

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

*For the Three- and nine-month  
Period Ended September 30, 2014 and  
Report on Review of Interim  
Financial Information*

Deloitte Touche Tohmatsu Auditores Independentes

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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 nine-month period ended September 30, 2014, which comprises the balance sheet as at September 30, 2014, and the related income statement and statement of comprehensive income for the three and nine-month period then ended, and statement of changes in equity and statement of cash flows for the nine-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 nine-month period ended September 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, November 10, 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 JULY 1 TO SEPTEMBER 30, 2014 AND 2013**  
 (In thousands of Brazilian reais - R\$, unless otherwise stated)

	3Q2013	3Q2014	% variance
<b>Economic indicators</b>			
Gross operating revenue	348,714	329,954	-5.4
(-) Deductions from operating revenue	(35,219)	(30,242)	-14.1
Net operating revenue	313,495	299,712	-4.4
(-) Operating expenses	(113,117)	(205,263)	81.5
Operating profit	200,378	94,449	-52.9
Ebitda	254,750	148,535	-41.7
<i>Ebitda margin - %</i>	81.3%	49.6%	
Finance income (costs)	(25,614)	(19,389)	-24.3
Profit before income tax and social contribution	174,764	75,060	-57.1
Profit for the period	115,618	49,861	-56.9
<i>Net margin - %</i>	36.9%	16.6%	
<b>Shares</b>			
Outstanding shares (thousands of shares)	94,433	94,433	
Earnings per thousand of shares (in Brazilian reais - R\$)	1,224.33	528.00	-56.9

	09/30/2013	09/30/2014	% variance
<b>Financial indicators</b>			
Total assets	4,488,441	4,508,741	0.5
Debts in local currency	(1,073,937)	(1,173,378)	9.3
Equity	(2,745,488)	(2,665,659)	-2.9

## Operating expenses

	3Q2013	3Q2014	% variance
Electric power purchased for resale	14,444	(78,483)	-643.4
Depreciation and amortization	(54,372)	(54,086)	-0.5
Power grid charges	(20,634)	(24,190)	17.2
Personnel	(18,763)	(19,871)	5.9
Financial compensation due to the use of water resources	(16,580)	(13,848)	-16.5
Outside services	(10,183)	(12,298)	20.8
Material	(1,362)	(1,350)	-0.9
Insurance	(1,107)	(1,214)	9.7
Electric power service inspection fee (TFSEE)	(1,048)	(1,019)	-2.8
Rents	(940)	(1,002)	6.6
Provisions for tax, labor and environmental risks	(260)	176	-167.7
Reversal / (recognition) of estimated doubtful debts	(385)	395	-202.6
Other	(1,927)	1,527	-179.2
	<b>(113,117)</b>	<b>(205,263)</b>	<b>81.5</b>

Operating expenses totaled R\$205,263 in the quarter, 81.5% higher than the R\$113,117 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\$92,927 or 643.4% 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\$3,556 or 17.2% in the quarter arises from inflation adjustments on these charges;
- Financial compensation due to the use of water resources: the decrease of R\$2,732, or 16.5% compared to the same period of the prior year is due to the lower volume generated in the quarter of 2,568,516.38 MWh, 21.1% below to the volume of 3,255,626.26 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

	3Q2013	3Q2014	% variance
Profit for the period	115,618	49,861	-56.9
Income tax and social contribution	59,146	25,199	-57.4
Finance income (net)	25,614	19,389	-24.3
Depreciation and amortization	54,372	54,086	-0.5
<b>Ebitda</b>	<b>254,750</b>	<b>148,535</b>	<b>-41.7</b>
<i>Ebitda margin</i>	<i>81.3%</i>	<i>49.6%</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 41.7% 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

	3Q2013	3Q2014	% variance
Finance income	11,862	24,741	108.6
Finance costs	(37,476)	(44,130)	17.8
<b>Finance income (net)</b>	<b>(25,614)</b>	<b>(19,389)</b>	<b>-24.3</b>

Finance income (net) dropped by R\$6,225 or 24.3% compared to the same quarter of the prior year. Finance income grew by 108.6%, primarily due to the higher average volume invested in the period. The finance costs grew by 17.8% due to inflation rates and interests.

## Debentures

Issuance	Series	Yield	Maturity	09/30/2013	09/30/2014
2nd	Single	IGP-M fluctuation + 8.59% p.y.	07/16/2015	413,995	-
3rd	Single	CDI fluctuation + 1.15% p.y.	01/10/2017	152,581	153,553
4th	1	CDI fluctuation + 0.65% p.y.	07/16/2018	253,984	255,332
4th	2	IPCA fluctuation + 6.07 % p.y.	07/16/2023	253,377	270,020
5th	1	CDI fluctuation + 0.89% p.y.	05/20/2019	-	247,282
5th	2	IPCA fluctuation + 7.01% p.y.	05/20/2021	-	247,191
				<b>1,073,937</b>	<b>1,173,378</b>

The Company's debentures in the quarter amount to R\$1,173,378, up 9.3% compared to the amount of R\$1,073,937 for the same period of the prior year. Such variance arises mainly from the 5<sup>th</sup> issuance of debentures, in the amount of R\$479,000, which is offset by the early settlement of the balance of the 2<sup>nd</sup> issue and 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\$399,966 or 14.9%, lower than the amount of R\$469,786, in the same period of the prior year, mainly due to the higher volume of cash provided in the period.

	09/30/2013	09/30/2014	% variance
Debentures	1,073,937	1,173,378	9.3
Short-term	221,202	28,555	-87.1
Long-term	852,735	1,144,823	34.3
Cash	(604,151)	(773,412)	28.0
<b>Net debt</b>	<b>469,786</b>	<b>399,966</b>	<b>-14.9</b>

## Profit for the period

Due to the aforementioned items, the Company recorded profit of R\$49,861 in the third quarter of 2014, which is lower than the amount of R\$115,618 or 56.9% below, recorded in the same period of the prior year.



