

UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, DC 20549
FORM 20-F

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d)
OF THE SECURITIES EXCHANGE ACT OF 1934
For the fiscal year ended December 31, 2013
Commission file number: 001-14668

COMPANHIA PARANAENSE DE ENERGIA – COPEL

(Exact Name of Registrant as Specified in its Charter)

Energy Company of Paraná
(Translation of Registrant's Name into English)

The Federative Republic of Brazil
(Jurisdiction of Incorporation or Organization)

Rua Coronel Dulcídio, 800
80420-170 Curitiba, Paraná, Brazil
(Address of Principal Executive Offices)

Lindolfo Zimmer
+55 41 3222 2027 – ri@copel.com

Rua Coronel Dulcídio, 800, 3rd floor – 80420 – 170 Curitiba, Paraná, Brazil
(Name, telephone, e-mail and/or facsimile number and address of company contact person)

Securities registered or to be registered pursuant to Section 12(b) of the Act:

Title of Each Class	Name of Each Exchange on Which Registered
----------------------------	--

Preferred Class B Shares, without par value* American Depositary Shares (as evidenced by American Depositary Receipts), each representing one Preferred Class B Share	New York Stock Exchange New York Stock Exchange
---	--

* Not for trading, but only in connection with the listing of American Depositary Shares on the New York Stock Exchange.

Securities registered or to be registered pursuant to Section 12(g) of the Act: None
Securities for which there is a reporting obligation pursuant to Section 15(d) of the Act: None

Indicate the number of outstanding shares of each of the Issuer's classes of capital or common stock as of December 31, 2013:

145,031,080 Common Shares, without par value
381,702 Class A Preferred Shares, without par value
128,242,593 Class B Preferred Shares, without par value

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.

Yes No

If this report is an annual or transition report, indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934.

Yes No

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports) and (2) has been subject to such filing requirements for the past 90 days.

Yes No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).

N/A

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer. See definition of "accelerated filer and large accelerated filer" in Rule 12b-2 of the Securities Exchange Act of 1934. (Check one):

Large accelerated filer Accelerated filer Non-accelerated filer

Indicate by check mark which basis of accounting the registrant has used to prepare the financial statements included in this filing:

U.S. GAAP IFRS Other

If "Other" has been checked in response to the previous question, indicate by check mark which financial statement item the registrant has elected to follow.

N/A

If this is an annual report, indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Securities Exchange Act of 1934).

Yes No

Table of Contents

Presentation of Financial and Other Information.....	2
Forward-Looking Statements	2
Item 1. Identity of Directors, Senior Management and Advisers	3
Item 2. Offer Statistics and Expected Timetable	3
Item 3. Key Information.....	4
Selected Financial Data.....	4
Exchange Rates	6
Risk Factors.....	7
Item 4. Information on the Company	16
The Company	16
The Brazilian Electric Power Industry	40
Item 4A. Unresolved Staff Comments	53
Item 5. Operating and Financial Review and Prospects	53
Item 6. Directors, Senior Management and Employees	72
Item 7. Major Shareholders and Related Party Transactions.....	78
Related Party Transactions.....	80
Item 8. Financial Information.....	80
Legal Proceedings	81
Dividend Payments	82
Item 9. The Offer and Listing.....	86
Item 10. Additional Information.....	87
Memorandum and Articles of Association.....	87
Material Contracts	90
Exchange Controls	90
Taxation	91
Dividends and Paying Agents	96
Documents on Display	96
Item 11. Quantitative and Qualitative Disclosures about Market Risk.....	97
Item 12. Description of Securities Other than Equity Securities	97
Item 12A. Debt Securities	97
Item 12B. Warrants and Rights.....	97
Item 12C. Other Securities.....	97
Item 12D. American Depositary Shares.....	97
Item 13. Defaults, Dividend Arrearages and Delinquencies.....	98
Item 14. Material Modifications to the Rights of Security Holders and Use of Proceeds.....	98
Item 15. Controls and Procedures	98
Item 16A. Audit Committee Financial Expert.....	99
Item 16B. Code of Ethics	99
Item 16C. Principal Accountant Fees and Services	99
Item 16D. Exemption from the Listing Standards for Audit Committees.....	100
Item 16E. Purchases of Equity Securities by the Issuer and Affiliated Purchasers.....	100
Item 16F. Changes in Registrant’s Certifying Accountant	100
Item 16G. Corporate Governance	101
Item 17. Financial Statements	102
Item 18. Financial Statements	102
Item 19. Exhibits	102
Technical Glossary	103
Signatures	109

PRESENTATION OF FINANCIAL AND OTHER INFORMATION

In this annual report, we refer to Companhia Paranaense de Energia – Copel, and, unless the context otherwise requires, its consolidated subsidiaries as “Copel”, the “Company”, “we” or “us”.

References to (i) the “*real*”, “*reais*” or “R\$” are to Brazilian *reais* (plural) and the Brazilian *real* (singular) and (ii) “U.S. dollars”, “dollars” or “US\$” are to United States dollars. We maintain our books and records in reais. Certain figures included in this annual report have been subject to rounding adjustments.

Our consolidated financial statements as December 31, 2013 and 2012, of and for each of the three years ended December 31, 2013, have been audited, as stated in the report appearing herein, and are included in this annual report. We prepared our consolidated financial statements included in this annual report in accordance with International Financial Reporting Standards, or IFRS, as issued by the International Accounting Standards Board, or IASB.

References in this annual report to the “Common Shares”, “Class A Shares” and “Class B Shares” are to our common shares, class A preferred shares and class B preferred shares, respectively. References to “American Depositary Shares” or “ADSs” are to American Depositary Shares, each representing one Class B Share. The ADSs are evidenced by American Depositary Receipts (“ADRs”).

Certain terms are defined the first time they are used in this annual report. As used herein, all references to “GW” and “GWh” are to gigawatts and gigawatt hours, respectively, references to “kW” and “kWh” are to kilowatts and kilowatt hours, respectively, references to “MW” and “MWh” are to megawatts and megawatt hours, respectively, and references to “kV” are to kilovolts. These and other technical terms are defined in the “Technical Glossary” that begins on page 101.

FORWARD-LOOKING STATEMENTS

This annual report contains forward-looking statements. We may also make written or oral forward-looking statements in our annual report to shareholders, in our offering circulars and prospectuses, in press releases and other written materials and in oral statements made by our officers, directors or employees. These statements are not historical facts and are based on management’s current view and estimates of future economic circumstances, industry conditions, company performance and financial results. The words “anticipates”, “believes”, “estimates”, “expects”, “plans” and similar expressions, as they relate to the company, are intended to identify forward-looking statements. Statements regarding the declaration or payment of dividends, the implementation of principal operating and financing strategies and capital expenditure plans, the direction of future operations and the factors or trends affecting financial condition, liquidity or results of operations are examples of forward-looking statements. Forward-looking statements speak only as of the date they are made, and we undertake no obligation to update publicly any of them in light of new information or future events.

Forward-looking statements involve only the current view of management and are subject to a number of inherent risks and uncertainties. There is no guarantee that the expected events, trends or results will actually occur. We caution you that a number of important factors could cause actual results to differ materially from those contained in any forward-looking statement. Such factors include, but are not limited to:

- Brazilian political and economic conditions;
- economic conditions in the State of Paraná;
- developments in other emerging market countries;
- our ability to obtain financing;
- lawsuits;

- technical and operational conditions related to the provision of electricity services;
- changes in, or failure to comply with, governmental regulations;
- competition;
- electricity shortages; and
- other factors discussed below under “Item 3. Key Information—Risk Factors”

All forward-looking statements are expressly qualified in their entirety by this cautionary statement, and you should not place undue reliance on any forward-looking statement contained in this annual report.

Item 1. Identity of Directors, Senior Management and Advisers

Not applicable.

Item 2. Offer Statistics and Expected Timetable

Not applicable.

Item 3. Key Information

SELECTED FINANCIAL DATA

The information set forth in this section should be read in conjunction with our consolidated annual financial statements (including the notes thereto) and “Presentation of Financial and Other Data” and “Item 5. Operating and Financial Review and Prospects”.

We have included information with respect to the dividends and interest attributable to shareholders’ equity paid to holders of our common shares and preferred shares since January 1, 2009 under “Item 8. Financial Information—Dividend Payments—Payment of Dividends”.

	As of and for the year ended December 31,				
	2013	2012	2011	2010 ⁽¹⁾	2009 ⁽¹⁾
	(R\$ million)				
Statement of income data:					
Operating revenues	9,180	8,493	7,776	6,901	6,250
Cost of sales and services provided	(7,038)	(6,540)	(5,457)	(4,976)	(4,629)
Gross profit	2,142	1,953	2,319	1,925	1,621
Operational expenses/income	(916)	(953)	(961)	(893)	(564)
Profit before financial results and taxes	1,226	1,000	1,358	1,032	1,057
Financial results	280	(27)	226	348	7
Profit before income tax and social contribution	1,506	973	1,584	1,380	1,064
Income tax and social contribution on profit	(405)	(246)	(407)	(370)	(252)
Net income for the year	1,101	727	1,177	1,010	812
Statement of financial position data:					
Current assets	4,680	4,682	3,700	4,158	3,612
Recoverable rate deficit (CRC) ⁽²⁾	1,381	1,384	1,346	1,341	1,255
Non-current assets	7,224	6,297	5,656	4,805	3,807
Property, plant and equipment, net	7,984	7,872	7,209	6,664	6,660
Total assets	23,111	21,209	18,837	17,859	16,313
Loans and financing and debentures (current)	1,015	274	116	704	136
Current liabilities	3,348	2,833	2,058	2,537	1,723
Loans and financing and debentures (non-current)	3,517	2,988	2,058	1,281	1,538
Non-current liabilities	6,835	6,014	4,701	4,027	4,065
Equity	12,929	12,362	12,078	11,296	10,524
Attributable to controlling shareholders	12,651	12,097	11,835	11,030	10,296
Attributable to non-controlling interest	277	265	243	266	228
Share capital	6,910	6,910	6,910	6,910	4,460

⁽¹⁾ Not comparable with the current GAAP. Data for 2010 and 2009 have not been restated in application of IAS 19 – Employee Benefits (as revised in 2011) and IFRS 11 – Joint Arrangements, described in note 3.1 to our financial statements. In particular, data for 2010 and 2009 reflect the results of the joint-venture Dominó Holdings S.A 1 through proportional consolidation in 2010 and 2009, as opposed to the equity method of accounting applicable in 2013, 2012 and 2011.

⁽²⁾ Amounts due from the State of Paraná that were included in current assets totaled R\$85.5 million in 2013, R\$75.9 million in 2012, R\$65.9 million in 2011, R\$58.8 million in 2010 and R\$49.5 million in 2009. Amounts due from the State of Paraná that were included in long-term assets totaled R\$1,295.1 million in 2013, R\$1,308.4 million in 2012, R\$1,280.6 million in 2011, R\$1,282.4 million in 2010 and R\$1,205 million in 2009. See Note 8 to our consolidated financial statements. This item includes both current and non-current CRC Account receivables.

	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
	(R\$ million)				
Basic and diluted earnings per share:					
Common Shares.....	3.74	2.44	4.04	3.45	2.76
Class A Preferred Shares.....	4.49	4.17	5.33	5.20	3.70
Class B Preferred Shares.....	4.12	2.69	4.44	3.79	3.04
<i>Number of shares outstanding at year end (in</i>					
Common Shares.....	145,031	145,031	145,031	145,031	145,031
Class A Preferred Shares.....	381	381	384	390	395
Class B Preferred Shares.....	128,243	128,243	128,240	128,234	128,229
Total.....	<u>273,655</u>	<u>273,655</u>	<u>273,655</u>	<u>273,655</u>	<u>273,655</u>
<i>Dividends per share at year end:</i>					
Common Shares.....	1.96	0.94	1.47	0.98	0.87
Class A Preferred Shares.....	2.53	2.53	2.53	2.53	1.63
Class B Preferred Shares.....	2.15	1.03	1.62	1.08	0.96

EXCHANGE RATES

The following table provides information on the selling exchange rate, expressed in *reais* per U.S. dollar (R\$/US\$), for the periods indicated.

Year	Exchange rate of Brazilian currency per US\$1.00			
	Low	High	Average ⁽¹⁾	Year-end
2009	1.7024	2.4218	1.9905	1.7412
2010	1.6554	1.8811	1.7589	1.6662
2011	1.5345	1.9016	1.6709	1.8758
2012	1.7024	2.1121	1.9588	2.0435
2013	1.9528	2.4457	2.1741	2.3426

Source: Central Bank.

⁽¹⁾ Represents the average of the exchange rates on the last day of each month during the relevant period.

Month	Low	High
December 2013	2.3102	2.3817
January 2014	2.3335	2.4397
February 2014	2.3334	2.4238
March 2014	2.2603	2.3649
April 2014 (until April 15, 2014)	2.1974	2.2811

Source: Central Bank.

RISK FACTORS

Risks Relating to Brazil

Brazilian political and economic conditions could affect our business and the market price of the ADSs and our common shares. In addition, uncertainty regarding such changes could affect our business and the market price of the ADSs and our common shares.

The Brazilian government's economic policies have in the past involved, among other measures, price controls, currency devaluations, capital controls and limits on imports. Our business, financial condition and results of operations may be adversely affected by these economic policies in case they are reinstated. These and other measures could also affect the market price of the ADSs and our common shares.

The Brazilian government has exercised, and continues to exercise, significant influence over the Brazilian economy. Frequent and significant intervention by the Brazilian government has often changed monetary, tax, credit, tariff and other policies to influence the course of Brazil's economy. The Brazilian government's actions to control inflation and implement other policies have at times involved wage and price controls, devaluation of the real in relation to the U.S. dollar, changes in tax policies as well as other interventionist measures, such as nationalization, raising interest rates, freezing bank accounts, imposing capital controls and inhibiting international trade in Brazil. Changes in policy involving tariffs, exchange controls, regulations and taxation could have an adverse effect on our business and financial results of the ADSs and our common shares.

Fluctuations in the value of the Brazilian real against foreign currencies may result in uncertainty in the Brazilian economy and the Brazilian securities market, and they could have a material adverse effect on our net income and cash flow.

In recent years, the Brazilian *real* has fluctuated against foreign currencies, and the value of the *real* may rise or decline substantially from current levels. For instance, depreciation of the *real* increases the cost of servicing our foreign currency-denominated debt and the cost of purchasing electricity from Itaipu, a hydroelectric facility that is one of our major suppliers and that adjusts electricity prices based in part on its U.S. dollar costs. Depreciation of the *real* also creates additional inflationary pressures in Brazil that may negatively affect us. Depreciation generally curtails access to international capital markets and may prompt government intervention. It also reduces the U.S. dollar value of our dividends and the U.S. dollar equivalent of the market price of our common shares and the ADSs. For additional information about historical exchange rates, see "Exchange Rates".

If Brazil experiences substantial inflation in the future, our margins and the market price of the Class B Shares and ADSs may be reduced.

Brazil has in the past experienced extremely high rates of inflation. More recently, Brazil's annual rates of inflation, measured in accordance with the variation of the *Índice Geral de Preços - Disponibilidade Interna* ("IGP-DI") index, were 7.5% for the three months ended March 31, 2014, 5.5% in 2013, 8.11% in 2012 and 5.0% in 2011. The Brazilian government has in the past taken measures to combat inflation, and public speculation about possible future government actions has had significant negative effects on the Brazilian economy. Although our concession contracts provide for annual readjustments based on inflation indexes, if Brazil experiences substantial inflation in the future, and the Brazilian government adopts inflation control policies similar to those adopted in the past, our costs may increase faster than our revenues, our operating and net margins may decrease and, if investor confidence lags, the price of the Class B Shares and ADSs may fall. Inflationary pressures may also curtail our ability to access foreign financial markets and could lead to further government intervention in the economy, including the introduction of government policies that may adversely affect the overall performance of the Brazilian economy.

Negative developments in other national economies, especially those in developing countries, may negatively impact foreign investment in Brazil and the country's economic growth.

International investors generally consider Brazil to be an emerging market. Historically, adverse developments in the economies of emerging markets have resulted in investors' perception of greater risk from investments in such markets. Such perceptions regarding emerging market countries have significantly affected the market value of securities of Brazilian issuers. Furthermore, although economic conditions are different in each country, investors' reactions to developments in one country can impact the prices of securities in other countries, including those in Brazil and this may diminish investors' interest in securities of Brazilian issuers, including ours.

Changes in Brazilian tax policies may have an adverse effect on us.

The Brazilian government has changed its tax policies in ways that affect the electricity sector, and it may do so again in the future. These changes include increases in the tax rates affecting energy companies and, occasionally, the collection of temporary taxes related to specific governmental purposes. If we are unable to adjust our tariffs accordingly, we may be adversely affected.

Risks Relating to Our Operations

We are controlled by the State of Paraná, the policies and priorities of which directly affect our operations and may conflict with the interests of our investors.

We are controlled by the State of Paraná, which holds 58.6% of our outstanding common voting shares as of the date of this annual report, and whose interests may differ from other shareholders. As a major shareholder, the State of Paraná has the power to control all of our operations, including the power to elect a majority of the members of our Board of Directors and determine the outcome of any action requiring common shareholder approval, including transactions with related parties and corporate reorganizations.

The operations of the Company have had and will continue to have an important impact on the commercial and industrial development of the State of Paraná. In the past, the State of Paraná has used, and may in the future use, its status as our controlling shareholder to decide whether we should engage in certain activities and make certain investments aimed, principally, to promote its political, economic or social objectives and not necessarily to meet the objective of improving our business and/or operational results.

We are largely dependent upon the economy of the State of Paraná.

Our distribution market for the majority of our sales of electricity is located in the State of Paraná. Although a more competitive market involving possible sales to customers outside Paraná might develop in the future, our business depends and is expected to continue to depend to a very large extent on the economic conditions of Paraná. We cannot assure you that economic conditions in Paraná will be favorable to us in the future. The GDP (gross domestic product) of the State of Paraná increased 5.0% in 2013, while Brazil's GDP increased 2.3% during the same period.

We are involved in several lawsuits that could have a material adverse effect on our business if their outcome is unfavorable to us.

We are the defendant in several legal actions, mainly relating to civil, administrative, labor and tax claims. The outcome of these proceedings is uncertain and, if determined against us, may result in obligations that could materially affect our results of operations. At December 31, 2013 our provisions for probable and reasonably estimated losses were R\$1,266.1 million. For additional information, see "Item 8. Financial Information—Legal Proceedings".

The development of transmission and power generation projects is subject to substantial risks.

In connection with the development of transmission and generation projects, we generally must obtain feasibility studies, governmental concessions or authorizations, permits and approvals, condemnation agreements, equipment supply agreements, engineering, procurement and construction

contracts, sufficient equity and debt financing and site agreements, each of which involves the consent of third parties over which we have no control. In addition, project development is subject to environmental, engineering and construction risks that can lead to cost overruns, delays and other impediments to timely complete within a project's budget. We cannot assure you that all required permits and approvals for our projects will be obtained, that we will be able to secure private sector partners for any of our projects, that we or any of our partners will be able to obtain adequate financing for our projects or that financing will be available on a non-recourse basis to us. If we are unable to complete a project, whether at the initial development phase or after construction has commenced, we may not be able to recover our investment in such a project, which investment may be substantial.

We are subject to limitations regarding the amount and use of public sector financing, which could prevent us from obtaining financing and implanting our investment plan.

As a State controlled company, we are subject to certain National Monetary Council (*Conselho Monetário Nacional* - "CMN") and *Banco Central do Brasil* ("Central Bank") limitations regarding the level of credit financial institutions may offer to public sector entities. As a result, we may have difficulty in obtaining financing from Brazilian financial institutions, which could create difficulties in the implementation of our investment plan. Brazilian legislation also establishes that a state-controlled company may generally use commercial bank debt only to refinance financial obligations. As a result of these regulations, our capacity to incur debt is limited, which could negatively affect the implementation of our investment plan.

Security breaches and other disruptions could compromise our data centers and expose us to liability, which would cause our business and reputation to suffer.

In our ordinary course of business, we collect and store personal data of our customers in our data centers. Despite our security measures, our information technology and infrastructure may be vulnerable to attacks by hackers or breached due to employee error, malfeasance or other disruptions. Any such breach could compromise our networks and the information stored there could be accessed, publicly disclosed, lost or stolen. Any such access, disclosure or other loss of information could result in legal claims or proceedings under Brazilian laws that protect the privacy of personal information and damage our reputation, a fact that could adversely affect our results of operations.

Risks Relating to the Brazilian Electricity Sector

We are uncertain as to the renewal of certain of our concessions, some of which are due to expire in 2015.

Under the 2013 Concession Renewal Law, we may only renew our concessions that were in effect as of 1995 (and, in the case of generation facilities, generation concession contracts entered into prior to 2003) for an additional 30-year period (or an additional 20-year period in the case thermal plants), if we agree to amend the terms of the concession contract that is up for renewal to reflect certain new terms and conditions imposed by the 2013 Concession Renewal Law, which vary depending on whether the concession is for generation, transmission or distribution. If we do not agree to amend the concession contract to reflect these new conditions, the concession contract cannot be renewed and will be subject to a competitive bidding process upon its expiration, which we might not win. Up to now, we have decided not to renew our generation concession contracts that are set to expire by 2015 and are therefore subject to competitive bidding processes pursuant to the 2013 Concession Renewal Law, and we decided to renew pursuant to the 2013 Concession Renewal Law our one transmission concession contract that is set to expire by 2015. For distribution concessions, we are unsure of the conditions that the Ministry of Mines and Energy, or *Ministério de Minas e Energia* ("MME"), and the Brazilian Electricity Regulatory Agency, or the *Agência Nacional de Energia Elétrica* ("ANEEL"), will require in order to renew these concession contracts, and we cannot assure you that we will be able to renew our main distribution contract, which expires on July 7, 2015, on terms that are favorable to us. The request for extension of our main distribution concession was presented to ANEEL on May 31, 2012 and we confirmed our request for renewal as required under the 2013 Concession Renewal Law. Under our main distribution contract, ANEEL should have responded to our request by January 7, 2014, but the fact that we did not receive a response from ANEEL by this deadline does not itself impact our ability to renew this contract under the 2013 Concession Renewal Law. If we do not renew our main distribution concession or if it is renewed

under less favorable conditions, our results of operations and financial condition could be materially adversely affected. For more information, see “Item 4. Information on the Company—Concessions”.

Our operating revenues could be adversely affected if ANEEL makes decisions relating to our tariffs that are unfavorable to us.

The tariffs that we charge for sales of electricity to captive customers are determined pursuant to a concession agreement with the Brazilian government through ANEEL. ANEEL has substantial discretion to establish the tariff rates we charge our customers, which are determined pursuant to a concession agreement with ANEEL and in accordance with ANEEL’s regulatory decision-making authority.

Our distribution concession agreement and Brazilian law establish a price cap mechanism that permits three types of tariff adjustments: (i) annual readjustment (*reajuste anual*), (ii) periodic revision (*revisão periódica*), and (iii) extraordinary revision (*revisão extraordinária*). We are entitled to apply each year for the annual readjustment, which is designed to offset some effects of inflation on tariffs and pass through to customers certain changes in our cost structure that are beyond our control, such as the cost of electricity we purchase from certain sources and certain other regulatory charges, including charges for the use of transmission facilities. In addition, ANEEL carries out a periodic revision every four years that is aimed at identifying variations in our costs as well as setting a factor based on our operational efficiency that will be applied against the index of our ongoing annual tariff readjustments, the effect of which is to ensure that we share the benefits of improved economies of scale with our customers. At any time, we may also request an extraordinary revision of our tariffs in the case of a significant and unexpected event, including if such an event significantly alters our cost structure.

We cannot assure you that ANEEL will establish tariffs at rates that are favorable to us. To the extent that any of our requests for adjustments are not granted by ANEEL in a timely manner, our financial condition and results of operations may be adversely affected. In addition, ANEEL’s decisions relating to our tariffs may be contested by public authorities or by our customers. Administrative and judicial decisions resulting from these challenges may modify ANEEL’s decisions in a manner that is unfavorable to us, which may adversely affect our financial condition and results of operations.

We are subject to comprehensive regulation of our business, which fundamentally affects our financial performance.

Our business is subject to extensive regulation by various Brazilian legal and regulatory authorities, particularly the MME and ANEEL, which regulate and oversee various aspects of our business and establish our tariffs. Changes to the laws and regulations governing our operations, which have occurred in the past, could adversely affect our financial condition and results of operations.

For example, the Brazilian government has taken action to reduce tariffs in recent years. In order to substantially reduce the price paid by Final Customers for electricity, the Brazilian government enacted the 2013 Concession Renewal Law, which significantly changed the conditions under which concessionaires are able to renew concession contracts. Under the 2013 Concession Renewal Law, most generation, transmission and distribution concessionaires may be renewed at the request of the concessionaire for an additional period of 30 years, but only if the concessionaire agrees to amend the terms of the concession contract to reflect certain new terms and conditions. See “Item 4. Information on the Company—Concessions”.

In addition to the 2013 Concession Renewal Law, in recent years ANEEL has significantly reduced our transmission tariffs. See “Item 4. “Transmission and Distribution—Tariffs”.

If any further regulations or new laws are passed by the Brazilian government to lower electricity prices, these new laws and regulations could have a material adverse effect on our results of operations.

If we are required to conduct our business in a manner substantially different from our current operations as a result of regulatory changes, our results of operations and financial condition may be adversely affected.

Certain customers in our distribution concession area may cease to purchase energy from our distribution business.

Our distribution business generates a large portion of its revenues by selling energy that it purchases from generation companies. Large electricity customers within the geographic area of our concession that meet certain regulatory requirements may qualify as Free Customers (“Free Customers”). A Free Customer in our distribution concession area is entitled to purchase energy directly from generation companies rather than through our distribution business, in which case that Free Customer would cease to pay our distribution business for that energy that we previously supplied. Therefore, if the number of Free Customers within the geographic area of our concession increases, the revenues and results of operations of our distribution business would be adversely affected.

We generate a portion of our operating revenues from Free Customers who may seek other energy suppliers upon the expiration of their contracts with us.

As of December 31, 2013, we had 27 Free Customers, representing approximately 7.1% of our consolidated operating revenues and approximately 15.1% of the total volume of electricity we sold-to final customers. From January 1, 2014 until March 31, 2014, we reached agreements with 4 additional Free Customers. Our contracts with Free Customers are typically for periods ranging between two years and five years.

Approximately 0.5% of the megawatts sold under contracts to such customers are set to expire in 2014. In addition, as of December 31, 2013, we had 38 customers that were eligible to purchase energy as Free Customers. These customers represented approximately 2.2% of the total volume of electricity we sold in 2013, and approximately 4.7% of our operating revenues from energy sales for that year. There can be no assurance that Free Customers will enter into contracts or extend their current contracts to purchase energy from us.

Our operating results depend on prevailing hydrological conditions and the availability of natural gas. The impact of an electricity shortage and related electricity rationing, as in 2001 and 2002, may have a material adverse effect on our business and results of operations.

We are dependent on the prevailing hydrological conditions throughout Brazil, and in the geographic region in which we operate. According to data from ANEEL, approximately 64% of Brazil’s installed capacity currently comes from hydroelectric generation facilities. Our region, and Brazil in general, is subject to unpredictable hydrological conditions because of non-cyclical deviations in average rainfall. We are currently experiencing a period of low rainfall. The most recent previous period of low rainfall was in the years prior to 2001, when the Brazilian government instituted the Rationing Program (“Rationing Program”), a program to reduce electricity consumption that was in effect from June 1, 2001 to February 28, 2002. A recurrence of poor hydrological conditions, which could result in a low supply of electricity to the Brazilian market, could cause, among other things, the implementation of broad electricity conservation programs, including mandated reductions in electricity consumption. We cannot assure you that periods of severe or sustained below-average rainfall like the current one will not adversely affect our future financial results.

In addition, if a shortage of natural gas were to occur, this would increase the general demand for energy in the market and therefore increase the risk that a rationing program would be instated.

The regulatory framework under which we operate is subject to legal challenge.

The Brazilian government implemented fundamental changes in the regulation of the electric power industry under the 2004 legislation known as the New Industry Model Law (*Lei do Novo Modelo do Setor Elétrico*) and, recently, under the 2013 Concession Renewal Law. Challenges to the constitutionality of both laws are still pending before the Brazilian Supreme Court. If all or part of these laws were held to be unconstitutional, it would have uncertain consequences for the validity of existing regulation and the further development of the regulatory framework. The outcome of the legal proceedings is difficult to predict, but they could have an adverse impact on the entire energy sector, including our business and results of operations.

We may be forced to purchase energy in the spot market at higher prices if our forecasts for energy demand are not accurate, if there is a shortage of energy supply available in the regulated market, or if energy we contract is not delivered, and we may not be entitled to pass on any increased costs to our Final Customers in a timely manner, or at all.

Under the New Industry Model Law, electric energy distributors, including us, must contract to purchase, through public bids conducted by ANEEL, 100% of the forecasted electric energy demand for their respective distribution concession areas, up to five years prior to the actual delivery of electric energy. We cannot guarantee that our forecasts for energy demand in our distribution concession area will be accurate. If our forecasts fall short of actual electricity demand, or if we are unable to purchase energy through the regulated market due to lack of energy supply in the market, or if a generation company fails to deliver energy that was previously contracted, we may be forced to make up for the shortfall by entering into short-term agreements to purchase electricity in the spot market where we may pay significantly more for energy without being able to pass on these increased costs to our Final Customers. In addition, if we underestimate our distribution energy needs, we may be subject to penalties imposed by the Electric Energy Trading Chamber (*Câmara de Comercialização de Energia Elétrica*, or “CCEE”). In addition, if our forecasts surpass actual demand by more than the allowed margin (105% of actual demand), we will not be able to pass on to our Final Customers the cost of the excess energy that we acquire.

Our equipment, facilities and operations are subject to numerous environmental and health regulations, which may become more stringent in the future and may result in increased liabilities and increased capital expenditures.

Our distribution, transmission and generation activities are subject to comprehensive federal, state and local legislation, as well as supervision by Brazilian governmental agencies that are responsible for the implementation of environmental and health laws and policies. These agencies could take enforcement action against us for our failure to comply with their regulations and with requirements established for the maintenance of our environmental licenses. These actions could result in, among other things, the imposition of fines and revocation of licenses, which could have a material adverse effect on our financial condition or results of operations. It is also possible that enhanced environmental and health regulations will force us to allocate capital towards compliance, and consequently, divert funds away from planned investments. Such a diversion could have a material adverse effect on our financial condition and results of operations.

ANEEL could penalize us for failing to comply with the terms of our concessions or with applicable laws and regulations, and we may not recover the full value of our investment in the event that any of our concessions are terminated.

Our concessions are for terms of 20 to 35 years and may be extended if certain conditions are met. In the event that we fail to comply with any term of our concessions or applicable law or regulation, ANEEL may impose penalties on us, which may include warnings, the imposition of potentially substantial fines (in some instances, up to 2% of our revenues in the fiscal year immediately preceding the assessment) and restrictions on our operations, among others. ANEEL may also terminate our concessions prior to the expiration of their terms if we fail to comply with their provisions or if ANEEL determines, through an expropriation proceeding, that terminating our concession would be in the public interest. If ANEEL terminates any of our concessions before its expiration, we would not be able to operate the segment(s) of our business that had been authorized by the concession. Furthermore, any compensation that we may receive from the federal government for the unamortized portion of our investment may not be sufficient for us to recover the full value of our investment. The early termination or non-renewal of any of our concessions or the imposition of severe fines or penalties by ANEEL could have a material adverse effect on our financial condition and results of operations. See “Item 4. Information on the Company—The Brazilian Power Industry—Concessions”.

The construction, expansion and operation of our generation, transmission and distribution facilities and equipment involve significant risks that may cause loss of revenues or increase of expenses.

The construction, expansion and operation of our generation, transmission and distribution of electricity facilities and equipment involve many risks, including the inability to obtain required governmental permits and approvals, supply interruptions, strikes, climate and hydrological interference,

unexpected environmental and engineering problems, increase in losses of electricity (including technical and commercial losses), the unavailability of adequate financing and the unavailability of equipment.

In the event we experience these or other problems, we might not be able to generate, transmit and distribute electricity in favorable quantities and on favorable terms, which may adversely affect our financial condition and the results of our operations.

If we are unable to conclude our investment program on schedule, the operation and development of our business could be adversely affected.

In 2014, we plan to invest approximately R\$1,308.7 million in our generation and transmission activities (including Baixo Iguaçu HPP and Colíder HPP), R\$895.9 million in our distribution activities and R\$80.0 million in our telecommunications activities. Our ability to complete this investment program depends on multiple factors, including our ability to charge sufficient fees for our services and a variety of regulatory and operational contingencies. There is no assurance that we will have the financial resources to complete our proposed investment program, and our inability to do so may adversely affect the operation and development of our business leading to the imposition of fines levied by ANEEL as well as reduction in tariff levels.

We are strictly liable for any damages resulting from inadequate provision of electricity services and our insurance policies may not fully cover such damages.

We are strictly liable under Brazilian law for damages resulting from the inadequate provision of electricity distribution services. In addition, our distribution, transmission and generation utilities may be held liable for damages caused to others as a result of interruptions or disturbances arising from the Brazilian generation, transmission or distribution systems, whenever these interruptions or disturbances are not attributed to an identifiable member of the National Electric System Operator, the *Operador Nacional do Sistema Elétrico* (“ONS”). We cannot assure you that our insurance policies will fully cover damages resulting from inadequate rendering of electricity services, which may have an adverse effect on us.

Risks Relating to the Class B Shares and ADSs

As a holder of ADSs you will generally not have voting rights at our shareholders’ meetings.

In accordance with Brazilian Corporate Law and our bylaws, holders of the Class B Shares, and thus of the ADSs, are not entitled to vote at our shareholders’ meetings except in limited circumstances. That means, among other things, that you, as a holder of the ADSs, are not entitled to vote on corporate transactions, including any proposed merger.

In addition, in the limited circumstances where the holders of Class B Shares are entitled to vote, holders may exercise voting rights with respect to the Class B Shares represented by ADSs only in accordance with the provisions of the deposit agreement relating to the ADSs. There are no provisions under Brazilian Corporate Law or under our bylaws that limit ADS holders’ ability to exercise their voting rights through the Depository with respect to the underlying Class B Shares. However, the procedural steps involved create practical limitations on the ability of ADS holders to vote. For example, holders of our Class B Shares will be able to exercise their voting rights by either attending the meeting in person or voting by proxy. In accordance with the Deposit Agreement, we will provide the notice to the Depository, which will in turn, as soon as practicable thereafter, mail to holders of ADSs the notice of such meeting and a statement as to the manner in which instructions may be given by holders. To exercise their voting rights, ADS holders must then instruct the Depository how to vote their shares. Because of this extra procedural step involving the Depository, the process for exercising voting rights will take longer for ADS holders than for direct holders of Class B Shares. ADSs for which the Depository does not receive timely voting instructions will not be voted.

As a holder of ADSs you will have fewer and less well-defined shareholders’ rights in Brazil than in the United States and certain other jurisdictions.

Our corporate affairs are governed by our bylaws and Brazilian Corporate Law, which may differ from the legal principles that would apply if we were incorporated in a jurisdiction in the United

States or in certain other jurisdictions outside Brazil. Under Brazilian Corporate Law you and the holders of the Class B Shares may have fewer and less well-defined rights to protect your interests in connection with actions taken by our Board of Directors or the holders of Common Shares than under the laws of the United States and certain other jurisdictions outside Brazil.

Although Brazilian law imposes restrictions on insider trading and price manipulation, the Brazilian securities markets are not as highly supervised as the United States securities markets or markets in certain other jurisdictions outside Brazil. For instance, rules and policies against self-dealing and regarding the preservation of minority shareholder interests may be less developed and not as robustly enforced in Brazil as in the United States and certain other jurisdictions outside Brazil, which could potentially disadvantage you as a holder of the preferred shares and ADSs. In addition, shareholders in Brazilian companies must hold 5% of the outstanding share capital of a corporation in order to have standing to bring shareholders' derivative suits, and shareholders in Brazilian companies ordinarily do not have standing to bring a class action suit.

You may be unable to exercise preemptive rights relating to the preferred shares.

You will not be able to exercise the preemptive rights relating to the Class B Shares underlying your ADSs unless a registration statement under the United States Securities Act of 1933, as amended ("Securities Act") is effective with respect to those rights or an exemption from the registration requirements of the Securities Act is available. Therefore, the Depositary will not offer rights to you as a holder of the ADSs unless the rights are either registered under provisions of the Securities Act or are subject to an exemption from the registration requirements. We are not obligated to file a registration statement with respect to the shares or other securities relating to these rights, and we cannot assure you that we will file any such registration statement. Accordingly, you may receive only the net proceeds from the sale of your preemptive rights by the Depositary or, if the preemptive rights cannot be sold, they will be allowed to lapse. If you are unable to participate in rights offerings, your holdings may also be diluted.

If you exchange your ADSs for Class B Shares, you risk increased taxes and the inability to remit foreign currency abroad.

Brazilian law requires that parties obtain a certificate of registration from the Central Bank in order to be allowed to remit foreign currencies, including U.S. dollars, abroad. For the ADSs, the Brazilian custodian for the Class B Shares has obtained the necessary certificate from the Central Bank for the payment of dividends or other cash distributions relating to the preferred shares or upon the disposition of the preferred shares. If you exchange your ADSs for the underlying Class B Shares, however, you may only rely on the custodian's certificate for five business days from the date of exchange. Thereafter, you must obtain your own certificate of registration or register in accordance with Central Bank and CVM rules in order to obtain and remit U.S. dollars abroad upon the disposition of the Class B Shares or distributions relating to the preferred shares. If you do not obtain a certificate of registration, you may not be able to remit U.S. dollars or other currencies abroad and may be subject to less favorable tax treatment on gains with respect to the preferred shares. Pursuant to Central Bank rules, obtaining this registration requires exchange transactions, which are subject to taxes in Brazil. For more information, see "Item 10. Additional Information—Taxation—Brazilian Tax Considerations—Other Brazilian Taxes".

If you attempt to obtain your own certificate of registration, you may incur expenses or suffer delays in the application process, which could delay your ability to receive dividends or distributions relating to the preferred shares or the return of your capital in a timely manner. The custodian's certificate of registration and any certificate of foreign capital registration you obtain may be affected by future legislative changes. Additional restrictions may be imposed in the future on the disposition of the underlying Class B Shares or the repatriation of the proceeds from disposition.

The Brazilian government may impose exchange controls and restrictions on remittances abroad which may adversely affect your ability to convert funds in reais into other currencies and to remit other currencies abroad.

In the past, the Brazilian government has imposed restrictions on the remittance to foreign investors of the proceeds of their investments in Brazil and the conversion of Brazilian currency into

foreign currencies. The Brazilian government could again choose to impose this type of restriction if, among other things, there is deterioration in Brazilian foreign currency reserves or a shift in Brazil's exchange rate policy. Reimposition of these restrictions would hinder or prevent your ability to convert dividends, distributions or the proceeds from any sale of Class B Shares, as the case may be, from *reals* into U.S. dollars or other currencies and to remit those funds abroad. We cannot assure you that the Brazilian government will not take similar measures in the future.

The relative volatility and illiquidity of the Brazilian securities markets may impair your ability to sell the Class B Shares underlying the ADSs.

The Brazilian securities markets are substantially smaller, less liquid, more concentrated and more volatile than major securities markets in the United States and certain other jurisdictions outside Brazil, and are not as highly regulated or supervised as some of these other markets. The illiquidity and relatively small market capitalization of the Brazilian equity markets may cause the market price of securities of Brazilian companies, including our ADSs and Class B Shares, to fluctuate in both the domestic and international markets, and may substantially limit your ability to sell the Class B Shares underlying your ADSs at a price and time at which you wish to do so.

Item 4. Information on the Company

THE COMPANY

We are engaged in the generation, transmission, distribution and sale of electricity mainly in the Brazilian State of Paraná, pursuant to concessions granted by the Brazilian regulatory agency for the electricity sector, ANEEL. We also provide telecommunications and other services.

At December 31, 2013, we generated electricity from nineteen (19) hydroelectric plants, one (1) wind plant and one (1) thermoelectric plant, for a total installed capacity of 4,756.1 MW, approximately 99.7% of which is derived from renewable sources. Including the installed capacity of generation companies in which we have an equity interest, our total installed capacity is 5,354.7 MW. Our electric power business is subject to comprehensive regulation by ANEEL.

We hold concessions to distribute electricity in 394 of the 399 municipalities in the State of Paraná and in the municipality of Porto União in the State of Santa Catarina. At December 31, 2013, we owned and operated 2,173.5 km of transmission lines and 187,876.4 km of distribution lines, constituting one of the largest distribution networks in Brazil. Of the electricity volume we supplied to our Final Customers during 2013:

- 39.5% was to industrial customers;
- 25.6% to residential customers;
- 18.8% to commercial customers; and
- 16.1% to rural and other customers.

Key elements of our business strategy include the following:

- expanding our power generation, transmission, distribution, and telecommunication systems;
- expanding our generation business' sales to Free Customers both inside and outside the State of Paraná;
- seeking productivity improvements in the short term and sustained growth in the long term;
- striving to keep customers satisfied and our workforce motivated and prepared;
- seeking cost efficiency and innovation;
- achieving excellence in data, image, and voice transmission; and
- researching new technologies in the energy sector in order to expand power output with renewable and non-polluting sources.

Historical Background

We were formed in 1954 by the State of Paraná to engage in the generation, transmission and distribution of electricity, as part of a plan to bring the electric energy sector under state control. We acquired the principal private power companies located in the State of Paraná in the early 1970s. During the period from 1970 to 1977, we significantly expanded our transmission and distribution network and worked to increase the connectivity of our network to networks in other Brazilian states. In 1979, a change in state law permitted us to extend our generating activities to include production from sources other than hydroelectric and thermal power plants.

Currently, we are the largest energy company in the State of Paraná. We are a corporation incorporated and existing under the laws of Brazil, with the legal name Companhia Paranaense de Energia – Copel. Our head offices are located at Rua Coronel Dulcídio, 800, CEP 80420-170 Curitiba, Paraná, Brazil. Our telephone number at the head office is (55-41) 3322-3535 and our website is www.copel.com.

Relationship with the State of Paraná

The State of Paraná owns 58.6% of our Common Shares and, consequently, has the ability to control the election of the majority of the members of our Board of Directors, the appointment of senior management and our direction, future operations and business strategy.

Corporate Structure

Prior to 2001, we operated as a single corporation engaged in the generation, transmission and distribution of electricity and in certain related activities. In compliance with the changed regulatory regime, we transferred our operations to four wholly-owned subsidiaries one each for generation, transmission, distribution and telecommunications and our investments in other companies to a fifth wholly-owned subsidiary. This corporate restructuring was completed in July 2001.

In 2007, to comply with energy sector legislation, we divided the assets of our transmission business (“Copel Transmissão S.A.”) between our distribution business (“Copel Distribuição S.A.”) and our generation business, (“Copel Geração S.A.”). As a result, we changed the name of the latter entity to Copel Geração e Transmissão S.A. We also liquidated Copel Participações S.A. and distributed the equity interests it held in our controlled companies between Copel Geração e Transmissão and our holding company.

In 2013, the Company was restructured in order to enhance the efficiency of our corporate structure and reduce our operating costs. Copel has now five wholly-owned subsidiaries - Copel Geração e Transmissão, Copel Distribuição and Copel Telecomunicações, previously existing entities and “Copel Participações” and “Copel Renováveis”, which respective corporate purposes are (i) holding and management of our equity interest investments in special purpose entities (SPEs) operating in the energy, gas, telecommunications, sanitation and service sectors and (ii) to centralize company’s renewable energy generation projects.

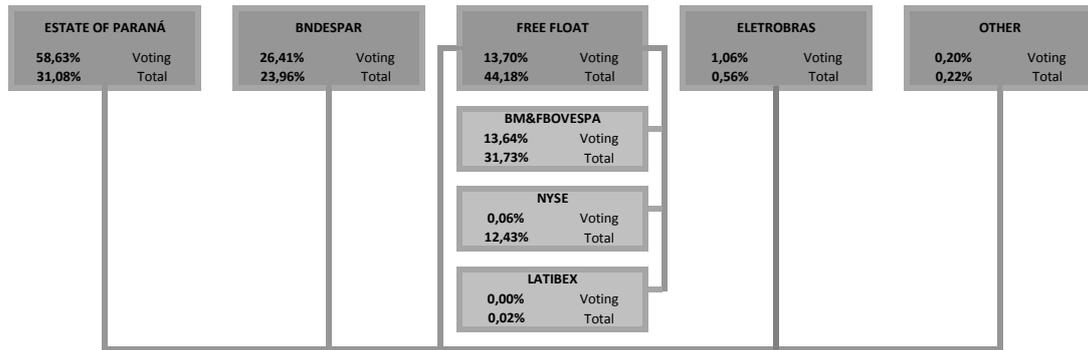
The current organization of the group as of December 31, 2013 is as described below:

Business

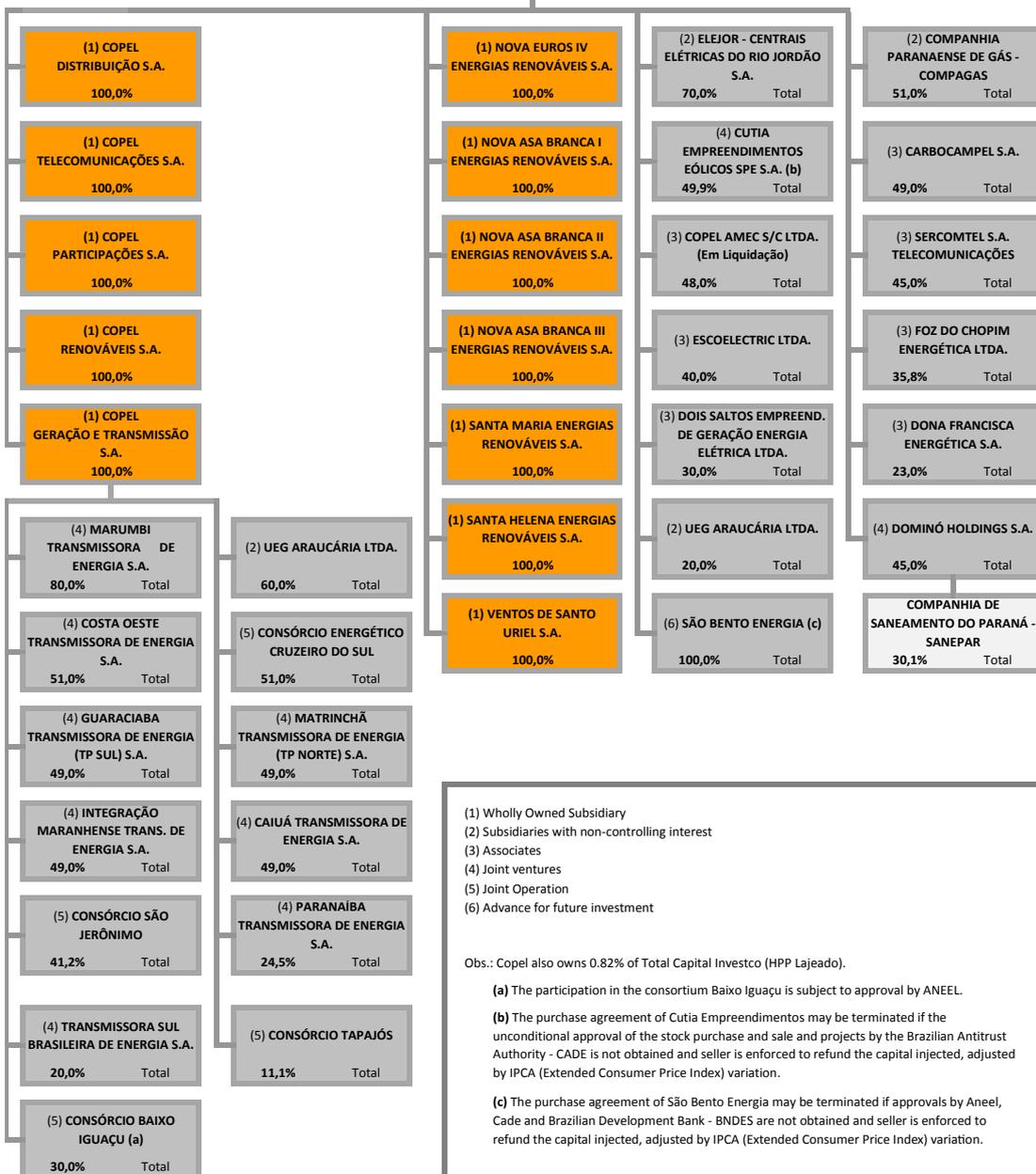
In the past, our generation and distribution businesses were integrated, and we sold most of the electricity we generated to the customers of our distribution business. This changed as a result of the implementation of the New Industry Model Law, enacted in 2004. Today, open auctions on the regulated market are the primary channel by which our generation business sells energy, and they are one of the primary channels by which our distribution business purchases energy to resell to captive customers. Our generation business only sells energy to our distribution business through auctions in the regulated market. Our distribution business, like certain other Brazilian distribution companies, is also required to purchase energy from Itaipu Binacional (“Itaipu”), a hydroelectric facility equally owned by Brazil and Paraguay, in an amount determined by the Brazilian government based on our proportionate share in the Brazilian electricity market. Itaipu has an installed capacity of 14,000 MW. Pursuant to a 1973 treaty between Brazil and Paraguay, Brazilian companies purchase the substantial majority of the electricity generated by Itaipu. For more information, see “Item 4. Information on the Company—The Brazilian Power Industry”.

ORGANIZATION CHART - EQUITY OWNERSHIP

AS OF DECEMBER 31, 2013



COPEL



The following table sets forth the total electricity we generated and purchased in each of the last five years, by showing the total amount of electricity generated and purchased by Copel Geração e Transmissão and the total amount of electricity purchased by Copel Distribuição.

	Year ended December 31,				
	2013	2012	2011	2010	2009
	(GWh)				
Copel Geração e Transmissão					
Electricity generated	24,420	18,181	25,789	24,321	18,321
Electricity purchased from others ⁽¹⁾	2,505	3,981	952	696	4,093
Total electricity generated and purchased by Copel Geração e Transmissão..	<u>26,925</u>	<u>22,162</u>	<u>26,741</u>	<u>25,017</u>	<u>22,414</u>
Copel Distribuição					
Electricity purchased from Itaipu ⁽²⁾	5,193	5,256	5,278	5,306	5,379
Electricity purchased from Auction – CCEAR – affiliates	832	1,316	1,328	1,230	1,488
Electricity purchased from Auction – CCEAR – other	14,814	17,457	16,771	15,405	14,185
Electricity purchased from other ⁽³⁾	6,054	3,267	3,105	3,090	2,901
Total electricity purchased by Copel Distribuição	<u>26,893</u>	<u>27,296</u>	<u>26,482</u>	<u>25,031</u>	<u>23,953</u>
Total electricity generated and purchased by Copel Geração e Transmissão and Copel Distribuição	<u>53,818</u>	<u>49,458</u>	<u>53,223</u>	<u>50,048</u>	<u>46,367</u>

⁽¹⁾ Includes capacity made available but not fully delivered (including energy from MRE and CCEE).

⁽²⁾ Distribution companies operating under concessions in the Midwest, South and Southeast regions of Brazil purchase electricity generated by Itaipu.

⁽³⁾ Includes capacity made available but not fully delivered (including energy from Elejor and CCEE).

The following table sets forth the total electricity we sold to Free Customers, captive customers, distributors, energy traders and other utilities in the south of Brazil through the Interconnected Transmission System that links the states in the south and southeast of Brazil, by showing the total amount of electricity sold by Copel Geração e Transmissão and Copel Distribuição in the last five years.

	Year ended December 31,				
	2013	2012	2011	2010	2009
	(GWh)				
Copel Geração e Transmissão					
Electricity delivered to Free Customers.....	4,082	1,404	919	1,054	1,044
Electricity delivered to bilateral agreements	5,233	1,367	1,051	1,455	1,051
Electricity delivered to Auction – CCEAR – affiliates	832	1,316	1,327	1,230	1,488
Electricity delivered to Auction – CCEAR – other	6,389	13,780	14,139	13,405	13,478
Electricity delivered to the Interconnected System ⁽¹⁾	9,793	3,856	8,625	7,233	4,874
Total electricity delivered by Copel Geração e Transmissão	<u>26,329</u>	<u>21,723</u>	<u>26,061</u>	<u>24,377</u>	<u>21,935</u>
Copel Distribuição					
Electricity delivered to captive customers	22,926	23,248	22,454	21,304	20,242
Electricity delivered to distributors in the State of Paraná	620	635	600	568	524
Spot Market – CCEE.....	62	36	341	61	266
Total electricity delivered by Copel Distribuição	<u>23,608</u>	<u>23,919</u>	<u>23,395</u>	<u>21,933</u>	<u>21,032</u>
Subtotal	<u>49,937</u>	<u>45,645</u>	<u>49,456</u>	<u>46,310</u>	<u>42,967</u>
Losses by Copel Geração e Transmissão and Copel Distribuição	<u>3,881</u>	<u>3,816</u>	<u>3,767</u>	<u>3,738</u>	<u>3,400</u>
Total electricity delivered by Copel Geração e Transmissão and Copel Distribuição , including losses	<u>53,818</u>	<u>49,458</u>	<u>53,223</u>	<u>50,048</u>	<u>46,367</u>

⁽¹⁾ Includes capacity made available but not fully delivered.

Generation

Generation Facilities

At December 31, 2013, we operated nineteen hydroelectric plants, one wind plant and one thermoelectric plant, with a total installed capacity of 4,756.1 MW. If we include the installed capacity of the generation companies in which we have an equity interest, our total installed capacity is 5,354.7 MW. We produce electricity almost exclusively through our hydroelectric plants. Our assured energy totaled 2,069.4 average MW in 2013. Our generation varies year by year as a result of hydrological conditions and other factors. We generated 24,420.4 GWh in 2013, 18,180.9 GWh in 2012, 25,789 GWh in 2011, 24,321 GWh in 2010, and 18,321 GWh in 2009.

The generation of electrical energy at our power plants is supervised, coordinated and operated by our Generation Operation Center in the city of Curitiba. This operation center is responsible for coordinating the operations related to approximately 99.9% of our total installed capacity, including some of the plants in which we hold only partial ownership interests.

The following table sets forth certain information relating to our main plants in operation at December 31, 2013.

Type	Plant	Installed capacity (MW)	Assured energy ⁽¹⁾ (GWh/yr)	Placed in service	Concession expires
Hydroelectric	Foz do Areia	1,676	5,045.8	1980	2023
Hydroelectric	Segredo	1,260	5,282.3	1992	2029
Hydroelectric	Salto Caxias	1,240	5,299.8	1999	2030
Hydroelectric	Capivari Cachoeira	260	954.8	1970	2015
Hydroelectric	Mauá	185 ⁽²⁾	883.3	2012	2042

⁽¹⁾ Values used to determine volumes committed for sale.

⁽²⁾ Corresponds to 51% of the installed capacity of the plant (363 MW).

Governador Bento Munhoz da Rocha Netto (“Foz do Areia” Plant). The Foz do Areia Hydroelectric Plant is located on the Iguaçu River, approximately 350 kilometers southwest of the city of Curitiba.

Governador Ney Aminthas de Barros Braga (“Segredo” Plant). The Segredo Hydroelectric Plant is located on the Iguaçu River, approximately 370 kilometers southwest of the city of Curitiba.

Governador José Richa (“Salto Caxias” Plant). The Salto Caxias Hydroelectric Power Plant is located on the Iguaçu River, approximately 600 kilometers southwest of the city of Curitiba.

Governador Pedro Viriato Parigot de Souza (“Capivari Cachoeira” Plant). The Capivari Cachoeira Hydroelectric Plant is the largest underground hydroelectric plant in Brazil. The reservoir is located on the Capivari River, approximately 50 kilometers north of the city of Curitiba, and the power station is located on the Cachoeira River, approximately 15 kilometers from the reservoir.

Mauá. The Mauá Hydroelectric Plant is located on the Tibagi River, in the State of Paraná. It was constructed between 2008 and 2012 by Consórcio Energético Cruzeiro do Sul, in which Copel has a 51.0% interest and Eletrosul Centrais Elétricas S.A. (“Eletrosul”) holds the remaining 49.0%. It is located approximately 250 kilometers from Curitiba, in the Municipality of Telêmaco Borba.

In addition to our generation facilities, we have ownership interests in several other generation companies. Between 2004 and 2010, we were required by law to retain a majority of the voting shares of any company in which we obtained an ownership interest. Starting in 2010, it became possible for us to hold non-controlling interests in companies.

The following table sets forth information regarding the generation plants in which we had a partial ownership interest as of December 31, 2013:

Type	Plant	Installed capacity	Assured energy	Placed in service	Our ownership	Concession expires
		(MW)	(GWh/yr)		(%)	
Thermal	Araucária	484.1	3,419.0 ⁽¹⁾	September 2006	80.0	2029
Hydroelectric	Elejor Facility (Santa Clara and Fundão)	246.4	1,229.0	July 2005 June 2006	70.0	2036
Hydroelectric	Dona Francisca	125.0	683.3	February 2001	23.0	2033
Hydroelectric	Foz do Chopim	29.1	188.0	October 2001	35.8	2030
Hydroelectric	Lajeado (Investco S.A)	902.5	4,613.0	December 2001	0.8	2032

⁽¹⁾ The assured energy of thermal plants such as Araucária varies depending on the price of natural gas, according to criteria established by the MME.

Araucária. We have an 80.0% interest in UEG Araucária Ltda., which owns the Araucária Thermoelectric Plant. In December 2006, UEG Araucária Ltda. entered into a lease agreement under which it leased the plant to *Petróleo Brasileiro S.A. - Petrobras*, and Petrobras entered into an operation and maintenance agreement with our subsidiary Copel Geração e Transmissão under which Copel Geração e Transmissão agreed to operate and maintain the plant. Both agreements expired on January 31, 2014. Therefore, as of February 1, 2014, UEG Araucária Ltda. is responsible for selling the energy produced by the Araucária Thermoelectric Plant. This energy is not sold in long-term contracts, but rather is distributed in the spot market as directed by the ONS.

Elejor Facility. The Elejor Facility consists of the Santa Clara and Fundão Hydroelectric Plants, both of which are located on the Jordão River in the State of Paraná. The aggregate total installed capacity of the units is 246.4 MW, which includes two smaller hydroelectric generation units installed in the same location. Centrais Elétricas do Rio Jordão S.A. (“Elejor”) signed a concession agreement with a term of 35 years for the Santa Clara and Fundão plants in October 2001. As of December 31, 2013, we own 70.0% of the common shares of Elejor, and Paineira Participações owns the remaining 30.0%.

Elejor is required to make monthly payments to the federal government for the use of hydroelectric resources, with total annual payments of R\$19.0 million. This amount is adjusted on an annual basis by the Brazilian General Market Price Index, *Índice Geral de Preços do Mercado* (“IGP-M Index”). In 2013, the aggregate amount of concession payments paid by Elejor to the federal government was R\$47.8 million.

We have a power purchase agreement with Elejor that provides that we will purchase all of the energy produced by the Santa Clara and Fundão facilities at a set rate until 2019, to be adjusted annually in accordance with the IGP-M Index. In 2013, Elejor’s net revenues and net profits were R\$217.4 million and R\$41.9 million, respectively, while in 2012 its net revenues and net profits were R\$211.7 million and R\$33.3 million, respectively.

Dona Francisca. We own 23.03% of the common shares of Dona Francisca Energética S.A. (“DFESA”). The other shareholders are Gerdau S.A. with a 51.82% interest, Celesc S.A. with a 23.03% interest and Desenvix S.A. with a 2.12% interest. DFESA Hydroelectric Power Plant is located on the Jacuí River in the State of Rio Grande do Sul. The plant began full operations in 2001. As of December 31, 2013, DFESA had loans and financing in the total amount of R\$14.8 million. The debt is secured by a pledge of shares of DFESA. We have a power purchase agreement with DFESA, valued at R\$72.0 million annually, which will expire in March 2015 and which obligates Copel Geração e Transmissão to purchase 100% of its assured energy. In 2013, DFESA’s net revenues and net profits were R\$104.4 million and R\$39.0 million, respectively, while in 2012 its net revenues and net profits were R\$94.0 million and R\$35.4 million, respectively.

Foz do Chopim. The Foz do Chopim Hydroelectric Plant is located on the Chopim River in the State of Paraná. We own 35.77% of the common shares of Foz do Chopim Energética Ltda., the entity that owns the Foz do Chopim Hydroelectric Plant. Silea Participações Ltda. owns the remaining 64.23%. The operation and maintenance of Foz do Chopim Hydroelectric Plant is performed by Copel Geração e Transmissão S.A. Energy supply agreements were executed at an average tariff of R\$202.56/MWh. Foz do Chopim Energética Ltda. also has the authorization to operate Bela Vista SHP, a hydroelectric power plant which is located in the same river and has similar capacity. The process for obtaining the necessary environmental license is ongoing. In 2013, Foz do Chopim's net revenues and net profits were R\$38.8million and R\$28.8 million, respectively, while in 2012 its net revenues and net profits were R\$37.5 million and R\$26.4 million, respectively.

Expansion of Generating Capacity

We expect to spend R\$1,191.3 million in 2014 to expand our generation capacity, including participation in new businesses, of which R\$199.3 million will be invested in wind power plants, R\$409.8 million will be invested in the Colíder Hydroelectric Power Plant and R\$316.0 million will be invested in the Baixo Iguaçu Hydroelectric Power Plant. The remaining amount will be spent on equipment maintenance, the modernization of the Foz de Areia Hydroelectric power plant, among other projects.

As described below, in 2013 we acquired seven wind parks, and executed an acquisition agreement for the 50.1% controlling interest that we did not already own of four other wind parks. We spent an aggregate amount of R\$395.5 million in these acquisitions.

We have interests in several generation projects. The following table sets forth information regarding our planned major generation projects and recent acquisitions of generation facilities.

Facility	Installed capacity	Estimated assured energy⁽¹⁾	Budgeted completion cost	Beginning of operation (expected)	Our ownership	Status
	(MW)	(GWh/year)	(R\$ million)		(%)	
São Jerônimo HPP	331.0	1,560	1,131	To be determined	41.2	Concession granted
Colíder HPP	300.0	1,573	1,570	2014	100.0	Concession granted
Baixo Iguaçu HPP	350.2	1,514	1,600	2016	30.0 ⁽³⁾	Concession granted
Wind Farms	277.6	1,213	1,680 ⁽²⁾	-	100.0 ⁽³⁾	Concession granted

⁽¹⁾ Values used to determine volumes committed for sale.

⁽²⁾ Includes São Bento Energia.

⁽³⁾ The closing of (i) the acquisition of 50.1% of São Bento's equity interest and (ii) Baixo Iguaçu's 30% equity interest acquisition are pending regulatory and creditor approval.

São Jerônimo. The São Jerônimo Hydroelectric Power Plant will be located between the municipalities of Tamarana and São Jerônimo da Serra on the Tibagi River in the State of Paraná. The plant will have two generation units, with a total installed capacity of 331 MW. It is uncertain when the construction of the facility will begin. There are a number of issues that must be resolved before construction can begin, the most significant being that we must obtain permission from the Brazilian Congress to start construction because the future plant's reservoir will be partially located in an indigenous area.

Colíder. In July 2010, we won an ANEEL auction for a 35-year concession to construct and operate the Colíder Hydroelectric Power Plant on the Teles Pires River in the State of Mato Grosso. The Colíder facility will have an installed capacity of 300.0 MW and will be located in the municipalities of Nova Canaã do Norte, Colíder, Itaúba and Cláudia. Construction began in 2011. Until December 2013 69% of the construction works were completed. The commercial generation is scheduled to begin in June

2015. From the facility's assured energy of 179.6 average MW, 125.0 average MW are committed under a 30-year contract to distributors at a price of R\$103.40/MWh, as of July 1, 2010 (adjusted annually in accordance with the IPCA inflation index), with supply starting in January 2015. The remaining 54.6 average MW power not sold under this contract has yet to be contracted for and is still available for sale to large customers in the free market.

Baixo Iguaçu. In June 2013, we acquired a 30% equity interest in the Baixo Iguaçu HPP through a consortium, with no premium payment. Baixo Iguaçu is the last energy project planned for the main river in the state of Paraná (Rio Iguaçu) and will be located around 30 km downstream from Governador José Richa HPP - the Salto Caxias Hydroelectric Power Plant, which is 100% owned by Copel. The Baixo Iguaçu facility will have an installed capacity of 350.2 MW and will be located in the municipalities of Capanema, Capitão Leonidas Marques, Planalto, Realeza and Nova Prata do Iguaçu. Construction began in 2013. The commercial generation is scheduled to begin in 2016. From the facility's assured energy of 172.8 average MW, 120.96 average MW are committed under a 30-year contract to distributors at a price of R\$98.98/MWh, as of July 1, 2008 (adjusted annually in accordance with the IPCA inflation index), with supply starting in April 2016. The remaining 51.84 average MW power not sold under this contract has yet to be contracted for and is still available for sale to large customers in the free market.

Wind Farms. In August 2013, we acquired 100% of the generation assets of Salus Fundos de Investimento em Participações, a company that owned seven wind farm special purposes entities (Asa Branca I, Asa Branca II, Asa Branca III, Eurus IV, Santa Helena, Santa Maria e Santo Uriel) located in the State of Rio Grande do Norte, with total installed capacity of 183.6 MW. An average of 52.2 MW (from WPPs Asa Branca I, Asa Branca II, Asa Branca III and Eurus IV), was committed under contract to electric power distributors in the alternative energy auction in August 2010, at a weighted average price of R\$135.40/ MWh (adjusted annually by IPCA inflation index). An average of 40.7 MW (from WPPs Santa Helena, Santa Maria and Santo Uriel), was committed under contract in the reserve energy auction in August 2011, at a weighted average price of R\$101.98/ MW/h (annually adjusted by the IPCA inflation index). The energy to be generated was sold through 20-year term contracts, with payments beginning in July 2014 (Santa Helena and Santa Maria) and March 2015 (Asa Branca I, Asa Branca II, Asa Branca III, Santo Uriel and Nova Eurus IV).

São Bento Energia. In 2011, we acquired 49.9% of São Bento Energia Investimentos e Participações, which owns four wind parks (GE Olho d'Água, GE Boa Vista, GE Farol e GE São Bento do Norte) located in the State of Rio Grande do Norte, with total installed capacity of 94 MW. In 2013, we executed an acquisition agreement for the remaining 50.1%. The closing of this acquisition is pending regulatory and creditor approval. In August 2010, an average of 43.7 MWs of energy generated at a weighted average price of R\$134.4/MWh (annually adjusted by IPCA index) was sold to fifteen distribution concessionaires in ANEEL public auctions. The energy to be generated by these wind farms was sold through 20-year term contracts. Although these wind farms have not yet begun producing energy due to lack of transmission lines, since they are ready for generation in line with ANEEL certification, we started receiving payment pursuant to these contracts in September 2013.

Proposed Projects

We are involved in various initiatives to study the technical, economic and environmental feasibility of certain hydroelectric generation projects. These proposed generation projects would have a total of 928.6 MW of installed capacity. The following table sets forth information regarding our proposed generation projects.

