

**Duke Energy International,
Geração Paranapanema S.A.
Interim Financial Information**

For the Three- and Six-month Period Ended
June 30, 2014 and

Report on Review of Interim Financial Information

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REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION

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

Introduction

We have reviewed the accompanying interim financial information of Duke Energy International, Geração Paranapanema S.A. (the “Company”), included in the Interim Financial Information Form (ITR), for the three- and six-month period ended June 30, 2014, which comprises the balance sheet as at June 30, 2014, and the related income statement and statement of comprehensive income for the three and six-month period then ended, and statement of changes in equity and statement of cash flows for the six-month period then ended, including the explanatory notes.

Management is responsible for the preparation of the interim financial information in accordance with CPC 21 (R1) and IAS 34 - Interim Financial Reporting, issued by the International Accounting Standards Board (IASB), as well as for the presentation of such information in accordance with the standards issued by the Brazilian Securities Commission (CVM), applicable to the preparation of Interim Financial Information (ITR). Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope of review

We conducted our review in accordance with Brazilian and international standards on review of interim financial information (NBC TR 2410 and ISRE 2410 - Review of Interim Financial Information Performed by the Independent Auditor of the Entity, respectively). A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with the standards on auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion on the interim financial information

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial information included in the ITR referred to above is not prepared, in all material respects, in accordance with CPC 21 (R1) and IAS 34 applicable to the preparation of Interim Financial Information (ITR) and presented in accordance with the standards issued by the Brazilian Securities Commission (CVM).

Emphasis of matter


As described in notes 2.10 and 3.1.2 to the 2013 annual financial statements applicable to this Interim Financial Information (ITR), property, plant and equipment items used in power generation activities under an independent production regime are depreciated over their estimated useful lives, considering the facts and circumstances mentioned in the aforementioned notes. As the regulatory agency or the concession grantor issue new information or decisions, the current depreciation term for such assets may be changed. Our opinion does not contain any modification regarding this matter.


Other matters

Statement of value added

We have also reviewed the interim statement of value added (“DVA”), for the six-month period ended June 30, 2014, prepared under Management’s responsibility, the presentation of which is required by the standards issued by the Brazilian Securities Commission (CVM) applicable to the preparation of Interim Financial Information (ITR), and is considered as supplemental information for IFRS that does not require the presentation of a DVA. This statement was subject to the same review procedures described above and, based on our review, nothing has come to our attention that causes us to believe that it is not prepared, in all material respects, consistently with the interim financial information taken as a whole.

São Paulo, August 11, 2014


DELOITTE TOUCHE TOHMATSU
Auditores Independentes


Iara Pasian
Engagement Partner

The sheets related to the Interim Financial Information (ITR) reviewed by us are marked for identification purpose only.

COMMENTS ON ECONOMIC AND FINANCIAL PERFORMANCE
PERIODS FROM APRIL 1 TO JUNE 30, 2014 AND 2013

(In thousands of Brazilian reais - R\$, unless otherwise stated)

	2Q2013	2Q2014	% variance
Economic indicators			
Gross operating revenue	319,883	318,422	-0.5
(-) Deductions from operating revenue	(33,264)	(33,760)	1.5
Net operating revenue	286,619	284,662	-0.7
(-) Operating expenses	(128,548)	(158,292)	23.1
Operating profit	158,071	126,370	-20.1
Ebitda	212,468	180,668	-15.0
<i>Ebitda margin - %</i>	<i>74.1%</i>	<i>63.5%</i>	
Finance income (costs)	(23,332)	(19,562)	-16.2
Profit before income tax and social contribution	134,739	106,808	-20.7
Profit for the period	89,594	70,718	-21.1
<i>Net margin - %</i>	<i>31.3%</i>	<i>24.8%</i>	
Shares			
Outstanding shares (thousands of shares)	94,433	94,433	
Earnings per thousand of shares (in Brazilian reais - R\$)	948.76	748.87	-21.1

	06/30/2013	06/30/2014	% variance
Financial indicators			
Total assets	4,258,717	4,897,119	15.0
Debts in local currency	998,387	1,646,409	64.9
Equity	2,629,506	2,615,714	-0.5

Operating expenses

	2Q2013	2Q2014	% variance
Depreciation and amortization	(54,397)	(54,298)	-0.2
Electric power purchased for resale	(7,004)	(36,293)	418.2
Power grid charges	(18,266)	(20,480)	12.1
Personnel	(17,767)	(19,396)	9.2
Financial compensation due to the use of water resources	(14,202)	(12,093)	-14.9
Outside services	(9,631)	(10,089)	4.8
Other	(2,122)	(2,220)	4.6
Insurance	(1,109)	(1,207)	8.8
Electric power service inspection fee (TFSEE)	(1,047)	(1,018)	-2.8
Rents	(911)	(977)	7.2
Material	(1,050)	(911)	-13.2
Provisions for tax, labor and environmental risks	(687)	(317)	-53.9
Reversal / (recognition) of estimated doubtful debts	(355)	1,007	-383.7
	(128,548)	(158,292)	23.1

Operating expenses totaled R\$158,292 in the quarter, 23.1% higher than the R\$128,548 recorded for the same period of the prior year.

Below are the main factors that affected operating expenses:

- Electric power purchased for resale: the increase of R\$29,289 or 418.2% is related to the unfavorable hydrological scenario represented by the reduction in the levels of the Generation Scaling Factor (GSF);
- Power grid charges: the increase of R\$2,214 or 12.1% in the quarter arises from inflation adjustments on these charges;
- Financial compensation due to the use of water resources: the decrease of R\$2,109, or 14.9% compared to the same period of the prior year is due to the lower volume generated in the quarter of 2,243,084.84 MWh, 19.5% below to the volume of 2,787,037.74 MWh generated in the same period of the prior year, partially offset by the adjustment of 5.9% in the Updated Benchmark Tariff (TAR), which increased from R\$75.45/MWh to R\$ 79.87/MWh as from January 1, 2014;
- Reversal / (recognition) of estimated doubtful debts: In 2014, the amounts recognized were reversed due to the decrease of the Company's share in the apportionment of default upon settlement of the Electric Power Commercialization Chamber (CCEE).

EBITDA and EBITDA Margin

	2Q2013	2Q2014	% variance
Profit for the period	89,594	70,718	-21.1
Income tax and social contribution	45,145	36,090	-20.1
Finance income (net)	23,332	19,562	-16.2
Depreciation and amortization	54,397	54,298	-0.2
Ebitda	212,468	180,668	-15.0
<i>Ebitda margin</i>	<i>74.1%</i>	<i>63.5%</i>	

EBITDA (earnings before interest, income tax and social contribution, 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 calculated based on CVM Instruction 527/2012. EBITDA should not be considered as an alternative to cash flow as an indicator of liquidity.

The Company's management believes that EBITDA provides a useful measurement of its performance, extensively used by investors and analysts to evaluate performance and compare companies. By making these comparisons, however, the investor should bear in mind that EBITDA is not a measurement recognized by the accounting practices adopted in Brazil and that it may be calculated differently by different companies.

The Company's EBITDA dropped by 15.0% compared to the same period of the prior year, primarily due to the higher amount of operating expenses in line item as "electric power purchased for resale".

Finance income

	2Q2013	2Q2014	% variance
Finance income	6,500	22,206	241.6
Finance costs	(29,832)	(41,768)	40.0
Finance income (net)	(23,332)	(19,562)	-16.2

Finance income (net) dropped by R\$3,770 or 16.2% compared to the same quarter of the prior year. Finance income grew by 241.6%, primarily due to the higher average volume invested in the period and finance costs grew by 40% due to inflation rates.