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

<b>ASSETS</b>	<b>Note</b>	<b>09/30/2014</b>	<b>12/31/2013</b>
<b>Current assets</b>			
Cash and cash equivalents	6	773,412	611,670
Trade receivables	7	123,340	168,728
Recoverable taxes	8	10,161	5,059
Services in progress		16,716	12,661
Prepaid expenses		1,760	321
Sundry debtors		1,855	1,014
Related parties	13.1	351	-
Other assets		523	990
<b>Total current assets</b>		<b>928,118</b>	<b>800,443</b>
<b>Noncurrent assets</b>			
Trade receivables	7	1,109	1,555
Recoverable taxes	8	1,137	318
Escrow deposits	9	38,265	35,544
Restricted funds		6	525
Prepaid expenses		3,664	3,861
Investments		26	26
Property, plant and equipment	10	3,503,817	3,633,639
Intangible assets	11	32,599	34,400
<b>Total noncurrent assets</b>		<b>3,580,623</b>	<b>3,709,868</b>
<b>Total assets</b>		<b>4,508,741</b>	<b>4,510,311</b>

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

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

<b>LIABILITIES AND EQUITY</b>	<b>Note</b>	<b>09/30/2014</b>	<b>12/31/2013</b>
<b>Current liabilities</b>			
Trade payables	12	70,059	15,079
Payroll and related taxes		10,628	14,094
Debentures	14	28,555	249,245
Taxes payable	8	105,186	182,240
Dividends and interest on capital	20.4	1,322	269,055
Accrued payables		10,507	6,558
Cibacap	15	2,046	344
Regulatory charges	19	29,327	26,268
Other liabilities		438	344
<b>Total current liabilities</b>		<b>258,068</b>	<b>763,227</b>
<b>Noncurrent liabilities</b>			
Debentures	14	1,144,823	861,888
Deferred revenue		11,809	9,269
Special obligations	18	8,258	8,650
Provisions for tax, labor and environmental risks	17	19,402	19,828
Cibacap	15	6,977	8,697
Deferred income tax and social contribution	8	377,969	399,903
Distribution system use tariff (TUSDg)	12	6,421	5,098
Regulatory charges	19	9,029	10,156
Other liabilities		326	325
<b>Total noncurrent liabilities</b>		<b>1,585,014</b>	<b>1,323,814</b>
<b>Equity</b>			
Capital	20.1	1,339,138	1,339,138
Capital reserves	20.2	99,537	99,512
Earnings reserve	20.3	112,855	112,586
Retained earnings	20.4	293,097	-
Valuation adjustments to equity	20.5	821,032	872,034
<b>Total equity</b>		<b>2,665,659</b>	<b>2,423,270</b>
<b>Total liabilities and equity</b>		<b>4,508,741</b>	<b>4,510,311</b>

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

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

	Note	07/01/2014 to 09/30/2014	01/01/2014 to 09/30/2014	07/01/2013 to 09/30/2013	01/01/2013 to 09/30/2013
<b>Net operating revenue</b>	21	<b>299,712</b>	<b>938,619</b>	<b>313,495</b>	<b>875,466</b>
<b>Operating income (expenses)</b>	22				
Personnel		(19,871)	(57,730)	(18,763)	(52,166)
Material		(1,350)	(3,003)	(1,362)	(3,227)
Outside services		(12,298)	(31,334)	(10,183)	(28,147)
Electric power service inspection fee (TFSEE)		(1,019)	(3,055)	(1,048)	(3,143)
Electric power purchased for resale	23.2	(78,483)	(135,052)	14,444	(16,969)
Power grid charges	23.3	(24,190)	(64,924)	(20,634)	(57,413)
Financial compensation due to the use of water resources		(13,848)	(42,971)	(16,580)	(43,809)
Depreciation and amortization	10.b and 11.b	(54,086)	(162,682)	(54,372)	(163,177)
Provisions for tax, labor and environmental risks		176	(242)	(260)	(3,519)
Reversal / (recognition) of estimated doubtful debts		395	1,822	(385)	2,004
Rents		(1,002)	(2,971)	(940)	(2,715)
Insurance		(1,214)	(3,607)	(1,107)	(3,297)
Other		1,527	(2,218)	(1,927)	(5,496)
		<b>(205,263)</b>	<b>(507,967)</b>	<b>(113,117)</b>	<b>(381,074)</b>
<b>Operating profit</b>		<b>94,449</b>	<b>430,652</b>	<b>200,378</b>	<b>494,392</b>
<b>Finance income (costs)</b>	24				
Finance income		24,741	63,493	11,862	22,519
Finance costs		(44,130)	(128,191)	(37,476)	(99,129)
		<b>(19,389)</b>	<b>(64,698)</b>	<b>(25,614)</b>	<b>(76,610)</b>
<b>Profit before income tax and social contribution</b>		<b>75,060</b>	<b>365,954</b>	<b>174,764</b>	<b>417,782</b>
Income tax and social contribution	8.2				
Current		(33,115)	(145,932)	(67,897)	(163,835)
Deferred		7,916	22,073	8,751	22,785
		<b>(25,199)</b>	<b>(123,859)</b>	<b>(59,146)</b>	<b>(141,050)</b>
<b>Profit for the period</b>		<b>49,861</b>	<b>242,095</b>	<b>115,618</b>	<b>276,732</b>
<b>Earnings per share from continuing activities (in R\$ per share)</b>					
Basic and diluted earnings per PN share	25	0.52801	2.56366	1.22433	2.93044
Basic and diluted earnings per ON share	25	0.52801	2.56366	1.22433	2.93044

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

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

	07/01/2014 to 09/30/2014	01/01/2014 to 09/30/2014	07/01/2013 to 09/30/2013	01/01/2013 to 09/30/2013
<b>Profit for the period</b>	<b>49,861</b>	<b>242,095</b>	<b>115,618</b>	<b>276,732</b>
Actuarial gains on defined benefit pension plan	124	408	548	1,699
Deferred income tax and social contribution on actuarial gains	(40)	(139)	(186)	(577)
	<b>84</b>	<b>269</b>	<b>362</b>	<b>1,122</b>
<b>Comprehensive income for the period</b>	<b>49,945</b>	<b>242,364</b>	<b>115,980</b>	<b>277,854</b>

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

**STATEMENTS OF CHANGES IN EQUITY  
 FOR THE PERIODS ENDED SEPTEMBER 30, 2014 AND 2013**  
 (In thousands of Brazilian reais – R\$)

	Capital	Reserves		Retained earnings	Valuation adjustments to equity (Note 20.5)	Total
		Capital	Earnings			
<b>Balances as at December 31, 2013</b>	<b>1,339,138</b>	<b>99,512</b>	<b>112,586</b>	-	<b>872,034</b>	<b>2,423,270</b>
Comprehensive income for the period	-	-	-	-	-	-
Profit for the period	-	-	-	242,095	-	242,095
Actuarial gains on defined benefit pension plan	-	-	-	-	408	408
Deferred income tax and social contribution on actuarial gains	-	-	-	-	(139)	(139)
Reclassification of net actuarial gains - CPC 33 (R1)	-	-	269	-	(269)	-
	-	-	269	242,095	-	242,364
Contributions and distributions to shareholders	-	-	-	-	-	-
Share-based payment	-	25	-	-	-	25
Valuation adjustments to equity (Note 20.5)	-	-	-	77,276	(77,276)	-
Deferred tax on valuation adjustments to equity	-	-	-	(26,274)	26,274	-
	-	25	-	51,002	(51,002)	25
<b>Balances as at September 30, 2014</b>	<b>1,339,138</b>	<b>99,537</b>	<b>112,855</b>	<b>293,097</b>	<b>821,032</b>	<b>2,665,659</b>
	Capital	Reserves		Retained earnings	Valuation adjustments to equity	Total
		Capital	Earnings			
<b>Balances as at December 31, 2012</b>	<b>1,339,138</b>	<b>99,432</b>	<b>90,211</b>	-	<b>938,773</b>	<b>2,467,554</b>
Comprehensive income for the period	-	-	-	-	-	-
Profit for the period	-	-	-	276,732	-	276,732
Actuarial gains on defined benefit pension plan	-	-	-	-	1,699	1,699
Deferred income tax and social contribution on actuarial gains	-	-	-	-	(577)	(577)
Reclassification of net actuarial gains - CPC 33 (R1)	-	-	1,122	-	(1,122)	-
	-	-	1,122	276,732	-	277,854
Contributions and distributions to shareholders	-	-	-	-	-	-
Share-based payment	-	80	-	-	-	80
Valuation adjustments to equity	-	-	-	75,785	(75,785)	-
Deferred tax on valuation adjustments to equity	-	-	-	(25,767)	25,767	-
	-	80	-	50,018	(50,018)	80
<b>Balances as at September 30, 2013</b>	<b>1,339,138</b>	<b>99,512</b>	<b>91,333</b>	<b>326,750</b>	<b>888,755</b>	<b>2,745,488</b>

