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, 2012 and Independent Auditor's Report

Deloitte Touche Tohmatsu Auditores Independentes

Financial statements

For the Year Ended December 31, 2012

Contents

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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 Fiscal Council for the fiscal year ended December 31, 2012. The consolidated financial statements were prepared according to the International Financial Reporting Standards (IFRS) 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, 2012 was crucial for TAESA, marked by acquisitions, Re-IPO (new public offering), debt roll-over and robust dividends. The Company sought both financial and operating development, always focused on financial discipline and adding value. EBITDA margin remained high, reaching 89%, while net income closed the year up 18.9% over 2011 at R$589.2 million. The table below presents a summary of the key events in 2012:

Date	Event	Description
Mar/12	Material Acquisition	Signature of the contract with Abengoa to acquire remaining 50% in UNISA for R$902 million, paid on July 3, 2012.
May/12	5th Promissory Note Issue	Issue of the 5th series of promissory notes in the amount of R$905 million to finance the acquisition of the remaining 50% of UNISA.
May/12	Dividends Payment	First payment of the dividends approved at the AGM in the amount of R$214.3 million.
Jun/12	Transmission Auctions	Won lot E of auction 005/2012 and commercial rights, for 30 years, of a concession within the São Gotardo 2 substation. Initial RAP is R$3.7 million.
Jul/12	Re-IPO (new public offering)	Total issue of 81 million units at the price of R$21.67/Unit after stock split. Total raised was R$1,755 million.
Oct/12	3rd Debentures Issue	Debentures issue in the amount of R$2,160 million in three series. Proceeds were used to redeem the 4th and 5th series of promissory notes, extending the Company's debt profile.
Oct/12	Dividends Payment	2nd payment of the dividends approved at the AGM in the amount of R$214.3 million.
Dec/12	Stock Split and Market Maker	Stock split at the ratio of 3 to 1 and contracting of Credit Suisse as market maker.
Dec/12	Interim Dividend Payment	Payment of R$160 million as interim dividends for the 2012 fiscal year.

In May of 2012, the Company executed the Private Transmission Asset Investment Instrument with CEMIG to transfer to TAESA CEMIG's interest in TBE. The operation will be closed after all necessary approvals have been obtained, including from ANEEL.

In 2012, posted results that reflect important advances in its management, governance and corporate strategy. On the operating front, results indicate solid performance and quality in the availability of its transmission system, demonstrated by the high availability levels of our transmission lines and other installations. The significant evolution of operating efficiency across a wide array of the Company's processes can be seen in the high EBTIDA margin and, as a result, increased cash flow. It should also be noted that, in 2012, efficiency gains were also derived from several internal process improvement initiatives, 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 solid shareholder base and professional management. The Company's controlling shareholders, composed 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, Fiscal Council and specific Committees). This combination of skills from the Shareholders, together with the Taesa Team that has been successful in managing its assets with a staff of recognized technical and administrative excellence, were key to leveraging the 2012 results and driving the Company's competitiveness.

Together, these factors lead to the strategic guideline of a constant search for opportunities that allow sustainable growth with added value for our shareholders and other stakeholders. Another initiative for growth was the Company's participation in transmission auctions held by ANEEL in 2012, showing efforts to acquire new assets and focus on the 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 shareholders for their support and trust, fundamental for realizing all the actions and projects behind our results. We are also thankful to our Employees, who were determined and committed to building these achievements, as well as all of our Suppliers, partners and other Stakeholders for their decisive contributions to our 2012 initiatives.

It is with great pleasure that we present the 2012 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 2012 results.

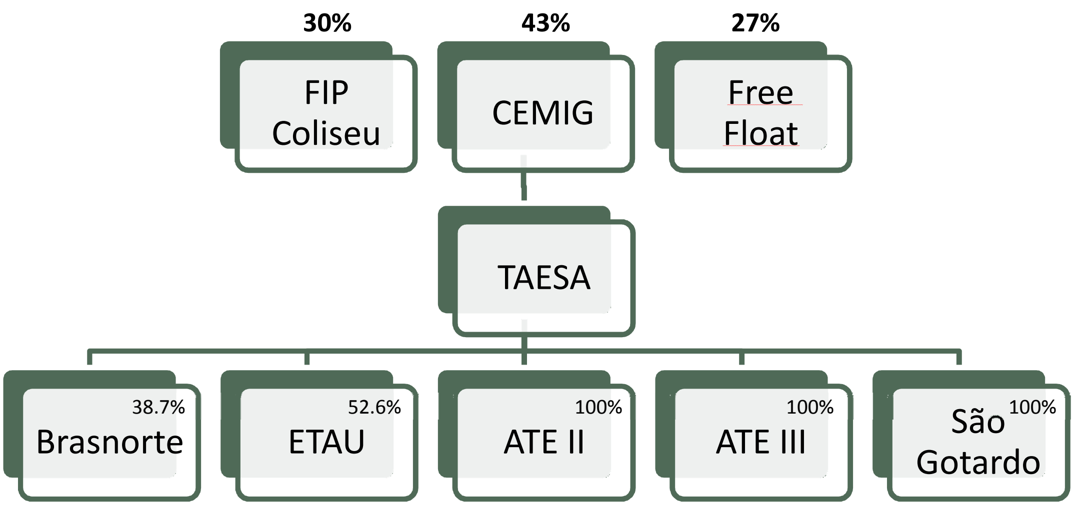
THE COMPANY

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 power sector. TAESA's business is the implementation, operation and maintenance of electricity transmission infrastructure in Brazil.

As at December 31, 2012, TAESA holds 14 (fourteen) concessions granted for a period of 30 (thirty) years by the Granting Power, represented by the National Electric Energy Regulatory Agency ("ANEEL"), 6 (six) with the holding and 5 (five) subsidiaries: ETAU (52.6%), Brasnorte (38.7%), NTE (100%), UNISA (100%) and São Gotardo (100%). UNISA holds 100% of four concessions: ATE, ATE II, ATE III and STE.

To optimize is current corporate and administrative structure, consolidate the Company's cash flow on the level of other publicly-held companies and reduce costs, on October 11, Taesa filed with ANEEL a request for incorporation of its subsidiaries NTE, STE and ATE. The incorporation was approved by the Agency on January 14, 2013 and by shareholders in an EGM on January 31, 2013.

The structure below shows the Company's total capital after its IPO held in July of 2012 and the incorporation of its subsidiaries in January of 2013.

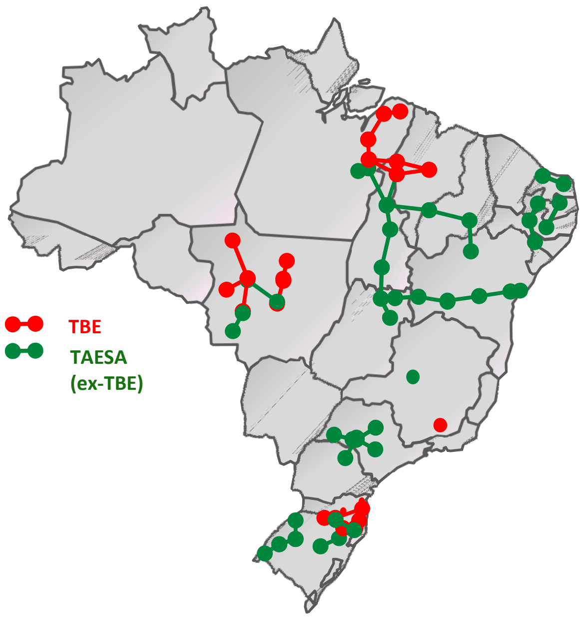


This structure is current as of January 31, 2013 after having received all necessary approvals for the incorporation and therefore, is a subsequent event to the period covered by this report.

Considering the incorporation, TAESA holds 14 (fourteen) concessions granted for a period of 30 (thirty) years by the Granting Power, represented by the National Electric Energy Regulatory Agency ("ANEEL"), 9 (nine) with the holding and 5 (five) subsidiaries: ETAU (52.6%), Brasnorte (38.7%), ATE II (100%), ATE III (100%) and São Gotardo (100%). Currently, TAESA operates a total of 6,250 km of transmission lines and a total of 47 substations with 1 control center.

In addition to the 14 current concessions, on May 17, 2012, the Company announced the execution of a contract to transfer the interests of the TBE group held by CEMIG to TAESA. With this, the Company will add 3,127 km to its current asset base. This operation is currently under review and awaiting approval by ANEEL.

Map of TBEAssets



The Company operates this integrated infrastructure based on regulations issued by ANEEL, the guidelines and directives of the National System Operator ("ONS"), and pursuant to the conditions set forth in its concession agreements with ANEEL and the transmission services agreements with ONS.

On December 31, 2012, TAESA held a 38.66% ownership interest in Brasnorte, the holder of Concession Agreement No. 003/2008. The other shareholders of Brasnorte are Centrais Eletricas do Norte do Brasil S.A. ("Eletronorte"), with a 49.71% ownership interest, and Bimetal Energia S.A. ("Bimetal"), with a 11.62% of the capital. As for ETAU, which holds Concession Agreement no. 082/2002, TAESA holds 52.58% interest, Eletrosul Centrais Eletricas S.A. ("Eletrosul") holds 27.42%, while DME Energética Ltda. ("DME-PC") and Companhia Estadual de Energia Elétrica S.A. ("CEEE - GT") each hold 10%. In UNISA, holder of concession agreement 081/2002 (STE), 003/2004 (ATE), 011/2005 (ATE II) and 001/2006 (ATE III), TAESA holds a 100% interest. Taesa also holds 100% of the capital of the NTE and São Gotardo, which hold concession agreements No. 002/2002 and 005/2012, respectively.

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 units' 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 annual permitted revenues are subject to adjustment on an annual basis to take into account inflation, as measured by the General Market Price Index (IGP-M) and, in the case of Brasnorte, ATE III and São Gotardo by the Extended Consumer Price Index (IPCA).

In addition to the annual adjustment to concession agreements, the RAP may also be adjusted due to extraordinary events such as changes in tax or other applicable laws and in approved investments in transmission lines and facilities duly approved by ANEEL.

Law no. 12,783 of 2013 (Conversion of Provisional Measure no. 579 of 2012) - applicability to the Company's concession contracts, subsidiaries and joint ventures

Enacted by the President of Republic on September 11, 2012, MP 579/12 ("Provisional Act" or "MP"), converted into Law 12.783 ("Law") of January 11, 2013, 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' and jointly controlled entities' 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 and outside legal counsel which conducted the legal analysis.

CORPORATE GOVERNANCE

TAESA is committed with the best management practices and corporate governance, and is listed in BOVESPA's Level 2 of Corporate Governance. In addition, the Company grants its preferred shares the right to sell at 100% of the amount paid upon transfer of ownership interest (Tag Along).

The Company's senior management has significant experience in the sector and it's closely monitored by the Controlling Shareholders, Board of Directors and the Fiscal Council.

QUALITY

IS0 9001:2008 Certification - On October 12, 2009, the Company obtained, through the certification company Bureau Veritas, the certification of the Quality Management System - ISO 9001:2008 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 certification maintenance 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.

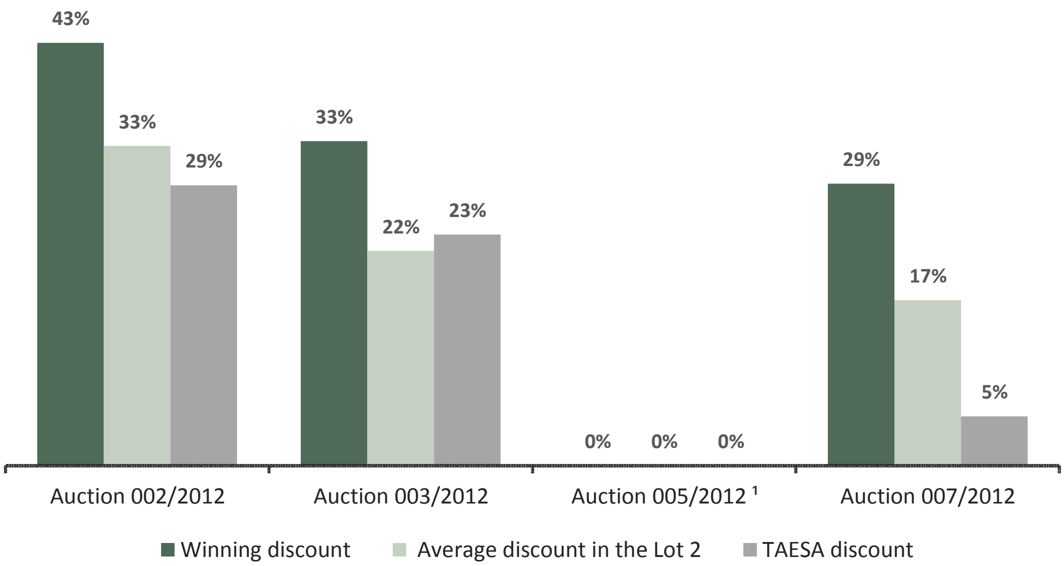
Ethics Commission, Communication Channel with the Ethics Commission and e-mail of the Compliance Officer - In October of 2010, Taesa established an Ethics Commission for the purpose of clarifying and investigating possible issues related to the topics addressed by the Code of Ethics adopted by the Company. 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 created so as not to allow 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 e-mail of the Compliance Officer, disclosed in TAESA's Code of Ethics, remains active, but is used only by persons who do not belong to our organization and wish to report incidents related to Taesa's Code of Ethics.

BUSINESS PERFORMANCE

Transmission auctions

In 2012, TAESA participated in four auctions with bids in only one lot of each.

- Auction 002/2012 - Lot A: Maximum Revenue - R$221.8 million.
- Auction 003/2012 - Lot C: Maximum Revenue - R$27.2 million.
- Auction 005/2012 - Lot E: Maximum Revenue - R$3.7 million. Only one bid was made and TAESA won the auction.
- Auction 007/2012 - Lot A: Maximum Revenue - R$204.2 million.



[1] In Auction 005/2012, as there was only one bid without discount, the winning amounts, average or TAESA's discount are not presented in the graph.

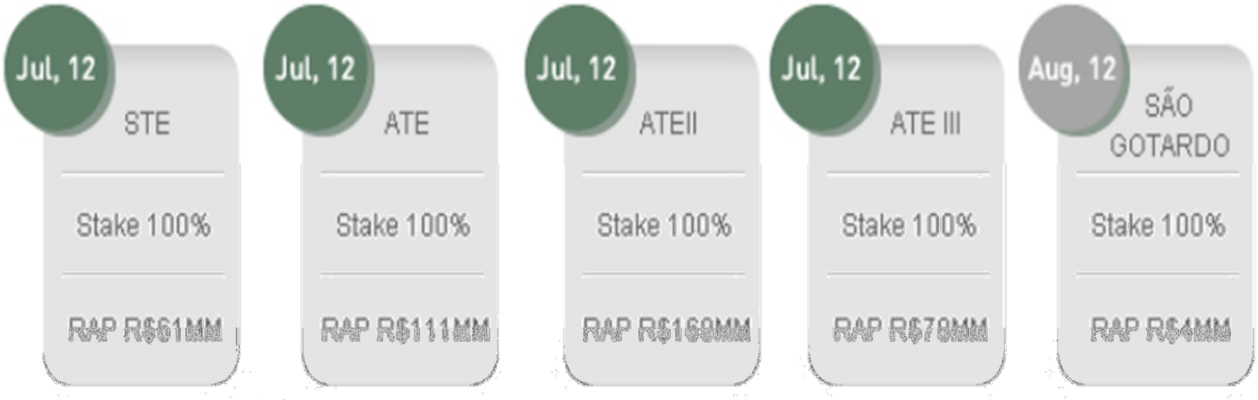
[2] The average was calculated considering only the lots that TAESA bid on, excluding all other bids in the auction.

Other acquisitions and auctions

In March of 2012, Taesa executed a contract with Abengoa to acquire it remaining 50% held in UNISA in the amount of R$902 million. The operation was concluded on July 3, 2012.

In June of 2012, Taesa won lot E of auction 005/2012 and the right to a 30-year concession in the São Gotardo 2 substation.

Considering the abovementioned events, the concessions acquired/auctions in 2012 are as follows:



Natural hedge against inflation

Because revenues are adjusted annually by the IGP-M or IPCA, TAESA's business has a natural hedge against inflation.

Each year, the RAP is adjusted on July 1 by the 12-month inflation index (IGP-M or IPCA), for June of the previous year to May of the reference 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%

On June 26, 2012, ANEEL published resolution 1,313 with the RAP for transmission concessions. The concessions adjusted by the IGP-M we adjusted at 4.26% and concessions adjusted by the IPCA were adjusted at 4.99%.

STRATEGY

The Company's aim is to be a leader among the companies of the Brazilian electricity transmission industry, to provide high-quality utility services and to maximize the value it provides for its Shareholders, Employees, Agents connected to its facilities (including electricity generation and distribution companies) and to the Concession Grantor and Regulatory Authorities.

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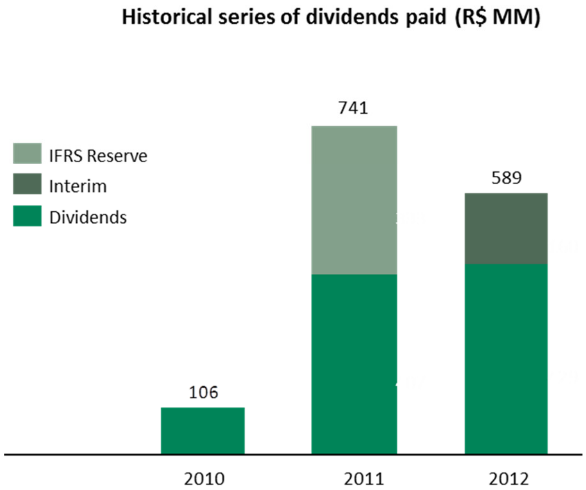
Dividends

According to its articles of association, TAESA should distribute at least 50% of its Net Income, after setting up a legal and tax incentive reserve. The chart below shows a history of dividends' payment.

In 2012, the Company paid 86.5% of its net income for 2011 as dividends. It also paid R$160 million as interim dividends. The total amount relative to 2011 paid in dividends was R$428.6 million in two payments:

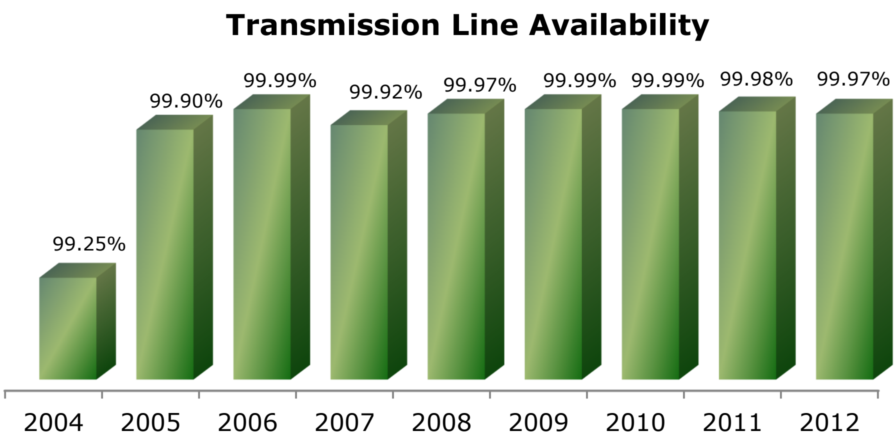
- In May of 2012, R$214.3 million relative to the mandatory minimum dividends for 2011; and
- In October of 2012, R$214.3 million relative to additional dividends proposed and approved by the AGM.

The payment of interim dividends in the amount of R$160 million was made in December of 2012.



OPERATING PERFORMANCE

From the operating standpoint, the Company once more proved its ability to consistently maintain the availability of the transmission lines at high levels, reaching the result of 99.97% in 2012. This performance is also due to the quality of the assets and facilities of the Company and, mainly, the technical competence and specialization of the teams responsible for the operation and maintenance of the critical processes. As a result, we controlled the variable portion within the planned limits and closed 2012 recording a portion around 1.2% of our Permitted Annual Revenue (RAP).



TAESA's Operating Revenue was adjusted according to its concession agreements, protecting it from inflationary losses and maintaining it at the levels expected by management. The IGP-M variation is the principal index of adjustment of revenues of TAESA's concessions.

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 from July 1, 2012 to June 30, 2013 - Aneel Homologation Resolution no. 1,313 of June 26, 2012.

** Amounts proportional to the Company's interest in the concessions on 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	0	63,656
STE **	16,984	202	17,186
ATE **	30,977	128	31,105
ATEII **	47,153	230	47,383
ATEIII **	21,637	81	21,718
TOTAL	**1,094,399**	**(6,478)**	**1,087,921**

- 2011-2012 Cycle - RAP from July 1, 2011 to June 30, 2012 - Aneel Homologation Resolution no. 1,171 of June 28, 2011.

** Amounts proportional to the Company's interest in the concessions. Specifically for NTE and subsidiaries of UNISA we have: NTE - 100% of 7 months (December of 2011 to June of 2012) and UNISA subsidiaries - 50% of 7 months (December of 2011 to June of 2012).

2010-2011 Cycle	Total	PA Calculation	Total, Net
TSN	315,383	(2,439)	312,944
MUNIRAH	23,029	(196)	22,833
GTESA	5,775	(49)	5,726
PATESA	13,505	(115)	13,390
NOVATRANS	337,500	(2,495)	335,005
ETAU **	14,507	(372)	14,135
ETEO	114,194	(972)	113,222
BRASNORTE **	6,655	189	6,844
TOTAL	**830,548**	**(6,449)**	**824,099**

- 2010-2011 Cycle - RAP from July 1, 2010 to June 30, 2011 - Aneel Homologation Resolution no. 1,021 of June 29, 2010.

** Amounts proportional to the Company's interest in the concessions.

Operating Efficiency and Management Best Practices

For its part, the Company, in its pursuit of efficiency, focuses its management on operating and administrative processes with to capture maximum value to its shareholders.

Associated with the constant pursuit of improved availability of our assets, from the corporate management standpoint, priority was given to the initiatives that contributed to improving operating efficiency, service quality, internal process results and consequently, profit margins. These actions include, among others: optimization of costs and resources in general, dedication to human resources management; adoption of best business practices; continuous development of the management system through the implementation of improvements in the SAP and other systems; the improvement of the IT platform, and many other similar initiatives.

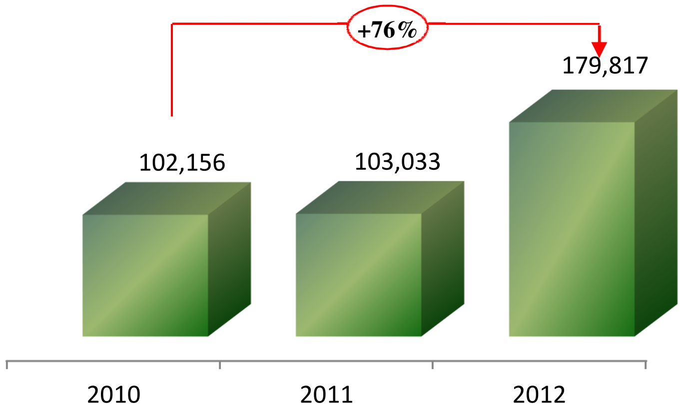
In 2012, TAESA consolidated 100% of the results of NTE and the percentages corresponding to the interests of UNISA throughout 2012, while in 2011 TAESA consolidated only one month (December) of the results of these subsidiaries. TAESA, together with ETAU and Brasnorte, saw increased operating costs and expenses. The increases are related to: employee and management compensation, private retirement funds, provision for profit sharing, expenses with consultants, travel expenses, publications and others.

These factors justify the increased operating costs and expenses in 2012.

	2012			2011		
	TOTAL	NTE + UNISA + SGT	TAESA + BRAS + ETAU	TOTAL	NTE** and UNISA**	TAESA + BRAS + ETAU
Personnel and management	(54,865)	(2,362)	(52,503)	(45,541)	156	(45,697)
Material	(28,653)	(15,930)	(12,723)	(20,958)	(4,982)	(15,976)
Third party services	(81,893)	(45,062)	(36,831)	(27,753)	(1,984)	(25,769)
Other operating costs	(14,406)	(4,053)	(10,353)	(8,781)	1,624	(10,405)
Operating costs and expenses	**(179,817)**	**(67,407)**	**(112,410)**	**(103,033)**	**(5,186)**	**(97,847)**

** In 2011 Taesa consolidated just one month of the results of NTE and UNISA. The table above does not include depreciation and amortization expenses.

Operating Costs and Expenses - Except Depreciation and Amortization



ECONOMIC/FINANCIAL PERFORMANCE

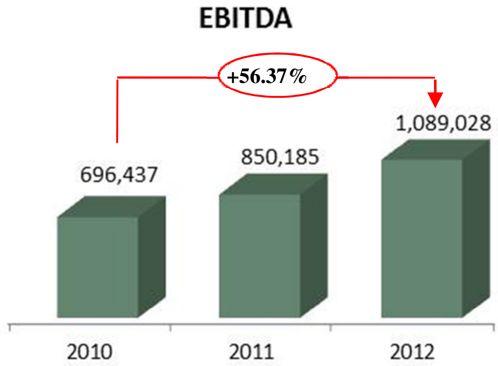
EBITDA

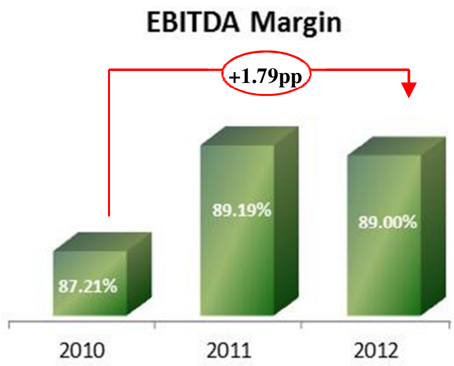
This year, EBITDA totaled R$1,089,028 with EBITDA margin of 89%, 0.19 p.p. lower than the 2011 margin but 1.79 p.p. above the 2010 margin.

	2012	2011	Var	Var (%)
Net operating revenue	1,223,676	953,218	270,458	28.37%
EBITDA	1,089,028	850,185	238,843	28.09%
EBITDA margin - standard	89.00%	89.19%	-	-0.19%
EBITDA Reconciliation				
Income for the year	589,182	495,399		
Financial result	278,304	178,717		
Income tax and social contribution	219,758	174,568		
Depreciation	1,784	1,501		

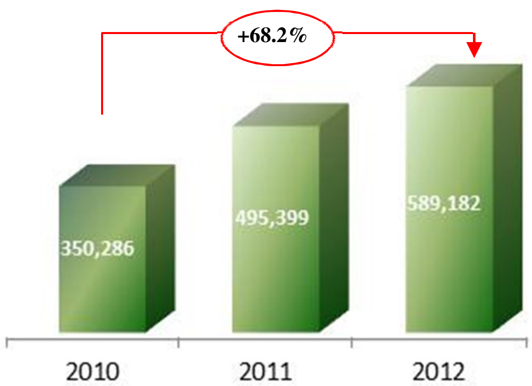
EBITDA	1,089,028	850,185

EBITDA is net income before taxes, net financial expenses and depreciation and amortization. EBITDA is not a recognized measure under BR GAAP and does not represent cash flow for the periods presented and should not be considered an alternative to net income nor a performance indicator. The Company reports EBITDA because it believes that some investors and financial analysts use it as an operating performance indicator.





Net Income



Below we highlight the main drivers for the improved 2012 results:

- ✓ 100% consolidated of NTE results - Contributed R$59,764 to the 2012 consolidated result;
- ✓ Proportional consolidation of the interests of UNISA throughout 2012 (50% from January to June and 100% from July to December) - Contributed R$175,823 to the 2012 consolidated result;
- ✓ Non-recurring gains in the third quarter of 2012 in the amount of R$45,169 relative to the remeasurement of the acquisition of control of UNISA; and
- ✓ RAP readjustment at the Concessionaires relative to the new 2012/2013 cycle.

Debt

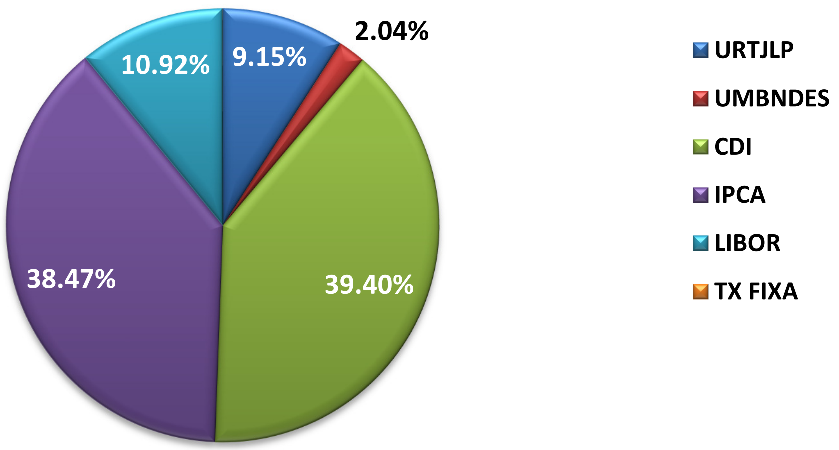
In May of 2012, the Company carried out its "fifth Promissory Note issue" in the amount of R$905 million to finance the acquisition of the remaining 50% of UNISA.

In October of 2012, the Company carried out its "third debentures issue" in the amount of R$2,160 million to redeem the 4th and 5th series of promissory notes, extending the debt profile.

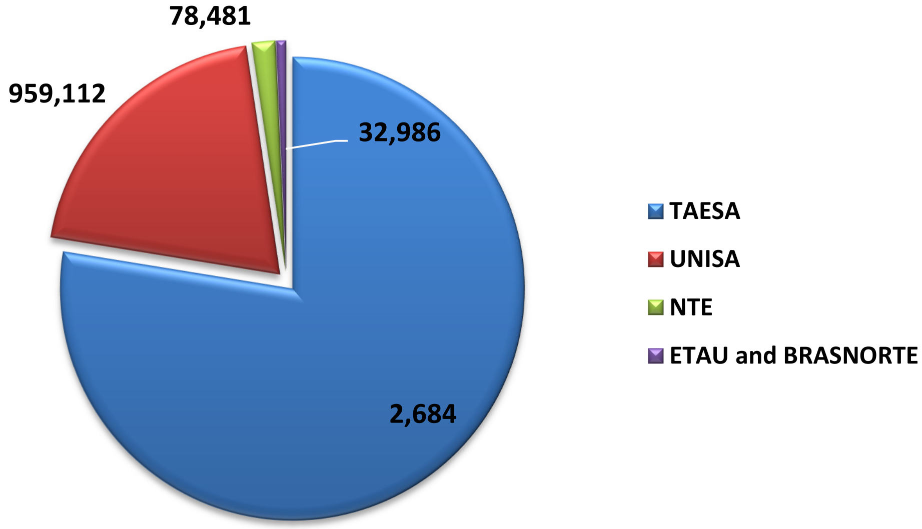
	2012	2011
Current	429,554	1,307,947
Non-current	4,341,467	2,015,405
Gross debt	4,771,021	3,323,352
(-) Cash and other investments	(2,633,044)	(553,965)
Net debt	2,137,977	2,769,387
Net debt /EBITDA	1.96	3.26

Net Debt is not recognized by BR GAAP and does not have a standard meaning. Therefore, it is not comparable to similar measures provided by other companies. Furthermore, it is not a measure of cash flow, liquidity or capacity to honor debt obligations. Net debt represents the sum of Loans and Financing in Current Liabilities and Non-Current Liabilities, less Cash and Cash Equivalents. Net debt is used by the Company to measure its own performance. The Company believes that some investors and financial analysts use net debt as a performance indicator.

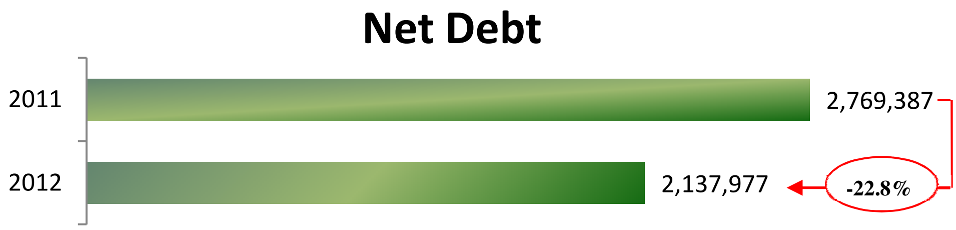
Key Debt Indexers (%)

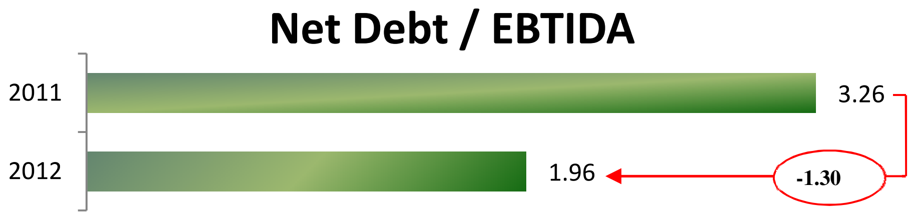


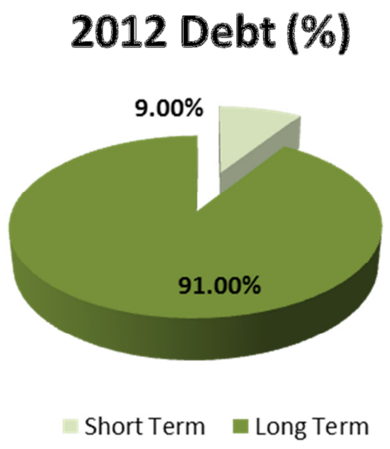
Gross Debt - by Company - R$ thousand

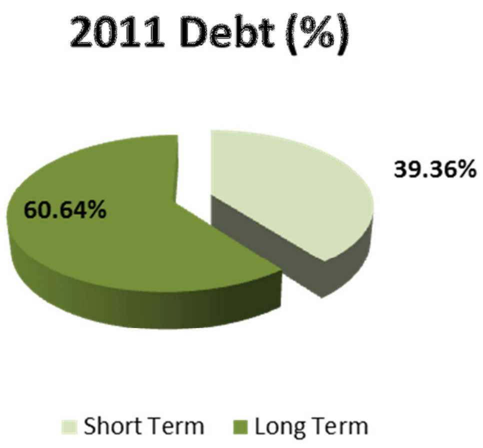



Gross Debt
2011
3,323,352
+43.6%
2012
4,771,021


Net Debt
2011
2,769,387
2012
2,137,977
-22.8%


Net Debt / EBTIDA
2011
3.26
2012
1.96
-1.30


2012 Debt (%)
9.00%
91.00%
Short Term
Long Term


2011 Debt (%)
39.36%
60.64%
Short Term
Long Term

CAPITAL MARKETS

In 2012, Taesa returned to the capital market and in July held its Re-IPO, raising R$1,755 million and increasing its free float to 27% of total capital. In the period of a year, Taesa's units (TAEE11) appreciated 91% and closed 2012 at R$21.80.

On December 31, 2012, the Company's market capitalization was R$7.5 billion.

Rating

The Company obtained from the rating agencies S&P, Moodys e Fitch ratings that reflect a perception of sound profitability and strong cash generation ensuring solid credit indicators and liquidity profile and that positions the Company at the level of "investment grade" within the National and Global Scale with a stable outlook.

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

TECHNICAL MANAGEMENT

Taesa's technical team, supported by all procedures informed above, developed the technical feasibility studies for participation at the auctions held in 2012, with engineering solutions that provided the competitiveness necessary for TAESA to participate in these auctions.

Studies and proposals were also developed aiming at the implementation of new equipment and systems at Taesa's substations, which were referred to as "Reinforcements" and "Improvements." The "Improvements" 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. In this sense, Taesa has continuously invested in the training of its 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, emphasizes their commitment to quality and declare that the Company's over-arching 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 Taesa's employees must be understood as a business strategy and is an integral part of its management model. All investments related to this matter serve a strategic function to ensure, in the present and in the future, availability of the skills required to provide business leadership. By making continuous investments in the growth and development of its 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, the Company's success.

Taesa ensures all its employees, in an ethical and transparent manner, equal opportunities, 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

TAESA believes that people are the company's propelling instruments, 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 Training Policy aims at promoting and providing learning actions and strategies that make it possible for employees to acquire and improve skills and knowledge that may contribute to their professional development, reflecting the value given to the individual and meeting the quality and productivity standards necessary to accomplish Taesa's mission and vision.

Taesa intends to continue to expand its training actions, motivating and supporting employees in their training initiatives aimed at the development of institutional and individual skills.

Career Plan

The aim of Taesa's remuneration policy is to define and maintain equitative criteria for valuation and development, aiming at reaching an internal and external competitive balance in its structures of positions and salaries, as well as benefit plan. Therefore, the Company counts on its own professional structure for executive support and on external consulting, which is independent and renowned in the market, and the job positions structure adopted by the Company is represented by means of a corresponding salary structure.

Furthermore, employees are entitled to a variable compensation, aligned with the Company's financial results, together with the achievement of levels above those expected for the responsibilities established for their positions.

Communication Processes

Taesa believes that effective communication is one of the most important aspects of the success of large organizations. Accordingly, aiming at being increasingly closer to its employees, Taesa made significant investments in communication processes, implementing several vehicles that provide for a strengthening of the bond and trust between the Company and its employees, creating a culture where information is shared at all levels.

Occupational Safety

In its search to commit its staff members to a culture of safety, in 2012 Taesa sponsored a number of training courses and workshops on safety rules and defensive driving.

Safety indicators that serve as inputs to measure Safety and allow planning of accident prevention actions.

SOCIAL AND ENVIRONMENTAL RESPONSIBILITY

The Taesa Group values the investment in social projects, since they contribute to social development and value citizenship. During 2012, roughly R$4,531 was invested under the Rouanet Law, Audiovisual Law and the Sports Law. Below follows a list of projects sponsored during 2012:

Rouanet Law

- "Caminhos da Cultura" ("Culture Paths") Project: The "Caminhos da Cultura" provides for the integrated showing of 80 cultural and environmental attractions in locations of the Paraíba Valley, in partnership with local city councils. A book titled *Caminhos da Cultura - Vale do Café* will be written and published for free distribution at strategic points in the region and select hotels in Rio de Janeiro.

