584	3,584	812		15,148
	44,310	**42,353**	**44,857**	**45,548**	**45,732**	**325,420**	**548,220**

The Company's management prepared the projected future taxable income, showing the capacity of realization of these tax credits in the periods indicated and as prescribed by CVM Instruction 371, of June 27, 2002. These studies were examined by the Supervisory Board and approved by the Board of Directors.

Based on such study, Management expects to realize the balances presented. These estimates are periodically reviewed so that probable changes in the projected recovery of these credits can be considered in the financial statements on a timely basis. Under article 510 of the Income Tax Regulation (RIR/99), tax loss carryforwards are offsetable against future earnings, up to the limit of 30% of taxable income, and are not subject to statute of limitations.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2013

(Amounts expressed in thousands of Brazilian reais – R$, unless stated otherwise)

10. DEFERRED TAXES

	Consolidated		Parent	
	2013	2012	2013	2012
		(Restated)		(Restated)
Deferred taxes on revenue (PIS and COFINS) - Liabilities (*)	**311,603**	**313,385**	**260,561**	**114,849**

(*) Refers to temporary differences (RTT) on the Group's revenues, in accordance with ICPC 01 (R1) – Concession Arrangements.

11. ESCROW DEPOSITS

	Consolidated		Parent	
	2013	2012	2013	2012
		(Restated)		(Restated)
Civil (a)	4,229	5,148	4,179	1,243
Tax (b)	9,281	7,219	7,943	2,227
Labor	-	142	-	129
	13,510	**12,509**	**12,122**	**3,599**

The main balances of escrow deposits are described below:

(a) Civil

Right of way - Refers to the deposits made by ETEO, Novatrans, TSN, Taesa Serviços, NTE, ATE, and STE relating to the claims on right of way. As at December 31, 2013 and 2012, the amount of escrow deposits relating to the right of way was R$2,160.

Ibama compensation fee - Civil class action filed by the General Attorneys' Office against ATE and IBAMA, in order to prevent the operation of the transmission line Londrina – Araraquara, as well as the granting of the operating license without the proper regularization of land, land separation and preparation, revision or implementation of the Management Plans of the Conservation Units affected by the project. The escrow deposit arises out of a court order for purposes of environmental compensation. ATE will be able to use this deposit when the lawsuit becomes final and unappealable, by acknowledging that the land and environmental regularization obligations were fulfilled. The balance as at December 31, 2013 and 2012 is R$1,088.

Colinas Consortium - In 2008 the companies in the Colinas Consortium engaged to build the transmission lines file litigations and, consequently, the legal counsel of ATE II decided to settle trade payable arising from the provision of services through escrow deposit, in the amount of R$1,663 as at December 31, 2013 and, 2012. This amount is recorded in the Company's balance sheet, under "Other payables", in noncurrent liabilities, in the same amount.

(b) Tax

Social security contribution - Writ of security filed by TSN to obtain an INSS debt clearance certificate (or a debt certificate with debt clearance effects). No provision for tax risks was recognized, since, based on the Company's legal counsel opinion, the likelihood of favorable outcome on this claim is assessed as possible. The balance as at December 31, 2013 and 2012 is R$727.

Taxes on revenues (PIS and COFINS)

- TSN - Motions to stay tax execution filed by NTE against the National Treasury in order to suspend the collection of alleged PIS and COFINS tax credits, recognized based on the matching of accessory obligations relating to calendar year 2001. No provision for tax risks was recognized, since, in the Company's legal counsel's opinion, the likelihood of loss on this lawsuit is assessed as possible. The balance as at December 31, 2013 and 2012 is R$514.

- NTE - Motions to stay tax execution filed by NTE against the National Treasury, in order to suspend the collection of alleged PIS and COFINS tax credits. No provision for tax risks was recognized, since, in the Company's legal counsel's opinion, the likelihood of loss on this lawsuit is assessed as possible. The balance as at December 31, 2013 and 2012 is R$3,474.

- IPI - IPI tax debt annulment claim with request for advanced relief filed by TSN (succeeded by Taesa) against the Brazilian federal government, in order to challenge the alleged tax credit recognized through a tax administrative proceeding. No provision for tax risks was recognized, since, in the Company's legal counsel's opinion, the likelihood of loss on this lawsuit is assessed as possible. The balance as at December 31, 2013 and 2012 is R$771.

- ICMS – Taesa Serviços - ICMS tax debt annulment claim with request for advanced relief filed by Taesa Serviços (succeeded by Taesa) against the Finance Department of the State of Bahia, in order to challenge the alleged tax credit recognized through a tax administrative proceeding. No provision for tax risks was recognized, since, in the Company's legal counsel's opinion, the likelihood of loss on this lawsuit is assessed as possible. The balance as at December 31, 2013 and 2012 is R$215.

- ICMS – ATE III - Addresses the deposit made to secure tax execution 20081093669-9, whereby the ICMS difference paid by ATE III on the interstate shipment of machinery, equipment, parts and other inputs to the transmission line in the State of Pará, is collected. A tax incentive was granted to the company the State of Pará, which reduced by 50% the ICMS tax base relating to the difference in the tax rate applied on the acquisition of the abovementioned assets. Motions to stay execution were filed (specific lawsuit for defense against an executive collection action), with respect to which no decision was handed down. No provision for tax risks was recognized, since, in the Company's legal counsel's opinion, the likelihood of loss on this lawsuit is assessed as possible. The balance as at December 31, 2013 and 2012 is R$1,337.

- Social contribution, PIS and COFINS - Motions to stay tax execution filed by NTE in 2013 in order to suspend the collection of alleged social contribution, PIS and COFINS tax credits. No provision for tax risks was recognized, since, in the Company's legal counsel's opinion, the likelihood of loss on this lawsuit is assessed as possible. As at December 31, 2013, the balance is R$736.

- CSRF, IRRF, PIS, COFINS, CSLL – injunction filed by NTE in 2013 requesting authorization to make an escrow deposit for the suspension of the debt, under art.151, II, of the Brazilian Tax Code (CTN), in such a way that the Federal Government does not consider the debts shown in certain Statements of Debt with the Government an impediment for the issuance of a debt clearance certificate with debt clearance effects, and, consequently does not include the company´s name in government restrictive master files (CADIN). No provision for tax risks was recognized, since, in the Company's legal counsel's opinion, the likelihood of loss on this lawsuit is assessed as possible. As at December 31, 2013, the balance is R$1,484.

12. INVESTMENTS (IN SUBSIDIARIES, JOINTLY-CONTROLLED ENTITIES AND ASSOCIATES)

Balance Sheet	2013	2012 (Restated)
Subsidiaries	362,662	2,166,745
Jointly-controlled entities	159,611	161,733
Associates	1,725,466	-
	2,247,739	**2,328,478**

Share in profit of subsidiaries	2013	2012
Subsidiaries	82,918	205,699
Jointly-controlled entities	1,066	43,608
Associates	177,953	-
	261,937	**249,307**

I. Investments in subsidiaries

	Total number of shares		Equity interest - %	
	2013	2012	2013	2012
NTE (*)	-	147,183,428	-	100%
UNISA (*)	-	1,585,626,758	-	100%
ATE III (*)	379,500,000	-	100%	-
SGT	6,257,000	999	100%	100%
MAR	1,000	-	100%	-

These companies where merged with and into or had their equity interests transferred directly to Taesa as part of the Group's corporate reorganization through the mergers undertaken on January 31, 2013. See Note 1.

For details on the activities and place of operations of the Company's subsidiaries, see Note 1.

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FOR THE YEAR ENDED DECEMBER 31, 2013

(Amounts expressed in thousands of Brazilian reais – R$, unless stated otherwise)

Changes in investments in subsidiaries, including the fair value allocated arising from the process of allocation of the price paid - CPC 15 (R1) – Business Combinations, presented in the individual (Parent) financial statements are as follows:

	Parent						
	NTE	UNISA	ATE II	ATE III	SGT	MAR	Total
Balances as at January 1, 2012	**332,606**	**-**	**-**	**-**	**-**	**-**	**332,606**
Capital payment	-	-	-	-	2,401	-	2,401
Transfer of interest in jointly controlled entity	-	831,024	-	-	-	-	831,024
Gain on the remeasurement of previously held interest (a)	-	45,169	-	-	-	-	45,169
Acquisition of equity interest (a)	-	876,193	-	-	-	-	876,193
Share in profit of subsidiaries	59,763	145,840	-	-	96	-	205,699
Interim dividends paid	(26,097)	(87,223)	-	-	-	-	(113,320)
Dividends receivable 2012	(13,027)	-	-	-	-	-	(13,027)
Balances as at December 31, 2012	**353,245**	**1,811,003**	**-**	**-**	**2,497**	**-**	**2,166,745**
Balances as at January 1, 2013	**353,245**	**1,811,003**	**-**	**-**	**2,497**	**-**	**2,166,745**
Merger of subsidiaries – January 2013 (b)	(356,642)	(1,832,089)	724,809	353,262	-	-	(1,110,660)
Capital increase/contribution	-	-	150,000	-	3,857	1	153,858
Approval of proposed additional dividends	-	-	(43,915)	(15,912)	-	-	(59,827)
Merger of subsidiaries – June 2013 (b)	-	-	(856,400)	-	-	-	(856,400)
Share in profit of subsidiaries	3,397	21,086	25,506	32,002	927	-	82,918
Payment of interim dividends	-	-	-	(7,840)	-	-	(7,840)
Dividends receivable 2013	-	-	-	(6,132)	-	-	(6,132)
Balances as at December 31, 2013	**-**	**-**	**-**	**355,380**	**7,281**	**1**	**362,662**

(a) On July 3, 2012, the Company completed the transaction to acquire the remaining 50% stake held by Abengoa Concessões Brasil Holding S.A. in the capital of UNISA for R$876,193 (for details on this transaction, see Note 2 to the 2012 financial statements, published on March 27, 2013.) On this transaction, a gain on the remeasurement of the acquisition of UNISA's control in the amount of R$45,169 was recorded.

(b) These companies where merged with and into or had their equity interests transferred directly to Taesa as part of the Group's corporate reorganization through the mergers undertaken on January 31 and June 30, 2013. For more information, see Note 1.

UNISA's 2012 interim dividends – On November 26, 2012, UNISA's Extraordinary Shareholders' Meeting approved the distribution of interim dividends amounting to R$87,223, payable to its shareholder Taesa with dividends received from its subsidiaries ATE, ATE II and STE. The total amount was paid on November 29, 2012.

NTE's 2012 additional dividends – On April 26, 2012 NTE's Annual Shareholders' Meeting approved the payment of additional dividends, amounting to R$26,097, paid on November 29, 2012.

ATE II's 2012 additional dividends – On April 12, 2013 ATE II's Extraordinary and General Shareholders' Meeting approved the payment of R$43,915 as 2012 additional dividends. These dividends were merged by the Company, as detailed in Note 1.

ATE III 2013 interim dividends – Upon prior approval by IDB, on September 13, 2013, the Company paid dividends totaling R$30,000, out of which R$21,216 for allocation to 2012 profit, R$944 for allocation to 2011 profit, and R$7,840 relating to dividends distributed from the bylaws reserve recognized in order to meet the debt service coverage ratio determined by IDB, approved by the GSM held on September 11, 2013.

ATE III's 2012 additional dividends - On April 12, 2013 ATE III's Extraordinary and General Shareholders' Meeting approved the payment of R$15,912 as 2012 additional dividends, as described in the prior paragraph.

ATE II capital increase - On May 10, 2013 ATE II's Extraordinary and General Shareholders' Meeting approved a capital increase amounting to R$150,000, paid in on the same date by Taesa. The proceeds from the capital increase were used to repay borrowings from IDB and BNDES, for subsequent merger of ATE II into Taesa.

SGT - on June 6, 2012, TAESA was the winning bidder of Plot E in auction 005/2012 conducted by the National Electric Energy Agency (ANEEL), upon which ANEEL will confer the right to operate, over a 30-year period, the concession comprising two transmission functions inside substation São Gotardo 2, in the State of Minas Gerais (SE São Gotardo 2 345/138kV, (3+1)x100MVA). In order to operate such concession, the Company created a special purpose entity (SPE) referred to as "São Gotardo Transmissora de Energia S.A.". Taesa has not granted any discount in relation to the initial RAP basis of R$3,739.

As described below, the contributions of capital to SGT were approved as follows:

GSM date	Event	Subscribed capital	Capital payment	
			Amount	Date
06/12/2012	Creation of the Company	1	(1)	06/15/2012
10/10/2012	Capital increase	2,400	(2,400)	10/10/2012
11/12/2012	Capital increase	864	(864)	01/16/2013
12/10/2012	Capital increase	864	(864)	05/28/2013
01/10/2013	Capital increase	1,728	(1,728)	05/28/2013
10/03/2013	Capital increase	400	(400)	10/03/2013
		6,257	**(6,257)**	

At December 31, 2013, all SGT capital had been paid in. The aforementioned capital increases aims at contributing to the Company the funds necessary to implement the project that is part of its corporate purpose. The Company received part of the do BNDES financing to fund the project. For more information, see Note 15.

II. Investments in jointly-controlled entities and associates

	Total number of shares		Equity interest - % (direct or indirect)	
	2013	2012	2013	2012
Jointly-controlled entities				
ETAU	34,895,364	34,895,364	52.5838%	52.5838%
Brasnorte	191,052,000	191,052,000	38.6645%	38.6645%
Direct associates				
EATE	180,000,010	-	49.98%	-
EBTE (i)	263,058,339	-	49.00%	-
ECTE	42,095,000	-	19.09%	-
ENTE	100,840,000	-	49.99%	-
ETEP	45,000,010	-	49.98%	-
ERTE	36,940,800	-	49.99%	-
Indirect associates				
STC (ii)	162,340,000	-	39.98%	-
ESDE (iii)	38,291,000	-	49.98%	-
Lumitrans (iv)	57,576,060	-	39.98%	-
ETSE (v)	60,893,000	-	19.09%	-
EBTE (i)	263,058,339	-	25.49%	-
TRANSUDESTE (vi)	30,000,000	-	4.95%	-
TRANSLESTE (vii)	49,569,000	-	5.00%	-
TRANSIRAPÉ (viii)	22,340,490	-	4.95%	-

(i) EATE controls EBTE with a 51% equity interest, and the remaining 49% are directly held by Taesa. As a result, the company also holds a 25.49% indirect stake in EBTE through EATE (noting that Taesa holds a 49.98% stake in EATE). Taesa's direct and indirect stakes in EBTE total, therefore, 74.49%. Taesa has significant influence in EBTE, pursuant to the shareholders' agreement entered into by the parties.

(ii) EATE holds an 80% stake in STC and, therefore, Taesa holds an indirect stake of 39.98%.

(iii) ETEP holds 100% of ESDE and, therefore, Taesa holds an indirect stake of 49.98%.

(iv) EATE holds an 80% stake in Lumitrans and, therefore, Taesa holds an indirect stake of 39.98%.

(v) ECTE holds 100% of ETSE and, therefore, Taesa holds an indirect stake of 19.09%.

(vi) EATE holds a 9.90% stake in TRANSUDESTE and, therefore, Taesa holds an indirect stake of 4.95%.

(vii) EATE holds a 9.99% stake in TRANSLESTE and, therefore, Taesa holds an indirect stake of 5.00%.

(viii) EATE holds a 9.90% stake in TRANSIRAPÉ and, therefore, Taesa holds an indirect stake of 4.95%.

The reporting date of such jointly-controlled entities' and associates' financial statements is December 31 of each year.

For further information on the activities and place of operations of the Taesa Group jointly controlled entities and associates, see Note 1.

UNISA – as mentioned in Note 2 to the financial statements at as December 31, 2012, published on March 27, 2013, on November 30, 2011 Taesa acquired Abengoa Concessões Brasil Holding S.A. 50% of the voting capital of UNISA, which held 100% of shares in transmission companies STE, ATE, ATE II and ATE III. The remaining 50% were acquired on July 3, 2012, when Unisa ceased to be a jointly controlled entity to become a wholly-owned subsidiary of Taesa. Consequently, UNISA's profit for the period from January 1 to June 30, 2012 is being restated in the consolidated financial statements for December 31, 2012 under the equity method of accounting (see note 4.20.2) and the profit or loss information, when applicable, is disclosed below for purposes of comparison.

Acquisition of indirect associate – On October 17, 2013, associate EATE completed the transaction to acquire 100% of the equity interest held by Orteng in Transudeste, Transleste and Transirapé (see note 2).

The Company holds the joint control of ETAU and Brasnorte and has significant influence in the TBE Group companies under a shareholders' agreement entered into with the following companies:

Joint venture	
ETAU	Eletrosul Centrais Elétricas S.A. ("Eletrosul"), DME Energética S.A. ("DME") and Companhia Estadual de Geração e Transmissão de Energia Elétrica ("CEEE-GT")
Brasnorte	Eletronorte - Centrais Elétricas do Norte do Brasil S.A. ("Eletronorte") and Bimetal Energia S.A. ("Bimetal")
Direct associates	
EATE, ENTE, ETEP and ERTE	Alupar Investimento SA ("Alupar")
EBTE	EATE
ECTE	Alupar, Centrais Elétricas de Santa Catarina ("CELESC") and MDU Resources Luxembourg II LLC ("MDU")

The main clauses of the agreement signed by shareholders of TBE Group associates are listed in Note 1. The main clauses of the agreement signed by the jointly-controlled entities´ shareholders are listed below:

Brasnorte

a) The Board of Directors will be comprised of five (5) directors, two (2) of them appointed by Eletronorte, two (2) appointed by Taesa and one (1) appointed by Bimetal. The Chairman on the Board of Directors will be appointed by Bimetal and elected by the majority of the Board of Directors' votes; will be responsible for the organization and coordination of this body´s activities and will not have right to casting vote.

b) The Executive Board will be comprised of three (3) officers, elected by the directors, under the following terms: Eletronorte will appoint the Technical Officer; TAESA will appoint the Chief Executive Officer, and Bimetal will appoint the Chief Finance and Administrative Officer.

c) If one of the Parties decides to sell its shares, in whole or in part, or is made an offer for the purchase, in whole or in part, of its stake in the Company, the other Shareholders will have preemptive rights on the acquisition of the shares being traded. The preemptive right to purchase the shares will be always exercised on the total, and not less than the total, number of shares being offered.

d) Any issues, litigation or disputes that may arise among the Shareholders will be resolved on good terms, by direct negotiations held in good faith, for a period not longer than 30 (thirty) days. If, after thirty (30) days, the parties do not reach an agreement on good terms, any issues, litigation or disputes will be resolved, on an irrevocable basis, by institutional arbitration, which will be processed in accordance with the Arbitration Regulation of FGV Arbitration and Conciliation Chamber.

e) The validity term of the Agreement will be the same as that of the Concession Agreement of the Venture, and may even be renewed.

ETAU

a) The Company will have a Board of Directors comprised of five (5) directors and respective alternate members, which shall be elected by shareholders. Each shareholder will appoint a member of the Board of Directors, one sitting and one alternate one, irrespective of the percentage of equity interest held in the company´s capital.

b) The company´s Executive Board will be comprised of two officers, who may be shareholders of the company or not; they should be professionals having a recognized technical ability in their respective areas, residing in the country, elected by the Board of Directors for a two years term of office, and may be reelected.

c) Shareholders will have among themselves preemptive rights on the acquisition of shares held by shareholders who are willing to sell them, whatever the basis or reason, and such rights will be proportionate to the equity interest held in the company´s paid-in and subscribed capital. If this right is not exercised, in whole or in part, it will be reversed to the other shareholders, also proportionately.

d) As a condition to sell shares to third parties, these shall necessarily submit to the Company and the other shareholders a proof that it obtained, in a date no earlier than 180 days as of such submittal a BrBBB+ rating (local scale), issued by *Standard and Poors* (S&P), or a rating substantially equivalent to the abovementioned, obtained from another rating agency internationally recognized.

e) In the event issues or disputes arise from this agreement, shareholders will make their best efforts to resolve the matter on good terms. If the shareholders do not reach an agreement in fifteen (15) days as of the receipt of the written notification from the other shareholder(s), informing the existence of an issue or dispute, the shareholders will elect São Paulo State´s Central Court, waiving any other, as privileged as it may be, as the competent to solve the disputes between the shareholders.