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

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

	09/30/2014	09/30/2013
<b>Cash flows from operating activities</b>		
Profit for the period	242,095	276,732
<b>Adjustments to:</b>		
Depreciation and amortization	162,682	163,178
(Profits) Write-offs of property, plant and equipment/intangible assets	(3,290)	421
Deferred income tax and social contribution	(22,073)	(22,785)
Reversal of estimated doubtful debts	(1,822)	(2,004)
Interest on debentures	86,933	68,035
Inflation adjustment on debentures	25,547	22,557
Provisions for tax, labor and environmental risks	(112)	3,498
Inflation adjustment on provision for tax, labor and environmental risks	328	230
Inflation adjustment on escrow deposits	(2,712)	(584)
Share-based payment	25	80
<b>Changes in assets and liabilities</b>		
Trade receivables	47,656	(21,282)
Sundry debtors	(841)	(1,366)
Related parties	(351)	28
Escrow deposits	(9)	401
Services in progress	(4,055)	(4,208)
Restricted funds	519	(43)
Prepaid expenses	(1,242)	(952)
Trade payables	56,303	(34,182)
Payroll and related taxes	(3,466)	(4,022)
Taxes, fees and contributions	120,661	178,545
Estimated payables	3,949	3,465
Deferred revenue	2,641	3,008
Cibacap	(18)	(552)
Reversal/(recognition) of provisions for tax, labor and environmental risks	(642)	(2,938)
Other changes in assets and liabilities	2,663	3,978
<b>Cash provided by operating activities</b>	<b>711,369</b>	<b>629,238</b>
Interest and inflation adjustment paid on debentures	(191,886)	(147,598)
Income tax and social contribution paid	(203,498)	(26,561)
<b>Net cash provided by operating activities</b>	<b>315,985</b>	<b>455,079</b>
<b>Cash flows from investing activities</b>		
Receipt on sale of fixed assets	4,020	-
Additions to property, plant and equipment	(31,759)	(30,139)
Additions to intangible assets	(422)	(505)
<b>Net cash used in investing activities</b>	<b>(28,161)</b>	<b>(30,644)</b>
<b>Cash flows from financing activities</b>		
Proceeds from the issuance of debentures	479,000	501,000
Transactions costs on the issuance of debentures	(3,999)	-
Payment of debentures	(333,350)	(320,220)
Dividends and interest on capital paid	(267,733)	(170,616)
<b>Net cash provided by (used in) financing activities</b>	<b>(126,082)</b>	<b>10,164</b>
<b>Increase in cash and cash equivalents (net)</b>	<b>161,742</b>	<b>434,599</b>
<b>Cash and cash equivalents at the beginning of the period</b>	<b>611,670</b>	<b>169,552</b>
<b>Cash and cash equivalents at the end of the period</b>	<b>773,412</b>	<b>604,151</b>

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

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

	09/30/2014	09/30/2013
<b>Revenues</b>		
Sale of electric power	1,037,759	963,486
Revenue relating to the construction of own assets	31,759	30,139
Reversal of estimated doubtful debts	1,822	2,004
	<b>1,071,340</b>	<b>995,629</b>
<b>Inputs acquired from third parties</b>		
Electric power purchased and power grid charges	(199,976)	(74,382)
Materials and outside services	(34,337)	(31,374)
Construction of own assets	(31,759)	(30,139)
Other operating costs	(5,134)	(11,132)
	<b>(271,206)</b>	<b>(147,027)</b>
<b>Gross added value</b>	<b>800,134</b>	<b>848,602</b>
Depreciation and amortization	(162,682)	(163,177)
<b>Net value added</b>	<b>637,452</b>	<b>685,425</b>
Rents	108	45
Finance income	63,493	22,519
Other	3,903	13,588
<b>Total value added received</b>	<b>67,504</b>	<b>36,152</b>
<b>Total value added for distribution</b>	<b>704,956</b>	<b>721,577</b>
<b>Distribution of value added</b>		
<b>Personnel</b>		
Salaries and wages	31,015	26,806
Benefits	6,303	5,658
FGTS	2,950	2,739
Accrued bonus	5,639	5,054
Profit sharing	2,689	3,186
Social security charges (except INSS)	2,201	2,410
	<b>50,797</b>	<b>45,853</b>
<b>Taxes, fees and contributions</b>		
Federal	266,649	285,046
State	14,141	11,999
Municipal	112	104
	<b>280,902</b>	<b>297,149</b>
<b>Lenders and lessors</b>		
Rents	2,971	2,715
Interest on debentures	96,471	68,035
Inflation adjustment on debentures	25,547	22,557
Recovery of interest and inflation adjustment on debentures	(3,431)	-
Other finance costs	9,604	8,536
	<b>131,162</b>	<b>101,843</b>
<b>Other</b>		
Retained earnings	242,095	276,732
	<b>242,095</b>	<b>276,732</b>
<b>Total value added distributed</b>	<b>704,956</b>	<b>721,577</b>

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

**NOTES TO THE INTERIM FINANCIAL INFORMATION (ITR)  
FOR THE NINE-MONTH PERIOD ENDED SEPTEMBER 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 November 10, 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 September 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			09/30/2014	Scenario - Δ 50%	Scenario - Δ 25%	Probable Scenario	Scenario + Δ 25%	Scenario + Δ 50%
Debentures	Issuance	Index						
	3rd	CDI	(153,553)	(9,697)	(13,662)	(17,628)	(21,593)	(25,559)
	4th S1	CDI	(255,332)	(14,848)	(21,442)	(28,035)	(34,629)	(41,223)
	4th S2	IPCA	(270,020)	(25,503)	(30,060)	(34,617)	(39,173)	(43,730)
	5th S1	CDI	(247,282)	(14,973)	(21,359)	(27,745)	(34,131)	(40,517)
	5th S2	IPCA	(247,191)	(25,671)	(29,842)	(34,013)	(38,185)	(42,356)
			<b>(1,173,378)</b>	<b>(90,692)</b>	<b>(116,365)</b>	<b>(142,038)</b>	<b>(167,711)</b>	<b>(193,385)</b>
<b>Cash and cash equivalents</b>		CDI	773,412	39,947	59,920	79,893	99,866	119,840
<b>Total net exposure</b>			<b>(399,966)</b>	<b>(50,745)</b>	<b>(56,445)</b>	<b>(62,145)</b>	<b>(67,845)</b>	<b>(73,545)</b>