- "A formiguinha e a Neve" ("The Ant and the Snow") Project: The "A Formiguinha e a Neve" project sponsors the production of the children's musical "A Formiguinha e a neve" and complementary workshops to train actors, including teather, circus, chorus, dance, musical ensemble practices, percussion, literature and civics talks at the Lagoinha Cultural Center in Belo Horizonte and the headquarters of the Madre Paula Association for Children and Adolescents.

- "O Som do Resgate" ("The Sound of Rescue") Project: The "Som do resgate" project proposes music, dance and singing workshop for underprivileged children, adolescents and youths in the Praça Seca community of Jacarepaguá.

- "Mata Atlântica - A Arte do Olhar" ("Atlantic Rainforest - the Art of Seeing") Project: The "Mata Atlântica - A Arte do Olhar" project includes the production, edition and publication of the book *Mata Atlântica - A Arte do Olhar*. This book presents a unique visual and reflective summary of the vast cultural significance of this biome that spans 17 of Brazil's 27 states.

- "I Festival Internacional de Filmes de Esporte (FIFE)" ("I International Sports Films Festival") Project: The "I Festival Internacional de Filmes de Esporte (FIFE)" project includes a competitive showing of sports-themed films from around the world as a way of contributing to the publicity of sports film, information on various sports and to encourage physical activity.

- "Projeto "Brasilitália" ("Brazil-Italy Project"): The "Brasilitália - 2ª Mostra de Arte e Produtos Italo_Brasil" project seeks to publicize Brazil, especially Rio de Janeiro and its historical, artistic, cultural, culinary and landscape heritage in various parts of Italy, encourage mutual exchange.

- "Aprimoramento da Infraestrutura do MHAB" ("MHAB Infrastructure Improvement") Project: The "Aprimoramento da Infraestrutura do MHAB - Exposição permanente, palco ao ar livre e auditório" project focuses on better MHAB infrastructure to better exhibit its large three-dimensional collection and improve the outdoor stage, auditorium, and areas used for cultural activities.

- "Copa Fest" Project: The "Copa Fest" project is intended to hold instrumental music performances open to the public in the Gallery Room of the Copacabana Palace hotel. The festival held its 5th edition in 2012 with the support of Taesa since 2009.

- "Temperos do Brasil" ("Brazilian Spices") Project: The "Temperos do Brasil" includes production, edition and publication of an art book with typical recipes from 19 Brazilian states (Bahia, Tocantins, Maranhão, Goiás, Pernambuco, Rio Grande do Sul, Santa Catarina, São Paulo, Rio Grande do Norte, Paraíba, Mato Grosso, Distrito Federal, Sergipe, Alagoas, Minas Gerais, Paraná, Piauí, Pará and Rio de Janeiro), telling the story of each "Chef" that will be representing each state. Each chapter will have 3 recipes, including two savory and one sweet dish.

- "Arte e Luz" ("Art and Light") Project: The "Arte e Luz" includes the production, edition and publication of a bilingual (English and Portuguese) art book about human passions. The book will be illustrated with artistic photographs that mix art, energy and feeling send by Taesa employees.

- "Orquestra Sinfônica e Coral Lírico de Minas Gerais" ("Minas Gerais Symphony Orchestra and Lyrical Choir") Project: The "Orquestra Sinfônica e Coral Lírico de Minas Gerais" project seeks to provide artistic programming of the Minas Gerais Symphony Orchestra (OSMG) and the Minas Gerais Lyrical Choir (CLMG). A total of 34 concerts will be held, being 11 at the Palácio das Artes Grand Theater, 15 in parks, squares and other public areas in the Belo Horizonte metropolitan area and 8 at museums and cultural centers with 2 awards under the Young Soloist Contest and 3 Master Classes for the Minas Gerais Lyrical Choir.

- "Lendas do Sertão - Cultura e Arte no Rio São Francisco" ("Legends of the Sertão - Culture and Art on the San Francisco River"): The project focuses on the presentation and exhibition "Rio São Francisco Navegado," created by Ronaldo Fraga, on display at Espaço Santander Cultural, located at Ground Zero in Recife - Pernambuco State from November 5, 2012 to February 5, 2013. The exhibit seeks to value and publicise the artistic works of the San Francisco River Valley, which is a watershed of local cultures in various Brazilian states, particularly Minas Gerais, Bahia and Pernambuco.

- "As Latas mágicas" ("The Magic Cans") Project: A play. A total of 12 presentations of the children's play "As Latas Mágicas" were given in 12 schools in Tocantins, Maranhão and Bahia states from October 1 to 11, 2012. The project seeks to promote values connected to environmental conservation, recycling, respect for nature, sustainable development and conscientious consumption, friendship, civics and respect for others.

- "Abram-se os Histéricos" ("Open Your Heart, Hysterical People") Project: Theater play inspired by the environment of Jean-Martin Charcot's public classes at Hospital La Salpêtrière at the end of the 19th century in Paris, when new big thing in medicine, literature and even daily life was hysteria.

- "A Moringa quebrada" ("The Broken Water Glass") Project: Play. Because of the broken water glass the night before when the play begins, the city of Upa Cavalo is involved in a comedy of suspense and corruption. With Claudio Tovar, Luciana Fávero.

- "Em nome do Jogo" ("Sleuth") Project: Play - a police thriller by Anthony Shafer shown only once in Brazil. Shortly after it was written and performed in England, it was nominated for and won several theater prizes and in 1972, became a movie for which Michael Cane and Sir Lawrence Olivier were nominated for Best Actor among the films 4 nominations. Sleuth stars Marcos Caruso.

- "1º Circuito Cultural Abengoa - Taesa" ("First Abengoa-Taesa Cultural Circuit") Project: The "1º Circuito Cultural Abengoa Brasil e Taesa" project consists of 6 presentations of "Julinha Relógio na Biblioteca," 8 presentations of "Fazenda Esperança" and 8 presentaitons of "As Latas Mágicas," all children's plays, at the Santa Rita de Cássia Orphanage and public schools in Rio de Janeiro and Sergipe states.

- "Viagem à Terra" ("Journey to Earth") Project: A children's play that seeks to raise awareness of the importance of environmental conservation and prevention of forest fires. The project is in its second consecutive year in Correntinas, Bahia State.

- "Vidas Privadas" ("Private Lives") Project: Production and assembly of the theater piece "Private Lives" written by Noel Coward em 1930. It is a comedy in which a divorced couple discovers that they are honeymooning with their new spouses in the same hotel.

- "Iluminando a Infância" ("Lighting Childhood") Project: The "Iluminando a Infância" project consists of a free showing of 9 quality children's programs, all award-winning or nominated by opinion makers, with free transportation and donation of scripts. It will be held in a Rio de Janeiro teather for more than 24,000 public elementary school children from approximately 200 schools.

- "Jardim Secreto" ("Secret Garden") Project: Children's play adapting *The Secret* Garden by Frances Hodgson Burnett**.**

- "Canal 100" Project: The "Canal 100" project consists of an interant multimedia exhibit on the newsreel "Canal 100" in Rio de Janeiro, São Paulo and Brasília. The project includes restoration of part of the collection and publication of a book with a DVD. Entrance will be free.

- "Corrida da Energia" ("Energy Race") Project: The "A Corrida da Energia" project consists of the production of books that become a board game in which children discover the path of electricity before it gets to their houses, from the generator plant to storage and conduction via cables and wires to the final destination.

- "Leitura em todos os sentidos" ("Reading in all Senses") Project: The "Leitura em todos os sentidos" seeks to promote access to books and reading in accessible formats for the vision impaired via production and distribution of 150 thousand copies for schools and public libraries nationwide.

- "Julinha Relógio na Amazônia" ("Julinha Relógio in the Amazon") Project: The "Julinha Relógio na Amazônia" consists of 12 presentations in public schools and charity organizations, 2 talks on forest fires for up to 50 people and printing of 2,400 copies of a comic book with the specially-created Taesa mascot. 200 copies per presentation will be distributed.

- "Educação Ambiental" ("Environmental Education") Project: The "Educação Ambiental" project will begin with a children's puppet show at schools in two cities to be announced. The show will last 20 to 30 minutes and seeks to raise children's awareness about the importance of environmental conservation. Environmental education workshops will be held, distributing kits.

- "Zeca Pagodinho" Project: The "Zeca Pagodinho" - Montagem do musical" and "Zeca Pagodinho, uma história de amor ao samba" project in Rio de Janeiro will sponso 32 shows.

Lei do Audiovisual

- "Gonzaga de Pai Para Filho" ("Gonzaga from Father to Son") Project: Feature film directed by Breno Silveira.

- "O Vendedor de Passados" ("The Seller of Pasts") Project: Feature film directed by Lula Buarque de Holanda, featuring Lazaro Ramos and Alinne Moraes.

- "Minha mãe é uma peça" ("My Mom is a Piece of Work") Project: Feature film directed by André Pellenz, starring Paulo Gustavo.

- "Vermelho Brasil" ("Red Brazil") Project: Feature film directed by Sylvain Archambault and starring Stellan Skarsgard, Joaquim de Almeida, Théo Frilet, Juliette Lamboley, Olivier Chantreau and Giselle Motta.

- "Bach no Brasil" ("Bach in Brazil") Project: Feature film directed by Ansgar Ahlers and starring Fernanda Montenegro, Stenio Garcia and German actors.

- "Muitos Homens num só" ("Many Men in One") Project: Feature film directed by Mini Kerti.

- "Circo Místico" ("Mystic Circus") Project: Feature film directed by Cacá Diegues.

- "Vazante" ("Leaking") Project: Feature film.

- "Flores raras" ("Rare Flowers") Project: Feature film directed by Bruno Barreto.

- "Juízo Final" ("Final Judgement") Project: Feature film directed by Andrucha Wadington.

- "A noite nunca tem fim" ("The Night Never Ends") Project: Documentary about the Brazilian rock band Barão Vermelho.

- "Maria da Penha" Project: Feature film directed by Vicente Amorim.

- "O Gorila" ("The Gorilla") Project: Feature film directed by José Eduardo Belmonte and starring Mariana Ximenes, Alessandra Negrini and Otavio Muller.

Sports Law

- "Mão na Bola" ("Ball in Hand") Project: The sports project "Mao na Bola", sponsored by TAESA in 2010 and 2011, targeted the formation of beach volleyball players, offering young people aged from 11 to 20 years excellent training. In addition to promoting the insertion of new players in domestic and international tournaments, it also aims to build future champions.

- "Tour do Rio" ("Tour de Rio") Project: The "Tour do Rio" sporting project is a long cycling race similar to those held in European countries like France, Italy and Spain and approved by the International Cycling Union (UCI) and the Brazilian Cycling Confederation (CBC).

  It is an international event that visits the cities of Angra dos Reis, Volta Redonda, Três Rios, Teresópolis , Rio das Ostras and Rio de Janeiro, mobilizing cycling athletes and teams from various countries, providing visibility for Rio de Janeiro and making it a part of the world cycling calendar.

RELATIONSHIP WITH THE INDEPENDENT AUDITORS

As per the notice to the market published by the Company on April 25, 2012, the Company changed independent auditors, effective for the 2012 fiscal year, as provided by Article 31 of CVM Instruction no. 308/99.

The Company contracted Deloitte Touche Tohmatsu Auditores Independentes ("Deloitte") to provide independent auditing services related to the financial statements for 3 (three) consecutive years, valued at R$963 thousand annually, readjusted by the IGP-M. Also in 2012, the contract was amended to include (i) new wholly-owned subsidiaries and (ii) elaboration of appraisal reports of net book value of certain subsidiaries in the amount of R$437 thousand. In 2012, the Company also contracted Deloitte to provide other services related to independent auditing in the amount of R$1,843 thousand, basically related to the issue of a letter of comfort in the involvement of the auditors in the Company's Units and Debentures issues.

Taesa's policies in the contracting services not related to the external audit with its independent auditors aim to ensure that there is no conflict of interests, loss of independence or objectivity and are substantiated by the principles that preserve the independence of the auditor.

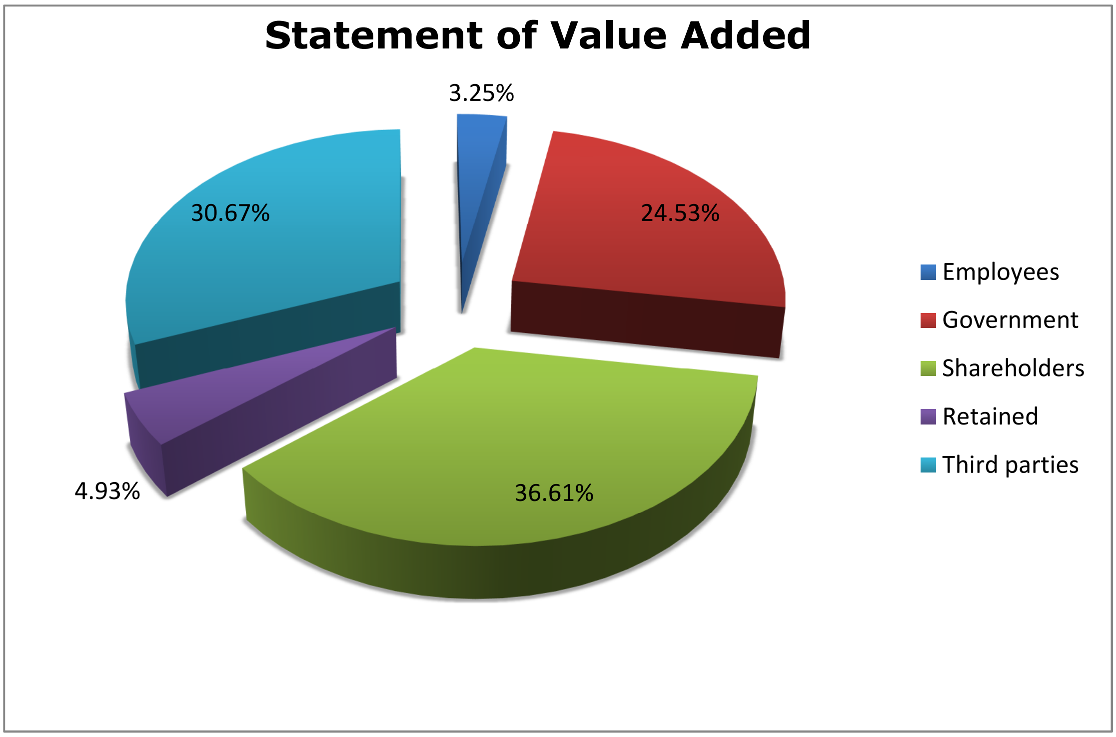
During the year ended December 31, 2012 no services were rendered by its independent auditors, other than those related to auditing.

CVM - BM&FBOVESPA

The Company is subject to arbitration in the market arbitration chamber, pursuant to an arbitration clause contained in its bylaws.

Management Statement

The members of the Board of Executive Officers of the Company, in performing their legal and statutory functions, hereby state that they reviewed, discussed, and agree with the Company's Financial Statements and the opinion of the independent auditors as expressed in the Independent Auditors' Report on the Financial Statements for the year ended December 31, 2012.



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

Annual Social Balance - 2012 and 2011

Transmissora Aliança de Energia Elétrica S.A.

1 - Calculaiton Basis	2012			2011		
Net revenue (NR)			1,223,676			953,218
Operating income (OI)			1,087,244			848,684
Gross payroll (GP)			54,865			45,541
2 - Internal Social Indicators	**Amount**	**% on FPB**	**% on RL**	**Amount**	**% on FPB**	**% on RL**
Food	2,222	4.05%	0.18%	1,758	3.86%	0.18%
Mandatory social charges	10,701	19.50%	0.87%	10,512	23.08%	1.10%
Private pension	1,295	2.36%	0.11%	-	0.00%	0.00%
Health	2,965	5.40%	0.24%	2,376	5.22%	0.25%
Occupational health and safety	127	0.23%	0.01%	131	0.29%	0.01%
Education	-	0.00%	0.00%	-	0.00%	0.00%
Culture	-	0.00%	0.00%	-	0.00%	0.00%
Training and Development	725	1.32%	0.06%	452	0.99%	0.05%
Daycare or daycare stipend	-	0.00%	0.00%	-	0.00%	0.00%
Profit sharing	8,095	14.75%	0.66%	5,123	11.25%	0.54%
Other	674	1.23%	0.06%	340	0.75%	0.04%
Total - internal social indicators	26,805	48.86%	2.19%	20,691	45.43%	2.17%
3 - External Social Indicators	**Amount**	**% on RO**	**% on RL**	**Amount**	**% on RO**	**% on RL**
Education	-	0.00%	0.00%	-	0.00%	0.00%
Culture	1,480	0.14%	0.12%	2,889	0.34%	0.30%
Health and sanitation	-	0.00%	0.00%	-	0.00%	0.00%
Sports	443	0.04%	0.04%	363	0.04%	0.04%
Hunger eradication and food security	-	0.00%	0.00%	-	0.00%	0.00%
Other	250	0.02%	0.02%	-	0.00%	0.00%
Total contributions to society	2,173	0.20%	0.18%	3,252	0.38%	0.34%
Taxes (excluding social charges)	347,955	32.00%	28.44%	256,455	30.22%	26.90%
Total - external social indicators	350,128	32.20%	28.61%	259,707	30.60%	27.25%
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	830,417	76.38%	67.86%	636,932	75.05%	66.82%
Total investments in environment	830,417	76.38%	67.86%	636,932	75.05%	66.82%
Regarding the establishment of "annual goals" to minimize waste, general consumption in production/operatioin and increasing efficiency in using natural resources, the company:	( ) has no goals ( ) meets from 51to 75% ( ) meets from 0 to 50% (x) meets from 76 to 100%			( ) has no goals ( ) meets from 51to 75% ( ) meets from 0 to 50% (x) meets from 76 to 100%		
5. Employee Indicators	**2012**			**2011**		
Number of employees at the end of the period	258			244		
Number of hires during the period	55			43		
Number of outside employees	25			28		
Number of trainees	14			7		
Number of employees over 45 years	53			46		
Number of females working in the company	40			30		
% of leading positions occupied by women	1.16%			0.80%		
Number of black employees working in the company	32			9		
% of leading positions occuped by black employees	5.00%			0.00%		
Number of disables employees	1			-		
6 - Important information on the exercise of corporate citizenship	**2012**			**2011**		
Ratio between highest and lowest compensation paid by the company	4637%			2672%		
Total number of work accidents	1			-		
Social and environmental projects developed by the company were defined by:	( ) management	(x) management and sectors	( ) all employees	( ) management	(x) management and sectors	( ) all employees
Safety and heatl standards in the work environment were defined by:	(x) management and sectors	( ) all employees	( ) all + Cipa	(x) management and sectors	( ) all employees	( ) all + Cipa
With respect to union freedom, the right to collective bargaining and internal representation of employees, the company:	( ) does not get involved	(x) follows OIT standards	( ) encourages and follows OIT	( ) does not get involved	(x) follows OIT standards	( ) encourages and follows OIT
Profit sharing includes:	( ) management	(x) management and sectors	( ) all employees	( ) management	(x) management and sectors	( ) all employees
In the selection of suppliers, the same ethical and social and environmental standards adopted by the company:	( ) are not considered	( ) are suggested	(x) are required	( ) are not considered	( ) are suggested	(x) are required
With respect to employees' participation in voluntary programs, the company:	( ) does not get involved	(x) supports	( ) organizes and encourages	( ) does not get involved	(x) supports	( ) organizes and encourages
Total number of compaints and criticisms by consumers:	in the company _______	in Procon _______	in court _______	in the company _______	in Procon _______	in court _______
% of complaints and criticisms fulfilled or solved:	in the company _______	in Procon _______	in court _______	in the company _______	in Procon _______	in court _______
Total added value to distribute (in thousands of R$):	**In 2012: 1,418,315**			**In 2011: 1,024,314**		
Distribution of value added (DVA):	24.53% government 36.61% shareholders 4.93% retained 30.67 % third parties 3.25% employees			25.07% government 20.94% shareholders 27.48% retained 22.82% third parties 3.69% employees		
7 - Other Information						

(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, 2012, and related additional documents.

Rio de Janeiro, March 25, 2013

José Aloise Ragone Filho
Managing Officer

Cristiano Correa de Barros
Chief Financial and Investor Relations Officer

Marco Antonio Resende Faria
Chief Technical Officer

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 opinion on the Company's financial statements for the year ended December 31, 2012, and related additional documents.

Rio de Janeiro, March 25, 2013

José Aloise Ragone Filho Managing Officer	Cristiano Correa de Barros Chief Financial and Investor Relations Officer

Marco Antonio Resende Faria
Chief Technical Officer

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SUPERVISORY BOARD 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, 10º andar, salas 1002 e 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, 2012, as well as Management’s proposal for allocation of the profit for 2012 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 25, 2013

Clayton Ferraz de Paiva

João Carlos Lindau

Dio Jaime Machado de Almeida

Jorge Khoury Hedaye

Isabel da Silva Ramos Kemmelmeier

Deloitte Touche Tohmatsu
Av. Presidente Wilson, 231 - 22º
25º e 26º andares
Rio de Janeiro - RJ - 20030-905
Brasil

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www.deloitte.com.br

(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, 2012, 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 selected 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.

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, 2012, 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, 2012, 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

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 IFRSs, 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, 2012, 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 subjected 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.

Audit of Financial Statements for the Year Ended December 31, 2011 and Balance Sheet as at December 31, 2010

The financial statements referred to in paragraph 1 include information for the year ended December 31, 2011 and the balance sheet as at December 31, 2010, presented for purposes of comparison, obtained from the financial statements for the years then ended, the latter originally prepared before the reclassifications described in Note 3.6, which were made to restate the 2011 financial statements and the balance sheet as at December 31, 2010. The financial statements for the year ended December 31, 2011 and the balance sheet as at December 31, 2010, as originally prepared, were previously audited by another auditor who issued a report dated May 25, 2012, which did not have any modification.

As part of our audit procedures for the financial statements for the year ended December 31, 2012, we have also audited the reclassifications described in Note 3.6, which have been made to restate the information contained in the financial statements for the year ended December 31, 2011 and the balance sheet as at December 31, 2010, presented for purposes of comparison. In our opinion, these adjustments are fairly presented, in all material respects, in relation to the financial statements taken as a whole. We have not been engaged to audit or apply any other procedure to the Company's financial statements for the years ended December 31, 2011 and 2010 and, therefore, we do not express an opinion or any form of assurance on the financial statements for the years then ended taken as a whole.

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

Rio de Janeiro, March 25, 2013

DELOITTE TOUCHE TOHMATSU	José Carlos Monteiro
Auditores Independentes	Engagement Partner

TAESA
Transmissora Aliança de Energia Elétrica S.A.

BALANCE SHEETS AS AT DECEMBER 31, 2012
(Amounts in thousands of Brazilian reais - R$)

		Consolidated			Parent		
	Note	2012	2011 (Restated)	01/01/2011 (Restated)	2012	2011 (Restated)	01/01/2011 (Restated)
Assets							
Current assets							
Cash and cash equivalents	6	543,266	495,406	414,578	123,868	265,593	410,335
Short-term investments at fair value	6	1,877,000	-	-	1,877,000	-	-
Short-term investments at amortized cost and restricted deposits	6	61,765	-	-	61,765	-	-
Trade receivables	7	157,885	138,187	88,004	96,055	97,851	85,860
Financial asset	7	1,023,734	820,544	542,352	606,372	580,553	528,034
Taxes and contributions	8	71,041	61,399	31,489	21,271	15,869	30,980
Derivatives	18	967	1,927	-	-	-	-
Dividends receivable	22	-	-	-	17,943	10,358	1,200
Other assets		3,723	3,099	786	792	786	786
Other receivables	14	44,612	36,187	6,468	54,362	44,505	6,926
Total current assets		**3,783,993**	**1,556,749**	**1,083,677**	**2,859,428**	**1,015,515**	**1,064,121**
Noncurrent assets							
Investments at amortized cost and restricted deposits	6	151,013	58,559	62,835	47,634	-	60,998
Other receivables	14	6,738	3,537	-	4,997	729	-
Escrow deposits	11	12,699	9,781	3,579	3,599	3,599	3,385
Taxes and contributions	8	19,215	-	-	-	-	-
Deferred taxes and contributions	9	281,425	327,597	468,029	281,346	327,577	465,944
Deferred taxes	10	-	381	729	-	569	729
Financial asset	7	5,356,531	4,215,380	2,769,725	2,571,589	2,660,021	2,594,751
Investment	12	-	-	-	2,328,478	1,290,605	137,251
Property, plant and equipment		17,456	13,940	12,741	16,837	13,930	12,741
Intangible assets	13	7,294	6,447	4,159	4,855	3,884	4,159
Total non-current assets		**5,852,371**	**4,635,622**	**3,321,797**	**5,259,335**	**4,300,914**	**3,279,958**
Total assets		**9,636,364**	**6,192,371**	**4,405,474**	**8,118,763**	**5,316,429**	**4,344,079**

(continued)

TAESA
Transmissora Aliança de Energia Elétrica S.A.

BALANCE SHEETS AS AT DECEMBER 31, 2012
(Amounts in thousands of Brazilian reais - R$)

	Note	Consolidated			Parent		
		2012	2011 (Restated)	01/01/2011 (Restated)	2012	2011 (Restated)	01/01/2011 (Restated)
Liabilities							
Current liabilities							
Trade payables		26,692	33,009	11,578	9,938	12,293	10,624
Borrowings and financing	16	166,355	1,274,685	24,269	16,292	1,190,828	16,453
Debentures	17	263,199	33,262	29,748	263,199	33,262	29,748
Regulatory charges		52,126	39,435	12,368	33,696	28,614	12,003
Taxes and contributions	8	22,078	13,961	16,468	7,878	4,765	14,884
Dividends payable	22	99,648	214,270	203,600	99,648	214,270	203,600
Derivatives	18	-	632	-	-	-	-
Other payables	14	22,825	38,637	11,799	15,688	10,666	9,707
Total current liabilities		**652,923**	**1,647,891**	**309,830**	**446,339**	**1,494,698**	**297,019**
Noncurrent liabilities							
Borrowings and financing	16	921,967	580,708	72,299	1,451	16,955	32,399
Debentures	17	3,419,500	1,434,697	1,414,980	3,419,500	1,434,697	1,414,980
Deferred taxes and contributions	9	166,685	53,864	-	-	-	-
Deferred taxes	10	326,076	188,237	93,378	114,849	87,875	84,922
Provision for labor, tax, and civil risks	19	3,122	949	459	878	334	290
Other payables	14	48,848	33,553	6,174	38,503	29,398	6,115
Total noncurrent liabilities		**4,886,198**	**2,292,008**	**1,587,290**	**3,575,181**	**1,569,259**	**1,538,706**
Total liabilities		**5,539,121**	**3,939,899**	**1,897,120**	**4,021,520**	**3,063,957**	**1,835,725**
Equity							
Share capital	21	3,042,035	1,312,536	1,312,536	3,042,035	1,312,536	1,312,536
Capital reserve	21	594,507	594,507	594,507	594,507	594,507	594,507
Earnings reserve	21	201,059	345,429	397,712	201,059	345,429	397,712
Proposed additional dividends	21	259,642	-	203,599	259,642	-	203,599
Total equity		**4,097,243**	**2,252,472**	**2,508,354**	**4,097,243**	**2,252,472**	**2,508,354**
Total liabilities and equity		**9,636,364**	**6,192,371**	**4,405,474**	**8,118,763**	**5,316,429**	**4,344,079**

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

TAESA
Transmissora Aliança de Energia Elétrica S.A.

INCOME STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2012
(Amounts in thousands of Brazilian reais - R$, except earnings per share)

	Note	Consolidated		Parent	
		2012	2011 (Restated)	2012	2011 (Restated)
Net operating revenue	27	**1,223,676**	**953,218**	**753,842**	**895,330**
Operating costs					
Personnel and management		(27,180)	(23,964)	(24,584)	(23,393)
Materials		(28,653)	(20,958)	(12,136)	(14,282)
Outside services		(49,755)	(16,166)	(12,388)	(11,918)
Depreciation and amortization		(707)	(445)	(580)	(434)
Other operating costs		(2,528)	(2,557)	(1,018)	(4,300)
		(108,823)	(64,090)	(50,706)	(54,327)
Gross profit		**1,114,853**	**889,128**	**703,136**	**841,003**
General and administrative expenses					
Personnel and management		(27,685)	(21,577)	(27,574)	(21,965)
Outside services		(32,138)	(11,587)	(21,464)	(10,984)
Depreciation and amortization		(1,077)	(1,056)	(1,077)	(1,056)
Other general and administrative expenses, net	26	(11,878)	(6,224)	(9,216)	(5,912)
		(72,778)	(40,444)	(59,331)	(39,917)
Other operating income					
Gain on remeasurement in acquisition of UNISA's control	2.1	45,169	-	45,169	-
Profit before finance income (costs), net, share of profits of subsidiaries and taxes		**1,087,244**	**848,684**	**688,974**	**801,086**
Share of profit of subsidiaries	12	-	-	249,307	27,721
Finance income	28	155,627	54,907	120,644	50,914
Finance costs	28	(433,931)	(233,624)	(340,460)	(213,056)
Finance income (cost), net		(278,304)	(178,717)	(219,816)	(162,142)
Pretax profit		**808,940**	**669,967**	**718,465**	**666,665**
Current income tax and social contribution	20	(132,648)	(33,201)	(70,989)	(32,900)
Deferred income tax and social contribution	20	(87,110)	(141,367)	(58,294)	(138,366)
Income tax and social contribution		(219,758)	(174,568)	(129,283)	(171,266)
Profit attributable to the owners of the Company		**589,182**	**495,399**	**589,182**	**495,399**
Earnings per share					
Common share - basic (in R$)	25	0.65628	0.62669	0.65628	0.62669
Preferred share - basic (in R$)	25	0.65628	0.62669	0.65628	0.62669
Common share - diluted (in R$)	25	0.65628	0.62669	0.65628	0.62669
Preferred share - diluted (in R$)	25	0.65628	0.62669	0.65628	0.62669

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

STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED DECEMBER 31, 2012
(Amounts in thousands of Brazilian reais - R$)

	Consolidated		Parent	
	2012	**2011**	**2012**	**2011**
Profit for the year	**589,182**	**495,399**	**589,182**	**495,399**
Other comprehensive income	-	-	-	-
Total comprehensive income	**589,182**	**495,399**	**589,182**	**495,399**

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

TAESA Transmissora Aliança de Energia Elétrica S.A.

STATEMENTDS OF CHANGES IN EQUITY (PARENT AND CONSOLIDATED) FOR THE YEAR ENDED DECEMBER 31, 2012
(Amounts in thousands of Brazilian reais - R$)

	Note	Share capital	Capital reserve Special goodwill	Earnings reserves Legal	Earnings reserves Tax incentive	Earnings reserves Special	Proposed additional dividends	Retained earnings	Total
Balance as at December 31, 2010		**1,312,536**	**594,507**	**64,297**	**-**	**333,415**	**203,599**	**-**	**2,508,354**
AGOE held on April 27, 2011:									
Approval of proposed additional dividends	21	-	-	-	-	-	(203,599)	-	(203,599)
Allocation of special reserve as additional dividends	21	-	-	-	-	(333,415)	-	-	(333,415)
Profit for the year		-	-	-	-	-	-	495,399	495,399
Allocation of profit for the year:									
Legal reserve	21	-	-	24,770	-	-	-	(24,770)	-
Tax incentive reserve	21	-	-	-	42,095	-	-	(42,095)	-
Mandatory dividends	21	-	-	-	-	-	-	(214,267)	(214,267)
Recognition of special reserve	21	-	-	-	-	214,267	-	(214,267)	-
Balance as at December 31, 2011		**1,312,536**	**594,507**	**89,067**	**42,095**	**214,267**	**-**	**-**	**2,252,472**
AGOE held on April 27, 2012:									
Allocation of special reserve as additional dividends	21	-	-	-	-	(214,267)	-	-	(214,267)
Capital increase - new share issuance	21	1,755,000	-	-	-	-	-	-	1,755,000
Share issuance costs	21	(25,501)	-	-	-	-	-	-	(25,501)
Interim dividends paid	21	-	-	-	-	-	-	(160,000)	(160,000)
Profit for the year		-	-	-	-	-	-	589,182	589,182
Allocation of profit for the year:									
Legal reserve	21	-	-	29,459	-	-	-	(29,459)	-
Tax incentive reserve	21	-	-	-	40,438	-	-	(40,438)	-
Mandatory dividends	21	-	-	-	-	-	-	(99,643)	(99,643)
Proposed additional dividends	21	-	-	-	-	-	259,642	(259,642)	-
Balance as at December 31, 2012		**3,042,035**	**594,507**	**118,526**	**82,533**	**-**	**259,642**	**-**	**4,097,243**

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

TAESA
Transmissora Aliança de Energia Elétrica S.A.

STATEMENTS OF CASH FLOWS FOR THE YEAR ENDED DECEMBER 31, 2012
(Amounts in thousands of Brazilian reais - R$)

	Note	Consolidated		Parent	
		2012	2011 (Restated)	2012	2011 (Restated)
Cash flows from operating activities					
Profit for the year		589,182	495,399	589,182	495,399
Adjustments to:					
Share of profit of subsidiaries	12	-	-	(249,307)	(27,721)
Depreciation and amortization		1,784	1,501	1,657	1,490
Provision for labor, tax, and civil risks	19	174	490	544	44
Tax credit recognized in the year - COFINS	8	(12,284)	-	(12,284)	-
Interest, inflation adjustments and exchange differences on borrowings and financing	16	223,376	34,915	134,065	15,109
Inflation adjustment and interest on debentures	17	202,608	193,138	202,608	193,138
Current income tax and social contribution	20	132,648	33,201	70,989	32,900
Deferred income tax and social contribution	20	87,110	141,367	58,294	138,366
Deferred taxes	10	4,012	6,056	(4,127)	3,114
Exchange differences of US dollar-denominated bank accounts	29	(6,203)	(1,281)	-	-
Compensation of financial assets	7	(958,126)	(752,307)	(546,680)	(709,202)
Gain on remeasurement of acquisition of control of UNISA	2.1	(45,169)	-	(45,169)	-
Changes in assets and liabilities:					
(Increase) decrease in trade receivables	7	7,434	12,181	1,796	(11,991)
Decrease in financial assets	7	948,210	597,562	628,900	591,413
(Increase) decrease in taxes and contributions assets, less liabilities	8	44,849	(33,941)	16,007	25,311
Increase in escrow deposits and other assets		(7,539)	(35,061)	(14,137)	(43,874)
Increase (decrease) in trade payables		(9,056)	(4,905)	(2,355)	1,669
Increase in regulatory charges		6,912	27,067	5,082	16,611
Increase (decrease) in other payables		(24,597)	31,871	14,134	24,273
Increase in deferred taxes and contributions net	9	-	35,604		-
Increase in deferred taxes, net	10	-	36,141	-	-
Dividends received from subsidiaries	12	-	-	127,613	5,691
Cash provided by operating activities		1,185,325	818,998	976,812	751,740
Income tax and social contribution paid		(150,666)	(68,821)	(77,001)	(53,218)
Net cash provided by operating activities		**1,034,659**	**750,177**	**899,811**	**698,522**
Cash flows from investing activities					
(Increase) in short-term investments at fair value	6	(1,877,000)	-	(1,877,000)	-
(Increase) decrease in short-term investments at amortized cost and restricted deposits	6	(103,329)	58,729	(109,399)	60,998
Acquisition of subsidiaries, net of acquired cash	2	(658,874)	(912,052)	(876,193)	(1,130,516)
Additions to property, plant and equipment and intangible assets		(6,127)	(2,414)	(5,535)	(2,406)
Capital increase in subsidiaries	12	-	-	(2,401)	(4,640)
Net cash used in investing activities		**(2,645,330)**	**(855,737)**	**(2,870,528)**	**(1,076,564)**
Cash flows from financing activities					
Borrowings and financing	16	809	755	727	755
Issue of debentures	17	2,157,463	-	2,157,463	-
Issue of promissory notes	16	904,839	1,163,643	904,839	1,164,191
Payment of borrowings and financing - principal	16	(128,260)	(29,528)	(16,200)	(16,199)
Payment of borrowings and financing - interest	16	(61,468)	(10,912)	(2,437)	(4,925)
Payment of promissory notes - principal	16	(2,068,643)	-	(2,069,191)	-
Payment of promissory notes - interest	16	(141,842)	-	(141,842)	-
Payment of debentures - interest	17	(145,332)	(169,908)	(145,332)	(169,908)
Issuance of shares in the Parent	21	1,729,499	-	1,729,499	-
Dividends paid	22	(588,534)	(767,662)	(588,534)	(740,614)
Net cash provided by financing activities		**1,658,531**	**186,388**	**1,828,992**	**233,300**
Increase (decrease) in cash and cash equivalents, net		**47,860**	**80,828**	**(141,725)**	**(144,742)**
Opening balance of cash and cash equivalents	6	495,406	414,578	265,593	410,335
Closing balance of cash and cash equivalents	6	543,266	495,406	123,868	265,593
Increase (decrease) in cash and cash equivalents, net		**47,860**	**80,828**	**(141,725)**	**(144,742)**

The accompanying notes are an integral part of these financial statements

TAESA Transmissora Aliança de Energia Elétrica S.A.