(a) Changes in investments

Changes in investments in jointly controlled entities, including the fair value allocated arising from the process of allocation of the price paid - CPC 15 (R1), presented in the individual (Parent) and consolidated financial statements.

Jointly-controlled entities	UNISA	ETAU	Brasnorte	TOTAL
Balances as at January 1, 2012	**801,040**	**77,210**	**79,749**	**957,999**
Transfer of interest to wholly-owned subsidiary	(831,024)	-	-	**(831,024)**
Dividends receivable 2011	-		(2,776)	**(2,776)**
Dividends receivable 2012	-	(90)	(440)	**(530)**
Dividends receivable 2011 – additional proposed approved	-	(5,544)		**(5,544)**
Share in profit of subsidiaries	29,984	7,755	5,869	**43,608**
Balances as at December 31, 2012	**-**	**79,331**	**82,402**	**161,733**
Balances as at January 1, 2013	**-**	**79,331**	**82,402**	**161,733**
Additional dividends receivable - 2012	-	(6,295)	-	**(6,295)**
Ratification of mandatory dividends receivable	-	-	3,217	**3,217**
Share in profit of subsidiaries	-	4,312	(3,246)	**1,066**
Dividends receivable 2013	-	(110)	-	**(110)**
Balances as at December 31, 2013	**-**	**77,239**	**82,372**	**159,611**

Additional 2012 dividend - ETAU – on April 11, 2013, ETAU´s Extraordinary and General Shareholders Meeting ratified the allocation of profit for 2012. The additional dividends proposed, in the amount of R$6,295, considering the Company´s interest, were transferred to line item "Dividends payable" and paid on December 17 and 18, 2013.

Additional ETAU's 2011 dividends - on April 24, April ETAU's Extraordinary and General Shareholders' Meeting approved the payment of R$5,669 as 2011 dividends, of which R$5,544 correspond to additional dividends, taking into account the Company's interest. On December 17, 2012, the amount of R$4,733 was paid and on March 26, 2013, R$937.

Ratification of Brasnorte's dividends – The Extraordinary and General Shareholders' Meeting held on April 30, 2013 ratified the proposed 2012 profit allocation to retain part of the mandatory dividends as special reserve (Art. 202, III, paragraph 5, of Law 6404/76).

Changes in investments in associates, including the fair value allocated arising from the process of allocation of the price paid on the acquisition of these companies, presented in the individual (Parent) and Consolidated financial statements.

	EATE	EBTE	ECTE	ENTE	ERTE	ETEP	TOTAL
Balances as at January 1, 2013	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Acquisition of equity interest (i)	805,807	133,552	50,764	417,998	114,830	168,464	**1,691,415**
Share in profit of subsidiaries (i)	92,291	14,718	4,090	40,112	11,341	15,401	**177,953**
Dividends received and proposed	(88,162)	(1,452)	(2,949)	(17,782)	(3,418)	(9,014)	**(122,777)**
Interest on capital received	(12,126)	-	(490)	(5,543)	-	(2,966)	**(21,125)**
Balances as at December 31, 2013	**797,810**	**146,818**	**51,415**	**434,785**	**122,753**	**171,885**	**1,725,466**

2013 Dividends - TBE Group

Dividends	EATE	EBTE	ECTE	ENTE	ERTE	ETEP	Total
August 28, 2013	18,849		1,446	5,999		4,178	30,472
September 26, 2013	-	-	-	2,807	-	-	2,807
Approved by the Board of Directors on August 27, 2013							**33,279**
December 12, 2013	-	-	-	-	-	4,836	4,836
December 20, 2013	69,313	-		-	-	-	69,313
December 30, 2013	-	-	668	2,749	-	-	3,417
Dividends proposed receivable (interims)	-	-	835	6,227	-	-	7,062
Approved by the Board of Directors' meetings of December 03 and 05, 2013							**84,628**
Dividends proposed received (mandatory)	-	1,452	-	-	3,418	-	**4,870**
	88,162	**1,452**	**2,949**	**17,782**	**3,418**	**9,014**	**122,777**

Interest on capital 2013—TBE Group

	EATE	ECTE	ENTE	ETEP	TOTAL
December 11, 2013	9,150	373	4,183	2,235	15,941
December 30, 2013	2,976	117	1,360	731	5,184
	12,126	**490**	**5,543**	**2,966**	**21,125**

n November 21, 2013, the Board of Directors of EATE, ECTE, ENTE and ETEP approved the immediate payment of interest on capital to shareholders, in the amount of R$21,125. The amount of R$15,941 was paid on December 11, 2013 and the amount of R$5,184, on December 30, 2013.

(b) Summarized financial statements and other

The following is the summarized financial information disclosed in the individual financial statements of the jointly-controlled entities and associates in accordance with CPC technical pronouncements, interpretations, and guidelines.

Aggregation of financial information - taking into account that the direct associates where Taesa holds equity interest are similar entities operating in the electric energy transmission industry and are managed a group of concessions (TBE Group), the Company's management elected to aggregate its associates' financial information (TBE Group) for balance sheet and income statement presentation purposes.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2013

(Amounts expressed in thousands of Brazilian reais – R$, unless stated otherwise)

Balance sheet	2013				
	ETAU	Brasnorte	Subtotal	TBE Group	Total
Cash and cash equivalents	3,862	8,113	11,975	31,105	43,080
Financial asset (i)	19,891	17,053	36,944	835,798	872,742
Other current assets	4,201	3,678	7,879	74,500	82,379
Current assets	**27,954**	**28,844**	**56,798**	**941,403**	**998,201**
Financial asset (i)	108,176	242,314	350,490	1,844,410	2,194,900
Investments in equity interests	-	-	-	579,135	579,135
Other noncurrent assets	3,984	510	4,494	65,323	69,817
Noncurrent assets	**112,160**	**242,824**	**354,984**	**2,488,868**	**2,843,852**
Borrowings and financing (ii)	7,135	10,836	17,971	325,160	343,131
Other current liabilities	3,555	2,145	5,700	187,427	193,127
Current liabilities	**10,690**	**12,981**	**23,671**	**512,587**	**536,258**
Borrowings and financing (ii)	21,686	16,168	37,854	570,291	608,145
Other noncurrent liabilities	10,087	29,476	39,563	318,494	358,057
Non-current liabilities	**31,773**	**45,644**	**77,417**	**888,785**	**966,202**
Equity - Parent	**97,651**	**213,043**	**310,694**	**2,028,899**	**2,339,593**
Equity – Parent – Taesa´s equity interest	**51,349**	**82,372**	**133,721**	**973,981**	**1,107,702**
Fair value allocated to the financial assets, net of taxes	25,890	-	25,890	751,485	777,375
Total investment - Taesa	**77,239**	**82,372**	**159,611**	**1,725,466**	**1,885,077**

Balance sheet	2012		
	ETAU	Brasnorte	Total
Cash and cash equivalents	2,151	8,895	11,046
Financial asset (i)	18,648	18,832	37,480
Other current assets	3,836	3,528	7,364
Current assets	**24,635**	**31,255**	**55,890**
Financial asset (i)	104,314	261,699	366,013
Other noncurrent assets	4,006	578	4,584
Noncurrent assets	**108,320**	**262,277**	**370,597**
Borrowings and financing (ii)	6,996	10,760	17,756
Other current liabilities	4,151	10,947	15,098
Current liabilities	**11,147**	**21,707**	**32,854**
Borrowings and financing (ii)	28,078	26,851	54,929
Other noncurrent liabilities	6,030	31,853	37,883
Non-current liabilities	**34,108**	**58,704**	**92,812**
Equity - Parent	**87,700**	**213,121**	**300,821**
Equity – Parent – Taesa´s equity interest	**46,115**	**82,402**	**128,517**
Fair value allocated to the financial assets, net of taxes	33,216	-	33,216
Total investment - Taesa	**79,331**	**82,402**	**161,733**

Income statement	2013				
	ETAU	Brasnorte	Subtotal	TBE Group (*)	Total
Net operating revenue	31,469	(5,826)	25,643	733,168	758,811
Costs and expenses	(4,784)	(6,136)	(10,920)	(92,647)	(103,567)
Finance income	791	696	1,487	8,288	9,775
Finance costs	(3,548)	(3,260)	(6,808)	(79,545)	(86,353)
Finance income (costs)	(2,757)	(2,564)	(5,321)	(71,257)	(76,578)
Share in profit of subsidiaries	-	-	-	71,592	71,592
Corporate Income Tax (IRPJ) and Social Contribution on Net Income (CSLL) – current and deferred	(1,794)	6,131	4,337	(95,280)	(90,943)
Profit (loss) for the year	**22,134**	**(8,395)**	**13,739**	**545,576**	**559,315**
Profit (loss) for the year – Taesa´s equity interest	**11,639**	**(3,246)**	**8,393**	**261,789**	**270,182**
Recognition of the fair value allocated to the financial asset, net of taxes	(7,327)	-	(7,327)	(83,836)	(91,164)
Share in profit of subsidiary - Taesa	**4,312**	**(3,246)**	**1,066**	**177,953**	**179,019**
Comprehensive income for the year	**22,134**	**(8,395)**	**13,739**	**545,576**	**559,315**
Comprehensive income for the year - Taesa's equity interest	**11,639**	**(3,246)**	**8,393**	**261,789**	**270,182**
Recognition of the fair value allocated to the financial asset, net of taxes	(7,327)	-	(7,327)	(83,836)	(91,163)
Share in profit of subsidiary - Taesa	**4,312**	**(3,246)**	**1,066**	**177,953**	**179,019**

(*) Refers to profit for the period from June 1 to December 31, 2013, considering that TBE Group's equity interest was acquired on May 31, 2013, as described in note 2.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2013

(Amounts expressed in thousands of Brazilian reais – R$, unless stated otherwise)

Income statement	2012			
	ETAU	Brasnorte	UNISA(*)	Total
Net operating revenue	27,595	28,743	154,465	210,803
Costs and expenses	(4,572)	(5,249)	(25,884)	(35,705)
Finance income	560	724	19,729	21,013
Finance costs	(4,128)	(4,555)	(75,074)	(83,757)
Finance income (costs)	(3,568)	(3,831)	(55,345)	(62,744)
Corporate Income Tax (IRPJ) and Social Contribution on Net Income (CSLL) – current and deferred	(1,364)	(4,485)	(13,846)	(19,695)
Profit for the year	**18,091**	**15,178**	**59,390**	**92,659**
Profit for the year - Taesa's equity interest	**9,513**	**5,869**	**29,695**	**45,077**
Recognition of the fair value allocated to the financial asset, net of taxes	(1,758)	-	289	(1,469)
Share in profit of subsidiary - Taesa	**7,755**	**5,869**	**29,984**	**43,608**
Comprehensive income for the year	**18,091**	**15,178**	**59,390**	**92,659**
Comprehensive income for the year - Taesa's equity interest	**9,513**	**5,869**	**29,695**	**45,077**
Recognition of the fair value allocated to the financial asset, net of taxes	(1,758)	-	289	(1,469)
Share in profit of subsidiary - Taesa	**7,755**	**5,869**	**29,984**	**43,608**

(*) Refers to profit for the period from January 1 to June 30, 2012, considering that, up to that date, UNISA was a jointly-controlled subsidiary of Taesa Group.

(i) Financial assets

Financial asset	2013	2012
Jointly-controlled entities		
ETAU	128,067	122,962
Brasnorte	259,367	280,531
	387,434	**403,493**
Direct associates		
EATE	997,163	-
EBTE	520,858	-
ECTE	218,413	-
ENTE	588,486	-
ERTE	148,408	-
ETEP	206,880	-
	2,680,208	**-**

The main features of the concession agreements entered into by the concessionaires and the ANEEL are similar to Taesa's concession agreements described in Note 7.

(ii) Borrowings and financing

Concession	Lenders	Maturity of the principal	Finance charges	Collaterals	2013	2012
Jointly-controlled Entities						
ETAU	BNDES	January 2018	Currency basket + 4.0% p.a. TJLP + 4.0% p.a.	100% of the shares in the Company held by controlling shareholders: Taesa, Eletrosul, CEEE and DME ETAU's concession rights. ETAU's concession receivables.	28,821	35,074
Brasnorte	CEF	June 2016	117.5% of CDI	100% of the shares in the Company held by controlling shareholders: Taesa, Eletronorte and Bimetal. Brasnorte's concession receivables. Guarantee of major shareholders: Taesa and Eletronorte.	27,004	37,611
					55,825	**72,685**

Associates						
EATE	Debentures	March 2016 October 2017	CDI + 1.3% CDI + 0.9875%	No collaterals	322,118 140,080	-
EBTE	BNDES	May 2025 November 2019	TJLP + 2.56% 4.5% p.a.	Pledge of concession receivables, trade receivables and company shares held by EATE, and reserve account,	142,657	-
ECTE	Debentures	March 2016 October 2017	CDI + 1.3% CDI + 0.9875%	No collaterals,	118,033	-
ENTE	Debentures	March 2016	CDI + 1.3%	No collaterals,	93,484	-
ERTE	BNDES	October 2015 October 2015 October 2026	TJLP + 5% Currency basket + 5% TJLP + 1.97%	Pledge of concession receivables, trade receivables and company shares held by Alupar, and reserve account,	36,974	-
ETEP	Debentures	November 2016	112.5% CDI	No collaterals,	42,105	-
					895,451	**-**

The borrowings and financing agreements detailed in the table above contain restrictive financial and nonfinancial covenants triggering accelerated maturity, including the required compliance with certain financial ratios while the related agreements are effective, As at December 31, 2013 all restrictive covenants established in the borrowings and financing agreements in effect were complied with by the Taesa Group's jointly-controlled entities and associates,

The indirect associate ESDE has an agreement with BNDES which subjects the debt service reserve account (short-term investments given as collateral of the debt) to the maintenance of a certain Debt Service Coverage Ratio (DSCR), Based on this associate´s financial statements for the year ended December 31, 2013, the Company did not meet the minimum DSCR limit of 1.30, and supplemented the reserve account in additional three installments equivalent to the last amortization and interest, earlier than required in the respective agreement, The noncompliance with this ratio does not trigger accelerated maturity of debt or other impacts (cross default) on the other contractual clauses of the associate.

(iii) Provisions for labor, tax and civil risks and contingent liabilities

The management teams of the jointly-controlled entities and associates, based on the opinion of their legal counsel and the analysis of the ongoing lawsuits, and in accordance with accounting practices adopted in Brazil, set up a provision for labor, tax and civil risks, when applicable (disclosed in the summarized financial information above, in line item "Other noncurrent liabilities") in an amount considered sufficient to cover estimated losses on these lawsuits, Accordingly, at December 31, 2013, the following companies were parties to lawsuits with a probable likelihood of an unfavorable outcome:

	2013	2012
Jointly-controlled entities		
ETAU	**-**	**321**

As at December 31, 2013, there are other administrative and judicial proceedings related to civil, tax and labor lawsuits whose favorable outcome, based on the legal counsel's opinion, are considered possible, for which no provision was recognized, as follows:

	2013				2012
	Labor	Tax	Civil	Total	
Jointly-controlled entities					
ETAU	13	-	47	60	222
Brasnorte	-	447	100	547	218
	13	**447**	**147**	**607**	**440**
Associates					
EATE	224	2,203	262	2,689	-
EBTE	-	-	4,166	4,166	-
ECTE	50	-	-	50	-
ENTE	-	599	135	734	-
	274	**2,802**	**4,563**	**7,639**	-

13. OTHER RECEIVABLES AND PAYABLES

	Consolidated		Parent	
	2013	2012 (Restated)	2013	2012 (Restated)
Current assets				
Sundry advances	4,323	15,733	4,166	11,915
Related parties (f)	129	70	22,961	23,583
R&D advances (a)	23,682	19,425	23,047	15,854
Other receivables	9,399	8,983	9,394	3,010
	37,533	**44,211**	**59,568**	**54,362**
Noncurrent assets				
Related parties (f)	-	-	2	361
Advanced apportionment (d) and adjustment portion (c)	2,562	-	2,365	-
Other receivables (e)	8,741	6,665	8,740	4,636
	11,303	**6,665**	**11,107**	**4,997**
Current liabilities				
Payroll	17,481	14,485	17,481	13,531
Environmental compensation (b)	3,687	3,716	2,024	1,431
Other payables (g)	3,387	3,986	3,379	726
	24,555	**22,187**	**22,884**	**15,688**
Non-current liabilities				
Advanced apportionment (d) and adjustment portion (c)	-	45,944	-	36,665
Related parties (f)	-	298	735	1,834
Provision for administrative fines (h)	9,069	-	9,069	-
Other payables	1,838	1,668	1,838	4
	10,907	**47,910**	**11,642**	**38,503**

(a) Refer to the prepayments of amounts invested by the Company in Research and Development (R&D) projects to be offset against the liability held by the Company of Regulatory Charges in the amounts of R$52,052 in consolidated and R$50,075 in parent as at December 31, 2013 (R$45,623 in consolidated and R$30,962 in parent at December 31, 2012), upon the approval by the ANEEL and closing of the respective projects. This liability cannot be written off, on any account, without the prior approval of the ANEEL.

(b) Refers to accrued obligations with IBAMA and FUNAI for the implementation of environmental recovery projects, whose amount disbursed in the year ended December 31, 2013 was R$39 (R$836 in the year ended December 31, 2012). The Company's management understands that, regardless of the disbursements made in the period, these environmental compensations are short-term obligations, since the Company has no unconditional right to defer the settlement of such liability during at least 12 months after the balance sheet date.

(c) ANEEL, through Official Letter 237/2005-SRT/ANEEL, of November 30, 2005, has instructed ONS to apportion the collection deficits and surpluses relating to the transmission system use charges among all transmission concessionaires, proportionately to its annual total revenues. Based on this Official Letter, the ONS discounted from the concessionaire's monthly revenue R$50,850, consolidated, and R$44,380, Parent, in the year ended December 31, 2013 (R$33,572, consolidated, and R$21,960, Parent in the year ended December 31, 2012).

(d) Refers to the monthly revenues earned as apportionment of prepaid system revenues in addition to the RAP for 2013, which will be settled by offsetting future RAP amounts to be authorized by ONS beginning July 1, 2013. Based on this Official Letter, ONS added to the Taesa Group concessionaires' monthly revenue, for the year ended December 31, 2013, the amounts of (R$8,096), Parent, and (R$6,796) consolidated (the amounts of R$29,426, Parent, and R$41,258, consolidated, were added in the year ended December 31, 2012).

(e) Refers basically to: (i) expenditures on the implementation of the Power Sector Equity Control Manual (MCPSE) in the amount of R$4,536, prescribed by ANEEL Regulatory Resolution 367, of June 2, 2009. In 2013 the Company sent the first report to ANEEL arising from such manual and understands that this amount will be reimbursed by ANEEL beginning 2014, and (ii) tax debts for periods prior to the acquisition of NTE by Taesa, which is subject to collection notice to former shareholders, in the amount of R$516.

(f) See note 14.