  

Changes in indices	Scenario - Δ 50%	Scenario - Δ 25%	Probable Scenario	Scenario + Δ 25%	Scenario + Δ 50%
IPCA	3.38%	5.06%	6.75%	8.44%	10.13%
CDI	5.17%	7.75%	10.33%	12.91%	15.50%

### 4.2. Capital management

	09/30/2014	12/31/2013
Debentures	1,173,378	1,111,133
Cash and cash equivalents	(773,412)	(611,670)
<b>Net debt</b>	<b>399,966</b>	<b>499,463</b>
Equity	2,665,659	2,423,270
<b>Total capital</b>	<b>3,065,625</b>	<b>2,922,733</b>
<b>Financial leverage ratio (%)*</b>	<b>13.0</b>	<b>17.1</b>

\*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	09/30/2014	Standard & Poor's	Moody's	12/31/2013
A-3	BR-1	558,813	A-3	BR-1	274,075
A-2	BR-1	8	A-2	BR-1	328,030
A-3	-	12,095	A-2	-	9,559
B	BR-1	202,493	-	BR-1	3
*	*	3	*	*	3
		<b>773,412</b>			<b>611,670</b>

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

#### 6. CASH AND CASH EQUIVALENTS

	09/30/2014	12/31/2013
Cash and banks	388	659
Short-term investments		
Bank certificate of deposit (CDB)	745,081	611,011
Fixed-income fund	27,943	-
	<b>773,412</b>	<b>611,670</b>

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

	09/30/2014			12/31/2013		
	Current	Noncurrent	Total	Current	Noncurrent	Total
Clients	113,694	1,394	115,088	119,955	1,747	121,702
Receivables from bilateral agreements	88,456	-	88,456	88,642	-	88,642
Receivables from auction agreements	25,238	1,394	26,632	31,313	1,747	33,060
Short-term power (MRE/MCP)	9,842	-	9,842	51,146	-	51,146
	<b>123,536</b>	<b>1,394</b>	<b>124,930</b>	<b>171,101</b>	<b>1,747</b>	<b>172,848</b>
Estimated doubtful debts	(196)	(285)	(481)	(2,373)	(192)	(2,565)
	<b>123,340</b>	<b>1,109</b>	<b>124,449</b>	<b>168,728</b>	<b>1,555</b>	<b>170,283</b>

### Changes in estimated doubtful debts ("ECLD"):

Balance as at December 31, 2013	<b>(2,565)</b>
Recognition	(972)
Reversal	2,794
Reversal due to effective loss	262
Balance as at September 30, 2014	<b>(481)</b>

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

	09/30/2014		12/31/2013	
	Current	Noncurrent	Current	Noncurrent
<b>Assets</b>				
IRPJ and CSLL	9,900	819	4,772	-
PIS and COFINS	201	-	227	-
ICMS	-	318	-	318
ISS	21	-	39	-
INSS	39	-	21	-
	<b>10,161</b>	<b>1,137</b>	<b>5,059</b>	<b>318</b>
<b>Liabilities</b>				
IRPJ and CSLL	97,789	-	160,538	-
PIS and COFINS	5,585	-	10,018	-
ICMS	1,560	-	1,442	-
IRRF on interest on capital	-	-	9,934	-
Other	252	-	308	-
	<b>105,186</b>	<b>-</b>	<b>182,240</b>	<b>-</b>
<b>Deferred tax asset</b>				
Temporary differences	-	(9,646)	-	(11,495)
Tax benefit	-	(33,268)	-	(36,518)
Deferred revenue	-	(4,050)	-	(3,152)
<b>Deferred tax liability</b>				
Valuation adjustments to equity	-	422,957	-	449,231
Pension Plan actuarial adjustment	-	1,976	-	1,837
<b>Deferred tax liability (net)</b>	<b>-</b>	<b>377,969</b>	<b>-</b>	<b>399,903</b>

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:

	09/30/2014			12/31/2013
	Goodwill	Provision	Net amount	Net amount
Balances arising from the merger	305,406	(201,568)	103,838	103,838
Realization	(207,546)	136,976	(70,570)	(67,320)
<b>Balances at the end of the period</b>	<b>97,860</b>	<b>(64,592)</b>	<b>33,268</b>	<b>36,518</b>

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

	09/30/2014	09/30/2013
Goodwill amortization	(9,559)	(10,314)
Reversal of provision	6,309	6,807
Tax benefit	3,250	3,507
<b>Net effect in the period</b>	<b>-</b>	<b>-</b>

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	1,083	4,002	3,695	3,299	2,946	4,978	7,132	6,133	33,268

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:

	09/30/2014			09/30/2013		
	IRPJ	CSLL	Total	IRPJ	CSLL	Total
<b>Profit before IRPJ and CSLL</b>	<b>365,954</b>	<b>365,954</b>	<b>365,954</b>	<b>417,782</b>	<b>417,782</b>	<b>417,782</b>
Statutory IRPJ and CSLL rate	25%	9%	34%	25%	9%	34%
<b>IRPJ and CSLL at statutory rates</b>	<b>91,489</b>	<b>32,936</b>	<b>124,425</b>	<b>104,446</b>	<b>37,600</b>	<b>142,046</b>
<b>Adjustments for calculation at effective rate</b>						
Amortization of inflation creditor charge	(1,650)	55	(1,595)	(1,659)	56	(1,603)
Non-deductible expenses	883	177	1,060	915	190	1,105
Law Rouanet and Children Fund	-	-	-	(480)	-	(480)
Other	(33)	2	(31)	(26)	8	(18)
<b>IRPJ and CSLL affecting profit or loss</b>	<b>90,689</b>	<b>33,170</b>	<b>123,859</b>	<b>103,196</b>	<b>37,854</b>	<b>141,050</b>
Current IRPJ and CSLL affecting profit or loss	106,919	39,013	145,932	119,950	43,885	163,835
Deferred IRPJ and CSLL affecting profit or loss	(16,230)	(5,843)	(22,073)	(16,754)	(6,031)	(22,785)
<b>Total IRPJ and CSLL affecting profit or loss</b>	<b>90,689</b>	<b>33,170</b>	<b>123,859</b>	<b>103,196</b>	<b>37,854</b>	<b>141,050</b>
<b>Effective tax rate</b>	<b>24.78%</b>	<b>9.06%</b>	<b>33.85%</b>	<b>24.70%</b>	<b>9.06%</b>	<b>33.76%</b>

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.