STATEMENTS OF VALUE ADDED FOR THE YEAR ENDED DECEMBER 31, 2012
(Amounts in thousands of Brazilian reais - R$)

	Consolidated		Parent	
	2012	2011 (Restated)	2012	2011 (Restated)
Revenues				
Operation and maintenance	357,052	263,479	261,412	248,954
Construction and indemnity	21,151	8,926	6,857	2,667
Compensation of financial assets	958,126	752,307	546,680	709,202
Other operating income	434	1,103	840	790
	1,336,763	1,025,815	815,789	961,613
Inputs acquired from third parties				
(Includes taxes - ICMS, IPI, PIS and COFINS)				
Materials, power, outside services and other	(110,546)	(48,711)	(45,988)	(37,184)
General, administrative and other expenses	(8,030)	(7,312)	(4,526)	(8,877)
	(118,576)	(56,023)	(50,514)	(46.061)
Gross value added	1,218,187	969,792	765,275	915,552
Depreciation, amortization and depletion	(1,784)	(1,501)	(1,657)	(1,490)
Wealth created by the Company	1.216.403	968,291	763,618	914,062
Wealth received in transfer				
Share of profit of subsidiaries	-	-	249,307	27,721
Finance income	155,627	54,907	120,644	50,914
Other	46,285	1,116	45,169	618
Wealth for distribution	**1,418,315**	**1,024,314**	**1,178,738**	**993,315**
Wealth distributed				
Personnel				
Salaries and wages	28,060	27,194	27,682	27,477
Benefits	16,103	8,525	14,852	8,323
FGTS	1,968	2,001	1,747	1,908
	46,131	37,720	44,281	37,708
Taxes, fees and contributions				
Federal (including ANEEL's regulatory charges)	344,018	255,835	201,349	245,985
State	3,785	424	3,325	410
Municipal	152	196	142	139
	347,955	256,455	204,816	246,534
Lenders and lessors				
Debt charges, inflation adjustment and exchange differences, net	425,984	229,334	336,673	208.765
Other	9,063	5,406	3,786	4.909
	435,047	234,740	340,459	213.674
Shareholders				
Interim dividends paid	160,000	-	160,000	-
Legal reserve	29,459	24,770	29,459	24,770
Tax incentive reserve	40,438	42,095	40,438	42,095
Mandatory dividends	99,643	214,267	99,643	214,267
Proposed additional dividends	259,642	-	259,642	-
Special reserve	-	214,267	-	214,267
	589,182	495,399	589,182	495,399
Total wealth distributed	**1,418,315**	**1,024,314**	**1,178,738**	**993,315**

The accompanying notes are an integral part of these financial statements

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2012
(In thousands of Brazilian reais (R$), unless otherwise indicated)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2012
(In thousands of Brazilian reais (R$), unless otherwise indicated)

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, nº 20 salas 1.002 e 1.003 - Centro - Rio de Janeiro - CEP: 20010-010.

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: (i) planning studies and activities; (ii) chemical analysis of materials and equipment; (iii) basic and detailed engineering services, search and procurement process, performance of construction work, commissioning; (iv) lease, loan or onerous assignment of equipment, infrastructure and facilities; and (v) 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 interest 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, 2012, the Company's controlling shareholders were Cemig Geração e Transmissão S.A. (Cemig GT), a publicly-held company and wholly-owned subsidiary of Companhia Energética de Minas Gerais - CEMIG, and Fundo de Investimento em Participações Coliseu - FIP Coliseu (see Note 21).

Subsidiaries and jointly controlled entities - the Company holds ownership interest in the following entities:

- Subsidiaries: NTE - Nordeste Transmissora de Energia S.A. ("NTE"), UNISA - União de Transmissoras de Energia Elétrica S.A. ("UNISA") and São Gotardo Transmissora de Energia Elétrica Ltda. ("SGT").

- Jointly controlled entities: ETAU - Empresa de Transmissão do Alto Uruguai S.A. ("ETAU") and Brasnorte Transmissora de Energia S.A. ("BRASNORTE").

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2012
(In thousands of Brazilian reais (R$), unless otherwise indicated)

The Company's subsidiaries and jointly controlled entities (herein defined as "Taesa Group" or "Group" when referred to together with the Company) are privately-held companies domiciled in Brazil and headquartered in the State of Rio de Janeiro. Except for UNISA, which is engaged in holding interests in the capital of public and private power transmission companies, either in Brazil and throughout the American continent, all other companies in which the Company holds ownership interest are engaged in operating and using the power transmission concessions and implementing, operating and upkeeping the basic grid facilities of the SIN's basic grid over a 30-year term. For further information on the Company's subsidiaries and jointly controlled entities, see Note 12.

Subsidiaries NTE and UNISA, including their subsidiaries STE - Sul Transmissora de Energia S.A. ("STE") and ATE Transmissora de Energia S.A. ("ATE"), were merged into Taesa on January 31, 2013. For more information, see Note 32.

Concession arrangements - Below are the concession arrangements among the Company, its subsidiaries and jointly controlled entities:

	Concessions	Acquisition / Establishment Concession agreement	Beginning of concession End of concession	Location of substations	Length/voltage of the transmission line	
TAESA	TSN - Transmissora Sudeste Nordeste	06/06/2006 097/2000	12/20/2000 12/20/2030	Serra da Mesa I - GO Serra da Mesa II - GO Rio das Éguas - BA Bom Jesus da Lapa II - BA Ibicoara - BA Sapeaçu - BA Sapeaçu - BA	1,062 km 7 km	500 kV 230kV
TAESA	Munirah - Transmissora de Energia	03/31/2006 006/2004	02/18/2004 02/18/2034	Sapeaçu - BA Camaçari - BA	107 km	500 kV
TAESA	Gtesa - Goiânia Transmissora de Energia	11/30/2007 001/2002	01/21/2002 01/21/2032	Goianinha - PE Mussuré II - PB	51 km	230 kV
TAESA	Patesa - Paraíso Açu Transmissora de Energia	11/30/2007 087/2002	11/12/2002 11/12/2032	Paraíso - RN Açu II - RN	135 km	230 kV
TAESA	Novatrans Energia	06/06/2006 095/2000	12/20/2000 12/20/2030	Imperatriz - MA Colinas - TO Miracema - TO Gurupi - TO Serra da Mesa - GO Samamabaia - DF	1,278 km	500 kV
TAESA	ETEO - Empresa de Transmissão de Energia do Oeste	05/31/2008 040/2000	05/12/2000 05/12/2030	Taquaraçu - SP Assis - SP Sumaré - SP	502 km	440 kV
NTE	Nordeste Transmissora de Energia	11/30/2011 002/2002	01/21/2002 01/21/2032	Campina Grande II - PB Angelim II - PE Xingó - SE	186 km 197 km	230 kV 500 kV
ETAU	ETAU - Empresa de Transmissão Alto Uruguai	12/28/2007 082/2002	12/18/2002 02/18/2032	Campos Novos - SC Barra Grande - SC Lagoa Vermelha 2 - RS Santa Marta - RS	188 km	230 kV

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2012
(In thousands of Brazilian reais (R$), unless otherwise indicated)

	Concessions	Acquisition / Establishment Concession agreement	Beginning of concession End of concession	Location of substations	Length/voltage of the transmission line	
BRASNORTE	Brasnorte Transmissora de Energia	09/17/2007 003/2008	03/17/2008 03/17/2038	Juba - MT Jauru - MT Brasnorte - MT Nova Mutum - MT	382 km	230 kV
UNISA	STE - Sul Transmissora de Energia S.A	11/30/2011 081/2002	12/19/2002 12/19/2032	Maçambará - RS Santa Rosa - RS Santo Ângelo - RS Uruguaiana - RS	389 km	230 kV
	ATE Transmissora de Energia	11/30/2011 003/2004	02/18/2004 02/18/2034	Londrina - PR Assis - SP Araraquara - SP	120Km 250Km	525 kV 440kV
	ATE II Transmissora de Energia	11/30/2011 011/2005	03/15/2005 03/15/2035	Colinas do Tocantins - TO Ribeiro Gonçalves - PI São João do Piauí - PI Sobradinho - BA	942 km	500 kV
	ATE III Transmissora de Energia	11/30/2011 001/2006	03/27/2006 03/27/2036	Colinas do Tocantins - TO Marabá - PA Parauapebas - PA	344 km 110 km	500 kV 230 kV
SÃO GOTARDO	São Gotardo Transmissora de Energia	06/06/2012 024/2012	08/27/2012 08/27/2042	São Gotardo - MG	N/A	N/A
				TOTAL	6,250 Km	

Law 12.783/13 (conversion of Provisional Act 579/12) - application to the Company's, its subsidiaries' and jointly controlled entities' concession arrangements

Enacted by the President of Republic on September 11, 2012, MP 579/12 ("Provisional Act" or "MP"), converted into Law 12.783 ("Law") of January 11, 2013, 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' and jointly controlled entities' 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 and outside legal counsel which conducted the legal analysis.

2. ACQUISITION OF SUBSIDIARIES AND CORPORATE RESTRUCTURING

2.1 Acquisition of subsidiaries

Taesa acquired 100% interest in NTE and UNISA. Due to the characteristics of the power transmission segment, these companies acquired are classified under ICPC 01(R1) - Concession Arrangements for accounting purposes. 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 ICPC 01(R1), for purposes of compliance with CPC 15(R1) - Business Combinations. 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 based on appreciation. 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.

Taesa Group believes that the acquisitions will supplement the existing operating assets to expand the geographic operational area. Below are the fair values of the acquires on the respective acquisition dates.

Should the business combinations described below be consummated on January 1, 2012, the Group's consolidated revenues from continuing operations would be R$1,282,424 and consolidated profit or loss from continuing operations would be R$607,470 . The Group's management believes that these pro forma amounts correspond to an approximate indicator of the Group's combined performance on an annual basis and can be used as a comparative reference in prior years.

Acquisition of NTE

On November 30, 2011, Taesa acquired from Abengoa Concessões Brasil Holding S.A. ("Abengoa"), at the total amount of R$336,103, 100% of the voting shares of NTE, a transmission company organized in 2001, specifically and solely engaged in the operation of power transmission concessions.

(In thousands of Brazilian reais (R$), unless otherwise indicated)

The assets acquired and liabilities assumed on the date of acquisition of control of NTE were recognized using the acquisition method and are as follows:

As at November 30, 2011	Fair values recognized on acquisition of NTE
Assets	
Cash and cash equivalents	21,768
Trade receivables	12,608
Financial assets	450,259
Other receivables	44,816
Intangible assets	2,574
	532,025
Liabilities	
Trade and other payables	(30,457)
Borrowings and financing	(100,594)
Deferred tax liabilities	(64,871)
	(195,922)
Total identifiable assets, net	**336,103**
Interest - TAESA (%)	100.00%
Effect of interest - TAESA	336,103
Amount effectively paid in cash	336,103
Consideration transferred for the acquisition of NTE	**336,103**

The equity of NTE amounted to R$290,115 on the acquisition date.

The Company's consideration for such business combination of NTE was paid in cash using the proceeds deriving from the 4th issuance of Taesa's promissory notes.

The shares in the Company's consolidated net profit and revenues for the reporting periods relating to the acquired company NTE are described in Note 12.

Acquisition of UNISA

On November 30, 2011, Taesa acquired from Abengoa, at the amount of R$799,738, 50% of the voting capital of UNISA (former Abengoa Participações S.A.), a company engaged in holding interest in the capital of public and private power transmission utility companies, which held 100% of the shares of transmission companies STE, ATE, ATE II and ATE III as at that date.

On March 16, 2012, the Company has entered into with Abengoa an agreement for the acquisition of the remaining 50% interest in Unisa. The transaction completion and actual acquisition of shares were at the time subject to the satisfaction of certain conditions precedent. On July 3, 2012, the Company acquired the remaining 50% interest held by Abengoa in UNISA. This transaction was approved by the Administrative Economic Defense Council (CADE) on July 4, 2012.

(In thousands of Brazilian reais (R$), unless otherwise indicated)

In light of the foregoing, between November 30, 2011 and July 3, 2012, UNISA was an entity jointly controlled by Taesa and Abengoa; beginning July 3, 2012 (acquisition date), it became a wholly-owned subsidiary of the Company. The total amount of the consideration paid for the acquisition of the remaining 50% interest was R$876,193, comprising the amount paid in cash of R$902,390, net of dividends receivable in the amount of R$27,717 and trade payables in the amount of R$1,520, on the acquisition date, in accordance with the terms of the agreement entered into among the parties.

The assets acquired and liabilities assumed on the date of acquisition of control of UNISA (July 3, 2012) were recognized using the acquisition method applicable in case of phased business combinations and are as follows:

As at July 3, 2012	Fair values recognized on acquisition of UNISA
Assets	
Cash and cash equivalents	434,638
Trade receivables	51,885
Financial assets	2,448,428
Other receivables	177,424
Liabilities	
Trade and other payables	(95,170)
Borrowings and financing	(1,008,224)
Deferred tax liabilities	(256,595)
Total identifiable assets, net	**1,752,386**
Interest - TAESA (%)	100%
Effect of interest - TAESA	1,752,386
Investment previously held by the Company	(831,024)
Gain on remeasurement of acquisition of control of UNISA (*)	(45,169)
Consideration paid for the acquisition of 50% interest in UNISA on 07/03/2012	**876,193**
Contractual amount	902,390
Recognition in TAESA of dividends receivable from UNISA	(27,717)
Recognition of trade payables to ABENGOA in TAESA	1,520
Consideration paid for the acquisition of 50% interest in UNISA on 07/03/2012	**876,193**

(*) As prescribed by CPC 15 (R1) and IFRS 3 (R), in a phased business combination, the buyer should remeasure its previously held interest at fair value on the date control is acquired (acquisition date) and should recognize the corresponding gain or loss, if any, in profit or loss for the period.

The equity of UNISA amounted to R$1,649,333 on the acquisition date.

The Company's considerations for the business combinations of UNISA (acquisition of initial 50% and remaining 50%) were paid in cash using the proceeds deriving from the 4th and 5th issuance of the Company's promissory notes, respectively.

The shares in the Company's consolidated net profit and revenues for the reporting periods relating to the acquired company UNISA (50% through June 2012 and 100% from July to December 2012) are described in Note 12.

2.2 Corporate restructuring transaction

Transmission Asset Investment Agreement

On May 17, 2012, the Company entered into a Transmission Asset Investment Agreement with CEMIG GT, its shareholder comprising the controlling group, and CEMIG, its direct controlling shareholder, in the amount of R$1,732 million (which amount should be adjusted for inflation from December 31, 2011 to the transaction completion date, less probable dividends and interest on capital declared after December 31, 2011, either paid or not), whereby all ownership interests directly or indirectly held both by CEMIG and CEMIG GT in the following power transmission concessionaires will be transferred to the Company: (i) 49.98% in EATE, (ii) 19.09% in ECTE, (iii) 49.99% in ENTE, (iv) 49.99% in ERTE, (v) 49.98% in ETEP, (vi) 39.98% in STC (considering an indirect interest of 80% held by EATE, provided that CEMIG holds 49.98% interest in EATE), (vii) 49.98% in ESDE (considering an indirect interest held by ETEP, provided that CEMIG holds 49.98% interest in ETEP), (viii) 39.98% in Lumitrans (considering an indirect interest of 80% held by EATE, provided that CEMIG holds 49.98% interest in EATE), (ix) 19.09% in ETSE (considering an indirect interest held by ECTE, provided that CEMIG holds 19.09% interest in ECTE), and (x) 74.49% in EBTE (considering an interest of 49% held by CEMIG GT and an indirect interest held by EATE of 51%, provided that CEMIG holds 49.98% interest in EATE) (jointly "TBE Group"). The consummation of the aforementioned corporate restructuring transaction, as well as the effective transfer of the aforementioned assets, is also subject to the satisfaction of certain conditions precedent to generate full effects, in particular the consent of the Company's lenders, and the approval of the transaction by ANEEL. When the transaction is consummated, which is pending approval by Aneel, these new concessions will add 3,127 km of transmission lines to our activities and will correspond to an increase by R$351 million in the RAP, which correspond to a growth by 24.7% based on the 2011/2012 RAP cycle.

On July 25, 2012, the request for previous approval of transfer of the shareholding control of concessions, subject to corporate restructuring, was filed with ANEEL. On October 4, 2012, the Company updated the documentation sent to ANEEL, so as to proceed with the aforementioned process. The process is currently being analyzed by the Superintendency of Economic and Financial Inspection (SFF/ANEEL), which should issue its opinion on the transaction. On July 4, 2012, CADE held a meeting to analyze the transfer of the shareholding control of concessions. The meeting unanimously acknowledged the transaction and approved it, based on the Reporting Council vote, which was published in the Official Gazette (DOU) on July 10, 2012.

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

Prevailing shareholders' agreements

The Company's management understands that, after satisfaction of the conditions precedent relating to the transfer of interests in the TBE Group's concessionaires, in reliance upon the prevailing shareholders' agreements, as amended by the private instrument of obligation assumption, and the accounting practices adopted in Brazil and IFRS, EATE, ETEP, ENTE, ECTE, EBTE and ERTE, the Company will have significant influence over these companies. Consequently, these investments will be stated under the equity method in the Company's financial statements.

Private instrument of assumption of obligations - amendment to shareholders' agreements

On June 29, 2012, the Company, along with Alupar Investimento S.A. ("Alupar") (controlling shareholder together with CEMIG and CEMIG GT of TBE Group companies), executed a private instrument assumption of obligations ("Instrument"). The instrument sets forth that, on January 2, 2013 (or the date of transfer of the interests held in TBE Group companies to the Company, whichever the latter), the amended versions of the shareholders' agreements of TBE Group companies come into force and that the amendments to the respective bylaws should be voted by Alupar and the Company.

The drafts of the shareholders' agreements of TBE Group companies were attached to the instrument and the main sections therein are summarized below:

(a) Alupar's right to acquire shares issued by the aforementioned TBE Group companies held by the Company, in case (a) CEMIG is no longer included in the Company's and its legal successors' controlling group or (b) one or more shareholders of the Company, other than CEMIG, bound by a shareholders' agreement, or which are associates, begins to hold the power to elect the majority of the members of the Company's Board of Directors, except for independent directors;

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

- capital increase or decrease, 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, joint ventures or consortia, as well as third-party associations of any nature;
- going public or private; and
- change in the authority limits of the Board of Directors with respect to 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 Board of Directors of each TBE Group company will be comprised of six members and respective alternates since every 15% 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 and will have the casting vote. The decisions of the Board of Directors will be taken through the affirmative vote of the majority of the attending members, except with respect to the matters indicated below, which will only be approved through the affirmative vote of four directors:

- election and payment of compensation of Officers, and determination of the duties of Officers in addition to those set forth in the Bylaws;
- approval of borrowings, financing, issuance or sale of debt securities not convertible into shares, establishment of guarantees, acquisition and disposal of permanent asset items and offer of collaterals to secure third-party obligations and contracting in general, in individual or aggregate amount that are annually equal to or greater than R$1,350; and
- presentation to the general meeting of the proposal for allocation of profit for the year, in accordance with the Bylaws;

(e) approval and/or modification of the annual budget of the relevant company that is material with respect to the prior year will be subject to veto of, at least, two members of the Board of Directors;

(f) the Executive Board shall be comprised of two officers, of whom one Chief Administrative & Financial Officer (appointed by Alupar so long as it holds at least 49% of the voting shares) and one Technical & Commercial Officer (appointed by the Company so long as it holds at least 49% of the voting shares), whose members are elected and removable on any time by the Board of Directors, with a three-year term of office, reelection being permitted. In case of deadlock in the Executive Board's decision, the matter will be submitted to the Board of Directors.

3. BASIS OF PREPARATION

3.1. Declaration of conformity

These 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; and
- 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 IFRS applicable to separate financial statements due to the measurement of investments in subsidiaries, associates and joint ventures 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 consolidated financial statements include the financial statements of Taesa and the companies in which the Company holds joint shareholding control, as described in Notes 1 and 12, whose reporting periods and accounting policies are similar.

The individual and consolidated financial statements were approved and authorized for publication by Management and the Supervisory Board on March 25, 2013.

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 18 and 24).

3.3. Functional and reporting currency

The individual and consolidated financial statements are presented in Brazilian reais (R$), which is the Company's functional currency. All financial information presented in Brazilian reais (R$) 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 concession at fair value and, subsequently, at amortized cost. The internal rate of return (IRR) is estimated by the Company at the beginning of concession, using internal (from concessionaires) and external components (market). The IRR 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 IRR. 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) O&M Revenues

Revenues deriving from operation & maintenance services are 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 24 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, contributions and emoluments

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 deferred income tax and social contribution assets and recoverable income tax and social contribution

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 further information on deferred taxes in 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 19. 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 National Electric System Operator (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 National Electric System Operator (ONS) is fully liable for such control.

3.6. Prior-year reclassifications

The Company identified the following reclassifications applicable to information for prior periods. The changes in “Other captions not affected” refer to rounding. Below are the reclassifications to the financial statements for purposes of comparison:

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2012
(In thousands of Brazilian reais (R$), unless otherwise indicated)

I. Balance sheets

	Ref.	CONSOLIDATED 12/31/2011 (Published)	12/31/2011 (Restated)	01/01/2011 (Published)	01/01/2011 (Restated)
Cash and cash equivalents	a	501,763	495,406	414,578	414,578
Trade receivables	e-i	-	138,187	-	88,004
Financial assets	e-i	958,731	820,544	630,356	542,352
Other receivables	f-j	-	3,099	-	786
Inventories	f-j	3,099	-	786	-
Other receivables	b-g	38,862	36,187	4,466	6,468
Other captions not affected		63,326	63,326	31,489	31,489
Total current assets		**1,565,781**	**1,556,749**	**1,081,675**	**1,083,677**
Deferred taxes and contributions	d-h	619,449	327,597	638,664	468,029
Other receivables	b-g	862	3,537	2,002	-
Other captions not affected		4,304,488	4,304,488	2,853,768	2,853,768
Total noncurrent assets		**4,924,799**	**4,635,622**	**3,494,434**	**3,321,797**
Total assets		**6,490,580**	**6,192,371**	**4,576,109**	**4,405,474**
Borrowings and financing	a	1,281,042	1,274,685	24,269	24,269
Other payables	b-g	42,307	38,637	10,464	11,799
Other captions not affected		334,569	334,569	273,762	273,762
Total current liabilities		**1,657,918**	**1,647,891**	**308,495**	**309,830**
Deferred taxes and contributions	d-h	345,716	53,864	170,635	-
Other payables	b-g	29,883	33,553	7,509	6,174
Other captions not affected		2,204,591	2,204,591	1,581,116	1,581,116
Total noncurrent liabilities		**2,580,190**	**2,292,008**	**1,759,260**	**1,587,290**
Total equity		**2,252,472**	**2,252,472**	**2,508,354**	**2,508,354**
Total liabilities and equity		**6,490,580**	**6,192,371**	**4,576,109**	**4,405,474**

	Ref.	PARENT 12/31/2011 (Published)	31/12/2011 (Restated)	01/01/2011 (Published)	01/11/2011 (Restated)
Cash and cash equivalents	a	271,402	265,593	410,335	410,335
Trade receivables	e-i	-	97,851	-	85,860
Financial assets	e-i	678,404	580,553	613,894	528,034
Dividends receivable	c	10,430	10,358	1,200	1,200
Other receivables	f-j	-	786	-	786
Inventories	f-j	786	-	786	-
Other receivables	b-g	44,437	44,505	3,652	6,926
Other captions not affected		15,869	15,869	30,980	30,980
Total current assets		**1,021,328**	**1,015,515**	**1,060,847**	**1,064,121**
Deferred taxes and contributions	d-h	572,322	327,577	636,579	465,944
Investments	c	1,290,533	1,290,605	137,251	137,251
Other receivables	b-g	797	729	3,274	-
Other captions not affected		2,682,003	2,682,003	2,676,763	2,676,763
Total noncurrent assets		**4,545,655**	**4,300,914**	**3,453,867**	**3,279,958**
Total assets		**5,566,983**	**5,316,429**	**4,514,714**	**4,344,079**
Borrowings and financing	a	1,196,637	1,190,828	16,453	16,453
Other captions not affected		303,870	303,870	280,566	280,566
Total current liabilities		**1,500,507**	**1,494,698**	**297,019**	**297,019**
Deferred taxes and contributions	d-h	244,745	-	170,635	-
Other captions not affected		1,569,259	1,569,259	1,538,706	1,538,706
Total noncurrent liabilities		**1,814,004**	**1,569,259**	**1,709,341**	**1,538,706**
Total equity		**2,252,472**	**2,252,472**	**2,508,354**	**2,508,354**
Total liabilities and equity		**5,566,983**	**5,316,429**	**4,514,714**	**4,344,079**

As at December 31, 2011:

a. Reclassification of the amount of R$6,357 in the consolidated (R$5,809 in the Parent) invested by Fundo de Investimento Pampulha in promissory notes issued by Taesa to "borrowings and financing", since it refers in substance to a debt settlement transaction.

b. Reclassification of other receivables in the amount of R$2,675 in the consolidated and R$68 in the Parent, and other payables in the amount of R$3,670 in the consolidated, previously classified in "noncurrent" to "current" for better presentation due to the expected collection and settlement of these amounts.

c. Adjustment in the balance of dividends receivable from UNISA in the amount of R$72 in the Parent against investments, based on the closing financial statements of the jointly controlled entity for the year ended December 31, 2011.

d. Reclassification of deferred tax liabilities against deferred tax assets in the amount of R$291,852 in the Consolidated and R$244,745 in the Parent, for better presentation of the net position of these balances, as prescribed by CPC 32 - Income Taxes.

e. Segregation of the amount classified as financial asset in trade receivables and financial asset for better presentation of balances.

f. Reclassification from "inventories" to "other receivables", of which R$3,099 in the Consolidated and R$786 in the Parent.

As at January 1, 2011:

g. Reclassifications in the amounts of (i) R$2,002 in consolidated and R$3,274 in the Parent, relating to "Other receivables" in current assets; and (ii) R$1,335 in noncurrent assets in consolidated, relating to "Other payables" in current, aiming at a better presentation due to the expected collection of such amounts. Related parties was included in Other payables and/or Other receivables.

h. Reclassification of deferred tax liabilities against deferred tax assets in the amount of R$170,635 in the Consolidated and in the Parent, for better presentation of the net position of these balances, as prescribed by CPC 32 - Income Taxes.

i. Segregation of the amount classified as financial asset in trade receivables and financial asset for better presentation of balances.

j. Reclassification from "inventories" to "other receivables", of which R$786 in the Consolidated and in the Parent.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2012
(In thousands of Brazilian reais (R$), unless otherwise indicated)

II. Income statements

	Ref.	CONSOLIDATED		PARENT	
		12/31/2011 (Published)	12/31/2011 (Restated)	12/31/2011 (Published)	12/31/2011 (Restated)
Net operating revenue	**a**	**997,244**	**953,218**	**937,425**	**895,330**
Profit before finance income (costs) net, equity in subsidiaries and taxes	**a**	**892,710**	**848,684**	**843,182**	**801,086**
Finance income	**B**	63,513	54,907	50,965	50,914
Finance costs	**b**	(242,230)	(233,624)	(213,108)	(213,056)
		(178,717)	(178,717)	(162,143)	(162,142)
Equity in subsidiaries		-	-	27,721	27,721
Profit before taxes		**713,993**	**669,967**	**708,760**	**666,665**
Current taxes and contributions	**a**	(77,227)	(33,201)	(74,995)	(32,900)
Deferred taxes and contributions	**a**	(141,367)	(141,367)	(138,366)	(138,366)
		(218,594)	(174,568)	(213,361)	(171,266)
Profit for the year		**495,399**	**495,399**	**495,399**	**495,399**
Basic earnings per common share	**c**	1.880	0.62669	1.880	0.62669
Basic earnings per preferred share	**c**	1.880	0.62669	1.880	0.62669
Diluted earnings per common share	**c**	1.880	0.62669	1.880	0.62669
Diluted earnings per preferred share	**c**	1.880	0.62669	1.880	0.62669

a. Reclassification of the tax incentive from tax-advantaged areas in the amount of R$44,026 in the Consolidated and R$42,095 in the Parent from "net operating revenues" to "current taxes and contributions" in conformity with CPC 07(R1) - Accounting for Government Grants and Disclosure of Government Assistance, paragraphs 38D and 38E, which address the "tax reduction or exemption in a tax-advantaged area".

b. Reclassification from "finance income" to "finance costs" relating to the inflation gains in the amount of R$9,887 in the Consolidated and R$51 in the Parent, and reclassification from "finance costs" to "finance income" relating to exchange differences in the amount of R$1,281 in the Consolidated and R$0 in the Parent for a better presentation of balances.

c. On December 4, 2012, the Extraordinary General Meeting approved the split of all Company's shares. Under CPC 41 - Earnings per Share, paragraph 28, in the split of shares, common shares are issued to existing shareholders with no additional consideration. Therefore, the total number of common shares is increased without increasing proceeds. Accordingly, the total number of common shares before the event should be adjusted with the to the proportional change in the total number of shares as if the event had occurred at the beginning of the longest reporting period.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2012 (In thousands of Brazilian reais (R$), unless otherwise indicated)

III. Statements of Cash Flows

	Ref.	CONSOLIDATED		PARENT	
		12/31/2011 (Published)	12/31/2011 (Restated)	12/31/2011 (Published)	12/31/2011 (Restated)
Current income tax and social contribution	a	-	33,201	-	32,900
Compensation of financial assets	a	-	(752,307)	-	(709,202)
Exchange difference of US dollar-denominated bank accounts	d	-	(1,281)	-	-
(Increase) decrease in trade receivables and financial assets	a	(142,564)	-	(129,780)	-
Decrease (increase) in trade receivables	a	-	12,181	-	(11,991)
Decrease in financial assets	a	-	597,562	-	591,413
Decrease (increase) in taxes and contribution assets, net of liabilities	a	(69,561)	(33,941)	4,993	25,311
(Increase) decrease in inventories	b	(1)	-	-	-
(Increase) decrease in other receivables	b	(35,060)	(35,061)	-	-
Other captions not affected		998,644	998,644	823,309	823,309
Cash provided by operating activities		**751,458**	**818,998**	**698,522**	**751,740**
Income tax and social contribution	a	-	(68,821)	-	(53,218)
Net cash provided by operating activities		**751,458**	**750,177**	**698,522**	**698,522**
Decrease in short-term investments at amortized cost and restricted deposits	d	57,448	58,729	-	-
Other captions not affected		(914,466)	(914,466)	-	-
Net cash provided by investing activities		**(857,018)**	**(855,737)**	**(1,076,564)**	**(1,076,564)**
Promissory notes	c	1,170,000	1,163,643	1,170,000	1,164,191
Other captions not affected		(977,255)	(977,255)	(930,891)	(930,891)
Net cash provided by financing activities		**192,745**	**186,388**	**239,109**	**233,300**
Increase in cash and cash equivalents		**87,185**	**80,828**	**(138,933)**	**(144,742)**
Opening balance of cash and cash equivalents	c	414,578	414,578	410,335	410,335
Closing balance of cash and cash equivalents	c	501,763	495,406	271,402	265,593
Increase (decrease) in cash and cash equivalents		**87,185**	**80,828**	**(138,933)**	**(144,742)**

a. Reclassifications between the captions in operating activities for a better presentation of non-cash transactions that impacted the Company’s profit or loss and were stated at their net amounts in the changes in operating assets and liabilities rather than as an adjustment to profit.

b. Reclassification from “inventories” in the amount of R$1 in the Consolidated to “other receivables”.

c. Reclassification of the amount of R$6,357 in the consolidated (R$5,809 in the Parent) from cash and cash equivalents, invested by Fundo de Investimento Pampulha in promissory notes issued by Taesa, to “borrowings and financing”, since it refers to a debt settlement transaction.

d. Reclassification of R$1,281 in the consolidated relating to the non-cash effect of exchange differences of US dollar-denominated accounts.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2012
(In thousands of Brazilian reais (R$), unless otherwise indicated)

IV. Statements of Value Added

	Ref.	CONSOLIDATED		PARENT	
		12/31/2011 (Published)	12/31/2011 (Restated)	12/31/2011 (Published)	12/31/2011 (Restated)
Operation and maintenance		263,479	263,479	248,954	248,954
Revenue from construction and indemnity		8,926	8,926	2,667	2,667
Compensation of financial assets		752,307	752,307	709,202	709,202
Other operating income	a	45,129	1,103	42,885	790
Revenues		**1,069,841**	**1,025,815**	**1,003,708**	**961,613**
Other captions not affected		(56,023)	(56,023)	(46,061)	(46,061)
Gross value added		**1,013,818**	**969,792**	**957,647**	**915,552**
Other captions not affected		(1,501)	(1,501)	(1,490)	(1,490)
Wealth created by the entity		**1,012,317**	**968,291**	**956,157**	**914,062**
Finance income	b	63,513	54,907	50,965	50,914
Other captions not affected		1,116	1,116	28,339	28,339
Wealth received in transfer		**64,629**	**54,742**	**79,304**	**79,253**
Total wealth for distribution		**1,076,946**	**1,024,314**	**1,035,461**	**993,315**
Wealth distributed					
Personnel		37,720	37,720	37,708	37,708
Taxes, fees and contributions					
Federal	a	299,861	255,835	288,080	245,985
Other captions not affected		620	620	549	549
Lenders and lessors					
Debt charges and inflation adjustments	b	237,940	229,334	208,816	208,765
Other captions not affected		5,406	5,406	4,909	4,909
Shareholders		495,399	495,399	495,399	495,399
Total wealth distributed		**1,076,946**	**1,024,314**	**1,035,461**	**993,315**

a. Reclassification of the tax incentive from tax-advantaged areas in the amount of R$44,026 in the Consolidated and R$42,095 in the Parent from "net operating revenues" to "current taxes and contributions" in conformity with CPC 07(R1)- Accounting for Government Grants and Disclosure of Government Assistance, paragraphs 38D and 38E, which address the "tax reduction or exemption in a tax-advantaged area".

b. Reclassification of inflation gains in the amounts of R$8,606 in the Consolidated and R$51 in the Parent from "wealth received in transfer" to "lenders and lessors".

4. SIGNIFICANT ACCOUNTING POLICIES

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

4.1 Basis of consolidation and investments in subsidiaries

The financial statements of subsidiaries and jointly controlled entities are included in the consolidated financial statements as from the date control and/or joint control begins until the date control and/or joint control ceases. The accounting policies of subsidiaries and jointly controlled entities are aligned with the policies adopted by Taesa Group. The exclusive investment fund is also consolidated in the Company's financial statements.

In the Parent's individual financial statements, the financial information on subsidiaries and jointly controlled entities 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 as from the effective acquisition date through the effective sale date, as applicable.

The 2011 consolidated financial statements included only one month of profit or loss of subsidiary NTE and jointly controlled entity UNISA, whose interests of 100% and 50%, respectively, were acquired on November 30, 2011.

In 2012, after the acquisition of the remaining 50% of UNISA on July 3, 2013, such acquisition impacted the consolidated financial statements as follows: from January to June - 50% and from July to December - 100%.

Jointly controlled entities are those where Taesa Group has joint control set forth in an agreement and which requires unanimous consent in strategic and operating decisions.

The main eliminations in the consolidation process, as well as the percentages considered for subsidiaries and jointly controlled entities were as follows:

(i) Elimination of the Parent's investment in its subsidiaries and jointly controlled entities;
(ii) Elimination of intercompany balances and transactions, as well as intercompany income and expenses;
(iii) The jointly controlled entity ETAU is consolidated proportionately (52.5838%) since December 31, 2007 (Note 12);
(iv) The jointly controlled entity Brasnorte is consolidated proportionately (38.6645%) since August 1, 2011 (see Note 12);
(v) UNISA is consolidated proportionately (50%) since November 30, 2011 and fully consolidated (100%) since July 3, 2012 (Notes 2 and 12); and
(vi) Subsidiary NTE is fully consolidated (100%) since November 30, 2011 (see Notes 2 and 12).

4.2 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 acquire 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.

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 Taesa Group in connection with business combinations are accounted for in profit or loss, when incurred.

4.3 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.

4.4 Financial instruments

a. Non-derivative financial assets

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.

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 interest created or retained by the Group in financial assets is 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.

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.

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 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

Loans and receivables 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

Held-to-maturity financial assets 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

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 Taesa Group becomes a party to the underlying contract. 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 holds derivative instruments to hedge against risks arising from foreign currencies under the financing agreement entered into with Interamerican Development Bank (BID), as described in Note 18.

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 (under "finance income (costs)").

Although Taesa Group uses derivatives for hedging purposes, it does not adopt the hedge accounting. The fair value of derivatives is disclosed in Note 18.

4.5 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.

4.6 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; and
- 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 rates used for intangible assets with finite useful lives are as follows:

- Intangible assets - (software) - 20%

4.7 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 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

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 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 there is any indication of impairment, 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 cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing the value in use, the estimated future cash flows are discounted to their present value using a pretax discount rate that reflects current market conditions with respect to the capital recovery period and the risks specific to the asset or cash-generating unit.

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 (cash-generating unit). 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.

Impairment losses are recognized in profit or loss. Losses relating to a cash-generating unit are initially allocated in the impairment of any goodwill allocated to such cash-generating unit (or group of cash-generating units), and subsequently to the impairment of other assets of such cash-generating unit (or group of cash-generating units) 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.

4.8 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.

4.9 Capital

(i) 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.

(ii) 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.

4.10 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, 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. 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); and

- 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.

The meeting of the Board of the Brazilian Securities Commission (CVM) held on April 20, 2010 reiterated former decisions handed down on October 13, 2009 and March 30, 2010, where the aforesaid authority determined that the Company should recognize revenue from its concession arrangements on a straight-line basis; the Company understands that such recommendation was fully satisfied and is no longer applicable upon the presentation of the financial statements for the year ended December 31, 2010, which included the convergence of the accounting practices adopted in Brazil with the IFRS. Such conclusion is based on the assumption that the revenue recognition criterion currently described in the Company's financial statements is in accordance with accounting practices currently adopted in Brazil and the prevailing IFRS.

4.11 Government Grants and Government Assistance

Grants that are intended to compensate 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.

4.12 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.

4.13 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 tax is 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 tax is measured at the rates that are expected to be applied on temporary differences when they reverse, 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.

4.14 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.

4.15 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.

4.16 Statement 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 included upon 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.

4.17 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.

4.18 New and revised standards and interpretations

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

The new and revised standards adopted in these financial statements are described below. The adoption of these standards did not have a material impact on the amounts reported in the current and prior periods.

