

Financial statements

Alupar Investimento S.A.

December 31, 2012

with Independent Auditor's Report

Financial statements

At December 31, 2012

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A free translation from Portuguese into English of Independent Auditor's Report on financial statements in accordance with accounting practices adopted in Brazil

Independent auditor's report on Financial Statements

The
Shareholders, Board of Directors and Officers
Alupar Investimento S.A.

We have audited the accompanying individual and consolidated financial statements of Alupar Investimento S.A. (Company), identified as Company and Consolidated, respectively, which comprise the balance sheet as at December 31, 2012 and the related income statements, statements of comprehensive income, statements of changes in equity and cash flow statements for the year then ended, and a summary of significant accounting practices and other explanatory information.

Management's responsibility for the financial statements

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

Auditor's responsibility

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

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

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

Opinion on individual financial statements

In our opinion, the aforesaid individual financial statements present fairly, in all material respects, the equity and financial position of Alupar Investimento S.A. at December 31, 2012, its operating performance and cash flows for the year then ended, in accordance with accounting practices adopted in Brazil.

Opinion on consolidated financial statements

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Alupar Investimento S.A. as at December 31, 2012, its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with international financial reporting standards (IFRS) issued by the International Accounting Standards Board (IASB) and accounting practices adopted in Brazil.

Emphasis of matter

As mentioned in Note 2, the individual financial statements were prepared in accordance with accounting practices adopted in Brazil. In the case of Alupar Investimento S.A., these practices differ from IFRS applicable to separate financial statements solely with respect to the measurement of investments in subsidiaries, affiliates and jointly-controlled subsidiaries under the equity method, while such investments would be measured at cost or fair value for IFRS purposes. Our opinion is not qualified in respect of this matter.

Other matters

Statements of value added

We have also audited the individual and consolidated statements of value added (SVA), for the year ended December 31, 2012, prepared under Company management responsibility, whose presentation is required by Brazilian corporation law for publicly-traded companies and as supplementary information under IFRS, which do not require SVA presentation. These statements were submitted to the same audit procedures previously described and, in our opinion, are fairly presented in all material respects, in relation to the overall financial statements.

São Paulo, February 22, 2013

ERNST & YOUNG TERCO
Auditores Independentes S.S.
CRC-2SP015199/O-6

Luiz Carlos Passetti
Accountant CRC-1SP144343/O -3-

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Balance sheets
December 31, 2012 and 2011
(In thousands of reais)

		Company		Consolidated	
	Note	12/31/2012	12/31/2011	12/31/2012	12/31/2011
ASSETS					
Current		**365,884**	**235,243**	**1,864,685**	**1,500,212**
Cash and cash equivalents	5	21,479	729	52,791	26,543
Short-term investments	5	306,404	19,958	497,025	152,545
Marketable securities	6	-	170,535	8,292	177,967
Trade accounts receivable	7	-	-	124,146	119,865
Related parties	25	15,236	24,332	-	-
Taxes recoverable	8	21,649	17,245	47,782	59,370
Advances to suppliers		140	934	74,368	42,232
Inventories		-	-	23,118	21,441
Prepaid expenses		15	24	841	941
Accounts receivable (concession assets)	9	-	-	1,010,364	881,027
Other assets		961	1,486	25,958	18,281
Non-current		**2,137,330**	**1,816,095**	**5,591,370**	**4,910,511**
Related parties	25	25,427	278,499	-	-
Marketable securities	6	-	-	77,955	87,762
Taxes recoverable	8	-	-	23,065	32,170
Deferred income and social contributions	14	-	-	2,313	228
Collaterals and judicial deposits	17	1,769	1,599	10,243	6,578
Accounts receivable (concession assets)	9	-	-	3,222,187	3,025,556
Other assets		-	-	21,301	7,967
Investments	10	2,022,265	1,451,347	5,862	5,756
Property, plant and equipment	11	1,754	1,688	2,076,841	1,631,325
Intangible assets	12	86,115	82,962	151,603	113,169
Total assets		**2,503,214**	**2,051,338**	**7,456,055**	**6,410,723**

See accompanying notes.

Alupar Investimento S.A.

Balance sheets
December 31, 2012 and 2011
(In thousands of reais)

		Company		Consolidated	
	Note	12/31/2012	12/31/2011	12/31/2012	12/31/2011
LIABILITIES					
Current		**217,337**	**221,691**	**1,141,797**	**918,682**
Loans, financing and debentures	**16**	107,178	168,978	688,715	581,601
Trade accounts payable		1,957	2,091	110,669	57,606
Salaries, vacation and social charges		1,572	1,302	10,833	8,967
Taxes payable	**13**	1,674	1,605	80,159	84,193
Provision for assets built up	**15**	-	-	27,165	53,379
Dividends payable	**18**	104,694	47,553	120,314	78,942
Environmental liability accrual		-	-	35,522	10,072
Regulatory charges payable		-	-	31,324	25,843
Provision for litigation	**17**	-	-	4,373	48
Other liabilities		262	162	32,723	18,031
Noncurrent		**651,746**	**296,514**	**3,239,994**	**2,678,720**
Loans, financing and debentures	**16**	650,041	294,915	2,759,323	2,253,323
Advances for future capital increase		-	-	24,358	16,575
Deferred income and social contributions	**14**	-	-	383,984	332,793
Provision for litigation	**17**	1,705	1,599	3,498	2,796
Advances from customers		-	-	14,215	18,271
Environmental liability accrual		-	-	6,882	-
Provision for assets built up	**15**	-	-	13,344	-
Other liabilities		-	-	34,390	54,962
Equity		**1,634,131**	**1,533,133**	**1,634,131**	**1,533,133**
Capital	**18**	804,001	804,001	804,001	804,001
Capital reserve	**18**	70,230	84,946	70,230	84,946
Earnings reserves	**18**	759,900	644,186	759,900	644,186
Non-controlling interest		-	-	1,440,133	1,280,188
Equity + non-controlling interest		**1,634,131**	**1,533,133**	**3,074,264**	**2,813,321**
Total liabilities		**2,503,214**	**2,051,338**	**7,456,055**	**6,410,723**

See accompanying notes.

Income statements
Years ended December 31, 2012 and 2011
(In thousands of reais, except earnings (loss) per share)

		Company		Consolidated	
	Note	12/31/2012	12/31/2011	12/31/2012	12/31/2011
Gross revenue					
Energy transmission system		-	-	1,169,167	1,127,735
Energy generation system		-	-	175,044	162,459
	20	**-**	**-**	**1,344,211**	**1,290,194**
Deductions	**20**	**-**	**-**	**(85,571)**	**(76,549)**
Net operating revenue	**20**	**-**	**-**	**1,258,640**	**1,213,645**
Operating Costs					
Cost of services rendered	**21**	-	-	(96,355)	(74,179)
Electricity purchased		-	-	(23,316)	(46,371)
Infrastructure cost	**22**	-	-	(134,720)	(237,926)
Depreciation / Amortization		-	-	(35,782)	(23,633)
		-	**-**	**(290,173)**	**(382,109)**
Gross profit		**-**	**-**	**968,467**	**831,536**
Net operating income (expenses)					
General and administrative	**21**	(14,276)	(13,501)	(37,460)	(45,092)
Employee expenses		(10,119)	(9,776)	(24,090)	(28,650)
Key management compensation		(8,050)	(6,380)	(16,278)	(12,406)
Equity pickup	**10**	306,548	252,977	-	-
Other income		148	213	180	264
Other expenses	**21**	(4,572)	(2,684)	(9,686)	(7,252)
		269,679	**220,849**	**(87,334)**	**(93,136)**
Income before financial income (expenses)		**269,679**	**220,849**	**881,133**	**738,400**
Financial expenses	**23**	(77,419)	(64,542)	(278,008)	(257,317)
Financial income	**23**	28,148	34,220	45,255	57,694
		(49,271)	**(30,322)**	**(232,753)**	**(199,623)**
Income before income and social contribution taxes		**220,408**	**190,527**	**648,380**	**538,777**
Current income and social contribution taxes	**24**	-	-	(75,859)	(66,587)
Deferred income and social contribution taxes	**24**	-	-	(33,583)	(33,146)
		-	-	(109,442)	(99,733)
Net income for the year		**220,408**	**190,527**	**538,938**	**439,044**
Attributable to:					
Controlling interest		220,408	190,527	220,408	190,527
Non-controlling interest		-	-	318,530	248,517
		220,408	**190,527**	**538,938**	**439,044**
Number of shares - ON		138,951,000	163,910,000		
Number of shares - PN		24,959,000	-		
Basic and diluted earnings per share - ON	**19**	1.34838	1.16239		
Basic and diluted earnings per share - PN	**19**	1.34838	-		

See accompanying notes.

Alupar Investimento S.A.

Statements of comprehensive income
Years ended December 31, 2012 and 2011
(In thousands of reais)

	Company		Consolidated	
	12/31/2012	12/31/2011	12/31/2012	12/31/2011
Net income for the year	**220,408**	**190,527**	**538,938**	**439,044**
Other comprehensive income	-	-	-	-
Total comprehensive income for the year	**220,408**	**190,527**	**538,938**	**439,044**
Attributed to controling shareholders			220,408	190,527
Attributed to non-controlling shareholders			318,530	248,517

The Company did not have comprehensive income or loss for the years presented.

See accompanying notes.

Alupar Investimento S.A.

Statements of changes in equity
Years ended December 31, 2012 and 2011
(In thousands of reais)

Description	Note	Capital	Legal reserve	Uneard income reserve	Capital reserve	Retained earnings/(Accumulated losses)	Other comprehensive income	Total - Company	Non-controlling interest	Total - Consolidated
Balances at December 31, 2010		**804,001**	**22,628**	**478,584**	**-**	**-**	**-**	**1,305,213**	**1,086,465**	**2,391,678**
Goodwill / negative goodwill in capital transactions	**18**	-	-	-	84,946	-	-	84,946	-	84,946
Net income for the year		-	-	-	-	190,527	-	190,527	248,517	439,044
Legal reserve		-	10,011	-	-	(10,011)	-	-	-	-
Dividends declared to controlling shareholders		-	-	-	-	(47,553)	-	(47,553)	-	(47,553)
Dividends declared to non-controlling shareholders		-	-	-	-	-	-	-	(150,036)	(150,036)
Interest on equity declared to non-controlling shareholders		-	-	-	-	-	-	-	(27,425)	(27,425)
Capital increase – non-controlling shareholders		-	-	-	-	-	-	-	36,161	36,161
Transfer between reserves		-	-	132,963	-	(132,963)	-	-	-	-
Changes in non-controlling interest		-	-	-	-	-	-	-	86,506	86,506
Balances at December 31, 2011		**804,001**	**32,639**	**611,547**	**84,946**	**-**	**-**	**1,533,133**	**1,280,188**	**2,813,321**
Goodwill / negative goodwill in capital transactions	**10**	-	-	-	(14,716)	-	-	(14,716)	-	(14,716)
Net income for the year	**18**	-	-	-	-	220,408	-	220,408	318,530	538,938
Legal reserve		-	11,020	-	-	(11,020)	-	-	-	-
Dividends declared to controlling shareholders		-	-	-	-	(104,694)	-	(104,694)	-	(104,694)
Dividends declared to non-controlling shareholders		-	-	-	-	-	-	-	(191,767)	(191,767)
Interest on equity declared to non-controlling shareholders		-	-	-	-	-	-	-	(30,049)	(30,049)
Capital increase – non-controlling shareholders		-	-	-	-	-	-	-	4,499	4,499
Transfer between reserves		-	-	104,694	-	(104,694)	-	-	-	-
Changes in non-controlling interest		-	-	-	-	-	-	-	58,732	58,732
Balances at December 31, 2012		**804,001**	**43,659**	**716,241**	**70,230**	**-**	**-**	**1,634,131**	**1,440,133**	**3,074,264**

See accompanying notes.

Alupar Investimento S.A.

Cash flow statements
Years ended December 31, 2012 and 2011
(In thousands of reais)

	Company		Consolidated	
	12/31/2012	12/31/2011	12/31/2012	12/31/2011
Cash flows from operating activities				
Income before income and social contribution taxes and non-controlling interest	220,408	190,527	648,380	538,777
Items not affecting cash equivalents				
Depreciation and amortization	802	505	36,584	24,138
Equity pickup	(306,548)	(252,977)	-	-
Monetary and exchange variation, net	75,740	62,246	263,407	271,381
Revenues from short-term investments	(21,651)	(25,368)	(38,029)	(37,764)
PP&E and intangible assets written off	10,385	4,623	22,646	37,138
	(20,864)	**(20,444)**	**932,988**	**833,670**
(Increase) decrease in assets				
Accounts receivable - concessionaires and licensees	-	-	(862)	(23,550)
Accounts receivable - concession assets	-	-	(207,830)	(294,616)
Related parties	(4,099)	-	-	-
Taxes recoverable	(4,404)	(5,454)	13,325	(29,734)
Inventories	-	-	242	(3,636)
Other assets	1,328	474	(39,913)	(92,768)
	(7,175)	**(4,980)**	**(235,038)**	**(444,304)**
Increase (decrease) in liabilities				
Trade accounts payable	(134)	(1,348)	42,838	5,363
Regulatory charges payable	-	-	6,283	7,988
Salaries, vacation pay and social charges	270	152	1,353	1,392
Taxes payable	69	455	(84,669)	(68,614)
Other liabilities	99	43	(16,046)	71,545
	304	**(698)**	**(50,241)**	**17,674**
Net cash generated by (used in) operating activities	**(27,735)**	**(26,122)**	**647,709**	**407,040**
Cash flows from investing activities				
Capital contribution in subsidiaries	(97,796)	-	-	-
Acquisition of subsidiaries	(88,369)	1,595	(88,369)	9,980
Redemption of short-term investments	678,802	437,777	1,694,778	1,753,176
Investment in short-term	(772,742)	(215,918)	(1,810,425)	(1,576,220)
Dividends and interest on equity received	223,363	235,297	-	-
Cash from capital transactions	-	-	3,967	21
Investments in PP&P	(602)	(813)	(356,168)	(368,067)
Investments in intangible assets	(13,804)	(23,741)	(19,654)	(32,813)
Net cash generated by (used in) operating activities	**(71,148)**	**434,197**	**(575,871)**	**(213,923)**
Cash flows from financing activities				
Capital contribution	-	-	4,499	-
Advance for future capital contribution (FCC)	(49,901)	(265,851)	-	3,970
Dividends and interest on equity paid	(47,553)	(47,771)	(285,468)	(281,522)
Borrowings and leases	449,470	119,104	1,282,067	1,207,301
Financing repayment and payment of interest	(232,383)	(217,436)	(1,046,688)	(1,160,212)
Net cash generated by (used in) financing activities	**119,633**	**(411,954)**	**(45,590)**	**(230,463)**
Net increase/(decrease) in cash and cash equivalents	**20,750**	**(3,879)**	**26,248**	**(37,346)**
Statement of increase in cash and cash equivalents				
Opening balance	729	4,608	26,543	63,889
Closing balance	21,479	729	52,791	26,543
Net increase (decrease) in cash and cash equivalents	**20,750**	**(3,879)**	**26,248**	**(37,346)**
Additional information				
Payment of social contribution tax	-	-	24,983	36,718
Payment of income tax	-	-	21,289	24,093

See accompanying notes.

Alupar Investimento S.A.

Statements of value added
Years ended December 31, 2012 and 2011
(In thousands of reais)

	Company		Consolidated	
	12/31/2012	12/31/2011	12/31/2012	12/31/2011
Revenues				
Transmission concession revenue	-	-	119,332	99,719
Infrastructure Revenue	-	-	134,720	237,926
Compensation for service concession assets	-	-	915,115	790,090
Energy revenue	-	-	175,044	162,459
Other revenues	148	213	180	246
	148	213	1,344,391	1,290,440
(-) Inputs acquired from third parties				
Electricity purchased for resale	-	-	(23,316)	(46,371)
Charges on use of electric network (CUST)	-	-	(7,611)	(6,386)
Financial compensation for the use of hydro resources	-	-	(1,744)	(3,101)
Infrastructure cost	-	-	(134,720)	(237,926)
Third-party services	(10,180)	(10,147)	(76,937)	(75,053)
Materials	(254)	(177)	(5,017)	(3,361)
Other operating costs	(2,216)	(970)	(4,113)	1,482
	(12,650)	(11,294)	(253,458)	(370,716)
(-) Asset return (depreciation) rates	(802)	(505)	(36,584)	(24,138)
Transferred value added received				
Equity pickup	306,548	252,977	-	-
Financial income	28,148	34,220	45,255	60,685
	334,696	287,197	45,255	60,685
Value added to be distributed	**321,392**	**275,611**	**1,099,604**	**956,271**
Distribution of value added				
Personnel				
Direct compensation	12,727	11,573	44,418	38,424
Benefits	1,454	1,201	8,030	6,078
Luncheon voucher	362	299	1,840	1,408
Health care plan	483	352	2,402	1,949
Subsidized transportation	31	30	68	52
Private pension plan	335	230	988	1,255
Other	243	290	2,732	1,414
Government Severance Indemnity Found for Employees (FGTS)	985	823	3,323	2,583
	15,166	13,597	55,771	47,085
Taxes, charges and contributions				
Federal	6,436	5,794	218,117	203,804
Social security contribution tax (INSS)	3,003	2,559	10,600	8,869
Consumer charges	-	-	33,594	42,047
Income and social contribution taxes	-	-	75,859	67,038
PIS and COFINS	2,698	2,456	52,104	47,624
Trade association / workers` union dues	122	81	4,829	267
Social contribution tax for intervention in the economic order (CIDE)	-	27	-	27
VAT	-	-	1,384	-
Income tax on remittances from abroad	23	80	23	80
Deferred income and social contribution taxes	-	-	33,583	36,891
Other taxes and charges	590	591	6,141	961
State	35	26	1,264	2,252
State value-added tax (ICMS)	-	-	1,183	2,194
Vehicle tax (IPVA)	35	26	81	58
Local	49	34	127	81
Municipal real property tax (IPTU)	49	34	100	74
Licensing fees	-	-	27	7
	6,520	5,854	219,508	206,137
Debt remuneration				
Interest and exchange variation	75,740	63,273	258,146	234,204
Rent	1,879	1,091	7,379	6,667
Other financial expenses	1,679	1,269	19,862	23,134
	79,298	65,633	285,387	264,005
Equity remuneration				
Proposed dividends	104,694	47,553	104,694	47,553
Earnings reserves	115,714	142,974	115,714	142,974
Non-controlling interest	-	-	318,530	248,517
	220,408	190,527	538,938	439,044
	321,392	**275,611**	**1,099,604**	**956,271**

See accompanying notes.

1. Operations

Alupar Investimento S.A. ("Company" or "Alupar") is a publicly-held corporation headquartered in the city of São Paulo, São Paulo State, at Av. Dr. Cardoso de Melo, n. 1855, Bloco I, 9º andar, and its main business purpose is holding interest in other entities operating in the energy and infrastructure industries, both in Brazil and abroad, either as a shareholder or a member; generating, transforming, transporting, distributing and selling energy in any form; preparing feasibility studies and projects; promoting construction, operation and maintenance of energy-generating plants, transportation and transmission lines, substations, distribution network; carrying out any other related or supplementary services; and carrying out any other services or activities in the infrastructure area.

Alupar holds interest in electric energy generating and transmission companies in Brazil and in two holding companies, namely Transminas Holding S.A. (parent company of Transleste, Transirapé and Transudeste) and Alupar Inversiones Peru.

The Company is a direct subsidiary of Guarupart Participações Ltda. ("Guarupart").

Transmission line concessions

The Company has approximately 5,665 km in transmission line concessionss, of which about 4,950 km in operation and 715 km in their pre-operating phase, with voltage ranging from 230 kV to 525 kV. The transmission systems of the Company's subsidiaries, under service concession arrangements effective for 30 years, are located in the Northern and Northeastern regions of Brazil – in the states of Pará, Maranhão, Piauí and Ceará; in the Southern region – state of Santa Catarina; in the Southeastern region – states of Minas Gerais and Espírito Santo; in the Mid-Western region – state of Mato Grosso; and, in the future, in the states of Amazonas and Roraima (TNE). In September 2012, the Inter-American Development Bank ("IDB") approved the purchase and sale transaction for shares of Transchile Charrúa Transmisión S.A. ("Transchile"). Accordingly, the Company acquired 51% of interest in Transchile, formerly held by Guarupart Participações Ltda. ("Guarupart"), which is currently the parent company of Alupar. Transchile operates a 200 km Temuco-Charrua transmission line, located in Chile (see Note 18).

The following table presents a list of electricity transmission assets:

Companies	Service concession term		RAP/RBNI (2012-2013 cycle) (**)
	Beginning	End	
Empresa Paraense de Transmissão S.A. - ETEP	Jun-01	Jun-31	72.8
Empresa Norte de Transmissão S.A. - ENTE	Dec-02	Dec-32	167.3
Empresa Regional de Transmissão S.A. - ERTE	Dec-02	Dec-32	29.6
Empresa Amazonense de Transmissão S.A. - EATE	Jun-01	Jun-31	319.7
Empresa Catarinense de Transmissão S.A. – ECTE	Nov-00	Nov-30	70.6
Sistema de Transmissão Nordeste S.A. – STN	Feb-04	Feb-34	133.9
Companhia Transleste de Transmissão - Transleste	Feb-04	Feb-34	30.3
Companhia Transudeste de Transmissão - Transudeste	Mar-05	Mar-35	18.7
Companhia Transirapé de Transmissão - Transirapé	Mar-05	Mar-35	16.8
Sistema de Transmissão Catarinense S.A. – STC	Apr-06	Apr-36	30.1
Companhia Transmissora de Energia Elétrica - Lumitrans	Feb-04	Feb-34	19.8
Empresa de Transmissão do Espirito Santo S.A. - ETES	Apr-07	Apr-37	11.1
Empresa Brasileira de Transmissão de Energia S.A. – EBTE	Oct-08	Oct-38	33.1
Transmissora Matogrossense de Energia S.A – TME	Nov-09	Nov-39	33.4
Empresa Santos Dumont de Energia S.A – ESDE (*)	Nov-09	Nov-39	10.5
Empresa de Transmissão de Energia do Mato Grosso S.A. - ETEM	Jul-10	Jul-40	10.0
Empresa de Transmissão de Varzea Grande S.A. - ETVG (*)	Dec-10	Dec-40	3.4
Transnorte Energia S.A. - TNE (*)	Jan-12	Jan-42	162.2
Empresa de Transmissão Serrana S.A. - ETSE (*)	Apr-12	Apr-42	15.0
Transchile Charrúa Transmisión S.A.	Not applicable		Not applicable
Total			**1,188.4**

(*) Pre-operating companies
(**) In millions of reais

See Note 9 for detailed information on the transmission companies' concession agreements.

Electric energy generation concessions

The Company holds the concession rights of 3 SHP ("Small Hydropower Plants"), 3 HPs ("Hydropower Plants") and one wind power project (10 wind power plants), which total 664 MW, to wit: The generation systems operated by the Company, under service concession arrangements effective for 30 to 35 years, are located in the states of Goiás, Rio Grande do Sul, São Paulo, and, in the future, Amapá (Ferreira Gomes) and Ceará (Aeolian plant). The Company also holds a controlling interest in Risaralda Energia SAS/ESP ("Risaralda").

The following table presents a list of electric energy generation assets:

	Service concession term/ Authorization	
Companies	**Beginning**	**End**
Foz do Rio Claro Energia S.A.	Aug-06	Aug-41
Ijuí Energia S.A.	Aug-06	Aug-41
Usina Paulista Lavrinhas de Energia S.A.	Apr-04	Apr-34
Usina Paulista Queluz de Energia S.A.	Apr-04	Apr-34
Ferreira Gomes Energia S.A (*)	Nov-10	Nov-45
Energia dos Ventos I S.A. (*)	Jul-12	Jul-47
Energia dos Ventos II S.A. (*)	Jul-12	Jul-47
Energia dos Ventos III S.A. (*)	Jul-12	Jul-47
Energia dos Ventos IV S.A. (*)	Jul-12	Jul-47
Energia dos Ventos V S.A. (*)	Jul-12	Jul-47
Energia dos Ventos VI S.A. (*)	Jul-12	Jul-47
Energia dos Ventos VII S.A. (*)	Jul-12	Jul-47
Energia dos Ventos VIII S.A. (*)	Jul-12	Jul-47
Energia dos Ventos IX S.A. (*)	Jul-12	Jul-47
Energia dos Ventos X S.A. (*)	Jul-12	Jul-47
Genpower termoelétricas e participações S.A. (*)	Not applicable	
Risaralda Energía S.A.S.E.S.P. (*)	Not applicable	

(*) Pre-operating companies

Foz do Rio Claro Energia S.A. ("HHP Engenheiro José Müller de Godoy Pereira" or "HHP Foz do Rio Claro")

HHP Foz do Rio Claro, with installed capacity of 68.4 MW, located in Rio Claro, in the municipalities of Caçu and São Simão, in the State of Goiás. This venture became fully operational in December 2010. The physical guarantee of this power plant is 41 MW.

The concession agreements for exploring HHP Foz do Rio Claro is effective for 35 years as from the date when the concession agreement was entered into, in 2006.

Ijuí Energia S.A. ("HHP São José" or "HHP Ijuí")

HHP Ijuí, with installed capacity of 51.0 MW, located in Rio Ijuí, in the municipalities of Salvador das Missões and Rolador, in the State of Rio Grande do Sul. This venture became 100% commercially operational in June 2011. The physical guarantee of energy of this power plant is 41 MW.

The concession agreements for exploring HHP Foz do Rio Claro are effective for 35 years as from the date when the concession agreement was entered into, in 2006.

Usina Paulista Lavrinhas de Energia S.A. ("PCH Lavrinhas")

Lavrinhas SHP has installed capacity of 30 MW and physical guarantee of 21.4 MW, is located in Rio Paraíba do Sul, municipality of Lavrinhas, State of São Paulo, and has a flooded area of 0.76 km2. This venture became commercially operational in August 2011. Physical guarantee of this power plant is 21 MW.

Authorization to explore Lavrinhas SHP is effective for 30 years as from April 7, 2004.

Usina Paulista Queluz de Energia S.A. ("Queluz SHP")

Queluz SHP has installed capacity of 30 MW and physical guarantee of 21.4 MW, is located in Rio Paraíba do Sul, municipality of Queluz, State of São Paulo, and has a flooded area of 1.27 km2. This venture became commercially operational in September 2011. Physical guarantee of this power plant is 21 MW.

Authorization to explore Queluz SHP is effective for 30 years as from April 7, 2004.

Ferreira Gomes Energia S.A. ("Ferreira Gomes HHP")

Ferreira Gomes HHP is located in Rio Araguari, in the municipalities of Araguari and Ferreira Gomes, in the State of Amapá. This venture consists in using hydropower potential, with installed potency of at least 252 MW. The concession to use Ferreira Gomes HHP is effective for 35 years, from service concession arrangement execution date, entered into in 2010.. At December 31, 2012, Ferreira Gomes HHP was in its implementation phase, and expects to start up activities of first generating unit by December 30, 2014, the second generating unit by February 28, 2015 and the third generating unit by April 30, 2015, according to the service concession arrangement schedule. Physical guarantee of this power plant is 150.2 MW.

Energia dos Ventos I to X ("Energia dos Ventos")

At December 20, 2011, the consortium formed by Alupar (51%) and Furnas (49%) sold, in Aneel generation auction No. 07/2011, 204.4 MW of wind energy to be delivered as from January 2016. Alupar and Furnas will build in partnership ten Aeolian power plants in the municipality of Aracati, in the State of Ceará, as follows:

Aeolian plant	MW
Goiabeira	19.2
Ventos de Horizonte	14.4
Jandaia	28.8
São Januário	19.2
Ubatuba	12.6
Jandaia	19.2
Nossa Senhora de Fátima	28.8
Pitombeira	27.0
Santa Catarina	16.0
São Clemente	19.2
Total	**204.4**

Risaralda Energia SAS/ESP ("Risaralda")

Subsidiary Risaralda is established in Colombia and holds the license to explore SHPs Morro Azul, Guática I and Guática II, with installed capacity of 16 MW, 4 MW and 8 MW, respectively.

These power plants are expected to begin construction in 2013 and to be completed up until 2015. The investment shall be of approximately US$ 70,000,000,00, and the energy generated will be sold in Colombia's free energy market.

Other Generating and Transmission Companies

Alupar is preparing studies so as to obtain new authorizations for Small Hydroelectric Plants (SHPs) in various Brazilian states.

In March 2012, the Company formed Boa Vista Participações S.A. ("Boa Vista"). Boa Vista is engaged in: i) energy generation, transmission, distribution and sale; ii) construction of an energy network and electric systems; and iii) project, consulting and engineering services. At December 31, 2012, fully subscribed paid-in capital of Boa Vista amounts to R$ 1, represented by 1,000 common registered shares with no par value.

2. Basis of preparation and presentation of financial statements

The Company's management authorized the issuance of the financial statements on February 22, 2013.

2.1. Statement of compliance

These financial statements for the years ended December 31, 2012 and 2011, comprise:

a) the consolidated financial statements prepared in accordance with international accounting standards (*International Financial Reporting Standards* – IFRS) issued by the *International Accounting Standards Board* - (IASB), and accounting practices adopted in Brazil, identified as "Consolidated".

b) the Company's individual financial statements prepared in accordance with accounting practices adopted in Brazil, identified as "Company" or "Individual".