Normative Instruction 1499, from October 15, 2014, published in the Official Gazette on October 16, 2014, determined that the December 2014 DCTF will be the basis for manifestation of the option by anticipation for 2014 of the rules laid down in Articles 1, 2 and 4 to 70, or by the rules laid down in Articles 76-92 of Law . 12973, of May 13, 2014.

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 our decision of adoption beginning calendar year 2015 only.

## 9. ESCROW DEPOSITS

### a) Breakdown

	09/30/2014	12/31/2013
Environmental	4,891	4,612
Tax:	8,246	7,768
IPTU (Municipality of Primeiro de Maio)	1,216	1,152
Late payment fine on IRRF, IRPJ and CSLL	108	103
Late payment fine on PIS, COFINS, IRPJ, CSLL and IOF	6,922	6,513
Tusd-g	25,128	23,164
	<b>38,265</b>	<b>35,544</b>

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
<b>Balance as at 12/31/2013</b>	<b>7,768</b>	<b>4,612</b>	<b>23,164</b>	<b>35,544</b>
Inflation adjustments	478	270	1,964	2,712
Additions	-	9	-	9
<b>Total changes in the period</b>	<b>478</b>	<b>279</b>	<b>1,964</b>	<b>2,721</b>
<b>Balance as at 09/30/2014</b>	<b>8,246</b>	<b>4,891</b>	<b>25,128</b>	<b>38,265</b>

## 10. PROPERTY, PLANT AND EQUIPMENT

### a) Breakdown

			09/30/2014	12/31/2013	Average annual depreciation rate
	Cost	Accumulated depreciation	Net amount	Net amount	
<b>In service</b>					
Land	210,989	-	210,989	210,997	-
Reservoirs, dams and water mains	3,408,001	(876,993)	2,531,008	2,674,464	4.5%
Buildings, civil construction and improvements	461,868	(145,517)	316,351	325,042	3.2%
Machinery and equipment	826,251	(261,774)	564,477	560,767	5.7%
Vehicles	5,793	(3,172)	2,621	2,991	14.7%
Furniture and fixtures	1,818	(1,425)	393	404	5.3%
(-) Reserve - Canoas I and II plants	(200,675)	-	(200,675)	(200,675)	
	<b>4,714,045</b>	<b>(1,288,881)</b>	<b>3,425,164</b>	<b>3,573,990</b>	
<b>In progress</b>					
Reservoirs, dams and water mains	889	-	889	1,609	
Buildings, civil construction and improvements	932	-	932	2,199	
Machinery and equipment	68,724	-	68,724	50,352	
Furniture and fixtures	582	-	582	960	
	<b>71,127</b>	<b>-</b>	<b>71,127</b>	<b>55,120</b>	
Land	4,248	-	4,248	4,249	
Vehicles	3,278	-	3,278	280	
	<b>4,792,698</b>	<b>(1,288,881)</b>	<b>3,503,817</b>	<b>3,633,639</b>	
(-) Special obligations* (Note 18)	(6,964)	401	(6,563)	(6,624)	
	<b>4,785,734</b>	<b>(1,288,480)</b>	<b>3,497,254</b>	<b>3,627,015</b>	

### 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 09/30/2014
Land	215,246	-	-	(9)	-	215,237
Reservoirs, dams and water mains	2,676,073	592	(115,644)	(8)	(29,116)	2,531,897
Buildings, civil construction and improvements	327,241	1,443	(11,232)	(169)	-	317,283
Machinery and equipment	611,119	26,006	(33,286)	(509)	29,871	633,201
Vehicles	3,271	3,279	(619)	(32)	-	5,899
Furniture and fixtures	1,364	439	(70)	(3)	(755)	975
(-) Reserve - Canoas I and II plants	(200,675)	-	-	-	-	(200,675)
	<b>3,633,639</b>	<b>31,759</b>	<b>(160,851)</b>	<b>(730)</b>	<b>-</b>	<b>3,503,817</b>
(-) Special obligations* (Note 18)	(6,624)	-	61	-	-	(6,563)
	<b>3,627,015</b>	<b>31,759</b>	<b>(160,790)</b>	<b>(730)</b>	<b>-</b>	<b>3,497,254</b>

#### 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 September 30, 2013 and September 30, 2014, amounted to R\$76,974 and R\$75,688, 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.

## 10.6. Sale of Assets – Salto Grande Inn

On July 31, 2014, "Salto Grande Inn" was sold at a public auction. The winning bid was R\$4,020, with 25% paid on August 1, 2014 and the remaining 75% at September 23, 2014, according to the agreement between the parties.

The sale costs of the asset was R\$178, corresponding to its residual value on the date of the transaction. The result obtained in the transaction is recorded in "Other operating income" in the income statement.

## 11. INTANGIBLE ASSETS

Intangible assets as at September 30, 2014 consist of software licenses and rights of way and to the Use of Public Assets (UBP).

### a) Breakdown

	09/30/2014			12/31/2013	Average annual amortization rate
	Cost	Accumulated amortization	Net amount	Net amount	
<b>In service</b>					
UBP	53,494	(25,273)	28,221	29,609	3%
Software	23,725	(21,229)	2,496	3,331	4.7%
Right of way	75	-	75	75	
	<b>77,294</b>	<b>(46,502)</b>	<b>30,792</b>	<b>33,015</b>	
<b>In progress</b>					
Software	1,807	-	1,807	1,385	
	<b>79,101</b>	<b>(46,502)</b>	<b>32,599</b>	<b>34,400</b>	
(-) Special obligations* (Note 18)	(2,207)	512	(1,695)	(2,026)	
	<b>76,894</b>	<b>(45,990)</b>	<b>30,904</b>	<b>32,374</b>	

### b) Changes in intangible assets

	Net amount as at 12/31/2013	Additions	Amortiz.	Net amount as at 09/30/2014
UBP	29,609	-	(1,388)	28,221
Software	4,716	422	(835)	4,303
Right of way	75	-	-	75
	<b>34,400</b>	<b>422</b>	<b>(2,223)</b>	<b>32,599</b>
(-) Special obligations* (Note 18)	(2,026)	-	331	(1,695)
	<b>32,374</b>	<b>422</b>	<b>(1,892)</b>	<b>30,904</b>

## 12. TRADE PAYABLES

	09/30/2014			12/31/2013		
	Current	Noncurrent	Total	Current	Noncurrent	Total
Electric power supply	52,304	-	52,304	7	-	7
Materials and services	7,283	-	7,283	6,367	-	6,367
Power grid charges	10,472	6,421	16,893	8,705	5,098	13,803
Tust	9,633	-	9,633	7,871	-	7,871
Tusd-g	817	6,421	7,238	813	5,098	5,911
Connection charges	22	-	22	21	-	21
	<b>70,059</b>	<b>6,421</b>	<b>76,480</b>	<b>15,079</b>	<b>5,098</b>	<b>20,177</b>

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 electric power purchased due to the unfavorable hydrological scenario represented by the reduction in the levels of the Generation Scaling Factor (GSF)

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 September 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 September 30, 2014 is R\$77,875 (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:

	07/01/2014 to 09/30/2014	01/01/2014 to 09/30/2014	07/01/2013 to 09/30/2013	01/01/2013 to 09/30/2013
Short-term benefits to employees and management	1,624	4,589	1,489	4,201
Post-employment benefits	54	151	46	125
	<b>1,678</b>	<b>4,740</b>	<b>1,535</b>	<b>4,326</b>
Share-based compensation	-	25	-	80
	<b>1,678</b>	<b>4,765</b>	<b>1,535</b>	<b>4,406</b>

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 139<sup>th</sup> Meeting of the Board of Directors ("RCA").