Debentures

Issuance	Series	Yield	Maturity	06/30/2013	06/30/2014
1st	1	CDI fluctuation + 2.15% p.y.	09/15/2013	63,978	-
1st	2	IPCA fluctuation + 11.6% p.y.	09/15/2015	128,673	-
2nd	Single	IGP-M fluctuation + 8.59%	07/16/2015	650,693	465,697
3rd	Single	CDI fluctuation + 1.15% p.y.	10/1/2017	155,043	157,382
4th	1	CDI fluctuation + 0.65% p.y.	07/16/2018	-	261,484
4th	2	IPCA fluctuation + 6.07 % p.y.	07/16/2023	-	280,410
5th	1	CDI fluctuation + 0.89% p.y.	05/20/2019	-	240,089
5th	2	IPCA fluctuation + 7.01% p.y.	05/20/2021	-	241,347
				998,387	1,646,409

The Company's debentures in the quarter amount to R\$1,646,409, up 64.9% compared to the amount of R\$998,387 for the same period of the prior year. Such variance arises mainly from the 4th and 5th issues of debentures, in the amount of R\$500,000 and R\$479,000, respectively, which is offset by the early settlement of the balance of the 1st issue, other interest payment and inflation adjustment during such period.

Net financial debt

Net financial debt, comprised of debentures less cash and cash equivalents, totaled R\$523,048 or 19.1%, lower than the amount of R\$646,251, in the same period of the prior year, mainly due to the higher volume of cash in the year, offset by the proceeds from the 5th issuance of debentures.

	06/30/2013	06/30/2014	% variance
Debentures	998,387	1,646,409	64.9
Short-term	386,769	288,845	-25.3
Long-term	611,618	1,357,564	122.0
Cash	(352,136)	(1,123,361)	219.0
Net debt	646,251	523,048	-19.1

Profit for the period

Due to the aforementioned items, the Company recorded profit of R\$70,718 in the second quarter of 2014, which is lower than the amount of R\$89,594 or 21.1% below, recorded in the same period of the prior year.

BALANCE SHEETS AS AT JUNE 30, 2014 AND DECEMBER 31, 2013
 (In thousands of Brazilian reais – R\$)

ASSETS	Note	06/30/2014	12/31/2013
Current assets			
Cash and cash equivalents	6	1,123,361	611,670
Trade receivables	7	123,424	168,728
Recoverable taxes	8	7,741	5,059
Services in progress		14,630	12,661
Prepaid expenses		2,888	321
Sundry debtors		2,001	1,014
Related parties	13.1	351	-
Other assets		527	990
Total current assets		1,274,923	800,443
Noncurrent assets			
Trade receivables	7	1,258	1,555
Recoverable taxes	8	1,137	318
Escrow deposits	9	37,388	35,544
Restricted funds		1	525
Prepaid expenses		3,729	3,861
Investments		26	26
Property, plant and equipment	10	3,545,655	3,633,639
Intangible assets	11	33,002	34,400
Total noncurrent assets		3,622,196	3,709,868
Total assets		4,897,119	4,510,311

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

BALANCE SHEETS AS AT JUNE 30, 2014 AND DECEMBER 31, 2013
(In thousands of Brazilian reais – R\$)

LIABILITIES AND EQUITY	Note	06/30/2014	12/31/2013
Current liabilities			
Trade payables	12	47,172	15,079
Payroll and related taxes		9,098	14,094
Debentures	14	288,845	249,245
Taxes payable	8	92,616	182,240
Dividends and interest on capital	20.4	1,334	269,055
Accrued payables		8,544	6,558
Cibacap	15	1,578	344
Regulatory charges	19	24,341	26,268
Other liabilities		749	344
Total current liabilities		474,277	763,227
Noncurrent liabilities			
Debentures	14	1,357,564	861,888
Deferred revenue		11,801	9,269
Special obligations	18	8,389	8,650
Provisions for tax, labor and environmental risks	17	20,410	19,828
Cibacap	15	7,537	8,697
Deferred income tax and social contribution	8	385,846	399,903
Distribution system tariff (TUSDg)	12	5,854	5,098
Regulatory charges	19	9,403	10,156
Other liabilities		324	325
Total noncurrent liabilities		1,807,128	1,323,814
Equity			
Capital	20.1	1,339,138	1,339,138
Capital reserves	20.2	99,537	99,512
Earnings reserve	20.3	112,771	112,586
Retained earnings	20.4	226,115	-
Valuation adjustments to equity	20.5	838,153	872,034
Total equity		2,615,714	2,423,270
Total liabilities and equity		4,897,119	4,510,311

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

INCOME STATEMENTS
FOR THE SIX-MONTH PERIODS ENDED JUNE 30, 2014 AND 2013
(Amounts in thousands of Brazilian reais - R\$, unless otherwise stated)

	Note	04/01/2014 to 06/30/2014	01/01/2014 to 06/30/2014	04/01/2013 to 06/30/2013	01/01/2013 to 06/30/2013
Net operating revenue	21	284,662	638,907	286,619	561,972
Operating income (expenses)	22				
Personnel		(19,396)	(37,859)	(17,767)	(33,403)
Material		(911)	(1,653)	(1,050)	(1,865)
Outside services		(10,089)	(19,036)	(9,631)	(17,964)
Electric power service inspection fee (TFSEE)		(1,018)	(2,036)	(1,047)	(2,095)
Electric power purchased for resale	23.2	(36,293)	(56,569)	(7,004)	(31,413)
Power grid charges	23.3	(20,480)	(40,734)	(18,266)	(36,778)
Financial compensation due to the use of water resources		(12,093)	(29,123)	(14,202)	(27,228)
Depreciation and amortization	10.b e 11.b	(54,298)	(108,596)	(54,397)	(108,804)
Provisions for tax, labor and environmental risks		(317)	(418)	(687)	(3,261)
Reversal / (recognition) of estimated doubtful debts		1,007	1,427	(355)	2,389
Rents		(977)	(1,969)	(911)	(1,776)
Insurance		(1,207)	(2,393)	(1,109)	(2,191)
Other		(2,220)	(3,745)	(2,122)	(3,569)
		(158,292)	(302,704)	(128,548)	(267,958)
Operating profit		126,370	336,203	158,071	294,014
Finance income (costs)	24				
Finance income		22,206	38,752	6,500	10,658
Finance costs		(41,768)	(84,061)	(29,832)	(61,653)
		(19,562)	(45,309)	(23,332)	(50,995)
Profit before income tax and social contribution		106,808	290,894	134,739	243,019
Income tax and social contribution	8.2				
Current		(43,533)	(112,817)	(52,975)	(95,938)
Deferred		7,443	14,157	7,830	14,032
		(36,090)	(98,660)	(45,145)	(81,906)
Profit for the period		70,718	192,234	89,594	161,113
Earnings per share from continuing activities (in R\$ per share)					
Basic and diluted earnings per PN share	25	0.74887	2.03567	0.94875	1.70611
Basic and diluted earnings per ON share	25	0.74887	2.03567	0.94875	1.70611

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

STATEMENTS OF COMPREHENSIVE INCOME
FOR THE SIX-MONTH PERIODS ENDED JUNE 30, 2014 AND 2013
 (Amounts in thousands of Brazilian reais - R\$, unless otherwise stated)

	04/01/2014 to 06/30/2014	01/01/2014 to 06/30/2014	04/01/2013 to 06/30/2013	01/01/2013 to 06/30/2013
Profit for the period	70,718	192,234	89,594	161,113
Actuarial gains on defined benefit pension plan	133	284	573	1,151
Deferred income tax and social contribution on actuarial gains	(48)	(99)	(195)	(391)
	85	185	378	760
Comprehensive income for the period	70,803	192,419	89,972	161,873

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

STATEMENTS OF CASH FLOWS
FOR THE SIX-MONTH PERIODS ENDED JUNE 30, 2014 AND 2013
(In thousands of Brazilian reais – R\$)