Hydroelectric Project	Estimated Installed Capacity	Estimated Assured Energy	Our ownership
	(MW)	(GWh/yr)	(%)
SHP BelaVista	29.0	157.4	36
SHP Dois Saltos	25.0	119.1	30
SHP Pinhalzinho	10.9	52.1	30
SHP Burro Branco	10.0	45.1	30
SHP Foz do Turvo	8.8	41.2	30
SHP Foz do Curucaca	29.5	142.2	15
SHP Salto Alemã	29.0	139.7	15
SHP São Luiz	26.0	125.3	15
SHP Alto Chopim	20.3	98.0	15
SHP Rancho Grande	17.7	85.3	15
WPP Cutia Empreendimentos Eólicos	137.4	718.3	100
WPP Projects in Development	411.0	2,305.5	100
TPP Norte Pioneiro	144.0	1,051.2	100

In 2014, we plan to bid for concessions to construct and operate new hydroelectric power plants in power auctions in the regulated market for new generation projects. We are studying the feasibility of our participation in the hydroelectric projects planned to be listed in the A-5 Auctions of 2014. We will also conduct studies of new hydroelectric power plants.

In addition, we are also conducting studies related to future government auctions for wind farms, small hydroelectric plants and thermoelectric power plants in which we may eventually participate.

Other renewable energy projects under study or development include the use of municipal solid waste in power generation, cultivation of micro algae for energy production, wind energy, solar photovoltaic energy, energy from the crude vegetable oil and biogas production from micro algae.

Transmission and Distribution

General

Electricity is transferred from power plants to customers through transmission and distribution systems. Transmission is the bulk transfer of electricity from generating facilities to the distribution system by means of the Interconnected Transmission System, in tension greater than or equal to 230 kV. Distribution is the transfer of electricity to Final Customers, in tension lesser or equal to 138 kV.

The following table sets forth certain information concerning our transmission and distribution systems at the dates presented.

	At December 31,				
	2013	2012	2011	2010	2009
Transmission lines (km):					
230 kV and 500 kV	2,160.9	2,010.7	2,016.3	1,900.4	1,929.4
138 kV	7.2	7.2	7.2	7.2	7.2
69 kV ⁽¹⁾	5.4	5.4	5.4	5.4	5.4
Distribution lines (km):					
230 kV	63.3	68.3	66.1	66.1	66.1
138 kV	5,054.7	4,880.1	4,705.3	4,586.3	4,578.8
69 kV	932.5	968.5	1,003.5	981.5	967.2
34.5 kV	81,546.1	81,253.3	80,662.2	79,496.2	78,357.4
13.8 kV	100,279.8	99,195.1	97,981.0	96,863.6	95,381.6
Transformer capacity (MVA):					
Transmission and distribution substations (69 kV – 500 kV) ⁽²⁾	20,576.5	19,454.8	19,415.3	18,398.6	18,112.8
Generation (step up) substations.....	5,006.8	5,006.8	5,006.8	5,006.8	5,004.1
Distribution substations (34.5 kV).....	1,480.2	1,504.8	1,539.6	1,533.7	1,507.6
Distribution transformers	10,882.2	10,325.3	9,961.6	9,312.4	8,934.7
Total energy losses.....	7.2%	7.7%	7.1%	7.5%	7.3%

⁽¹⁾ As approved by ANEEL in 2008, these 69 kV transmission lines held by Copel Distribuição were transferred to Copel Geração e Transmissão, since they were part of our transmission business segment.

⁽²⁾ This figure includes transformers with primary tensions of 69 kV and 138 kV which belong to Copel Distribuição but are implemented in 230 kV and 525 kV substations, which belong to Copel Geração e Transmissão.

Transmission

Our transmission system consists of all our assets of 230 kV and greater and a small portion of our 69 kV and 138 kV assets, which are used to transmit the electricity we generate and the energy we receive from other sources. In addition to using our transmission lines to provide energy to customers in the State of Paraná, we also transmit energy through the Interconnected Transmission System. Two companies owned by the federal government, Eletrosul and Furnas Centrais Elétricas S.A. (“Furnas”), also maintain significant transmission systems in the State of Paraná. Furnas is responsible for the transmission of electricity from Itaipu, while Eletrosul’s transmission system links the states in the south of Brazil. Copel, like all other companies that own transmission facilities, is required to allow other parties access to its transmission facilities in exchange for a compensation at a level set by ANEEL.

The construction of new transmission facilities of 230 kV and higher must be awarded in a bidding process or otherwise authorized by ANEEL. We are permitted by ANEEL to make minor improvements to some of the existing 230 kV and 500 kV facilities.

In June 2010, Copel won a public auction for the construction and operation of two facilities, both located in the State of São Paulo. The first concession is a 356 km transmission line of 500 kV and the second is a 230 kV substation. We expect to complete the construction work of these facilities by December 2014.

In September 2011, SPC Costa Oeste, a strategic agreement between Copel (51%) and Eletrosul (49%), won an ANEEL public auction for the construction and operation of the 143 km Cascavel Oeste - Umuarama transmission line (230 kV) and the Umuarama substation (230/138 kV), both located in the State of Paraná. Construction is on schedule and the transmission line should come into operation in May 2014.

In December 2011, SPC Transmissora Sul Brasileira, a strategic agreement between Copel (20%) and Eletrosul (80%) won an ANEEL public auction for the construction and operation of 798 km

of transmission lines in the States of Rio Grande do Sul, Santa Catarina e Paraná, and one substation in the State of Rio Grande do Sul. The signing of the concession agreement was in May 2012 and the start of operation is scheduled for May 2014.

In the same ANEEL public auction, SPC Caiuá Transmissora, a strategic agreement between Copel (49%) and Elecnor (51%) won the right to construct and operate 136 km of transmission lines and two substations in the State of Paraná, and SPC Integração Maranhense Transmissora, a strategic agreement between Copel (49%) and Elecnor (51%), won the right to build and operate a 365 km transmission line in the State of Maranhão. We expect to complete the construction work of these facilities by May 2014.

Additionally, SPC Marumbi Transmissora, a strategic agreement between Copel (80%) and Eletrosul (20%) won an ANEEL auction for the construction and operation of 28 km of transmission lines and one substation in the State of Paraná. The start of operation of these assets is scheduled for December 2014.

In March 2012, Copel (49%), together with State Grid Brazil Holding (51%), through the SPC Matrinchã Transmissora and Guaraciaba Transmissora, won an ANEEL public auction for the construction and operation of 1,605 km of new transmission lines and four new substations that will transmit energy produced by five new hydroelectric plants that are planned to be constructed in Teles Pires River, in the North of Mato Grosso State, to the Southeast region of Brazil. These lines and substations are schedule to enter into operation in May 2015.

In June 2012, Copel won a public auction for the construction and operation of 98km of transmission lines. The concession won by Copel is for the construction of 230kV transmission lines that will link substations Londrina and Figueira, located in northern Paraná (88km) and Foz do Chopim and Salto Osório power plants, both located in southwest Paraná (10 km). Construction of these lines began in 2013 and they are scheduled to become operational in September 2014.

In December 2012, a strategic agreement between Copel (24.5%), Furnas (24.5%) and State Grid Brazil Holding (51%), SPC Paranaíba Transmissora, won a public auction for the construction and operation of 967 km of transmission lines in the States of Goiás, Minas Gerais and Bahia. In the same public auction, Copel won the right to construct and operate 37 km of transmission lines in the State of São Paulo, between the municipalities of Assis and Paraguaçu Paulista. The concession agreement was signed in May 2013, and these transmission lines are schedule to become operational May 2016.

In November 2013, Copel won a ANEEL public auction for the construction and operation of 33 km of transmission lines and one substation in the State of Paraná. In the same auction, SPC Mata de Santa Genebra Transmissora, a strategic agreement between Copel (50.1%) and Furnas (49.9%), won the right to build and operate 847 km of transmission lines and three substations in the States of Paraná and São Paulo.

Distribution

Our distribution system consists of a widespread network of overhead lines and substations with voltages up to 138 kV and a small portion of our 230 kV assets. Higher voltage electricity is supplied to bigger industrial and commercial customers and lower voltage electricity is supplied to residential, small industrial, commercial customers and other customers. At December 31, 2013, we provided electricity in a geographic area encompassing approximately 98% of the State of Paraná and served 4.2 million customers.

Our distribution network includes 187,876.5 km of distribution lines, 388,883 distribution transformers and 231 distribution substations of 34.5 kV, 36 substations of 69 kV and 94 substations of 138 kV. During 2013, 143,923 new customers were connected to our network, including customers connected through the rural and urban electrification programs. We are continuing to implement compact grid design distribution lines in urban areas where there is a large concentration of trees in the vicinity of the distribution grid.

We have 22 customers that are directly supplied with energy at a high voltage (69 kV and above) through connections to our distribution lines. These customers accounted for approximately 2.7% of the total volume of electricity sold by Copel Distribuição or 1.3% of our total volume of electricity sold in 2013.

We are responsible for expanding the 138 kV and 69 kV distribution grid within our concession area.

System Performance

We determine the energy losses of our distribution system separately from those of our transmission system. The total losses from our distribution system are calculated by taking the difference between the energy allocated to the system and the energy supplied to the customers.

Our energy losses totaled 12.2% of our available energy in 2013 and include losses from the basic transmission grid and Itaipu.

Information regarding the duration and frequency of outages for our customers is set forth in the following chart for the years indicated.

Quality of supply indicator	Year ended December 31,				
	2013	2012	2011	2010	2009
DEC – Duration of outages per customer per year (in hours)..	11h37min	10h15min	10h38min	11h28min	12h55min
FEC – Frequency of outages per customer per year (number of outages)	8.06	7.84	8.26	9.46	11.04

We outperformed the quality target indicators established by ANEEL for 2013, which penalize power outages (i) in excess of an average number of hours per customer and (ii) in excess of an average frequency of outages, in each case calculated on an annual basis. These limits vary depending on the geographic region, and the average limit established by ANEEL for our distribution company was 12h14min of outages per customer per year, and a total of 10.02 outages per customer per year. Failure to comply with these predetermined standards with a final customer results in a reduction of the amount we can charge such final customers in future periods.

In addition, quality target indicators are taken into consideration by ANEEL during distribution concession renewal proceedings, and also influence ANEEL’s calculation of our tariff adjustments. For more information, see “Distribution Tariffs”.

Purchases

The following table contains information concerning volume, costs and average tariffs for the main sources of the electricity we purchased in the last three years.

Source	2013	2012	2011
Itaipu			
Volume (GWh).....	5,193	5,256	5,278
Cost (R\$ millions)	610.4	503.3	459.6
Average tariff (R\$/MWh).....	117.5	95.8	87.1
Angra ⁽¹⁾			
Volume (GWh).....	1,050	-	-
Cost (R\$ millions)	142.5	-	-
Average tariff (R\$/MWh).....	135.67	-	-
CCGF			
Volume (GWh).....	1,272	-	-
Cost (R\$ millions)	40.8	-	-
Average tariff (R\$/MWh).....	32.04	-	-
Auctions in the regulated market			
Volume (GWh).....	15,645	19,003	18,344
Cost (R\$ millions) ⁽²⁾	2,305.8	1,927.9	1,585.9
Average tariff (R\$/MWh).....	147.4	101.5	86.45

⁽¹⁾ Prior to 2013, purchases from Angra were made through auctions in the regulated market.

⁽²⁾ These numbers do not include short-term energy purchased through the Electric Energy Trading Chamber – CCEE.

Itaipu

We purchased 5,193 GWh of electricity from Itaipu in 2013, which constituted 9.6% of our total available electricity in 2013 and 19.3% of Copel Distribuição's total available electricity in 2013. Our purchases represented approximately 7.8% of Itaipu's total production. Distribution companies operating under concessions in the Midwest, South and Southeast regions of Brazil are required by law to purchase Brazil's portion of the energy generated by Itaipu in a proportion that correlates with the volume of electricity that they provide to customers. The rates at which these companies are required to purchase Itaipu's energy are fixed to cover Itaipu's operating expenses and payments of principal and interest on Itaipu's U.S. dollar-denominated borrowings, as well as the cost of transmitting the power to their concession areas. These rates are denominated in U.S. dollars, and have been set for 2014 at US\$26.05 per kW per month.

In 2013, we paid an average tariff of R\$117.5 per MWh for energy from Itaipu, compared to R\$95.8 per MWh during 2012. These figures do not include the transmission tariff that distribution companies must pay for the transmission of energy from Itaipu.

ANGRA

Because Eletronuclear renewed the generation concession of Angra under the 2013 Concession Law, the energy generated by Angra is no longer sold in auctions in the regulated market. Rather, under the 2013 Concession Law, this energy is sold to distributors in accordance with the quota system established by that law, such that Copel Distribuição was obligated to purchase 1,050 GWh from Angra in 2013.

Assured Power Quota Contract – CCGF

Under the 2013 Concession Law, certain generation concessionaires renewed their concession contracts, and therefore these concessionaires no longer sell the energy produced by these generation facilities in auctions in the regulated market. Rather, this energy is sold to distribution companies in accordance with the quota system established by the 2013 Concession Law. For more information, see "item 4. The Brazilian Electric Power Industry". Copel Distribuição is obligated to purchase energy from these generation concessionaires that have renewed generation concessions under this quota system. As a result, Copel Distribuição was obligated to purchase 1,272 GWh in CCGF contracts in 2013.

Auctions in the Regulated Market

In 2013, we purchased 15,646 GWh of electricity through auctions in the regulated market. This energy represents 61.1% of the total electricity we purchased. For more information on the regulated market and the free market, see “The Brazilian Power Industry—The New Industry Model Law”.

Sales to Final Customers

During 2013, we supplied approximately 97% of the energy distributed directly to captive customers in the State of Paraná. Our concession area includes 4.2 million customers located in the State of Paraná and in one municipality in the State of Santa Catarina, located south of the State of Paraná. We also sold energy to a total of twenty-seven(27) Free Customers, four (4) of which were located outside of our concession area. During 2013, the total power consumption of our captive customers and Free Customers was 27,008 GWh, a 9.6% increase as compared to 24,652 GWh during 2012. The following table sets forth information regarding our volumes of energy sold to different categories of purchasers for the periods indicated.

Categories of purchaser	Year ended December 31,				
	2013	2012	2011	2010	2009
	(GWh)				
Industrial customers	10,675	8,799	8,377	8,146	7,748
Residential	6,888	6,559	6,224	5,925	5,664
Commercial	5,086	5,058	4,778	4,466	4,200
Rural	2,081	2,025	1,872	1,774	1,680
Other ⁽¹⁾	2,279	2,211	2,122	2,048	1,994
Total ⁽²⁾	<u>27,008</u>	<u>24,652</u>	<u>23,373</u>	<u>22,359</u>	<u>21,286</u>

⁽¹⁾ Includes public services such as street lighting, electricity supply for municipalities and other governmental agencies, as well as our own consumption.

⁽²⁾ Total GWh does not include our energy losses.

The following table sets forth the number of our Final Customers in each category at December 31, 2013.

Category	Number of Final Customers
Industrial	93,517
Residential	3,320,098
Commercial	338,503
Rural	372,835
Other ⁽¹⁾	56,567
Total	<u>4,181,520</u>

⁽¹⁾ Includes street lighting, as well as electricity for municipalities and other governmental agencies, public services and own consumption.

Industrial and commercial customers accounted for approximately 31% and 21%, respectively, of our total revenues from energy sales during 2013. In 2013, 35% of our total revenues from energy sales were from sales to residential customers.

Tariffs

Retail Tariffs. We classify our customers in two groups (“Group A Customers” and “Group B Customers”), based on the voltage level at which electricity is supplied to them and on whether they are considered as industrial, commercial, residential or rural customers. Each customer falls within a certain tariff level defined by law and based on the customer’s classification, although some flexibility is available according to the nature of each customer’s demand. Under Brazilian regulation, low voltage customers such as residential customers (other than Low Income Residential Customers, as defined below) pay the highest tariff rates, followed by 13.8 kV and 34.5 kV voltage customers, usually commercial customers and 69 kV and 138 kV voltage customers, usually industrial customers.

Group A Customers receive electricity at 2.3 kV or higher and the tariffs applied to them are based on the actual voltage level at which energy is supplied and the time of day the energy is supplied. Tariffs are comprised of two components: a “capacity charge” and an “energy charge”. The capacity charge, expressed in *reais* per kW, is based on the higher of (i) contracted firm capacity and (ii) power capacity actually used. The energy charge, expressed in *reais* per MWh, is based on the amount of electricity actually consumed as evidenced by our metering.

Group B Customers receive electricity at less than 2.3 kV, and the tariffs applied to them are comprised solely of an energy charge and are based on the classification of the customer.

ANEEL restates our tariffs annually, generally in June. For more information about the distribution tariff adjustments that have been made by ANEEL in recent years, see “Item 5. Operating and Financial Review and Prospects—Overview—Rates and Prices”.

The following table sets forth the average tariffs for each category of Final Customer in effect in 2013, 2012 and 2011.

Tariffs	2013	2012	2011
	(R\$/MWh)		
Industrial	202.68	220.00	219.71
Residential	257.92	293.62	296.51
Commercial.....	234.05	265.67	267.77
Rural.....	157.28	178.04	177.98
Other customers	180.89	206.89	205.29
All Final Customers.....	219.94	245.80	246.79

Low Income Residential Customers. Under Brazilian law, we are required to provide discounted rates to certain low income residential customers (“Low Income Residential Customers”). In 2013, we served about 390,000 low income residential customers. For servicing these customers, in 2013 we received a R\$55.4 million grant, which was approved by ANEEL, from the Brazilian Federal Government.

The following table sets forth the current minimum discount rates approved by ANEEL for each category of Low Income Residential Customer.

Consumption	Discount from base tariff
Up to 30 kWh per month	65%
From 31 to 100 kWh per month	40%
From 101 to 220 kWh per month	10%

Special Customers. A customer of our distribution business that consumes at least 500 kW (a “Special Customer”) may choose its energy supplier if that supplier derives its energy from alternative sources, such as small hydroelectric plants, wind plants or biomass plants. A Special Customer that chooses to purchase energy from a supplier other than Copel Geração e Transmissão continues to use our distribution system and pay our distribution tariff. However, as an incentive for Special Customers to purchase from alternative sources, we are required to reduce the tariff paid by Special Customers by 50%. This discount is subsidized by the Brazilian federal government, and therefore does not impact the revenues of our distribution business.

Transmission Tariffs. A transmission concessionaire is entitled to annual revenues based on the transmission network it owns and operates. These revenues are annually readjusted according to criteria stipulated in the concession contract. We are directly a party to eight transmission concession contracts, four of which are in the operational stage and four of which are in construction. Not all of the transmission concession contracts employ the same revenue model.

Under our main transmission concession, which involves our main transmission facilities and accounted for 83.4% of our gross transmission revenues in 2013, 10% of the transmission revenues are updated on an annual basis by the IGP-M and the other 90% are subject to the tariff review process.

The first periodic revision related to our main transmission concession scheduled for 2005 was only carried out in 2007, at which point ANEEL reduced the tariffs by 15.08%. This adjustment was applied retroactively to July 2005, and was passed on to our Final Customers until June 2009. In addition, in July 2010 pursuant to a second periodic revision of our principal concession, ANEEL granted provisional approval of a reduction in our transmission tariff by 22.88%, applied to the revenues of new installations in the Interconnected Transmission System, and applied retroactively from July 1, 2009 onward. In June 2011, ANEEL reviewed the figures of the second periodic revision and reduced the annual revenues by 19.94%. The remainder of our annual revenues was subject to adjustment by IGP-M or IPCA, as applicable.

By late 2012, Copel decided to anticipate the extension of its main transmission concession agreement (corresponding to 86% of the Company’s transmission lines in operation) that would expire in 2015, pursuant to the new rules of the 2013 Concession Renewal Law. On December 2012, Copel executed the Third Addendum to the Concession Agreement 060/2001, extending this transmission concession agreement until December 31, 2042. In order to adjust these assets’ annual permitted revenue to the new rules of 2013 Concession Law, ANEEL reduced the transmission tariffs we charged by 38.0%.

In addition, we have three concession agreements for transmission lines and substations in operation, which correspond to an aggregate of 16.6% of our transmission revenues. The amount of revenues we are entitled to receive pursuant to one of these contracts is updated on an annual basis by the IGP-M and is not subject to the tariff review process. However, this amount will be reduced by 50% from the 16th year forward, as of 2016. The other two agreements revenues are subject to the tariff review process and adjustments by the IPCA.

In 2013, our main transmission concession agreement was adjusted by the IPCA, and improvements to the system were approved by ANEEL (increase of 8.9%). Out of the other three transmission concession agreements, one was adjusted by the IPCA (increase of 6.5%), another by the IGP-M (increase of 6.2%), and the last one had a first tariff review (decrease of 8.9%). As a result, the annual permitted revenues for the 2013/2014 cycle for our transmission assets reflects an 8.4% net increase over our annual permitted revenues following the renewal of our main transmission concession in 2012.

Other Businesses

Telecommunications

Copel Telecomunicações S.A. Pursuant to an authorization from the Brazilian National Telecommunication Agency, *Agência Nacional de Telecomunicações* (“ANATEL”), we provide corporate telecommunication services within the State of Paraná and international long-distance services.

We have been offering these services since August 1998 through the use of our fiber optics network (totaling 24.8 thousand km of fiber optic cables by the end of 2013). In 2013, we served the 399 municipalities in the State of Paraná and two additional municipalities in the State of Santa Catarina. In addition to our commercial services, we have also been involved in an educational project aimed at providing public elementary and middle schools in the State of Paraná with broadband internet access.

We provide services to most of the major Brazilian telecommunication companies that operate in the State of Paraná. In total, we have 8,270 clients (3,238 corporate clients which include supermarket, universities, banks, internet service providers and television network and 5,032 retail clients). We also provide a number of different telecommunication services to our subsidiaries.

Sercomtel. We own 45.0% of the stock of Sercomtel Telecomunicações S.A. (“Sercomtel”). Sercomtel holds concessions to provide fixed and mobile telephone services in the municipalities of Londrina and Tamarana in the State of Paraná and has obtained ANATEL’s authorization to provide telephone services to all other cities in the State of Paraná. Currently, Sercomtel operates under an authorization regime in the cities of Cambé, Ibiporã and Araçongas. The city of Rolândia has been serviced since April 2009, and the cities of Apucarana and Maringá have been served since November 2008 and May 2010, respectively. Through an alliance with us, in force since March, 2012 Sercomtel has been providing telephone services to other cities within the State of Paraná, including Curitiba. Sercomtel has concessions from ANATEL to provide cable television in São José in the State of Santa Catarina and Osasco in the State of São Paulo and radio-wave television transmission in Maringá in the State of Paraná.

As of December 31, 2013, Sercomtel, in its concessions area for fixed telephone services, had a total of 247,687 telephone lines installed, of which 195,148 were in operation. As of December 31, 2013, Sercomtel had an installed capacity of 104,804 terminals in its Global System for Mobil Communications GSM system, of which 62,120 were in operation. In December 2009, Sercomtel started providing 3G services with a capacity of 20,000 lines, of which 13,371 are currently installed. Sercomtel 2013 net revenues were R\$135 million, with net loss of R\$60.5 million. As of December 31, 2013, we do not had investment in Sercomtel.

Water and Sewage

In January 2008, Copel bought the 30% stake in Dominó Holdings S.A. (“Dominó Holdings”) held by Sanedo Ltda., a wholly-owned subsidiary of Grupo Veola, for R\$110.2 million. We now own 45.0% of the total outstanding share capital of Dominó Holdings, which in turn owns 39.7% of the voting stock or 34.7% of the total capital of Companhia de Saneamento do Paraná – Sanepar (“Sanepar”), a public utility company that provides 345 urban and rural municipalities and approximately 10.2 million people in the State of Paraná with water distribution services and 6.3 million with sewage services. The State of Paraná owns 60.0% of the outstanding voting capital of Sanepar. Dominó Holdings’ net income in 2013 was R\$220.4 million. The other shareholders of Dominó Holdings are Andrade Gutierrez Concessões S.A. and Daleth Participações S.A., each with 27.5%.

Gas

Gas Distribution

We are engaged in the distribution of natural gas through Companhia Paranaense de Gás (“Compagas”), the company that holds the exclusive rights to supply piped gas in the State of Paraná. Compagas operates the gas distribution network in the State of Paraná, which covered 646 kilometers in 2013, an increase from 602 kilometers covered in 2012. In 2013, Compagas’s net revenues were R\$423.0 million, an increase of 17.8%, compared to 2012, and its net income was R\$18.5 million, a decrease of 11.1% compared to 2012. Compagas’s customers include thermoelectric plants, cogeneration plants, gas stations, other businesses and residences. Compagas is focusing its business strategy on increasing the volume of gas it distributes to customers by marketing the benefits of substituting gas for oil and other fuels as a means of achieving greater energy efficiency. Compagas’ customer base increased 28.1%, to 21,018 in 2013 from 16,405 in 2012.

Compagas recorded an increase of 2.0% in the average daily volume of natural gas distributed to final customers, to 1,042,124 cubic meters per day in 2013 from 1,021,690 cubic meters per day in 2012.

In addition, Compagas makes available its distribution network to transport natural gas to UEG Araucária. In 2013, Petrobras S.A. delivered 477.6 million cubic meters of gas to UEG Araucária, compared to 439.7 million cubic meters in 2012.

As of December 31, 2013, we owned 51.0% of the capital stock of Compagas and accounted for this interest through consolidation, since we control this company. The minority shareholders of Compagas are Petrobras and Mitsui Gás, each of which owns 24.5% of the capital stock of Compagas.

Gas Exploration

On November 28, 2013, the National Petroleum, Natural Gas and Biofuels Agency announced that the consortium composed of Copel (30%), Tucumann Engenharia (10%), Bayar Participações (30%) and Petra Energia (30%) won the right to explore, develop and produce natural gas in four blocks located in the central-south region of the State of Paraná (Paraná Basin), an area of 11,297 km², equivalent to 7% of the total auctioned area. The consortium offered a signing bonus of R\$12.5 million for these four blocks and a minimum exploratory program, which envisages investments of R\$78.1 million. This concession has a term of four years from the execution of the agreement and may be extended for 2 years, totalling six years. The operator of the consortium will be Petra Energia. The acquisition of these blocks are in accordance with Copel's strategies, and allows the access to gas production, which may be used in thermal generation plants to be constructed alongside the gas wells.

Services

We own 40.0% of the share capital of Escoelectric Ltda. ("ESCO"), a company that assists customers with their electricity needs through the provision of consulting services, planning and project implementation, automation services, operation, maintenance, training and technical assistance. The *Instituto de Tecnologia para o Desenvolvimento – LACTEC* owns the remaining 60.0% of the share capital. ESCO also markets products and services aimed at obtaining greater energy efficiency and energy conservation. During 2013, ESCO recorded a net loss of R\$0.1 million. All operations of this company were discontinued in 2008, and we plan to liquidate ESCO in the coming years.

Concessions

We operate under concessions granted by the Brazilian government for our generation, transmission and distribution businesses. Under Brazilian law, concessions are subject to competitive bidding processes at the end of their respective terms.

2013 Concession Renewal Law

Until recently, the Brazilian rules governing generation concessions gave concessionaires the right to renew for an additional 20 years concession contracts that were entered into prior to 2003. For transmission and distribution concessions granted after 1995, concessionaires had the right to renew these contracts for an additional 30 years.

On September 11, 2012, the Brazilian government enacted a law ("2013 Concession Renewal Law" which had been preceded by a provisional measure (*medida provisória*)), which significantly changed the conditions under which concessionaires are able to renew concession contracts. Under the 2013 Concession Renewal Law, generation, transmission and distribution concessionaires may renew the concessions that were in effect as of 1995 (and, in the case of generation facilities, generation concession contracts entered into prior to 2003) for an additional period of 30 years (or an additional 20-year period in the case thermal plants), provided that the concessionaire agrees to amend the concession contract to reflect a series of new conditions. The purpose of this new regime is to substantially reduce the cost of electricity paid by Final Customers and to stimulate economic growth. Under the 2013 Concession Renewal Law, concessionaires must decide 60 months before the end of each concession term whether to amend and renew a concession contract or to terminate each concession contract at the end of its respective term. For concession contracts expiring within 60 months of September 12, 2012, concessionaires were required to make this decision by October 15, 2012. So far, for our contracts expiring within this period, we have decided not to renew our generation contracts, and we decided to request the renewal of our transmission and distribution contracts.

For concessionaires of existing generation facilities, the 2013 Concession Renewal Law changes the scope of these concession contracts. Previously, a generation concessionaire had the right to sell the energy generated by the facilities subject to its concession for profit. In contrast, generation concessions renewed pursuant to the 2013 Concession Renewal Law will not grant concessionaires the right to sell the energy generated by these facilities. Instead, these concessions will only cover the operation and maintenance of the generation facilities. The energy generated by these facilities will be allocated by the Brazilian federal government in quotas to the regulated market, for purchase by distribution concessionaires. For new generation facilities, on the other hand, the concessionaire will still have the right to sell the energy produced by the generation facility.

In addition to changing the scope of generation concessions, the 2013 Concession Renewal Law establishes a new tariff regime that significantly affects the treatment of amounts to be invested by concessionaires to improve and maintain generation plants. Because the 2013 Concession Renewal Law requires that ANEEL pre-approve investments made by generation concessionaires in order to receive compensation, the new law substantially increases the risk that a generation concessionaire either will not be able to make certain investments in a timely manner, or will not be able to recover the amounts invested. These changes are expected to materially reduce the margins of generation concessionaires and negatively affect their financial condition. In addition, ANEEL is expected to issue further regulations for generation concessions under the 2013 Concession Renewal Law, and it is not clear what the consequences of these regulations will be.

The 2013 Concession Renewal Law affects transmission and distribution concessions differently. The principal change is that amounts invested related to modernization projects, structural reforms, equipment and contingencies will be subject to prior ANEEL approval. However, the 2013 Concession Renewal Law does not affect the manner in which distribution and transmission concessionaires may recover amounts invested in transmission infrastructure.

The 2013 Concession Renewal Law applies to all generation, transmission and distribution contracts that were in effect as of 1995 (and, in the case of generation concessions, entered into prior to 2003), regardless of whether a contract grants to the concessionaire the right to renew a concession on its original terms. For example, several of our concession contracts contain provisions allowing us to renew these concessions for a period of 20 years. Under the 2013 Concession Renewal Law, in order to renew these contracts, we nonetheless would be required to accept the application of the conditions imposed by the 2013 Concession Renewal Law to the contract, and the concession contract would then be renewed for 30 years, rather than 20. If we choose to renew a concession contract that contains a renewal provision, we would be indemnified by the Brazilian government using funds from the RGR Fund (see Energy Sector Regulatory Charges) in an amount equal to the portion of our investments related to the concession that have not yet been amortized or depreciated, as calculated by ANEEL.

If a concessionaire decides not to accept the new tariff regime with respect to a concession contract and therefore decides not to renew the contract, the concession will terminate at the end of its original term, and the Brazilian government will conduct a new competitive bidding process for the concession. The original concessionaire may participate in the new competitive bidding process.

Generation Concessions

Out of our 19 generation concessions, we have four generation concessions (Rios dos Patos, Capivari Cachoeira, Mourão and Chopim I, with respective installed capacity of 1.8MW, 260.0 MW, 8.2 MW and 1.8MW) that are set to expire between 2014 and 2015. Our management determined that renewal of these generation concessions under the terms of the 2013 Concession Renewal Law would be disadvantageous to our generation business. Therefore, our management decided to allow these concession contracts to expire, and to participate in the subsequent competitive bidding process for these concessions.

Under the rules in effect prior to the enactment of the 2013 Concession Renewal Law, 13 of our generation plants have had their concessions extended by Brazilian authorities since 1999, in each case for the 20-year term allowed by previous regulation. Under the previous law, these concessions were not eligible for a second extension; however, as described above, the 2013 Concession Renewal Law now allows extension of these concessions for an addition 30 years period if we choose to accept the application of the new tariff regime.

Concessions for generation projects, granted after 2003, such as the Mauá Hydroelectric Plant, are non-renewable, meaning that upon expiration of their 35-year term, the concession will be granted subject to a competitive bidding process. The 2013 Concession Renewal Law does not impact generation concessions granted after 2003.

The following tables sets forth information relating to the terms as well as the renewals of our main generation concessions.

Hydroelectric Plants	Initial concession date	First expiration date	Extension Date	Final expiration date
Rio dos Patos ⁽¹⁾	February 1984	February 2014	Not subject to extension	February 2014
Capivari Cachoeira	April 1965	May 1995	June 1999	July 2015
Mourão	January 1964	January 1994	June 1999	July 2015
Chopim I	March 1964	March 1994	June 1999	July 2015
Foz do Areia	May 1973	May 2003	January 2001	May 2023
São Jorge	December 1974	December 2004	April 2003	December 2024
Apucarantina	October 1975	October 2005	April 2003	October 2025
Guaricana	August 1976	August 2006	August 2005	August 2026
Chaminé	August 1976	August 2006	August 2005	August 2026
Segredo	November 1979	November 2009	September 2009	November 2029
Derivação do Rio Jordão	November 1979	November 2009	September 2009	November 2029
Salto Caxias	May 1980	May 2010	September 2009	May 2030
Cavernoso	January 1981	January 2011	September 2009	January 2031
Marumbi	March 1956	Under review by ANEEL	Under review by ANEEL	Under review by ANEEL
Melissa	May 2002	Indefinitely	-	-
Pitangui	May 2002	Indefinitely	-	-
Salto do Vau	May 2002	Indefinitely	-	-
Mauá ⁽²⁾	June 2007	July 2042	Not extendable	-
Colíder ⁽³⁾	January 2011	January 2046	Not extendable	-
Cavernoso II	February 2011	February 2046	Not extendable	-

⁽¹⁾ The concession for Rio dos Patos expired in February 2014 and was not renewed. Until a new competitive bidding process is concluded with respect to this facility, we will continue to operate it under the terms and conditions of the 2013 Concession Renewal Law.

⁽²⁾ Mauá was constructed by Consórcio Energético Cruzeiro do Sul, of which Copel owns Copel owns 51.0% and Eletrosul owns the remaining 49.0%

⁽³⁾ Expected to begin operations in June 2015.

Thermoelectric Plants	Initial concession date	First expiration date	Extension date	Final expiration date
Figueira	March 1969	March 1999	June 1999	March 2019

We have ownership interests in five other generation projects. The following table sets forth information relating to the terms of the concessions of the generation facilities in which we had an ownership interest as of December 31, 2013.

Generation Facility	Company	Initial concession date	Expiration date	Extension
Dona Francisca	Dona Francisca Energética SA – DFESA	July 1979	August 2033	Possible
Santa Clara and Fundão	Centrais Elétricas do Rio Jordão S.A. - ELEJOR	October 2001	October 2036	Possible
Araucária	UEG Araucária Ltda.	December 1999	December 2029	Possible
Foz do Chopim	Foz do Chopim Energética	April 2000	April 2030	Possible
São Bento ⁽¹⁾	São Bento Energia	April 2011	April 2046	Not Possible

⁽¹⁾ WPP Olho d'Água S.A., WPP Boa Vista S.A., WPP Farol S.A. and WPP São Bento do Norte S.A.

Transmission Concessions

Pursuant to the 2013 Concession Renewal Law and the terms of our transmission concessions, we have the right to request 30-year extensions of the concessions from ANEEL, provided that such request is delivered within 60 months prior to the expiration of the contract in question. Our principal transmission concession, from which we derived 83.4% of our transmission revenues in 2013, has been renewed pursuant to the 2013 Concession Renewal Law, and will therefore now expire in December 2042.

In addition, we have three other concession contracts for transmission lines and substations that are currently in operation, and are set to expire in July 2031, March 2038 and November 2039, respectively. We derived an aggregate of 16.6% of our transmission revenues from these three contracts in 2013. In accordance with the 2013 Concession Renewal Law, each of these contracts can be extended for an additional 30-year period.

We intend to continue requesting extensions for all of our transmission concessions.

The following table sets forth certain information relating to the terms and extension terms of our main transmission concessions:

Transmission Facility	Initial concession Date	First expiration Date	Possibility of extension	Expected (or final) expiration date
Main transmission concession	July 2001	July 2015	Extended	December 2042
Bateias – Jaguariáiva Transmission Line	August 2001	August 2031	Possible	August 2061
Bateias – Pilarzinho Transmission Line	March 2008	March 2038	Possible	March 2068
Foz do Iguaçu – Cascavel Oeste Transmission Line	November 2009	November 2039	Possible	November 2069
Araraquara 2 – Taubaté ⁽¹⁾	October 2010	October 2040	Possible	October 2070
Cerquilha III ⁽¹⁾	October 2010	October 2040	Possible	October 2070
Foz do Chopim - Salto Osorio ⁽¹⁾	August 2012	August 2042	Possible	August 2072
Assis – Paraguaçu Palista II ⁽¹⁾	February 2013	February 2043	Possible	February 2073
Bateias – Curitiba Norte ⁽¹⁾	January 2014	January 2044	Possible	January 2074

⁽¹⁾ Facility under construction.

We have ownership interests in seven other transmission projects, through Special Purpose Companies. The following table sets forth information relating to the terms of the concessions of the transmission facilities in which we had an ownership interest as of December 31, 2013.

Transmission Facility	Special Purpose Company (SPC)	Initial concession date	First Expiration date	Possibility of Extension	Expected (or final) expiration date
Cascavel Oeste – Umuarama ⁽¹⁾	Costa Oeste Transmissora de Energia S.A	January 2012	January 2042	Possible	January 2072
Nova Santa Rita Camaquã 3 ⁽¹⁾	Transmissora Sul Brasileira de Energia S.A	May 2012	May 2042	Possible	May 2072
Umuarama Guaira ⁽¹⁾	Caiuá Transmissora de Energia S.A	May 2012	May 2042	Possible	May 2072
Curitiba Curitiba Leste ⁽¹⁾	Marumbi Transmissora de Energia S.A.	May 2012	May 2042	Possible	May 2072
Açailândia Miranda II ⁽¹⁾	Integração Maranhense Transmissora de Energia S.A.	May 2012	May 2042	Possible	May 2072
Paranaíta – Ribeirãozinho ⁽¹⁾	Matrinchã Transmissora de Energia S.A.	May 2012	May 2042	Possible	May 2072
Ribeirãozinho – Marimbondo II ⁽¹⁾	Guaraciaba Transmissora de Energia S.A	May 2012	May 2042	Possible	May 2072
Barreiras II – Pirapora II ⁽¹⁾	Paranaíba Transmissora de Energia S.A	May 2013	May 2043	Possible	May 2073
Araraquara II – Bateias	Mata de Santa Genebra Transmissora S.A	(2)	-	-	-

⁽¹⁾ Facility under construction.

⁽²⁾ Copel won the bidding process for this concession, but the concession contract has not yet been signed.

Distribution Concessions

We operate our distribution business pursuant to a concession contract that was signed on June 24, 1999, and is set to expire on July 7, 2015. Under the 2013 Concession Renewal Law, we have the right to renew this concession for an additional 30-year period by accepting an amendment to the concession contract. Notwithstanding the changes introduced by the 2013 Concession Renewal Law, we concluded that the renewal of our distribution concession in accordance with the 2013 Concession Renewal Law would not materially affect our results of operations. Accordingly, after a careful evaluation of the conditions imposed by the Brazilian federal government for the extension of our distribution concession, we decided to request the renewal of this contract. However we have not yet received the amendment to be proposed by the granting authority. Therefore, we cannot guarantee that we will be able to renew our distribution concession contract on terms that are favorable to us.

The granting authority must issue its decision on this matter no later than 18 months before the concession's expiration date. Under our main distribution contract, ANEEL should have responded to our request by January 7, 2014, but the fact that we did not receive a response from ANEEL by this deadline does not itself impact our ability to renew this contract under the 2013 Concession Renewal Law.

Competition

We have concessions to distribute electricity in substantially all of the State of Paraná, and we do not face competition from the five utilities that have been granted concessions for the remainder of the state. As a result of legislation passed in 2004, however, other suppliers are able to offer electricity to our existing Free Customers at prices lower than those we currently charge. However, when a captive customer becomes a Free Customer, it is still required to pay to use our distribution system. The reduction in net revenue of our distribution business is therefore compensated with a reduction in our costs for energy that we would otherwise acquire to sell to these customers.

Furthermore, under certain circumstances, Free Customers may be entitled to connect directly to the Interconnected Transmission System rather than our distribution system. Unlike a Free Customer's choice of another energy supplier, in which case that customer must still use our distribution network and thus pay us the appropriate tariff, our distribution business ceases to collect tariffs from a customer that connects directly to the Interconnected Transmission System. The migration of customers from the

distribution network to the transmission network therefore results in the loss of revenues for our distribution business.

Distribution and transmission companies are required to permit the use of their lines and ancillary facilities for the distribution and transmission of electricity by other parties upon payment of a tariff.

Free Customers are limited to:

- existing customers (those connected to the distribution network before July 1995) with demand of at least 3 MW and supplied at voltage levels equal to or greater than 69 kV;
- new customers (those connected to the distribution network after July 1995) with demand of at least 3 MW at any voltage; and
- customers with demand of at least 500 kW that opt to be supplied energy by means of alternative sources, such as wind power projects, small hydroelectric power plants or biomass projects.

As of December 31, 2013, we had twenty-seven (27) Free Customers, representing approximately 7.1 % of our consolidated operating revenue and approximately 15.1 % of the total quantity of electricity sold by us. Through March 31, 2014, we have reached agreements with 4 additional Free Customers. Our contracts with Free Customers are typically for periods of greater than two and less than five years.

Approximately 0.5% of the megawatts sold under contracts to such customers are set to expire in 2014. In addition, as of December 31, 2013, we had 38 customers that were eligible to purchase energy as Free Customers. These customers represented approximately 2.2% of the total volume of electricity we sold in 2013, and approximately 4.7 % of our total operating revenue from energy sales for that year.

In the generation business, any producer may be granted a concession to build or manage thermoelectric and small hydroelectric generating facilities in the State of Paraná. Brazilian law provides for competitive bidding for generation concessions for hydroelectric facilities with capacity higher than 30 MW.

In the transmission business, Brazilian law provides for competitive bidding for transmission concessions for facilities with voltage of 230 kV or greater that will form part of the Interconnected Transmission System.

Brazilian law requires that all of our generation, transmission and distribution concessions be subject to a competitive bidding process upon their expiration. We may face significant competition from third parties in bidding for renewal of such concessions or for any new concessions. The loss of certain concessions could adversely affect our results of operations.

Environment

Our construction and operation activities for the generation, transmission and distribution of electric energy, distribution of natural gas and our telecommunications operations are subject to federal, state and municipal environmental regulations.

All of our activities are subject to our Sustainability and Corporate Citizenship Policy, which integrates corporate planning and sustainability management in order to optimize our financial, social and environmental performance.

We renew our environmental licenses in accordance with the procedures of the competent Brazilian environmental authorities. We are in compliance with all material environmental regulations and our more recent (post-1986) generation, transmission and distribution projects are in compliance with federal, state and municipal regulations.

To remedy compliance issues for environmental licenses of transmission facilities predating the 1986 environmental licensing requirements, we and the environmental regulator for the State of Paraná (“*Instituto Ambiental do Paraná – IAP*”) executed in 2010 an agreement in which we committed to complete an environmental licensing process for several of our facilities by 2012. This environmental licensing process for all of our transmission facilities is complete since 2012.

In 2013, fifteen compulsory environmental audits (*Auditorias Ambientais Compulsórias – AACs*) were performed, one of which was of a hydroelectric power plant, six of which were of small hydroelectric power plants, six of which were of transmission lines and two of which were of transmission substation. These compulsory environmental inspections are required by law as a condition for the renewal of environmental licenses. These inspections also allow us to obtain an independent assessment of our environmental policies and compliance with laws and regulations.

The construction of Cavernoso II Small Hydroelectric Plant began in April 2011. In 2012, such plant and its respective transmission line obtained environmental operational licenses and in May 2013, Cavernoso II received an authorization from ANEEL to commence its commercial operation. To comply with all the requirements of the environmental authorities necessary for the licensing of the project, we drafted a Basic Environmental Plan (*Plano Básico Ambiental – PBA*), consisting of seventeen social and environmental programs. By the end of 2013, fourteen of these programs were completed.

In December 2010, we received the site licenses to begin construction of the Colíder Hydroelectric Plant. These licenses were granted after we received approval of Colíder Basic Environmental Plan, which contains thirty-two programs and sub-programs designed to prevent, mitigate and offset any negative environmental and social impact of this project, while enhancing the positive effects of the project. During 2013 we continued to implement the programs contained in the Colíder Basic Environmental Plan.

We are involved in environmental and social programs including the “Social and Environmental Reservoirs Management Program” (*Programa de Gestão Socioambiental de Reservatórios*). The Social and Environmental Reservoirs Management Program aims to improve the quality and availability of water in Copel’s reservoirs through managing and monitoring of watersheds.

To reinforce our commitment to environmental, social and economic sustainability, we are signatories to the United Nations Global Compact, and we actively seek to implement the principles of the Global Compact in our daily activities and our corporate culture.

Plant, Property and Equipment

Our principal properties consist of the generation and telecommunications facilities described in “Business—Generation and Purchasers of Energy”. Of the net book value of our total property, plant and equipment at December 31, 2013 (including construction in progress), generation facilities represented 82.5%, telecommunications represented 4.6%, Elejor represented 5.9%, Araucária Thermoelectric Plant represented 5.3% and the wind farms represented 1.7%. We believe that our facilities generally are adequate for our present needs and suitable for their intended purposes.

The Expropriation Process

Although we receive concessions from the Brazilian government to construct hydroelectric facilities, we do not receive title to the land on which the facilities are to be located. In order for us to construct, the land must be expropriated. The land required for the implementation of a hydroelectric facility may only be expropriated pursuant to specific legislation. We generally negotiate with communities and individual owners occupying the land so as to resettle such communities in other areas and to compensate individual owners. Our policy of resettlement and compensation generally has resulted in the settlement of expropriation disputes. At December 31, 2013, we estimated our liability related to the settlement of such disputes to be approximately R\$40.6 million. This amount is in addition to amounts for land expropriation included in each of our hydroelectric facility budgets.

THE BRAZILIAN ELECTRIC POWER INDUSTRY

General

In December 2013, the MME approved a ten-year expansion plan under which Brazil's installed power generation capacity is projected to increase to 183.1 GW by 2022, of which 65.0% is projected to be hydroelectric, 14.2% is projected to be thermoelectric, 1.9% is projected to be nuclear and 18.9% is projected to be from alternative energy sources such as wind, biomass and small hydroelectric plants.

Approximately 38% of the installed power generating capacity of Brazil is currently owned by Eletrobras (including its wholly-owned subsidiary Eletronuclear and its 50.0% participation interest in Itaipu). Through its subsidiaries, Eletrobras is also responsible for 56% of the installed transmission capacity equal or above 230 kV within Brazil. In addition, some Brazilian states control entities involved in the generation, transmission and distribution of electricity. They include Companhia Energética de São Paulo – CESP, Companhia Energética de Minas Gerais – CEMIG and us, among others.

Principal Regulatory Authorities

Ministry of Mines and Energy – MME

The MME is the primary regulator of the power industry and acts as the Brazilian governmental authority empowered with policymaking, regulatory and supervisory powers.

National Energy Policy Council – CNPE

The National Energy Policy Council (*Conselho Nacional de Política Energética* - “CNPE”), council created in August 1997, provides advice to the President of the Republic of Brazil regarding the development and creation of a national energy policy. The CNPE is chaired by the MME and is composed of six ministers of the Federal Government and three members chosen by the President of Brazil. The CNPE was created in order to optimize the use of energy resources in Brazil and ensure the national supply of electricity.

National Electric Energy Agency – ANEEL

The Brazilian power industry is regulated by ANEEL, an independent federal regulatory agency. ANEEL's primary responsibility is to regulate and supervise the power industry in accordance with the policies set forth by the MME and to respond to matters which are delegated to it by the Brazilian government and the MME. ANEEL's current responsibilities include, among others, (i) administering concessions for electric energy generation, transmission and distribution, including the approval of electricity tariffs, (ii) enacting regulations for the electric energy industry, (iii) implementing and regulating the utilization of energy sources, including the use of hydroelectric power, (iv) promoting, monitoring and managing the public bidding process for new concessions, (v) settling administrative disputes among electricity sector entities and electricity purchasers, and (vi) defining the criteria and methodology for the determination of transmission and distribution tariffs.

National Electric System Operator – ONS

The ONS (*Operador Nacional do Sistema Elétrico*) is a non-profit, private entity comprised of electric utilities engaged in the generation, transmission and distribution of electric energy, in addition to other private participants such as importers, exporters and Free Customers. The primary role of the ONS is to coordinate and regulate the generation and transmission operations in the Interconnected Transmission System, subject to the ANEEL's regulation and supervision. The objectives and principal responsibilities of the ONS include, among others, operational planning for the generation industry, organizing the use of the domestic Interconnected Transmission System and international interconnections, ensuring that industry participants have access to the transmission network in a non-discriminatory manner, assisting in the expansion of the electric energy system, proposing plans to the MME for extensions of the Interconnected Transmission System, and formulating regulations regarding the operation of the transmission system for ANEEL's approval.

Electric Energy Trading Chamber – CCEE

The CCEE (*Câmara de Comercialização de Energia Elétrica*) is a non-profit, private entity subject to authorization, inspection and regulation by ANEEL. The CCEE is responsible for, among other things, (i) registering all energy purchase agreements in the regulated market, *Contratos de Comercialização de Energia no Ambiente Regulado* (“CCEAR”), and registering the agreements resulting from market adjustments and the volume of electricity contracted in the free market, and (ii) accounting for and clearing short-term transactions. The CCEE is composed of holders of concessions, permissions and authorizations in the electricity industry and Free Customers, and its board of directors is composed of four members appointed by these agents and one by the MME, who is the chairman of the board of directors.

Energy Sector Monitoring Committee – CMSE

The CMSE (*Comitê de Monitoramento do Setor Elétrico*) was created by the New Industry Model Law to monitor service conditions and to recommend preventative measures to ensure energy supply adequacy, including demand-side action and contracting of energy reserves.

Energy Research Company – EPE

In August 2004, the Brazilian government created the Energy Research Company (*Empresa de Pesquisa Energética* - “EPE”), a federal public company responsible for conducting strategic studies and research in energy sector, including the industries of electric power, petroleum, natural gas, coal and renewable energy sources. The studies and research conducted by the EPE subsidize the formulation of energy policy by the MME.

Eletrobras

Eletrobras serves as a holding company for the following federally-owned energy companies: Companhia Hidro Elétrica do São Francisco – CHESF, Furnas, Eletrosul, Centrais Elétricas do Norte do Brasil S.A. – Eletronorte, Companhia de Geração Térmica de Energia Elétrica – CGTEE and Eletrobras Termonuclear S.A. – Eletronuclear. Eletrobras manages funds generated by some of the regulatory charges, as well as the commercialization of energy from Itaipu and from alternative energy sources, under the Proinfa Program.

Historical Background of Industry Legislation

The Brazilian constitution provides that the development, use and sale of electric energy may be undertaken directly by the Brazilian government or indirectly through the granting of concessions, permissions or authorizations. Historically, the Brazilian electric energy industry has been dominated by generation, transmission and distribution concessionaires controlled by the federal or state governments. Since 1995, the Brazilian government has taken a number of measures to reform the Brazilian electric energy industry. In general, these measures were aimed at increasing the role of private investment and eliminating foreign investment restrictions in order to increase overall competition and productivity in the industry.

The following is a summary of the principal developments in the regulatory and legal framework of the Brazilian electricity sector:

- In 1995: (i) the Brazilian constitution was amended to authorize foreign investment in power generation; (ii) the Concessions Law was enacted, requiring that all concessions for energy related services be granted through public bidding processes, providing for the creation of independent producers and Free Customers and granting electricity suppliers and Free Customers open access to all distribution and transmission systems; and (iii) a portion of the controlling interests held by Eletrobras and various Brazilian states in generation and distribution companies were sold to private investors.
- In 1998, the Power Industry Law was enacted, providing for, among other things, the creation of the ONS and the appointment of Banco Nacional de Desenvolvimento

Econômico e Social (“BNDES”), a development bank wholly owned by the Brazilian government, as the financing agent of the power industry, especially to support new generation projects.

- In 2001, Brazil faced a serious energy crisis that lasted through February 2002. During this period, the Brazilian government implemented an energy-rationing program in the most adversely affected regions, namely the southeast, central-west and northeast regions of Brazil. In April 2002, the Brazilian government for the first time implemented the extraordinary tariff readjustment to compensate the electricity suppliers for financial losses incurred as a result of the rationing period.
- In 2004, the Brazilian government enacted the New Industry Model Law, in an effort to further restructure the power industry with the ultimate goal of providing customers with a stable supply of electricity at reasonable prices.
- In 2012, the Brazilian government enacted two Provisional Measures that brought important changes to the Brazilian electricity regulatory framework: (i) Provisional Measure no. 577, dated as of August 29, 2012 (converted into Law no. 12,767 dated as of December 27, 2012); and (ii) Provisional Measure no. 579, dated September 11, 2012 (converted into the 2013 Concession Renewal Law). Provisional Measure no. 577 established the obligation of the granting authority to render electricity services in the event of termination of an electricity concession, as well as new rules related to the intervention by the granting authority in electricity concessions to ensure adequate performance of utility services. The 2013 Concession Renewal Law established new rules that changed concessionaires’ ability to renew concession contracts. Under this Law, generation and distribution concessionaires may renew their concession contracts that were in effect as of 1995 and transmission concessionaires may renew their concession contracts that were in effect prior to and as of 1995 for an additional period of 30 years, provided that the concessionaires agree to amend the concession contracts to reflect a new tariff regime to be established by ANEEL.

Concessions

The companies or consortia that wish to build or operate facilities for generation, transmission or distribution of electricity in Brazil must participate in a competitive bidding process or must apply to the MME or to ANEEL for a concession, permission or authorization, as the case may be. Concessions grant rights to generate, transmit or distribute electricity in a specific concession area for a specified period. This period is 35 years for generation concessions granted after 2003, and 30 years for new transmission or distribution concessions. In accordance with the 2013 Concession Renewal Law, generation and distribution concessionaires may renew their concession contracts that were in effect as of 1995 and transmission concessionaires may renew their concession contracts that were in effect prior to and as of 1995 for an additional period of 30 years, provided that the concessionaires agree to amend the concession contracts to reflect certain new terms and conditions established by the law. The 2013 Concession Renewal Law does not impact generation concessions granted after 2003, as they are non-renewable.

The Concessions Law establishes, among other things, the conditions that the concessionaire must comply with when providing electricity services, customers’ rights and the respective rights and obligations of the concessionaire and the granting authority. In addition to the Concessions Law, the concessionaire must also comply with the general regulations governing the electricity sector. The main provisions of the Concessions Law and related ANEEL regulations are summarized as follows:

Adequate service. The concessionaire must render adequate service to all customers in its concession and must maintain certain standards with respect to regularity, continuity, efficiency, safety and accessibility.

Use of land. The concessionaire may use public land or request that the granting authority expropriate necessary private land for the benefit of the concessionaire. In the latter case, the concessionaire must compensate the affected private landowners.

Strict liability. The concessionaire is strictly liable for all damages arising from the provision of its services.

Changes in controlling interest. The granting authority must approve any direct or indirect change in the concessionaire's controlling interest.

Intervention by the granting authority. The granting authority may intervene in the concession, through ANEEL, to ensure the adequate performance of services, as well as the full compliance with applicable contractual and regulatory provisions. Once ANEEL determines the intervention, limited to one year, but extendable for additional two years, it must designate a third party to manage the concession. Within 30 days of the determination of the intervention, the granting authority's representative must commence an administrative proceeding in which the concessionaire is entitled to contest the intervention. The administrative proceeding must be completed within 1 year. The shareholders of the concessionaire under intervention must submit to ANEEL, within 60 days of the determination of the intervention, a recovery and correction plan. If ANEEL approves such plan, the intervention is terminated. In the event ANEEL does not approve the plan, the granting authority may: (i) declare forfeiture of the concession; (ii) determine the spin-off, incorporation, merger or transformation of the concessionaire, incorporation of a subsidiary or assignment of quotas/shares to a third party; (iii) determine the change of control of the concessionaire; (iv) determine a capital increase of the concessionaire; or (v) determine the incorporation of an special purpose company.

Termination of the concession. The termination of the concession agreement may occur by means of expropriation and/or forfeiture. Expropriation is the early termination of a concession for reasons related to the public interest. An expropriation must be specifically approved by law or decree. Forfeiture must be declared by the granting authority after ANEEL or the MME has made a final administrative ruling that the concessionaire, among other things, (i) has failed to render adequate service or comply with an applicable law or regulation, (ii) no longer has the technical, financial or economic capacity to provide adequate service, or (iii) has not complied with penalties assessed by the granting authority. The concessionaire may contest any expropriation or forfeiture in the courts.

A concession agreement may also be terminated (i) through the mutual agreement of the parties, (ii) upon the bankruptcy or dissolution of the concessionaire, or (iii) following a final, non-appealable judicial decision rendered in a proceeding filed by the concessionaire.

When a concession agreement is terminated, all assets, rights and privileges that are materially related to the rendering of electricity services revert to the Brazilian government. Following termination, the concessionaire is entitled to indemnification for its investments in assets that have not been fully amortized or depreciated, after deduction of any amounts due by the concessionaire related to fines and damages.

Expiration. When the concession expires, all assets, rights and privileges that are materially related to the rendering of the electricity services revert to the Brazilian government. Following the expiration, the concessionaire is entitled to indemnification for its investments in assets that have not been fully amortized or depreciated as of the expiration.

Penalties. ANEEL regulations govern the imposition of sanctions against electricity sector participants and determine the appropriate penalties based on the nature and importance of the breach (including warnings, fines, temporary suspension from the right to participate in bidding procedures for new concessions, licenses or authorizations and forfeiture). For each infraction, the fines can be up to 2% of the revenue (net of value-added tax and services tax) of the concessionaire in the 12-month period preceding any penalty notice. Some infractions that may result in fines relate to the failure to request ANEEL's approval to, among other things: (i) execute certain contracts between related parties; (ii) sell or assign the assets related to services rendered as well as impose any encumbrance (including any security, bond, guaranty, pledge and mortgage) on these or any other assets related to the concession or the revenues from electricity services; (iii) effect a change in the controlling interest of the holder of the authorization or concession; and (iv) make certain changes to the bylaws. In the case of contracts executed between related parties that are submitted for ANEEL's approval, ANEEL may seek to impose restrictions on the terms and conditions of these contracts and, in extreme circumstances, require that the contract be rescinded.

The New Industry Model Law

The New Industry Model Law introduced material changes to the regulation of the electric energy industry, in order to (i) provide incentives to private and public entities to build and maintain generation capacity, and (ii) ensure the supply of electricity in Brazil at low tariffs through a competitive electricity public bidding process. The key elements of the New Industry Model Law include:

- Ensuring the existence of two markets: (i) the regulated market, a more stable market in terms of supply of electricity, and (ii) a market specifically addressed to certain participants (i.e., Free Customers and energy-trading companies), called the free market, that permits a certain degree of competition vis-à-vis the regulated market.
- Restrictions on certain distribution activities, including requiring distributors to focus on their core business of distribution activities in order to promote more efficient and reliable services to captive customers.
- Elimination of self-dealing by providing an incentive for distributors to purchase electricity at the lowest available prices rather than buying electricity from related parties.
- Upholding contracts executed prior to the New Industry Model Law, in order to provide regulatory stability for transactions carried out before its enactment.

The New Industry Model Law excludes Eletrobras and its subsidiaries from the National Privatization Program, which was created by the Brazilian government in 1990 to promote the privatization process of state-owned companies.

For concessionaires of existing generation facilities, the 2013 Concession Renewal Law changes the nature of these concession contracts. Previously, a generation concessionaire had the right to sell the energy generated by the facilities subject to its concession for profit. In contrast, generation concessions for existing generation facilities (including those renewed pursuant to the 2013 Concession Renewal Law) will not grant concessionaires the right to sell the energy generated by these facilities. Instead, these concessions will only cover the operation and maintenance of the generation facilities. The energy generated by these facilities will be allocated by the Brazilian federal government in quotas to the regulated market, for purchase by distribution concessionaires. For new generation facilities, the concessionaire will have the right to sell the energy produced by the facility.

Parallel Environment for the Trading of Electric Energy

Under the New Industry Model Law, the purchase and sale of electricity is carried out in two different segments: (i) the regulated market, which contemplates that distribution companies will purchase by public auction all the electricity they need to supply their customers; and (ii) the free market, which provides for the purchase of electricity by non-regulated entities (such as the Free Customers and energy traders).

However, the electricity arising from the following is subject to specific rules different from the rules applicable to the regulated market and to the free market (i) low capacity generation projects located near consumption points (such as certain co-generation plants and small hydroelectric power plants), (ii) plants qualified under the Proinfa Program, an initiative established by the Brazilian government to create incentives for the development of alternative energy sources, such as wind power projects, small hydroelectric power plants and biomass projects, (iii) Itaipu, (iv) Angra 1 and 2 as from 2013 and (v) those generation concession contracts extended or subject to a new bidding process in accordance with the 2013 Concession Renewal Law.

The electricity generated by Itaipu will continue to be sold by Eletrobras to the distribution concessionaires operating in the South, Southeast and Midwest portions of the Interconnected Transmission System. The rates at which Itaipu-generated electricity is traded are denominated in U.S. dollars and established pursuant to a treaty between Brazil and Paraguay. As a consequence, Itaipu rates rise or fall in accordance with the variation of the *real*/U.S. dollar exchange rate. Changes in the price of Itaipu-generated electricity are, however, subject to the Parcel A cost recovery mechanism discussed below under “Distribution Tariffs”.

Beginning January 2013, the energy generated by nuclear plants Angra 1 and 2 started to be sold by Eletronuclear to the distribution concessionaires at a rate calculated by ANEEL.

The New Industry Model Law does not affect bilateral agreements entered into before 2004.

The Regulated Market

In the regulated market, distribution companies must purchase their expected electricity requirements for their captive customers in the regulated market through a public auction process. The auction process is administered by ANEEL, either directly or through the CCEE, under certain guidelines provided by the MME.

Electricity purchases are made through two types of bilateral agreements: Energy Agreements (*Contratos de Quantidade de Energia*) and Capacity Agreements (*Contratos de Disponibilidade de Energia*). Under an Energy Agreement, a generator commits to supply a certain amount of electricity and assumes the risk that its electricity supply could be adversely affected by hydrological conditions and low reservoir levels, among other conditions, which could interrupt the supply of electricity. In such case, the generator would be required to purchase electricity elsewhere in order to comply with its supply commitments. Under a Capacity Agreement, a generator commits to make a certain amount of capacity available to the regulated market. In such case, the generator's revenue is guaranteed and the distributors must bear the risk of a supply shortage.

The estimate of demand from distributors is the principal factor in determining how much electricity the system as a whole will contract. A distributor is obligated to contract all of its projected electricity needs. A deviation in actual demand from projected demand could result in penalties to distributors. In the event of under-contracting, the distributor is penalized directly in an amount that increases as the difference between the amount of energy contracted for and actual demand increases. An under-contracting distributor must also pay to meet its demand by purchasing energy in the spot market.

In the event of over-contracting, where the contracted volume falls between 100% and 105% of actual demand, the distributor is not penalized and the additional costs are compensated through increases in its customers' tariffs. Where the contracted volume is over 105% of actual demand, the distributor must sell energy in the spot market. If the contract price proves lower than the current spot market price, the distributor sells its excess energy for a profit. On the other hand, if the contract price is higher than the spot market price, the distributor sells its excess energy at a loss.

With respect to the granting of new concessions, the newly enacted regulations provide that bids for new hydroelectric generation facilities may include, among other things, the minimum percentage of electricity to be supplied in auctions in the regulated market. Concessions for new generation projects, such as Mauá and Colider, in our case, are non-renewable, meaning that upon expiration, the concessionaire must again complete a competitive bidding process.

The Free Market

The free market covers transactions between generation concessionaires, Independent Power Producers – IPPs, self-generators, energy traders, exporters and importers of electric energy and Free Customers. The free market also covers bilateral agreements between generators and distributors signed under the old model, until they expire. Upon expiration, such contracts must be executed under the New Industry Model Law guidelines.

A consumer that is eligible to choose its supplier may only do so upon the expiration of its contract with the local distributor and with advance notice or, in the case of a contract with no expiration date, upon 15 days' notice in advance of the date on which the distributor must provide MME with its estimated electricity demand for the year. In the latter case, the contract will only be terminated in the following year. Once a consumer has chosen the free market, it may only return to the regulated system with five years prior notice to its regional distributor, provided that the distributor may reduce such term at its discretion. This extended period of notice seeks to assure that, if necessary, the distributor can buy additional energy in auctions on the regulated market without imposing extra costs on the captive market.

Private generators may sell electricity directly to Free Customers. State-owned generators may sell electricity directly to Free Customers but are obligated to do so only through private auctions carried out by the state-owned generators exclusively to Free Customers or by the Free Customers.

Regulation under the New Industry Model Law and further rules enacted

A July 2004 decree governs the purchase and sale of electricity in the regulated market and the free market, as well as the granting of authorizations and concessions for electricity generation projects. This decree includes, among other items, regulations relating to auction procedures, the form of power purchase agreements and the mechanism for passing costs through to Final Customers.

These regulations establish the guidelines under which electricity-purchasing agents must contract their electricity demand. Electricity-selling agents must show that the energy to be sold comes from existing or planned power generation facilities. Agents that do not comply with such requirements are subject to penalties imposed by ANEEL.

These regulations also require electricity distribution companies to contract for 100% of their energy needs primarily through public auctions. In addition to these auctions, distribution companies can purchase limited amounts (up to 10% of their demand) from: (i) generation companies that are connected directly to the distribution company (except for hydroelectric power plants with capacity higher than 30 MW and certain thermoelectric power plants) (ii) electricity generation projects participating in the initial phase of the Proinfra Program, (iii) the Itaipu Power Plant and (iv) quotas from those generation concession contracts extended or subject to a new competitive bidding process in accordance with the 2013 Concession Renewal Law.

The MME establishes the total amount of energy that will be contracted in the regulated market, the number and the type of generation projects that will be auctioned each year.

All electricity generation, distribution and trading companies, independent producers and Free Customers are required to notify MME, by August 1 of each year of their estimated electricity demand or estimated electricity generation, as the case may be, for each of the subsequent five years. In advance of each electricity auction, each distribution company is also required to inform MME of the amount of electricity that it intends to contract in the auction. In addition, distribution companies are required to specify the portion of the contracted amount they intend to use to supply potentially Free Customers.

Auctions in the Regulated Market

Electricity auctions for new generation projects are held (i) in the fifth year before the initial delivery date of electricity (as “A-5 Auctions”), and (ii) in the third year before the commencement of commercial operation (“A-3 Auctions”). Existing power generators hold auctions (i) in the year before the initial delivery date (“A-1 Auctions”), and (ii) up to four months before the delivery date (“Adjustment Auctions”).

New and existing power generators may participate in the reserve energy auctions as long as these generators increase the power system capacity or they did not achieve commercial operation by January 2008. Invitations to bid in the auctions are prepared by ANEEL in accordance with guidelines established by the MME, including the requirement that the lowest bid wins the auction. Each generation company that participates in the auction executes a contract for purchase and sale of electricity with each distribution company, in proportion to the distribution companies’ respective estimated demand for electricity, except for the market adjustment and reserve energy auctions.

The contracts for both A-5 and A-3 Auctions have a term of between 15 and 30 years, and the contracts for A-1 Auctions have a term between 5 and 15 years. Contracts arising from market Adjustment Auctions are limited to a two-year term. The reserve energy contracts are limited to a 35-year term.