## 14. DEBENTURES

### 14.1. Breakdown and maturity

#### a) Breakdown

Issuance	Series	Yield	Maturity	Principal + Charges as at					
				09/30/2014			12/31/2013		
				Current	Noncurrent	Total	Current	Noncurrent	Total
2nd	Single	IGP-M fluctuation + 8.59% p.y.	07/16/2015	-	-	-	224,301	208,479	432,780
3rd	Single	CDI fluctuation + 1.15% p.y.	01/10/2017	3,796	149,757	153,553	7,011	149,610	156,621
4th	1	CDI fluctuation + 0.65% p.y.	07/16/2018	5,760	249,572	255,332	10,876	249,455	260,331
4th	2	IPCA fluctuation + 6.07 % p.y.	07/16/2023	3,319	266,701	270,020	7,057	254,344	261,401
5th	1	CDI fluctuation + 0.89% p.y.	05/20/2019	9,749	237,533	247,282	-	-	-
5th	2	IPCA fluctuation + 7.01% p.y.	05/20/2021	5,931	241,260	247,191	-	-	-
				<b>28,555</b>	<b>1,144,823</b>	<b>1,173,378</b>	<b>249,245</b>	<b>861,888</b>	<b>1,111,133</b>

Long-term maturity	09/30/2014
	Noncurrent
2016	156,186
2017	237,092
2018	162,419
2019	160,290
2020	80,767
2021	169,917
2022	88,957
2023	89,195
	<b>1,144,823</b>

## 14.2. Changes

	2nd Issuance	3rd Issuance	4th Issuance		5th Issuance		Total
	Single Series	Single Series	Series 1	Series 2	Series 1	Series 2	
<b>Balance as at December 31, 2013</b>	<b>432,780</b>	<b>156,621</b>	<b>260,331</b>	<b>261,401</b>	-	-	<b>1,111,133</b>
<b>Changes in debentures</b>							
Proceeds from debenture issuance	-	-	-	-	239,000	240,000	479,000
Transaction costs	-	-	-	-	(1,975)	(2,024)	(3,999)
Amortization of transaction costs	2,188	146	117	58	108	109	2,726
Amortization of principal	(333,350)	-	-	-	-	-	(333,350)
Recognition of interest	31,528	12,891	20,524	12,427	10,149	6,226	93,745
Recognition of inflation adjustment	10,368	-	-	12,299	-	2,880	25,547
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	(47,992)	(16,105)	(25,640)	(16,165)	-	-	(105,902)
Payment of inflation adjustment	(95,522)	-	-	-	-	-	(95,522)
	<b>(432,780)</b>	<b>(3,068)</b>	<b>(4,999)</b>	<b>8,619</b>	<b>247,282</b>	<b>247,191</b>	<b>62,245</b>
<b>Balance as at September 30, 2014</b>	<b>-</b>	<b>153,553</b>	<b>255,332</b>	<b>270,020</b>	<b>247,282</b>	<b>247,191</b>	<b>1,173,378</b>

The changes in the balance of Debentures, except for the 5<sup>th</sup> 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 5<sup>th</sup> 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 net proceeds obtained by the Company from the Issuance was used to anticipate the payments of all 2<sup>nd</sup> issuance debentures, as set forth in the Private Instrument of Indenture of Public Issuance of Unsecured, Nonconvertible Debentures, executed on July 5. 2010.

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).

## 15. CIBACAP – CAPIVARA BASIN INTERCITY CONSORTIUM

	09/30/2014	12/31/2013
Current	2,046	344
Noncurrent	6,977	8,697
	<b>9,023</b>	<b>9,041</b>

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 September 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

	07/01/2014 to 09/30/2014	01/01/2014 to 09/30/2014	07/01/2013 to 09/30/2013	01/01/2013 to 09/30/2013
Cost of current service	338	1,014	675	2,025
Interest on actuarial obligation	5,204	15,612	4,397	13,191
Expected return on the plan asset	(6,782)	(20,346)	(4,745)	(14,235)
Interest on asset restriction	1,554	4,660	405	1,215
	<b>314</b>	<b>940</b>	<b>732</b>	<b>2,196</b>

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

	09/30/2014		12/31/2013
	Provision	Escrow deposit	Net provisions
Labor	4,977	2,527	3,228
Tax	12,774	658	11,975
Environmental	4,837	-	4,625
	<b>22,588</b>	<b>3,186</b>	<b>19,828</b>

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

	Labor	Tax	Environmental	Total
<b>Balance as at 12/31/2013</b>	<b>3,228</b>	<b>11,975</b>	<b>4,625</b>	<b>19,828</b>
<b>Contingencies</b>				
Provisions in the period	738	-	-	738
Reversals in the period	(850)	-	-	(850)
Adjustment of contingencies	-	165	334	499
Agreements/payments in period	(738)	-	(122)	(860)
	<b>(850)</b>	<b>165</b>	<b>212</b>	<b>(473)</b>
<b>Escrow deposits</b>				
Inflation adjustments	(146)	(25)	-	(171)
(Additions)	(178)	-	-	(178)
Write-off	396	-	-	396
	<b>72</b>	<b>(25)</b>	<b>-</b>	<b>47</b>
<b>Balance as at 09/30/2014</b>	<b>2,450</b>	<b>12,115</b>	<b>4,837</b>	<b>19,402</b>

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**

	09/30/2014	12/31/2013
Labor	17,961	8,207
Tax	74,746	72,155
Environmental	34,001	31,976
Regulatory	69,124	65,872
	<b>195,832</b>	<b>178,210</b>

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 (\*)

	09/30/2014	12/31/2013
Arising from property, plant and equipment (Note 10)		
Global Reversal Reserve (RGR)	4,947	4,947
Equipment donations - ONS	1,472	1,516
Research & Development (R&D)	144	161
	<b>6,563</b>	<b>6,624</b>
Arising from intangible assets (Note 11)		
Research & Development (R&D) - Software	1,695	2,026
	<b>8,258</b>	<b>8,650</b>

\* 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:

	09/30/2014			12/31/2013		
	Current	Noncurrent	Total	Current	Noncurrent	Total
Financial compensation due to the use of water resources (CFURH)	10,316	-	10,316	12,390	-	12,390
Electric power service inspection fee (TFSEE)	339	-	339	349	-	349
Research & Development (R&D)	18,672	9,029	27,701	13,529	10,156	23,685
	<b>29,327</b>	<b>9,029</b>	<b>38,356</b>	<b>26,268</b>	<b>10,156</b>	<b>36,424</b>

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

## 20. EQUITY

### 20.1. Capital

As at September 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 09/30/2014 (In thousands of shares)					
	Common	%	Preferred	%	Total	%
<b>Shareholders</b>						
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
	<b>31,478</b>	<b>100.00</b>	<b>62,955</b>	<b>100.00</b>	<b>94,433</b>	<b>100.00</b>

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 257<sup>th</sup> 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.