- Amendments to IFRS 7 - Disclosures - Transfers of Financial Assets;
- Amendments to IAS 12 - Deferred Taxes - Recovery of Underlying Assets;
- Amendments to IAS 32 - Financial Instruments - Presentation;
- CPC 17(R1) issued by the Accounting Pronouncements Committee, which addresses construction agreements;
- CPC 18 (R1), which addresses Investments in Subsidiaries and Associates;
- CPC 30 (R1), which addresses revenues;
- CPC 35 (R2), which addresses separate financial statements;
- CPC 40 (R1), which addresses Financial Instruments: Disclosures;
- ICPC 08 (R1), which addresses Accounting for Proposed Dividends Payment.
- ICPC 09 (R1), which addresses Individual, Separate and Consolidated Financial Statements and Adoption of the Equity Method of Accounting; and

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

The Group has not adopted the new and revised IFRS below which were already issued and not yet adopted:

- IFRS 9 - Financial Instruments (a);
- IFRS 10 (CPC 36(R3)) - Consolidated Financial Statements (b);
- IFRS 11 (CPC 19(R2)) - Joint Arrangements (b);
- IFRS 12 (CPC 45) - Disclosure of Interests in Other Entities (b);
- IFRS 13 (CPC 46) - Fair Value Measurement (b);
- Amendments to IAS 01 (revised in 2011) - Presentation of Items from Other Comprehensive Income (c);
- IAS 19 (revised in 2011) (CPC 33(R1)) - Employee Benefits (b);
- IAS 27 (revised in 2011) (CPC 35(R2)) - Separate Financial Statements (b);
- IAS 28 (revised in 2011) (CPC 18(R2)) - Investments in Associates and Joint Ventures (b);
- Amendments to IFRS 7 - Offset of financial assets and financial liabilities (b);
- Amendments to 32 - Offset of financial assets and financial liabilities(d);
- Amendments to IFRSs - Annual improvement cycles for 2009-2011; and
- IFRIC 20 - Stripping Costs in the Production Phase of a Surface Mine (b).

Effective for annual periods beginning on or after:

(a) January 1, 2015;

(b) January 1, 2013;

(c) July 1, 2012; and

(d) January 1, 2014.

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

The Company, its subsidiaries and jointly controlled entities did not early adopt these amendments in their financial statements as at December 31, 2012.

No significant effects are expected from the adoption of the new pronouncements and interpretations and revised pronouncements mentioned above, except for the adoption of IFRS 9 "Financial Instruments" and IFRS 11 "Joint Ventures".

The impacts arising from the adoption of IFRS 9 "Financial Instruments" can change the classification and measurement of financial assets held by Taesa Group; however, they are still being analyzed by the Company's management.

The adoption of IFRS 11 effective beginning January 1, 2013 will result 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(R2), 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, should be accounted for under the equity method in the Company's consolidated financial statements beginning January 1, 2013. Note that, as at December 31, 2012, Taesa Group did not have other interests in jointly controlled entities in addition to those mentioned above.

5. INVESTMENT FUND

The Company, its subsidiaries NTE, SGT, STE, UNISA (holding), and its jointly controlled entity Brasnorte are unitholders of investment fund Pampulha Referenciado DI Crédito Privado - Fundo de Investimento ("Fundo Pampulha"), which is an exclusive investment fund between Taesa Group and CEMIG Group.

As mentioned in Note 4.1, Fundo Pampulha, because it is an exclusive fund, is consolidated in the Company's financial statements.

(In thousands of Brazilian reais (R$), unless otherwise indicated)

The portfolio of Fundo Pampulha is broken down as follows:

	CONSOLIDATED		PARENT	
	2012	2011	2012	2011
CDB	162,162	110,423	147,456	109,492
LFT	47,792	27,663	43,457	27,430
NTN-O	-	521	-	517
LTN-O	185,117	27,258	168,329	27,028
NTN-L	84,020	-	76,401	-
Debentures	24,131	54,644	21,942	54,183
LF	293,842	46,553	267,194	46,245
NP	-	6,357	-	5,809
Other securities	9,754	-	8,870	408
Gross portfolio	**806,818**	**273,419**	**733,649**	**271,112**
Elimination of promisory note - TAESA (*)	-	(6,357)	-	(5,809)
Net portfolio	**806,818**	**267,062**	**733,649**	**265,303**

(*) As at December 31, 2011, Taesa had promissory notes issued by it registered in Fundo Pampulha in the amount of R$6,357 in the Consolidated and R$5,809 in the Parent. Both balances, consolidated and Parent, were offset against promissory notes payable recorded in "Borrowings and financing", since it refers in substance to a debt settlement transaction. These promissory notes were settled by the Company on November 21, 2012.

As defined in its bylaws, the objective of Fundo Pampulha is to seek to follow the fluctuations in the interbank deposit rate (CDI). In order to reach such goal, at least 95% of the portfolio should be comprised of financial assets so as to directly or indirectly follow the CDI fluctuation.

Fundo Pampulha is managed and administered by Votorantim Asset Management Distribuidora de Títulos e Valores Mobiliários Ltda. and the assets comprising the fund portfolio are held in custody by Banco Bradesco S.A. The audited financial statements of the investment fund are prepared for the fiscal year beginning November 1 of each year and ending October 31 of the subsequent year, and it 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 the year ended December 31, 2012, Fundo Pampulha presented an average yield of approximately 104.24% of the CDI (103.21% in the year ended December 31, 2011).

The financial instruments comprising Fundo Pampulha portfolio are classified as follows:

	CONSOLIDADO		PARENT	
	2012	2011	2012	2011
Cash and cash equivalents (i)	196,692	267,062	123,523	265,303
Short-term investments at fair value (ii)	500,727	-	500,727	-
Short-term investments at amortized cost (iii)	109,399	-	109,399	-
Net portfolio	**806,818**	**267,062**	**733,649**	**265,303**

(i) Highly liquid short-term investments immediately convertible into a known cash amount, with a repurchase commitment to financial institutions, and insignificant risk of change in fair value, accounted for at fair value through profit or loss. Cash equivalents are held to meet short-term cash requirements rather than for investment or other purposes;

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2012
(In thousands of Brazilian reais (R$), unless otherwise indicated)

(ii) Highly liquid short-term investments immediately convertible into a known cash amount, with a repurchase commitment to financial institutions, and insignificant risk of change in fair value, accounted for at fair value through profit or loss. These short-term investments are at first used to probably acquire TBE Group. Accordingly, they do not comply with the cash equivalent criteria set out in item 7 of CPC 03(R2).

(iii) Held-to-maturity short-term investments stated at cost plus interest through the balance sheet date, classified according to the redemption term.

The Company's exposure to interest rate risks and a sensitivity analysis of financial assets are disclosed in Note 24.

6. CASH AND CASH EQUIVALENTS, SHORT-TERM INVESTMENTS AND RESTRICTED DEPOSITS

	CONSOLIDATED			PARENT		
	2012	2011 (Restated)	01/01/2011 (Restated)	2012	2011 (Restated)	01/01/2011 (Restated)
Cash and cash equivalents						
Cash and banks	54,580	34,178	1,115	345	290	544
Short-term investments (a)	488,686	461,228	413,463	123,523	265,303	409,791
	543,266	**495,406**	**414,578**	**123,868**	**265,593**	**410,335**
Short-term investments at fair value						
Current (b)	1,877,000	-	-	1,877,000	-	-
	1,877,000	**-**	**-**	**1,877,000**	**-**	**-**
Short-term investments at amortized cost and restricted deposits						
Current (c)	61,765	-	-	61,765	-	-
Noncurrent (c)	151,013	58,559	62,835	47,634	-	60,998
	212,778	**58,559**	**62,835**	**109,399**	**-**	**60,998**
Total cash and cash equivalents, short-term investments and restricted deposits	**2,633,044**	**553,965**	**477,413**	**2,110,267**	**265,593**	**471,333**

(a) Short-term investments classified as cash equivalents are broken down as follows:

	CONSOLIDATED		PARENT	
	2012	2011	2012	2011
Short-term investments (Fundo Pampulha - Note 5)	196,692	267,062	123,523	265,303
Short-term investments (Other) (i)	291,994	194,166	-	-
	488,686	**461,228**	**123,523**	**265,303**

(i) Highly liquid short-term investments immediately convertible into a known cash amount, with a repurchase commitment to financial institutions, and insignificant risk of change in fair value, accounted for at fair value through profit or loss. Cash equivalents are held to meet short-term cash requirements rather than for investment or other purposes. These investments refer basically to bank certificates of deposit (CDB), yielding average interest of 101% of the interbank deposit rate (CDI) as at December 31, 2012 (100% as at December 31, 2011).

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2012
(In thousands of Brazilian reais (R$), unless otherwise indicated)**

(b) Short-term investments at fair value are broken down as follows:

	CONSOLIDATED		PARENT	
	2012	2011	2012	2011
Short-term investments (Fundo Pampulha - Note 5)	500,727	-	500,727	-
Repurchase commitments (ii)	1,376,273	-	1,376,273	-
	1,877,000	**-**	**1,877,000**	**-**

(ii) These investments refer basically to bank certificates of deposit (CDB), yielding average interest of 101% of the interbank deposit rate (CDI) as at December 31, 2012. Highly liquid short-term investments immediately convertible into a known cash amount, with a repurchase commitment to financial institutions, and insignificant risk of change in fair value, accounted for at fair value through profit or loss. These short-term investments are at first used to probably acquire TBE Group. Accordingly, they do not comply with the cash equivalent criteria set out in item 7 of CPC 03(R2).

(c) Short-term investments at amortized cost and restricted deposits are broken down as follows:

	CONSOLIDATED		PARENT	
	2012	2011	2012	2011
Current				
Short-term investments (Fundo Pampulha - Note 5)	61,765	-	61,765	-
	61,765	**-**	**61,765**	**-**
Noncurrent				
Short-term investments (Fundo Pampulha - Note 5)	47,634	-	47,634	-
CDB (iii)	10,965	11,069	-	-
Debentures (iii)	-	2,806	-	-
CM-Reinvestment (iii)	2,485	2,298	-	-
Investment funds (iv)	46,481	15,659	-	-
Restricted deposits (v)	43,448	26,727	**-**	**-**
	151,013	**58,559**	**47,634**	**-**
	212,778	**58,559**	**109,399**	**-**

(iii) Short-term investments held by NTE and ETAU to collateralize the financing from the National Bank for Economic and Social Development (BNDES). These investments refer basically to bank certificates of deposit (CDB), yielding average interest of 101% of the interbank deposit rate (CDI) as at December 31, 2012 (100% as at December 31, 2011).

(iv) Short-term investments held in investment funds (Santander Títulos Públicos, Santander Soberano DI, Fundo Bradesco FIC Referencial DI Federal e Target Bradesco) by UNISA's subsidiaries to collateralize financing from BNDES and BID. The average yield obtained by the funds was approximately 98.6% of the interbank deposit rate (CDI) in 2012 (100% in 2011).

(v) Restricted deposits are broken down as follows:

	CONSOLIDATED	
	2012	2011
Noncurrent		
Reserve account denominated in US dollars - BID	42,082	22,575
Reserve account denominated in Brazilian reais - BNDES	1,366	4,152
	43,448	**26,727**

(In thousands of Brazilian reais (R$), unless otherwise indicated)

Restricted deposits (demand bank account) in a reserve account maintained by companies in UNISA (ATE II and ATE III), to collateralize financing from BNDES and BID. These reserve accounts do not earn interest.

The Company's exposure to interest rate risks and a sensitivity analysis of financial assets are disclosed in Note 24.

7. TRADE RECEIVABLES AND FINANCIAL ASSETS

Trade receivables

	CONSOLIDATED			PARENT		
	2012	2011 (Restated)	01/01/2011 (Restated)	2012	2011 (Restated)	01/01/2011 (Restated)
Trade receivables	167,470	141,932	91,006	105,640	101,465	88,800
Allowance for variable portion (i)	(9,585)	(3,745)	(3,002)	(9,585)	(3,614)	(2,940)
	157,885	**138,187**	**88,004**	**96,055**	**97,851**	**85,860**

(i) Refers to allowance for variable portion ("PV") arising from automatic and scheduled disconnections in the Company in 2012 which, due to maximum discounts set by the ONS, will be deducted from collections in the next year.

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

	2011	Addition	Reversal	Discounted amounts	2012
Consolidated					
Allowance for variable portion	(3,745)	(18,263)	1,773	10,650	(9,585)
Parent					
Allowance for variable portion	(3,614)	(14,212)	1,667	6,574	(9,585)

The main forced disconnections outstanding and/or under discussion are:

- Disturbance on October 26, 2012, originating from SE Colinas due to a short circuit in the trapped key of the serial capacitor of C2 circuit in the transmission line 500 kV Colinas - Imperatriz, owned by TAESA, subject to analyses by ONS, together with the agents involved and participation of ANEEL and MME, it being prepared a Disturbance Analysis Report (RAP).

- Due to unavailability arising from such disturbance, there was a discount in the Variable Portion due to Unavailability (PVI) from the Annual Permitted Revenue (RAP) of TAESA. The application of Regulatory Instruction 063/2004, which addresses non-conformities, are provided for in the agreement, if detected by the Agency during the inspection process. This process is in progress. The approximate amount for this variable portion is R$5,628.

- On September 7, 2012, another forced power interruption took place in LT 500 kV Ibicoara - Sapeaçu C1 (05L3) and rescheduling of the scheduled disconnections for availability of the improvement in substation Ibicoara. The approximate amount for this variable portion is R$2,199.

- On April 6, 2012, a forced power interruption took place in LT Colinas/Ribeiro Gonçalves and Banco de Capacitores de Ribeiro Gonçalves, owned by ATEII Transmissora de Energia S.A.. The approximate amount for this variable portion is R$1,758.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2012
(In thousands of Brazilian reais (R$), unless otherwise indicated)

The request for exemption from the Variable Portion for disconnections on September 7, 2012 and April 6, 2012, is being analyzed by the O.N.S., but these amounts were already accrued by the Company.

Below is the breakdown by maturity of receivables:

CUSTOMERS CONSUMER CATEGORY	Current balance	Up to 90 days past-due	Over 90 days past-due	Total 2012	2011 (Restated)	01/01/2011 (Restated)
Consolidated						
Industrial	5,365	493	7,144	13,002	9,437	4,776
Supply to other concessionaires	150,623	85	3,760	154,468	132,495	86,230
	155,988	**578**	**10,904**	**167,470**	**141,932**	**91,006**
Parent						
Industrial	3,328	307	4,504	8,139	6,863	4,674
Supply to other concessionaires	95,250	65	2,186	97,501	94,602	84,126
	95,578	**372**	**6,690**	**105,640**	**101,465**	**88,800**

Management believes that the accounting for the allowance for doubtful accounts for its customers 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. Other information on the Company's credit risk are detailed in Note 24.

Financial assets

	CONSOLIDATED 2012	2011 (Restated)	01/01/2011 (Restated)	PARENT 2012	2011 (Restated)	01/01/2011 (Restated)
Current	1,023,734	820,544	542,352	606,372	580,553	528,034
Noncurrent	5,356,531	4,215,380	2,769,725	2,571,589	2,660,021	2,594,751
	6,380,265	**5,035,924**	**3,312,077**	**3,177,961**	**3,240,574**	**3,122,785**

As at December 31, 2012, interest and inflation adjustments incurred since the beginning of concession arrangements of Taesa Group amounted to R$5,310,018 (R$4,258,601 as at December 31, 2011) and R$4,628,589 (R$4,184,646 as at December 31, 2011) in the Parent.

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 4.39% and 15%, on a concession by concession basis, taking into account the specific characteristics of each concession and their investment dates.

In 2012 Taesa Group accounted for a compensation revenue for the financial asset of R$958,127 (R$752,307 in 2011). In the Parent, the amount was R$546,680 (R$709,202 in 2011).

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2012
(In thousands of Brazilian reais (R$), unless otherwise indicated)

Below are the changes in financial assets in 2012:

	Inters 12.31.2012	IRR (a)	2011	Addition (b)	Interest, inflation adjustment and other	Collections	2012
Consolidated							
TSN	100.00%	14%	1,199,404	6,630	202,259	(233,130)	1,175,163
ETEO	100.00%	11%	499,529	227	72,988	(84,707)	488,037
NVT	100.00%	15%	1,541,641	181	271,433	(298,494)	1,514,761
ETAU	52.5838%	4%	97,867	-	7,769	(6,980)	98,656
BRASNORTE	38.6645%	6%	104,996	-	10,794	(7,324)	108,466
NTE	100.00%	15%	448,488	-	81,257	(86,367)	443,378
UNISA	100.00%	10%	1,143,999	1,335,511	311,600	(242,040)	2,549,070
SGT	100.00%	6%	-	2,707	27	-	2,734
TOTAL			**5,035,924**	**1,345,256**	**958,127**	**(959,042)**	**6,380,265**
Parent							
TSN	100.00%	14%	1,199,404	6,630	202,259	(233,130)	1,175,163
ETEO	100.00%	11%	499,529	227	72,988	(84,707)	488,037
NVT	100.00%	15%	1,541,641	181	271,433	(298,494)	1,514,761
TOTAL			**3,240,574**	**7,038**	**546,680**	**(616,331)**	**3,177,961**

Below are the changes in financial assets in 2011:

	Inters 12.31.2011	2010	Addition	Interest, inflation adjustment and other	Collections	2011
Consolidated						
TSN	100.00%	1,156,928	1,877	264,952	(224,353)	1,199,404
ETEO	100.00%	490,670	43	99,771	(90,955)	499,529
NVT	100.00%	1,475,187	167	344,479	(278,192)	1,541,641
ETAU	52.5838%	92,662	-	14,611	(9,406)	97,867
BRASNORTE	38.6645%	96,630	1,262	13,850	(6,746)	104,996
NTE	100.00%	-	450,259	5,276	(7,047)	448,488
UNISA	50.00%	-	1,147,419	9,368	(12,788)	1,143,999
TOTAL		**3,312,077**	**1,601,027**	**752,307**	**(629,486)**	**5,035,924**
Parent						
TSN	100.00%	1,156,928	1,877	264,952	(224,353)	1,199,404
ETEO	100.00%	490,670	43	99,771	(90,955)	499,529
NVT	100.00%	1,475,187	167	344,479	(278,192)	1,541,641
TOTAL		**3,122,785**	**2,087**	**709,202**	**(593,500)**	**3,240,574**

(a) Refer to the annual internal rate of return used to remunerate the balances of receivables from service concessions.

(b) The amount recorded in column "addition" refers basically to a business combination of the remaining 50% interest in UNISA, including remeasurement of financial assets previously recorded, in the amount of R$1,324,544 and improvements, as described below:

- Improvement of substation in Taesa (TSN) - The Company included in the 2008-2011 Systems Facilities Modernization Plan (PMIS), approved by Aneel Resolution 2040/2009, a IV-type improvement in Taesa (TSN concession), for the exchange of 6 (six) 13.8 kV circuit breakers and switchgears in SE Bom Jesus da Lapa II, to prevent short-circuit overcurrent. Differently from others, this improvement will be made by Taesa and the related costs will be subsequently sent to ANEEL, which will determine the related RAP. Its conclusion is scheduled to June 2013.

(In thousands of Brazilian reais (R$), unless otherwise indicated)

- SE Lagoa Nova II's and LT Açu II - Paraíso's improvements - On November 20, 2012, through Resolution 3757, ANEEL authorized the Company to improve its facilities in order to improve power supply in the Northeast region. As a compensation for these investments, the Company will be entitled to the installments of the Annual Permitted Revenue (RAP), in Brazilian reais, as described below:

PROJECT	RAP
SE LAGOA NOVA II	
Installation of one General Access Module, two Maneuver Infrastructure Modules and two Line Entrances	R$1,146
LT AÇU II - PARAÍSO	
Installation of two circuits between SE Lagoa Nova II and the section point of LT Açu II - Paraíso	R$395
TOTAL	**R$1,541**

The initial operations of these improvements is 24 months. The improvements authorized in Taesa's facilities are set forth in the "Basic Grid Work Consolidation, between 2012 and 2014". The amounts equivalent to the new RAP installments of the companies are considered from the date such improvements are effectively operational, based on the useful lives of equipment.

- Improvement in Itacaiúnas (ATE III) - On October 4, 2010, through Resolution 2563, ANEEL authorized ATE III to implement improvements in its facilities in order to prevent the overload in case of contingency in two remaining transformers. As a compensation for these investments, the Company will be entitled to the installments of the Annual Permitted Revenue (RAP), in the amount of R$4,873, as described below:

PROJECT	RAP
SE ITACAIÚNAS	R$4,873
Installation of the 3RD set of auto-transformers and connectors, interconnection of bars and necessary adaptations	
TOTAL	**R$4,873**

The aforementioned improvement started to operate on August 23, 2012. O.N.S. Financial Release Instruments 206/D/10/2012 - MG ITACAIÚNAS and O.N.S. 264/D/12/2012 - TR 500/230 KV ITACAIÚNAS TR3, were issued by O.N.S. on October 9, 2012 and December 19, 2012, respectively, for the General Module and another for the transformer bank (TR3) and connections. The Company started to receive the RAP in September 2012.

- Ibicoara's and Sapeaçu's improvements - On June 7, 2011, through Resolution 2946, ANEEL authorized the Company to improve its facilities in order to increase the electric energy volume supplied in the Northeast region. As a compensation for these investments, the Company will be entitled to the installments of the Annual Permitted Revenue (RAP), in the amount of R$9,227, as described below:

PROJECT	RAP
SE IBICOARA	R$1,729
Adjustment of the yard bar disposal to 500 kilovolts (kV)	
SE SAPEAÇU	R$7,498
Installation of the static compensator of 230 kilovolts (kV)	
TOTAL	**R$9,227**

The initial operations of these improvements vary between 18 and 24 months. The improvements authorized in Taesa's facilities are set forth in the Basic Grid Work Consolidation, between 2011 and 2013. The amounts equivalent to the new RAP installments of the companies are considered from the date such improvements are effectively operational, based on the useful lives of equipment.

On September 10, 2012, the aforementioned improvement started to operate. The Final Release Instrument is pending issuance by ONS to date.

Service agreement

Taesa Group, through concessions TSN, ETEO, Novatrans, Brasnorte, ETAU, NTE, ATE, ATE II, ATE III, STE and SGT, has signed transmission public utility service agreements for the construction, operation and maintenance of transmission facilities, as described in Note 1.

The main characteristics of these concession agreements entered into among the Group concessionaires and ANEEL are described below:

Annual Permitted Revenue - 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. The RAP is adjusted for inflation on an annual basis using on the IGP-M (TSN, GTESA, PATESA, Munirah, Novatrans, ETEO, ETAU, ATE, ATE II and STE) and the IPCA (Brasnorte, ATE III and SGT).

Invoicing of the operating, maintenance and construction revenue - In consideration for the availability of transmission facilities for commercial operation, the transmission company will be entitled, in the first 15 (fifteen) years of operation, to annual operating, maintenance and construction revenues, adjusted for inflation and reviewed on an annual basis. After the 16th (sixteenth) year of operation, the annual operating, maintenance and construction revenues of the transmission company will correspond to 50% (fifty percent) of the 15th year of operation and should be extended through the final term of the concession. In case of concessions held by Brasnorte and SGT, as well as improvements in transmission lines made after 2008, there is no decrease in revenues in the 16^{th} year, and the RAP is received on a straight-line basis over the concession term.

Variable Portion - 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% 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% (two percent) of the annual operating, maintenance and construction revenues for the last 12 (twelve) months prior to the issuance of the assessment notice.

Indemnifiable financial asset - 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 (RGR), 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 item.

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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2012
(In thousands of Brazilian reais (R$), unless otherwise indicated)

Annual Permitted Revenue (RAP) calculation framework

The Group's power transmission line concessions are remunerated based on the availability of its transmission facilities, comprising the Basic Grid, the Basic Border Grid and the Other Transmission Facilities, 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 Other Transmission Facilities (DIT), not comprising the Basic Grid, is paid through a tariff set by ANEEL. This compensation does not vary based on availability.

The concessionaires' revenues are broken down as follows, in accordance with the approving resolutions issued by ANEEL:

- 2012-2013 cycle - RAP from July 1, 2012 to June 30, 2013 - Aneel Approving Resolution 1313, of June 26, 2012:

Cycle 2012-2013	RAP RBL	RAP RBNI	Border RBNI	Border RBL	DIT (exclusive) RPEC	DIT (exclusive) RCDM	Total	PA calculation	Total, net
TSN	351,330	-	10,031	-	-	-	361,361	(14,325)	347,036
GTESA	6,610	-	-	-	-	-	6,610	(266)	6,344
MUNIRAH	27,116	-	-	-	-	-	27,116	(1,088)	26,028
PATESA	15,875	-	-	-	-	-	15,875	(637)	15,238
ETEO	130,696	-	-	-	-	-	130,696	(5,250)	125,446
NOVATRANS	386,272	-	-	-	-	-	386,272	(15,515)	370,757
ETAU (*)	14,869	79	1,291	-	-	709	16,948	(447)	16,501
BRASNORTE (*)	6,910	861	-	694	34	-	8,499	(303)	8,196
NTE	113,774	-	-	-	-	-	113,774	(4,570)	109,204
ATE	110,734	-	-	-	-	-	110,734	(5,433)	105,301
ATE II	168,557	-	-	-	-	-	168,557	(6,764)	161,793
ATE III	77,883	2	-	-	-	-	77,885	(3,103)	74,782
STE	59,214	1,496	-	-	-	-	60,710	(2,436)	58,274
TOTAL	**1,469,840**	**2,438**	**11,322**	**694**	**34**	**709**	**1,485,037**	**(60,137)**	**1,424,900**

(*) Amounts proportional to the Company's share in the concessions as at December 31, 2012.

- 2011-2012 cycle - RAP from July 1, 2011 to June 30, 2012 - Aneel Approving Resolution 1171, of June 28, 2011:

Cycle 2012-2013	RAP RBL	RAP RBNI	Border RBNI	Border RBL	DIT (exclusive) RPEC	DIT (exclusive) RCDM	Total	PA calculation	Total, net
TSN	336,971	9,257	-	-	-	-	346,228	(2,866)	343,362
MUNIRAH	26,008	-	-	-	-	-	26,008	127	26,135
GTESA	6,340	-	-	-	-	-	6,340	(53)	6,287
PATESA	15,226	-	-	-	-	-	15,226	62	15,288
NOVATRANS	370,484	-	-	-	-	-	370,484	(3,073)	367,411
ETAU (*)	14,261	75	1,238	-	-	680	16,254	(326)	15,928
ETEO	125,354	-	-	-	-	-	125,354	(1,040)	124,314
BRASNORTE (*)	6,584	820	-	661	33	-	8,098	50	8,148
NTE	63,656	-	-	-	-	-	63,656	-	63,656
STE (*)	16,565	419	-	-	-	-	16,984	202	17,186
ATE (*)	30,977	-	-	-	-	-	30,977	128	31,105
ATEII (*)	47,153	-	-	-	-	-	47,153	230	47,383
ATEIII (*)	21,636	1	-	-	-	-	21,637	81	21,718
TOTAL	**1,081,215**	**10,572**	**1,238**	**661**	**33**	**680**	**1,094,399**	**(6,478)**	**1,087,921**

(*) Amounts proportional to the Company's share in the concessions. In specific cases of NTE and subsidiaries of UNISA we have: NTE - 100% for 7 months (December 2011 to June 2012) and subsidiaries of UNISA - 50% for 7 months (December 2011 to June 2012).

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2012
(In thousands of Brazilian reais (R$), unless otherwise indicated)

- 2010-2011 cycle - RAP from July 1, 2010 to June 30, 2011 - Aneel Approving Resolution 1021, of June 29, 2010:

Cycle 2010-2011	RAP RBL	RAP RBNI	Border		DIT (exclusive)		Total	PA calculation	Total, net
			RBNI	RBL	RPEC	RCDM			
TSN	315,383	-	-			-	315,383	(2,439)	312,944
MUNIRAH	23,029	-	-			-	23,029	(196)	22,833
GTESA	5,775	-	-			-	5,775	(49)	5,726
PATESA	13,505	-	-			-	13,505	(115)	13,390
NOVATRANS	337,500	-	-			-	337,500	(2,495)	335,005
ETAU (*)	12,721	1,163	623			-	14,507	(372)	14,135
ETEO	114,194	-	-			-	114,194	(972)	113,222
BRASNORTE (*)	6,021	604	-			30	6,655	189	6,844
TOTAL	**828,128**	**1,767**	**623**			**30**	**830,548**	**(6,449)**	**824,099**

(*) Amounts proportional to the Company’s share in the concessions.

Where:

- RAP - RBL - Bid Basic Grid;
- RAP - RBNI - New Facility Basic Grid;
- RAP - RBNI FR - New Facility Basic Grid- Border;
- RAP - RBL FR - 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;
- RAP - RB - basic revenues;
- RAP - RBF - basic border revenues;
- RAP - DIT - revenue from other transmission facilities; and
- PA - CALCULATION - Portion of adjustment in the period to offset the deficit or surplus in the prior period revenues (2009-2010/2010-2011).

8. TAXES AND SOCIAL CONTRIBUTIONS

	CONSOLIDATED			PARENT		
	2012	2011 (Restated)	01/01/2011 (Restated)	2012	2011 (Restated)	01/01/2011 (Restated)
Asset						
Prepaid corporate income tax (IRPJ) and social contribution on net income (CSLL)	3,405	1,749	649	1,566	1,643	370
PIS and COFINS to offset (C)	56,244	33,081	5,252	14,592	2,982	5,247
IRPJ and CSLL to offset	19,376	17,112	868	4,518	7,619	868
Withholding income tax	2,852	2,828	19,252	-	1,957	19,061
IR, CSLL, PIS, COFINS - Law 10833/03 (a)	7,332	5,075	1,759	374	1,449	1,725
Other	1,047	1,554	3,709	221	219	3,709
	90,256	**61,399**	**31,489**	**21,271**	**15,869**	**30,980**
Current	71,041	61,399	31,489	21,271	15,869	30,980
Noncurrent	19,215	-	-	-	-	-
	90,256	**61,399**	**31,489**	**21,271**	**15,869**	**30,980**

(In thousands of Brazilian reais (R$), unless otherwise indicated)

	CONSOLIDATED			PARENT		
	2012	2011 (Restated)	01/01/2011 (Restated)	2012	2011 (Restated)	01/01/2011 (Restated)
Liabilities						
Current IRPJ and CSLL (b)	13,073	4,066	7,453	3,514	566	7,036
PIS and COFINS	3,372	3,966	2,516	2,511	2,424	2,426
INSS and FGTS	1,649	2,744	1,123	1,229	854	1,091
ISS	936	1,025	848	96	85	268
CSLL, COFINS E PIS - Law 10833	637	184	244	84	72	143
ICMS	1,777	418	120	173	222	100
Other	634	1,558	4,164	271	542	3,820
	22,078	**13,961**	**16,468**	**7,878**	**4,765**	**14,884**

(a) Refers to withholding taxes and social contributions (IRRF, CSLL, PIS and COFINS) on services provided to the public administration's bodies and agencies by Brasnorte and UNISA (ATE II and ATE III).

(b) Refers to the provision for IRPJ and CSLL, which includes monthly prepayments calculated based on suspension or reduction balance sheets by Taesa, NTE, Brasnorte and UNISA (ATE, ATE II, ATE III and STE), as well as the provision for IRPJ and CSLL calculated by ETAU and SGT based on the deemed income regime in the amounts of R$288 and R$1 (R$408 as at December 31, 2011 for ETAU), respectively. These liabilities were offset against corporate income tax (IRPJ) and social contribution (CSLL) paid in advance by Taesa Group through December 31, 2012 in the amount of R$118,183 (R$133,041 as at December 31, 2011) and R$52,978 (R$32,334 as at December 31, 2011) in the Parent.

(c) Refers 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, recorded in the Company's profit or loss, respectively, in line item "Other operating costs, net" and "finance income".

Management is designing a plan to utilize its tax credits, in conformity with the legal term for utilization of prior-year tax credits and, in case of impossibility to recover through offset, it will calm the refund of these amounts to the Federal Revenue Service.

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 (twelve) months. There is no evidence of impairment for this asset.

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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2012
(In thousands of Brazilian reais (R$), unless otherwise indicated)

Below are the balances of deferred income tax and social contribution by company reported in the consolidated balance sheet:

	2012			2011			01/01/2011		
	Assets	Liabilities	Net effect on assets (liabilities)	Assets	Liabilities	Net effect on assets (liabilities) (Restated)	Assets	Liabilities	Net effect on assets (liabilities) (Restated)
TAESA	551,814	(270,468)	281,346	572,322	(244,745)	327,577	636,579	(170,635)	465,944
ETAU	79	-	79	20	-	20	20	-	20
BRASNORTE	-	-	-	-	-	-	2,065	-	2,065
Consolidated assets	551,893	(270,468)	281,425	572,342	(244,745)	327,597	638,664	(170,635)	468,029
BRASNORTE	124	(2,675)	(2,551)	96	(945)	(849)	-	-	-
NTE	695	(45,003)	(44,308)	-	(45,253)	(45,253)	-	-	-
UNISA	23,075	(142,817)	(119,742)	14,619	(22,381)	(7,762)	-	-	-
SGT	-	(84)	(84)	-	-	-	-	-	-
Consolidated liabilities	23,894	(190,579)	(166,685)	14,715	(68,579)	(53,864)	-	-	-
	575,787	**(461,047)**	**114,740**	**587,057**	**(313,324)**	**273,733**	**638,664**	**(170,635)**	**468,029**

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

	CONSOLIDATED		PARENT	
	2012	2011	2012	2011
Asset		(Restated)		(Restated)
IRPJ and CSLL on merged tax credit - goodwill (a)	532,806	557,138	532,806	557,138
IRPJ and CSLL on temporary differences - RTT (b)	23,513	15,432	19,008	12,028
IRPJ and CSLL on tax losses	19,468	14,487	-	3,156
	575,787	**587,057**	**551,814**	**572,322**
Liabilities				
IRPJ and CSLL on temporary differences - RTT (b)	**461,047**	**313,324**	**270,468**	**244,745**
Total, net	**114,740**	**273,733**	**281,346**	**327,577**

(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.

(b) Temporary differences are broken down as follows:

	Tax basis	2012 IRPJ	2012 CSLL	2012 Total	2011 IRPJ	2011 CSLL	2011 Total
Consolidated							
Advanced apportionment and adjustment portion	41,082	10,271	3,697	13,968	7,006	2,523	9,529
Accrued profit sharing	8,769	2,192	789	2,981	-	-	-
Accrued trade payables	2,939	735	265	1,000	44	16	60
Provision for variable portion	9,923	2,481	893	3,374	956	343	1,299
Provision for labor risks	776	194	70	264	368	132	500
Taxes with suspended payment	53	13	5	18	28	10	38
Adjustments - Law 11638/07 and Law 11941/09:							
- Adjustment to market value - Derivatives	3,833	958	345	1,303	-	-	-
- Application of ICPC01 (R1) - Concession arrangements	2,588	51	28	79	2,014	725	2,739
- Deferred asset - preoperating expenses	1,548	387	139	526	932	335	1,267
Total assets		**17,282**	**6,231**	**23,513**	**11,348**	**4,084**	**15,432**
Adjustments - Law 11638/07 and Law 11941/09:							
- Application of ICPC01 (R1) - Concession arrangements	1,297,433	323,729	116,552	440,281	219,104	78,877	297,981
Exchange gains - cash basis	61,076	15,269	5,497	20,766	11,282	4,061	15,343
Total liabilities		**338,998**	**122,049**	**461,047**	**230,386**	**82,938**	**313,324**
Parent							

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2012 (In thousands of Brazilian reais (R$), unless otherwise indicated)

	Tax basis	2012 IRPJ	2012 CSLL	2012 Total	2011 IRPJ	2011 CSLL	2011 Total
Advanced apportionment and adjustment portion	34,879	8,720	3,139	11,859	6,941	2,499	9,440
Provision for variable portion	9,584	2,396	862	3,258	904	325	1,229
Accrued profit sharing	8,215	2,054	739	2,793	-	-	-
Accrued trade payables	877	219	79	298	40	14	54
Provision for labor risks	752	188	68	256	-	-	-
Taxes with suspended payment	53	13	5	18	28	10	38
Adjustments - Law 11638/07 and Law 11941/09:							
- Deferred asset - preoperating expenses	1,548	387	139	526	932	335	1,267
Total assets		**13,977**	**5,031**	**19,008**	**8,845**	**3,183**	**12,028**
Adjustments - Law 11638/07 and Law 11941/09:							
- Application of ICPC01 (R1) - Concession arrangements	795,499	198,874	71,594	270,468	179,958	64,787	244,745
Total liabilities		**198,874**	**71,594**	**270,468**	**179,958**	**64,787**	**244,745**

Expected realization of deferred tax assets

Based on the technical studies on the projected taxable income, prepared in accordance with CVM Resolution 273, of August 20, 1998, the recovery of noncurrent tax credits in the following years is estimated as follows:

	2013	2014	2015	2016	2017	After 2017	Total
Goodwill							
Income tax	20,659	22,368	24,510	26,320	26,796	271,116	391,769
Social contribution	7,437	8,053	8,823	9,475	9,647	97,602	141,037
	28,096	**30,421**	**33,333**	**35,795**	**36,443**	**368,718**	**532,806**
Temporary differences							
Income tax	12,230	3,938	40	40	40	1,001	17,289
Social contribution	4,403	1,418	14	14	14	361	6,224
	16,633	**5,356**	**54**	**54**	**54**	**1,362**	**23,513**
Tax loss carryforwards							
Income tax	2,863	2,863	2,863	2,863	2,862	-	14,314
Social contribution	1,031	1,031	1,031	1,031	1,030	-	5,154
	3,894	**3,894**	**3,894**	**3,894**	**3,892**	**-**	**19,468**
	48,623	**39,671**	**37,281**	**39,743**	**40,389**	**370,080**	**575,787**

The management of the Company and its jointly controlled entities prepared together 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. The aforesaid study was analyzed 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.

(In thousands of Brazilian reais (R$), unless otherwise indicated)

10. DEFERRED TAXES

	CONSOLIDATED			PARENT		
	2012	2011 (Restated)	01/01/2011 (Restated)	2012	2011 (Restated)	01/01/2011 (Restated)
Asset						
PIS and COFINS on temporary differences - RTT (a)	-	381	729	-	569	729
Liabilities						
PIS and COFINS on temporary differences - RTT (a)	326,076	188,237	93,378	114,849	87,875	84,922

(a) Adjustments basically related to the application of ICPC01(R1) - Concession Arrangements.