	06/30/2014	06/30/2013
Cash flows from operating activities		
Profit for the period	192,234	161,113
Adjustments to:		
Depreciation and amortization	108,596	108,804
Write-offs of property, plant and equipment/intangible assets	369	281
Deferred income tax and social contribution	(14,157)	(14,032)
Reversal of estimated doubtful debts	(1,427)	(2,389)
Interest on debentures	54,340	43,138
Inflation adjustment on debentures	25,610	14,146
Provisions for tax, labor and environmental risks	69	3,261
Inflation adjustment on provision for tax, labor and environmental risks	297	176
Inflation adjustment on escrow deposits	(1,835)	(378)
Share-based payment	25	80
Changes in assets and liabilities		
Trade receivables	47,028	(3,561)
Sundry debtors	(987)	(1,404)
Related parties	(351)	391
Escrow deposits	(9)	(526)
Services in progress	(1,969)	(3,152)
Restricted funds	524	(30)
Prepaid expenses	(2,435)	(2,263)
Trade payables	32,849	(20,976)
Payroll and related taxes	(4,996)	(6,536)
Taxes, fees and contributions	95,031	111,454
Estimated payables	1,986	2,046
Deferred revenue	2,532	1,966
Cibacap	74	(540)
Reversal/(recognition) of provisions for tax, labor and environmental risks	216	(845)
Other changes in assets and liabilities	(1,628)	1,995
Cash provided by operating activities	531,986	392,219
Interest and inflation adjustment paid on debentures	(19,832)	(9,060)
Income tax and social contribution paid	(188,056)	(14,849)
Net cash provided by operating activities	324,098	368,310
Cash flows from investing activities		
Additions to property, plant and equipment	(19,713)	(14,642)
Additions to intangible assets	(131)	(470)
Net cash used in investing activities	(19,844)	(15,112)
Cash flows from financing activities		
Proceeds from the issuance of debentures	479,000	-
Transactions costs on the issuance of debentures	(3,842)	-
Dividends and interest on capital paid	(267,721)	(170,614)
Net cash provided by (used in) financing activities	207,437	(170,614)
Increase in cash and cash equivalents (net)	511,691	182,584
Cash and cash equivalents at the beginning of the period	611,670	169,552
Cash and cash equivalents at the end of the period	1,123,361	352,136

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

STATEMENTS OF VALUE ADDED
FOR THE SIX-MONTH PERIODS ENDED JUNE 30, 2014 AND 2013
(In thousands of Brazilian reais – R\$)

	06/30/2014	06/30/2013
Revenues		
Sale of electric power	709,063	618,854
Revenue relating to the construction of own assets	19,713	14,642
Reversal of estimated doubtful debts	1,427	2,389
	730,203	635,885
Inputs acquired from third parties		
Electric power purchased and power grid charges	(97,303)	(68,191)
Materials and outside services	(20,689)	(19,829)
Construction of own assets	(19,713)	(14,642)
Other operating costs	(5,810)	(8,153)
	(143,515)	(110,815)
Gross added value	586,688	525,070
Depreciation and amortization	(108,596)	(108,804)
Net value added	478,092	416,266
Rents	20	33
Finance income	38,752	10,658
Other	2,733	9,517
Total value added received	41,505	20,208
Total value added for distribution	519,597	436,474
Distribution of value added		
Personnel		
Salaries and wages	19,974	16,681
Benefits	4,107	3,720
FGTS	1,881	1,783
Accrued bonus	3,815	3,651
Profit sharing	2,351	1,953
Social security charges (except INSS)	1,413	1,563
	33,541	29,351
Taxes, fees and contributions		
Federal	198,402	174,342
State	9,316	8,170
Municipal	75	69
	207,793	182,581
Lenders and lessors		
Rents	1,969	1,776
Interest on debentures	54,340	43,138
Inflation adjustment on debentures	25,610	14,146
Recovery of interest and inflation adjustment on debentures (note 14.3)	(3,431)	-
Other finance costs	7,541	4,369
	86,029	63,429
Other		
Retained earnings	192,234	161,113
	192,234	161,113
Total value added distributed	519,597	436,474

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

**NOTES TO THE INTERIM FINANCIAL INFORMATION (ITR)
FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2014**

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

1. GENERAL INFORMATION

Duke Energy International, Geração Paranapanema S.A. ("Company") is a publicly-held corporation and a public utility concessionaire, operating as independent generator, with registered head office in the Sao 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 Sao 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% of the Canoas Complex consisting of the Canoas I and II hydroelectric power plants.

These financial statements were approved by the Board of Directors and authorized for issue on August 11, 2014.

2. SUMMARY OF CRITICAL ACCOUNTING POLICIES AND PRESENTATION OF FINANCIAL STATEMENTS

The interim financial information contained herein has been prepared in accordance with CPC 21 (R1) and IAS 34 - Interim Financial Reporting, issued by the International Accounting Standards Board (IASB), and in conformity with the standards issued by the Brazilian Securities and Exchange Commission (CVM) applicable to the preparation of Interim Financial Information (ITR).

Consequently, as described in Circular Letter CVM/SNC/SEP 03/2011, 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 2013 annual financial statements. The related information is disclosed in notes 2.1 to 2.18 to those financial statements.

The Company analyzed the new CPC/IFRS pronouncements and interpretations effective beginning January 1, 2014 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 described in the 2013 annual financial statements are applicable to this interim financial information, as presented in note 3 of those financial statements.

4. BUSINESS RISK MANAGEMENT

4.1. Financial risk factors

The Company hereby declares that the information on financial risk factors described in the 2013 annual financial statements are applicable to this interim financial information, as presented in notes 4.1 to 4.4 to the financial statements, except for the sensitivity analysis and capital management, as described below:

4.1.1. Sensitivity analysis

In accordance to item 40 of CPC 40 (R1) - Financial Instruments the Company discloses 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 period.

The sensitivity for the probable scenario was calculated taking into consideration the changes in the rates and indexes on June 30, 2014 and the assumptions available in the market for the next twelve months (source: Focus of Brazilian Central Bank). The sensitivity analysis also took into consideration four other scenarios, with favorable and unfavorable stress of 25% and 50% on interest rates and floating indexes compared to the probable scenario.

The following table shows the impacts on the Company's finance income for the five scenarios estimated for the next twelve months:

Debt			06/30/2014	Scenario - Δ 50%	Scenario - Δ 25%	Probable Scenario	Scenario + Δ 25%	Scenario + Δ 50%
Debentures	Issuance	Index						
	2nd	IGP-M	(465,697)	(54,533)	(61,798)	(69,063)	(76,328)	(83,593)
	3rd	CDI	(157,382)	(9,427)	(13,236)	(17,044)	(20,853)	(24,662)
	4th S1	CDI	(261,484)	(14,355)	(20,683)	(27,011)	(33,339)	(39,667)
	4th S2	IPCA	(280,410)	(26,162)	(30,733)	(35,304)	(39,874)	(44,445)
	5th S1	CDI	(240,089)	(13,757)	(19,567)	(25,377)	(31,188)	(36,998)
	5th S2	IPCA	(241,347)	(24,786)	(28,720)	(32,654)	(36,588)	(40,522)
			(1,646,409)	(143,020)	(174,737)	(206,453)	(238,170)	(269,887)
Cash and cash equivalents			1,123,361	54,371	81,556	108,741	135,926	163,112
Total net exposure			(523,048)	(88,649)	(93,181)	(97,712)	(102,244)	(106,775)

Changes in indices	Scenario - Δ 50%	Scenario - Δ 25%	Probable Scenario	Scenario + Δ 25%	Scenario + Δ 50%
IGP-M	3.12%	4.68%	6.24%	7.80%	9.36%
IPCA	3.26%	4.89%	6.52%	8.15%	9.78%
CDI	4.84%	7.26%	9.68%	12.10%	14.52%

4.2. Capital management

	06/30/2014	12/31/2013
Debentures	1,646,409	1,111,133
Cash and cash equivalents	(1,123,361)	(611,670)
Net debt	523,048	499,463
Equity	2,615,714	2,423,270
Total capital	3,138,762	2,922,733
Financial leverage ratio (%)*	16.7	17.1

*Net debt / total capital

The changes in the capital management balance arise from regular changes in the period.

4.3. Fair value estimate

The Company hereby declares that the information on the fair value estimate described in the 2013 annual financial statements are applicable to this interim financial information, as presented in note 4.3 to the financial statements.