Accounting practices adopted in Brazil comprise the pronouncements, guidance and interpretations issued by the Brazilian FASB (CPC), which were approved by Brazil's National Accountancy Board (CFC), and the Standards issued by the Brazilian SEC (CVM).

The Company adopted all pronouncements, interpretations and guidance issued by CPC, by the IASB, the standards issued by the CVM and regulators effective as of December 31, 2012. The financial statements were prepared based on historical cost, except for valuation of certain assets and liabilities, such as financial instruments, which are measured at fair value.

In the individual financial statements, investments in subsidiaries are stated by the equity method, pursuant to prevailing Brazilian legislation. Accordingly, these individual financial statements are not considered to be presented in accordance with International Financing Reporting Standards (IFRS), which require these investments to be stated at cost or fair value in the Company's separate financial statements.

The Company elected to present these individual and consolidated financial statements in a single set, side by side.

2.2. Basis of preparation and presentation

All amounts presented in these financial statements are stated in thousands of reais, except stated otherwise. Therefore, the figures included herein may not precisely add up to the totals presented.

Nonfinancial data included in these financial statements, such as electric energy generation capacity, volumes of electric energy generated, volume of energy sold and purchased, number of consumers, insurance and environment, is not reviewed by our independent auditor.

The accounting estimates involved in the preparation of the financial statements were based on both objective and subjective factors, and in line with management's judgment in order to determine the appropriate amounts to be recorded in the financial statements.

Significant items subject to these estimates and assumptions include valuation of financial assets at fair value, credit risk analysis in order to determine the allowance for doubtful accounts, as well as the assessment of other risks to determine other provisions, including provision for litigation.

Settlement of transactions involving these estimates may result in amounts significantly different from those recorded in the financial statements due to the probabilistic treatment inherent in their estimate process. The Company reviews its estimates at least annually.

Reclassification for comparative purposes

With a view to improving the quality of the information presented in the financial statements and a better comparability of balances, the Company made the following reclassifications to comparative balances as at December 31, 2011: i) escrow and judicial deposits in the amount of R$ 373 and R$ 284, respectively, were reclassified from current and non-current assets to accounts receivable (concession assets) in current and non-current assets, respectively, (ii) provision for litigation in the amount of R$ 2,419 was reclassified from non-current liabilities to other obligations in non-current liabilities; and (iii) the amount of R$ 9,058 was reclassified from other expenses in net income/(expenses) to cost of services rendered.

2.3. Functional currency, translation of balances and transactions in foreign currency

2.4.1 Functional and reporting currency

These financial statements were prepared and are presented in Reais (R$), which is the functional currency of Company and subsidiaries, except for subsidiary Transchile, whose functional currency is the US dollar (US$). The functional currency was determined based on the primary economic environment of their operations.

2.4.2 Transactions and balances

Transactions in foreign currency were translated at the exchange rate in force on the transaction date. Monetary assets and liabilities in foreign currency are translated to the functional currency at the exchange rate in force on the reporting date. Non-monetary items in foreign currency recognized at fair value are translated at the exchange rate in force as of the date when fair value was determined.

2.4. Consolidation criteria

Consolidated financial statements include the Company and its subsidiaries. Entities are considered subsidiaries when they present the following characteristics in a combined manner: the Company holds more than half of the voting rights; governs the entity's financial and operating policies; and appoints or removes most members of the executive board or board of directors.

Key consolidation adjustments include the following eliminations, among others:

- Assets and liabilities account balances, as well as revenues and expenses between Company and subsidiaries, so that the consolidated financial statements represent balances receivable from and payable to third parties only.

- Interest in capital and profit (loss) for the year of subsidiaries.

The following subsidiaries are included in the consolidated financial statements:

Description	Activity	Interest (%)	
		12/31/2012	12/31/2011
Direct subsidiaries:			
Alupar Inversiones Peru	Holding	100.00	100.00
Transminas Holding S.A.	Holding	70.02	70.02
Boa Vista Participações S.A.	Holding	80.00	-
Foz do Rio Claro Energia S.A.	Generation	50.01	50.01
Ijuí Energia S.A.	Generation	50.01	50.01
Usina Paulista Lavrinhas de Energia S.A.	Generation	35.01	25.01
Usina Paulista Queluz de Energia S.A.	Generation	35.01	25.01
Ferreira Gomes Energia S.A	Generation	99.99	99.99
Genpower termoelétricas e participações S.A.	Generation	51.00	51.00
Risaralda Energía S.A.S.E.S.P.	Generation	99.86	99.86
Energia dos Ventos I S.A.	Generation	50.99	-
Energia dos Ventos II S.A.	Generation	50.99	-
Energia dos Ventos III S.A.	Generation	50.99	-
Energia dos Ventos IV S.A.	Generation	50.99	-
Energia dos Ventos V S.A.	Generation	50.99	-
Energia dos Ventos VI S.A.	Generation	50.99	-
Energia dos Ventos VII S.A.	Generation	50.99	-
Energia dos Ventos VIII S.A.	Generation	50.99	-
Energia dos Ventos IX S.A.	Generation	50.99	-
Energia dos Ventos X S.A.	Generation	50.99	-
Empresa Amazonense de Transmissão S.A. - EATE	Transmission	50.02	50.02
Sistema de Transmissão Nordeste S.A. – STN	Transmission	51.00	51.00
Empresa de Transmissão do Espirito Santo S.A. - ETES	Transmission	100.00	100.00
Empresa Paraense de Transmissão S.A. - ETEP	Transmission	50.02	50.02
Empresa Norte de Transmissão S.A. - ENTE	Transmission	50.01	50.01
Empresa Regional de Transmissão S.A. - ERTE	Transmission	50.01	50.01
Empresa Catarinense de Transmissão S.A. – ECTE	Transmission	45.02	42.51
Empresa de Transmissão de Energia do Mato Grosso S.A. - ETEM	Transmission	60.00	60.00
Transmissora Matogrossense de Energia S.A – TME	Transmission	46.00	46.00
Empresa de Transmissão de Varzea Grande S.A. - ETVG	Transmission	100.00	100.00
Companhia Transmissora de Energia Elétrica - Lumitrans	Transmission	15.00	15.00
Sistema de Transmissão Catarinense S.A. – STC	Transmission	20.00	20.00
Transnorte Energia S.A. - TNE	Transmission	51.00	51.00
ACE Comercializadora Ltda	Trader	100.00	100.00
AF Energia	Services	100.00	100.00
Indirect subsidiaries:			
Empresa Brasileira de Transmissão de Energia S.A. – EBTE (*)	Transmission	25.51	25.51
Companhia Transmissora de Energia Elétrica - Lumitrans (*)	Transmission	40.02	40.02
Sistema de Transmissão Catarinense S.A. – STC (*)	Transmission	40.02	40.02
Companhia Transleste de Transmissão - Transleste (**)	Transmission	28.71	28.71
Companhia Transirapé de Transmissão - Transirapé (**)	Transmission	28.71	28.71
Companhia Transudeste de Transmissão - Transudeste (**)	Transmission	28.71	28.71
Empresa Santos Dumont de Energia S.A – ESDE (***)	Transmission	50.02	50.02
Empresa de Transmissão Serrana S.A. - ETSE (****)	Transmission	45.02	42.51

(*) Direct subsidiaries of Empresa Amazonense de Transmissão de Energia S.A. - EATE
(**) Direct subsidiary of Transminas Holding S.A.
(***) Direct subsidiary of Empresa Paraense de Transmissão de Energia S.A. - ETEP
(****) Direct subsidiary of Empresa Catarinense de Transmissão de Energia S.A. - ECTE

The financial reporting period of consolidated subsidiaries coincides with that of the Company, and accounting practices were uniformly applied by consolidated companies, being consistent with those used in the prior year. All intercompany balances and transactions were eliminated in the consolidation. Transactions between Company and subsidiaries are carried out under conditions established by the parties. The Company's management, based on the articles of incorporation and shareholders' agreement, holds control over the companies listed above and, therefore, fully consolidates them, except for Transudeste, TME, TNE, Energia dos Ventos I, Energia dos Ventos II, Energia dos Ventos III, Energia dos Ventos IV, Energia dos Ventos V, Energia dos Ventos VI, Energia dos Ventos VII, Energia dos Ventos VIII, Energia dos Ventos IX, Energia dos Ventos X and Transchile, which are consolidated on a proportional basis. Non-controlling interest of fully consolidated companies is identified in the consolidated income statement and in the statement of changes in equity.

3. Summary of significant accounting practices

3.1 Financial assets

a) Initial recognition

Financial assets refer to cash and cash equivalents, equity instruments of another entity, including short-term investments, contractual rights, or a contract which may be settled by means of equity instruments of the entity.

These instruments are initially measured at fair value plus transaction costs directly attributable to their acquisition or issue, except for financial assets and liabilities measured at fair value through profit or loss, where such costs are charged directly to income for the year.

Upon initial recognition, financial assets are classified into the following categories: financial assets measured at fair value through profit or loss; investments held to maturity; financial assets available for sale; and loans and receivables. This classification depends on the nature, contractual provisions and the purpose of the financial asset.

b) Subsequent measurement

Subsequent measurement of financial assets depends on their classification, which can be as follows:

- Financial assets at fair value through profit or loss - these are classified as held for trading if they are acquired for the purpose of being sold in the short term. Financial assets at fair value through profit or loss are presented in the balance sheet at fair value, with corresponding gains or losses recognized in the income statement. Financial assets are classified as held for trading when acquired to be sold in the short term or to be repurchased in a very short term, when part of a financial instrument portfolio for obtaining profit in the short term or when they are derivative financial instruments. These assets are subsequently measured at fair value and have impact on P&L for the year.

- Financial assets held to maturity – these are non-derivative financial assets, with fixed or determinable payments and defined maturity, which the Company has intent and financial ability to hold until maturity. These assets are subsequently measured at amortized cost using the effective interest rate method.

- Financial assets classified as loans and receivables – these are non-derivative financial assets with fixed or determinable payments which, however, are not traded in an active market. These assets are subsequently measured at amortized cost using the effective interest rate method.

- Financial assets available for sale – these are non-derivative financial assets which are not classified as loans and receivables, investments held to maturity or financial assets at fair value through profit or loss. These assets are subsequently measured at fair value through equity.

3.1.1. Cash and cash equivalents

Cash and cash equivalents include cash, bank deposits and short-term investments, classified as financial assets at fair value through profit or loss and presented at fair value in the balance sheet with corresponding gains or losses recognized in P&L.

Short-term investments are classified as cash equivalents when readily convertible into a known cash amount and subject to a low risk of change in market value. Therefore, an investment normally qualifies as cash equivalent when redeemable in the short term, for instance, within three months from transaction date.

3.1.2. Short-term investment and marketable securities

Short-term investments include financial investments, bank deposit certificates, government bonds and investment funds which are fully consolidated, classified as available for sale and after initial recognition are measured at fair value, with unrealized gains and losses recognized directly in other comprehensive income in the "available-for-sale reserve", and posted to P&L upon realization thereof. The effects from impairment losses, interest calculated based on the effective interest rate method and foreign exchange gains or losses on monetary assets are posted directly to P&L.

Short-term investments and marketable securities are classified as available for sale if they are not constituted for the purpose of being sold in the short term, are not characterized as derivative financial instruments, with fixed or determinable payments, and also due to the fact that Company management has no intent to hold them to maturity.

At December 31, 2012 and 2011, there was no significant change in fair value which should have been recognized in equity.

These are represented by investments with maturities exceeding three months, which are classified in short-term investments at acquisition date.

3.1.3. Trade accounts receivable

Company and subsidiaries classify trade accounts receivable as "loans and receivable" financial instruments. Receivables are represented by non-derivative financial instruments with fixed receipts which, however, are not traded in an active market. Upon initial recognition, receivables are measured at fair value and subsequently adjusted based on the amortization of principal, impairment or allowance for doubtful accounts.

3.1.3.1. Allowance for doubtful accounts

The allowance for doubtful accounts, where applicable, is set up based on estimated probable losses in collection of receivables. The criterion adopted by the Company and its subsidiaries is analyzing doubtful accounts individually.

3.1.4. Provision for impairment of financial assets

Financial assets are tested for impairment at each balance sheet date. They are considered impaired when there is any indication that one or more events have occurred after initial recognition of the financial asset and which have impacted the estimated future cash flow of the investment.

3.1.5. Derecognition of financial assets

The Company and its subsidiaries derecognize their financial assets when contractual rights on the cash flow of such assets expire, or when all risks and benefits of such assets are substantially transferred to another entity. If the Company and its subsidiaries keep substantially all risks and benefits of a financial asset that has been transferred, such financial asset is kept in the financial statements and a liability is recognized for any amounts received in the transaction.

3.1.6. Service concession arrangements

Service concession arrangements provide for that, at the end of the service concession, infrastructure assets are to be returned to the granting authority through payment of an indemnification.

In accordance with ICPC 01, service concession infrastructure is not recognized by the operator as a property, plant an equipment or a financial lease, as the operator is deemed not to be in control of such asset, which is then recognized based on one of the following accounting models, depending on the type of consideration commitment assumed by the granting authority within the scope of the contract:

Financial asset model

This model is applicable when the operator has an unconditional right to receive certain monetary amounts, regardless of the level of infrastructure use under the service concession arrangement, and results in recognition of a financial asset, which is classified at amortized cost.

This model is applicable to our electricity transmission operators.

3.2 Investments

Investments in subsidiaries are measured by the equity method.

3.3 Property, plant and equipment

Estimated useful lives and the depreciation method follow the criteria provided for in ANEEL Resolution No. 474, of February 07, 2012.

Depreciation is calculated under the straight-line method, by component, by reference to the rates disclosed in Note 11. These depreciation rates consider the estimated economic useful lives of assets as of December 31, 2012.

Company management is of the understanding that upon termination of the service concession arrangement, assets and facilities related to electricity production will become an integral part of Federal Government assets, through an indemnification paid for investments made, but not yet amortized, as long as authorized and determined by ANEEL.

When significant parts of property, plant and equipment are replaced, such parts are recognized as individual asset items, with specific depreciation and useful lives. Accordingly, when significant maintenance is carried out, its cost is recognized in property, plant and equipment if recognition criteria are met. All other repair and maintenance costs are expensed when incurred.

A property, plant and equipment item is written off when it is sold or when no future economic benefit is expected from its use or sale. Any asset-derecognition gains or losses are posted to P&L for the year in which such asset is derecognized.

Gains on and losses from sale or derecognition of a PP&E item are determined by the difference between sale value and book value, and are recognized in P&L for the year.

The net book value and useful life of the assets and the depreciation methods are reviewed according to ANEEL, and adjusted prospectively, when applicable.

3.4 Intangible assets

Upon initial recognition, intangible assets acquired separately are measured at acquisition cost. After initial recognition, they are recorded at cost, less accumulated amortization and impairment losses.

Intangible assets with a finite useful life are amortized using the straight-line method over their economic useful life and, when there are indications of impairment losses, they are submitted to impairment tests. The amortization period and the method for a finite-lived intangible asset are reviewed at least at the each financial year-end. Amortization charges on intangible assets with finite lives are recognized in the income statement in other expenses, net consistent with the use of the intangible asset.

Gains and losses arising from write-off of an intangible asset are measured as the difference between the net sale price and the book value of the asset, recognized in the income statement at the write-off of the asset.

Intangible assets of Company and subsidiaries are as follows:

Concession right – use of public sector asset

The intangible asset of subsidiaries Ijuí, Foz and Ferreira Gomes, includes the subsidiaries' right to operate as concessionaires using Public Sector Asset (UBP) in the production and sale of electric power, under their service concession arrangement. Such rights will be paid over the service concession arrangement term.

The useful life of this intangible asset is considered finite, a 35-year period, according to the service concession period.

Intangible assets acquired from third parties (goodwill) and project development

These refer to goodwill arising from assets acquired from third parties, including through business combinations, and projects of HPP, SHP, Wind Plants, among others. Furthermore, in order to develop these and other projects, the Company incurs pre-operating costs inherent in the development process of such projects, such as engagement of engineering, travel and other services. After authorization/permission/concession of installation licenses, projects developed are allocated to SPEs, subsidiaries of the Company, which will reimburse all expenses incurred to the Company.

Expenses incurred on a project which might not be implemented are reversed from this account and expensed. Such reversals are based on management's assessments.

3.5 Provision for impairment of non-current assets

Management annually reviews net book value of assets so as to assess events or changes in economic, operating or technological circumstances which may indicate deterioration or impairment. In 2012 and 2011, such events or circumstances were not identified in the operations of Company and subsidiaries. Losses are recognized based on the amount book value exceeding probable recoverable value of a non-current asset or group of assets. Probable recoverable amount is determined as the higher of (a) estimated sale value of assets less estimated cost to sell, and (b) value in use, determined by expected present value of future cash flows of an asset or cash-generating unit. Management of the Company's and its subsidiaries' business considers that all plants and transmission lines comprise a single cash-generating unit.

In estimating the value in use of an asset, estimated future cash flows are discounted to present value at a pretax discount rate reflecting the weighted average capital cost for the industry in which the cash-generating unit operates. The net sale price is determined, whenever possible, from firm sale contracts on an arm's length basis, between knowledgeable, willing parties, adjusted by costs to sell the asset, or, in the absence of firm sale contracts, based on the observable market price in an active market, or on the most recent transaction price involving similar assets.

3.6 Provisions

Provisions are recorded when the Company has an obligation, (legal or constructive), arising from past events, the settlement of which is expected to result in an outflow of economic benefits, in an amount that can be reliably estimated. Expenses related to any provision are recorded in P&L.

The amount recognized as a provision is the best estimate of the amount required to settle an obligation as of the balance sheet date, considering the risks and uncertainties inherent in the estimate process of this obligation.

3.6.1 Provision for litigation

The Company and its subsidiaries are party to various legal and administrative proceedings. Provisions are recorded for all litigation contingencies, the settlement of which is expected to result in an outflow of economic benefits, in an amount that can reliably estimated. Assessment of the likelihood of loss includes an evaluation of available evidence, the hierarchy of laws, available case law, recent court decisions and their relevance in the legal system, as well as the opinion of outside legal advisors. Provisions are reviewed and adjusted to take into consideration changes in circumstances, such as applicable statute barring period, conclusion from tax audits or additional exposures identified based on new matter or court decisions.

3.6.2 Environmental liability accrual

Given their activities, Company's subsidiaries set up an environmental liability accrual. These liabilities are related to investments in preservation units assumed over the venture licensing process. This provision is matched against property, plant and equipment.

3.6.3 Provision for assets built up

Provisions for assets built up include obligations assumed in works to be completed, and which are related to a certain project which is already in operation.

3.7 Financial liabilities – Initial recognition and subsequent measurement

These are any liabilities arising from contractual obligations (i) determining delivery of cash or any other financial asset to another entity, or (ii) determining that financial assets or liabilities be exchanged with another entity under conditions that are unfavorable to Company and subsidiaries. Financial liabilities also include agreements that will or may be settled through a variable number of the entity's equity instruments.

Financial liabilities are classified into the following categories: financial liabilities at fair value through profit or loss, loans and financing or derivatives classified as hedging instruments, as appropriate. This classification depends on the nature and purpose of the financial liabilities, which are determined upon initial recognition.

Financial liabilities of Company and subsidiaries are initially recognized at fair value and, in the case of loans, financing and nonconvertible debentures, plus the cost directly related to the transaction.

The Company did not present any financial liabilities at fair value through profit or loss.

Measurement of financial liabilities depends on their classification, which can be as follows:

- Loans, financing agreements and nonconvertible debentures: these are updated by monetary variation, according to indexes determined for each agreement, incurred through the balance sheet date, plus interest and other contractual charges, which are recorded as financial expenses, under the effective interest rate method. Gains and losses are recognized in the income statement when liabilities are written off and during the process of amortization under the effective interest rate method. Operating subsidiaries and the Company allocate borrowing costs to P&L for the period, as incurred. Financing costs directly related to the acquisition, construction or build-up of an asset which require a significant amount of time to reach conclusion for operational purposes are capitalized as part of the costs of the corresponding asset.

- Trade accounts payable: These include obligations with energy, material and service suppliers, as well as short-term energy acquired at the Electric Energy Sale Chamber (CCEE) and the Tariff for Distribution System Use (TUSD).

3.7.1 Settlement of financial liabilities

The Company settles its financial liabilities only when obligations cease to exist, i.e., when they are settled, cancelled by the creditor or when they expire under contractual provisions or prevailing legislation.

When an existing financial liability is replaced by another from the same lender with substantially different terms, or terms of an existing liability are substantially modified, such replacement or modification is treated as write-off of original liability and recognition of a new liability, and the difference in corresponding carrying amounts is recognized in the income statement.

3.8 Financial instruments – net

Financial assets and liabilities are presented net in the balance sheet when, and only when, the entity currently has a legally enforceable right to offset the amounts recognized and intends to settle on a net basis, or to realize the asset and settle the liability simultaneously.

3.9 Taxation

3.9.1. Sales taxes

Subsidiaries' revenues from sales are subject to the following taxes and contributions, at the following rates:

- Social contribution tax on gross revenue for social integration program (PIS) – 0.65% and 1.65%
- Social contribution tax on gross revenue for social security financing (COFINS) – 3.0% and 7.6%
- State value-added tax (ICMS) – rate according to the state where energy is billed.

These taxes are deducted from revenues from sales, which are stated net in P&L.

3.9.2. Current income and social contribution taxes

Income taxes include both income and social contribution taxes. Current income and social contribution tax expenses are calculated under the tax legislation in force. Income tax is computed on taxable profit at the rate of 15%, plus a 10% surtax on profits exceeding R$ 240 for the tax calculation period, whereas social contribution is computed at the rate of 9% on taxable profit, except for subsidiaries ERTE, STC, Lumitrans, Transirapé, Transleste, Transudeste, ETEM, TME, ETVG, ETES, Queluz and Lavrinhas, which compute income tax based on the profit computed as a percentage of the Company's gross revenue. Both current income and social contribution taxes are recognized on an accrual basis. Prepaid or recoverable amounts are recorded in current or non-current assets, based on their estimated realization.

Management periodically reviews the tax position in situations in which interpretation of tax regulations is required, recording provisions when appropriate.

3.9.3. Deferred income and social contribution taxes

Deferred taxes are generated by temporary differences as of the balance sheet date between assets and liabilities tax bases and their corresponding book values.

Deferred tax liabilities are recognized on all temporary tax differences, unused tax credits and losses to the extent that taxable profit is likely to be available so that temporary differences may be realized, and unused tax credits and losses may be used.

Book value of deferred tax assets is reviewed at each balance sheet date and written off, as taxable profit is no longer likely to allow deferred tax assets to be fully or partially used. Deferred tax assets written off are reviewed at each balance sheet date, and are recognized if future taxable profits are likely to allow them to be recovered.

If the estimated future taxable profit indicates that deferred tax assets will not be recovered, the Company and its subsidiaries record a provision for impairment. This analysis takes into consideration the expected generation of future taxable profit, estimated based on a technical study approved by the governing bodies of the Company.

Deferred tax assets and liabilities are measured at the tax rate likely to be applicable in the year in which the asset or the liability will be realized or settled, based on the tax rates (and tax law) in force at the balance sheet date.

Deferred taxes related to items recorded directly in equity are also recognized in equity and not in the income statement. Deferred tax items are recognized based on the transaction that triggered the deferred tax, in other comprehensive income or directly in equity.

Deferred tax assets and liabilities are stated net if there is a legal or contractual right to offset the tax asset against tax liabilities, and deferred taxes are related to the same entity subject to taxation and reporting to the same tax authorities.

3.10 Other assets and liabilities (current and non-current)

Assets are recognized in the balance sheet when they refer to funds controlled by the Company deriving from past events and from which future economic benefits are expected to flow.

Liabilities are recorded in the balance sheet when the Company has a present legal or constructive obligation arising from past events, the settlement of which is expected to result in an outflow of economic benefits.

Other assets are stated at the lower of acquisition or realizable values, and other liabilities are stated at known amounts, or subject to calculation, where applicable, of the corresponding charges and monetary restatements incurred.

3.11 Classification of assets and liabilities as current or non-current

Assets and liabilities will be recorded as non-current if the instrument's remaining period exceeds 12 months and if settlement thereof is not expected for the 12-month period following the financial statements reporting date. They are otherwise recorded as current.

3.12. Present value adjustment to assets and liabilities

Non-current monetary assets and liabilities are discounted to present value as are current monetary assets and liabilities whenever the effects are considered significant to the financial statements.

Present value adjustment is calculated considering contractual cash flows and the explicit, or, if necessary, implicit, interest rates of the corresponding assets and liabilities. Therefore, interest rates accrued on revenues, expenses and costs associated with these assets and liabilities are discounted with a view to recognizing them on an accrual basis. This interest is subsequently reallocated to financial income and expenses in P&L by using the effective interest rate method in relation to contractual cash flows.

Implicit interest rates applied were determined based on assumptions and are considered accounting estimates. At the financial statements date, the Company and its subsidiaries had no present value adjustments at significant amounts.

3.13 Dividends

Proposed dividends payable, and based on statutory obligations, are recorded as current liabilities.

Company articles of incorporation establish that at least 50% of income for the year shall be distributed as dividends. Furthermore, according to the articles of incorporation, payment of interest on equity and interim dividends, which are to be supported by P&L audited by an independent auditor, including cash flow projections demonstrating that the proposal is feasible, is to be deliberated by the Board of Directors.

Accordingly, at year end and after due legal allocations, the Company records a provision equivalent to mandatory minimum dividend not yet distributed over the year, and records proposed dividends exceeding mandatory minimum ones as "Additional proposed dividends" under equity.

3.14 Revenue recognition

Revenue from sales includes only gross inflow of economic benefits received and receivable by the Company. Revenue is not recognized when there is significant uncertainty about realization thereof. Amounts collected on behalf of third parties, such as sales taxes, are not economic benefits of the Company and its subsidiaries and, therefore, are not stated in the income statement.

3.14.1 Revenue from electricity energy transmission

Subsidiaries of the transmission segment recognize revenue from transmission services rendered in compliance with accounting standard ICPC 01. Concession operators must record and measure revenue from the services rendered in accordance with accounting standard CPC 17 (IAS 11) and CPC 30 (IAS 18), even when such services are rendered under a sole service concession arrangement.

Revenue can be reliably measured and benefits achieved for energy transmission activities, as, in such activities, revenue provided for in the service concession arrangement, RAP, is realized (received/earned) by making transmission system facilities available, and not relying on the use of infrastructure by system users.

Revenues earned for the energy transmission business pre-operating period, when recorded, are segregated into:

- Infrastructure revenue
- Remuneration of accounts receivable (concession assets)

Revenues earned for the energy transmission business operating period, when recorded, are segregated into:

- Transmission concession revenue
- Remuneration of accounts receivable (concession assets)

3.14.2 Revenue from electricity energy supply

Subsidiaries in the generation segment recognize revenue from electricity energy sale in P&L, according to the electricity market rules, which establish that risks and benefits of the amount of energy purchased should be transferred to buyer. Energy delivered according to the contracts is computed on a monthly basis.

3.14.3 Interest income

Interest income arising from short-term investments is calculated based on the effective interest rate, over the period elapsed, on the principal amount invested. Interest income is included in financial income, in the income statement.

3.15 Earnings (loss) per share

The Company calculates earnings (loss) per share using the weighted average number of total common and preferred shares outstanding in the period corresponding to P&L, pursuant to Accounting Pronouncement CPC 41 (IAS 33).

Basic earnings per share are calculated by dividing net income for the period by the weighted average number of shares issued. Prior-year earnings per share are retroactively adjusted, where applicable, so as to reflect any capitalizations, issue of bonds, grouping or splitting of shares. There are no potential shares to be issued that could affect earnings per share through dilution; therefore, basic or diluted earnings per share are the same.

The Company's articles of incorporation attribute different dividend rights to preferred and common shares. As a consequence, basic earnings and diluted earnings per share are calculated under the two-class method. The two-class method is an EPS allocation formula determining earnings per preferred and common share according to dividends reported and rights to unpaid profit sharing.

3.16 Research and Development (R&D) Programs – Brazilian Science and Technology Development Fund (FNDCT) and Energy Research Company (EPE)

These are reinvestment programs required by ANEEL for electric energy generating companies, which are required to allocate 1% of their net operating revenue to these programs. The Company recorded a provision for R&D, under current and non-current liabilities, in which the portion of revenue is recorded, according to the period these investments are expected to be realized.

3.17Business segment

Operating segments are defined as business activities which can raise revenue and incur expenses, whose results are regularly reviewed by the chief manager of the entity's operations for making decisions about funds to be allocated to the segment, to assess its performance and to make individualized financial information available.

3.18 Significant accounting judgments, estimates and assumptions

Judgments

The preparation of the financial statements of Company and subsidiary requires that management make judgments and estimates and adopt assumptions that affect the amounts disclosed referring to revenues, expenses, assets and liabilities, as well as the disclosures of provision for litigation, as at the date of the financial statements. Whenever necessary, estimates are based on reports prepared by specialists. Company and subsidiaries adopted assumptions based on historical experiences and other factors deemed reasonable and relevant in the circumstances. Assumptions adopted by Company and subsidiaries are periodically reviewed in the normal course of business. Nevertheless, the uncertainty related to these assumptions and estimates could lead to results that would require significant adjustment to the book value of the affected asset or liability in future periods.