On August 28, 2014, was approved at the EGM, the reduction of capital of the Company, without any objection from creditors, which could take place by October 30, 2014.

### 20.2. Capital reserves

	09/30/2014	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
	<b>99,537</b>	<b>99,512</b>

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

### 20.3. Earnings reserves

	09/30/2014	12/31/2013
Legal reserve	109,008	109,008
Pension plan	3,847	3,578
	<b>112,855</b>	<b>112,586</b>

### 20.4. Retained earnings

#### a) Breakdown of retained earnings

	09/30/2014
Profit for the period	242,095
Depreciation (deemed cost)	76,974
Write-offs (deemed cost)	302
Deferred IRPJ/CSLL	(26,274)
	<b>293,097</b>

#### b) Breakdown of dividends and interest on capital payable

	09/30/2014	12/31/2013
Proposed dividends	-	210,810
Interest on capital	145	57,137
Dividends, interest on capital and decrease of capital held in custody	1,177	1,108
	<b>1,322</b>	<b>269,055</b>

### 20.5. Valuation adjustments to equity

	Deemed cost	Pension plan	Total
<b>Balance as at 12/31/2013</b>	<b>872,034</b>	-	<b>872,034</b>
<b>Valuation adjustments to equity</b>			
Depreciation	(76,974)	-	(76,974)
Write-off	(302)	-	(302)
Deferred IRPJ/CSLL	26,274	-	26,274
	<b>(51,002)</b>	-	<b>(51,002)</b>
<b>Comprehensive income</b>			
Actuarial gains on defined benefit pension plan	-	408	408
Deferred income tax and social contribution on actuarial gains	-	(139)	(139)
	-	<b>269</b>	<b>269</b>
Reclassification of net actuarial gains - CPC 33 (R1)	-	(269)	(269)
<b>Balance as at 09/30/2014</b>	<b>821,032</b>	-	<b>821,032</b>

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



## 21. NET OPERATING REVENUE

	07/01/2014 to 09/30/2014	01/01/2014 to 09/30/2014	07/01/2013 to 09/30/2013	01/01/2013 to 09/30/2013
<b>Supply of electric power</b>				
Bilateral agreements	260,541	790,713	245,248	717,041
Auction agreements	55,369	163,617	64,549	189,714
Short-term market (MCP)	6,397	65,243	26,023	37,774
Power Reallocation Mechanism (MRE)	6,388	18,186	8,812	18,957
	<b>328,695</b>	<b>1,037,759</b>	<b>344,632</b>	<b>963,486</b>
Other revenues	1,259	4,012	4,082	13,632
	<b>329,954</b>	<b>1,041,771</b>	<b>348,714</b>	<b>977,118</b>
<b>Deductions from operating revenue</b>				
PIS and COFINS	(22,421)	(79,747)	(28,249)	(80,935)
ICMS	(4,823)	(13,991)	(3,828)	(11,850)
R&D	(2,998)	(9,414)	(3,142)	(8,867)
	<b>(30,242)</b>	<b>(103,152)</b>	<b>(35,219)</b>	<b>(101,652)</b>
<b>Net operating revenue</b>	<b>299,712</b>	<b>938,619</b>	<b>313,495</b>	<b>875,466</b>

## 22. OPERATING COSTS AND EXPENSES

Breakdown of operating costs and expenses by nature:

	07/01/2014 to 09/30/2014			07/01/2013 to 09/30/2013
	Cost of electric power sold	General and administrative expenses	Total	Total
Personnel	10,679	9,192	19,871	18,763
Material	1,303	47	1,350	1,362
Outside services	8,200	4,098	12,298	10,183
Electric power service inspection fee (TFSEE)	1,019	-	1,019	1,048
Electric power purchased for resale	78,483	-	78,483	(14,444)
Power grid charges	24,190	-	24,190	20,634
Financial compensation due to the use of water resources	13,848	-	13,848	16,580
Depreciation and amortization	53,673	413	54,086	54,372
Provisions for tax, labor and environmental risks	(113)	(63)	(176)	260
Recognition / (reversal) of estimated doubtful debts	-	(395)	(395)	385
Rents	2	1,000	1,002	940
Insurance	1,214	-	1,214	1,107
Other	240	(1,767)	(1,527)	1,927
	<b>192,738</b>	<b>12,525</b>	<b>205,263</b>	<b>113,117</b>

	01/01/2014 to 09/30/2014			01/01/2013 to 09/30/2013
	Cost of electric power sold	General and administrative expenses	Total	Total
Personnel	31,044	26,686	57,730	52,166
Material	2,862	141	3,003	3,227
Outside services	19,376	11,958	31,334	28,147
Electric power service inspection fee (TFSEE)	3,055	-	3,055	3,143
Electric power purchased for resale	135,052	-	135,052	16,969
Power grid charges	64,924	-	64,924	57,413
Financial compensation due to the use of water resources	42,971	-	42,971	43,809
Depreciation and amortization	161,426	1,256	162,682	163,177
Provisions for tax, labor and environmental risks	163	79	242	3,519
Recognition / (reversal) of estimated doubtful debts	-	(1,822)	(1,822)	(2,004)
Rents	3	2,968	2,971	2,715
Insurance	3,607	-	3,607	3,297
Other	822	1,396	2,218	5,496
	<b>465,305</b>	<b>42,662</b>	<b>507,967</b>	<b>381,074</b>

## 23. ELECTRIC POWER SOLD AND PURCHASED AND POWER GRID CHARGES

### 23.1. Electric power sold

	07/01/2014 to 09/30/2014		07/01/2013 to 09/30/2013	
	MWh (*)	R\$	MWh (*)	R\$
Bilateral	1,533,320	260,541	1,572,832	245,248
Auction agreements	455,563	55,369	572,521	64,549
Short-term market (MCP)	3,959	6,397	126,085	26,023
Power Reallocation Mechanism (MRE)	611,157	6,388	891,472	8,812
	<b>2,603,999</b>	<b>328,695</b>	<b>3,162,910</b>	<b>344,632</b>

