Duke Energy International, Geração Paranapanema S.A.

Interim Financial Information for the
Quarter Ended
at March 31, 2013 and
Report on Review of Interim Financial
Information

Summary

COMMENTS ON ECONOMIC AND FINANCIAL PERFORMANCE PERIODS FROM JANUARY 1st TO MARCH 31, 2013 AND 2012

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

Main Indicators (in thousand reais)

	1Q2012	1Q2013	% Change
Economic indictors			
Gross operating revenue	314,142	308,521	-1,8
(-) Deductions from operating revenue	(28,741)	(33,168)	15,4
Net operating revenue	285,401	275,353	-3,5
(-) Operating expenses	(124,645)	(139,410)	11,8
Operating profit	160,756	135,943	-15,4
EBITDA	216,541	190,350	-12,1
EBITDA Margin - %	*75,9%*	*69,1%*	--
Finance income (costs)	(16,429)	(27,663)	68,4
Income before income tax and social contribution	144,327	108,280	-25,0
Profit for the period	95,518	71,519	-25,1
Net margin - %	*33,5%*	*26,0%*	-
Financial indicators			
Total assets	4,584,487	4,202,420	-8.3
Debts in local currency	979,117	970,933	-0.8
Equity	2,919,553	2,539,455	-13.0
Shares			
Outstanding shares (in thousands of shares)	94,433	94,433	-
Earnings per thousand shares (in R$)	1,011.49	757.35	(25.1)

Gross Operating Revenue

Gross operating revenue decreased R$5,621 or -1.8 percent in the quarter as compared to the same period last year, primarily by 14.9 percent decrease in power generation and the decrease in power sales in the PLD spot market.

Deductions from Operating Revenue

Deductions from operating revenue increased R$4,427 or 15.4 percent as compared to the same period last year due to the increase in power sales outside the State of São Paulo, which are subject to a higher ICMS tax rate.

Net Operating Revenue

Due to the factors described above, the net operating revenue totaled R$275,353 for the quarter, 3.5 percent lower than in the same period last year.

Operating Expenses

	1Q2012	1Q2013	% Change
Personnel	(14,794)	(15,636)	5.7
Supplies	(877)	(815)	-7.1
Outside services	(6,813)	(8,333)	22.3
ANEEL inspection fee	(1,119)	(1,048)	-6.3
Power purchased for resale	(4,221)	(24,409)	478.3
Grid usage charges	(20,535)	(18,512)	-9.9
Compensation for the use water resources	(14,785)	(13,026)	-11.9
Depreciation and amortization	(55,785)	(54,407)	-2,5
Provision for tax, labor and environmental contingencies	(70)	(2,574)	3577.1
Allowance for doubtful debts	(2,324)	(2,744)	-218.1
Lease and rentals	(857)	(865)	0.9
Insurance	(900)	(1,082)	20.2
Other	(1,565)	(1,447)	-7.5
	(124,645)	(139,410)	11.8

Operating expenses totaled R$139,410 for the quarter, 11.8 percent higher than the R$124,645 recorded for the same period last year.

We list below the main factors that impacted the operating expenses:

- Outside services - R$1,520, or 22.3 percent increase compared to the same quarter in the prior years, primarily due to the change in the audit and consulting expenses amounting to R$445, provision of operating technical services amounting to R$417, maintenance and upkeep amounting to R$289, and increased travel expenses amounting to R$212;

- Power purchased for resale - Increase of R$20,188 in the period corresponding to the purchase of electric power due to market exposure;

- Provisions for tax, labor, and environmental contingencies - R$2,504 increase, primarily due to the revaluation of environmental contingencies related to the lawsuit filed by fishermen amounting to R$1,550, and a tax contingency amounting to R$902;

- Allowance for doubtful debts: reversal of the allowance recognized in 2012 amounting to R$2,744;

- Power grid charges - the R$2,024 or 9.9 percent decrease as a result of the tariff review prescribed by Provisional Act 579, subsequently passed into Law 12783; and

- Compensation for the use of water resources - reduction of R$1,759, or 11.9 percent as compared the same period last year, due to the lower volume generated in the quarter, which totaled 2,557,771.93 MWh, or 14.9 percent lower than the 3,005,792.80 MWh generated in the same period in 2012 compensated by the Updated Benchmark Tariff (TAR) increased by 3.5 percent, from R$72.87/MWh to R$75,45/MWh, starting January 1, 2013.

EBITDA and EBITDA margin

	1Q2012	1Q2013	% Change
Profit for the period	95,518	71,519	-25.1
Income tax and social contribution	48,809	36,761	-24.7
Finance income (costs), net	16,429	27,663	68,4
Depreciation and amortization	55,785	54,407	-2.5
EBITDA	**216,541**	**190,350**	**-12.1**
Net margin	*75.9%*	*69.1%*	

EBITDA (earnings before interest, taxes on income, including social contribution on net income, depreciation and amortization) is calculated as profit plus net finance income and costs, income tax and social contribution, depreciation and amortization. EBITDA is not an accounting measure and calculated based on Brazilian Securities and Exchange Commission (CVM) Instruction 527/2012. EBITDA should not be considered as an alternative to cash flows as a liquidity indicator. Our management believes that EBITDA provides a useful measurement of our performance, widely used by investors and analysts to evaluate performance and compare companies. By making these comparisons, however, you should bear in mind that EBITDA is not a measurement recognized by the accounting practices adopted in Brazil and it may be calculated differently by different companies.

Our EBITDA decreased 12.1 percent as compared to the same period last year, mainly, due to the reduction in net operating revenues and higher operating expenses in amounts in items such as purchased power.

Finance Income (Costs)

	1Q2012	1Q2013	% Change
Finance income	12,565	4,158	-66,9
Finance costs	(28,994)	(31,821)	9,8
Finance costs, net	**(16,429)**	**(27,663)**	**68,4**

Net finance costs increased R$11,234, or 68.4 percent as compared to the same quarter last year. There was a 66.9 percent decrease in finance income primarily due to the lower volume invested in the period and finance costs increased 9.8 percent, mainly due to the impact of the 0.84 percent increase in the General Market Price Index (IGP-M) for the quarter over 0.62 percent for the same period last year. Approximately 64.6 percent of the Company's debt is indexed to the IGP-M.

Debentures

Debt profile		Series	Currency	Yield:	Maturity	1Q2012	1Q2013
Debentures	1st issue	1st series	Reais	CDI fluctuation + 2.15% p.a.	09/15/2013	124,751	62,352
Debentures	1st issue	2nd series	Reais	IPCA fluctuation + 11.6% p.a.	09/15/2015	116,338	123,535
Debentures	2nd issue	Single series	Reais	IGP-M fluctuation + 8.59% p.a.	07/16/2015	585,250	633,233
Debentures	3rd issue	Single series	Reais	CDI fluctuation + 1.15% p.a.	01/10/2017	152,778	151,813
						979,117	970,933

Our debentures for the quarter is R$970,933, or a 0.8 percent below as compared to the R$979,117 for the same period last year.

Net financial debt

Net financial debt, consisting of debentures less cash and cash equivalents, totaled R$720,635, a 23.0 percent increase as compared to the R$555,080 for the same period last year, mainly due to the R$300,000 capital reduction in August 10, 2012.

	1Q2012	1Q2013	% Change
Debentures	979,117	970,933	0.8
Cash	(424,037)	(250,298)	69.4
Net debt	**555.080**	**720.635**	**-23.0**

Profit for the Period

Due to the effects referred to above, our profit for the first quarter of 2013 was R$71,519, a 25.1 percent below as compared to the R$95,518, recorded for the same period last year.

REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION

To the Board of Directors and Shareholders of
Duke Energy International, Geração Paranapanema S.A.
São Paulo, SP

BALANCE SHEETS AS AT MARCH 31, 2013 AND DECEMBER 31, 2012
(Amounts in thousands of Brazilian reais - R$)

ASSETS	Note	03/31/2013	12/31/2012
Current assets			
Cash and cash equivalents	6	250,298	169,552
Trade receivables	7	122,008	116,369
Recoverable taxes	8	2,896	22,735
Services in progress		10,960	8,414
Prepaid expenses		3,787	363
Sundry debtors		866	64
Due from related parties	13	385	391
Other assets		1,481	97
		392,681	**317,985**
Noncurrent assets			
Long-term receivables			
Trade receivables	7	2,051	-
Recoverable taxes	8	318	318
Escrow deposits	9	12,549	11,998
Restricted funds		490	475
Prepaid expenses		4,057	4,123
		19,465	**16,914**
Investments		26	26
Property, plant and equipment	10	3,756,013	4,804,779
Intangible assets	11	34,235	34,667
		3,809,739	**3,856,386**
Total assets		**4,202,420**	**4,174,371**

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

BALANCE SHEETS AS AT MARCH 31, 2013 AND DECEMBER 31, 2012
(Amounts in thousands of Brazilian reais - R$)

LIABILITIES AND EQUITY	Note	03/31/2013	12/31/2012
Current liabilities			
Trade payables	12	39,129	49,796
Payroll and related taxes		10,796	13,638
Debentures	14	362,153	346,139
Taxes, fees and contributions	8	46,565	22,200
Dividends and interest on capital	20.4	85,163	158,926
Accrued liabilities		6,366	5,901
Cibacap	15	2,443	2,278
Regulatory charges	19	23,427	24,209
Other liabilities		343	298
		576,385	**623,385**
Noncurrent liabilities			
Debentures	14	608,780	604,024
Deferred revenues		6,289	5,310
Special obligations	18	6,879	6,915
Provision for tax, labor and environmental contingencies	17	20,376	17,804
Cibacap	15	6,903	7,368
Deferred income tax and social contribution	8	425,757	431,762
Distribution system tariff (Tusd-g)	12	3,568	3,469
Regulatory charges	19	7,702	6,455
Other liabilities		326	325
		1,086,580	**1,083,432**
Equity			
Share capital	20.1	1,339,138	1,339,138
Capital reserves	20.2	99,432	99,432
Earnings reserve	20.3	90,593	90,211
Retained earnings	20.4	88,096	-
Valuation adjustments to equity	20.5	922,196	938,773
		2,539,455	**2,467,554**
Total liabilities and equity		**4,202,420**	**4,174,371**

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

INCOME STATEMENTS
FOR THE PERIODS ENDED MARCH 31, 2013 AND 2012
(In thousands of Brazilian reais - R$, unless otherwise stated)

	Note	03/31/2013	12/31/2012
Net sales revenue	21	**275,353**	**285,401**
Operating income (expenses)			
Personnel		(15,636)	(14,794)
Materials		(815)	(877)
Outside services		(8,333)	(6,813)
Aneel inspection fee		(1,048)	(1,119)
Energy acquired for resale	23.2	(24,409)	(4,221)
Power grid charges	23.3	(18,512)	(20,535)
Regulatory charges – Financial compensation due to the use of water resources		(13,026)	(14,785)
Depreciation and amortization	10 and 11	(54,407)	(55,785)
Provision for tax, labor and environmental contingencies		(2,574)	(70)
Write off (allowance) for doubtful accounts		2,744	(2,324)
Leases and rents		(865)	(857)
Insurance		(1,082)	(900)
Other		(1,447)	(1,565)
	22	**(139,410)**	**(124,645)**
Operating profit		**135,943**	**160,756**
Finance income (costs)			
Income		4,158	12,565
Costs		(31,821)	(28,944)
	24	**(27,663)**	**(16,429)**
Profit before income tax and social contribution		**108,280**	**144,327**
Income tax and social contribution			
Current	8.3	(42,963)	(56,126)
Deferred	8.3	6,202	7,317
		(36,761)	**(48,809)**
Profit for the period		**71,519**	**95,518**
Earnings per share from continuing operations (R$ per share)			
Basic/diluted earnings per share (PN)	25	0.75735	1.01149
Basic/diluted earnings per share (ON)	25	0.75735	1.01149

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

STATEMENTS OF COMPREHENSIVE INCOME
FOR THE PERIODS ENDED MARCH 31, 2013 AND 2012
(In thousands of Brazilian reais - R$, unless otherwise stated)

	03/31/2013	03/31/2012
Profit for the period	**71,519**	**95,518**
Actuarial Gains (losses) on defined-benefit pension plan	578	(1,864)
Deferred income tax and social contribution on actuarial losses	(196)	634
	382	**(1,230)**
Comprehensive income for the period	**71,901**	**94,288**

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

STATEMENTS OF CHANGES IN EQUITY
FOR THE PERIODS ENDED MARCH 31, 2013 AND 2012

(Amounts in thousands of Brazilian reais - R$)

		Reserves				
	Share capital	Capital	Earnings	Retained earnings	Valuation adjustments to equity (see Note 20.5)	Total
Balances as at January 1st, 2013	**1,339,138**	**94,432**	**90,211**	**-**	**938,773**	**2,467,554**
Comprehensive income for the period						
Profit for the period	-	-	-	71,519	-	71,519
Pension and retirement plans	-	-	-	-	578	578
Deferred tax on pension plan	-	-	-	-	(196)	(196)
Reclassification actuarial gains – CPC 33 (R1)	-	-	382	-	(382)	-
	-	**-**	**382**	**71,519**	**-**	**71,901**
Contributions from and distributions to shareholders						
Share-based payment	-	101	-	-	-	-
Valuation adjustments to equity	-	-	-	25,116	(25,116)	
Deferred tax on valuation adjustments to equity	-	-	-	(8,539)	8,539	-
	-	101	-	16,577	(16,577)	-
Balances as at March 31, 2013	**1,339,138**	**99,432**	**90,593**	**88,096**	**922,196**	**2,539,455**

		Reserves				
	Share capital	Capital	Earnings	Retained earnings	Valuation adjustments to equity	Total
Balances as at January 1st, 2012	**1,639,138**	**99,330**	**71,863**	**-**	**1,014,934**	**2,825,265**
Comprehensive income for the period						
Profit for the period	-	-	-	95,518	-	95,518
Pension and retirement plans	-	-	-	-	(1,864)	(1,864)
Deferred tax on pension plan	-	-	-	-	634	634
Reclassification actuarial losses – CPC 33 (R1)	-	-	(1,230)	-	1,230	-
	-	**-**	**(1,230)**	**95,518**	**-**	**94,288**
Contributions and distributions to shareholders						
Valuation adjustments to equity	-	-	-	26,105	(26,105)	-
Deferred tax on valuation adjustments to equity	-	-	-	(8,876)	8,876	-
	-	**-**	**-**	**17,229**	**(17,229)**	**-**
Balances as at March 31, 2012	**1,639,138**	**99,330**	**70,633**	**112,747**	**997,705**	**2,919,553**

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

STATEMENTS OF CASH FLOWS
FOR THE PERIODS ENDED MARCH 31, 2013 AND 2012

(Amounts in thousands of Brazilian reais - R$)

	03/31/2013	03/31/2012
Cash flows from operating activities		
Profit for the period	71,519	95,518
Adjustments:		
Depreciation and amortization	54,407	55,785
Write-offs of property, plant and equipment	151	394
Deferred income tax and social contribution	(6,202)	(7,317)
Allowance for doubtful debts	(2,744)	2,324
Accrued interest on debentures	20,764	23,360
Inflation adjustment on debentures	9,066	3488
Provision for tax, labor and environmental contingencies	2,574	70
Inflation adjust to provisions for tax, labor and environmental contingencies	119	241
Inflation adjust to escrow deposit	(225)	(247)
Changes in assets and liabilities		
Trade receivables	(4,946)	(31,891)
Sundry debtors	(802)	(787)
Related parties	6	495
Escrow deposits	(371)	(192)
Services in progress	(2,546)	(474)
Restricted funds	(15)	(13)
Prepaid expenses	(3,358)	(2,764)
Trade payables	(10,568)	(3,576)
Payroll and related taxes	(2,842)	(1,085)
Taxes, fees and contributions	60,656	57,936
Estimated payables	465	296
Deferred revenues	979	-
Cibacap	(300)	(765)
Provision for tax, labor and environmental contingencies	(76)	(325)
Other gains and losses	(491)	(952)
Cash provided by operations	**185,220**	**189,519**
Interest on debentures	(9,060)	(8,981)
Income tax and social contribution	(3,376)	(16,748)
Net cash provided by operating activities	**172,784**	**163,790**
Cash flows from investing activities		
Purchase of property, plant and equipment	(5,090)	(1,678)
Purchase of intangible	(306)	(290)
Net cash used in investing activities	**(5,396)**	**(1,968)**
Cash flows from financing activities		
Amount received for the issuance of debentures	-	150,000
Dividends and interest on capital	(86,642)	(98,156)
Net cash used in financing activities	**(86,642)**	**51,844**
Increase in cash and cash equivalents	**80,746**	**213,666**
Cash and cash equivalents at the beginning of period	169,552	210,371
Cash and cash equivalents at the end of period	250,298	424,037