The quantity of energy contracted from existing generation facilities may be reduced for three reasons: (i) to compensate for captive customers that become Free Customers; (ii) to compensate for market deviations from the estimated market projections (up to 4% per year of the annual contracted amount, beginning two years after the initial electricity demand is estimated); and (iii) to adjust the

quantity of contracted energy in bilateral agreements entered into prior to the enactment of the New Industry Model Law.

With regard to (i) above, the reduction in net revenue caused when a captive customer becomes a Free Customer is compensated by the increased amounts that Free Customers are required to pay to use our distribution system. However, a Free Customer may disconnect from our distribution system (and therefore cease to pay us a distribution tariff) if it chooses to connect directly to the Interconnected Transmission System or if it generates energy for self-consumption and transports this energy without using our distribution system. Because a Free Customer that connects directly to the Interconnected Transmission System no longer pays us a distribution tariff, we might not be able to fully recover this loss in revenues.

Since 2004, CCEE has conducted fifteen auctions for new generation projects, ten auctions for energy from existing power generation facilities, four auctions for reserve energy in order to increase energy supply security and fifteen auctions for market adjustments. No later than August 1 of each year, the generators and distributors provide their estimated electricity generation or estimated electricity demand for the five subsequent years. Based on this information, MME establishes the total amount of electricity to be traded in the auction and determines which generation companies will participate in the auction. The auction is carried out electronically in two phases.

After the completion of the auction (except in the case of reserve energy auction), generators and distributors execute the CCEAR, in which the parties establish the price and amount of the energy contracted in the auction. The price is adjusted annually based on price variations published by the IPCA. The distributors grant financial guarantees to the generators (mainly receivables from the distribution service) to secure their payment obligations under the CCEAR.

Also after completion of the auction, the generation concessionaire and the CCEE execute the *Contrato de Energia de Reserva*, in which the parties establish the price and amount of the energy contracted for in the auction. The distributors, Free Customers and self-producing customers then execute the *Contrato de Uso da Energia de Reserva* (“CONUER”) with CCEE, in order to provide for the terms of the use of the reserve energy. The reserve energy customers grant financial guarantees to CCEE to secure their payment obligations under CONUER.

The Annual Reference Value

Brazilian regulation establishes a mechanism (“Annual Reference Value”) that limits the costs that can be passed through to Final Customers. The Annual Reference Value corresponds to the weighted average of the electricity prices in the A-5 and A-3 Auctions (excluding alternative energy auctions), calculated for all distribution companies.

The regulation establishes the following permanent limitations on the ability of distribution companies to pass-through costs to customers: (i) no pass-through of costs for electricity purchases that exceed 105% of actual demand; (ii) limited pass-through of costs of the acquisition of electricity in the A-3 Auctions, if the amount of purchased energy exceeds 2% of the amount of electricity contracted in the A-5 Auctions; (iii) if the volume contracted from existing generation projects decreases by over 4%, new contracts from new generation projects are afforded limited pass-through.

The MME establishes the maximum acquisition price for electricity generated by existing projects. If distributors do not comply with the obligation to fully contract their demand, the pass-through of costs from energy acquired in the short-term market is the lower of the spot market price and the Annual Reference Value.

Electric Energy Trading Convention

The Electric Energy Trading Convention (*Convenção de Comercialização de Energia Elétrica*) regulates the organization and functioning of the CCEE and defines, among other things, (i) the rights and obligations of CCEE participants, (ii) the penalties to be imposed on defaulting agents, (iii) the means of dispute resolution, (iv) trading rules in the regulated and free markets, and (v) the accounting and clearing process for short-term transactions.

Restricted Activities of Distributors

Distributors in the Interconnected Transmission System are not permitted to (i) engage in activities related to the generation or transmission of electric energy, (ii) sell electric energy to Free Customers, except for those in their concession area and under the same conditions and tariffs maintained with respect to captive customers, (iii) hold, directly or indirectly, any interest in any other company, corporation or strategic agreement, or (iv) engage in activities that are unrelated to their respective concessions, except for those permitted by law or the relevant concession agreement. A generator is not allowed to hold more than a 10% equity interest in any distributor.

Elimination of Self-Dealing

Since the purchase of electricity for captive customers is now performed through auctions in the regulated market, “self-dealing” (under which distributors were permitted to meet up to 30.0% of their energy needs using energy that was either self-produced or acquired from affiliated companies) is no longer permitted.

Challenges to the Constitutionality of the New Industry Model Law

The New Industry Model Law is currently being challenged on constitutional grounds before the Brazilian Supreme Court. The Brazilian government moved to dismiss the actions, arguing that the constitutional challenges were moot because they related to a provisional measure that had already been converted into law. To date, the Supreme Court has not reached a final decision and we do not know when such a decision may be reached. While the Supreme Court is reviewing the law, its provisions have remained in effect. Regardless of the Supreme Court’s final decision, certain portions of the New Industry Model Law relating to restrictions on distributors performing activities unrelated to the distribution of electricity, including sales of energy by distributors to Free Customers and the elimination of self-dealing, are expected to remain in full force and effect.

Challenges to the Constitutionality of the 2013 Concession Renewal Law

The 2013 Concession Renewal Law is currently being challenged on constitutional grounds before the Brazilian Supreme Court by the National Confederation of Industry Workers – CNTI (*Confederação Nacional dos Trabalhadores na Indústria*). As this lawsuit is in its initial stages, it is not possible to predict whether the 2013 Renewal Concession Law shall remain valid in the future. While the Supreme Court is reviewing the law, its provisions remain in full force and effect.

Tariffs for the Use of the Distribution and Transmission Systems

ANEEL regulates access to the distribution and transmission systems and establishes tariffs for the use of these systems. The tariffs are (i) network usage charges, which are charges for the use of the proprietary local grid of distribution companies (“TUSD”) and (ii) tariffs for the use of the transmission system, which is the Interconnected Transmission System and its ancillary facilities (“TUST”).

TUSD

Users of a distribution system pay the distribution concessionaire a tariff known as the TUSD (*Tarifa de Uso dos Sistemas Elétricos de Distribuição*). The TUSD is divided into two parts: one related to the contracted power in R\$/kW and other related to the regulatory charges in R\$/kWh. The amount paid by the users of a distribution system is calculated by multiplying the maximum contracted power for each of the customer’s points of connection to the concessionaire’s distribution system, by the tariff in R\$/kW, plus the product of the power consumption by the tariff in R\$/kWh, per month.

In relation to the captive customers, the TUSD is part of the supply tariff that is calculated based on the voltage used by each customer.

TUST

The TUST (*Tarifa de Uso do Sistema de Transmissão*) is paid by distribution companies, generators and Free Customers to transmission companies for the use of the Interconnected Transmission

System (electrical transmission system with voltage equal or higher than 230 kV). This tariff is revised annually according to (i) the location of the user of the Interconnected Transmission System and (ii) the annual revenues that a transmission company is permitted to collect for the use of its assets in the Interconnected Transmission System. The ONS, an entity that represents all transmission companies that own assets in the Interconnected Transmission System, coordinates the payment of transmission tariffs to these transmission companies. Users of the Interconnected Transmission System sign contracts with the ONS, which allows them to use the transmission grid in return for paying TUST.

Distribution Tariffs

Distribution tariff rates to Final Customers (including the TUSD) are subject to review by ANEEL, which has the authority to adjust and review these tariffs in response to changes in energy purchase costs and market conditions. When adjusting distribution tariffs, ANEEL divides the costs of distribution companies into (i) costs that are beyond the control of the distributor, or (“Parcel A costs”), and (ii) costs that are under control of distributors (“Parcel B costs”). ANEEL’s tariff readjustment formula treats these two categories differently.

Parcel A costs include, among others, the following:

- costs of electricity purchased by the concessionaire to attend captive customers, in accordance to the regulatory model in force
- charges for connection to and use of the transmission and distribution systems; and
- energy sector regulatory charges.

Parcel B costs include, among others, the following:

- a component designed to compensate the distributor for the investments made by the distributor on the concession assets;
- depreciation costs; and
- a component designed to compensate the distributor for its operating and maintenance costs.

Each distribution company’s concession agreement provides for an annual readjustment (*reajuste anual*). In general, Parcel A costs are fully passed through to customers. Parcel B costs, however, are only adjusted for inflation in accordance with the IGP-M Index, minus the X factor.

Electricity distribution concessionaires are also entitled to periodic tariff revisions (*revisão periódica*) every four or five years. These revisions are aimed at (i) assuring necessary revenues to cover efficient Parcel B operational costs and adequate compensation for investments deemed essential for services provided within the scope of each such company’s concession and (ii) determining the “X factor”.

The X factor for each distribution company is calculated based on the following components:

- P, based on the concessionaire’s productivity, which is measured in terms of increases in assets (kms of power grid), total volume of energy sold, and the number of Final Customers to which energy is sold;
- T, based on the trajectory of the concessionaire’s operating costs, measured as the difference between the cost benchmarks established by ANEEL and the concessionaire’s actual operating costs; and
- Q, based on quality target indicators that measure the interruption of energy supply to Final Customers.

In addition, a distribution concessionaire is entitled to an extraordinary tariff review (*revisão extraordinária*) on a case-by-case basis, to ensure its financial stability and compensate it for unpredictable costs, including taxes, which significantly change its cost structure. Extraordinary tariff adjustments were granted (i) in June 1999 to compensate for increased costs of electricity purchased from Itaipu as a result of the devaluation of the *real* against the dollar, (ii) in 2000 to compensate for the increase in Social Security Financing Contribution (*Contribuição para o Financiamento da Seguridade Social - COFINS*) from 2% to 3%, (iii) in December 2001 to compensate for losses caused by the Rationing Program and (iv) in January 2013, due to the enactment of 2013 Concession Renewal Law.

Since October 2004, on the date of a subsequent tariff readjustment or tariff revision, whichever occurs earlier, distribution companies have been required to execute separate contracts for the connection and use of the distribution system and for the sale of electricity to their potentially Free Customers.

Incentives

In 2000, a Federal decree created the Thermolectric Priority Program, *Programa Prioritário de Termoeletricidade* (“PPT”), for purposes of diversifying the Brazilian energy matrix and decreasing Brazil’s strong dependence on hydroelectric plants. The incentives granted to the thermolectric plants included in the PPT are: (i) guarantee of gas supply for 20 years, as per a MME regulation, (ii) assurance that the costs related to the acquisition of the electric energy produced by thermolectric plants will be passed on to customers through tariffs up to the normative value established by ANEEL, and (iii) guarantee of access to a special BNDES financing program for the electric energy industry.

In 2002, the Brazilian government established the Proinfa Program to encourage the generation of alternative energy sources. Under the Proinfa Program, Eletrobras shall purchase the energy generated by alternative sources for a period of 20 years. In its initial phase, the Proinfa Program is limited to a total contracted capacity of 3,300 MW. In its second phase, which will start after the 3,300 MW cap has been reached, the Proinfa Program intends to purchase up to 10% of Brazil’s annual electric energy consumption from alternative sources. The first phase of the Proinfa program commenced in 2004.

Energy Sector Regulatory Charges

State and Municipal ICMS Compensation

From January 1, 2010 to December 31, 2012, distributors were required to pay a levy in the amount of 0.3% of their annual operating revenues, which were transferred to certain states and municipalities in compensation with losses in tax revenues that these states and municipalities suffered when they became connected to the Interconnected Transmission System, due to the fact that they no longer receive energy from locally-generated sources. These funds must be used by the states and municipalities to provide increased access to electricity, to finance social and environmental projects, and to conduct research and development and support energy efficiency initiatives.

EER

The *Encargo de Energia de Reserva* (“EER”) is a regulatory charge designed to raise funds for energy reserves that have been contracted through CCEE. These energy reserves, which are mandatory, were created in order to attempt to ensure a sufficient supply of energy in the Interconnected Transmission System. The EER shall be collected from Final Customers of the Interconnected Transmission System. Beginning in 2010, this charge has been collected on a monthly basis.

RGR Fund

In certain circumstances, electric energy companies are compensated for certain assets used in connection with a concession if the concession is revoked or is not renewed. In 1971, the Brazilian Congress created a reserve fund designed to provide these compensatory payments (“RGR Fund”). In February 1999, ANEEL established a fee requiring public-industry electric companies to make monthly contributions to the RGR Fund at an annual rate equal to 2.5% of the company’s fixed assets in service, not to exceed 3% of total operating revenues in any year. Since the enactment of the 2013 Concession Renewal Law, the RGR Fund has been used to fund the compensations arising from the termination of

non-renewed concessions. The 2013 Concession Renewal Law also allowed the funds from the RGR Fund to be transferred to the CDE.

According to 2013 Concession Renewal Law, as from January 1, 2013, the concession contracts from concessionaires of (i) distribution; (ii) transmission which competitive bidding process occurred after September 12, 2012; and (iii) transmission and generation which had their concession contract renewed or had their underlying facilities subject to a new competitive bidding process are no longer obliged to pay the annual RGR fee.

UBP

Independent Power Producers – IPPs reliant on hydrological resources (except small hydroelectric power plants) are required to make contributions for using a public asset, *Uso de Bem Público* (“UBP”) according to the rules of the corresponding public bidding process for the granting of concessions. Eletrobras receives the UBP payments in a specific account.

CDE

In 2002, the Brazilian government instituted the Electric Energy Development Account, *Conta de Desenvolvimento Energético* (“CDE Account”). The CDE Account is funded by (i) annual payments made by concessionaires for the use of public assets, (ii) penalties and fines imposed by ANEEL, (iii) the annual fees paid by agents offering electric energy to Final Customers, by means of an additional charge added to the tariffs for the use of the transmission and distribution systems and (iv) the credits held by the federal government against Itaipu. The CDE Account was created, amongst others, to promote the availability of electric energy services to all of Brazil and the competitiveness of the energy produced by alternative sources. The CDE will be in effect until 2027 and is regulated by the executive branch and managed by Eletrobras. This charge has been substantially reduced by the 2013 Concession Renewal Law (approximately 75% compared to its December 31, 2011 amount) in order to reduce the cost of electricity paid by Final Customers, among others.

Itaipu Transmission Fee

The Itaipu Hydroelectric Plant has an exclusive transmission grid and is not part of the Interconnected Transmission System. Companies that are entitled to receive electricity from Itaipu pay a transmission fee in an amount equal to their proportional share of the Itaipu generated electricity.

Use of Water Resources Tax

Holders of concessions and authorizations that allow for the exploitation of water resources must pay a total tax of 6.75% of the value of the energy they generate, which for purposes of this calculation is based on a rate set by ANEEL. Beginning on January 1, 2013, ANEEL set this rate at R\$79.87/MWh. The proceeds of this tax are shared among the states and municipalities where the plant or the plant’s reservoir is located, as well as with certain federal agencies.

ANEEL Inspection Fee (TFSEE)

The ANEEL Inspection Fee is an annual fee due by the holders of concessions, permissions or authorizations equal to an ANEEL determined percentage of their revenues. The ANEEL Inspection Fee requires these holders to pay up to 0.5% of their annual revenue to ANEEL in 12 monthly installments.

Default on the Payment of Regulatory Charges

The failure to pay required contributions to the RGR Fund, Proinfra Program, CDE Account, or make certain payments, such as those due from the purchase of electric energy in the regulated market or from Itaipu, will prevent the defaulting party from receiving readjustments or reviews of their tariffs (except for an extraordinary review) and will also prevent the defaulting party from receiving funds from the RGR Fund or CDE Account. We comply with payment obligations related to Regulatory Charges.

Energy Reallocation Mechanism

The Energy Reallocation Mechanism, or *Mecanismo de Realocação de Energia* (“MRE”) attempts to mitigate the risks borne by hydroelectric generators due to variations in river flows (hydrological risk).

Under Brazilian law, each hydroelectric plant is assigned a determined amount of “assured energy”, according to an energy supply risk criteria defined by MME, based on historical river flow records. The assured energy also represents the maximum energy that can be sold by the generator, which is set forth in each concession agreement, irrespective of the volume of electricity actually generated by the facility.

The MRE tries to guarantee that all participating plants receive the revenue corresponding to their assured energy, irrespective of the volume of electricity generated by them. In other words, the MRE effectively reallocates the electricity, transferring the surplus from those who have produced in excess of their assured energy to those that have produced less than their assured energy. The relocation, which occurs in the Interconnected Transmission System, is determined by the ONS, considering the nationwide electricity demand and hydrological conditions, regardless of the power purchase agreement of each individual generator. The volume of electricity actually generated by the plant, whether more or less than their assigned assured energy quotient, is priced pursuant to a tariff known as the “Energy Optimization Tariff”, designed to cover only the variable operation and maintenance costs of the plant, so that generators are largely unaffected by the actual dispatch of their plants.

Each hydroelectric plant which has its concession contract renewed in accordance to 2013 Concession Renewal Law will no longer participate in the MRE, and the hydrological risk from those plants will be borne by the distribution concessionaires under the National Interconnected Power Grid. This risk does not impact our distribution business, since we are allowed to increase the tariffs of our distribution customers to compensate any costs arising from this hydrological risk.

Research and Development

The companies holding concessions and permissions for distribution of electricity must invest a minimum of 0.50% of their annual net operational revenues in research and development and 0.50% in energy efficiency programs. Beginning on January 1, 2016, these percentages will become 0.75% and 0.25%, respectively.

A company holding concessions and authorizations for generation and transmission of electricity must invest a minimum of 1% of its annual net operational revenues in research and development. A company that generates electricity exclusively from small hydroelectric power plants, cogeneration or alternative energy projects is not subject to this requirement.

The amount to be invested in research and development must be distributed as follows:

- 40% to the company research and development projects, under the supervision of ANEEL;
- 40% to the Ministry of Sciences and Technology, to be invested in national research and development projects; and
- 20% to the MME, to defray EPE.

Environmental Regulations

The Brazilian Federal Constitution includes environmental matters among the matters that are subject to concurrent legislative competence, meaning that the Brazilian federal government enacts general rules, which are supplemented by rules passed by states; municipalities, in turn, enact local rules or supplement federal and/or state legislation.

The Federal Environmental Crimes Act, which took effect in 1998, establishes a general framework of liability for environmental crimes. Federal laws and statutes have established the National

System for Management of Water Resources and the National Council of Water Resources to address the major environmental issues facing the hydroelectric sector and users of water resources. In 2000, the Brazilian government created an independent agency, the National Water Agency, to regulate and supervise the use of water resources.

The Brazilian Forestry Code and related regulations establish rules regarding the maintenance and acquisition of areas affected by hydroelectric plant reservoirs. These regulations may result in increased maintenance, reforestation and expropriation costs to energy industry concessionaires. We have been developing conservation actions in our power plants, as established in the Forestry Code, since their construction. In addition, Paraná State law requires a mandatory environmental audit of companies whose activities may impact the environment within the state.

A violator of an environmental law may be subject to administrative and criminal sanctions and, in case environmental damage occurs, will have an obligation to repair or provide compensation to the affected party. Administrative sanctions may include substantial fines and suspension of activities, while criminal sanctions may include fines and, for individuals, including for directors and employees of companies that commit environmental crimes, possible imprisonment.

Our energy generation, distribution and transmission facilities are subject to environmental licensing procedures, which may include the preparation of environmental impact assessments before such facilities are constructed. Once the respective environmental licenses are obtained, their maintenance is still subject to the compliance with certain requirements. We were one of the first energy concessionaires in Brazil to provide an environmental impact assessment and report in connection with the construction of a power plant (Segredo Power Plant, 1987). Also, the Salto Caxias Power Plant (1995-1999) was constructed in accordance with one of the most comprehensive environmental impact mitigation programs ever implemented in Brazil.

Item 4A. Unresolved Staff Comments

None.

Item 5. Operating and Financial Review and Prospects

The information derived from our consolidated statement of income for the years ended December 31, 2013, 2012 and 2011 has been prepared in accordance with IFRS as issued by the IASB. For more information see “Presentation of Financial and Other Information” and Note 2 to our consolidated financial statements for the year ended December 31, 2013.

Overview

Brazilian Economic Conditions

All of our operations are in Brazil, and we are affected by general Brazilian economic conditions. In particular, the general performance of the Brazilian economy affects demand for electricity, and inflation affects our costs and our margins. The Brazilian economic environment has been characterized by significant variations in economic growth rates, with very low growth from 2001 through 2003 and an economic recovery that led to consistent growth from 2004 to 2009, when the Brazilian GDP decreased due to the global financial crisis. Since then, the Brazilian GDP growth has fluctuated, from 2.7% growth in 2011, to 0.9% in 2012, and 2.3% in 2013.

The following table shows selected economic data for the periods indicated:

	Year ended December 31,		
	2013	2012	2011
Inflation (IGP-DI)	5.52%	8.10%	5.0%
Appreciation (depreciation) of the <i>real</i> vs. U.S. dollar	(12.77)%	(8.21)%	(11.17)%
Period-end exchange rate – US\$1.00 ⁽¹⁾	2.3426	2.0435	1.8758
Average exchange rate – US\$1.00	2.1741	1.9588	1.6709
Change in real GDP	2.3%	0.9%	2.7%
Average interbank interest rates ⁽²⁾	8.18%	8.30%	11.70%

⁽¹⁾ The *real*/U.S. dollar exchange rate at April 15, 2014 was R\$2.2257 per US\$1.00.

⁽²⁾ Calculated in accordance with Central Clearing and Custody House, or *Central de Custódia e Liquidação Financeira de Títulos* (“CETIP”), methodology (based on nominal rates).

Sources: FGV – *Fundação Getúlio Vargas*, the Brazilian Central Bank, the Brazilian Geography and Statistics Institute IBGE and CETIP.

Rates and Prices

Our results of operations are significantly affected by changes in the prices at which our generation business sells energy, and by the prices at which our distribution business buys energy in the regulated market and re-sells it to Final Customers at regulated tariffs.

Our generation business sells energy at unregulated prices in the regulated market, in the Free Market and in the Spot Market. Our generation business allocates the amount of energy that it sells in each of these markets seeking to maximize returns, based on factors such as: (i) the requirements of its concession contracts, many of which set a minimum percentage of energy generated in a particular concession that must be sold in the regulated market; (ii) the volume of energy that we plan to sell to Free Customers for a given year; and (iii) the outlook of the short-term, medium-term and long-term for energy prices generally. Although sales in the Free Market and the Spot Market are not directly regulated, they are influenced by energy regulatory policy. The prices at which our generation business sells energy are not regulated.

Our distribution business purchases enough energy to meet 100% of the demand we forecast for our Final Customers in auctions at unregulated prices in the regulated market. Our distribution business re-sells that energy to Final Customers at regulated tariffs that take into consideration the price at which the energy was purchased. If our forecasts fall short of the actual electricity demand of our Final Customers, we may be forced to make up for the shortfall by entering into short-term agreements to purchase electricity in the spot market. If our forecasts exceed the actual demand of our Final Customers, our distribution business sells the excess energy in the Spot Market. Except for possible future effects brought by the 2013 Concession Renewal Law, the margins in our distribution business tend to be relatively stable due to the regulated nature of the distribution business, while the margins in our generation business are typically larger but less stable, since they are substantially market regulated.

Sales to Final Customers (which include sales by our distribution business to captive customers and sales by our generation business to Free Customers) represented approximately 50.2% of the volume of electricity we made available in 2013, and accounted for 70.6% of our energy sales revenues. Almost all of such sales were to captive customers. For more information, see “Item 4. Information on the Company — The Brazilian Electric Power Industry — Distribution Tariffs”. In general, if our costs for energy increase, the tariff process permits us to recover these costs from our customers through higher rates in future periods. However, if we do not receive tariff increases to cover our costs, if the recovery of these costs is delayed, or if our Board of Directors elects to reduce the tariff increase awarded by ANEEL, our profits and cash flows may be adversely affected.

ANEEL modifies our Retail Tariffs annually, generally in June. Since January 2010, the adjustments have been as follows.

- In February 2010, our distribution concession contract with ANEEL was amended. As a result, the subsequent increase in our distribution tariffs was reduced, causing a reduction of approximately 0.5% in our distribution revenues. Our Board of Directors approved the amendment in order to mitigate the possibility of a lawsuit or judicial proceeding. Nevertheless, we cannot assure you that no such action will be brought.
- In June 2010, ANEEL approved the annual readjustment of our Retail Tariffs, increasing them by an average of 9.74%, of which 6.88% related to the tariff increase and 2.86% referred to an increase in recovery of deferred regulatory accounts (CVA). The readjustment became effective as of June 24, 2010. After giving effect to the recovery of Parcel A costs, the average effect of this tariff readjustment on our captive customers was an increase of 2.46%.
- In June 2011, ANEEL approved the annual readjustment of our Retail Tariffs, increasing them by an average of 5.55%, of which 5.77% related to the tariff increase and 0.22% referred to a decrease in recovery of deferred regulatory accounts (CVA). The readjustment became effective as of June 24, 2011. After giving effect to the recovery of Parcel A costs, the average effect of this tariff readjustment on our captive customers was an increase of 2.99%.
- In June 2012, ANEEL approved the third periodic review of our Retail Tariffs and the average impact of this review in the tariffs we charge our customers was a decrease of 0.65%.
- In January 2013, due to the enactment of 2013 Concession Renewal Law, we were subject to an extraordinary revision that has been approved by ANEEL. The average impact of this extraordinary review in the tariffs we charge our customers was a decrease of 19.28% which caused a reduction of approximately 14.4% in our distribution revenues since the difference was paid for with funds from the federal government.
- In June 2013, ANEEL approved the annual readjustment of our Retail Tariffs, increasing them by an average of 13.08%, of which 11.40% related to the tariff increase and 1.68% referred to an increase in recovery of deferred regulatory accounts (CVA). After giving effect to the recovery of Parcel A costs, the average effect of this tariff readjustment on our captive customers was an increase of 14.61%. However, Copel Distribution requested a partial deferral of this adjustment, which was authorized by ANEEL and approved on July 9, 2013. The amount of R\$255.9 million was therefore deferred, and will be included as a financial component in the 2014 annual readjustment. This deferral reduced the average effect of the tariff readjustment to 9.55%.

Purchase and Resale of Energy

Our distribution business purchases energy from generation companies and resells this energy to Final Customers at regulated rates. For more information, see “Item 4. Information on the Company—Business—Generation” and “Item 4. Information on the Company—Business—Purchases”. Our major long-term contracts or purchase obligations are described below.

- We purchase energy from Itaipu at prices that are determined based on the Itaipu project’s costs, including servicing its U.S. dollar-denominated debt. In 2013, our electricity purchases from Itaipu amounted to R\$610.4 million.
- Our distribution business is required to purchase a large portion of its energy needs from the regulated market. For more information, see “Item 4. Information on the Company — The Company — Distribution — Auctions in the Regulated Market”.

Under current legislation, the amount that our distribution business charges Final Customers is composed of two fees: a fee for the actual energy consumed and a fee for the use of our distribution system. Since the regulated rates at which our distribution business sells energy to Final Customers are substantially the same as the rates at which it purchases energy (after accounting for deductions and the cost of energy purchased for resale), our distribution business does not generate operating profit from the sale of electricity to Final Customers. Rather, our distribution business generates operating profit principally by collecting tariffs for the use of our distribution system.

Impact of the CRC Account

One of our most significant assets consists of the obligations of the State of Paraná under an agreement that was last amended in January 2005. These obligations derive from amounts we were entitled to recover under a prior regulatory regime, and as a result they are referred to as the recoverable rate deficit account or “CRC Account” (*Conta de Resultados a Compensar*). As of December 31, 2013, the outstanding balance of the CRC Account was R\$1,380.6 million. The balance is adjusted for IGP-DI, bears interest at 6.65%, and is payable in monthly installments until April 2025. If the State of Paraná fails to make payments on a timely basis, we may apply dividends we owe to the State of Paraná in its capacity as our shareholder against amounts it owes us under the CRC Account agreement.

In 2013, the Board of Directors approved the early settlement of the amounts owed to us under the CRC Account agreement, and, to facilitate these negotiations, pre-approved a discount of up to 15%. For additional information, see Note 8 to our consolidated financial statements.

Special Obligations

The contributions received from the federal government and our customers exclusively for investment in our distribution network are named as special obligations. We record the amount of these contributions on our statement of financial position as a reduction of our intangible and financial assets, under the caption “special obligations”, and, upon the conclusion or termination of the operating concession granted to us, the amount of these contributions is offset against intangible and financial assets. The amount we recorded as special obligations as of December 31, 2013 was R\$224.6 million as a reduction of intangible assets and R\$2,093 million as a reduction of financial assets.

Critical Accounting Policies

In preparing our financial statements, we make estimates concerning a variety of matters as referred to in Note 2.4 to our consolidated financial statements. Some of these matters are highly uncertain, and our estimates involve judgments we make based on the information available to us. We have discussed in “Overview” above certain accounting policies relating to regulatory matters. In the discussion below, we have identified several other matters for which our financial information would be materially affected if either (i) we reasonably used different estimates or (ii) in the future we change our estimates in response to changes that are reasonably likely to occur.

The discussion below addresses only those estimates that we consider most important based on the degree of uncertainty and the likelihood of a material impact if we used a different estimate. There are many other areas in which we use estimates about uncertain matters, but the reasonably likely effect of changed or different estimates is not material to our financial presentation. Please see Note 2.4 to our consolidated financial statements included herein for a more detailed discussion of the application of these and other accounting policies.

Property, Plant and Equipment

We have adopted the deemed cost methodology to determine the fair value of Copel Geração e Transmissão’s property, plant and equipment, specifically for the generation business as of the date of transition of our financial statements to IFRS (January 1, 2009). These assets are depreciated according to the linear method based on annual rates set forth and reviewed periodically by ANEEL, which are used and accepted by the market as representative of the economic useful life of the assets related to concession’s infrastructure, limited to the term of said concession, when applicable. The estimated useful life, the residual amounts, and depreciation are reviewed as of the reporting date, and the effect of any changes in estimates is recorded prospectively.

Internal studies have shown that the balances as of January 1, 2009 of assets related to telecommunications business were compatible with their fair values and supported by impairment tests. Costs directly attributable to construction work as well as interest and financial charges on loans from third-parties during construction are recorded under property, plant, and equipment in progress.

Accounting for concession arrangements

We account for our concession agreements for transmission and distribution business in accordance with IFRIC 12 - Service Concession Agreements.

IFRIC 12 establishes that electric energy utilities should record and measure revenues according to IAS 11 - Construction Contracts and IAS 18 - Revenues, even when governed by a single concession agreement. When we make investments in the infrastructure used in the power transmission and distribution services we perform pursuant to our concession agreements, we capitalize these investments as intangible assets and financial assets, and we recognize construction revenue and construction costs in connection with these investments. Intangible assets represent the right to access and to operate infrastructure that is provided to us or that we build or acquire as part of the concession agreement. The value of intangible assets is determined based on construction fair value, reduced by the corresponding estimated financial assets, described in greater detail below, and by any accumulated amortization and impairment losses, when applicable. The amortization pattern for intangible assets reflects our estimate of our future economic benefits from these assets, limited to the term of the concession. These intangible assets are amortized according to the lesser of (i) the remaining useful life of the asset or; (ii) the time remaining until the end of the concession term.

We calculate the value of financial assets related to our distribution business based on our distribution concession arrangements. These financial assets represent our understanding of our unconditional right to receive cash payments upon expiration of the concession from the grantor, as set forth in our concession agreements. These cash payments are designed to compensate us for the investments we make in infrastructure and that are not recovered through the collection of tariffs from users.

Financial assets related to our distribution business do not have determinable cash flows, since we operate under the assumption that the value of the cash payments we will receive from the grantor upon expiration of a concession will be based on the replacement cost of the concession assets. Since these financial assets do not fit into any other category of financial assets under IFRS, they are classified as “available for sale”. The cash flows related to these assets are determined taking into account the replacement cost of PPE, which is known as the Regulatory Compensation Basis (*Base de Remuneração Regulatória* or BRR), and is defined by ANEEL. The return on these financial assets is based on the regulatory weighted average cost of capital approved by ANEEL in the periodic rate review process carried out every four years.

We calculate the value of the financial assets related to our transmission business based on: (i) revenues from tariffs based on the construction of transmission infrastructure for use by system users; (ii) revenues from tariffs based on the operation and maintenance of infrastructure assets related to our concessions; and (iii) the financial return on these assets that is guaranteed by ANEEL and that is not otherwise recovered through tariffs by the end of the concession term. Because the aggregate transmission tariffs we collect are calculated entirely based on the infrastructure assets that we make available to system users as a whole, they are not subject to demand risk, and are therefore considered guaranteed revenues. These revenues, which are calculated considering the entire term of the transmission concession, are known as Annual Permitted Revenues (*Receita Anual Permitida* or RAP). Users of this infrastructure are billed on a monthly basis for these amounts, pursuant to reports issued by the National System Operator (ONS). Upon expiration of the concession, the grantor is required to pay any uncollected amounts related to the construction, operation, and maintenance of infrastructure, as compensation for investments made and not recovered through tariffs. Because these financial assets do not have an active market and do not have present fixed and ascertainable cash flows, they are classified as “loans and receivables”. These financial assets are initially estimated based on their fair values, and are later measured according to the amortized cost calculated under the effective interest rate method.

As described above, we recognized financial assets in connection with these transmission concessions. However, we renewed the Concession Agreement 060/2001 pursuant to the 2013 Concession Renewal Law, which required that we accept certain amendments to this concession contract. See “Item 4. Information on the Company—Concessions.” One of the effects of these amendments is that we no longer recognize financial assets for concessions renewed pursuant to the 2013 Concession

Renewal Law, because the scope of the concession has been narrowed to cover only maintenance and operation of the transmission facilities. As a result, the financial assets we had previously recognized for concessions that were renewed pursuant to the 2013 Concession Renewal Law were converted into a receivable, since the Granting Authority has an obligation to pay these amounts. On December 31, 2012, we estimated that we would receive R\$160.2 million related to financial assets that were constituted before May 2000, and we included this amount in our accounts receivable, in addition to the agreed R\$893.9 million related to financial assets constituted after May 2000. On December 31, 2013, the amount recorded in “Accounts Receivable Related to the Concession Extension” account totaled R\$717.8 million, R\$356.1 million lower than in December 2012, due to amortizations in the period.

Generation concessions are deemed outside the scope of IFRIC 12 and are accounted for under other applicable IFRS.

In addition to our financial assets and intangible assets, under IFRS we also recognize construction revenues and construction costs for construction activities we perform in connection with our distribution and transmission concessions. Our distribution business outsources power distribution infrastructure construction. As a result, under IFRS we recognize construction costs and revenues in roughly the same amounts. In contrast, since our transmission business performs much of our transmission infrastructure construction, we recognize construction revenue in amounts that exceed construction costs. The resulting margin for our transmission business’ construction revenue was 1.65% in both 2013 and 2012, and is calculated based on a methodology that takes into account business risk.

The determination of the amortization term of our intangible assets and the fair value of our financial assets in connection with our concession contracts is subject to assumptions and estimates, and the use of different assumptions could affect the amounts we recognize. The estimated useful lives of the underlying assets, as well as the rate of return of the financial assets also require significant assumptions and estimates. Different assumptions and estimates and changes in future circumstances could have a significant impact on our results of operations. Additional information on the accounting for intangible and financial assets arising from concession agreements is contained in Notes 3.7 and 3.11 to our consolidated financial statements.

Revenue Recognition

We bill our residential, industrial and commercial customers monthly. Unbilled revenues from the billing date to month-end are estimated based on the prior month’s billing and recognized as revenue at the end of the month in which the service was provided. We read certain of our individual customers’ meters systematically throughout the month in order to estimate how much energy we have sold to individual customers as a group. At the end of each month, the amount of energy delivered to each customer since their last meter reading date is estimated and the corresponding unbilled revenue is determined based upon a customer’s daily estimated usage by class and applicable customer rates reflecting significant historical trends and experience. Differences between estimated and actual unbilled revenues, which have historically been insignificant, are recognized in the following month.

Impairment of Long-Lived Assets

Long-lived assets, primarily property, plants and equipment and intangible assets, comprise a significant amount of our total assets. We evaluate our long-lived assets and make judgments and estimates concerning the carrying value of these assets, including the amounts to be capitalized, the depreciation/ amortization rates and useful lives of these long-lived assets. The carrying values of these assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amounts may not be recoverable. An impairment loss is recorded in the period in which it is determined that the carrying amount is not recoverable. This requires us to make long-term forecasts of future revenues and costs related to the assets subject to review. These forecasts require assumptions about the demand for our products and services, future market conditions and regulatory developments. Significant and unanticipated changes to these assumptions could require a provision for impairment in a future period.

Electric Energy Trading Chamber – CCEE

For accounting purposes, we recognize costs and revenues related to purchases and sales of energy in the spot market based on our internal estimates, which are reviewed by the CCEE.

We claimed a credit based on energy purchased from Itaipu during the energy rationing period that occurred in 2001, when there was a significant difference between the purchase price of Itaipu energy and energy sold at a loss in the spot market. However, we may be required to contribute to the amounts owed by other energy companies under similar lawsuits, and as of December 31, 2013, we had provisions of R\$40.4 million to cover probable losses related to these other lawsuits.

Provision for Risks (Labor, Civil, Tax and Environmental Claims)

Our subsidiaries and we are party to certain legal proceedings in Brazil arising in the normal course of business regarding tax, labor, civil and environmental claims.

We account for risks based on the determination that it is more likely than not that a future event will confirm that an asset has been impaired or a liability has been incurred at the reporting date, and the amount of loss can be reasonably estimated. By their nature, risks will only be resolved when a future event or events occur or fail to occur; typically such events will occur a number of years in the future. The evaluation of these risks is performed by our internal and external legal counsel. Accounting for risks requires significant judgment by management concerning the estimated probabilities and ranges of exposure to potential liability. Management's assessment of our exposure to risks could change as new developments occur or more information becomes available. The outcome of the risks could vary significantly and could materially impact our consolidated results of operations, cash flows and financial position. The provision for contingencies as of December 31, 2013 amounted to R\$1,266.1 million, of which R\$287.2 million was related to tax proceedings, R\$636.3 million was related to civil claims, R\$196.1 million was related to labor claims, R\$94.8 million was related to employee benefits and R\$51.5 million was related to regulatory proceedings and R\$0.2 million was related to environmental claims.

As of December 31, 2013, we estimate that the total amount of claims against us, excluding disputes involving non-monetary claims or claims that cannot be evaluated in the current stage of proceedings, classified as possible losses, was approximately R\$2,888.0 million, of which R\$342.9 million correspond to labor claims; R\$98.0 million to employee benefits; R\$56.2 million to regulatory claims; R\$1,006.8 million to civil claims; and R\$1,384.1 million to tax claims. For more information, see Note 28 to the consolidated financial statements.

Employee Retirement and Health Benefits

We sponsor a (i) defined-benefit pension plan and a (ii) defined-contribution pension plan covering substantially all of our employees. We have also established a health care plan for current and retired employees. We determine our obligations for these plans based on calculations performed by independent actuaries using assumptions that we provide about interest rates, investment returns, rates of inflation, mortality rates and future employment levels. These assumptions directly affect our post-employment benefits liability.

In 2013, we recorded expenses in the amount of R\$176.2 million for our pension and health care plans. We estimate that we will incur expenses in the amount of R\$103.0 million in 2014 (according to actuarial calculations), plus the monthly costs of these plans.

Deferred Taxes

We recognize deferred tax assets and liabilities based on the differences between the financial statement carrying amounts and the tax basis of assets and liabilities using prevailing rates. We regularly review our deferred tax assets for recoverability and derecognize its allowance based on historical taxable income, projected future taxable income, and the expected timing of the reversals of existing temporary differences. If we are unable to generate sufficient future taxable income, or if there is a material change in the actual effective tax rates or time period within which the underlying temporary differences become taxable or deductible, we could be required to derecognize all or a significant portion of our deferred tax assets resulting in a substantial increase in our effective tax rate and a material adverse impact on our operating results. The taxes balances subject to the federal taxing department inspection are those constituted over the last five years.

Analysis of Electricity Sales and Cost of Electricity Purchased

The following table sets forth the volume and average rate components of electricity sales and purchases for the years ended December 31, 2013, 2012 and 2011:

	Year ended December 31,		
	2013	2012	2011
Electricity Sales			
<i>Sales to Final Customers</i>			
Average price (R\$/MWh): ⁽¹⁾			
Industrial customers ⁽²⁾	151.77	170.81	170.41
Residential customers.....	260.52	245.86	250.25
Commercial customers.....	210.80	225.01	217.78
Rural customers.....	145.06	155.29	154.29
Other customers ⁽³⁾	161.34	172.84	167.83
All customers ⁽²⁾	190.91	200.81	199.83
<i>Volume (GWh):</i>			
Industrial customers ⁽²⁾	10,675	8,799	8,377
Residential customers.....	6,888	6,559	6,224
Commercial customers.....	5,086	5,058	4,778
Rural customers.....	2,081	2,025	1,872
Other customers ⁽³⁾	2,278	2,211	2,122
All customers ⁽²⁾	27,008	24,652	23,373
Total revenues from sales to Final Customers (millions of R\$).....	5,156	4,950	4,671
<i>Sales to distributors⁽⁴⁾</i>			
Average price (R\$/MWh) ⁽¹⁾	135.65	102.07	88.13
Volume (GWh) ⁽⁵⁾	14,242	15,910	16,339
Total revenues (millions of R\$).....	1,932.0	1,624.0	1,439.8
Electricity Purchases			
<i>Purchases from Itaipu</i>			
Average cost (R\$/MWh) ⁽⁶⁾	117.54	95.76	87.09
Volume (GWh).....	5,193	5,256	5,278
Percentage of total Itaipu production purchased.....	5.8	5.9	6.3
Total cost (millions of R\$) ⁽⁷⁾	610.4	503.3	459.6
<i>Purchases from Angra</i>			
Average cost (R\$/MWh).....	135.71	-	-
Volume (GWh).....	1,050	-	-
Total cost (millions of R\$) ⁽⁷⁾	142.5	-	-
<i>Purchases from CCGF</i>			
Average cost (R\$/MWh).....	32.07	-	-
Volume (GWh).....	1,272	-	-
Total cost (millions of R\$) ⁽⁷⁾	40.8	-	-
<i>Purchases from others⁽⁴⁾</i>			
Average cost (R\$/MWh).....	147.38	131.46	86.09
Volume (GWh).....	15,645	17,529	19,664
Total cost (millions of R\$) ⁽⁷⁾	2,305.8	2,304.4	1,692.9

⁽¹⁾ Average prices or costs have been computed by dividing (i) the corresponding revenues or expenses by (ii) MWh of electricity sold or purchased.

⁽²⁾ Includes Free Customers outside Paraná.

⁽³⁾ Includes public services such as street lighting, as well as supply of electricity to government agencies, and our own consumption.

⁽⁴⁾ Energy traded between Copel's subsidiaries not included.

⁽⁵⁾ Energy Reallocation Mechanism not included.

⁽⁶⁾ Our purchases of electricity generated by Itaipu are stated in *reais* and paid for on the basis of a capacity charge expressed in U.S. dollars per kW plus a "wheeling" (or transportation) charge expressed in *reais* per kWh.

⁽⁷⁾ See "Item 4. Information on the Company-Business—Generation" and "Item 4. Information on the Company—Business Purchases" for an explanation of our expenses relating to electricity purchases.

Results of Operations for the Years Ended December 31, 2013, 2012 and 2011

The following table summarizes our results of operations for the years ended December 31, 2013, 2012 and 2011.

Our financial statements present our operating costs of sales and services provided by function. However, in accordance with IFRS, Note 31 to the consolidated financial statements presents this information according to the nature of the operating cost or expense. For ease of understanding, the analysis below reflects the information presented by nature.

	Year ended December 31,		
	2013	2012	2011
	(R\$ million)		
Operating Revenues:			
Electricity sales to Final Customers:	3,344.6	2,625.5	2,330.8
Residential	1,074.1	782.3	771.7
Industrial	1,263.1	926.6	757.3
Commercial, services and other activities	626.9	573.8	498.9
Rural	165.1	148.9	134.1
Other classes	215.4	193.9	168.8
Electricity sales to distributors	1,932.3	1,623.5	1,439.8
Use of main distribution and transmission grid	2,029.0	2,830.6	2,762.4
Residential	720.3	830.3	785.9
Industrial	357.1	576.4	670.2
Commercial, services and other activities	445.3	564.3	541.6
Rural	136.8	165.6	154.7
Other classes	152.0	187.9	187.5
Other distribution and transmission revenue	217.5	506.1	422.5
Construction revenues	1,076.1	749.8	741.7
Revenues from telecommunications	141.3	125.6	117.1
Distribution of piped gas	368.6	325.0	273.9
Other operating revenues	288.3	213.3	110.4
	9,180.2	8,493.3	7,776.1
Cost of sales and services provided:			
Electricity purchased for resale	(3,336.4)	(2,807.7)	(2,152.5)
Use of main distribution and transmission grid	(407.3)	(772.4)	(632.5)
Personnel and management	(1,096.3)	(1,245.7)	(982.6)
Pension and healthcare plans	(176.2)	(182.9)	(150.9)
Material and supplies	(70.4)	(69.7)	(85.7)
Materials and supplies for power electricity	(27.2)	(25.5)	(25.1)
Natural gas and supplies for gas business	(295.7)	(247.8)	(186.9)
Third-party services	(423.5)	(408.9)	(390.7)
Depreciation and amortization	(603.2)	(549.9)	(552.4)
Accruals and provisions	(199.5)	(218.8)	(289.7)
Construction cost	(1,088.3)	(733.5)	(731.4)
Other costs and expenses	(343.6)	(238.0)	(290.5)
	(8,067.6)	(7,500.8)	(6,470.9)
Equity in earnings of associates and joint ventures	113.6	6.7	52.3
Financial results	280.3	(26.7)	226.4
Profit before income tax and social contribution	1,506.5	972.5	1,583.9
Income tax and social contribution on profit	(405.1)	(246.0)	(407.1)
Net income for the year	1,101.4	726.5	1,176.9
Net income attributable to controlling shareholders	1,072.5	700.7	1,157.7
Net income attributable to non-controlling interest	28.9	25.8	19.2
Other comprehensive income	(129.1)	(30.5)	9.8
Comprehensive income	972.3	696.0	1,886.7
Comprehensive income attributable to controlling shareholders	943.4	550.7	1,167.5
Comprehensive income attributable to non-controlling interest	28.9	145.3	19.2

Results of Operations for 2013 Compared with 2012

Operating Revenues

Our operating revenues increased by 8.1%, or R\$686.9 million, in 2013 compared to 2012. R\$719.1 million of this increase was from an increase in electricity sales to Final Customers, R\$308.8 million was from an increase in electricity sales to distributors, R\$326.3 million was from an increase in construction revenues and R\$134.3 million was from an increase in telecommunications revenues, distribution of piped gas and other operation revenues. All these increases were partially offset by a decrease of R\$801.6 million in the use of our main transmission grid.

Electricity Sales to Final Customers. Our revenues from electricity sales to Final Customers increased by 27.4%, or R\$719.1 million, in 2013, due to an increase of 9.6% in the average tariff paid by Final Customers and an increase in the volume of energy sold to most classes of Final Customers. In addition, the annual tariff revision issued by ANEEL in June 2012 increased the percentage of revenues we book as electricity sales, compared to the percentage we book as charges for use of the distribution grid. In addition, Copel Geração and Transmissão sold 190.8% more energy to Free Customers.

The increase in the volume of energy sold to Final Customers in 2013 compared with 2012 reflected an increase in the number of Final Customers in each category.

- The volume of electricity sold to residential customers increased by 5.0% in 2013 compared to 2012. Of this increase, 3.9% was due to an increased number of customers and 1.1% was due to an increased average consumption per residential customer. This increase was principally the result of (i) above average temperatures, especially in the last quarter of 2013, which led to increased energy consumption, and (ii) sales of energy consuming products as a consequence of a greater availability of consumer credit.
- The volume of electricity sold to industrial customers, including both captive customers and Free Customers, increased by 21.3% in 2013 compared with 2012. This increase is the consequence of industrial growth in Paraná in 2013 (growth of 5.6%, compared to growth of 1.2% in Brazil) and Copel Geração e Transmissão's strategy to allocate more energy for sales to Free Customers, including industrial customers in other states.
- The volume of electricity sold to commercial customers increased by 0.6% in 2013 compared with 2012. This increase is mainly due to an increased number of commercial customers and a general increase in retail sales in the concession area.
- The volume of electricity sold to rural customers increased by 2.8% in 2013 compared to 2012. This increase is mainly due to an increment of 2.7% of average consumption per rural customer and an increase of 0.1% in the number of rural customers during the period.

Electricity Sales to Distributors. Our revenues from electricity sales to distributors increased by 19.0%, or R\$308.8 million, to R\$1,932.3 million in 2013 compared with R\$1,623.5 million in 2012. This increase was mainly caused by: (i) an increase in our revenues for energy sales to distributors in the spot market (CCEE), which increased by R\$299.4 million, or 136.0%, from R\$220.2 million to R\$519.6 million, mainly due to higher prices paid by distributors for energy sold in the spot market (CCEE), and (ii) the increased volume of bilateral agreements which increased by 282.2% in 2013 compared to 2012, from 1,367 GWh to 5,233 GWh. This increase was partially offset by lower revenue from auctions in the regulated market, due to the maturity of long-term agreements in the regulated environment;

Use of main distribution and transmission grid. Our revenues from the use of main distribution and transmission grid decreased by 28.3% or R\$801.6 million, to R\$2,029.0 million in 2013 compared with R\$2,830.6 million in 2012. This decrease was principally due to: (i) the annual tariff revision issued by ANEEL in June 2012, which reduced the percentage of revenues we book as charges for use of the distribution grid, compared to the percentage of revenues we book as electricity sales to final customers; (ii) the renewal of our main transmission concession under the 2013 Concession Law, the result of which was a decrease of approximately R\$189 million in our annual permitted revenue; and (iii) a periodic downward tariff revision of 0.7% on June 24, 2012 for the use of our distribution grid. These decreases

were partially offset by an increase of 4.2% in our revenues from use of the distribution grid, due to an increase in the volume of energy that we distributed to final customers.

Construction revenues. Our revenues from constructions increased by 43.5% or R\$326.3 million in 2013 compared with 2012. This increase was mainly due to an increase in improvements we made to our distribution and transmission infrastructure in 2013, compared with 2012.

Revenues from Telecommunications. Revenues from our telecommunications segment increased by 12.5% or R\$15.7 million in 2013 compared to 2012, primarily due to an increased number of customers. The majority of these new clients were residential clients, which generate less revenue on average than corporate clients. In 2013, the customer base increased by 163.3%, to 8,270 in December 2013 from 3,141 in December 2012.

Distribution of Piped Gas. Revenues from distribution of piped gas increased by 13.4%, or R\$43.6 million, in 2013 compared to 2012, mainly due to two upward tariff adjustments: 8.0% in August 2012 and 6.5% in March 2013.

Other Operating Revenues. Other operating revenues increased by 35.2% or R\$75 million, to R\$288.3 million in 2013 compared with R\$213.3 million in 2012, mainly attributable to: (i) higher rental income from UEG Araucária, since part of the lease payment is variable, depending on how much energy UEG Araucária produces, and production increased in 2013 compared to 2012;(ii) revenue from financial compensation for unavailability of energy by certain generation companies of the increased cost of energy acquired by Copel Distribuição in the spot market after these generation companies failed to supply energy pursuant to sales agreements.

Cost of sales and services provided

Our costs of sales and services provided increased by 7.6% or R\$566.8 million, to R\$8,067.6 million in 2013 (including amounts recognized as other operating expenses) compared with R\$7,500.8 million in 2012. The following were the principal factors in the increase of our costs of sales and services provided:

- *Electricity Purchased for Resale.* Our costs for the energy we purchased for resale increased by 18.8%, or R\$528.7 million, to R\$3,336.4 million in 2013 compared with R\$2,807.7 million in 2012. This increase was mainly due to higher acquisition costs from auctions in the regulated market, from Itaipu (partially as a result of the appreciation in U.S. dollar), and in bilateral agreements, motivated by (i) higher costs from thermal power agreements, and (ii) inflation adjustments in long-term energy supply agreements. Costs from energy purchases in the spot market were partially offset by CDE funds, which totaled R\$294.1 million in 2013;
- *Use of Main Distribution and Transmission Grid.* Expenses we incurred for our use of the main distribution and transmission grid decreased by 47.3%, or R\$365.1 million, to R\$407.3 million in 2013 compared with R\$772.4 million in 2012, mainly due to lower costs from charges for the use of the transmission system as a whole as a result of the 2013 Concession Renewal Law. In addition, we received R\$319.6 million in CDE funds in 2013 to offset these costs.
- *Personnel and Management.* Personnel and management expenses decreased by 12.0%, or R\$149.4 million, to R\$1,096.3 million in 2013 compared with R\$1,245.7 million in 2012, mainly due to (i) lower provisions for severance pay related to the Voluntary Redundancy Program, and (ii) lower expenses with compensation and related charges. This amount already includes the wage increases of 5.6% as of October 2012, 1.0% as of May 2013, and 7.0% in October 2013.
- *Pension and Healthcare Plans.* Pension and Healthcare expenses decreased 3.7%, or R\$6.7 million, to R\$176.2 million in 2013, compared to R\$182.9 million in 2012. This decrease reflects the accrual of amounts related to the private pension and healthcare plans,

reflecting the reduction in healthcare plan costs, in accordance with the actuarial calculation made by an independent actuary.

- *Material and Supplies.* Materials and supplies expenses increased by 1.0%, or R\$0.7 million, to R\$70.4 million in 2013 compared with R\$69.7 million in 2012;
- *Material and Supplies for Power Electricity.* These expenses increased 6.7%, or R\$1.7 million, to R\$27.2 million in 2013, compared to R\$25.5 million in 2012. This increase was mainly due to an increase in the unit cost of mineral coal purchased for the Figueira Thermoelectric Plant.
- *Natural Gas and Supplies for Gas Business.* Expenses related to natural gas purchases increased by 19.3%, or R\$47.9 million, to R\$295.7 million in 2013 compared with R\$247.8 million in 2012. This increase was caused by an increase in the purchase price of natural gas acquired by Compagas from third-party suppliers. The increase of the purchase price of natural gas was mainly attributable to the effects of the recent devaluation of the Brazilian Real and an increase in the market price of oil, which influences the price of gas.
- *Third-Party Services.* Third-party services expenses increased 3.6%, or R\$14.6 million, to R\$423.5 million in 2013 compared with R\$ 408.9 million in 2012, mainly due to higher expenses related to facilities maintenance, communications and data processing. This increase was partially offset by a decrease in the cost of consulting services.
- *Accruals and Provisions.* Accruals and provisions expenses decreased by 8.8% or R\$19.3 million in 2013, to R\$199.5 million in 2013 compared with R\$218.8 million in 2012. This decrease was mainly due to (i) the reversal of tax provisions, and (ii) lower provisions for litigation related to civil and administrative claims.
- *Construction Cost.* Construction costs increased 48.8%, or R\$354.8 million, to R\$1,088.3 million in 2013 from R\$733.5 million in 2012. This increase reflects costs incurred in connection with improvements we made to our distribution and transmission infrastructure in 2013.
- *Other Costs and Expenses.* Other costs and expenses increased by 44.4% or R\$105.6 million, to R\$343.6 million in 2013, compared with R\$238.0 million in 2012. This increase was mainly due to (i) costs in connection with deactivation and disposal of assets in 2013, reflecting changes to ANEEL rules with respect to the accounting of assets and (ii) increased costs for use of hydrological resources, reflecting an increase in the volume of hydroelectric energy we produced in 2013 compared to 2012.

Equity earnings of associates and joint ventures

Equity earnings of associates and joint ventures was R\$113.6 million in 2013, compared to R\$6.7 million in 2012. Equity investment reflects the equity income or loss of our associates and joint ventures. In 2013, this positive net result was mainly due to: (i) income of R\$96.6 million from Sanepar; (ii) income of R\$10.3 million from Foz do Chopim; and (iii) income of R\$9.0 million from Dona Francisca Energética, which was partially offset by a loss of R\$13.6 million from Sercomtel Telecomunicações.

Financial Results

We recognized R\$280.3 million of net financial income in 2013, compared to a net financial expense of R\$26.7 million in 2012. Financial income increased by 0.6%, or R\$4.0 million, in 2013 compared to 2012, primarily due to inflation adjustments on indemnification payments related to the extension of our transmission concessions, which increased to R\$84.6 million in 2013 compared with zero in 2012. This increase was partially offset by a reduction in inflation adjustments on account receivables related to our concessions, which decreased to R\$108.2 million in 2013 compared with R\$165.6 million in 2012, due to lower level of inflation in the period.

Financial expenses decreased by 44.9%, or R\$302.9 million, in 2013 compared to 2012, to R\$372.1 million in 2013 from R\$675.0 million in 2012, mainly due to the non-recurring nature of the recognition of the remeasurement at fair value of Copel Distribuição's financial assets in 2012, which generated a financial expense in 2012 of R\$401.1 million.

Income Tax and Social Contribution

In 2013, we recognized income tax and social contribution expenses of R\$405.1 million, reflecting an effective tax rate of 26.9% on our pretax income. In 2012, we recognized income tax and social contribution expenses of R\$246.0 million, reflecting an effective tax rate of 25.3% on our pretax income.

Results of Operations for 2012 Compared with 2011

Operating Revenues

Our operating revenues increased by 9.2%, or R\$717.2 million, in 2012 compared to 2011. R\$294.7 million of this increase was from an increase in electricity sales to Final Customers, R\$183.7 million was from an increase in electricity sales to distributors, R\$68.2 million from an increase in charges for the use of our main transmission grid and R\$8.1 million was from an increase in construction revenues.

Electricity Sales to Final Customers. Our revenues from electricity sales to Final Customers increased by 12.6%, or R\$294.7 million, in 2012, due to a slight increase in the average tariff paid by Final Customers and an increase in the volume of energy sold to most classes of Final Customers. In addition, the annual tariff revision issued by ANEEL in June 2012 increased the percentage of revenues we book as electricity sales, compared to the percentage we book as charges for use of the distribution grid. As a result of this adjustment, we recorded more of the revenue we receive from each customer as electricity sales to Final Customers, and less of this revenue as charges for use of the distribution grid, when compared to 2011. The average tariff paid by Final Customers increased by 0.5% compared to 2011. The average tariff rates for the residential class of Final Customers decreased 1.8% and industrial, commercial and rural classes of Final Customers increased by 0.2%, 3.3% and 0.7%, respectively. The variation in average price increases between different classes of customers reflects the fact that the tariffs established by ANEEL in 2012 and 2011 varied depending upon the voltage level received.

The increase in the volume of energy sold to Final Customers in 2012 compared with 2011 reflected an increase in the number of Final Customers in each category except for rural customers.

- The volume of electricity sold to residential customers increased by 5.4% in 2012 compared to 2011. Of this increase, 3.5 percentage points was due to an increased number of customers and 1.9 percentage points was due to an increased average consumption per residential customer. This increase was principally the result of (i) above average temperatures, especially in the last quarter of 2012, which led to increased energy consumption, and (ii) sales of energy consuming products as a consequence of a greater availability of consumer credit.
- The volume of electricity sold to industrial customers, including both captive customers and Free Customers, decreased by 0.8% in 2012 compared with 2011. This decrease was principally the result of a general decline in industrial production in the State of Paraná, and the migration of large customers to the free market.
- The volume of electricity sold to commercial customers increased by 5.9% in 2012 compared with 2011. Of this increase, 3.4 percentage points was due to an increase in average consumption per commercial customer and 2.5 percentage points was due to an increased number of commercial customers and a general increase in retail sales in the concession area.
- The volume of electricity sold to rural customers increased 8.2% in 2012 compared to 2011. Average consumption per rural customer increased by 8.8% in 2012 compared to 2011, offsetting a decrease of 0.6% in the number of rural customers during the same

period. The increase in average consumption was mainly due to the strong performance of agriculture and cattle industries the State of Paraná in 2012.

Electricity Sales to Distributors. Our revenues from electricity sales to distributors increased by 12.8%, or R\$183.7 million, to R\$1,623.5 million in 2012 compared with R\$1,439.8 million in 2011. This increase was mainly caused by increased prices (i) under power purchase agreements, both in auctions in the regulated market and through agreements with Free Customers and (ii) in the spot market. Our generation business sells energy under power purchase agreements at unregulated market prices that are subject to automatic inflation adjustments, which resulted in price increases in 2012 compared to 2011. Our generation business also sells energy in the spot market, where prices were higher in 2012 principally because a larger share of energy sold in the spot market was produced by thermoelectric sources due to less favorable hydrological conditions. Thermoelectric energy is more expensive to produce due to fuel costs.

Use of main distribution and transmission grid. Our revenues from the use of main distribution and transmission grid increased by 2.5% or R\$68.2 million, to R\$2,830.6 million in 2012 compared with R\$2,762.4 million in 2011. This increase was principally due to: (i) market growth, (ii) an upward tariff adjustment of 3.0% applied to our distribution business on June 24, 2011, which was partially offset by a periodic downward tariff revision of 0.7% on June 24, 2012, and (iii) an increase of 31.5% in interest income from financial assets related to our transmission business, to R\$301.5 million in 2012 compared with R\$229.3 million in 2011. The overall increase in revenues from the use of the main transmission and distribution grid was also partially offset by the annual tariff revision issued by ANEEL in June 2012, which decreased the percentage of revenues we book as charges for use of the distribution grid, compared to the percentage of revenues that we book as electricity sales. As a result of this adjustment, we recorded less revenue received from Final Customers as charges for use of the distribution grid, and more of this revenue as electricity sales to Final Customers, when compared to 2011.

Construction revenues. Our revenues from constructions increased by 1.1% or R\$8.1 million in 2012 compared with 2011. This increase was mainly due an increase in improvements we made to our distribution and transmission infrastructure in 2012, compared with 2011.

Revenues from Telecommunications. Revenues from our telecommunications segment increased by 7.3% or R\$8.5 million in 2012, primarily due to an increased number of customers, to 3,141 in 2012 from 1,442 in 2011. The majority of these new clients were retail clients, which generate less revenue on average than corporate clients.

Distribution of Piped Gas. Revenues from distribution of piped gas increased by 18.7%, or R\$51.1 million, in 2012 compared to 2011, mainly due to two upward tariff adjustments: 4.5% in March 2012 and 8.0% in August 2012.

Other Operating Revenues. Other operating revenues increased by 93.2% or R\$102.9 million, to R\$213.3 million in 2012 compared with R\$110.4 million in 2011, mainly attributable to higher rental income from UEG Araucária. In contrast to 2011, the UEG Araucária thermal plant generated energy in 2012, which results in additional revenue under the rental contract.

Cost of sales and services provided

Our total operating costs of sales and services provided increased by 15.9% or R\$1,029.9 million, to R\$7,500.8 million in 2012 compared with R\$6,470.9 million in 2011, including amounts recognized as other operating expenses. The following were the principal factors in the increase of our operating costs of sales and services provided:

- *Electricity Purchased for Resale.* Our costs for the energy we purchased for resale increased by 30.4%, or R\$655.2 million, to R\$2,807.7 million in 2012 compared with R\$2,152.5 million in 2011. This increase was mainly due to higher acquisition costs from auctions in the regulated market, where a larger share of energy sold was produced by thermoelectric sources due to less favorable hydrological conditions. Thermoelectric energy is more expensive to produce due to fuel costs.

- *Use of Main Distribution and Transmission Grid.* Expenses we incurred for our use of the main distribution and transmission grid increased by 22.1%, or R\$139.9 million, to R\$772.4 million in 2012 compared with R\$632.5 million in 2011, mainly due to the operation of new assets in the electricity system and the higher incidence of charges imposed by ANEEL. This was partially offset by large customers that connected directly to the Interconnected Transmission System in 2012, for which we no longer incurred these expenses.
- *Personnel and Management.* Personnel and management expenses increased by 26.8%, or R\$263.0 million, to R\$1,245.7 million in 2012 compared with R\$982.6 million in 2011, mainly due to: (i) a 1.6% increase in our number of employees; (ii) wage increases of 7.4% and 5.6% applied in October 2011 and October 2012, respectively; (iii) expenses of R\$168.8 million in 2012, compared to R\$64.4 million in 2011, in connection with the PSDV voluntary retirement program; and (iv) a general review of career structures and compensation, which began in June 2011 and resulted in changes to our compensation policies to make these policies more aligned to the market.
- *Pension and Healthcare Plans.* Pension and Healthcare expenses increased 21.2%, or R\$32.0 million, to R\$182.9 million in 2012, compared to R\$150.9 million in 2011. This line item reflects the accrual of liabilities pursuant to the actuarial report on our healthcare plan.
- *Materials and supplies.* Materials and supplies expenses decreased by 18.6%, or R\$16.0 million, to R\$69.7 million in 2012 compared with R\$85.7 million in 2011, substantially due to a decrease in the volume of electric power system materials that we acquired in 2012.
- *Material and Supplies for Power Electricity.* These expenses increased 1.6%, or R\$0.4 million, to R\$25.5 million in 2012, compared to R\$25.1 million in 2011. This increase was mainly due to an increase in the unit cost of mineral coal purchased for the Figueira Thermoelectric Plant.
- *Natural Gas and Supplies for Gas Business.* Expenses related to natural gas purchases increased by 32.6%, or R\$60.9 million, to R\$247.8 million in 2012 compared with R\$186.9 million in 2011. This increase was caused by an increase in the purchase price of natural gas acquired by Compagas from third-party suppliers. The increase of the purchase price of natural gas was mainly attributable to the effects of the recent devaluation of the Brazilian Real and an increase in the market price of oil, which influences the price of gas.
- *Third-Party Services.* Third-party services expenses increased 4.7%, or R\$18.2 million, to R\$408.9 million in 2012 compared with R\$390.7 million in 2011, mainly due to contractual readjustments with third-party service providers and increased costs related to the expansion of services such as power system and facility maintenance, meter reading and bill delivery.
- *Accruals and Provisions.* Accruals and provisions expenses decreased by 24.5% or R\$70.9 million in 2012, to R\$218.8 million in 2012 compared with R\$289.7 million in 2011. In 2012, our accruals and provisions expenses were mainly related to litigation provisions, including a provision of R\$54.5 million in connection with a lawsuit by Tradener Ltda.
- *Construction Cost.* Construction costs increased 0.3%, or R\$2.1 million, to R\$733.5 million in 2012 from R\$731.4 million in 2011. This increase reflects costs we incurred in connection with improvements we made to our distribution and transmission infrastructure in 2012.
- *Other Costs and Expenses.* Other costs and expenses decreased by 18.1% or R\$52.5 million, to R\$238.0 million in 2012, compared with R\$290.5 million in 2011. This variation was mainly due to (i) a decrease of R\$48.1 million in losses in connection with deactivation and disposal of assets in 2012 compared to 2011 and (ii) lower payments for

use of hydrological resources, which resulted from a decrease in hydroelectric generation activities.

Equity earnings of associates and joint ventures

Equity earnings of associates and joint ventures was R\$6.7 million in 2012, compared to R\$52.3 million in 2011. Equity investment reflects the equity income or loss of our associates and joint ventures. In 2012, this net result was mainly due to: (i) income of R\$53.3 million from Sanepar; (ii) income of R\$9.4 million from Foz do Chopim; (iii) income of R\$8.1 million from Dona Francisca Energética; and (iv) losses of R\$59.8 million from Sercomtel Telecomunicações.