Estimates and assumptions

Key estimates and assumptions related to future estimate uncertainty sources and other significant estimate uncertainty sources as of the balance sheet date, involving material risk of significant adjustment to book value of assets and liabilities for the following financial year, are discussed below.

3.18.1 Useful lives of property, plant and equipment

As mentioned in Note 3.3, Company and subsidiaries use criteria defined in ANEEL Resolution No. 474, of February 7, 2012, in determining the estimated useful lives of PP&E items.

3.18.2 Impairment of nonfinancial assets

An impairment loss exists when the book value of an asset of cash-generating unit exceeds its recoverable amount, which is the higher of fair value less cost to sell and value in use. Fair value less cost to sell is calculated based on information available about similar assets sold or market prices less additional costs to dispose of the asset item. Value in use is calculated based on the discounted cash flow model. Cash flows derive from short-term budget and long-term projections, corresponding to the service concession period, and do not include reorganization activities which the Company has not yet been committed to or significant future investments that will improve the asset base of the cash generating unit tested. The recoverable amount is sensitive to the discount rate used by the discounted cash flow method, as well as to expected future cash receipts and the growth rate used to extrapolate cash flow projections. At December 31, 2012, the Company identified no evidence of impairment of nonfinancial assets from the information obtained from internal and external sources.

3.18.3 Taxes

There are uncertainties related to the interpretation of complex tax regulations and to the amount and time of future taxable profit/loss. Given the broad spectrum of international business relationships, as well as long-term nature and complexity of existing contractual instruments, differences between actual results and the assumptions adopted, or future changes in these assumptions could require future adjustments in revenue and tax expense already recorded. Based on reliable estimates, the Company records provisions for contingencies that may arise as a result of tax audits by relevant authorities of the jurisdictions in which it operates. The amount of these provisions is based on several factors, such as previous tax audit experiences and different tax ruling interpretations by the taxable entity and relevant tax authorities. These different interpretations may arise in a wide range of issues, depending on the prevailing conditions in the respective domicile of the Company.

Management’s significant professional judgment is required so as to determine the deferred tax assets amount to be recognized based on probable terms and future taxable profit levels, in addition to future tax planning strategies.

3.18.4 Fair value of financial instruments

The fair value of financial instruments actively traded in organized financial markets is determined based on purchase prices quoted in the market at close of business at balance sheet date, without deduction of transaction costs.

The fair value of financial instruments for which there is no active market is determined using valuation techniques. These techniques can include using recent market transactions (on an arm's length basis); reference to the current fair value of another similar instrument, analysis of discounted cash flows or other valuation models.

3.18.5 Provision for litigation

The Company recognizes a provision for civil and labor claims. Assessment of the likelihood of loss includes an evaluation of available evidence, the hierarchy of laws, available case law, recent court decisions and their relevance in the legal system, as well as the opinion of outside legal advisors. Provisions are reviewed and adjusted to take into consideration changes in circumstances, such as applicable statute barring period, conclusion from tax audits or additional; exposures identified based on new matter or court decisions.

Settlement of transactions involving these estimates may result in amounts significantly different from those recorded in the financial statements due to the uncertainties inherent to the estimate process. The Company reviews its estimates and assumptions at least on an annual basis.

3.18.6 Service concession arrangement recognition

In recognizing service concession arrangements, the Company performs analyses involving management's judgment, substantially in relation to: applicability of service concession arrangement interpretation, determination and classification of expenses with construction, expansion, and reinforcements as financial assets.

3.18.7 Financial asset recognition

Management of the Company and its subsidiaries assesses initial recognition of financial assets based on the economic characteristics of each service concession arrangement. Subsequent additions to financial assets are recorded when the construction service related to the expansion/improvement/reinforcement of the infrastructure representing potential additional revenue generation is rendered. In these cases, the construction liability is not recognized upon agreement execution, but when the construction takes place, with a corresponding entry in financial assets.

3.18.8 Determination of the financial asset interest rate

The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument.

3.18.9 Determination of infrastructure revenues

Subsidiaries within the scope of ICPC 01 record concession infrastructure construction or improvements in accordance with CPC 17 and CPC 30. According to the Brazilian electric energy industry regulation, generation and transmission concession operators are responsible for the construction of their concession. They therefore recognize infrastructure revenue at fair value, with the corresponding costs being recorded for the construction services. Profit margin, if any, is then computed. In recording construction revenue and margin, management of the Company and its subsidiaries assesses matters related to the primary responsibility for the construction service provision, even in cases in which services are outsourced, and construction management and/or monitoring costs, considering that projects include sufficient margin to cover construction costs and certain expenses for the construction period. All assumptions described are used in order to determine fair value of construction activities.

3.18.10 Determination of revenue from operation and maintenance

When the operator renders operation and maintenance services, revenue is recognized at fair value, and related costs are recorded according to the agreement completion status.

3.19 Cash flow statements

The cash flow statements were prepared under the indirect method and are presented in accordance with CVM Rule No. 547, of August 13, 2008, which approved accounting pronouncement CPC 03 (IAS 7) – Statement of Cash Flows, issued by the CPC.

3.20 Statement of value added (SVA)

The purpose of such statement is to present the profit earned by the Company and its sharing for a certain period and is presented by the Company and its subsidiaries as required by the Brazilian Corporation Law, as part of its individual financial statements and as additional information to the consolidated financial statements, as it is not a statement required by IFRS.

The statement of value added was prepared based on information obtained from accounting records that serve as a basis of preparation of the quarterly information and on the provisions of accounting pronouncement CPC 09 - Statement of Value Added. In its first part, the SVA presents the profit earned by Company and subsidiaries, represented by their revenue (gross revenue from sales, including taxes levied thereon, other revenues and effects of the allowance for doubtful accounts), inputs acquired from third parties (cost to sell and acquisition of materials, energy and services from third parties, including taxes levied on acquisition, the effect of impairment, depreciation and amortization) and the value added received from third parties (equity pickup, financial income and other income). The second part of the SVA presents how such profit is distributed between personnel, taxes, charges and contributions, debt remuneration and equity remuneration.

3.21 Business combinations

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the sum of the consideration transferred, measured at acquisition date fair value and the amount of any non-controlling interest in the acquire.

When purchasing a business, the Company evaluates the financial assets and liabilities assumed in order to classify and allocate them according to the contractual terms, economic circumstances and the relevant conditions on the purchase date. For each business combination, the Company measured the non-controlling interest in the acquiree based on its interest in acquiree's identifiable net assets. Acquisition costs incurred are expensed.

Any contingent consideration to be transferred by the acquirer is recognized at fair value at acquisition date. Subsequent changes in fair value of contingent consideration are recognized in the income statement.

For some investees, the Company acquired control after the pre-operational phase with no transfer of payment due to the fact that certain veto rights of non-controlling shareholders are significant in the pre-operational phase but are no longer relevant in the operating phase.

As from January 1, 2012 the Company fully consolidates subsidiary ECTE. This consolidation procedure began to be adopted due to the fact that the shareholders' agreement executed between the Company and MDU Resources Luxemburgo II LLC ("MDU") sets out that after the first transfer of shares, MDU undertakes to vote *en bloc* with the Company in all matters of Annual or Special Shareholders' Meeting. There were no significant adjustments to fair value of the assets and liabilities recorded and no intangible assets were identified.

4. Technical pronouncements revised by the CPC in 2012

4.1. Pronouncements which came into effect in 2012

New pronouncements, amendments to existing pronouncements and new interpretations listed below were published and are mandatory for years beginning January 1, 2012 and which were adopted by the Company in 2012.

- IFRS 7 Financial Instruments – Disclosures: The purpose of this amendment is to simplify and improve disclosures, by reducing the volume of disclosures referring to guarantees received and by requiring companies to disclose qualitative information, so that quantitative information is put in perspective.

- IAS 1 – Presentation of financial statements: This revision clarifies that an entity may present an analysis of each other comprehensive income item in the statements of changes in equity or in the notes to financial statements.

- IAS 18 / CPC 30(R1) - Revenues – CVM Rule No. 692 of Novembro 08, 2012. This standard is effective for the year ended December 31, 2012. This revised standard had no impact on the financial statements for the year ended December 31, 2012.

- ICPC 08(R1) - Accounting for dividend payment proposals - CVM Rule No. 683 of August 30, 2012. This standard is effective for the year ended December 31, 2012. This revised standard had no impact on the financial statements for the year ended December 31, 2012. ICPC 09(R1) - Individual financial statements, separate financial statements, consolidated financial statements and application of the equity pick-up method - CVM Rule No. 687 of October 04, 2012. This standard is effective for the year ended December 31, 2012. This revised standard had no impact on the financial statements for the year ended December 31, 2012.

4.2. IFRS Pronouncements not in effect as of December 31, 2012

Some new IASB accounting standards and IFRIC interpretations were published and/or revised and their adoption is elective or mandatory beginning January 1, 2013, with comparative effects. Company assessed the impacts of these new accounting standards and interpretations as under:

- IAS 1 Presentation of financial statements – Major change is that items of other comprehensive income should be presented in two groups: items which will be realized against P&L and those which will remain in equity. The amendment to this standard is effective for annual periods beginning on or after January 1, 2013 and will not significantly impact Company financial statements.

- IAS 19/CPC 33(R1) Employee benefits (Revision): The IASB has issued several IAS 19 revisions. Such revisions include from basic changes, such as exclusion of the corridor approach and the concept of expected returns on plan assets to simple clarifications on appreciation, depreciation and reformulation. This revision is expected not to affect the Company. This revision will be effective for annual periods beginning on or after January 1, 2013.

- • IFRS 10/CPC 36 – Consolidated Financial Statements IFRS 10 replaces the portions of IAS 27 Individual and Consolidated Financial Statements which address accounting for consolidated financial statements. It also includes the issues raised in SIC-12 Consolidation — Special Purpose Entities – Involvement with other entities. IFRS 10 establishes a single control model that applies to all entities including special purpose entities. The amendments introduced by IFRS 10 will demand that the management exercise important judgment over the determination of which entities are controlled, and, therefore, must be consolidated by the controlling company, in comparison with the requirements of IAS 27. This amendment becomes effective for annual periods beginning on or after January 1, 2013. The Company, its subsidiaries and jointly-controlled subsidiaries do not expect this amend to have significant impact on financial statements.

- IFRS 11 / IAS 28/CPC 18(R2) – Investments in Associates and Joint Ventures – CVM Rule No. 696 of December 13, 2012. This standard will come into effect as from January 1, 2013. The Company expects the adoption of CPC 18(R2) to have an impact on its consolidated financial statements, since CPC 18(R2) eliminates the policy choice to account for jointly-controlled enterprises using proportional consolidation. Upon adoption of IFRS 11, joint ventures must be accounted using the equity method. As a result, the Company will no longer proportionally consolidate subsidiaries Transudeste, TME, TNE, Energia dos Ventos I, Energia dos Ventos II, Energia dos Ventos III, Energia dos Ventos IV, Energia dos Ventos V, Energia dos Ventos VI, Energia dos Ventos VII, Energia dos Ventos VIII, Energia dos Ventos IX, Energia dos Ventos X and Transchile, and will continue record them equity method.

At December 31, 2012,the impact from adoption of this CPC is as follows:

Company	Balance Sheet				
	Current assets	Noncurrent assets	Current liabilities	Noncurrent liabilities	Noncontrolling interest share
Companhia Transudeste de Transmissão	18,633	46,763	4,761	28,883	31,752
Transmissora Matogrossense de Energia S.A.	24,464	143,253	12,099	85,302	70,316
Transnorte Energia S.A.	8,200	19,173	683	287	26,403
Energia dos Ventos I S.A.	92	101	22	112	59
Energia dos Ventos II S.A.	70	69	12	69	58
Energia dos Ventos III S.A.	89	86	18	98	59
Energia dos Ventos IV S.A.	113	145	37	162	59
Energia dos Ventos V S.A.	94	72	5	103	58
Energia dos Ventos VI S.A.	146	72	8	152	58
Energia dos Ventos VII S.A.	139	95	13	162	59
Energia dos Ventos VIII S.A.	94	77	9	103	59
Energia dos Ventos IX S.A.	111	67	6	113	59
Energia dos Ventos X S.A.	76	75	9	84	58
Transchile Charrúa Transmisión S.A.	7,457	92,798	7,765	34,398	58,092
	59,778	302,846	25,447	150,028	187,149

Subsidiaries	Income statement				
	Operating revenue, net	Costs and operating expenses	Financial income (expenses)	Taxes and social contribution taxes	Noncontrolling interest share
Companhia Transudeste de Transmissão	11,211	(1,775)	(1,960)	(483)	6,993
Transmissora Matogrossense de Energia S.A.	26,381	(6,861)	(9,242)	(1,052)	9,226
Transnorte Energia S.A.	19,089	(18,248)	-	(286)	555
Energia dos Ventos I S.A.	-	-	-	-	-
Energia dos Ventos II S.A.	-	-	-	-	-
Energia dos Ventos III S.A.	-	-	-	-	-
Energia dos Ventos IV S.A.	-	-	-	-	-
Energia dos Ventos V S.A.	-	-	-	-	-
Energia dos Ventos VI S.A.	-	-	-	-	-
Energia dos Ventos VII S.A.	-	-	-	-	-
Energia dos Ventos VIII S.A.	-	-	-	-	-
Energia dos Ventos IX S.A.	-	-	-	-	-
Energia dos Ventos X S.A.	-	-	-	-	-
Transchile Charrúa Transmisión S.A.	6,999	(4,718)	(1,828)	230	683
	63,680	(31,602)	(13,030)	(1,591)	17,457

- IFRS 12/CPC 45 - Disclosure of interest in other entities - CVM Rule No. 697 of December 13, 2012. This standard establishes disclosure requirements for all forms of interest in other entities, including subsidiaries, joint ventures, affiliates and non-consolidated structured entities. IFRS 12 becomes effective for annual periods beginning on or after January 1, 2013. This amendment will have no significant impact on Company financial statements.

- IFRS 13/CPC46 – Fair Value Measurement – CVM Rule No. 699 of December 20, 2012 - IFRS 13 applies when another IFRS requires or permits fair value measurements or disclosures about fair value measurements (and measurements, such as fair value less costs to sell, based on fair value or disclosures about those measurements). This standard is effective for fiscal years beginning on or after January 1, 2013. This amendment will have no significant impact on Company financial statements.

5. Cash and cash equivalents and short-term investments

The Company and its subsidiaries, in accordance with its policy for financial investments, focuses on low-risk securities and investments in first-tier financial institutions.

	Company		Consolidated	
	12/31/2012	12/31/2011	12/31/2012	12/31/2011
Cash and cash equivalents:				
Cash	203	95	15,477	12,844
Short-term investments	21,276	634	26,397	10,694
Other investment funds	-	-	2,097	2,398
Automatic investments	-	-	8,820	607
	21,479	729	52,791	26,543

	Company		Consolidated	
	12/31/2012	12/31/2011	12/31/2012	12/31/2011
Short-term investment:				
Bank deposit certificates	14,214	19,762	196,594	149,305
Investment funds (*)	292,190	196	292,190	196
Other investment funds	-	-	5,151	3,044
Government bonds	-	-	3,090	-
	306,404	19,958	497,025	152,545

5.1. Financial investments classified as cash and cash equivalents:

These refer basically to bank deposit certificates (CDB) and fixed-income investments, which, for the years ended December 31, 2012 and 2011 gave returns to the Company and the group from 98.0% to 101.0% of CDI, and highly liquid automatic scheduled investments not subject to significant change in value in case of early redemption.

5.2. Financial investments classified as short-term investments:

These refer basically to bank deposit certificates, exclusive investment funds and government bonds, which are considered financial instruments available for sale. At December 31, 2012 and 2011, these investments had returns of approximately 100% of CDI for both the Company and the group.

(*) Analysis of exclusive investment funds (FI) - Energy portfolio is as follows:

	Company	
	12/31/2012	12/31/2011
Repurchase agreements		
National treasury notes	14,192	11,235
Federal government bonds		
Financial treasury bills	202,534	138,954
Private securities		
Bank deposit certificates	75,464	20,542
Total portfolio - FI Energia	**292,190**	**170,731**
Recorded under marketable securities	-	170,535
Recorded under short-term investments	292,190	196
Total portfolio - FI Energia	**292,190**	**170,731**

6. Marketable securities

	Consolidated	
	12/31/2012	12/31/2011
Current		
Alupar Investimento S.A. (a)	-	170,535
Empresa Brasileira de Transmissão de Energia S.A. – EBTE (b)	-	6,914
Companhia Transmissora de Energia Elétrica - Lumitrans (d)	739	518
Sistema de Transmissão Catarinense S.A. – STC (d)	4,625	-
Companhia Transirapé de Transmissão (d)	2,040	-
Companhia Transudeste de Transmissão (d)	888	-
	8,292	177,967
Non-current		
Empresa Amazonense de Transmissão S.A. - EATE (c)	15,452	14,297
Empresa Brasileira de Transmissão de Energia S.A. – EBTE (b)	7,286	6,913
Empresa Norte de Transmissão S.A. - ENTE (c)	4,047	3,843
Empresa Regional de Transmissão S.A. - ERTE (b)	3,002	2,138
Empresa Paraense de Transmissão S.A. - ETEP (c)	2,747	6,803
ETES - Empresa de Transmissão do Espírito Santo (b)	1,838	2,028
Sistema de Transmissão Nordeste S.A. – STN (b)	6,018	6,617
Foz do Rio Claro Energia S.A. (b)	9,453	9,578
Ijuí Energia S.A. (b)	8,336	11,264
Usina Paulista Queluz de Energia S.A. (b)	5,942	5,897
Usina Paulista Lavrinhas de Energia S.A. (b)	5,665	6,191
Empresa de Transmissão do Mato Grosso S.A. (b)	1,931	-
Transmissora Matogrossense de Energia S.A. (b)	3,598	-
Companhia Transleste de Transmissão (b)	-	2,852
Companhia Transirapé de Transmissão (b)	-	1,902
Companhia Transudeste de Transmissão (b)	-	827
Transchile Charrua Transmission S.A. (b)	2,640	-
Sistema de Transmissão Catarinense S.A. – STC (b)	-	4,514
Companhia Transmissora de Energia Elétrica - Lumitrans (b)	-	2,098
	77,955	87,762

a) Marketable securities registered in the Company refer to capital paid in by the shareholder FI-FGTS on September 28, 2009 amounting to R$ 400,000. Pursuant to the shareholders' agreement entered into between the Company and FI-FGTS, the amount paid-in by FI-FGTS was retained, and deposited in a restricted bank account, whose detailed information is mentioned in Note 5. The amount paid in by FI-FGTS will be released 5 tranches of R$80,000, which entails compliance with the presentation of proof of capital expenditures related to the amounts already released. At December 31, 2012, 5 (five) tranches and corresponding yields had already been released.

b) These financial investments refer to reserve accounts required by subsidiaries' loan agreements. These accounts relate to the obligation to maintain financial investments corresponding, on average, to 3 (three) loan or financing installments.

c) Investment intended for reinvestment in infrastructure projects in the Brazilian Amazon region, which is subject to approval of the Amazon Development Agency (ADA).

d) During the year ended December 31,e 2012, these financial investments were redeemed, due to the settlement of the loans and financing to which they related.

7. Trade accounts receivable

	Consolidated	
	12/31/2012	12/31/2011
Current		
Electric energy transmission	105,441	102,061
Electric Energy supply	18,705	17,804
	124,146	119,865

At December 31, 2012, there are no outstanding accounts receivable past due.

8. Taxes recoverable

The Company, subsidiaries and jointly-controlled entities were subject to withholding taxes and/or made monthly tax payments to be offset against future taxes and contributions. Tax recoverable balances are as follows:

	Company		Consolidated	
	12/31/2012	12/31/2011	12/31/2012	12/31/2011
Current				
Income tax	-	-	3,713	10,155
Social contribution	-	-	1,469	8,318
Withholding income tax	21,649	17,245	25,256	23,347
Social Contribution Tax on Gross Revenue for Social Integration Program (PIS)	-	-	2,537	2,070
Social Contribution Tax on Gross Revenue for Social Security Financing (COFINS)	-	-	12,598	10,455
National Institute for Social Security (INSS)	-	-	303	113
Other	-	-	1,906	4,912
	21,649	17,245	47,782	59,370
Non-current				
Income tax	-	-	2,591	-
Social contribution	-	-	250	-
Social Contribution Tax on Gross Revenue for Social Integration Program (PIS)	-	-	3,531	5,718
Social Contribution Tax on Gross Revenue for Social Security Financing (COFINS)	-	-	16,267	26,340
National Institute for Social Security (INSS)	-	-	187	112
Other	-	-	239	-
	-	-	23,065	32,170

9. Accounts receivable (concession assets)

	Consolidated	
	12/31/2012	12/31/2011
Current		
Accounts receivable (concession assets)	1.010.364	881.027
	1.010.364	881.027
Noncurrent		
Accounts receivable (concession assets)	3.222.187	3.025.556
	3.222.187	3.025.556
Total accounts receivable (concession assets)	4.232.551	3.906.583

The effective interest rates applied on the financial assets of subsidiaries ranged from 8.24% to 34.4% at December 31, 2012 (6.98% to 33.05% at December 31, 2011).

Changes in accounts receivable concession assets are as follows:

Changes in Accounts receivable (concession assets):	
Balance at December 31, 2010	**3,274,805**
Transmission concession revenue	99,719
Compensation for service concession assets	790,090
Infrastructure revenue	237,926
Concession assets acquired in capital transaction	328,194
Concession assets recovery (write-off)	(824,151)
Balance at December 31, 2011	**3,906,583**
Transmission concession revenue	119,332
Compensation for service concession assets	915,115
Infrastructure revenue	134,720
Concession assets acquired in capital transaction and business combination	118,138
Concession assets recovery (write-off)	(961,337)
Balance at December 31, 2012	**4,232,551**

At December 31, 2012, there are no overdue items recorded in accounts receivable (concession assets).

Service concession financial assets

Public services of electric energy transmission provided by Company's subsidiaries are regulated by the Public Service Concession Arrangement entered into with the Federal Government – Granting Authority. These service concession arrangements set forth services the operator should provide to whom services should be provided. Under such concession arrangements the assets associated to infra-structure should be returned to the Granting Authority at the end of the concession period, and a compensation payment made.

ANEEL Normative Resolution No. 474 of February 07, 2012, established new annual depreciation rates for assets relating to the electricity segment, effective as from January 01, 2012. The Company's subsidiaries made calculations so as to determine the new estimated indemnification value of the returnable assets on termination of the service concession arrangement relating to the amount attributable to the financial asset. There was no significant impact on the financial statements as of December 31, 2012.

The decision for the adoption of the Brazilian accounting interpretation ICPC 01 - Concession Arrangements (equivalent to IFRIC 12) in the Company's subsidiaries and jointly controlled entities was based on the terms of their electricity transmission concession arrangements. ICPC 01- Concession Arrangements, gives guidance on the accounting for public service concessions by private operators, to comply with the electricity transmission business. As a result the estimated portion of investments made and not amortized or depreciated by the end of the concession period is classified as a financial asset as it constitutes an unconditional right to receive cash or other financial asset directly from the Granting Authority.

The infrastructure built related to transmission activity originally represented by the property, plant and equipment of the subsidiaries and of jointly controlled entities, will be recovered through two cash flows, namely:

- Partly through annual maximum revenue allowed – RAP received during the term set by the concession arrangement;

- Partly through an indemnification of returnable assets at the end of the concession period term, to be received directly from the Granting Authority (or from the party to whom the Granting Authority designates such task). This portion of the financial asset is guaranteed under the concession arrangement, and is included in the cash flow model, using the assumption adopted by management, being its projected net book value measured at historical cost.

The indemnification is defined according to the investment tranches tied to returnable assets not yet amortized or depreciated that have been made to guarantee the continuance and timeliness of services provided.

Readjustment criteria of transmission tariffs

Service concession arrangements establish the revenue amounts to be received by transmission subsidiaries over the concession period. These amounts are stable and predictable. The RAP is contracted with the Granting Authority upon concession grant and is subject to the availability of transmission lines, rather than to the volume of energy transmitted. Under subsidiaries' transmission agreements, the RAPs will be adjusted annually, in July, by reference to the annual IGP-M or IPCA inflation index, in accordance with the terms of the agreement. Subsidiaries ETEM, ETES, ETVG, TME and TNE are subject to tariff review every 5 (five) years up until the 15th anniversary of the service concession arrangement, when there is an additional readjustment relating basically to debt cost variation, pegged only to the Long-term Interest Rate ("TJLP") variation (calculated by the moving five-year average of this rate), in accordance with the request for bids referring to the transmission lines. The service concession arrangements of EATE, ECTE, ENTE, ERTE, ETEP, ETES, STN, Transirapé, Transleste, Transudeste, Lumitrans and STC provide for that, as from the 16th year of commercial operation, the RAP will be reduced by 50% of the value in force up to the 15th year, up until term of the service concession period. The service concession arrangement of EBTE provide for straight-line recognition of the RAP over the concession period.

Service concession arrangements granted by ANEEL, prior to publication of ANEEL Normative Resolution No. 230, of September 12, 2006, revoked by Normative Resolution No. 490, of May 29, 2012, have no provisions which authorize the periodic tariff review of RAP. Respective requests for bids did not have such provisions, which allowed bidders to project the RAP to include in their financial proposals without taking into consideration any periodic reviews.

Reinforcements, Improvements and Revenue from these works

The Granting Authority may change, on an ex parte basis, the service concession arrangements, including when there is a change in the project or in the specifications previously provided for (reinforcements). The "economic financial balance" of the service concession arrangement is guaranteed to the concession operator and, consequently, additional revenue is granted, in order to give a return on investment for implementing these changes.

Improvements, in theory, are encompassed by the purpose of each concession and aim at continuing to provide appropriate services. Improvements comprise installation, replacement or renewal of equipment so as to maintain regularity, continuity, safety and timeliness of the electricity transmission public service, in accordance with the respective concession arrangement and Network Procedures. Costs incurred with improvements must be registered based on the Accounting Manual for the Electric Energy Public Service, for these costs to be taken into consideration in subsequent RAP reviews.

Reinforcements refer to the implementation of new transmission facilities, replacement or adequacy of existing facilities, recommended by the transmission system expansion plans and previously authorized by ANEEL, for increasing the transmission capacity or reliability of SIN, or which results in a physical change in the electric network or facility configuration. Certain types of reinforcements may be implemented directly by the transmission concession operators, without prior authorization by ANEEL, as long as there is a request from ONS to expand capacity or reliability of SIN.

Characteristics of the Service Concession Arrangements of Subsidiaries - Transmission

Empresa Amazonense de Transmissão de Energia S.A. (EATE): By means of the Service Concession Arrangement No. 42/2001, entered into by the Federal Government, through ANEEL, dated June 12, 2001, subsidiary EATE was granted the service concession of electric energy transmission for 30 years, including the 500 kV transmission lines between switching substations Tucuruí, Marabá, Imperatriz e Presidente Dutra and Açailândia.

Sistema de Transmissão do Nordeste S.A. (STN): By means of Service Concession Arrangement No. 05/2004, entered into by the Federal Government, through ANEEL, dated February 18, 2004, subsidiary STN was granted the service concession of electricity transmission for 30 years, including the 500kv transmission lines, Teresina II – Sobral III – C2, originated in the state of Piauí and ended in the state of Ceará, 334 Km long and Sobral II – Fortaleza II – C2, in the state of Ceará, 212 KM long.

By means of Service Concession Arrangement No. 006/2007, entered into by the Federal Government, through ANEEL, dated April 20, 2007, subsidiary ETES was granted the service concession of electric energy transmission for 30 years, which comprises the implementation, maintenance and operation of the 230 kv transmission line, 107km long, comprising the transmission line Mascarenhas – Verona, located in the state of Espírito Santo.

By means of Service Concession Arrangement No.43/2001, entered into by the Federal Government, through ANEEL, dated June 12, 2001, subsidiary ETEP was granted the service concession of electric energytransmission for 30 years, which comprises the 345/138 Kv transmission line, originated in the substation of Tucuruí (expansion) and ending in the substation of Vila do Conde (expansion) in the state of Pará.

Empresa Norte de Transmissão de Energia S.A. (ENTE): By means of Service Concession Arrangement No.85/2002, entered into by the Federal Government, through ANEEL, dated December 11, 2002, subsidiary ENTE was granted the service concession of electric energy transmission for 30 years, which comprises two transmission lines of 500 Kv each, with first being originated in the substation of Tucuruí (expansion) and ending in the substation of Marabá (expansion), both in the state of Maranhão.

Empresa Regional de Transmissão de Energia S.A. (ERTE): By means of Service Concession Arrangement No.83/2002, entered into by the Federal Government, through ANEEL, dated December 11, 2002, subsidiary ERTE was granted the service concession of electric energy transmission for 30 years, which comprises the 230Kv transmission line, 179 km long, originated in the substation of Vila do Conde (expansion) and ending in the substation of Santa Maria (expansion), both in the state of Pará.