5. CREDIT QUALITY OF FINANCIAL ASSETS

The credit quality of financial assets that are not past due 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	06/30/2014	Standard & Poor's	Moody's	12/31/2013
A-3	BR-1	734,149	A-3	BR-1	274,075
A-2	BR-1	10	A-2	BR-1	328,030
A-3	-	119,089	A-2	-	9,559
B	BR-1	270,110	-	BR-1	3
*	*	3	*	*	3
		1,123,361			611,670

* As at June 30, 2014, the balance of R\$3 (R\$3 as at December 31, 2013) refers to imprest cash fund and, therefore, it does not have a risk rating.

6. CASH AND CASH EQUIVALENTS

	06/30/2014	12/31/2013
Cash and banks	2,351	659
Short-term investments		
Bank certificate of deposit (CDB)	1,105,431	611,011
Fixed-income fund	15,579	-
	1,123,361	611,670

The main changes refer to: (i) the 5th issuance of debentures, in the amount of R\$479,000, as described in note 14; (ii) generation of cash from operating activities and; (iii) acquisition of property, plant and equipment in the amount of (R\$19,713), mainly machinery and equipment for Chavantes hydroelectric power plant repowering project, as described in note 10.

Short-term investments correspond to transactions involving bank certificates of deposit and fixed-income investment funds, which are carried out with institutions operating in the domestic financial market and are contracted under regular market terms and conditions and rates, which are highly liquid, pose low credit risk and yield interest based on market practices.

The characteristics of the balances are the same as described in note 6 to the 2013 annual financial statements.

7. TRADE RECEIVABLES

	06/30/2014			12/31/2013		
	Current	Noncurrent	Total	Current	Noncurrent	Total
Receivables from bilateral agreements	91,411	-	91,411	88,642	-	88,642
Receivables from auction agreements	23,073	1,450	24,523	31,313	1,747	33,060
Short-term power (MRE/MCP)	9,624	-	9,624	51,146	-	51,146
	124,108	1,450	125,558	171,101	1,747	172,848
Estimated doubtful debts	(684)	(192)	(876)	(2,373)	(192)	(2,565)
	123,424	1,258	124,682	168,728	1,555	170,283

Changes in estimated doubtful debts ("ECLD"):

Balance as at December 31, 2013	(2,565)
Recognition	(684)
Reversal	2,111
Reversal due to effective loss	262
Balance as at June 30, 2014	(876)

Breakdown of trade receivables:	06/30/2014	12/31/2013
Short-term	124,108	171,101
ECLD up to 90 days	(684)	(2,018)
ECLD between 91 and 365 days	-	(355)
Total short-term	123,424	168,728
Long-term	1,450	1,747
ECLD over 365 days	(192)	(192)
Total long-term	1,258	1,555
Total trade receivables	124,682	170,283

The changes in the balance of Trade Receivables arise from normal changes in this period; all information on trade receivables is described in note 7 to the 2013 annual financial statements.

8. RECOVERABLE TAXES / TAXES PAYABLE

	06/30/2014		12/31/2013	
	Current	Noncurrent	Current	Noncurrent
Assets				
IRPJ and CSLL	7,493	819	4,772	-
PIS and COFINS	188	-	227	-
ICMS	-	318	-	318
ISS	21	-	39	-
INSS	39	-	21	-
	7,741	1,137	5,059	318
Liabilities				
IRPJ and CSLL	81,922	-	160,538	-
PIS and COFINS	8,835	-	10,018	-
ICMS	1,549	-	1,442	-
IRRF on interest on capital	-	-	9,934	-
Other	310	-	308	-
	92,616	-	182,240	-
Deferred tax asset				
Temporary differences	-	(9,502)	-	(11,495)
Tax benefit	-	(34,352)	-	(36,518)
Deferred tax liability				
Valuation adjustments to equity	-	429,700	-	447,916
Deferred tax liability (net)	-	385,846	-	399,903

The changes in the balance of Recoverable Taxes/Taxes Payable arise from normal changes in this period, and the complete information thereon is disclosed in notes 8 and 8.1 to the 2013 annual financial statements.

8.1. Tax benefit - merged goodwill

The Company recognized a provision to keep the integrity of equity, whose reversal will neutralize the effect arising from the amortization of goodwill on the balance sheet. The composition of the balance is as follows:

	06/30/2014			12/31/2013
	Goodwill	Provision	Net amount	Net amount
Balances arising from the merger	305,406	(201,568)	103,838	103,838
Realization	(204,359)	134,873	(69,486)	(67,320)
Balances at the end of the period	101,047	(66,695)	34,352	36,518

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

	06/30/2014	06/30/2013
Goodwill amortization	(6,373)	(6,876)
Reversal of provision	4,207	4,538
Tax benefit	2,166	2,338
Net effect in the period	-	-

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

	2014	2015	2016	2017	2018	2019 - 2020	2021 - 2024	2025 onwards	Total
Estimated realization	2,167	4,002	3,695	3,299	2,946	4,978	7,132	6,133	34,352

The changes in the tax benefits balance arise from the normal changes in the current quarter, and complete information thereon is disclosed in note 8.2 to the 2013 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:

	06/30/2014			06/30/2013		
	IRPJ	CSLL	Total	IRPJ	CSLL	Total
Profit before IRPJ and CSLL	290,894	290,894	290,894	243,019	243,019	243,019
Statutory IRPJ and CSLL rate	25%	9%	34%	25%	9%	34%
IRPJ and CSLL at statutory rates	72,724	26,181	98,905	60,755	21,872	82,627
Adjustments for calculation at effective rate						
Amortization of inflation creditor charge	(1,104)	37	(1,067)	(1,106)	37	(1,069)
Reversal of ECLD	(422)	(152)	(574)	(597)	(215)	(812)
Tax benefit - merged goodwill (Aneel Resolution 02/2002)	(1,593)	(573)	(2,166)	(1,719)	(619)	(2,338)
Non-deductible expenses	723	119	842	713	117	830
Law Rouanet and Children Fund	-	-	-	(480)	-	(480)
Adjustments arising from the RTT	13,474	4,851	18,325	13,109	4,719	17,828
Temporary differences in profit or loss	(10,410)	(3,747)	(14,157)	(10,318)	(3,714)	(14,032)
Other	(1,071)	(377)	(1,448)	(485)	(163)	(648)
IRPJ and CSLL affecting profit or loss	72,321	26,339	98,660	59,872	22,034	81,906
Current IRPJ and CSLL affecting profit or loss	82,731	30,086	112,817	70,190	25,748	95,938
Deferred IRPJ and CSLL affecting profit or loss	(10,410)	(3,747)	(14,157)	(10,318)	(3,714)	(14,032)
Total IRPJ and CSLL affecting profit or loss	72,321	26,339	98,660	59,872	22,034	81,906
Effective tax rate	24.86%	9.05%	33.92%	24.64%	9.07%	33.70%

The changes in the balances of Current and Deferred Income Tax and Social Contribution arise from normal changes in this period, and the complete information thereon is disclosed in note 8.3 to the 2013 annual financial statements.

8.3. Analysis of the impacts arising from Law 12973/14 (MP 627)

Provisional Act 627, of November 11, 2013, changed into Law 12973, of May 14, 2014, and Regulatory Instruction 1397, of September 16, 2013, issued by Federal Revenue Service, significantly changed federal tax rules. The provisions set forth in the aforementioned law will become mandatorily effective beginning calendar year 2015, and early adoption is permitted beginning calendar year 2014.

As early adoption of Law 12973, the Company's management understands that there are uncertainties with respect to the extent and the impacts arising from the aforementioned

provisions and it will await the instructions from the Federal Revenue Service with respect to the adoption period to be disclosed.

Among other matters, article 72 of Law 12973 established the tax neutrality with respect to payment of dividends based on profit recognized between January 1 and December 31, 2013 and in prior years, stressing the decision of adoption beginning calendar year 2015 only.