11. ESCROW DEPOSITS

	CONSOLIDATED			PARENT		
	2012	2011 (Restated)	01/01/2011 (Restated)	2012	2011 (Restated)	01/01/2011 (Restated)
Civil (a)	5,338	3,118	1,439	1,243	1,243	1,244
Tax (b)	7,219	6,388	2,012	2,227	2,227	2,012
Labor	142	275	128	129	129	129
	12,699	**9,781**	**3,579**	**3,599**	**3,599**	**3,385**

The main balances of escrow deposits are described below:

(a) Civil

Right of way - Refers to the deposits made by ETEO, Novatrans, TSN e Taesa Serviços, ETAU, Brasnorte, NTE and UNISA (ATE, ATE II, ATE III and STE) relating to the claims on right of way. No provision for civil risks was recognized since the likelihood of loss on these claims is assessed as remote. As at December 31, 2012, the amount of civil escrow deposits relating to the right of way was R$2,554.

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 Handling Plans of the Conservation Units affected by the project. The escrow deposit arises out of a court order for purposes of environmental compensation. ATE may calculate such deposit when the lawsuit becomes final and unappealable, by acknowledging that the Company has performed the land and environmental regularization obligations. The balance as at December 31, 2012 was R$1,088 (R$544 as at December 31, 2011).

Colinas Consportium - 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, 2012 (R$832 as at December 31, 2011). This amount is recorded in the Company's balance sheet, in other payables, in noncurrent liabilities, by the same amount.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2012
(In thousands of Brazilian reais (R$), unless otherwise indicated)

(b) Tax

Social security contribution - Wirt of security filed by TSN (succeeded by Taesa) to obtain a INSS debt clearance certificate (or a debt unclearance 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 possible. The balance as at December 31, 2012 is R$727.

Contributions to PIS and COFINS - Motions to stay tax execution filed by TSN (succeeded by Taesa) against the National Treasury, in order to suspend the collection of alleged PIS and COFINS tax credits, calculated based on the matching of accessory obligations for the calendar year 2001. 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 possible. The balance as at December 31, 2012 and 2011 is R$514.

IPI - IPI tax debt annulment claim with request for advanced relief filed by TSN (succeeded by Taesa) against the Brazilian government, in order to challenge the alleged tax credit recognized through a tax administrative proceeding. 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 possible. The balance as at December 31, 2012 and 2011 is R$771.

ICMS - 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, based on the Company's legal counsel opinion, the likelihood of favorable outcome on this claim is possible. The balance as at December 31, 2012 and 2011 is R$215.

Contributions to PIS and COFINS - 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, based on the Company's legal counsel opinion, the likelihood of favorable outcome on this claim is possible. The balance as at December 31, 2012 and 2011 is R$3,474.

ICMS - 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. The balance as at December 31, 2012 is R$1,337 (R$687 as at December 31, 2011).

(In thousands of Brazilian reais (R$), unless otherwise indicated)

12. INVESTMENTS IN SUBSIDIARIES AND JOINTLY CONTROLLED ENTITIES

	2012	2011 (Restated)	01/01/2011 (Restated)
Balance sheet			
Subsidiaries	2,166,745	332,606	-
Jointly controlled entities	161,733	957,999	137,251
	2,328,478	**1,290,605**	**137,251**
Equity in subsidiaries			
Subsidiaries	205,699	5,203	
Jointly controlled entities (*)	43,608	22,518	
	249,307	**27,721**	

(*) This amount includes equity in subsidiaries of UNISA from January 1 to June 30, 2012 in the amount of R$29,984.

a) Investments in subsidiaries

Subsidiary's name	Number of shares 2012	Number of shares 2011	Interest - % 2012	Interest - % 2011
NTE	147,183,428	147,183,428	100%	100%
UNISA	1,585,626,758	-	100%	-
SGT	999	-	100%	-

For further information on the activities and place of operations of the Company's subsidiaries, see Note 1. The shares of the Company's jointly controlled entities are not traded on stock exchanges and they are closely held.

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

	SUBSIDIARIES NTE	UNISA	SGT	TOTAL
Balances as at December 31, 2010	**-**	**-**	**-**	**-**
Acquisition of ownership interest	336,102	-	-	336,102
Equity in subsidiaries	5,203	-	-	5,203
2011 dividends	(8,699)	-	-	(8,699)
Balances as at December 31, 2011	**332,606**	**-**	**-**	**332,606**
Capital contribution	-	-	2,401	2,401
Transfer of interest in jointly controlled entity	-	831,024	-	831,024
Gain on the remeasurement of the interest previously held	-	45,169	-	45,169
Acquisition of ownership interest	-	876,193	-	876,193
Equity in 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**

NTE - as mentioned in Note 2, NTE was acquired by the Company on November 30, 2011. Therefore, as at December 31, 2011, the Company recorded one month of equity in subsidiaries.

(In thousands of Brazilian reais (R$), unless otherwise indicated)

UNISA - UNISA is a holding with interest in the following wholly-owned subsidiaries ATE, ATE II, ATE III and STE. As mentioned in Note 2, 50% of UNISA - União de Transmissoras de Energia Elétrica S.A was acquired by the Company on November 30, 2011 and the remaining 50% on July 3, 2012, when it became a wholly-owned subsidiary of TAESA.

The impact in the Company's profit or loss in 2012 was as follows: 50% from January to June, when UNISA was a jointly controlled entity (R$29,984) and 100% from July to September, when UNISA became a subsidiary (R$145,840).

UNISA's subsidiaries:

- STE - On April 30, 2012, the Annual and Extraordinary Shareholders' Meeting of STE approved the payment of R$5,226, as mandatory dividends for 2011, through December 31, 2012. On July 16, 2012, STE paid R$2,770 and on November 29, 2012, it has paid R$2,456 to its parent UNISA.

- ATE **-** On April 30, 2012, the Annual Shareholders' Meeting of STE approved the payment of R$9,188 through December 31, 2012 to its parent UNISA, as mandatory minimum dividends for 2011, through December 31, 2012, which were paid on November 29, 2012.

- ATEII - On April 30, 2012, the Annual and Extraordinary Shareholders' Meeting of STE approved the payment of R$10,700, as mandatory dividends for 2011, through August 15, 2012.

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 has organized a special purpose entity (SPE) referred to as "São Gotardo Transmissora de Energia S.A". TAESA did not offer a discount related to the Annual Permitted Revenue (RAP) initial basis of R$3,739, and the construction is expected to be concluded within the 18 months established by ANEEL from the signature of Concession Arrangement 024/2012, entered into on August 27, 2012.

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

Date	Approval	Event	Subscribed capital	Paid-in capital	Unpaid capital
06/12/2012	AGC	Company's establishment	1	(1)	-
10/10/2012	AGE	Capital increase	2,400	(2,400)	-
11/12/2012	AGE	Capital increase (a)	864	-	864
12/10/2012	AGE	Capital increase (b)	864	-	864
			4,129	**(2,401)**	**1,728**

(a) This capital increase was paid in January 2013; and

(b) The payment of this capital increase will take place in 2013.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2012 (In thousands of Brazilian reais (R$), unless otherwise indicated)

The aforementioned capital increases aims at contributing to the Company the funds necessary to implement the project that is part of its corporate purpose.

Taesa already started the project qualification phases for purposes of financing from BNDES.

b) Investments in jointly controlled entities

Subsidiary's name	Number of shares 2012	2011	Interest - % 2012	2011
ETAU	34,895,364	34,895,364	52.5838%	52.5838%
BRASNORTE	191,052,000	191,052,000	38.6645%	38.6645%
UNISA*	-	792,813,379	-	50.00%

* As mentioned in Note 2, 50% of UNISA - União de Transmissoras de Energia Elétrica S.A was acquired by the Company on November 30, 2011 and the remaining 50% on July 3, 2012, when it became a wholly-owned subsidiary of TAESA.

For further information on the activities and place of operations of the Company's subsidiaries, see Note 1. The shares of the Company's jointly controlled entities are not traded on stock exchanges and they are closely held.

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 financial information (Parent), is as follows:

	JOINTLY CONTROLLED ENTITIES			
	UNISA	ETAU	BRASNORTE	TOTAL
Balances as at December 31, 2010	**-**	**68,672**	**68,579**	**137,251**
Capital increase	-	-	4,640	4,640
2010 dividends	-	(5,353)	-	(5,353)
Acquisition of ownership interest	799,737	-	-	799,737
Equity in subsidiaries	1,971	14,017	6,530	22,518
2011 dividends	(668)	(126)	-	(794)
Balances as at December 31, 2011	**801,040**	**77,210**	**79,749**	**957,999**
Equity in subsidiaries	29,984	7,756	5,868	43,608
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 receivable2011 - proposed additional approved	-	(5,544)	-	(5,544)
Balances as at December 31, 2012	**-**	**79,332**	**82,401**	**161,733**

<u>Capital increase in Brasnorte</u> - On August 23, 2010, the Extraordinary General Meeting authorized the capital increase in Brasnorte, which receive capital contributions from its shareholders in the total amount of R$12,000 and individually corresponding to the percentage stake of the respective interests as described below:

	TAESA	ELETRONORTE	BIMETAL	TOTAL
February 10, 2011		-	930	930
February 14, 2011	3,093	3,977	-	7,070
August 15, 2011	-	1,988	-	1,988
August 29, 2011	-	-	465	465
August 30, 2011	1,547	-	-	1,547
	4,640	**5,965**	**1,395**	**12,000**

(In thousands of Brazilian reais (R$), unless otherwise indicated)

With the funds received, Brasnorte performed the payments related to the EPC Agreement with Bimetal Engenharia e Construção/Bimetal Indústria Metalúrgica Ltda. - R$3,728, EPC Agreement with Taesa Serviços - R$607, Loan with TAESA - R$2,700 and other operational payments.

Taesa's interest in Brasnorte - In 2011, in order to accurately reflect the distribution of the shares comprising the capital of Brasnorte, the interest percentage of each shareholder will be indicated with four decimals, rather than two, as previously adopted. With respect to Taesa, its interest was 38.6645%, compared to 38.67%.

Dividends paid (ETAU) - On March 23, 2011, the AGOE of ETAU approved the payment of R$10,338, up to December 31, 2011, as dividends for the year ended 2010. On June 22, 2011, ETAU requested the approval of the BNDES for the payment of such dividends relating to 2010, which was received on July 22, 2011. Due to macroeconomic factors and limitations imposed by BNDES reserve account, the dividends were not fully paid within the period determined by the AGOE. On December 28, 2011, the Company paid the amount of R$8,700 and on March 26, 2012, it has paid the remaining balance of R$1,638.

The following amounts, considering the Company's percentage interest, are included in the Group's consolidated financial statements as a result of the proportionate consolidation.

	Total assets	Total liabilities	Equity	Revenues	Expenses	Profit or loss for the year
2012						
ETAU	103,992	24,661	79,331	12,990	(5,234)	7,756
BRASNORTE	113,493	31,091	82,402	12,947	(7,079)	5,868
	217,485	**55,752**	**161,733**	**25,937**	**(12,313)**	**13,624**
2011						
ETAU	101,290	24,749	76,541	19,784	(5,777)	14,007
BRASNORTE	110,224	30,475	79,749	17,643	(11,103)	6,540
UNISA*	1,517,824	716,115	801,709	19,407	(17,436)	1,971
	1,729,338	**771,339**	**957,999**	**56,834**	**(34,316)**	**22,518**

* As mentioned in Note 2, UNISA was acquired by the Company on November 30, 2011. Therefore, as at December 31, 2011, the Company recorded one month of equity in subsidiaries. The amounts in this table consider the consolidated balances of UNISA.

Total contingent liabilities arising from the Company's jointly controlled entities are described in Note 19.

13. INTANGIBLE ASSETS

	Average useful life	CONSOLIDATED 2012	2011 (Restated)	01/01/2011 (Restated)
Finite useful life				
Software	5 years	2,633	1,222	1,222
Concession (*)	22 years	9,977	9,977	7,403
Cost		12,610	11,199	8,625
Software		(989)	(723)	(448)
Concession (*)		(4,335)	(4,062)	(4,051)
Accumulated amortization		(5,324)	(4,785)	(4,499)
Indefinite useful life				
Patents and trademarks	Indefinite	8	33	33
		8	33	33
		7,294	**6,447**	**4,159**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2012
(In thousands of Brazilian reais (R$), unless otherwise indicated)

	Average useful life	PARENT 2012	2011 (Restated)	01/01/2011 (Restated)
Finite useful life				
Software	5 years	2,630	1,222	1,222
Concession (*)	22 years	7,403	7,403	7,403
Cost		10,033	8,625	8,625
Software		(990)	(723)	(448)
Concession (*)		(4,196)	(4,051)	(4,051)
Accumulated amortization		(5,186)	(4,774)	(4,499)
Indefinite useful life				
Patents and trademarks	Indefinite	8	33	33
		8	33	33
		4,855	**3,884**	**4,159**

(*) Refers to the allocation of the appreciation arising from business combinations accounted for by the Company in the acquisitions of NTE and Munirah, already considering the allocation to financial assets and the accounting for deferred taxes.

The amortization of intangible assets is accounted for in amortization expenses in the Company's profit or loss.

14. OTHER RECEIVABLES AND PAYABLES

	CONSOLIDATED 2012	2011 (Restated)	01/01/2011 (Restated)	PARENT 2012	2011 (Restated)	01/01/2011 (Restated)
Current assets						
Sundry advances	15,751	3,488	1,774	11,915	2,351	1,023
Related parties (f)	36	13,558	2,051	23,583	27,113	3,322
R&D advances (a)	19,781	12,654	-	15,854	12,467	1,795
Other receivables	9,044	6,487	2,643	3,010	2,574	786
	44,612	**36,187**	**6,468**	**54,362**	**44,505**	**6,926**
Noncurrent assets						
Related parties (f)	-	2,710	-	361	-	-
Other receivables (e)	6,738	827	-	4,636	729	-
	6,738	**3,537**	**-**	**4,997**	**729**	**-**
Current liabilities						
Payroll	14,522	9,267	3,424	13,531	8,950	3,415
Environmental compensation (b)	3,951	2,484	3,496	1,431	1,547	2,748
Related parties (f)	337	26,257	1,335	-	-	-
Other payables (g)	4,015	629	3,544	726	169	3,544
	22,825	**38,637**	**11,799**	**15,688**	**10,666**	**9,707**
Noncurrent liabilities						
Advanced apportionment (d) and adjustment portion (c)	46,882	29,154	5,366	36,665	28,440	5,054
Related parties (f)	298	4,370	700	1,834	953	953
Other payables	1,668	29	108	4	5	108
	48,848	**33,553**	**6,174**	**38,503**	**29,398**	**6,115**

(a) Refers to prepayments of amounts invested by the Company in R&D projects to be offset against the liability held by the Company of Regulatory Charges (Research & Development) in the amounts of R$46,211 (R$44,211 as at December 31, 2011), upon the approval by Aneel and closing of the respective projects. This liability cannot be written off, on any account, without the prior approval of Aneel.

(In thousands of Brazilian reais (R$), unless otherwise indicated)

(b) Refers to the accrued obligations to IBAMA and FUNAI for the implementation of environmental recovery projects, whose amount disbursed in 2012 was R$836 (R$24 in 2011). 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 twelve 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 such Official Letter, ONS added to the monthly revenue from concessionaires of Taesa Group in 2012, the amount of R$29,425 (R$30,678 in 2011).

(d) Refers to the monthly revenues earned as apportionment of prepaid system revenues in addition to the RAP for the period ended December 31, 2012, which will be settled by offsetting future RAP amounts to be authorized by ONS beginning July 1, 2013.

(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 02, 2009. In 2013 the Company will send 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$2,002.

(f) See Note 15 - Related Parties

(g) Refers basically to advances from customers for provision of the Company's transmission line availability services, which is expected to occur in 2013.

15. RELATED PARTIES

The main balances of assets and liabilities in 2012 and 2011, as well as the transactions that affected profit or loss for the years, relating to transactions with related parties arise from transactions among the Company, its controlling shareholders, subsidiaries and jointly controlled entities and key management personnel, are detailed below:

	CONSOLIDATED			PARENT		
	2012	2011 (Restated)	01/01/2011 (Restated)	2012	2011 (Restated)	01/01/2011 (Restated)
Current assets						
Receivables from management members (a)	-	-	49	-	-	48
Taesa x UNISA - trade receivables (c)	-	13,523	-	23,513	27,045	-
Taesa X ETAU - trade receivables (b)	23	22	20	49	48	42
Taesa X BRASNORTE - trade receivables (b)	13	13	1,982	21	20	3,232
	36	**13,558**	**2,051**	**23,583**	**27,113**	**3,322**
Noncurrent assets						
Unisa X Abengoa - trade receivables Construções Brasil Ltda. (d)	-	1,957	-	-	-	-
Unisa X Omega Operação e Manutenção de LT - trade receivables (d)	-	659	-	-	-	-
Taesa X NTE X SGT - trade receivables (c)	-	94	-	361	-	-
	-	**2,710**	**-**	**361**	**-**	**-**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2012
(In thousands of Brazilian reais (R$), unless otherwise indicated)

	CONSOLIDATED			PARENT		
	2012	2011 (Restated)	01/01/2011 (Restated)	2012	2011 (Restated)	01/01/2011 (Restated)
Current liabilities						
Brasnorte x Bimetal - trade payables (d)	-	-	1,290	-	-	-
Unisa X Abengoa - trade payables (d)	-	13,523	-	-	-	-
ETAU x Eletrosul - trade payables (d)	30	25	45	-	-	-
Brasnorte x ETAU - trade payables (d)	5	-	-	-	-	-
Brasnorte x Eletronorte - trade payables	302	366	-	-	-	-
Unisa X Omega Operação e Manutenção de LT - trade payables (d)	-	12,343	-	-	-	-
	337	**26,257**	**1,335**	**-**	**-**	**-**
Noncurrent liabilities						
Unisa X Abengoa Construções Brasil Ltda. - trade payables (d)	-	3,670	-	-	-	-
Taesa X CEMIG GT - trade payables (a)	298	298	298	298	298	298
Taesa X Brasnorte - trade payables (b)	-	402	402	-	655	655
Taesa x UNISA - trade payables (c)	-	-	-	1,536	-	-
	298	**4,370**	**700**	**1,834**	**953**	**953**

	CONSOLIDATED		PARENT	
	2012	2011	2012	2011
Revenue		(Restated)		(Restated)
Taesa X ETAU - service revenue (b)	277	261	585	551
Taesa X BRASNORTE - service revenue (b)	156	147	255	239
Taesa X BRASNORTE - loan finance income (b)	-	33	-	55
Taesa X Fundo Pampulha - finance income (a)	683	-	621	-
Taesa X Brasnorte revenue (d)	-	12	-	20
	1,116	**453**	**1,461**	**865**
Expense				
ETAU X CEEE - expense (d)	863	738	-	-
ETAU X Eletrosul - expense (d)	329	309	-	-
Brasnorte X BIMETAL - expense (d)	367	74	-	-
Brasnorte X Eletronorte - expense (d)	716	1,049	-	-
Taesa X Forluz expense (a)	1,295	-	1,222	-
Taesa X Brasnorte expense (b)	49	-	80	-
Taesa X Ativas expense (a)	686	624	686	624
	4,305	**2,794**	**1,988**	**624**

(a) Transactions between the Company and its controlling shareholder

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 committee compensation process
Transaction date: November 25, 2009.
Amount involved: R$419.
Amount corresponding to Company's interest: not applicable.
Outstanding balance: R$298 at December 31, 2012, December 31, 2011 and January 1, 2011 in Consolidated and Parent.
Profit or loss: R$0 in 2012 and 2011 in Consolidated and in the Parent.
Interest rate: None.
Effective period/duration: the Company expects that the balance be repaid by December 31, 2013.
Rescission or termination conditions: None.
Related collaterals and insurance: None.
Other relevant information: transaction approved by the Extraordinary Shareholders' Meeting on November 25, 2009 when the overall annual compensation of the Company's officers was approved.

Taesa x Management
Agreement purpose: Balance receivable of the Group's management arising from the sale of the Company's vehicles and use thereof.
Transaction nature and motive: vehicle purchase and sale agreement.
Transaction date: February 9, 2010.
Amount involved: R$44.
Amount corresponding to Company's interest: R$44.
Outstanding balance: R$0 in Consolidated and R$0 in the Parent in 2012 and 2011 (R$49 in Consolidated and R$48 in the Parent as at January 1, 2011).
Profit or loss: R$0 in 2012 and 2011 in Consolidated and in the Parent.
Interest rate: 0.05% p.m.
Effective period/duration: Payments made in 20 installments.
Rescission or termination conditions: None.
Related collaterals and insurance: None.
Other relevant information: Not applicable.

Taesa x CEMIG GT - Cash equivalents - Pampulha Fund
Agreement purpose: the Company and its jointly controlled entity Brasnorte are unitholders of investment fund Pampulha Referenciado DI Crédito Privado - Fundo de Investimento, which is an exclusive fund of the Taesa Group and its parent CEMIG GT. The Company holds a balance of debentures issued by its parent CEMIG GT recorded as short-term investments.
Transaction nature and motive: investment of Company cash in and investment fund - Pampulha Fund.
Transaction date: March 19, 2012.
Amount involved: R$10,489.
Amount corresponding to Company's interest: R$9,798.
Outstanding balance: R$9,798 in Consolidated and R$8,872 in the Parent in 2012 (R$0 in Consolidated and in the Parent in 2011).
Profit or loss: R$683 in Consolidated and R$621 in the Parent in 2012 (R$0 in Consolidated and in the Parent in 2011).
Interest rate: 0.9% p.a. + CDI fluctuation.
Effective period/duration: February 15, 2017.
Rescission or termination conditions: None.
Related collaterals and insurance: None.
Other material information: None.

Taesa x Forluz - Pension plan (see Note 28)
Agreement purpose: creation of the Taesaprev Plan 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: Employee pension plan.
Transaction date: April 1, 2012.
Amount involved: Investment according to the employee's option
Outstanding balance: R$0 in Consolidated and in the Parent in 2012 and 2011.
Profit or loss: R$1,295 in Consolidated and R$1,222 in the Parent in 2012 (R$0 in Consolidated and in the Parent in 2011).
Interest rate: management fee of 1.5% on total monthly contributions made by employer and employee.
Effective period/duration: Undetermined.
Rescission or termination conditions: None.
Related collaterals and insurance: None.
Other material information: None.

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 corresponding to Company's interest: R$49 (contractual monthly amount).
Outstanding balance: R$0 in Consolidated and in the Parent in 2012 (R$0 in Consolidated and in the Parent as at December 31, 2011).
Profit or loss: R$686 in Consolidated and in the Parent in 2012 (R$624 in Consolidated and in the Parent as at December 31, 2011).
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 opinion on the contrary 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.

(b) Transactions between the Company and jointly controlled entities

Taesa x Brasnorte - loan agreement
Agreement purpose: loan agreement between Taesa (borrower) and Brasnorte (lender)
Transaction nature and motive: meet subsidiary Brasnorte's cash requirements arising from the construction of its transmission power lines.
Transaction date: February 16, 2009.
Amount involved: R$45,000.
Amount corresponding to Company's interest: R$17,399.
Outstanding balance: R$0 in Consolidated and in the Parent in 2012 and 2011 (R$1,622 in Consolidated and R$2,644 in the Parent as at January 1, 2011).
Profit or loss: R$0 in Consolidated and in the Parent in 2012 (R$33 in Consolidated and R$55 in the Parent in 2011).
Interest rate: financial charges based on the CDI + 6.6% p.a.
Effective period/duration: 4 years from the agreement execution date. The agreement was settled on February 14, 2011.
Rescission or termination conditions: any party can terminate the agreement provided it notifies the other party 30 days in advance, in which can the borrowed amount must be immediately repaid, plus debt charges.
Related collaterals and insurance: None.
Other relevant information: During 2009, a portion of the loan balance was used to increase the Company's capital by the amount of R$38,430. The remaining balance was settled in February 2011 in the amount of R$3,763.

<u>Taesa x Brasnorte - IRRF refund</u>
Agreement purpose: see "Taesa x Brasnorte - loan agreement"
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
Amount corresponding to Company's interest: not applicable.
Outstanding balance: R$0 in Consolidated and in the Parent in 2012 and R$402 in the Consolidated as at December 31, 2011 and January 1, 2011 and R$655 in the Parent as at December 31, 2011 and January 1, 2011.
Profit or loss: R$49 in Consolidated and R$80 in the Parent in 2012 (R$0 in Consolidated and in the Parent in 2011).
Interest rate: not applicable.
Inflation adjustment: CDI.
Effective period/duration: not applicable.
Rescission or termination conditions: not applicable.
Related collaterals and insurance: None.
Other relevant information: the balance was settled on February 13, 2012.

<u>Taesa (Taesa Serviços) x ETAU - back-office service agreement</u>
Agreement purpose: back-office service agreement.
Transaction nature and motive: the ANEEL authorized the renewal of this agreement under Ordinance 183 of January 23, 2013, which amends its termination date to January 23, 2017.
Transaction date: July 3, 2008.
Amount involved: R$39 (monthly contractual amount)
Amount corresponding to Company's interest: R$21 (contractual monthly amount).
Outstanding balance: R$23 in Consolidated and R$49 in the Parent as at December 31, 2012 (R$22 as at December 31, 2011 and R$20 as at January 1, 2011 in the Consolidated, and R$48 as at December 31, 2011 and R$ 42 as January 1, 2011 in the Parent).
Profit or loss: R$277 in Consolidated and R$585 in the Parent in 2012 (R$261 in Consolidated and R$551 in the Parent in 2011).
Interest rate: None.
Inflation adjustment: Annual adjustment by IGP-M.
Effective period/duration: 5 years from execution date.
Rescission or termination conditions: the agreement can be terminated at any time, unilaterally, under a 30-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 the agreement during the concession period. The agreement was renewed in January 2013 (Note 26).

<u>Taesa (Taesa Serviços) x ETAU - back-office service agreement</u>
Agreement purpose: back-office service agreement.
Transaction nature and motive: ANEEL authorized this agreement by means of Order 1406/2009 of April 9, 2009, whereby it has established the term of the agreement in 4 years, counted from the publication of the Order in the Official Gazzette (April 13, 2013).
Transaction date: July 31, 2008.
Amount involved: R$18 (monthly contractual amount)
Amount corresponding to Company's interest: R$7.
Outstanding balance: R$13 in Consolidated and R$21 in the Parent in 2012 (R$13 as at December 31, 2011 and R$360 as at January 1, 2011 in the Consolidated, and R$20 as at December 31, 2011 and R$588 as January 1, 2011 in the Parent).

Profit or loss: R$156 in Consolidated and R$255 in the Parent in 2012 (R$147 in Consolidated and R$239 in the Parent in 2011).
Interest rate: None.
Inflation adjustment: Annual adjustment by IPCA.
Effective period/duration: up to April 13, 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: None.

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: the 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 corresponding to Company's interest: not applicable.
Outstanding balance: not applicable
Profit or loss: not applicable
Interest rate: not applicable.
Effective period/duration: undetermined.
Rescission or termination conditions: None.
Related collaterals and insurance: None.
Other material information: None.

(c) Transactions between the Company and subsidiaries

Taesa x UNISA - 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: ATEII and ATEIII to Abengoa, one of its parent.
Transaction date: November 30, 2011.
Amount involved: R$54,771.
Amount corresponding to Company's interest: R$54,771.
Outstanding balance: R$0 in Consolidated and R$23,513 in the Parent in 2012 (R$13,523 in Consolidated and R$27,045 in the Parent in 2011).
Profit or loss: R$0 in Consolidated and in the Parent in 2012 and 2011.
Interest rate: None.
Effective period/duration: The Company expects to make the payment through December 31, 2013.
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.

Taesa x NTE X SGT - 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 corresponding to Company's interest: not applicable.
Outstanding balance: R$0 in Consolidated and R$361 in the Parent in 2012 (R$94 in Consolidated and R$0 in the Parent in 2011).
Profit or loss: R$0 in Consolidated and in the Parent in 2012 and 2011.
Interest rate: not applicable.
Effective period/duration: The Company expects to make the payment through December 31, 2013.
Rescission or termination conditions: None.
Related collaterals and insurance: None.
Other material information: None.

Taesa x ATE II X ATE III X UNISA - 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 corresponding to Company's interest: not applicable.
Outstanding balance: R$0 in Consolidated and R$1,536 in the Parent in 2012 (R$0 in Consolidated and in the Parent in 2011).
Profit or loss: R$0 in Consolidated and in the Parent in 2012 and 2011.
Interest rate: not applicable.
Effective period/duration: The Company expects to make the payment through December 31, 2013.
Rescission or termination conditions: None.
Related collaterals and insurance: None.
Other material information: None.

(d) Transactions between subsidiary UNISA, jointly controlled entities ETAU and Brasnorte and other shareholders

The balance in the consolidation of transactions below refers to the interest of other shareholders, not eliminated in consolidation:

ETAU x CEEE - O&M service agreement
Agreement purpose: service operation and maintenance agreement.
Transaction nature and motive: provision of operation and maintenance services.
Transaction date: June 23, 2010.
Amount involved: R$136 (monthly contractual amount)
Amount corresponding to Company's interest: R$72.
Outstanding balance: R$0 in Consolidated and in the Parent in 2012 and 2011.
Profit or loss: R$856 in Consolidated and R$0 in the Parent in 2012 (R$731 in Consolidated and R$0 in the Parent in 2011).
Interest rate: None.
Inflation adjustment: annual adjustment by IGP-M.
Effective period/duration: 4 years from the agreement execution date.
Rescission or termination conditions:

- noncompliance of any deadline, provision or covenant in the agreement that last 30 days after written notification to the service provider.
- taking any action that could result in the definitive cancelation of the service receiver's concession agreement with the ANEEL.
- change in control in the service provider without prior approval by the service receiver and whenever such change results in noncompliance of the service provider's obligations; a change in control in an associate, subsidiary or parent or the increase in any shareholder's interest does not have to be approved in advance;
- the merger, takeover or spin-off without prior approval by the service receiver that result in a significant noncompliance of the obligations by the successor, except spin-off to comply with Law 10848/04; or
- the winding-up or liquidation of the service receiver or failure to file objection against a bankruptcy request filed against the service receiver within the legal deadline; file of a request of self-bankruptcy; the service provider's failure to file objection against the seizure of its assets that could significantly impair its ability to conduct business and undertake its activities as they are currently conducted and undertaken; discontinuation of its activities for a six-month period.

Related collaterals and insurance: equipment and goods insurance, general civil liability and service receiver liability for costs not covered by the general civil liability insurance policy.
Other material information: None.

ETAU x CEEE - CCI agreement
Agreement purpose: sharing technical and operating facilities and units.
Transaction nature and motive: construction of transmission power lines.
Transaction date: April 15, 2005.
Amount involved: R$10 (annual contractual amount - not adjusted)
Amount corresponding to Company's interest: R$5.
Outstanding balance: R$0 in Consolidated and in the Parent in 2012 and 2011.
Profit or loss: R$7 in Consolidated and R$0 in the Parent in 2012 (R$7 in Consolidated and R$0 in the Parent in 2011).

Interest rate: None.
Inflation adjustment: annual adjustment by IGP-M.
Effective period/duration: up to the end of any of the parties' concession
Rescission or termination conditions: It can be rescinded in case of legal termination of the any party's concession.
Related collaterals and insurance: None.
Other material information: None.

<u>ETAU x Eletrosul - O&M service agreement</u>
Agreement purpose: service operation and maintenance agreement.
Transaction nature and motive: provision of operation and maintenance services.
Transaction date: June 23, 2010.
Amount involved: R$43.
Amount corresponding to Company's interest: R$22.
Outstanding balance: R$30 in Consolidated and R$0 in the Parent in 2012 (R$25 in the Consolidated and R$0 in the Parent in 2011 and R$45 in the Consolidated and R$0 as at January 1, 2011).
Profit or loss: R$285 in Consolidated and R$0 in the Parent in 2012 and R$270 in Consolidated and R$0 in the Parent in 2011.
Interest rate: None.
Inflation adjustment: annual adjustment by IGPM beginning December 31, 2010.
Effective period/duration: 4 years from the agreement execution date.
Rescission or termination conditions:

- noncompliance of any deadline, provision or covenant in the agreement that last 30 days after written notification to the service provider.
- taking any action that could result in the definitive cancelation of the service receiver's concession agreement with the ANEEL.
- change in control in the service provider without prior approval by the service receiver and whenever such change results in noncompliance of the service provider's obligations; a change in control in an associate, subsidiary or parent or the increase in any shareholder's interest does not have to be approved in advance;
- the merger, takeover or spin-off without prior approval by the service receiver that result in a significant noncompliance of the obligations by the successor, except spin-off to comply with Law 10848/04; or
- the winding-up or liquidation of the service receiver or failure to file objection against a bankruptcy request filed against the service receiver within the legal deadline; file of a request of self-bankruptcy; the service provider's failure to file objection against the seizure of its assets that could significantly impair its ability to conduct business and undertake its activities as they are currently conducted and undertaken; discontinuation of its activities for a six-month period.

Collaterals and related insurance: equipment and goods insurance, general civil liability and service receiver liability for costs not covered by the general civil liability insurance policy.
Other material information: None.

ETAU x Eletrosul - multimedia communication service agreement
Agreement purpose: provision of Multimedia Communication services by Eletrosul, to ETAU, with the "provision of a point-to-point voice channel and low- and medium-speed data transmission channels."
Transaction nature and motive: provision of multimedia communication services.
Transaction date: December 23, 2005.
Amount involved: R$5 (monthly contractual amount)
Amount corresponding to Company's interest: R$3.
Outstanding balance: R$0 in Consolidated and in the Parent in 2012 and 2011.
Profit or loss: R$41 in Consolidated and R$0 in the Parent in 2012 (R$36 in Consolidated and R$0 in the Parent in 2011).
Interest rate: None.
Inflation adjustment: annual adjustment by IGP-DI.
Effective period/duration: effective since execution date over a five-year period, and can be extended for equal, successive periods. This agreement was automatically extended for another five years.

Rescission or termination conditions:

- It can be rescinded under mutual agreement of the parties;
- It can be rescinded by one of the parties under a 180-day prior notice;
- The party requesting the recession shall indemnify to the other party by 20% of the total amount to be paid, described in clause 8 of the agreement entered into among the parties, limited to 10% of the total agreement amount;
- It can be rescinded in case of legal termination of the any party's concession/license;
- It can be rescinded by a party if the other party fails to comply any of the agreement's terms and conditions;
- If rescinded, after complying with the related obligations enforceable on rescission date, the parties shall sign a Rescission Statement, mutually clearing each other's obligations under this agreement;
- Under no circumstance, the rescission of the agreement shall discharge ETAU from paying the amounts due to Eletrosul for services provided before the rescission;
- In case of agreement rescission or termination, ETAU shall immediately transfer any proprietary or confidential information related to this agreement, as well as any codes, accesses or addresses provided by Eletrosul as a result of the services, or shall otherwise be liable for any caused losses or damages.

Related collaterals and insurance: None.
Other material information: in case of failure to issue a statement by the parties up to 180 consecutive days before the expiration of the contractual term, the agreement is automatically renewed for an equal period.

ETAU x Eletrosul - Property lease agreement
Agreement purpose: use of an area of 14.06 m, including facilities and services, located at Rua Deputado Antônio Edu Vieira, nº 999, Bairro Pantanal, City of Florianópolis-SC.
Transaction nature and motive: Property lease.
Transaction date: March 2, 2009.
Amount involved: R$6 (annual contractual amount)
Amount corresponding to Company's interest: R$3.
Outstanding balance: R$0 in Consolidated and in the Parent in 2012 and 2011.
Profit or loss: R$3 in Consolidated and R$0 in the Parent in 2012 (R$3 in Consolidated and R$0 in the Parent in 2011).

Interest rate: the amount will be annually valued by the Licensor to apply the rule set out in the Amount Valuation Table, part of the Use License.
Effective period/duration: effective since the agreement execution date for a twelve-month period, which can be extended for an equal period at the request of the Licensee, if accepted by the Licensor. On February 15, 2012, a consent instrument for the remunerated use was entered into extending the term of the agreement for an additional period of 12 months.
Rescission or termination conditions: None.

<u>Brasnorte x Eletronorte - service agreement</u>
Agreement purpose: Operation, maintenance and commissioning of the transmission company's facilities and telecommunication services.
Transaction nature and motive: Provision of services.
Transaction date: September 17, 2009.
Amount involved: R$70 (monthly contractual amount)
Amount corresponding to Company's interest: R$27.
Outstanding balance: R$0 in Consolidated and in the Parent in 2012 (R$64 in Consolidated and R$0 in the Parent in 2011).
Profit or loss: R$639 in Consolidated and R$0 in the Parent in 2012 (R$773 in Consolidated and R$0 in the Parent in 2011).
Interest rate: None.

Inflation adjustment: Amount adjusted based on the accumulated fluctuation of IGP-M.
Effective period/duration: 12-month period from execution date, which may be extended through an addendum to the agreement when it is the parties' interest. On December 17, 2011, the addendum was signed extending the term of the agreement to June 15, 2015.
Rescission or termination conditions: The transmission company may early and unilaterally terminate this agreement, at its own discretion, without prejudice to the penalties set forth in clause 12, Title VIII, of this agreement, provided that Eletronorte is notified, in case of:

- Lack of payment by Eletronorte for a 45-day period, which has not been cured;
- Occurrence of 3 events, either consecutive or not, which may cause the transmission company's facilities to be unavailable for more than 15 minutes in each event, by ELETRONORTE's fault during the provision of the services contracted, in a 12-month period, based on a technical report prepared by a specialist and accepted by the parties;
- The transmission company's hours of unavailable facilities total 5 hours, due to

  Eletronorte's fault, for a 12-month period, based on a technical report prepared by a specialist and accepted by the parties.

Related collaterals and insurance: None.
Other material information: In 2011, the balance in profit or loss was impacted due to extracontractual corrective maintenance and telecommunication services performed by Eletronorte (R$200 as at December 31, 2011).