Financial Results

We recognized R\$26.7 million of net financial expense in 2012, compared to net financial income of R\$226.4 million in 2011. Financial income increased by 12.3% or R\$70.9 million in 2012 compared to 2011, mainly due to: (i) an increase of R\$39.7 million in the revenue from we received from the CRC Account, since these amounts are indexed based on inflation, and inflation was relatively higher in 2012 when compared to 2011; (ii) an increase of R\$65.2 million in revenue as a result of inflation indexation of receivables related to our concessions, since these amounts are also indexed to inflation; and (iii) a decrease in income from financial investments. Financial expenses increased by 92.3% or R\$323.9 million in 2012 compared to 2011, totaling R\$675.0 million. R\$401.1 million of this amount was caused by the fair updating of Copel Distribuição's concession-related financial assets in connection with the 3rd tariff review cycle.

Income Tax and Social Contribution

In 2012, we recognized income tax and social contribution expenses of R\$246.0 million, reflecting an effective tax rate of 25.3% on our pretax income. In 2011, we recognized income tax and social contribution expenses of R\$407.1 million, reflecting an effective tax rate of 25.7% on our 2011 pretax income.

Liquidity and Capital Resources

Our principal liquidity and capital requirements are to finance the expansion and improvement of our distribution and transmission infrastructure and to finance the expansion of our generation facilities. Our other principal uses of cash are to dividends payments and debt servicing. Capital expenditures were R\$2,116.0 million in 2013 and R\$1,938.6 million in 2012 (including R\$161.9 million investment in the Mauá Hydroelectric Plant). The following table sets forth a breakdown of our capital expenditures for the periods indicated.

	Year ended December 31,		
	2013	2012	2011
	(R\$ million)		
Generation and transmission	478.7	988.2	928.9
Distribution	977.1	809.0	754.5
Telecom	74.1	79.9	81.0
Equity earnings of associates and joint ventures.....	519.3	57.3	39.2
Araucária Thermolectric Plant.....	19.4	1.7	15.8
Compagas	42.1	31.1	19.0
Elejor.....	5.3	2.3	2.7
Total	<u>2,116.0</u>	<u>1,969.5</u>	<u>1,841.1</u>

Our total budgeted capital expenditures for our wholly-owned subsidiaries for 2014 is R\$2,616.7 million, of which:

- R\$1,308.7 million is for generation and transmission, including R\$409.8 million for the construction of the Colider Hydroelectric Plant and R\$316.0 million for the construction of the Baixo Iguaçu Hydroelectric Plant;
- R\$859.9 million is for distribution;
- R\$80.0 million is for our telecommunication business; and
- R\$331.8 million is for new businesses.

Our following subsidiaries also budgeted their own capital expenditures for 2014, as described below:

- Compagas: R\$79.3 million;
- Araucária: R\$5.9 million; and
- Elejor: R\$8.3 million.

Historically, we have financed our liquidity and capital requirements primarily with cash provided by our operations and through external financing. Our principal source of funds in 2013 was our operating activities. Net cash provided by operating activities was R\$1,337.6 million in 2013, compared with R\$1,419.4 million in 2012. In 2014, we expect to finance our liquidity and capital requirements primarily with cash provided by our operations and through debt financing from BNDES and in the Brazilian capital markets.

As in prior years, we plan to make significant investments in future periods to expand and upgrade our generation, transmission and distribution businesses. In addition, we may seek to invest in other existing electric utilities, in communications services or in other areas, each of which may require additional domestic and international financing. Our ability to generate cash sufficient to meet our planned expenditures is dependent upon a variety of factors, including our ability to maintain adequate tariff levels, to obtain the required regulatory and environmental authorizations, to access domestic and international capital markets, and a variety of operating and other contingencies. We anticipate that our cash provided by operations may be insufficient to meet these planned capital expenditures, and that we may require additional financing from sources such as BNDES and the Brazilian capital markets.

ANEEL regulations require prior approval from ANEEL for any transfer of funds from our subsidiaries to us in the form of loans or advances. ANEEL approval is not required for cash dividends, as long as cash dividends do not exceed a dividend threshold (“Dividend Threshold”) equal to the greater of adjusted net income or income reserves available for distribution. The Dividend Threshold is established by Brazilian Corporate Law.

The cash dividends we have received from our subsidiaries have been historically sufficient to meet our cash flow requirements without exceeding the Dividend Threshold. As a result, we have not sought approval from ANEEL to receive either loans or advances from our subsidiaries or cash dividends from our subsidiaries in excess of the Dividend Threshold. We do not expect these restrictions on loans and advances and on cash dividends exceeding the Dividend Threshold to impact our ability to meet our cash obligations, since we expect cash dividends below the Dividend Threshold to be sufficient in the future.

In addition, Copel Geração e Transmissão has certain financing agreements with BNDES that contain clauses requiring BNDES approval for Copel Geração e Transmissão to pay cash dividends exceeding 30% of its adjusted net income established by Brazilian Corporate Law. Since BNDES has always approved Copel Geração e Transmissão requests to pay cash dividends in excess of 30% of its adjusted net income, this restriction has not affected the ability of Copel Geração e Transmissão to pay

cash dividends or our ability to meet our cash obligations. As a result, we do not expect this restriction to affect our ability to meet our cash obligations in the future.

Like other state-owned companies, we are subject to CMN restrictions on our ability to obtain financing from certain domestic and international sources. CMN restrictions could limit our ability to accept external sources of funding, specifically bank financing. CMN restrictions do not affect our ability to access the Brazilian capital markets, and do not restrict our access to international capital markets for the purpose of repaying or refinancing debt.

Our total outstanding loans and financing (including debentures) at December 31, 2013 totaled R\$4,531.7 million. Approximately R\$64.8 million of the total debt outstanding at December 31, 2013 was denominated in U.S. dollars. For more information on the terms of these loans and financings, see Notes 21 and 22 to our consolidated financial statements. Our major loans and financing arrangements are:

- On October 30, 2012, Copel Distribuição issued R\$1,000.0 million in five-year non-convertible debentures, all of which were subscribed for by Banco do Brasil S.A. These debentures have an interest rate equal to CDI + 0.99% per year, with semiannual interest payments.
- We have R\$179.8 million in outstanding debt with Eletrobras (i) for the Salto Caxias plant and (ii) under government programs to finance distribution projects.
- We have R\$1,603.0 million of outstanding debt with Banco do Brasil (not including the debentures listed above), consisting of financings we contracted to pay debentures issued in 2002, 2005 and 2006, as well as a September 2010 fixed-rate credit agreement.
- On December 26, 2013, the wind farms we acquired from Salus, which are now wholly owned subsidiaries of Copel, issued R\$150.0 million in promissory notes, which were underwritten by Banco do Brasil S.A., with an interest rate of CDI + 0.9% per annum and a maturity of six months, to be paid at the end of the period. We plan to refinance these notes by issuing non-convertible debentures in the amount of R\$330.0 million, with an interest of CDI +0.9% per year and a 12-month maturity.
- BNDES has provided a loan to Copel of R\$339 million to finance the construction of the Mauá Hydroelectric Plant. Mauá is owned by Consórcio Energético Cruzeiro do Sul, in which Copel has a 51.0% interest and Eletrosul has a 49.0% interest. BNDES is providing 50.0% of the loan amount, and Banco do Brasil S.A. is providing the remaining 50.0%. All the receivables arising from this plant were pledged in favor of BNDES and Banco do Brasil until full repayment of the loan. As of December 31, 2013, we had an aggregate of R\$321.2 million in outstanding debt with BNDES and Banco do Brasil under this facility.
- In December 2011 we entered into a financing contract with BNDES in the total value of R\$44.7 million for the construction of Transmission Line Foz do Iguacu - Cascavel Oeste, with a 14 years term. As of December 31, 2013, we had an aggregate of R\$39.5 million
- In September 2012, we entered into a financing contract with BNDES in the total value of R\$73.1 million for the construction of SHP Cavernoso II. As of December 31, 2013, we had an aggregate balance of R\$67.3 million of debt related to this contract.
- In December 2013, we received approval for BNDES financing of UHE Colider in an aggregate amount of R\$1,041.2 million. As of December 31, we had received R\$840.1 million of this amount, with the remaining disbursements to be made in accordance with the construction schedule. Additionally, BNDES approved to finance the Cerquilho III transmission substation in the amount of R\$17 million, which was disbursed in a single installment. As of December 31, 2013, the aggregate balance of the two contracts totaled R\$858.4 million.
- FINEP: in November 2010, a loan agreement in amount of R\$52.2 million was signed by Copel Telecomunicações S.A. to partially support the BEL – Extra Broadband project. By

December 31, 2012, two installments of R\$25.8 million were drawn. As of December 31, 2013, we had an aggregate outstanding balance of R\$38.9 million.

In addition, we have obtained approval from the CMN to apply for BNDES financing for several projects (TL Araraquara II, Taubaté, TL Londrina-Figuera, TL Assis- Paraguaçu and Wind Farms) and additional infrastructure work related to the 2014 FIFA World Cup. These loan requests are being analyzed by BNDES.

We are party to several legal proceedings that could have a material adverse impact on our liquidity if the rulings are adverse to us. In addition, we are contesting a determination by ANEEL that would require us to pay additional amounts for energy we purchased for resale during the electricity-rationing period in 2001 and the first quarter of 2002. We are also involved in several lawsuits, including challenges to the legality of certain federal taxes, which have been assessed against us, claims by industrial customers that certain increases in electricity tariffs from March through November 1986 were illegal and several labor related claims. These contingencies are described in “Item 8. Financial Information—Legal Proceedings”. If any of these claims are decided against us either individually or in the aggregate, they could have a material adverse effect on our liquidity and our financial condition.

Contractual Obligations

In the table below, we set forth certain of our contractual obligations as of December 31, 2013, and the period in which such contractual obligations come due.

	Payments due by period				
	Total	Less than 1 year	1-3 years	3-5 years	More than 5 years
	(R\$ million)				
Contractual obligations:					
Loans and financing.....	4,473.7	1,130.9	1,348.2	505.7	1,488.9
Debentures	1,675.6	176.2	856.8	642.6	-
Suppliers ⁽¹⁾	1,146.2	1,053.9	92.3	-	-
Purchase obligations ⁽²⁾	95,838.9	3,404.6	8,696.1	3,539.3	80,198.9
Concession payments ⁽³⁾	2,401.5	52.1	116.7	129.5	2,103.2
Eletrobras – Itaipu	9,823.1	699.5	2,608.4	998.0	5,517.2
Post-employment benefits ⁽⁴⁾	15,795.7	517.7	1,079.8	1,705.6	12,492.6
Total	131,154.7	7,034.9	14,798.3	7,520.7	101,800.8

⁽¹⁾ Mainly consists of gas supplied by Petrobras to the Araucária Thermoelectric Plant.

⁽²⁾ Consists of binding power purchase commitments.

⁽³⁾ Payments to the federal government arising from Elejor, Mauá and Colider facilities concession agreement.

⁽⁴⁾ For more details, see Note 23 to our consolidated financial statements.

We are also subject to risks with respect to tax, labor and civil claims and have provisioned R\$1,266.1 million for accrued liabilities for legal proceedings related to these claims as of December 31, 2013. For more information, see “Item 8. Financial Information—Legal Proceedings” and Notes 13 and 28 to our consolidated financial statements.

Off-Balance Sheet Arrangements

We have not engaged in any off-balance sheet arrangements that have or are reasonably likely to have a current or future effect on our financial condition, revenues or expenses, results of operations, liquidity, capital expenditures or capital resources that is material to investors.

Item 6. Directors, Senior Management and Employees

We are managed by:

- a Board of Directors, which may consist of seven to nine members and is currently composed of nine members; and
- a Board of Executive Officers, which consists of five members.

Board of Directors

The Board of Directors ordinarily meets once every three months and is responsible, among other things, for:

- establishing our corporate strategy;
- defining the general orientation of our business;
- defining the responsibilities of members of our Board of Executive Officers; and
- electing the members of our Board of Executive Officers.

Meetings of the Board of Directors require a quorum of a majority of the directors and decisions are made by majority vote. The members of the Board of Directors are elected to serve for two-year terms and may be reelected. Among the current nine members of the Board of Directors:

- seven are elected by the controlling shareholders;
- one is elected by minority shareholders; and
- one is elected by our employees.

The member of our Board of Directors who is elected by the non-controlling shareholders has the right to veto (provided it is duly justified) the appointment of the independent accountant made by the majority of the members of our Board of Directors.

The State of Paraná and BNDES Participações S.A. – BNDESPAR (“BNDESPAR”), acting through the Company and Paraná Investimentos S.A., are parties to a shareholders’ agreement dated December 22, 1998, as amended on March 29, 2001 (“Shareholders’ Agreement”). BNDESPAR is a wholly-owned subsidiary of BNDES. Under the Shareholders’ Agreement, the parties agree to exercise their voting rights so that:

- the State of Paraná appoints five members to the Board of Directors; and
- BNDESPAR appoints two members to the Board of Directors.

According to Brazilian Corporate Law, minority shareholders are entitled to appoint and remove a member of the Board of Directors, in a separate election, where such minority shareholders (i) hold at least 15% of the company’s voting shares or (ii) hold at least 10% of the company’s outstanding non-voting shares.

The terms of the current members of the Board of Directors expire in December 2014. The current members are as follows:

Name	Position	Since
Mauricio Schulman	Chairman	2011
Lindolfo Zimmer	Director	2011
Marco Aurelio Rogeri Armelin	Director	2013
Luiz Eduardo da Veiga Sebastiani	Director	2014
José Richa Filho	Director	2011
Mauricio Borges Lemos	Director	2013
Carlos Homero Giacomini	Director	2011
Natalino das Neves	Director	2013
Ney Amilton Caldas Ferreira	Director	2012

The following are brief biographies of the current members of our Board of Directors:

Maurício Schulman. Mr. Schulman is 84 years old. He received a degree in civil engineering from *Universidade Federal do Paraná* and a specialization degree in business administration. Mr. Schulman has also taken additional courses in electricity and economy in France. Previously, Mr. Schulman served as Chief Corporate Management Officer and Chief Executive Officer at Eletrobras; served as Chairman at *Eletrobras, Light S.A.* and of the Brazilian Committee at the *Comissão de Integração Energética Regional - CIER*; served as Chief Administrative Officer at *Companhia de Desenvolvimento Econômico do Paraná – Codepar, Banco Nacional de Habitação – BNH* and *Federação Nacional dos Bancos – Fenaban* (National Bank Federation). He also was State Secretary of the Treasury in the State of Paraná. Mr. Maurício Schulman was appointed by the State of Paraná.

Lindolfo Zimmer. Mr. Zimmer is 73 years old. He received a degree in economic engineering and industrial management from *Universidade Federal do Rio de Janeiro* and in mechanical engineering and economics from *Universidade Federal do Paraná*. He has a MBA in marketing from *Fundação Getúlio Vargas – FGV-PR*. Previously, Mr. Zimmer served as Chief Executive Officer of *Dobreve Energia S.A. – Desa*, where he also was a member of its board of directors; advisor at *Instituto de Engenharia do Paraná – IEP* (State Engineering Institute) and at *Federação das Indústrias do Paraná – Fiep* (Industries Federation of the State of Paraná) at the Social Responsibility Thematic Council; Chief Marketing Officer at *Companhia Paranaense de Energia – Copel* (2000 to 2003); Chief Operation Officer at Copel (1995 to 1999); Chief Engineering and Construction Officer at Copel (1979 to 1982); Chairman of the Management Committee at *Copel Telecomunicações and Copel Transmissão S.A.*; member of the Management Committee at *Copel Geração S.A.* and *Copel Distribuição S.A.*; Chief Official for Special Works – Foz do Areia Power Plant; manager of the Electromechanical Engineering Department at Foz do Areia Power Plant; manager of Mechanical Maintenance and Mechanical Engineering Divisions at Copel; engineer at Salto Osório Power Plant – Copel; manager at Capivari-Cachoeira Power Plant; technical director at *Inepar S.A.*; department manager at *Eletrobras S.A.*; vice-president at *Instituto Pró-Cidadania de Curitiba*; and the Government Secretary for the Municipality of Curitiba. Mr. Zimmer was appointed by the State of Paraná.

Marco Aurélio Rogeri Armelin. Mr. Armelin is 42 years old. He received a degree in Electrical Engineering from *Escola Politécnica da Universidade de São Paulo* (1994). Mr. Armelin is founding partner of *Una Capital Ltda./DEC Investimentos Ltda.* Previously, he was responsible for the variable income at M&Safrá (2004 to 2005) and at *Banco Itaú BBA S.A.* (2001 to 2004). Mr. Armelin also acted as a member of the Board of Directors at *Mahle Metal Leve* (2009-2011) and a member of the Fiscal Council at *Fosfertil* (2006-2007) and at *Metahúrgica Gerdau* (2009-2010). Mr. Armelin has been appointed by the minority shareholders.

Luiz Eduardo da Veiga Sebastiani. Mr. Sebastiani is 54 years old. Economist, Luiz Eduardo da Veiga Sebastiani was Chief Financial and Investor Relations Officer of *Companhia Paranaense de Energia - Copel* (2012-2013); Chief of Staff of Paraná State Government (2012); Member of the Fiscal Council of *Companhia Paranaense de Energia - Copel* (2011-2012); Member of the Fiscal Council of

Companhia de Saneamento do Paraná - Sanepar (Sanitation Utility Company) (2011-2012); Secretary of Management and Provision for the State of Paraná (2011-2012); Municipal Secretary of Finance in Curitiba (2005-2010); Board member and State of Paraná representative at the Conselho Federal de Economia - Cofecon (Federal Economy Council), among other relevant activities, always within the financial management. He is currently the State Secretary of Finance in Paraná. Mr. Sebastiani has been appointed by the State of Paraná.

José Richa Filho. Mr. José Richa is 51 years old. He has a bachelor's degree in civil engineering from *Universidade Católica do Paraná* and a graduate degree in public management from *Sociedade Paranaense de Ensino e Informática*. Previously, Mr. José Richa was Chief Administrative and Financial Officer at the *Departamento de Estradas de Rodagem – DER-PR* (State Body for Roads); Chief Administrative and Financial Officer at *Agência de Fomento do Paraná S.A.* (State Development Agency); and Management Secretary of the Municipality of Curitiba. Mr. José Richa was appointed by the State of Paraná.

Maurício Borges Lemos. Mr. Lemos is 64 years old. He has a degree in Economics from *Universidade Federal de Minas Gerais* and a Doctorate and a Master's degree in Economics from *Universidade Estadual de Campinas - Unicamp*. Mr. Lemos is currently a chief officer in the areas of management, finance and indirect operations at *Banco Nacional de Desenvolvimento Econômico e Social - BNDES*. Previously, Mr. Lemos acted as a member of Copel's Board of Directors (2003) and as the Municipal Secretary responsible for the Coordination of the Social Politics of the city of Belo Horizonte, in Minas Gerais (2001-2002). Mr. Lemos was appointed by *BNDES Participações S.A. – BNDESPAR*

Carlos Homero Giacomini. Mr. Giacomini is 60 years old. He has a master's degree in Public Health from *Universidade Estadual de Londrina – UEL*; a specialization in Pediatrics, with residency at *Hospital Evangélico do Paraná* and a degree in Medicine from *Faculdade Evangélica de Medicina do Paraná*. Mr. Giacomini was Chairman of *Instituto Municipal de Administração Pública - Imap*; Municipal Secretary of Planning and Coordination at Curitiba Municipality; Director at *Hospital Oswaldo Cruz*; Director of Planning and Chief Official at Imap; Chairman at *Instituto de Previdência dos Servidores do Município de Curitiba - IPMC*; and Municipal Secretary of Human Resources at Curitiba Municipality. Mr. Giacomini was appointed by the State of Paraná.

Natalino das Neves. Mr. das Neves is 48 years old. Current position; Member of the Board of Directors of Companhia Paranaense de Energia - Copel, elected at the 58th Ordinary Shareholders' Meeting, held on April 25, 2013, to the 2013-2015 term of office; Supplies Logistics Management of Companhia Paranaense de Energia - Copel; and Writer. Professional background: Manager of Departamento de Gestão e Planejamento de Serviços of Companhia Paranaense de Energia - Copel (2006 to 2013); Manager of Divisão de Serviços Corporativos of Companhia Paranaense de Energia - Copel (january to march 2014); Professor of the disciplines: organizational culture and climate, corporate sociology, philosophy and theology subjects (2011). Member of the Committee of Research, Development and Innovation (PD&I) of Copel (2008 to 2010); Member of the Board of Directors of Companhia Paranaense de Energia - Copel (2002 to 2003 and 2005 to 2006); Member of the deliberative council of Fundação Copel (2000 to 2004); Manager at Copel agencies in Imbituva and Prudentópolis, State of Parana (1996 to 1999); and High school teacher (1996 to 2001). Educational background: Master's Degree in Tecnology, from Universidade Tecnológica Federal do Paraná - UTFPR (2011); Master's Degree in Theology, from Pontifícia Universidade Católica do Paraná - PUC-PR (2010); Specialization in Planning, Operation and Marketing in the Electric Power Industry from Universidade Federal do Paraná - UFPR (2004); Specialization in management accounting from Universidade Estadual do Centro-Oeste - Unicentro (2002); Degree in Theology from Faculdade Teológica Batista do Paraná - FTBP (2005); and Degree in Accounting and Statistics from Faculdade Teológica Batista do Paraná - FTBP (2005).

Ney Amilton Caldas Ferreira. Mr. Ferreira is 61 years old. He has a post-degree in business management from *Universidade Católica do Paraná* and has a bachelor degree in business management and foreign trade from Faculdade Positivo. Mr. Ferreira was chairman of the Civil House of the State of Paraná and representative of the Social Security National Institute – INSS at the State of Paraná and acted in several functions in the municipality of Guarapuava, including as interim mayor of the city. In the past seven years, Mr. Ferreira acted as the CEO of *Companhia de Desenvolvimento Agropecuário do Paraná – CODAPAR*. Mr. Ferreira was appointed by *BNDES Participações S.A. – BNDESPAR*.

Board of Executive Officers

Our Board of Executive Officers meets weekly and is responsible for the daily management of the Company. Each Executive Officer also has individual responsibilities established by our bylaws.

According to our bylaws, our Board of Executive Officers consists of five members. The Executive Officers are elected by the Board of Directors for three-year terms but may be removed by the Board of Directors at any time. Under the Shareholders' Agreement, BNDESPAR has the right to appoint one member to the Board of Executive Officers. The terms of the current members of the Board of Executive Officers expire in December 2014. The current members are as follows:

Name	Position	Since
Lindolfo Zimmer	Chief Executive Officer	2011
Marcos Domakoski	Chief Business Management Officer	2013
Antonio Sergio de Souza Guetter	Chief Financial and Investor Relations Officer	2014
Jonel Nazareno Iurk	Chief Business Development Officer	2013
Denise Campanholo Buseti Sabbag	Chief Institutional Relations Officer	2013

The following are brief biographies of the current members of our Board of Executive Officers:

Lindolfo Zimmer. Mr. Zimmer is 73 years old. Mechanical Engineer and an Economist, Lindolfo Zimmer held important positions throughout his professional career at Copel: as Chief Marketing Officer (2000 to 2003), Chief Operation Officer (1995 to 1999), Chief Engineering and Construction Officer (1979 to 1982) and Chairman of the Management Committee at *Copel Telecomunicações S.A.* and *Copel Transmissão S.A.* He had been recently working in the private sector as Chief Executive Officer of *Dobreve Energia S.A. - Desa.*

Marcos Domakoski. Mr. Domakoski is 61 years old. Civil Engineer, Mr. Domakoski has a Master degree in Management. He held important positions throughout his career as a Chairman of the Board of Directors at Copel Geração e Transmissão S.A. since 2013. Member of the Board of Directors at Instituto de Tecnologia para o Desenvolvimento - Lactec since 1998, Vice-President of Movimento Pro-Parana since 2012, Partner of MDD Papéis since 1987. He was Professor at Universidade Federal do Paraná (1981 to 2009), Member of the Board of Directors at Banco Regional de Desenvolvimento do Extremo Sul - BRDE (2003 to 2004), Signatory of the UN Global Compact since 2003, Chief Executive Officer of Associação Comercial do Paraná (2000 to 2004); Member of the Board of Directors of Instituto Brasileiro de Qualidade e Produtividade - IBQP (2000 to 2004), Chief Administrative and Financial Officer at Cia. Melhoramentos de São Paulo - Indústria de Papel (1986 a 1987), Chief Financial Officer at Santa Maria Cia. Papel e Celulose (1984 to 1986) and Vice-president at Rio Branco Cia. de Seguros (1982 to 1983).

Antonio Sergio de Souza Guetter. Mr. Guetter is 52 years old. As a civil engineer, he held important positions throughout his career: he was Chief Executive Officer at Copel Renováveis S.A. (2014), Chief Executive Officer at Fundação Copel de Assistência e Previdência Social (2013), Chief Management and Social Security Officer at Fundação Copel de Assistência e Previdência Social (2011-2012), Manager of Programa Tecnoparque at Curitiba Municipality where he consolidated the first urban technopark in Brasil (2008), Chief Information Technology Official at Copel (2003-2004), member of the Board of Directors at Associação Brasileira de Produtores Independentes de Energia - Apine (2002) and Chief Officer at Copel Participações S.A. (2001-2002). He has an Executive MBA in Finance (from ISPG) and in Administration (from PUC/ISAD), in addition to holding degrees in several areas, such as Marketing and Strategic Management (Texas University - 1998), Quality (JUSE - Japanese Union of Scientists and Engineers - 1999), Management and Planning (Drexel University of Philadelphia - 2000) and Finance (New York University - 2001 and Wharton School - 2012). Mr. Guetter has been our Chief Financial and Investor Relations Officer since March 12, 2014.

Jonel Nazareno Iurk. Mr. Iurk is 60 years old. Mr. Iurk has a master's degree in Soil Science and in River Basin Management from the *Universidade Federal do Paraná* (2005); a specialization degree in

Management and Environmental Engineering from *Universidade Estadual do Paraná (1999)*, and bachelor's degrees in Mathematics (1975) and in Civil Engineering (1978) from *Universidade Estadual de Ponta Grossa*. Mr. Iurk held the position of State Secretary of Environment and Natural Resources of the State of Paraná (2011-2013) and acted as the manager of the Environmental and Natural Resources State Policies.

Denise Campanholo Buseti Sabbag. Mrs. Sabbag is 52 years old. Civil Engineer, Mrs. Denise Campanholo Buseti Sabbag held important positions throughout her career: she was Chief official of regulatory corporate matters coordination at Copel (2011 to 2013); Advisor to the board of direction (2010); Energy commercialization and regulation analyst (2007 to 2010); Technical analyst (2005 to 2006); and Civil engineer (1984 to 2004).

Fiscal Council

We have a permanent Fiscal Council, which generally meets every three months. The Fiscal Council consists of five members and five alternates elected for one-year terms by the shareholders at the annual meeting. The Fiscal Council, which is independent of our management and of our external auditors, is responsible for:

- reviewing our financial statements and reporting on them to our shareholders;
- issuing special reports on proposed changes in capitalization, corporate budgets and proposed dividend distributions and any corporate reorganization; and
- in general, supervising the activities of management and reporting on them to our shareholders.

The following table lists the current and alternate members of the Fiscal Council, who were appointed at the 59th annual shareholders' meeting held on April 24, 2014, and whose terms expire in April 2015.

Name	Since
Joaquim Antonio Guimarães de Oliveira Portes – Chairman	2011
Nelson Leal Junior	2013
José Tavares da Silva Neto	2011
Carlos Eduardo Parente de Oliveira Alves	2012
Vacant	-
Alternates	Since
Osni Ristow	2011
Roberto Brunner	2011
Gilmar Mendes Lourenço	2013
Bruno Cabral Bergamasco	2013
Flavio JarczunKac	2013

Audit Committee

Pursuant to Rule 10A-3 under the Exchange Act and our bylaws, our Audit Committee is composed of at least three members of our Board of Directors, each of whom serves a term of two years, and may be re-elected. Pursuant to the Audit Committee charter, the Audit Committee members are appointed by, and may be replaced by, a resolution taken by our Board of Directors. Since April 24, 2014, the members of the Audit Committee are Mr. José Richa Filho and Carlos Homero Giacomini. There is a vacant position in the Audit Committee. All of the members of the Audit Committee are members of our Board of Directors. The Audit Committee is responsible for helping to prepare our financial statements, ensuring that we are in compliance with all legal requirements related to our reporting obligations,

monitoring the work of the independent auditors and our staff who are responsible for internal auditing of the Company and reviewing the effectiveness of our internal control and risk management procedures and staff.

Under Brazilian Corporate Law, the function of hiring independent auditors is reserved for the board of directors of a company. As a result, our Board of Directors acts as our Audit Committee, as specified in Section 3(a)(58) of the Exchange Act, for purposes of approving, on a case-by-case basis, any engagement of our independent auditors for audit and non-audit services provided to us or our subsidiaries. Except in these respects, our Audit Committee is comparable to and performs the functions of audit committees of U.S. companies.

Compensation of Directors and Officers

For the year ended December 31, 2013, the aggregate amount of compensation paid by us to the members of our Board of Directors, Board of Executive Officers and Fiscal Council was R\$11.1 million, of which 87% was for our Board of Executive Officers, 8% was for our Board of Directors, and 5% was for our Fiscal Council, as approved by our 58th annual shareholders' meeting held on April 25, 2013.

We have no service contracts with our directors providing for benefits upon termination of employment.

Employees

At December 31, 2013, we had 8,647 employees, compared to 9,468 employees at December 31, 2012 and 9,400 employees at December 31, 2011. Including employees at Compagas, Elejor and UEG Araucária Ltda. (companies in which we have a majority stake) we had 8,817 employees by the end of 2013.

The following table sets forth the number of our employees and a breakdown of employees by category of activity as of the dates indicated in each area of our operations.

Area	As of December 31,		
	2013	2012	2011
Generation and transmission.....	1,448	1,188	1,138
Distribution	6,069	6,241	5,926
Telecommunications	360	340	346
Corporation staff and research and development	755	1,668	1,969
Other employees.....	15	31	21
Total employees of Copel wholly-owned subsidiaries.....	8,647	9,468	9,400
Compagas	152	143	128
Elejor	8	8	7
Araucária	10	10	10
Total	<u>8,817</u>	<u>9,629</u>	<u>9,545</u>

All of our employees are covered by collective bargaining agreements that we renegotiate annually with the unions that represent the various employee groups. In 2013, we negotiated and signed labor agreements with the unions representing our employees. These new bargaining agreements became effective in October and will be in place for a one-year term. We agreed to salary increases of 7% in 2013 compared to 2012 salaries.

We provide a number of benefits to our employees. The most significant is our sponsorship of *Fundação Copel de Previdência e Assistência Social* ("Fundação Copel"), which supplements the

Brazilian government retirement and health benefits available to our employees. As of December 31, 2013, approximately 99% of our employees had elected to participate in a defined contribution plan.

In accordance with federal law and our compensation policy, our employees participate in a profit-sharing plan. The Board of Directors and the shareholders must approve the amount of such compensation, which is determined in accordance with an agreement between an employee committee and us. An employee's receipt of compensation is conditioned on the company meeting certain benchmarks described in the above-mentioned agreement, as confirmed in our published year-end financial statements. The amount of profit-sharing distributions provisioned and approved for the 2013 fiscal year (including Compagas) was R\$80.0 million. The amount of profit-sharing distributions accrued and approved for the 2012 fiscal year (including Compagas) was R\$29.9 million, a decrease of 37.7% when compared with the 2011 distribution, which totaled R\$48.1 million. The terms of the profit-sharing agreement are currently being revised and negotiated for future years.

Between March 2011 and December 2012, we had a voluntary retirement program ("PSDV") in order to reduce costs and to prepare a retiree's successor. Pursuant to the plan, an employee who had worked at least 20 years at Copel and was at least 50 years of age could opt to join the program by December 31, 2012, and will have up to 12 months to prepare his successor. The total cost of this program (2011 and 2012) was approximately R\$206.2 million. A total of 1021 employees joined the program and had left the company between 2011 and 2013.

On November 1, 2013, we launched another retirement incentive program ("PDI"), in which an employee who had worked at least 20 years at Copel and was at least 50 years of age could join. The deadline for joining the program is the end of the month following the date on which the employee qualifies under the following requirements: 55 years of age and a contribution period to INSS equal to or greater than 35 years for men and 30 years for women, the deadline for opting out is up until 60 days after the accession date. Until 2013, 180 people opted out at a total cost of R\$27.5 million.

Share Ownership

As of March 31, 2014, board members and executive officers held, collectively, directly or indirectly, less than 1.0% of any class of our shares.

Item 7. Major Shareholders and Related Party Transactions.

Since 1954, the State of Paraná has owned the majority of our Common Shares and has exercised control over us. At December 31, 2013, the State of Paraná directly owned 58.6% of the Common Shares, and BNDESPAR owned directly and indirectly 26.4% of the Common Shares.

The following table sets forth certain information regarding the ownership of our Common Shares at December 31, 2013.

Shareholder	Common shares	
	(thousands)	(% of total)
State of Paraná	85,029	58.6
BNDESPAR	38,299	26.4
Eletrobras	1,531	1.1
Public Float – ADSs	92	0.1
Public Float – BM&FBovespa	19,785	13.7
Other	295	0.1
All directors and officers as a group ⁽¹⁾	-	-
Total	145,031	100.0

⁽¹⁾ Our directors and officers hold an aggregate of 12 Common Shares.

The following table sets forth certain information regarding the ownership of our Class B Shares at December 31, 2013.

Shareholder	Class B Shares	
	(thousand)	(% of total)
State of Paraná	14	—
BNDESPAR.....	27,282	21.3
Eletrobras	—	—
Traded as ADSs	33,924	26.5
Traded in the BM&FBovespa Market.....	66,922	52.1
Other.....	99	0.1
All directors and officers as a group.....	2	—
Total	128,243	100.0

As of March 31, 2014, 2.3% of the Common Shares and 22.0% of the Class B Shares were held by 292 holders that reside in the United States and have registered with the *Companhia Brasileira de Liquidação e Custódia* (“CBLC”). At the same date, the ADSs represented 0.1% of the Common Shares and 26.8% of the Class B Shares, and together, approximately 12.6% of our total share capital. By March, 2014, our shareholders had voted to convert 284 Class A Shares into Class B shares.

Shareholders’ Agreement

Under the Shareholders’ Agreement, the State of Paraná cannot approve, without BNDESPAR’s prior authorization, the following matters:

- amendments to our bylaws;
- reductions or increases of our capital stock;
- changes in our corporate purpose;
- creation of a new class of our preferred shares;
- issuances of securities convertible into our shares or call options for our shares;
- reverse splits or splits of issued shares;
- constitution of reserves, funds or accounting provisions that affect the rights and interests of minority shareholders;
- liquidations or voluntary corporate restructurings;
- mergers, spin-offs, transformations, transfers or acquisitions of interests in other companies;
- incorporation of wholly-owned subsidiaries;
- adoption of policy with respect to minority shareholders in the case of merger, amalgamation, split-off and transfer of control in Copel; and
- reduction in mandatory dividends.

RELATED PARTY TRANSACTIONS

We engage in transactions, including the sale of electric energy, with our principal shareholders and with our affiliates. The tariffs we charge on electric energy sold to our related parties are approved by ANEEL, and the amounts are not material.

Transactions with Shareholders

The following summarizes the most significant transactions with our principal shareholders:

Government of the State of Paraná

The State of Paraná owns 58.6% of our Common Shares. We had accounts receivable from the government of the State of Paraná under the CRC Account agreement in the amount of R\$1,380.6 million at December 31, 2013. The outstanding balance bears interest of 6.7% per year and is adjusted in accordance with the IGP-DI inflation index. We recorded interest income and monetary variation receivable from the government of the State of Paraná under the CRC Account of R\$159.3 million in 2013. For more information, see “Item 5. Operating and Financial Review and Prospects—Overview—Impact of the CRC Account”. We also had ICMS payables in the amount of R\$184.4 million as of December 31, 2013. ICMS expenses during 2013 amounted to R\$2.2 billion.

BNDES and BNDESPAR

BNDESPAR, a wholly-owned subsidiary of BNDES, owns 26.4% of our Common Shares and has the right to appoint two members to our Board of Directors. BNDES has provided a loan to Copel of R\$339 million to finance the construction of the Mauá Hydroelectric Plant. Mauá is owned by Consórcio Energético Cruzeiro do Sul, in which Copel has a 51.0% interest and Eletrosul has a 49.0% interest. BNDES is providing 50.0% of the loan amount, and Banco do Brasil S.A. is providing the remaining 50.0%. All the receivables arising from this plant were pledged in favor of BNDES and Banco do Brasil until full repayment of the loan. As of December 31, 2013, we had an aggregate of R\$321.2 million in outstanding debt with BNDES and Banco do Brasil under this facility.

Fundação Copel

Fundação Copel is a closed pension fund sponsored by Copel, Compagas and other entities that runs and operates benefit plans, welfare and social assistance. In 2013, Copel made payments to Fundação Copel consisting of: (i) rental in amount of R\$12.3 million and (ii) R\$176.2 million for expenditure on pension and welfare plans.

Transactions with Affiliates

Dona Francisca Energética S.A.

We own 23.0% of the total issued and outstanding share capital of Dona Francisca Energética S.A. We had accounts payable in the amount of R\$6.3 million as of December 31, 2013. We provided guaranties to Dona Francisca in connection with loans obtained from Banco Bradesco S.A., and to BNDES, in an amount proportionate to our interest in Dona Francisca. The outstanding balance of the loans and financing was R\$14.7 million as of December 31, 2013.

We have a power purchase agreement with Dona Francisca, valued at R\$72.0 million annually, which obligates Copel Geração e Transmissão to purchase 100.0% of the energy generated at Dona Francisca until March 2015.

Item 8. Financial Information.

See pages F-1 through F-137.

LEGAL PROCEEDINGS

We are currently subject to numerous proceedings relating to civil, administrative, labor and tax claims. Our consolidated financial statements only include provisions for probable and reasonably estimable losses and expenses we may incur in connection with pending litigation. At December 31, 2013, our provisions for such risks were R\$1,266.1 million, which we believe to be sufficient to meet probable and reasonably estimated losses in the event of unfavorable rulings relating to the legal proceedings in which we are a party. However, we cannot assure you that these provisions will be sufficient.

As of December 31, 2013, we estimate that the total amount of claims against us, excluding disputes involving non-monetary claims or claims that cannot be evaluated in the current stage of proceedings, classified as possible losses, was approximately R\$2,888.0 million, of which R\$342.9 million correspond to labor claims; R\$98.0 million to employee benefits; R\$56.2 million to regulatory claims; R\$1,006.8 million to civil claims; and R\$1,384.1 million to tax claims. For more information, see Note 28 to the consolidated financial statements.

ANEEL Determinations

We are contesting a determination by ANEEL that would require us to recognize, in our current liabilities at December 31, 2013, approximately R\$1,549 million in relation to energy purchased from Itaipu during the energy rationing period that occurred in 2001, when there was a significant difference between the purchase price of Itaipu energy and energy sold in the spot market. Our management believes that losses resulting from the final ruling of this claim are remote and therefore we have no provision relating to this matter. However, we may be required to contribute to the amounts owed by other energy companies under similar lawsuits, and as of December 31, 2013, we had provisions of R\$40.4 million to cover probable losses related to these other lawsuits.

Tax and Social Contribution Claims

During the second half of 2010, two lawsuits were decided before the Federal Regional Court (*Tribunal Regional Federal*) in favor of the federal government, reversing the prior judgment that recognized our immunity regarding the payment of COFINS tax. As a result, the Federal Internal Revenue Service (*Receita Federal*) issued an infraction notice demanding the payment of COFINS tax from the periods between August 1995 and December 1996, and between October 1998 and June 2001. As of December 31, 2013, we had provisioned R\$48.8 million and R\$194.3 million for each period, respectively, for a total provision of R\$243.1 million to cover probable losses related to these lawsuits.

We are party to administrative and judicial proceedings pursuant to which we are challenging claims of the Brazilian Social Security authorities to pay additional security contributions for the period between 2000 and 2006. In these proceedings, we estimate the value of our probable loss to be R\$22.0 million.

Labor Related Claims

We are the defendant in several lawsuits filed by either current or past employees of ours, related to overtime claims, dangerous work conditions, relocation, and other matters. As of December 31, 2013, we have provisioned R\$290.9 million to cover probable losses related to these lawsuits.

Regulatory

We are disputing certain regulatory and legal proceedings in connection with ANEEL's allegations that we violated regulatory standards related to the duration and frequency of power outages experienced by our Final Customers. As of December 31, 2013, we have provisioned R\$51.5 million to cover probable losses related to these proceedings.

Additional Claims

We are party to several lawsuits related to accidents involving equipment used in our electricity transmission and distribution systems, vehicle accidents and lawsuits for recovery of commissions by

Tradener (more information see Note 28.1.4(b) of our consolidated financial statements). As of December 31, 2013, we have provisioned R\$ 197.8 million to cover probable losses related to these lawsuits.

In July 2004, Rio Pedrinho Energética S.A. (“Rio Pedrinho”) and Consórcio Salto Natal Energética S.A. (“Salto Natal”) commenced arbitration proceedings against Copel Distribuição seeking approximately R\$25.0 million each for outstanding amounts due under energy purchase agreements, and any associated penalties. In September 2005, the arbitration panel ordered Copel Distribuição to pay each company approximately R\$27.5 million.

We filed a lawsuit in November 2005 in the local courts in Curitiba seeking to annul the decision of the arbitration panel. Subsequently, Rio Pedrinho and Salto Natal filed judicial execution proceedings seeking to require that we pay them the awards granted by the arbitration. As of December 31, 2013, we had provisions of R\$ 64.8 million to cover probable losses related to this proceeding.

As the result of a November 2004 lawsuit filed by Ivaí Engenharia de Obras S.A. (“Ivaí”), we were ordered to pay R\$180.9 million based on a claim by Ivaí that amounts paid by us were insufficient to cover Ivaí’s costs related to Ivaí’s construction work on the Rio Jordão project. We appealed this decision and were partially successful, avoiding the application of the SELIC interest rate in addition to the penalty interest. We were granted an injunction to suspend this payment, which also resulted in the suspension of the provisional enforcement then brought by Ivaí. As of December 31, 2013, we had provisions of R\$ 312.8 million to cover probable losses related to this proceeding.

We are party to several lawsuits brought by landowners whose land has been affected by our transmission and distributions lines. As of December 31, 2013, we have provisioned R\$ 10.6 million to cover a probable losses related to these lawsuits.

DIVIDEND PAYMENTS

In accordance with our bylaws and Brazilian Corporate Law, we regularly pay annual dividends for each fiscal year within sixty days of the declaration of the dividends at the annual shareholders’ meeting. To the extent amounts are available for distribution, we are required to distribute as a mandatory dividend an aggregate amount equal to at least 25.0% of our adjusted net profit. Dividends are allocated pursuant to the formula described in “Dividend Priority of Class A Shares and Class B Shares” below. Under Brazilian Corporate Law, we are not permitted to suspend the mandatory dividend payable with respect to the Common Shares Class A Shares and Class B Shares for any year. Brazilian Corporate Law permits, however, a company to suspend the payment of all dividends if the Board of Directors, with the approval of the Fiscal Council, reports at the shareholders’ meeting that the distribution would be detrimental to the Company given its financial circumstances. In such a case, companies with publicly traded securities must submit a report to the CVM providing the reasons for the suspension of dividend payments. Notwithstanding the above, Brazilian Corporate Law and our bylaws provide that Class A Shares and Class B Shares shall acquire voting rights if we suspend the mandatory dividend payments for more than three consecutive fiscal years, and such voting rights will continue until all dividend payments, including back payments, have been made. We are not subject to any contractual limitations on our ability to pay dividends.

Calculation of Adjusted Net Profit

Annual dividends are payable from our adjusted net profit for such period. Brazilian Corporate Law defines “net profit” for any fiscal year as the result of a fiscal year after the deduction of income and social contribution taxes for that fiscal year and after the deduction of any amounts allocated to employees’ and management’s participation in our results in such fiscal year. The “net profit” for a relevant fiscal year is subject to adjustment by the addition or subtraction of amounts allocated to legal and other reserves, the result of which is known as our adjusted net profit.

In accordance with Brazilian Corporate Law, we must maintain a legal reserve, to which we must allocate a minimum of 5% of our net profits for each fiscal year until such reserve reaches an amount equal to 20.0% of our capital stock (calculated in accordance with Brazilian Corporate Law). However, we are not required to make any allocations to our legal reserve in a fiscal year in which the legal reserve, when added to our other established capital reserves, exceeds 30.0% of our total capital. The amounts to be allocated to such reserve must be approved by our shareholders in a shareholders’

meeting and may be used only for the increase of our capital stock or compensation of losses. At December 31, 2013, our legal reserve was R\$624.8 million, or approximately 9.0% of our capital stock at that date.

In addition to deducting amounts for the legal reserve, under Brazilian Corporate Law net profit may also be adjusted by deducting amounts allocated to:

- the contingency reserve: under Brazilian Corporate Law, our shareholders' meeting, upon a justified proposal of our Board of Directors or Board of Executive Officers, may decide to allocate a percentage of our net profits to a contingency reserve for anticipated losses that are deemed probable in future years, which amount may be estimated;
- the tax incentives reserve: under Brazilian Corporate Law, our shareholders' meeting, upon a justified proposal of our Board of Directors or Board of Executive Officers, may decide to allocate a percentage of our net profits resulting from government donations or subsidies for investment purposes.

On the other hand, net profits may also be increased by:

- the reversal of any amounts previously allocated to a contingency reserve in the fiscal year in which the loss that had been anticipated does not occur as projected or in which the anticipated loss occurs but is lower than the contingency allocated to it; and
- any amounts included in the unrealized profits reserve that have been realized in the relevant fiscal year and have not been used to offset losses, as approved by our shareholders' meeting, upon proposal of our Board of Directors or Board of Executive Officers.

The amounts available for distribution are determined on the basis of the Statutory Financial Statements prepared using the method required by Brazilian Corporate Law, which differ from our consolidated financial statements included herein.

Dividend Priority of Class A Shares and Class B Shares

According to our bylaws, Class A Shares and Class B Shares are entitled to receive annual, non-cumulative minimum dividends, which dividend per share shall be at least 10% higher than the dividends per share paid to the holders of the Common Shares. Class A Shares have a dividend priority over the Class B Shares, and Class B Shares have a dividend priority over the Common Shares. To the extent that dividends are paid, they are to be paid in the following order:

- first, the holders of Class A Shares have the right to receive a minimum dividend equal to 10% of the total share capital represented by the Class A Shares outstanding at the end of the fiscal year in respect of which the dividends have been declared;
- second, to the extent there are additional amounts to be distributed after all amounts allocated to the Class A Shares have been paid, the holders of Class B Shares have the right to receive a minimum dividend per share equal to (i) the mandatory dividend divided by (ii) the total number of Class B Shares outstanding at the end of the fiscal year in respect of which the dividends have been declared; and
- third, to the extent that there are additional amounts to be distributed after all amounts allocated to the Class A Shares and the Class B Shares have been paid, the holders of Common Shares have the right to receive an amount per share equal to (i) the mandatory dividend divided by (ii) the total number of Common Shares outstanding at the end of the fiscal year in respect of which dividends have been declared, provided that the Class A Shares and Class B Shares receive dividends per share at least 10% higher than the dividends per share paid to the Common Shares.

To the extent that there are additional amounts to be distributed after all amounts described in the preceding items have been paid and in the form therein described, any such additional amount will be divided equally among all our shareholders.

Payment of Dividends

We are required to hold an annual shareholders' meeting by April 30th of each year at which, among other things, an annual dividend may be declared by decision of the shareholders on the recommendation of the management, as approved by the Board of Directors. The payment of annual dividends is based on the financial statements prepared for the fiscal year ending December 31. Under Brazilian Corporate Law, we must pay dividends to shareholders of record within 60 days of the date of the shareholders meeting that declared the dividends. A shareholders' resolution may set forth another date of payment, which must occur prior to the end of the fiscal year in which such dividend was declared. We are not required to adjust the amount of paid-in capital for inflation for the period from the end of the last fiscal year to the date of declaration or to adjust the amount of the dividend for inflation for the period from the end of the relevant fiscal year to the payment date. Consequently, the amount of dividends paid to holders of Class B Shares may be substantially reduced due to inflation.

Pursuant to our bylaws, our management may declare interim dividends to be paid from profits in our semi-annual financial statements approved by our shareholders. Any payment of interim dividends count towards the mandatory dividend for the year in which the interim dividends were paid.

Pursuant to Brazilian Corporate Law, we may pay interest on equity in lieu of dividends as an alternative form of making distributions to shareholders. We may treat a payment of interest on equity as a deductible expense for tax purposes, provided that it does not exceed the lesser of:

- the total amount resulting from (i) Long-Term Interest Rate (Taxa de Juros a Longo Prazo, or "TJLP") multiplied by (ii) the total shareholders' equity (determined in accordance with Brazilian Corporate Law), less certain deductions prescribed by Brazilian Corporate Law; and
- the greater of (i) 50.0% of current net income (after the deduction of social contribution on profits (CSLL – Contribuição Social sobre o Lucro Líquido) and before taking such distributions and any deductions for corporate income tax) for the year in respect of which the payment is made or (ii) 50.0% of retained earnings and profit reserves for the year prior to the year in respect of which the payment is made.

In order to be eligible to receive amounts remitted in foreign currency outside of Brazil, shareholders who are not residents of Brazil must register with the Central Bank in order to receive dividends, sales proceeds or other amounts with respect to their shares. The Class B Shares underlying the ADSs are held in Brazil by the Custodian, as agent for the Depositary, which is the registered owner of our shares.

Payments of cash dividends and distributions, if any, will be made in Brazilian currency to the Custodian on behalf of the Depositary, which will then convert such proceeds into U.S. dollars and will cause such U.S. dollars to be delivered to the Depositary for distribution to holders of ADSs. In the event that the Custodian is unable to immediately convert the Brazilian currency received as dividends into U.S. dollars, the amount of U.S. dollars payable to holders of ADSs may be adversely affected by devaluations of the Brazilian currency that occur before such dividends are converted and remitted.

The table below sets forth the cash distributions we paid/will pay as dividends and as interest on equity for the periods indicated.

Year	Payment date	Distribution (R\$ thousands)	Payment per share (R\$)		
			Common	Preferred A	Preferred B
2009	May 2010	249,459	0.86965	1.62979	0.95679
2010	May 2011	281,460	0.98027	2.52507	1.07854
2011	May 2012	421,091	1.46833	2.52507	1.61546
2012	May 2013	268,554	0.93527	2.52507	1.02889
2013 ⁽¹⁾	May 2014	560,537	1.95572	2.52507	2.15165

⁽¹⁾ Anticipation of part of Dividends and Interest on Equity – JCP in December 2013 (R\$145.0 million in dividends and R\$180.0 million in Interest on Equity).

The table below sets forth the cash distributions we paid/will pay as dividends and as interest on equity, translated into US\$ based on the exchange rate at year-end, for the periods indicated.

Year	Payment date	Distribution (US\$ thousands)	Payment per thousand shares (US\$)		
			Common	Preferred A	Preferred B
2009	May 2010	143,268	0.49945	0.93602	0.54950
2010	May 2011	168,923	0.58833	1.51547	0.64731
2011	May 2012	224,486	0.78278	1.34613	0.86121
2012	May 2013	131,419	0.45768	1.23566	0.50349
2013 ⁽¹⁾	May 2014	239,280	0.83485	1.07789	0.91849

⁽¹⁾ Anticipation of part of Dividends and Interest on Equity – JCP in December 2013 (R\$145.0 million in dividends and R\$180.0 million in Interest on Equity).

Item 9. The Offer and Listing

The principal trading market for the Class B Shares is the BM&FBovespa market, which is maintained by *BM&FBovespa S.A. – Bolsa de Valores, Mercadorias e Futuros* (“BM&FBovespa”). On March 3, 2014, approximately 2,830 shareholders owned our Class B Shares.

The following table sets forth the reported high and low closing sale prices for the Class B Shares on the São Paulo Stock Exchange for the periods indicated.

	Price per Class B Shares	
	High	Low
	(R\$)	
2009	39.00	21.10
2010	44.60	33.00
2011	46.50	31.93
2012	48.29	26.40
1 st Quarter	45.52	37.30
2 nd Quarter	48.29	39.92
3 rd Quarter	44.32	32.31
4 th Quarter	33.31	26.40
2013	37.01	26.21
1 st Quarter	33.22	27.97
2 nd Quarter	37.01	26.21
3 rd Quarter	31.50	27.49
4 th Quarter	33.40	29.85
2014, up to April 15, 2014		
1 st Quarter	31.53	23.64
January	31.05	27.70
February	27.28	23.64
March	29.81	24.75
2 nd Quarter		
April	31.53	29.30

In the United States, the Class B Shares trade in the form of ADSs, each representing one Class B Share (as a result of the reverse stock split), issued by The Bank of New York Mellon, as depositary (“Depositary”) pursuant to a Deposit Agreement (“Deposit Agreement”) between Copel, the Depositary and the registered holders and beneficial owners from time to time of the ADSs. The ADSs trade under the symbols ELP and ELPVY. The following table sets forth the reported high and low closing sales prices for ADSs on the NYSE for the period indicated.

	U.S. dollars per ADS	
	High	Low
	(US\$)	
2009	22.52	8.32
2010	26.28	18.07
2011	29.41	17.80
2012	26.03	17.25
1 st Quarter	26.03	20.44
2 nd Quarter	25.25	19.93
3 rd Quarter	21.97	15.93
4 th Quarter	16.42	12.75
2013	18.05	11.77
1 st Quarter	16.77	14.05
2 nd Quarter	18.05	11.77
3 rd Quarter	14.09	11.84
4 th Quarter	14.64	12.72
2014, up to April 15, 2014		
1 st Quarter	14.30	9.97
January	13.23	11.46
February	11.16	9.97
March	13.11	10.46
2 nd Quarter		
April	14.30	13.07

On June 19, 2002, shares of the Company were listed through Latibex, which is part of the Madrid Stock Exchange (“Latibex”). Latibex is a Euro-based market for Latin American securities. The shares trade under the symbol XCOP.

Item 10. Additional Information

MEMORANDUM AND ARTICLES OF ASSOCIATION

Organization

We are a publicly traded company duly registered with the CVM under no. 1431-1. According to Article One of our bylaws, our objectives and purposes are:

- researching and studying, technically and economically, all energy sources;
- researching, studying, planning, constructing and developing the production, transformation, transportation, storage, distribution and trade of energy in any of its forms, chiefly electric power, as well as fuels and energy raw materials;
- studying, planning, designing, constructing and operating dams and their reservoirs, as well as other undertakings for multiple uses of water resources;
- providing information and technical assistance services concerning the rational use of energy by businesses, with the aim of implementing and developing economic activities deemed relevant for the development of the State of Paraná; and

- implementing electronic data transmission, electronic communications, cellular telephone systems, and other endeavors that may be deemed relevant to the Company and the State of Paraná.

Except as described in this section, our bylaws do not contain provisions addressing the duties, authority, or liabilities of directors and management, which are instead established by Brazilian Corporate Law.

Qualification of Directors

Our bylaws require that each director be a shareholder of the Company and a Brazilian citizen and resident.

Limitations on Directors' Powers

Under Brazilian Corporate Law, if a director or an executive officer has a conflict of interest with the company in connection with any proposed transaction, the director or executive officer may not vote in any decision of the board of directors or of the board of executive officers related to that transaction, and must disclose the nature and extent of the conflict of interest for transcription in the minutes of the meeting. A director or an executive officer may not transact any business with a company, including accepting any loans, except on reasonable and fair terms for the Company and conditions that are identical to the terms and conditions prevailing in the market or offered by third parties. According to our bylaws, shareholders set the aggregate compensation payable to directors and executive officers. For more information, see "Item 6. Directors, Senior Management and Employees". Our bylaws do not establish any mandatory retirement age limits.

Shareholders' Meetings

The convening of our shareholders' meeting is made through publication of a notice to shareholders in three newspapers, which are determined at the previous shareholders' meeting. Generally, we make such notice in *Diário Oficial do Estado – PR* and the *Gazeta do Povo*. As provided by Brazilian Corporate Law, publications have to be made in the official newspaper located in the state of our corporate headquarters, in a newspaper with wide circulation in the same city as our corporate headquarters. The notice must be published no fewer than three times, beginning at least 30 calendar days prior to the scheduled meeting date.

Right of Withdrawal

Brazilian Corporate Law provides that under certain circumstances a dissenting shareholder has the right to withdraw its equity interest from a company and to receive a payment for the portion of shareholder's equity attributable to his or her equity interest.

Pursuant to Brazilian Corporate Law, each preferred share of a class that is admitted to trading on a Brazilian stock exchange must have the certain rights under the Company's bylaws.

Our bylaws comply with the directives provided by Brazilian Corporate Law as follows: (i) our Class A Shares shall have priority in the distribution of minimum dividends of 10% per year, *pro rata*, calculated as a percentage of the paid-in capital stock represented by such shares on December 31 of the previous fiscal year; (ii) our Class B Shares shall have priority in the distribution of minimum dividends, *pro rata*, in the amount equivalent to 25.0% of our net profits, as adjusted in accordance with Section 202 of Law no. 6,404/76, calculated as a proportion of the paid-in capital stock represented by such shares on December 31st of the previous fiscal year; (iii) the dividends paid on Class B Shares pursuant to item (ii) above shall be paid only from any remaining profits after the payment of priority dividends to Class A Shares; and (iv) the dividends to be paid per preferred share, regardless of the class, shall be at least 10% higher than the dividends to be paid per Common Share.

Liquidation

In the event of liquidation of the Company, after all creditors have been paid, all shareholders will participate equally and ratably in any remaining residual assets.

Liability of the Shareholders for Further Capital Calls

Neither Brazilian Corporate Law nor our bylaws provide for capital calls. The shareholders' liability is limited to the payment of the issue price of the shares subscribed or acquired.

Conversion Rights

Our bylaws provide that the only permitted conversion of shares is Class A Shares are convertible into Class B Shares. Our shares are not otherwise convertible.

Form and Transfer

Our shares are maintained in book-entry form with a transfer agent ("Transfer Agent"). To make a transfer of shares, the Transfer Agent makes an entry in the register, debits the share account of the transferor and credits the share account of the transferee.

Transfers of shares by foreign investors are made in the manner described above and are executed by the investor's local agent on the investor's behalf. However, if the original investment was registered with the Central Bank pursuant to a foreign investment mechanism regulated by Resolution 2,689 of January 26, 2000 of the CMN ("Resolution 2,689") as described under "Exchange Controls" below, the foreign investor must declare the transfer in its electronic registration.

A shareholder may choose, in its individual discretion, to hold its shares through CBLC. Shares are added to the CBLC system through Brazilian institutions that have clearing accounts with the CBLC. Our shareholder registry indicates which shares are listed on the CBLC system. Each participating shareholder is in turn registered in a register of beneficial shareholders maintained by the CBLC and is treated in the same manner as the other registered shareholders.

Regulation of and Restrictions on Foreign Investors

Foreign investors face no legal restrictions barring them from holding Common Shares, Class A Shares, Class B Shares or ADSs.

The ability to convert into foreign currency dividend payments and proceeds from the sale of Class B Shares or preemptive rights and to remit such amounts outside Brazil is subject to restrictions under foreign investment legislation which generally requires, among other things, the registration of the relevant investment with the Central Bank. Any foreign investor who registers with the CVM in accordance with CMN Resolution 2,689 may buy and sell securities on Brazilian stock exchanges without obtaining a separate certificate of registration for each transaction.

Annex V to CMN Resolution 1,289 ("Annex V Regulations") allows Brazilian companies to issue depositary receipts in foreign exchange markets. Our ADS program is duly registered with the Central Bank and the CVM.

Our bylaws do not impose any limitation on the rights of Brazilian residents or non-residents to hold our shares and exercise the rights in connection therewith.

Disclosure of Shareholder Ownership

Brazilian regulations require that any person or group of persons representing the same interest that has directly or indirectly reached an interest corresponding to 5% or more of any class of shares, or any rights under such shares, of a publicly traded company must disclose its share ownership to the investor relations officer of such company, which, in turn, must disclose such information to the CVM and to any relevant stock exchange. Any subsequent increase or decrease of 5% or more in ownership of any class of shares must be similarly disclosed. The same reporting obligation applies to any person or group of persons with an interest of 5% or more of any class of shares of a publicly traded company ceases to hold its stake. If such increase results in change of corporate control or administrative structure, or if the increase imposes a public offering, in addition to informing the investor relations officer, a

statement containing certain required information must be published in newspapers that are widely circulated in Brazil.

MATERIAL CONTRACTS

For information concerning our material contracts, see “Item 4. Information on the Company” and “Item 5. Operating and Financial Review and Prospects”.

EXCHANGE CONTROLS

The ownership of Class A Shares, Class B Shares or Common Shares of the Company by individuals or legal entities domiciled outside Brazil is subject to certain conditions established under Brazilian law, as described below.

The right to convert dividend payments and proceeds from the sale of shares into foreign currency and to remit such amounts outside Brazil is subject to restrictions under Brazilian foreign investment legislation, which generally requires, among other things, that the relevant investments have been registered with the Central Bank. Such restrictions on the remittance of foreign capital abroad may hinder or prevent Itaú Unibanco S.A., as custodian for the Class B Shares represented by ADSs (“Custodian”), or holders who have exchanged ADSs for Class B Shares from converting dividends, distributions or the proceeds from any sale of such Class B Shares, as the case may be, into U.S. dollars and remitting such U.S. dollars abroad. Holders of ADSs could be adversely affected by delays in, or refusal to grant any, required government approval for conversions of Brazilian currency payments and remittances abroad of the Class B Shares underlying the ADSs.

Under Resolution 2,689, foreign investors may invest in almost all financial assets and engage in almost all transactions available in the Brazilian financial and capital markets, provided that certain requirements are fulfilled. The definition of foreign investor includes individuals, legal entities, mutual funds and other collective investment entities, domiciled or headquartered abroad.

To be eligible to invest in the Brazilian financial and capital markets, foreign investors must:

1. appoint at least one representative in Brazil with powers to perform actions relating to foreign investments;
2. complete the appropriate foreign investor registration form;
3. register as a foreign investor with the CVM; and
4. register the foreign investment with the Central Bank.

Securities and other financial assets held by foreign investors must be registered or maintained in deposit accounts or under the custody of an entity duly licensed by the Central Bank or the CVM. In addition, securities trading is restricted to transactions carried out in the stock exchanges or organized over-the-counter markets licensed by the CVM.

The Annex V Regulations provide for the issuance of depositary receipts in foreign markets in respect of shares of Brazilian issuers. Prior to the issuance of the ADSs, the ADS program was approved under the Annex V Regulations by the Central Bank and the CVM. Accordingly, the proceeds from the sale of ADSs by ADS holders outside Brazil are free of Brazilian foreign investment controls and holders of the ADSs who are not resident of a tax haven will be entitled to favorable tax treatment. For more information, see “Taxation - Brazilian Tax Considerations - Taxation of Gains Outside Brazil”.

An electronic registration has been issued in the name of the Depositary with respect to the ADSs and is maintained by the Custodian on behalf of the Depositary. Pursuant to this electronic registration, the Custodian and the Depositary are able to convert dividends and other distributions with

respect to the Class B Shares represented by ADSs into foreign currency and remit the proceeds outside Brazil. In the event that a holder of ADSs exchanges such ADSs for Class B Shares, such holder will be entitled to continue to rely on the Depository's electronic registration for five business days after such exchange, following which such holder must seek to obtain its own electronic registration with the Central Bank.

Pursuant to Central Bank Resolution 3,845, the withdrawal of Class B Shares upon cancellation of ADSs requires simultaneous exchange transactions in the event the investor decides not to dispose of those Class B Shares. The simultaneous exchange transactions are required in order to obtain a certificate of registration of Class B Shares with the Central Bank. This transaction will be subject to tax in Brazil. For more information, see "Taxation—Brazilian Tax Considerations—Other Brazilian Taxes".

Thereafter, any holder of Class B Shares may not be able to convert into foreign currency and remit outside Brazil the proceeds from the disposition of, or distributions with respect to, such Class B Shares, unless such holder obtains his own electronic registration. A holder that obtains an electronic registration may be subject to less favorable Brazilian tax treatment than a holder of ADSs. For more information, see "Taxation—Brazilian Tax Considerations".

The federal government may impose temporary restrictions on remittances of foreign capital abroad in the event of a serious imbalance or an anticipated serious imbalance of Brazil's balance of payments. For approximately six months in 1989 and early 1990, the federal government froze all dividend and capital repatriations held by the Central Bank that were owed to foreign equity investors, in order to conserve Brazil's foreign currency reserves. These amounts were subsequently released in accordance with federal government directives. There can be no assurance that the federal government will not impose similar restrictions on foreign repatriations in the future.

TAXATION

The following summary contains a description of the principal Brazilian and U.S. federal income tax consequences of the acquisition, ownership and disposition of Class B Shares or ADSs, but it does not purport to be a comprehensive description of all of the tax considerations that may be relevant to a decision to purchase Class B Shares or ADSs. The summary is based upon the tax laws of Brazil and regulations thereunder and on the tax laws of the United States and regulations thereunder as in effect on the date hereof, which are subject to change. Prospective purchasers of Class B Shares or ADSs should consult their own tax advisors as to the tax consequences of the acquisition, ownership and disposition of Class B Shares or ADSs.

Although there is at present no income tax treaty between Brazil and the United States, the tax authorities of the two countries have had discussions that may culminate in such a treaty. No assurance can be given, however, as to whether or when a treaty will enter into force or how it will affect the U.S. holders of Class B Shares or ADSs. Prospective holders of Class B Shares or ADSs should consult their own tax advisors as to the tax consequences of the acquisition, ownership and disposition of Class B Shares or ADSs in their particular circumstances.

Brazilian Tax Considerations

The following discussion summarizes the principal Brazilian tax consequences of the acquisition, ownership and disposition of Class B Shares or ADSs by an individual, entity, trust or organization resident or domiciled outside Brazil for purposes of Brazilian taxation ("Non-Brazilian Holder"). It is based on Brazilian law currently in effect, which is subject to differing interpretations and changes that may apply retroactively. This discussion does not address all the Brazilian tax considerations that may be applicable to any particular Non-Brazilian Holder, and each Non-Brazilian Holder should consult its own tax advisor about the Brazilian tax consequences of investing in Class B Shares or ADSs.

Taxation of Dividends

Dividends paid by the Company in cash or in kind from profits of periods beginning on or after January 1, 1996 (i) to the Depositary in respect of Class B Shares underlying ADSs or (ii) to a Non-Brazilian Holder in respect of Class B Shares generally will not be subject to Brazilian withholding income tax. Dividends paid from profits generated before January 1, 1996 may be subject to Brazilian withholding income tax at varying rates depending upon the year in which the profits have been obtained.

Distributions of Interest on Equity

In accordance with Law no. 9,249, dated December 26, 1995, as amended, Brazilian corporations may make payments to shareholders characterized as distributions of interest on the equity of the company as an alternative form of making dividend distributions. The rate of interest may not be higher than TJLP, as determined by the Central Bank from time to time. The total amount distributed as interest on equity may not exceed, for tax purposes, the greater of (i) 50.0% of net income (after the deduction of the social contribution on net profits and before taking into account the provision for corporate income tax and the amounts attributable to shareholders as net interest on equity) related to the period in respect of which the payment is made and (ii) 50.0% of the sum of retained profits and profit reserves as of the date of the beginning of the period in respect of which the payment is made.