9. ESCROW DEPOSITS

a) Breakdown

	06/30/2014	12/31/2013	Variance
Environmental	4,796	4,612	184
Tax:			-
IPTU (Municipality of Primeiro de Maio)	1,190	1,152	38
Late payment fine on IRRF, IRPJ and CSLL	107	103	4
Late payment fine on PIS, COFINS, IRPJ, CSLL and IOF	6,778	6,513	265
Tusd-g	24,517	23,164	1,353
	37,388	35,544	1,844

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

The Company hereby declares that the information on escrow deposits described in the 2013 annual financial statements is the same as that included in this interim financial information (ITR), as presented in note 9.

b) Changes in escrow deposits

	Tax	Environmental	Regulatory	Total
Balance as at 12/31/2013	7,768	4,612	23,164	35,544
Inflation adjustments	307	175	1,353	1,835
Additions	-	9	-	9
Total changes in the period	307	184	1,353	1,844
Balance as at 06/30/2014	8,075	4,796	24,517	37,388

10. PROPERTY, PLANT AND EQUIPMENT

a) Breakdown

	06/30/2014		12/31/2013	Average annual depreciation rate
	Cost	Accumulated depreciation	Net amount	
In service				
Land	210,997	-	210,997	-
Reservoirs, dams and water mains	3,407,415	(838,701)	2,568,714	4.5%
Buildings, civil construction and improvements	468,673	(148,840)	319,833	3.2%
Machinery and equipment	824,885	(250,696)	574,189	5.7%
Vehicles	5,880	(3,026)	2,854	14.9%
Furniture and fixtures	1,774	(1,409)	365	5.7%
(-) Canoas I and II plants reserves	(200,675)	-	(200,675)	
	4,718,949	(1,242,672)	3,476,277	3,573,990
In progress				
Reservoirs, dams and water mains	758	-	758	1,609
Buildings, civil construction and improvements	1,072	-	1,072	2,199
Machinery and equipment	62,376	-	62,376	50,352
Furniture and fixtures	787	-	787	960
	64,993	-	64,993	55,120
Land	4,249	-	4,249	4,249
Vehicles	136	-	136	280
	4,788,327	(1,242,672)	3,545,655	3,633,639
(-) Special obligations* (Note 18)	(6,964)	381	(6,583)	(6,624)
	4,781,363	(1,242,291)	3,539,072	3,627,015

b) Changes in property, plant and equipment

	Net amount as at 12/31/2013	Additions	Depreciation	Write-offs	Reclassifications and transfers	Net amount as at 06/30/2014
Land	215,246	-	-	-	-	215,246
Reservoirs, dams and water mains	2,676,073	461	(77,352)	(8)	(29,702)	2,569,472
Buildings, civil construction and improvements	327,241	1,148	(7,485)	-	1	320,905
Machinery and equipment	611,119	17,788	(22,024)	(361)	30,043	636,565
Vehicles	3,271	137	(418)	-	-	2,990
Furniture and fixtures	1,364	179	(49)	-	(342)	1,152
(-) Canoas I and II plants reserves	(200,675)	-	-	-	-	(200,675)
	3,633,639	19,713	(107,328)	(369)	-	3,545,655
(-) Special obligations* (Note 18)	(6,624)	-	41	-	-	(6,583)
	3,627,015	19,713	(107,287)	(369)	-	3,539,072

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.

On January 1, 2009 (first-time adoption of the IFRS), property, plant and equipment were increased by R\$2,083,565 due to the adoption of the deemed cost as a counterpart to the

valuation adjustment to equity in “equity”. Within the context of fair value calculation, the Company took into consideration the reimbursable concession residual values and the increase in fair value was limited to the indemnity amount. Accordingly, the Company recognized a reserve of R\$200,675, relating to the residual balance at the end of the concession term of Canoas I and II plants.

The additional depreciation expense, calculated on the adjustments to the deemed cost in the periods ended June 30, 2013 and June 30, 2014, amounted to R\$51,186 and R\$50,297, respectively.

Land was stated 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. Concession-related assets

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 20/1999 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 under discussion by Aneel, which deals with the review of this resolution.

10.4. Concession arrangements

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.

10.5. 15% growth

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 June 30, 2014 consist of software licenses and rights of way and to the Use of Public Assets (UBP).

a) Breakdown

	06/30/2014			12/31/2013	Average annual amortization rate
	Cost	Accumulated amortization	Net amount	Net amount	
UBP	53,494	(24,810)	28,684	29,609	3%
Software	23,725	(20,998)	2,727	3,331	5%
Rights of way	75	-	75	75	
	77,294	(45,808)	31,486	33,015	
In progress					
Software	1,516	-	1,516	1,385	
	78,810	(45,808)	33,002	34,400	
(-) Special obligations* (Note 18)	(2,207)	401	(1,806)	(2,026)	
	76,603	(45,407)	31,196	32,374	

b) Changes in intangible assets

	Net amount as at 12/31/2013	Additions	Amortization	Net amount as at 06/30/2014
UBP	29,609	-	(925)	28,684
Software	4,716	131	(604)	4,243
Right of way	75	-	-	75
	34,400	131	(1,529)	33,002
(-) Special obligations* (Note 18)	(2,026)	-	220	(1,806)
	32,374	131	(1,309)	31,196

12. TRADE PAYABLES

	06/30/2014			12/31/2013		
	Current	Noncurrent	Total	Current	Noncurrent	Total
Electric power supply	32,612	-	32,612	7	-	7
Materials and services	5,785	-	5,785	6,367	-	6,367
Power grid charges						
Tust	7,936	-	7,936	7,871	-	7,871
Tusd-g	818	5,854	6,672	813	5,098	5,911
Connection charges	21	-	21	21	-	21
	47,172	5,854	53,026	15,079	5,098	20,177

Supply of power refers to the purchase of power in the short-term market, within the scope of CCEE.

There were no new events related to the legal discussion on the review of the amounts to be paid due to Tusd-g, which are stated net of escrow deposits, in noncurrent liabilities.

The changes in the balance of Trade Payables arise from normal changes in this period, and the complete information on trade payables is described in note 12 to the 2013 annual financial statements.

13. RELATED PARTIES

13.1. Transactions and balances

The Company entered into expense sharing agreements with associates DEB – Pequenas Centrais Hidrelétricas Ltda (“DEB”) and Duke Energy International, Brasil Ltda. (“Duke Brasil”). Due from related parties under these agreements as at June 30, 2014 amounts to R\$351 (there was no balance as at December 31, 2013).

To the extent that the Company’s customers require guarantees in commercial transactions, Duke Brasil offers such guarantees on behalf of the Company, whose amount as at June 30, 2014 is R\$181,725 (R\$164,209 as at December 31, 2013). Other significant transactions with related parties refer to the distribution of dividends.

13.2. Project development agreement

On December 21, 2012, the Extraordinary General Meeting (“EGM”) approved the execution of the Project Development Agreement (“Agreement”), whose counterparty is a company belonging to the Company’s economic group (Duke Brasil), the Company’s controlling shareholder, which is engaged in participating in bids and/or auctions conducted within the scope of the power sector, by obtaining the related concessions, permits or authorizations.

The execution of the instruments referred to in item 13.1 above and in this item by the Company and other Group companies is in accordance with Aneel Regulatory Instruction 334/2008 and the Company’s internal policies.

Moreover, the EGM held on December 16, 2013 approved the establishment of the Independent Committee before the development of the project by the company in the same economic group as the Company, DEB – Pequenas Centrais Hidrelétricas Ltda. (“Project”), reaches the Commercial Operation Phase, so as to begin the studies on the potential acquisition of the Project by the Company, as set forth in the agreement and the prevailing law. The Independent Committee should: (i) verify the validity and effectiveness of Governmental Authorizations; (ii) verify the Project financial condition; and (iii) verify the Project technical, tax, accounting, environmental, regulatory and legal condition; and (iv) recommend the Project purchase and sales price. The Independent Committee is currently established and performing its duties.

The full information on the Project Development Agreement is described in note 13.2 to the 2013 annual financial statements.