	01/01/2014 to 09/30/2014		01/01/2013 to 09/30/2013	
	MWh (*)	R\$	MWh (*)	R\$
Bilateral	4,759,134	790,713	4,690,650	717,041
Auction agreements	1,370,360	163,617	1,714,427	189,714
Short-term market (MCP)	207,358	65,243	167,939	37,774
Power Reallocation Mechanism (MRE)	1,762,615	18,186	1,925,632	18,957
	<b>8,099,467</b>	<b>1,037,759</b>	<b>8,498,648</b>	<b>963,486</b>

(\*) 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 September 30, 2014:

	MW (*)		
	2014	2015	2016
<b>Electric power available for sale</b>	<b>1,006</b>	<b>1,004</b>	<b>1,004</b>
<b>Regulated Contracting Framework (ACR)</b>	<b>211</b>	<b>-</b>	<b>-</b>
2007 (8 years)	211	-	-
<b>Deregulated Contracting Framework (ACL)</b>	<b>717</b>	<b>926</b>	<b>896</b>
Bilateral agreements entered into with deregulated consumers	717	926	896
<b>Free Energy for hiring</b>	<b>78</b>	<b>78</b>	<b>108</b>
Percentage of contracted power	92.2%	92.2%	89.2%

(\*) Not reviewed by independent auditors.

## 23.2. Electric power purchased for resale

	07/01/2014 to 09/30/2014		07/01/2013 to 09/30/2013	
	MWh (*)	R\$	MWh (*)	R\$
Bilateral	82,070	(54,257)	-	-
Short-term market (MCP)	63,020	(23,864)	7,570	(6,210)
Power Reallocation Mechanism (MRE)	52,031	(362)	-	-
System Service Charges (ESS)	-	-	-	(8,234)
	<b>197,121</b>	<b>(78,483)</b>	<b>7,570</b>	<b>(14,444)</b>

	01/01/2014 to 09/30/2014		01/01/2013 to 09/30/2013	
	MWh (*)	R\$	MWh (*)	R\$
Bilateral	82,070	(64,974)	-	-
Short-term market (MCP)	127,578	(68,285)	95,220	15,264
Power Reallocation Mechanism (MRE)	150,082	(1,793)	-	-
System Service Charges (ESS)	-	-	-	1,705
	<b>359,730</b>	<b>(135,052)</b>	<b>95,220</b>	<b>16,969</b>

(\*) Not reviewed by independent auditors.

In 2013 the amount of R\$1,705 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 were 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 electric power purchased due to the unfavorable hydrological scenario represented by the reduction in the levels of the Generation Scaling Factor (GSF), 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

	07/01/2014 to 09/30/2014	01/01/2014 to 09/30/2014	07/01/2013 to 09/30/2013	01/01/2013 to 09/30/2013
Tust	21,939	58,287	18,474	50,554
Tusd-g	2,202	6,495	2,107	6,717
Connection charges	49	142	53	142
	<b>24,190</b>	<b>64,924</b>	<b>20,634</b>	<b>57,413</b>

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

## 24. FINANCE INCOME

	07/01/2014 to 09/30/2014	01/01/2014 to 09/30/2014	07/01/2013 to 09/30/2013	01/01/2013 to 09/30/2013
<b>Income</b>				
Short-term investments	22,556	55,332	9,964	18,469
Inflation adjustments	2,126	6,153	945	2,530
Escrow deposits	2,034	5,984	692	1,844
Other	93	168	253	686
Interest and discounts obtained	58	2,008	953	1,520
	<b>24,741</b>	<b>63,493</b>	<b>11,862</b>	<b>22,519</b>
<b>Expenses</b>				
Interest on debentures	(42,134)	(96,471)	(24,888)	(68,035)
Inflation adjustments	(1,950)	(31,424)	(9,994)	(26,426)
Debentures	62	(25,547)	(8,411)	(22,557)
Tusd-g	(1,669)	(4,430)	(1,137)	(2,737)
Provisions for tax, labor and environmental risks	(86)	(456)	(89)	(287)
Other	(257)	(991)	(357)	(845)
Recovery of interest and inflation adjustment of debentures (Note 14.3)	-	3,431	-	-
Expenses on pension plan (Note 16)	(314)	(940)	(731)	(2,184)
Other finance costs	268	(2,786)	(1,863)	(2,484)
	<b>(44,130)</b>	<b>(128,191)</b>	<b>(37,476)</b>	<b>(99,129)</b>
	<b>(19,389)</b>	<b>(64,698)</b>	<b>(25,614)</b>	<b>(76,610)</b>

## 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:

	07/01/2014 to 09/30/2014	01/01/2014 to 09/30/2014	07/01/2013 to 09/30/2013	01/01/2013 to 09/30/2013
<b>Numerator</b>				
<b>Profit for the period attributable to the Company's shareholders</b>				
Preferred	33,240	161,396	77,079	184,488
Common	16,621	80,699	38,539	92,244
	<b>49,861</b>	<b>242,095</b>	<b>115,618</b>	<b>276,732</b>
<b>Denominator (Weighted average number of shares)</b>				
Preferred	62,955	62,955	62,955	62,955
Common	31,478	31,478	31,478	31,478
	<b>94,433</b>	<b>94,433</b>	<b>94,433</b>	<b>94,433</b>
<b>Basic and diluted earnings per share</b>				
Preferred	<b>0.52801</b>	<b>2.56366</b>	<b>1.22433</b>	<b>2.93044</b>
Common	<b>0.52801</b>	<b>2.56366</b>	<b>1.22433</b>	<b>2.93044</b>

## 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)

	09/30/2014		12/31/2013	
	Carrying amount	Fair value	Carrying amount	Fair value
Debentures	1,173,378	1,200,198	1,111,133	1,279,202

The Company did not carry out derivative transactions in 2013 and in the three-month period ended September 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\$	
	09/30/2014	12/31/2013
Operating risk	1,009,476	983,062
Civil liability	11,400	10,168

## 28. SUBSEQUENT EVENT

On October 2, 2014, was approved at an EGM the Prior Consent Order before the National Electric Power Agency ("ANEEL"), filed on October 7, 2014, for the acquisition of DEB – Pequenas Centrais Hidrelétricas Ltda. ("DEB"), an enterprise under common control of the Company, pursuant to ANEEL Normative Resolution 484/2012 and provided for in the Project Development Agreement ("Agreement") from December 21, 2012, between the Company and Duke Energy International, Brazil Ltda., the controlling shareholder of the Company ("Duke Brazil")

Once the prior approval of ANEEL is obtained and the consummation of the acquisition of DEB occurs, the Company will inform the market in general

The purchase price, set by the Independent Committee described in Note 13.2, was R\$ 181 million, which is subject to adjustment, plus or minus, as a result of any possible change in the net debt position of DEB on the closing date of the transaction.

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## 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

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Antonio Patricio Franco Martins  
General Controllershship Manager

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