(g) Refer basically to advances from customers for the provision of the Company's transmission line services, which are expected to be realized in less than 12 months.

(h) On June 14, 2013, ANEEL issued Notice 075/2013-SFE in connection with an inspection occurred in the period from October 26, 2012 to May 26, 2013, intended to find out the causes and effects of the blackout occurred on October 26, 2012, at 00:14 am. On August 6, 2013, the Company challenged the ANEEL´s Notice through TAESA Letter 267/2013. On October 21, 2013, ANEEL issued Assessment 1038/2013-SFE determining the establishment of an administrative proceeding unfavorable to TAESA.

By virtue of the assessment received, at September 30, 2013, the Company recorded a provision for the fine in the amount of R$9,069. The Company filed an appeal with ANEEL with respect to such Assessment and will discuss the matter until a final decision is issued by the highest court level. There were no significant changes in the status of this proceeding through the reporting date.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2013

(Amounts expressed in thousands of Brazilian reais – R$, unless stated otherwise)

14. RELATED PARTIES

I – Transactions with related parties refer to transactions between the Company, its controlling shareholders, and companies related to its shareholders, its subsidiaries and its jointly-controlled entities, and key management personnel. The main balances of assets and liabilities as at December 31, 2013 and 2012, as well as the transactions that affected profit or loss for the reporting period in these financial statements, are detailed below:

Balance sheet	Consolidated		Parent	
	2013	2012 (Restated)	2013	2012 (Restated)
Current assets				
Receivables Taesa (UNISA) X ATE III (b.1)	-	-	22,832	23,513
Receivables Taesa X ETAU (c.1)	62	49	62	49
Receivables Taesa X Brasnorte (c.2)	67	21	67	21
	129	**70**	**22,961**	**23,583**
Noncurrent assets				
Receivables Taesa (NTE) X SGT (b.2)	-	-	2	361
	-	**-**	**2**	**361**
Non-current liabilities				
Payables Taesa X Cemig GT (a.1)	-	298	-	298
Payables Taesa (UNISA) X ATE III (b.3)	-	-	735	1,536
	-	**298**	**735**	**1,834**

Income statement	Consolidated		Parent	
	2013	2012	2013	2012
Finance income				
Taesa X Fundo Pampulha finance income (a.2)	**113**	**621**	**113**	**621**
Other operating income				
Taesa X ETAU service revenue (c.1)	622	585	622	585
Taesa X BRASNORTE service revenue (c.2)	271	255	271	255
	893	**840**	**893**	**840**
Operating expenses				
Other expenses Taesa x Cemig GT (reversal) (a.1)	(298)	-	(298)	-
Personnel expenses Taesa x Forluz (a.3)	1,120	690	1,115	666
Taesa X Ativas provided services (a.4)	533	674	533	674
	1,355	**1,364**	**1,350**	**1,340**
Operating cost				
Personnel expenses Taesa x Forluz (a.3)	653	605	636	556
Service revenue Cemig GT x SGT (b.4) (b.5)	234	-	-	-
	887	**605**	**636**	**556**
Finance costs				
Taesa X Brasnorte interest expenses (c.3)	-	80	-	80
	-	**80**	**-**	**80**

a. Transactions between Taesa and its controlling shareholders and related companies

a.1. Taesa x Cemig GT – Management compensation

Agreement purpose: payment of overall annual compensation of the Company's officers by CEMIG GT for 2009.
Transaction nature and motive: Executive Board compensation process.
Transaction date: November 25, 2009.
Amount involved: R$419.
Amount of the Company's interest: R$419.
Outstanding balance: R$0, consolidated and Parent, at December 31, 2013, and R$298, consolidated and Parent, at December 31, 2012.
Profit or loss: (R$298), consolidated and Parent, at December 31, 2013 (R$0, consolidated and Parent, at December 31, 2012.

Interest rate: None.
Effective period/duration: The related provision was reversed on July 31, 2013, after reconciling the balances between the parties.
Rescission or termination conditions: None.
Related collaterals and insurance: None.
Other material information: transaction approved by the Extraordinary Shareholders' Meeting on November 25, 2009 when the overall annual compensation of the Company's officers was approved.

a.2. Taesa x CEMIG GT – cash equivalents – Pampulha Fund

Agreement purpose: The Company and its subsidiary SGT hold units in Pampulha Fund, which an exclusive fund between Taesa Group and CEMIG Group. The Company, through the investment fund, has a balance of debentures issued by the CEMIG Group recorded as short-term investments.
Transaction nature and motive: Investment of the Company´s cash in an investment fund – Pampulha Fund.
Transaction date: March 19, 2012.
Amount involved: R$9,820.
Amount of the Company's interest: R$2,853.
Outstanding balance: R$1,930, consolidated and Parent at December 31, 2013, and R$8,402, consolidated and R$7,787, Parent, at December 31, 2012, recorded in the balance sheet in "Securities".
Profit or loss: R$113, consolidated and Parent, at December 31, 2013 (R$621, consolidated and Parent, at December 31, 2012).
Interest rate: 0.9% p.a. plus CDI variation.
Effective period/duration: February 15, 2017.
Rescission or termination conditions: None.
Related collaterals and insurance: None.
Other material information: None.

a.3. Taesa x Forluz – pension plan (Note 26)

Agreement purpose: The Taesaprev Plan was created in Fundação Forluminas de Seguridade Social - FORLUZ, a closed-end private pension entity, of which the Company became one of the sponsors, whose approval by Previc was published in the official gazette on March 27, 2012.
Transaction nature and motive: pension plan granted to employees.
Transaction date: April 1, 2012.
Amount involved: investment according to employees' option.
Amount of the Company's interest: not applicable.
Outstanding balance: R$0, consolidated and Parent, at December 31, 2013 and December 31, 2012.
Profit or loss: R$1,773, consolidated and R$ 1,751 Parent, at December 31, 2013 (R$1,295, consolidated and R$ 1,222 Parent, at December 31, 2012).
Interest rate: management fee of 1.5% on total monthly contributions made by employer and employee.
Effective period/duration: indeterminate.
Rescission or termination conditions: None.
Related collaterals and insurance: None.
Other material information: None.

a.4. Taesa X Ativas – service agreement

Agreement purpose: Data center service provision, including the storage, processing and availability, through the internet, of electronic data.
Transaction nature and motive: Availability of services and security of stored data.
Transaction date: September 4, 2009.
Amount involved: R$49 (monthly contractual amount).
Amount of the Company's interest: R$49 (monthly contractual amount).
Outstanding balance: R$0, consolidated and Parent, at December 31, 2013 and 2012.
Profit or loss: R$533, consolidated and Parent, at December 31, 2013 (R$674, consolidated and Parent, at December 31, 2012).
Interest rate: None.
Inflation adjustment: Annual adjustment by IGP-M.
Effective period/duration: 36 months from execution date. After the initial term, it will be automatically renewed for successive periods of 12 months, provided that there is no objection by any of the parties.
Rescission or termination conditions: If any of the parties decides to terminate this Agreement, on unilateral and unreasonable manner, before the end of the initial term, it shall pay to the other party, as fine, the amount corresponding to 30% of the amount resulting from the multiplication of the number of months missing until the end of the initial term and the monthly amount effective upon cancellation.
Related collaterals and insurance: None.
Other material information: None.

b. Transactions between the Company and its subsidiaries and between its subsidiaries and its controlling shareholders

b.1. Taesa (UNISA) x ATE III receivables - UNISA share purchase agreement

Agreement purpose: purchase of 50% of UNISA shares.
Transaction nature and motive: Taesa receivables related to dividends payable by UNISA subsidiaries - ATE II and ATE III to Abengoa Concessões Brasil Holding S.A, under the UNISA shares purchase agreement (see Note 2).
Transaction date: November 30, 2011.
Amount involved: R$54,771.
Amount of the Company's interest: R$54,771.
Outstanding balance: R$0, consolidated, and R$22,832, Parent, at December 31, 2013, and R$0, consolidated, and R$23,513, Parent, at December 31, 2012.
Profit or loss: R$0, consolidated and Parent, at December 31, 2013 (R$0, consolidated and Parent, at December 31, 2012).
Interest rate: None.
Effective period/duration: The Company´s expects the payment to be made in a period shorter than 12 months.
Rescission or termination conditions: None.
Related collaterals and insurance: None.
Other material information: Upon the acquisition of a 50% interest in UNISA on November 30, 2011 and the remaining 50% on July 03, 2012, the Company became the holder of 100% of the balance of dividends receivable by UNISA from ATE II and ATEII, in the amount of R$54,771, of which R$31,258 from ATE II, R$22,832 from ATE III and R$681 from UNISA. On August 15, 2012, a portion of this balance was paid in the amount of R$31,258. Upon the merger of UNISA with and into Taesa, as at January 31, 2013 the amount R$681 of UNISA was eliminated and R$22,832 became due by ATE III to Taesa.

b.2. Taesa (NTE) X SGT receivables - Reimbursement of expenditures among Taesa Group companies.

Agreement purpose: None.
Transaction nature and motive: Reimbursement of expenditures among Taesa Group companies. As part of the Taesa Group's cost and expense apportionment and management process, in certain events, one of the companies pays these expenditures on the account and order of other Taesa Group companies. Therefore, Management considers, for purposes of disclosure, only the outstanding balance (payable or receivable) in the group. The Company understands that there is no specific amount to be disclosed or any impact on profit or loss. There is no interest or inflation adjustment.
Transaction date: not applicable.
Amount involved: not applicable.
Amount of the Company's interest: not applicable.
Outstanding balance: R$0, consolidated, and R$2, Parent, at December 31, 2013, and R$0, consolidated, and R$361 Parent, at December 31, 2012.
Profit or loss: not applicable.
Interest rate: None.
Effective period/duration: the Company´s expects this amount to be received in a period shorter than 12 months.
Rescission or termination conditions: None.
Related collaterals and insurance: None.
Other material information: Upon the merger of UNISA with and into Taesa on January 31, 2013, R$323 of NTE was eliminated from Taesa's receivables.

b.3. Taesa (ATE III) X UNISA payables - reimbursement of expenditures among Taesa Group companies

Agreement purpose: None.
Transaction nature and motive: Reimbursement of expenditures among Taesa Group companies. As part of the Taesa Group's cost and expense apportionment and management process, in certain events, one of the companies pays these expenditures on the account and order of other Taesa Group companies. Therefore, Management considers, for purposes of disclosure, only the outstanding balance (payable or receivable) in the group. The Company understands that there is no specific amount to be disclosed or any impact on profit or loss. There is no interest or inflation adjustment.
Transaction date: not applicable.
Amount involved: not applicable.
Amount of the Company's interest: not applicable.
Outstanding balance: R$0, consolidated, and R$735, Parent, at December 31, 2013, and R$0, consolidated, and R$1,536, Parent, at December 31, 2012.
Profit or loss: not applicable.
Interest rate: not applicable.
Effective period/duration: the Company´s expects the payment to be made in a period shorter than 12 months.
Rescission or termination conditions: None.
Related collaterals and insurance: None.
Other material information: Upon the merger of UNISA with and into Taesa on January 31, 2013 the amount R$16 was eliminated. Upon the merger of ATE II with and into Taesa on June 30, 2013 the amount R$788 was eliminated.

b.4. Cemig GT x SGT – proprietary engineering service agreement

Agreement purpose: proprietary engineering service agreement for the implementation of São Gotardo substation.
Transaction nature and motive: Provision of proprietary engineering services.
Transaction date: January 9, 2013.
Amount involved: R$320 (total amount payable in 10 installments).
Outstanding balance: R$0, consolidated and Parent, at December 31, 2013 and 2012.
Profit or loss: R$160, consolidated, and R$0, Parent, at December 31, 2013 (R$0, consolidated and Parent, at December 31, 2012).
Interest rate: None.
Inflation adjustment: Annual adjustment by IGP-M.
Effective period/duration: 26 months beginning the service order date (January 2013) for the service contracted.
Rescission or termination conditions: The agreement may be terminated due to breach of some clause or condition; unexplained delay of any installment for a period over 90 days; bankruptcy, judicial or extrajudicial recovery, civil insolvency, judicial or extrajudicial dissolution or liquidation by any of the parties, either declared or ratified; total or partial assignment or transfer of the subject of this agreement, or subcontracting without the contracting party´s prior written authorization; total or partial non-fulfillment with obligations by the contracted party, under the terms and conditions under the agreement; occurrence of acts of God or force majeure that last for a period over consecutive 15 days and that actually compromise the terms under the agreement.
Related collaterals and insurance: None.
Other material information: None.

b.5. SGT X Cemig GT – Development of studies

Agreement purpose: Development of engineering studies and projects and preparation of environmental reports for the transmission facilities.
Transaction nature and motive: Development of engineering studies and projects and preparation of environmental reports for the transmission facilities.
Transaction date: August 27, 2012.
Amount involved: R$74.
Outstanding balance: R$0, consolidated and Parent, at December 31, 2013 and 2012.
Profit or loss: R$74, consolidated, and R$0, Parent, at December 31, 2013 (R$0, consolidated and Parent, at December 31, 2012).
Interest rate: None.
Effective period/duration: 90 days from the execution of the agreement.
Rescission or termination conditions: None.
Related collaterals and insurance: None.
Other material information: This agreement was settled on February 14, 2013.

c. Transactions between the Company and its jointly-controlled entities

c.1. Taesa x ETAU - back-office service agreement

Agreement purpose: back-office service agreement for administrative expenses.
Transaction nature and motive: Provision of administrative services.
Transaction date: January 23, 2013 (date of the last renewal).
Amount involved: R$49 (monthly contractual amount).
Amount of the Company's interest: R$49 (monthly contractual amount).
Outstanding balance: R$62, consolidated and Parent, at December 31, 2013 (R$49, consolidated and Parent, at December 31, 2012).
Profit or loss: R$622, consolidated and Parent, at December 31, 2013 (R$585, consolidated and Parent, at December 31, 2012).
Interest rate: None.
Inflation adjustment: Annual adjustment by IGP-M.
Effective period/duration: 4 years from the execution of the agreement (January 23, 2017).
Rescission or termination conditions: the agreement can be terminated at any time, unilaterally, under a 90-day prior notice, by reason of operation incapability or judicial recovery or bankruptcy of one of the parties.
Related collaterals and insurance: None.
Other material information: the parties have the intention to maintain this agreement during the concession period. ANEEL authorized the renewal of this agreement under Regulatory Resolution 181, of January 24, 2013.

c.2. Taesa x Brasnorte - back-office service agreement

Agreement purpose: back-office service agreement for administrative expenses.
Transaction nature and motive: Provision of administrative services.
Transaction date: January 14, 2013 (date of the last renewal).
Amount involved: R$22 (monthly contractual amount).
Amount of the Company's interest: R$22 (monthly contractual amount).
Outstanding balance: R$67, consolidated and Parent, at December 31, 2013, (R$21, consolidated and Parent, at December 31, 2012).
Profit or loss: R$271, consolidated and Parent, at December 31, 2013 (R$255, consolidated and Parent, at December 31, 2012).
Interest rate: None.
Inflation adjustment: Annual adjustment by IGP-M.
Effective period/duration: 4 years from the execution of the agreement (April 14, 2013).
Rescission or termination conditions: the agreement can be terminated at any time, unilaterally, under a 90-day prior notice, by reason of operation incapability or judicial recovery or bankruptcy of one of the parties.
Related collaterals and insurance: None.
Other material information: the parties have the intention to maintain this agreement during the concession period. The ANEEL authorized such agreement under Regulatory Resolution 195, of January 25, 2013.

c.3. Brasnorte x Taesa - IRRF reimbursement

Agreement purpose: not applicable.
Transaction nature and motive: Taesa's obligation to reimburse the withholding income tax (IRRF) on the Taesa x Brasnorte loan not withheld on the outstanding balance repayment.
Transaction date: February 14, 2011.
Amount involved: R$3,763
Outstanding balance: R$0, consolidated and Parent, at December 31, 2013, and R$0, consolidated and Parent, at December 31, 2012.
Profit or loss: R$0, consolidated and Parent, at December 31, 2013 (R$80, consolidated and Parent, at December 31, 2012).
Interest rate: None.
Inflation adjustment: CDI.
Effective period/duration: None.
Rescission or termination conditions: None.
Related collaterals and insurance: None.
Other material information: This agreement was settled on February 13, 2012.

c.4. Brasnorte x Taesa (TSN) – property free lease agreement

Agreement purpose: free-lease agreement of part of a property between Brasnorte (lessee) and Taesa – TSN (lessor).
Transaction nature and motive: ANEEL approved the free-lease agreement under Regulatory Resolution 1636, of April 25, 2008.
Transaction date: April 25, 2008.
Amount involved: not applicable (the agreement has no amount).
Amount of the Company's interest: not applicable.
Outstanding balance: not applicable.
Profit or loss: not applicable.
Interest rate: not applicable.
Effective period/duration: Indeterminate.
Rescission or termination conditions: not applicable.
Related collaterals and insurance: not applicable.
Other material information: None.

II - Compensation to the Board of Directors, Executive Board, and Supervisory Board

a. Proportion of each component in overall compensation for 2013:

- Board of Directors: Fixed compensation of 100%.
- Committees: The members of the Company's Committees did not receive compensation for this position; they receive only a fixed salary related to their respective compensation as members of the Board of Directors.
- Executive Board: Fixed compensation of 62.93% and variable compensation of 37.07%
- Supervisory Board: Fixed compensation of 100%.

b. Amounts paid by the Company to the Board of Directors, Executive Board and Supervisory Board in 2013:

	Board of Directors	Executive Board	Supervisory Board	Total
Number of members	**22**	**3**	**10**	**35**
Fixed compensation	**1,845**	**3,355**	**319**	**5,519**
Payroll and management fees	1,845	2,992	319	5,156
Direct and indirect benefits	n/a	363	n/a	363
Committees' compensation	n/a	n/a	n/a	n/a
Other	n/a	n/a	n/a	n/a
Variable compensation	**-**	**1,976**	**-**	**1,976**
Bonus	n/a	n/a	n/a	n/a
Profit sharing	n/a	1,976	n/a	1,976
Compensation for attendance to the meetings	n/a	n/a	n/a	n/a
Commissions	n/a	n/a	n/a	n/a
Other	n/a	n/a	n/a	n/a
Post-employment benefits	n/a	n/a	n/a	n/a
Termination benefits	n/a	n/a	n/a	n/a
Share-based payment	n/a	n/a	n/a	n/a
Total compensation	**R$1,845**	**R$5,331**	**R$319**	**R$7,495**

n/a = not applicable

c. Average amounts paid by the Company to the Board of Directors, Executive Board and Supervisory Board in 2013:

	Board of Directors	Executive Officers	Supervisory Board
Number of sitting members	11	3	5
Number of alternates	11	-	5 (*)
Highest individual compensation for the year (monthly)	11	180	6
Lowest individual compensation for the year (monthly)	5	128	5
Average individual compensation for the year (monthly)	8	148	5

(*) The alternate members receive compensation only when they replace the regular members.

At December 31, 2013, the corporate governance bodies and other employees of the Company do not have share-based payments.