13.3. Compensation of key management personnel

The table below shows the breakdown of compensation of key management personnel:

	04/01/2014 to 06/30/2014	01/01/2014 to 06/30/2014	04/01/2013 to 06/30/2013	01/01/2013 to 06/30/2013
Short-term benefits to employees and management	1,472	2,965	1,385	2,712
Post-employment benefits	49	97	40	79
	1,521	3,062	1,425	2,791
Share-based compensation	25	25	80	80
	1,546	3,087	1,505	2,871

The changes in the balance of Compensation of Key Management Personnel arise from normal changes in this period; all information on compensation of key management personnel is described in note 13.3 to the 2013 annual financial statements.

13.4. Transfer of rights and obligations

On September 25, 2013, the Company's Board of Directors approved the transfer of rights and obligations of the receivables held by Duke Trading Ltda. ("Duke Trading"), a company belonging to the same economic group, to the Company, in accordance with best corporate governance practices and the Company's internal policies, called "Related-party Transaction Policy". Such transfer was made due to the discontinuance of Duke Trading's activities within the scope of the CCEE, which will be completed in 2014, pursuant to the Minutes of the 139th Meeting of the Board of Directors ("RCA").

14. DEBENTURES

14.1. Breakdown and maturity

a) Breakdown

Issuance	Series	Yield	Maturity	Principal + Charges as at					
				06/30/2014			12/31/2013		
				Current	Noncurrent	Total	Current	Noncurrent	Total
2 ^a	Single	IGP-M fluctuation + 8.59% p.y.	07/16/2015	249,813	215,884	465,697	224,301	208,479	432,780
3 ^a	Single	CDI fluctuation + 1.15% p.y.	01/10/2017	7,674	149,708	157,382	7,011	149,610	156,621
4 ^a	1	CDI fluctuation + 0.65% p.y.	07/16/2018	11,951	249,533	261,484	10,876	249,455	260,331
4 ^a	2	IPCA fluctuation + 6.07 % p.y.	07/16/2023	15,264	265,146	280,410	7,057	254,344	261,401
5 ^a	1	CDI fluctuation + 0.89% p.y.	05/20/2019	2,593	237,496	240,089	-	-	-
5 ^a	2	IPCA fluctuation + 7.01% p.y.	05/20/2021	1,550	239,797	241,347	-	-	-
				288,845	1,357,564	1,646,409	249,245	861,888	1,111,133

Long-term maturity	06/30/2014
	Noncurrent
2015	214,682
2016	157,238
2017	237,092
2018	162,420
2019	159,803
2020	80,281
2021	168,924
2022	88,451
2023	88,673
	1,357,564

14.2. Changes

	2nd Issuance	3rd Issuance	4th Issuance		5th Issuance		Total
	Single Series	Single Series	Series 1	Series 2	Series 1	Series 2	
Balance as at December 31, 2013	432,780	156,621	260,331	261,401	-	-	1,111,133
Changes in debentures							
Proceeds from debenture issuance	-	-	-	-	239,000	240,000	479,000
Transaction costs	-	-	-	-	(1,921)	(1,921)	(3,842)
Amortization of transaction costs	690	97	78	38	32	23	958
Recognition of interest	18,801	8,327	13,244	8,207	2,978	1,825	53,382
Recognition of inflation adjustment	13,426	-	-	10,764	-	1,420	25,610
Recognition of reimbursement of interest and inflation adjustment (*)	-	-	-	-	(1,591)	(1,840)	(3,431)
Receipt of reimbursement of interest and inflation adjustment (*)	-	-	-	-	1,591	1,840	3,431
Payment of interest	-	(7,663)	(12,169)	-	-	-	(19,832)
	32,917	761	1,153	19,009	240,089	241,347	535,276
Balance as at June 30, 2014	465,697	157,382	261,484	280,410	240,089	241,347	1,646,409

(*) Note 14.3

The changes in the balance of Debentures, except for the 5th issuance described in item 14.3 below, arise from normal changes in this period, and the complete information of debentures is described in note 14 to the 2013 annual financial statements.

The Company has met all covenants set forth in the debenture indenture. Those covenants are described in note 14 to the 2013 annual financial statements.

14.3. Fifth issuance of debentures

On May 20, 2014, the Company raised R\$479,000 (four hundred and seventy nine million reais) on the local market in the form of debt, through public 5th issuance of simple debentures, not convertible into shares, issued in nominative form, scriptural, unsecured, in the local market which were distributed with restricted efforts, pursuant to CVM Instruction 476/2009, intended exclusively to qualified investors.

The issuance was made in two series, the first of which is comprised of R\$ 23,900 (twenty three thousand and nine hundred) debentures in the par value of R\$10 (ten thousand) each, maturing within five years, and the second of which is comprised of R\$24,000 (twenty four thousand) debentures in the par value of R\$10 (ten thousand) each, maturing within seven years, totaling R\$47,900 (forty seven thousand and nine hundred) debentures.

The proceeds arising from the first and second series were effectively released on June 10, 2014 and June 11, 2014, respectively. Interest and inflation adjustment between the debenture issuance date and effective release of the proceeds, totaling R\$3,431 (three million and four hundred thirty-one), were reimbursed to the Company and recorded under "Finance income, in "Finance costs", as "Recovery of interest and inflation adjustment of debentures". (see note 24.)

The offering was issued based on the resolutions: (i) from the Company's board of directors held on March 25, 2014; (ii) the board meeting held on April 3, 2014; (iii) the favorable opinion of the Company's Supervisory Board on April 3, 2014; (iv) the EGM held on April 28, 2014 and (v) the board meeting held on May 29, 2014, which approved the proposal submitted by Banco BTG Pactual S.A.

The net proceeds obtained by the Company from the Issuance will be fully used to pay the outstanding amounts of principal, interest and inflation adjustment on all 2nd issuance debentures, as set forth in the Private Instrument of Indenture of Public Issuance of Unsecured, Nonconvertible Debentures, executed on July 5. 2010.

Transaction costs incurred on the debenture issuance are accounted for as a reduction of the fair value initially recognized and were taken into consideration to determine the effective interest rate, pursuant to CPC 08 - Transaction Costs and Premiums on Issuance of Securities.

The covenants set forth in the fifth debenture issuance indenture are similar to those set out in the second, third and fourth debenture issuance indenture (see notes 14.4 and 14.5 to the 2013 annual financial statements).

Compensatory interest relating to the fifth issuance of the first series debentures correspond to 100% of the accumulated CDI fluctuation, plus interest of 0.89% p.y. Second series debentures will be adjusted based on the IPCA fluctuation plus compensatory interest of 7.01% p.y.

15. CIBACAP – CAPIVARA BASIN INTERCITY CONSORTIUM

	06/30/2014	12/31/2013
Current	1,578	344
Noncurrent	7,537	8,697
	9,115	9,041

The changes in the balance of Cibacap arise from normal changes in this period, and the complete information of Cibacap is described in note 15 to the 2013 annual financial statements.

16. PENSION AND RETIREMENT PLAN

In the period ended June 30, 2014 there were no changes in the assumptions used in actuarial valuations.

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

Expense/(income) for the period recognized in profit or loss for the quarter

	04/01/2014 to 06/30/2014	01/01/2014 to 06/30/2014	04/01/2013 to 06/30/2013	01/01/2013 to 06/30/2013
Cost of current service	336	676	675	1,350
Interest on actuarial obligation	5,204	10,408	4,397	8,794
Expected return on the plan asset	(6,793)	(13,564)	(4,745)	(9,490)
Interest on asset restriction	1,563	3,107	405	810
	310	627	732	1,464

The changes in the balance of Pension and Retirement Plan arise from normal changes in this period, and the complete information of pension and retirement plan is described in note 16 to the 2013 annual financial statements.

17. PROVISIONS FOR TAX, LABOR AND ENVIRONMENTAL RISKS

The Company hereby declares that the information on estimates involving the likelihood of classified by loss our outside legal counsel as probable and possible, as described in the 2013 annual financial statements, is applicable to this interim financial information, and the complete information is described in note 17 to that annual financial statements.