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

STATEMENTS OF VALUE ADDED
FOR THE PERIODS ENDED MARCH 31, 2013 AND 2012
(Amounts in thousands of Brazilian reais - R$)

	03/31/2013	03/31/2012
Revenue		
Sales revenue	303,059	314,129
Other revenues	5,090	1,678
Allowance for doubtful debts	2,744	(2,324)
	310,893	**313,483**
Inputs acquired from third parties		
Materials and outside services	(42,921)	(24,756)
Energy purchased and power grid charges	(9,148)	(7,690)
Property construction	(5,090)	(1,678)
Other operating costs	(4,572)	(2,112)
	(61,731)	**(36,236)**
Gross value added	**249,162**	**277,247**
Depreciation and amortization	(54,407)	(55,785)
Valuation adjustments to equity	16,577	17,229
Net value added	**211,332**	**238,691**
Rents	16	13
Finance income	4,158	12,565
Other	5,446	-
Total value added for distribution	**9,620**	**251,269**
Distribution of value added Personnel		
Salaries and wages	7,345	7,312
Benefits	1,798	1,649
FGTS	831	804
Accrued bonuses	2,040	1,940
Profit sharing	954	675
Payroll taxes (except INSS)	775	708
	13,743	**13,088**
Taxes, fees and contributions		
Federal	82,039	94,296
State	4,353	1,254
Municipal	35	33
	86,427	95,583
Lenders and lessors		
Rents	865	857
Interest on debentures	20,774	23,360
Inflation adjustment on debentures	9,066	3,488
Other finance costs	1,981	2,146
	32,686	**29,851**
Other		
Retained earnings	88,096	112,747
	88,096	**112,747**
Total value added distributed	**220,952**	**251,269**

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

NOTES TO THE INTERIM FINANCIAL INFORMATION (ITR)
FOR THE QUARTER ENDED MARCH 31, 2013
(Amounts in thousands of Brazilian reais - R$, unless otherwise stated)

1. GENERAL INFORMATION

Duke Energy International, Geração Paranapanema S.A. ("Company") is a share-based corporation and a public utility concessionaire, operating as independent generator, with registered head office in the São Paulo, State of São Paulo (SP), and is mainly engaged in the generation and sale of electric power, operations that are regulated and supervised by the National Electric Energy Agency (ANEEL), which reports to the Ministry of Mines and Energy (MME).

The Company's installed capacity is 2,241 MW, consisting of the following generation plants in operation in the State of São Paulo: Capivara hydroelectric power plant, Chavantes hydroelectric power plant, Jurumirim hydroelectric power plant, Salto Grande hydroelectric power plant, Taquaruçu Hydroelectric Power Plant, Rosana hydroelectric power plant, and 49.7 percent of the Canoas Complex consisting of the Canoas I and II hydroelectric power plants.

As at March 31, 2013 the Company posts negative working capital amounting to R$183,704 arising from the classification in current liabilities of two debenture installments maturing in July and September 2013. The Management's plan to settle the debt with the cash generated by the Company's operating activities in the year and the debenture refinancing.

These financial statements were approved by the board of directors and authorized for issue on May 08, 2013.

1.1. Provisional Act 579/2012 and Law 12783/2013

On September 11, 2012, the Brazilian government has enacted Provisional Act 579, converted into Law 12783 of January 11, 2013, which provides for power generation, transmission and distribution concessions, reduction of sector charges and tariff moderation, granting companies with concessions expiring between 2015 and 2017 the possibility of anticipating the renewal of agreement based on specific conditions.

Concessions under art. 1 of Provisional Act 579, subsequently converted into Law 12783, correspond to public service concessions granted prior to February 14, 1995. The Company's concessions are of Utilization of Public Assets (UBP), granted after February 14, 1995, and are, therefore, outside the scope of the aforesaid law.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND PRESENTATION OF INTERIM FINANCIAL INFORMATION (ITR)

The interim financial statements contained in this quarterly information have been prepared in accordance with the Brazilian accounting pronouncement CPC 21(R1) *Interim Financial Reporting* and International Accounting Standard IAS 34 – *Interim Financial Reporting*, Issued by the International Accounting Standards Board – IASB, and are presented in accordance with the standards issued by the Brazilian Securities and Exchange Commission applicable to the preparation of the Interim Financial information (ITR).

As described in the Circular Letter CVM/SNC/SEP 03/2011, therefore, the Company elected to present the notes to this interim financial information in a summarized manner in those cases of replication of the information presented in the annual financial statements. In these cases, we have included a reference to the complete note to the annual financial statements to avoid any misunderstanding of the Company's financial position and performance for the interim period.

The Company states that the basis of preparation and the accounting policies used are the same as those applied in the 2012 annual financial statements. Consequently, the related information is disclosed in notes 2.1 to 2.18 to those financial statements.

The Company evaluated the new pronouncements and interpretation of CPC/IFRS with effect from January 1st, 2013 and concluded that they do not have significant impact in these financial statements.

3. KEY ESTIMATES AND CRITICAL ACCOUNTING JUDGMENTS

The Company hereby declares that the key estimates and critical accounting judgments disclosed in the 2012 annual financial statements are applicable to this interim financial information, as presented in note 3 to the 2012 financial statements.

4. FINANCIAL RISK MANAGEMENT

4.1. Financial risk factors

The Company hereby declares that the information on the financial risk factors described in the 2012 annual financial statements is applicable to this interim financial information, as presented in notes 4.1.1 to 4.1.7 thereto, except for the sensitivity analysis described below:

4.1.1. Sensitivity analysis

In complement to item 40 of CPC 40 (R1) - Financial Instruments the Company discloses below the sensitivity analysis for each type of market risk considered as relevant by management, arising from financial instruments comprised of debentures, cash and cash equivalents, to which the Company is exposed at the end of the year.

The sensitivity for the probable scenario was calculated taking into consideration the variations between the rates and indexes in march 31, 2013 and the estimates available in the market for 2013 (Source: Focus of Brazilian Central Bank), The sensitivity analysis also considered another two scenarios, with 25% and 50% variations on the interest rates and floating indexes in relation to the probable scenario.

We show below the impacts on the Company's financial results for the three scenarios estimated for 2013:

				Net effect on income				
Risk of change in floating index			Balance at 03/31/2013	Scenario Probable	Scenario + Δ 25%	Scenario + Δ 50%	Scenario - Δ 25%	Scenario - Δ 50%
(+) Debentures	Issue							
IGP-M	2nd	IGP-M	633,233	88,355	1,084	1,862	(494)	(1,295)
IPCA	1st S2	IPCA	123,535	35,290	823	1,526	(599)	(1,318)
CDI	1st S1 and 3rd	CDI	214,165	15,271	104	1,630	(2,999)	(4,576)
			970,933	138,915	2,011	5,018	(4,092)	(7,189)
(-) Cash and cash equivalents		CDI	250,298	27,286	40	81	(40)	(80)
			720,635	111,630	1,971	4,938	(4,052)	(7,109)

Change in index	04/01/2012 to 3/31/2013	Index projections for the next 12 months	Scenario + Δ 25%	Scenario + Δ 50%	Scenario - Δ 25%	Scenario - Δ 50%
IGPM	8.06%	5.29%	6.61%	7.94%	3.97%	2.65%
IPCA	6.57%	5.44%	6.80%	8.16%	4.08%	2.72%
CDI	7.52%	8.31%	10.39%	12.47%	6.23%	4.16%

4.2. Capital management

	03/31/2013	12/31/2012
Total debentures	970,933	950,163
Cash and cash equivalents	(250,298)	(169,552)
Net debt	**720,635**	**780,611**
Total equity	2,539,455	2,467,554
Total capital	**3,260,090**	**3,248,165**
Financial leverage ratio (%)	**22.1**	**24.0**

*Net debt/total capital

The changes in the Capital Management balance arise from the normal changes in the current quarter, and the complete information thereon is disclosed in note 4.2 to the 2012 annual financial statements.