15. BORROWINGS AND FINANCING

Lenders	Concession	Borrowings					Annual finance charges
		Execution/issuance date	Type	Contracted amount	Amount released	Final maturity	
Local currency - R$							
BB-BI	Taesa	05/10/2013	NP – 6th issuance	400,000	400,000	05/05/2014	104% do CDI
BNDES FINAME	Taesa-TSN	12/05/2012	CCB – sub-loan A	23,504	5,728	12/15/2022	Fixed income of 2.5% p.a.
BNDES FINAME	Taesa-NVT	10/28/2011	CCB - sub-loan A	587	587	09/12/2021	Fixed income of 8.7% p.a.
BNDES FINAME	Taesa-NVT	10/28/2011	CCB - sub-loan B	168	168	08/12/2021	TJLP -TJ462 + 4.2% p.a.
BNDES FINAME	Taesa-TSN	06/20/2012	CCB - sub-loan A	727	727	07/15/2022	Fixed income of 5.5% p.a.
BNDES FINAME	Taesa-TSN	13/06/2013	CCB - sub-loan A	30,458	4.570	06/15/2023	Fixed income of 3.5% p.a.
BNDES FINAME	SGT	12/04/2012	CCB - sub-loan A	19,571	17,390	12/15/2022	Fixed income of 2.5% a.a.
Foreign currency - US$							
IDB	ATE III	04/04/2008	Borrowing A	72,000	72,000	05/15/2023	Fixed income of 4.23%+ 1.975% p.a.
IDB	ATE III	04/04/2008	Borrowing A2	23,462	23,462	05/15/2023	"Libor" + "spread" of 1.975% p.a.
IDB	ATE III	04/04/2008	Borrowing B	110,000	110,000	05/15/2020	"Libor" + "spread" of 1.6% p.a.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2013

(Amounts expressed in thousands of Brazilian reais – R$, unless stated otherwise)

The table below shows a summary of all the financing agreements early settled in 2013 by the Taesa Group:

Concession	Lender	Settlement date	Amount
TAESA (NVT)	Bank syndicate - Santander, Citibank and BNP	03/15/2013	13,581
STE	Unibanco	03/15/2013	526
STE	BNDES	03/15/2013	51,181
NTE	BNDES	03/15/2013	74,664
ATE	BNDES	03/15/2013	138,139
ATE II	BNDES	05/15/2013	228,462
ATE II	IDB	05/15/2013	192,124
			698,677

The objective of these settlements was to reduce the debt cost and obtain more financial flexibility. Therefore, the Company reaffirms its commitment to generate value to its shareholders through the optimization of the capital structure. The main features and terms of these financing agreements are detailed in the financial statements for the year ended December 31, 2012, published on March 27, 2013.

CHANGES IN BORROWINGS AND FINANCING							
Lenders	**Concession**	**2012**	**Borrowings / Cost / Mergers**	**Interest and inflation adjustment / cost (*)**	**Interest paid**	**Amortization of principal**	**2013**
		(Restated)					
LOCAL CURRENCY - R$							
NP	TAESA	-	399,744	23,065	-	-	422,809
SYNDICATE-SANTANDER, CITIBANK E BNP	TAESA-NVT	16,244	-	226	(271)	(16,199)	-
BNDES-FINAME	TAESA-TSN	-	5,728	51	(45)	-	5,734
BNDES-FINAME	TAESA-NVT	764	-	64	(70)	(31)	727
BNDES-FINAME	TAESA-TSN	735	-	40	(40)	-	735
BNDES-FINAME	TAESA-TSN	-	4,570	4	-	-	4,574
BNDES	TAESA-NTE	-	76,370	718	(1,159)	(75,929)	-
BNDES	TAESA-ATE	-	140,083	1,147	(1,921)	(139,309)	-
BNDES	TAESA-STE	-	52,169	492	(794)	(51,867)	-
UNIBANCO	TAESA-STE	-	655	6	(8)	(653)	-
PARENT		**17,743**	**679,319**	**25,813**	**(4,308)**	**(283,988)**	**434,579**
CURRENT		**16,292**					**422,964**
NONCURRENT		**1,451**					**11,615**
LOCAL CURRENCY – R$							
BNDES-FINAME	SGT	-	17,390	49	(28)	-	17,411
BNDES	NTE	78,481	(76,370)	312	(606)	(1,817)	-
BNDES	ATE	142,765	(140,083)	398	(994)	(2,086)	-
BNDES	ATE II	240,293	-	5,742	(7,806)	(238,229)	-
BNDES	STE	53,432	(52,169)	213	(412)	(1,064)	-
UNIBANCO	STE	786	(655)	5	(5)	(131)	-
FOREIGN CURRENCY - US$							
IDB	TAESA-ATE II	192,632	-	(509)	(2,843)	(189,280)	-
IDB	ATE III	329,204	-	58,211	(12,628)	(30,442)	344,345
CONSOLIDATED		**1.055,336**	**427,432**	**90,234**	**(29,630)**	**(747,037)**	**796,335**
CURRENT		**158,516**					**460,021**
NONCURRENT		**896,820**					**336,314**

(*) The amortization of borrowing costs in the year ended December 31, 2013 totaled R$170 (R$2,127 at December 31, 2012).

Current installments by index	Current	2015	2016	2017	After 2017	Noncurrent	Total
CDI	422,895	-	-	-	-	-	422,895
TJLP	22	21	21	21	77	140	162
Fixed income	10,489	13,460	15,432	16,275	108,091	153,258	163,747
"Libor"	26,701	27,721	28,915	29,834	96,446	182,916	209,617
(-) Unamortized costs	(86)	-	-	-	-	-	(86)
	460,021	**41,202**	**44,368**	**46,130**	**204,614**	**336,314**	**796,335**

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2013

(Amounts expressed in thousands of Brazilian reais – R$, unless stated otherwise)

Main restrictive covenants included in the borrowings and financing agreements in effect

Restrictive covenants - agreements in effect	ATE III	TAESA	
	IDB	BNDES (Santander FINAME)	BB - BI promissory notes (6th issuance)
Do not assign or transfer the rights and obligations in connection with the Bank Credit Certificate, as well as do not sell or otherwise dispose of the financed assets, without the express authorization of BNDES/FINAME, under the penalty of termination of the Certificate, under law, representing the maturity of all obligations assumed, subject to the payment of the total debt, including principal and supplementary amounts, also with respect to the installments falling due in advance, without prejudice to the other applicable measures.		X	
Do not assign, dispose, transfer, sale, burden, provide in guarantee or pledge and/or otherwise trade the restricted revenue without the previous and express approval of the IDB. The Company agrees not provide any type of guarantee with other creditors without previously offer the guarantees to IDB.	X		
Without previous authorization of the IDB: do not distribute dividends or pay interest on capital whose total amount exceed the minimum mandatory amount, give priority to other credits, amortize shares, issue debentures or founder's shares or assume new debts. Do not issue debts, payment of interest, amortization or new debts without the previous authorization of IDB.	X		
Should the person responsible for the electric energy transmission line is changed, the Beneficiary must provide to IDB the O&M Agreement under the terms deemed appropriate to BNDES or the IDB, entered into with a company with recognized technical skills.	X		
Contract insurance coverage for the project and transmission lines over the agreement.	X		
The undepreciated assets/net debt ratio must not be lower than 1.0.	X		
Pay in six monthly installments 100% of principal plus 30% of interest payable in the next six-month period and, as from such date, 100% of principal plus 100% of interest payable in the next six-month period.	X		
Maintain in the reserve account the average between the next two payments (balance in US dollar).	X		
The Company's net debt/capital ratio must not exceed 1.22.	X		
Financial ratios - Debt Service Coverage Ratio - >=1.3.	X		
Do not transform the Issuer in a limited liability company, under Articles 220-222 of the Brazilian Corporate Law.			X
Do not accelerate maturity of any financial debt and/or obligation, involving the payment of an amount equivalent to or greater than R$100,000 or equivalent amount in other currency, individually or in the aggregate.			X
Early termination of any concessions or intervention by the concession grantor, for any reason whatsoever, in the provision of power transmission services by the Issuer or its subsidiaries, that corresponds, individually or in the aggregate, to an amount equal to or greater than thirty percent (30%) of the Issuer's net operating revenues reported in the latest consolidated financial statements.			X
Do not have any Note protest filed against the Issuer whose individual or aggregate unpaid amount exceeds R$100,000 or equivalent amount in other currencies, except if the protest has been filed by third parties by error or in bad faith, provided that it is appropriately supported by the Issuer, or if it is suspended or cancelled, or even if it is effectively challenged in courts, in any case, within thirty (30) days from the protest filing date.			X
Do not fail to comply with any financial debt or any pecuniary obligation in any agreement or accord to which it is a party of the Issuer as borrower or guarantor, or the lack of legal measures required due to such default, whose amount, individually or in the aggregate, exceeds R$100,000 or equivalent amount in other currencies.			X
Do not perform corporate restructurings that would result in capital reduction, except if under applicable law.			X
Events or situations that resulted or would result in the loss of the Issuer's operating management by Cemig Geração e Transmissão S.A., except when the Issuer's operating management is transferred to Companhia Energética de Minas Gerais - CEMIG or other subsidiary or associated company, directly or indirectly, by CEMIG.			X

As at December 31, 2013, the Company and its subsidiaries fully complied with the covenants mentioned above.

Collaterals for borrowings and financing agreements in effect

Guarantor	Beneficiary	Collateral
Taesa-TSN/NVT	BNDES (Santander-FINAME)	No collaterals.
Taesa Holding	Promissory notes (6th issuance)	No collaterals.
ATE III	IDB	1. Company's registered shares. 2. Pledge of concession rights and receivables from transmission services

16. DEBENTURES

Lenders	Changes in debentures				
	2012	Interest and inflation adjustments/ costs (*)	Interest paid	Repayment of principal	2013
	(Restated)				
Bank syndicate (1st issuance)	661,659	63,534	(53,313)	(216,536)	455,344
Itaú BBA (2nd issuance)	814,649	77,850	(75,875)	-	816,624
Itaú BBA (3rd issuance)	2,206,391	226,787	(134,118)	-	2,299,060
	3,682,699	**368,171**	**(263,306)**	**(216,536)**	**3,571,028**
Current	**263,199**				**482,139**
Noncurrent	**3,419,500**				**3,088,889**

(*) In the year ended December 31, 2013, repayment of borrowing costs amounted to R$1,683 (R$1,789 as at December 31, 2012).

Current installments by index	Current	2015	2016	2017	After 2017	Noncurrent	Total
CDI	355,890	327,500	195,000	860,000	-	1,382,500	1,738,390
IPCA	127,623	103,583	-	-	1,605,953	1,709,536	1,837,159
(-) Unamortized costs	(1,374)	(819)	(539)	(361)	(1,428)	(3,147)	(4,521)
	482,139	**430,264**	**194,461**	**859,639**	**1,604,525**	**3,088,889**	**3,571,028**

The debentures issued by the Company carry the following characteristics:

Characteristics	Bank syndicate (1st issuance)	Itaú BBA (2nd issuance)	Itaú BBA (3rd issuance)
Issuance date	July 15, 2010	December 15, 2010	October 15, 2012
Issuance/price	60,000 debentures were issued with unit par value of R$10, of which 34,500 in the 1st series and 25,500 in the 2nd series, in the total amount of R$600,000.	8,150 debentures were issued with unit par value of R$100, of which 4,250 in the 1st series, 2,450 in the 2nd series and 1,450 in the 4th series, in the total amount of R$815,000.	2,160,000 debentures were issued with unit par value of R$1, of which 665,000 in the 1st series, 793,000 in the 2nd series and 702,000 in the 3rd series, in the total amount of R$2,160.
Conversion	Debentures are simple, i.e., not convertible into shares.	Debentures are simple, i.e., not convertible into shares.	Debentures are simple, i.e., not convertible into shares.
Type	Unsecured	Unsecured	Unsecured
Type and form	Registered and book-entry debentures, without issuance of securities or certificates.	Registered and book-entry debentures, without issuance of securities or certificates.	Registered and book-entry debentures, without issuance of securities or certificates.
Warranties	There are no collaterals.	There are no collaterals.	There are no collaterals.
Restructuring	No renegotiation clauses.	No renegotiation clauses.	No renegotiation clauses.
Maturity	1st and 2nd series: five years (July 15, 2015)	1st series: five years (December 15, 2015) 2nd and 4th series: seven years (December 15, 2017)	1st series: five years (October 15, 2017) 2nd series: eight years (October 15, 2020) 3rd series: 12 years (October 15, 2024)

Characteristics	Bank syndicate (1st issuance)	Itaú BBA (2nd issuance)	Itaú BBA (3rd issuance)
Inflation adjustment	1st series: will not be adjusted. 2nd series: adjusted by the IPCA.	1st, 2nd and 4th series: will not be adjusted.	1st series: will not be adjusted. 2nd and 3rd series: adjusted by the IPCA.
Interest	1st series: CDI + 1.30% 2nd series: IPCA + 7.91%	1st series: CDI + 1.40% 2nd series: CDI + 1.60% 4th series: CDI + 1.60%	1st series: CDI + 0.78% 2nd series: IPCA + 4.85% 3rd series: IPCA + 5.10%
Interest payment date	1st and 2nd series: July 15 each year, since the first payment was made on July 15, 2011.	1st, 2nd and 4th series: semiannually, on the 15th of June and December of each year, since the first payment was made on July 15, 2011.	1st, 2nd and 3rd series: October 15 each year, since the first payment was made on October 15, 2013.
Repayment maturity	1st and 2nd series: three annual installments, commencing on July 15, 2013.	1st series: two equal installments, commencing on December 15, 2014. 2nd and 4th series: two equal installments, commencing on December 15, 2016.	1st series: single installment on this series maturity date. 2nd series: three annual installments, commencing on October 15, 2018. 3rd series: four annual installments, commencing on October 15, 2021.
Approval at Extraordinary Shareholders' Meeting	June 1, 2010	November 30, 2010	September 17, 2012
Other information	The proceeds from the 1st issuance of Taesa's debentures were transferred to the Company on August 2 and 3, 2010, totaling R$602,850 (adjusted at interest rate from the issuance date). The initial cost of the debentures was R$3,282, corresponding to 0.55% of the proceeds. The Company's net proceeds from the payment of debentures were used to fully pay the 550 commercial promissory notes in connection with the Company's 3rd issuance of debentures. The promissory notes were issued on October 27, 2009, in the total amount of R$550,000, subject to compensatory interest equivalent to 113% of the CDI rate, falling due on October 22, 2010. The promissory notes were redeemed in advance on August 3, 2010, in the total amount of R$592,605, in addition to the costs arising from this issuance.	The proceeds from the 2nd issuance of debentures were transferred to the Company on December 17, 2010, totaling R$815,750 (as already adjusted by the interest incurred since the issuance date). The initial cost of the debentures was R$4,470, corresponding to 0.05% of the proceeds. The net proceeds obtained by the Company through the payment of debentures were used for the early settlement of debts incurred by the Group (Novatrans and TSN) with the BNDES, on December 20, 2010, totaling R$372,275 in Novatrans and R$435,410 in TSN.	The proceeds from the 3rd issuance of Taesa's debentures were transferred to the Company on November 6, 7 and 8, 2012, in the total amount of R$2,174,389 (adjusted including the interest rate from the issuance date). The initial cost of the debentures was R$2,537, corresponding to 0.05% of the proceeds. The net proceeds received by the issuer through the payment of the debentures and supplemented with own funds were used for the settlement of the 4th and 5th issuance of promissory notes, amounting to R$1,277,600 and R$939,782, respectively. There was no premium for the prepayment of notes. Other information on these promissory notes are detailed in Note 15.

The main restrictive covenants related to the debentures issued by the Company are as follows:

Restrictive covenants	TAESA		
	Bank syndicate (1st issuance)	Itaú BBA (2nd issuance)	Itaú BBA (3rd issuance)
The Net Debt/Consolidated EBITDA ratio, according to the calculation terms set forth in the agreement, must not exceed 3.5. This ratio is verified on a quarterly basis by the Fiduciary Agent based on the Issuer's consolidated financial statements, based on accounting standards used in the Company's financial statements/interim financial reporting for the year ended December 31, 2009.		X	
Do not perform corporate restructurings that would represent capital reduction, except if under applicable law.	X	X	X
Comply with the obligations assumed with other creditors in order to avoid the accelerated maturity of any financial debt and/or obligation, involving the payment of an amount equivalent to or greater than R$50,000 or equivalent amount in other currency, individually or in the aggregate.	X	X	X
Comply with any debt or any cash obligation in connection with any contract or agreement to which it may be a party as borrower or guarantor, or lack of legal provisions ruling such non-payment, whose amount, individually or in the whole, would exceed R$50,000.	X	X	X
Do not have unpaid notes, individually or in the aggregate, that exceeds R$50,000 or equivalent amount in other currencies.	X	X	X
Do not sell or transfer the ownership of its core assets, as well as keep such assets duly insured, under current market practices.	X	X	
While the debt balance of Debentures is not fully paid, do not change its corporate purpose so that any such change can cause a Material Adverse Impact on its financial and/or operational capacity, except if such change arises from any Reorganization Event.	X	X	
Do not pay dividends, interest on capital and/or other sums of any nature to its shareholders, except for payments made as set forth in article 202 of the Brazilian Corporate Law: (a) if the issuer is in default with respect to the payment of any sums payable to debentureholders in view of Debentures and such default has not gave rise to the accelerated maturity of the Debentures, it being understood that such prohibition should cease as soon as the default is terminated; or (b) in case of accelerated maturity of the Debentures, it being understood that such prohibition should cease as soon as any and all amount due and not paid are fully paid to debentureholders, including charge, if due.	X	X	
Do not change the Issuer`s direct or indirect shareholding control, resulting in decrease of the Issue's rating to a rating equal to or below "Aa3" by Moody`s or similar rating according to the risk rating issued by Fitch Ratings or Standard & Poor's.		X	
Early termination of any concessions or intervention by the concession grantor, for any reason whatsoever, in the provision of power transmission services by the Issuer or its subsidiaries, that corresponds, individually or in the aggregate, to an amount equal to or greater than thirty percent (30%) of the Issuer's net operating revenues reported in the consolidated financial statements immediately prior to the related event.	X	X	X
Events or situations that resulted or would result in the loss of the Issuer's operating management by Cemig GT, except when the Issuer's operating management is transferred to CEMIG or other subsidiary or associated company, directly or indirectly, by CEMIG.	X	X	X
Do transfer or otherwise assign or promise to assign to third parties the rights and obligations under the Issue Indenture, without the prior consent of debentureholders.			X

As at December 31, 2013, the Company fully complied with the covenants.

17. PROVISION FOR LABOR, TAX AND CIVIL RISKS

The Company and its subsidiaries are parties to lawsuits and administrative proceedings before various courts and governmental bodies, arising in the normal course of business and involving tax, labor, civil and other matters.

Management, based on the opinion of its legal advisors and analysis on ongoing lawsuits, in accordance with accounting practices adopted in Brazil and IFRSs, recognized a provision for risks in amounts considered sufficient to cover estimated losses from lawsuits in progress, as follows:

	2012	Transfers (*)	Additions	Write-offs	2013
	(Restated)				
Consolidated					
Labor	824	-	467	(328)	963
Tax	2,103	-	-	(101)	2,002
Civil	26	-	-	-	26
	2,953	**-**	**467**	**(429)**	**2,991**
Parent					
Labor	752	72	467	(328)	963
Tax	100	2,003	-	(101)	2,002
Civil	26	-	-	-	26
	878	**2,075**	**467**	**(429)**	**2,991**

(*) Refers to the mergers on January 31, 2013 and June 30, 2013. For further information, see Note 1.

The amounts above are classified in noncurrent liabilities, not including escrow deposits. Administrative and judicial proceedings refer basically to civil, tax and labor lawsuits, challenging payment of overtime, amounts payable due to right of way, insurance indemnity, as well as administrative proceedings addressing mainly non-compliance with federal tax and contribution (IRPJ, CSLL, PIS, COFINS, IRRF and CSRF) offsets not approved by the Brazilian Federal Revenue Service.