17.1. Provisions for tax, labor and environmental risks

a) Breakdown

	06/30/2014			12/31/2013
	Provision	Escrow deposit	Provisions net	Provisions net
Labor	6,456	3,042	3,414	3,228
Tax	12,717	650	12,067	11,975
Environmental	4,929	-	4,929	4,625
	24,102	3,692	20,410	19,828

b) Changes in the provision for tax, labor and environmental risks

	Labor	Tax	Environmental	Total
Balance as at 12/31/2013	3,228	11,975	4,625	19,828
Contingencies				
Provisions in the period	511	-	-	511
Reversals in the period	(442)	-	-	(442)
Adjustment of contingencies	-	108	304	412
	69	108	304	481
Escrow deposits				
Inflation adjustments	(99)	(16)	-	(115)
(Additions)	(148)	-	-	(148)
Write-off	364	-	-	364
	117	(16)	-	101
Total changes in the period	186	92	304	582
Balance as at 06/30/2014	3,414	12,067	4,929	20,410

The changes in the balance of provisions for probable tax, labor and environmental risks arise from normal changes in the period.

17.2. Possible contingencies

	06/30/2014	12/31/2013
Labor	15,968	8,207
Tax	73,930	72,155
Environmental	33,301	31,976
Regulatory	68,609	65,872
	191,808	178,210

The changes in the balance of Possible Contingencies arise from normal changes in this period, and the complete information of possible contingencies is described in note 17.2 to the 2013 annual financial statements.

18. SPECIAL OBLIGATIONS (*)

	06/30/2014	12/31/2013
Arising from property, plant and equipment (Note 10)		
Global Reversal Reserve - RGR	4,947	4,947
Equipment donations - ONS	1,487	1,516
Research & Development - R&D	149	161
	6,583	6,624
Arising from intangible assets (note 11)		
Research & Development - R&D - Software	1,806	2,026
	8,389	8,650

* Concession-related obligations

See additional comments in note 18 to the 2013 annual financial statements.

19. REGULATORY CHARGES

The payables arising from charges set out by power sector law are as follows:

	06/30/2014			12/31/2013		
	Current	Noncurrent	Total	Current	Noncurrent	Total
Financial compensation due to the use of water resources (CFURH)	7,334	-	7,334	12,390	-	12,390
Electric power service inspection fee (TFSEE)	338	-	338	349	-	349
Research & Development (R&D)	16,669	9,403	26,072	13,529	10,156	23,685
	24,341	9,403	33,744	26,268	10,156	36,424

See additional comments in note 19 to the 2013 annual financial statements.

20. EQUITY

20.1. Capital

As at June 30, 2014, the Company's authorized capital is R\$2,355,580, of which R\$785,193 comprised of common shares and R\$1,570,387 of preferred shares, all registered, book-entry and without par value.

Subscribed and paid-in capital is R\$1,339,138 (R\$1,339,138 as at December 31, 2013) represented by 94,433,283 shares, of which 31,477,761 are common shares and 62,955,522 are preferred shares, all registered, book-entry and without par value.

	Shareholding position as at 06/30/2014					
	Common	%	Preferred	%	Total	%
Shareholders						
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 Metropolitan de São Paulo	-	-	1,324	2.10	1,324	1.40
Other natural and legal persons	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 2013 annual financial statements.

On June 3, 2014, the Company's Executive Board approved during the 257th Meeting of the Executive Board the proposal for the Company's capital decrease, which is currently considered as significantly high for the attainment of its corporate purpose, to be submitted to the approval of the Extraordinary General Meeting ("EGM"). The amount of R\$1,339,138 will be reduced by R\$500,000 to R\$839,138.

There will be no cancellation of any common or preferred shares, and the percentage ownership interest held by the shareholders in the Company's capital will remain unchanged.

This proposal will also be submitted to the analysis of the Company's Supervisory Board, as well as to the approval of debenture holders of the Third Issuance of the Company's Debentures.

20.2. Capital reserves

	06/30/2014	12/31/2013
Goodwill on share subscription	468	468
Spin-off account	(6,418)	(6,418)
Goodwill on downstream merger	103,838	103,838
Share-based payment	1,649	1,624
	99,537	99,512

See additional comments in note 20.2 to the 2013 annual financial statements.

20.3. Earnings reserves

	06/30/2014	12/31/2013
Legal reserve	109,008	109,008
Pension plan	3,763	3,578
	112,771	112,586

20.4. Retained earnings

a) Breakdown of retained earnings

	06/30/2014
Profit for the period	192,234
Depreciation (deemed cost)	51,186
Write-offs (deemed cost)	152
Deferred IRPJ/CSLL	(17,457)
	226,115

b) Breakdown of dividends and interest on capital payable

	06/30/2014	12/31/2013
Proposed dividends	-	210,810
Interest on capital	146	57,137
Dividends, interest on capital and decrease of capital held in custody	1,188	1,108
	1,334	269,055

20.5. Valuation adjustments to equity

	Deemed cost	Pension plan	Total
Balance as at 12/31/2013	872,034	-	872,034
Valuation adjustments to equity			
Depreciation	(51,186)	-	(51,186)
Write-off	(152)	-	(152)
Deferred IRPJ/CSLL	17,457	-	17,457
	(33,881)	-	(33,881)
Comprehensive income			
Actuarial gains on defined benefit pension plan	-	284	284
Deferred income tax and social contribution on actuarial gains	-	(99)	(99)
	-	185	185
Reclassification of net actuarial gains - CPC 33 (R1)	-	(185)	(185)
Balance as at 06/30/2014	838,153	-	838,153

See additional comments in note 20.6 to the 2013 annual financial statements.

21. NET OPERATING REVENUE

	04/01/2014 to 06/30/2014	01/01/2014 to 06/30/2014	04/01/2013 to 06/30/2013	01/01/2013 to 06/30/2013
Supply of electric power				
Bilateral agreements	258,459	530,171	236,513	471,793
Auction agreements	52,653	108,248	62,099	125,165
Short-term market (MCP)	3,014	58,846	11,599	11,751
Power Reallocation Mechanism (MRE)	3,114	11,798	5,584	10,145
	317,240	709,063	315,795	618,854
Other revenues	1,182	2,753	4,088	9,550
	318,422	711,816	319,883	628,404
Deductions from operating revenue				
PIS and COFINS	(26,535)	(57,327)	(26,431)	(52,686)
ICMS	(4,365)	(9,166)	(3,817)	(8,021)
R&D	(2,860)	(6,416)	(3,016)	(5,725)
	(33,760)	(72,909)	(33,264)	(66,432)
Net operating revenue	284,662	638,907	286,619	561,972

22. OPERATING COSTS AND EXPENSES

Breakdown of operating costs and expenses by nature:

	04/01/2014 to 06/30/2014			04/01/2013 to 06/30/2013
	Cost of power sold	General and administrative expenses	Total	Total
Personnel	10,336	9,060	19,396	17,767
Material	849	62	911	1,050
Outside services	6,432	3,657	10,089	9,631
Electric power service inspection fee (TFSEE)	1,018	-	1,018	1,047
Electric power purchased for resale	36,293	-	36,293	7,004
Power grid charges	20,480	-	20,480	18,266
Financial compensation due to the use of water resources	12,093	-	12,093	14,202
Depreciation and amortization	53,890	408	54,298	54,397
Provisions for tax, labor and environmental risks	209	108	317	687
Recognition / (reversal) of estimated doubtful debts	-	(1,007)	(1,007)	355
Rents	-	977	977	911
Insurance	1,207	-	1,207	1,109
Other	256	1,964	2,220	2,122
	143,063	15,229	158,292	128,548

	01/01/2014 to 06/30/2014			01/01/2013 to 06/30/2013
	Cost of power sold	General and administrative expenses	Total	Total
Personnel	20,365	17,494	37,859	33,403
Material	1,560	93	1,653	1,865
Outside services	11,176	7,860	19,036	17,964
Electric power service inspection fee (TFSEE)	2,036	-	2,036	2,095
Electric power purchased for resale	56,569	-	56,569	31,413
Power grid charges	40,734	-	40,734	36,778
Financial compensation due to the use of water resources	29,123	-	29,123	27,228
Depreciation and amortization	107,753	843	108,596	108,804
Provisions for tax, labor and environmental risks	276	142	418	3,261
Recognition / (reversal) of estimated doubtful debts	-	(1,427)	(1,427)	(2,389)
Rents	-	1,969	1,969	1,776
Insurance	2,393	-	2,393	2,191
Other	580	3,165	3,745	3,569
	272,565	30,139	302,704	267,958