<u>Brasnorte x Eletronorte - CCI agreement</u>
Agreement purpose: Determination of the business and civil liabilities, and the technical and operational relationship between the parties to regulate the interconnection of LT Jauru/Juba to LT Nova Mutum/Brasnorte, in 230 kV.
Transaction nature and motive: Facility Sharing Agreement (CCI)
Transaction date: November 17, 2008.
Amount involved: R$8 (monthly contractual amount)
Amount corresponding to Company's interest: R$3.
Outstanding balance: R$302 in Consolidated and R$0 in the Parent in 2012 (R$302 in Consolidated and R$0 in the Parent in 2011).

Profit or loss: R$77 in Consolidated and R$0 in the Parent in 2012 (R$276 in Consolidated and R$0 in the Parent in 2011).
Interest rate: None.
Inflation adjustment: Amount adjusted based on the accumulated fluctuation of IGP-M.
Effective period/duration: The agreement is effective through the cancellation of one of the concessions.
Related collaterals and insurance: None.
Other material information: In 2011, the balance in profit or loss was impacted due to EBTE system interface commissioning services in substations Juba and Brasnorte, performed by Eletronorte (R$215 as at December 31, 2011).

Brasnorte x Taesa (Taesa serviços) - Service agreement for construction of 230kv transmission lines
Agreement purpose: Provide goods and services under a turn-key contract for the construction of the 230 kV (Jauru/Juba and Nova Mutum/Brasnorte) transmission lines.
Transaction nature and motive: Provision of services.
Transaction date: March 19, 2008.
Amount involved: R$57,500.
Amount corresponding to Company's interest: R$22,232
Outstanding balance: R$0 in Consolidated and in the Parent in 2012 and 2011.
Profit or loss: R$0 in Consolidated and in the Parent in 2012 (R$12 in Consolidated and R$20 in the Parent in 2011).
Interest rate: None.
Inflation adjustment: None.
Effective period/duration: From execution date until performance of all obligations set forth in the agreement.
Rescission or termination conditions: The agreement may be terminated at any time, through a written notification given 60 days in advance, if the transmission company cancels the project.

Brasnorte x Bimetal - service agreement
Agreement purpose: Prepare projects, carry out works and services and provide the supplies required to the full and complete construction and placement into business of the 230 kV (Jauru/Juba and Nova Mutum/Brasnorte) transmission lines.
Transaction nature and motive: Provision of services.
Transaction date: March 19, 2008.
Amount involved: R$90,000.
Amount corresponding to Company's interest: R$34,798
Outstanding balance: R$0 as at December 31, 2012 and 2011 and R$1,290 as at January 1, 2011 in the Consolidated (R$0 in the Parent in 2012 and 2011).
Profit or loss: R$0 in Consolidated and in the Parent in 2012 (R$74 in Consolidated and R$0 in the Parent in 2011).
Interest rate: None.
Inflation adjustment: None.
Effective period/duration: From execution date until performance of all obligations set forth in the agreement.
Rescission or termination conditions: The agreement may be terminated at any time, through a written notification given 60 days in advance, if the transmission company cancels the project.
Related collaterals and insurance: None.
Other relevant information: the balance was settled on February 13, 2012.

Brasnorte x Bimetal - service agreement - Nova Mutum
Agreement purpose: Provide exchange, launch, leveling and crimp services related to the OPGW cable in a 42km stretch of the 230kV Brasnorte - Nova Mutum transmission line.
Transaction nature and motive: Provision of services.
Transaction date: January 6, 2012.
Amount involved: R$598.
Amount corresponding to Company's interest: R$232
Outstanding balance: R$0 in Consolidated and in the Parent in 2012 and 2011.
Profit or loss: R$367 in Consolidated and R$0 in the Parent in 2012 (R$0 in Consolidated and in the Parent in 2011).
Interest rate: None.
Inflation adjustment: None.
Effective period/duration: Effective from execution date until performance of all obligations set forth in the agreement by the contractor.
Rescission or termination conditions: Each of the parties shall be entitled to terminate this agreement upon delivery of a notice in writing to the other party, within 15 days in advance, upon the occurrence of any of the events described in Clause 8 of the agreement entered into among the parties.
Related collaterals and insurance: The contractor shall be liable for the technical warranty of the services hereunder, with respect to security and soundness, during the irrevocable period of 5 years after the completion of work, pursuant to article 618 of the Brazilian civil code; services with non-conformities shall be replaced or redone by contractor, as the case may be, on own expense, within a maximum period of 30 days counted from the receipt of notice issued by the contracting party containing the non-conformity details.
Other material information: the agreement was terminated on March 22, 2012.

ETAU x BRASNORTE - Reimbursement of expenditures among Taesa Group companies.
Agreement purpose: Not applicable
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: August 31 and December 20, 2012.
Amount involved: R$35.
Amount corresponding to Company's interest: not applicable.
Outstanding balance: R$5 in Consolidated and R$0 in the Parent in 2012 (R$0 in Consolidated and in the Parent in 2011).
Profit or loss: R$0 as at December 31, 2012 and 2011.
Interest rate: not applicable.
Inflation adjustment: not applicable.
Effective period/duration: not applicable.
Rescission or termination conditions: None.
Related collaterals and insurance: None.
Other material information: ETAU's administrative expenses, paid by Brasnorte, to be reimbursed through the end of 2013.

UNISA (STE, ATE, ATE II e ATEIII) x Omega - O&M service agreement
Agreement purpose: Operation and maintenance of lines and substations.
Transaction nature and motive: Provision of transmission lines operation, maintenance and technical assistance services.
Transaction date: November 30, 2011.
Amount involved: R$2,615 (monthly contractual amount)
Amount corresponding to Company's interest: R$2,615
Outstanding balance: R$12,343 in Consolidated and R$0 in the Parent in 2011.
Profit or loss: R$0 in Consolidated and in the Parent in 2011.
Interest rate: None.
Effective period/duration: 4 years from execution date.
Rescission or termination conditions: According to the Share Purchase Agreement entered into by Abengoa and the Company, the subsidiaries UNISA and Omega may terminate this agreement, without fine, from September 15, 2013.
Related collaterals and insurance: None.
Other material information: After acquisition of the remaining 50% from UNISA, in 2012, this transaction is no longer considered as a related-party transaction.

UNISA (ATEIII) X Abengoa - Reimbursement of improvement construction expenses of ATEIII

Agreement purpose: Reimbursement of construction expenses related to improvements in ATEIII
Transaction nature and motive: Reimburse Abengoa Construções for the payment of material and service expenses on the improvements in ATE III.
Transaction date: November 30, 2011.
Amount involved: R$18,060.
Amount corresponding to Company's interest: R$18,060
Outstanding balance: R$3,670 in Consolidated and R$0 in the Parent in 2011.
Profit or loss: R$0 in Consolidated and in the Parent in 2011.
Interest rate: not applicable.
Effective period/duration: not applicable.
Rescission or termination conditions: None.
Related collaterals and insurance: None.
Other material information: After acquisition of the remaining 50% from UNISA, in 2012, this transaction is no longer considered as a related-party transaction.

UNISA (ATEII e ATEIII) X Abengoa - Dividends payable to Abengoa
Agreement purpose: Amounts payable to Abengoa related to prior-year dividends.
Transaction nature and motive: Amounts payable to Abengoa related to prior-year dividends.
Transaction date: November 30, 2011.
Amount involved: R$54,090.
Amount corresponding to Company's interest: R$54,090.
Outstanding balance: R$0 in Consolidated and in the Parent in 2012 (R$13,523 in Consolidated and R$0 in the Parent in 2011).
Profit or loss: R$0 in Consolidated and in the Parent in 2011.
Interest rate: None.
Effective period/duration: not applicable.
Rescission or termination conditions: None.
Related collaterals and insurance: None.
Other material information: After acquisition of the remaining 50% from UNISA, in 2012, this transaction is no longer considered as a related-party transaction.

UNISA (ATEII e ATEIII) X Abengoa - Reimbursement of expenditures with Abengoa
Agreement purpose: Not applicable
Transaction nature and motive: reimbursement of expenditures with Abengoa relating to administrative expenses, such as rental, common area maintenance fees, power, warehouse sharing in substations, etc.
Transaction date: November 30, 2011.
Amount involved: R$3,956.
Amount corresponding to Company's interest: R$3,956.
Outstanding balance: R$1,957 in Consolidated and R$0 in the Parent in 2011.
Profit or loss: R$0 in Consolidated and in the Parent in 2011.
Interest rate: None.
Effective period/duration: not applicable.
Rescission or termination conditions: None.
Related collaterals and insurance: None.
Other material information: After acquisition of the remaining 50% from UNISA, in 2012, this transaction is no longer considered as a related-party transaction.

UNISA (ATEII e ATEIII) X Omega - Reimbursement of expenditures with Omega
Agreement purpose: Not applicable
Transaction nature and motive: Reimbursement of administrative expenses with Omega
Transaction date: November 30, 2011.
Amount involved: R$1,318.
Amount corresponding to Company's interest: R$1,318.
Outstanding balance: R$659 in Consolidated and R$0 in the Parent in 2011.
Profit or loss: R$0 in Consolidated and in the Parent in 2011.
Interest rate: None.
Effective period/duration: The balance was settled on February 29, 2012.
Rescission or termination conditions: None.
Related collaterals and insurance: None.
Other material information: After acquisition of the remaining 50% from UNISA, in 2012, this transaction is no longer considered as a related-party transaction.

(e) Compensation to the Board of Directors, Committees, Executive Board and Supervisory Board

a. Proportion of each component in overall compensation for 2012:

- Board of Directors: Fixed compensation:
- 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: 68.14% and variable compensation: 31.86%
- Supervisory Board: Fixed compensation: 100%

(In thousands of Brazilian reais (R$), unless otherwise indicated)

b. Amounts paid by the Company to the Board of Directors, Supervisory Board and Executive Board in 2012:

	2012			
	Board of Directors	Executive Board	Supervisory Board	Total
Number of members	**22**	**3**	**10**	**35**
Fixed compensation	**1,698**	**3,032**	**284**	**5,014**
Payroll and management fees	1,698	2,928	284	4,910
Direct and indirect benefits	n/a	104	n/a	104
Committees' compensation	n/a	n/a	n/a	n/a
Variable compensation	**-**	**1,162**	**-**	**1,162**
Bonus	n/a	590	n/a	590
Profit sharing	n/a	572	n/a	573
Compensation for attendance to the meetings	n/a	n/a	n/a	n/a
Commissions	n/a	n/a	n/a	n/a
Postemployment benefits	n/a	n/a	n/a	n/a
Termination benefits	n/a	n/a	n/a	n/a
Share-based compensation	n/a	n/a	n/a	n/a
Total compensation	**1,698**	**4,194**	**284**	**6,176**

N/A = Not Applicable

c. Average amounts paid by the Company to the Board of Directors, Supervisory Board and Executive Board in 2012:

	Board of Directors	Executive Board	SUPERVISORY BOARD
Number of members	**22**	**3**	**10**
Highest individual compensation for the period (monthly)	10	212	5
Lowest individual compensation for the period (monthly)	5	75	5
Highest individual compensation for the period (monthly)	7	110	5

16. BORROWINGS AND FINANCING

	CONSOLIDATED						
	Charges	Principal	Total current	Noncurrent	2012	2011	01/01/2011
LOCAL CURRENCY						(Restated)	(Restated)
TRADE UNION - SANTANDER, CITIBANK AND BNP	44	16,199	16,243	-	16,243	28,475	48,852
TRADE UNION - HSBC E JP MORGAN (4th issue promissory note)	-	-	-	-	-	1,184,354	-
BNDES	1,883	97,387	99,270	435,645	534,915	372,492	24,955
CEF *	60	4,101	4,161	10,382	14,543	18,670	22,761
UNIBANCO	3	783	786	-	786	1,180	-
	1,990	118,470	120,460	446,027	566,487	1,605,171	96,568
ELIMINATION OF PROMISORY NOTE - TAESA (a)	-	-	-	-	-	(6,357)	-
	1,990	118,470	120,460	446,027	566,487	1,598,814	96,568
FOREIGN CURRENCY							
BID	2,291	43,604	45,895	475,940	521,835	256,579	-
	2,291	43,604	45,895	475,940	521,835	256,579	-
	4,281	**162,074**	**166,355**	**921,967**	**1,088,322**	**1,855,393**	**96,568**
TAESA	92	16,199	16,292	1,451	17,743	1,213,592	48,852
ETAU	63	3,616	3,678	14,765	18,443	21,805	24,955
BRASNORTE	60	4,101	4,161	10,382	14,543	18,671	22,761
UNISA	3,767	116,340	120,107	839,005	959,112	508,367	-
NTE	299	21,818	22,117	56,364	78,481	99,315	-
ELIMINATION OF PROMISORY NOTE - TAESA (a)	-	-	-	-	-	(6,357)	-
	4,281	**162,074**	**166,355**	**921,967**	**1,088,322**	**1,855,393**	**96,568**

(*) Net balance of borrowings costs (unamortized costs) incurred with such borrowing from CEF in the amount of R$178 as at December 31, 2012 (R$2,143 as at December 31, 2011).

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2012 (In thousands of Brazilian reais (R$), unless otherwise indicated)

Current installments by index	Total short term	2014	2015	2016	2017	2018	After 2018	Total long term	Total
URTJLP	82,810	80,484	80,484	72,700	52,681	41,031	26,715	354,095	436,905
UMBNDES	17,207	16,923	16,923	15,615	12,261	10,448	8,091	80,261	97,468
CDI	20,492	4,189	4,189	2,094	-	-	-	10,472	30,964
FIXED RATE	39	109	164	164	164	164	524	1,289	1,328
FIXED LIBOR	9,080	8,156	8,898	10,369	11,124	13,349	64,706	116,602	125,682
LIBOR	36,815	36,679	39,052	42,622	45,898	51,950	143,137	359,338	396,153
(-) Borrowing costs	(88)	(58)	(29)	(3)	-	-	-	(90)	(178)
	166,355	**146,482**	**149,681**	**143,561**	**122,128**	**116,942**	**243,173**	**921,967**	**1,088,322**

Source	Concession	Type of transaction	Charges	Finance cost 2012	Finance cost 2011	Balance 2012	Balance 2011
SIND.DEBANCOS -SANTANDER, CITIBANK AND BNP	TAESA-NVT	BORROWING	CDI + 0.90% p.a.	2,243	4,830	16,243	28,475
SYNDICATE - HSBC AND JPMORGAN (a)	TAESA	PROMISSORY NOTES (4th ISSUANCE)	105.5% CDI	96,793	10,267	-	1,184,353
BANCO DO BRASIL DE INVESTIMENTOS (a)	TAESA	PROMISSORY NOTES (5TH ISSUANCE)	104%CDI	34,944	-	-	-
BNDES - FINAME (b)	TAESA	SUBCREDIT "A" SUBCREDIT "B"	Fixed rate of 8.70% p.a TJLP + 4.2% p.a.	68	12	765	764
BNDES - FINAME (b)	TAESA	SUBCREDIT "A"	Fixed rate of 5.50% p.a.	17	-	735	-
CEF	BRASNORTE	BORROWING	117.5% of CDI	1,733	2,843	14,543	18,671
BNDES	ETAU	SUBCREDIT "A" and "C" SUBCREDIT "A" and "B"	Currency basket + 4.0% p.a. TJLP + 4.0% p.a.	2,107	2,565	18,443	21,805
BNDES (c)	NTE	SUBCREDIT "C" SUBCREDIT "B" and "D"	Currency basket + 5.0% p.a. TJLP + 5.0% p.a.	10,043	1,349	78,481	99,315
BNDES	UNISA-ATE	SUBCREDIT "A" and "B" SUBCREDIT "C"	TJLP + 4.0% p.a. Currency basket	11,538	1,090	142,765	82,964
BNDES	UNISA-ATEII	SUBCREDIT "A" SUBCREDIT "B"	TJLP + 3 to 4.3% p.a. Currency basket	18,019	2,672	240,294	134,866
BNDES	UNISA-ATE	SUBCREDIT "A" and "B" SUBCREDIT "C"	TJLP + 5.0% p.a. Currency basket	4,662	444	53,432	32,778
BID (c)	UNISA-ATEII	BORROWING "A" BORROWING "B"	Libor + spread of 2.2% p.a. Libor + spread of 1.7.a.	14,940	3,465	192,632	93,313
BID (c)	UNISA-ATEIII	BORROWING "A" BORROWING "A2" BORROWING "B"	Fixed 4.23% + spread of 1.975% p.a. Libor + spread of 1.975% p.a. Libor + spread of 1.6% p.a.	26,121	5,368	329,203	163,266
UNIBANCO (c)	UNISA-ATE	SUBCREDIT "A"	TJLP + 3.8% p.a.	148	10	786	1,180
				223,376	34,915	1,088,322	1,861,750
ELIMINATION OF PROMISORY NOTE - TAESA (a)				-	-	-	(6,357)
				223,376	**34,915**	**1,088,322**	**1,855,393**

(a) Promissory Notes - Taesa

4th Issuance - On November 29, 2011, the Company has issued 234 promissory notes with par value of R$5,000 each, totaling R$1,170,000.

The Promissory Notes have the following characteristics:

- Maturity: November 23, 2012.
- Compensation: the promissory notes will be subject to interest corresponding to 106% of the average one-day interbank rate (DI), over extra group, expressed as percentage per year, based on a 252-business-day year, calculated and disclosed by CETIP in the daily bulletin available on its website. Interest will be calculated exponentially and cumulatively, on a pro rata basis by incurred business days, charged on the nominal unit value of each promissory note since issue date until the related maturity.

The issuance of the promissory notes was approved at the Extraordinary General Meeting held on October 10, 2011. The net proceeds obtained by the Company through the payment of promissory notes were used to pay for the acquisition of assets owned by Abengoa Group.

Borrowing costs on promissory notes amounted to R$2,165, representing 0.19% of the funds raised. The balance payable as at December 31 was R$0 (R$1,966 as at December 31, 2011).

Taesa promissory note elimination - As at December 31, 2011, Taesa Group recognized a balance of the Company's promissory notes in short-term investments - Fundo Pampulha, in the amount of R$6,357 in the Consolidated and R$5,809 in the Parent. Both balances, consolidated and Parent, were offset against promissory notes payable recorded in "Borrowings and financing". These promissory notes were settled on November 21, 2012.

5th Issuance - On May 25, 2012, the Company has issued 181 (one hundred and eighty-one) promissory notes with par value of R$5,000 each, totaling R$905,000.

The Promissory Notes have the following characteristics:

- Maturity: May 20, 2013.

- Compensation: the promissory notes will be subject to interest corresponding to 104% of the average one-day interbank rate (DI), over extra group, expressed as percentage per year, based on a 252-business-day year, calculated and disclosed by CETIP in the daily bulletin available on its website (http://www.cetip.com.br). Interest will be calculated exponentially and cumulatively, on a pro rata basis by incurred business days, charged on the nominal unit value of each promissory note since issue date until the related maturity.

The issuance of the promissory notes was approved at the Extraordinary General Meeting held on May 23, 2012. The net proceeds received by the Issuer through the payment of the Promissory Notes were used for the settlement of the Agreement for Purchase and Sale of Shares held by Abengoa Concessões Brasil Holding S.A in UNISA.

Borrowing costs on promissory notes amounted to R$161, representing 0.02% of the funds raised. The balance payable as at December 31, 2012 was R$0 (R$0 as at December 31, 2011).

On November 21, 2012, the 4th and 5th issuance of promissory notes were settled using the proceeds from the 3td issuance of debentures, and supplemented by own funds, in the amount of R$1,277,600 and R$939,782, respectively. There was no premium for the prepayment of notes.

(b) FINAME - Taesa - On July 27, 2011, the Company entered into with Santander a Bank Credit Certificate - BNDES FINAME PSI - Investment Support Program for investment in SEs Imperatriz, Colinas, Miracema and Gurupi.

On October 28, 2011, R$756 was released as follows:

- Subloan "A": R$587 and Subloan B: R$169, totaling R$756.
- Maturity: the financing will mature within 120 months, counted from the date of approval of BNDES credit facility; interest will begin to be paid on November 15, 2011 and repayment will begin on September 15, 2013; the last installment will be paid on August 15, 2021.
- Compensation:
  Subloan A - 8.70% per annum;
  Subloan B - TJLP - TJ462 + 4.20% per annum.

There was no borrowings costs.

FINAME - Taesa - On June 20, 2012, the Company signed, along with Santander, a Bank Credit Note - BNDES FINAME PSI - Investment Support Program, for investment in SEs Ibicoara for improvement works and equipment acquisition.

On August 10, 2012, R$727 was released as follows:

- Subloan "A": R$727.
- Maturity: the financing will mature within 120 months, counted from the date of approval of BNDES credit facility; interest will begin to be paid on October 15, 2012 and repayment will begin on August 15, 2014; the last installment will be paid on July 15, 2022.
- Compensation: 5.50% per annum.

There was no borrowings costs.

Borrowings arising from the acquisition of NTE and UNISA

- BNDES - NTE - In October 2003, subsidiary NTE entered into a long-term financing agreement with BNDES, whereby a loan was granted in the overall amount of R$238,661. Such loan is divided into three subloans: A, B and C, of which A and B are adjusted for inflation based on the long-term interest rate (TJLP), plus 5% p.a., as spread; and C is adjusted for inflation based on the weighted average cost of all fees and expenses incurred by BNDES when raising funds in foreign currency, plus interest of 5% p.a., as spread. These borrowings will be settled in 144 monthly installments, of which the first will fall due on August 15, 2004 and the last on July 15, 2016.

- BNDES - ATE - In November 2005, ATE entered into a long-term financing agreement with BNDES, whereby a loan was granted in the overall amount of R$277,460. Such loan is divided into three subloans: A, B and C, of which A and B are adjusted for inflation based on the long-term interest rate (TJLP), plus 4% p.a., as spread; and C is adjusted for inflation based on the weighted average cost of all fees and expenses incurred by BNDES when raising funds in foreign currency, plus interest of 10% p.a., as spread. These borrowings will be settled in 144 monthly installments, of which the first will fall due on September 15, 2006 and the last on August 15, 2018.

- BNDES - ATE II - In October 2007, ATE II entered into a long-term financing agreement with BNDES, whereby a loan was granted in the overall amount of R$396,484._ Such loan is divided into two subloans: A and B, of which A is adjusted for inflation based on the long-term interest rate (TJLP), plus interest from 3% to 4.3% p.a., as spread; and B is adjusted for inflation based on the weighted average cost of all fees and expenses incurred by BNDES when raising funds in foreign currency, plus interest from 3% to 4.3% p.a., as spread. These borrowings will be settled in 144 monthly installments, of which the first will fall due on January 15, 2008 and February 15, 2008 and the last on December 15, 2020 and January 15, 2020.

- BID - ATE II - ATE II entered into a long-term financing agreement with BID, whereby a loan was granted in the overall amount of US$119.554. Such loan is divided into two subloans: Subloan A - On October 31, 2006, the amount of US$107,800 was granted, adjusted at LIBOR + 2.2% p.a., falling due on November 15, 2022; and Subloan B - On November 15, 2007, the amount of US$11,754 was granted, adjusted at LIBOR + 1.7% p.a., falling due on November 15, 2018.

- BID - ATE III - ATE III entered into a long-term financing agreement with BID, whereby a loan was granted in the overall amount of US$205,462. Such loan is divided into two subloans: Subloan A - On March 10, 2008, the amount of US$95,462 was granted, of which US$23,462 was adjusted at LIBOR + 1.875% p.a., and US$72,000 adjusted at fixed LIBOR for the period of 4.23% + spread of 1.88% p.a, falling due on May 15, 2023; and Subloan B: On March 10, 2008, the amount of US$110,000 was released, adjusted at LIBOR + 1.5% p.a., falling due on May 15, 2020.

- BNDES - STE - In July 2004, STE entered into a long-term financing agreement with BNDES, whereby a loan was granted in the overall amount of R$146,131. Such loan is divided into three subloans: A, B and C, of which A and B are adjusted for inflation based on the long-term interest rate (TJLP), plus 5% p.a., as spread; and C is adjusted for inflation based on the weighted average cost of all fees and expenses incurred by BNDES when raising funds in foreign currency, plus interest of 5% p.a., as spread. These borrowings will be settled in 144 monthly installments, of which the first will fall due on March 15, 2005 and the last on February 15, 2017.

- UNIBANCO - STE - In May 2008, STE entered into a long-term financing agreement with Unibanco, whereby a loan was granted in the overall amount of R$6,238. Such loan is adjusted for inflation based on the long-term interest rate (TJLP), plus 3.8% p.a., as spread. These borrowings will be settled in 48 monthly installments, of which the first will fall due on July 15, 2009 and the last on March 16, 2013.

There were no borrowings costs.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2012
(In thousands of Brazilian reais (R$), unless otherwise indicated)

COVENANTS	BNDES	BNDES	CEF	BNDES			FINAME BNDES / UNIBANCO	BID	
	ETAU	NTE	Brasnorte	STE	ATE	ATE II	STE	ATE II	ATE III
Maintain over the amortization period the debt coverage ratio - ICD of, at least, 1.3 times. The ICD is calculated on an annual basis.	X	X		X	X	X			
Deposit the revenues from the transmission services exclusively in the "Central Account" (Revenue Account) for such purpose.	X	X	X	X	X	X			
Open on behalf of BNDES, and maintain it until the settlement of all obligations arising from the agreement, a "Reserve Account" with funds equivalent to, at least, 3 (three) months of service with respect to the concessionaire's total debt and 3 (three) months of payment of the Operational and Maintenance Agreement, provided that the "Reserve Account" is managed with the authorization in writing of BNDES only.	X	X		X	X	X			
Do not assign, dispose, transfer, sale, burden, provide in guarantee or pledge and/or otherwise negotiate the credit rights provided in guarantee without the previous and express approval of CEF. The Company agrees not to sale or provide in guarantee its permanent assets, without the previous authorization of CEF. With respect to the total or partial sale of the shares held by any of the shareholders to a third party, previous authorization is required. A copy of its Bylaws and eventual amendments thereto, duly enrolled with the proper body, must be provided quarterly. Do not sell or transfer the ownership of its core assets, as well as maintain such assets duly hedged, under current market practices.			X						
Do not assign, dispose, transfer, sale, encumber provide in guarantee or pledge and/or otherwise negotiate the restricted revenues without the previous and express approval of BNDES/BID. Do not provide any guarantee in connection with the operations with other creditors, provided that the same guarantees are provided to BNDES/BID.	X	X		X	X	X	X	X	X
Without previous authorization of BNDES: 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 BNDES / BID.	X	X		X	X	X			X
Do not carry out corporate restructurings, without the prior and express authorization of BNDES.	X	X		X	X	X			
Should the person responsible for the electric energy transmission line is changed, the Beneficiary must provide to BNDES or BID the O&M Agreement under the terms deemed appropriate to BNDES or BID, entered into with a company with recognized technical skills;				X	X	X		X	X
Contract insurance coverage for the project and transmission lines over the agreement.		X			X	X		X	X
The non depreciated assets/net debt ratio must not be lower than 1.0.								X	X
The Company's net debt/capital ratio must not exceed 2.33.								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	X
Maintain in the reserve account the average between the next two payments (balance in US dollar).								X	X
The Company's net debt/capital ratio must not exceed 1.22.								X	X
Financial ratios - maintain over the agreement the following financial ratios to be calculated on an annual basis based on the financial statements: Net Bank Debt/ Ebitda - <=2.5; Debt Service Coverage Ratio - >=1,3.							X	X	

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2012
(In thousands of Brazilian reais (R$), unless otherwise indicated)

Covenants	Bank Syndicate (1st issue of debentures)	Santander (FINAME)	Bank Syndicate (4th issue of promissory notes)	BB-Investimento (5th issue of promissory notes)	Bank Syndicate
	TAESA	TAESA	TAESA	TAESA	TAESA
The Net Debt/Consolidated EBITDA ratio must not exceed 3.5. This ratio must be verified on a quarterly basis by the Fiduciary Agent based on the Issuer's consolidated financial statements.					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$50,000,000.00 or equivalent amount in other currency, individually or in the aggregate.	X		X	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 as borrower or guarantor, or the lack of legal measures required due to such default, whose amount, individually or in the aggregate, exceeds R$50,000,000.00.	X		X	X	
Do not have unpaid notes, individually or in the aggregate, that exceeds R$50,000,000.00 or equivalent amount in other currencies.	X		X	X	
Do not dispose of or transfer the ownership of assets critical to its activities, as well as keep the assets critical to its activities duly insured, according to current market practices.	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 Materia Adverse Impact on its financial and/or operational capacity, except if such change arises from any Reorganization Event.	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				
Do not create guarantees of any type, in operations with other creditors, without also providing the same guarantees to BNDES/Bank Syndiate (Santander, BNP Paribas and Citibank).					X
Without the previous authorization of the Bank Syndicate (Santander, BNP Paribas and Citibank): do not distribute dividends or pay interest on capital, whose total would exceed the minimum mandatory amount, should the financial ratio obtained from the division of Net Debt/EBITDA ratio is greater than 3.5 (three point five), or should any Deliquency Event takes place.					X
Do not perform corporate restructurings, without the previous authorization of the Bank Syndicate (Santander, BNP Paribas and Citibank), to be provided within 30 (thirty) days from the date the notice in this regard was received.					X
Restriction to any burden or encumbrance above R$5,000,000.00 of the assets of the merging company - Taesa.					X
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			
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 30% (thirty percent) of the Issuer's net operating revenues reported in the consolidated financial statements immediately prior to the related event.	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 Companhia Energética de Minas Gerais - CEMIG	X		X	X	
Do not disclose to the public the information on the Issuer, Issuance or Promissory Notes not in accordance with the provisions of applicable regulation, including, but not limited to, the provisions set forth in CVM Instruction 476 and article 48 of CVM Instruction 400, except for the provisions set forth in item III.			X	X	
Do not assign, transfer or otherwise sell any of the obligations in connection with this Agreement, without the prior and express authorization of the Coordinators.			X	X	

The interim determination of net debt and consolidated Earnings Before Interest, Taxes, Depreciation and Amortization - Ebtida relies on the Company’s financial information based on accounting standards used in the Company’s financial statements for the year ended December 31, 2009, published on March 16, 2010, not considering any changes in accounting arising from amendments to corporate, accounting and tax laws including, but not limited to, those relating to the convergence of the International Financial Reporting Standards - IFRS issued by the Accounting Pronouncement Committee (CPC).

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2012 (In thousands of Brazilian reais (R$), unless otherwise indicated)

As at December 31, 2012, the Company and its subsidiaries and jointly controlled entities fully complied with such covenants mentioned above.

The Company its subsidiaries and jointly controlled entities have the following collaterals for their borrowings and financing:

GUARANTOR	BENEFICIARY	COLLATERAL
TAESA	UNION	1- There are no collaterals
	FINAME	1- There are no collaterals
	Promissory Note	1- There are no collaterals
ETAU	BNDES	1 - 100% of the shares of ETAU held by the controlling shareholders: Taesa, Eletrosul, CEEE and DME 2 - Concession rights - ETAU 3 - Receivables from concession - ETAU
Brasnorte	CEF	1 - 100% of the shares of Brasnorte held by Taesa, Eletronorte and Bimetal 2 - Receivables from concession - Brasnorte 3 - Guarantee of main shareholders: Taesa and Eletronorte
NTE	BNDES	1 - 100% of the shares of NTE held by controlling shareholder Taesa 2 - Concession rights - NTE 3 - Receivables from concession - NTE
ATE	BNDES	1 - Company's registered shares 2 - Pledge of concession rights and receivables from transmission services
ATEII	BNDES	1 - Company's registered shares 2 - Concession and receivables arising from transmission services
ATEII	BID	1 - Company's registered shares 2 - Pledge of concession rights and receivables from transmission services
ATEIII	BID	1 - Company's registered shares 2 - Pledge of concession rights and receivables from transmission services
STE	UNIBANCO	1 - Surety provided by UNISA
STE	BNDES	1 - Company's registered shares 2 - Pledge of concession rights and receivables from transmission services

17. DEBENTURES

LOCAL CURRENCY	CONSOLIDATED									
	CURRENT				NONCURRENT			2012	2011 (Restated)	01/01/2011 (Restated)
	Charges	Principal	Unamortized costs	Total	Principal	Unamortized costs	Total			
1st Issuance	23,832	212,942	(631)	236,143	425,883	(367)	425,516	661,659	651,927	629,520
2nd Issuance	2,371	-	(841)	1,530	815,000	(1,881)	813,119	814,649	816,032	815,208
3rd Issuance	25,738	-	(212)	25,526	2,183,137	(2,272)	2,180,865	2,206,391	-	-
	51,941	**212,942**	**(1,684)**	**263,199**	**3,424,020**	**(4,520)**	**3,419,500**	**3,682,699**	**1,467,959**	**1,444,728**

Current installments by index	Total short term	2014	2015	2016	2017	2018	After 2018	Total long term	Total
CDI	141,291	327,500	327,500	195,000	860,000	-	-	1,710,000	1,851,291
IPCA	123,592	97,942	97,941	-	-	268,424	1,249,713	1,714,020	1,837,612
(-) Unamortized costs	(1,684)	(1,374)	(819)	(538)	(361)	(211)	(1,217)	(4,520)	(6,204)
	263,199	**424,068**	**424,622**	**194,462**	**859,639**	**268,213**	**1,248,496**	**3,419,500**	**3,682,699**

Source	Concession	Type of transaction	Annual financial charges (%)	Finance costs, net 2012	Finance costs, net 2011	Current	Contractual maturity
BANK SYNDICATE (BANESPA, BNP PARIBAS BRASIL AND CITIBANK S.A.)	TAESA	DEBENTURES - 1st ISSUANCE	CDI+1.3 % p.a.	34,534	45,896	3	07/15/2015
			IPCA+7.91% p.a.	38,809	41,335	3	07/15/2015
ITAU BBA	TAESA	DEBENTURES - 2ND ISSUANCE	CDI+1.4% p.a.	41,318	55,195	6	12/15/2015
			CDI+1.6% p.a.	24,442	31,858	10	12/15/2017
			CDI+1.6% p.a.	14,579	18,854	10	12/15/2017
ITAU BBA	TAESA	DEBENTURES - 3rd ISSUANCE	CDI+0.78 % p.a.	10,492	-	5	10/15/2017
			IPCA+4.85% p.a.	20,199	-	8	10/15/2020
			IPCA+5.10% p.a.	18,235	-	12	10/15/2024
				202,608	**193,138**		

1st issuance - On July 15, 2010, the Company issued 60,000 debentures with par value of R$10, of which 34,500 debentures of the first series, in the amount of R$345,000, and 25,500 debentures of the second series, in the amount of R$255,000, totaling R$600,000. The number of debentures to be allocated to each series was defined based on the demand from investors, as determined in the book building procedure.

The proceeds from the 1st issuance of Taesa's debentures were transferred to the Company on August 2 and 3, 2010, in the total amount of 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 balance payable as at December 31, 2012 was R$998 (R$1,892 as at December 31, 2011).

Debentures carry the following characteristics:

- Conversion: debentures are simple, i.e., not convertible into shares;
- Type: unsecured debentures;
- Type and form: registered and book-entry debentures, without issuance of securities or certificates;
- Collaterals: There are no collaterals;
- Maturity: first series and second series debentures mature within 5 (five) years from the issuance date, falling due on July 15, 2015; and
- Inflation adjustment: the par value of the first series debentures will not be adjusted. The par value or the par value balance of the second series debentures, as applicable, will be adjusted from the issuance date based on the Extended Consumer Price Index ("IPCA").
- Compensation:
  1st series - the par value or the par value balance of the first series debentures, as applicable, will be subject to compensatory interest at the average daily Interbank Deposit (DI) rate, compounded by a spread or surtax of 1.30%; and
  2nd series - the par value or the par value balance of the second series debentures, adjusted based on the IPCA rate, will be subject to compensatory interest of 7.91%.
- Interest payment date: interest levied on first series and second series debentures falls due in July 15th of each year; the first installment was paid on July 15, 2011 and the last installment will be paid on July 15, 2015.
- Repayment: the par value of first series and second series debentures will be repaid in 3 (three) annual installments; the first installment falls due on July 15, 2013; the second installment falls due on July 15, 2014; and the last installment falls due on July 15, 2015.
- Restructuring: there are no restructuring clauses for the debenture issuance.

The issuance of debentures was approved at the Extraordinary General Meeting held on June 1, 2010. 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 third issuance of debentures, subject to public distribution, with par value of R$1,000. The promissory notes were issued on October 27, 2009, in the total amount of R$550,000, subject to compensatory interest of 113% at the average daily Interbank Deposit (DI) 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 remaining balance was allocated to working capital. Borrowing costs amounted to R$3,094.

2nd issuance - On December 15, 2010, the Company issued 8,150 debentures with par value of R$100, of which 4,250 debentures of the first series, in the amount of R$425,000, and 2,450 debentures of the second series, in the amount of R$245,000 and 1,450 debentures of the fourth series, in the amount of R$145,000, totaling R$815,000. The number of debentures to be allocated to each series was defined based on the demand from investors, as determined in the book building procedure.

The proceeds from the 2nd issuance of debentures were transferred to the Company on December 17, 2010, in the total amount of R$815,750 (adjusted at interest rate from the issuance date). The initial cost of the debentures was R$4,470, corresponding to 0.05% of the proceeds. The balance payable as at December 31, 2012 was R$2,722 (R$3,563 as at December 31, 2011).

Debentures carry the following characteristics:

- Conversion: debentures are simple, i.e., not convertible into shares.

- Type: first series and second series debentures are unsecured debentures; fourth series debentures are subordinated. On June 27, 2011, Law 12431 was enacted and, amongst other provisions, revoked article 60 of the Brazilian Corporate Law that provided for the restrictions to the issuance of debentures to be complied by the issuers of securities. On July 20, 2011, the Extraordinary General Meeting approved the conversion of the fourth series subordinated debentures to unsecured debentures and, on August 1, 2011, the Indenture of the second issuance of debentures was amended.

- Type and form: registered and book-entry debentures, without issuance of securities or certificates;

- Collaterals: There are no collaterals;

- Maturity: first series debentures mature within 5 (five) years from the issuance date, falling due on December 15, 2015. Second and fourth series debentures mature within 7 (five) years from the issuance date, falling due on December 15, 2017.