Contingent liabilities

	2013				2012			
	Labor	Tax	Civil	Total	Labor	Tax	Civil	Total
						(Restated)		
Taesa - Parent	1,207	113,631	12,813	127,651	2,062	85,898	8,966	96,926
NTE (*)	-	-	-	-	-	5,590	484	6,074
ATE III (*)	-	16,125	75	16,200	-	-	-	-
UNISA (*)	-	-	-	-	80	41,043	7,291	48,414
	1,207	**129,756**	**12,888**	**143,851**	**2,142**	**132,531**	**16,741**	**151,414**

(*) These companies where merged with and into or had their ownership interests transferred directly to Taesa as part of the Group's corporate reorganization through the mergers undertaken on January 31, 2013 and June 30, 2013. For further information, see Note 1.

The main lawsuits assessed as possible losses for Taesa Group are related to tax risks, as follows:

- Taesa (TSN) - Refer basically to tax administrative proceedings and noncompliance filed with the Brazilian Federal Revenue Service related to alleged irregular offsets of federal taxes and contributions, namely PIS, COFINS and ICMS, in the amount of R$33,008.

- Taesa (Novatrans) - Refer to tax administrative proceedings related to tax assessment notices in 2008 and non-compliance related to alleged irregular offsets of federal taxes and contributions, namely, PIS and COFINS, IRPJ and CSLL, in the amount of R$10,969.

- Taesa (ETEO) - Refer to tax administrative proceedings related to tax assessment notices and non-compliance related to alleged irregular offsets of federal taxes and contributions, namely, PIS and COFINS, IRPJ and CSLL, in the amount of R$39,983. The main tax administrative proceeding relates to the tax assessment filed in 2012, 2008 calendar year, relating to deductible expenses from goodwill paid by Lovina Participações S.A. from acquisition of ETEO, amounting to approximately R$39,403. On October 22, 2012, the Company received a notification from the Brazilian Federal Revenue Service that judged as groundless the refutation of the tax assessment notice. On November 21, 2012, the Company filed a Voluntary Appeal, which is pending judgment. This new fact has not changed the expected likelihood of loss of the relevant lawsuit. In February 2014, the Brazilian Federal Revenue Service filed another tax assessment against the Company, whose subject matter is similar to the tax assessment above, relating to 2009 and 2010 calendar years, amounting to approximately R$68,736.

- TAESA (NTE) - Refer to tax administrative proceedings and noncompliance notices related to alleged irregularities in the offsetting of federal taxes, including PIS and COFINS, IRPJ and CSLL, totaling R$7,122, of which R$6,559 was originated prior to the acquisition of the UNISA Group companies by Taesa. In case of financial loss to the Company, this amount will be reimbursed by Abengoa Concessões Brasil Holding S.A. in accordance with the collateral agreement entered into among the parties.

- Taesa (ATE) - Refer to tax administrative proceedings and noncompliance notices related to alleged irregularities in the offsetting of federal taxes, including PIS and COFINS, IRPJ and CSLL, totaling R$8,805, originated prior to the acquisition of the UNISA Group companies by Taesa. In case of financial loss to the Company, this amount will be reimbursed by Abengoa Concessões Brasil Holding S.A. in accordance with the collateral agreement entered into among the parties.

- TAESA (STE) - Refer to tax administrative proceedings and noncompliance notices related to alleged irregularities in the offsetting of federal taxes, including PIS and COFINS, IRPJ and CSLL, totaling R$10,525, originated prior to the acquisition of the UNISA Group companies by Taesa. In case of financial loss to the Company, this amount will be reimbursed by Abengoa Concessões Brasil Holding S.A. in accordance with the collateral agreement entered into among the parties.

- TAESA (ATE II) - Refer to tax administrative proceedings and noncompliance notices related to alleged irregularities in the offsetting of federal taxes, including PIS and COFINS, IRPJ and CSLL, totaling R$7,242, which was originated prior to the acquisition of the UNISA Group companies by Taesa. In case of financial loss to the Company, this amount will be reimbursed by Abengoa Concessões Brasil Holding S.A. in accordance with the collateral agreement entered into among the parties.

- ATE III - Refer to tax administrative proceedings totaling R$16,124, which was originated prior to the acquisition of the UNISA Group companies by Taesa. In case of financial loss to the Company, this amount will be reimbursed by Abengoa Concessões Brasil Holding S.A. in accordance with the collateral agreement entered into among the parties.

Significant proceedings whose likelihood of loss is considered remote for the Group:

Supplementary Law 87/96 provides for the ICMS levied on the revenues from transportation of goods and services; one portion related to the state of origin and the other related to the state of destination. Management understands that the revenues from electric energy transmission refer not to the electric energy transportation but to the available line for such purpose. The electric energy volume transmitted is determined by ONS and varies according to the time, inclusive null, without affecting revenues and whose origin and destination may be changed according to the transmission grid requirements. Accordingly, Management, based on the opinion of its legal counsel, understands that an eventual collection of this tax is remote and, therefore, no provision for ICMS payable was recorded. In addition, Management understands that, with respect to the ICMS levy, RAP would be subject to tax review and restructuring with ANEEL.

Taesa (ETEO) - On March 29, 2012, Taesa filed a motion to the tax assessment notice issued by the Brazilian Federal Revenue Service in the amount of R$102,374, in view of the alleged non-payment of IRRF on the remittance abroad made by Lovina to Tyco International Holding SARL ("TYCO") due to the acquisition of ETEO, because it understands that the applicable tax rate would be 25% rather than 15%. On December 21, 2012, a Voluntary Appeal was filed against the decision handed down by the Federal Revenue Service, which upheld the tax assessment in full, by majority of votes, because it understands that the foreign documents submitted by the company would not confirm that TYCO is not governed by the laws of Luxemburg of July 31, 1929 (which would prevent the application of the 25% rate), which is pending judgment.

According to the legal counsel's opinion, the likelihood of success is probable. Additionally, Management understands that there is no financial loss for the Company in view of the purchase and sale agreement entered into among the parties at the time, which ensures the reimbursement of amounts in case of unfavorable decision.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2013

(Amounts expressed in thousands of Brazilian reais – R$, unless stated otherwise)

18. INCOME TAX AND SOCIAL CONTRIBUTION

	Consolidated		Parent	
	2013	2012	2013	2012
		(Restated)		
Current income tax and social contribution	(73,509)	(119,523)	(56,895)	(70,989)
Deferred income tax and social contribution	14,656	(95,114)	6,451	(58,294)
	(58,853)	**(214,637)**	**(50,444)**	**(129,283)**

Income tax returns are subject to review by tax authorities over five years from their base date. Taxes and other contributions are also subject to review and eventual taxation, subject to variable statutes of limitation, in each case.

The reconciliation of income tax and social contribution expenses calculated by applying the combined tax rate expenses and charged to profit or loss is as follows:

	Consolidated		Parent	
	2013	2012	2013	2012
		(Restated)		
Profit from continuing operations before taxes	951,705	803,819	943,296	718,465
Income tax and social contribution expenses calculated at the rate of 34%	(323,580)	(273,299)	(320,721)	(244,278)
Share of profit of subsidiaries	60,866	14,828	89,059	84,764
Corporate income tax incentive - SUDAM/SUDENE	50,957	53,087	34,543	40,438
Corporate income tax incentive - Rouanet Law and Audiovisual Activities	1,245	2,872	1,054	1,792
Interest on capital paid to shareholders	64,600	-	64,600	-
Interest on capital received	(7,183)	-	(7,183)	-
Tax impact on the restructuring process (*)	73,466	-	73,466	-
Other	20,776	(12,125)	14,738	(11,999)
Income tax and social contribution expenses through profit or loss	**(58,853)**	**(214,637)**	**(50,444)**	**(129,283)**
Statutory tax rate	6%	27%	5%	18%

(*) As a result of the merger of subsidiaries, described in Note 1, certain assets were deductible for tax purposes, this reducing the previously existing temporary difference.

Tax benefit - SUDAM/SUDENE

The Company and its subsidiaries listed in the table below have the right to tax benefits granted by the ADA (Amazons Development Agency) and the ADENE (Northeast Development Agency), which account for a 75% income tax relief due to the exploitation of transmission concessions in the States of Pernambuco, Paraíba, Rio Grande do Norte, Piauí, Bahia, Maranhão, Tocantins, Goiás, and Pará, and the Federal District. These benefits will be discontinued on the dates listed in the table below and entail the following restrictions: (i) the amount determined as benefit cannot be distributed to shareholders; (ii) the amount can be accounted for as an earnings reserve and capitalized by December 31 of the following year and/or utilized to offset losses; and (iii) the amount must be used in activities directly related to the production in the incentive region.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2013

(Amounts expressed in thousands of Brazilian reais – R$, unless stated otherwise)

The table below defines the main features and terms of the tax benefits of the Company and its subsidiaries:

Concession	Agency	Incentive - Granting Report	Locality	Term
Taesa				
TSN	SUDENE	260/03	BA and GO	12/31/2013
Novatrans	SUDAM	169/04	TO, MA and DF	12/31/2013
Gtesa	SUDENE	126/04	PB and PE	12/31/2013
Patesa	SUDENE	11/05	RN	12/31/2013
NTE (*)	SUDENE	323/04	PE	12/31/2013
ATE II	SUDENE and SUDAM	165/07 and 38/07	TO, PI, MA and BA	12/31/2016
Subsidiaries				
ATE III	SUDAM	60/09	PA and TO	12/31/2018

Taking into account all the companies merged with and into Taesa in the past years, the total tax benefit in the Company as at December 31, 2013 is approximately 58.08% on the operating profit in the incentive regions (68.21% as at December 31, 2012).

The Company and its subsidiaries did not fail to comply with the obligations set forth as conditions to be entitled to said investment grants.

(*) NTE tax benefit - On December 23, 2004, the Ministry for National Integration, through Northeast Development Authority (SUDENE), issued Incentive-Granting Report 323/04 that grants to the concessionaire a tax benefit related to the reduction of 75% of income tax. Such benefit is calculated on a monthly basis based on the income levied on the concessionaire's total activities, located in the State of Pernambuco.

On December 28, 2004, NTE filed a request to the Brazilian Federal Revenue Service to recognize its right to income tax reduction based on ADENE's Incentive-Granting Report 0323, issued by SUDENE on December 23, 2004, which granted the concessionaire a 75% reduction in IRPJ from 2005 to 2013.

Based on prevailing legislation, as the Brazilian Federal Revenue Service did not provide a response during the 120-day period from the request filling, as set out by paragraph 1, article 60, of SRF Regulatory Instruction 267/02, the right to the income tax reduction was tacitly recognized, and NTE legitimately started to enjoy the tax benefit beginning 2005.

Incentives are valid until 2013 and impose a few obligations and restrictions (for other information, see Note 19). The Company complied with the investment grant conditions.

On July 9, 2012, NTE was notified by the Brazilian Federal Revenue Service's Ruling 237/12 that the company's request for recognition of the right to IRPJ reduction was not filed; as the requirement for presentation of the original copy of the Incentive-Granting Report, which was indispensable in the analysis of the request, was not met, the request was rejected.

As a result, on July 18, 2012, NTE filed a Hierarchical Appeal which, in short, refutes the wording of article 60 of SRF Regulatory Instruction 267, of December 23, 2002, which does not mention the requirement for presentation of the original copy of the report, rather a certified copy meets the legal requirement to confirm the document's authenticity.

In addition to these arguments, the company enclosed Sudene's Official Letter 1044, of July 18, 2012, which ratifies the authenticity of Incentive-Granting Report 0323/04.

On December 27, 2012, NTE was notified about the partial favorable decision on the Hierarchical Appeal filed by the company to: (i) declare the validity of the request for re-analysis that considered as adjusted the failure in the fact finding phase; and (ii) in the merit, consider as rejected the request for acknowledgement of the right to IRPJ reduction. A declaration of non-conformity is applicable against this decision, which was filed on January 25, 2013, including. In its merits, the DRJ (Federal Revenue Service Judgment Office) recognized that the tax compliance shall be verified at the time of the application is filed but, because it considers this provision of the Ruling issued by DRF/RJO-I is unchangeable, it overruled declaration of non-conformity.

On June 14, 2013, a Voluntary Appeal was submitted to the Administrative Council of Tax Appeals (CARF). There was no significant change in this proceeding up to the date of this report.

Based on the arguments and evidence provided, Management, supported by its legal counsel, believes that the amount of the tax benefit calculated through September 30, 2012, in the amount of R$64,988, was properly recognized, and expects a remote outcome in administrative and judicial levels.

Beginning on the date of the Ruling (July 9, 2012), the Company will only enjoy the tax reduction benefit after a final decision is issued.

19. EQUITY

a. Capital - As at December 31, 2013 and 2012, the Company's subscribed and paid-in capital amounted to R$3,067,536, represented by 691,553,133 common shares and 341,943,588 preferred shares, all registered, book-entry shares without par value.

Out of the amount of capital, R$25,501 was derecognized, pursuant to CVM Resolution 649/10, net of taxes and contributions, relating to share issuance costs, therefore, resulting in a net capital of R$3,042,035.

Under its bylaws, the Company is authorized to increase capital, based on a Board of Directors' decision, regardless of any amendment to the bylaws, up to the limit of R$5,000,000, with or without the issuance of common shares or preferred shares, where the Board of Directors is responsible for setting the issuance terms, including price, deadline, and payment method, in compliance with the relevant law and the Company's bylaws.

New share issuance[1] – On July 19, 2012, the Company issued 24 million units in the public share offering, at the price of R$65.00 per unit. On August 20, 2012, the overallotment of 3 million units was fully exercised, totaling 27 million units in the public offering.

[1]Considering the stock split on December 4, 2012, the number of units issued was 81 million, through the issuance of 243 million new shares, of which 81 million common shares and 162 million preferred shares. Consequently, the Company's capital was comprised by 691,553,133 common shares and 341,943,588 preferred shares.

The Company's capital increase, within the authorized limit, in the amount of R$1,755,000, was made through the issuance of 81 million new shares, of which 27 million common shares and 54 million preferred shares.

After capital increase, the Company's capital was R$3,067,536 which, less issuance costs, net of taxes and contributions, in the total amount of R$25,501, totaled R$3,042,035, represented by 344,498,907 shares, of which 230,517,711 common shares and 113,981,196 preferred shares, all registered, book-entry and without par value, excluding the preemptive right of the Company's shareholders in the underwriting, in conformity with article 172, I, of the Brazilian Corporate Law, and pursuant to article 9 of the Company's bylaws.

Stock split - On December 4, 2012, the Extraordinary Shareholders' Meeting approved the split of all the shares representing the Company's capital, either represented by units or not (units), so that each share will be represented by three shares of the same class, being automatically comprised of Units the shares arising from the split of shares comprising the Units, subject to the ratio of one common shares and two preferred shares per Unit, provided that shares that are not comprised of Units shall be directly credited to shareholders, without the issuance of units.

The split resulting only in the increase in the number of shares, without changing capital, will not give rise to any equity effect to the Company, and there shall be no change in the ratio between common and preferred shares or the rights and characteristics of each class of share since the rights of all shares arising from the split will be conferred upon the class and will be fully entitled to all proceeds, including dividends and potential capital compensations, to be declared by the Company after said date.

In view of the approval of the split of shares issued by the Company, its capital is represented by 1,033,496,721 shares, of which 691,553,133 common shares and 341,943,588 preferred shares, without changing the amount of capital.

Shareholding structure 2013	Common shares		Preferred shares		Total		Controlling interests	
	Number	%	Number	%	Number	%	Number	%
FIP Coliseu	305,034,360	44.11%	-	-	305,034,360	29.51%	305,034,360	29.51%
CEMIG	293,072,229	42.38%	155,050,644	45.34%	448,122,873	43.36%	448,122,873	43.36%
Free float	93,444,084	13.51%	186,888,144	54.66%	280,332,228	27.13%	-	-
Other	2,460	-	4,800	-	7,260	-	-	-
	691,553,133	**100.0%**	**341,943,588**	**100.0%**	**1,033,496,721**	**100.0%**	**753,157,233**	**72.87%**

Shareholding structure 2012	Common shares		Preferred shares		Total		Controlling interests	
	Number	%	Number	%	Number	%	Number	%
FIP Coliseu	305,034,360	44.11%	-	-	305,034,360	29.51%	305,034,360	29.51%
Cemig GT	293,072,229	42.38%	155,050,644	45.34%	448,122,873	43.36%	448,122,873	43.36%
Free float	93,444,084	13.51%	186,888,144	54.66%	280,332,228	27.13%	-	-
Other	2,460	-	4,800	-	7,260	-	-	-
	691,553,133	**100.0%**	**341,943,588**	**100.0%**	**1,033,496,721**	**100.0%**	**753,157,233**	**72.87%**

The transfer of Taesa's shares from CEMIG GT to CEMIG was concluded on December 11, 2013. See Note 1.

Preferred shares confer upon their holders the right to vote the following matters at the General Shareholders' Agreement:

- Company's transformation, incorporation, merger or spin-off.
- Approval of the agreements between the Company and the Controlling Shareholder, directly or through third parties, as well as other companies in which the Controlling Shareholder is interested, whenever, as set forth in legal provision or under the Bylaws, they are required to be approved at the General Meeting.
- Appraisal of assets for the Company's capital increase.
- Selection of specialized company to determine the Company's economic value.
- Amendment to or revocation of the Bylaws that would change or modify any of the requirements set forth in item 4.1 of the level 2 differentiated corporate governance practices, provided that this voting right prevails over the effective period of the Agreement for the Adoption of the Level 2 of Differentiated Corporate Governance Practices.

b. Legal reserve - Calculated as 5% of profit for the year before any other allocation, as set forth in article 193 of Law 6404/76, as determined by the Board of Directors, limited to 20% of capital.

c. Tax incentive reserve - The Company enjoys income tax incentives on the proceeds from the exploration of power transmission public service concessions in the States of Pernambuco, Paraíba, Rio Grande do Norte, Piauí, Bahia, Maranhão, Tocantins, and Goiás, and the Federal District. These incentives, amounting to R$34,543 as at December 31, 2013 and R$40,438 as at December 31, 2012, were granted by SUDAM and SUDENE, and consists of an income tax relief, as detailed in Note 18. Grants are recorded in a separate caption in the income statement and submitted to the shareholders' meeting for approval of their allocation.

The following conditions have been met so that grants could be recorded:

(i) Compliance with labor and social security laws and environmental protection and control standards.

(ii) Annual filing of income tax returns, indicating the corresponding reduction amount at every year, subject to prevailing rules addressing the matter.

(iii) Prohibition of distribution to shareholders or partners the amount of the tax that has not been paid in view of the reduction, under penalty of loss of the incentive and the obligation to pay, with respect to the amount distributed, the tax the company has failed to pay, without prejudice to the levy of the tax on the profit distributed as earnings and applicable penalties.

(iv) Recognition of earnings reserve with the amount resulting from the reduction, which will only be used to absorb losses or increase capital.

(v) Obligation to invest the amount of the IRPJ reduction in an activity directly related to production, in the area of operation of SUDAM and SUDENE.

d. Special reserve - Calculated on the profit for 2011 after recognition of legal reserve, recognition of tax incentive reserve and provision for mandatory dividends, in the amount of R$214,267. On April 27, 2012, the Extraordinary General Meeting approved the allocation of this amount to the payment of 2012 dividends.

e. Special goodwill reserve - As set forth in CVM Instruction 319, of December 3, 1999, article 6, the goodwill reserve, in the amount of R$412,223, was recognized in December 2009 as a contra entry to the net assets of Transmissora do Atlântico de Energia Elétrica S.A. in connection with its merger into the Company. As at December 31, 2010, the amount of R$182,284 was added to the existing balance related to the merger of Transmissora Alterosa de Energia S.A., totaling R$594,507. The tax benefit determined by the Company for the period from January 1, 2010 to December 31, 2013, amounting to R$89,846, will be capitalized on a timely basis.

f. Shareholders' compensation – The Bylaws provides for the payment of annual minimum mandatory dividends of 50%, calculated on profit for the year as set forth in Law 6404/76. The Company may, at Management's discretion, pay interest on capital, whose net amount will be considered as minimum mandatory dividend, as set forth in article 9 of Law 9249/95.