Empresa Catarinense de Transmissão de Energia S.A. (ECTE): By means of Service Concession Arrangement No.88/2000, entered into by the Federal Government, through ANEEL, dated November 1, 2000, subsidiary ECTE was granted the service concession of electric energy transmission for 30 years, which comprises the 525Kv transmission line, 252.5km long, originated in the substation of Campos Novos (expansion) and ending in the substation of Blumenau (expansion), in the state of Santa Catarina.

Empresa de Transmissão de Energia do Mato Grosso S.A. (ETEM): By means of Service Concession Arrangement No.005/2010, entered into by the Federal Government, through ANEEL, dated July12, 2010, subsidiary ECTE was granted the service concession of electric energy transmission for 30 years, which comprises the construction, operation and maintenance of transmission facilities comprising, according to the arrangement hereunder, 230 kv Transmission Line, simple circuit, with an approximate extension of 130 Km, originated in the Nobres Substation, located in the state of Mato Grosso and ending in Cuibá Substation, located in the state of Mato Grosso; second simple circuit, approximately 105km long, originated in the Nova Mutum Substation and ending in Nobres Substation, in the state of Mato Grosso.

Transmissora Matogrossense de Energia S.A. (TME): By means of Service Concession Arrangement No.025/2009, entered into by the Federal Government, through ANEEL, dated November 19, 2009, subsidiary TME was granted the service concession of electric energy transmission for 30 years, which comprises the construction, operation and maintenance of transmission facilities comprising, according to the arrangement hereunder, 500kv Transmission Line, simple circuit, approximately 348Km long, originated in the Jauru Substation, in the state of Mato Grosso and ending in Cuibá Substation, in the state of Mato Grosso; through Jauru Substation in 500/230 kv – 750 MVA.

Empresa de Transmissão de Várzea Grande S.A. (ETVG): By means of Service Concession Arrangement No.018/2010, entered into by the Federal Government, through ANEEL, dated December 23, 2010, subsidiary ETVG was granted the service concession of electric energy transmission for 30 years, comprising the construction, operation and maintenance of transmission facilities comprising, according to the arrangement hereunder, the Substation Várzea Grande, for 230/138 kv.

Companhia Transmissora de Energia Elétrica (Lumitrans): By means of Service Concession Arrangement No.007/2004, entered into by the Federal Government, through ANEEL, dated February 18, 2004, subsidiary Lumitrans was granted the service concession of electric energy transmission for 30 years, which comprises the 525Kv transmission line, 51km long, originated in Machadinho substation and ending in Campos Novos substation, both in the state of Santa Catarina.

Sistema de Transmissão Catarinense S.A. (STC): By means of Service Concession Arrangement No.006/2006, dated April 26, 2006, entered into by the Federal Government, through ANEEL, subsidiary STC was granted the service concession of electric energy transmission for 30 years, which comprises the transmission line of Barra Grande – Lages, dual circuit, 96km long, originated in Barra Grande substation and ending in the Lages substation; Lages – Rio do Sul transmission line, dual circuit, 99KM long, originated in the new Lages substation and ending in the new Rio do Sul substation, both located in the state of Santa Catarina.

Empresa Brasileira de Transmissão de Energia S.A. (EBTE): By means of Service Concession Arrangement No.11/2008, entered into by the Federal Government, through ANEEL, dated October 16, 2008, subsidiary EBTE was granted the service concession of electric energy transmission for 30 years, composed of 230Kv transmission lines, comprising transmission lines in Juína-Maggi substation, dual circuit, 215 km long, interconnecting the new substation of Juína to the substation of Maggi Maggi-Juba transmission line, dual circuit, with 232km of extension, originated in the substation of Maggi and ending in the substation of Juba; Maggi-Parecis transmission line, dual circuit, with 106km of extension, originated in Maggi substation and ending in Parecis substation and Nova Mutum-Sorriso-Sinop transmission line, simple circuit, 222km long, interconnecting the substations Nova Mutum, Sorriso and Sinop, all located in the state of Mato Grosso.

Companhia Transleste de Transmissão (Transleste): By means of Service Concession Arrangement No.009/2004, entered into with the Federal Government, through ANEEL, dated February 18, 2004, subsidiary Translete was granted the service concession of electric energy transmission for 30 years, comprising the implementation, maintenance and operation of the 345 kV transmission line, 138km long, originated in Montes Claros substation, and ending in the new switching substation of Irapé, both located in the state of Minas Gerais.

Companhia Transirapé de Transmissão (Transirapé): By means of Service Concession Arrangement No.012/2005, Batch B – entered into with the Federal Government, through ANEEL, dated March 15, 2005, subsidiary Transirapé was granted the service concession of electric energy transmission for 30 years, comprising the implementation, maintenance and operation of the 230kV transmission line, 61km long, originated in Irapé substation and ending in the new Araçuaí 2 substation, both located in the state of Minas Gerais.

Companhia Transudeste de Transmissão (Transudeste): By means of Service Concession Arrangement No.005/2005, Batch F– ANEEL, entered into with the Federal Government, through ANEEL, dated March 4, 2005, subsidiary Transirapé was granted the service concession of electric energy transmission for 30 years, comprising the implementation, maintenance and operation of the 345kV transmission line, 140km long, originated in Itutinga substation and ending in the substation of Juiz de Fora, both located in the state of Minas Gerais.

Empresa Santos Dumont de Energia S.A. (ESDE): By means of Service Concession Arrangement No. 025/2009, entered into by the Federal Government, through ANEEL, dated November 19, 2009, subsidiary ETVG was granted service concession of electric energy transmission for 30 years, comprising 345/138 kV transmission lines, composed of substation Santos Dumont and two sections of transmission lines - 345Kv, between the switching point of Barbacena 2 Transmission Lines – Juiz de Fora 1 and Santos Dumont Substation, located in the state of Minas Gerais.

Transnorte Energia S.A. (TNE): By means of Service Concession Arrangement No. 003/2012, entered into by the Federal Government, through ANEEL, dated October 04, 2011, subsidiary TNE was granted service concession of electric energy transmission for 30 years, comprising Lechuga – Equador and Equador – Boa Vista transmission lines and Lechuga, Equador (own) and Boa Vista substations of 500 kV, located in the states of Amazonas and Roraima. TNE is expected to start up its operations in 2015, and its main purposes are reducing thermoelectric energy generation in the state of Roraima, the possibility of distributing 700 MW generated by hydropower plants located in the state of Roraima to other locations of the National Integrated System, and trading electric energy with Venezuela.

Empresa de Transmissão Serrana S.A. (ETSE): By means of Service Concession Arrangement No. 006/2012, entered into by the Federal Government, through ANEEL, dated May 10, 2012, subsidiary ETSE was granted service concession of electric energy transmission for 30 years, which comprised Abdon Batista (525 kV) and Gaspar (230 kV) substations, located in the state of Santa Catarina. The Company expects that ETSE will start up is operations in 2014, and its main business purpose will be serving the integration of the 175 MW Garibaldi HPP and the 214 MW São Roque HPP to the National Integrated System – several SHP are also expected to be integrated with request to access CELESC distribution system – and serve the expansion of electric energy supply to the region of Vale do Itajaí and the high load of the 230/138 kV Blumenau substation 230/138 kV.

10. Investments

Changes in investments in the year ended December 31, 2012 and 2011 are as follows:

Description	Balance at 12/31/2011	Additions	Unpaid Future Capital Contributions (AFAC)	Purchase of non-controlling interests	Capital gain/loss on balance sheet translation	Dividends / Interest on equity	Equity Pickup	Balance at 12/31/2012
Investments under the equity method:								
Alupar Inversiones Peru	(1,041)	1,219	-	-	-	-	(185)	(7)
Transminas Holding S.A.	63,740	-	-	-	-	(7,502)	10,706	66,944
Foz do Rio Claro Energia S.A.	70,039	-	50,870	-	-	-	71	120,980
Ijuí Energia S.A.	94,099	-	146,176	-	-	-	(2,461)	237,814
Usina Paulista Lavrinhas de Energia S.A.	12,146	7,168	36,536	(1,891)	-	-	(1,217)	52,742
Usina Paulista Queluz de Energia S.A.	12,039	6,528	65,084	(1,632)	-	-	(4,357)	77,662
Ferreira Gomes Energia S.A	117,624	35,000	-	-	-	-	(601)	152,023
Genpower termoelétricas e participações S.A.	(70)	-	-	-	-	-	(29)	(99)
Empresa Amazonense de Transmissão de Energia S.A.	394,228	-	-	-	-	(86,151)	124,046	432,123
Sistema de Transmissão do Nordeste S.A.	188,227	-	-	-	-	(32,059)	42,885	199,053
Empresa de Transmissão do Espírito Santo S.A.	47,650	-	-	-	-	(107)	5,380	52,923
Empresa Paraense de Transmissão de Energia S.A.	84,455	-	-	-	-	(18,700)	23,250	89,005
Empresa Norte de Transmissão de Energia S.A.	169,327	-	-	-	-	(41,514)	56,914	184,727
Empresa Regional de Transmissão de Energia S.A.	38,149		-	-	-	(8,251)	12,075	41,973
Empresa Catarinense de Transmissão de Energia S.A.	48,798	4,923	-	(1,616)	-	(16,526)	17,546	53,125
Empresa de Transmissão de Energia do Mato Grosso S.A.	23,394	3,703	-	-	-	-	3,592	30,689
Transmissora Matogrossense de Energia S.A.	47,535	4,505	-	-	-	-	7,859	59,899
Empresa de Transmissão de Varzea Grande S.A.	6,403	2,896	-	-	-	-	2,329	11,628
Companhia Transmissora de Energia Elétrica - Lumitrans	6,577	6,299	-	-	-	(903)	1,344	13,317
Sistema de Transmissão Catarinense S.A.	22,271	16,800	-	-	-	(1,702)	6,347	43,716
Transnorte Energia S.A.	-	26,903	-	-	-	-	578	27,481
AF Energia S.A.	-	39	-	-	-	-	-	39
ACE Comercializadora Ltda.	-	1	-	-	-	-	(115)	(114)
Energia dos Ventos I S.A.	-	61	-	-	-	-	-	61
Energia dos Ventos II S.A.	-	61	-	-	-	-	-	61
Energia dos Ventos III S.A.	-	61	-	-	-	-	-	61
Energia dos Ventos IV S.A.	-	61	-	-	-	-	-	61
Energia dos Ventos V S.A.	-	61	-	-	-	-	-	61
Energia dos Ventos VI S.A.	-	61	-	-	-	-	-	61
Energia dos Ventos VII S.A.	-	61	-	-	-	-	-	61
Energia dos Ventos VIII S.A.	-	61	-	-	-	-	-	61
Energia dos Ventos IX S.A.	-	61	-	-	-	-	-	61
Energia dos Ventos X S.A.	-	61	-	-	-	-	-	61
Risaralda Energia SAS ESP	-	8,763	-	-	1,219	-	(2,297)	7,685
Transchile Charrúa Transmisión S.A. (*)	-	69,750	-	(11,454)	(720)	-	2,888	60,464
	1,445,590	195,107	298,666	(16,593)	499	(213,415)	306,548	2,016,402
Land	5,756	106	-	-	-	-	-	5,862
Other	1	-	-	-	-	-	-	1
	1,451,347	195,213	298,666	(16,593)	499	(213,415)	306,548	2,022,265

(*) Detailed information on profit(loss) resulting from the purchase of subsidiary Transchile shares is provided in Note 17.

Description	Balance at 12/31/2010	Additions	Unpaid Future Capital Contributions (AFAC)	Dividends / Interest on equity	Equity Pickup	Balance at 12/31/2011
Investments under the equity method:						
Alupar Inversiones Peru	77	-	-	-	(1,118)	(1,041)
Transminas Holding S.A.	57,941	-	-	(5,719)	11,518	63,740
Foz do Rio Claro Energia S.A.	38,213	-	35,000	-	(3,174)	70,039
Ijuí Energia S.A.	34,862	-	60,000	-	(763)	94,099
Usina Paulista Lavrinhas de Energia S.A.	11,081	-	-	-	1,065	12,146
Usina Paulista Queluz de Energia S.A.	11,785	-	-	-	254	12,039
Ferreira Gomes Energia S.A	1	118,079	-	-	(456)	117,624
Genpower termoelétricas e participações S.A.	-	-	-	-	(70)	(70)
Empresa Amazonense de Transmissão de Energia S.A.	280,985	91,541	-	(73,241)	94,943	394,228
Sistema de Transmissão do Nordeste S.A.	176,720	7,902	-	(34,219)	37,824	188,227
Empresa de Transmissão do Espírito Santo S.A.	28,123	8,086	-	(705)	12,146	47,650
Empresa Paraense de Transmissão de Energia S.A.	73,955	-	-	(11,529)	22,029	84,455
Empresa Norte de Transmissão de Energia S.A.	158,132	-	-	(34,223)	45,418	169,327
Empresa Regional de Transmissão de Energia S.A.	29,385	6,772	-	(7,099)	9,091	38,149
Empresa Catarinense de Transmissão de Energia S.A.	47,307	2,997	-	(13,365)	11,859	48,798
Empresa de Transmissão de Energia do Mato Grosso S.A.	8,481	13,200	-	-	1,713	23,394
Transmissora Matogrossense de Energia S.A.	34,882	6,024	-	-	6,629	47,535
Empresa de Transmissão de Varzea Grande S.A.	501	5,800	-	-	102	6,403
Companhia Transmissora de Energia Elétrica - Lumitrans	5,530	525	-	(529)	1,051	6,577
Sistema de Transmissão Catarinense S.A.	16,702	3,396	-	(743)	2,916	22,271
	1,014,663	264,322	95,000	(181,372)	252,977	1,445,590
Land	5,686	70	-	-	-	5,756
Other	1	-	-	-	-	1
	1,020,350	264,392	95,000	(181,372)	252,977	1,451,347

Investments in subsidiaries and jointly-controlled entities are as follows:

12/31/2012												
Subsidiaries/Affiliates	Capital - total number of shares or units of interest	Number of shares or units of interest held by the Company			Equity (capital deficiency)	Unpaid Future Capital Contributions (AFAC)	Interest held by Alupar		Subsidiaries/Affiliates information			
		Common	Preferred	Total			in capital:	in equity:	Operating revenue, net	Assets	Liabilities	Net income (loss) for the year
Alupar Inversiones Peru	3,612,792	3,612,792	-	3,612,792	(7)	-	99.99%	(7)	-	234	48	(179)
Transminas Holding S.A.	44,860,000	31,409,499	499	31,409,998	95,610	-	70.02%	66,944	-	99,902	4,292	17,940
Foz do Rio Claro Energia S.A.	82,000,000	41,008,200	-	41,008,200	70,206	85,870	50.01%	120,980	49,281	387,528	231,452	696
Ijuí Energia S.A.	84,100,000	42,058,410	-	42,058,410	63,258	206,176	50.01%	237,812	39,142	471,312	201,878	(4,762)
Usina Paulista Lavrinhas de Energia S.A.	43,817,126	10,959,036	4,380,836	15,339,872	55,174	36,536	35.01%	52,742	35,338	243,662	151,952	6,612
Usina Paulista Queluz de Energia S.A.	45,182,136	11,300,320	4,517,310	15,817,630	51,308	65,084	35.01%	77,662	36,943	299,278	182,886	3,171
Ferreira Gomes Energia S.A	153,081,529	153,081,529	-	153,081,529	152,022	-	99.99%	152,022	-	715,371	547,349	(532)
Genpower termoelétricas e participações S.A.	1,200	612	-	612	(195)	-	51.00%	(99)	-	99	294	(58)
Empresa Amazonense de Transmissão de Energia S.A.	180,000,010	46,020,150	44,011,570	90,031,720	863,940	-	50.02%	432,123	296,741	1,480,539	616,599	239,667
Sistema de Transmissão do Nordeste S.A.	198,000,000	100,979,997	-	100,979,997	390,299	-	51.00%	199,053	134,643	704,487	314,188	84,089
Empresa de Transmissão do Espírito Santo S.A.	29,064,000	29,064,000	-	29,064,000	52,923	-	99.99%	52,923	10,334	90,049	37,126	5,273
Empresa Paraense de Transmissão de Energia S.A.	45,000,010	13,505,150	9,001,845	22,506,995	177,954	-	50.02%	89,005	65,965	275,891	97,937	46,484
Empresa Norte de Transmissão de Energia S.A.	100,840,000	50,431,144	-	50,431,144	369,372	-	50.01%	184,728	154,802	590,310	220,938	113,805
Empresa Regional de Transmissão de Energia S.A.	36,940,800	18,475,367	-	18,475,367	83,926	-	50.01%	41,974	61,286	168,388	84,462	24,141
Empresa Catarinense de Transmissão de Energia S.A.	42,095,000	18,950,002	-	18,950,002	118,013	-	45.02%	53,126	4,033	303,362	185,349	40,574
Empresa de Transmissão de Energia do Mato Grosso S.A.	42,172,251	25,303,351	-	25,303,351	50,279	-	60.00%	30,688	18,908	98,758	48,479	5,987
Transmissora Matogrossense de Energia S.A.	97,793,590	44,985,051	-	44,985,051	130,216	-	46.00%	59,899	48,854	310,588	180,372	17,086
Empresa de Transmissão de Varzea Grande S.A.	9,197,292	9,197,292	-	9,197,292	11,628	-	99.99%	11,628	20,825	28,776	17,148	2,329
Companhia Transmissora de Energia Elétrica - Lumitrans	57,576,059	8,635,982	-	8,635,982	88,789	-	15.00%	13,318	18,011	101,554	12,765	8,964
Sistema de Transmissão Catarinense S.A.	162,340,000	32,468,000	-	32,468,000	218,582	-	20.00%	43,716	34,698	241,342	22,760	22,743
Transnorte Energia S.A.	71,501,000	36,465,510	-	36,465,510	53,884	-	51.00%	27,481	38,958	55,862	1,978	1,133
AF Energia S.A.	40,000	40,000	-	40,000	39	-	99.99%	39	-	39	-	-
ACE Comercializadora Ltda.	1,000	1,000	-	1,000	(114)	-	99.99%	(114)	70	95	209	(115)
Energia dos Ventos I S.A.	100,000	50,990	-	50,990	119	-	51.00%	61	-	394	275	-
Energia dos Ventos II S.A.	100,000	50,990	-	50,990	119	-	51.00%	61	-	284	165	-
Energia dos Ventos III S.A.	100,000	50,990	-	50,990	119	-	51.00%	61	-	356	237	-
Energia dos Ventos IV S.A.	100,000	50,990	-	50,990	119	-	51.00%	61	-	527	408	-
Energia dos Ventos V S.A.	100,000	50,990	-	50,990	119	-	51.00%	61	-	341	222	-
Energia dos Ventos VI S.A.	100,000	50,990	-	50,990	119	-	51.00%	61	-	446	327	-
Energia dos Ventos VII S.A.	100,000	50,990	-	50,990	119	-	51.00%	61	-	478	359	-
Energia dos Ventos VIII S.A.	100,000	50,990	-	50,990	119	-	51.00%	61	-	348	229	-
Energia dos Ventos IX S.A.	100,000	50,990	-	50,990	119	-	51.00%	61	-	363	244	-
Energia dos Ventos X S.A.	100,000	50,990	-	50,990	119	-	51.00%	61	-	309	190	-
Risaralda Energia SAS ESP	6,911	6,901	-	6,901	7,694	-	99.89%	7,685	-	10,193	535	(2,590)
Transchile Charrúa Transmisión S.A.	56,407,271	28,767,708	-	28,767,708	118,556	-	51.00%	60,464	14,284	204,602	86,046	1,394
					3,224,546	393,666		2,016,402				

12/31/2011												
Subsidiaries/Affiliates	Capital - total number of shares or units of interest	Number of shares or units of interest held by the Company			Equity (capital deficiency)	Unpaid Future Capital Contributions (AFAC)	Interest held by Alupar		Subsidiaries/Affiliates information			
		Common	Preferred	Total			in capital:	in equity:	Net revenue	Assets	Liabilities	P&L for the year
Alupar Inversiones Peru	625,179	625,178	-	625,178	(1,041)	-	99.99%	(1,041)	-	279	1,320	(1,098)
Transminas Holding S.A.	44,860,000	31,409,499	499	31,409,998	91,031	-	70.02%	63,740	-	93,361	2,330	15,998
Foz do Rio Claro Energia S.A.	82,000,000	41,008,194	-	41,008,194	70,063	35,000	50.01%	70,040	41,193	403,515	298,452	(6,347)
Ijuí Energia S.A.	84,100,000	42,058,404	-	42,058,404	68,185	60,000	50.01%	94,098	39,320	483,098	354,913	(1,691)
Usina Paulista Lavrinhas de Energia S.A.	43,817,126	10,959,036	-	10,959,036	48,562	-	25.01%	12,146	33,620	247,903	199,341	4,256
Usina Paulista Queluz de Energia S.A.	45,182,135	11,300,318	-	11,300,318	48,137	-	25.01%	12,039	33,787	302,964	254,827	1,019
Ferreira Gomes Energia S.A	118,081,525	118,081,525	-	118,081,525	117,626	-	99.99%	117,624	-	351,043	233,417	(464)
Genpower termoelétricas e participações S.A.	1,200	612	-	612	(137)	-	51.00%	(70)	-	99	236	(138)
Empresa Amazonense de Transmissão de Energia S.A.	180,000,010	46,020,150	44,011,570	90,031,720	788,319	-	50.02%	394,228	278,663	1,337,593	549,274	204,314
Sistema de Transmissão do Nordeste S.A.	198,000,000	100,979,997	-	100,979,997	369,072	-	51.00%	188,227	126,159	688,547	319,475	79,729
Empresa de Transmissão do Espírito Santo S.A.	29,064,000	29,064,000	-	29,064,000	47,650	-	99.99%	47,650	15,545	91,902	44,252	12,253
Empresa Paraense de Transmissão de Energia S.A.	45,000,010	13,505,150	9,001,844	22,506,994	168,858	-	50.02%	84,455	63,533	278,910	110,052	45,035
Empresa Norte de Transmissão de Energia S.A.	100,840,000	50,431,144	-	50,431,144	338,579	-	50.01%	169,327	143,398	599,870	261,291	95,081
Empresa Regional de Transmissão de Energia S.A.	32,645,372	18,475,367	-	18,475,367	76,278	-	50.01%	38,149	37,796	125,372	49,094	18,406
Empresa Catarinense de Transmissão de Energia S.A.	42,095,000	17,896,575	-	17,896,575	114,882	-	42.51%	48,798	58,999	233,503	118,621	30,011
Empresa de Transmissão de Energia do Mato Grosso S.A.	32,001,000	22,578,506	-	22,578,506	38,990	-	60.00%	23,394	72,657	85,914	46,924	2,855
Transmissora Matogrossense de Energia S.A.	80,000,000	40,479,999	-	40,479,999	103,336	-	46.00%	47,535	178,125	290,971	187,635	14,410
Empresa de Transmissão de Varzea Grande S.A.	2,001,000	7,300,997	-	7,300,997	6,403	-	99.99%	6,403	7,088	9,220	2,817	102
Companhia Transmissora de Energia Elétrica - Lumitrans	28,070,000	4,572,179	-	4,572,179	43,848	-	15.00%	6,577	16,411	101,527	57,679	7,759
Sistema de Transmissão Catarinense S.A.	61,360,000	15,668,000	-	15,668,000	111,345	-	20.00%	22,271	31,861	238,979	127,634	12,392
								1,445,590				

Capital transactions - 2012

The Company carried out capital transactions involving the following companies: Transchile, ECTE, Queluz, and Lavrinhas. These transactions are disclosed in Note 18.

Jointly-controlled entities

The Company consolidates subsidiaries Transudeste, TNE, TME, Energia dos Ventos I, Energia dos Ventos II, Energia dos Ventos III, Energia dos Ventos IV, Energia dos Ventos V, Energia dos Ventos VI, Energia dos Ventos VII, Energia dos Ventos VIII, Energia dos Ventos IX, Energia dos Ventos X and Transchile on a proportional basis. At December 31, 2012 and 2011, the major accounting balances of these subsidiaries are as follows:

12/31/2012				
Subsidiaries	**Assets**	**Liabilities**	**Operating revenue, net**	**Net income/(loss) for the year**
Companhia Transudeste de Transmissão	110,840	57,023	19,001	11,853
Transmissora Matogrossense de Energia S.A.	310,588	180,372	48,854	17,086
Transnorte Energia S.A.	55,862	1,978	39,958	1,133
Energia dos Ventos I	394	275	-	-
Energia dos Ventos II	284	165	-	-
Energia dos Ventos III	356	237	-	-
Energia dos Ventos IV	527	408	-	-
Energia dos Ventos V	341	222	-	-
Energia dos Ventos VI	446	327	-	-
Energia dos Ventos VII	478	359	-	-
Energia dos Ventos VIII	348	229	-	-
Energia dos Ventos IX	363	244	-	-
Energia dos Ventos X	309	190	-	-
Transchile Charrúa Transmisión S.A.	204,602	86,046	14,284	1,394

12/31/2011				
Subsidiaries	**Assets**	**Liabilities**	**Operating revenue, net**	**Net income/(loss) for the year**
Companhia Transudeste de Transmissão	103,891	48,170	17,516	12,398
Empresa Catarinense de Transmissão de Energia S.A.	233,503	118,621	58,999	30,011
Transmissora Matogrossense de Energia S.A.	290,971	187,635	181,824	14,410

11. Property, plant and equipment

a) Analysis of and changes in property, plant and equipment are as follows:

	Consolidated							
	Average annual depreciation rate	**12/31/2011**	**Additions**	**Write-offs**	**PP&E acquired in capital transaction**	**Transfers**	**Other**	**12/31/2012**
In use								
Cost								
Land		38,793	1	-	80	392	-	39,266
Reservoirs, dams and water mains		599,434	-	(13,183)	-	-	-	586,251
Buildings, civil works and improvements		170,121	11,086	-	65,489	35	-	246,731
Machinery and equipment		466,592	1,043	(25)	127	71,354	-	539,091
Vehicles		885	6	(75)	-	504	-	1,320
Furniture and fixtures		1,478	270	(31)	221	56	-	1,994
Total cost		**1,277,303**	**12,406**	**(13,314)**	**65,917**	**72,341**	**-**	**1,414,653**
Depreciation								
Reservoirs, dams and water mains	3%	(9,651)	(13,671)	1,203	-	-	-	(22,119)
Buildings, civil works and improvements	4%	(3,875)	(4,982)	-	(5,066)	-	-	(13,923)
Machinery and equipment	4%	(11,931)	(15,896)	116	(30)	-	-	(27,741)
Vehicles	18%	(226)	(334)	255	-	-	-	(305)
Furniture and fixtures	10%	(497)	(244)	93	(66)	-	-	(714)
Total depreciation		**(26,180)**	**(35,127)**	**1,667**	**(5,162)**	**-**	**-**	**(64,802)**
Total in use		**1,251,123**	**(22,721)**	**(11,647)**	**60,755**	**72,341**	**-**	**1,349,851**
In progress		380,088	422,667	(5)	-	(72,227)	(3,533)	726,990
Finance lease, net of depreciation		114	-	-	-	(114)	-	-
Total property, plant and equipment		**1,631,325**	**399,946**	**(11,652)**	**60,755**	**-**	**(3,533)**	**2,076,841**

	Consolidated						
	Average annual depreciation rate	12/31/2010	Additions	Write-offs	PP&E acquired in capital transaction	Transfers	12/31/2011
In use							
Cost							
Land		829	-	-	-	37,964	38,793
Reservoirs, dams and water mains		142,167	-	-	-	457,267	599,434
Buildings, civil works and improvements		45,351	48	(1)	-	124,723	170,121
Machinery and equipment		95,625	357	(25)	-	370,635	466,592
Vehicles		5	1,012	(233)	-	101	885
Furniture and fixtures		1,249	437	(257)	-	49	1,478
Total		**285,226**	**1,854**	**(516)**	**-**	**990,739**	**1,277,303**
Depreciation							
Reservoirs, dams and water mains	3%	(1,322)	(8,329)	-	-	-	(9,651)
Buildings, civil works and improvements	4%	(645)	(3,230)	-	-	-	(3,875)
Machinery and equipment	4%	(1,431)	(10,507)	7	-	-	(11,931)
Vehicles	18%	(2)	(368)	144	-	-	(226)
Furniture and fixtures	10%	(358)	(139)	-	-	-	(497)
Total depreciation		**(3,758)**	**(22,573)**	**151**	**-**	**-**	**(26,180)**
Total in use		**281,468**	**(20,719)**	**(365)**	**-**	**990,739**	**1,251,123**
In progress		976,061	415,339	(30,800)	10,227	(990,739)	380,088
Finance lease, net of depreciation		469	61	(416)	-	-	114
Total property, plant and equipment		**1,257,998**	**394,681**	**(31,581)**	**10,227**	**-**	**1,631,325**

Property, plant and equipment items are recorded at acquisition and/or construction cost, less accumulated depreciation.

Depreciation is calculated by the straight-line method, based on the accounting balances recorded in the respective Unit Fixed Asset Control Record (UC), as determined by Brazil's National Waters and Electric Energy Department (DNAEE) Ruling No. 815, of November 30, 1994, amended by ANEEL Resolution No. 015, of December 29, 1997, which were revoked as from June 26, 2009, when ANEEL Resolution No. 367 of June 2, 2009, which created the Fixed Asset Control Manual for the Electric Sector (MCPSE), was published. In 2012, by means of ANEEL Resolution No. 474 of February 07, 2012, ANEEL established new annual depreciation rates assets relating to service granted in the electric energy segment, effective as from January 01, 2012. See Note 3.3.