4.3. Fair value estimate

The Company hereby declares that the fair value estimates disclosed in the 2012 annual financial statements are applicable to this interim financial information, as presented in note 4.3 thereto.

5. CREDIT QUALITY OF FINANCIAL ASSETS

The credit quality of financial assets that are not past due or impaired may be evaluated by reference to external credit ratings (if any) or historical information on default rates for counterparties (see notes 6 and 7):

		Cash and cash equivalents	
Standard & Poor's	**Moody's**	**03/31/2013**	**12/31/2012**
A-3	BR-1	176,123	126,977
A-2	BR-1	71,026	39,202
A-2	-	3,140	3,365
-	BR-1	6	5
*	*	3	3
		250,298	**169,552**

* The R$3 balance as at March 31, 2013 (R$3 at December 31, 2012) refers to the imprest fund and, therefore, it does not have a risk classification.

6. CASH AND CASH EQUIVALENTS

	03/31/2013	12/31/2012
Cash and banks	226	493
Short-term investments		
Bank certificates of deposit (CDB)	226,675	164,939
Fixed-income fund	23,397	4,120
	250,298	**169,552**

The changes in the cash and cash equivalents balance arise from the normal changes in the current quarter and the complete information thereon is disclosed in note 6 to the 2012 annual financial statements.

7. TRADE RECEIVABLES

	03/31/2013		12/31/2012	
	Current	Noncurrent	Current	Noncurrent
Receivables under bilateral contracts	89,008	-	67,118	-
Receivables under auction contracts	28,490	2,051	48,544	-
Spot-market energy (MRE/spot)	4,702	-	3,643	-
	122,200	**2,051**	**119,305**	**-**
Allowance for doubtful debts	(192)	-	(2,936)	-
	122,008	**2,051**	**116,369**	**-**

Changes in the allowance for doubtful debts

Balance at December 31st, 2012	**(2,936)**
Reversals in the period	2,744
Balance at March 31, 2013	**(192)**

In February 2013 the Company reversed the allowance for doubtful debts amounting to R$2,744 due to the collection of the first of the 60 installments due, under the court recovery plan filed by the customer and approved at the creditors' general meeting in September 2012.

Aging list of trade receivables:

	03/31/2013	12/31/2012
Current – short term	122,008	116,369
Current – long term	2,051	-
Over 90 days past-due	192	2,936
	124,251	**119,305**

The changes in the Trade receivables balance arise from the normal changes in the current quarter, and the complete information thereon is disclosed in note 7 to the 2012 annual financial statements.

8. TAXES AND FEES

	03/31/2013		12/31/2012	
Assets	**Current**	**Noncurrent**	**Current**	**Noncurrent**
Recoverable income tax and social contribution	2,621	-	22,404	-
Recoverable taxes on revenue (PIS and COFINS)	215	-	254	-
Recoverable State VAT (ICMS)	-	318	17	318
Service tax (ISS)	21	-	21	-
Social security tax (INSS)	39	-	39	-
	2,896	**318**	**22,735**	**318**
Liabilities				
Income tax and social contribution	35,815	-	-	-
PIS and COFINS	9,212	-	8,351	-
ICMS	1,398	-	741	-
Withholding income tax (IRRF) on interest on capital	-	-	12,879	-
Other	140	-	229	-
	46,565	**-**	**22,200**	**-**
Deferred tax assets				
Temporary differences	-	(8,438)	-	(9,939)
Tax benefit	-	(40,025)	-	(41,194)
Deferred tax liabilities				
Equity valuation adjustments	-	474,220	-	482,895
Deferred tax liabilities (net)	**-**	**425,757**	**-**	**431,762**

The changes in the Recoverable taxes/Taxes payable balance arise from the normal changes in the current quarter, and the complete information thereon is disclosed in notes 8 and 8.1 to the 2012 annual financial statements.

8.1. Tax benefits - merged goodwill

The Company constituted a provision to maintain the integrity of net equity, the reversal of which will neutralize the effect of goodwill amortization. The composition of the balances is as follows:

			03/31/2013	12/31/2012
	Goodwill	**Allowance**	**Net**	**Net**
Balance arising on merger	305,406	(201,568)	103,838	103,838
Realization	(187,672)	123,859	(63,813)	(62,644)
Closing balance	**117,734**	**(77,709)**	**40,025**	**41,194**

Net amount corresponding to the tax benefit – income tax and social contribution

	03/31/2013	03/31/2012
Goodwill amortization	(3,438)	(3,622)
Reversal of allowance	2,269	2,391
Tax benefit	1,169	1,231
Net effect for the period	**-**	**-**

The following is the realization of the tax related to the Duke Sudeste merged goodwill.

	2013	2014	2015	2016	2017	2018 - 2019	2020 - 2023	2023 and thereafter	Total
Estimated realization	3,507	4,334	4,002	3,695	3,299	5,576	6,317	9,295	40,025

The changes in the Tax benefit – merged goodwill arise from the normal changes in the current quarter, and the complete information thereon is disclosed in note 8.2 to the 2012 annual financial statements.

8.2. Statements of income tax and social contribution calculation

The reconciliation between income tax and social contribution expenses at their statutory rates and at their actual tax rates is as follows:

	03/31/2013		03/31/2012	
	Income tax	Social contribution	Income tax	Social contribution
Income before income tax and social contribution	**108,280**	**108,280**	**144,327**	**144,327**
Income tax and social contribution statutory rate	25%	9%	25%	9%
Income tax and social contribution at statutory rates	**27,064**	**9,745**	**36,076**	**12,989**
Adjustments to calculate the effective rate				
Amortization Inflationary credit charge	(553)	19	(572)	19
Allowance/reversal of allowance for doubtful debts	(686)	(247)	581	209
Tax benefits - merged goodwill (Aneel Res. 02/2002)	(860)	(309)	(906)	(326)
Nondeductible expenses	455	38	273	33
Adjustments under the RTT	6,525	2,349	6,526	2,349
Temporary differences in profit or loss	(4,560)	(1,642)	(5,380)	(1,937)
Others	426	(150)	(831)	(294)
Income tax and social contribution affecting profit or loss	**26,959**	**9,802**	**35,767**	**13,042**
Income tax and social contribution	31,519	11,444	41,147	14,979
Deferred income tax and social contribution	(4,560)	(1,642)	(5,380)	(1,937)
	26,959	**9,802**	**35,767**	**13,042**
Effective rate	**-24,9%**	**-9,1%**	**-24,8%**	**-9,0%**

The changes in the Current and deferred income tax and social contribution balances arise from the normal changes in the current quarter, and the complete information thereon is disclosed in note 8.3 to the 2012 annual financial statements.

9. ESCROW DEPOSITS

	03/31/2012	12/31/2012
Environmental	4,305	3,846
Tax:		
Real Estate Tax (IPTU) (City of Primeiro de Maio Municipality)	1,223	1,206
Late payment fine on IRRF, IRPJ and CSLL	863	851
Late payment fine on PIS, COFINS, IRPJ, CSLL, and IOF	6,158	6,095
	8,244	**8,152**
	12,549	**11,998**

This line item includes the escrow deposits made for appeals not related to provision for the probable risks and are adjusted for inflation (see Note 17).