The Company's common and preferred shares confer the right to participate in the profits of each year under equal conditions, it also being ensured to holders of each preferred share priority in the refund of capital, without premium, in case of the Company's liquidation and, in case of transfer of its control, both by means of a single transaction or a series of successive transactions, the right to sell shares under the same terms and conditions granted to the selling controlling shareholder (tag-along with 100% of the price).

Proposed allocation of profit for the year	2013	2012
Profit for the year	**892,852**	**589,182**
Legal reserve (5%)	(44,643)	(29,459)
Tax incentive reserve	(34,543)	(40,438)
Adjusted profit for the year	813,666	519,285
Mandatory minimum dividends - 50% (R$0.25123 per common and preferred share)	406,833	259,643
Interim dividends (R$0.20319 per common and preferred share in 2013 and R$0.15481 per common and preferred share in 2012)	(210,000)	(160,000)
Interest on capital (R$0.18384 per common and preferred share)	(190,000)	-
	(400,000)	(160,000)
Income tax on interest on capital	18,556	-
Interim dividends and interest on capital attributed to mandatory minimum dividends	(381,444)	(160,000)
Accrued mandatory minimum dividends (0.09641 per common and preferred share)	(25,389)	(99,643)
Proposed additional dividends (R$0.14097 per common and preferred share)	(145,689)	(259,642)
Special expansion reserve	(242,588)	-
Summarized allocations:		
Reserves	(321,774)	(69,897)
Dividends (R$0.77098 per common and preferred share in 2013 and R$0.50245 per common and preferred share in 2012)	(571,078)	(519,285)
	(892,852)	**(589,182)**

The Annual Shareholders' Meeting of April 30, 2013 ratified the 2012 profit allocation proposal above.

20. DIVIDENDS RECEIVABLE AND PAYABLE

	Consolidated		Parent	
	2013	2012 (Restated)	2013	2012 (Restated)
Current assets				
Dividends receivable from EBTE	1,452	-	1,452	-
Dividends receivable from ECTE	835	-	835	-
Dividends receivable from ENTE	6,226	-	6,226	-
Dividends receivable from ERTE	3,419	-	3,419	-
Dividends receivable from Brasnorte	-	3,215	-	3,215
Dividends receivable from ETAU	110	1,030	110	1,030
Dividends receivable from ATE III	-	-	6,132	-
Dividends receivable from NTE (a)	-	-	-	13,027
Dividends receivable from UNISA (a)	-	-	-	671
	12,042	**4,245**	**18,174**	**17,943**
Current liabilities				
Dividends payable to Taesa's shareholders (b)	25,395	99,648	25,395	99,648
	25,395	**99,648**	**25,395**	**99,648**

(a) These companies where merged with and into or had their ownership interests transferred directly to Taesa as part of the Group's corporate reorganization through the mergers undertaken on January 31, 2013. For further information, see Note 1.

(b) As at December 31, 2013, the balance refers to mandatory dividends payable in the amount of R$25,389 (R$0.02457 per common and preferred share), according to the 2013 profit allocation described in Note 20, and to dividends payable to noncontrolling interests from previous years, in the amount of R$6, not paid due to the broker's lack of information on these shareholders. As at December 31, 2012, the balance refers basically to remaining mandatory dividends in 2012, in the amount of R$99,643 (R$0.09641 per common and preferred share), according to the profit allocation for current year described in Note 20.

Receipt of TBE's Group dividends – The dividends proposed and received from the TBE's companies by Taesa are broken down as follows:

Dividends	EATE	EBTE	ECTE	ENTE	ERTE	ETEP	Total
August 28, 2013	18,849	-	1,446	5,999	-	4,178	**30,472**
September 26, 2013	-	-	-	2,807	-	-	**2,807**
December 12, 2013	-	-	-	-	-	4,836	**4,836**
December 20, 2013	69,313	-	-	-	-	-	**69,313**
December 30, 2013	-	-	668	2,749	-	-	**3,417**
Proposed dividends receivable (interim)	-	-	835	6,226	-	-	**7,061**
Proposed dividends receivable (mandatory)	-	1,452	-	-	3,419	-	**4,871**
	88,162	**1,452**	**2,949**	**17,781**	**3,419**	**9,014**	**122,777**

Interest on capital in 2013 - TBE Group – On November 21, 2013, the Boards of Directors of EATE, ECTE, ENTE and ETEP approved the interest on capital to shareholders in the amount of R$21,125, of which R$15,941 was paid on December 11, 2013 and R$5,184 was paid on December 30, 2013, as follows:

	EATE	ECTE	ENTE	ETEP	Total
December 11, 2013	9,150	373	4,183	2,235	15,941
December 30, 2013	2,976	117	1,360	731	5,184
	12,126	**490**	**5,543**	**2,966**	**21,125**

Dividends received - ATE III – Upon IDB's previous approval, on September 13, 2013, the Company received, as dividends, the amount of R$30,000, of which R$21,216 refers to 2012 profit allocation, R$944 refers to 2011 profit allocation and R$7,840 refers to dividends distributed from the statutory reserve recognized to cover the debt coverage ratio established by IDB.

Dividends received - ETAU - On March 26, 2013, the Company received as dividends the amount of R$937 from ETAU relating to 2011 profit allocation.

Dividends received - ETAU - On December 18, 2013, the Company received as dividends the amount of R$6,386 from ETAU relating to 2012 profit allocation, including additional dividends proposed and approved in 2013.

Rectification of Management's proposal to distribute Brasnorte dividends – Annual Shareholders' Meeting on April 30, 2013 rectified Management's proposal to distribute the dividends and decided to retain these dividends as a special reserve.

Payments of dividends and interest on capital

On June 10, 2013, the Company paid mandatory and additional dividends for 2012, totaling R$359,285 (R$0.34764 per common and preferred share).

The Board of Directors' Meeting, held on December 12, 2013, approved the payment of the following:

- On December 20, 2013, the Company paid interim dividends in the amount of R$210,000 (R$0.20319 per common and preferred share) and interest on capital in the amount of R$190,000 (R$0.18384 per common and preferred share), which were deducted from 2013 mandatory dividends at the net value of R$171,444 (R$0.16589 per common and preferred share).

21. INSURANCE COVERAGE

Taesa, its subsidiaries and jointly-controlled subsidiaries have insurance coverage for assets subject to risks in amounts to cover possible losses, according to the nature of its activities.

The concessions of Taesa, its subsidiaries (except for ATE III) and jointly-controlled entities have coverage against fire and sundry risks for concession related-tangible assets, except project transmission lines. This is because the coverage is not compatible with the effective risks and the premiums charged by insurance and reinsurance companies are extremely high. The Company also has coverage against civil liability of officers and directors (D&O), and vehicle fleet.

Pursuant to the BNDES and IDB financing agreement, ATE III took insurance (operational risk and civil risk) based on terms and conditions accepted by BNDES and IDB. Accordingly, with respect to this company, the insurance covers all the project's substations and transmission lines, whose beneficiary is the own lenders BNDES and/or IDB and onlenders during the life of the related financing agreements.

As at December 31, 2013, the effective insurance coverage of Taesa, its subsidiaries and jointly-controlled subsidiaries is as follows:

	Company	Effective date	LMI (a)	DM - Value at risk	Full indemnity (b)	Premium
General civil liability – RCG	FAIRFAX Seguros do Brasil	06/07/13 to 08/19/14	10,000	-	-	38
	FAIRFAX Seguros do Brasil	12/13/12 to 01/13/14 (c)	10,000	-	-	91
Operational risk - RO	FAIRFAX Seguros do Brasil	08/19/12 to 08/19/14	-	933,305	-	616
	ITAÚ Seguros and FAIRFAX Seguros do Brasil	12/13/12 to 01/13/14 (d)	-	1,926,953	-	1,403
Vehicles - FLEET	ITAÚ Seguros	08/19/13 to 08/19/14	-	-	105% Fipe table	168
D&O	AIG Seguros Brasil	08/18/13 to 08/18/14	15,000	-	-	33

(a) LMI - Maximum indemnity limit.

(b) Property damages to third parties - R$600; bodily injury to third parties - R$600; personal accidents - R$5; and pain and suffering - R$60.

(c) Insurance policy renewed with Zurich, on January 13, 2014, effective from January 13, 2014 to January 13, 2015, LMI of R$10,000 and premium of R$31.

(d) Insurance policy renewed with Itaú Seguros, on January 13, 2014, effective from January 13, 2014 to January 13, 2015, pain and suffering of R$591,463 and premium of R$431.

Insurance covers Taesa, its subsidiaries and jointly-controlled subsidiaries.

22. FINANCIAL INSTRUMENTS

Risk management

Overview - The Company is exposed to the following risks arising from the use of financial instruments: (a) Credit risk; (b) Liquidity risk, (c) Market risk, and (d) Operating risk.

Risk management structure - The Company's risk management is to identify and analyze the risks to which the Company is exposed, as well as define the proper risk limits and controls and monitor the risks and adherence to the limits. The Company, through its management procedures, aims to develop a regulated and constructive control environment, where all employees understand their roles and obligations. Management monitors the development of its risk control activities and reviews the adequacy of the risk management structure with respect to the Company's risks.

Types of risks

a) Credit risks - the Company may incur losses on a financial instrument arising from the failure of the customer or counterparty to perform contractual obligations. The risk basically refers to trade receivables, financial assets, and financial instruments, as referred to below:

	CONSOLIDATED		PARENT	
	2013	2012	2013	2012
Financial assets				
Cash and cash equivalents	121,140	538,696	70,743	123,868
Securities	412,986	2,087,921	338,298	1,986,399
Trade receivables	168,337	155,073	158,290	96,055
Financial assets	6,227,752	6,173,142	5,619,465	3,177,961
	6,930,215	**8,954,832**	**6,186,796**	**5,384,283**

- Cash and cash equivalents and securities – Cash and cash equivalents, short-term investments and restricted deposits are held with prime banks and financial institutions; therefore, it is highly probable that the counterparties will be able to comply with their obligations.

- Trade receivables and financial assets - Management understands that recording an allowance for doubtful accounts is not necessary, considering that the Agreement for Transmission System Use (CUST) entered into between ONS, the transmission concessionaires and the user, is designed for the following purposes: *"Define the terms and conditions that will govern the management by ONS of the collection and settlement of the transmission use charges and the guarantee system execution, at the risk and expense of the transmission concessionaires."* The financial instruments that guarantee the amounts payable by the users before the transmission concessionaires and ONS for the services provided and described in the CUST are the following: (i) Collateral Agreement (CCG) and (ii) Bank Letter of Guarantee (CFB).

  The main advantages of these types of guarantee include:

  - Diluted risks because all users pay to all transmission companies.
  - Collaterals are individually provided by the users.
  - Payments are directly agreed by the transmission companies and users.

  In case of failure to pay on the due date, the Company, as the transmission agent, may request ONS to enforce the user's bank guarantee in connection with the CCG or the CFB.

b) Liquidity risk - The liquidity risk is the risk related to the Company's difficulties to settle its obligations arising from its financial liabilities, which are settled in cash or another financial asset. The Company's approach in managing liquidity is to ensure, to the higher extent possible, sufficient liquidity to comply with its obligations when they fall due, under normal and stress conditions, without resulting in unreasonable losses or jeopardizing the Company's reputation.

Settlements and maturities of derivatives are stated in Note 17. The periods for settlement of nonderivative financial liabilities, such as borrowings and financing and debentures, are stated in Notes 15 and 16, respectively. The balances of trade accounts payable, which are recognized by the Company as nonderivative financial liabilities, are payable within the next 12 months.

The Company has bank loans and debentures subject to restrictive covenants. The failure to comply with these covenants may require the Company to settle these obligations before the date indicated in the payment table detailed in Notes 15 and 16.

The tables below: (a) show in details the remaining contractual maturity of the Group´s nonderivative financial liabilities and contractual repayment terms; (b) the tables were prepared according to undiscounted cash flows of financial liabilities based on the closest date in which the Group should settle the relevant obligations, and (c) include the interest and principal cash flows. As interest flows are based on floating rates, the undiscounted amount was based on the interest curves at yearend. The contractual maturity is based on the earliest date that the Group should settle their obligations.

Borrowings and financing and debentures	Up to 1 month	1 to 3 months	3 months to 1 year	1 to 5 year	Over 5 years	Total
Consolidated						
Floating	3	6	1,209,789	2,698,797	1,583,289	5,491,884
Fixed	20	201	17,280	111,605	87,086	216,192
	23	**207**	**1,227,069**	**2,810,402**	**1,670,375**	**5,708,076**
Parent						
Floating	3	6	1,179,962	2,528,535	1,542,870	5,251,376
Fixed	20	89	389	6,634	6,341	13,473
	23	**95**	**1,180,351**	**2,535,169**	**1,549,211**	**5,264,849**

c) Market risks - It is the risk that changes in market prices, such as foreign exchange, interest, inflation, and funding rates affect the Company's earnings or its share in financial instruments. The purpose of the market risk management is to monitor and control market risk exposures, under acceptable parameters, and also improve returns.

- Currency risk - the Company is exposed to the currency risk in assets and loans denominated in currencies other than the Company's functional currency, i.e., the Brazilian real (R$).

  As at December 31, 2013, the Company had 8.60% (R$344,345) of its total debt (debentures and borrowings and financing) pegged to the exchange rate (IDB loans) and assets of R$74,688 pegged to the exchange rate (US dollar-denominated reserve account - IDB). Accordingly, any depreciation of the local currency against the foreign currency may adversely affect the Company's profit or loss, as shown below:

  Sensitivity analysis – foreign currency – determined based on the exposures of financial instruments to exchange rates at the end of the reporting period, including only monetary items in foreign currency outstanding at the end of the reporting period, adjusting their remeasurement based on the rates estimated for a probable scenario of the risk behavior, which, if materialized, may generate adverse impacts for Taesa Group. The PTAX used to calculate the probable scenario is referenced by an independent external source, and this scenario is used as a basis to define the two additional scenarios with decreases of 25% and 50% in the risk variable considered (scenarios A and B, respectively).

  The other variables involved in each transaction were not changed for the calculations below.

Transaction in US dollar Risk: increase in rate	Net effect on profit (loss)/equity January to December 2013 - increase/(reduction)			
	Exposure/reference value	Probable scenario	Scenario A (25% decrease)	Scenario B (50% decrease)
Assets				
Reserve account - IDB (current and noncurrent)	74,688	5,018	24,945	44,871
Liabilities				
Financing - IDB	344,345	(23,136)	(115,008)	(206,878)
Net effect		**(18,118)**	**(90,063)**	**(162,007)**

Rates used	Rate at 12/31/2013	Probable scenario	Scenario A (25% decrease)	Scenario B (50% decrease)
PTAX	2.3426	2.50	3.125	3.75

Source: The PTAX used in the probable scenario were estimated based on the rates expected by the market disclosed in the Central Bank of Brazil (FOCUS Report - Mediana Top 5), on March 7, 2014.

- Interest rate risk - Refers to impacts of the variable interest rates on the finance costs on borrowings and financing and debentures and also on the finance income on short-term investments.

As at December 31, 2013, the profile of the Company's relevant financial instruments by the Group's variable interest rates was as shown below:

Financial instruments by index	Consolidated	Parent
Short-term investments (cash equivalents and securities)		
CDI	452,395	408,754
Borrowings, financing and debentures		
TJLP	161	161
CDI	2,161,285	2,161,285
IPCA	1,837,159	1,837,159
Libor	209,618	-

Accordingly, a possible drop on the interest rates can adversely impact the Company's profit or loss, as shown below:

Sensitivity analysis of the variable interest rate – short-term investments – determined based on the exposure to the variable rate of the financial instruments outstanding at the end of the reporting period, and prepared assuming that the value of the assets below remained outstanding throughout the year, adjusted based on a CDI rate for a probable scenario for the risk behavior, which, if materialized, may generate adverse results for Taesa Group. The CDI used to calculate the probable scenario is referenced by an independent external source, and this scenario is used as a basis to define the two additional scenarios with decreases of 25% and 50% in the risk variable considered (scenarios A and B, respectively). The scenario calculation considered a yield of 100% of the CDI and the other variables involved in each transaction were not changed for the calculations below.

Exposure Risk: decrease in rate	Net effect on profit (loss)/equity January to December 2013 - increase/(reduction)		
	Probable scenario	Scenario A (25% decrease)	Scenario B (50% decrease)
Consolidated			
CDI 452,395	16,874	3,585	(9,704)
Parent			
CDI 408,754	15,247	3,239	(8,768)

Rates used	Annual rates accrued through 12/31/2013	Probable scenario	Scenario A (25% decrease)	Scenario B (50% decrease)
CDI	8.02%	11.75%	8.81%	5.88%

Source: The rate used in the probable scenario were estimated based on the rates expected by the market disclosed in the Central Bank of Brazil (FOCUS Report - Mediana Top 5), on March 07, 2014.

Sensitivity analysis of the variable interest rate – borrowings and financing and debentures – determined based on the exposure to the variable rates of the financial instruments and prepared assuming that the value of the liabilities below remained outstanding throughout the year, adjusted based on rates estimated for a probable scenario for the risk behavior, which, if materialized, may generate adverse results for Taesa Group. The rates used to calculate the probable scenarios is referenced by an independent external source, and these scenarios are used as a basis to define the two additional scenario with decreases of 25% and 50% in the risk variable considered (scenarios A and B, respectively).

The scenario calculation considered a fluctuation in variable rates and the other variables involved in each transaction were not changed for the calculations below:

Exposure Risk: Increase in rate		Net effect on profit (loss)/equity January to December 2013 - increase (reduction)		
		Probable scenario	Scenario A (25% decrease)	Scenario B (50% decrease)
Consolidated				
CDI	2,161,285	(80,616)	(144,104)	(207,591)
IPCA	1,837,159	382	(26,670)	(53,722)
TJLP	161	-	(2)	(4)
Libor	209,618	49	(124)	(298)
	4,208,223	**(80,185)**	**(170,900)**	**(261,615)**
Parent				
CDI	2,161,285	(80,616)	(144,104)	(207,591)
IPCA	1,837,159	382	(26,670)	(53,722)
TJLP	161	-	(2)	(4)
	3,998,605	**(80,234)**	**(170,776)**	**(261,317)**

Rates used	Annual accrued rate 12/31/2013	Probable scenario	Scenario A (25% decrease)	Scenario B (50% increase)
CDI	8.02%	11.75%	14.69%	17.63%
IPCA	5.91%	5.89%	7.36%	8.84%
TJLP	5.00%	5.00%	6.25%	7.50%
Libor	0.3554%	0.3318%	0.4148%	0.4977%

Source: The CDI and IPCA used in the probable scenario were estimated based on the market expectations, according to data disclosed by BACEN (Focus Report - Mediana Top 5 de médio prazo), on March 7, 2014. The TJLP used in the probable scenario was estimated based on the market expectation disclosed on March , 2014 and was obtained from BNDES´s website.

The Libor used for borrowings with IDB is adjusted for inflation semi-annually, every May and November, on a daily basis, calculated based on the interest rates applied to significant borrowings between international banks operating in the London market. On March 7, 2014, the Libor rate for six months was 0.335%. Source: Bloomberg.