23. ELECTRIC POWER SOLD AND PURCHASED AND POWER GRID CHARGES

23.1. Electric power sold

	04/01/2014 to 06/30/2014		04/01/2013 to 06/30/2013	
	MWh (*)	R\$	MWh (*)	R\$
Bilateral	1,564,389	258,459	1,544,381	236,513
Auction agreements	441,971	52,653	562,465	62,099
Short-term market (MCP)	57,340	3,014	41,854	11,599
Power Reallocation Mechanism (MRE)	317,228	3,114	573,525	5,584
	2,380,929	317,240	2,722,225	315,795

	01/01/2014 a 30/06/2014		01/01/2013 a 30/06/2013	
	MWh (*)	R\$	MWh (*)	R\$
Contratos bilaterais	3,225,814	530,171	3,117,818	471,793
Contratos de leilões	914,796	108,248	1,141,906	125,165
Mercado de curto prazo - MCP	203,399	58,846	41,854	11,751
Mecanismo de realocação de energia - MRE	1,151,458	11,798	1,034,160	10,145
	5,495,467	709,063	5,335,738	618,854

(*) 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) as at June 30, 2014:

	MW (*)		
	2014	2015	2016
Electric power available for sale	1,006	1,004	1,004
Regulated Contracting Framework (ACR)	211	-	-
2007 (8 years)	211	-	-
Deregulated Contracting Framework (ACL)	721	925	891
Bilateral agreements entered into with deregulated consumers	721	925	891
Subtotal	932	925	891
Deregulated power supply	74	79	113
Percentage power contracted	92.6%	92.1%	88.7%

(*) Not reviewed by independent auditors.

23.2. Electric power purchased for resale

	04/01/2014 to 06/30/2014		04/01/2013 to 06/30/2013	
	MWh (*)	R\$	MWh (*)	R\$
Bilateral	13,392	(10,717)	-	-
Short-term market (MCP)	39,920	(24,145)	23,981	(1,230)
Power Reallocation Mechanism (MRE)	98,051	(1,431)	-	-
System Service Charges (ESS)	-	-	-	8,234
	151,363	(36,293)	23,981	7,004

	01/01/2014 to 06/30/2014		01/01/2013 to 06/30/2013	
	MWh (*)	R\$	MWh (*)	R\$
Bilateral	13,392	(10,717)	-	-
Short-term market (MCP)	64,558	(44,420)	129,809	21,474
Power Reallocation Mechanism (MRE)	98,051	(1,432)	-	-
System Service Charges (ESS)	-	-	-	9,939
	176,001	(56,569)	129,809	31,413

(*) Not reviewed by independent auditors.

In 2013 the amount of R\$9,939 relating to the collection of system service charge (ESS) was recorded, as a result of the additional commissioning of thermal power plants caused by energy reasons. Such amounts do not show corresponding power volume and are exclusively intended to reimburse these thermal power generation agents, in connection with the costs incurred with the maintenance of reliability and stability of the national interconnected system.

The changes in the balance of electric power purchased for resale arise from normal changes in this period, except for the aforementioned ESS; all information on electric power purchased for resale is described in note 23.2 to the 2013 annual financial statements.

23.3. Power grid charges

	04/01/2014 to 06/30/2014	01/01/2014 to 06/30/2014	04/01/2013 to 06/30/2013	01/01/2013 to 06/30/2013
Tust	18,226	36,348	16,037	32,080
Tusd-g	2,207	4,293	2,180	4,609
Connection charges	47	93	49	89
	20,480	40,734	18,266	36,778

See additional comments in note 23.3 to the 2013 annual financial statements.

24. FINANCE INCOME

	04/01/2014 to 06/30/2014	01/01/2014 to 06/30/2014	04/01/2013 to 06/30/2013	01/01/2013 to 06/30/2013
Income				
Short-term investments	18,727	32,776	5,556	8,505
Inflation adjustments				
Escrow deposits	1,785	3,950	804	1,585
Other	134	146	60	60
Interest and discounts obtained	1,560	1,880	80	508
	22,206	38,752	6,500	10,658
Expenses				
Interest on debentures	(30,167)	(54,340)	(22,364)	(43,138)
Inflation adjustments				
Debentures	(11,775)	(25,610)	(5,080)	(14,146)
Tusd-g	(1,427)	(2,760)	(944)	(1,600)
Provisions for tax, labor and environmental risks	(254)	(370)	(97)	(198)
Other	(307)	(737)	(249)	(488)
Recovery of interest and inflation adjustment of debentures (Note 14.3)	3,431	3,431	-	-
Expenses on pension plan (Note 16)	(310)	(627)	(732)	(1,464)
Other finance costs	(959)	(3,048)	(366)	(619)
	(41,768)	(84,061)	(29,832)	(61,653)
	(19,562)	(45,309)	(23,332)	(50,995)

25. EARNINGS PER SHARE

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

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

	04/01/2014 to 06/30/2014	01/01/2014 to 06/30/2014	04/01/2013 to 06/30/2013	01/01/2013 to 06/30/2013
Numerator				
Profit for the period attributable to the Company's shareholders				
Preferred	47,145	128,156	59,729	107,409
Common	23,573	64,078	29,865	53,704
	70,718	192,234	89,594	161,113
Denominator (Weighted average number of shares)				
Preferred	62,955	62,955	62,955	62,955
Common	31,478	31,478	31,478	31,478
	94,433	94,433	94,433	94,433
Basic and diluted earnings per share				
Preferred	0.74887	2.03567	0.94875	1.70611
Common	0.74887	2.03567	0.94875	1.70611

26. FINANCIAL INSTRUMENTS

The Company hereby declares that the information on financial instruments described in the 2013 annual financial statements is the same as that included in this interim financial information (ITR), as presented in note 26 to those financial statements.

Financial instruments in the balance sheet:

a) Cash and cash equivalents (note 6)

Short-term investments in the open market in fixed-income securities, plus income earned through the balance sheet date, realizable within less than 90 days and accounted for at market yield amounts.

b) Debentures (note 14)

	06/30/2014		12/31/2013	
	Carrying amount	Fair value	Carrying amount	Fair value
Debentures	1,646,409	1,690,505	1,111,133	1,279,202

The Company did not carry out derivative transactions in 2013 and in the three-month period ended June 30, 2014. There is also no exposure to currency fluctuations and in foreign currency since the Company does not carry out such transactions.

27. INSURANCE

The Company has insurance contracts taking into account the nature and degree of risk, in amounts considered sufficient to cover significant losses on its assets and/or liabilities. The main coverage, according to insurance policies, is as follows.

	Coverage in thousands of R\$	
	06/30/2014	12/31/2013
Operating risk	1,009,476	983,062
Civil liability	11,400	10,168

MANAGEMENT MEMBERS

Board of Directors

Armando de Azevedo Henriques
Chairman

Andréa Elizabeth Bertone
Effective Member

Elizabeth Christina DeLaRosa
Effective Member

Oswaldo Steban Clari Redes
Effective Member

Gláucio João Agostinho
Effective Member

Paulo Nicácio Júnior
Alternate Member

Supervisory Board

Jarbas Tadeu Barsanti Ribeiro
Chairman

Marcelo Curti
Effective Member

François Moreau
Effective Member

Ary Waddington
Alternate Member

Edmundo Falcão Koblitz
Alternate Member

Murici dos Santos
Alternate Member

Executive Board

Armando de Azevedo Henriques
Chief Executive Officer

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

Carlos Alberto Dias Costa
Chief Operating Officer

César Teodoro
Chief Environmental,
Health and Security Officer

Jairo de Campos
Chief Human Resources,
Management, Procurement and IT Officer

Antonio Patricio Franco Martins
General Controllershship Manager

Renata Mingorance Prando
Accountant - SP-256166/O-2