- Inflation adjustment: The par value of the first, second and fourth series debentures will not be adjusted.

- Compensation:
  1st series - the par value or the par value balance of the first series debentures, as applicable, will be subject to compensatory interest at the average daily Interbank Deposit (DI) rate, compounded by a spread or surtax of 1.40%.
  2nd series - the par value or the par value balance of the second series debentures, as applicable, will be subject to compensatory interest at the average daily Interbank Deposit (DI) rate, compounded by a spread or surtax of 1.60%.
  4th series - the par value or the par value balance of the fourth series debentures, as applicable, will be subject to compensatory interest at the average daily Interbank Deposit (DI) rate, compounded by a spread or surtax of 1.60%.

- Interest payment date:
  1st series - Interest levied on first series debentures will be paid on a semiannual basis, from the issuance date, on the 15th day of June and December of each year; the first installment was paid on June 15, 2011 and the last installment will be paid on December 15, 2015.

2nd and 4th series - Interest levied on second and fourth series debentures will be paid on a semiannual basis, from the issuance date, on the 15th day of June and December of each year; the first installment was paid on June 15, 2011 and the last installment will be paid on December 15, 2017.

- Repayment:
  1st series - The par value of first series debentures will be repaid in 2 (two) equal installments; the first installment falls due on July 15, 2014 and the last installment falls due on December 15, 2015.

  2nd and 4th series - The par value of second and fourth series debentures will be repaid in 2 (two) equal installments; the first installment falls due on December 15, 2016 and the last installment falls due on December 15, 2017.

- Restructuring: there are no restructuring clauses for the debenture issuance.

The issuance of debentures was approved at the Extraordinary General Meeting held on November 30, 2010. Net proceeds from the payment of debentures were allocated to increase the Company's subsidiaries' capital, Novatrans and TSN, in the amount of R$372,275 and R$434,638, respectively. Such proceeds, in addition to the cash balance of these concessionaires, were allocated to pay in advance Novatrans's and TSN's debts with BNDES, on December 20, 2010, in the amount of R$372,275 and R$435,410, respectively.

3rd issuance - On October 15, 2012, the Company issued 2,160,000 debentures with par value of R$1, of which 665,000 debentures of the first series, in the amount of R$665,000, 793.000 debentures of the second series, in the amount of R$793,000 and 702,000 debentures of the third series, in the amount of R$702,000, totaling R$2,160. The number of debentures to be allocated to each series was defined based on the demand from investors, as determined in the book building procedure.

The proceeds from the 3rd issuance of TAESA 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 balance payable as at December 31, 2012 was R$2,484 (R$3,563 as at December 31, 2011).

Debentures carry the following characteristics:

- Conversion: debentures are simple, i.e., not convertible into shares;
- Type: unsecured debentures;
- Type and form: registered and book-entry debentures, without issuance of securities or certificates;
- Collaterals: There are no collaterals;
- Maturity: The first series debentures will be effective for five years counted from the issuance date, and will mature on October 15, 2017, the second series debentures will be effective for eight years counted from the issuance date, and will mature on October 15, 2020; and the third series debentures will be effective for twelve years counted from the issuance date, and will mature on October 15, 2024.
- Inflation adjustment: the par value of the first series debentures will not be adjusted. The par value or the par value balance of the second and third series debentures, as applicable, will be adjusted from the issuance date based on the Extended Consumer Price Index ("IPCA").

- Compensation:
  - 1st series - the par value or the par value balance of the first series debentures, as applicable, will be subject to compensatory interest at the average daily Interbank Deposit (DI) rate, compounded by a spread or surtax of 0.78%;
  - 2nd series - the par value or the par value balance of the second series debentures, adjusted based on the IPCA rate, will be subject to compensatory interest of 4.85%; and
  - 3rd series - the par value or the par value balance of the second series debentures, adjusted based on the IPCA rate, will be subject to compensatory interest of 5.10%.
- Interest payment date: interest levied on first series, second and third series debentures falls due in October 15 of each year; the first installment will be paid on October 15, 2013 and the last installment will be paid on October 15, 2024.
- Repayment**:**
  - 1st series - the first series debentures will no scheduled repayment, and the par value of first series debentures will be fully paid on the maturity date of first series debentures - October 15, 2017;
  - 2nd series - the par value of second series debentures will be repaid in 3 (three) annual installments; the first installment falls due on October 15, 2018; the second installment falls due on October 15, 2019; and the last installment falls due on October 15, 2020; and
  - 3rd series - the par value of first series and second series debentures will be repaid in 4 (four) annual installments; the first installment falls due on October 15, 2021; the second installment falls due on October 15, 2022; the third installment falls due on October 15, 2023; and the last installment falls due on October 15, 2024.
- Restructuring: there are no restructuring clauses for the debenture issuance.

The issuance of debentures was approved at the Extraordinary General Meeting held on September 17, 2012. The Issuer’s net proceeds from the payment of debentures will be used to fully pay the 234 commercial promissory notes in connection with the Company’s fourth issuance of debentures, subject to public distribution, with par value of R$5,000. The promissory notes were issued on November 29, 2011, in the total amount of R$1,170,000, bearing interest of 105.5% of the average daily interbank deposit (DI) rate and maturing on November 23, 2012, with full payment of 181 promissory notes of the fifth issuance of the Issuer, which were subject to public offering, with a par value of R$5,000,000. The promissory notes were issued on May 25, 2012, in the total amount of R$905,000, subject to compensatory interest of 104% at the average daily Interbank Deposit (DI) rate, falling due on May 20, 2013.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2012 (In thousands of Brazilian reais (R$), unless otherwise indicated)

COVENANTS	1st ISSUE	2nd ISSUE	3rd ISSUE
The Net Debt/Consolidated EBITDA ratio must not exceed 3.5. This ratio must be verified on a quarterly basis by the Fiduciary Agent based on the Issuer's consolidated financial statements.		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
Do not fail to comply with any financial debt or any pecuniary obligation in any agreement or accord to which it is a party as borrower or guarantor, or the lack of legal measures required due to such default, whose amount, individually or in the aggregate, exceeds 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 dispose of or transfer the ownership of assets critical to its activities, as well as keep the assets critical to its activities duly insured, according to 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 Materia 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 30% (thirty percent) 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 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 Companhia Energética de Minas Gerais - 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

The interim determination of net debt and consolidated Earnings Before Interest, Taxes, Depreciation and Amortization - Ebtida relies on the Company’s financial information based on accounting standards used in the Company’s financial statements for the year ended December 31, 2009, published on March 16, 2010, not considering any changes in accounting arising from amendments to corporate, accounting and tax laws including, but not limited to, those relating to the convergence of the International Financial Reporting Standards - IFRS issued by the Accounting Pronouncement Committee (CPC).

As at December 31, 2012, the Company fully complied with the covenants.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2012
(In thousands of Brazilian reais (R$), unless otherwise indicated)

18. DERIVATIVES

Indirect subsidiaries ATE II and ATE III (subsidiaries of UNISA) have some derivatives to manage its exposure to interest rate and currency risks, including interest rate swap contracts and currency call options (see Note 24). The Company, its jointly controlled entities and other subsidiaries do not conduct derivative transactions or speculative investments in derivatives or any risks assets, and do not have call margins on their transactions.

These derivative instruments refer to:

- Interest rate swaps (Libor) to mitigate the risk of increase in interest rates on financing granted by the BID to ATE II and ATE III. According to these contracts, these swaps will only affect the Company's profit or loss (benefit) when the Libor exceeds 7% and 8%.

- Foreign currency (US dollar) call options to hedge against the foreign exchange fluctuation risk on financing granted by the BID to ATE III on the next three (3) current installments during the first five years of the agreement.

As at December 31, 2012, ATE II's and ATE III's derivative portfolio is summarized as follows:

	2012			2011 (Restated)		
	Notional amount	Fair value	Amounts receivable	Notional amount	Fair value	Amounts payable
Swap contracts						
Long position - LIBOR	R$265,953	546	546	R$132,978	(632)	(632)
Option contracts						
Holder position - foreign currency call	US$11,390	421	421	US$15,953	1,927	1,927
		967	**967**		**1,295**	**1,295**

	Unrealized gains losses)	
	2012	2011 (Restated)
Swap contracts		
Long position - LIBOR	(861)	52
Option contracts		
Holder position - foreign currency call	(1,285)	270
	(2,146)	**322**

These derivatives are stated at fair value through profit or loss. The fair value of these derivatives is classified as level 2, as defined in Note 24.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2012
(In thousands of Brazilian reais (R$), unless otherwise indicated)

In accordance with CVM Instruction 475/08, the information on derivatives must include the purpose of the hedged asset, 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	Principal 2012	Principal 2011	Financial institution	Maturity	Fair value 2012	Fair value 2011 (Restated)
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	R$57,574	Santander	11/2022	333	(381)
Forex (US dollar vs, real) plus Libor	Forex (US dollar vs, real) plus Libor limited to 8% p,a,	R$12,555	R$6,278	Santander	11/2018	8	(32)
Forex (US dollar vs, real) plus Libor	Forex (US dollar vs, real) plus Libor limited to 7% p,a,	R$138,251	R$69,126	Santander	05/2020	205	(219)
		R$265,953	**R$132,978**			**546**	**(632)**
Option contracts (US$)							
Hedge purpose: Forex fluctuation (US dollar)							
US$	BRL	US$10,838	US$5,419	Citibank	11/2012	-	829
US$	BRL	US$11,390	US$5,695	Citibank	05/2013	421	900
US$	BRL	US$9,679	US$4,839	HSBC	05/2012	-	198
		USD31,907	**USD15,953**			**421**	**1,927**

We present below the sensitivity analysis of derivatives. The Company's exposure to interest rate risks and a sensitivity analysis of financial assets and financial liabilities are disclosed in Note 24.

Operation	Exposure / notional amount	Risk	2012 Probable scenario	Scenario A (25% depreciation)	Scenario B (50% depreciation)
Hedge					
US dollar-denominated debt (*)	R$23.275	Derivative Drop in US$	326	(3.518)	(9.002)
	R$23.275	Hedged debt portion US$ appreciation	(326)	3.518	9.002
	R$498.560	Unhedged debt portion US$ appreciation	13,336	(109.864)	(231.423)
Debt in libor	R$396.153	Swap (**) Increase in Libor	-	-	-
		Debt Increase in Libor	-	(519)	(1.038)
Net effect on profit/loss/equity from January to December 2012 - increase/(decrease)			**13.336**	**(110.383)**	**(232,461)**

(*) As set forth in the agreement, the Company's management manages short-term currency risks based by entering into derivatives to hedge against the risk of changes in exchange rates arising from financing taken from BID by ATE III for the next three falling due installments over the first years of the agreement, the last portion being hedged by option contracts through May 15, 2013. Consequently, the other installments are not hedged by a derivative.

(**) These interest rate swaps (Libor) are intended to mitigate the risk of increase in interest rates, by limiting their exposure to the Libor at 7% and 8%. According to these contracts, these swaps will only affect the Company's profit or loss (benefit) when the Libor exceeds 7% and 8%. In view of the foregoing and considering that the Libor rate disclosed in Note 24 does not exceed these limits, the impact of these agreements on the sensitivity analysis above is null in any of the scenarios above.

(In thousands of Brazilian reais (R$), unless otherwise indicated)

19. PROVISIONS FOR LABOR, TAX AND CIVIL RISKS

The Company, its subsidiaries, and its jointly controlled entities 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 labor, tax and civil risks in amounts considered sufficient to cover estimated losses from lawsuits in progress, as follows:

	2012	Additions	Write-offs	2011	01/01/2011
Consolidated				(Restated)	(Restated)
Labor	824	295	-	529	71
Tax	2,103	2,003	(109)	209	209
Civil	195	-	(16)	211	179
	3,122	**2,298**	**(125)**	**949**	**459**
Parent					
Labor	752	663	-	89	71
Tax	100	-	(109)	209	209
Civil	26	-	(10)	36	10
	878	**663**	**(119)**	**334**	**290**

	2012				2011			
	Labor	Tax	Civil	Total	Labor	Tax	Civil	Total
TAESA	752	100	26	878	89	209	36	334
ETAU	-	-	169	169	-	-	169	169
BRASNORTE	-	-	-	-	-	-	-	-
NTE	24	2,003	-	2,027	-	-	6	6
UNISA	48	-	-	48	440	-	-	440
	824	**2,103**	**195**	**3,122**	**529**	**209**	**211**	**949**

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 proceeding addressing mainly non-compliance with federal tax and contribution (IRPJ, CSLL, PIS, COFINS, IRRF and CSRF) offsets not approved by the Brazilian Federal Revenue Department. The main lawsuits included in calendar year 2012 refer to declarations of non-conformity relating to offsets made by NTE, which were not approved by the Federal Revenue Service.

Contingent liabilities

As at December 31, 2012, 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:

	2012	2011
Consolidated		(Restated)
TAESA	96,926	53,938
NTE	6,074	-
ETAU	222	196
BRASNORTE	218	58
UNISA	48,414	4,644
	151,854	**58,836**
Parent		
TAESA	**96,926**	**53,938**

(In thousands of Brazilian reais (R$), unless otherwise indicated)

	2012				2011			
	Labor	Tax	Civil	Total	Labor	Tax	Civil	Total
TAESA	2,062	85,898	8,966	96,926	2,583	44,412	6,943	53,938
ETAU	21	-	201	222	21	-	175	196
BRASNORTE	-	198	20	218	-	58	-	58
NTE	-	5,590	484	6,074	-	-	-	-
UNISA	80	41,043	7,291	48,414	117	-	4,527	4,644
	2,163	**132,729**	**16,962**	**151,854**	**2,721**	**44,470**	**11,645**	**58,836**

As at December 31, 2012, the key factors for increase in lawsuits whose likelihood of loss is assessed as possible were the inclusion of the tax assessment notice in TAESA (ETEO), in the amount of R$39,403, and declarations of non-conformity by the Federal Revenue Service in the subsidiaries of UNISA, in the approximate amount of R$37. These lawsuits are detailed below.

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 and COFINS, IRPJ and CSLL, in the amount of R$32,634, as well as appeals against tax execution in the amount of R$514 and IPI tax debt annulment action in the amount of R$604;

- 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$7,165, as well as appeals against tax execution in the amount of R$4,787;

- TAESA (ETEO) - Refers to a tax administrative proceeding arising from a tax assessment notice issued in calendar year 2012 relating to a deduction process, in calendar year 2008, of the expense on goodwill amortization paid by Lovina on the acquisition of ETEO in the amount of R$39,403. On October 22, 2012, the Company received a tax assessment notice issued by the Federal Revenue Service which judged as groundless the refutation of the tax assessment notice. This new fact has not changed the expected likelihood of loss of the relevant lawsuit; and

- UNISA **-** 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 and COFINS, IRPJ and CSLL of ATE II, ATE III e STE, in the amount of R$19,594, as well as appeals against tax execution of ATE II, ATE III and STE in the amount of R$21,449, previously arising from the acquisition of UNISA Group companies by Taesa. In case of financial loss to the Company, the loss amount will be reimbursed by Abengoa in accordance with the collateral agreement entered into among the parties.

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.

(In thousands of Brazilian reais (R$), unless otherwise indicated)

On March 29, 2012, Taesa filed a motion to the tax assessment notice issued by the 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 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. Based on the legal counsel's opinion, the likelihood of success is probable. Management understands that there will be no 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.

Contingent assets

Taesa Group's main contingent asset refers to the lawsuit brought by Novatrans and TSN, which has been challenging in court the broadening of the COFINS tax base, as set forth in Law 9718/98, whereby the companies are requesting the offset of unpaid tax debts, between April 2001 to January 2004, as COFINS on non-operating revenues. On December 4, 2012, the lawsuit received a final and unappealable favorable decision.

20. INCOME TAX AND SOCIAL CONTRIBUTION

	CONSOLIDATED		PARENT	
	2012	2011	2012	2011
		(Restated)		(Restated)
Current income tax and social contribution	(132,648)	(33,201)	(70,989)	(32,900)
Deferred income tax and social contribution	(87,110)	(141,367)	(58,294)	(138,366)
	(219,758)	**(174,568)**	**(129,283)**	**(171,266)**

Income tax returns are subject to review by tax authorities over five (5) 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	2012	2011
Profit from continuing operations before taxes	808,940	669,967
Income tax and social contribution expense at the rate of 34%	(275,040)	(227,789)
IRPJ tax incentive - Rouanet Law/Audiovisual and Sports Activities	3,226	2,268
Corporate income tax incentive - SUDAM/SUDENE	61,992	44,026
Difference between deemed income vs. taxable income rate - ETAU and SGT	2,178	4,239
Offset of tax loss carryforwards - Brasnorte	265	119
Other	(12,379)	2,569
Income tax and social contribution expense in profit or loss (relating to continuing operations)	**(219,758)**	**(174,568)**
Statutory rate	**27%**	**26%**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2012
(In thousands of Brazilian reais (R$), unless otherwise indicated)

PARENT	2012	2011
Profit from continuing operations before taxes	718,465	666,665
Income tax and social contribution expense at the rate of 34%	(244,278)	(226,666)
IRPJ tax incentive - Rouanet Law/Audiovisual and Sports Activities	1,792	2,268
Equity in subsidiaries	84,764	9,425
Corporate income tax incentive - SUDAM/SUDENE	40,438	42,095
Other	(11,999)	1,612
Income tax and social contribution expense in profit or loss (relating to continuing operations)	**(129,283)**	**(171,266)**
Statutory rate	**18%**	**26%**

Corporate income tax incentive - SUDAM/SUDENE

TAESA (TSN and Novatrans) - On July 30, 2003, the Ministry for National Integration, through Northeast Development Authority (SUDENE), issued Incentive-Granting Report 0260/2003 that grants to subsidiary TSN a tax benefit related to the reduction of 75% of IRPJ payable by Bom Jesus da Lapa production unit, subsequently extended to Sapeaçu and Camaçari production unit, arising from the acquisition and merger of Munirah. Such benefit is calculated on a monthly basis on the income of Northeast-Southeast line of 84.48%, the percentage of the line in the State of Bahia, comprising the tax incentive area of SUDENE. On November 30, 2007, through the merger of the companies GTESA and PATESA, also holding 100% of tax incentive area because their lines are located in the States of Paraíba, Pernambuco and Rio Grande do Norte, TSN's total percentage (succeeded by Taesa) with respect to such benefit was 85.34%.

On November 16, 2004, Novatrans obtained from the Ministry for National Integration, through the Amazons Development Authority (SUDAM), the Incentive-Granting Report 169/2004 that grants a tax benefit related to the reduction of 75% of IRPJ payable from the activities performed in the State of Maranhão and Tocantins. Such benefit is calculated on a monthly basis on the income of North-South II line of 73.29%, the percentage of the line in the States comprising the tax incentive area of SUDAM.

Considering that TSN and Novatrans were merged into the Company as at December 31, 2010, the tax benefits arising from the IRPJ reduction tax incentives are being used by the Company, the successor of the assets, rights and obligations beginning 2011. On March 12, 2012, SUDENE issued Incentive-Granting Report No. 0015/2012, which approves the transfer of the entitlement to the income relief tax benefit to TAESA.

Beginning calendar 2011, due to the merger of companies TSN, Novatrans, ETEO and Taesa Serviços, Taesa’s total percentage related to such benefit was 68.21%.

Pursuant to Incentive-Granting Reports 0015/2012 and 169/2004, tax incentives will be enjoyed through 2013, i.e., up to December 31, 2013, including.

The Company complied with the subsidy conditions.

BRASNORTE - On October 7, 2011, e Ministry for National Integration, through the Amazons Development Authority (SUDAM), issued Incentive-Granting Reports No. 017/2011 and No. 018/2011 that grant BRASNORTE a tax benefit related to the reduction of 75% of IRPJ payable by the plant units located in areas under the jurisdiction of SUDAM. Such benefit is calculated on a monthly basis on the operating profit of the lines Brasnorte-Nova Mutum and Juba-Jauru, all located in the State of Mato Grosso, a tax incentive area of SUDAM. On June 1, 2012, the Federal Revenue Service published on the Federal Official Gazette Executive Declaratory Acts No. 95 and 93/2012 where in recognizes the entitled to the 75% IRPJ relief. After publication of Declaratory Acts, the Company calculated the tax benefit relating to 2011 and 2012, and fully accounted for its effects in 2012.

Pursuant to Incentive-Granting Reports 017/2011 and 018/2011, tax incentives will be enjoyed through 2020, i.e., up to December 31, 2020, including.

NTE - On December 23, 2004, the Ministry for National Integration, through Northeast Development Authority (SUDENE), issued Incentive-Granting Report 323/2004 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 operating profit earned by all the concessionaire's activities, located in the State of Pernambuco.

On December 28, 2004, NTE filed a request to the Brazilian Federal Revenue Service (RFB) 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 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 IN SRF 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 17). The Company complied with the subsidy conditions.

On July 9, 2012, NTE was notified by the Federal Revenue Service's Ruling 237/2012 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 such decision, which was filed on January 25, 2013, including.

Based on the arguments and evidence provided, Management, supported by its legal counsel, believes that the amount of the tax benefit calculated through June 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.

21. EQUITY

a. Capital - As at December 31, 2012, the Company's subscribed and paid-in capital amounted to R$3,067,536 (R$1,312,536 as at December 31, 2011 and January 1, 2011), represented by 691,553,133 common shares and 341,943,588 preferred shares (203,517,711 common shares and 59,981,196 preferred shares as at December 31, 2011)[2], 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.

Authorized capital increase - Taesa's Extraordinary Shareholders' Meeting held on May 11, 2012 approved the increase of the authorized capital ceiling from R$1,400,000 to R$5,000,000. On the same date the Company's bylaws were amended to incorporate this change.

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 per unit. On August 20, 2012, the overallotment of 3 million units was fully exercised, totaling 27 million units in the public offering.

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$3,067,535 which, less issuance costs, net of taxes and contributions, in the total amount of R$25,501, totaled R$3,042,035, divided in 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.

Share split - On December 4, 2012, the AGE approved the split of shares representing the Company's capital, either represented by units or not ("Units"), so that each share will be represented by 3 (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.

[1] Considering the split of shares on December 4, 2012, the number of Units issued was R$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.

[2] Considering the split of shares on December 4, 2012, the number of shares on December 31,2011, would be represented by 610,553,133 common shares and 179,943,588 preferred shares.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2012
(In thousands of Brazilian reais (R$), unless otherwise indicated)

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.

As at December 31, 2012, the Company's shareholding structure was as follows:

	Common shares		Preferred shares		Total		Controlling interests	
	Number	%	Number	%	Number	%	Number	%
Fundo de Investimento em Participações Coliseu - FIP Coliseu	305,034,360	44.11%	-	-	305,034,360	29.51%	305,034,360	29.51%
Cemig Geração e Transmissão SA - Cemig GT	293,072,229	42.38%	155,050,644	45.34%	448,122,873	43.36%	448,122,873	43.36%
Free Float	93,446,472	13.51%	186,892,944	54.66%	280,339,416	27.13%	-	-
Directors	66	-	-	-	66	-	-	-
Officers	6	-	-	-	6	-	-	-
Total	**691,553,133**	**100.00%**	**341,943,588**	**100.0%**	**1,033,496,721**	**100.00%**	**753,157,233**	**72.87%**

As at December 31, 2011, the Company's shareholding structure was as follows:

- Not considering the effect of the split of shares on December 4, 2012:

Shareholders	Common shares		Preferred shares		Total		Controlling interests	
	Number	%	Number	%	Number	%	Number	%
Fundo de Invest. em Part. Coliseu - FIP Coliseu	101,678,120	49.96%	-	-	101,678,120	38.59%	101,678,120	38.59%
Cemig Geração e Transmissão SA - Cemig GT	97,690,743	48.00%	51,683,548	86.17%	149,374,291	56.69%	149,374,291	56.69%
Free Float	4,148,824	2.04%	8,297,648	13.83%	12,446,472	4.72%	-	-
Directors	22	-	-	-	22	-	-	-
Officers	2	-	-	-	2	-	-	-
Total	**203,517,711**	**100.00%**	**59,981,196**	**100.00%**	**263,498,907**	**100.00%**	**251,052,411**	**95.28%**

- Considering the effect of the split of shares on December 4, 2012:

Shareholders	Common shares		Preferred shares		Total		Controlling interests	
	Number	%	Number	%	Number	%	Number	%
Fundo de Invest, em Part, Coliseu - FIP Coliseu	305,034,360	49.96%	-	-	305,034,360	38.59%	305,034,360	38.59%
Cemig Geração e Transmissão SA - Cemig GT	293,072,229	48.00%	155,050,644	86.17%	448,122,873	56.69%	448,122,873	56.69%
Free Float	12,446,472	2.04%	24,892,944	13.83%	37,339,416	4.72%	-	-
Directors	66	-	0	-	66	-	-	-
Officers	6	-	0	-	6	-	-	-
Total	**610,553,133**	**100.00%**	**179,943,588**	**100.00%**	**790,496,721**	**100.00%**	**753,157,233**	**95.28%**

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; and

- 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 net income before interest and reversal of interest on capital, 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 Bahia, Paraíba, Pernambuco, Rio Grande do Norte, Maranhão and Tocantis. These incentives, in the amount of R$40,438 in 2012 (R$42,095 in 2011), were granted by SUDAM and SUDENE, and consist of income tax reduction as detailed in Note 20.

   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 net income 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 Annual and Extraordinary Shareholders' Meeting allocated the total reserve 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 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, totaling R$594,507. The benefit calculated by the Company in 2011 and 2012 in the realization of this reserve was R$48,219, which will be capitalized in 2013.

(In thousands of Brazilian reais (R$), unless otherwise indicated)

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 2012

Profit for 2012	589,182
- Legal reserve - 5%	(29,459)
- Tax incentive reserve	(40,438)
- Interim dividends paid in 2012 (R$0.15481 per ON and PN share)	(160,000)
- Dividends accrued (R$0.09641 per ON and PN share)	(99,643)
- Mandatory dividends (50%) (R$0.25123 per ON and PN share)	(259,643)
- Proposed additional dividends (R$0.25123 per ON and PN share)	(259,642)
Summarized allocations:	
- Reserves	(69,897)
- Mandatory dividends (0.50245 per ON and PN share)	(519,285)
Total	(589,182)

Proposed allocation of profit for 2011[3]

Profit for 2011	495,399
- Legal reserve - 5%	(24,770)
- Tax incentive reserve	(42,095)
- Mandatory dividends (50%) (R$0.27105 per ON and PN share)	(214,267)
- Special reserve	(214,267)
Summarized allocations:	
- Reserves	(281,132)
- Dividends (R$0.27105 per ON and PN share)	(214,267)
Total	(495,399)

[3] The dividend per ON and PN share presented considers the split of shares on December 4, 2012.

(In thousands of Brazilian reais (R$), unless otherwise indicated)

On April 27, 2012, the Company's Annual and Extraordinary Shareholders' Meeting amended the 2011 proposed profit allocation above to include the following:

Profit for 2011	495,399
- Legal reserve - 5%	(24,770)
- Tax incentive reserve	(42,095)
- Mandatory dividends (50%) (R$0.27105 per ON and PN share)	(214,267)
- Proposed additional dividends (R$0.27105 per ON and PN share)	(214,267)
Summarized allocations:	
- Reserves	(66,865)
- Dividends (R$0.54211 per ON and PN share)	(428,534)
Total	(495,399)

Payment of dividends in 2010 and retained earnings through 2009

On May 31, 2011, the Company paid the first installment of dividends in the amount of R$407,199, based on the shareholding position of April 27, 2011; on October 31, 2011, the second installment of dividends was paid in the amount of R$333,415.

22. DIVIDENDS RECEIVABLE AND PAYABLE

	PARENT		
	2012	2011	01/01/2011
Current assets		(Restated)	(Restated)
Dividends receivable from Brasnorte	3,215	-	-
Dividends receivable from ETAU	1,030	988	1,200
Dividends receivable from NTE	13,027	8,699	-
Dividends receivable from UNISA	671	671	-
	17,943	**10,358**	**1,200**
Current liabilities			
Dividends payable to Taesa's shareholders (*)	99,648	214,270	203,600
	99,648	**214,270**	**203.600**

(*) Refers to remaining mandatory dividends for 2012 in the amount of R$99,643 (R$0.09641 per ON and PN share), according to the current profit allocation described in Note 21, and dividends payable to noncontrolling shareholders relating to prior years in the amount of R$5, not yet paid due to the lack of information on these shareholders in the broker.

Payment of 2012 dividends - On December 27, 2012, the Company paid interim dividends, relating to 2012, with a shareholding position on December 18, 2012, in the total amount of R$160,000 (R$0.15481 per ON and PN share).

Payment of 2011 dividends - On October 31, 2012, the Company paid proposed additional dividends in the amount of R$214,267 (R$0.27105 per ON and PN share) and, on May 31, 2012, it has paid mandatory minimum dividends, based on the shareholding position on April 27, 2012, in the amount of R$214,267(R$0.27105 per ON and PN share), both relating to the 2011 profit allocation.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2012 (In thousands of Brazilian reais (R$), unless otherwise indicated)

23. INSURANCE

Taesa Group has insurance coverage for assets subject to risks in amounts to cover possible losses, according to the nature of its activities.

Taesa Group's concessions have coverage against fire, sundry risks for concession related-tangible assets, except project transmission lines, as well as civil liability of officers and directors (D&O), and vehicle fleet.

Taesa Group's concessions, except for NTE and Unisa, does not have coverage against losses from the transmission lines, with coverage solely for substations, buildings and other facilities. This is because the coverage is not compatible with the effective risks and the premiums charged by insurance and reinsurance companies are extremely high.

Pursuant to the BNDES and BID financing agreement, Unisa took insurance (Operational Risk and Civil Risk) based on terms and conditions accepted by BNDES and BID. Accordingly, with respect to these companies, the insurance covers all the project's substations and transmission lines, whose beneficiary is the own lenders BNDES and/or IDB and onlenders.

CIVIL LIABILITY

COMPANY	INSURANCE COMPANY	TERM	RATE	LMI	PREMIUM TOTAL
TAESA - TSN	Tokio Marine	08/19/12 to 08/19/2013	0.13%	10,000	13
TAESA - PATESA	Tokio Marine	08/19/12 to 08/19/2013	0.01%	10,000	1
TAESA - GTESA	Tokio Marine	08/19/12 to 08/19/2013	0.00%	10,000	0
TAESA - MUNIRAH	Tokio Marine	08/19/12 to 08/19/2013	0.01%	10,000	1
TAESA - NVT	Tokio Marine	08/19/12 to 08/19/2013	0.13%	10,000	13
TAESA - ETEO	Tokio Marine	08/19/12 to 08/19/2013	0.05%	10,000	5
ETAU	Tokio Marine	08/19/12 to 08/19/2013	0.01%	10,000	1
BRASNORTE	Tokio Marine	08/19/12 to 08/19/2013	0.00%	10,000	0
NTE	Tokio Marine	08/19/12 to 08/19/2013	0.02%	10,000	2
ATE	Fairfax	12/13/12 to 12/13/13	0.22%	10,000	22
ATE II	Fairfax	12/13/12 to 12/13/13	0.33%	10,000	34
ATE III	Fairfax	12/13/12 to 12/13/13	0.15%	10,000	15
STE	Fairfax	12/13/12 to 12/13/13	0.12%	10,000	12
TOTAL					**119**

OPERATIONAL RISK

COMPANY	INSURANCE COMPANY	TERM	LMI (a)	AMOUNT AT RISK	PREMIUM TOTAL
TAESA - TSN	Bradesco Seguros	08/19/12 to 08/19/13	20,000	365,017	274
TAESA	Bradesco Seguros	08/19/12 to 08/19/13	20,000	8,555	6
TAESA - NVT	Bradesco Seguros	08/19/12 to 08/19/13	20,000	221,644	167
TAESA - ETEO	Bradesco Seguros	08/19/12 to 08/19/13	20,000	26,642	20
ETAU	Bradesco Seguros	08/19/12 to 08/19/13	20,000	14,876	11
BRASNORTE	Bradesco Seguros	08/19/12 to 08/19/13	20,000	59,844	45
NTE	Bradesco Seguros	08/19/12 to 08/19/13	20,000	236,100	177
ATE	Itaú Seguros / Fairfax	12/13/12 to 12/13/13	50,000	373,546	249
ATE II	Itaú Seguros / Fairfax	12/13/12 to 12/13/13	50,000	773,324	516
ATE III	Itaú Seguros / FairFax	12/13/12 to 12/13/13	50,000	551,691	367
STE	Itaú Seguros / Fairfax	12/13/12 to 12/13/13	50,000	188,620	126
TOTAL					**1.958**

OWN AND THIRD-PARTY VEHICLES

COMPANY	INSURANCE COMPANY	TERM	COVERAGE	TOTAL VEHICLES	PREMIUM TOTAL
TAESA - TSN	Tokio Marine	08/19/12 to 08/19/13	105% Fipe table	50	129
TAESA - NVT	Tokio Marine	08/19/12 to 08/19/13	105% Fipe table	45	147
TAESA - ETEO	Tokio Marine	08/19/12 to 08/19/13	105% Fipe table	11	33
BRASNORTE	Tokio Marine	08/19/12 to 08/19/13	105% Fipe table	4	10
TOTAL					**319**

MANAGEMENT

COMPANY	INSURANCE COMPANY	TERM	RATE	LMG (b)	PREMIUM TOTAL
TAESA	Banco Fator	08/18/12 to 08/18/13	0.20%	10,000	20

(a) Maximum indemnity limit

(b) Maximum coverage limit

(In thousands of Brazilian reais (R$), unless otherwise indicated)

24. FINANCIAL INSTRUMENTS

Risk management

Overview **-** The Company is exposed to the following risks arising from the use of financial instruments:

- Credit risk;
- Liquidity risk;
- Market risk; and
- Operational risk.

This note presents information on the Company's exposure to each one of the risks, Company's purposes, risk measurement and management of the Company's capital.

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 risk

a. Credit risk **-** 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 and financial instruments, as referred to below.

Credit risk exposure - The carrying amount of financial assets represents the maximum credit exposure. The maximum credit risk exposure at the end of the reporting period is as follows:

	CONSOLIDATED			PARENT		
	2012	2011	01/01/2011	2012	2011	01/01/2011
Financial assets		(Restated)	(Restated)		(Restated)	(Restated)
Cash and cash equivalents	543,266	495,406	414,578	123,868	265,593	410,335
Short-term investments at fair value	1,877,000	-	-	1,877,000	-	-
Short-term investments at amortized cost and restricted deposits	212,778	58,559	62,835	109,399	-	60,998
Trade receivables	157,885	138,187	88,004	96,055	97,851	85,860
Financial assets	6,380,265	5,035,924	3,312,077	3,177,961	3,240,574	3,122,785
	9,171,194	**5,728,076**	**3,877,494**	**5,384,283**	**3,604,018**	**3,679,978**

- **Cash and cash equivalents, short-term investments and restricted deposits**

The Company's cash and cash equivalents, short-term investments and restricted deposits amounted to R$2,633,044 (R$553,965 as at December 31, 2011), representing its maximum credit exposure on such assets. 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 did not record an allowance for doubtful accounts with respect to trade receivables because the purpose of the Agreement for Transmission System Use (CUST), entered into between ONS, the transmission concessionaires and the user, is: "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:

- Collateral Agreement (CCG); and
- Bank Letter of Guarantee (CFB).

The main advantages of these types of guarantees include:

- Diluted risks because all users pay to all transmission companies;
- Collaterals are individually provided by the users; and
- 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 collateral agreement or bank letter of guarantee.

b. <u>Liquidity risk</u> - is the risk related to the Company's difficulty to settle its obligations associated with its financial liabilities, which are settled in cash or through 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 18. The periods for settlement of nonderivative financial liabilities, such as borrowings and financing and debentures, are stated in Notes 16 and 17, 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 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 16 and 17.

The tables below show in details the remaining contractual maturity of the Group's non-derivative financial liabilities and contractual repayment terms. The tables have been prepared according to undiscounted cash flows of financial liabilities based on the closes date in which the Group should settle the relevant obligations. The tables include 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 most recent date in which the Group should settle its obligations.

(In thousands of Brazilian reais (R$), unless otherwise indicated)

CONSOLIDATED	Up to 1 month	From 1 to 3 months	From 3 months to 1 year	From 1 to 5 years	Over 5 years	Total
Financial instruments at interest rate:						
- Floating						
Borrowings, financing and debentures	13,863	27,366	638,627	3,490,987	2,145,862	6,316,706
- Fixed						
Borrowings, financing and debentures	10	13	15,490	81,062	75,398	171,973
TOTAL	**13,873**	**27,379**	**654,117**	**3,572,049**	**2,221,260**	**6,488,679**
PARENT	**Up to 1 month**	**From 1 to 3 months**	**From 3 months to 1 year**	**From 1 to 5 Years**	**Over 5 years**	**Total**
Financial instruments at interest rate:						
- Floating						
Borrowings, financing and debentures	1,443	2,881	486,608	2,771,416	1,892,332	5,154,680
- Fixed						
Borrowings, financing and debentures	10	13	96	883	782	1,783
TOTAL	**1,453**	**2,894**	**486,704**	**2,772,299**	**1,893,114**	**5,156,463**

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

d. 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$).

Profile - As at December 31, 2012, the Company had R$619,303 (13%) of its total debt pegged to exchange rate (basket of currencies comprised mainly of US dollar and IDB loan), and assets of R$42,082 pegged to the exchange rate (US dollar reserve account - BID). Accordingly, eventual depreciation of the local currency against the foreign currency may adversely affect the Company's profit or loss. The Company's management monitors the short-term exchange risk based on derivatives, as mentioned in Note 18, and on the maintenance of short-term investments in foreign currency.