The Company hereby declares that the information on the escrow deposits disclosed in the 2012 annual financial statements is applicable to this interim financial information, as presented in note 9 thereto.

10. PROPERTY, PLANT AND EQUIPMENT

a) Breakdown

	03/31/2012			12/31/2012	Annual depreciation/ amortization rate
	Cost	**Accumulated depreciation**	**Net**	**Net**	**rate**
In service					
Land	210,997	-	210,997	210,997	-
Reservoirs, dams and water mains	3,445,865	(655,538)	2,790,327	2,827,376	4.9%
Buildings, constructions and improvements	466,468	(130,224)	336,244	339,977	3.2%
Machinery and equipment	776,615	(185,912)	590,703	600,719	5.7%
Vehicles	5,304	(2,487)	2,817	2,936	16.1%
Furniture and fixtures	1,747	(1,235)	512	580	16.6%
(-) Canoas I and II plant reserves	(200,675)	-	(200,675)	(200,675)	
	4,706,321	**(975,396)**	**3,730,925**	**3,781,910**	
In progress					
Reservoirs, dams and water mains	507	-	507	506	
Buildings, constructions and improvements	-	-	-	331	
Machinery and equipment	19,875	-	19,875	17,143	
Furniture and fixtures	457	-	457	549	
	20,839	**-**	**20,839**	**18,529**	
Land	4,249	-	4,249	4,249	
Vehicles	-	-	-	91	
	4,731,409	**(975,396)**	**3,76,013**	**3,804,779**	
(-) Concession-related obligations (see note 18)	(6,942)	282	(6,660)	(6,680)	
	4,724,467	**(975,114)**	**3,749,353**	**3,798,099**	

b) Changes in property, plant and equipment

	Net amount at 12/31/2012	Additions	Depreciation	Write-offs	Reclassifications and transfers	Net amount at 03/31/2013
Land	215,246	-	-	-	-	215,246
Reservoirs, dams and water mains	2,827,882	2	(38,701)	-	1,651	2,790,834
Buildings, constructions and improvements	340,308	220	(3,733)	-	(551)	336,244
Machinery and equipment	617,862	4,868	(10,988)	(149)	(1,015)	610,578
Vehicles	3,027	-	(210)	-	-	2,817
Furniture and fixtures	1,129	-	(73)	(2)	(85)	969
(-) Canoas I and II plant reserves	(200,675)	-	-	-	-	(200,675)
	3,804,779	**5,090**	**(53,705)**	**(151)**	**-**	**3,756,013**
(-) Concession-related obligations	(6,680)	-	20	-	-	(6,660)
	3,798,099	**5,090**	**(53,685)**	**(151)**	**-**	**3,749,353**

10.1 Deemed cost of property, plant and equipment

The Company applied the deemed cost at first-time adoption of IFRS in accordance with CPC 27 ("Property, Plant and Equipment") and engaged advisors from an external consultant to prepare the appraisal of its property, plant and equipment. The appraisal was carried out in accordance with the standards and procedures of the Brazilian Association of Technical Standards (ABNT) and the Ross-Heidecke depreciation method which considers the state of conservation and elapsed life of the asset to obtain its deemed cost, in addition to other requirements of the applicable legislation.

At January 1, 2009, date of the first-time adoption of IFRS, property, plant and equipment were increased by R$ 2,083.565 through the application of the deemed cost with a corresponding entry to "Carrying value adjustments" in equity. In the fair value calculation, the Company considered as reimbursable the residual values related to concessions and the increase in fair value was limited to the indemnity amount, Accordingly, the Company established a provision of R$ 200,675, relating to the residual value at the end of the concession period of the Canoas I and II plants.

The additional depreciation expense calculated on the adjustments to deemed cost in the years ended March 31, 2013 and 2012 was R$ 25,038 and R$ 103,423 respectively.

For the appraisal of movable assets, the Company used mainly the cost quantification method. As regards the direct comparison with market data, this method depends on the nature of the asset, the availability of relevant market data, as well as information on the fixed assets themselves.

The method of directly comparing market data is based on market conditions and transactions. Under this method, deemed cost is determined through a comparison with recent transactions and offers of items which are similar to the assets that are being appraised, when available. Under this method, physical depreciation and other obsolescence factors are measured at market rates, since the assets are quoted in their current condition (used).

In the case of assets for which there is not enough market information, the cost quantification method was used. In the analysis of the appraisers, the Replacement Cost New (RCN) was calculated both in the direct and indirect manner for each asset. Under the direct method, the Replacement Cost New estimated for the assets was calculated by using the Greenfield principles which, in this context, indicates that the estimated RCN considers the replacement of the asset in a new location, taking into account all the costs related to its installation and operation.

The Company used the indirect method for all the other assets to which the direct cost method was not applied. Under this method, the RCN of each asset or group of assets was determined by updating the original book cost taking into account the age and type of each asset. These costs generally include the base cost of the asset and any additional costs related to its installation.

Since the assets have been in use for some time, it is reasonable to assume that the deemed cost is lower than the RCN. Therefore, physical and functional obsolescence should be considered, as well as various economic factors that can affect their use and value.

In addition, residual factors were considered for the assets. based on the assumption that, if an asset is in use, it has value for the Company, regardless of its elapsed life. For the captions "Dam", "Machinery" and "Furniture", a 5% residual factor was applied to their replacement value. For the "Vehicles" caption, the residual factor applied was 10%. It is important to note that, in the case of vehicles valued at market value, there is no need to use a residual factor.

Land was maintained at historical cost.

10.2 Depreciation rates

The Company records its depreciation in accordance with the estimated useful life determined by the appraisers, which takes into consideration the useful lives estimated by the regulatory agencies that have been accepted by the market as appropriate, unless there is strong evidence that another useful life is more adequate. Land is not depreciated.

10.3 Assets linked to the concession

In accordance concession contracts, the Company 76/1999 and 183/1998 is not allowed to sell or assign for any purpose the assets and installations considered usable by the concession, without the previous and express authorization of ANEEL. ANEEL Resolution 20/99 regulates the release of assets from the concessions of the Public Electric Energy Service, granting prior authorization to release the assets not usable by the concession when they are destined for sale. The definition on the public hearing 39/2010 is pending decision by Aneel, which deals with the review of this resolution.

10.4 Concession agreements

On September 22, 1999, the Company and ANEEL signed the Generation Concession Agreement 76/1999, which regulates the concessions for use of public assets in electric power generation held by the Jurumirim, Chavantes, Salto Grande, Capivara, Taquaruqu and Rosana power plants, granted by an unnumbered Decree dated September 20, 1999. The agreement grants the Company the right to generate and sell electric power as an independent producer, no longer paying, as of that date, the Global Reversion Reserve (RGR), but instead a Charge for Use of Public Assets, for a five-year period. The concession and contractual term is 30 years counted from the execution date of the agreement, and can be renewed for an additional period, at the discretion of Aneel, in conformity with the concession arrangement.

On January 14, 2000, ANEEL, through Resolution 14, approved the 6th amendment to the contract for the constitution of the Canoas Consortium, which is formed by the Company, as an independent producer of electric energy, and Companhia Brasileira de Aluminio (CBA). This agreement establishes that 50.3% of the energy generated will be made available to CBA and the remaining 49.7% will belong to the Company. Any surpluses of energy not used by CBA must be absorbed, without onus, by the Company. Reciprocally, in the normal course of operations, when generation is lower than that established in the contract, the difference will be supplemented, without onus, by the Company. The concession agreement is effective for 35 years, as from the date of signature, and may be renewed at the discretion of Aneel, in conformity with the concession arrangement.