Comparative tables of depreciation rates based on Resolutions No. 367 and No. 474 are as follows:

Generation	Resolution No. 367 (%)	Resolution No. 474 (%)
Bus	2.50	2.50
Switch	3.00	3.03
Buildings	4.00	3.33
Water intake equipment	3.70	3.70
Water intake structure	4.00	2.86
Generator	3.30	3.33
Reservoirs, dams and water mains	2.00	2.00
Local communication system	6.70	6.67
Hydraulic turbine	2.50	2.50
Average depreciation rate - generation	3.52	3.32

Transmission	Resolution No. 367 (%)	Resolution No. 474 (%)
Conductor	2.50	2.70
General equipment	10.00	6.25
System structure	2.50	2.70
Reclosers	4.30	4.00
Average depreciation rate - transmission	4.83	3.91

The Company found no indications of impairment of its property, plant and equipment items. The service concession arrangements set out that, at the end of each concession period, the Granting Authority shall determine the indemnification amount to be received by the Company. Therefore, management is of the understanding that the book value of property, plant and equipment items not depreciated at the end of the concession period will be reimbursed by the Granting Authority.

c) Property, plant and equipment in progress

At December 31, 2012, major work in progress of the Alupar Group refers to the construction of Ferreira Gomes HHP. Contractual commitments relating to PP&E items are disclosed in Note 29.

d) Capitalization of charges

The Company adds, on a monthly basis, the interest incurred on loans, financing and debentures to the construction cost of its property, plant and equipment in progress. Interest on loans, financings and debentures capitalized in the year ended December 31, 2012 was R$ 41,654(R$ 4,945 at December 31, 2011), net of the revenues generated by the bank investments which exceed cash, since they derive from financing used exclusively for acquiring PP&E item under construction. The interest rate used for determining the amount of loan costs subject to capitalization represents the effective rate of Company loans, financing and debentures. See Note 16.

e) Impairment of property, plant and equipment

At December 31, 2012, there are no indications, through internal or external sources, of impairment of Company property, plant and equipment items.

f) Collateral or guarantees

Company and subsidiaries have not pledged any asset items as collateral or warranty.

g) Other

On January 21, 2010, subsidiary Transchile entered into commercial operation. Transchile assets comprise a 200KM-long transmission line, with 2(two) 230 kV substation in Chile (LT Charrua – Nueva Temuco). Transchile assets do not fall under ICPC 01, since the Granting Authority does not control such assets.

12. Intangible assets

a) Breakdown of and changes in intangible assets are as follows:

	Company				
	Annual amortization rate	12/31/2011	Additions	Write-offs	12/31/2012
Other Intangible assets					
Other intangible assets - cost	10%	495	61	-	556
Godwill on share acquisition	3%	8,157	-	-	8,157
		8,652	**61**	**-**	**8,713**
Intangible assets from share acquisition					
Other intangible assets - amortization	10%	(178)	(99)	-	(277)
Amortization	3%	-	(220)	-	(220)
		(178)	**(319)**	**-**	**(497)**
Project under development		74,488	13,743	(10,332)	77,899
Total intangible assets		**82,962**	**13,485**	**(10,332)**	**86,115**

	Company				
	Annual amortization rate	12/31/2010	Additions	Write-offs	12/31/2011
Other Intangible assets					
Other intangible assets - cost	10%	447	48	-	495
Godwill on share acquisition	3%	8,157	-	-	8,157
		8,604	**48**	**-**	**8,652**
Intangible assets from share acquisition					
Other intangible assets - amortization	10%	(88)	(90)	-	(178)
		(88)	**(90)**	**-**	**(178)**
Project under development		55,340	23,693	(4,545)	74,488
Total intangible assets		**63,856**	**23,651**	**(4,545)**	**82,962**

	Consolidated					
	Annual average amortization rate	12/31/2011	Additions	Write-offs	Intangible assets acquired in capital transaction (*)	12/31/2012
Cost						
Other intangible assets - concession		3,502	2,506	(1,153)	31,231	36,086
Public property use		11,584	1,493	-	-	13,077
Intangible assets from share acquisition		26,865	-	-	-	26,865
		41,951	**3,999**	**(1,153)**	**31,231**	**76,028**
Amortization						
Other intangible assets - concession	10%	(1,314)	(62)	491	-	(885)
Public property use	10%	(540)	(465)	-	-	(1,005)
Intangible assets from share acquisition	3%	(2,308)	(930)	-	-	(3,238)
		(4,162)	**(1,457)**	**491**	**-**	**(5,128)**
Project under development		75,380	15,655	(10,332)	-	80,703
Total intangible assets		**113,169**	**18,197**	**(10,994)**	**31,231**	**151,603**

(*) Transchile (see Note 18). The balance of Transchile intangible assets refer to easements of access, which are not subject to amortização, since ICPC 01 does not apply to referred to subsidiary.

	Consolidated				
	Annual average amortization rate	12/31/2010	Additions	Write-offs	12/31/2011
Cost					
Other intangible assets - concession		10,709	874	(8,081)	3,502
Public property use		-	11,584	-	11,584
Intangible assets from share acquisition		26,865	-	-	26,865
		37,574	**12,458**	**(8,081)**	**41,951**
Amortization					
Other intangible assets - concession	10%	(784)	(530)	-	(1,314)
Public property use	10%	-	(540)	-	(540)
Intangible assets from share acquisition	3%	(1,598)	(710)	-	(2,308)
		(2,382)	**(1,780)**	**-**	**(4,162)**
Project under development		55,585	24,336	(4,541)	75,380
Total intangible assets		**90,777**	**35,014**	**(12,622)**	**113,169**

a) Intangible assets stemming from concession

Concession intangible assets is economically based on expected future profitability and is amortized on a straight-line basis over the service concession arrangement period. The concession intangible assets recorded by the Company derived from investments made in the following ventures:

At December 31, 2012 and 2011, the breakdown of goodwill balances recorded at Queluz and Lavrinhas is as follows:

Breakdown of concession intangible assets	Company	
	12/31/2012	12/31/2011
Usina Paulista Queluz de Energia S.A.	2.665	2.665
Concession intangible assets amortization PCH Queluz	(61)	-
Usina Paulista Lavrinhas de Energia S.A.	5.245	5.245
Concession intangible assets amortization PCH Lavrinhas	(159)	-
Other	247	247
	7.937	8.157

At December 31, 2012 and December 31, 2011, the breakdown of goodwill balances recorded at EATE is as follows:

	Consolidated	
	12/31/2012	12/31/2011
Concession intangible assets	18.708	18.708
Concession intangible assets amortization	(3.018)	(2.308)
	15.690	16.400
Total concession intangible assets	23.627	24.557

b) Project under development

For developing an energy generation or transmission project, the Company incurs costs relating to hiring services, travel and other costs, inherent in the project development process. After authorization/permission/grant of the licenses for implementing the developed projects, these costs are allocated to the respective Special Purpose Entity (SPE), which will reimburse all the expenses incurred by the Company.

Expenses incurred on a project which might not be implemented are reversed from this account to Company P&L. These reversals are based on assessments made on a quarterly basis by management.

c) Impairment of intangible assets

The Company tested its intangible assets for impairment and did not find information, either through internal or external sources, which would be indicative of impairment.

d) Guarantees or pledges

Company and subsidiaries have not pledged any asset items as collateral or warranty.

13. Income and social contribution taxes payable

	Company		Consolidated	
	12/31/2012	12/31/2011	12/31/2012	12/31/2011
Current				
Income tax	-	-	29.143	30.511
Social contribution tax	-	-	31.365	34.362
Tax over the circulation of goods and services (ICMS)	-	-	4.285	4.330
Social Contribution Taxon Revenue for Social Integration Program (PIS)	286	270	1.293	1.400
Social Contribution Taxon Gross Revenue for Social Security Financing (COFINS)	1.316	1.244	4.691	5.418
National Institute for Social Security (INSS)	2	3	2.605	2.422
Other	70	88	6.777	5.750
Total	1.674	1.605	80.159	84.193

14. Deferred income and social contribution taxes

a) Breakdown of deferred income and social contribution tax assets and liabilities is as follows:

	Consolidated	
Deferred taxes and social contributions	12/31/2012	12/31/2011
Deferred income tax assets	2,176	160
Deferred social contribution tax assets	137	68
Deferred income tax liabilities	(238,226)	(194,707)
Deferred social contribution tax liabilities	(145,758)	(138,086)
Deferred taxes, net	**(381,671)**	**(332,565)**

	Consolidated			
	Balance Sheet		Income Statement	
	12/31/2012	12/31/2011	12/31/2012	12/31/2011
IR/CS losses	461	228	239	-
IR/CS acquired in capital transaction on IR/CS losses	1,852	-	239	-
IR/CS acquired in capital transaction	(15,635)	(5,750)	(298)	-
IR/CS recorded in P&L	(363,699)	(327,043)	(34,506)	(33,146)
Deferred revenue - government agencies	(4,650)	-	743	-
Income (expense) related to deferred taxes and social contributions			**(33,583)**	**(33,146)**
Deferred tax assets (liabilities), net	**(381,671)**	**(332,565)**		

b) Tax credits to be offset

In accordance with Brazilian accounting standard CPC 32 (equivalent to IAS 12), deferred tax assets or liabilities must be recognized on all deductible or taxable temporary differences, respectively. A temporary difference is the difference between the book value of the asset or liability recorded in the financial statement and its tax base. This standard also requires deferred tax assets to be recorded on unused tax losses to the extent that future taxable profits are likely to be generated in order to enable the Company to offset these deferred tax assets. The Company intends to recognize deferred income and social contribution taxes on income and social contribution tax losses and temporarily undeductible provisions, respectively, only when the Company meets these requirements. Therefore, at December 31, 2012, no deferred tax assets are recorded.

At December 31, 2012 and 2011, the Company recorded income and social contribution tax losses and temporary differences which would generate potential tax credits, as follows:

	Company	
Unrecognized tax credits	**12/31/2012**	**12/31/2011**
Income tax loss	91,698	40,647
Social contribution tax loss	91,698	40,647

15. Provision for assets built up

The provisions for assets built up in connection with the Queluz, Lavrinhas, Foz and Ijuí power plants in the amount of R$ 40,509, at December 31, 2012 (R$ 53,379 at December 31, 2011) refer to project implementation costs, which will be paid in accordance with the project construction schedule. Worth stressing, among major obligations are costs with equipment for measuring rainfall and sedimentation, instrumentation, supply of assets, materials as well as services comprising supervision, assembly, commissioning and assisted operation.

16. Loans, financing and debentures

a) The balance of loans, financing and debentures is broken down as follows:

	Company		Consolidated	
	12/31/2012	**12/31/2011**	**12/31/2012**	**12/31/2011**
Loans, financing and debentures - current				
Foreign currency	-	-	119	166
Local currency	174	841	9,484	11,175
Debentures	17,063	1,371	38,679	4,577
	17,237	2,212	48,282	15,918
Loans, financing and debentures - noncurrent				
Local currency	-	-	72,077	87,936
Debentures	2,246	2,298	15,784	4,084
	2,246	2,298	87,861	92,020
Principal - current				
Foreign currency	-	-	3,642	2,620
Local currency (includes lease)	5,815	84,963	243,061	342,508
Debentures	84,126	81,803	395,719	222,027
Unamortized transaction costs	-	-	(1,989)	(1,472)
	89,941	166,766	640,433	565,683
Principal - noncurrent				
Foreign currency	-	-	40,736	12,683
Local currency (includes lease)	45,353	55,615	1,201,152	1,294,202
Debentures	606,035	240,858	1,436,060	860,200
Unamortized transaction costs	(3,593)	(3,856)	(6,486)	(5,782)
	647,795	292,617	2,671,462	2,161,303
Total	**757,219**	**463,893**	**3,448,038**	**2,834,924**
Current	107,178	168,978	688,715	581,601
Noncurrent	650,041	294,915	2,759,323	2,253,323
Total	**757,219**	**463,893**	**3,448,038**	**2,834,924**

	Consolidated							
Foreign currency	**12/31/2012**							
Financial institutions/creditors	**Maturity**	**Currency**	**(% p.a.) Effective rate**	**Frequency of amortization of principal**	**Frequency of amortization of interest**	**Charges**	**Principal**	
						Current	**Current**	**Noncurrent**
Operational companies								
BDMG - Transleste (x)	2017	Basket of currencies	5.00%	Half-yearly	Half-yearly	116	975	3,411
BNDES - ERTE	2015	Basket of currencies	5.50%	Monthly	Monthly	3	791	1,451
BID - Transchile (*) (y)	2026	Basket of currencies	5.80%	Half-yearly	Half-yearly	-	1,876	35,802
Pre-operational companies								
Other - Risaralda	2014	-	-	Monthly	Monthly	-	-	72
						119	3,642	40,736

	Consolidated							
Foreign currency	**12/31/2011**							
Financial institutions/creditors	**Maturity**	**Currency**	**(% p.a.) Effective rate**	**Frequency of amortization of principal**	**Frequency of amortization of interest**	**Charges**	**Principal**	
						Current	**Current**	**Noncurrent**
Operational companies								
BDMG - Transirapé	2019	Basket of currencies	4.50%	Monthly	Monthly	6	226	1,510
BDMG - Transleste (x)	2017	Basket of currencies	5.00%	Half-yearly	Half-yearly	128	895	4,026
BDMG - Transudeste (*)	2019	Basket of currencies	4.50%	Monthly	Monthly	4	102	661
BNDES - ERTE	2015	Basket of currencies	5.50%	Monthly	Monthly	11	729	2,065
BNDES - Transirapé	2019	Basket of currencies	4.00%	Monthly	Monthly	7	234	1,562
BNDES - Transudeste (*)	2019	Basket of currencies	4.00%	Monthly	Monthly	2	106	690
Santander - Transirapé	2019	Basket of currencies	4.50%	Monthly	Monthly	6	226	1,505
Santander - Transudeste (*)	2019	Basket of currencies	4.50%	Monthly	Monthly	2	102	664
						166	2,620	12,683

	Consolidated									
Local currency	**12/31/2012**									
Financial institutions/creditors	**Maturity**	**(% p.a.) Effective rate**	**Frequency of amortization of principal**	**Frequency of amortization of interest**	**Charges**		**Principal**		**Unamortized transaction cost**	
					Current	**Noncurrent**	**Current**	**Noncurrent**	**Current**	**Noncurrent**
Loans and financing:										
Operational companies										
Lease (Safra, Itaú and BB) - Alupar	2014	Interest of 8.73%	Monthly	Monthly	-	-	197	223	-	-
Lease (Itaú) - Queluz	2013	Interest of 5.84%	Monthly	Monthly	-	-	24	-	-	-
Banco do Brasil - TME (*) (o)	2029	Interest of 10.00%	Monthly	Quarterly	580	-	-	36,800	-	-
Banco do Brasil - STN	2020	Interest of 4.50%	Monthly	Monthly	8	-	631	3,941	-	-
BNB - STN	2024	Interest of 10.00%	Monthly	Monthly	135	-	16,537	196,383	-	-
BNB - Transleste	2025	Interest of 9.50%	Monthly	Monthly	56	-	779	9,301	-	-
BDMG - Transleste	2025	Interest of 9.50%	Monthly	Monthly	173	-	2,552	28,498	-	-
BDMG (FINAME) - Transirapé	2021	TJLP + 4.50%	Monthly	Monthly	2	-	131	870	-	-
BNDES - EBTE	2025	TJLP + 2.56%	Monthly	Monthly	411	-	10,962	17,095	-	-
BNDES - ETES	2023	TJLP + 2.37% to 2.38%	Monthly	Monthly	73	-	2,311	22,531	(4)	(39)
BNDES - ETES	2019	Interest of 4.50%	Monthly	Monthly	18	-	1,556	9,077	(32)	(166)
BNDES - Foz	2027	TJLP + 2.44%	Monthly	Monthly	2,643	35,241	12,341	164,549	-	-
BNDES - IJUÍ	2027	TJLP + 3.17%	Monthly	Monthly	2,493	34,274	10,346	142,259	-	-
BNDES - Lavrinhas	2024	TJPL + 1.93% to 2.22	Monthly	Monthly	68	780	10,316	117,779	-	-
BNDES - ERTE	2015	TJLP + 5.00%	Monthly	Monthly	37	-	3,360	6,160	-	-
BNDES - ERTE (p)	2026	TJLP + 1.97%	Monthly	Monthly	91	-	3,110	27,841	-	-
BNDES - Queluz	2024	TJPL + 1.93% to 2.22	Monthly	Monthly	156	1,782	11,235	124,507	-	-
BNDES (FINAME) - EBTE	2019	Interest of 4.50%	Monthly	Monthly	34	-	2,889	125,150	-	-
BNDES - ETEM (u)	2026	TJLP + 2.44%	Monthly	Monthly	133	-	3,356	41,390	-	-
BNDES - TME (*) (o)	2026	TJLP + 3.60%	Monthly	Monthly	130	-	2,868	35,616	(23)	(289)
FINEP - Alupar	2018	Juros de 8.00%	Monthly	Monthly	174	-	5,618	45,130	-	(470)
FINAME - Lavrinhas	2017	TJLP	Monthly	Monthly	4	-	-	131	-	-
Banco do Brasil - ETVG	2026	Juros de 10.00%	Monthly	Quarterly	122	-	-	15,615	(6)	(64)
Other - Genpower	2013	-	Monthly	Monthly	-	-	-	168	-	-
Pre-operational companies										
BNDES - ESDE (q)	2022	Interest of 2.50%	Monthly	Monthly	5	-	1,033	13,567	-	-
BNDES - ESDE (q)	2027	TJLP + 2.08%	Monthly	Monthly	18	-	829	16,571	-	-
BNDES - Ferreira Gomes (t)	2013	TJLP + 2.40%	Monthly	Quarterly	1,554	-	110,680	-	(336)	-
Banco Sumitomo Mitsui B. S.A - Ferreira Gomes	2013	114.5% of CDI	Monthly	Monthly	366	-	29,400	-	-	-
					9,484	72,077	243,061	1,201,152	(401)	(1,028)
Debentures										
Operational companies										
2nd issue - Alupar (a)	2014	CDI+1.90% and IPCA+8.95%	Annual	Half-yearly	332	2,246	84,126	6,035	-	(1,378)
3rd issue - Alupar (b)	2015	CDI + 1.85%	Annual	Half-yearly	202	-	-	150,000	-	(902)
4th issue - Alupar (c)	2018	CDI + 1.45%	Half-yearly	Half-yearly	5,443	-	-	150,000	-	(784)
5th issue - Alupar (d)	2027	IPCA + 7.80%	Annual	Half-yearly	11,086	-	-	300,000	-	(59)
HSBC Corretora de Títulos - EATE (e)	2016	CDI + 1.30%	Monthly	Monthly	725	-	78,541	176,739	(492)	(724)
Itaú Corretora de Títulos - EATE (f)	2017	CDI + 0.99%	Half-yearly	Half-yearly	2,239	-	7,500	142,500	-	-
HSBC Corretora de Títulos - ENTE (g)	2016	CDI + 1.30%	Monthly	Monthly	383	-	41,452	93,278	(201)	(188)
HSBC Corretora de Títulos - ECTE (h)	2016	CDI + 1.30%	Monthly	Monthly	151	-	16,363	36,821	(103)	(88)
Itaú Corretora de Títulos - ECTE (i)	2017	CDI + 0.99%	Half-yearly	Half-yearly	1,042	-	-	80,000	-	(331)
HSBC Corretora de Títulos - ETEP (j)	2016	CDI + 1.30%	Monthly	Monthly	-	-	14,482	42,242	(123)	(156)
Itaú Corretora de Títulos - Transudeste (k)	2017	CDI +0.99%	Half-yearly	Half-yearly	187	-	956	18,433	-	-
Itaú Corretora de Títulos - Transirapé (l)	2017	CDI +0.99%	Half-yearly	Half-yearly	407	-	2,299	40,012	-	-
Pre-operational companies										
1st issue - Ferreira Gomes (m)	2013	115% CDI	Lump sum at the end	Lump sum at the end	16,482	-	150,000	-	(257)	-
2nd issue - Ferreira Gomes (n)	2014	IPCA + 5.95%	Lump sum at the end	Lump sum at the end	-	13,538	-	200,000	(412)	(848)
					38,679	15,784	395,719	1,436,060	(1,588)	(5,458)
					48,163	87,861	638,780	2,637,212	(1,989)	(6,486)

	Consolidated									
Local currency	12/31/2011									
Financial institutions/creditors	Maturity	(% p.a.) Effective rate	Frequency of amortization of principal	Frequency of amortization of interest	Charges		Principal		Unamortized transaction cost	
					Current	Noncurrent	Current	Noncurrent	Current	Noncurrent
Loans and financing:										
Operational companies										
Lease (Safra, Itaú and BB) - Alupar	2014	Interest of 8.73%	Monthly	Monthly	-	-	194	266	-	-
Lease (Itaú) - Queluz	2013	Interest of 5.84%	Monthly	Monthly	-	-	48	24	(11)	-
Banco do Brasil - TME (*) (o)	2012	CDI +2.60%	Bullet Agreement	Bullet Agreement	293	-	16,100	-	-	-
Banco do Brasil - TME (*) (o)	2012	CDI + 2.55%	Bullet Agreement	Bullet Agreement	675	-	23,000	36,800	-	-
Bando do Brasil - STN (w)	2020	Interest of 4.50%	Monthly	Monthly	39	-	420	4,572	-	-
BDMG - Transirapé (v)	2020	Interest of 4.50%	Monthly	Monthly	36	-	1,041	6,940	-	-
BDMG - Transleste	2025	Interest of 9.50%	Monthly	Monthly	187	-	2,552	31,050	-	-
BDMG - Transudeste (*)	2019	TJLP + 4.50%	Monthly	Monthly	16	-	470	3,058	-	-
BDMG (FINAME) - Transirapé	2021	TJLP +4.50%	Monthly	Monthly	2	-	132	1,001	-	-
BNB - STN	2024	Interest of 10.00%	Monthly	Monthly	145	-	15,446	212,920	-	-
BNB - Transleste	2025	Interest of 9.50%	Monthly	Monthly	58	-	788	10,080	-	-
BNDES - EBTE	2025	TJLP + 2.56%	Monthly	Monthly	538	-	10,962	136,113	-	-
BNDES - ETES	2023	TJLP + 2.37% and 2.38%	Monthly	Monthly	170	-	2,301	24,730	-	-
BNDES - ETES	2019	Interest of 4.50%	Monthly	Monthly	180	-	1,508	10,296	-	-
BNDES - Foz	2027	TJLP + 2.44%	Monthly	Monthly	2,578	36,747	12,503	178,162	-	-
BNDES - IJUÍ	2027	TJLP + 3.17%	Monthly	Monthly	2,345	34,598	10,502	154,900	-	-
BNDES - Lavrinhas	2024	TJPL + 1.93% to 2.22	Monthly	Monthly	848	10,535	9,544	118,501	-	-
BNDES - Lumitrans (s)	2022	TJLP + 4.55%	Monthly	Monthly	246	-	2,995	36,816	-	-
BNDES - ERTE	2015	TJLP + 5.50%	Monthly	Monthly	79	-	4,458	12,631	-	-
BNDES - Queluz	2024	TJPL + 1.93% to 2.22	Monthly	Monthly	501	6,056	10,676	129,004	-	-
BNDES - STC (r)	2022	TJLP + 2.41%	Monthly	Monthly	140	-	3,769	35,176	-	-
BNDES - STC (r)	2014	TJLP + 3.90%	Monthly	Monthly	7	-	755	944	-	-
BNDES - Transirapé (w)	2019	TJLP + 4.00%	Monthly	Monthly	35	-	1,084	7,228	-	-
BNDES - Transudeste (*) (v)	2019	TJLP + 4.00%	Monthly	Monthly	16	-	489	3,184	-	-
BNDES (FINAME) - EBTE	2019	Interest of 4.00%	Monthly	Monthly	45	-	2,889	19,984	-	-
FINEP - Alupar	2018	Interest of 8.00%	Monthly	Monthly	283	-	4,769	55,348	-	(557)
Itaú BBA - ETEM (u)	2012	114% CDI	Monthly	Monthly	515	-	45,400		-	-
Santander - Transirapé (w)	2019	TJLP + 4.50%	Monthly	Monthly	35	-	1,041	6,940	-	-
Santander - Transudeste (*) (v)	2019	TJLP + 4.50%	Monthly	Monthly	16	-	470	3,058	-	-
Santander - Alupar	2012	CDI + 1.45%	Monthly	Monthly	559	-	80,000	-	-	-
Unibanco - Lumitrans (s)	2021	IGPM + 9.85%	Annual	Annual	23	-	1,658	4,686	-	-
UNIBANCO - STC (r)	2022	TJLP + 2.41 %	Monthly	Monthly	191	-	5,144	48,013	-	-
Pre-operational companies										
Bando do Brasil - ETVG	2026	Interest of 10.00%	Monthly	Quarterly	2	-	-	1,777	-	-
BNDES - Ferreira Gomes (under approval)	-	-	Monthly	Monthly	-	-	-	-	-	(240)
Santander - Ferreira Gomes	2012	CDI + 1.50%	Monthly	Monthly	102	-	40,000	-	-	-
Banco Sumitomo Mitsui B. S.A - Ferreira Gomes	2013	114.5% of CDI	Monthly	Monthly	270	-	29,400	-	-	-
					11,175	87,936	342,508	1,294,202	(11)	(797)
Debentures										
Operational companies										
2nd issue - Alupar (a)	2014	CDI+1.90% and IPCA+8.95%	Annual	Half-yearly	936	2,298	81,803	90,859	-	(2,073)
3rd issue - Alupar (b)	2015	CDI + 1.85%	Annual	Half-yearly	435	-	-	150,000	-	(1,203)
4th issue - Alupar (c)	2018	CDI + 1.45%	Half-yearly	Half-yearly	-	-	-	-	-	(23)
HSBC Corretora de Títulos - EATE (e)	2016	CDI + 1.30%	Monthly	Monthly	1,542	-	78,540	255,279	(476)	(681)
HSBC Corretora de Títulos - ENTE (g)	2016	CDI + 1.30%	Monthly	Monthly	814	-	41,452	134,732	(273)	(390)
HSBC Corretora de Títulos - ECTE (*) (i)	2016	CDI + 1.30%	Monthly	Monthly	136	-	6,955	22,605	(54)	(77)
HSBC Corretora de Títulos - ETEP (j)	2016	112.5% CDI	Monthly	Monthly	714		13,277	56,725	(145)	(293)
Pre-operational companies										
Itaú BBA - Ferreira Gomes (m)	2013	115% CDI	Monthly	Monthly	-	1,786	-	150,000	(513)	(245)
					4,577	4,084	222,027	860,200	(1,461)	(4,985)
					15,752	92,020	564,535	2,154,402	(1,472)	(5,782)

(*)The amount of these agreements is adjusted by the portion of interest held by the parent company in the jointly-controlled entity.

All funds raised from loans, financing and nonconvertible debentures were used for the purpose provided for in the agreements, i.e., the contractual use limits were observed.

Management of the Company, subsidiaries and jointly controlled entities monitors the financial ratios established in the agreements. Failure to comply with the financing agreement terms not resolved or forgiven could result in accelerated maturity of the related debt balance and of other financing agreements, in addition to interest and fine. At December 31, 2012 and 2011, these ratios were within the limits established in the debt agreement of the Company, its subsidiaries and jointly-controlled entities.

Covenants of the Company, subsidiaries and jointly controlled entities refer mostly to financial ratios obtained by using EBITDA, such as the Debt Service Coverage Ratio ("DSCR"). At December 31, 2012, these ratios were within the limits established in the debt agreement of the Company, its subsidiaries and jointly-controlled entities.

On December 26, 2012, BNDES authorized presentation by subsidiaries Foz and Ijuí, of the Debt Service Coverage Ratio, as at December 31, 2012 of, at least, 1.0 (one) and 0.9 (nought point nine), respectively, that is, below the 1.2 minimum ratio established in the financing agreement. Therefore, subsidiaries Foz and Ijuí met the covenants established in the financing agreement.

On February 10, 2012, BNDES authorized subsidiaries Queluz and Lavrinhas to present the Debt Service Coverage Ratios only as from the year ended December 31, 2013. Therefore, subsidiaries Queluz and Lavrinhas are exempt from meeting the covenants established in the financing agreement in referred to year.

Debentures of the Company and its subsidiaries are nonconvertible and carry the characteristics of debt rather than equity.

At December 31, 2012, certain loans and financing taken out by the subsidiaries have guarantees deposited in reserve accounts, amounting to R$ 58,637 (R$ 70,251 at December 31, 2011).

The characteristics of loans, financing and debentures taken out by the Company and its subsidiaries for the period are detailed below:

Debentures

a) Debentures – Alupar – 2nd Issue – issue in December 2009 of R$250,000 in debentures in the domestic market, and 2 (two) series were issued. 1st series debentures will mature in 4 years as from issue date; amortization will occur in 03 (three) annual installments. The first one matured on February 15, 2011, and was settled on the date scheduled, the second one maturing on December 15, 2012 and the last one maturing on December 15, 2013. 2nd series debentures will mature in 5 years as from issue date, to be amortized in 03 (three) annual instalmments, the first one of which matures on December 15,2012, the second one December 15, 2013 and the last one maturing on December 15, 2014.