Sensitivity analysis - foreign currency

The foreign currency sensitivity analysis was determined based on the exposure to exchange rates of financial instrument at the end of the reporting period. The sensitivity analysis includes only outstanding monetary at the end of the reporting period and in foreign currency and adjusts its conversion, based on estimated rates as at December 31, 2013 for a probable scenario of the probable risk behavior which, if occurs, can give rise to adverse results for Taesa Group, and which is referenced by an independent external source (Probable scenario). Besides the definition of two additional scenarios with 25% and 50% depreciations in the risk variable (Scenario A and Scenario B, respectively). The other variables involved in each transaction were not changed for the calculations below:

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2012
(In thousands of Brazilian reais (R$), unless otherwise indicated)

US dollar-denominated transaction	Net effect on profit or loss/equity January to December 2012 - increase/(decrease)			
	Exposure / notional amount	Probable scenario	Scenario A (25% depreciation)	Scenario B (50% depreciation)
Assets				
Reserve account (BID)	R$42,082	(1,102)	9,143	19,388
Option agreements - purchase of US dollar	R$23,275(*)	(326)	3,518	9,002
Liabilities				
BNDES financing - basket of currencies	R$97,468	2,552	(21,177)	(44,906)
Financing (BID)	R$521,835	13,662	(113,382)	(240,425)
Net effect		**14,786**	**(121,898)**	**(256,941)**

Rates used	Rate as at 12/31/12	Probable scenario	Scenario A (25% depreciation)	Scenario B (50% depreciation)
US dollar exchange rate (PTAX)	2.0435	1.9900	2.4875	2.9850

(*) The corresponding amount in US dollar is USD11,390.

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 - average Top 5), on March 8, 2013. The Company used the PTAX in the scenarios above also for the basket of currencies since it is basically comprised of US dollar.

e. Interest rate risk - Refers to effects 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.

Profile - As at December 31, 2012, the profile of the Company's relevant financial instruments by variable interest rates was:

FINANCIAL INSTRUMENTS BY INDEX	2012	
	CONSOLIDATED	PARENT
Short-term investments (cash equivalents, short-term investments at fair value and short-term investments at amortized cost)		
CDI	2,535,016	2,109,922
Borrowings, financing and debentures		
CDI	1,882,255	1,867,534
IPCA	1,837,612	1,837,612
LIBOR	396,153	-
TJLP	436,905	168

Sensitivity analysis for fair value of variable exchange rate - short-term investments

The foreign currency sensitivity analysis was determined based on the exposure to variable rates of outstanding financial instruments at the end of the reporting period. The analysis is prepared assuming that the amount of assets was outstanding during the year, adjusted based on the estimated CDI rate for 2013 for a probable scenario of the rick behavior which, if occurs, can give rise to adverse results for Taesa Group, and which is referenced by an independent external source (Probable scenario). Besides the definition of two additional scenarios with 25% and 50% depreciations in the risk variable (Scenario A and Scenario 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:

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2012
(In thousands of Brazilian reais (R$), unless otherwise indicated)

Risk	Exposure: Rate drop	Net effect on profit or loss/equity January to December 2012 - increase/(decrease) Probable scenario	Scenario A (25% depreciation)	Scenario B (50% depreciation)
Consolidated				
CDI	2,535,016	(9,380)	(60,080)	(110,780)
Parent				
CDI	2,109,922	(7,807)	(50,005)	(92,204)

Rates used	Rates accumulated up to 12/31/2012	Probable scenario	Scenario A (25% depreciation)	Scenario B (50% depreciation)
CDI	8,37%	8,00%	6,00%	4,00%

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 - average Top 5), on March 8, 2013.

Sensitivity analysis of variable interest rate - borrowings and financing and debentures

The foreign currency sensitivity analysis was determined based on the exposure to variable rates of financial instruments at the end of the reporting period. The analysis is prepared assuming that the amount of liabilities below was outstanding during the year, adjusted based on the estimated rates for 2013 for a probable scenario of the risk behavior which, if occurs, can give rise to adverse results for Taesa Group, and which is referenced by an independent external source (Probable scenario). Besides the definition of two additional scenarios with 25% and 50% depreciations in the risk variable (Scenario A and Scenario 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:

Risk	Exposure: Rate drop	Net effect on profit or loss/equity January to December 2012 - increase/(decrease) Probable scenario	Scenario A (25% depreciation)	Scenario B (50% depreciation)
Consolidated				
CDI	1,882,255	6,964	(30,681)	(68,326)
IPCA	1,837,612	368	(26,370)	(53,107)
LIBOR	396,153	-	(519)	(1,038)
TJLP	436,905	3,277	(2,185)	(7,646)
	4,552,925	**10,609**	**(59,755)**	**(130,117)**
Parent				
CDI	1,867,534	6,910	(30,441)	(67,792)
TJLP	168	1	(1)	(3)
IPCA	1,837,612	368	(26,370)	(53,107)
	3,705,314	**7,279**	**(56,882)**	**(120,902)**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2012
(In thousands of Brazilian reais (R$), unless otherwise indicated)

Rates used	Rates accumulated up to 12/31/2012	Probable scenario	Scenario A (25% depreciation)	Scenario B (50% depreciation)
CDI	8.37%	8.00%	10.00%	12.00%
IPCA	5.84%	5.82%	7.28%	8.73%
TJLP	5.75%	5.00 %	6.25%	7.50%
LIBOR	0.524%	0.524%	0.655%	0.786%

Source: Source: The CDI and IPCA used in the probable scenario were estimated based on the rates expected by the market disclosed in the Central Bank of Brazil (FOCUS Report – average Top 5), on March 8, 2013. The TJLP rate used in the probable scenario was estimated based on rates expected by the market disclosed March 8, obtained in BNDES website. The Libor rate used in borrowings from BID is semiannually adjusted, in May and November. Therefore, the probable scenario in March 2013 (report disclosure month) will be same as the balance in December in the prior year. The Libor rates is an average interest rate estimated by the main banks in London and disclosed by Thomson Reuters.

As mentioned in Note 18, the Company's indirect subsidiaries ATE II e ATE III (UNISA's subsidiaries) have an interest rate swap (Libor) to mitigate the risk of increase in interest rates of financing with BID, which limited its exposure to Libor at 7% and 8%. According to these contracts, these swaps will only affect the Company's profit or loss (benefit) when the Libor exceeds 7% and 8%. Considering the information above and that the Libor rates mentioned do not exceed these limits, these contracts do not affect the sensitivity analysis.

In addition, considering that the fair value of the premium paid for these swap contracts as at December 31, 2012, is R$546, the effect in the Company's profit or loss of the fair value of these premiums for the 25% and 50% scenarios is as follows:

	Effect on consolidated profit or loss as at 12/31/2012 Revenues (expenses)			
	Exposure / notional amount	Probable scenario	Scenario A (25% depreciation)	Scenario B (50% depreciation)
Swap contracts - Libor	**546**	**-**	**(137)**	**(273)**

f. 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.

g. Loan 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.

h. 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; and
- ✓ Risk mitigation, including insurance, where effective.

- Regulatory risks - the Company is subject to strict legislation and governmental regulation issued by the following bodies: Ministry of Mining and Energy (MME), Brazilian Electric Power Agency (ANEEL), National Electricity System Operator (ONS), Ministry of Environment and Brazilian Securities Commission (CVM).

- Insurance risk - the Company has coverage against operational risk and civil liability for its substations, except for UNISA Group's subsidiaries (Note 23). 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 Company 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 Company.

- 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 and jointly controlled entities 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 jointly controlled entities 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 and jointly controlled entities. 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 and jointly controlled entities may be materially affected, and the Company and its subsidiaries and jointly controlled entities 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 and jointly controlled entities.

- Technical risk - the infrastructure of the Company'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 Company, although the eventual discontinuity of its transmission lines would not reduce the revenues (Variable Portion).

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

Capital management

It is the Management's policy to sustain a solid 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 common 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 considered:

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

- Short-term investments: Short-term investments at fair value and amortized cost are appreciated based on 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 asset: The Company measures financial assets at the beginning of concession at fair value and, subsequently, at amortized cost. At the beginning of each concession, the internal rate of return is calculated based on own capital cost and accrued through internal and market components.

  As at December 31, 2012, exclusively for purposes of this disclosure, the Company adopted the calculation approach of the fair value of the financial assets, through the recalculation of the internal rate of return. Accordingly, the fair value of the financial assets held by the Company was determined based on the pricing model according to the discounted cash flow analysis and the adjusted internal rate of return. The adjusted internal rate of return considers the changes to the own capital cost components considered as 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, 2012.

- 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 BNDES, BID and CCB's (Unions and CEF) is identical to the account balance because there are no similar instruments with comparable terms and interest rates.

- Debentures: Except for the 1st issue of the second series debentures and the 3rd issue of the second and third series debentures, the fair value of other debentures is not significantly different from the account balance because the unit market price variation in the secondary market, as disclosed in the website "debentures.com.br", approximates its carrying amounts. As at December 31, 2012, the minimum and maximum percentages of the unit market price are 100% and 101%, respectively.

  The fair value of the 1st issue of second series debentures and the 3rd issue of the second and third series debentures was determined based on the unit market price disclosed in website "debentures.com.br". As at December 31, 2012, the unit market prices for these debentures were R$12,822, R$1,064 and R$1,088, respectively.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2012
(In thousands of Brazilian reais (R$), unless otherwise indicated)

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

	Note	2012	
		Carrying amount	Fair value
Consolidated			
Financial assets			
Cash and cash equivalents	6	543,266	543,266
Short-term investments at fair value	6	1,877,000	1,877,000
Short-term investments at amortized cost and restricted deposits	6	212,778	212,778
Trade receivables	7	157,885	157,885
Financial assets	7	6,380,265	7,433,540
Taxes and social contributions	8	90,256	90,256
Derivatives	18	967	967
		9,262,417	**10,315,692**
Financial liabilities			
Trade payables		26,692	26,692
Borrowings and financing	16	1,088,322	1,088,322
Debentures	17	3,682,699	3,779,450
Taxes and social contributions	8	22,078	22,078
Dividends payable	22	99,648	99,648
		4,919,439	**5,016,190**
Parent			
Financial assets			
Cash and cash equivalents	6	123,868	123,868
Short-term investments at fair value	6	1,877,000	1,877,000
Short-term investments at amortized cost and restricted deposits	6	109,399	109,399
Trade receivables	7	96,055	96,055
Financial assets	7	3,177,961	4,153,281
Taxes and social contributions	8	21,271	21,271
		5,405,554	**6,380,874**
Financial liabilities			
Trade payables		9,938	9,938
Borrowings and financing	16	17,743	17,743
Debentures	17	3,682,699	3,779,450
Taxes and social contributions	8	7,878	7,878
Dividends payable	22	99,648	99,648
		3,817,906	**3,914,657**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2012
(In thousands of Brazilian reais (R$), unless otherwise indicated)

	Note	2011	
		Carrying amount	Fair value
Consolidated			
Financial assets			
Cash and cash equivalents	6	495,406	495,406
Short-term investments at amortized cost and restricted deposits	6	58,559	58,559
Trade receivables	7	138,187	138,187
Financial assets	7	5,035,924	5,035,924
Taxes and social contributions	8	61,399	61,399
Derivatives	18	1,927	1,927
		5,791,402	**5,791,402**
Financial liabilities			
Trade payables		33,009	33,009
Borrowings and financing	16	1,855,393	1,855,393
Debentures	17	1,467,959	1,467,959
Taxes and social contributions	8	13,961	13,961
Dividends payable	22	214,270	214,270
Derivatives	18	632	632
		3,585,224	**3,585,224**
Parent			
Financial assets			
Cash and cash equivalents	6	265,593	265, 593
Trade receivables	7	97,851	97,851
Financial assets	7	3,240,574	3,240,574
Taxes and social contributions	8	15,869	15,869
		3,619,887	**3,619,887**
Financial liabilities			
Trade payables		12,293	12,293
Borrowings and financing	16	1,207,783	1,207,783
Debentures	17	1,467,959	1,467,959
Taxes and social contributions	8	4,765	4,765
Dividends payable	22	214,270	214,270
		2,907,070	**2,907,070**

TAESA
Transmissora Aliança de Energia Elétrica S.A.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2012
(In thousands of Brazilian reais (R$), unless otherwise indicated)

	Note	01/01/2011 Carrying amount	01/01/2011 Fair value
Consolidated			
Financial assets			
Cash and cash equivalents	6	414,578	414,578
Short-term investments at amortized cost and restricted deposits	6	62,835	62,835
Trade receivables	7	88,004	88,004
Financial assets	7	3,312,077	3,312,077
Taxes and social contributions	8	31,489	31,489
		3,908,983	**3,908,983**
Financial liabilities			
Trade payables		11,578	11,578
Borrowings and financing	16	96,568	96,568
Debentures	17	1,444,728	1,444,728
Taxes and social contributions	8	16,468	16,468
Dividends payable	22	203,600	203,600
		1,772,942	**1,772,942**
Parent			
Financial assets			
Cash and cash equivalents	6	410,335	410,335
Short-term investments at amortized cost and restricted deposits	6	60,998	60,998
Trade receivables	7	85,860	85,860
Financial assets	7	3,122,785	3,122,785
Taxes and social contributions	8	30,980	30,980
		3,710,958	**3,710,958**
Financial liabilities			
Trade payables		10,624	10,624
Borrowings and financing	16	48,852	48,852
Debentures	17	1,444,728	1,444,728
Taxes and social contributions	8	14,884	14,884
Dividends payable	22	203,600	203,600
		1,722,688	**1,722,688**

	Note	CONSOLIDATED 2012 Fair value through profit or loss	Loans and receivables	Held-to-maturity	Other financial liabilities
Financial assets					
Cash and cash equivalents	6	543,266	-	-	-
Short-term investments at fair value	6	1,877,000	-	-	-
Short-term investments at amortized cost and restricted deposits	6	-	103,379	109,399	-
Trade receivables	7	-	157,885	-	-
Financial assets	7	-	6,380,265	-	-
Taxes and social contributions	8	-	90,256	-	-
Derivatives	18	967	-	-	-
		2,421,233	**6,731,785**	**109,399**	**-**
Financial liabilities					
Trade payables		-	-	-	26,692
Borrowings and financing	16	-	-	-	1,088,322
Debentures	17	-	-	-	3,682,699
Taxes and social contributions	8	-	-	-	22,078
Dividends payable	22	-	-	-	99,648
		-	**-**	**-**	**4,919,439**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2012
(In thousands of Brazilian reais (R$), unless otherwise indicated)

		CONSOLIDATED 2011			
	Note	Fair value through profit or loss	Loans and receivables	Held-to-maturity	Other financial liabilities
Financial assets					
Cash and cash equivalents	6	495,406	-	-	-
Short-term investments at amortized cost and restricted deposits	6	-	58,559		-
Trade receivables	7	-	138,187	-	-
Financial assets	7	-	5,035,924	-	-
Taxes and social contributions	8	-	61,399	-	-
Derivatives	18	1,927	-	-	-
		497,333	**5,294,069**	**-**	**-**
Financial liabilities					
Trade payables		-	-	-	33,009
Borrowings and financing	16	-	-	-	1,855,393
Debentures	17	-	-	-	1,467,959
Taxes and social contributions	8	-	-	-	13,961
Dividends payable	22	-	-	-	214,270
Derivatives	18	-	-	-	632
		-	**-**	**-**	**3,585,224**

		CONSOLIDATED 01/01/2011			
	Note	Fair value through profit or loss	Loans and receivables	Held-to-maturity	Other financial liabilities
Financial assets					
Cash and cash equivalents	6	414,578	-	-	-
Short-term investments at amortized cost and restricted deposits	6	-	62,835		-
Trade receivables	7	-	88,004	-	-
Financial assets	7	-	3,312,077	-	-
Taxes and social contributions	8	-	31,489	-	-
Derivatives	18	-	-	-	-
		414,578	**3,494,405**	**-**	**-**
Financial liabilities					
Trade payables		-	-	-	11,578
Borrowings and financing	16	-	-	-	96,568
Debentures	17	-	-	-	1,444,728
Taxes and social contributions	8	-	-	-	16,468
Dividends payable	22	-	-	-	203,600
Derivatives	18	-	-	-	-
		-	**-**	**-**	**1,772,942**

Fair value hierarchy

The table below describes the financial instruments stated at fair value under the evaluation method. The different levels are as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs, except for quoted prices, included in Level 1, considered for assets or liabilities, directly (prices) or indirectly (derived from prices).
- Level 3: assumptions, considered for assets or liabilities, not based on observable market data (non-observable inputs).

There were neither financial instruments classified as Level 1 and Level 3 nor transfers of levels for the period indicated.

(In thousands of Brazilian reais (R$), unless otherwise indicated)

The classification and measurement of the main financial instruments are described as follows:

	Note	CONSOLIDATED 2012 Level 1	Level 2	Level 3	Total
Financial assets					
Cash and cash equivalents	6	-	543,266	-	543,266
Short-term investments at fair value	6	-	1,877,000	-	1,877,000
Derivatives	18	-	967	-	967
		-	**2,421,233**	**-**	**2,421,233**

	Note	CONSOLIDATED 2011 Level 1	Level 2	Level 3	Total
Financial assets					
Cash and cash equivalents	6	-	495,406	-	495,406
Derivatives	18	-	1,927	-	1,927
		-	**497,333**	**-**	**497,333**

	Note	CONSOLIDATED 01/01/2011 Level 1	Level 2	Level 3	Total
Financial assets					
Cash and cash equivalents	6	-	414,578	-	414,578
		-	**414,578**	**-**	**414,578**

25. EARNINGS PER SHARE

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

As mentioned in Note 21, on December 4, 2012, the AGE approved the split of all Company's shares. Under CPC 41 - Earnings per Share, paragraph 28, in the split of shares, common shares are issued to existing shareholders with no additional consideration. Therefore, the total number of common shares is increased without increasing proceeds. Accordingly, the total number of common shares before the event should be adjusted with the to the proportional change in the total number of shares as if the event had occurred at the beginning of the longest reporting period.

The table below shows the data and number of shares, after the retrospective adjustment arising from the split, used to calculate basic and diluted earnings per share.

	PARENT 2012	2011 (Restated)
Profit for the year	589,182	495,399
Profit (loss) proportionally to the common shares (1)	424,159	382,630
Weighted average number of common shares (thousands) (2)	646,307	610,554
Profit (loss) proportionally to the common shares (3)	165,023	112,769
Weighted average number of preferred shares (thousands) (4)	251,452	179,944
Earnings per common share - basic = (1)/(2)	0.65628	0.62669
Earnings per preferred share - basic = (3)/(4)	0.65628	0.62669
Earnings per common share - diluted (*)	0.65628	0.62669
Earnings per preferred share - diluted (*)	0.65628	0.62669

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2012
(In thousands of Brazilian reais (R$), unless otherwise indicated)**

26. OTHER GENERAL AND ADMINISTRATIVE EXPENSES, NET

	CONSOLIDATED		PARENT	
	2012	2011	2012	2011
		(Restated)		(Restated)
Federal taxes, fees and contributions	(2,436)	(888)	(2,278)	(816)
State taxes, fees and contributions	(3,665)	(303)	(3,248)	(256)
Municipal taxes, fees and contributions	(98)	(145)	(93)	(139)
Donations and sponsorships	(4,531)	(3,479)	(2,213)	(3,326)
Labor and civil indemnities	(863)	(57)	(752)	(51)
Rentals and common area management fees	(950)	(1,389)	(816)	(1,374)
Reversal of expenses	666	38	184	50
	(11,878)	**(6,223)**	**(9,216)**	**(5,912)**

27. 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. The amounts receivable are recorded in line item "Trade receivables and financial assets" under assets.

The Company's net operating revenue is as follows:

	CONSOLIDATED		PARENT	
	2012	2011	2012	2011
		(Restated)		(Restated)
Operation and maintenance	357,052	263,479	261,412	248,954
Revenue from construction and indemnity	21,150	8,926	6,857	2,667
Compensation of financial assets	958,127	752,307	546,680	709,202
Other operating income (a)	433	1,103	841	790
Revenues	1,336,762	1,025,815	815,790	961,613
PIS and COFINS	(64,487)	(39,469)	(29,416)	(34,840)
ISS	(41)	(50)	(42)	(40)
Quota for RGR and R&D (n)	(48,558)	(33,078)	(32,490)	(31,403)
Deductions	(113,086)	(72,597)	(61,948)	(66,283)
Net operating revenue	**1,223,676**	**953,218**	**753,842**	**895,330**

(a) Refers basically to the provision of back-office services to ETAU and Brasnorte.

(b) Refers to sectorial charges established by Aneel and set forth in applicable law, directed to Research and Development (R&D) and recognition of Global Reversal Reserve (RGR) of public utilities.

Reconciliation between gross revenue and the revenue recorded for taxable purposes

	CONSOLIDATED		PARENT	
	2012	2011	2012	2011
Gross operating revenue	1,336,762	1,025,815	815,790	961,613
(+/-) Effects of corporate adjustments	2,918	(131,147)	82,221	(117,790)
Gross operating taxable revenue	**1,339,680**	**894,668**	**898,011**	**843,823**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2012
(In thousands of Brazilian reais (R$), unless otherwise indicated)

28. FINANCE INCOME (COSTS)

	CONSOLIDATED	
	2012	2011
		(Restated)
Income from short-term investments	142,286	53,626
Net exchange rate changes - US dollar-denominated account	6,203	1,281
Tax credit adjustment revenue (a)	7,138	-
Finance income	**155,627**	**54,907**
Borrowings and financing:		
Debt charges	(192,340)	(23,569)
Inflation adjustments, net	(5,282)	(2,401)
Exchange rate changes, net	(25,754)	(8,945)
	(223,376)	(34,915)
Debentures:		
Debt charges	(164,062)	(175,062)
Inflation adjustments, net	(38,546)	(18,076)
	(202,608)	(193,138)
Other finance costs, net of finance income	(7,947)	(5,571)
Finance costs	**(433,931)**	**(233,624)**
	(278,304)	**(178,717)**

	PARENT	
	2012	2011
		(Restated)
Income from short-term investments	113,506	50,914
Tax credit adjustment revenue (a)	7,138	-
Finance income	**120,644**	**50,914**
Borrowings and financing:		
Debt charges	(134,065)	(15,109)
Debentures:		
Debt charges	(164,062)	(175,062)
Inflation adjustments, net	(38,546)	(18,076)
	(202,608)	(193,138)
Other finance costs, net of finance income	(3,787)	(4,809)
Finance costs	**(340,460)**	**(213,056)**
	(219,816)	**(162,142)**

(a) Refers basically to the adjustment of COFINS tax credit of TSN and Novatrans in the amount of R$6,820 (Note 8 - Taxes and social contributions).

(In thousands of Brazilian reais (R$), unless otherwise indicated)

29. PENSION PLAN (DEFINED CONTRIBUTION)

The Board of Directors' Meeting, held on January 12, 2012, approved the implementation of the Private Pension Plan for its employees and wholly-owned subsidiaries beginning April 2012. 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. The plan is offered to all employees, representing the Company's compliance with the best market compensation practices as a way to attract, maintain and retain qualified personnel. In April 2012, the internal pension plan campaign was launched, with adherence of 80.06% of the workforce effective as at December 31, 2012.

The Company's contributions are determined by the plan's regulations, and the related obligations are settled one month after these expenses are recognized. The plan assets are recorded separately from the other Company's assets, and are monitored by independent managers - FORLUZ - Fundação Forluminas da Seguridade Social, owned by Cemig - Companhia Energérica de Minas Gerais, one of the Company's controlling shareholders. 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:

	2012	2011 (Restated)
Consolidated		
Pension plan expenses	1,295	-
Parent		
Pension plan expenses	1,222	-

30. COMMITMENTS ASSUMED

Line operation and maintenance - Except for the concessionaires described below, all other concessionaires perform the maintenance of the transmission lines and substations with own resources.

- ETAU - The activities are partially performed by CEEE-GTE - Companhia Estadual de Energia Elétrica - Rio Grande do Sul and by Eletrosul Centrais Elétricas S.A;
- Brasnorte - 100% of the activities relating to the line maintenance and operation are performed by Eletronorte - Centrais Elétricas no Norte do Brasil S.A;
- NTE - 100% of the operation activities are performed by Siemens Ltda. and 100% of the maintenance activities are performed by NTE.
- ATE, ATE II, ATE III and STE - 100% of the activities relating to the line maintenance and operation are performed by Omega Operação e Manutenção de Linhas de Transmissão.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2012
(In thousands of Brazilian reais (R$), unless otherwise indicated)

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.

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.

Taesa Group adopts modern business management practices in line with 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: (i) compliance with legal requirements; (ii) reduction of environmental risks; (iii) pollution prevention; (iv) natural resources prevention; (v) sustainable development; (vi) compliance with the needs and expectations of interested parties; and (vii) 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 environmental licenses granted to the Company and its subsidiaries are detailed as follows:

Company	Stretch	Operation license #	Issue date	Effective through	Renewal
TAESA (Novatrans)	Samambaia/DF - Serra da Mesa/GO	320/2003 (incorporated by Operating License 384/2004)	05/23/2003	11/06/2021	License renewed through 11/06/2021
	Serra da Mesa/GO - Miracema/TO	359/2003 (incorporated by Operating License 384/2004)	11/17/2003	11/06/2021	
	Miracema/TO - Imperatriz/MA	384/2004	04/15/2004	11/06/2021	
TAESA (TSN)	Serra da Mesa/GO - Sapeaçu/BA	287/2002	03/07/2008	03/07/2014	License renewed through 03/07/2014
	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)	339/2003	08/21/2003	08/21/2007	Renewal requested to IBAMA on 02/04/2013. Effective upon IBAMA's response (CONAMA Resolution 237/97)

(In thousands of Brazilian reais (R$), unless otherwise indicated)

Company	Stretch	Operation license #	Issue date	Effective through	Renewal
	Paraíso - Açu (PATESA concession)	2011-045976/TEC/RLO-1017	01/13/2012	01/13/2014	License renewed through 01/13/2014
ETAU	Campos Novos - Santa Marta	452/2005	10/05/2007	10/05/2014	License renewed through 10/05/2014
TAESA (ETEO)	Taquaraçu - Sumaré	00089/2001	10/18/2001	10/18/2006 - Effective through 06/13/2014	License renewed under # 00026 (Process 13569/1999), through 06/13/2014
Brasnorte	Juba - Jauru	298161/2009	09/17/2009	09/16/2012	Renewal timely requested by Brasnorte's letter (Of. 093/Filial/2012), of 05/11/2012 Effective upon IBAMA's response (CONAMA Resolution 237/97)
	Brasnorte - Nova Mutum	298160/2009	09/17/2009	09/16/2012	Renewal timely requested by Brasnorte's letter (Of. 093/Filial/2012), of 05/11/2012 Effective upon IBAMA's response (CONAMA Resolution 237/97)
NTE	Angelim - Campina Grande	349/2003	09/30/2003	09/30/2007	Renewal requested to IBAMA on 05/14/2012. Effective upon IBAMA's response (CONAMA Resolution 237/9)
	Xingó - Angelim	350/2003	09/30/2003	09/30/2007	
ATE	Londrina - Araraquara	492/2005	02/29/2012	02/29/2022	License renewed for 10 years.
ATE II	Colinas - Sobradinho	579/2006	11/30/2006	11/30/2010	Renewal requested to IBAMA on 08/02/2010. Effective upon IBAMA's response (CONAMA Resolution 237/9)
ATE III	Itacaiunas - Colinas	753/2008	06/17/2008	06/17/2012	Renewal requested to IBAMA on 03/30/2012. Effective upon IBAMA's response (CONAMA Resolution 237/9)
	Marabá - Carajás	5123/2010	10/26/2010	10/25/2014	License renewed under 2010/0000003814 through 10/25/2014
STE	Uruguaiana - Santa Rosa	4365/2008-DL	09/26/2012	09/26/2016	License renewed through 09/26/2016

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.

The conclusion of all investments from the Environmental Compensation is expected for 2013, upon the implementation of LT Sudeste - Nordeste.

Environmental compensations accrued by Taesa Group are recorded in "Other payables", and are as follows:

- IBAMA - On July 12, 2012, ETAU received from IBAMA the formal settlement of the environmental compensation investments attributable to the concession in view of the implementation of LT Campos Novos - Santa Marta, by means of the execution of the Commitment Instrument entered into among ETAU and Instituto Chico Mendes de Conservação da Biodiversidade. Accordingly, in the year ended December 31, 2012, ETAU reversed the provision of R$96, previously recorded.

- FUNAI - On April 19, 2012, the Environmental Compensation Instrument nº 001/2012 was entered into among ETAU and FUNAI, in conformity with Operation License 452/2005. 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, that should be met by ETAU by the end of 2013. As at December 31, 2012, the accrued balance for this environmental compensation was R$247 (R$844 as at December 31, 2011).

- ETAU forest recovery with FEPAM/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. 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 FEPAM/RS. The land acquisition agreement is expected to be entered into in the first half of 2013. As at December 31, 2012 and 2011, the accrued balance for this environmental compensation was R$201.

Implementation of power transmission facilities - On July 5, 2012, SGT entered into the agreement with Toshiba Infraestrutura América do Sul Ltda. in the amount of R$27,763 to supply, on a Turn Key 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 twenty four months counted from the startup of activities of the equipment.

Social Communication and Environmental Education Program - all concessionaires comprising the Taesa Group develop Social Communication and Environmental Education Programs to the benefit of the communities next to their facilities. The matters addressed include the following, among others:

- Forest fire prevention and control;
- Safe contact with the Transmission Lines; and
- Basic guidelines on the best procedures for waste disposal.

The projects are developed and presented through lectures, informative visits, distribution of advertising materials to rural schools and in the communities next to the facilities.

The Social and Environmental Projects, comprising the environmental program of each concession, are mainly developed by the concessionaires in order to meet the demands established by the Environmental License conditions or subject to the Operation and Maintenance ("O&M") process of the Companies' facilities - maintenance of the rights of way.

31. OTHER INFORMATION

ANEEL inspection - In accordance with the economic and financial inspection, "in locu", carried out by ANEEL in December 2011, TAESA received ANEEL Notice Term 033/2012-SFF, of March 1, 2012, whereby the inspection findings are reported. ANEEL identified 7 (seven) noncompliances and 9 (nine) findings/recommendations for the four-year period (2007/2010). This was the first "in loco" 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 TN 033/2012, where it alleges that some findings identified by the Tax Authorities will be implemented within the periods established by the Regulatory Authorities. On such date, in accordance with the procedures set forth in the Agência's administrative proceedings, TAESA requested the filing of the TN because the findings were resolved and/or clarified by the Company, which, in turn, agreed with the terms established to resolve some procedures. The decision of TAESA's request is expected for the end of 2013. The findings of the inspection conducted by ANEEL will not financially impact Taesa and are being duly satisfied/implemented, as instructed.

CELPA's Judicial Recovery - On February 28, 2012, CELPA filed a judicial recovery claim, whereby the requesting company is able to suspend all credit executions before such request for a period of 180 (one hundred and eighty) days. Upon approval of the claim by the judge, a judicial trustee was appointed to prepare the Notice of the pending credits payable in the course of the process, including the Taesa Group's concessions. However, such Notice did not include the transmission revenues accrued by all companies operating in the sector with respect to the services provided from January (last AVC installment) to February 2012; therefore, the Company decided to proceed with the request for such credits of each Taesa Group company in the court records of the Judicial Recovery. After all requests for qualification of lenders and prior analysis of the court-appointed trustee, the judicial recovery plan was presented by CELPA, and the General Lender Table was subsequently published, along with the opinions on the credit qualifications submitted and the judicial recovery plan. The parties submitted their considerations about the plan, and a General Lender Meeting was designated and held on September 1, 2012, in which occasion the plan was approved, establishing the judicial recovery of CELPA.

After a decision handed down by the courts, whereby Equatorial Energia was notified to submit CELPA's acquisition proposal, and after a hearing with ANEEL's, Equatorial's, J&F Participações', CELPA's and the court-ordered trustee's representatives for definition of a few issues, an acquisition proposal was submitted by Equatorial. On October 30, 2012, the proposal for acquisition of Celpa by Equatorial was approved by ANEEL. The notice to the market is published by Equatorial, on November 5, 2012, documenting Celpa's acquisition. Up to December 31, 2012, the total amount of credits on behalf of the Company was R$2,835. The Company does not recognize an allowance for doubtful accounts because it has hedge mechanism set out in the Transmission System Use Agreement (CUST) entered into among ONS, transmission companies and the user (see Note 24).

Taesa's Restated Bylaws - On March 9, 2012, the Extraordinary Shareholders' Meeting approved the Company's restated Bylaws whose purpose was to exclude the limited effective period of the proxy issued by the Executive Board, of one year, with respect to the granting of legal powers. Based on such amendment to article 25 of the Bylaws, the proxies are granted for undefined periods.

On May 11, 2012, the Extraordinary Shareholders' Meeting approved an amendment to item III, paragraph 1 of article 12 of the Company's Bylaws to improve wording and avoid the interpretation that every and all share issuance is subject to approval by the Company's Shareholders' Meeting.

Brasnorte's retroactive revenues - Brazilian Electric Power Agency (ANEEL), through Decision 3255, of August 9, 2011, agreed to reject the appeal filed by Brasnorte Transmissora de Energia S.A. against SCT Decision 2398/2010, issued by the ANEEL Superintendent of Concessions and Authorizations for Transmission and Distribution, whereby the date of September 24, 2009 was not recognized as the initial date of the operations of the electric energy transmission facilities, subject matter of the Concession Agreement 003/2008 - ANEEL. Brasnorte is structuring the administrative proceeding against ANEEL in the first half of 2013 in order to request the partial revenue of a portion of the development available to the National Interconnected System (SIN) on the initial date of operations, i.e., on September 24, 2009. Therefore, because Brasnorte's administrative/judicial appeal rights were not fully exercised, it is not possible, as of the date hereof, to determine the ANEEL's final decision on the matter. There are no balances receivable recorded in the consolidated balance sheet related to this administrative lawsuit.

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.

Reidi São Gotardo - The Approval and Adjudication Notice nº 05/2012 - ANEEL, of July 10, 2012 and ANEEL Concession Arrangement nº 024/2012, of August 27, 2012, granted to São Gotardo Transmissora de Energia S.A. authorization to build São Gotardo 2 substation, as well as established the amounts of the Annual Permitted Revenue (RAP) installments. MME Ordinance 128, of October 8, 2012, approved the classification of the project in the Special Incentive Regime for Infrastructure Development (REIDI), and its approval by the Federal Revenue Service was granted through Executive Declaratory Act 239, of November 19, 2012.

Corporate and Regulatory Financial Statements - The corporate financial statements available at the website of the Company's shareholders and the regulatory financial statements will be made available at the same website after April 30, 2013, at the following address- (http://ri.taesa.com.br/taesa2011/web/conteudo_pt.asp?idioma=0&conta=28&tipo=37890 - in item Other documents).

32. EVENTS AFTER THE REPORTING PERIOD

SGT's capital increase and contribution - On January 10, 2013, the Extraordinary General Meeting of SGT approved the subscription of the Company's capital by R$1. On January 16, 2013, R$864 was paid in by Taesa, and R$864 remains to be paid in, which will occur during 2013.

Mergers of wholly-owned subsidiaries - Authorization Resolution 3845 of January 15, 2013, published in the Official Gazette 12 of January 17, 2013, Section 01, page 53; approved the corporate restructuring of Taesa, the Company's parent, upon mergers of STE and ATE into UNISA and, thereafter, of NTE and UNISA into Taesa, resulting in transfers of the respective concessions of the merged companies, and transfers of control of ATE II and ATE III, held by UNISA to Taesa. The concessionaires are offered one hundred and twenty days to implement the transfers and thirty days, after implemented, for submission of the supporting documents, and sixty days to execute the Addenda to the respective Concession Arrangements affected by the transactions.

The Extraordinary General 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 companies are the direct controlling shareholders and wholly-owned subsidiaries of Taesa.

The merger is explained to the extent that it is inserted in the context of a corporate reorganization in order to simplify the corporate structure and consequently optimize the efficiency of management and use of the administrative and financial structure of the Company.

The merger did not resulted in any change in the Company's capital 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 merger characteristics, there was right of withdrawal or reimbursement to dissenting shareholders.

There was no goodwill or negative goodwill in the merger process.

Back-office Taesa x ETAU - On January 24, 2013, the consent to the back-office service agreement among the Company and ETAU in the amount of R$49/month for a period of four (4) years counted from approval was published in the Official Gazette.

Back-office Taesa x Brasnorte - On January 25, 2013, the consent to the back-office service agreement among the Company and ETAU in the amount of R$22/month for a period of four (4) years counted from approval was published in the Official Gazette. The current agreement will expire on April 13, 2013.

Early settlement of borrowings and financing - In a meeting of the Board of Directors held on March 4, 2013, the early settlement of the debts with BNDES of ATE, NTE e STE, Finame of STE and the Bank Syndicate (Santander, BNP and Citibank) of Taesa was approved.

On March 15, 2013, the Company settled in advance the financing agreements entered into among BNDES and its subsidiaries NTE, STE, ATE (merged into the Company on January 31, 2013), as well as the financing agreement entered into with the syndicate comprised of Santander, Citibank and BNP Paribas.

The total amount of debts settled in advance was R$278.1 million, divided as follows: i) R$74.7 million in NTE; ii) R$51.7 million in STE; iii) R$138.1 million in ATE; and iv) R$13.6 million in TAESA.

The objective of the transaction 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.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2012
(In thousands of Brazilian reais (R$), unless otherwise indicated)

EXECUTIVE BOARD	
NAME	**POSITION**
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	Cristiano Corrêa de Barros
Wilson Pereira dos Santos	João Procópio Campos Loures Vale
Pedro Grossi Junior	Eliana Soares da Cunha Castello Branco
John Michael Pimenta de Moraes Streithorst	Carlos Alberto de Figueiredo Trindade Neto
Luiz Carlos da Silva Cantidio Junior	Marcelo Hudik Furtado de Albuquerque
Antônio de Pádua Barbedo	Paulo de Tarso Dutra Lima
Carlos Roberto Cafareli	Carlos Massaru Takahashi
Maurício Luis Luchetti	Gustavo Pinheiro Guimarães Padilha
(Independent)	(Independent)
Ernesto Paulo da Silva Nunes	Thereza Cristina Nogueira de Aquino
(Independent)	(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
João Carlos Lindau	Cláudio Canalis Goulart
Clayton Ferraz De Paiva	Ana Paula Moraes Venancio Amaral
José Maria Rabelo	Dio Jaime Machado de Almeida
Isabel da Silva Ramos Kemmelmeier	Daniela Maluf Pfeiffer

Wagner Rocha Dias
Accountant CRC RJ-112158/O-3
CPF nº 778.993.777-49