10.5. Concession Agreement

					Concessions at 03/31/2013			
ANEEL Concession Agreement	Plant	Type	State	River	Installed power (MW)	Guaranteed power (avg. MW)	Start of concession	End of concession
76/1999	Jurumirim	Hydroelectric plant	SP	Paranapanema	101.0	47.0	9/22/1999	9/21/2029
76/1999	Chavantes	Hydroelectric plant	SP	Paranapanema	414.0	172.0	9/22/1999	9/21/2029
76/1999	Salto Grande	Hydroelectric plant	SP	Paranapanema	73.8	55.0	9/22/1999	9/21/2029
76/1999	Capivara	Hydroelectric plant	SP	Paranapanema	619.0	330.0	9/22/1999	9/21/2029
76/1999	Taquaruçu	Hydroelectric plant	SP	Paranapanema	525.0	200.6	9/22/1999	9/21/2029
76/1999	Rosana	Hydroelectric plant	SP	Paranapanema	354.0	176.0	9/22/1999	9/21/2029
183/1998	Canoas I	Hydroelectric plant	SP	Paranapanema	82.5	57.0	7/30/1998	7/29/2033
183/1998	Canoas II	Hydroelectric plant	SP	Paranapanema	72.0	48.0	7/30/1998	7/29/2033
					2,241.3	**1,085.6**		

On December 27, 2012 MME Ordinance 184/2012 was published, and provides for the reduction of 1.4 (average MW) in the Company's total physical guarantee, changing the amount relating to UHE – Taquaruçu from 201 average MW to 200.6 average MW and relating to UHE - Rosana from 177 average MW to 176 average MW. These reductions were caused by a physical guarantee extraordinary review process, set forth in MME Ordinance 861/2010, and are being discussed at administrative level for purposes of reversal.

The complete information on the concession agreements is described in note 10.4 to the 2012 annual financial statements.

10.6. 15% expansion

The Company reports that the Performance Commitment Action filed by the State of São Paulo related to the 15% expansion of its installed capacity is in secrecy.

11. INTANGIBLE ASSETS

Intangible assets as at March 31, 2013 consist of software licenses and rights of way and to the Use of Public Assets (UBP).

a) Breakdown

			03/31/2013	12/31/2012	
	Cost	Accumulated amortization	Net	Net	Annual amortization rates
In service					
UBP	53,494	(22,507)	30,987	31,447	3%
Software	21,421	(19,570)	1,851	1,729	5%
Rights of way	75	-	75	75	
	74,990	**(42,077)**	**32,913**	**33,251**	
In progress					
Software	1,322	-	1,322	1,416	
	76,312	**(42,077)**	**34,235**	**34,667**	
(-) Concession-related obligations (see note 18)	(320)	101	(219)	(235)	
	75,992	**(41,976)**	**34,016**	**34,432**	

b) Changes in intangible assets

	Net amount at 12/31/2012	Additions	Amortization	Net amount at 03/31/2013
UBP	31,447	-	(460)	30,987
Software	3,145	306	(278)	3,173
Rights of way	75	-	-	75
	34,667	**306**	**(738)**	**34,235**
(-) Concession-related obligations (note 8)	(235)	-	16	(219)
	34,432	**306**	**(722)**	**34,016**

12. TRADE PAYABLES

	03/31/2013		12/31/2012	
	Current	**Noncurrent**	**Current**	**Noncurrent**
Electricity supply	25,686	-	36,236	-
Materials and services	5,705	-	4,609	-
TUSD-G	744	3,568	1,321	3,469
Grid usage charges				
TUST	6,980	-	7,614	-
Connection charges	14	-	16	-
	39,129	**3,568**	**49,796**	**3,469**

The electricity supply line item refers to the power purchased in the spot market (PLD), at the CCEE.

There were no new events as regards the legal lawsuit claiming the revision of the amounts payable as Distribution Grid Use Charge (Tusd-g), and is presented net of the related escrow deposits in noncurrent liabilities.

The changes in the Trade payables balance arise from the normal changes in the current quarter, and the complete information thereon is disclosed in note 12 to the 2012 annual financial statements.

13. RELATED PARTIES

13.1. Balances and transactions

The Company has expense sharing agreements with associates DEB – Pequenas Centrais Hidrelétricas Ltda. ("DEB") and Duke Energy International, Brasil Ltda. ("Duke Brasil"). The estimated amount of these agreements for 2013 are R$3,240 and R$886 respectively. The amount receivable from related parties at March 31, 2013 is R$385 (R$391 at December 31, 2012), of which R$41 (R$73 at December 31, 2012) refer to out-of-pocket expenses to be reimbursed by Duke Brasil.

In those cases where the Company's customers require guarantees in business transactions, Duke Brasil provides such guarantees on behalf of the Company. As at March 31, 2013 these guarantees amount to R$158,346 (R$115,489 at December 31, 2012). The other material transactions with related parties refer to the distribution of dividends.

13.2. Real estate use assignment agreement on remunerated basis

On November 6, 2012, the execution of the Termination Agreement of the Onerous Assignment of the Property Use Rights Agreement ("Agreement") was approved, entered into with another groups company called Duke Energy International Brasil Commercial, Ltda. ("Duke Commercial"), the purpose of which was assigning properties that are not linked to the Company's concession, located in the Municipality of Pederneiras, State of São Paulo, as these properties are not currently being used.

The complete information on the Onerous Assignment of the Property Use Rights Agreement is described in note 13.2 to the 2012 annual financial statements.

13.3. Project development agreement

On December 21, 2012, the Extraordinary General Meeting (AGE) approved the execution of the Project Development Agreement ("Agreement"), whose counterparty is a company of the Company's economic group, called Duke Energy International, Brasil Ltda. ("Duke Brasil"), the Company's controlling shareholder, whose purpose is the participation in bids and/or auctions conducted in the scope of the power, by obtaining the related concessions, permits or authorizations. The purpose of the Agreement is to set: (a) the overall guidelines and method of implementation of cooperation between Duke Brasil and the Company for development of the projects, as supported by the Company.

The signature of this instrument by the Company and Duke Commercial is in accordance with the dispositions of ANEEL's Normative Resolution 334/2008 and the Company's Internal Policies.

The complete information on the Project Development Agreement is described in note 13.3 to the 2012 annual financial statements.

13.4. Compensation of key management personnel

The table below is a breakdown of compensation of key management personnel:

	03/31/2013	12/31/2012
Employee and management short-term benefits	1,327	1,497
Postemployment benefits	39	43
	1,366	**1,540**

The changes in the Compensation of key management personnel balance arise from the normal changes in the current quarter, and the complete information thereon is disclosed in note 13.4 to the 2012 annual financial statements.

14. DEBENTURES

14.1. Breakdown and maturity of debentures

a) Breakdown

		Principal + charges at			
		03/31/2013		12/31/2012	
Issuance	Series	Current	Noncurrent	Current	Noncurrent
1st issue	1st series	62,352	-	63,569	-
1st issue	2nd series	63,075	60,440	57,212	60,410
2nd issue	Single	234,368	398,865	219,592	394,198
3rd issue	Single	2,358	149,455	5,766	149,416
		362,153	**608,780**	**346,139**	**604,024**

b) Long term maturity

	2014	2015	2016	2017	Total
Noncurrent	246,227	212,750	74,803	75,000	608,780

14.2. Changes in Debentures

	1st issue		2nd issue	3rd issue	
	1st series	2nd series	Single	Single	Total
Net amount at 12/31/2012	**63,569**	**117,623**	**613,790**	**155,181**	**950,163**
Changes in Debentures					
Principal amortization	-				
Interest accrual	1,355	3,280	12,614	2,893	20,142
Inflation adjustment accrual	-	2,583	6,483	-	9,066
Costs amortization	188	49	346	39	622
Interest payments	(2,760)	-	-	(6,300)	(9,060)
	(1,217)	**5,912**	**19,443**	**(3,368)**	**20,770**
Net amount at 03/31/2013	**62,352**	**123,535**	**633,233**	**151,813**	**970,933**

The changes in the Debentures balance arise from the normal changes in the current quarter, and the complete information there on is disclosed in note 14 to the 2012 annual financial statements.

15. CIBACAP – CAPIVARA BASIN INTERCITY CONSORTIUM

	03/31/2013	12/31/2012
Current	2,443	2,278
Noncurrent	6,903	7,368
	9,346	**9,646**

The changes in the Cibacap balance arise from the normal changes in the current quarter, and the complete information there on is disclosed in note 15 to the 2012 annual financial statements.