Distributions of interest on equity paid to Brazilian and Non-Brazilian Holders of Class B Shares, including payments to the Depositary in respect of Class B Shares underlying ADSs, are deductible by the Company for Brazilian corporate income tax and social contribution on net profits purposes as far as the limits above described are observed. Such payments to shareholders are subject to Brazilian withholding income tax at the rate of 15.0%, except for payments to shareholders situated in tax haven jurisdictions (that is, a country or location that does not impose income tax or where the maximum income tax rate is lower than 20% or where the local legislation imposes restrictions on disclosing the shareholding composition or the ownership of the investment or the beneficial owner of the income derived from transactions carried out and attributable to a Non-Brazilian Holder – “Tax Haven Holder”), which payments are subject to withholding income tax at a 25.0% rate. These payments may be included, at their net value, as part of any mandatory dividend. To the extent that payment of interest on net equity is so included, the corporation is required to distribute to shareholders an additional amount to ensure that the net amount received by them, after payment of the applicable withholding income tax, plus the amount of declared dividends, is at least equal to the mandatory dividend.

Taxation of Gains Outside Brazil

According to Law no. 10,833 of December 29, 2003 (“Law no. 10,833/03”), capital gains realized on the disposition of assets located in Brazil by a Non-Brazilian Holder, whether to another non-Brazilian resident or to Brazilian residents, are subject to taxation in Brazil. In this sense, if the Class B Shares are disposed of by a Non-Brazilian Holder, as they are defined as assets located in Brazil, such holder will be subject to income tax on the gains assessed, following the rules described below, whether the disposition is conducted in Brazil or abroad and with a Brazilian resident or not.

A disposition of Class B Shares can occur abroad if an investor decides to cancel its investment in ADSs and register the underlying Class B Shares as a direct foreign investment under Law no. 4,131. Any capital gain arising from sales or other dispositions of Class B Shares outside Brazil would be subject to Brazilian income tax at the rate of 15.0% or, if the investor is a Tax Haven Holder, 25.0%, which should be withheld by the purchaser of the Class B Shares outside Brazil or its attorney-in-fact in Brazil.

Regarding ADSs, although the matter is not free from doubt, the gains realized by a Non-Brazilian Holder on the disposition of ADSs to another Non-Brazilian Holder should not be taxed in Brazil, based on the theory that ADSs do not constitute assets located in Brazil for purposes of Law no. 10,833/03. However, we cannot assure you that Brazilian courts would adopt this theory. Thus, the gain on a disposition of ADSs by a Non-Brazilian Holder to a resident in Brazil (or possibly even to a Non-Brazilian Holder in the event that courts determine that ADSs would constitute assets located in Brazil) may be subject to income tax in Brazil.

Taxation of Gains in Brazil

For purposes of Brazilian taxation, the income tax rules on gains related to disposition of Class B Shares vary depending on the domicile of the Non-Brazilian Holder, the form by which such Non-Brazilian Holder has registered its investment before the Brazilian Central Bank and/or how the disposition is carried out, as described below.

Generally, gains are defined as the positive difference between the amount realized on the sale or exchange of a security and its acquisition cost. Gains assessed on the disposition of the Class B Shares carried out on the Brazilian stock exchange (which includes the transactions carried out on the organized over-the-counter market) are:

1. exempt from income tax when assessed by a Non-Brazilian Holder registered under Resolution 2,689 of the CMN (“2,689 Holder”) that is not a Tax Haven Holder; or
2. subject to income tax at a rate of 15.0% in any other case, including the gains assessed by a Non-Brazilian Holder that (i) is not a 2,689 Holder, or (ii) is a 2,689 Holder and a Tax Haven Holder. In these cases, a withholding income tax of 0.005% on the sale value shall be applicable and can be offset with the eventual income tax due on the capital gain.

There can be no assurance that the current preferential treatment for 2,689 Holders will continue in the future.

Any other gains assessed on a disposition of the Class B Shares that is not carried out on the Brazilian stock exchange is subject to an income tax rate of 15.0%, except for gains assessed on Tax Haven Holders who are subject to an income tax rate of 25.0%. If these gains are related to transactions conducted on the Brazilian non-organized over-the-counter market, through an intermediary, the withholding income tax of 0.005% on the sale value shall also be applicable and can be offset with the eventual income tax due on the capital gain.

The deposit of Class B Shares in exchange for the ADSs may be subject to Brazilian income tax if the acquisition cost of the Class B Shares is lower than (i) the average price per Class B share on a Brazilian stock exchange on which the greatest number of such shares were sold on the day of the deposit; or (ii) if no Class B Shares were sold on that day, the average price on the Brazilian stock exchange on which the greatest number of Class B Shares were sold during the 15 trading sessions immediately preceding such deposit. In this case, the difference between the acquisition cost and the average price of the Class B Shares, calculated as set forth above, shall be considered a capital gain subject to income tax at a rate of 15.0% or 25.0% in the case of investors that are Tax Haven Holders. There may be arguments to claim that this taxation is not applicable in the case of a Non-Brazilian Holder that is registered under Resolution 2,689 (other than Tax Haven Holders), which should not be subject to income tax in such a transaction.

The withdrawal of Class B Shares upon cancellation of ADSs is not subject to Brazilian income tax, as long as the regulatory rules are appropriately observed with respect to the registration of the investment before the Central Bank.

In the case of redemption of the Class B Shares or ADSs or capital reduction by a Brazilian corporation, with subsequent withdrawal of the ADSs, such as our company, the positive difference between the amount effectively received by the Non-Brazilian Holder and the acquisition cost of the securities redeemed is treated as capital gain derived from the sale or exchange of shares not carried out on a Brazilian stock exchange market and is therefore subject to income tax at the rate of 15.0% or 25.0%, as the case may be.

Any exercise of preemptive rights relating to the Class B Shares or ADSs will not be subject to Brazilian taxation. Gains on the sale or assignment of preemptive rights will be subject to the same tax treatment applicable to disposition of Class B Shares.

Other Brazilian Taxes

There are no Brazilian inheritance, gift or succession taxes applicable to the ownership, transfer or disposition of Class B Shares or ADSs by a Non-Brazilian Holder except for gift and inheritance taxes levied by some states in Brazil on gifts made or inheritances bestowed by individuals or entities not resident or domiciled in Brazil or in the relevant State to individuals or entities that are resident or domiciled within such State in Brazil. There are no Brazilian stamp, issue, registration, or similar taxes or duties payable by holders of Class B Shares or ADSs.

Pursuant to Decree no. 6,306 of December 14, 2007 (“Decree no. 6,306/07”), a tax on foreign exchange transactions (“IOF/Exchange”) may be imposed on the conversion of Brazilian currency into foreign currency (e.g., for purposes of paying dividends and interest) or *vice-versa*. Currently, for most exchange transactions, the rate of IOF/Exchange is 0.38%, except for: (i) foreign exchange transactions for the inflow of funds related to investments in variable income effectuated by a Non-Brazilian Holder in the Brazilian financial and capital market, in which case the rate is 0%, and (ii) payment of dividends, capital gain and interest on shareholders’ equity related to the investment mentioned under item (i) above, in which case the rate is zero. Nonetheless, the Brazilian government may increase the rate to a maximum of 25.0%. Any such increase will be applicable only prospectively.

The withdrawal of Class B Shares upon cancellation of ADSs will be subject to IOF/Exchange at the rate of 0.38%, considering that a simultaneous exchange transaction is required for this operation if the investor remains with the Class B Shares, pursuant to Resolution 3,845, issued by the Brazilian Central Bank.

Also under Decree no. 6,306/07, the Tax on Bonds and Securities Transactions (“IOF/Bonds”) may be levied on transactions involving bonds and securities, including those carried out on Brazilian stock, futures or commodities exchanges. As a general rule, the rate of this tax is currently zero. The Brazilian government may, however, increase the rate to a maximum of 1.5% per day, but only in respect of future transactions. IOF/Bonds Tax is levied at a rate of 1.5% on the assignment of shares traded in the Brazilian stock market in order to permit the issuance of ADSs.

U.S. Federal Income Tax Considerations

The statements regarding U.S. tax law set forth below are based on U.S. law as in force on the date of this annual report, and changes to such law subsequent to the date of this annual report may affect the tax consequences described herein (possibly with retroactive effect). This summary describes the principal U.S. federal income tax consequences of the ownership and disposition of Class B Shares or ADSs, but it does not purport to be a comprehensive description of all of the U.S. tax consequences that may be relevant to a decision to hold or dispose of Class B Shares or ADSs. This summary applies only to purchasers of Class B Shares or ADSs who will hold the Class B Shares or ADSs as capital assets and does not apply to special classes of holders such as dealers in securities or currencies, holders whose functional currency is not the U.S. dollar, holders of 10% or more of our shares (taking into account shares held directly or through depository arrangements), tax-exempt organizations, financial institutions, holders liable for the alternative minimum tax, securities traders who elect to account for their investment in Class B Shares or ADSs on a mark-to-market basis, partnerships or other pass-through entities, insurance companies, U.S. expatriates, and persons holding Class B Shares or ADSs in a hedging transaction or as part of a straddle, conversion or other integrated transaction for U.S. federal income tax purposes.

Each holder is encouraged to consult such holder’s tax advisor concerning the overall tax consequences to it, including the consequences under laws other than U.S. federal income tax laws, of an investment in Class B Shares or ADSs.

In this discussion, references to a “U.S. holder” are to a beneficial holder of a Class B Share or an ADS that is (i) an individual citizen or resident of the United States of America, (ii) a corporation, or any other entity taxable as a corporation, organized under the laws of the United States of America, any state thereof, or the District of Columbia, or (iii) otherwise subject to U.S. federal income taxation on a net basis with respect to the Class B Share or ADS.

For purposes of the U.S. Internal Revenue Code of 1986, as amended, which we call the “Code”, holders of ADSs will generally be treated as owners of the Class B Shares represented by such ADSs.

Taxation of Distributions

A U.S. holder will recognize dividend income for U.S. federal income tax purposes in an amount equal to the amount of any cash and the value of any property distributed by us as a dividend to the extent that such distribution is paid out of our current or accumulated earnings and profits, as determined for U.S. federal income tax purposes, when such distribution is received by the custodian (or by the U.S. holder in the case of a holder of Class B Shares). The amount of any distribution will include the amount of Brazilian tax withheld on the amount distributed, and the amount of a distribution paid in *reais* will be measured by reference to the exchange rate for converting *reais* into U.S. dollars in effect on the date the distribution is received by the custodian (or by a U.S. holder in the case of a holder of Class B Shares). If the custodian (or U.S. holder in the case of a holder of Class B Shares) does not convert such *reais* into U.S. dollars on the date it receives them, it is possible that the U.S. holder will recognize foreign currency loss or gain, which would be ordinary loss or gain, when the *reais* are converted into U.S. dollars. Dividends paid by us will not be eligible for the dividends received deduction allowed to corporations under the Code.

Subject to certain exceptions for short-term and hedged positions, the U.S. dollar amount of dividends received by an individual with respect to the ADSs will be subject to taxation at preferential rates if the dividends are “qualified dividends”. Dividends paid on the ADSs will be treated as qualified dividends if (i) the ADSs are readily tradable on an established securities market in the United States and (ii) we were not, in the year prior to the year in which the dividend was paid, and are not, in the year in which the dividend is paid, a passive foreign investment company (“PFIC”). The ADSs are listed on the New York Stock Exchange, and will qualify as readily tradable on an established securities market in the United States so long as they are so listed. Based on our audited financial statements and relevant market and shareholder data, we believe that we were not treated as a PFIC for U.S. federal income tax purposes with respect to our 2013 taxable year. In addition, based on our audited financial statements and our current expectations regarding the value and nature of our assets, the sources and nature of our income, and relevant market and shareholder data, we do not anticipate becoming a PFIC for the 2014 taxable year. Based on existing guidance, it is not clear whether dividends received with respect to the Class B Shares will be treated as qualified dividends, because the Class B Shares themselves are not listed on a U.S. exchange. In addition, the U.S. Treasury has announced its intention to promulgate rules pursuant to which holders of ADSs or Class B Shares and intermediaries through whom such securities are held will be permitted to rely on certifications from issuers to treat dividends as qualified for tax reporting purposes. Because such procedures have not yet been issued, it is not clear whether we will be able to comply with them. Holders of ADSs and Class B Shares should consult their own tax advisers regarding the availability of the reduced dividend tax rate in the light of the considerations discussed above and their own particular circumstances.

Distributions out of earnings and profits with respect to the Class B Shares or ADSs generally will be treated as dividend income from sources outside of the United States and generally will be treated separately along with other items of “passive” income for purposes of determining the credit for foreign income taxes allowed under the Code. Subject to certain limitations, Brazilian income tax withheld in connection with any distribution with respect to the Class B Shares or ADSs may be claimed as a credit against the U.S. federal income tax liability of a U.S. holder if such U.S. holder elects for that year to credit all foreign income taxes. Alternatively such Brazilian withholding tax may be taken as a deduction against taxable income. Foreign tax credits will not be allowed for withholding taxes imposed in respect of certain short-term or hedged positions and may not be allowed in respect of arrangements in which a U.S. holder’s expected economic profit, after non-U.S. taxes, is insubstantial. U.S. holders should consult their own tax advisors concerning the implications of these rules in light of their particular circumstances.

Distributions of additional shares to holders with respect to their Class B Shares or ADSs that are made as part of a pro rata distribution to all our shareholders generally will not be subject to U.S. federal income tax.

Holders of Class B Shares or ADSs that are foreign corporations or nonresident alien individuals, which we call “Non-U.S. Holders”, generally will not be subject to U.S. federal income tax or withholding tax on distributions with respect to Class B Shares or ADSs that are treated as dividend

income for U.S. federal income tax purposes unless such dividends are effectively connected with the conduct by the holder of a trade or business in the United States.

Taxation of Capital Gains

Upon the sale or other disposition of a Class B Share or ADS, a U.S. holder generally will recognize gain or loss for U.S. federal income tax purposes. The amount of the gain or loss will be equal to the difference between the amount realized in consideration for the disposition of the Class B Share or ADS (including the gross amount of the proceeds before the deduction of any Brazilian tax) and the U.S. holder's tax basis in the Class B Share or ADS. Such gain or loss generally will be subject to U.S. federal income tax as capital gain or loss and will be long-term capital gain or loss if the Class B Share or ADS has been held for more than one year on the date of the disposition. The net amount of long-term capital gain recognized by an individual holder generally is subject to taxation at preferential rates. Capital losses may be deducted from taxable income, subject to certain limitations. Gain realized by a U.S. holder on a sale or disposition of Class B Shares or ADSs generally will be treated as U.S. source income. Consequently, if Brazilian tax is imposed on such gain, the U.S. holder will not be able to use the corresponding foreign tax credit, unless the holder has other foreign source income of the appropriate type in respect of which the credit may be used. Alternatively, such Brazilian tax may be taken as a deduction against taxable income if the U.S. holder does not take a credit for any foreign income tax during the taxable year.

A Non-U.S. Holder will not be subject to U.S. federal income tax or withholding tax on gain realized on the sale or other disposition of a Class B Share or ADS unless (i) such gain is effectively connected with the conduct by the holder of a trade or business in the United States, or (ii) such holder is an individual who is present in the United States of America for 183 days or more in the taxable year of the sale and certain other conditions are met.

Backup Withholding and Information Reporting

Dividends paid on, and proceeds from the sale or other disposition of, the ADSs or Class B Shares to a U.S. holder generally may be subject to the information reporting requirements of the Code and may be subject to backup withholding unless the U.S. holder (i) is a corporation or other exempt recipient or (ii) provides an accurate taxpayer identification number and certifies that no loss of exemption from backup withholding has occurred. The amount of any backup withholding collected from a payment to a U.S. holder will be allowed as a credit against the U.S. holder's U.S. federal income tax liability and may entitle the U.S. holder to a refund, provided that certain required information is furnished to the Internal Revenue Service.

A Non-U.S. Holder generally will be exempt from these information reporting requirements and backup withholding tax, but may be required to comply with certain certification and identification procedures in order to establish its eligibility for such exemption in connection with payments received within the United States or through certain U.S.-related intermediaries.

DIVIDENDS AND PAYING AGENTS

Entitlement to dividends arises on the date of acquisition of our shares or ADS. For a description of restrictions related to payments of dividends to foreign investors, see "Memorandum and Articles of Association—Regulation of and Restrictions on Foreign Investors" and "Exchange Controls". The Depository will distribute dividends and other distributions to the holders of our ADSs.

DOCUMENTS ON DISPLAY

We file reports, including annual reports on Form 20-F, and other information with the SEC pursuant to the rules and regulations of the SEC that apply to foreign private issuers. You may read and copy any materials filed with the SEC at its Public Reference Room at 100 Fifth Street, N.W., Washington, D.C. 20459. You may obtain information on the operation of the Public Reference Room by calling the SEC at 1-800-SEC-0330. We are required to make filings with the SEC by electronic means. Any filings we make electronically will be available to the public over the Internet at the SEC's web site at <http://www.sec.gov>.

Item 11. Quantitative and Qualitative Disclosures about Market Risk

See Note 34.2 to our consolidated financial statements for disclosure about market risk.

Item 12. Description of Securities Other than Equity Securities

Not applicable.

Item 12A. Debt Securities

Not applicable.

Item 12B. Warrants and Rights

Not applicable.

Item 12C. Other Securities

Not applicable.

Item 12D. American Depositary Shares

The Bank of New York Mellon, serves as the depository for our ADSs. ADS holders are required to pay various fees to the Depository, and the Depository may refuse to provide any service for which a fee is assessed until the applicable fee has been paid.

ADS holders are required to pay the Depository: (i) an annual fee of up to US\$0.02 per ADS (or portion thereof) for administering the ADS program, and (ii) amounts in respect of expenses incurred by the Depository or its agents on behalf of ADS holders, including expenses arising from compliance with applicable law, taxes or other governmental charges, facsimile transmission, or conversion of foreign currency into U.S. dollars. In both cases, the Depository may decide in its sole discretion to seek payment by either billing holders or by deducting the fee from one or more cash dividends or other cash distributions.

ADS holders are also required to pay additional fees for certain services provided by the Depository, as set forth in the table below.

Depository service	Fee payable by ADS holders
Issuance of ADSs, including issuances resulting from a distribution of shares or rights or other property	US\$5.00 or less per 100 ADSs (or portion thereof)
Cancellation of ADSs for the purpose of withdrawal, including if the deposit agreement terminates	US\$5.00 or less per 100 ADSs (or portion thereof)
Distribution of cash dividends	US\$0.02 or less per ADS
Distribution of securities distributed to holders of deposited securities which are distributed by the depository to ADS registered holders	A fee equivalent to the fee that would be payable if securities distributed to the holder had been shares and the shares had been deposited for issuance of ADSs
Depository services	US\$0.02 (or less) per ADSs per calendar year
Transfer and registration of shares on the Depository's share register to or from the name of the depository or its agent when the holder deposits or withdraws shares	Registration or transfer fees
Cable, telex and facsimile transmissions (when expressly provided in the deposit agreement)	Expenses of the Depository
Converting foreign currency to U.S. dollars	Expenses of the Depository
Taxes and other governmental charges the Depository or the custodian are required to pay on any ADS or share underlying an ADS (e.g., stock transfer taxes, stamp duty or withholding taxes)	As necessary
Any charges incurred by the Depository or its agents for servicing the deposited securities	As necessary

Payments by the Depositary

The Depositary pays us an agreed amount, which includes reimbursements for certain expenses we incur in connection with the ADS program. These reimbursable expenses currently include legal and accounting fees, listing fees, investor relations expenses and fees payable to service providers for the distribution of material to ADR holders. For the year ended December 31, 2013, this amount was US\$537.9 thousand.

Item 13. Defaults, Dividend Arrearages and Delinquencies

Not applicable.

Item 14. Material Modifications to the Rights of Security Holders and Use of Proceeds

None.

Item 15. Controls and Procedures

Financial Responsibility, Disclosure Controls and Procedures, and Report on Internal Control Over Financial Reporting

(a) Disclosure Controls and Procedures

We have carried out an evaluation under supervision and with the participation of our management, including our chief executive officer and chief financial officer, of the effectiveness of the design and operation of our disclosure controls and procedures as of December 31, 2013. Our disclosure controls and procedures are designed to provide reasonable assurance that the controls and procedures will meet their objectives.

Based on our evaluation, our chief executive officer and chief financial officer concluded that our disclosure controls and procedures as of December 31, 2013 were effective to provide reasonable assurance that information required to be disclosed in the reports we file and submit under the Securities Exchange Act of 1934, as amended, is recorded, processed, summarized and reported within the time periods specified in the applicable rules and forms, and that it is accumulated and communicated to our management as appropriate in order to allow timely decisions regarding required disclosure.

(b) Management's Annual Report on Internal Control over Financial Reporting

Our management is responsible for establishing and maintaining internal control over financial reporting as defined in Rules 13a-15(f) and 15d-15(f) under the Securities and Exchange Act of 1934. Our internal controls were designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles.

All internal control systems, no matter how well designed, have inherent limitations. Therefore, even those systems determined to be effective may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may decline.

Our management assessed the effectiveness of our internal controls over financial reporting as of December 31, 2013. In making this assessment, it used the criteria established in Internal Control - Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission - COSO. Based on its evaluation and those criteria, our management has concluded that our internal control over financial reporting was effective as of December 31, 2013.

KPMG Auditores Independentes, an independent registered public accounting firm, has issued an attestation report on our internal control over financial reporting as of December 31, 2013.

Changes in Internal Controls

The management of the Company identified no change in its internal control over financial reporting during the fiscal year ended December 31, 2013, that has materially affected or is reasonably likely to materially affect its internal control over financial reporting.

Item 16A. Audit Committee Financial Expert

Our Board of Directors has reviewed the qualifications and backgrounds of the members of the Audit Committee and determined that José Richa Filho is an “audit committee financial expert” within the meaning of Item 16A. For more information regarding our Audit Committee, see “Item 6. Directors, Senior Management and Employees—Audit Committee”.

Item 16B. Code of Ethics

In November 2003, we adopted a code of ethics that also applies to our Chief Executive Officer, Chief Financial Officer and Principal Accounting Officer. In June 2008, we updated our code of ethics based on the corporate governance practices issued by the Global Reporting Initiative - GRI, Accountability 1000 - AA1000. We have posted copies of this code of ethics, which we refer to as our “Code of Conduct”, on our Internet website at the following address: www.copel.com/ir. Copies of our code of ethics may also be obtained without charge by writing to us at the address set forth on the front cover of this Form 20-F. We have not granted any implicit or explicit waivers from any provision of our code of ethics to the officers described above since the adoption of the code.

Item 16C. Principal Accountant Fees and Services

Audit and Non-Audit Fees

KPMG Auditores Independentes acted as our independent registered public accounting firm for the fiscal years ended December 31, 2013, 2012 and 2011.

The table below sets forth the total amount paid to KPMG Auditores Independentes for services performed in 2013, 2012 and 2011, and breaks down these amounts by category of service:

	Year ended December 31,		
	2013	2012	2011
	(R\$ million)		
Audit fees.....	1.4	1.3	1.2
Audit-related fees	-	-	-
Tax fees.....	-	-	-
All other fees	-	-	-
Total	1.4	1.3	1.2

Audit Fees

Audit fees are fees billed for the audit of our annual financial statements and for the reviews of our quarterly financial information in connection with statutory and regulatory filings or engagements.

Audit Committee Pre-Approval Policies and Procedures

Neither our Board of Directors nor our Audit Committee has established pre-approval policies and procedures for the engagement of our registered public accounting firm for services. Our Board of Directors expressly approves on a case-by-case basis any engagement of our Registered Public Accounting Firm for audit and non-audit services provided to us or our subsidiaries. Our Audit

Committee provides recommendations to our Board of Directors regarding such engagements. For more information regarding our Board of Directors and Audit Committee, see “Item 6. Directors, Senior Management and Employees”.

Item 16D. Exemption from the Listing Standards for Audit Committees

None.

Item 16E. Purchases of Equity Securities by the Issuer and Affiliated Purchasers

None.

Item 16F. Changes in Registrant’s Certifying Accountant

On April 18, 2011, KPMG Auditores Independentes (“KPMG”) replaced Deloitte Touche Tohmatsu Auditores Independentes (“Deloitte”) as our independent public accountants for the fiscal years starting January 1, 2011. The change in auditors was made pursuant to a Brazilian law that limits the consecutive terms that certain service providers may serve. Because of the limitations set forth in this law, we did not seek to renew Deloitte’s contract when it expired and Deloitte did not attempt to stand for reelection. The replacement of Deloitte by KPMG was approved by our Board of Directors and Audit Committee.

Item 16G. Corporate Governance

Section	New York Stock Exchange Corporate Governance Rules for U.S. Domestic Issuers	Copel's Approach
Director Independence		
303A.01	A company listed on the New York Stock Exchange (a "listed company") must have a majority of independent directors on its Board of Directors. "Controlled companies" are not required to comply with this requirement.	The majority of the members of Copel's board of directors are "independent" as defined in the NYSE standards. As a controlled company, Copel would not be required to comply with the board of director independence requirements if it were a U.S. domestic issuer.
303A.03	The non-management directors of a listed company must meet at regularly scheduled executive sessions without management.	The non-management directors of Copel do not hold regularly scheduled executive sessions without management.
Nominating/Corporate Governance Committee		
303A.04	A listed company must have a Nominating/Corporate Governance Committee composed entirely of independent directors, with a written charter that covers certain minimum specified duties. "Controlled companies" are not required to comply with this requirement.	Copel does not have a nominating/ corporate governance committee. As a controlled company, Copel would not be required to comply with the nominating/ corporate governance committee requirements if it were a U.S. domestic issuer.
Compensation Committee		
303A.05	A listed company must have a compensation committee composed entirely of independent directors, with a written charter that covers certain minimum specified duties. "Controlled companies" are not required to comply with this requirement.	Copel does not have a compensation committee. As a controlled company, Copel would not be required to comply with the compensation committee requirements if it were a U.S. domestic issuer.
Audit Committee		
303A.06 303A.07	A listed company must have an audit committee with a minimum of three (3) independent directors who satisfy the independence requirements of Rule 10A-3 under the Exchange Act, with a written charter that covers certain minimum specified duties.	Our shareholders amended our bylaws to establish an Audit Committee composed of at least three board members (all of which satisfy the independence requirements set forth in Rule 10A-3 under the Exchange Act), each of who serves a term of two years, and may be re-elected. Pursuant to the Audit Committee Charter, the Audit Committee members are appointed by, and may be replaced by, the Board of Directors. All of the members of the Audit Committee are members of our Board of Directors. The Audit Committee is responsible for our financial statements, ensuring that we are in compliance with all legal requirements related to our reporting obligations, monitoring the work of the independent auditors and our staff who are responsible for internal auditing of the Company and reviewing the efficacy of our internal control and risk management procedures and staff.
Equity Compensation Plans		
303A.08	Shareholders must be given the opportunity to vote on all equity compensation plans and material revisions thereto, with limited exemptions set forth in the NYSE rules.	Under Brazilian Corporate Law, shareholder pre-approval is required for the adoption of any equity compensation plans and material revisions thereto.
Corporate Governance Guidelines		
303A.09	A listed company must adopt and disclose corporate governance guidelines that cover certain minimum specified subjects.	Copel does not have formal governance guidelines that address all of the matters specified in the NYSE rules. However, Copel has adopted corporate governance guidelines that follow the model proposed by the <i>Instituto Brasileiro de Governança Corporativa – IBGC</i> (Brazilian Institute of Corporate Governance).
Code of Ethics for Directors, Officers and Employees		
303A.10	A listed company must adopt and disclose a	Copel has adopted a code of ethics that applies to the

code of business conduct and ethics for its directors, officers and employees, and must promptly disclose any waivers of the code for directors or executive officers.

board of directors, the fiscal council, management and employees. Copel will disclose any waivers of the requirements of the code for directors or executive officers in its annual report on Form 20-F.

Certification Requirements

303A.12

A CEO of a listed company must promptly notify the NYSE in writing after any executive officer of the listed company becomes aware of any material non-compliance with any applicable provisions of Section 303A and certify he or she is not aware of any violation by the listed company of NYSE corporate governance listing standards, qualifying the certification to the extent necessary. Each listed company must submit an executed Written Affirmation annually to the NYSE. In addition, each listed company must submit an interim Written Affirmation as and when required by the interim Written Affirmation form specified by the NYSE.

Copel's CEO will promptly notify the NYSE in writing after any executive officer of Copel becomes aware of any material non-compliance with any applicable provisions of the NYSE corporate governance rules and will also certify if he is not aware of any violation by the listed company of NYSE corporate governance listing standards.

Copel submits every year an Annual Written Affirmation to the NYSE and will submit an interim Written Affirmation when required.

Item 17. Financial Statements

Not applicable.

Item 18. Financial Statements

Reference is made to pages F-1 through F-137.

Item 19. Exhibits

- | | |
|------|---|
| 1.1 | Amended and Restated By-laws of the Company dated as of October, 10, 2013 (English translation). |
| 2.1 | Deposit Agreement (preferred shares) dated as of March 21, 1996, as amended and restated as of November 21, 2007, filed with the SEC on February 12, 2009 as an exhibit to our Registration Statement on Form F-6 and in incorporated herein by reference (File No. 333-157278). |
| 4.1 | The Adjustment Agreement of August 4, 1994 between the State of Paraná and Companhia Paranaense de Energia – Copel (“Adjustment Agreement”) (incorporated by reference to our Form F-1 333-7148, filed with the SEC on June 30, 1997) and the Deed of Amendment to the Adjustment Agreement (<i>Quarto Termo Aditivo ao Termo de Ajuste celebrado em 21 de janeiro de 2005</i>) (English translation) (incorporated by reference to our annual report on Form 20-F for the year ended December 31, 2005, filed with the SEC on June 30, 2006) (File No. 001-14668). |
| 8.1 | List of subsidiaries. |
| 12.1 | Certification of the Chief Executive Officer of Copel, pursuant to Rules 13a-14 and 15d-14 under the Securities Exchange Act of 1934. |
| 12.2 | Certification of the Chief Financial Officer of Copel, pursuant to Rules 13a-14 and 15d-14 under the Securities Exchange Act of 1934. |
| 13.1 | Certification of Chief Executive Officer of Copel, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002. |
| 13.2 | Certification of the Chief Financial Officer of Copel, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002. |

We omitted from the exhibits filed with or incorporated by reference into this annual report certain promissory notes and other instruments and agreements with respect to our long-term debt, none of which authorizes securities in a total amount that exceeds 10% of our total assets. We hereby agree to furnish to the Securities and Exchange Commission copies of any such omitted promissory notes or other instruments or agreements as the Commission requests.

TECHNICAL GLOSSARY

2013 Concession Renewal Law: Brazilian Law no. 12,783 enacted on January 11, 2013, under which most generation, transmission and distribution concessionaires may be renewed at the request of the concessionaire for an additional period of 30 years, but only if the concessionaire agrees to amend the terms of the concession contract to reflect a new tariff regime to be established by ANEEL.

A-1 Auctions: The denomination of electricity auctions in the regulated Brazilian market being held by existing power generators in the year before the initial delivery date.

A-3 Auctions: The denomination of electricity auctions for new generation projects being held in the regulated Brazilian market in the third year before the initial delivery date.

A-5 Auctions: The denomination of electricity auctions for new generation projects being held in the regulated Brazilian market in the fifth year before the initial delivery date.

Adjustments Auction: The denomination of electricity auctions held by existing power generators in the Brazilian regulated market up to four months before the delivery date.

ADRs: American Depositary Receipts.

ADSs: American Depositary Shares, each representing one Class B Share.

ANATEL: The Brazilian National Telecommunication Agency, or the *Agência Nacional de Telecomunicações*.

ANEEL: The Brazilian Electricity Regulatory Agency, or the *Agência Nacional de Energia Elétrica*.

Annex V Regulations: Annex V to Resolution 1,289.

Annual Permitted Revenues: The annual revenue established by ANEEL to be charged by a transmission concessionaire for the use of its transmission lines by third parties, which include Free Customers, generators and distributors, or *Receita Anual Permitida - RAP*.

Annual Reference Value: A mechanism established by Brazilian regulation that limits the costs that can be passed through to Final Customers. The mechanism corresponds to the weighted average of the electricity prices in the A-5 and A-3 Auctions (excluding alternative energy auctions), calculated for all distribution companies. *Assured Energy:* Determined amount assigned to each hydroelectric plant according to the energy supply risk criteria defined by MME. The assured energy also represents the maximum energy that can be sold by the generator, which is set forth in each concession agreement, irrespective of the volume of electricity actually generated by the facility.

Average Tariff or Rate: Total sales revenue divided by total megawatt hours (MWh) sold for each relevant period, including in the case of the Company, unbilled electricity, or electricity which has been delivered to a customer, but for which the utility has yet to deliver a bill. Total sales revenue, for the purpose of computing average tariff or rate, includes both gross billings before deducting value-added tax and unbilled electricity sales upon which such taxes have not yet accrued.

BM&FBovespa: The *BM&FBovespa S.A. – Bolsa de Valores, Mercadorias e Futuros*.

BNDES: The *Banco Nacional de Desenvolvimento Econômico e Social*.

BNDESPAR: BNDES Participações S.A. – BNDESPAR.

Capacity Agreement: Agreement under which a generator commits to make a certain amount of electrical capacity available to the Regulated Market. In such case, the generator's revenue is guaranteed and the distributors must bear the risk of a supply shortage.

Capacity Charge: A charge for sales of energy that is based on the amount of firm capacity contracted by a customer and that is independent of the amount of energy actually consumed by that customer.

CBLIC: The *Companhia Brasileira de Liquidação e Custódia*.

CCEAR: The energy purchase agreements in the regulated market, or *Contratos de Comercialização de Energia no Ambiente Regulado*.

CCEE: The Electric Energy Trading Chamber, or the *Câmara de Comercialização de Energia Elétrica*.

CDE Account: The Electric Energy Development Account, or *Conta de Desenvolvimento Energético*, was created by the Brazilian government in 2002 to, amongst others, promote the availability of electric energy services to all of Brazil and the competitiveness of the energy produced by alternative sources. It will be in effect until 2027 and is regulated by the executive branch and managed by Eletrobras.

Central Bank: The Brazilian Central Bank, or *Banco Central do Brasil*.

Class A Shares: The Company's class A preferred shares.

Class B Shares: The Company's class B preferred shares.

CMN: The National Monetary Council of Brazil, or *Conselho Monetário Nacional*.

CNPE: The National Energy Policy Council of Brazil, or *Conselho Nacional de Política Energética*.

Code: The U.S. Internal Revenue Code of 1986, as amended.

Common Shares: The Company's common shares.

Compagas: Companhia Paranaense de Gás.

Copel Distribuição: The Company's entity engaged in the distribution business.

Copel Geração e Transmissão: The Company's entity engaged in the generation and transmission business.

CRC Account: The recoverable rate deficit account, or *Conta de Resultados a Compensar*.

Custodian: Itaú Unibanco S.A., as custodian for the Class B Shares represented by ADSs.

Decree no. 6,306/07: Brazilian tax Decree no. 6,306 of December 14, 2007, which regulating tax on credit, exchange and insurance, or relating to securities - *IOF*.

Deloitte: Deloitte Touche Tohmatsu Auditores Independentes.

Deposit Agreement: A Deposit Agreement between Copel, the Depositary and the registered holders and beneficial owners from time to time of the ADSs.

Depositary: The Bank of New York Mellon, as depositary.

Distribution: The transfer of electricity from the transmission lines at grid supply points and its delivery to customers through distribution lines at voltages between 13.8 kV and 44 kV.

Distributor: An entity supplying electrical energy to a group of customers by means of a distribution network.

Dividend Threshold: A dividend threshold established by Brazilian Corporate Law, equal to the greater of adjusted net income or income reserves available for distribution.

EER: The *Encargo de Energia de Reserva* is a regulatory charge designed to raise funds for energy reserves that have been contracted through CCEE.

Elejor: Centrais Elétricas do Rio Jordão S.A.

Eletrosul: Eletrosul Centrais Elétricas S.A.

Energy Agreement: Agreement under which a generator commits to supply a certain amount of electricity and assumes the risk that its electricity supply could be adversely affected by hydrological conditions and low reservoir levels, which could interrupt the supply of electricity. In such case, the generator would be required to purchase electricity elsewhere in order to comply with its supply commitments.

Energy Charge: A charge for sales of energy to a customer that is based on the amount of energy actually consumed by that customer.

EPE: The Brazilian Energy Research Company, or *Empresa de Pesquisa Energética*.

Exchange Act of 1934: The United States Securities Exchange Act of 1934, as amended.

Final Customer: A party that uses electricity for its own needs.

Firm Capacity: The level of electricity that we can deliver from a specified power plant with a 95.0% degree of certainty, determined in accordance with certain prescribed statistical models.

Free Customers: Electricity customers that are able to choose their own power suppliers since they meet the following requirements: (i) demand of at least 3 MW at any voltage for new customers (those connected to the distribution network after July 1995); (ii) demand of at least 3 MW and supplied at voltage levels equal to or greater than 69 kV for existing customers (those connected to the distribution network before July 1995); and (iii) demand of at least 500 kW and that opt to be supplied energy by means of alternative sources, such as wind power projects, small hydroelectric power plants or biomass projects (also known as Special Customers).

Free Market: Market segment that permits a certain degree of competition. The free market specifically contemplates purchase of electricity by non-regulated entities such as Free Customers and energy traders.

Fundação Copel: The *Fundação Copel de Previdência e Assistência Social* is sponsored by the Company and supplements the Brazilian government retirement and health benefits available to employees.

Furnas: Furnas Centrais Elétricas S.A

Generating Unit: An electric generator together with the turbine or other device that drives it.

Gigawatt (GW): One billion watts.

Gigawatt hour (GWh): One gigawatt of power supplied or demanded for one hour, or one billion watt hours.

Group A Customers: A group of customers that uses electricity at 2.3 kV or higher. Tariffs applied to this group are based on the actual voltage level at which energy is supplied and the time of day and year the energy is supplied.

Group B Customers: A group of customers that uses electricity at less than 2.3 kV. Tariffs applied to this group are comprised solely of an energy charge and are based on the classification of the customer.

High Voltage: A class of nominal system voltages equal to or greater than 100,000 volts and less than 230,000 volts.

HPP – Hydroelectric Power Plant: A generating unit that uses water power to drive the electric generator.

IASB: International Accounting Standards Board.

IFRS: International Financial Reporting Standards.

IGP-DI: The *Índice Geral de Preços—Disponibilidade Interna* inflation index.

IGP-M Index: The Brazilian General Market Price inflation index, or the *Índice Geral de Preços do Mercado*.

Initial Supply Contracts: A requirement made to distribution and generation companies in order to ensure access to a stable electricity supply at prices that guarantee a fixed rate of return for the electricity generation companies during the transition period leading to the establishment of a free and competitive electricity market.

Installed Capacity: The level of electricity that can be delivered from a particular generating unit on a full-load continuous basis under specified conditions as designated by the manufacturer.

Interconnected Transmission System: Systems or networks for the transmission of energy, connected together by means of one or more lines and transformers.

IPCA: *Índice Nacional de Preços ao Consumidor Amplo* - IPCA inflation index.

IPP: Independent Power Producer, a legal entity or consortium holding a concession or authorization for power generation for sale for its own account to public utility concessionaires or Free Customers.

Itaipu: Itaipu Binacional, a hydroelectric facility equally owned by Brazil and Paraguay, with an installed capacity of 14,000 MW.

Ivaí: Ivaí Engenharia de Obras S.A.

Kilovolt (kV): One thousand volts.

Kilowatt (kW): One thousand watts.

Kilowatt hour (kWh): One kilowatt of power supplied or demanded for one hour, or one thousand watt hours.

KPMG: KPMG Auditores Independentes.

Latibex: A Euro-based market for Latin American securities, which is part of the Madrid Stock Exchange.

Low Income Residential Customers: A group of customers that consumes less than 220 kWh per month and has filed an application to receive benefits under any of the federal government's social programs. Low-income residential customers are considered a subgroup of residential customers and are not subject to payment of emergency capacity and emergency acquisition charges or any extraordinary tariff approved by ANEEL.

Megavolt Ampère (MVA): One thousand volt ampères.

Megawatt (MW): One million watts.

Megawatt average (MWavg): An amount of energy in MWh divided by the time (in hours) in which such energy is produced or consumed.

Megawatt hour (MWh): One megawatt of power supplied or demanded for one hour, or one million watt hours.

MME: The Brazilian Ministry of Mines and Energy, or the Ministério de Minas e Energia.

MRE: The Energy Reallocation Mechanism is a mechanism which attempts to mitigate the risks borne by hydroelectric generators due to variations in river flows (hydrological risk).

Non-Brazilian Holder: An individual, entity, trust or organization resident or domiciled outside Brazil for purposes of Brazilian taxation that acquires, owns and disposes of Class B Shares or ADSs.

Non-U.S. Holder: Holders of Class B Shares or ADSs that are foreign corporations or nonresident alien individuals.

ONS: The National Electric System Operator, or the *Operador Nacional do Sistema Elétrico*.

Parcel A Costs: The costs defined by ANEEL as those that are beyond the control of the distributor. Such costs are considered for adjustment and review of distribution tariff rates to Final Customers.

Parcel B Costs: The costs defined by ANEEL as those that are under the control of the distributor. Such costs are considered for adjustment and review of distribution tariff rates to Final Customers.

Rationing Program: A program instituted by the Brazilian government to reduce electricity consumption, in effect from June 1, 2001 to February 28, 2002, given it was a period of low rainfall in Brazil.

Real, Reais or R\$: Brazilian *reais* (plural) and the Brazilian *real* (singular).

Regulated Market: Market segment in which distribution companies purchase all the electricity needed to supply customers through public auctions. The auction process is administered by ANEEL, either directly or through CCEE, under certain guidelines provided by the MME. The regulated market is generally considered to be more stable in terms of supply of electricity.

Resolution 2,689: Resolution 2,689 of January 26, 2000 of the CMN.

Retail Tariff: Revenue charged by distribution companies to its customers. Each customer falls within a certain tariff level defined by law and based on the customer's classification, although some flexibility is available according to the nature of each customer's demand. Retail tariffs are subject to annual readjustments by ANEEL.

RGR Fund: A reserve fund designed to provide compensatory payments to energy companies for certain assets used in connection with a concession if the concession is revoked or is not renewed.

Sanepar: Companhia de Saneamento do Paraná – Sanepar.

Securities Act: The United States Securities Act of 1933, as amended.

Sercomtel: Sercomtel Telecomunicações S.A.

Sercomtel Telecomunicações: Sercomtel Telecomunicações S.A.

Shareholders' Agreement: A shareholders' agreement dated December 22, 1998, as amended on March 29, 2001, between the State of Paraná and BNDESPAR.

SHP – Small Hydroelectric Plant: Hydroelectric plants with generating capacity between 1,000 kW and 30,000 kW with a reservoir covering an area equal to or less than 3.0 km².

Special Customers: A group of customers that uses at least 500 kV. A Special Customer may choose its energy supplier if that supplier derives its energy from alternative sources, such as small hydroelectric plants, wind plants or biomass plants.

Spot Market: Deregulated market segment in which electricity is bought or sold for immediate delivery. In general, prices of spot market energy purchases tend to be substantially higher than the price of energy under long-term energy purchase agreements.

Substation: An assemblage of equipment, which switches and/or changes or regulates the voltage of electricity in a transmission and distribution system.

Tax Haven Holder: A shareholder situated in tax haven jurisdictions (that is, a country or location that does not impose income tax or where the maximum income tax rate is lower than 20% or where the local legislation imposes restrictions on disclosing the shareholding composition or the ownership of the investment or the beneficial owner of the income derived from transactions carried out and attributable to a Non-Brazilian Holder).

Thermoelectric Plant: A generating unit which uses combustible fuel, such as coal, oil, diesel natural gas or other hydrocarbon as the source of energy to drive the electric generator.

TJLP: The Long-Term Interest Rate, or the *Taxa de Juros a Longo Prazo*, the Brazilian federal government's long-term interest rate.

Transmission: The bulk transfer of electricity from generating facilities to the distribution system at load center station by means of the transmission grid (in lines with capacity between 69 kV and 525 kV).

Transmission Tariff: Revenue charged by a transmission concessionaire based on the transmission network it owns and operates. Transmission tariffs are subject to periodic revisions by ANEEL.

TUSD: The tariff established by ANEEL for network usage charges, which are charges for the use of the proprietary local grid of distribution companies.

TUST: The tariff established by ANEEL for the use of the transmission system, which is the Interconnected Transmission System and its ancillary facilities.

U.S. Dollars, dollars, or US\$: United States dollars.

U.S. holder: A beneficial holder of a Class B Share or an ADS that is (i) an individual citizen or resident of the United States of America, (ii) a corporation, or any other entity taxable as a corporation, organized under the laws of the United States of America, any state thereof, or the District of Columbia, or (iii) otherwise subject to U.S. federal income taxation on a net basis with respect to the Class B Share or ADS.

Utility: An entity that is the holder of a concession or authorization to engage in the generation, transmission or distribution of electric energy in Brazil.

Volt: The basic unit of electric force analogous to water pressure in pounds per square inch.

Watt: The basic unit of electrical power.

SIGNATURES

The registrant hereby certifies that it meets all of the requirements for filing on Form 20-F and that it has duly caused and authorized the undersigned to sign this annual report on its behalf.

COMPANHIA PARANAENSE DE ENERGIA – COPEL

By: /s/Lindolfo Zimmer
Name: Lindolfo Zimmer
Title: Chief Executive Officer

By: /s/Antonio Sergio de Souza Guetter
Name: Antonio Sergio de Souza Guetter
Title: Chief Financial and Investor Relations Officer

Date: April 29, 2014



KPMG Auditores Independentes
Al. Dr. Carlos de Carvalho, 417 - 16º
80410-180 - Curitiba, PR - Brasil
Caixa Postal 13533
80420-990 - Curitiba, PR - Brasil

Central Tel 55 (41) 3544-4747
Fax 55 (41) 3544-4750
Internet www.kpmg.com.br

Report of Independent Registered Public Accounting Firm

The Board of Directors and Shareholders

Companhia Paranaense de Energia – COPEL

We have audited the accompanying consolidated statements of financial position of Companhia Paranaense de Energia – COPEL and subsidiaries (the “Company”) as of December 31, 2013 and 2012, and the related consolidated statements of income, comprehensive income, changes in equity, and cash flows for each of the years in the three-year period ended December 31, 2013. We also have audited the Company’s internal control over financial reporting as of December 31, 2013, based on criteria established in Internal Control - Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). The Company’s management is responsible for these consolidated financial statements, for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management’s Report on Internal Control Over Financial Reporting. Our responsibility is to express an opinion on these consolidated financial statements and an opinion on the Company’s internal control over financial reporting based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement and whether effective internal control over financial reporting was maintained in all material respects. Our audits of the consolidated financial statements included examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audits also included performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinions.



A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, the consolidated financial statements referred to in the first paragraph present fairly, in all material respects, the financial position of the Company as of December 31, 2013 and 2012, and the results of its operations and its cash flows for each of the years in the three-year period ended December 31, 2013, in conformity with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB). Also in our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2013, based on criteria established in Internal Control - Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission.

As discussed in Note 3 to the financial statements, the Company has changed its method of accounting for employee benefits and joint ventures in 2013 due to the adoption of IAS 19 (2011) – Employee Benefits and IFRS 11 – Joint Arrangements.

Curitiba, Brazil
April 29, 2014

/s/ KPMG Auditores Independentes

Companhia Paranaense de Energia - Copel

**Consolidated Financial Statements as of
December 31, 2013, 2012 and 2011 and Report
of Independent Registered Public
Accounting Firms**

COMPANHIA PARANAENSE DE ENERGIA – COPEL

Consolidated Statements of Financial Position

All amounts expressed in thousands of Brazilian reais, unless otherwise stated

ASSETS	Note	12.31.2013	Restated 12.31.2012
CURRENT ASSETS			
Cash and cash equivalents	4	1,741,632	1,459,217
Bonds and securities	5	389,222	635,501
Collaterals and escrow accounts	6	1,976	36,808
Trade accounts receivable	7	1,337,628	1,489,173
Dividends receivable	15	9,500	18,064
CRC transferred to the State Government of Paraná	8	85,448	75,930
Accounts receivable related to the concession	9	4,396	5,319
Accounts receivable related to the concession extension	10	352,161	356,085
Other current receivables	11	395,890	234,951
Inventories	12	139,278	124,809
Income Tax and Social Contribution	13.1	133,158	191,544
Other current recoverable taxes	13.3	70,013	49,490
Prepaid expenses	-	19,982	4,801
		4,680,284	4,681,692
NONCURRENT ASSETS			
Long Term Assets			
Bonds and securities	5	120,536	128,515
Collaterals and escrow accounts	6	45,371	43,246
Trade accounts receivable	7	132,686	26,171
CRC transferred to the State Government of Paraná	8	1,295,106	1,308,354
Judicial deposits	14	675,225	574,371
Accounts receivable related to the concession	9	3,484,268	2,645,826
Accounts receivable related to the concession extension	10	365,645	717,805
Other noncurrent receivables	11	29,435	22,728
Income Tax and Social Contribution	13.1	197,659	19,995
Other noncurrent recoverable taxes	13.3	124,498	120,189
Deferred Income Tax and Social Contribution	13.2	753,413	681,285
Prepaid expenses	-	399	8,832
		7,224,241	6,297,317
Investments	16	1,187,927	568,989
Property, Plant and Equipment, net	17	7,983,632	7,871,753
Intangible Assets	18	2,035,361	1,789,152
		18,431,161	16,527,211
TOTAL ASSETS		23,111,445	21,208,903

Notes are an integral part of these financial statements

COMPANHIA PARANAENSE DE ENERGIA – COPEL

Consolidated Statements of Financial Position

All amounts expressed in thousands of Brazilian reais, unless otherwise stated

LIABILITIES	Note	12.31.2013	Restated 12.31.2012
CURRENT LIABILITIES			
Payroll, social charges and accruals	19	239,685	384,008
Suppliers	20	1,092,239	1,131,782
Income Tax and Social Contribution Payable	13.1	297,620	170,189
Other taxes due	13.3	300,731	288,480
Loans and financing	21	957,106	261,290
Debentures	22	57,462	12,719
Dividend payable	-	18,713	204,780
Post employment benefits	23	29,983	25,819
Customer charges due	24	37,994	56,498
Research and Development and Energy Efficiency	25	127,860	159,599
Accounts payable related to concession - Use of Public Property	26	51,481	48,477
Other accounts payable	27	137,011	89,803
		3,347,885	2,833,444
NONCURRENT LIABILITIES			
Suppliers	20	50,121	100,908
Other taxes due	13.3	68,402	-
Deferred Income Tax and Social Contribution	13.2	420,501	590,536
Loans and financing	21	2,366,678	1,989,588
Debentures	22	1,150,483	997,958
Post employment benefits	23	937,249	675,230
Research and Development and Energy Efficiency	25	154,721	104,561
Accounts payable related to concession - Use of Public Property	26	420,293	399,080
Other accounts payable	27	233	-
Provision for contingencies	28	1,266,127	1,155,708
		6,834,808	6,013,569
EQUITY			
Attributable to controlling shareholder's			
Capital	29	6,910,000	6,910,000
Equity valuation adjustments		983,159	1,214,394
Legal reserve		624,849	571,221
Profit retention reserve		3,897,833	3,337,295
Additional proposed dividends		235,498	64,474
		12,651,339	12,097,384
Attributable to non-controlling interest	29.2	277,413	264,506
		12,928,752	12,361,890
TOTAL LIABILITIES & EQUITY		23,111,445	21,208,903

Notes are an integral part of these financial statements

COMPANHIA PARANAENSE DE ENERGIA – COPEL

Consolidated Statement of Income

All amounts expressed in thousands of Brazilian reais, unless otherwise stated

CONTINUING OPERATIONS	Note	12.31.2013	Restated 12.31.2012	Restated 12.31.2011
OPERATING REVENUES	30	9,180,214	8,493,252	7,776,165
COST OF SALES AND SERVICES PROVIDED	31	(7,037,998)	(6,540,636)	(5,457,015)
GROSS PROFIT		2,142,216	1,952,616	2,319,150
Operational expenses / income				
Selling expenses	31	(95,615)	(65,659)	(113,764)
General and administrative expenses	31	(530,104)	(541,913)	(460,375)
Other operational income (expenses)	31	(403,910)	(352,551)	(439,710)
Equity in earnings of investees	16	113,606	6,685	52,253
		(916,023)	(953,438)	(961,596)
PROFIT BEFORE FINANCIAL RESULTS AND TAXES		1,226,193	999,178	1,357,554
Financial results				
Financial income	32	652,363	648,321	577,427
Financial expenses	32	(372,052)	(674,971)	(351,065)
		280,311	(26,650)	226,362
Profit Before Income Tax and Social Contribution		1,506,504	972,528	1,583,916
INCOME TAX AND SOCIAL CONTRIBUTION ON PROFIT				
Current	13.4	(554,520)	(458,257)	(611,601)
Deferred	13.4	149,451	212,249	204,539
		(405,069)	(246,008)	(407,062)
NET INCOME		1,101,435	726,520	1,176,854
Attributed to controlling shareholders		1,072,560	700,688	1,157,690
Attributed to non-controlling interest	29.2	28,875	25,832	19,164
Basic and diluted net earning per share attributed To parent company shareholders - in reais				
Ordinary shares	29.1	3.74278	2.44350	5.33150
Class "A" Preferred shares	29.1	4.49001	4.17424	4.44350
Class "B" Preferred shares	29.1	4.11741	2.68795	4.03920

Notes are an integral part of these financial statements

COMPANHIA PARANAENSE DE ENERGIA – COPEL

Consolidated Statement of Comprehensive Income

All amounts expressed in thousands of Brazilian reais, unless otherwise stated

	Note	12.31.2013	Restated 12.31.2012	Restated 12.31.2011
NET INCOME FOR THE YEAR		1,101,435	726,520	1,176,854
Other comprehensive income				
Items that will never be reclassified for profit or loss				
Losses on actuarial liabilities	29.1.2			
Post employment benefits		(216,967)	(207,947)	13,585
Post employment benefits - equity		18,881	-	-
Taxes on other comprehensive income	29.1.2	73,769	65,850	(4,620)
Items that are or be or maybe reclassified for profit or loss				
Adjustments related to Financial Assets classified as available for sale:	29.1.2			
Financial investments		(6,929)	2,261	2,962
Accounts receivable related to the concession		-	(13,116)	(7,282)
Investments		(306)	406	5,647
Other gains - subsidiary credits		-	3,164	-
Taxes on other comprehensive income	29.1.2	2,460	118,900	(451)
Total comprehensive income for the year, before taxes		(129,092)	(30,482)	9,841
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		972,343	696,038	1,186,695
Attributed to Parent Company		943,468	550,680	1,167,531
Attributed to controlling shareholders		28,875	145,358	19,164

Notes are an integral part of these financial statements

COMPANHIA PARANAENSE DE ENERGIA – COPEL

Consolidated Statement of Changes in Equity

All amounts expressed in thousands of Brazilian reais, unless otherwise stated

	Note	Attributable to Parent Company							Shareholders' equity	Attributable to non controlling interests (Note 29.2)	Equity Consolidated
		Equity valuation adjustments			Profit reserves						
		Capital	Deemed Cost	Other comprehensive income	Legal reserve	Profit retention reserve	Additional proposed dividends	Accumulated profit			
Balances as of January 1, 2011 - Stated		6,910,000	1,546,053	13,463	478,302	2,056,526	25,779	-	11,030,123	265,703	11,295,826
Net Income for the year		-	-	-	-	-	-	1,157,690	1,157,690	19,164	1,176,854
Other comprehensive income		-	-	-	-	-	-	-	-	-	-
Gains on financial assets, net of taxes	29.1.2	-	-	876	-	-	-	-	876	-	876
Actuarial gains, net of taxes	29.1.2	-	-	8,965	-	-	-	-	8,965	-	8,965
Total comprehensive income for the year		-	-	9,841	-	-	-	1,157,690	1,167,531	19,164	1,186,695
Deliberation of additional dividends proposed		-	-	-	-	-	(25,779)	-	(25,779)	-	(25,779)
Realization of equity valuation adjustments	29.1.2	-	(103,311)	-	-	-	-	103,311	-	-	-
Reimbursement of advances for future capital increase		-	-	-	-	-	-	-	-	(30,813)	(30,813)
Allocations proposed to GSM		-	-	-	-	-	-	-	-	-	-
Legal reserve	29.1.3	-	-	-	57,885	-	-	(57,885)	-	-	-
Interest on own capital	29.1.3	-	-	-	-	-	84,875	(421,091)	(336,216)	-	(336,216)
Dividends	29.1.3	-	-	-	-	-	-	-	-	(11,220)	(11,220)
Profit retention reserve		-	-	-	-	782,025	-	(782,025)	-	-	-
Balances as of December 31, 2011 - Restated		6,910,000	1,442,742	23,304	536,187	2,838,551	84,875	-	11,835,659	242,834	12,078,493
Net Income for the year		-	-	-	-	-	-	700,688	700,688	25,832	726,520
Other comprehensive income		-	-	-	-	-	-	-	-	-	-
Losses on financial assets, net of taxes	29.1.2	-	-	(5,435)	-	-	-	-	(5,435)	626	(4,809)
Actuarial losses, net of taxes	29.1.2	-	-	(144,573)	-	-	-	-	(144,573)	-	(144,573)
Total comprehensive income for the year		-	-	(150,008)	-	-	-	700,688	550,680	26,458	577,138
Deliberation of additional dividends proposed		-	-	-	-	-	(84,875)	-	(84,875)	-	(84,875)
Realization of equity valuation adjustments	29.1.2	-	(101,644)	-	-	-	-	101,644	-	-	-
Allocations proposed to GSM		-	-	-	-	-	-	-	-	-	-
Legal reserve	29.1.3	-	-	-	35,034	-	-	(35,034)	-	-	-
Interest on own capital	29.1.3	-	-	-	-	-	-	(138,072)	(138,072)	-	(138,072)
Dividends	29.1.3	-	-	-	-	-	64,474	(130,482)	(66,008)	(4,786)	(70,794)
Profit retention reserve		-	-	-	-	498,744	-	(498,744)	-	-	-
Balances as of December 31, 2012 - Restated		6,910,000	1,341,098	(126,704)	571,221	3,337,295	64,474	-	12,097,384	264,506	12,361,890
Net Income for the year		-	-	-	-	-	-	1,072,560	1,072,560	28,875	1,101,435
Other comprehensive income		-	-	-	-	-	-	-	-	-	-
Losses on financial assets, net of taxes	29.1.2	-	-	(4,775)	-	-	-	-	(4,775)	-	(4,775)
Actuarial losses, net of taxes	29.1.2	-	-	(124,317)	-	-	-	-	(124,317)	-	(124,317)
Total comprehensive income for the year		-	-	(129,092)	-	-	-	1,072,560	943,468	28,875	972,343
Deliberation of additional dividends proposed		-	-	-	-	-	(64,474)	-	(64,474)	-	(64,474)
Realization of equity valuation adjustments	29.1.2	-	(102,143)	-	-	-	-	102,143	-	-	-
Allocations proposed to GSM		-	-	-	-	-	-	-	-	-	-
Legal reserve	29.1.2	-	-	-	53,628	-	-	(53,628)	-	-	-
Interest on own capital	29.1.2	-	-	-	-	-	-	(180,000)	(180,000)	-	(180,000)
Dividends	29.1.2	-	-	-	-	-	235,498	(380,537)	(145,039)	(15,968)	(161,007)
Profit retention reserve		-	-	-	-	560,538	-	(560,538)	-	-	-
Balances as of December 31, 2013		6,910,000	1,238,955	(255,796)	624,849	3,897,833	235,498	-	12,651,339	277,413	12,928,752

Notes are an integral part of these financial statements

COMPANHIA PARANAENSE DE ENERGIA – COPEL

Consolidated Statement of Changes in Cash Flows

All amounts expressed in thousands of Brazilian reais, unless otherwise stated

	Note	12.31.2013	Restated 12.31.2012	Restated 12.31.2011
Cash flows from operational activities				
Net income for the year		1,101,435	726,520	1,176,854
Adjustments to reconcile net income for the year with cash generated from operating activities				
Depreciation	17.3	366,016	331,330	336,033
Amortization of intangible assets - concessions	18	229,804	214,022	214,515
Amortization of investments - authorization and concession rights	18	755	755	755
Amortization of intangible assets - others	18	6,627	3,748	1,132
Unrealized monetary and exchange variations - net		27,600	(90,669)	75,630
Fair value adjustment of the accounts receivable related to concession	9.1	-	401,104	-
Remuneration of accounts receivable related to concession	9.1	(33,974)	(396,168)	(330,217)
Equity in earnings of investees	16.2	(113,606)	(6,685)	(52,253)
Income tax and social contribution	13.4	554,520	458,257	611,601
Deferred income tax and social contribution	13.2.1	(149,451)	(212,249)	(204,539)
Provision (reversal) for losses from accounts receivable	31.5	47,458	22,826	75,556
Provisions (reversals) for losses on taxes recoverable	31.5	274	(3,135)	46,802
Provisions (reversals) for losses with depreciation of investments		(7,887)	-	398
Provision (reversal) for legal claims	28.1	154,178	199,105	166,899
Provision for post employment benefits	23.3	195,673	196,087	158,251
Provision for research and development and energy efficiency	25.2	79,961	74,464	68,048
Write off of accounts receivable related to concession	9.1	45,795	24,313	25,895
Write off of investments		-	-	224
Write off of property, plant and equipment	17.3	9,794	3,871	23,091
Write off of intangible assets	18	18,004	8,325	12,762
Decrease (increase) in assets				
Trade accounts receivable		20,614	104,421	(75,867)
Dividends and interest on own capital received		49,009	27,494	20,104
CRC transferred to the Government of the State of Paraná	8.2	163,078	150,864	143,683
Accounts receivable related to the concession extension	10.1	440,656	-	-
Judicial deposits		(100,854)	(143,651)	(30,118)
Other receivables		(168,211)	(79,887)	(1,795)
Inventories		(14,469)	(21,007)	17,622
Income tax and social contribution		(132,071)	22,180	(63,644)
Other current taxes recoverable		(11,902)	(17,853)	(41,126)
Prepaid expenses		(6,366)	(8,855)	1,762
Increase (decrease) in liabilities				
Payroll, social charges and accruals		(144,323)	159,932	48,498
Suppliers		(232,915)	187,160	(105,378)
Income tax and social contribution paid		(430,767)	(439,858)	(613,060)
Other taxes		80,567	735	(125,130)
Loans and financing - interest due and paid	21.10	(329,105)	(158,309)	(125,247)
Debentures - interest due and paid	22.1	(90,121)	(2,139)	(69,251)
Post employment benefits	23.3	(146,457)	(136,720)	(97,839)
Customer charges due		(18,504)	(14,013)	14,406
Research and development and energy efficiency	25.2	(76,765)	(76,613)	(81,873)
Payable related to the concession - use of public property	26.2	(48,966)	(44,411)	(41,239)
Other accounts payable		47,209	3,208	15,287
Provisions for legal claims	28.1	(44,702)	(49,136)	(48,518)
Net cash generated from operating activities		1,337,611	1,419,363	1,148,714

(continued)

COMPANHIA PARANAENSE DE ENERGIA – COPEL

Consolidated Statement of Changes in Cash Flows

All amounts expressed in thousands of Brazilian reais, unless otherwise stated

(continued)

	Note	12.31.2013	Restated 12.31.2012	Restated 12.31.2011
Cash flows from investment activities				
Financial investments		279,406	(151,287)	(38,332)
Additions - Nova Asa I - Net effect of acquired cash		(6,050)	-	-
Additions - Nova Asa II - Net effect of acquired cash		(6,074)	-	-
Additions - Nova Asa III - Net effect of acquired cash		(6,041)	-	-
Additions - Nova Eurus IV - Net effect of acquired cash		(5,307)	-	-
Additions - Santa Maria - Net effect of acquired cash		(17,762)	-	-
Additions - Santa Helena - Net effect of acquired cash		(17,684)	-	-
Additions - Ventos de Santo Uriel - Net effect of acquired cash		(6,601)	-	-
Redemption of investment in Ceolpar - incorporated by Copel GeT	16.2	-	-	-
Additions in investments	16.2	(519,315)	(57,328)	(43,970)
Additions to property, plant and equipment	17.3	(420,227)	(875,509)	(821,919)
Customers contributions - Property, Plant and Equipment	17.3	-	15	-
Additions to intangible assets related to the concession	18	(1,018,057)	(840,119)	(808,687)
Additions to intangible - concession and authorization rights	18	(275,719)	-	-
Customers contributions - Intangible Asset	18	160,614	107,980	94,396
Additions to other intangible assets	18	(5,297)	(11,685)	(11,033)
Disposal of intangible	18	-	191	-
NET CASH GENERATED FROM (USED IN) INVESTING ACTIVITIES		(1,864,114)	(1,827,742)	(1,629,545)
CASH FLOWS FROM FINANCING ACTIVITIES				
Reimbursement of advances for future capital increase		-	-	(30,813)
Loans and financing obtained from third parties	21.10	1,239,126	81,723	816,431
Issue of Debentures	22.1	203,000	1,000,000	-
Amortization of principal - loans and financing	21.10	(31,508)	(37,868)	(48,646)
Amortization of principal - debentures	22.2	(10,152)	-	(600,000)
Dividends and interest on own capital paid		(591,548)	(224,705)	(401,105)
NET CASH GENERATED FROM (USED IN) FINANCING ACTIVITIES		808,918	819,150	(264,133)
TOTAL EFFECTS ON CASH AND CASH EQUIVALENTS		282,415	410,771	(744,964)
Cash and cash equivalents at the beginning of the year	4	1,459,217	1,048,446	1,793,410
Cash and cash equivalents at the end of the year	4	1,741,632	1,459,217	1,048,446
CHANGE IN CASH AND CASH EQUIVALENTS		282,415	410,771	(744,964)

Notes are an integral part of these financial statements

Additional information on cash flows

Transactions not involving cash

Acquisition of property with an increase in the balance of suppliers - 119,590 64,913

Conferência - - -

COMPANHIA PARANAENSE DE ENERGIA – COPEL

Notes to the Consolidated Financial Statements

All amounts expressed in thousands of Brazilian reais, unless otherwise stated

1 General Information

Companhia Paranaense de Energia - Copel (Copel, the Company or the Parent Company), with headquarters at Rua Coronel Dulcídio, 800, Batel, Curitiba, State of Paraná, is a public company with shares traded on Corporate Governance Level 1 of BM&FBOVESPA's Special Listings and on stock exchanges in the United States of America and Spain. Copel is a mixed capital company, controlled by the Government of the State of Paraná, engaged, through its subsidiaries, in researching, studying, planning, building, and exploiting the production, transformation, transportation, distribution, and sale of energy, in any form, but mainly electric energy. These activities are regulated by the National Electric Energy Agency (Agência Nacional de Energia Elétrica or ANEEL), which reports to the Ministry of Mines and Energy (Ministério de Minas e Energia or MME). Additionally, Copel takes part in consortiums, private enterprises, or mixed capital companies in order to operate mostly in the areas of energy, telecommunications, natural gas, and water utility.

1.1 Organizational restructuring

The 187th Extraordinary General Meeting - EGM held on October 10, 2013 approved the restructuring of Copel, which now has five executive boards at the holding company and two more wholly-owned subsidiaries; Copel Participações S.A., founded to manage interests in specific purpose entities - SPEs in the energy, gas, telecommunications, sanitation and services sectors, and Copel Renováveis S.A., which will concentrate the investments in renewable power generation sources.

The restructuring are part of the adjustment to market requirements and aim to streamline the structure and lower operational costs.

2 Basis of Preparation

2.1 Statement of compliance

The consolidated financial statements prepared in accordance with International Financial Reporting Standards - IFRS issued by the International Accounting Standards Board - IASB and also in accordance with accounting practices adopted in Brazil.