   1st series debentures are entitled to annual remuneration corresponding to CDI variation + 1.90%. 2nd series debentures are entitled to annual remuneration corresponding to IPCA variation + 8.95%. Remuneration of the 1st series will be paid on a semiannual basis as from issue date. Payment of remuneration fo the 2nd series will be made on an annual basis, as from issue date.

b) Debentures – Alupar – 3rd Issue – issue in December 2010 of R$150,000 in debentures in the domestic market, single series, for a five-year period. Debenture amortization shall occur in 2 installments, 50% of which in December 2014, and the remaining balance at maturity date, which will be in December 2015. The debentures will yield interest corresponding to CDI variation + 1.85% p.a., with six-month maturity.

c) Debentures –Alupar – 4th Issue – on February 03, 2012, the Company issued debentures, amounting to R$ 150,000. These debentures will be amortized in semiannual installments, as from the 5th year. Debentures will be remunerated by reference to the CDI variation + 1. 45% p.a., with semiannual payments as from issue date.

d) Debentures –Alupar – 5th Issue – issue in May 2012 of R$ 300,000, which were subscribed and fully paid by shareholder FI-FGTS. These debentures are nonconvertible into shares, bearing interest of 7.8% p.a., calculated pro rata temporis for business days, based on a year with 252 business days, with unit value updated as from issue date, at the do IPCA variation. Unit value of debentures will be paid in 12 annual and successive installments, the first one of which was made in June 30, 2016. Remuneration will occur semiannually as from issue date, on dates defined in the 5th issue indenture, with final maturity, for 2027.

e) Debentures – EATE – 1st Issue – issue in March 2011 of R$360,000 in debentures in the domestic market, single series, for a five-year period. These debentures will be amortized in 55 monthly installments, with a 5-month grace period as from issue date, and will be updated by CDI and interest rate of 1.30% p.a., with final maturity in March 2016. No guarantees were given upon issue of these debentures.

f) Debentures – EATE – 2nd Issue – On October 02, 2012, EATE issued debentures amounting to R$ 150,000 in the domestic market, single series, for a five-year period, amortized in semiannual consecutive installments, which will be updated by reference to CDI and interest rate of 0.9875% p.a., with final maturity in October 2017. No guarantees were given upon issue of these debentures.

g) Debentures – ENTE – 1st Issue – issue in March 2011 of R$190,000 in debentures in the domestic market, single series, for a five-year period. These debentures will be amortized in 55 monthly installments, with a 5-month grace period as from issue date, and will be updated by CDI and interest rate of 1.30% p.a., with final maturity in March 2016.

h) Debentures – ECTE – 1st Issue – issue in March 2011 of R$75,000 in debentures in the domestic market, single series, for a five-year period. These debentures will be amortized in 55 monthly installments, with a 5-month grace period as from issue date, and will be updated by CDI and interest rate of 1.30% p.a., with final maturity in March 2016.

i) Debentures –ECTE – 2nd Issue – on October 29, 2012, subsidiary ECTE issued debentures, un accordance with CVM Normative Instruction No. 476, in the amount of R$ 80,000 single series, for a five-year period. These debentures will be amortized in 6 semiannual installments, as from abril de 2015, with final maturity in October 2017. Remuneration, calculated by reference to CDI variation + 0.9875% p.a., will be paid in 10 semiannual installments, as from April 2013. No guarantees were given upon issue of these debentures.

j) Debentures – ETEP – 1st Issue – issue in November 2011 of R$70,000 in debentures in the domestic market, single series, for a five-year period. These debentures will be amortized in 58 monthly installments, with a 3-month grace period as from issue date, and will be updated by CDI and interest rate of 1.30% p.a., with final maturity in November 2016.

k) Debentures – Transudeste – 1st Issue – in November 2012, subsidiary Transudeste agreed upon a new type of loans for financial development, replacing the financing taken out with BNDES, BDMG and Santander Banespa (TLPL and Cesta de Moedas) for issuing Debentures. The coordinator of the operation relating to issue of the debentures is Itaú Unibanco S.A. and the underwriter is Itaú Corretora de Valores S.A. Funds raised amounted to R$ 47,500, issued on November 14, 2012, in unsecured debentures, without guarantees. Period of 05 years, maturing on November 14, 2017 (05 years), amortization and interest will be paid semiannually; 1st payment on May 14, 2013. Remuneration will bear interest at 100% accumulated variation of DI (day) plus effective rate of 0.9875% p.a. Early redemption may occur as from the 2nd year of issue.

l) Debentures – Transirapé – 1st Issue – in November 2012, subsidiary Transudeste agreed upon a new type of loans for financial development, replacing the financing taken out with BNDES, BDMG and Santander Banespa (TLPL and Cesta de Moedas) for issuing Debentures. Funds raised amounted to R$ 42,500, issued on November 14, 2012, in unsecured debentures, without guarantees. Period of 05 years, maturing on November 14, 2017 (05 years), amortization and interest will be paid semiannually; 1st payment on May 14, 2013. Remuneration will bear interest at 100% accumulated variation of DI (day) plus effective rate of 0.9875% p.a. Early redemption may occur as from the 2nd year of issue.

m) Debentures - Ferreira Gomes – 1st issue – In November 2011, R$ 150,000 in simple debentures, nonconvertible into shares of subsidiary Ferreira Gomes with unit value of R$ 1,000 in the domestic market were issued. These debentures will be remunerated at compensatory interest of 115% of the accumulated variation of the average daily rates of Interbank Deposits (DI), payment of principal and remuneration upon maturit, that is, May 28, 2013.

n) Debentures - Ferreira Gomes – 2nd issue – on May 30, 2012, subsidiary Ferreira Gomes issued 20,000 simple debentures non-convertible into shares with unit value of R$ 10, totaling R$ 200,000. These debentures will be remunerated at interest corresponding to IPCA+5.95%, on the updated unit value, based on 252 business days, calculated as provided for in the deed of issue, with annual payment of remuneration; first payment in May 2013 and the last one on May 30, 2014.

Loans and financing

Loans and financing refer to funds raised by the Company, subsidiaries and jointly controlled entities, subject to the following charges:

Local currency: Loans and financing are subject to restatement based on the Long-Term Interest Rate (TJLP), General Market Price Index (IGPM) or the Interbank Deposit Certificate (CDI), as applicable, with 1.93% to 4.50% spread per year on the debit balance.

Major funds raised and settlements in the year were as follows:

o) Subsidiary TME: Subsidiary TME currently has two loans whose characteristics are as follows:

i) In May 2012, subsidiary TME settled two bridge loans with Banco do Brasil amounting to R$35,000 and R$50,000. These loans were replaced by a loan taken out with BNDES amounting to R$87,300 with these characteristics: TJLP interest rate + 3.60% p.a., with monthly maturity. The first loan is for June 15, 2012 and the last one on May 15, 2026.

ii) Loan taken out with Banco do Brasil, amounting to R$ 80,000 on February 28, 2011. Under the terms of the original loan agreement, the principal amount should be amortized in 131 monthly installments, and corresponding charges should be amortized on a quarterly basis. On September 30, 2011, the Company amended the agreement to extend the loan maturity to February 01, 2029; as such, the principal will be amortized in 156 installments, the first one of which maturing on March 01, 2016, and the last one on February 01, 2029. The remaining covenants were not changed. This loan is subject to 10% interest p.a., and on-time payment bonus of 15%, as long as debt installments are fully paid up until maturity date.

p) Subsidiary ERTE: on October 15, 2012, Subsidiary ERTE signed a financing agreement with BNDES amounting to R$ 31,042 for investments in Açailândia substation. This outstanding balance is updated by reference to the TJLP plus spread of 1.97% p.a. This loan is to be settled in 168 monthly installments, with final maturity in 2026.

q) Subsidiary ESDE: in November, 2012, subsidiary ESDE signed a financing agreement with BNDES. The funds raised amounted to R$ 42,797, divided into subcredit A (R$ 26,319) with charges corresponding to TJLP plus 2.08% p.a. and subcredit B (R$ 16,478) with charges of 2.5% p.a. Of this total, R$ 32,000 were released in December 2012, and were also used for settling the bridge loans with Banco Itaú, amounting to R$ 19,854.

r) Subsidiary STC: In November 2012, subsidiary STC received capital contributions from its parent company EATE and Alupar, in the amount of R$ 84,000 used for settling loans with BNDES in the amount of R$ 84,181.

s) Subsidiary Lumitrans: In November 2012, subsidiary Lumitrans received capital contributions from its parent company EATE and Alupar, in the amount of R$ 42,000 used for settling loans with BNDES in the amount of R$ 42,079.

t) Subsidiary Ferreira Gomes: on September 26, 2012, subsidiary Ferreira Gomes entered into a short-term financing agreement with BNDES. The total loan amount available under the agreement is R$ 121,724, the settlement of which is conditional on evidencing investment made by subsidiary Ferreira Gomes. Interest amounts to 2.4 % p.a. above the TJLP to be capitalized on a quarterly basis. The debt principal shall be paid to the BNDES in a single installment, the amount of the principal to settlement the agreement, matures on April 15, 2013, or on the date of the first payment the first tranche of credit that may be opened by BNDES to the beneficiary through contract long-term financing, whichever comes first. A banker's guarantee letter has been provided by a financial institution. On October 26, 2012, the BNDES released R$ 110,680.

u) Controlada ETEM: in January 2012, subsidiary ETEM settled a loan amounting to R$ 45,400 with Banco Itaú. This loan was replaced by a loan raised with BNDES amounting to R$ 45,000, with these characteristicss: subject to TJLP + 2.44 % p.a., payable on a monthly basis, the first payment of which is on May 15, 2012 and the last one on April 15, 2026.

v) Subsidiary Transudeste: on November 30, 2012, subsidiary Transudeste prepaid the following loans and financing, contracted in domestic and foreign currency whose expected maturity is 2019: FNE, Cesta de Moedas com BNDES, Cesta de Moedas with Santander and Cesta de Moedas with BDMG.

w) Subsidiary Transirapé: on November 30, 2012, subsidiary Transirapé prepaid the following loans and financing, contracted in domestic and foreign currency whose expected maturity is 2019: FNE, Cesta de Moedas com BNDES, Cesta de Moedas with Santander and Cesta de Moedas with BDMG.

Foreign currency: Financing agreements denominated in foreign currency refer to funds raised by the Company and its subsidiaries as follows:

x) Subsidiary Transleste: Banco BDMG credited the amount of R$ 12,971, equivalent to US$ 5,000,000, on behalf of the subsidiary Transleste, stemming from funds raised by Banco do Nordeste do Brasil – BNB in foreign currency, originating from the Market Expansion Program for Small and Mid-Sized Companies in Northeastern Brazil (PEM). Such funds are subject to 5% interest per year above the floating rate defined based on the interest rate payable by BNB to BID. Interest will be calculated on a daily basis by the compound method, maturing on July 31, 2005, January 31, 2006, July 31, 2006 and half-yearly together with the installments of principal over the repayment term. The principal will be repaid in 21 successive half-yearly installments, beginning January 2007 and ending January 2017.

y) Subsidiary Transchile: on July 18, 2007, Transchile entered into an agreement with the Inter-American Development Bank, amounting to US$ 51,014, whose variable remuneration is 2.549% at December 31, 2012 (LIBOR + Spread from 1.50% to 1.60% p.a.) and fixed remuneration is 5.80% at December 31, 2012 (Swap Fixed Rate + Spread from 1.50% to 1.60% p.a. + 1.125% p.a.), with maturities provided for under the agreement for 2026.

b) Changes in loans, financing and debentures are as follows:

	Company					
Local and foreign currency	Opening balance	Incoming debts	Provision for charges	Repayment of principal	Amortization of charges	Closing balance
Financial institutions/creditors	12/31/2011					12/31/2012
Loans and financing (includes lease):						
Local currency	140,862	242	5,476	(89,568)	(6,140)	50,872
	140,862	242	5,476	(89,568)	(6,140)	50,872
Debentures						
Local currency	323,031	449,228	70,763	(82,500)	(54,175)	706,347
	323,031	449,228	70,763	(82,500)	(54,175)	706,347
	463,893	449,470	76,239	(172,068)	(60,315)	757,219

	Company					
Local and foreign currency	Opening balance	Incoming debts	Provision for charges	Repayment of principal	Amortization of charges	Closing balance
Financial institutions/creditors	12/31/2010					12/31/2011
Loans and financing (includes lease):						
Local currency	23,712	119,104	3,441	(2,402)	(2,993)	140,862
	23,712	119,104	3,441	(2,402)	(2,993)	140,862
Debentures						
Local currency	475,231	-	59,841	(151,642)	(60,399)	323,031
	475,231	-	59,841	(151,642)	(60,399)	323,031
	498,943	119,104	63,282	(154,044)	(63,392)	463,893

	Consolidated							
Local and foreign currency	Opening balance	Incoming debts	Provision for charges	Monetary variation	Repayment of principal	Amortization of charges	Loans contracted in capital transaction	Closing balance
Financial institutions/creditors	12/31/2011							12/31/2012
Loans and financing (includes lease):								
Local currency	1,735,013	342,753	135,536	-	(553,858)	(135,098)	-	1,524,346
Foreign currency	15,469	-	4,231	1,372	(14,249)	(1,084)	38,758	44,497
	1,750,482	342,753	139,767	1,372	(568,107)	(136,182)	38,758	1,568,843
Debentures								
Local currency	1,084,442	939,314	151,897	5,951	(231,558)	(110,841)	39,990	1,879,195
	1,084,442	939,314	151,897	5,951	(231,558)	(110,841)	39,990	1,879,195
	2,834,924	1,282,067	291,664	7,323	(799,665)	(247,023)	78,748	3,448,038

	Consolidated							
Local and foreign currency	Opening balance	Incoming debts	Provision for charges	Monetary variation	Repayment of principal	Amortization of charges	Loans contracted in capital transaction	Closing balance
Financial institutions/creditors	12/31/2010							12/31/2011
Loans and financing (includes lease):								
Local currency	1,828,199	370,184	140,968	3	(626,717)	(115,655)	138,031	1,735,013
Foreign currency	69,993	36,000	7,456	1,982	(92,284)	(7,678)	-	15,469
	1,898,192	406,184	148,424	1,985	(719,001)	(123,333)	138,031	1,750,482
Debentures								
Local currency	475,231	801,117	125,972	-	(194,919)	(122,959)	-	1,084,442
	475,231	801,117	125,972	-	(194,919)	(122,959)	-	1,084,442
	2,373,423	1,207,301	274,396	1,985	(913,920)	(246,292)	138,031	2,834,924

c) At December 31, 2012, loan, financing and debenture installments currently classified as non-current liabilities mature as follows:

	12/31/2012			
	Company			
	Local currency			
	Loans and financing	Lease	Debentures	Total
	R$	R$	R$	R$
2014	10,010	187	80,976	91,173
2015	10,168	36	74,536	84,740
2016	10,132	-	12,337	22,469
2017	10,132	-	124,848	134,980
2018	4,218	-	74,996	79,214
After 2018	-	-	237,465	237,465
	44,660	223	605,158	650,041

	12/31/2012					
	Consolidated		Consolidated			
	Foreign currency		Local currency			
	Loans and financing		Loans and financing	Lease	Debentures	Total local and foreign currency
	US$ thousand	R$	R$	R$	R$	R$
2014	1,900	3,881	115,106	187	505,727	624,901
2015	1,970	4,026	116,652	36	297,575	418,289
2016	1,771	3,619	115,148	-	133,986	252,753
2017	1,699	3,472	115,837	-	196,637	315,946
2018	1,460	2,982	130,389	-	74,996	208,367
After 2018	11,136	22,756	678,846	-	237,465	939,067
	19,936	40,736	1,271,978	223	1,446,386	2,759,323

17. Provision for litigation

a) Breakdown of the provisions recorded for contingent liabilities amounting to R$4,373 in current liabilities and R$ 3,498 in non-current liabilities is as follows:

	Consolidated			
	Liabilities		Assets	
	Provisions		Judicial deposits	
	12/31/2012	12/31/2011	12/31/2012	12/31/2011
Legal proceedings				
Tax	2,451	2,345	3,314	3,141
Civil	4,295	14	6,597	3,000
Labor	1,125	485	332	437
	7,871	2,844	10,243	6,578
Current	4,373	48	-	-
Non-current	3,498	2,796	10,243	6,578
	7,871	2,844	10,243	6,578

b) At December 31, 2012 and 2011, changes in provision for litigation are as follows:

	Consolidated					
	Opening balance	New procedings	Restatement	Write-offs	Contingencies from capital transactions (*)	Closing balance
	12/31/2011					12/31/2012
Legal proceedings						
Tax	2,345	-	106	-	-	2,451
Civil	14	6	-	(14)	4,289	4,295
Labor	485	1,160	-	(520)	-	1,125
	2,844	1,166	106	(534)	4,289	7,871

(*) Transchile (Note 18). Civil action brought against subsidiary Transchile, challenging a late payment fine relating to entry into operation of the Transmission line owed by Transchile. At December 31, 2012, this fine amounts R$ 3,542. Additionally, subsidiary Transchile will reimburse transmission system users of the costs generated by this late payment. At December 31, 2012, this reimbursement amount to R$ 4,858.

	Consolidated				
	Opening balance	New procedings	Restatement	Write-offs	Closing balance
	12/31/2010				12/31/2011
Legal proceedings					
Tax	2,135	73	137	-	2,345
Civil	13	14	-	(13)	14
Labor	184	301	-	-	485
	2,332	388	137	(13)	2,844

The provision amounts are calculated based on the amounts effectively involved, the opinion of inside and outside legal counsel in charge of the proceedings and management's judgment. Provisions are set up for proceedings whose likelihood of an unfavorable outcome is rated as probable.

Probable loss: the Company, its subsidiaries and jointly-controlled entities are party to the following legal proceedings:

Tax: These refer to appeals challenging collections and tax notices. Tax proceedings are dispersed and there are no other tax proceedings that are individually material for the business, according to management's assessment.

Civil: These refer to commercial lawsuits and actions for damages filed by individuals and legal entities, such as the prohibitory injunction and collection suit. There are no lawsuits that are individually material for disclosure.

Labor: These refer to lawsuits filed by former Company employees, but, mostly, by former employees of entities subcontracted by the Company, claiming overtime, indemnity, hazardous duty pay, health exposure pay, salary adjustment and severance pay. There are no labor lawsuits, administrative proceedings or arbitration which, in management's opinion, should be individually considered material for our business.

Possible losses: Although the Company, its subsidiaries and jointly-controlled entities did not record provisions for aforementioned suits, we highlight the following:

Tax: These refer to appeals challenging collections and tax notices. Tax proceedings are dispersed and there are no other tax proceedings that are individually material for the business, according to management's assessment.

Civil: These refer to commercial lawsuits and actions for damages filed by individuals and legal entities, such as the prohibitory injunction and collection suit. There are no lawsuits that are individually material for disclosure**.**

- Civil class action brought by the Federal Prosecution Office (MPF) and by the Amapá State Prosecution Office, against the Company, subsidiary Ferreira Gomes, ANEEL, the director of Amapá State Environment and Territorial Planning Institute (IMAP) and the Amapá State Environment Office. This concerns a lawsuit referring to obligation to do and not to do for prevention of environmental damage. A decision has been handed down, upholding the stay of execution. On October 08, 2012, the citizens of the State of Amapá manifested their view. At December 31, 2012, the proceeding is estimated at R$ 1,411 (R$ 988 at December 31, 2011).

- Civil classe action filed by Núcleo Amigos da Terra Brasil against Environment Preservation Foundation Henrique Luís Roessler/RS (FEPAM), the Federal Government, Companhia Estadual de Geração e Transmissão de Energia Elétrica (CEEE-GT) and Companhia Estadual de Distribuição de Energia Elétrica (CEEE-D). The state of Rio Grande do Sul, subsidiary Ijuí Energia S.A. and Eletrosul Centrais Elétricas S.A. are assisting this proceeding. This action challenges the environmental licenses of Passo São João (Previous License-LP No. 710/2005-DL) and São José Hydropower Plants (LP No 711/2005-DL). The special appeals filed are still pending judgment. At September 30, 2012, the proceeding is estimated at R$ 1.

- Civil class action brought by the Goiás State Prosecutor's Office against the Company and the state of Goiás. This suit relates to a statement annulling the previous license issued for the Verde 08 SHP venture, given weaknesses in EIA-RIMA. Summons is yet to be included in the proceeding. At December 31, 2012, the proceeding is estimated at R$ 10.

- Civil Class Action brought by the Minas Gerais Prosecutor's Office against the Company and the State of Minas Gerais. This action claims that the Hydro Availability Reserve Statements (DRDH) issued for the hydroelectric projects called Small Hydroelectric Plants (PCHs) Cruz Velha and Cutia Alto would have broken the procedural rules provided for in state legislation. The Company presented a Prior Manifestation. A preliminary injunction has been handed down, as per dockets. The Company awaits to receive a notice regarding this decision. At December 31, 2012, the proceeding is estimated at R$ 101.

Labor: These refer to lawsuits filed by former Company employees, but, mostly, by former employees of entities subcontracted by the Company, claiming overtime, indemnity, hazardous duty pay, health exposure pay, salary adjustment and severance pay. There are no labor or administrative proceedings or arbitration of a labor nature which, in management's opinion, should be individually considered material for our business.

Arbitration: There are two arbitration procedures, to wit:

- Arbitration procedure filed by Supplying Consortium Foz do Rio Claro (Andritz Hydro Inepar do Brasil S.A. and Sadefem Equipamentos e Montagens S.A.) against subsidiary Foz. This arbitration proceeding is a claim for damages, fine for contract termination and late payment. Awaiting hearing designation for Arbitration Term execution. At December 31, 2012, the proceeding is estimated at R$ 57,223 and impact in the case of an unfavorable outcome amounts to R$ 46,900.

- Arbitration proceeding filed by CONPASUL – Construção e Serviços against subsidiary Ijuí claiming for damages and fines for breach of contract. This arbitration proceeding aims at execution, under the turnkey regime, at a global price and established deadline, of civil works required for the full and satisfactory implementation of HPP São José. Petition filed by Ijuí supplementing expert fees. Estimated amount of the proceeding is R$ 39,358 as of December 31, 2012 and the impact in case of an unfavorable outcome is R$ 28,874 (R$ 27,381 at December 31, 2011).

Environmental: There are four environmental civil class actions to which the Company is defendant, with no economic values involved. There is no provision for environmental claims. Although there is no amount involved, such claims may result in unfavorable decisions generating to do or not to do obligations, which may have an impact on our business. Additionally, there are five civil investigations in place, which may result in future environmental civil class actions filed.

18. Equity

Authorized capital

Pursuant to article 8 of its Articles of Incorporation, the Company is authorized to increase capital, subject to approval by the Board of Directors, regardless of amendment thereto, through issue of common and/or preferred shares, up to the limit of 500,000,000 (five hundred million) shares. It is also incumbent upon the Board of Directors to set the issue conditions, including price, terms and form of payment.

Within the authorized capital limit and according to the plan approved at the Annual Meeting, the Company may grant stock options to its managing officers or employees, or individual providers of services to the Company or entities under its control.

Furthermore, the Company shareholders have preemptive rights to subscribe new shares or any convertible securities, for which the deadline for exercise is 30 (thirty) days. Such preemptive right may, however, at the Board of Director's discretion, be excluded or have the exercise term reduced, upon issue of shares, convertible debentures or subscription warrants which are placed on sale through the stock exchange or by public subscription, or through exchange of shares in a public offering for acquisition of control, under the terms of the Corporation Law, within the authorized capital limit."

Capital

On November 09, 2012, at a Special Shareholders' Meeting, the Company decided to amend its Articles of Incorporation; as a result, 24,959,000 common shares were converted into preferred shares. Of these 24,959,000 converted shares, 5,463,668 were converted at the request of shareholder Guarupart Participações Ltda. and 19,495,332 were converted at the request of shareholder FI-FGTS. As such, at December 31, 2012, Company capital amounts to R$ 804,001, represented by 138,951,000 common shares (163,910,000 at December 31, 2011) and 24,959,000 preferred shares, as follows:

	12/31/2012			
	Common		Preferred	
	Number	%	Number	%
Shareholders				
Guarupart Participações Ltda	129,203,332	92.98	5,463,668	21.89
FI - FGTS	9,747,668	7.02	19,495,332	78.11
Total shares	138,951,000	100.00	24,959,000	100.00

	12/31/2011			
	Common		Preferred	
	Number	%	Number	%
Shareholders				
Guarupart Participações Ltda	134,666,992	82.16	-	-
FI - FGTS	29,242,996	17.84	-	-
Members of the Board of Directors	12	-	-	-
Total shares	163,910,000	100.00	-	-

Earning reserve

Legal reserve: Brazilian Corporation Law sets forth that the Company must transfer 5% of annual net income computed on the accounting records of the Company in accordance with accounting practices adopted in Brazil to legal reserve, not exceeding 20% of the Company capital. The legal reserve may be used for increasing capital or absorbing losses; however, it may not be used for dividend distribution purposes.

Earning reserve: The remaining income balance is maintained in a reserve account, to be allocated as determined at the General Meeting.

Capital reserve

Acquisition of EATE

In the first half of 2011, the Company purchased 20,632,329 preferred shares from subsidiary EATE, owned by Eletrobrás. The purchase was made for the amount of R$4,790, generating a capital gain for the Company of R$ 86,821. Such capital gain was recorded in equity, under capital reserve.

Acquisition of ECTE

On November 11, 2011, the Company purchased 1,053,429 common shares from subsidiary ECTE, owned by MDU. The purchase was made for the amount of R$4,872, generating a capital loss for the Company of R$1,875. Such capital loss was recorded in profit and loss, considering that the Company has not control over this subsidiary.

On August 06, 2012, the Company purchased 1,053,427 common shares from subsidiary ECTE, owned by MDU. The purchase was made for the amount of R$4,923, generating a capital loss for the Company of R$1,616. Such capital loss was recorded in equity, under capital reserve.

Acquisition of Transchile

Transchile operates the 200-KM Temuco-Charrua transmission line, located in Chile.

With a view to financing the construction of the Project, Transchile and International Development Bank (“IDB”) entered into a loan agreement up to the amount of US$ 51.014.000,00.

On December 28, 2007, the Company entered into a share purchase and sale agreement with Cia. Técnica de Engenharia Elétrica ("Cia. Técnica"), aiming at acquiring 100% of shares held by Cia. Técnica issued by Transchile, equivalent to 51% ownership interest of this company. Such agreement was entered into under an irrevocable and irreversible way, its implementation is solely and exclusively conditioned to: (i) prior consent from lenders of the Project; (ii) the transmission line must be in commercial operation; and (iii) prior consent from the *Superintendencia de Electricidad y Combustibles (SEC)*, if applicable. The purchase price of shares held by Cia. Técnica, to be paid by the Company, would correspond to the total amount in reais contributed as capital by Cia. Técnica, updated by reference to the IGP-M/FGV on a *pro rata* day basis, from the contribution date up to the date of effective payment.

At December 31, 2008, Cia. Técnica was merged by Guarupart, which became holder of all rights and obligations corresponding to Cia. Técnica under the aforementioned share purchase and sale agreement.

Considering that the Transmission Line is already in operation, the parties are awaiting the consent of the share purchase and sale transaction from BID.

Transchile is a stock corporation organized and existing in accordance with the laws of the Republic of Chile, engaged in electric energy transmission. On June 30, 2012, the ownership interest of Transchile was as follows: (i) Guarupart Participações Ltda. holding 51% ownership interest; and (ii) Companhia Energética de Minas Gerais - CEMIG holding 49% ownership interest. We emphasize that currently Guarupart is a subsidiary of the Company.

On September 3, 2012, the International Development Bank (IDB) approved the share purchase and sale transaction between the Company and Guarupart. So, the Company purchased 51% of its ownership interest of Transchile, which was held by Guarupart. The acquisition was performed by the amount of R$69,750, generating a capital loss for the Company amounting to R$ 11,454.

Acquisition of Queluz and Lavrinhas

On October 08, 2012, the Company exercised exercised the preferred stock option belonging to the Investment Fund of the Unemployment Compensation Fund (FI-FGTS) in subsidiaries Usina Paulista Queluz de Energia S/A ("Queluz") and Usina Paulista Lavrinhas de Energia S/A ("Lavrinhas"), by means of Private Instrument of Preferred Stock Option Granted entered by and between the parties, through which the Company acquired 4,517,310 shares in Queluz, amounting to R$ 6,528, and 4,380,836 shares in Lavrinhas, amounting to R$ 7,168, generating goodwill of R$ 1,630 and R$ 1,890, respectively.

Allocation of income

According to paragraph 37 of the Company's Articles of Incorporation, shareholders are entitled to receive non-cumulated mandatory dividends, each year, corresponding to 50% (fifty percent) of net income for the year, increased or reduced by the following: a) amount allocated to the legal reserve; (ii) amount allocated to provision for litigation and reversal of provision for litigation recorded in prior years.