Derivative financial instruments – At December 31, 2013, ATE III has an interest rate swap (LIBOR) to mitigate the risk of increase in interest rates on the financing agreement with the IDB, which limits its exposure to Libor by 7%. In light of the contract's features, this swap will only affect the Company's and its subsidiary ATE III's profit (benefit) at the time they exceed 7%. Considering the information above and that the expected LIBOR used in said analysis do not exceed this limit, the impact of the contract on the sensitivity analysis is nil.

As at December 31, 2013 and 2012 the derivatives contracted by the ATE II and ATE III can be summarized as follows:

	2013			2012		
	Reference value	Fair value	Amounts receivable	Reference value	Fair value	Amounts receivable
Swap contracts						
Long position – Libor rate	138,251	394	394	R$265,953	546	546
Options contracts						
Long position – purchase of foreign currency	-	-	-	US$11,390	421	421
		394	**394**		**967**	**967**

As detailed in Note 15, in May 2013 ATE II early settled its financing agreement with the IDB, as well as the derivatives contracted in this transaction (interest rate swap - Libor). On May 15, 2013 the period that ATE III was required to maintain the foreign currency call option contract also ended. As established in the IDB, ATE III contracted options for the three next installments maturing in the first five agreement years, and the last installment hedged by these contracts on May 15, 2013.

	Unrealized gains (losses)	
	2013	2012
Swap contracts		
Long position – Libor rate	530	(861)
Option contracts		
Long position – purchase of foreign currency	(418)	(1,285)
	112	**(2,146)**

This derivative is stated at fair value through profit or loss and classified as Level 2.

In accordance with CVM Instruction 475/08, the information on derivatives must include the purpose of the hedged asset, its respective fair value, effects on the Company's profit or loss and main characteristics of the contracted asset. Such information is as follows:

Company's right	Company´s obligation	Reference value contracted		Institution Maturity	Fair value	
		2013	2012		2013	2012
Swap contracts (R$)						
Hedge purpose: Interest rate risk (Libor)						
Forex (US dollar vs. real) plus Libor	Forex (US dollar vs. real) plus Libor limited to 8% p.a.	-	R$115,147	Santander 11/2022	-	333
Forex (US dollar vs. real) plus Libor	Forex (US dollar vs. real) plus Libor limited to 8% p.a.	-	R$12,555	Santander 11/2018	-	8
Forex (US dollar vs. real) plus Libor	Forex (US dollar vs. real) plus Libor limited to 7% p.a.	R$138,251	R$138,251	Santander 05/2020	394	205
		R$138,251	**R$265,953**		**394**	**546**
Options contracts (US$)						
Hedge purpose: Change in foreign exchange fluctuation (US dollar)						
US$	R$	-	US$11,390	Citibank 05/2013	-	421
					-	**421**

Sensitivity analysis of the derivatives effective at December 31, 2013

Transaction	2013				
	Exposure/ Reference value	Risk	Probable scenario	Scenario A (25% decrease)	Scenario B (50% decrease)
Hedge					
Libor Debt	209.619	Swap (*) Increase in Libor	-	-	-
		Debt Increase in Libor	49	(124)	(298)
Net effect on profit/loss/equity - January to December 2013 – increase (decrease)			**49**	**(124)**	**(298)**

(*) In light of the contract's features, this swap will only affect the Company's and its subsidiary ATE III's profit (benefit) at the time the Libor rate exceeds 7%. In view of the foregoing and considering the estimated scenarios for the Libor disclosed in Note 23 does not exceed this limit, the impact of this contract on the sensitivity analysis above is null in any of the scenarios above.

In addition, considering that the fair value of the premium paid for this swap contract as at June 30, 2013 is R$394, the impact on the profit or loss of the Company and its subsidiary ATEIII on the fair value of this premium for the 25% and 50% scenarios is as follows:

	Net effect on profit (loss)/equity January to December 2013 - increase (reduction)			
	Exposure/ reference value	Probable scenario	Scenario A (25% decrease)	Scenario B (50% decrease)
Swap contract- Libor	**394**	**-**	**(98)**	**(197)**

As at December 31, 2013 the Company and its subsidiaries did not conduct derivative transactions or speculative investments in derivatives or any risks assets, and do not have call margins on their transactions.

- Inflation risk – the Company's revenues are adjusted based on the inflation rates on an annual basis. In case of deflation, the concessionaires' revenues will be reduced. In the event of sudden inflation increase, the concessionaires could have their revenues adjusted and their profit or loss could also be affected.

- Funding risk - The Company may face difficulties to raise the funds with respect to costs and reimbursement terms aligned with its cash generation and/or debt reimbursement obligations.

d) Operational risk - is the risk of incurring direct or indirect losses due to a series of reasons associated to the Company's business processes, personnel, technology, and infrastructure, as well as external factors, except credit, market and liquidity risks, such as those arising from legal and regulatory requirements, and generally accepted corporate behavior standards. The operational risks relate to all the Company's operations.

The Company's purpose is to manage the operational risk to avoid financial losses and any damages to its reputation, as well as seek cost efficiency and avoid control procedures that would limit the initiatives and creativity. The senior management of each business unit has the primary responsibility to develop and implement controls to test operational risks. This responsibility is supported by the development of general standards for the Company to manage operational risks covering the following issues:

- ✓ Appropriate segregation of duties requirements, including independent authorization of transactions.
- ✓ Transaction reconciliation and monitoring requirements;
- ✓ Compliance with regulatory and legal requirements.
- ✓ Control and procedure documentation.
- ✓ Required periodic assessment of operational risks faced and adjustment of controls and procedures to address the identified risks.
- ✓ Operating loss and proposed corrective actions reporting requirements.
- ✓ Development of contingency plans.
- ✓ Training and professional development.
- ✓ Ethical and business standards.
- ✓ Risk mitigation, including insurance, where effective.

- Regulatory risks – the Group is subject to extensive legislation and governmental regulation issued by the following bodies: Ministry of Mines and Energy (MME), ANEEL, ONS, Ministry of Environment and Brazilian Securities Commission (CVM).

- Insurance risk – the Group contracts operating risk and civil liability insurance for its substations, except for NTE, ATE and ATE II (see Note 21). Although the Company has coverage against operational risk and civil liability in order to implement the best practices adopted by other recognized companies operating in the sector, including the coverage of the most relevant and significant equipment for the operation, ensuring high security levels against potential damages, some damages to the transmission lines, such as fire, lightning, explosion, short circuit and power interruption, are not covered, which could represent significant additional costs and investments.

- Discontinued service risk - in case of discontinued services, the Group will reduce its revenues due to some fines applied depending on the type, level and period of discontinued services. In case of discontinued services for a long period, the related effects can be relevant to the Group.

- Infrastructure construction and development risk - should the Company, its subsidiaries and jointly controlled entities expand their businesses through the construction of new transmission facilities, it may be exposed to the risks inherent in the construction activity, work delays and potential environmental damages that could represent unexpected costs and/or fines.

Delays in the construction of new facilities may be related to the fact that the Company and its subsidiaries rely on third parties to obtain the equipment used in their facilities; therefore, they are subject to price increases and failure by these suppliers, such as the late delivery of equipment or the delivery of damaged equipment. These failures may adversely affect the activities of the Company and its subsidiaries and the Company's profit or loss.

In addition, in view of the technical specifications of the equipment used in their facilities, only a few suppliers, in some cases only one supplier, are available for the Company and its subsidiaries.

If the production or sale of any equipment is discontinued or interrupted by a supplier, the Company and its subsidiaries and jointly controlled entities may not be able to purchase such equipment from another supplier. In this case, the provision of power transmission services by the Company and its subsidiaries may be materially affected, and the Company and its subsidiaries may be required to make unexpected investments to develop or fund the development of new technology to replace such equipment, which may adversely affect the financial position and results of operations of the Company and its subsidiaries.

- Technical risk - the infrastructure of the Group's concessionaires is measured in accordance with the technical guidelines established by local and international standards. Accordingly, any unexpected event or force majeure event may represent economic and financial effects not estimated in the original project. In this case, the necessary costs to recover the facilities for normal operations are assumed by the Group, although the eventual discontinuity of its transmission lines would not reduce the revenues (Variable Portion).

- Litigation risk - The Company and its subsidiaries are parties to several lawsuits and administrative proceedings, whose outcome cannot be determined. The Company and its subsidiaries recorded in their financial statements the total amount deemed adequate to cover these contingencies.

Capital management

It is the Management's policy to have a sound capital basis to ensure that investors, sector and the market can rely on the Company and the business's future development. Management monitors the capital returns that are defined by the Company as the profit (loss) from operating activities divided by total equity. Management also monitors the dividends distributed to shareholders.

Management seeks to strike a balance between the highest returns with more appropriate financing level and the advantages and security provided by a healthy capital position.

Accounting classification and fair value

With respect to fair value measurement, the main balances subject to changes in carrying amounts and fair values take the following into consideration:

- Cash and cash equivalents: current accounts evaluated based on the bank statements and short-term investments at the CDI rate through the end of the reporting period.

- Securities: short-term investments measured at fair value or at amortized cost are substantially valued based on the CDI rate through the end of the reporting period.

- Trade receivables: Management considers that the account balances of trade receivables, classified as "loans and receivables" and stated at amortized cost, approximate their fair value, mainly due to the average day sales outstanding of 45 days, as determined by ONS.

- Financial assets: The financial asset at the beginning of the concession is measured at fair value and subsequently at amortized cost. At the beginning of each concession, the discount rate is calculated based on own capital cost and is accrued through internal and market components.

  The Company adopted the calculation approach of the fair value of the financial assets, through the recalculation of the return rate. Accordingly, the fair value of the financial assets held by the Company was determined using the pricing model based on the discounted cash flow analysis and using the adjusted discount rate.

  The adjusted discount rate considers the changes in market variables and maintains the other assumptions used at the beginning of the concession. The components considered as market variables comprise the US inflation and risk-free rate, adjusted based on the information available as at December 31, 2013.

- Derivatives: Interest rate swaps and US dollar call agreements are measured at the present value of future estimated and discounted cash flows based on the applicable yield curves, based on the interest rate quotation. The fair values of these derivatives are obtained from financial institutions where these instruments were contracted.

- Borrowings and financing: The fair value of the financing with the BNDES (Santander - FINAME) and the IDB is identical to the account balance because there are no similar instruments with comparable terms and interest rates.

- Debentures: Management considers that the carrying amount of the debentures, classified as "other financial liabilities" and measured at the amortized cost, approximate their fair values, except when these debentures have a Unit Price (UP) in the secondary markets disclosed in the website www.debentures.com.br close to the end of the reporting period. Except for the 2nd and 4th series of the 2nd issuance and the 1st series of the 3rd issuance the debentures issued by the Company, the other series are traded in the secondary market.

Currently, the Company does not make speculative investments involving derivatives or any other risk assets.

	Note	2013		2012	
		Carrying amount	Fair value	Carrying amount	Fair value
Consolidated					
Financial assets					
Cash and cash equivalents	5	121,140	121,140	538,696	538,696
Securities	6	412,986	412,986	2,087,921	2,087,921
Trade receivables	7	168,337	168,337	155,073	155,073
Financial assets	7	6,227,752	6,455,695	6,173,142	7,240,554
Derivatives	22	394	394	967	967
		6,930,609	**7,158,552**	**8,955,799**	**10,023,211**
Financial liabilities					
Trade payables		34,012	34,012	26,417	26,417
Borrowings and financing	15	796,335	796,335	1,055,336	1,055,336
Debentures	16	3,571,028	3,372,851	3,682,699	3,779,450
		4,401,375	**4,203,198**	**4,764,452**	**4,861,203**
Parent					
Financial assets					
Cash and cash equivalents	5	70,743	70,743	123,868	123,868
Securities	6	338,298	338,298	1,986,399	1,986,399
Trade receivables	7	158,290	158,290	96,055	96,055
Financial assets	7	5,619,465	5,906,232	3,177,961	4,153,281
		6,186,796	**6,473,563**	**5,384,283**	**6,359,603**
Financial liabilities					
Trade payables		32,484	32,484	9,938	9,938
Borrowings and financing	15	434,579	434,579	17,743	17,743
Debentures	16	3,571,028	3,372,851	3,682,699	3,779,450
		4,038,091	**3,839,914**	**3,710,380**	**3,807,131**

Consolidated	Note	2013			
		Fair value through profit or loss	Loans and receivables	Held to maturity	Other financial liabilities
Financial assets					
Cash and cash equivalents	5	121,140	-	-	-
Securities	6	238,722	74,688	99,576	-
Trade receivables	7	-	168,337	-	-
Financial assets	7	-	6,227,752	-	-
Derivatives	22	394	-	-	-
		360,256	**6,470,777**	**99,576**	**-**
Financial liabilities					
Trade payables		-	-	-	34,012
Borrowings and financing	15	-	-	-	796,335
Debentures	16	-	-	-	3,571,028
		-	**-**	**-**	**4,401,375**

Consolidated	Note	2012			
		Fair value through profit or loss	Loans and receivables	Held to maturity	Other financial liabilities
Financial assets					
Cash and cash equivalents	5	538,696	-	-	-
Securities	6	1,877,000	101,522	109,399	-
Trade receivables	7	-	155,073	-	-
Financial assets	7	-	6,173,142	-	-
Derivatives	22	967	-	-	-
		2,416,663	**6,429,737**	**109,399**	**-**
Financial liabilities					
Trade payables		-	-	-	26,417
Borrowings and financing	15	-	-	-	1,055,336
Debentures	16	-	-	-	3,682,699
		-	**-**	**-**	**4,764,452**

Fair value hierarchy

The different levels are defined as follows:: (a) Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities, (b) Level 2: inputs, except for quoted prices, included in Level 1, considered for assets or liabilities, directly (prices) or indirectly (derived from prices), and (c) Level 3: assumptions, considered for assets or liabilities, not based on observable market data (unobservable inputs).

All the financial instruments recorded and classified by the Group to fair value through profit or loss, were classified level 2. There were neither financial instruments classified as Level 1 or Level 3 nor transfers of levels for the year indicated.

23. EARNINGS PER SHARE

The table below shows the data and number of shares used to calculate basic and diluted earnings per share.

Earnings per share	Parent	
	2013	2012
Profit for the year	892,852	589,182
Profit (loss) proportionally to the common shares (1)	597,442	424,159
Weighted average number of common shares (thousands) (2)	691,553	646,307
Profit (loss) proportionally to the common shares (3)	295,410	165,023
Weighted average number of preferred shares (thousands) (4)	341,944	251,452
Earnings per common share - basic = (1)/(2)	0.86391	0.65628
Earnings per preferred share - basic = (3)/(4)	0.86391	0.65628
Earnings per common share - diluted (*)	0.86391	0.65628
Earnings per preferred share - diluted (*)	0.86391	0.65628

(*) The Company does not have diluted financial instruments.

24. NET OPERATING REVENUE

Revenue from electric energy transmission system

Refers to the tariff charged from the agents operating in the electric sector, including high power free consumers, through the available transmission line, owned by the Company, associated with the Brazilian interconnected system. This revenue from transmission line availability services is accounted for in the Group's corporate books according to ICPC 01 (R1) – Concession Arrangements (equivalent to IFRIC 12), as detailed in note 7. The amounts receivable are recorded in assets, in line item "Trade receivables" and "Financial assets".

Breakdown of the Company's and its subsidiaries' net operating revenue

	Consolidated		Parent	
	2013	2012 (Restated)	2013	2012 (Restated)
Operation and maintenance	415,077	346,285	365,122	273,108
Construction and indemnity	112,099	20,422	83,926	6,857
Financial assets income	1,050,182	883,854	920,017	546,680
Variable portion and other income (a)	(10,376)	(23,566)	(8,038)	(10,855)
Gross operating revenue	1,566,982	1,226,995	1,361,027	815,790
PIS and COFINS	(66,058)	(56,241)	(55,467)	(29,415)
ISS	(45)	(42)	(45)	(42)
Quota for GRR and R&D (n)	(53,028)	(43,847)	(46,071)	(32,491)
Deductions	(119,131)	(100,130)	(101,583)	(61,948)
Net operating revenue	**1,447,851**	**1,126,865**	**1,259,444**	**753,842**

(a) Variable Portion (VP): it is the portion to be deducted from a transmission company's revenue for failing to provide appropriate public transmission services. The VP can be classified as *Unscheduled* when the grid becomes unavailable due to an accident and as *Scheduled* when there is maintenance in equipment part of the transmission line. The allowance for unavailability is recognized as a charge to the Variable Portion - Allowance and *credited* to line item Domestic market - O.N.S. client. When there is an actual discount due to unavailability, a line is included in the AVC to disclose the amount to be discounted. This amount is reversed from the amount previously accounted for and charged to the line item(s) as *Scheduled* and/or *Unscheduled* VP and *credited* to the line item da revenue from electric energy transmission system.

(b) Refers to sectorial charges established by the ANEEL and set forth in the relevant law, directed to R&D and the recognition of Global Reversal Reserve (GRR) of public utilities.

Reconciliation between gross revenue and the revenue recorded for taxable purposes

	Consolidated		Parent	
	2013	2012	2013	2012
Gross operating revenue	1,566,982	1,226,995	1,361,027	815,790
(+/-) Effects of corporate adjustments	(59,803)	(16,308)	(49,920)	82,221
Gross operating taxable revenue	**1,507,179**	**1,210,687**	**1,311,107**	**898,011**

25. FINANCE INCOME (COST)

	Consolidated		Parent	
	2013	2012	2013	2012
Income from short-term investments	104,683	133,078	94,177	113,506
Income from adjustment of tax credits	-	7,138	-	7,138
Net foreign exchange gains - restricted deposits	9,018	6,044	-	-
Finance income	**113,701**	**146,260**	**94,177**	**120,644**
Interest, inflation adjustments and exchange differences:				
Borrowings and financing	(90,234)	(182,820)	(25,813)	(134,065)
Debentures	(368,171)	(202,608)	(368,171)	(202,608)
Other finance costs, net of finance income	(24,761)	(8,106)	(22,926)	(3,787)
Finance costs	**(483,166)**	**(393,534)**	**(416,910)**	**(340,460)**
	(369,465)	**(247,274)**	**(322,733)**	**(219,816)**

26. PENSION PLAN (DEFINED CONTRIBUTION)

The Board of Directors' Meeting, held on January 12, 2012, approved the implementation of the Private Pension Plan for the employees and the Company and its subsidiaries beginning April 2012. The Taesaprev Plan was created in Forluz, a closed-end private pension entity, of which the Company became one of the sponsors, whose approval by Previc was published in the Official Gazette on March 27, 2012. The plan is offered to all employees, representing the Company's and its subsidiaries' compliance with the best market compensation practices as a way to attract, maintain and retain qualified personnel. The internal pension plan campaign was launched in April 2012. As at December 31, 2013, 82.73% of the workforce was enrolled in the Taesaprev Plan.

The Company's contributions are determined by the plan's regulations, and the related obligations are settled by one month after these expenses are recognized. The plan assets are recorded separately from the other Company's assets, and are monitored by FORLUZ. The main sponsor of Forluz is Cemig (sponsor-founder), one of the Company's owners. As regards the pension plan, the Company is only required to make the contributions.

The Company may, at any time, according to legislation, request the withdrawal of the sponsor, upon the Government Authority's approval, and will be subject to the prevailing legislation. In case of a possible withdrawal of the sponsor from the plan, the sponsor's commitment is fully funded by the plan's assets.