2.2 Basis of measurement

The financial statements were prepared based on historic cost, except for certain financial instruments which were stated at fair values through profit or loss, financial assets available for sale measured at their fair values.

COMPANHIA PARANAENSE DE ENERGIA – COPEL

Notes to the Consolidated Financial Statements

All amounts expressed in thousands of Brazilian reais, unless otherwise stated

2.3 Functional currency and presentation currency

The consolidated financial statements are presented in Brazilian reais, which is the functional currency of the Company. All financial information present in Brazilian reais was rounded to the nearest thousand, except when otherwise indicated.

2.4 Use of estimates and judgment

The preparation of the consolidated financial statements in accordance with IFRS requires that the company's senior management make judgments, estimates and assumptions which affect the application of accounting policies and assets, liabilities, income and expenses reported values. The actual results may divert from these estimates.

Estimates and assumptions are reviewed in a continuous way. Reviews of accounting estimates are recognized in the year that those estimates are reviewed and in any future fiscal years affected.

Information about critical judgment related to accounting policies adopted that present a significant effect over the values recognized in the consolidated financial statements are included in the following notes:

Note 3.7 and 9 - Accounts receivable related to the concession;

Note 10 - Accounts receivable related to the concession extension;

Note 3.9 and 13.2 - Deferred income tax and social contribution;

Note 3.11 and 18 – Intangible assets; and

Note 3.29 - Operating lease.

Information about uncertainty over assumptions and estimates that may present a significant risk of resulting in material adjustments in the next fiscal year is included in the following notes:

Note 3.13 - Impairment value of assets;

Note 3.25.1 - Unbilled revenues;

Note 3.6 - Trade accounts receivable (Allowance for doubtful debts, CCEE and Unbilled revenues);

Note 3.10 and 17 - Property, plant and equipment;

Note 3.11 and 18 - Intangible assets;

Note 3.15 and 23 - Post-Employment benefits;

Note 3.19 and 28 - Provision for contingencies; and

Note 3.4 and 34 - Financial Instruments.

COMPANHIA PARANAENSE DE ENERGIA – COPEL

Notes to the Consolidated Financial Statements

All amounts expressed in thousands of Brazilian reais, unless otherwise stated

3 Significant Accounting Policies

3.1 Changes in accounting policies

Starting January 1, 2013, the following revised/new IFRS were adopted: IAS 28 Investments in Associates and Joint Ventures; IFRS 11 Joint Arrangements; IAS 19 Employee Benefits; IFRS 10 Consolidated Financial Statements; and IFRS 12 Disclosure of Interests in Other Entities.

The principal effects arising from the use of new/revised standards on the presentation of consolidated financial statements were the presentation of joint ventures, which used to be proportionally consolidated and are now accounted under the equity method, and the elimination of actuarial gain and loss deferment of private pension fund and health care plans (using the corridor method) now fully recognized in OCI.

3.1.1 Effects on statement of financial position as of January 1, 2012

	Stated	Retrospective application - Joint arrangements	Retrospective application - Employee benefits	Restated
ASSETS	18,842,019	(1,505)	(3,359)	18,837,155
CURRENT ASSETS	3,702,013	(2,496)	-	3,699,517
Cash and cash equivalents	1,049,125	(679)	-	1,048,446
Dividends receivable	17,906	(1,419)	-	16,487
Income Tax and Social Contribution	215,381	(376)	-	215,005
Others	2,419,601	(22)	-	2,419,579
NONCURRENT ASSETS	15,140,006	991	(3,359)	15,137,638
Long Term Assets	5,659,868	(128)	(3,359)	5,656,381
Judicial deposits	430,817	(97)	-	430,720
Accounts receivable related to the concession	3,236,474	(31)	-	3,236,443
Deferred Income Tax and Social Contribution	465,536	-	(3,359)	462,177
Others	1,527,041	-	-	1,527,041
Investments	549,158	6,038	-	555,196
Property, Plant and Equipment, net	7,209,123	(6)	-	7,209,117
Intangible Assets	1,721,857	(4,913)	-	1,716,944
LIABILITIES	18,842,019	(1,505)	(3,359)	18,837,155
CURRENT LIABILITIES	2,058,821	(1,036)	-	2,057,785
Payroll, social charges and accruals	224,095	(19)	-	224,076
Suppliers	747,453	(19)	-	747,434
Other taxes due	288,457	(864)	-	287,593
Others	798,816	(134)	-	798,682
NONCURRENT LIABILITIES	4,713,670	(469)	(12,324)	4,700,877
Suppliers	108,462	(466)	-	107,996
Deferred Income Tax and Social Contribution	648,266	-	1,261	649,527
Post employment benefits	432,838	-	(13,585)	419,253
Provision for contingencies	1,000,823	(3)	-	1,000,820
Others	2,523,281	-	-	2,523,281
EQUITY	12,069,528	-	8,965	12,078,493

COMPANHIA PARANAENSE DE ENERGIA – COPEL

Notes to the Consolidated Financial Statements

All amounts expressed in thousands of Brazilian reais, unless otherwise stated

3.1.2 Effects on statement of financial position on December 31, 2012

	Stated	Retrospective application - Joint arrangements	Retrospective application - Employee benefits	Restated
ASSETS	21,211,554	(14,577)	11,926	21,208,903
CURRENT ASSETS	4,699,255	(17,563)	-	4,681,692
Cash and cash equivalents	1,483,137	(23,920)	-	1,459,217
Dividends receivable	9,555	8,509	-	18,064
Income Tax and Social Contribution	193,158	(1,614)	-	191,544
Others	3,013,405	(538)	-	3,012,867
NONCURRENT ASSETS	16,512,299	2,986	11,926	16,527,211
Long Term Assets	6,302,904	(39,068)	33,481	6,297,317
Accounts receivable related to the concession	2,684,792	(38,966)	-	2,645,826
Judicial deposits	574,473	(102)	-	574,371
Deferred Income Tax and Social Contribution	647,804	-	33,481	681,285
Others	2,395,835	-	-	2,395,835
Investments	543,036	47,508	(21,555)	568,989
Property, Plant and Equipment, net	7,871,849	(96)	-	7,871,753
Intangible Assets	1,794,510	(5,358)	-	1,789,152
LIABILITIES	21,211,554	(14,577)	11,926	21,208,903
CURRENT LIABILITIES	2,847,818	(14,374)	-	2,833,444
Payroll, social charges and accruals	384,150	(142)	-	384,008
Suppliers	1,136,359	(4,577)	-	1,131,782
Other taxes due	290,896	(2,416)	-	288,480
Other accounts payable	97,042	(7,239)	-	89,803
Others	939,371	-	-	939,371
NONCURRENT LIABILITIES	5,866,238	(203)	147,534	6,013,569
Suppliers	100,996	(88)	-	100,908
Deferred Income Tax and Social Contribution	615,924	(115)	(25,273)	590,536
Post employment benefits	502,423	-	172,807	675,230
Others	4,646,895	-	-	4,646,895
EQUITY	12,497,498	-	(135,608)	12,361,890

3.1.3 Effects on statement of income for the period ended on December 31, 2012

	Stated	Retrospective application - Joint arrangements	Restated
CONTINUING OPERATIONS			
OPERATING REVENUES	8,532,217	38,965	8,493,252
COST OF SALES AND SERVICES PROVIDED	(6,578,971)	(38,335)	(6,540,636)
GROSS PROFIT	1,953,246	630	1,952,616
Operational expenses / income	(952,727)	711	(953,438)
Selling expenses	(65,659)	-	(65,659)
General and administrative expenses	(544,828)	(2,915)	(541,913)
Other operational income (expenses)	(353,280)	(729)	(352,551)
Equity in earnings of subsidiaries	11,040	4,355	6,685
PROFIT BEFORE FINANCIAL RESULTS AND TAXES	1,000,519	1,341	999,178
Financial results	(27,821)	(1,171)	(26,650)
PROFIT BEFORE INCOME TAX AND SOCIAL CONTRIBUTION	972,698	170	972,528
INCOME TAX AND SOCIAL CONTRIBUTION ON PROFIT	(246,178)	(170)	(246,008)
NET INCOME FOR THE YEAR	726,520	-	726,520

COMPANHIA PARANAENSE DE ENERGIA – COPEL

Notes to the Consolidated Financial Statements

All amounts expressed in thousands of Brazilian reais, unless otherwise stated

3.1.4 Effects on statement of income for the period ended on December 31, 2011

	Stated	Retrospective application - Joint arrangements	Restated
CONTINUING OPERATIONS			
OPERATING REVENUES	7,776,165	-	7,776,165
COST OF SALES AND SERVICES PROVIDED	(5,457,015)	-	(5,457,015)
GROSS PROFIT	2,319,150	-	2,319,150
Operational expenses / income		-	
Selling expenses	(113,764)	-	(113,764)
General and administrative expenses	(461,452)	1,077	(460,375)
Other operational income (expenses)	(440,440)	730	(439,710)
Equity in earnings of subsidiaries	55,654	(3,401)	52,253
	(960,002)	(1,594)	(961,596)
PROFIT BEFORE FINANCIAL RESULTS AND TAXES	1,359,148	(1,594)	1,357,554
Financial results	224,768	1,594	226,362
PROFIT BEFORE INCOME TAX AND SOCIAL CONTRIBUTION	1,583,916	-	1,583,916
INCOME TAX AND SOCIAL CONTRIBUTION ON PROFIT	(407,062)	-	(407,062)
NET INCOME FOR THE YEAR	1,176,854	-	1,176,854

3.1.5 Effects on statement of comprehensive income for the period ended on December 31, 2012

	Stated	Retrospective application - Employee benefits	Restated
Net income for the year	726,520	-	726,520
Other comprehensive income			
Items that will never be reclassified for profit or loss			
Losses on actuarial liabilities - post employment benefits	-	207,947	(207,947)
Taxes on other comprehensive income	-	(63,374)	63,374
Items that are or be or maybe reclassified for profit or loss			
Adjustments related to Financial Assets classified as available for sale	(10,449)	-	(10,449)
Other gains - subsidiary credits	3,164	-	3,164
Taxes on other comprehensive income	2,476	-	2,476
Total comprehensive income for the year, before taxes	(4,809)	144,573	(149,382)
Total comprehensive income for the year	721,711	144,573	577,138

COMPANHIA PARANAENSE DE ENERGIA – COPEL

Notes to the Consolidated Financial Statements

All amounts expressed in thousands of Brazilian reais, unless otherwise stated

3.1.6 Effects on statement of comprehensive income for the period ended on December 31, 2011

	Stated	Retrospective application - Employee benefits	Restated
Net income for the year	1,176,854	-	1,176,854
Other comprehensive income			
Items that will never be reclassified for profit or loss			
Losses on actuarial liabilities - post employment benefits	-	13,585	13,585
Taxes on other comprehensive income	-	(4,620)	(4,620)
Items that are or be or maybe reclassified for profit or loss			
Gains (losses) financial assets available for sale	1,327	-	1,327
Taxes on other comprehensive income	(451)	-	(451)
Total comprehensive income for the year, before taxes	876	8,965	9,841
Total comprehensive income for the year	1,177,730	(8,965)	1,186,695

3.1.7 Effects on statements of changes in equity

	12.31.2012	01.01.2012
Stated balance	12,497,498	12,069,528
Actuarial losses on the transition of accounting practices *	(205,466)	13,585
Deferred income tax and social contribution	69,858	(4,620)
Restated balance	12,361,890	12,078,493

(*) Equity in Parent Company, net of taxes

3.1.8 Effects on statements of cash flow for the period ended on December 31, 2012

	Stated	Retrospective application - Joint arrangements	Restated
Cash flows from operational activities	1,395,216	24,147	1,419,363
Cash flows from investment activities	(1,780,354)	(47,388)	(1,827,742)
Cash flows from financing activities	819,150	-	819,150
TOTAL EFFECTS ON CASH AND CASH EQUIVALENTS	434,012	(23,241)	410,771
CHANGE IN CASH AND CASH EQUIVALENTS	434,012	(23,241)	410,771

COMPANHIA PARANAENSE DE ENERGIA – COPEL

Notes to the Consolidated Financial Statements

All amounts expressed in thousands of Brazilian reais, unless otherwise stated

3.1.9 Effects on statements of cash flow for the period ended on December 31, 2011

	Stated	Retrospective application - Joint arrangements	Restated
Cash flows from operational activities	1,147,896	818	1,148,714
Cash flows from investment activities	(1,629,054)	(491)	(1,629,545)
Cash flows from financing activities	(264,133)	-	(264,133)
TOTAL EFFECTS ON CASH AND CASH EQUIVALENTS	(745,291)	327	(744,964)
CHANGE IN CASH AND CASH EQUIVALENTS	(745,291)	327	(744,964)

3.2 Basis for consolidation

Payment of dividends decreases the carrying value of investments.

When required, for preparation of consolidated financial statements, the investees' financial statements are adjusted to adapt their policies to the Parent Company's accounting policies.

Joint operations (consortiums) are recorded in proportion to the quotas of assets, liabilities and earnings in the company holding the share.

3.2.1 Subsidiaries

The financial statements of the subsidiaries are included in the consolidated financial statements as from the date on which such control begins up to the date control is lost.

The balances of the subsidiaries' assets and liabilities, and profit or loss, are consolidated line to line. Transactions between consolidated companies are eliminated.

Non-controlling interest is presented in equity, separately from the equity attributable to the Parent Company's shareholders. Profits, losses and other comprehensive income are also allocated separately from the ones allocated to the Parent Company's shareholders, even if this results in non-controlling interest having a deficit balance.

3.2.2 Investments in joint ventures and associated companies

Joint ventures are entities over which the Company, subject to an agreement, does not individually exert power regarding financial and operational decisions, irrespective of the percentage of interest in the voting capital. Associated companies are entities over which the Company exerts significant influence, without control.

COMPANHIA PARANAENSE DE ENERGIA – COPEL

Notes to the Consolidated Financial Statements

All amounts expressed in thousands of Brazilian reais, unless otherwise stated

When the share in losses of an associated company or joint venture equals or exceeds the accounting balance of the Company's equity interest in the investee, the Company should discontinue the recognition of its share in future losses. Additional losses will be considered, and a liability will be recognized, only when the Company incurs legal or constructive liabilities (not formalized), or performs payments on behalf of the investee. Should the investee subsequently determine profits, the Company should resume the recognition of its interest in these profits only subsequent to the point at which the portion to which it is entitled to in these subsequent profits equals its share in unrecognized losses.

3.3 Business combinations

The acquisition is analyzed on a case-by-case basis to determine whether the transaction represents a business combination or the purchase of assets.

Assets and liabilities acquired in a business combination are recorded by the acquisition method and are recognized at fair value on the acquisition date.

The excess of the acquisition cost over the fair value of net assets acquired (identifiable assets acquired, net and assumed liabilities) is recognized as goodwill in intangible assets. When the value generates a negative amount, the gain on favorable acquisitions is directly recognized in the income statement for the year.

In acquisitions of interests in associated companies and joint ventures, the net assets are also recognized at fair value, although these entities do not constitute a business combination. Goodwill is recorded as part of the initial investment cost.

3.4 Financial instruments

The Company maintains investment funds which operate with derivative financial instruments, with the sole purpose of protecting these funds' portfolios.

Non-derivative financial instruments are recognized on the trading date, i.e. when the obligation or right arises. They are initially recognized at fair value plus or minus any directly attributable transaction costs.

Fair values are determined based on the market quotation for financial instruments traded in active markets and for those with no quotations available on the market, fair values are determined by the present value of expected cash flows method.

After initial recognition, the non-derivative financial instruments are valued as shown below:

COMPANHIA PARANAENSE DE ENERGIA – COPEL

Notes to the Consolidated Financial Statements

All amounts expressed in thousands of Brazilian reais, unless otherwise stated

Financial assets

3.4.1 Financial instruments recorded at fair value through profit and loss

Financial instruments are recorded at fair value through profit and loss if the Company and/or its subsidiaries manage these investments and make purchase or sale decisions based on their fair value in the context of an investment and risk management strategy set by the Company and/or its subsidiaries. After initial recognition, transaction costs and interest attributable, when incurred, are recognized through profit and loss.

3.4.2 Loans and receivables

This category only comprises non-derivative assets with fixed or determinable payments which are not quoted in any active markets. They are measured using the amortized cost or effective interest rate methods.

3.4.3 Instruments available for sale

The initial and subsequent measurement of financial instruments classified as “available for sale” is based on their fair value. The changes in the fair value resulting from the difference between the market interest rates and the effective interest rates is recognized in other comprehensive income. Interest set at the beginning of the agreement, calculated based on the effective interest rate method, as well as any changes in expected cash flows, are recognized directly in income for the period.

At settlement of a financial instrument classified as available for sale, any gains or losses recognized in OCI are reclassified to income for the period.

3.4.4 Instruments held to maturity

If the Company and/or its subsidiaries are interested in and capable of holding any financial assets until maturity, they are classified as held to maturity. Investments held to maturity are valued at amortized cost according to the effective interest rate method, minus any reductions in their recoverable value.

Financial liabilities and equity instruments

3.4.5 Financial liabilities recorded at fair value through profit and loss

Financial liabilities designated as such upon initial recognition are classified as held for trading.

The net losses or gains recognized in the income statement also include interest paid on the financial liability.

COMPANHIA PARANAENSE DE ENERGIA – COPEL

Notes to the Consolidated Financial Statements

All amounts expressed in thousands of Brazilian reais, unless otherwise stated

3.4.6 Other financial liabilities

Other financial liabilities (including loans) are valued at amortized cost according to the effective interest rate method. The effective interest rate method is used to calculate the amortized cost of financial liabilities and to allocate their interest expenses over their respective terms. The effective interest rate is the rate that deducts the estimated future cash flows (including fees paid or received that are an integral part of the effective interest rate, transaction costs, and other premiums or discounts) throughout the estimated lifespan of the liability.

3.4.7 Write-offs of financial liabilities

The Company writes off financial liabilities only when its obligations are eliminated or cancelled or settled. The difference between the book value of the written-off financial liability and the corresponding disbursement made or to be made is recorded to income.

3.5 Cash and cash equivalents

They comprise cash balances, bank deposits on demand and highly liquid short-term financial investments that can be redeemed within 90 days from the date of making the investment and which are readily convertible into cash. Temporary short-term investments are recorded at cost at the reporting date, plus earnings accrued. Cash and cash equivalents are subject to an insignificant risk of change in value.

3.6 Trade accounts receivable

Trade accounts receivable are considered financial assets classified as loans and receivables and are recorded based on an accrual basis.

The trade accounts receivable “debt balances paid in instalments” are discounted to present value, taking into consideration the amount to be discounted, the maturity dates, the dates of settlement and the discount rate.

The balance of trade accounts receivable is presented net of the allowance for doubtful accounts.

The allowance for doubtful accounts is recorded in amounts deemed sufficient by Copel's senior management to cover potential losses on the realization of customer receivables and others whose recovery is considered unlikely.

The allowance for doubtful accounts is recorded considering the parameters recommended by ANEEL, based on amounts receivable from residential class customers overdue more than 90 days, from commercial class customers overdue more than 180 days and from industrial and rural customers, public authorities, public lighting and public utilities overdue more than 360 days in addition to experience with respect to the past history of actual losses. It comprises receivables billed until the reporting date.

COMPANHIA PARANAENSE DE ENERGIA – COPEL

Notes to the Consolidated Financial Statements

All amounts expressed in thousands of Brazilian reais, unless otherwise stated

3.7 Accounts receivable related to the concession

3.7.1 Financial assets – Distribution

These refer to reimbursements set forth in the public power distribution service concession agreements, which the Company understands as an unconditional right to cash payments from the granting authority upon expiration of the concession. These reimbursements are designed to compensate the Company for the investments made in infrastructure which have not been recovered through the collection of tariffs at the end of the concession because of their useful lives being longer than the term of said concession.

Since these financial assets do not have determinable fixed cash flows – as the Company operates under the assumption that the value of the corresponding reimbursements will be based on the replacement cost of the concession assets and as they do not feature the necessary characteristics to be classified under any other category of financial assets – they are classified as “available for sale”. The cash flows related to these assets are determined taking into account the value of the tariff basis named Regulatory Compensation Basis (*Base de Remuneração Regulatória* or BRR, in Portuguese), defined by the granting authority. The methodology of the BRR is based on the replacement cost of the assets that make up the power distribution infrastructure related to the concession. This tariff basis (BRR) is reviewed every four years taking into account several factors. Its goal is to reflect the variation in the prices of physical assets, including write-offs, depreciation, and additions of assets to the concession infrastructure (physical assets).

The return on these financial assets is based on the regulatory Weighted Average Cost of Capital or WACC approved by ANEEL in the periodic rate review process every four years, whose amount is included in the composition of the revenues from tariffs charged to customers and collected monthly.

3.7.2 Financial assets - Transmission

These refer to receivables in connection with the power transmission concession agreements and include the following amounts: (i) revenues from the construction of transmission infrastructure for use by system users; (ii) the financial return on these revenues guaranteed by the granting authority during the term of the concession.

COMPANHIA PARANAENSE DE ENERGIA – COPEL

Notes to the Consolidated Financial Statements

All amounts expressed in thousands of Brazilian reais, unless otherwise stated

Revenues under power transmission concession agreements are collected by making infrastructure available to system users, are not subject to demand risk, and are thus considered guaranteed revenues, called Annual Permitted Revenues (*Receita Anual Permitida* or RAP, in Portuguese) to be collected over the term of the concession. Amounts are billed monthly to the users of this infrastructure, pursuant to reports issued by the National System Operator (*Operador Nacional do Sistema* or ONS, in Portuguese). Upon expiration of the concession, any uncollected amounts related to the construction of infrastructure shall be received directly from the granting authority, as an unconditional right to cash reimbursement pursuant to the concession agreement, as compensation for investments made and not recovered through tariffs (RAP).

These financial assets do not have an active market, present fixed and determinable cash flows, and are thus classified as “loans and receivables”. They are initially estimated based on the respective fair values and later measured according to the amortized cost calculated under the effective interest rate method.

Specifically to the Concession Agreement 060/2001, the additions subsequently to the extension, which represents expansion, improvement or enhancement of infrastructure, are recognized as a financial asset by virtue of representing the future generation of additional operating cash, according to specific rules from the granting authority.

3.8 Inventories

Materials and supplies in inventory, classified under current assets and those assigned for investments, classified under property, plant and equipment, have been recorded at their average acquisition cost. Recorded amounts do not exceed their net realizable value.

3.9 Taxes

Sales and services revenues are subject to value-added tax (*Imposto sobre Circulação de Mercadorias e Serviços* or ICMS) and service tax (*Imposto sobre Serviços* or ISS), at the applicable rates, and to the PIS (Social Integration Program) and COFINS (Contribution for the Financing of Social Security).

Credits resulting from the non-cumulative nature of PIS and COFINS charges are accounted for by deducting such from the operating cost in the statement of income.

Credits resulting from the non-cumulative nature of ICMS, PIS and COFINS related to acquisitions to fixed assets are presented by deducting the cost of their assets.

Advance payments of amounts eligible for offsetting are accounted for in current or noncurrent assets, according to their expected realization.

COMPANHIA PARANAENSE DE ENERGIA – COPEL

Notes to the Consolidated Financial Statements

All amounts expressed in thousands of Brazilian reais, unless otherwise stated

Income tax comprises corporate income tax and social contribution, which are calculated based on taxable income (adjusted income), at the applicable rates, which are: 15%, plus 10% on any amounts exceeding R\$ 240 a year, for corporate income tax, and 9% for social contribution.

For the purpose of calculating taxable income the Transitional Tax Arrangement - RTT was adopted, pursuant to Law 11,941/09, i.e., the accounting credits were taken into account as established by Law 6,404/76 before the amendments introduced by Law 11,638/07.

The tax loss and negative basis of social contribution can be offset against future profits, subject to the limit of 30% of taxable income in the period, and there is no statute of limitations.

Deferred income tax and social contribution are recognized in their entirety on the differences between assets and liabilities recognized for tax purposes and the related amounts recognized in the financial statements.

Deferred income tax and social contribution assets are recognized only to the extent that it is likely that there will be a positive taxable base for which the temporary differences can be used and the tax losses can be offset.

Deferred tax assets and liabilities are offset if there is a legal right to offset current tax liabilities and assets, and they are related to income taxes levied by the same tax authority on the same entity subject to taxation.

3.10 Property, plant and equipment

These assets are depreciated according to the linear method based on annual rates set forth and reviewed periodically by ANEEL, which are used and accepted by the market as representative of the economic useful life of the assets related to concession's infrastructure, limited to the term of mentioned concession, when after the legal analysis of the right to compensation over the residual assets had not be guaranteed. The estimated useful life, the residual amounts, and depreciation rates are reviewed each reporting date, and the effect of any changes in estimates is recorded prospectively.

Costs directly attributable to construction work as well as interest and financial charges on loans from third-parties during construction are recorded under property, plant and equipment in progress.

3.11 Intangible

3.11.1 Concession agreements – distribution

These comprise the right to access and to commercial operation of infrastructure, built or acquired by the operator or provided to be used by the operator as part of the electric energy public service concession agreement (the right to charge fees to the users of the public service provided by the operator), in compliance IAS 38 – Intangible Assets – Concession agreements.

COMPANHIA PARANAENSE DE ENERGIA – COPEL

Notes to the Consolidated Financial Statements

All amounts expressed in thousands of Brazilian reais, unless otherwise stated

Intangible assets are determined as the remaining portion after the assessment of the financial assets (residual amount), due to their recovery being conditioned upon the rendering of the corresponding public service, i.e., the consumption of power by customers, subject thus to demand risk.

Intangible assets are recorded at their fair acquisition and construction value, minus accumulated amortization and impairment losses, when applicable.

The amortization of intangible assets reflects the pattern of economic benefits by Copel Distribuição, with amortization during the term of the concession.

3.11.2 Intangible assets acquired separately

Intangible assets with definite useful lives acquired separately are recorded at cost, minus accumulated amortization and impairment losses. Amortization is recorded linearly based on the estimated useful lives of the corresponding assets. The estimated useful lives and the amortization method are reviewed at year-end, and the effect of any changes in estimates is recorded prospectively.

3.11.3 Write-off of intangible assets

Intangible assets are written-off upon sale or whenever there are no future economic benefits from use or sale to be received. Any gains or losses resulting from the write-off of intangible assets, measured as the difference between the net sale revenue and the asset's book value, are recorded to income or expense at the time of write-off.

3.12 Intangible assets – concessions and authorizations

Intangible assets acquired through the purchase of businesses that own concession rights are being amortized by their respective remaining period of concession or authorization (acquired with defined useful life).

3.13 Impairment of assets

Property, plant and equipment and intangible assets are assessed annually to detect evidence of impairment or whenever significant events or changes in circumstances indicate that the book value of any such asset may not be recoverable. Whenever there is a loss resulting from situations where an asset's book value exceeds its recoverable value, defined as the greater between the asset's value in use and its net sale value, this loss is recorded in the statement of income.

COMPANHIA PARANAENSE DE ENERGIA – COPEL

Notes to the Consolidated Financial Statements

All amounts expressed in thousands of Brazilian reais, unless otherwise stated

3.14 Dividends and interest on capital

In accordance with the legal and statutory requirements that are effective today, the basis for calculating the minimum mandatory dividends is obtained by taking the net income of the year, less the portion that will fund the legal reserve. However, Management has deliberated to include to this basis the amount related to the realization of the equity valuation adjustments, with the objective to compensate the effects coming from the increase of the depreciation expense arriving from the adoption of the new accounting rules established, as well from IAS 16 – Fixed assets. This procedure reflects the police to distribute dividends to Company's shareholders, which will be effective during the realization of the entire equity valuation adjustments account.

The distribution of dividends and interest on equity are recorded as a liability in the financial statements of the Company and its subsidiaries at the end of the fiscal year, based on its by-laws.

However, any amounts above the minimum mandatory dividends are only recorded under liabilities on the date they are approved and announced at the General Shareholders' Meeting (GSM). This amount is held in a specific reserve in shareholders' equity until the final resolution by the GMS, when it is recognized as current liabilities.

The tax benefit of interest on capital is recorded in the statement of income in the moment of its recognition in accounts payable.

3.15 Post-employment benefits

The Company sponsors benefit plans to its employees, described in detail in Note 23. The amounts of these actuarial obligations (contributions, costs, liabilities, and/or assets) are calculated annually by an independent actuary on the same base date as the end of the fiscal period and are recorded pursuant to the rules set forth in IAS 19.

The adoption of the projected credit unit method adds each year of service as the source of an additional benefit unit, adding up to the calculation of the final liability.

The assets of the benefits plan are measured at fair value (mark-to-market).

Other actuarial assumptions are used which take into account biometric and economic tables in addition to historical data from the benefits plans, obtained from the manager of these plans, Fundação Copel.

Actuarial gains or losses caused by changes in assumptions and/or actuarial adjustments are recognized immediately as other comprehensive income.

3.16 Research and Development Program - R&D - and Energy Efficiency Program – EEP

Concessionaires and permission holder of public services of distribution, generation and transmission of electric energy are required to allocate 1% of their net operating revenues as defined by ANEEL pursuant to Law no. 9,991/00 and ANEEL Resolutions no. 504/12 and 556/13.

COMPANHIA PARANAENSE DE ENERGIA – COPEL

Notes to the Consolidated Financial Statements

All amounts expressed in thousands of Brazilian reais, unless otherwise stated

3.17 Accounts payable related to concession – use of public property

This item corresponds to the amounts set forth in the concession agreement in connection with the right to explore hydraulic energy potential (onerous concession). These agreements are signed as Use of Public Property (*Uso de Bem Público* or UBP) agreements. A liability is recorded on the date of signature of the concession agreement, regardless of the schedule of disbursements set forth therein. The initial accrual of the liability (obligation) and the corresponding intangible asset (concession rights) corresponds to the future disbursements at present value (present value of the cash flow from future disbursements).

The financial liability is updated using the method of effective interest rate and reduced by contracted payments.

3.18 Provision for environmental costs and obligations

Environmental liabilities are recognized under liabilities when their occurrence is likely and may be reasonably estimated.

They are recognized as the Company assumes formal obligations before regulatory agencies or becomes aware of potential risks related to socio-environmental issues, which may lead to cash disbursements that are deemed probable and that may be estimated. During the project implementation phase, the provision is recorded against property, plant, and equipment or intangible assets in progress. Once the project enters commercial operation, all costs or expenses incurred with socio-environmental programs related to the project's operation and maintenance licenses are recorded directly to expense for the corresponding period.

3.19 Provisions

Provisions are recorded for current liabilities (legal or assumed) resulting from past events, whose amounts may be estimated reliably and whose settlement is likely.

The estimates of outcomes and financial effects are determined in accordance with the judgment of Management, supplemented by experience in similar transactions and, in some cases, reports from independent experts.

When some or all economic benefits required for the settlement of a provision are expected to be recovered from a third party, a corresponding asset (limited to the loss incurred) is recorded if, and only if, this reimbursement is virtually guaranteed and its amount may be reliably determined.

3.20 Capital

Capital consists of common shares and preferred shares. Each common share entitles its holder to one vote in the general shareholders' meetings. Preferred shares, which do not carry voting rights, are divided into classes A and B.

COMPANHIA PARANAENSE DE ENERGIA – COPEL

Notes to the Consolidated Financial Statements

All amounts expressed in thousands of Brazilian reais, unless otherwise stated

Class “A” preferred shares have priority in the reimbursement of capital and in the distribution of mandatory dividends of 10% p.y. (non cumulative), calculated proportionately to the capital represented by the shares of this class.

Class “B” preferred shares have priority in the reimbursement of capital and the right to the distribution of dividends, calculated as 25% of adjusted net income, pursuant to the corporate legislation and to the Company's by-laws, calculated proportionately to the capital represented by the shares of this class. Class “B” shareholders have priority only over the common shareholders in the distribution of mandatory dividends, which shall only be paid out of the remaining net income after the payment of priority dividends to class “A” shareholders.

According to Article 17 and following paragraphs of Federal Law 6,404/76, dividends paid to preferred shares must be at least 10% higher than those paid to common shares.

3.21 Equity Valuation Adjustments

The Company and its subsidiaries –recognized the deemed cost of Copel Generation and Transmission assets at the date of the initial adoption of IFRS. A counterpart entry to this adjustment, net of deferred income tax and social contribution, was recorded in the equity valuation adjustments account, under equity. Its realization is periodically reclassified from the retained earnings account, as depreciation and write-off of the property, plant, and equipment fair value adjustment are recorded to income.

This account also includes adjustments resulting from changes in fair value of financial assets classified as available for sale and actuarial gains and losses.

3.22 Legal reserve and profit retention reserve

To the legal reserve 5% of the net income for the year is allocated, before any other allocation, limited to 20% of capital.

The profit retention reserve aims to cover the Company's investment program, pursuant to article 196 of Law 6,404/1976. It is created by retaining the remaining net income for the year, after the legal reserve, interest on shareholders' equity and dividends.

3.23 Earnings per share

Earnings per share are calculated based on the weighted average number of shares outstanding during the reporting period. For all presented periods, the Company has not had any potential instruments equivalent to common shares which could have a diluting effect. Thus the basic earnings per share are equivalent to the diluted earnings per share.

COMPANHIA PARANAENSE DE ENERGIA – COPEL

Notes to the Consolidated Financial Statements

All amounts expressed in thousands of Brazilian reais, unless otherwise stated

Since holders of preferred and common shares are entitled to different dividends, voting rights, and settlements, basic and diluted earnings per share have been calculated according to the "two-class method". The two-class method is a formula for allocation of earnings which determines earnings per preferred share and per common share according to the declared dividends, pursuant to the Company's by-laws and to the rights to participation in non-distributed earnings calculated in accordance with the right to dividends of each share type.

3.24 Statement of income

Revenues, costs, and expenses are recorded under the accrual method, i.e., when products are delivered and services actually rendered, regardless of receipt or payment.

3.25 Revenue recognition

Operating revenues are recognized when: (i) the amount of the revenue is reliably measurable; (ii) the costs incurred or to be incurred in the transaction are reliably measurable; (iii) it is likely that the economic benefits will be received by the Company; and (iv) the risks and benefits have been fully transferred to the respective buyer.

Revenues are valued at the fair value of the payment received or to be received, with the deduction of discounts and/or bonuses granted and charges on sales.

3.25.1 Unbilled revenues

Unbilled revenues correspond to revenues from sales of power to final customers which have been delivered but not yet billed and to revenues from the use of the distribution grid not yet billed, both of which are calculated based on estimates covering the period from the last meter reading day to the last day of the month.

3.25.2 Income from dividends and interest

Income from dividends/ financial instruments are recognized when the shareholder's right to receive said dividends is established.

Interest income from financial assets is recognized when it is likely that the future economic benefits shall be received by the Company and the amount of these income may be determined reliably. Interest income is recognized using the effective interest method based on the effective time and interest rate applicable to the outstanding principal amount; the effective interest rate is the one which discount with precision the estimated future cash earnings over their estimated lives or terms with regard to the initial net book value of such financial assets.

COMPANHIA PARANAENSE DE ENERGIA – COPEL

Notes to the Consolidated Financial Statements

All amounts expressed in thousands of Brazilian reais, unless otherwise stated

3.26 Construction revenues and construction costs

IFRIC 12 establish that electric energy utilities should record and measure revenues according to IAS 11 – Construction Contracts and IAS 18 and IFRIC 13 – Revenues and SIC 31, even when governed by a single concession agreement. The Company records construction revenues in connection with the construction services for infrastructure employed in the power transmission and distribution services, according to the stage of completion.

The respective costs are recognized when incurred in the statement of income for the corresponding period, as construction costs.

Given that the Copel Distribuição outsources the construction of power distribution infrastructure to non-related parties and that a large part of the work is carried out over short periods, the construction margin to the Company's power distribution business is not significant, and may reach amounts close to zero.

The construction margin adopted for the transmission business in 2013 and 2012 is 1.65% and results from a calculation methodology which takes into account the respective business risk.

In the construction of gas distribution infrastructure, similar to Copel Distribuição, revenue is recognized by an amount equal to their cost, given that the construction of the infrastructure is outsourced to non-related parties over short periods of time, thus having a construction margin not significant, reaching amounts close to zero.

3.27 Power purchase and sales transactions in the Spot Market (Electric Energy Trading Chamber - CCEE)

Power purchase and sales transactions in CCEE are recorded on the accrual basis according to the information disclosed by the Trading Chamber or to estimates prepared by Copel's senior management, when this information is not available on time.

3.28 Operating segments

Operating segments are defined as business activities which may yield revenues and require expenses, whose operational results are regularly reviewed by the entity's chief decision maker to underpin the decision-making regarding resources to be allocated to the segment and to evaluate its performance, and for which there is available individualized financial information.

3.29 Leases

Leases are classified as financial whenever the terms of the lease substantially transfer all risks and benefits of property ownership to the lessor. All other leases are classified as operating leases.

COMPANHIA PARANAENSE DE ENERGIA – COPEL

Notes to the Consolidated Financial Statements

All amounts expressed in thousands of Brazilian reais, unless otherwise stated

3.29.1 The Company as a lessor

Lease revenues from operating leases are recognized according to the linear method during the term of each lease.

The lease contracts do not have a purchase option after the end of the lease.

3.29.2 The Company as a lessee

Payments under operating leases are recognized as expenses according to the linear method based on the term of the lease, except when other methods are more representative of the time when the economic benefits of the leased asset are consumed.

3.30 New and revised standards and interpretations which have not been adopted yet

New standards, amendments to standards and interpretations will be effective for annual periods beginning after January 01, 2014, and have not been applied in preparing these financial statements. IFRS 9 - Financial Instruments could be material to the Company. The Company is not planning to implement this standard in advance.

4 Cash and Cash Equivalents

	12.31.2013	Restated 12.31.2012
Cash and bank accounts	130,311	94,484
Financial investments with immediate liquidity	1,611,321	1,364,733
	1,741,632	1,459,217

The investments comprise Bank Certificates of Deposit (CDBs) issued by official banks and also financial investments in Government Bonds with repurchase agreements with the issuer banks, in which the Bank has the obligation to repurchase these bonds from Copel on request. These investments have yielded on average 101.43% of the variation of the Interbank Deposit Rate as of December 31, 2013 and 100.75% as of December 31, 2012.

COMPANHIA PARANAENSE DE ENERGIA – COPEL

Notes to the Consolidated Financial Statements

All amounts expressed in thousands of Brazilian reais, unless otherwise stated

5 Bonds and Securities

Category	Level Note 34.2	Index	12.31.2013	12.31.2012
Securities available for sale				
CDB	2	CDI	36,983	39,845
Committed Operation	2	Fixed rate	26,995	175,792
Quotas in Funds	1	CDI	90	86
NTN - F	1	CDI	1,990	-
LFT	1	Selic	130,369	162,517
LTN	1	Fixed rate	63,663	167,917
LFBB	2	CDI	-	13,661
LF Caixa	2	CDI	-	9,004
			260,090	568,822
Securities held for trading				
Quotas in FI	1	CDI	93,529	24,742
Committed Operation	2	Fixed rate	24,164	16,373
CDB	2	CDI	-	3,147
LF	2	CDI	13,375	12,591
LFT	1	Selic	5,011	9,526
LTN	1	Selic	60,800	48,216
DPGE	2	CDI	38,433	61,475
Shares	1	Ibovespa	-	93
Debentures	2	CDI	3,215	3,668
Promissory Notes	2	CDI	-	3,127
Fixed Income Term 3	1	Fixed rate	-	56
			238,527	183,014
Securities held to maturity				
LF Caixa - maturing in 11.07.2013		CDI	-	5,540
LF Caixa - maturing in 11.08.2013		CDI	-	6,640
LF Caixa - maturing in 11.12.2015		CDI	11,141	-
			11,141	12,180
			509,758	764,016
		Current	389,222	635,501
		Noncurrent	120,536	128,515

COMPANHIA PARANAENSE DE ENERGIA – COPEL

Notes to the Consolidated Financial Statements

All amounts expressed in thousands of Brazilian reais, unless otherwise stated

Copel and its subsidiaries hold bonds and securities with variable interest rates. The maturity of these securities varies between 1 and 60 months, as from the reporting date. None of these assets was overdue or presented recovery problems or impairment losses at the end of the period.

The main amounts invested include exclusive funds and guarantees deposits/investments.

	12.31.2013	12.31.2012
Exclusive funds		
Exclusive funds of Copel Geração e Transmissão at Banco do Brasil	99,843	174,047
Exclusive funds of Copel Distribuição at Banco do Brasil	3	101,056
Exclusive funds of Copel Geração e Transmissão at Caixa Econômica Federal	-	91,807
Exclusive funds of Copel Distribuição at Caixa Econômica Federal	-	50,517
Exclusive funds of UEG Araucária at Banco do Brasil	113,546	78,021
Exclusive funds of UEG Araucária at BNY Mellon Serviços Financeiros DTVM S.A.	124,946	104,961
	338,338	600,409
Guarantee		
Guarantee for the ANEEL auction	374	21,427
Guarantee for the Contracts for the Sale of Energy in the Regulated Environment – CCEARS	118,647	72,998
Collaterals for financing facilities to build hydroelectric power plants		
HPPs and transmission lines - Tls	16,452	32,144
Guarantee for the compliance with article 17 of law 11,428/2006 and possible authorization by Environmental Institute of Paraná (Instituto Ambiental do Paraná or IAP), by the Consórcio Energético Cruzeiro do Sul	33,849	31,290
	169,322	157,859

6 Collaterals and Escrow Accounts

	12.31.2013	Restated 12.31.2012
Collaterals and escrow accounts - STN (6.1)	45,371	43,246
Collaterals and escrow accounts - CCEAR	1,068	34,289
Other	908	2,519
	47,347	80,054
	Current	36,808
	Noncurrent	43,246

6.1 Collateral - National Treasury Department - STN

Surety bonds and restricted deposits are offered to secure the repayment of the principal consisting of discount bonds and par bounds when these payments are required on April 11, 2024 (Note 21.1). The amounts are adjusted by applying the weighted average of the percentage variations of the prices of zero-coupon bonds issued by the U.S. Treasury, according to the participation of each series of the instrument in the composition of the collateral portfolio made up to secure the payment of the principal under the Brazilian Financing Plan – 1992.

COMPANHIA PARANAENSE DE ENERGIA – COPEL

Notes to the Consolidated Financial Statements

All amounts expressed in thousands of Brazilian reais, unless otherwise stated

7 Trade Accounts Receivable

	Balances falling due	Overdue up to 90 days	Overdue for more than 90 days	Total 12.31.2013	Total 12.31.2012
Customers					
Residential	146,604	83,268	32,308	262,180	295,603
Industrial	131,224	21,465	17,631	170,320	166,182
Commercial	108,423	29,038	14,847	152,308	176,668
Rural	20,767	7,526	6,761	35,054	40,499
Public Entities	20,337	22,343	26,282	68,962	49,464
Public lighting	16,240	49	90	16,379	17,778
Public service	15,258	14,041	229	29,528	34,488
Unbilled	274,059	-	-	274,059	330,326
Energy installments plan	64,958	5,495	29,202	99,655	94,425
Low income subsidy - Eletrobras	25,415	-	-	25,415	4,694
State Government "Luz Fraterna" program	65,544	1,801	11,642	78,987	60,259
Other receivables	5,932	24,593	27,854	58,379	41,742
	894,761	209,619	166,846	1,271,226	1,312,128
Concessionaires and Permission holder					
Energy supplies					
CCEAR - auction	96,756	4,007	5,297	106,060	177,983
Bilateral contracts	79,006	-	25	79,031	30,317
CCEE	45,628	-	14	45,642	2,173
Reimbursement to generators	-	-	1,256	1,256	1,288
	221,390	4,007	6,592	231,989	211,761
Charges from using transmission grid					
Transmission grid	13,353	1,396	2,361	17,110	23,505
Basic network and connection grid	10,268	405	3,995	14,668	28,017
	23,621	1,801	6,356	31,778	51,522
Telecommunications	15,235	14,988	10,056	40,279	17,928
Gas distribution	30,735	1,634	127	32,496	34,767
Allowance for doubtful accounts (7.1)	-	-	(137,454)	(137,454)	(112,762)
	1,185,742	232,049	52,523	1,470,314	1,515,344
Current	1,053,056	232,049	52,523	1,337,628	1,489,173
Noncurrent	132,686	-	-	132,686	26,171

7.1 Allowance for doubtful accounts

	Balance as of January 1, 2011	Additions / (reversals)	Reversal of write offs	Balance as of December 31, 2011	Additions / (reversals)	Reversal of write offs	Balance as of December 31, 2012	Additions / (reversals)	Reversal of write offs	Balance as of December 31, 2013
Customers, concessionaries and permission holder										
Residential	7,654	30,409	(9,110)	28,953	27,123	(16,847)	39,229	19,197	(12,249)	46,177
Industrial	40,761	(4,206)	(11,392)	25,163	8,568	(2,739)	30,992	9,739	(5,700)	35,031
Commercial	10,880	10,829	(2,243)	19,466	8,026	(3,480)	24,012	5,285	(2,532)	26,765
Rural	69	2,189	(453)	1,805	4,582	(861)	5,526	1,621	(740)	6,407
Public Entities	1,453	906	-	2,359	6,957	-	9,316	3,727	-	13,043
Public lighting	155	(76)	-	79	50	-	129	(48)	-	81
Public service	2	39	-	41	72	-	113	70	-	183
Concessionaries and permission holder	224	37,146	-	37,370	(37,146)	-	224	6,414	(125)	6,513
Telecommunications	921	(52)	(186)	683	3,550	(1,012)	3,221	866	(833)	3,254
	62,119	77,184	(23,384)	115,919	21,782	(24,939)	112,762	46,871	(22,179)	137,454

COMPANHIA PARANAENSE DE ENERGIA – COPEL

Notes to the Consolidated Financial Statements

All amounts expressed in thousands of Brazilian reais, unless otherwise stated

8 CRC Transferred to the State Government of Paraná

By means of a fourth amendment dated January 21, 2005, the Company renegotiated with the Government of Paraná the outstanding CRC (Account for Compensation of Income and Losses) balance as of December 31, 2004, in the amount of R\$ 1,197,404, to be paid in 244 installments under the Price amortization system, restated according to the IGP-DI inflation index plus interest of 6.65% p.y., with the first installment due on January 30, 2005 and the others due in subsequent and consecutive months.

The State Government has been in compliance with the payments of the renegotiated installments according to the terms of the fourth amendment to the CRC agreement. Amortizations are secured by resources from dividends.

8.1 Maturity of noncurrent installments

	12.31.2013
2015	91,131
2016	97,192
2017	103,655
2018	110,549
2019	117,901
After 2020	774,678
	1,295,106

8.2 Changes in CRC

	Current Assets	Noncurrent Assets	Total
Balance as of January 1, 2012	65,862	1,280,598	1,346,460
Interest	85,001	-	85,001
Monetary variations	2,621	101,066	103,687
Transfers	73,310	(73,310)	-
Amortizations	(150,864)	-	(150,864)
Balance as of December 31, 2012	75,930	1,308,354	1,384,284
Interest	87,149	-	87,149
Monetary variations	2,522	69,677	72,199
Transfers	82,925	(82,925)	-
Amortizations	(163,078)	-	(163,078)
Balance as of December 31, 2013	85,448	1,295,106	1,380,554

COMPANHIA PARANAENSE DE ENERGIA – COPEL

Notes to the Consolidated Financial Statements

All amounts expressed in thousands of Brazilian reais, unless otherwise stated

9 Accounts receivable related to the concession

9.1 Changes in accounts receivable related to the concession

	Current assets	Noncurrent assets		Total
		Assets	Special liabilities (a)	
Balance as of January 01, 2012 - Restated	80,626	4,828,568	(1,592,125)	3,317,069
Capitalization of intangible assets in progress	-	405,521	(57,916)	347,605
Transfers from noncurrent to current	269,163	(269,163)	-	-
Transfers to charges for use of main distributions and transmission grid - customers	(225,275)	-	-	(225,275)
Transfers to accounts receivable related to the concession extension	(119,195)	(934,945)	-	(1,054,140)
Transfer to property, plant and equipment	-	(713)	-	(713)
Transfers of intangible in service - remeasurement according to Resolution 474/2012 (Note 18)	-	136,658	(53,245)	83,413
Monetary variations	-	276,041	(110,467)	165,574
Remuneration	-	396,168	-	396,168
Construction income	-	59,977	-	59,977
Fair value adjustment	-	(303,084)	(98,020)	(401,104)
Write off	-	(24,313)	-	(24,313)
Adjustment to financial assets classified as available for sale as available for sale	-	(13,116)	-	(13,116)
Balance as of December 31, 2012 - Restated	5,319	4,557,599	(1,911,773)	2,651,145
Capitalization of intangible assets in progress	-	712,947	(82,878)	630,069
Transfers from noncurrent to current	21,532	(21,532)	-	-
Transfers to charges for use of main distributions and transmission grid - customers	(22,455)	-	-	(22,455)
Transfer to property, plant and equipment	-	(1,562)	-	(1,562)
Transfer to property, plant and equipment - Resolution 367/2009	-	1,082	-	1,082
Transfer to property, plant and equipment in service	-	(2,589)	-	(2,589)
Monetary variations	-	210,310	(102,051)	108,259
Remuneration	-	33,974	-	33,974
Construction income	-	136,536	-	136,536
Write off	-	(28,233)	3,235	(24,998)
Write off - Resolution 367/2009	-	(20,797)	-	(20,797)
Balance as of December 31, 2013	4,396	5,577,735	(2,093,467)	3,488,664

(a) Note 18.3

9.2 Accounts receivable related to the concession – Distribution

Based on the characteristics set forth under the power distribution concession agreement, Company management believes the conditions are met for the application of Technical Interpretation IFRIC 12 and SIC 29 – Concession Contracts, which provide guidelines for the accounting of public service concessions by private operators, so that the power distribution business is properly reflected, comprising: (a) Estimated portion of investments made and not amortized or depreciated by the end of the concession for being an unconditional right to reimbursement in cash or other financial assets directly by the granting authority; and (b) Remaining portion after the assessment of the financial asset (residual amount), classified as an intangible asset due to its recovery being conditional upon the rendering of the corresponding public service, i.e., the consumption of power by customers (Note 3.7 and Note 18).

COMPANHIA PARANAENSE DE ENERGIA – COPEL

Notes to the Consolidated Financial Statements

All amounts expressed in thousands of Brazilian reais, unless otherwise stated

9.3 Electricity rate adjustment at Copel Distribuição

On June 20, 2013 ANEEL (National Electric Energy Agency), issued Resolution 1,541, deciding on the Annual Electricity Rate Adjustment for Copel Distribuição. The authorized average electricity rate adjustment was 14.61%, of which 11.40% consists of an economic annual electricity rate adjustment, 1.68% relates to the financial components of the current electricity rate adjustment year and 1.53% consists of the withdrawal of financial components from the previous electricity rate adjustment year. However, the Company asked ANEEL for a suspension of the authorized electricity rate adjustment, expecting for a deferral of the application of the authorized electricity rate adjustment index.

At the request of the Company, on July 9, 2013 ANEEL approved the deferral of the average adjustment rate of 14.61%, authorizing the application of the average adjustment rate of 9.55% retroactively to June 24, 2013 and, as an exception, the deferral of R\$ 255,900, equivalent to the difference between the applied and the authorized adjustment, to be considered as a financial component which will be adjusted according to the IGP-M (General Market Price Index) and included in the calculation of the subsequent electricity rate adjustment.

9.4 Commitments regarding transmission

Refers to commitments with suppliers of equipment and services related to the following projects:

Transmission Lines and Substations	Value
Contract 010/10 - Transmission Line Araraquara 2 - Taubaté	241,154
Contract 015/10 - Substation Cerquillo III	43,182
Contract 022/12 - TL 230 kV - Foz do Chopim - Salto Osorio C2 and Londrina Figueira	39,517
Contract 002/13 - TL 230 kV Assis - Paraguaçu Paulista	50,624

10 Accounts receivable related to the concession extension

Represent receivables stipulated in Provisional Measure no. 579/12, converted into Law no. 12,783/13 due to the Company's option to extend the transmission concession arrangement number 060/2001.

Technical Note 396/12 - SRE/ANEEL states that for assets coming into operation after May 2000, the compensation is being received in 30 monthly installments calculated by the Constant Amortization System (SAC) restated by the Broad Consumer Prices Index - IPCA and remunerated by the Weighted Average Cost of Capital - WACC of 5.59% per annum (real). The Company has been receiving the installment payments according to schedule.

COMPANHIA PARANAENSE DE ENERGIA – COPEL

Notes to the Consolidated Financial Statements

All amounts expressed in thousands of Brazilian reais, unless otherwise stated

Article 1 of ANEEL Normative Resolution no. 589 issued on December 13, 2013 defines the methodology for the purpose of indemnification for assets not depreciated as of May 31, 2000, including the need to contract a third party expert to issue an appraisal report. This resolution was simply limited to recognition of the concession operators' right to indemnification, by defining the meaning of valuation. Management determined the valuation of the assets subject to indemnification, applying the proposed methodology, and concluded that the expected indemnification supports the amount registered at December 31, 2013.

10.1 Changes in the accounts receivable related to the concession extension

	Current Assets	Noncurrent Assets	Total
Balance as of January 1, 2012	-	-	-
Transfers from receivable related to concession - RBNI	-	893,923	893,923
Transfers from receivable related to concession - RBSE	-	160,217	160,217
Transfers from noncurrent to current	352,161	(352,161)	-
Monetary variations	3,924	15,826	19,750
Balance as of December 31, 2012 - Restated	356,085	717,805	1,073,890
Transfers from noncurrent to current	352,160	(352,160)	-
Amortization	(440,656)	-	(440,656)
Monetary variations	43,591	-	43,591
Charges	40,981	-	40,981
Balance as of December 31, 2013	352,161	365,645	717,806

11 Other Receivables

	12.31.2013	Restated 12.31.2012
Advance payments to suppliers (11.1)	122,311	41,442
Services in progress (11.2)	94,000	88,513
Transfer CDE (11.3)	51,067	-
Advance for severance estate	40,403	8,740
Advance payments to employees	27,831	29,788
Partnership in consortiums	25,540	25,540
Decommissioning in progress	10,980	10,514
Rental plant TPP Araucária	6,499	11,894
Other receivables	46,694	41,248
	425,325	257,679
	Current assets	395,890
	Noncurrent assets	29,435
		234,951
		22,728

11.1 Advance payments to suppliers

Refers to advances to suppliers provided on contractual clauses.

COMPANHIA PARANAENSE DE ENERGIA – COPEL

Notes to the Consolidated Financial Statements

All amounts expressed in thousands of Brazilian reais, unless otherwise stated

11.2 Service in progress

This item refers to services currently in progress within the Company, most of which are related to the Research and Development and Energy Efficiency programs, which upon conclusion are offset against the respective liability recorded for this purpose, in compliance with the applicable regulations.

11.3 Transfer CDE

It consists of funds from the Energy Development Account - CDE to be transferred to Eletrobras to cover the discounts granted on electricity rates applicable to users of public distribution services in the amount of R\$ 21,042, according to Resolution 1,586 passed on August 13, 2013 and R\$ 30,025 to offset costs resulting from exposure in the short-term market and the hydrological risk, ruled by Decree number 7,945 of March 7, 2013.

12 Inventories

Operation/Maintenance	12.31.2013	12.31.2012
Copel Distribuição	96,866	84,995
Copel Geração e Transmissão	31,298	28,299
Copel Telecomunicações	10,046	10,645
Compagas	1,068	870
	139,278	124,809

COMPANHIA PARANAENSE DE ENERGIA – COPEL**Notes to the Consolidated Financial Statements**

All amounts expressed in thousands of Brazilian reais, unless otherwise stated

13 Income Tax, Social Contribution and Other Taxes**13.1 Income Tax (IR) and Social Contribution (CSLL)**

	12.31.2013	Restated 12.31.2012
Current assets		
IR and CSLL paid in advance	375,722	468,791
IR and CSLL to be offset against liability	(242,564)	(272,227)
IR and CSLL to be offset against IRRF on JSCP	-	(5,020)
	133,158	191,544
Noncurrent assets		
IR and CSLL paid in advance (a)	197,659	19,995
	197,659	19,995
Current liabilities		
IR and CSLL due	540,184	442,416
IR and CSLL to be offset against asset	(242,564)	(272,227)
	297,620	170,189

COMPANHIA PARANAENSE DE ENERGIA – COPEL

Notes to the Consolidated Financial Statements

All amounts expressed in thousands of Brazilian reais, unless otherwise stated

(a) This amount is related to withholding income tax asset on loans between related parties that were liquidated, which are classified as noncurrent assets considering its long-term nature.

13.2 Deferred Income Tax and Social Contribution

13.2.1 Changes in Deferred Income Tax and Social Contribution

	Balance as of January 1, 2012 Restated	Recognized in income	Recognized in other comprehensive income	Balance as of December 31, 2012 Restated	Recognized in income	Recognized in other comprehensive income	Others	Balance as of December 31, 2013
Noncurrent assets								
Tax losses and negative tax basis	2,486	-	-	2,486	7,227	-	-	9,713
Private pension and health plans	154,108	24,204	-	178,312	17,172	-	-	195,484
Effects from applying IFRIC 12	16,142	71,157	-	87,299	(17,717)	-	-	69,582
Effects from applying IAS 19	-	-	58,944	58,944	-	73,579	-	132,523
Effects from applying IAS 39	-	-	-	-	-	579	-	579
Other temporary additions								
Provisions for legal claims	287,220	50,808	-	338,028	37,308	-	-	375,336
Voluntary termination Program/retirement	12,355	41,631	-	53,986	(52,670)	-	-	1,316
Provision of Research and Development	28,791	17,999	-	46,790	19,976	-	-	66,766
Allowance for doubtful debts	42,216	(764)	-	41,452	8,230	-	-	49,682
Amortization - concession	36,173	256	-	36,429	257	-	-	36,686
Provision for investment losses	355	-	-	355	-	-	-	355
Provision for tax losses	15,913	(1,066)	-	14,847	93	-	-	14,940
Provision for impact of grid charges	6,922	-	-	6,922	-	-	-	6,922
Provision for financing	4,795	-	-	4,795	(710)	-	-	4,085
Provision for energy purchases	99,568	(2,535)	-	97,033	8,074	-	-	105,107
Provision for profit sharing	15,980	(6,309)	-	9,671	16,882	-	-	26,553
Interest on own capital	16,666	5,043	-	21,709	(21,709)	-	-	-
Social security contributions - injunction on judicial deposit	-	-	-	-	6,773	-	16,483	23,256
Others	5,490	1,354	-	6,844	(791)	-	-	6,053
	745,180	201,778	58,944	1,005,902	28,395	74,158	16,483	1,124,938
(-) Noncurrent liabilities								
Effects from applying IAS 16	741,195	(52,035)	-	689,160	(52,619)	-	-	636,541
Effects from applying IFRIC 12	138,712	(134,138)	(4,459)	115	-	-	-	115
Effects from applying IAS 19	4,620	-	(4,430)	190	-	(190)	-	-
Effects from applying IAS 39	11,977	2,158	907	15,042	(5,885)	(1,881)	-	7,276
Other temporary exclusions	-	-	-	-	-	-	-	-
Capitalization of financial charges	5,357	-	-	5,357	-	-	-	5,357
Deferment of capital gains	-	175,450	-	175,450	(67,916)	-	-	107,534
Provisions for negative goodwill	25,297	-	-	25,297	-	-	-	25,297
Gas supply	5,372	(1,791)	-	3,581	(1,791)	-	-	1,790
Others	-	(115)	1,076	961	7,155	-	-	8,116
	932,530	(10,471)	(6,906)	915,153	(121,056)	(2,071)	-	792,026
Net	(187,350)	212,249	65,850	90,749	149,451	76,229	16,483	332,912
Assets presented in the Statement of Financial Position	462,177			681,285				753,413
(-) Liabilities presented in the Statement of Financial Position	(649,527)			(590,536)				(420,501)
Net	(187,350)			90,749				332,912

13.2.2 Realization of deferred tax credits

Tax credits related to the pension and healthcare plans are realized according to the movement of the related accrual based on the actuarial valuation conducted annually by an independent actuary. Deferred taxes on all other provisions will be realized as judicial rulings are issued and regulatory assets are realized.

The Company's Board of Directors and Fiscal Council have approved and examined, respectively, the technical study prepared by the Chief Finance and Investor Relations, which points out to the realization of deferred taxes.

COMPANHIA PARANAENSE DE ENERGIA – COPEL

Notes to the Consolidated Financial Statements

All amounts expressed in thousands of Brazilian reais, unless otherwise stated

13.3 Other recoverable taxes and other taxes due

	12.31.2013	Restated 12.31.2012
Current assets		
Recoverable ICMS (VAT)	43,092	38,311
Recoverable PIS/Pasep and Cofins taxes	61,093	54,190
PIS/Pasep and Cofins to be offset against liabilities	(35,596)	(43,378)
Other recoverable taxes	1,424	367
	70,013	49,490
Noncurrent assets		
Recoverable ICMS (VAT)	72,347	71,785
PIS/Pasep and Cofins taxes	51,653	48,393
Other recoverable taxes	498	11
	124,498	120,189
Current liabilities		
ICMS (VAT) payable	184,369	209,570
PIS/Pasep and Cofins payable	79,291	82,066
PIS/Pasep and Cofins to be offset against assets	(35,596)	(43,378)
IRRF on JSCP	39,440	39,303
IRRF on JSCP to be offset against IR and CSLL asset	-	(5,020)
Other taxes	33,227	5,939
	300,731	288,480
Noncurrent liabilities		
Social security contributions - injunction on judicial deposit	68,402	-
	68,402	-

13.4 Reconciliation of the provision for Income Tax (IRPJ) and Social Contribution (CSLL)

	12.31.2013	Restated 12.31.2012	Restated 12.31.2011
Income before IRPJ and CSLL	1,506,504	972,528	1,583,916
IRPJ and CSLL (34%)	(512,211)	(330,660)	(538,531)
Tax effects on:			
Equity in income	32,423	52	11,054
Interest on own capital	61,200	75,802	121,023
Dividends	309	241	1,158
Finam	1,972	-	(270)
Non deductible expenses	(3,130)	(3,331)	(11,892)
Tax benefits Law 11,941/09	-	-	7,087
Tax incentives	10,364	11,688	9,908
Others	4,004	200	(6,599)
Current IRPJ and CSLL	(554,520)	(458,257)	(611,601)
Deferred IRPJ and CSLL	149,451	212,249	204,539
Effective rate - %	26.9%	25.3%	25.7%

COMPANHIA PARANAENSE DE ENERGIA – COPEL

Notes to the Consolidated Financial Statements

All amounts expressed in thousands of Brazilian reais, unless otherwise stated

14 Judicial Deposits

	12.31.2013	Restated 12.31.2012
Taxes claims	417,570	347,484
Labor claims	118,240	90,479
Civil		
Suppliers	95,558	95,558
Civil	28,849	26,796
Easements	8,106	7,157
Customers	2,397	2,419
	134,910	131,930
Others	4,505	4,478
	675,225	574,371

15 Receivable from related parties

	12.31.2013	Restated 12.31.2012
Associate and Jointly-controlled companies		
Dividends and/or interests on own capital		
Dona Francisca Energética	85	78
Dominó Holdings	6,311	17,986
Costa Oeste	478	-
Marumbi	403	-
Transmissora Sul Brasileira	360	-
Caiuá	88	-
Integração Maranhense	227	-
Matrinchã	840	-
Guaraciaba	182	-
	8,974	18,064
Other investments		
Dividends and/or interests on own capital		
Other investments	526	-
	526	-
	9,500	18,064
Current assets - Dividends receivable	9,500	18,064
Noncurrent assets	-	-

COMPANHIA PARANAENSE DE ENERGIA – COPEL

Notes to the Consolidated Financial Statements

All amounts expressed in thousands of Brazilian reais, unless otherwise stated

16 Investments

16.1 Business Combinations

On August 1, 2013, the Company acquired from Salus Fundos de Investimento em Participações 100% of the following business enterprises: Nova Asa Branca I Energias Renováveis S.A., Nova Asa Branca II Energias Renováveis S.A., Nova Asa Branca III Energias Renováveis S.A., Nova Eurus IV Energias Renováveis S.A., Santa Maria Energias Renováveis S.A., Santa Helena Energias Renováveis S.A. and Ventos de Santo Uriel S.A.

The acquisition of these wind farming companies fulfills Copel's strategic purpose of increasing its participation in the energy generation industry by adding renewable sources to its energy mix.

The investment totals R\$ 342,077 and is supported by the estimated discounted cash flows from the operating activities of the enterprises acquired by Copel.

The acquisition date of net assets fair values were identified and recognized as an investment in the individual parent company's and allocated to the different assets in the consolidated financial statements, including the authorization right. The authorization right acquired will be amortized during the period of authorizations as from the start of commercial operations.

Subsidiaries	Authorization	Net assets	Authorization	
08.01.2013	maturity	acquired	rights	Total paid
Nova Asa Branca I Energias Renováveis S.A.	04.25.2046	6,056	51,659	57,715
Nova Asa Branca II Energias Renováveis S.A.	05.31.2046	6,080	51,745	57,825
Nova Asa Branca III Energias Renováveis S.A.	05.31.2046	6,058	49,948	56,006
Nova Eurus IV Energias Renováveis S.A.	04.27.2046	6,043	53,154	59,197
Santa Maria Energias Renováveis S.A.	05.08.2047	17,765	26,813	44,578
Santa Helena Energias Renováveis S.A.	04.09.2047	17,730	28,955	46,685
Ventos de Santo Uriel S.A.	04.09.2047	6,626	13,445	20,071
		66,358	275,719	342,077

To complete the acquisition, the Company should disburse an additional R\$ 18,500, according to the conditions of the agreement.

The following data detail the composition of acquired assets and assumed liabilities that were recognized on the acquisition date and that correspond to their fair values on that date.

COMPANHIA PARANAENSE DE ENERGIA – COPEL

Notes to the Consolidated Financial Statements

All amounts expressed in thousands of Brazilian reais, unless otherwise stated

08.01.2013	Nova Asa Branca I	Nova Asa Branca II	Nova Asa Branca III	Nova Eurus IV	Santa Maria	Santa Helena	Ventos de Santo Uriel	Total
ASSETS	6,137	6,161	6,179	6,124	17,775	17,747	6,629	66,752
Current assets	42	41	52	772	21	65	38	1,031
Cash and cash equivalents	6	6	17	736	3	46	25	839
Others current assets	36	35	35	36	18	19	13	192
Noncurrent assets	6,095	6,120	6,127	5,352	17,754	17,682	6,591	65,721
Property, Plant and Equipment, net	6,070	6,095	6,102	5,327	17,715	17,643	6,567	65,519
Others noncurrent assets	25	25	25	25	39	39	24	202
LIABILITIES	6,137	6,161	6,179	6,124	17,775	17,747	6,629	66,752
Current liabilities	23	23	63	23	10	17	3	162
Noncurrent liabilities	58	58	58	58	-	-	-	232
Equity	6,056	6,080	6,058	6,043	17,765	17,730	6,626	66,358

If the new ventures had been consolidated from January 01, 2013, the income statement would have included a loss of R\$ 334.