Allocation of income	12/31/2012	12/31/2011
Net income for the year before non-controlling interest	**538,938**	**439,044**
Attributed to:		
Non-controlling interest	(318,530)	(248,517)
Net income for the year	220,408	190,527
Legal reserve	(11,020)	(10,011)
Subtotal	**209,388**	**180,516**
Mandatory minimum dividends	(104,694)	(47,553)
(+) Adjustment due to restatement of financial statements intended for income reserve	-	9,698
Income reserve	(104,694)	(142,661)
Retained earnings balance	-	-

	Share Type	12/31/2012 R$ per share	12/31/2011 R$ per share
Minimum mandatory dividend	ON	0.64048	0.29012
Minimum mandatory dividend	PN	0.64048	-
Income reserve	ON	0.64048	0.87036
Income reserve	PN	0.64048	-

19. Earnings per share

Earnings per share are presented by type and nature of the share. This presentation is consistent with the practice adopted in Brazil for trading and listing of shares in share lots.

The table below shows the calculation of outstanding shares weighted average and earnings per share for the years ended December 31, 2012 and 2011:

	Year ended	
	12/31/2012	12/31/2011
Numerator		
Net income for the year	220,408	190,527
Denominator (in thousands of shares)		
Weighted average number of common shares	159,905	163,910
Weighted average number of preferred shares	3,556	-
Earnings per share		
Basic and diluted earnings per common share	1.34838	1.16239
Basic and diluted earnings per preferred share	1.34838	-

20. Consolidated net operating revenue

	Consolidated	
	12/31/2012	12/31/2011
Gross revenue		
Revenue from energy transmission	119,332	99,719
Electricity delivery	175,044	162,459
Compensation for service concession assets	915,115	790,090
Infrastructure revenue	134,720	237,926
	1,344,211	1,290,194
Deductions		
Contribution to the Social Integration Plan (PIS)	(8,801)	(8,053)
Contribution for Social Security Financing (COFINS)	(40,605)	(37,144)
Tax over the circulation of goods and services (ICMS)	(1,183)	(2,140)
Tax on Service (ISS)	(4)	-
IVA	(1,384)	-
	(51,977)	(47,337)
Regulatory concession charges		
Global Reversion Reserve (RGR)	(23,896)	(20,670)
Research and Development (R&D)	(9,698)	(8,542)
	(33,594)	(29,212)
Net operating revenue	**1,258,640**	**1,213,645**

21. Cost of services rendered and general and administrative expenses

	Company		
	12/31/2012		
	General and administrative expenses	Other expenses	Total
Supplies	(254)	-	(254)
Third-party services	(10,180)	-	(10,180)
Depreciation and amortization	(802)	-	(802)
Rent	(1,879)	-	(1,879)
Insurance	(88)	-	(88)
Donations, contributions and subventions	(122)	-	(122)
Capital loss	-	(1,874)	(1,874)
Contribution to the Social Integration Plan (PIS) on other revenues	-	(481)	(481)
Contribution for Social Security Financing (COFINS) on other revenues	-	(2,217)	(2,217)
Other taxes and fees	(697)	-	(697)
Other	(254)	-	(254)
Total	**(14,276)**	**(4,572)**	**(18,848)**

	Company		
	12/31/2011		
	General and administrative expenses	Other expenses	Total
Supplies	(201)	-	(201)
Third-party services	(10,358)	-	(10,358)
Depreciation and amortization	(505)	-	(505)
Rent	(1,439)	-	(1,439)
Insurance	(17)	-	(17)
Donations, contributions and subventions	(40)	-	(40)
Contribution to the Social Integration Plan (PIS) on other revenues	-	(479)	(479)
Contribution for Social Security Financing (COFINS) on other revenues	-	(2,205)	(2,205)
Other taxes and fees	(853)	-	(853)
Other	(88)	-	(88)
Total	**(13,501)**	**(2,684)**	**(16,185)**

	Consolidated			
	12/31/2012			
	Cost of services	General and administrative expenses	Other expenses	Total
Employee expenses	(26,003)	-	-	(26,003)
Supplies	(4,359)	(658)	-	(5,017)
Third-party services	(50,450)	(26,487)	-	(76,937)
Depreciation and amortization	-	(802)	-	(802)
Provision (reversal) for contingencies	(1,040)	-	-	(1,040)
Energy network use charges (CUST)	(7,611)	-	-	(7,611)
Compensation for use of water resources	(1,744)	-	-	(1,744)
Rent	(4,124)	(3,255)	-	(7,379)
Insurance	(2,858)	(301)	-	(3,159)
Donations, contributions and subventions	(264)	(4,565)	-	(4,829)
Reversal of provision for environmental expenses	2,486	-	-	2,486
Capital loss	-	-	(1,874)	(1,874)
Inspection fee - TFSEE	-	-	(5,094)	(5,094)
Contribution to the Social Integration Plan (PIS) on other revenues	-	-	(481)	(481)
Contribution for Social Security Financing (COFINS) on other revenues	-	-	(2,217)	(2,217)
Other taxes and fees	(297)	(977)	-	(1,274)
Other	(91)	(415)	(20)	(526)
Total	**(96,355)**	**(37,460)**	**(9,686)**	**(143,501)**

	Consolidated			
	12/31/2011			
	Cost of services	General and administrative expenses	Other expenses	Total
Employee expenses	(14,943)	-	-	(14,943)
Supplies	(1,695)	(1,840)	-	(3,535)
Third-party services	(42,247)	(31,995)	-	(74,242)
Depreciation and amortization	-	(505)	-	(505)
Energy network use charges (CUST)	(6,386)	-	-	(6,386)
Compensation for use of water resources	(3,101)	-	-	(3,101)
Rent	(2,832)	(4,065)	-	(6,897)
Insurance	(1,047)	(1,073)	-	(2,120)
Donations, contributions and subventions	-	(3,952)	-	(3,952)
Inspection fee - TFSEE	-	-	(4,115)	(4,115)
Contribution to the Social Integration Plan (PIS) on other revenues	-	-	(479)	(479)
Contribution for Social Security Financing (COFINS) on other revenues	-	-	(2,205)	(2,205)
Other taxes and fees	(146)	(1,232)	-	(1,378)
Other	(1,782)	(430)	(453)	(2,665)
Total	**(74,179)**	**(45,092)**	**(7,252)**	**(126,523)**

22. Infrastructure cost

	Consolidated	
	12/31/2012	12/31/2011
Employee expenses	(9,242)	(24,115)
Supplies	(13,249)	(43,762)
Third-party services	(28,725)	(28,592)
Rent	(388)	(176)
Insurance	(386)	(383)
Taxes and fees	(259)	(129)
Project studies	(3,267)	(43)
Buildings, civil works and improvements	(10,715)	(41,076)
Machinery and equipment	(61,046)	(97,265)
Indemnification	(2,708)	(608)
Other	(4,735)	(1,777)
Total	**(134,720)**	**(237,926)**

23. Financial income and expenses

	Company		Consolidated	
	12/31/2012	12/31/2011	12/31/2012	12/31/2011
Financial income				
Interest income	26,935	33,134	43,003	49,693
Other	1,213	1,086	2,252	8,001
Total	**28,148**	**34,220**	**45,255**	**57,694**
Financial expenses				
Interest on loans and financing	(5,476)	(3,441)	(129,070)	(125,753)
Monetary variation on loans and financing	-	-	(2,805)	(5,831)
Interest on Debenture	(70,763)	(59,841)	(129,078)	(118,465)
Foreign exchange variation	499	10	(367)	(520)
Monetary variation - R&D	-	-	(128)	-
Monetary restatement - contingencies	-	-	(2,257)	-
Monetary variation - other	-	(137)	(7,689)	(1,130)
Interest and fines	-	-	(2,119)	(1,544)
Other	(1,679)	(1,133)	(4,495)	(4,074)
Total	**(77,419)**	**(64,542)**	**(278,008)**	**(257,317)**
Total net	**(49,271)**	**(30,322)**	**(232,753)**	**(199,623)**

24. Income and social contribution taxes

In 2009, Law No. 11941/09, resulting from conversion of Provisional Executive Order No. 449/2008, was enacted, creating the Transition Tax Regime (RTT), which, in short, seeks to neutralize the impacts of adoption of the new accounting criteria established by Law No. 11638/07 and articles 37 and 38 of Law No. 11941/09 itself. The Company and its subsidiaries elected to adopt the RTT.

Current income and social contribution taxes

Reconciliation of the effective nominal rate for the years ended December 31, 2012 and 2011 is as follows:

	Consolidated	
	12/31/2012	12/31/2011
a) Breakdown of taxes in P&L:		
Tax account:		
Current	(75,859)	(66,587)
Deferred	(33,583)	(33,146)
Total	**(109,442)**	**(99,733)**
b) Effective rate:		
Income before taxes	648,380	538,777
Income tax at nominal rate - 34%	(166,483)	(161,350)
Tax benefit (*)	65,355	63,947
Net effect of subsidiaries subject to taxable profit as a percentage of gross revenue	(8,314)	(2,330)
Total tax expense	(109,442)	(99,733)
Effective rate	**16.9%**	**18.5%**

(*) federal tax benefits which guarantee a 75% income tax reduction in the region of the Superintendency for the Development of the Amazon (SUDAM) and the Superintendency for the Development of the Northeast (SUDENE).

Income tax reduction

Certain subsidiaries and jointly-controlled entities are entitled to federal tax benefits that reduce income tax in the regions covered by SUDAM and SUDENE. Grounded on the Federal Government's Provisional Executive Order No. 2199-14, of August 24, 2001, entities ETEP, EATE, ERTE, ENTE and STN are entitled to federal tax benefits that grant 75% income tax reduction, including surtax, on profit from tax incentive activities of entities operating in the SUDAM and SUDENE regions, over a ten-year period. The entities may benefit from such incentive as from the calendar year subsequent to start-up of the project, pursuant to report issued by SUDAM and SUDENE. ETES and TNE are not yet benefiting from the income tax reduction, as they await approval of the process by the IRS and, differently from the other Alupar transmission companies, ERTE has opted for taxable profit computed as a percentage of gross revenue.

Deferred income and social contribution taxes

Deferred income and social contribution taxes are recorded by the liability method on temporary differences arising from differences between assets and liabilities tax bases and their book values in the financial statements. Deferred income and social contribution taxes are determined by using tax rates (and tax laws) enacted, or substantially enacted, at balance sheet date, and that should be applied upon realization of the related deferred tax asset or settlement of the deferred liability. At December 31, 2012 and 2011, deferred income and social contribution taxes were calculated based on adjustments determined as a result of adoption of Accounting Pronouncements, Interpretations and Guidance issued by the CPC. Deferred income and social contribution taxes were determined once the RTT neutralized the impacts of adoption of the new accounting criteria. The deferred income tax calculation bases stems from the impact of the adoption of international accounting practices, specifically ICPC 01 (IFRIC 12) on Company subsidiaries.

25. Related parties

Transactions with related parties

The Company, a subsidiary of Guarupart Participações Ltda., is a publicly-held corporation engaged in the ownership control of electric energy transmission entities HPP and SHP. Alupar also holds interest in the concession rights of hydropower plants (HPPs) and the authorization of two small hydroelectric plants (SHPs). Details about these subsidiaries are provided in Note 2.

All transactions were carried out under usual market conditions and are as follows:

	Company	
Related party/transaction	**12/31/2012**	**12/31/2011**
Balance sheets		
Short-term investments		
Caixa Econômica Federal (*)	292,190	196
Marketable securities		
Caixa Econômica Federal (*)	-	170,535
Accounts receivable – reimbursement of expenses	720	-
Usina Paulista Lavrinhas de Energia S.A.	152	-
Usina Paulista Queluz de Energia S.A.	568	-
Dividends receivable	13,257	17,711
Transminas Holding S.A.	2,983	3,480
Empresa Regional de Transmissão S/A-ERTE	8,249	11,109
Sistema de Transmissão Catarinense S/A-STC	982	1,036
Companhia Transmissora de Energia Elétrica - Lumitrans	1,043	889
Empresa de Transmissão do Espírito Santo S/A	-	1,197
Interest on equity	1,259	6,621
Sistema de Transmissão Nordeste S/A-STN	-	630
Empresa Norte de Transmissão S/A-ENTE	-	4,732
Sistema de Transmissão Catarinense S/A-STC	1,259	1,259
Current assets	307,426	195,063
Future capital increase		
Foz do Rio Claro Energia S/A	-	49,420
Ijuí Energia S.A.	1,500	146,176
Usina Paulista Lavrinhas de Energia S.A.	-	28,436
Usina Paulista Queluz de Energia S.A.	1,000	46,783
Ferreira Gomes Energia S.A	16,000	-
Alupar Inversiones Peru	191	1,219
ACE Comercializadora Ltda	160	-
AF Energia	-	39
Energia dos Ventos I S.A.	122	-
Energia dos Ventos II S.A.	76	-
Energia dos Ventos III S.A.	107	-
Energia dos Ventos IV S.A.	173	-
Energia dos Ventos V S.A.	112	-
Energia dos Ventos VI S.A.	163	-
Energia dos Ventos VII S.A.	174	-
Energia dos Ventos VIII S.A.	112	-
Energia dos Ventos IX S.A.	123	-
Energia dos Ventos X S.A.	92	-
Boa Vista Participações S.A.	1	-
Risaralda Energía S.A.S.E.S.P.	1,942	6,426
Accounts receivable – reimbursement of expenses		
Ferreira Gomes Energia S.A	3,379	-
Noncurrent assets	25,427	278,499
Debentures - current liabilities		
FI FGTS – 5th issue	11,086	-
Debentures - noncurrent liabilities		
FI FGTS – 5th issue	299,941	-
Income statement		
Financial income		
Caixa Econômica Federal (*) – Short-term investments	21,368	17,092
Financial expenses		
FI FGTS - Debentures	22,885	-

(*) Caixa Econômica Federal manages FI-FGTS, and FI-FGTS is a shareholder of the Company.

Guarantees

Guarantee intercompany transactions are as follows:

Authorization date	Authorized by	Guaranteed company	Guarantor company	Agreement	Guarantee	Amount of Agreement	Initial date of Agreement	Final date of Agreement	Debt balance of agreement at 12/31/2012
12/01/09	Members' meeting	Alupar	Guarupart	Financing - FINEP	Surety	72,841	12/17/09	05/15/18	50,922
12/12/11	Board of Directors	ETEM	Alupar	Financing - BNDES - 11.2.1030-1	Provision for any guarantees, including securities collateral, credit rights, endorsements, sureties and pledge of shares	46,800	12/21/11	04/15/26	44,879
03/16/09	Board of Directors	ETES	Alupar	Financing - BNDES	Provision for any guarantees, including securities collateral, credit rights, endorsements, sureties and pledge of shares	27,714	05/04/09	09/15/23	24,915
12/22/09	Board of Directors	ETES	Alupar	Financing - BNDES	Provision for any guarantees, including securities collateral, credit rights, endorsements, sureties and pledge of shares	17,338	12/29/09	10/15/19	10,651
11/07/11	Board of Directors	ETVG	Alupar	Credit Note No. 40/00039-7	Endorsements and pledge of shares	17,835	12/23/11	12/01/26	15,737
06/13/11	Board of Directors	Ferreira Gomes	Alupar	Financing - BNDES - Agreement 12.2.1390.1	Provision for any guarantees (common securities)	470,610	12/28/12	04/15/31	-
06/13/11	Board of Directors	Ferreira Gomes	Alupar	Agreement of Supply, Assembly and Brokerage Supervision with Voith	Provision for any guarantees (sureties)	161,000	05/05/11	04/01/13	33,251
09/12/11	Board of Directors	Ferreira Gomes	Alupar	Loan Facility Agreement to enter into Intercompany Loans - Banco Sumitomo	Provision for any guarantees (sureties)	29,400	07/15/11	04/15/13	29,766
04/18/12	Board of Directors	Ferreira Gomes	Alupar	Debentures - 1st issue	Provision for any guarantees (sureties)	150,000	11/28/11	05/28/13	166,482
08/26/11	Board of Directors	Ferreira Gomes	Alupar	Debentures – 2nd issue	Provision for any guarantees (sureties)	200,000	05/30/12	05/30/14	213,538
No minutes of meeting due to amount	No minutes of meeting due to amount	Ferreira Gomes	Alupar	Surety Agreement (BNDES) – No. 100412100142000	Provision for sureties	110,680	10/19/12	06/17/13	112,234
02/11/08	Board of Directors	Foz	Alupar	Financing - BNDES	Unrestricted sureties	201,630	04/09/08	03/15/27	214,774
03/14/11	Board of Directors	Foz	Alupar	Surety	Provision of Endorsement for Surety No. 100411020057000 deriving from amounts called into question in the records of out-of-court enforcement proceedings filed by Construtora Triunfo S.A. against Foz	1,299	02/10/11	Indefinite	The surety will be extinguished upon judgment of the suit.
03/14/11	Board of Directors	Foz	Alupar	Surety	Provision of Endorsement for Surety No. 100411020056900 deriving from amounts called into question in the records of out-of-court enforcement proceedings filed by Construtora Triunfo S.A. against Foz	847	02/10/11	Indefinite	The surety will be extinguished upon judgment of the suit.
03/14/11	Board of Directors	Foz	Alupar	Surety	Provision of Endorsement for Surety No. 100411020057200 deriving from amounts called into question in the records of out-of-court enforcement proceedings filed by Construtora Triunfo S.A. against Foz	542	02/10/11	Indefinite	The surety will be extinguished upon judgment of the suit.
03/14/11	Board of Directors	Foz	Alupar	Surety	Provision of Endorsement for Surety No. 100411030052800 deriving from amounts called into question in the records of out-of-court enforcement proceedings filed by Construtora Triunfo S.A. against Foz	663	03/04/11	Indefinite	The surety will be extinguished upon judgment of the suit.
12/03/12	Executive Board	Foz	Alupar	Surety	Agreement for Guarantee by Provision of Surety No. 181386812 - ONS	600	12/03/12	12/03/13	-
02/11/08	Board of Directors	Ijui	Alupar	Financing - BNDES	Unrestricted sureties	168,200	04/09/08	09/15/27	189,372
02/01/08	Board of Directors	Lavrinhas	Alupar	Financing - BNDES	Provision for any guarantees, including securities collateral, credit rights, endorsements, sureties and pledge of shares	111,185	03/11/09	04/15/25	113,525
06/14/10	Board of Directors	Lavrinhas	Alupar	Financing - BNDES	Provision for any guarantees, including securities collateral, credit rights, endorsements, sureties and pledge of shares	16,875	09/08/10	04/15/25	15,418
02/01/08	Board of Directors	Queluz	Alupar	Financing - BNDES	Provision for any guarantees, including securities collateral, credit rights, endorsements, sureties and pledge of shares	114,647	03/11/09	01/15/25	112,944
06/14/10	Board of Directors	Queluz	Alupar	Financing - BNDES	Provision for any guarantees, including securities collateral, credit rights, endorsements, sureties and pledge of shares	27,716	09/08/10	01/15/25	24,736
12/15/08	Annual General Meeting	STN	Alupar	Financing - BNB	Ratification of pledge of shares, as they belong to Alupar as from 09/26/2007	299,995	06/25/04	06/25/24	213,055
03/19/10	Executive Board	STN	Alupar	Fixed Loan Facility Agreement	Credit facility for acquisition of reactors, using FINAME resources	4,992	03/19/10	03/15/20	4,580
06/06/11	Board of Directors	TME	Alupar	Commercial Credit Note No. 20.00474-5	Surety and pledge of shares	80,000	02/07/11	02/01/29	81,260
11/16/10	Board of Directors	TME	Alupar	Financing - BNDES - 20.00487-7	Surety and pledge of shares	87,300	02/27/12	06/15/26	83,267
07/13/10	Diretoria	Transirapé	Alupar	Bank Credit Note	Provision of endorsement for fixed asset acquisition with FINAME funds	1,187	06/30/10	07/15/20	CCB entered into on 06/30/10, however ALUPAR endorsement was provided by means of a contractual amendment dated 07/13/10, due to impossibility of offering assets in guarantee.
12/17/09	Conselho de Administração	EBTE	Alupar	Financing - BNDES - Agreement - 09.2.1409.1	Provision for any guarantees, including securities collateral, credit rights, endorsements, sureties and pledge of shares	165,150	12/28/09	05/15/25	156,541
04/14/04	Conselho de Administração	ERTE	Alupar	Financing - BNDES - Agreement 04.2.123.3.1	Pledge of shares - Shared guarantee	54,393	05/10/04	10/15/15	14,925
02/23/12	Conselho de Administração	ERTE	Alupar	Financing - BNDES - Agreement 12.2.0058.1	Pledge of shares - Shared guarantee + Surety	30,129	03/29/12	10/15/26	27,919
10/29/12	Conselho de Administração	ESDE	Alupar e Cemig	Financing BNDES	Surety	42,797	11/13/12	04/15/27	17,418
12/12/11	Conselho de Administração	Transchile	Alupar	Financial Agreement - Shares	Provision for any guarantees, including securities collateral, credit rights, endorsements, sureties and pledge of shares	US$ 51.014	07/18/07	11/15/26	37,678
12/03/12	Conselho de Administração	Alupar	Guarupart	Debentures - 4th issue	Surety	300,000	05/15/12	05/30/27	311,086

Key management personnel compensation

Pursuant to CVM Rule No. 560 dated December 11, 2008, the Company and its subsidiaries must disclose their key management personnel compensation.

According to Company Articles of Incorporation, it is incumbent upon the General Meeting to set the overall compensation of the Board of Directors, Executive Board, as well as of the Supervisory Board, if any, for the discharge of their functions. The Board of Directors must define the distribution of compensation to its members and to Executive Board members.

The Company's compensation policy applicable to Management is divided into fixed compensation - exclusively for the Executive Board members - and a variable portion based on the performance and achievement of goals. The Company's compensation policy remained consistent in the last three fiscal years.

At the General Meeting held on March 23, 2012, Company shareholders approved the amount of up until R$ 7,400 (R$ 6,300 for 2011/2012) as overall compensation of the members of the Board of Directors and Executive Board for 2012/2013.

For 2012 and 2011, compensation was as follows:

	Company		Consolidated	
	12/31/2012	12/31/2011	12/31/2012	12/31/2011
Short-term benefits (a)	4,482	3,787	10,624	8,123
Post-employment benefits (b)	187	185	333	287
Other long-term benefits (c)	2,396	1,420	3,622	2,413
Board of Directors' compensation	985	988	1,699	1,583
Total	**8,050**	**6,380**	**16,278**	**12,406**

a) These refer to wages, salaries and non-monetary benefits (such as health care plan, housing, vehicles and free or subsidized services or assets);

b) These refer to pension plans, other retirement benefits, post-employment life insurance and post-employment health care;

c) These refer to paid leave, seniority bonus, profit sharing, bonuses and other deferred compensations; and

Transactions and balances with other related parties

At December 31, 2012 and 2011, Company and subsidiaries have the following related-party balances:

	Consolidated	
Other related parties	**12/31/2012**	**12/31/2011**
Current assets		
Advances to suppliers - Alusa	**2,096**	**20,837**
Ferreira Gomes (b)	2,096	20,837
Current liabilities		
Suppliers - Alusa	**-**	**388**
Usina Paulista Queluz de Energia S.A. (a)	-	388
Suppliers - Mavi Engenharia e Construções Ltda.		
Transmissora Matogrossense de Energia S.A.	**6,989**	**-**
Suppliers - Bimestral Indústria Metalúrgica Ltda.		
Transmissora Matogrossense de Energia S.A.	**-**	**5,703**
Provision for assets built up	**3,705**	**23,752**
Foz do Rio Claro Energia S.A.	-	203
Ijuí Energia S.A. (c)	-	3,682
Usina Paulista Lavrinhas de Energia S.A. (a)	2,702	9,344
Usina Paulista Queluz de Energia S.A. (a)	1,003	10,523

(a) Turnkey Agreement at Global Price and Established Deadline entered into with affiliate Alusa. This agreement was for the purpose of engaging Alusa to conduct projects, civil work, engineering services, electromechanical assembly and supply of materials and equipment required to implement an SHP.

(b) Turnkey Agreement at Global Price and Established Deadline entered into with affiliate Alusa amounting to R$ 162,875 (R$ 162,875 at December 31, 2011), of which R$ 156,154 (R$ 45,348 at December 31, 2011) had already been executed at December 31, 2012. On the same date the amount of R$ 2,096 (R$ 20,837 at December 31, 2011) was outstanding by means of advances made to subsidiary Alusa. This agreement was for the purpose of engaging Alusa to conduct civil work, including execution of spillway concrete structures, water intake, powerhouse and assembly area.

(c) Turnkey Agreement at Global Price and Established Deadline entered into with affiliate Alusa. This agreement was for the purpose of engaging Alusa to provide services and manage materials and equipment in civil work execution.

26. Financial instruments

26.1 General considerations

Company and subsidiaries have operations with derivative instruments, whose exposure limits to credit risks are approved and reviewed on a timely basis by management. Company and subsidiaries limit their credit risk by investing their funds in first-tier financial institutions.

26.2 Fair value

A comparison table between the book value and the fair value of Company financial instruments, included in the financial statements, is as follows:

	Consolidated					
	12/31/2012		12/31/2011		Valuation criteria	Classification
	Book value	Fair value	Book value	Fair value		
Financial assets						
Cash and cash equivalents	52,791	52,791	26,543	26,543	Fair value	Fair value through profit or loss
Short-term investments	497,025	497,025	152,545	152,545	Fair value	Available for sale
Marketable securities	86,247	86,247	265,729	265,729	Fair value	Available for sale
Trade accounts receivable	124,146	124,146	119,865	119,865	Amortized cost	Loans and receivables
Service concession financial asset	4,232,551	4,232,551	3,906,583	3,906,583	Fair value	Loans and receivables
Collaterals and judicial deposits	10,243	10,243	6,578	6,578	Amortized cost	Loans and receivables
	5,003,003	5,003,003	4,477,843	4,477,843		
Financial liabilities						
Trade accounts payable	110,669	110,669	57,606	57,606	Amortized cost	Loans and receivables
Loans and financing – including charges	1,568,843	1,568,843	1,750,482	1,750,482	Amortized cost	Loans and receivables
Debentures	1,879,195	1,879,195	1,084,442	1,084,442	Amortized cost	Loans and receivables
	3,558,707	3,558,707	2,892,530	2,892,530		

The Company classifies and discloses their financial instruments as follows:

Cash and cash equivalents, short-term investments, accounts receivable from concession operators and permission holders, marketable securities, accounts receivable (concession assets) and trade accounts payable approximate respective book value.

Loans, financing and debentures (net of costs to be amortized):

(i) BNDES: since this is a long-term agreement, it is not included within the scope of CPC 12, which defines that this type of liability is not subject to application of the present value concept at rates other than those to which these loans and financings are already subject to, due to the fact that Brazil does not have a consolidated market for this type of long-term debt, and the offer of loans is restricted to only one government body. In view of the foregoing, the Company used the same concept for determining fair value for these loans, financing and debentures.

(ii) FCO Banco do Brasil: Since the amounts payable are updated by reference to the TJLP (reference interest rate of the Federal Government), the fair value of this debt is its book value, since market rates are reflected for this financial instrument;

The fair value of debentures that have an active market does not significantly differ from accounting balance, since the unit price variation in the secondary market disclosed in the website www.debentures.com.br approximates book value. At December 31, 2012, minimum and maximum unit price percentages for debentures with an active market were as follows:

	12/31/2012	
	% minimum UP	% maximum UP
Alupar Investimento S.A.	98.43	101.83
Empresa Norte de Transmissão S.A. - ENTE	100.00	100.00
Empresa Amazonense de Transmissão S.A. - EATE	100.23	100.23

For the debentures of subsidiaries ETPE, ECTE, Ferreira Gomes, Transirapé and of jointly-controlled subsidiary Transudeste, which are not valuated in an active market, the Company, based on Group debentures with similar characteristics, calculated fair value and found no significant differences.

At December 31, 2012, no financial instruments were reclassified.

26.3 Fair value measurement

The Company classifies and discloses the fair value of financial instruments based on measurement techniques.

Level 1 - Quoted prices (unadjusted) in active and known public markets for identical assets and liabilities;

Level II– other techniques for which all data that has significant effect on the recorded fair value is observable, whether directly or indirectly; and

Level III– techniques that use data that has significant effect on the recorded fair value that is not based on observable market data.

	Consolidated			
	12/31/2012	Fair value measurement		
		Tier I	Tier II	Tier III
Financial assets				
Cash and cash equivalents	52,791	52,791	-	-
Short-term investments	497,025	497,025	-	-
Marketable securities	86,247	86,247	-	-
Service concession financial asset	4,232,551	-	4,232,551	-
	4,868,614	636,063	4,232,551	-

	Consolidated			
	12/31/2011	Fair value measurement		
		Tier I	Tier II	Tier III
Financial assets				
Cash and cash equivalents	26,543	26,543	-	-
Short-term investments	152,545	152,545	-	-
Marketable securities	265,729	265,729	-	-
Service concession financial asset	3,906,583	-	3,906,583	-
	4,351,400	444,817	3,906,583	-

Throughout the year ended December 31, 2012, there were no transfers between level I and level II fair value measurements, or transfers between level III and level II fair value measurements.