16. PENSION PLAN

In the quarter ended March 31, 2013 there were no changes in the assumptions used for the actuarial valuations.

The table below shows the determined and recognized expenses for the period (see note 24):

Annual expenses/(income) recognized in profit for the year

	03/31/2013	12/31/2012
Cost of current service	675	544
Interest on actuarial obligation	4,397	3,825
Expected return on plan assets	(4,745)	(5,930)
Employees' contributions	404	(170)
	731	**(1,731)**

See note 16 to the 2012 annual financial statements that describes the plans' positions and the assumptions used for the actuarial calculation.

17. PROVISION FOR TAX, LABOR AND ENVIRONMENTAL CONTINGENCIES

The Company hereby declares that the information on estimates involving the risks of an unfavorable outcome classified by our legal counsel as probable and possible disclosed in the 2012 annual financial statements are applicable to this interim financial information, as presented in note 17 thereto.

17.1. Provision for tax, labor and environmental contingencies

Breakdown

	03/31/2013				12/31/2012
Proceedings	**Adjusted amount**	**Provision**	**Escrow deposit**	**Provision for tax, labor and environmental contingencies**	**Provision for tax, labor and environmental contingencies**
Labor	4,801	4,801	(1,528)	3,273	3,250
Tax	13,238	13,238	(614)	12,624	11,692
Environmental	4,479	4,479	-	4,479	2,862
	22,518	**22,518**	**(2,142)**	**20,376**	**17,804**

Changes in the provision for tax, labor and environmental contingencies

	Labor	Tax	Environmental	Total
Balance as at December 31, 2012	3,250	11,692	2,862	**17,804**
Provisions in the period	122	903	1,549	**2,574**
	122	**903**	**1,549**	**2,574**
Adjustments in the provisions	-	34	85	119
Adjustments in the escrow deposits	(40)	(5)	-	(45)
Escrow deposits	(59)	-	-	(59)
Disbursements/agreements in the period	-	-	(17)	(17)
Total changes in the period	**(99)**	**29**	**68**	**(2)**
Balance as at March 31, 2013	**3,273**	**12,624**	**4,479**	**20,376**

The changes in the Provision for tax, labor and environmental contingencies balance arise from the normal changes in the current quarter, and the main new lawsuits are described below:

a) Tax

The addition to the provision for tax contingencies with a probable likelihood of an unfavorable outcome, made in the quarter ended March 31, 2013, refers to:

i. Administrative proceeding No. 16349.720176/2012-22, which refers to PIS and COFINS offset requests made using electronic tax offset applications (PER/DCOMP) not approved beginning FY 2008.

b) Environmental

The addition to the provision for environmental contingencies with a probable likelihood of an unfavorable outcome, made in the quarter ended March 31, 2013, refers to:

i. Revaluation of the lawsuits filed by fishermen for alleged environmental damages based on the State of Paraná Court of Justice decision, amounting to R$1,550 n January 2013 (R$ 395 at December 31, 2012).

17.2. Possible contingencies

	03/31/2013	12/31/2012
Labor	10,203	9,892
Tax	48,764	48,553
Environmental	31,284	30,679
Regulatory	42,538	42,225
	132,789	**131,349**

The changes in the Possible contingencies balance arise from the normal changes in the current quarter, and the complete information thereon is disclosed in note 17.2 to the 2012 annual financial statements.

18. SPECIAL OBLIGATIONS

	03/31/2013	12/31/2012
Arising from PP&E (see note 10)		
General reversion reserve (RGR) charge	4,947	4,947
Equipment donations (ONS)	1,559	1,574
Research and development (R&D)	154	159
	6,660	**6,680**
Arising from intangibles (see note 11)		
R&D - software	219	235
	6,879	**6,915**

See additional comments in note 18 to the 2012 annual financial statements.

19. REGULATORY CHARGES

The payables arising from charges set out by electricity industry legislation are as follows:

	03/31/13		12/31/2012	
	Current	**Noncurrent**	**Current**	**Noncurrent**
Compensation for the use water resources (CFURH)	8,284	-	9,053	-
ANEEL inspection fee	349	-	373	-
Research and development (R&D)	14,794	7,702	14,783	6,455
	23,427	**7,702**	**24,209**	**6,455**

See additional comments in note 19 to the 2012 annual financial statements.

20. EQUITY

20.1. Share capital

The Company's authorized capital on March 2013 is R$2,355,580, of which R$785,193 in common shares and R$1,570,387 in preferred shares, all registered and without par value.

	Share position at 03/31/2012 in thousands of shares					
Shareholders	**Common**	**%**	**Preferred**	**%**	**Total**	**%**
Duke Energy Internat. Brasil Ltda.	31,181	99.06	57,850	91.89	89,031	94.28
Duke Energy Internat. Brazil Holdings Ltd.	-	-	735	1.17	735	0.78
Cia Metropolitano de São Paulo	-	-	1,324	2.10	1,324	1.40
Other individuals and legal entities	297	0.94	3,046	4.84	3,343	3.54
	31,478	**100.00**	**62,955**	**100.00**	**94,433**	**100.00**

See additional comments in note 20.1 to the 2012 annual financial statements.

20.2. Capital reserves

	03/31/2013	12/31/2012
Share subscription premium	468	468
Spin-off account	(6,418)	(6,418)
Goodwill on downstream merger	103,838	103,838
Share-based payments	1,544	1,544
	99,432	**99,432**

See additional comments in note 20.2 to the 2012 annual financial statements.

20.3. Earnings reserves

	03/31/2013	12/31/2012
Earning reserves	88,095	88,094
Pension plan	2,498	2,117
	90,593	**90,211**

20.4. Retained earnings

a) Distribution of profit for the year

	03/31/2013	12/31/2012
Profit for the period	71,519	324,648
Transfer to legal reserve	-	(16,231)
Depreciation (deemed cost)	25,038	103,423
Disposals (deemed cost)	´78	1,208
Deferred income tax and social contribution	(8,539)	(35,575)
	88,096	**377,473**
Allocation		
Interim dividends	-	(206,814)
Interest on capital	-	(86,690)
Dividends proposed to be approved	-	(83,969)
Total	**-**	**(377,473)**
	88,096	**-**

b) Composition of dividends and interest on capital payable

	03/31/2013	12/31/2012
Dividends proposed to be approved	83,969	83,969
Interest on capital payable	119	73,879
Dividends, interest on capital and capital reduction in custody	1,075	1,078
	85,163	**158,926**

20.5. Equity valuation adjustments

	Deemed cost	Pension plan	Total
Balance at 12/31/2012	**938,773**	**-**	**938,773**
Realization of equity valuation adjustments			
Depreciation	(25,038)	-	(25,038)
Write-offs	(78)	-	(78)
Deferred income tax and social contribution	8,539	-	8,539
	(16,577)	-	(16,577)
Comprehensive income			
Pension plan	-	578	578
Deferred income tax and social contribution	-	(196)	(196)
	-	**382**	**382**
Reclassification to earnings reserve	-	(382)	(382)
Balance at 03/31/2013	**922,196**	**-**	**922,196**

See additional comments in note 20.6 to the 2012 annual financial statements.