The total expenses incurred by the Company according to the plan's regulations are as follows:

	Consolidated		Parent	
	2013	2012	2013	2012
Pension plan costs	653	605	636	556
Pension plan expenses	1,120	690	1,115	666
	1,773	**1,295**	**1,751**	**1,222**

27. COMMITMENTS ASSUMED

Operation and maintenance of the transmission lines and substations

Operation and maintenance	CONCESSIONS
Conducted with own funds	Taesa (TSN, Munirah, GTESA, PATESA, Novatrans, ETEO, STE, ATE, ATE II, NTE), ATE III, ETEP (only maintenance of the transmission line), ECTE, ERTE (maintenance of the Castanhal substation and operation of the entire concession), STC, Lumitrans, EBTE,EATE and ENTE (maintenance of the Açailandia substation) and ETSE.
Conducted by Eletronorte	Brasnorte, EATE, ENTE, ETEP (maintenance of the Tucuruí and Vila do Conde substations and operation of the entire concession) and ERTE (Vila do Conde and Santa Maria maintenance)
Conducted by CEEE-GT and Eletrosul	ETAU
Conducted by Cemig GT	ESDE

Taesa started to operate ATE, ATE II, ATE III and STE on September 16, 2013, and terminated the agreement with Omega Operação e Manutenção de Linhas de Transmissão.

Environmental matters - The National Environmental Policy establishes that the regular operation of the effective or potential pollutant activities or those that would somehow cause environmental damages is subject to the previous environmental license.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2013

(Amounts expressed in thousands of Brazilian reais – R$, unless stated otherwise)

All concessionaires of Taesa Group, in accordance with applicable legal provisions, seek to fully comply with the requirements for the proper execution of the subject matter of the concession, by obtaining all relevant environmental licenses related to the implementation, operation and maintenance of the transmission lines and substations.

The Company, its subsidiaries and its jointly controlled entities, adopt modern corporate management practices consistent with those of the largest international companies. The business sustainability definition, based on the management of the economic, social and environmental aspects, has been adopted and, therefore, resulted in the development of the Environmental Management System ("SGA").

SGA was developed based on a single environmental policy for all concessionaires of Taesa Group, in accordance with ABNT - ISO 14001:2004 and ABNT - ISO 14031:2004. SGA is a continuous, participative and transversal process covering the Company's several areas. Taesa Group's Environmental Policy, the SGA's core document, represents the social and environmental commitments assumed, including: (a) compliance with legal requirements; (b) reduction of environmental risks; (c) pollution prevention; (d) natural resources prevention; (e) sustainable development; (f) compliance with the needs and expectations of interested parties; and (g) transmission of these values to its partners and suppliers.

In addition to the Environmental Policy, the Management Guide and the Environmental and Social Program Guide are also an integral part of the SGA. These documents describe the aimed purposes and goals, action plans, criteria and performance indicators, as well as management, evaluation, monitoring and review processes.

The table below details the environmental licenses issued for the Group companies:

Company	Stretch	Operation license #	Issue date	Maturity	Renewal
Taesa (Novatrans)	Samambaia, DF - Serra da Mesa, GO	320/03 (incorporated under Operating License 384/04)	05/23/2003	09/06/2021	License renewed through 09/06/2021
	Serra da Mesa, GO – Miracema, TO	359/2003 (incorporated under Operating License 384/04)	11/17/2003	09/06/2021	
	Miracema, TO – Imperatriz, MA	384/04	04/15/2004	09/06/2021	
Taesa (TSN)	Serra da Mesa, GO – Sapeaçu, BA	287/02	10/30/2008	10/30/2014	License renewed through 10/30/2014
	Camaçari II - Sapeaçu (Munirah concession)	2005-002212/TEC/ LO-0044	07/24/2005	07/24/2010	According to the Environmental Institute (IMA) of the Bahia State, transmission or distribution lines are exempt from the operation license (LO) renewal by Decree 11235/08.
	Goianinha - Mussuré (GTESA concession)	339/03	08/21/2003	08/21/2007	Renewal requested to IBAMA on 02/04/2013. Effective upon IBAMA's response (CONAMA Resolution 237/97)
	Paraíso - Açu (Patesa concession)	2011-045976/TEC/ RLO-1017	01/13/2012	01/13/2014	License renewed through 01/13/2014. Renewal requested on a timely basis. Process in progress in the IDEMA
Taesa (ETEO)	Taquaraçu - Sumaré	00089/01	10/18/2001	06/13/2014	License renewed under # 00026 (Process 13569/1999), through 06/13/2014
Taesa (NTE)	Angelim - Campina Grande	349/03	09/30/2003	09/30/2007	Renewal requested to IBAMA on 05/14/2012. Effective upon IBAMA's response (CONAMA Resolution 237/97)
	Xingó - Angelim	350/03	09/30/2003	09/30/2007	

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FOR THE YEAR ENDED DECEMBER 31, 2013

(Amounts expressed in thousands of Brazilian reais – R$, unless stated otherwise)

Company	Stretch	Operation license #	Issue date	Maturity	Renewal
Taesa (ATE)	Londrina - Araraquara	492/05	02/29/2012	02/29/2022	License renewed for 10 years.
Taesa (STE)	Uruguaiana - Santa Rosa	4365/08-DL	09/26/2012	09/26/2016	License renewed through 09/26/2016.
Taesa (ATE II)	Colinas - Sobradinho	579/06	11/30/2006	11/30/2010	Renewal requested to IBAMA on 08/02/2010. Effective upon IBAMA's response (CONAMA Resolution 237/97)
ATE III	Itacaiunas - Colinas	753/08	06/17/2008	06/17/2012	Renewal requested to IBAMA on 03/30/2012. Effective upon IBAMA's response (CONAMA Resolution 237/97)
	Marabá - Carajás	5123/10	10/26/2010	10/25/2014	License renewed under # 2010/0000003814 through 10/25/2014
ETAU	Campos Novos - Santa Marta	452/05	10/05/2007	05/10/2014	License renewed through 05/10/2014
Brasnorte	Juba - Jauru	298161/09	09/17/2009	09/16/2012	Renewal timely requested by Brasnorte's letter (Of. 093/Filial/12) of 05/11/2012. Effective upon IBAMA's response (CONAMA Resolution 237/97)
	Brasnorte - Nova Mutum	298160/09	09/17/2009	09/16/2012	Renewal timely requested by Brasnorte's letter (Of. 093/Filial/12) of 05/11/2012. Effective upon IBAMA's response (CONAMA Resolution 237/97)
EATE	Tucuruí - Presidente Dutra	288/02	07/16/2009	07/16/2015	-
ENTE	Tucuruí - Açailândia	426/05	08/29/2012	08/28/2018	-
Lumitrans	Machadinho - Campos Novos	657/07	09/25/2007	09/25/2013	Renewal requested to IBAMA. Effective upon IBAMA's response (CONAMA Resolution 237/97)
EBTE	Juína - Brasnorte	302381/11	06/10/2011	06/09/2014	-
	Juba - Brasnorte	300899/10	10/26/2010	10/25/2013	-
	Parecis - Brasnorte	299964/10	07/08/2010	07/07/2013	Renewal requested to SEMA-MT.
	N. Mutum - Sorriso - Sinop	300348/10	08/16/2010	08/15/2013	Effective upon IBAMA's response (CONAMA Resolution 237/97) Awaiting SEMA, MT decision
STC	LT Barra Grande - Lages - Rio do Sul	171/09	09/09/2009	09/09/2013	Renewal requested to FATMA-SC. Effective upon IBAMA's response (CONAMA Resolution 237/97)
	SE - Lages	7247/12	08/09/2012	08/09/2016	-
	SE - Rio do Sul	065/10	05/07/2010	05/07/2014	-
ERTE	Vila do Conde - Castanhal- Santa Maria	6904/12	07/02/2012	07/01/2016	-
ECTE	Campos Novos - Blumenau	7649/11	11/07/2011	11/07/2015	-
ETEP	Vila do Conde - Tucuruí - Barcarena	5084/10	11/10/2010	11/09/2014	-
ESDE	SE_Santos Dumont	0657/12	08/27/2012	27/08/2016	-
TRANSLESTE	SE Montes Claros - SE Irapé	177/2009	12/17/2009	12/17/2015	-
TRANSUDESTE	SE Itutinga - SE Juiz de Fora	571/2011	07/25/2011	07/25/2019	-
TRANSIRAPÉ	SE Irapé - SE Araçuaí 2	077/2011	06/15/2011	03/30/2017	-
ETSE	LTs 230 KV SE Abdon Batista	4102/2013	05/28/2013	05/28/2016	-
	LT Barra Grande - Lages - Rio do Sul	6616/2012	01/13/2014	08/13/2015	-
	SE Gaspar	2926/2013	05/02/2013	05/02/2016	-
	SE Abdon Batista	7940/2012	10/01/2012	10/01/2015	-

Environmental Compensation - The agreements for the Environmental Compensation projects, as determined and approved by the proper Environmental Body, are in progress, based on the schedules established in the respective instruments, when applicable.

Environmental compensations accrued by the Company and its subsidiaries are recorded in "Other payables". See note 13 (b).

At subsidiary ETAU, the environmental compensations described below are accounted for by the equity method:

- FUNAI - On April 19, 2012, the Environmental Compensation Instrument No. 001/12 was entered into among ETAU and FUNAI, in conformity with Operation License 452/05. This term referred to as "Commitment Instrument", whose amount is R$790, set out the compensatory measures for the Terra Indígena Carreteiro, a Kaingang community. Note that all the actions set forth by said document were settled, however, ETAU awaits the issue of the Full Settlement Certificate that will be required in 2014.

  As at December 31, 2013, the balance accrued by ETAU for this environmental compensation was R$0 (R$247 as at December 31, 2012).

- ETAU forest recovery with SEMA/RS - the parties agreed the acquisition of land for donation to the State of Rio Grande do Sul, as an alternative to meet the commitment of forest recovery attributable to ETAU at the time the project was built. Therefore, on July 25, 2012, the Board of Directors approved the related acquisition. The Company has the land specifications, including the exact location, and is concluding the negotiations with the owner. It is estimated the land acquisition and its donation will be completed in the first half of 2014. ETAU's Board of Directors approved at the meeting held on August 29, 2013 an increase in the 2013 budget to make the acquisition of said land above possible for R$1,450. As at December 31, 2013 the balance provided in line item "Other" on current liabilities for this environmental compensation was R$1,450, of which RR$1,000 in existing provisions and R$450 as supplementary provision. The balance as at December 31, 2012 was R$201.

Implementation of electric power transmission facilities

On July 5, 2012, SGT entered into the agreement with Toshiba Infraestrutura América do Sul Ltda. ("Toshiba") in the amount of R$27,763 to supply, on a turnkey basis, electric equipment for the substation yard, spare parts, civil, electric, electromechanical project, assembling materials, electromechanical assembling, construction works and assembling supervision, at São Gotardo II substation. The costs of this agreement are recognized in profit or loss for the period they are incurred, measured based on the percentage of completion of the substation.

Toshiba offers a technical warranty against any manufacturing defect and malfunctioning of equipment and the facilities covered by the supply of assets and services, subject matter of the agreement entered into on July 5, 2012, over a period of 24 months counted from the startup of activities of the equipment. The first amendment to said agreement was executed on March 22, 2013.

Operating leases

In 2013 the Company changed its corporate offices from the 10th floor to the 6th floor of the Bolsa Rio Building, due to the growth of its organizational structure.

The Company incurred lease expenses on its corporate office for the year ended December 31, 2013, amounting to R$3,234. The lease agreements are paid in Brazilian reais, annually adjusted using the IGP-M and are effective for 60 months. The Company does not have the option to buy the leased property after the lease term.

As at December 31, 2013, based on the effective agreement terms described above, which will be terminated on November 1, 2017, the following lease payments are estimated:

	Lease expenses
2014	3,397
2015	3,726
2016	3,940
2017	3,791
Total	**14,854**

In the event of contractual termination by the Company, it will have to notify the lessor within no less than six months and pay the amount equivalent to four lease payments effective at the time, proportionally to the remaining time of the lease, as fine for early termination. If the early termination is not notified agreement, the Company will pay the amount equivalent to the lease payments and the charges for the remaining notification period, as fixed losses and damages, and fine equivalent to four lease payments effective at the time.

If the Company elects the early lease termination, on the early termination fine payment date, the Company shall return to the lessor, proportional to the remaining time of the lease, all the amounts related to the lease payments that, during the lease term, were exempt or were entitled to some type of grace period or temporary discount, as adjusted through the property return date, under the same terms of the monthly lease payments.

28. OTHER INFORMATION

ANEEL inspection - In accordance with the economic and financial inspection, on site, carried out by ANEEL in December 2011, TAESA received ANEEL Notice 033/2012-SFF, of March 1, 2012, whereby the inspection findings are reported. ANEEL identified seven (7) noncompliance events and nine (9) findings/recommendations for the four-year period (2007-2010).

This was the first on-site inspection faced by TAESA, over its 11 years of operation, when all the Group's concessions were verified. TAESA addressed to ANEEL, on a timely basis, TAESA Letter 082/12, with its opinion about ANEEL Notice 033/12, where it alleges that some findings identified by the inspectors and communicates the recommendations will be implemented within the periods established by the Regulatory Authorities.

On such date, in accordance with the procedures set forth in the administrative proceedings, TAESA requested the filing of the ANEEL Notice because the findings were resolved and/or clarified by the Company, which, in turn, agreed with the terms established to resolve some procedures.

The ANEEL should issue a response about the arguments filed by Taesa against the Notice by the end of 2014.

As the administrative proceeding is at the notification stage, the findings of the inspection conducted by ANEEL had no financial impact on Taesa and the issues were corrected by the Company in 2013 and duly registered with the Regulator via correspondences.

IBAMA Fine - In 2002, TSN was notified by IBAMA because it has built a part of the transmission line in nonconformity with the specifications set by the Institute. At the time, this gave rise to the issuance of a tax assessment notice, when TSN filed an appeal against this tax assessment notice. In October 2012, IBAMA, GO has handed down a final decision on the matter, and kept the fine applied at the time in the amount of R$100 plus inflation adjustments, totaling R$129, which amount was paid by the Company on January 10, 2013.

29. NON-CASH TRANSACTIONS

During the year ended December 31, 2013 the Company conducted certain noncash activities, arising from the merger of wholly-owned subsidiaries, as detailed in note 1, which were excluded from the Parent's statement of cash flows, except for the cash arising on the mergers disclosed in investing activities.

The assets and liabilities merged in the year ended December 31, 2013 are as follows:

Merged balance sheet	Merged balances
Cash and cash equivalents	143,278
Securities	27,817
Trade receivables	49,357
Financial assets	2,391,205
Taxes and social contributions	34,991
Dividends receivable	21,024
Escrow deposits	7,556
Other receivables	8,435
Other assets	2,930
Property, plant and equipment	71
Intangible assets	2,580
Total assets	**2,689,244**
Trade payables	(8,913)
Borrowings and financing	(269,279)
Regulatory charges	(10,267)
Taxes and social contributions	(18,602)
Taxes and deferred taxes	(325,685)
Dividends payable	(72,387)
Provisions for labor, tax and civil risks	(2,075)
Other payables	(14,976)
Total liabilities	**(722,184)**
Merged net assets	**1,967,060**

30. EVENTS AFTER THE REPORTING PERIOD

New improvement - On February 6, 2014 the Official Gazette published Authorization Resolution 4521/2014 that authorizes the construction of the Capacity increase improvement from 300 MVA to 380 MVA of C3 of Açu II-Açu III TL and sets the total budget amount and RAP for the project, and the startup calendar of the electricity transmission facilities, as described below:

	Transmission line	Improvement	Construction term after publication of ANEEL Res. (months)	Statutory basis REN 443/11
TAESA (Patesa)	LT 230 kV ACU II / LAGOA NOVA II RN	Capacity increase of 2 km of the 230 kV Açu II-Lagoa Nova II TL from the Açu II substation to 380 MVA from 300 MVA.	Up to 2024	III

"Mariana" capital increase – The Extraordinary Shareholders' Meeting of Mariana held on February 25, 2014 approved a capital increase of R$20,000, from R$1 to R$20,001. The aforementioned capital increase aims at contributing to the Mariana the funds necessary to implement the project that is part of its corporate purpose. The capital contribution was made by Taesa on March 11, 2014.

Cancellation and replacement of the Fourth issue of debentures – The Board of Directors' meeting held on February 25, 2014 approved the cancellation of the Fourth Issue of Simples, Nonconvertible, Unsecure Debentures, in two series, for restricted public placement distribution, amounting up to R$540,000, since the current market conditions are not favorable to this issue.

It also approved, to replace the Fourth Issue, fundraising by the Company of up to R$450,000 under one of the following alternatives: (a) foreign currency loan under Law 4131, of September 3, 1962, with swap of foreign exchange fluctuation for the interbank deposit rate (CDI) variance; or, (b) issue of commercial promissory notes. No new funds have been raise to date.

Facility sharing agreement - SGT x Cemig GT - The Extraordinary Shareholders' Meeting of SGT held on February 26, 2014 approved the sharing agreement entered into by SGT and CEMIG GT, whose terms and conditions follow the standards set forth by domestic electricity industry regulations.

Property sale - The Company signed on February 27, 2014 an committed purchase and sale agreement of its properties in the Bolsa do Rio Building, at Praça XV de Novembro, nº 20, Centro, Rio de Janeiro, amounting to R$13,000. As confirmation and warranty of performance of the purchase and sale agreement and the contractual obligations, and that the parties shall not withdraw from the agreement, the committed buyers made a down payment to the Company on the same date amounting to R$1,000, and will settle the remaining portion after the purchase and sale deed is executed. The remaining amount of this property on agreement execution date is R$4,593.

If the committed buyers fail to pay the agreed amount within twenty (20) days after the deed date and/or the collateral transfer of the properties, the Company will be entitled to rescind the agreement, and the committed buyers would be subject to the penalties provided for in Articles 418 and 419 of the Brazilian Civil Code.

* * * *

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2013

(Amounts expressed in thousands of Brazilian reais – R$, unless stated otherwise)

EXECUTIVE BOARD	
NAME	**TITLE**
José Aloise Ragone Filho	Managing Officer
Cristiano Corrêa de Barros	Chief Financial and Investor Relations Officer
Marco Antonio Resende Faria	Chief Technical Officer

BOARD OF DIRECTORS	
MEMBERS	**ALTERNATES**
Djalma Bastos de Morais	Flávio de Almeida Araújo
Wilson Pereira dos Santos	João Procópio Campos Loures Vale
Pedro Grossi Junior	Eliana Soares da Cunha Castello Branco
John Michel Pimenta de Moraes Streithorst	Carlos Alberto de Figueiredo Trindade Neto
Luiz Carlos da Silva Cantidio Junior	Marcelo Hudik Furtado de Albuquerque
Sandro Rocha Peres	Gerson Gonçalves da Silva
Carlos Roberto Cafareli	Carlos Massaru Takahashi
Marcelo Souza Monteiro (Independent)	Maurício Antônio Rosa (Independent)
Ernesto Paulo da Silva Nunes (Independent)	Maurício Luis Luchetti (Independent)
João Almeida dos Santos	Luiz Henrique de Castro Carvalho
Luiz Ricardo da Câmara Lima	Jorge Kalache Filho

SUPERVISORY BOARD	
MEMBERS	**ALTERNATES**
Jorge Khoury Hedaye	Ronald Gastão Andrade Reis
Cláudio Canalis Goulart	Maria Cristina Soares Magalhães Alves
Clayton Ferraz de Paiva	Ana Paula Moraes Venancio Amaral
José Maria Rabelo	Dio Jaime Machado de Almeida
Isabel da Silva Ramos	Fábio César Baptista dos Santos

Wagner Rocha Dias
Accountant CRC RJ-112158/O-3
CPF nº 778.993.777-49