26.4 Liquidity Information

The policy of the Company, its subsidiaries and jointly-controlled subsidiaries is to eliminate market risks, thus avoiding exposure to market value fluctuations and operating only with instruments that enable risk control. The Company and its subsidiaries have no investments of a speculative nature, in derivatives or any other risk assets. The results obtained from these transactions are consistent with the policies and strategies defined by Company management.

Company Board of Directors is generally responsible for establishing and supervising Company risk management model. Company management established a Finance, Audit and Related Parties Committee.

Company and subsidiaries have a significant level of indebtedness due to the need for a large volume of funds to make investments. At December 31, 2012, total consolidated debt was R$ 3,448,038, 20% of which (or R$ 688,447) corresponded to short-term debt. As such, the significant adverse changes in interest rates in the Brazilian economy would impact on Company and subsidiaries, causing an increase in future expenditure with financing charges or inability to renegotiate the payment deadline, which could reduce net income and consequently the ability to meet contractual obligations and the amounts available for distribution to shareholders as dividends and other earnings. In addition, the Company may incur additional debt in the future to fund acquisitions, investments or other purposes, as well as to conduct its operations, subject to the restrictions applicable to existing debt.

If Company and subsidiaries incur additional debt, the risks associated with its financial leverage may increase, such as the possibility of failing to generate enough cash to pay principal, interest and other charges on debt or distribute dividends to shareholders. Moreover, if there is breach of certain covenants on maintenance of financial ratios, the early maturity of debts previously contracted may occur, which may significantly impact the ability of the Company and its subsidiaries to meet its obligations. In the event of early repayment of debts, assets and cash flows may be insufficient to repay the outstanding balance of the loan agreements. If the Company cannot service its debt levels or those of its subsidiaries and/ or incur additional debt, this may adversely affect the Company's business, operating and financial results and cash flows and those of its subsidiaries.

At December 31, 2012, Company consolidated capital structure is comprised of 47.13% of own funds against 52.87% of third-party capital. At December 31, 2011, Company consolidated capital structure is comprised of 49.81% of own funds against 50.19% of third-party capital.

In aforementioned periods, the Company had a debt equity ratio of 110.5% at December 31, 2012 and 100.8% at December 31, 2011.

26.5 Quantitative and qualitative information on financial instruments

Sensitivity analysis of derivative exposure – Subsidiary TNE

On October 29, 2012, subsidiary Ferreira Gomes and Alubar Metais e Cabos S/A entered into an agreement for the acquisition of aluminum cables and Alubar was authorized to take out a derivative transaction at the "London Metal Exchange" (LME) in London, through its broker JP Morgan and/or Jefferies so as to ensure a certain LME quotation for the aluminum cables to be supplied by Alubar. At December 31, 2012, no disbursement was made in favor of Alubar Metais.

In the second quarter of 2012, jointly-controlled subsidiary TNE authorized Alubar Metais e Cabos S/A (aluminum cables supplier) to take out a derivative at the "London Metal Exchange" so as to ensure a certain LME quotation for Acar 950 aluminum cables to be supplied by Alubar.

For the purpose of ensuring the full and timely payment of all derivative-related amounts which are owed by TNE to Alubar, it was established that TNE should constitute in favor of Alubar a consistent guarantee deposited in (Reais - R$), sufficient to cover the derivative exposure amount. At December 31, 2012, derivative exposure amounted to approximately R$ 1,277, and the guarantee constituted by TNE to approximately R$ 4,040.

In order to analyze the sensivity of the derivative exposure at December 31, 2012, five different scenarios, with 25% and 50% change, were defined, as follows:

	Projection – Derivative exposure – one year				
		Risk of decrease		Risk of increase	
Derivative - Subsidiary TNE	Current scenario	Scenario I (-50%)	Scenario II (-25%)	Scenario III (+25%)	Scenario IV (+50%)
Derivative exposure	4,040	2,525	3,030	5,050	6,060

Sensitivity analysis of short-term investments - consolidated

In order to analyze the sensivity of the short-term investment rate to which Company and subsidiaries were exposed at December 31, 2012, five different scenarios were defined. The SELIC/CDI projected rates were obtained based on the FOCUS report of December 28, 2012 and defined as a probable scenario; based on that, variations of 25% and 50% were calculated.

Gross financial income was calculated for each scenario, not taking into consideration the taxes levied on earnings from these investments. The portfolio base date used was December 31, 2012, with a one-year projection and checking CDI sensitivity in each scenario.

			Financial income projection – one year				
Short-term investments - Consolidated	Index	Position at 12.31.2012	Probable scenario	Risk of decrease		Risk of increase	
				Scenario I (-50%)	Scenario II (-25%)	Scenario III (+25%)	Scenario IV (+50%)
CDI			**7.25%**	**3.63%**	**5.44%**	**9.06%**	**10.88%**
Short-term investments (cash equivalents)	CDI	37,314	2,705	1,353	2,029	3,382	4,058
Investments (short-term investments)	CDI	497,025	36,034	18,017	27,026	45,043	54,051

Sensitivity analysis to interest rate risk - consolidated

For the purpose of assessing the sensitivity of the debt rates to which the Company was subject at base date December 31, 2012, five scenarios were defined. As a probable scenario, adopted by the Company, projected CDI and IPCA were obtained based on the Focus report of December 28, 2012 published by the Central Bank of Brazil. In the case of TJLP, the rate used was the last one published by Brazil's Monetary Council (CMN); based on that, scenarios I and II with 25% and 50% decrease in risk and scenarios III and IV with 25% and 50% increase in risk, respectively, were calculated.

For each scenario, gross financial expense was calculated, not taking into consideration the taxes levied and the maturity flow of each agreement over a year. The portfolio base date used was December 31, 2012, with a one-year projection and checking sensitivity of the rates in each scenario.

				Financial expense projection – one year				
Loans, financing and debentures (local currency) - Consolidated	Interest rate p.a.		Position at 12/31/2012 (*)	Probable scenario	Risk of decrease		Risk of increase	
					Scenario I (-50%)	Scenario II (-25%)	Scenario III (+25%)	Scenario IV (+50%)
CDI				**7.25%**	**3.63%**	**5.44%**	**9.06%**	**10.88%**
	CDI +	0.99%	291,369	24,218	13,551	18,885	29,551	34,885
	CDI +	1.30%	441,398	38,156	21,947	30,051	46,260	54,364
	CDI +	1.45%	149,216	13,139	7,651	10,395	15,882	18,626
	CDI +	1.85%	149,098	13,768	8,263	11,016	16,520	19,273
	CDI +	0.00%	324,371	23,517	11,758	17,638	29,396	35,275
TJLP				**5.00%**	**2.50%**	**3.75%**	**6.25%**	**7.50%**
	TJLP +	1.97%	30,951	2,188	1,399	1,793	2,582	2,977
	TJLP +	2.08%	17,400	1,250	806	1,028	1,472	1,694
	TJLP +	2.22%	263,837	19,342	12,600	15,971	22,713	26,084
	TJLP +	2.37%	24,799	1,857	1,222	1,540	2,174	2,492
	TJLP +	2.40%	110,344	8,298	5,473	6,885	9,710	11,123
	TJLP +	2.44%	221,636	16,760	11,084	13,922	19,598	22,436
	TJLP +	2.56%	28,057	2,157	1,438	1,797	2,517	2,876
	TJLP +	3.17%	152,605	12,710	8,774	10,742	14,678	16,646
	TJLP +	3.60%	38,172	3,352	2,363	2,857	3,846	4,340
	TJLP +	4.50%	1,001	97	71	84	110	123
	TJLP +	5.00%	9,520	976	726	851	1,101	1,226
	TJLP +	0.00%	131	7	3	5	8	10
IPCA				**5.47%**	**2.74%**	**4.10%**	**6.84%**	**8.21%**
	IPCA +	5.95%	198,740	23,343	17,584	20,463	26,222	29,102
	IPCA +	7.80%	299,941	41,082	32,239	36,660	45,504	49,925
		Total	**2,752,586**	**246,214**	**158,952**	**202,583**	**289,846**	**333,477**

(*) This refers to the principal amount of debts, excluding charges and also loans and financing, which are remunerated at a fixed rate.

Sensitivity analysis to currency risk - consolidated

For the purpose of assessing the sensitivity of the debt in foreign currency to which the Company was subject at base date December 31, 2012, five scenarios were defined. As a probable scenario, adopted by the Company, projected US dollar for one year was obtained based on the Focus report of December 28, 2012. Based on that, scenarios I and II with 25% and 50% decrease in risk and scenarios III and IV with 25% and 50% increase in risk, respectively, were calculated.

					Rate depreciation		Rate appreciation	
Loans and financing (foreign currency) - Consolidated	Risk	Interest rate	Position at 12/31/2012 (*)	Probable scenario	Scenario I (-50%)	Scenario II (-25%)	Scenario III (25%)	Scenario IV (+50%)
USD				**2.07**	1.04	1.55	2.59	3.11
	US$ variation +	5.00%	4,386	1,353	(1,626)	(137)	2,842	4,332
	US$ variation +	5.50%	2,242	695	(835)	(70)	1,460	2,225
	US$ variation +	5.80%	37,678	11,710	(14,077)	(1,183)	24,603	37,496
		Total	**44,306**	**13,757**	**(16,538)**	**(1,390)**	**28,905**	**44,053**

(*) This refers to the principal amount of debts, excluding charges and also loans and financing, which are remunerated at a fixed rate.

26.6 Risk factors that may affect Company business and that of its subsidiaries

Key risk factors that may affect Company business and that of its subsidiaries may be described as under:

26.6.1 Credit risk

This refers to any impossibility for the Company to realize its rights deriving from accounts receivable from concession operators and permission holders; cash and cash equivalents and short-term investments.

a) Accounts receivable from concession operators and permission holders

The ability of our electric energy generation and transmission subsidiaries to receive payments owed by consumers depends on the credit capacity of these consumers and Company capacity to collect these payments.

b) Cash and cash equivalents and short-term investments

This refers to the risk associated with short-term investments deposited in financial institutions which are subject to market actions and to the risk associated to market, especially lack of guarantees for the amounts applied, which may result in the loss of these amounts. Such risk is reduced by Management upon choice of top-tier financial institutions (Banco do Brasil S.A., Banco Santander S.A., Banco Itaú S.A. and Banco do Nordeste do Brasil S.A.), without establishing concentration limits, and following internal policies regarding assessment of investments in relation to the equity of the financial institutions.

26.6.2 Liquidity risk

The Company presents cash generation is sufficient to cover short-term commitments and for its acquisition and investment program.

Additionally, our risk management aims at avoiding any financial risks which may be added to our business. As regards cash, our short-term investments are managed under a conservative approach, focus on the availability of funds to cover our needs. We seek out best profitability, always taking into consideration the risk and liquidity limits and the concentration of investments. We regularly follow up on the rates contracted and compare them to market rates.

Worth stressing, Company total consolidated debt amounts to R$ 3,448,038 and long-term debt corresponds to 80.0% of total debt, over a long amortization period. 52.8% of this debt will be amortized up until 2018 and 27.2% after this period. Also worth mentioning, 78.0% of the consolidated debt refers to subsidiaries' debt, mostly project finance type, obtained from BNDES and other development institutions. Approximately 16.1% of total consolidated debt refers to pre-operating companies.

26.6.3 Market Risk

Subsidiaries Foz do Rio Claro, Ijuí, Lavrinhas and Queluz have risks associated with scarcity of water intended for generation of energy. The National Interconnected System (SIN) is served by 85% of hydraulic energy. In order to mitigate these risks, MRE (Energy Reallocation Mechanism) was created, which is a financial mechanism of sharing among the SIN regions of hydrological risks from deactivated plants, in a centralized manner, by the National Electric System Operator (ONS). It is important to stress that the risk is systemic, that is, there will be effective risk to companies that have hydro power plants when the system as a whole be in unfavorable hydrological condition, and not only in the region where these plants are located, which represents status of national rationing declared by the Government.

Transmission subsidiaries may face operational difficulties and unforeseen interruptions, due to events out of their control. These adverse events may occur in the form of accidents, equipment and/or processes breakage or failure, performance below expected availability levels, inefficiency of transmission assets and catastrophies (explosion, fire, natural phenomena, landslide, sabotage or other similar events). Insurance coverage of our subsidiaries may not be sufficient to cover all costs and losses due to damages to assets and/or service interruptions, causing an material adverse effect on the business. Additionally, all revenue from the implementation, operation and maintenance of our subsidiaries' facilities are related to service availability. As provided for in the transmission concession arrangements, Company subsidiaries are subject to a decrease in the Annual Revenue Allowed ("RAP") and to the penalties determined based on the level and/or the length of time when the services were unavailable. Also, in case operations are interrupted and the quality standards set out in the electric energy transmission concession arrangements are not met, the subsidiaries may be required to pay for damages. Therefore, any interruptions in the provision of electric energy transmission services due to events beyond the control of the transmission subsidiaries may have a significant adverse effect on the subsidiaries' business, financial situation and operating results.

26.6.4 Currency risk

The Company, its subsidiaries and its jointly-controlled subsidiaries do not use derivative financial instruments to derivative or reduce financial costs from financing operations and purchase agreements pegged to foreign currencies, since exposure to debt denominated in foreign currency of Company, subsidiaries and jointly-controlled subsidiaries represents only 1.3% of the total consolidated debt.

According to their financial policies, the Company, its subsidiaries and its jointly-controlled subsidiaries have no operations involving financial instruments of a speculative nature.

26.6.5 Regulation risk

The subsidiaries activities as well as activities of their competitors are ruled and supervised by ANEEL. Any change in the regulatory environment may impact Company activities.

26.6.6 Financial risk

This refers to the risk associated with short-term investments deposited in financial institutions which are subject to market actions and to the risk associated to market, especially lack of guarantees for the amounts applied, which may result in the loss of these amounts. Such risk is reduced by Management upon choice of top-tier financial institutions, with the establishment of concentration limits.

26.6.7 Debt acceleration risk

Under its loan, financing and debenture agreements, the Company has covenants usually applicable to these transactions, which require that financial ratios, cash generation and other ratios are met. (See Note 16)

26.6.8 Capital structure risk

This risk arises from the choice that the Company makes between own equity (capital contributions and retained earnings) and third party capital to fund the operations of the Company, its subsidiaries and its jointly-controlled subsidiaries.

In order to mitigate liquidity risk and optimize weighted average cost of capital, the Company, its subsidiaries and jointly-controlled subsidiaries permanently monitor debt levels in relation to market standards and compliance with indices (covenants) provided for in loan and financing agreements. Under certain circumstances, swap operations may be contracted in order to avoid oscillations in the financial cost of operations, among other instruments that the Company, its subsidiaries and jointly-controlled subsidiaries may deem necessary.

At December 31, 2012 and 2011, the Company, its subsidiaries and jointly-controlled subsidiaries include loans and financing, deducted from cash and cash equivalents, short-term investments and marketable securities within net debt structure, as follows:

	Company		Consolidated	
	12/31/2012	12/31/2011	12/31/2012	12/31/2011
Loans and financing (net of unamortized costs)				
Current	(5,989)	(85,804)	(256,306)	(356,458)
Noncurrent	(45,353)	(55,058)	(1,313,965)	(1,394,024)
Debentures (net of unamortized costs)				
Current	(101,189)	(83,174)	(432,409)	(225,143)
Noncurrent	(604,688)	(239,857)	(1,445,358)	(859,299)
Total debt	(757,219)	(463,893)	(3,448,038)	(2,834,924)
Cash and cash equivalents	21,479	729	52,791	26,543
Short-term benefits investments	306,404	19,958	497,025	152,545
Marketable securities	-	170,535	86,247	265,729
Net debt	(429,336)	(272,671)	(2,811,975)	(2,390,107)
Equity	1,634,131	1,533,133	3,074,264	2,813,321
Net debt ratio	**26.3%**	**17.8%**	**91.5%**	**85.0%**

27. Information by segment

Alupar operational segments consist of transmission and generation of energy.

Aforementioned segments reflect the Company's management as well as its organizational structure and result follow-up. Due to the regulatory framework of the Brazilian electric sector, there is no segmentation per geographical area.

The operating costs and expenses for the year ended December 31, 2012 are presented on a consolidated basis in the table below:

	Income statement segregated by activity – 12//31/2012					
	Transmission	**Generation**	**Holding**	**Subtotal**	**Eliminations**	**Total**
Net operating revenue	**1,161,616**	**160,704**	**-**	**1,322,320**	**(63,680)**	**1,258,640**
Cost of services rendered	(66,163)	(33,402)	-	(99,565)	3,210	(96,355)
Purchase of Electric Power	-	(23,316)	-	(23,316)	-	(23,316)
Construction cost	(157,607)	-	-	(157,607)	22,887	(134,720)
Depreciation / Amortization	(5,581)	(32,370)	-	(37,951)	2,169	(35,782)
	(229,351)	**(89,088)**	**-**	**(318,439)**	**28,266**	**(290,173)**
Gross profit	**932,265**	**71,616**	**-**	**1,003,881**	**(35,414)**	**968,467**
Operating (expenses) income						
Administrative and General	(18,326)	(6,365)	(14,428)	(39,119)	1,659	(37,460)
Personnel	(11,558)	(3,529)	(10,119)	(25,206)	1,116	(24,090)
Compensation of Executive Board and Board of Directors	(7,042)	(1,605)	(8,050)	(16,697)	419	(16,278)
Electric Energy Inspection Services Change (TFSEE)	(4,924)	(312)	-	(5,236)	142	(5,094)
Financial expenses	(157,734)	(56,706)	(77,421)	(291,861)	13,853	(278,008)
Changes and monetary variation on loans and financing	(141,627)	(55,605)	(76,239)	(273,471)	12,672	(260,799)
Foreign exchange differences	(1,390)	(707)	499	(1,598)	(115)	(1,713)
Other	(14,717)	(394)	(1,681)	(16,792)	1,296	(15,496)
Financial income	16,236	2,010	28,332	46,578	(1,323)	45,255
Income from short-tem investments	15,301	1,980	27,114	44,395	(1,012)	43,383
Other	935	30	1,218	2,183	(311)	1,872
Equity pickup	35,757	-	324,458	360,215	(360,215)	-
Other income	32	-	148	180	-	180
Other expenses	(20)	-	(4,572)	(4,592)	-	(4,592)
	(147,579)	**(66,507)**	**238,348**	**24,262**	**(344,349)**	**(320,087)**
Income before income and social contribution taxes	**784,686**	**5,109**	**238,348**	**1,028,143**	**(379,763)**	**648,380**
Current income and social contribution taxes	(74,192)	(2,811)	-	(77,003)	1,144	(75,859)
Deferred income and social contribution taxes	(34,269)	239	-	(34,030)	447	(33,583)
	(108,461)	**(2,572)**	**-**	**(111,033)**	**1,591**	**(109,442)**
Income before non-controlling interest	**676,225**	**2,537**	**238,348**	**917,110**	**(378,172)**	**538,938**
Non-controlling interest	-	-	-	-	(318,530)	(318,530)
Net income for the year	**676,225**	**2,537**	**238,348**	**917,110**	**(696,702)**	**220,408**
Operating assets	**4,743,285**	**2,020,256**	**1,754**	**6,765,295**	**(308,640)**	**6,456,655**
Operating liabilities	**209,082**	**115,943**	**3,822**	**328,847**	**(11,781)**	**317,066**

At December 31, 2012, the assets of segments include "trade accounts receivable" amounting to R$ 124,146, "accounts receivable (concession assets)" amounting to R$ 4,232,551, "inventories" amounting to R$ 23,118, and "property, plant and equipment" amounting to R$ 2,076,841.

At December 31, 2012, the liabilities of segments do not include "loans, financing and debentures" amounting to R$ 3,448,038, "taxes payable" amounting to R$ 80,159, "dividends payable" amounting to R$ 120,314, "provisions for litigation" amounting to R$ 7,871, "future capital contributions" amounting to R$ 24,358, and "deferred income and social contribution taxes" amounting to R$ 383,984.

The operating costs and expenses for the year ended December 31, 2011 are presented on a consolidated basis in the table below:

	Income statement segregated by activity – 12/31/2011					
	Transmission	Generation	Holding	Subtotal	Eliminations	Total
Net operating revenue	**1,208,163**	**147,920**	**-**	**1,356,083**	**(142,438)**	**1,213,645**
Cost of services	(65,734)	(13,368)	-	(79,102)	4,923	(74,179)
Purchase of energy	-	(46,371)	-	(46,371)	-	(46,371)
Construction cost	(321,493)	-	-	(321,493)	83,567	(237,926)
Depreciation / Amortization	(1,975)	(21,718)	-	(23,693)	60	(23,633)
	(389,202)	**(81,457)**	**-**	**(470,659)**	**88,550**	**(382,109)**
Gross profit	**818,961**	**66,463**	**-**	**885,424**	**(53,888)**	**831,536**
Operating income (expenses)						
General and administrative expenses	(14,723)	(17,540)	(13,657)	(45,920)	828	(45,092)
Personnel	(12,480)	(6,950)	(9,776)	(29,206)	556	(28,650)
Key management compensation	(5,502)	(943)	(6,380)	(12,825)	419	(12,406)
Use of Public Sector Asset (UBP)	-	(453)	-	(453)	-	(453)
Electric Energy Inspection Services Change (TFSEE)	(4,314)	(47)	-	(4,361)	245	(4,116)
Financial expenses	(161,734)	(44,199)	(64,542)	(270,475)	13,158	(257,317)
Charges and monetary variation on loans and financing	(155,815)	(42,343)	(63,282)	(261,440)	12,956	(248,484)
Foreign exchange differences	(2,070)	-	9	(2,061)	(15)	(2,076)
Other	(3,849)	(1,856)	(1,269)	(6,974)	217	(6,757)
Financial income	25,142	2,700	34,311	62,153	(4,459)	57,694
Income from short-term investments	16,514	1,420	33,220	51,154	(1,462)	49,692
Other	8,628	1,280	1,091	10,999	(2,997)	8,002
Equity pickup	21,740	-	269,226	290,966	(290,966)	-
Other income	21	30	213	264	-	264
Other expenses	-	-	(2,683)	(2,683)	-	(2,683)
	(151,850)	**(67,402)**	**206,712**	**(12,540)**	**(280,219)**	**(292,759)**
Income before income and social contribution taxes	**667,111**	**(939)**	**206,712**	**872,884**	**(334,107)**	**538,777**
Current income and social contribution taxes	(72,846)	(2,192)	-	(75,038)	8,451	(66,587)
Deferred income and social contribution taxes	(33,195)	-	-	(33,195)	49	(33,146)
	(106,041)	**(2,192)**	**-**	**(108,233)**	**8,500**	**(99,733)**
Income before non-controlling interest	**561,070**	**(3,131)**	**206,712**	**764,651**	**(325,607)**	**439,044**
Non-controlling interest	-	-	-	-	(248,517)	(248,517)
Net income for the period	**561,070**	**(3,131)**	**206,712**	**764,651**	**(574,124)**	**190,527**
Operating assets	**4,365,326**	**1,644,234**	**1,688**	**6,011,248**	**(332,035)**	**5,679,213**
Operating liabilities	**145,581**	**113,243**	**3,560**	**262,384**	**(15,206)**	**247,178**

At December 31, 2011, the assets of segments include "trade accounts receivable" amounting to R$ 119,865, "accounts receivable (concession assets)" amounting to R$ 3,906,583, "inventories" amounting to R$ 21,441, and "property, plant and equipment" amounting to R$ 1,631,325.

At December 31, 2011, the liabilities of segments do not include "loans, financing and debentures" amounting to R$ 2,834,924, "taxes payable" amounting to R$ 84,193, "dividends payable" amounting to R$ 78,942, "provisions for litigation" amounting to R$ 2,844, "future capital contributions" amounting to R$ 16,575, and "deferred income and social contribution taxes" amounting to R$ 332,793.

28. Employee Benefits

The Company, its subsidiaries and its jointly-controlled subsidiaries offer to their employees benefits that basically comprise: health care insurance plans, commuting vouchers, meal tickets and educational support and private pension plans, which provide supplementary retirement plans. The retirement plan is a defined contribution type. The capitalization financial system is used in the actuarial calculation of reserves.

Benefits awarded to Company employees and those of its subsidiaries and jointly-controlled subsidiaries are as follows:

	Consolidated	
	12/31/2011	**12/31/2010**
Health care and transportation voucher	2,470	2,345
Private pension plan (*)	988	1,357
Educational support	219	366
Meal tickets	1,840	7
Other	2,513	1,241
Total	**8,030**	**5,316**

(*) Companhia and subsidiaries sponsor supplementary retirement plans for their employees. A private bank is the entity responsible for managing the benefit plans sponsored by Company and subsidiaries. Costing of the defined contribution installments plan is balanced between the Company and its subsidiaries and employees. The costing of the defined contribution installment is based on a percentage freely chosen by the participant (1% on the participation wage not exceeding 8%, varying in accordance with the employee' age bracket) the subsidiary, and Company and subsidiaries will contribute in the amount of 100% of the contribution made by the participant.

29. Commitments

Purchase and sale agreement of shares issued by Empresa Catarinense de Transmissão de Energia S.A. (ECTE)

On November 10, 2009, Alupar Investimento S.A. (buyer), MDU Sul Transmissão de Energia Ltda. (seller) and Centennial Energy Holdings INC (guaranteeing) entered into a share purchase and sale agreement, whose purpose is the acquisition of 4,213,710 (four million, two hundred and thirteen thousand, seven hundred and ten) common shares of ECTE ("Shares") by Alupar, in four different portions: the first portion of 1,053,429 (one million, fifty-three thousand, four hundred and twenty-nine) common and registered shares issued by ECTE ("Lot of Shares") and the other 1,053,427 (one million, fifty-three thousand, four hundred and twenty-seven) common shares. The lots of shares must be transferred by the Seller to the Buyer through payment of the Purchase Price, which will be made in four annual installments, the first installment will only expire after 12 months from the Closing Date and the other three installments consecutively to each 12 months, jointly with the transfer of the respective Lot of Shares, as defined in the agreement;

Said agreement was approved by the BNDES on June 29, 2010, financing banks on June 02, 2010 and by ANEEL on May 25, 2010.

The first lot of shares was acquired by the Company on November 11, 2011 and the second one on August 06, 2012.

Suppliers of materials and services

At December 31, 2012, subsidiary Ferreira Gomes contracted R$ 631,534 (R$ 570,936 at December 31, 2011) with suppliers of materials and services for building and implementing Ferreira Gomes HPP. Of this amount, R$ 472,505 (R$ 228,968 at December 31, 2011) have already been executed and R$ 146,977 (R$ 122,859 at December 31, 2011) prepaid. The remaining amount will be executed in accordance with the venture schedule.

At December 31, 2012, subsidiary ETSE had contracted, or was in the final phase for contracting, the supply of equipment, materials and services amounting to approximately R$ 119,000. 100% of the basic projects, substations and transmissions lines were executed, as well as 70% of the environmental and rural land releases. The investment made totals approximately R$ 11,000.

On May 16, 2012, subsidiary TNE contracted R$ 120,380 with Alubar Metais e Cabos S/A (aluminum cables supplier). Of this amount, R$ 8,305 have been prepaid and the remaining will be delivered and executed in accordance with the venture schedule.

30. Provisional Executive Order (MP) No. 579/2012

On September 11, 2012, Provisional Executive Order (MP) No. 579/2012 was issued, among other measures. It establishes rules for renewal or energy generation, transmission and distribution service concession arrangements. Management assessed the content of said MP and understands that such measures will have no direct impact on its subsidiaries, as their service concession arrangements terminate after the dates established in the MP.

Under this MP, defined that electric energy service concession arrangements may be extended, at grantor's discretion, only once for up to 30 years. The tariff of revenue to be defined upon renewal of the service concession arrangement shall consider, where applicable, the portion of investments related to assets to be returned, not yet amortized, depreciated or indemnified by the granting authority.

This MP also addresses the end of the Fuel Consumption Account (CCC) collection, and the General Reversal Reserve (RGR) collection for distribution companies, new transmission projects and service concession arrangements extended or auctioned.

31. Insurance

Company, subsidiaries and jointly-controlled subsidiaries take out insurance coverage for PP&E items, at amounts considered sufficient to cover risks on own assets e/or responsibilities.

Insurance effective as of December 31, 2012 is as follows:

Risk	Amount insured	Premium
Civil liability	173,500	516
Engineering risks	907,000	3,570
Specified/all risks	358,656	1,216
Comprehensive Business Insurance (fire, flood, lightning, explosion, etc)	1,350	5
Vehicles	Group policy	39

32. Subsequent events

On January 18,e 2013, by means of the "Agreement for Assignment and Transfer of Common Registered Shares Free of Charge" entered into by and between Alupar (Assignee) and Bimetal Indústria Metalúrgica Ltda. (Assignor), Bimetal Indústria Metalúrigca Ltda. assigned 868,900 common registered shares with no par value of subsidiary Empresa de Transmissão de Energia do Mato Grosso S.A - ETEM free of charge. As such, the Company now holds 26,172,251 common shares corresponding to 62.06% of capital.

On January 29, 2013, the remaining amount of R$ 11,044 of the financing agreement entered into on September 26, 2012 by subsidiary Ferreira Gomes and BNDES amounting to R$ 121,724 was released. The amount of R$ 110,680 had already been released in October 2012.

On January 29, 2013, the Company made a future capital contribution to subsidiary Ferreira Gomes in the amount of R$ 40,000.