16.2 Changes in investments

	Balance as of January 1, 2013 Restated	Equity valuation adjustments	Equity valuation adjustments	Investment/ advance for future capital increase	Proposed dividends and JCP	Reversal of provision for loss	Balance as of December 31, 2013
Joint ventures (16.4)							
Dominó Holdings	358,114	96,635	18,881	-	(16,927)	-	456,703
Outia	5,247	(465)	-	843	-	-	5,625
Costa Oeste	1,049	2,409	-	15,720	(478)	-	18,700
Marumbi	2,212	1,969	-	18,018	(402)	-	21,797
Transmissora Sul Brasileira	9,577	1,516	-	53,065	(361)	-	63,797
Caiuá	7,747	565	-	32,094	(88)	-	40,318
Integração Maranhense	9,630	1,016	-	74,959	(227)	-	85,378
Matrinchá	10,130	3,453	-	85,256	(840)	-	97,999
Guaraciaba	6,963	908	-	31,139	(182)	-	38,828
Paranaíba	-	210	-	17,640	-	-	17,850
	410,669	108,216	18,881	328,734	(19,505)	-	846,995
Associates (16.5)							
Sercomtel	10,567	(13,567)	-	3,000	-	-	-
Dona Francisca	59,753	8,963	-	-	(10,540)	-	58,176
Foz do Chopim	15,872	10,316	-	-	(10,400)	-	15,788
Carbocampel	1,413	(6)	-	-	-	-	1,407
Dois Saltos	300	-	-	420	-	-	720
Copel Amec	180	2	-	-	-	-	182
Escoelectric	-	(318)	-	318	-	-	-
	88,085	5,390	-	3,738	(20,940)	-	76,273
Other investments							
Finam	1,323	-	-	-	-	-	1,323
Finor	312	-	(100)	-	-	-	212
Investco S.A.	9,282	-	(72)	-	-	-	9,210
Nova Holanda Agropecuária S.A.	14,868	-	-	-	-	-	14,868
(-) provision for loss - Nova Holanda	(14,868)	-	-	-	-	7,887	(6,981)
Assets for future use	4,290	-	-	-	-	-	4,290
Advance with the purpose of future investment (16.6)	46,631	-	-	186,838	-	-	233,469
Other investments	8,397	-	(134)	5	-	-	8,268
	70,235	-	(306)	186,843	-	7,887	264,659
	568,989	113,606	18,575	519,315	(40,445)	7,887	1,187,927

COMPANHIA PARANAENSE DE ENERGIA – COPEL

Notes to the Consolidated Financial Statements

All amounts expressed in thousands of Brazilian reais, unless otherwise stated

	Balance as of January 1, 2012		Equity valuation	Investment /	Proposed dividends		Balance as of December 31, 2012
	Restated	Equity	adjustments	Afac	and JCP	Others	Restated
Joint ventures (16.4)							
Dominó Holdings	345,953	50,366	(21,555)	-	(16,650)	-	358,114
Cutia	4,310	(447)	-	1,384	-	-	5,247
Costa Oeste	204	(378)	-	1,243	-	(21)	1,048
Marumbi	8	(274)	-	2,479	-	-	2,213
Transmissora Sul Brasileira	2	1	-	9,574	-	-	9,577
Caiuá	-	(193)	-	7,940	-	-	7,747
Integração Maranhense	-	(59)	-	9,689	-	-	9,630
Matrinchã	-	85	-	10,045	-	-	10,130
Guaraciaba	-	(143)	-	7,106	-	-	6,963
	350,477	48,958	(21,555)	49,460	(16,650)	(21)	410,669
Associates (16.5)							
Sercomtel	70,341	(59,774)	-	-	-	-	10,567
Dona Francisca	53,061	8,149	-	-	(1,457)	-	59,753
Foz do Chopim	17,402	9,434	-	-	(10,964)	-	15,872
Carbocampel	1,307	(36)	-	142	-	-	1,413
Dois Saltos	300	-	-	-	-	-	300
Copel Amec	165	15	-	-	-	-	180
Escoelectric	-	(61)	-	61	-	-	-
	142,576	(42,273)	-	203	(12,421)	-	88,085
Other investments							
Finam	2,267	-	(944)	-	-	-	1,323
Finor	613	-	(301)	-	-	-	312
Investco S.A.	8,345	-	937	-	-	-	9,282
Assets for future use	4,290	-	-	-	-	-	4,290
Advance with the purpose of future investment (16.6)	38,945	-	-	7,686	-	-	46,631
Other investments	7,683	-	714	-	-	-	8,397
	62,143	-	406	7,686	-	-	70,235
	555,196	6,685	(21,149)	57,349	(29,071)	(21)	568,989

16.3 Parent Company

Subsidiaries	Headquarters	Main Activity	Percentage of share capital		
			Copel	Copel GeT	Noncontrolling shareholders
12.31.2013					
Copel Geração e Transmissão S.A. (Copel GeT)	Curitiba/PR	Production and transmission of electricity	100.00	-	-
Copel Distribuição S.A.	Curitiba/PR	Distribution and marketing of electricity	100.00	-	-
Copel Telecomunicações S.A.	Curitiba/PR	Telecommunication and communication services	100.00	-	-
Copel Renováveis S.A.	Curitiba/PR	Production of electricity from wind sources	100.00	-	-
Copel Participações S.A.	Curitiba/PR	Holdings of non-financial institutions	100.00	-	-
Nova Asa Branca I Energias Renováveis S.A. (a)	S. Miguel do Gostoso/RN	Production of electricity from wind sources	100.00	-	-
Nova Asa Branca II Energias Renováveis S.A. (a)	Parazinho/RN	Production of electricity from wind sources	100.00	-	-
Nova Asa Branca III Energias Renováveis S.A. (a)	Parazinho/RN	Production of electricity from wind sources	100.00	-	-
Nova Eurus IV Energias Renováveis S.A. (a)	Touros/RN	Production of electricity from wind sources	100.00	-	-
Santa Maria Energias Renováveis S.A. (a)	Maracanau/CE	Production of electricity from wind sources	100.00	-	-
Santa Helena Energias Renováveis S.A. (a)	Maracanau/CE	Production of electricity from wind sources	100.00	-	-
Ventos de Santo Uriel S.A. (a)	João Câmara/RN	Production of electricity from wind sources	100.00	-	-
Companhia Paranaense de Gás - Compagás	Curitiba/PR	Distribution of pipeline gas	51.00	-	49.00
Elejor - Centrais Elétricas do Rio Jordão S.A.	Curitiba/PR	Production of electricity	70.00	-	30.00
UEG Araucária Ltda.	Curitiba/PR	Production of electricity from natural gas	20.00	60.00	20.00

(a) Pre-operating stage

Management performed the judgments required by IAS 27 - Consolidated Financial Statements, and concluded that the Company has all the required attributes to determine the control over the

COMPANHIA PARANAENSE DE ENERGIA – COPEL

Notes to the Consolidated Financial Statements

All amounts expressed in thousands of Brazilian reais, unless otherwise stated

companies Compagás, Elejor and UEG Araucária, i.e., it is exposed to, or have rights to, variable returns deriving from its involvement in the investees and has the ability of affecting those returns by means of its power over them.

16.3.1 Summarized financial statements of subsidiaries with non-controlling interest

12.31.2013	Compagas	Elejor	UEG Araucária
ASSETS	308,023	766,161	708,088
Current assets	84,017	68,534	270,545
Noncurrent assets	224,006	697,627	437,543
LIABILITIES	308,023	766,161	708,088
Current liabilities	66,935	153,229	6,334
Noncurrent liabilities	5,462	540,913	-
Equity	235,626	72,019	701,754
STATEMENT OF INCOME			
Operating revenues	423,014	217,412	106,398
Operating costs and expenses	(402,030)	(67,093)	(81,375)
Financial results	4,443	(86,799)	18,664
Income tax and social contribution	(6,942)	(21,573)	(7,524)
Net income for the year	18,485	41,947	36,163
Total comprehensive income	18,485	41,947	36,163
STATEMENT OF CASH FLOWS			
Cash flows from operational activities	44,877	(77,800)	78,543
Cash flows from investment activities	(41,948)	(4,244)	(74,919)
Cash flows from financing activities	(4,495)	104,346	-
TOTAL EFFECTS ON CASH AND CASH EQUIVALENTS	(1,566)	22,302	3,624
Cash and cash equivalents at the beginning of the year	35,993	25,282	18,219
Cash and cash equivalents at the end of the year	34,427	47,584	21,843
CHANGE IN CASH AND CASH EQUIVALENTS	(1,566)	22,302	3,624

COMPANHIA PARANAENSE DE ENERGIA – COPEL

Notes to the Consolidated Financial Statements

All amounts expressed in thousands of Brazilian reais, unless otherwise stated

16.4 Joint ventures

Jointly controlled 12.31.2013	Headquarters	Main activity	Equity + Advance for future capital increase	Percentage of share capital %		Book value of share
				Copel	Copel GeT	
Dominó Holdings S.A.	Curitiba/PR	Interest in sewerage treatment company	1,014,895	45.00	-	456,703
Costa Oeste Transmissora de Energia S.A. (a)	Curitiba/PR	Transmission of electricity	36,667	-	51.00	18,700
Marumbi Transmissora de Energia S.A. (a)	Curitiba/PR	Transmission of electricity	27,246	-	80.00	21,797
Transmissora Sul Brasileira de Energia S.A. (a)	Curitiba/PR	Transmission of electricity	318,983	-	20.00	63,797
Cutia Empreendimentos Eólicos SPE S.A. (a)	São Paulo/SP	Production of electricity from wind sources	11,273	49.90	-	5,625
Caiuá Transmissora de Energia S.A. (a)	Curitiba/PR	Transmission of electricity	82,281	-	49.00	40,318
Integração Maranhense Transmissora de Energia S.A. (a)	Rio de Janeiro/RJ	Transmission of electricity	174,240	-	49.00	85,378
Matrinchã Transmissora de Energia (TP NORTE) S.A. (a)	Curitiba/PR	Transmission of electricity	199,997	-	49.00	97,999
Guaraciaba Transmissora de Energia (TP SUL) S.A. (a)	Curitiba/PR	Transmission of electricity	79,241	-	49.00	38,828
Paranaíba Transmissora de Energia S.A. (a)	Rio de Janeiro/RJ	Transmission of electricity	72,859	-	24.50	17,850

(a) Pre-operating stage

Management concluded that the Company has joint control of those companies, in cooperation with the other investors.

Joint control result from agreements entered into between shareholders irrespective of the interest ownership interest percentage.

16.4.1 Main groups of assets, liabilities and results of joint ventures

12.31.2013	Dominó (a)	Costa Oeste	Marumbi	Sul Brasileira	Cutia	Caiuá	Integração Maranhense	Matrinchã	Guaraciaba	Paranaíba
ASSETS	1,071,264	48,558	35,270	531,454	11,421	139,572	276,643	782,964	324,772	74,815
Current assets	22,670	2,261	4,029	45,351	94	4,370	2,517	239,769	127,239	20,832
Cash and cash equivalents	8,574	2,211	4,019	35,767	76	4,170	2,229	237,029	124,484	20,430
Other current assets	14,096	50	10	9,584	18	200	288	2,740	2,755	402
Noncurrent assets	1,048,594	46,297	31,241	486,103	11,327	135,202	274,126	543,195	197,533	53,983
LIABILITIES	1,071,264	48,558	35,270	531,454	11,421	139,572	276,643	782,964	324,772	74,815
Current liabilities	56,369	10,425	7,046	207,156	16	44,638	76,364	575,904	243,170	1,779
Financial liabilities	-	-	-	153,201	-	34,051	50,340	567,125	241,553	-
Other current liabilities	56,369	10,425	7,046	53,955	16	10,587	26,024	8,779	1,617	1,779
Noncurrent liabilities	-	32,290	23,499	113,316	918	64,355	167,791	7,063	2,361	177
Advance for future capital increase	-	30,824	22,521	108,001	786	51,702	141,752	-	-	-
Other noncurrent liabilities	-	1,466	978	5,315	132	12,653	26,039	7,063	2,361	177
Equity	1,014,895	5,843	4,725	210,982	10,487	30,579	32,488	199,997	79,241	72,859
STATEMENT OF INCOME										
Net operating income	-	41,677	30,378	430,344	-	106,513	231,962	510,855	186,882	53,416
Operating costs and expenses	(6,195)	(35,878)	(27,320)	(417,040)	(936)	(104,302)	(228,386)	(525,463)	(192,713)	(54,401)
Financial results	(36,434)	261	484	(419)	6	86	212	21,655	7,682	2,096
Equity in income of subsidiaries	128,996	-	-	-	-	-	-	-	-	-
Income tax and social contribution	-	(1,336)	(1,081)	(5,104)	-	(1,145)	(1,716)	-	-	(253)
Variation earnings of % from participation	134,040	-	-	-	-	-	-	-	-	-
Profit (loss) for the year	220,407	4,724	2,461	7,781	(930)	1,152	2,072	7,047	1,851	858
Total comprehensive income for the year	220,407	4,724	2,461	7,781	(930)	1,152	2,072	7,047	1,851	858

(a) Balances adjusted to accounting practices

COMPANHIA PARANAENSE DE ENERGIA – COPEL

Notes to the Consolidated Financial Statements

All amounts expressed in thousands of Brazilian reais, unless otherwise stated

16.5 Associates

Associates 12.31.2013	Headquarters	Main activity	Equity + Advance for future capital increase	Percentage of share capital	Book value of share
Dona Francisca Energética S.A.	Agudo/RS	Electric Power	252,608	23.03	58,176
Foz do Chopim Energética Ltda.	Curitiba/PR	Electric Power	44,137	35.77	15,788
Carbocampel S.A.	Figueira/PR	Coal exploration	2,872	49.00	1,407
Dois Saltos Empreendimentos de Geração de Energia Elétrica Ltda. (a)	Curitiba/PR	Electric Power	2,400	30.00	720
Copel Amec S/C Ltda. - em liquidação	Curitiba/PR	Services	379	48.00	182
Escoelectric Ltda.	Curitiba/PR	Services	(1,329)	40.00	-
Sercomtel S.A. Telecomunicações (16.4.2)	Londrina/PR	Telecommunications	-	45.00	-

(a) Pre-operating stage

16.5.1 Main groups of assets, liabilities and results of associates

12.31.2013	Foz do Chopim	Dona Francisca (a)
ASSETS	46,181	289,662
Current assets	6,080	104,256
Noncurrent assets	40,101	185,406
LIABILITIES	46,181	289,662
Current liabilities	2,044	31,432
Noncurrent liabilities	-	5,622
Equity	44,137	252,608
STATEMENT OF INCOME		
Net operating income	38,831	104,464
Operating costs and expenses	(8,856)	(54,148)
Financial income (expense)	186	5,091
Income tax and social contribution	(1,325)	(16,493)
Profit (loss) for the year	28,836	38,914
Total comprehensive income for the year	28,836	38,914

(a) Balances adjusted to accounting practices

COMPANHIA PARANAENSE DE ENERGIA – COPEL

Notes to the Consolidated Financial Statements

All amounts expressed in thousands of Brazilian reais, unless otherwise stated

16.5.2 Sercomtel S.A. Telecomunicações

The conclusion of the impairment tests on the Company's assets in 2013, adopting, when applicable, the same assumptions mentioned in the note on property, plant and equipment (NE nº 17.7), provided an adequate level of security that the assets related to the associated company Sercomtel S.A. Telecomunicações were valued above the recoverable value, resulting in a loss recognized in the income statement for 2013 of R\$ 6,538 (R\$ 28,858 in 2012), recorded in equity income, reducing the investment in this associated company to zero.

16.6 Advance for future investment

16.6.1 São Bento Energia, Investimentos e Participações S.A

In November 2011, the contract for purchase and sale of 49.9% of the representative shares of São Bento Energia, Investimentos e Participações S.A, which controls GE Olho D'Água S.A, GE Boa Vista S.A, GE Farol S.A and GE São Bento do Norte S.A, which holds the concession rights of Centrais Geradoras Eólicas Olho D'Água, Boa Vista, Farol and São Bento do Norte, respectively, was signed. The contract will only be effective after approvals by ANEEL, by the Economic Defense Administrative Council – CADE and by the National Socio-Economic Development Bank – BNDES, which is the bank financing the funds necessary for the investment, construction and operation of the abovementioned wind power generation enterprises held by the subsidiaries.

If the purchase is not completed, the seller is obliged to return the funds provided, which amount to R\$ 77,886, adjusted by the variation of the National Prices Index – IGPM. The approvals by ANEEL and Cade were obtained, awaiting the completion of the procedure with BNDES.

In December 2013, the agreement of sale and purchase of 50.1% of the remaining shares of São Bento Energia, in the amount of R\$ 109,500, was signed. Until December 31, 2013, R\$ 111,396 had been paid referring to the adjusted value of the price negotiated and R\$ 20,789 referring to reimbursement of the balance of cash acquired, as stipulated in the contract.

The contract can be terminated if the approvals from ANEEL, CADE and BNDES are not obtained, where seller is obliged to return the amounts contributed, adjusted by the variance of the Broad Consumer Prices Index - IPCA.

16.6.2 Cutia Empreendimentos Eólicos SPE S.A.

Copel and Galvão Participações S.A. signed the purchase and sale agreement in December 2013 for 50.1% of the shares in the joint venture Cutia Empreendimentos Eólicos SPE S.A., and all of the 8 wind farms and complexes, all exclusively owned by the seller, for the amount of R\$ 38,000. Until December 31, 2013 had been paid: R\$ 23,398 for part of the adjusted negotiated amount with an escrow of R\$ 15,000 to cover any nonconformities attributable to the projects, as stipulated in the agreement.

COMPANHIA PARANAENSE DE ENERGIA – COPEL

Notes to the Consolidated Financial Statements

All amounts expressed in thousands of Brazilian reais, unless otherwise stated

The contract can be terminated if the unconditional approvals are not obtained from CADE, where seller is obliged to return the amounts paid, adjusted by the variance of the IPCA price index.

17 Property, Plant and Equipment

Under Articles 63 and 64 of Decree no. 41,019, dated February 26, 1957, the assets and facilities used mostly in the generation of power are attached to these services and cannot be withdrawn, sold, assigned, or mortgaged without the prior written consent of the regulatory agency. ANEEL Resolution n° 20/99, however, regulates the release of assets from the concessions of the public Electric energy utilities, granting prior authorization to the release of assets that are deemed useless to the concession, when intended for sale, provided that the proceeds from such transaction be deposited in a special bank account assigned to investment in the concession. For concession contracts of the use of public property (UBP) type, infrastructure usage restrictions are set forth in article 19 of ANEEL Decree no. 2,003/96.

17.1 PP&E by company

	Cost	Accumulated depreciation	12.31.2013	Cost	Accumulated depreciation	Restated 12.31.2012
In service						
Copel	5	-	5	-	-	-
Copel Geração e Transmissão	12,483,418	(7,370,317)	5,113,101	11,491,186	(7,101,472)	4,389,714
Copel Telecomunicações	504,115	(312,251)	191,864	498,571	(294,255)	204,316
Elejor	594,856	(140,657)	454,199	591,738	(122,685)	469,053
UEG Araucária	685,801	(263,587)	422,214	666,750	(229,920)	436,830
	14,268,195	(8,086,812)	6,181,383	13,248,245	(7,748,332)	5,499,913
In progress						
Copel	24	-	24	-	-	-
Copel Geração e Transmissão	1,475,079	-	1,475,079	2,245,507	-	2,245,507
Copel Telecomunicações	174,113	-	174,113	114,825	-	114,825
Elejor	13,292	-	13,292	11,386	-	11,386
UEG Araucária	478	-	478	137	-	137
Nova Asa Branca I	14,184	-	14,184	-	-	-
Nova Asa Branca II	12,135	-	12,135	-	-	-
Nova Asa Branca III	13,124	-	13,124	-	-	-
Nova Eurus IV	12,496	-	12,496	-	-	-
Santa Maria	36,013	-	36,013	-	-	-
Santa Helena	39,432	-	39,432	-	-	-
Ventos de Santo Uriel	11,894	-	11,894	-	-	-
	1,802,264	-	1,802,264	2,371,855	-	2,371,855
Special liabilities						
Copel Geração e Transmissão	(15)	-	(15)	(15)	-	(15)
	(15)	-	(15)	(15)	-	(15)
	16,070,444	(8,086,812)	7,983,632	15,620,085	(7,748,332)	7,871,753

COMPANHIA PARANAENSE DE ENERGIA – COPEL

Notes to the Consolidated Financial Statements

All amounts expressed in thousands of Brazilian reais, unless otherwise stated

17.2 Asset by type of account – in service and in progress

	Cost	Accumulated depreciation	12.31.2013	Cost	Accumulated depreciation	Restated 12.31.2012
In service						
Reservoirs, dams and aqueducts	7,618,902	(4,493,402)	3,125,500	7,108,618	(4,341,971)	2,766,647
Machinery and equipment	4,793,335	(2,551,632)	2,241,703	4,509,319	(2,406,775)	2,102,544
Buildings	1,519,516	(997,021)	522,495	1,379,133	(963,086)	416,047
Land	263,620	(2,481)	261,139	183,024	-	183,024
Vehicles	60,833	(33,884)	26,949	57,474	(28,580)	28,894
Furniture and tools	11,989	(8,392)	3,597	10,677	(7,920)	2,757
	14,268,195	(8,086,812)	6,181,383	13,248,245	(7,748,332)	5,499,913
In progress	1,802,264	-	1,802,264	2,371,855	-	2,371,855
Special liabilities	(15)	-	(15)	(15)	-	(15)
	16,070,444	(8,086,812)	7,983,632	15,620,085	(7,748,332)	7,871,753

17.3 Changes in Property, Plant and Equipment

	In service	In progress	Total
Balance as of January 1, 2012 - Restated	5,745,134	1,463,983	7,209,117
Investment program paid	-	875,509	875,509
Investment program to pay	-	119,590	119,590
Financial participation of costumers	-	(15)	(15)
Provision for contingences	-	3,855	3,855
Fixed assets for projects	88,560	(88,560)	-
Transfers of accounts receivable related to the concession	713	-	713
Depreciation quotas to profit and loss	(331,330)	-	(331,330)
Depreciation quotas - Pasep/Cofins credits	(1,815)	-	(1,815)
Write off	(1,349)	(2,522)	(3,871)
Balance as of December 31, 2012	5,499,913	2,371,840	7,871,753
1st consolidation effect - subsidiaries (Note 16.1)	-	65,519	65,519
Investment program paid	-	420,227	420,227
Fixed assets for projects	1,054,115	(1,054,115)	-
Transfers of accounts receivable related to the concession	1,405	157	1,562
Transfers of accounts receivable related to the concession - Resolution 367/2009	1,742	(2,824)	(1,082)
Transfers of intangible assets	(165)	2,660	2,495
Depreciation quotas to profit and loss	(366,016)	-	(366,016)
Depreciation quotas - Pasep/Cofins credits	(1,032)	-	(1,032)
Write off	(1,262)	(1,215)	(2,477)
Write off - Resolution 367/2009	(7,317)	-	(7,317)
Balance as of December 31, 2013	6,181,383	1,802,249	7,983,632

COMPANHIA PARANAENSE DE ENERGIA – COPEL

Notes to the Consolidated Financial Statements

All amounts expressed in thousands of Brazilian reais, unless otherwise stated

17.4 Changes in Property, Plant and Equipment by type of account – in service and in progress

	Balance as of January 1, 2013	Additions	Depreciation	Write off	Transference	Balance as of December 31, 2013
Land	310,891	19,952	(2,481)	-	-	328,362
Buildings, civil works and improvements	484,996	80,706	(33,869)	(288)	(1,196)	530,349
Machinery and equipment	2,541,016	287,019	(173,945)	(8,601)	(16,193)	2,629,296
Vehicles	29,834	3,176	(5,663)	-	-	27,347
Furniture and tools	8,161	3,269	(482)	(107)	(2,863)	7,978
Reservoirs, dams and aqueducts	3,024,040	253,350	(150,608)	(11)	38,962	3,165,733
Others	1,472,815	(161,726)	-	(787)	(15,735)	1,294,567
	7,871,753	485,746	(367,048)	(9,794)	2,975	7,983,632

	Balance as of January 1, 2012	Additions	Depreciation	Write off	Transference	Balance as of December 31, 2012
	Restated					Restated
Land	270,096	40,795	-	-	-	310,891
Buildings, civil works and improvements	507,227	7,975	(29,690)	(517)	1	484,996
Machinery and equipment	2,483,488	178,910	(154,232)	(1,948)	34,798	2,541,016
Vehicles	10,625	7,294	(3,829)	(42)	15,786	29,834
Furniture and tools	2,774	5,972	(470)	(8)	(107)	8,161
Reservoirs, dams and aqueducts	3,082,435	86,529	(144,924)	-	-	3,024,040
Others	852,472	671,464	-	(1,356)	(49,765)	1,472,815
	7,209,117	998,939	(333,145)	(3,871)	713	7,871,753

17.5 Effects of Law 12,783/2012 on the property, plant and equipment of Copel Geração

On September 12, 2012, Provisional Measure 579 (MP 579) was published, which governs the extension of the concessions for generation, transmission and distribution of electric power, obtained by Law 9,074 of 1995. Decree 7,805/12 which regulates MP 579 was published on September 17, 2012. In accordance with MP 579/12, the companies which have contracts for concessions for generation, transmission and distribution of power, maturing between 2015 and 2017, have the option of extending the concession terms, at the discretion of the granting authority, once, for a period of up to 30 years, provided that they accept early maturity of their existing contracts for December 2012. This extension is subject to the acceptance of certain conditions established by the granting authority, such as: i) fixed income according to criteria established by ANEEL, ii) agreement to service quality standards set by ANEEL and, iii) agreement with established amounts as compensation for the assets linked to the concession.

The Company has not expressed interest in extending the concessions for generation falling due until 2017 (note 34.2.5) and therefore, the occurrence of MP 579 and subsequent regulations published for these generators, will not affect the cash flow forecast until the end of the current concessions. This is valid for revenue estimates and also for the indemnity expected to be paid by the end of the concession.

COMPANHIA PARANAENSE DE ENERGIA – COPEL

Notes to the Consolidated Financial Statements

All amounts expressed in thousands of Brazilian reais, unless otherwise stated

This applies to the forecasts for revenue and also for the expectation of compensation of the assets not depreciated until the end of the concession. Decree 7,805/12 confirms the assumption currently adopted by the Company for impairment tests of assets, as it clarifies the condition of compensation to the new replacement value (VNR) at the discretion of the granting authority, of the residual balance of the assets recorded in each concession.

The Company's management understands it has an assured contractual right with respect to compensation of the assets linked to the end of the public service concessions, using in the calculation of recovery the new replacement value (VNR) methodology, as defined by Law 12,783/12.

17.6 Depreciation Rates

Depreciation rates (%)	12.31.2013	12.31.2012
Generation		
General equipment	6.92	6.22
Generators	3.43	2.83
Reservoirs, dams and headrace channel	2.35	1.99
Hidraulic turbines	3.63	2.45
Gas and steam turbines	2.30	2.26
Water cooling and treatment facilities	4.39	4.40
Gas conditioning equipment	4.39	4.40
Central administration		
Buildings	3.33	3.33
Office machinery and equipment	6.25	6.26
Furniture and tools	6.25	6.25
Vehicles	14.29	14.29
Telecommunications		
Transmission equipment	7.70	7.70
Terminal equipment	10.50	10.50
Infrastructure	6.30	6.30

The average rate for machinery and equipment is 3.56%.

COMPANHIA PARANAENSE DE ENERGIA – COPEL

Notes to the Consolidated Financial Statements

All amounts expressed in thousands of Brazilian reais, unless otherwise stated

Depreciation of the assets which are part of the original project of Mauá and Colíder Hydroelectric Power Plants

The Company has assets from Mauá and Colíder Hydroelectric Power Plants for which the Granting Authority is not expected to provide full guarantee that it will indemnify the Company by the end of the concession period for the residual value of the assets which are part of the original project. This interpretation is grounded in law 8,987/95 and Decree 2,003/96.

Accordingly, from the date these assets start operations they are depreciated at the rates set by ANEEL (Brazilian Electricity Regulatory Agency), limited to the concession period.

As established on concession agreements, subsequent investments not forecast in the original project, provided that they are approved by the Granting Authority and have not yet been amortized, will be indemnified by the end of concessions. Therefore, these assets will be depreciated at the rates set by ANEEL.

17.7 Impairment of Assets

The main principles underpinning the conclusions of Copel's impairment tests are listed below:

- lowest level of cash generating unit: concessions are analyzed individually;
- recoverable value: value in use, or an amount equivalent to the discounted cash flows (before taxes) resulting from the continuous use of an asset until the end of its useful life; and
- assessment of value in use: based on future cash flows in constant currency, converted to current value according to a real discount rate, before income taxes.

The respective cash flows are estimated based on actual operational results, on the Company's annual corporate budget, as approved by the Board of Directors, on the resulting multi-year budget, and on future trends in the power sector.

As for the time frame for the analysis, the Company takes into account the expiration date of each concession.

As for market growth, Copel's projections are consistent with historical data and the Brazilian economy's growth prospects.

The respective cash flows are discounted at average discount rates, obtained through a methodology commonly employed by the market, supported by the regulator and approved by the Company's senior management.

COMPANHIA PARANAENSE DE ENERGIA – COPEL

Notes to the Consolidated Financial Statements

All amounts expressed in thousands of Brazilian reais, unless otherwise stated

Management believes it has a contractually guaranteed right to compensation for the assets related to concessions upon their expiration, and it accepts, for purposes of calculation of reimbursement and until further regulation is issued on this matter, that such compensation be valued according to the fair value of replacement of the respective assets. Thus, the principle of valuation of residual assets upon expiration of concessions has been established as the book value of these assets.

Even though there was no evidence that the Company's operational assets suffered a loss in their recoverable value, the Company performed an impairment test.

Based on the assumptions above, the Company has not identified a need to recognize an impairment provision.

17.8 Colíder Hydroelectric Power Plant (HPP)

On July 30, 2010, at the ANEEL Auction of Power from New Projects 003/10, Copel Geração e Transmissão won the rights to the concession of the Colíder Hydroelectric Power Plant, which will feature 300 MW of installed capacity; the concession is valid for 35 years from the date of signature of Concession Contract no. 001/11-MME-HPP Colíder, which took place on January 17, 2011.

This project is included in the Federal Government's Growth Acceleration Program (PAC) and will comprise a main powerhouse rated 300 MW, which is enough to supply approximately one million people. The facility will take advantage of the hydroelectric potential discovered on the Teles Pires River, between the towns of Nova Canaã do Norte and Itaúba, in the northern region of the State of Mato Grosso.

The National Bank for Economic and Social Development (BNDES) approved the classification of the HPP Colíder project for financial support feasibility analysis and the signed financing agreement, amounted to R\$ 1,041,155, in December 2013 was released the amount of R\$ 840,106 as note 21.5.

The Colíder Hydroelectric Power Plant's power output was sold at an ANEEL auction at a final price of R\$ 103.40/MWh, as of July 1, 2010, adjusted according to the variation of the IPCA inflation index (R\$ 126.81/MWh as of December 31, 2013). A total of 125 averages MW were sold, for supply starting in January 2015 for 30 years. The assured power of the project, established in its concession agreement, was 179.6 averages MW, after full motorization.

The expenditures in this venture on December 31, 2013 totaled R\$ 1,320,590.

Total commitments already assumed with suppliers of equipment and services in connection with the Colíder Hydroelectric Power Plant amounted to R\$ 471,340 as of December 31, 2013.

COMPANHIA PARANAENSE DE ENERGIA – COPEL

Notes to the Consolidated Financial Statements

All amounts expressed in thousands of Brazilian reais, unless otherwise stated

17.9 Consórcio Tapajós

Copel Geração e Transmissão has signed a Technical Cooperation Agreement with eight other companies of the sector to conduct studies on the Tapajós and Jamanxim Rivers, in the North Region of Brazil, comprising an integrated environmental assessment of the Tapajós River Basin and viability and environmental studies of five hydroelectric projects, totaling 10,682 MW of installed capacity.

The power stations that are currently under study are Jatobá, with 2,338 MW, and São Luiz do Tapajós, the larger station, with 6,133 MW, both on the Tapajós River. In the future the Cachoeira do Caí (802 MW), Cachoeira dos Patos (528 MW) and Jamanxim (881 MW) power stations on the Jamanxim River will be studied.

The expenditures on this project on December 31, 2013 totaled R\$ 9,884.

17.10 Consórcio Empreendedor Baixo Iguaçu

On August 27, 2013 Copel Geração e Transmissão entered into a consortium with Geração Céu Azul S.A., with ownership percentage of 30% and 70%, respectively, to build and operate the Baixo Iguaçu Hydroelectric Power Plant, with a minimum installed capacity of 350.20 MW, located in Rio Iguaçu, between the municipalities of Capanema and Capitão Leônidas Marques, and between HPP Governador José Richa and the Iguaçu National Park, in Paraná State, which runs on 3 Kaplan turbines. This consortium was named "Consórcio Empreendedor Baixo Iguaçu" - CEBI.

The Consortium Member Agreement stipulated that Copel Geração e Transmissão will carry out the Proprietary Engineering services for CEBI, the value of this activity was set at R\$ 15,392, which will be considered as a contribution from Copel Geração e Transmissão to the consortium.

As of December 31, 2013 the expenses incurred on this venture amounted to R\$ 341.

COMPANHIA PARANAENSE DE ENERGIA – COPEL

Notes to the Consolidated Financial Statements

All amounts expressed in thousands of Brazilian reais, unless otherwise stated

18 Intangible Asset

	Concession and authorization rights		Concession contracts		Right to use software		Other	12.31.2013
	cost	accumulated amortization (a)	cost	accumulated amortization (a)	cost	accumulated amortization (b)		
In service								
Assets with finite useful life								
Copel Geração e Transmissão (18.1)	-	-	15,884	(732)	17,734	(6,108)	43	26,821
Copel Distribuição (18.2)	-	-	3,664,119	(3,269,508)	-	-	-	394,611
Copel Distribuição-obrig. especiais (18.3)	-	-	(326,007)	256,417	-	-	-	(69,590)
Copel Telecomunicações	-	-	-	-	22,386	(9,280)	-	13,106
Compagas (18.4)	-	-	239,239	(101,937)	5,221	(3,296)	-	139,227
Elejor (18.5)	-	-	263,920	(69,141)	-	-	6,286	201,065
UEG Araucária	-	-	-	-	373	(206)	-	167
Concession Right - Elejor (18.5)	22,626	(5,847)	-	-	-	-	-	16,779
Autorization Right - Cutia (18.6)	5,809	-	-	-	-	-	-	5,809
Autorization Right - Nova Asa I	51,659	-	-	-	-	-	-	51,659
Autorization Right - Nova Asa II	51,745	-	-	-	-	-	-	51,745
Autorization Right - Nova Asa III	49,948	-	-	-	-	-	-	49,948
Autorization Right - Nova Eurús IV	53,154	-	-	-	-	-	-	53,154
Autorization Right - S. Maria	26,813	-	-	-	-	-	-	26,813
Autorization Right - S. Helena	28,955	-	-	-	-	-	-	28,955
Autorization Right - Ventos S. Uriel	13,445	-	-	-	-	-	-	13,445
	304,154	(5,847)	3,857,155	(3,184,901)	45,714	(18,890)	6,329	1,003,714
Assets with indefinite useful life								
Compagas	-	-	-	-	-	-	21	21
	-	-	-	-	-	-	21	21
	304,154	(5,847)	3,857,155	(3,184,901)	45,714	(18,890)	6,350	1,003,735
In progress								
Copel Geração e Transmissão (18.1)	-	-	17,209	-	1,940	-	2,531	21,680
Copel Distribuição (18.2)	-	-	1,091,217	-	-	-	-	1,091,217
Copel Distribuição-Special Liabilities (18.3)	-	-	(154,965)	-	-	-	-	(154,965)
Copel Telecomunicações	-	-	-	-	2,032	-	85	2,117
Compagas	-	-	70,716	-	-	-	-	70,716
Nova Asa Branca I	-	-	-	-	-	-	44	44
Nova Asa Branca II	-	-	-	-	-	-	44	44
Nova Asa Branca III	-	-	-	-	-	-	190	190
Nova Eurús IV	-	-	-	-	-	-	42	42
Santa Maria	-	-	-	-	-	-	447	447
Santa Helena	-	-	-	-	-	-	42	42
Ventos de Santo Uriel	-	-	-	-	-	-	52	52
	-	-	1,024,177	-	3,972	-	3,477	1,031,626
								2,035,361

(a) Amortization over the concession period

(b) Annual amortization rate: 20%

COMPANHIA PARANAENSE DE ENERGIA – COPEL

Notes to the Consolidated Financial Statements

All amounts expressed in thousands of Brazilian reais, unless otherwise stated

	Concession and authorization rights		Concession contracts		Right to use software		Other	Restated 12.31.2012
	cost	accumulated amortization (a)	cost	accumulated amortization (a)	cost	accumulated amortization (b)		
In service								
Assets with finite useful life								
Copel Geração e Transmissão (18.1)	-	-	12,905	(36)	15,158	(3,511)	43	24,559
Copel Distribuição (18.2)	-	-	3,713,620	(3,113,508)	-	-	-	600,112
Copel Distribuição-Special Liabilities (18.3)	-	-	(320,627)	211,651	-	-	-	(108,976)
Copel Telecomunicações	-	-	-	-	25,819	(6,319)	-	19,500
Compagas (18.4)	-	-	217,446	(86,920)	4,070	(2,906)	-	131,690
Elejor (18.5)	-	-	263,920	(60,532)	-	-	5,927	209,315
UEG Araucária	-	-	-	-	360	(145)	-	215
Concession Right - Elejor (18.5)	22,626	(5,092)	-	-	-	-	-	17,534
Authorization Right - Cutia (18.6)	5,809	-	-	-	-	-	-	5,809
	28,435	(5,092)	3,887,264	(3,049,345)	45,407	(12,881)	5,970	899,758
Assets with indefinite useful life								
Copel Geração e Transmissão	-	-	-	-	-	-	18	18
Compagas	-	-	-	-	-	-	21	21
	28,435	(5,092)	3,887,264	(3,049,345)	45,407	(12,881)	6,009	899,797
In progress								
Copel Geração e Transmissão (18.1)	-	-	15,101	-	991	-	4,312	20,404
Copel Distribuição (18.2)	-	-	898,361	-	-	-	-	898,361
Copel Distribuição-Special Liabilities (18.3)	-	-	(83,748)	-	-	-	-	(83,748)
Copel Telecomunicações	-	-	-	-	1,467	-	7	1,474
Compagas	-	-	52,837	-	-	-	-	52,837
Elejor	-	-	-	-	-	-	27	27
	-	-	882,551	-	2,458	-	4,346	889,355
								1,789,152

(a) Amortization over the concession period

(b) Annual amortization rate: 20%

Changes in intangible assets

	In service		In progress		Concession contracts Special Liabilities	Concession and authorization rights	Other		
	In service	In progress	In service	In progress			In service	In progress	
Balance as of January 1, 2012 - Restated	1,224,874	674,591	(200,444)	(40,457)	24,098	4,271	30,011	1,716,944	
Investment program	-	840,119	-	-	-	-	11,685	851,804	
Customers' financial participation	-	-	-	(107,980)	-	-	-	(107,980)	
Aneel concession - use of public assets	-	1,886	-	-	-	-	-	1,886	
Transfers to tax liabilities	(8,073)	(301)	-	-	-	-	-	(8,374)	
Transfers to accounts receivable related to the concession - remeasurement Resolution No. 474/2012	(136,658)	-	53,245	-	-	-	-	(83,413)	
Transfers to accounts receivable related to the concession	-	(405,521)	-	57,916	-	-	-	(347,605)	
Transfers to intangible assets in service	140,889	(140,889)	(6,773)	6,773	-	34,824	(34,824)	-	
Amortization of quotas - concession and authorization	(256,731)	-	42,709	-	(755)	(3,748)	-	(218,525)	
Amortization of quotas - Pasep/Cofins credits	(12,544)	-	2,287	-	-	24	-	(10,233)	
Write off	(4,671)	(3,586)	-	-	-	-	(68)	(8,325)	
Disposal	(191)	-	-	-	-	-	-	(191)	
Adjustments to financial assets classified as available for sale	-	-	-	-	-	3,164	-	3,164	
Balance as of December 31, 2012 - Restated	946,895	966,299	(108,976)	(83,748)	23,343	38,535	6,804	1,789,152	
Investment program	-	1,018,057	-	-	-	275,719	5,297	1,299,073	
Customers' financial participation	-	-	-	(160,614)	-	-	-	(160,614)	
Aneel concession - use of public assets	-	5,087	-	-	-	-	-	5,087	
Transfers to accounts receivable related to the concession	-	-	-	-	-	2,589	-	2,589	
Transfers to property, plant and equipment, net in progress	-	-	-	-	-	165	(2,660)	(2,495)	
Transfers to accounts receivable related to the concession (Note 9.1)	-	(712,947)	-	82,878	-	-	-	(630,069)	
Transfers to intangible assets in service	87,599	(87,599)	(6,519)	6,519	-	1,697	(1,697)	-	
Amortization of quotas - concession and authorization	(272,967)	-	43,163	-	(755)	(6,627)	-	(237,186)	
Amortization of quotas - Pasep/Cofins credits	(14,135)	-	2,460	-	-	(497)	-	(12,172)	
Write off	(5,443)	(9,755)	282	-	-	(2,669)	(295)	(17,880)	
Write off - Resolution 367	(105)	-	-	-	-	(19)	-	(124)	
Balance as of December 31, 2013	741,844	1,179,142	(69,590)	(154,965)	298,307	33,174	7,449	2,035,361	

COMPANHIA PARANAENSE DE ENERGIA – COPEL

Notes to the Consolidated Financial Statements

All amounts expressed in thousands of Brazilian reais, unless otherwise stated

Changes in intangible assets by class of assets

	Concession contracts	Concession and authorization rights	Softwares	Others	
Balance as of January 1, 2012	1,658,564	24,098	31,468	2,814	1,716,944
Additions	386,420	-	7,309	7,537	401,266
Transfer to accounts receivable related to the concession	(83,413)	-	-	-	(83,413)
Amortization of quotas - concession and authorization	(224,279)	(755)	(3,724)	-	(228,758)
Write off	(8,257)	-	(65)	-	(8,322)
Others	(8,565)	-	-	-	(8,565)
Balance as of December 31, 2012	1,720,470	23,343	34,988	10,351	1,789,152
Additions	232,461	275,719	3,032	2,265	513,477
Transfer to accounts receivable related to the concession	-	-	2,589	-	2,589
Amortization of quotas - concession and authorization	(241,479)	(755)	(7,124)	-	(249,358)
Write off	(15,021)	-	(2,688)	(295)	(18,004)
Others	-	-	-	(2,495)	(2,495)
Balance as of December 31, 2013	1,696,431	298,307	30,797	9,826	2,035,361

18.1 Copel Geração e Transmissão

Intangible assets related to the use of public property (UBP) under an onerous concession. These intangible assets are amortized over the term of the concession contract.

18.2 Copel Distribuição

The intangible asset for the concession represents the right to exploit the construction services and the supply of energy services and will be recovered through consumption and consequent billing to customers.

ANEEL establishes, by Ruling no. 474/2012, the estimated economic useful life of each asset that makes up the energy distribution infrastructure, for purposes of tariff setting and also of assessment of the amount of compensation to be paid for revertible assets at the end of the concession's term. This estimate is reasonable and adequate for accounting and regulatory purposes and represents the best estimate of the assets' economic useful lives accepted by the industry.

The amortization of intangible assets reflects the pattern of estimated accrual of the corresponding economic benefits by Copel Distribuição, with expectation of amortization during to the term of the concession.

The residual amount of each asset remaining over the term of the concession is allocated as accounts receivables related to the concession (Note 9).

COMPANHIA PARANAENSE DE ENERGIA – COPEL

Notes to the Consolidated Financial Statements

All amounts expressed in thousands of Brazilian reais, unless otherwise stated

18.3 Copel Distribuição - Special liabilities

Special liabilities comprise customers' contributions, Federal Government budget grants, federal, state, and municipal funds, and special credits assigned to the investments in facilities related to a concession.

Special obligations are not onerous liabilities and are not the shareholder's credits.

The scheduled date for settlement of these liabilities was the concession expiration date. ANEEL, by means of Regulatory Resolution no. 234/2006, as amended by Resolution no. 338/2008, established the guidelines, the applicable methodologies, and the initial procedures for the conduction of the second cycle of the periodic tariff review involving the Brazilian power distribution utilities, changing the characteristics of these liabilities. Both the outstanding balance and new additions have been amortized as of July 1, 2008, pursuant to ANEEL Ruling no. 3,073/06 and Circular Letter no. 1,314/07. Amortization is calculated based on the same average rate of distribution activity assets.

According to the regulations of ANEEL, special obligations should be recorded in the statement of financial position as an offset to the total intangible and financial assets. The balance of special obligations reported in intangible assets will be amortized over the concession period.

18.4 Compagas

These intangible assets are related to the construction of infrastructure and the acquisition of the necessary assets for the operation of gas distribution services and the right to collect from customers for gas supply. The construction of infrastructure and the acquisition of assets are deemed service rendering by the granting authority.

Amortization of intangible assets reflects the current expectation for the future economic benefits of the asset to be consumed by Compagas, with expected average amortization of 7.1% p.y., limited to the concession period, for gas pipelines built until December 31, 2008 and 10% p.y. for other assets.

At the end of the concession, the assets related to gas distribution service, after 2014, shall revert to the granting authority, and Compagas shall be reimbursed for the investments made based on their amortized replacement value, assessed through an independent auditing company, based on the values to be determined then.

18.5 Elejor

Concession Contract

Intangible assets related to the use of public property (UBP) under an onerous concession. These intangible assets have been amortized over the term of the concession contract, and the corresponding liability has been amortized by payments (Note 26).

COMPANHIA PARANAENSE DE ENERGIA – COPEL

Notes to the Consolidated Financial Statements

All amounts expressed in thousands of Brazilian reais, unless otherwise stated

Concession Rights

The acquisition of the Elejor shares held by Triunfo Participações S.A., on December 18, 2003, resulted in total concession intangible asset of R\$ 22,626. The straight line method of amortization of the concession intangible asset was economically determined by the expected income from the commercial operation of the concession, which expires in 2036, and its effect on the statements of income as of December 31, 2013 was R\$ 755 (R\$ 755 in 2012).

18.6 Concession rights - Cutia

The acquisition resulted in concession rights amounting to R\$ 5,809, which will be amortized over the concession period, from the start of commercial operation of the project, scheduled for January 1, 2015 for resolutions by ANEEL. The concession period of wind farms is 30 years from the date of publication of authorizing resolutions in the Official Gazette, which occurred on January 05, 2012.

18.7 Recoverable value of intangible asset (definite useful life)

Although there is no indication of impairment, the Company has assessed the recoverable value of its intangible assets based on the present value of the corresponding estimated future cash flows.

The values assigned to the assumptions represent Company management's evaluation of the energy industry's future trends and are based both on external sources of information and on historical data.

Cash flows have been estimated based on the Company's operating results and projections until the end of the concession, under the following main assumptions:

- Organic growth compatible with historical data and the Brazilian economy's growth prospects; and
- The average discount rate obtained through a methodology commonly employed on the market, taking into account the weighted average cost of capital (WACC), as discussed in Note 17.7.

The recoverable value of these assets exceeds their book value, so there are no impairment losses to be recognized.

COMPANHIA PARANAENSE DE ENERGIA – COPEL

Notes to the Consolidated Financial Statements

All amounts expressed in thousands of Brazilian reais, unless otherwise stated

19 Payroll, Social Charges and Accruals

	12.31.2013	Restated 12.31.2012
Social security liabilities		
Taxes and social contribution	39,115	61,312
Social security charges on paid vacation and 13th salary	30,008	34,160
	69,123	95,472
Labor liabilities		
Payroll, net	2,524	3,015
Vacation	84,071	96,746
Profit sharing for the year	80,048	29,940
Voluntary redundancy	3,871	158,781
Assignments to third parties	48	54
	170,562	288,536
	239,685	384,008

20 Suppliers

	12.31.2013	Restated 12.31.2012
Energy supplies	581,968	517,982
Materials and supplies	373,195	471,526
Charges for use of grid system	72,151	82,195
Natural gas for resale	51,502	43,681
Natural gas and supplies for the gas business - renegotiation Petrobras	63,544	117,306
	1,142,360	1,232,690
	Current 1,092,239	1,131,782
	Noncurrent 50,121	100,908

COMPANHIA PARANAENSE DE ENERGIA – COPEL

Notes to the Consolidated Financial Statements

All amounts expressed in thousands of Brazilian reais, unless otherwise stated

20.1 Main Power purchase agreements

The power purchase agreements signed in the regulated power trading environment, shown at original value and adjusted annually according to the IPCA inflation index:

	Supply period	Energy purchased (annual average MW)	Auction date	Average purchase price (R\$/MWh)
Auction of power from existing facilities				
1st Auction - Product 2006	2006 to 2013	812.41	12.07.2004	67.33
1st Auction - Product 2007	2007 to 2014	37.45	12.07.2004	75.46
2nd Auction - Product 2008	2008 to 2015	51.91	04.02.2005	83.13
4th Auction - Product 2009	2009 to 2016	44.76	10.11.2005	94.91
5th Auction - Product 2007	2007 to 2014	54.37	12.14.2006	104.74
8th Auction- Product 2010 Q5	2010 to 2014	0.010	11.30.2009	99.14
8th Auction- Product 2010 D5	2010 to 2014	0.012	11.30.2009	80.00
10th Auction- Product 2012 Q3	2012 to 2014	15.59	11.30.2011	79.99
		1,016.51		
Auction of power from new facilities				
1st Auction- Product 2008 Hydro	2008 to 2037	3.61	12.16.2005	106.95
1st Auction- Product 2008 Therm	2008 to 2022	25.25	12.16.2005	132.26
1st Auction- Product 2009 Hydro	2009 to 2038	3.54	12.16.2005	114.28
1st Auction- Product 2009 Therm	2009 to 2023	42.37	12.16.2005	129.26
1st Auction- Product 2010 Hydro	2010 to 2039	72.41	12.16.2005	115.04
1st Auction- Product 2010 Therm	2010 to 2024	67.10	12.16.2005	121.81
3th Auction- Product 2011 Hydro	2011 to 2040	57.66	10.10.2006	120.86
3th Auction- Product 2011 Therm	2011 to 2025	54.22	10.10.2006	137.44
4th Auction- Product 2010 Therm	2010 to 2024	15.44	07.26.2007	134.67
5th Auction- Product 2012 Hydro	2012 to 2041	53.24	10.16.2007	129.14
5th Auction- Product 2012 Therm	2012 to 2026	115.38	10.16.2007	128.37
6th Auction- Product 2011 Therm	2011 to 2025	11.99	09.17.2008	128.42
7th Auction- Product 2013 Hydro	2013 to 2042	-	09.30.2008	98.98
7th Auction- Product 2013 Therm	2013 to 2027	139.67	09.30.2008	145.23
8th Auction- Product 2012 Hydro	2012 to 2041	0.01	08.27.2009	144.00
8th Auction- Product 2012 Therm	2012 to 2026	0.14	08.27.2009	144.60
		662.03		
Structuring projects auction				
Santo Antonio	2012 to 2041	52.55	12.10.2007	78.87
Jirau	2013 to 2042	54.94	05.19.2008	71.37
		107.49		

COMPANHIA PARANAENSE DE ENERGIA – COPEL

Notes to the Consolidated Financial Statements

All amounts expressed in thousands of Brazilian reais, unless otherwise stated

21 Loans and Financing

	Current liabilities				Noncurrent liabilities	
	Principal	Charges	12.31.2013	12.31.2012	12.31.2013	12.31.2012
Foreign currency						
STN (21.1)	1,568	586	2,154	3,311	62,661	56,029
Eletrobras	7	-	7	6	-	5
	1,575	586	2,161	3,317	62,661	56,034
Local currency						
Banco do Brasil (21.2)	644,182	71,885	716,067	168,624	886,893	1,373,235
Eletrobras (21.3)	49,322	7	49,329	54,204	130,427	178,841
Finep (21.4)	6,869	66	6,935	2,014	33,622	27,511
BNDES (21.5)	19,289	1,487	20,776	18,156	1,104,333	196,699
Banco do Brasil						
Transfer BNDES (21.6)	11,369	469	11,838	14,975	148,742	157,268
Promissory Notes (21.7)	150,000	-	150,000	-	-	-
	881,031	73,914	954,945	257,973	2,304,017	1,933,554
	882,606	74,500	957,106	261,290	2,366,678	1,989,588

21.1 Department of the National Treasury - STN

Type of bonus	Number of installment	Final maturity	Amortization	Annual rate p.y. (interest + commission)	Principal	12.31.2013	12.31.2012
Capitalization Bond	21	04.10.2014	Semi Annual	8.0% + 0.20%	12,225	1,595	4,180
Par Bond	1	04.11.2024	Single installment	6.0% + 0.20%	17,315	37,385	22,548
Discount Bond	1	04.11.2024	Single installment	Libor Semi Annual+0.8125%+0.20%	12,082	25,835	32,612
						64,815	59,340
					Current	2,154	3,311
					Noncurrent	62,661	56,029

Company: Copel

Issue Date: 05.20.1998

Collateral:

Company's centralized revenues account. For the Discount and Par Bonds, there are collateral deposits of R\$ 18,700 and R\$ 26,671 as of December 31, 2013 (R\$ 17,820 and R\$ 25,426 as of December 31, 2012), respectively (Note 6.1).

Note:

The restructuring of medium and long-term debt in connection with the financing received under Law nº 4,131/62.

COMPANHIA PARANAENSE DE ENERGIA – COPEL

Notes to the Consolidated Financial Statements

All amounts expressed in thousands of Brazilian reais, unless otherwise stated

21.2 Banco do Brasil S.A.

Contracts	Issue Date	Number of installment	Final maturity	Annual rate p.y. (interest + commission)	Principal	12.31.2013	12.31.2012	
Law 8,727/93 (a)	03.30.1994	240	03.01.2014	TJLP and IGP-M + 5.098%	28,178	66	298	
21/02155-4 (b)	09.10.2010	3	08.15.2015	98.5% of average rate of CDI	350,000	311,286	430,932	
21/02248-8 (c)	06.22.2011	1	06.01.2015	99.5% of average rate of CDI	150,000	184,735	170,142	
CCB 21/11062X (d)	08.26.2013	3	07.27.2018	106.0% of average rate of CDI	151,000	152,135	-	
NC 330600129 (e)	01.31.2007	1	01.31.2014	106.5% of average rate of CDI	29,000	30,156	29,911	
NC 330600132 (f)	02.28.2007	1	02.28.2014	106.2% of average rate of CDI	231,000	238,591	236,729	
NC 330600151 (g)	07.31.2007	1	07.31.2014	106.5% of average rate of CDI	18,000	18,718	18,565	
NC 330600156 (h)	08.28.2007	1	08.28.2014	106.5% of average rate of CDI	14,348	14,821	14,705	
NC 330600157 (i)	08.31.2007	1	08.31.2014	106.5% of average rate of CDI	37,252	38,439	38,143	
NC 330600609 (j)	08.19.2011	3	07.21.2016	109.41% of average rate of CDI	600,000	614,013	602,434	
						1,602,960	1,541,859	
						Current	716,067	168,624
						Noncurrent	886,893	1,373,235

Company:

Copel Distribuição: (a) (b) (c) (d)

Parent Company: (e) (f) (g) (h) (i) (j)

Annual installment

Along with the interest in proportion to the installments, the first amount of R\$ 116,666, maturing on 08.25.2013 and others of R\$ 116,667, maturing on 07.11.2014 and 08.15.2015: (b)

Together with the data is the interest accrued on the installments, in the amount of R\$ 50,333, falling due on July 27, 2016, July 27, 2017 and July 27, 2018: (d)

The first amount of R\$ 200,000, maturing on 07.21.2014 and other on 07.21.2015 and 07.21.2016: (i)

Destination:

Private Credit Assignment Agreement with the Federal Government: (a)

Working capital: (b) (c) (d)

Only purpose of paying the debts: (e) (f) (g) (h) (i) (j)

Collateral:

Copel's accounts receivable: (a)

Pledge until 360 days: (b) (c)

Assignment of receivables: (d)

COMPANHIA PARANAENSE DE ENERGIA – COPEL

Notes to the Consolidated Financial Statements

All amounts expressed in thousands of Brazilian reais, unless otherwise stated

21.3 Eletrobras - Centrais Elétricas Brasileiras S.A.

Contracts	Issue Date	Number of installment	Final maturity	Annual rate p.y. (interest + commission)	Principal	12.31.2013	12.31.2012	
1293/94 (a)	09.23.1994	180	06.30.2016	5.5% to 6.5% + 2.0%	307,713	83,362	119,038	
980/95 (b)	12.22.1994	80	11.15.2018	8.0%	11	12	16	
981/95 (c)	12.22.1994	80	08.15.2019	8.0%	1,169	376	441	
982/95 (d)	12.22.1994	80	02.15.2020	8.0%	1,283	142	166	
983/95 (e)	12.22.1994	80	11.15.2020	8.0%	11	179	205	
984/95 (f)	12.22.1994	80	11.15.2020	8.0%	14	77	87	
985/95 (g)	12.22.1994	80	08.15.2021	8.0%	61	47	53	
002/04 (h)	06.07.2004	120	07.30.2016	8.0%	30,240	2,846	4,059	
142/06 (i)	05.11.2006	120	09.30.2018	5.0% + 1.0%	74,340	17,286	21,333	
206/07 (j)	03.03.2008	120	08.30.2020	5.0% + 1.0%	109,642	59,357	69,351	
273/09 (k)	02.18.2010	120	12.30.2022	5.0% + 1.0%	63,944	14,798	16,525	
2540/06 (l)	05.12.2009	60	10.30.2016	5.0% + 1.5%	2,844	1,274	1,771	
						179,756	233,045	
						Current	49,329	54,204
						Noncurrent	130,427	178,841

Company:

Copel Geração e Transmissão: (a)

Copel Distribuição: (b) (c) (d) (e) (f) (g) (h) (i) (j) (k) (l)

Destination:

Financial cover up to 29.14% of the total project of HPP Governador José Richa Implementation and transmission system: (a)

National Program for Watering - Proni: (b) (c) (d) (e) (f) (g)

Rural Electricity Program - Luz para Todos: (h) (i) (j) (k)

National Program for Efficient Public Lighting - ReLuz: cover 75% of the total cost of the Project for the City of Ponta Grossa:(l)

Collateral:

The guarantee is represented by the income, supported by power of attorney granted by a public instrument, and the issue of promissory notes equal to the number of installments falling due.

Note:

Final Grace Period: 12.30.2012 (k)

COMPANHIA PARANAENSE DE ENERGIA – COPEL**Notes to the Consolidated Financial Statements****All amounts expressed in thousands of Brazilian reais, unless otherwise stated****21.4 Finep**

Contracts	Issue Date	Number of installment	Final maturity	Annual rate p.y. (interest + commission)	Principal	12.31.2013	12.31.2012	
2070791-00 (a)	11.28.2007	49	12.15.2014	0.37% above TJLP	5,078	1,147	2,295	
2070790-00 (b)	11.28.2007	49	12.15.2014	0.13% above TJLP	3,535	547	1,618	
21120105-00 (c)	05.17.2012	81	10.15.2020	4.0%	35,095	21,223	15,526	
21120105-00 (c)	05.17.2012	81	10.15.2020	3.5% + TR	17,103	17,640	10,086	
						40,557	29,525	
						Current	6,935	2,014
						Noncurrent	33,622	27,511

Company:

Copel Geração e Transmissão: (a) (b)

Copel Telecomunicações: (c)

Destination:

Research and Development Project GER 2007: (a)

Research and Development Project TRA 2007: (b)

BEL project - ultra wide band intranet service (Ultra Wide Band - UWB): (c)

Collateral:

Withhold the amounts from the checking account in which revenues are deposited: (a) (b) (c)

Note:

R\$ 414 were returned for not having been executed in the project. (b)

In replacement to the contract 2100567-00, signed on November 29, 2010. Credit of R\$ 52,198 to be offered in six parcels.

In contrast, the financed commits to participate in the costs of preparation with the minimum value of R\$ 8,324.

Were released three parcels, totaling R\$ 38,471 of this amount, R\$ 12,664 was released in 2013.

The maturity of the 1st installment is February 15, 2014. (c)

COMPANHIA PARANAENSE DE ENERGIA – COPEL

Notes to the Consolidated Financial Statements

All amounts expressed in thousands of Brazilian reais, unless otherwise stated

21.5 BNDES

Contracts	Issue Date	Number of installment	Maturity		Annual rate p.y. (interest + commission)	Principal	12.31.2013	12.31.2012	
			initial	final					
820989.1 (a)	03.17.2009	179	02.15.2012	01.15.2028	1.63% above TJLP	169,500	160,572	172,137	
1120952.1-A (b)	12.16.2011	168	05.15.2012	04.15.2026	1.82% above TJLP	42,433	37,484	39,568	
1120952.1-B (c)	12.16.2011	168	05.15.2012	04.15.2026	1.42% above TJLP	2,290	2,022	3,150	
1220768.1 (d)	09.28.2012	192	08.15.2013	07.15.2029	1.36% above TJLP	73,122	67,259	-	
13211061 (e)	12.04.2013	192	11.15.2015	10.15.2031	1.49% above TJLP	1,041,155	840,106	-	
13210331 (f)	12.03.2013	168	09.15.2014	08.15.2028	1.49% and 1.89% above TJLP	17,644	17,666	-	
							1,125,109	214,855	
							Current	20,776	18,156
							Noncurrent	1,104,333	196,699

Company:

Copel Geração e Transmissão

Financial charges:

It will be paid monthly after the first payment of the principal amount.

Destination:

Construction of the Mauá Hydroelectric Power Plant and its transmission system: (a)

Implementation of transmission line between substations Foz do Iguaçu and Cascavel Oeste: (b)

Purchase of machinery and equipment: (c)

Implementation of Cavernoso II SHP: (d)

Implementation of HPP Colíder and associated transmission system: (e)

Implementation of the 230/138kV Cerquillo III Substation: (f)

Collateral:

All the revenues from the sale of energy under Agreements for Energy Trade on the Regulated Power Market ("Contracts for the Sale of Energy in the Regulated Environment" or CCEARs) in connection with this project (a) and (d)

Copel Geração e Transmissão has undertaken to assign to the BNDES the rights it holds under Concession Arrangement 027/2009-ANEEL, and to submit as a guarantee to the BNDES the credit rights deriving from the provision of energy transmission services stipulated in the Concession Arrangement (Transmission Services Agreement 09/2010), by Copel Geração e Transmissão and the National Electric System Operator (Operador Nacional do Sistema Elétrico or ONS), the transmission concession operators and the users of the transmission system, including the entire revenue deriving from the transmission services provided: (b) and (c)

Statutory assignment of the rights under Concession Agreement 01/2011MME-HPP Colíder and statutory assignment under the electricity purchase and sale agreement (CCVEE) between Copel and Sadia S.A.: (e)

Statutory assignment of the rights under Public Electricity Transmission Service Concession Agreement 015/2010-ANEEL, between Copel and the federal government: (f)

COMPANHIA PARANAENSE DE ENERGIA – COPEL

Notes to the Consolidated Financial Statements

All amounts expressed in thousands of Brazilian reais, unless otherwise stated

21.6 Banco do Brasil - Distribution of Funds from BNDES

Contracts	Issue Date	Number of installment	Maturity		Annual rate p.y. (interest + commission)	Principal	12.31.2013	12.31.2012	
			initial	final					
21/02000-0	04.16.2009	179	02.15.2012	01.15.2028	2.13% above TJLP	169,500	160,580	172,243	
							160,580	172,243	
							Current	11,838	14,975
							Noncurrent	148,742	157,268

Company:

Copel Geração e Transmissão

Financial charges:

It will be paid quarterly during the grace period and monthly after the first payment of the principal amount

Destination:

Construction of the Mauá Hydroelectric Power Plant and its transmission system, in consortium with Eletrosul

Collateral:

All the revenues from the sale of energy under Agreements for Energy Trade on the Regulated Power Market ("Contracts for the Sale of Energy in the Regulated Environment" or CCEARs) in connection with this project

21.7 Promissory notes – Wind Power

Company	Issue Date	Single Maturity	Annual rate p.y. (interest + commission)	Principal	12.31.2013
Nova Asa Branca I (a)	12.26.2013	06.24.2014	100% of average rate of CDI + 0.90%	22,000	22,000
Nova Asa Branca II (a)	12.26.2013	06.24.2014	100% of average rate of CDI + 0.90%	22,000	22,000
Nova Asa Branca III (a)	12.26.2013	06.24.2014	100% of average rate of CDI + 0.90%	22,000	22,000
Nova Eurus IV (a)	12.26.2013	06.24.2014	100% of average rate of CDI + 0.90%	22,000	22,000
Santa Maria (b)	12.26.2013	06.24.2014	100% of average rate of CDI + 0.90%	25,000	25,000
Santa Helena (c)	12.26.2013	06.24.2014	100% of average rate of CDI + 0.90%	24,000	24,000
Ventos de Santo Uriel (d)	12.26.2013	06.24.2014	100% of average rate of CDI + 0.90%	13,000	13,000
					150,000

Features:

Promissory notes issued as follows: 4 notes issued with unit values of R\$ 5,500 (a); 5 notes issued with unit values of R\$ 5,000 (b) 6 notes issued with unit values of R\$ 4,000 (c), and 13 notes issued with unit values from R\$ 1,000 (d)

Financial Charges:

Interest paid in full at maturity.

Destination:

Guarantee funds for the investment program with the construction of wind power plants.

Warranty:

Fidejussory

Guarantor:

Copel

Fiduciary agent:

C&D Distribuidora de Títulos e Valores Mobiliários S.A

COMPANHIA PARANAENSE DE ENERGIA – COPEL

Notes to the Consolidated Financial Statements

All amounts expressed in thousands of Brazilian reais, unless otherwise stated

21.8 Breakdown of loans and financing by currency and index

Index and change in foreign currencies accumulated in the period (%)		12.31.2013	%	12.31.2012	%
Foreign currency					
U.S. Dolar	14.64	64,822	1.95	59,351	2.64
		64,822	1.95	59,351	2.64
Local currency					
TJLP	5.00	1,308,607	39.37	387,111	17.20
IGP-M	5.51	65	-	284	0.01
Ufir	0.00	96,394	2.90	114,006	5.06
Finel	1.07	83,361	2.51	119,040	5.29
CDI	41.59	1,752,895	52.74	1,541,561	68.49
TR	0.19	-	-	13,998	0.62
Without indexer	-	17,640	0.53	15,527	0.69
		3,258,962	98.05	2,191,527	97.36
		3,323,784	100.00	2,250,878	100.00
Current		957,106		261,290	
Noncurrent		2,366,678		1,989,588	

21.9 Maturity of noncurrent installments

12.31.2013	Foreign currency	Local currency	Total
2015	-	632,865	632,865
2016	-	369,456	369,456
2017	-	154,749	154,749
2018	-	153,839	153,839
2019	-	100,379	100,379
After 2020	62,661	892,729	955,390
	62,661	2,304,017	2,366,678

COMPANHIA PARANAENSE DE ENERGIA – COPEL**Notes to the Consolidated Financial Statements**

All amounts expressed in thousands of Brazilian reais, unless otherwise stated

21.10 Changes in loans and financing

	Foreign currency		Local currency		Total
	Current	Noncurrent	Current	Noncurrent	
Balance as of January 1, 2012	4,490	53,955	111,997	2,004,030	2,174,472
Funding	-	-	-	81,723	81,723
Charges	2,738	-	133,106	48,507	184,351
Monetary and exchange variations	163	4,712	174	1,460	6,509
Transfers	2,633	(2,633)	202,166	(202,166)	-
Amortization - principal	(2,302)	-	(35,566)	-	(37,868)
Amortization - interest and variation	(4,405)	-	(153,904)	-	(158,309)
Balance as of December 31, 2012	3,317	56,034	257,973	1,933,554	2,250,878
Funding	-	-	150,000	1,089,126	1,239,126
Charges	2,732	-	143,636	38,210	184,578
Monetary and exchange variations	258	7,974	241	1,342	9,815
Transfers	1,347	(1,347)	758,215	(758,215)	-
Amortization - principal	(1,478)	-	(30,030)	-	(31,508)
Amortization - interest and variation	(4,015)	-	(325,090)	-	(329,105)
Balance as of December 31, 2013	2,161	62,661	954,945	2,304,017	3,323,784

21.11 Contracts with clauses for anticipated maturity

The Company and its subsidiaries contracted loans which include clauses requiring that they maintain certain economic-financial indices within previously established parameters, as well as other conditions that have to be observed, such as: no alterations to the investment interest of the Company in the capital of subsidiaries that represents a change in control, without prior notice; specifically for Copel Geração e Transmissão, no dividend distributions or payments for interest on own capital to be made, for which the amount, individually or together, exceeds the minimum compulsory amount, without prior and express authorization. Non compliance with these terms could result in the anticipated maturity of the debts and/or fines.