21. NET REVENUE

	03/31/2013	03/31/2012
Electric power supply		
Bilateral contracts	235,280	174,739
Auction contracts	63,066	97,723
Spot market	152	40,523
MRE	4,561	1,144
	303,059	**314,129**
Other income	5,462	13
	308,521	**314,142**
Deductions from operating revenue		
PIS and COFINS	(26,255)	(24,763)
ICMS	(4,204)	(1,124)
R&D	(2,709)	(2,854)
	(33,168)	**(28,741)**
Net operating revenue	**275,353**	**285,401**

22. OPERATING COSTS AND EXPENSES

Breakdown of operating costs and expenses by nature:

			03/31/2013	03/31/2012
Operating expenses/(income)	**Cost of power sold**	**General and administrative expenses**	**Total**	**Total**
Personnel	8,252	7,384	15,636	14,794
Supplies	792	23	815	877
Outside services	4,502	3,831	8,333	6,813
ANEEL inspection fee	1,048	-	1,048	1,119
Power purchased for resale	24,409	-	24,409	4,221
Grid usage charges	18,512	-	18,512	20,535
Compensation for the use water resources	13,026	-	13,026	14,785
Depreciation and amortization	53,910	497	54,407	55,785
Provision for tax, labor and environmental contingencies	1,631	943	2,574	70
Allowance for doubtful debts	-	(2,744)	(2,744)	2,324
Leases and rents	(1)	866	865	857
Insurance	1,082	-	1,082	900
Other	318	1,129	1,447	1,565
	127,481	**11,929**	**139,410**	**124,645**

23. ELECTRIC POWER SOLD AND PURCHASED AND GRID USAGE CHARGES

23.1. Electric power sold

	03/31/2013		12/31/2012	
Supply	**MWh (*)**	**R$**	**MWh (*)**	**R$**
Bilateral contracts	1,573,437	235,280	1,216,957	174,739
Auction contracts	579,441	63,066	1,032369	97,723
Spot market	-	152	585,567	40,523
MRE	460,635	4,561	120,690	1,144
	2,613,513	**303,059**	**2,955,583**	**314,129**

(*) Not reviewed by independent auditors.

The table below summarizes the volumes in MW of Guaranteed Energy contracted/expected completion of contracts by the Company in the Deregulated Contracting Framework (ACL) and the Regulated Contracting Framework (ACR) at March 31, 2013..

			MW (*)
	2013	**2014**	**2015**
Power available for sale	1,010	1,007	1,004
ACR	**463**	**264**	**211**
2005 (8 years)	195	-	-
2006 (8 years)	54	53	-
2007 (8 years)	214	211	211
	545	714	682
ACL			
Bilateral Contracts with free consumers	545	714	682
Subtotal	**1,008**	**978**	**893**
Deregulated Power Supply	2	28	111
Percentage power contracted	99.8%	97.1%	88.9%

(*) Not reviewed by independent auditors.

23.2. Power purchased for resale

	03/31/2013		12/31/2012	
	MWh (*)	**R$**	**MWh (*)**	**R$**
Purchased power - bilateral	-	-	43,700	3,980
Purchased power - spot market	105,829	22,704	-	205
Purchased power – MRE	-	-	3,137	36
System services charge (ESS)	-	1,705	-	-
	105,829	**24,409**	**46,837**	**4,221**

(*) Not reviewed by independent auditors.

In 2013 the company recognized R$1,705 (without an equivalent amount for the prior period) related to the collection of the system services charge (ESS), under a supplementary ruling applicable to thermal power plants for power supply reasons. These amounts do not present a corresponding power volume and are used exclusively to reimburse the thermal power companies for the costs incurred on maintaining the reliability and stability of the national interconnected system.

The changes in the Power purchased for resale balance arise from the normal changes in the current quarter, and the complete information thereon is disclosed in note 23.2 to the 2012 annual financial statements.

23.3. Grid usage charges

	03/31/2013	12/31/2012
TUST	16,043	17,238
TUSD-G	2,429	3,262
Connection charges	40	35
	18,512	**20,535**

See additional comments in note 23.3 to the 2012 annual financial statements.

24. FINANCE INCOME (COSTS)

	03/31/2013	12/31/2012
Income		
Short-term investments	2,949	8,910
Pension plan income (see note 16)	-	1,731
Inflation adjustments		
Escrow deposits	781	820
Other inflation adjustments	-	6
Interest on RTE	-	261
Interest and discounts obtained	428	837
	4,158	**12,565**
Costs		
Costs on pension plan (see note 16)	(731)	-
Interest on debentures	(20,774)	(23,360)
Losses on inflation adjustments		
Debentures	(9,066)	(3,488)
TUSD-G	(655)	(1,179)
Provisions for tax, labor and environmental contingencies	(101)	(217)
Other	(239)	(371)
Other finance costs	(255)	(379)
	(31,821)	**(28,994)**
	(27,663)	**(16,429)**

25. EARNINGS PER SHARE

Basic and diluted earnings per share are calculated by dividing profit for the year attributable to the holders of Company common and preferred shares by the weighted average number of common and preferred shares outstanding in the year.

The table below shows the profit and share data used to calculate basic and diluted earnings per share:

	03/31/2013	12/31/2012
Numerator		
Profit for the period attributable to the Company shareholders		
Profit attributable to preferred shareholders	47,679	63,679
Profit attributable to common shareholders	23,840	31,839
	71,519	**95,518**
Denominator		
Weighted average number of preferred shares	62,955	62,955
Weighted average number of common shares	31,478	31,478
	94,433	**94,433**
Basic and diluted earnings per share		
Preferred share	**0.75735**	**1.01149**
Common share	**0.75735**	**1.01149**

26. FINANCIAL INSTRUMENTS

The Company hereby declares that the information on financial instruments disclosed in the 2012 annual financial statements are applicable to this interim financial information, as presented in notes 3.1 and 3.2 thereto.

Financial instruments in the balance sheet:

a) Cash and cash equivalents (see note 6)

Financial investments in fixed-income instruments, plus income earned through the end of the reporting period, realizable in less than 90 days and recognized in accounting at market yield amounts.

b) Debentures (see note 14).

	03/31/2013		12/31/2012	
	Carrying amount	**Fair value**	**Carrying amount**	**Fair value**
Debentures	970,933	1,072,962	950,163	1,049,724

The Company did not carry out derivative transactions during the reporting period and does not have any outstanding derivative transactions at the end of the reporting period. There is no foreign exchange exposure either since the Company does not any material amounts denominated in foreign currencies at the end of the reporting period.

27. INSURANCE

The Company has insurance contracts that take into consideration the nature and the level of risk to which it is exposed. The main coverage, according to insurance policies, is as follows:

	Coverage in thousand reais	
Line	**03/31/20113**	**12/31/2012**
Property damages and loss of profits	1,000,000	914,200
Civil liability (concessionaire)	10,168	9,142

28. EVENT AFTER THE REPORTING PERIOD

28.1. Dividend distribution

The shareholders unanimously approved, at the Annual Shareholders' Meeting held on April 26, 2013, the Company's management's proposal for distribution of dividends totaling R$83,969. The approved dividends shall be fully charged to the retained earnings line item and allocated, in accordance with Article 32 of the Company's Bylaws, to preferred and common shares at the rate of R$0,889189201 per share. These amounts will be credited to the shareholders by June 30, 2013 and, therefore, they are not subject to inflation adjustment between the date the dividends were declared, at the Annual Shareholders' Meeting, and the actual credit to shareholders.

28.2. Overall management compensation for 2013

The Annual Shareholders' Meeting held on April 26, 2012 approved the overall amount of the Company's management annual compensation of up to R$9,250 for 2013, to be distributed as follows: (a) R$2,500 for the Board of Directors; (b) R$5,800 for the Executive Committee, and (c) R$950 for the Supervisory Board.

MANAGEMENT MEMBERS

Board of Directors

Jairo de Campos
Chairman

Andréa Elizabeth Bertone
Member

Elizabeth Christina DeLaRosa
Member

Maurício Lotufo Maudonnet
Member

Gláucio João Agostinho
Member

Paulo Nicácio Júnior
Alternate Member

Executive Committee

Armando de Azevedo Henriques
Chief Executive Officer

Angela Aparecida Seixas
Chief Financial and Internal Control Officer and Investor Relations Officer

Carlos Alberto Dias Costa
Chief Operating Officer

César Teodoro
Environment, Health and Safety Officer

Jairo de Campos
Human Resources, Administration, Procurement and IT Officer

Supervisory Board

Jarbas Tadeu Barsanti Ribeiro
Chairman of the Supervisory Board

Marcelo Curti
Member

François Moreau
Member

Ary Waddington
Alternate Member

Edmundo Falcão Koblitz
Alternate Member

Marcello Joaquim Pacheco
Alternate Member

Jacqueline Ribeiro
Corporate Controller and Accountant
CRC RJ-076369/O-5