At December 31, 2013 all of the terms were analyzed, and it was identified that all contractual covenants had been complied with.

COMPANHIA PARANAENSE DE ENERGIA – COPEL

Notes to the Consolidated Financial Statements

All amounts expressed in thousands of Brazilian reais, unless otherwise stated

22 Debentures

Debentures	Issue Date	Number of installment	Maturity		Annual rate p.y. (interest)	Principal	12.31.2013	12.31.2012	
			initial	final					
1st issue (a)	10.30.2012	2	10.30.2016	10.30.2017	DI + Spread 0.99% p.y.	1,000,000	1,015,389	1,010,677	
2nd issue (b)	09.26.2013	60	10.26.2013	09.26.2018	DI + Spread 1.00% p.y.	203,000	192,556	-	
							1,207,945	1,010,677	
							Current	57,462	12,719
							Noncurrent	1,150,483	997,958

Company:

Copel Distribuição: (a)

Elejor: (b)

Characteristics:

Simple debentures, single series, unconvertible, unsecured debenture, was approved for public offering under restricted placement efforts, in the minimum amount of R\$ 1,000,000 (a) and R\$ 203,000 (b)

100,000 (a) and 20,300 (b) notes were issued with a unit value of R\$ 10.

The debentures' unit values will not be adjusted for inflation.

Finance charges:

Interest paid half-yearly in April and October: (a)

Interest paid monthly: (b)

Allocation:

Working capital or used to make investments in the issuer: (a)

Full settlement of the loan agreement with Copel: (b)

Collaterals:

Personal guarantee (a) and (b)

Guarantor:

Copel: (a)

Copel, at the ratio of 70% and Paineira Participações S.A., at the ratio of 30%: (b)

Trustee:

C&D Distribuidora de Títulos e Valores Mobiliários S.A. (a) (b)

22.1 Change in debentures

	Current	Noncurrent	Total
Balance as of January 1, 2012	-	-	-
Funding	-	1,000,000	1,000,000
Charges	14,858	(2,042)	12,816
Amortization - interest and variation	(2,139)	-	(2,139)
Balance as of December 31, 2012	12,719	997,958	1,010,677
Funding	40,600	162,400	203,000
Charges	89,282	5,259	94,541
Transfers	15,134	(15,134)	-
Amortization - principal	(10,152)	-	(10,152)
Amortization - interest and variation	(90,121)	-	(90,121)
Balance as of December 31, 2013	57,462	1,150,483	1,207,945

COMPANHIA PARANAENSE DE ENERGIA – COPEL

Notes to the Consolidated Financial Statements

All amounts expressed in thousands of Brazilian reais, unless otherwise stated

22.2 Contracts with clauses for anticipated maturity

Copel Distribuição and Elejor issued debentures that contain covenants that require the maintenance of certain economic and financial indices within previously established parameters with enforceability of compliance with annual and other conditions to be observed, such as changing the shareholding of the Company in the share capital representing a change of control without the prior consent of the Debenture Holders; not making without prior written consent of the Debenture holders, payments of dividends or payments of interest on equity, if they are in arrears regarding compliance with any of their financial obligations or they do not meet the established financial indices. Failure to comply with these conditions may allow early call of the debentures.

At December 31, 2013 all of the terms were analyzed, and it was identified that all contractual covenants had been complied with.

23 Post-Employment Benefits

The Company and its subsidiaries sponsor retirement and pension plans (Pension Plans I, II, and III) and a medical and dental care plan (Healthcare Plan) to both current and retired employees and their dependents.

Due to the unification of the regulations for Plans I and II in the final quarter of 2013, the plan was given a new name and is now known as the Unified Plan.

23.1 Benefit Pension Plan

The unified pension plan is a Defined Benefit Plan - BD in which the income is predetermined, according to each individual's salary, and pension plan III is a Defined Contribution Plan - CD.

The costs assumed by the sponsors for these plans are recognized according to the actuarial evaluation prepared annually by independent actuaries in accordance with the rules established by the Technical Pronouncement IAS 19 and IFRC 14. The economic and financial assumptions for purposes of the actuarial evaluation are discussed with the independent actuaries and approved by the sponsors' management.

23.2 Healthcare Plan

The Company and its subsidiaries allocate resources for the coverage of health-care expenses incurred by their employees and their dependents, within rules, limits, and conditions set in specific regulations. Coverage includes periodic medical exams and is extended to all retirees and pensioners for life.

COMPANHIA PARANAENSE DE ENERGIA – COPEL**Notes to the Consolidated Financial Statements****All amounts expressed in thousands of Brazilian reais, unless otherwise stated****23.3 Statement of financial position and statement of income**

Amounts recognized in the statement of financial position, under Post-Employment Benefits, are summarized below:

	12.31.2013	Restated 12.31.2012
Pension plan	5	989
Healthcare plan	967,227	700,060
	967,232	701,049
	Current	25,819
	29,983	675,230
	Noncurrent	937,249

The Company reviewed its actuarial position established in the last fiscal year on December 31, 2012, which is mainly due to the increase in interest rates and the variation on the actual costs. Therefore, financial assumptions were reviewed together with the Company's independent actuary, considering a new discount rate on December 31, 2013 according to the latest auctions of federal government bonds. The plans' net assets were also reviewed and revalued at their fair values.

The amounts recognized in the statement of income are shown below:

	12.31.2013	12.31.2012	12.31.2011
Pension plan (CD)	51,857	46,345	45,187
Pension plan (CD) - management	988	751	455
Healthcare plan - post employment	76,815	94,456	71,620
Healthcare plan	46,435	41,269	33,542
Healthcare plan - management	101	57	41
	176,196	182,878	150,845

COMPANHIA PARANAENSE DE ENERGIA – COPEL

Notes to the Consolidated Financial Statements

All amounts expressed in thousands of Brazilian reais, unless otherwise stated

Changes in the post-employment benefits

	Current liabilities	Noncurrent liabilities	Total
Balance as of January 1, 2012 - Restated	36,037	419,253	455,290
Appropriation of actuarial calculation	-	94,610	94,610
Pension and healthcare contributions	101,477	-	101,477
Adjustment related to actuarial losses	-	186,392	186,392
Transfers	25,025	(25,025)	-
Amortizations	(136,720)	-	(136,720)
Balance as of December 31, 2012 - Restated	25,819	675,230	701,049
Appropriation of actuarial calculation	-	76,524	76,524
Pension and healthcare contributions	119,149	-	119,149
Adjustment related to actuarial losses	-	216,967	216,967
Transfers	31,472	(31,472)	-
Amortizations	(146,457)	-	(146,457)
Balance as of December 31, 2013	29,983	937,249	967,232

23.4 Actuarial valuation

23.4.1 Actuarial assumptions

The actuarial assumptions used to determine the amounts of liabilities and costs for 2013 and 2012 are shown below:

	2013		2012	
	Actual	Nominal	Actual	Nominal
Economic				
Inflation p.y.	-	5.93%	-	5.35%
Discount rate expected return on plan assets rate p.y.				
Pension plan	6.08%	12.37%	3.30%	8.83%
Healthcare plan	6.20%	12.50%	3.84%	9.40%
Compensation increase p.y.	2.00%	8.05%	2.00%	7.46%
Demographic				
Mortality table		AT - 2000		AT - 2000
Disabled mortality table		AT - 83		AT - 83
Disability table		Light M		Light M

COMPANHIA PARANAENSE DE ENERGIA – COPEL

Notes to the Consolidated Financial Statements

All amounts expressed in thousands of Brazilian reais, unless otherwise stated

23.4.2 Number of participants and beneficiaries

	Pension plan		Healthcare plan	
	12.31.2013	12.31.2012	12.31.2013	12.31.2012
Number of active participants	9,325	9,637	8,824	9,297
Number of inactive participants	7,211	6,734	6,233	5,417
Number of dependent	-	-	24,307	23,949
Total	16,536	16,371	39,364	38,663

23.4.3 Life expectancy from the average age – Annuity Table AT-2000 (in years)

	Plan BD	Plan CD
December 31, 2013		
Retired Participants	17.72	26.67
Pensioner Participants	18.48	30.12
December 31, 2012		
Retired Participants	18.00	25.30
Pensioner Participants	21.30	33.80

The average age of inactive participants of the healthcare and pension plans of the Company is 64.0 years.

23.4.4 Actuarial valuation

Based on the review of the assumptions, the values of the pension plan as of December 31, 2013 amounted to a plan surplus of R\$ 362,035, while the position at December 31, 2012 was R\$ 578,288, as summarized below:

Benefit plan	Pension plan	Healthcare plan	12.31.2013	12.31.2012
Defined benefit obligation	3,941,108	1,092,697	5,033,805	5,412,342
Fair value of plan's assets	(4,303,143)	(125,470)	(4,428,613)	(5,290,570)
Plan coverage status	(362,035)	967,227	605,192	121,772
Not recognized asset	362,035	-	362,035	578,288
	-	967,227	967,227	700,060

The Company made an adjustment to its assistance liabilities through the actuarial report issued on September 30, 2013, when it recorded R\$ 155,314 in other comprehensive income corresponding to the actuarial loss determined by that date. On December 31, 2013 it was recorded an additional

COMPANHIA PARANAENSE DE ENERGIA – COPEL

Notes to the Consolidated Financial Statements

All amounts expressed in thousands of Brazilian reais, unless otherwise stated

amount of R\$ 61,653 corresponding to the actuarial loss determined by the actuarial report issued on December 31, 2013.

23.4.5 Changes in actuarial liabilities

	Pension plan	Healthcare plan
Present value of liability actuarial net as of January 1, 2011	3,454,626	548,924
Service cost	22,616	6,507
Interest cost	383,499	62,314
Benefits paid	(243,185)	(100,235)
Actuarial (profits) / losses	190,294	46,313
Present value of liability actuarial net as of December 31, 2011	3,807,850	563,823
Service cost	330	2,341
Interest cost	342,636	83,074
Benefits paid	(264,676)	(13,278)
Benefits granted	244	-
Actuarial (profits) / losses	677,202	212,796
Present value of liability actuarial net as of December 31, 2012	4,563,586	848,756
Service cost	1,115	11,852
Interest cost	359,412	62,241
Benefits paid	(249,939)	(46,373)
Benefits granted	(244)	-
Actuarial (profits) / losses	(732,822)	216,221
Present value of liability actuarial net as of December 31, 2013	3,941,108	1,092,697

23.4.6 Changes in plan assets

	Pension plan	Healthcare plan
Fair value of plan assets as of January 1, 2011	3,939,606	128,560
Expected return of plan assets	441,922	13,556
Contributions sponsor and employees	24,121	-
Benefits paid	(243,185)	(100,235)
Actuarial gains (losses)	(178,321)	78,909
Fair value of plan assets as of December 31, 2011	3,984,143	120,790
Expected return of plan assets	421,581	13,867
Contributions sponsor and employees	27,027	-
Benefits paid	(264,676)	(13,277)
Benefits granted	244	-
Actuarial gains (losses)	973,555	27,316
Fair value of plan assets as of December 31, 2012	5,141,874	148,696
Expected return of plan assets	438,761	-
Contributions sponsor and employees	2,077	-
Benefits paid	(249,939)	(46,373)
Benefits granted	(244)	-
Actuarial gains (losses)	(1,029,386)	23,147
Fair value of plan assets as of December 31, 2013	4,303,143	125,470

23.4.7 Estimated costs

The estimated net periodic plan costs (gains) for 2014, for each plan, are shown below:

COMPANHIA PARANAENSE DE ENERGIA – COPEL

Notes to the Consolidated Financial Statements

All amounts expressed in thousands of Brazilian reais, unless otherwise stated

	Pension plan	Healthcare plan	2014
Cost of current service	999	8,055	9,054
Cost of estimated interest	405,498	110,900	516,398
Expected return on plan assets	(524,992)	(15,945)	(540,937)
Estimated contributions of employees	(399)	-	(399)
Costs (gains)	(118,894)	103,010	(15,884)

23.4.8 Sensitivity Analysis

The following tables feature a sensitivity analysis which shows the effect of a one percent increase or decrease in the assumed rates of variation of pension and healthcare costs on the aggregate service cost and interest cost components of the net periodic post-employment pension and healthcare costs and on the accumulated postemployment pension and healthcare benefit liabilities.

	Projected scenario		
	Present	Increase 1%	Decrease 1%
Sensitivity of the rate of long-term interest			
Impacts on the obligations of the pension	6.08%	-7.56%	10.13%
Impacts in thousands of reais - R\$		(245,977)	329,550
Impacts on the obligations of health program	6.20%	-17.66%	12.28%
Impacts in thousands of reais - R\$		(158,967)	110,499
Sensitivity of the to grow rate of medical costs			
Impacts on the obligations of health program	1.00%	4.68%	-12.63%
Impact on cost of service the following year (R\$)		58,552	(129,763)
Sensitivity of the service cost			
Impacts on the obligations of the pension	1.00%	-0.40%	0.31%
Impacts in thousands of reais - R\$		(15,589)	12,323
Impacts on the obligations of health program	1.00%	-1.33%	0.48%
Impacts in thousands of reais - R\$		(14,497)	5,217

23.4.9 Employee benefits payable

The estimated benefits to be paid by the Company in the next five years and the total benefits for the following fiscal years are shown below:

	Pension plan	Other benefits	Total
2014	421,686	96,050	517,736
2015	436,672	96,431	533,103
2016	449,775	96,928	546,703
2017	460,290	97,668	557,958
2018	949,227	198,411	1,147,638
2020 to 2050	9,888,916	2,603,665	12,492,581

COMPANHIA PARANAENSE DE ENERGIA – COPEL

Notes to the Consolidated Financial Statements

All amounts expressed in thousands of Brazilian reais, unless otherwise stated

23.4.10 Asset allocation and investment strategy

The asset allocation for the Company's pension and healthcare plans at the end of 2013 and the allocation goal for 2014, by asset category, are shown below:

	Goals for 2014	2013
Fixed income	84,2%	85,8%
Variable income	8,8%	10,3%
Loans	1,9%	1,5%
Real Estate	2,0%	1,7%
Structured investments	3,1%	0,7%
	100,0%	100,0%

Below are the limits set by the Fund management:

	Unified Plan (BD)		Plan III (CD)	
	goal (%) (*)	minimum (%)	goal (%) (*)	minimum (%)
Fixed income	93.0%	87.0%	67.2%	56.0%
Variable income	1.0%	0.0%	23.8%	10.0%
Loans	1.0%	0.0%	3.5%	2.0%
Real Estate	2.5%	1.0%	1.0%	0.0%
Structured investments	2.5%	0.0%	4.5%	0.0%

(*) Goal based on the total investment for each plan.

Administration of Copel foundation decided to keep the conservatism related to variable income, in view of the legal limit allowed that is 70%.

On December 31, 2013 and 2012, the pension plan assets included the following securities issued by Copel:

	Defined benefit pension plan	
	12.31.2013	12.31.2012
Shares	1,832	1,909
	1,832	1,909

23.4.11 Additional information

Copel also sponsors a defined contribution plan for all its employees.

The contributions made in the years ended on December 31, 2013 and 2012 were R\$ 70,240, and R\$ 59,742, respectively.

COMPANHIA PARANAENSE DE ENERGIA – COPEL

Notes to the Consolidated Financial Statements

All amounts expressed in thousands of Brazilian reais, unless otherwise stated

24 Customer Charges Due

	12.31.2013	12.31.2012
Global Reversal Reserve (RGR)	31,652	15,581
Energy Development Account (CDE)	6,342	23,719
Fuel Consumption Account (CCC)	-	17,198
	37,994	56,498

25 Research and Development and Energy Efficiency

25.1 Balances recognized to invest in R&D (Research and Development) and EEP (Energy efficiency program)

	Applied and unfinished	Balance to collect	Balance to apply	Balance as of 12.31.2013	Balance as of 12.31.2012
Research and Development - R&D					
FNDCT (a)	-	3,771	-	3,771	3,424
MME	-	1,887	-	1,887	1,712
R&D	29,179	-	142,749	171,928	142,384
	29,179	5,658	142,749	177,586	147,520
Energy efficiency program - EEP	40,242	-	64,753	104,995	116,640
	69,421	5,658	207,502	282,581	264,160
			Current	127,860	159,599
			Noncurrent	154,721	104,561

(a) National Fund for Scientific and Technological Development

COMPANHIA PARANAENSE DE ENERGIA – COPEL

Notes to the Consolidated Financial Statements

All amounts expressed in thousands of Brazilian reais, unless otherwise stated

25.2 Changes in balances for R&D and EEP

	FNDCT	MME	R&D		EEP		
	current	current	current	noncurrent	current	noncurrent	
Balance as of January 1, 2012	3,017	1,510	34,910	86,027	117,478	8,622	251,564
Additions	19,296	9,648	842	18,454	-	26,079	74,319
Performance agreement	-	-	-	-	-	145	145
Selic interest rate	-	-	114	9,000	-	5,631	14,745
Transfers	-	-	11,420	(11,420)	37,977	(37,977)	-
Payments	(18,889)	(9,446)	-	-	-	-	(28,335)
Concluded projects	-	-	(6,963)	-	(41,315)	-	(48,278)
Balance as of December 31, 2012	3,424	1,712	40,323	102,061	114,140	2,500	264,160
Additions	21,692	10,847	869	20,825	-	25,109	79,342
Performance agreement	-	-	-	-	-	619	619
Selic interest rate	-	-	111	10,207	-	4,907	15,225
Transfers	-	-	8,121	(8,121)	3,386	(3,386)	-
Payments	(21,345)	(10,672)	-	-	-	-	(32,017)
Concluded projects	-	-	(2,468)	-	(42,280)	-	(44,748)
Balance as of December 31, 2013	3,771	1,887	46,956	124,972	75,246	29,749	282,581

COMPANHIA PARANAENSE DE ENERGIA – COPEL

Notes to the Consolidated Financial Statements

All amounts expressed in thousands of Brazilian reais, unless otherwise stated

26 Accounts Payable related to concession - Use of Public Property

These refer to concession charges for use of public property (UPP).

	Grants	Signature	Final	Current		Noncurrent	
				12.31.2013	12.31.2012	12.31.2013	12.31.2012
HHP Mauá (a)	06.29.2007	07.03.2007	07.2042	913	884	12,612	12,083
HHP Colider (b)	12.29.2010	01.17.2011	01.2046	118	-	17,091	15,101
SHP Cavernoso (c)	07.11.2013	07.11.2013	07.2018	35	-	101	-
SHP Apucarantina (d)	07.11.2013	07.11.2013	07.2018	247	-	702	-
SHP Chopim I (e)	07.11.2013	07.11.2013	07.2015	55	-	26	-
SHP Chaminé (f)	07.11.2013	07.11.2013	07.2018	427	-	1,214	-
Fundão – Santa Clara Hydroelectric Energy Complex (g)	10.23.2001	10.25.2001	10.2036	49,686	47,593	388,547	371,896
				51,481	48,477	420,293	399,080

Company:

Copel Geração e Transmissão: (a) (b) (c) (d) (e) (f)

Elejor: (g)

Discount rate applied to calculate present value:

Actual net discount rate, in line with the estimated long-term rate. It bears no relationship with the expected project return:

5.65% p.y. (a)

7.74% p.y. (b) (c) (d) (e) (f)

11.00% p.y. (g)

Payment to the federal government:

Monthly installments equivalent to 1/12 of the proposed annual payment of R\$ 643 (51% of R\$ 1,262), according to clause six of Concession Agreement number 001/07: (a)

Monthly installments equivalent to 1/12 of the proposed annual payment of R\$ 1,256, as from the date the hydroelectric power plant starts operations, according to clause six of Concession Agreement number 001/11: (b)

Monthly installments equivalent to 1/12 of the proposed annual payment, according to clause fifth of Concession Agreement number 007/2013, for a period of five years, the values of R\$ 34: (c); R\$ 240: (d), R\$ 53: (e) and R\$ 414: (f)

Monthly installments equivalent to 1/12 of the proposed annual payment of R\$ 19,000, from the sixth to the thirty-fifth year of concession or while the hydroelectric resources are being explored, according to the bid approval document and clause six of Concession Agreement number 125/01: (g)

Annual adjustment of installments for inflation:

Variation IPCA: (a) (b) (c) (d) (e) (f)

Variation IGP-M: (g)

COMPANHIA PARANAENSE DE ENERGIA – COPEL

Notes to the Consolidated Financial Statements

All amounts expressed in thousands of Brazilian reais, unless otherwise stated

26.1 Nominal value and present value – use of public property

	Nominal value	Present value
2013	52,392	51,481
2014	53,770	45,954
2015	53,738	41,467
2016	53,738	37,446
After 2016	1,022,841	295,426
	1,236,479	471,774

26.2 Change in Accounts Payable related to concession - Use of Public Property

	Current liabilities	Noncurrent liabilities	Total
Balance as of January 1, 2012	44,656	370,442	415,098
Aneel concession - use of public assets	-	1,886	1,886
Transfers from noncurrent to current liabilities	44,680	(44,680)	-
Payments	(44,411)	-	(44,411)
Monetary variation	3,552	71,432	74,984
Balance as of December 31, 2012	48,477	399,080	447,557
Aneel concession - use of public assets	749	4,338	5,087
Transfers from noncurrent to current liabilities	49,128	(49,128)	-
Payments	(48,966)	-	(48,966)
Monetary variation	2,093	66,003	68,096
Balance as of December 31, 2013	51,481	420,293	471,774

27 Other Accounts Payable

	12.31.2013	Restated 12.31.2012
Financial compensation for use of water resources	22,952	11,786
Public lighting fee collected	21,489	17,852
Reimbursements to customer contributions	19,428	7,650
Customers	18,745	15,661
Pledges in guarantee	14,286	12,109
Consortium partners	3,003	2,063
Other liabilities	37,341	22,682
	137,244	89,803
	Current	89,803
	Noncurrent	-

COMPANHIA PARANAENSE DE ENERGIA – COPEL

Notes to the Consolidated Financial Statements

All amounts expressed in thousands of Brazilian reais, unless otherwise stated

28 Provision for Contingencies

28.1 Lawsuits with Likelihood of Losses deemed as probable

The Company and its subsidiaries are party to several labor, tax and civil claims filed before different courts. Copel's management, based on the opinion of its legal counsel, maintains a provision for contingencies in connection with lawsuits with probable chance of an unfavorable outcome.

Change in provision for contingencies

	Balance as of January 1, 2013	Additions	(-) Reversals	Construction cost	Discharges	Balance as of December 31, 2013
Tax (28.1.1)						
Cofins (a)	243,131	-	-	-	-	243,131
Others taxes	51,445	14,096	(21,433)	-	-	44,108
	294,576	14,096	(21,433)	-	-	287,239
Labor (28.1.2)	154,990	53,964	(1,577)	-	(11,323)	196,054
Employee benefits (28.1.3)	78,670	88,359	(45,563)	-	(26,657)	94,809
Civil (28.1.4)						
Suppliers (a)	68,630	-	(3,855)	-	-	64,775
Civil and administrative law (b)	176,811	49,210	(21,621)	-	(6,562)	197,838
Easements	5,964	5,771	(953)	-	(143)	10,639
Condemnation and real estate (c)	317,472	35,063	-	943	(17)	353,461
Customers	7,477	3,024	(868)	-	-	9,633
	576,354	93,068	(27,297)	943	(6,722)	636,346
Environmental claims (28.1.5)	193	35	(17)	-	-	211
Regulatory (28.1.6)	50,925	5,328	(4,785)	-	-	51,468
	1,155,708	254,850	(100,672)	943	(44,702)	1,266,127

	Balance as of January 1, 2012 Restated	Additions	(-) Reversals	Construction cost	Additions to fixed assets in progress	Discharges	Balance as of December 31, 2012 Restated
Tax (28.1.1)							
Cofins (a)	234,563	8,568	-	-	-	-	243,131
Others taxes	47,371	20,551	(9,180)	-	-	(7,297)	51,445
	281,934	29,119	(9,180)	-	-	(7,297)	294,576
Labor (28.1.2)	128,505	47,859	(1,893)	-	-	(19,481)	154,990
Employee benefits (28.1.3)	58,089	33,945	(149)	-	-	(13,215)	78,670
Civil (28.1.4)							
Suppliers (a)	88,003	2,179	(21,552)	-	-	-	68,630
Civil and administrative law (b)	112,059	92,975	(19,132)	-	-	(9,091)	176,811
Easements	4,839	1,315	(176)	-	-	(14)	5,964
Condemnation and real estate (c)	273,647	38,999	(93)	1,064	3,855	-	317,472
Customers	5,493	4,490	(2,506)	-	-	-	7,477
	484,041	139,958	(43,459)	1,064	3,855	(9,105)	576,354
Environmental claims (28.1.5)	104	89	-	-	-	-	193
Regulatory (28.1.6)	48,147	2,976	(160)	-	-	(38)	50,925
	1,000,820	253,946	(54,841)	1,064	3,855	(49,136)	1,155,708

COMPANHIA PARANAENSE DE ENERGIA – COPEL

Notes to the Consolidated Financial Statements

All amounts expressed in thousands of Brazilian reais, unless otherwise stated

28.1.1 Tax claims

a) **Contribution for the Financing of Social Security - COFINS**

Lawsuit no. 10980.004398/2010-09 – Curitiba Federal Revenue Service Office

This is a tax administrative proceeding (assessment of deficiency) whereby the Brazilian Federal Revenue Service intends to collect COFINS (Tax for Social Security Financing) for the period from August 1995 to December 1996, as a result of the final and non-appealable decision rendered on lawsuit 2000.04.01.100266-9 filed by the federal government, overturning the ruling in lawsuit no. 95.0011037-7 which had recognized the Company's immunity from payment of COFINS tax.

Given the opinion of the federal tax authorities, the lack of case law precedent, the complexity and specifics of both facts and legal matter involved, the principal of R\$ 48,814 was rated as a probable loss and the interest and fine are subject to another proceeding (11453.720001/20011-23) and at December 31, 2013 amount to R\$ 122,542, was classified as a possible risk of defeat, as the cases of defense are different for the principal and the charges.

Lawsuit no. 10980.720458/2011-15 – Curitiba Federal Revenue Service Office

This is a tax administrative proceeding (assessment of deficiency) whereby the Brazilian Federal Revenue Service intends to collect COFINS (Tax for Social Security Financing) for the period from October 1998 to June 2001, as a result of the final and non-appealable decision rendered on lawsuit 2000.04.01.100266-9 filed by the federal government, overturning the ruling in lawsuit no. 95.0011037-7 which had recognized the Company's immunity from payment of COFINS tax.

The Federal Revenue Services understands that the sentence for the Rescission Claim had suspended the liability period for constituting the aforementioned tax credit.

Given the lack of law precedent, the complexity and specifics of both facts and legal matter involved, the principal of R\$ 194,317 was rated as a probable loss and the interest and fine on said tax liability at December 31, 2013 amount to R\$ 616,284, was classified as a possible risk of defeat, as the cases of defense are different for the principal and the charges.

28.1.2 Labor claims

Labor claims comprise claims filed by former employees of Copel in connection with the payment of overtime, hazardous working conditions, transfer bonuses, salary equality/reclassification, and other matters, and also claims by former employees of contractors and third-parties (secondary responsibility) involving indemnity and other matters.

28.1.3 Employee benefits

These are labor claims by retired Copel employees against the Fundação Copel, which will consequently reflect on the Company as additional contributions are required.

COMPANHIA PARANAENSE DE ENERGIA – COPEL

Notes to the Consolidated Financial Statements

All amounts expressed in thousands of Brazilian reais, unless otherwise stated

28.1.4 Civil claims

a) Suppliers

Rio Pedrinho Energética S.A. and Consórcio Salto Natal Energética S.A.

The companies Rio Pedrinho Energética S.A. and Consórcio Salto Natal Energética S.A. required the filing of an arbitration proceeding with the Chamber of Arbitrage of the Fundação Getúlio Vargas, through which they plead the payment of the overdue instalment values, as well as cancellation fines, related to the electric energy purchase and sale agreements signed with Copel Distribuição. The arbitration proceedings were judged to be valid and, consequently, Copel Distribuição was sentenced to pay the claimed amounts plus the attorney's fees. The Company has filed for a court order at the Superior Court of Justice making the arbitration ruling void.

Given that both companies have identified the pledged amounts (R\$ 35,913 on June 17, 2010, R\$ 22,823 on October 1, 2009 and R\$ 11,833 on February 03, 2010), the legal directors have continued to classify the action as representing a probable loss, highlighting that the same bank bond letters were presented as guarantee for the amounts identified. In addition to the legal discussion, at the end of 2011 the remaining balance of R\$ 27,438 was executed and as a result a bank account was blocked. This execution was challenged by Copel Distribuição, which is the reason why management decided to record a financial provision for the legal claims, for the original value of the debts monetary adjusted to December 31, 2013, which amounts to R\$ 89,025. Of this amount, R\$ 24,250 has been recorded to suppliers.

The judge of the 3rd Public Finance Court ruled the amount of R\$ 22,162 is outstanding, and released the amounts of R\$ 12,790 and R\$ 9,372 to the enforcement creditors on 04.12.2012, via a bank guarantee. The matter is still under consideration and has been subject to an appeal.

b) Civil and administrative claims

Tradener Ltda.

Lawsuits involving Tradener Ltda, where it is reported that it signed a contract for sale of power, with Copel on December 1, 1998 in which the plaintiff undertook to "sell" under the best conditions to Copel, all the surplus of purchase and all the surplus of assured power with the effective prices, quantities and conditions to be stipulated in the agreements for purchase and sale of electric power.

Aiming at a declaration of nullity of this contract the following lawsuits were filed:

- Popular Action (case record 37879/0000 of the 1st Court of the Public Treasury of Curitiba)
- Popular Action (case record 720/2001 of the 1st Court of the Public Treasury of Curitiba)
- Public Civil Action (case record 421/2003 of the 2nd Court of the Public Treasury of Curitiba)

COMPANHIA PARANAENSE DE ENERGIA – COPEL

Notes to the Consolidated Financial Statements

All amounts expressed in thousands of Brazilian reais, unless otherwise stated

- Nullifying Declaratory Action (case record 1583/2005 of the 1st Court of the Public Treasury of Curitiba)

- Nullifying Declaratory and Condemnatory Action (case record 0000659-69.2006.8.16.0004 of the 2nd Court of the Public Treasury of Curitiba)

In the above lawsuits values were not discussed, only the validity or otherwise of the contract of sale entered into between Tradener and Copel and of the contracts for sale of electricity in which Tradener figured as broker. The possibility of annulment of the contracts is remote considering decisions already handed down in some of the processes above.

In light of an injunction issued in case record 421/2003 of the Public Civil Action, the execution of the contract was suspended, however, recently there was the revocation of the injunction.

Accordingly, Tradener filed the following lawsuits for collection, aiming at receiving its commissions:

- case record 0005990-22.2012.8.16.0004 - 1st Court of the Treasury of Curitiba - the lawsuit was brought to collect the commissions owed by Copel to Tradener because of the intermediation by the latter in the agreements for sales of power entered into by Copel with the company - Centrais Elétricas de Santa Catarina (Celesc). In this lawsuit, after the financial and commercial checking of the values, only the principal amount of R\$ 43,133 was considered likely as the charging of monetary restatement in the amount of R\$ 19,918 is being challenged, considering that the execution of the contract was suspended by an injunction and therefore this adjustment would not be charged, and it is classified as possible.

- case record 05550-26.2012.8.16.0004 - 4th Court of the Treasury of Curitiba - the lawsuit was brought to collect the commissions owed by Copel to Tradener because of the intermediation by the latter in the agreements for sale of power entered into by Copel with the companies - Carbocloro S.A. Indústrias Químicas, Companhia Luz e Força Santa Cruz, Elektro Eletricidade e Serviços S.A., Opp Polietilenos S.A, and Enron Comercializadora de Energia Ltda. In this lawsuit, after the financial and commercial checking of the values, only the principal amount of R\$ 21,687 was considered likely as the charging of monetary restatement in the amount of R\$ 16,507 is being challenged, considering that the execution of the contract was suspended by an injunction and therefore this adjustment would not be charged, and it is classified as possible.

COMPANHIA PARANAENSE DE ENERGIA – COPEL

Notes to the Consolidated Financial Statements

All amounts expressed in thousands of Brazilian reais, unless otherwise stated

c) Easements, condemnation and real estate

Ivaí Engenharia de Obras S.A.

In a lawsuit filed before the 1st Fiscal Court of Curitiba, Ivaí Engenharia de Obras S.A. won the right to receive credits from Copel Geração e Transmissão in connection with the execution of contract D-01, which comprised the Jordão River diversion works. These credits were a compensation for a supposed economic and financial imbalance in the contract. Based on this ruling, Ivaí filed a separate collection lawsuit before the 4th Fiscal Court of Curitiba and obtained a ruling ordering Copel to pay the amount of R\$ 180,917, as of October 31, 2005, plus restatement by the average between the INPC and IGP-DI inflation indicators, delinquent interest of 1% a month, and 3.2% as legal fees.

The appeal claim, currently in progress in the Superior Court of Justice (Superior Tribunal de Justiça or STJ), covers the absence of economic and financial imbalance in the contract, as well as the nullity of the calculation performed by the judicial expert, who used wrong parameters to obtain the value of condemnation, causing interest rates to be applied in duplicity (Selic rate + interest rate). Although the Justice Court has dismissed the duplicity in the incidence of interest from the elaboration of the expert report, it did not examine the appeal reasoning that showed that the calculation contained within the expert report was wrong.

In June 2013 the writ of certiorari number 1,096,906 was granted and Judge Castro Meira, followed by Judges Humberto Martins and Mauro Campbell Marques reviewed the prior decision against Copel and refused to change it, while Judge Herman Benjamin, defeated, considered Copel's appeal to be groundful.

The decision was published on September 27, 2013. Copel filed a motion for clarification of judgment, highlighting that the defeated vote given by Judge Herman Benjamin should prevail, in addition to pointing that the accumulated SELIC (Central Bank overnight rate) was not addressed and debated by the Judging Panel and the appeal is awaiting judgment by the reporting judge, Judge Og Fernandes.

COMPANHIA PARANAENSE DE ENERGIA – COPEL

Notes to the Consolidated Financial Statements

All amounts expressed in thousands of Brazilian reais, unless otherwise stated

Until the conclusion of judgment and in view of the unfavourable vote and of the analysis of previous decisions ruled by the other Ministers that participated in the trial, the Company's senior management, proceeded to a detailed review of the process course over the last months of 2011 and decided to remeasure the value to be provisioned, from R\$ 125,000, which represented the original value of the debt in question, adjusted with legal interest and restated by inflation indexes, to R\$ 312,816, once considered the form of adjustment of the debt, which is still under discussion, only dismissing the incidence of interest in the expert's calculation, and maintaining the charge of Selic rate, and, from that point, restating the value based on the parameters fixed on the judgment by the Justice Court of the State of Paraná – TJPR (interest + monetary restatement). Thus, the value provisioned reflects the expectation of the Company in the event of an unfavorable closure to this claim.

The accumulation of interest, in this case, Selic interest rate plus interest on arrears is a situation rejected by the Judiciary Power, and it was already denied by the Supreme Justice Court (STJ) in numerous precedents. For this reason, it is also an appropriate approach to consider as a possible risk the loss of the difference in the value deemed as probable and the eventual total value of the condemnation, which is R\$ 259,534, as of December 31, 2013. In such case, the Company considers that the likelihood of a favorable outcome is higher than 50% given the prior decisions rendered by the Superior Court of Justice (STJ) about the issue and the fact that the Court of Justice of the State of Parana and the STJ neither addressed the issue nor expressly dismissed Copel's request for the non-cumulative levy of the tax. This ensures that, when the issue is thoroughly analyzed, the understanding consolidated by the Superior Court of Justice will prevail.

The publication of the decision on the special appeal review by the Superior Court of Justice showed that the thesis about the improper accrual of interest has not been properly addressed by the plenary body, to the extent that it only refers to the illegal accrual of interest as from the preparation of the expert report. Accordingly, the Company expects that the issue is directly addressed, thoroughly analyzed and corrected when the motion for clarification of judgment is judged and that the accrual as from the issue of the expert report is ruled out.

Provisional enforcement was filed by Ivaí, so Copel filed a preliminary injunction before the STJ which was awarded by Judge Castro Meira, thereby staying said enforcement. After the Special Appeal had been heard for the collection proceedings, Ivaí requested the injunction be overturned, which was contested by Copel, meaning the stay would remain until final judgment of the subsequent appeals. The STJ ruled the case had lost its grounds, meaning Copel filed a special appeal, which was rejected. Copel's motion for clarification is now pending judgment. Ivaí has resumed the demand for temporary court enforcement of the debt, Copel challenged Ivaí's claims and according to a decision published on February 28, 2014, the judge found the challenge to have no grounds and established a period of 30 days for the defendant to deposit the full execution amount of R\$ 538,209, in other words, by March 28, 2014.

COMPANHIA PARANAENSE DE ENERGIA – COPEL

Notes to the Consolidated Financial Statements

All amounts expressed in thousands of Brazilian reais, unless otherwise stated

The unfavorable decision in the Special Appeal in the Cancellation Claim, overseen by Judge Arnaldo Esteves Lima, in which Copel is seeking the recognition of the debt due to the lack of its right to claim differences as a result of the performance of full settlement and transaction agreements, and a decision against which the Company has filed two motions for clarification, which were partially accepted, and filed an extraordinary appeal before the Federal Supreme Court, the analysis of which was denied, meaning a special appeal was subsequently filed, which is still pending judgment.

COMPANHIA PARANAENSE DE ENERGIA – COPEL

Notes to the Consolidated Financial Statements

All amounts expressed in thousands of Brazilian reais, unless otherwise stated

28.1.5 Environmental claims

Environmental claims involving Copel and its subsidiaries usually comprise class entity suits whose goal is to stop the environmental licensing process for new projects or the recovery of permanent protection areas around electricity plant reservoirs which have been illegally used by individuals. Copel estimates that unfavourable outcomes would result only in the cost of new environmental studies and of the recovery of Company-owned land.

28.1.6 Regulatory claims

The Company is disputing, both administratively and judicially, notifications issued by the regulatory agency in connection with supposed regulatory violations, including the charge of R\$ 40,425 in lawsuits involving Companhia Estadual de Energia Elétrica - CEEE and Dona Francisca Energética S.A., in which ANEEL Ruling no. 288/2002 is being disputed. The probable success in these lawsuits will result in changes in CEEE (Spot Market) accounting, which would require the recording of a provision for these amounts, since Copel would be required to pay off the amounts due.

28.2 Main lawsuits with losses deemed as possible

	12.31.2013	12.31.2012
Tax (28.2.1)	1,384,115	1,227,536
Labor	342,887	257,382
Employee benefits	97,979	41,390
Civil (28.2.2)	1,006,786	810,764
Regulatory	56,193	19,200
	2,887,960	2,356,272

Detailing the main claims

28.2.1 Tax claims

- Administrative Proceeding 11453.720001/2011-23 deriving from the Tax for Social Security Financing (Cofins) Cancellation Action 2000.04.01.100266.9, refers to Cofins interest and fine for the period 95/96, and, owing to strong arguments presented for the defense of these charges, its classification has been assessed as possible. This debt's principal, however, was assessed as probable and is the subject matter of discussion in the Tax Foreclosure 5015930-53.2010.404.7000 filed by the Union, in progress at the 2nd. Federal Circuit Court, appealed by Copel (case records of appeal lodged against Foreclosure 5022933-59.2012.404.7000). Administrative Proceeding 10980720458/2011-15, also arising from 2000.04.01.100266.9 regarding Cofins, in the total amount of R\$ 738,826, as of December 31, 2013. Additional information on this action has been described in Item 28.1.1;

COMPANHIA PARANAENSE DE ENERGIA – COPEL

Notes to the Consolidated Financial Statements

All amounts expressed in thousands of Brazilian reais, unless otherwise stated

- Fiscal requirements according to Fiscal Notification of Debt Record – NFLD no. 35.273.870-7, with approximate value of R\$ 181,014 on December 31, 2013, authored by the National Institute of Social Security – INSS, against Copel, and related to the fiscal execution of social contribution; and
- Fiscal requirements according to NFLD no. 35.273.876-6, with approximate value of R\$ 76,162 on December 31, 2013, authored by the INSS, against Copel, and related to the fiscal execution of social contribution levied upon labor transfer.

28.2.2 Civil claim

- Civil claim related to the indemnification lawsuit no. 166-53.2011.8.16.0122, authored by Mineradora Tibagiana Ltda, and whose defendant is the Consórcio Energético Cruzeiro do Sul – CECS, which Copel Geração e Transmissão detains 51%. The author claims being the owner of a mining decree issued by the National Department of Mineral Production – DNPM, and defends that with the mining decree, it is the legitimate holder of ownership and control of the area around Tibagi River. The indemnification claimed refers to alleged losses in the Company's mining operations due to the construction work of the Mauá Hydroelectric Power Plant. In the course of the proceeding Mineradora Tibagiana partially withdrew its initial petition, which led to a new initial indemnification amount of R\$ 260,197, restated on December 31, 2013 and classified as possible. The case is now pending an opening order.
- Ivaí Engenharia de Obras S.A – Lawsuit which consists on the claim for compensation for an alleged imbalance in the financial economical equation in the contract signed with Copel. The Company's senior management classified as a risk of possible loss for this lawsuit the value of R\$ 259,534 on December 31, 2013. Additional information of this process is described in Note no. 28.1.4-c.
- Filing of 5 individual claims as a result of the 5 franchise contracts for Copel branches/stores, with the main petition claiming an extension of the term of the contract and secondary petition to recognize the existence of a subconcession, with transfer of the services provided and full pass-through of the fees, amongst other amounts. In the case filed regarding the franchise of the Faxinal branch, the judge of the 4th Federal Court of Curitiba deemed the secondary petition to have grounds. Copel appealed against the award of the Federal Regional Court of Region 4 - TRF4, which was ruled in favor of the Company in full on July 25, 2012. The plaintiff filed a special and extraordinary appeal, which was entertained by TRF4. Company Management rated the amount of R\$ 6,500 as a possible risk (corresponding to O&M and restated commercial charges). This plaintiff also filed a complaint before the STF, the entertainment of which was denied by Judge Marco Aurélio de Mello. The plaintiff filed a special appeal against the decision, which was denied, and then filed a motion for clarification, which is pending judgment.

COMPANHIA PARANAENSE DE ENERGIA – COPEL

Notes to the Consolidated Financial Statements

All amounts expressed in thousands of Brazilian reais, unless otherwise stated

In the case filed regarding the franchise of the São José dos Pinhais, branch, the judge of the 4th Federal Court of Curitiba deemed the secondary petition to have grounds. Copel filed a motion for clarification, which is pending judgment. Company management rated the case as a possible risk of defeat, amounting to R\$ 21,175 (corresponding to O&M and restated commercial charges).

29 Equity

29.1 Equity attributable to Parent Company

29.1.1 Capital

As of December 31, 2013 (and December 31, 2012), Copel's paid-in share capital was R\$ 6,910,000. The different classes of shares (with no par value) and main shareholders are detailed below:

Shareholders	Number of shares in units							
	Common		Classe A Preferred		Classe B Preferred		Total	
	in share	%	in share	%	in share	%	in share	%
State of Paraná	85,028,598	58.63	-	-	13,639	0.01	85,042,237	31.08
BNDESPAR	38,298,775	26.41	-	-	27,282,006	21.27	65,580,781	23.96
Eletrobras	1,530,774	1.06	-	-	-	-	1,530,774	0.56
Free Float:								
BM&FBOVESPA (a)	19,785,122	13.64	129,427	33.91	66,922,146	52.18	86,836,695	31.73
NYSE (b)	92,021	0.06	-	-	33,923,506	26.45	34,015,527	12.43
Latibex (c)	-	-	-	-	58,984	0.05	58,984	0.02
Municipalities	178,393	0.12	9,326	2.44	3,471	-	191,190	0.07
Other shareholders	117,397	0.08	242,949	63.65	38,841	0.04	399,187	0.15
	145,031,080	100.00	381,702	100.00	128,242,593	100.00	273,655,375	100.00

(a) São Paulo Stock, Commodities, and Futures Exchange

(b) New York Stock Exchange

(c) Latin American Exchange in Euros, related to the Madrid Exchange

The market value of Company stock as of December 31, 2013, is shown below:

	Number of shares in units	Market Value
Common shares	145,031,080	3,234,148
Class "A" preferred shares	381,702	11,451
Class "B" preferred shares	128,242,593	3,923,793
	273,655,375	7,169,392

COMPANHIA PARANAENSE DE ENERGIA – COPEL

Notes to the Consolidated Financial Statements

All amounts expressed in thousands of Brazilian reais, unless otherwise stated

29.1.2 Equity Valuation Adjustments

Changes in the equity valuation adjustments

	Equity Valuation Adjustments	Accumulated Other Comprehensive Income	Total
Balance as of January 1, 2011 - Restated	1,546,053	13,463	1,559,516
Adjustment related to financial assets classified as available for sale:			
Financial investments	-	2,962	2,962
Taxes on gains on financial assets	-	(1,007)	(1,007)
Accounts receivable related to the concession - Copel Distribuição	-	(7,282)	(7,282)
Taxes on gains on financial assets	-	2,476	2,476
Financial investments Held for Sale	-	5,647	5,647
Taxes on gains on financial assets	-	(1,920)	(1,920)
Adjustments for actuarial liabilities			
Post-employment benefits	-	13,585	13,585
Taxes on making adjustments	-	(4,620)	(4,620)
Realization of equity evaluation adjustments:			
Deemed cost of fixed asstes	(156,532)	-	(156,532)
Taxes on making adjustments	53,221	-	53,221
Balance as of December 31, 2011 - Restated	1,442,742	23,304	1,466,046
Adjustment related to financial assets classified as available for sale:			
Financial investments	-	2,261	2,261
Taxes on gains on financial assets	-	(768)	(768)
Accounts receivable related to the concession - Copel Distribuição	-	(13,116)	(13,116)
Taxes on gains on financial assets	-	4,459	4,459
Financial investments Held for Sale	-	406	406
Taxes on gains on financial assets	-	(139)	(139)
Other Gains:			
Other gains - credit from parent company	-	3,164	3,164
Taxes on gains on financial assets	-	(1,076)	(1,076)
Adjustments for actuarial liabilities			
Post-employment benefits	-	(207,947)	(207,947)
Taxes on making adjustments	-	63,374	63,374
Realization of equity evaluation adjustments:			
Deemed cost of fixed asstes	(154,006)	-	(154,006)
Taxes on making adjustments	52,362	-	52,362
Attributable to non-controlling interest	-	(626)	(626)
Balance as of December 31, 2012 - Restated	1,341,098	(126,704)	1,214,394
Adjustment related to financial assets classified as available for sale:			
Financial investments	-	(6,929)	(6,929)
Taxes on gains on financial assets	-	2,356	2,356
Financial investments Held for Sale	-	(306)	(306)
Taxes on gains on financial assets	-	104	104
Adjustments for actuarial liabilities			
Post-employment benefits	-	(216,967)	(216,967)
Taxes on making adjustments	-	73,769	73,769
Post-employment benefits	-	18,881	18,881
Realization of equity evaluation adjustments:			
Deemed cost of fixed asstes	(154,763)	-	(154,763)
Taxes on making adjustments	52,620	-	52,620
Balance as of December 31, 2013	1,238,955	(255,796)	983,159

COMPANHIA PARANAENSE DE ENERGIA – COPEL

Notes to the Consolidated Financial Statements

All amounts expressed in thousands of Brazilian reais, unless otherwise stated

29.1.3 Proposed dividends distribution

	12.31.2013	12.31.2012
Calculation of the minimum dividend (25%) - (1)		
Net income	1,072,560	700,688
Legal reserves (5%)	(53,628)	(35,034)
Realization of equity valuation adjustment	102,143	101,644
Basis for calculating minimum dividend	1,121,075	767,298
	280,269	191,824
Total proposed distribution - (2) (3+5)	560,537	268,554
Proposed dividends, gross - (3)	180,000	138,072
IRRF tax interest on equity	(16,107)	(12,256)
Proposed dividends, net - (4)	163,893	125,816
Proposed dividends - (5)	380,537	130,482
Total proposed distribution, net - (6) (4+5)	544,430	256,298
Additional proposed dividends (7) (6-1)	264,161	64,474
Anticipated payments proposed at 119th GSM - (8)	308,932	-
Interest on own capital, net	163,893	-
Dividends	145,039	-
Advanced payment exceeding minimum dividend - (9) (8-1)	28,663	-
Additional proposed dividends adjusted (10) (7-9)	235,498	-
Gross dividend per share:		
Common shares	1.95572	0.93527
Class "A" preferred shares	2.52507	2.52507
Class "B" preferred shares	2.15165	1.02889
Gross amount of dividends per share classes:		
Common shares	283,640	135,643
Class "A" preferred shares	964	964
Class "B" preferred shares	275,933	131,947

COMPANHIA PARANAENSE DE ENERGIA – COPEL

Notes to the Consolidated Financial Statements

All amounts expressed in thousands of Brazilian reais, unless otherwise stated

29.1.4 Basic and diluted earnings per share

	12.31.2013	12.31.2012	12.31.2011
Basic and diluted numerator			
Basic and diluted net income per share category, attributable to parent company			
Common shares	542,819	354,383	585,809
Class "A" preferred shares	1,714	1,600	2,064
Class "B" preferred shares	528,027	344,705	569,817
	1,072,560	700,688	1,157,690
Basic and diluted denominator			
Weighted average number of shares (in thousands)			
Common shares	145,031,080	145,031,080	145,031,080
Class "A" preferred shares	381,737	383,303	387,134
Class "B" preferred shares	128,242,558	128,240,992	128,237,161
	273,655,375	273,655,375	273,655,375
Basic and diluted earning per share attributable to Parent Company			
Common shares	3.74278	2.44350	4.03920
Class "A" preferred shares	4.49001	4.17424	5.33150
Class "B" preferred shares	4.11741	2.68795	4.44350

29.2 **Change in equity attributable to non-controlling interest**

Percentage of share capital	Compagas: 49%	Elejor: 30%	UEG Araucária: 20%	Consolidated
Balance as of January 1, 2011	95,393	41,464	128,846	265,703
Refund of advance for future capital increase	-	(30,813)	-	(30,813)
Equity Valuation Adjustment	(10,109)	(1,111)	-	(11,220)
Results for the year	15,891	4,675	(1,402)	19,164
Balance as of December 31, 2011	101,175	14,215	127,444	242,834
Proposed dividends	(2,415)	(2,371)	-	(4,786)
Equity Valuation Adjustment	-	626	-	626
Results for the year	10,170	9,989	5,673	25,832
Balance as of December 31, 2012	108,930	22,459	133,117	264,506
Proposed dividends	(2,531)	(13,437)	-	(15,968)
Results for the year	9,058	12,584	7,233	28,875
Balance as of December 31, 2013	115,457	21,606	140,350	277,413

COMPANHIA PARANAENSE DE ENERGIA – COPEL

Notes to the Consolidated Financial Statements

All amounts expressed in thousands of Brazilian reais, unless otherwise stated

30 Operating Revenues

	Gross revenues	PIS/Pasep & Cofins taxes	ICMS (VAT)	Regulatory charges (30.5)	Service tax (ISSQN)	Net revenues 12.31.2013
Electricity sales to final customers (30.1)	5,111,048	(447,215)	(1,279,446)	(39,738)	-	3,344,649
Electricity sales to distributors (30.2)	2,188,092	(188,282)	-	(67,548)	-	1,932,262
Use of the main transmission grid (30.3)	3,296,753	(309,979)	(830,890)	(126,908)	-	2,028,976
Construction revenues	1,076,141	-	-	-	-	1,076,141
Revenues from telecommunications	183,695	(9,430)	(32,548)	-	(402)	141,315
Distribution of piped gas	467,750	(42,993)	(56,137)	-	-	368,620
Other operating revenues (30.4)	345,680	(55,715)	-	-	(1,714)	288,251
	12,669,159	(1,053,614)	(2,199,021)	(234,194)	(2,116)	9,180,214

	Gross revenues	PIS/Pasep & Cofins taxes	ICMS (VAT)	Regulatory charges (30.5)	Service tax (ISSQN)	Net revenues 12.31.2012
						Re stated
Electricity sales to final customers (30.1)	4,226,962	(391,587)	(1,170,153)	(39,713)	-	2,625,509
Electricity sales to distributors (30.2)	1,865,708	(178,943)	(195)	(63,063)	-	1,623,507
Charges for the use of the main transmission grid (30.3)	5,177,834	(467,475)	(1,205,203)	(674,523)	-	2,830,633
Construction revenues	749,763	-	-	-	-	749,763
Revenues from telecommunications	163,961	(8,701)	(29,244)	-	(451)	125,565
Distribution of piped gas	413,012	(37,969)	(50,031)	-	-	325,012
Other operating revenues (30.4)	240,863	(26,140)	-	-	(1,460)	213,263
	12,838,103	(1,110,815)	(2,454,826)	(777,299)	(1,911)	8,493,252

	Gross revenues	PIS/Pasep & Cofins taxes	ICMS (VAT)	Regulatory charges (30.5)	Service tax (ISSQN)	Net revenues 12.31.2011
Electricity sales to final customers (30.1)	3,673,054	(340,261)	(972,849)	(29,116)	-	2,330,828
Electricity sales to distributors (30.2)	1,659,996	(158,771)	(399)	(60,995)	-	1,439,831
Charges for the use of the main transmission grid (30.3)	5,201,169	(472,181)	(1,278,736)	(687,884)	-	2,762,368
Construction revenues	741,726	-	-	-	-	741,726
Revenues from telecommunications	152,117	(9,144)	(25,285)	-	(562)	117,126
Distribution of piped gas	349,801	(31,934)	(43,926)	-	(8)	273,933
Other operating revenues (30.4)	133,473	(12,858)	(1)	(9,213)	(1,048)	110,353
	11,911,336	(1,025,149)	(2,321,196)	(787,208)	(1,618)	7,776,165

30.1 Electricity sales to final customers by category

	Gross income			Net income		
	12.31.2013	12.31.2012	12.31.2011	12.31.2013	12.31.2012	12.31.2011
Residential	1,605,604	1,302,177	1,223,657	1,074,119	782,292	771,674
Industrial	1,956,127	1,493,166	1,224,103	1,263,068	926,562	757,293
Commercial, services and other activities	1,022,977	950,689	807,489	626,881	573,831	498,948
Rural	194,085	177,083	158,644	165,078	148,869	134,124
Public agencies	118,263	114,038	104,218	83,811	79,149	73,870
Public lighting	97,565	92,450	77,049	60,070	56,242	47,062
Public services	116,427	97,359	77,894	71,622	58,564	47,857
	5,111,048	4,226,962	3,673,054	3,344,649	2,625,509	2,330,828

COMPANHIA PARANAENSE DE ENERGIA – COPEL

Notes to the Consolidated Financial Statements

All amounts expressed in thousands of Brazilian reais, unless otherwise stated

30.2 Electricity sales to distributors

	Gross income		
	12.31.2013	12.31.2012	12.31.2011
Agreements for Power Trade on the Regulated Market - CCEAR (auction)	775,924	1,335,263	1,280,176
Bilateral contracts	863,244	295,049	237,279
Electric Energy Trading Chamber - CCEE	548,073	235,396	142,541
Sale of electric power in the short-term	851	-	-
	2,188,092	1,865,708	1,659,996

30.3 Use of the main transmission grid

	Gross income			Net income		
	12.31.2013	12.31.2012	12.31.2011	12.31.2013	12.31.2012	12.31.2011
		Restated	Restated		Restated	Restated
Residential	1,232,186	1,657,936	1,606,837	720,321	830,282	785,887
Industrial	632,508	1,222,544	1,413,901	357,094	576,406	670,214
Commercial, services and other activities	755,869	1,104,355	1,106,635	445,273	564,262	541,595
Rural	167,640	230,829	217,114	136,798	165,591	154,700
Public agencies	99,147	143,238	142,898	66,815	83,875	82,594
Public lighting	87,666	110,562	110,302	51,198	53,448	53,118
Public services	58,574	102,408	106,806	34,025	50,700	51,809
Free customers	140,135	204,768	197,789	121,705	156,469	150,725
Basic Network, BN connections, and connection grid	1,109	2,520	2,367	963	1,925	1,804
Operation and maintenance (O&M) revenues	90,385	52,048	44,584	68,029	46,693	40,584
Effective interest revenues	31,534	346,626	251,936	26,755	300,982	229,338
	3,296,753	5,177,834	5,201,169	2,028,976	2,830,633	2,762,368

30.4 Other operating revenues

	Gross income		
	12.31.2013	12.31.2012	12.31.2011
Leases and rentals (Note 30.4.1)	180,128	162,989	88,909
Reimbursement for unavailability of electricity generation	77,527	12,068	-
Revenues from services	63,209	53,085	37,975
Charged service	9,082	8,214	5,306
Other revenues	15,734	4,507	1,283
	345,680	240,863	133,473

30.4.1 Revenue from leases and rentals

	12.31.2013	12.31.2012	12.31.2011
Araucária Thermal Power Plant	101,628	95,253	32,804
Equipment and facilities	77,241	66,177	54,442
Real estate	603	714	862
Facilities sharing	656	845	801
	180,128	162,989	88,909

The Company has not identified any operating lease receivables which are non cancellable.

COMPANHIA PARANAENSE DE ENERGIA – COPEL

Notes to the Consolidated Financial Statements

All amounts expressed in thousands of Brazilian reais, unless otherwise stated

30.5 Regulatory Charges

	12.31.2013	12.31.2012	12.31.2011
Energy Development Account (CDE)	79,994	282,683	249,799
Research and Development and Energy Efficiency Programs - R&D and EEP	79,342	74,319	68,048
Global Reversal Reserve (RGR)	57,050	114,949	107,105
Fuel Consumption Account (CCC)	17,808	289,686	348,374
Other charges	-	15,662	13,882
	234,194	777,299	787,208

31 Operating Costs and Expenses

Nature of costs and expenses	Costs of goods and/or services	Sales expenses	General and administrative expenses	Other rev. (exp.), net	12.31.2013
Electricity purchased for resale (31.1)	(3,336,359)	-	-	-	(3,336,359)
Charge for the use of main distribution and transmission grid (31.2)	(407,317)	-	-	-	(407,317)
Personnel and management (31.3)	(844,491)	(9,879)	(241,977)	-	(1,096,347)
Pension and healthcare plans (Note 23)	(136,907)	(1,113)	(38,176)	-	(176,196)
Materials and supplies	(62,380)	(935)	(7,163)	-	(70,478)
Materials and supplies for power	(27,187)	-	-	-	(27,187)
Natural gas and supplies for the gas business	(295,671)	-	-	-	(295,671)
Third-party services (31.4)	(293,505)	(41,276)	(88,678)	-	(423,459)
Depreciation and amortization	(551,301)	(44)	(51,103)	(755)	(603,203)
Accruals and provisions (31.5)	-	(47,457)	-	(152,098)	(199,555)
Construction cost (31.6)	(1,088,275)	-	-	-	(1,088,275)
Other costs and expenses (31.7)	5,395	5,089	(103,007)	(251,057)	(343,580)
	(7,037,998)	(95,615)	(530,104)	(403,910)	(8,067,627)

Nature of costs and expenses	Costs of goods and/or services	Sales expenses	General and administrative expenses	Other rev. (exp.), net	Restated 12.31.2012
Electricity purchased for resale (31.1)	(2,807,735)	-	-	-	(2,807,735)
Use of main distribution and transmission grid (31.2)	(772,361)	-	-	-	(772,361)
Personnel and management (31.3)	(944,913)	(8,910)	(291,828)	-	(1,245,651)
Pension and healthcare plans (Note 23)	(141,368)	(996)	(40,514)	-	(182,878)
Materials and supplies	(60,798)	(716)	(8,273)	-	(69,787)
Materials and supplies for power	(25,511)	-	-	-	(25,511)
Natural gas and supplies for the gas business	(247,770)	-	-	-	(247,770)
Third-party services (31.4)	(291,048)	(38,614)	(79,216)	-	(408,878)
Depreciation and amortization	(508,887)	(42)	(40,172)	(754)	(549,855)
Accruals and provisions (31.5)	-	(22,826)	-	(195,970)	(218,796)
Construction cost (31.6)	(733,577)	-	-	-	(733,577)
Other costs and expenses (31.7)	(6,668)	6,445	(81,910)	(155,827)	(237,960)
	(6,540,636)	(65,659)	(541,913)	(352,551)	(7,500,759)

COMPANHIA PARANAENSE DE ENERGIA – COPEL

Notes to the Consolidated Financial Statements

All amounts expressed in thousands of Brazilian reais, unless otherwise stated

Nature of costs and expenses	Costs of goods and/or services	Sales expenses	General and administrative expenses	Other rev. (exp.), net	Restated 12.31.2011
Electricity purchased for resale (31.1)	(2,152,545)	-	-	-	(2,152,545)
Use of main distribution and transmission grid (31.2)	(632,518)	-	-	-	(632,518)
Personnel and management (31.3)	(753,022)	(7,747)	(221,858)	-	(982,627)
Pension and healthcare plans (Note 23)	(117,460)	(804)	(32,581)	-	(150,845)
Materials and supplies	(76,213)	(594)	(8,802)	-	(85,609)
Materials and supplies for power	(25,031)	-	-	-	(25,031)
Natural gas and supplies for the gas business	(186,931)	-	-	-	(186,931)
Third-party services (31.4)	(267,603)	(32,882)	(90,198)	-	(390,683)
Depreciation and amortization	(519,536)	(41)	(32,104)	(754)	(552,435)
Accruals and provisions (31.5)	-	(75,556)	-	(214,099)	(289,655)
Construction cost (31.6)	(731,443)	-	-	-	(731,443)
Other costs and expenses (31.7)	5,287	3,860	(74,832)	(224,857)	(290,542)
	(5,457,015)	(113,764)	(460,375)	(439,710)	(6,470,864)

31.1 Electricity purchased for resale

	12.31.2013	12.31.2012	12.31.2011
Contracts for the Sale of Energy in the Regulated Environment - CCEAR	2,305,809	1,927,903	1,585,932
Electric Energy Trading Chamber - CCEE	663,936	312,125	43,947
(-) Transfer CDE - CCEE - Decree 7,945 / 2013	(294,085)	-	-
Itaipu Binational	610,404	503,335	459,649
Bilateral contracts	217,069	203,115	192,082
Program for incentive to alternative energy sources - Proinfa	166,653	143,587	102,638
(-) PIS/Pasep/Cofins taxes on electricity purchased for resale	(333,427)	(282,330)	(231,703)
	3,336,359	2,807,735	2,152,545

31.2 Charges for use of the main transmission grid

	12.31.2013	12.31.2012	12.31.2011
System Service Charges - ESS	308,864	75,485	10,988
(-) Transfer CDE - ESS - Decree 7,945 / 2013	(319,624)	-	-
System usage charges – distribution	216,683	544,597	412,383
System usage charges – basic network and connection	177,846	145,099	221,655
Itaipu transportation charges	51,188	45,217	42,109
Charge reserve energy - EER	16,672	49,228	16,456
(-) PIS/Pasep/Cofins taxes on charges for use of power grid	(44,312)	(87,265)	(71,073)
	407,317	772,361	632,518

COMPANHIA PARANAENSE DE ENERGIA – COPEL**Notes to the Consolidated Financial Statements**

All amounts expressed in thousands of Brazilian reais, unless otherwise stated

31.3 Personnel and Management Expenses

	12.31.2013	Restated 12.31.2012	Restated 12.31.2011
Personnel			
Wages and salaries	663,636	711,470	606,847
Social charges on payroll	210,993	239,267	186,864
Provisions for profit sharing (31.3.1)	80,048	29,940	48,068
Meal assistance and education allowance	86,916	81,593	64,905
Compensation - Voluntary termination Program/retirement	37,925	168,822	64,442
	1,079,518	1,231,092	971,126
Management			
Wages and salaries	13,044	11,385	9,538
Social charges on payroll	3,642	3,083	1,871
Other expenses	143	91	92
	16,829	14,559	11,501
	1,096,347	1,245,651	982,627

31.3.1 Profit sharing

The Company has carried out an employee profit sharing program, which is paid according to Federal Law – 10,101/2000, the State Decree 1978/2007 and State Law 16,560/2010.

31.3.2 Provision for compensation for voluntary redundancy and retirement

Copel established the program for succession and voluntary layoff (PSDV) on March 29, 2011, by Circular Letter no. 031/2011 and amended Circular Letters 049/2011 and 090/2011, on June 22, 2011 and December 06, 2011, respectively, as well as the program for training potential leaders (MBA) as a way of establishing procedures to ensure the retention of the Company's knowledge in a planned and structured way, to encourage the preparation of its staff for exercising leadership.

However, given the changes that have occurred in the Brazilian scenario, especially with PM 579/2012, and its developments, which have greatly affected the Company's finances, Management demanded, among other measures, the extinction of the program for succession and voluntary redundancy (PSDV) by the circular 068/2012, from January 01, 2013 and the publication of a new incentivized layoff program, with different rules, through Circular Letter 065/2013 and 069/2013.

COMPANHIA PARANAENSE DE ENERGIA – COPEL

Notes to the Consolidated Financial Statements

All amounts expressed in thousands of Brazilian reais, unless otherwise stated

31.4 Third-party services

	12.31.2013	Restated 12.31.2012	Restated 12.31.2011
Maintenance of electrical system	106,175	104,966	90,536
Maintenance of facilities	79,309	73,831	67,321
Communication, processing and transmission of data	51,534	48,921	55,274
Meter reading and bill delivery	35,930	35,744	29,898
Authorized and registered agents	33,801	32,201	27,108
Consulting and audit	15,972	25,805	24,026
(-) PIS/Pasep/Cofins taxes on services from third-parties	(6,063)	(9,190)	(11,347)
Other services	106,801	96,600	107,867
	423,459	408,878	390,683

31.5 Accruals and provisions

	12.31.2013	12.31.2012	12.31.2011
Provisions for doubtful accounts	47,458	22,826	75,556
Provisions (reversals) for losses on taxes recoverable	274	(3,135)	46,802
Provisão para desvalorização de participações societárias	-	-	398
Reserve (reversals) for risks			
Tax	(7,337)	19,939	(38,689)
Labor	52,387	45,966	2,611
Employee benefits	42,796	33,796	21,289
Civil	63,454	96,499	172,326
Environmental	18	89	62
Regulatory	505	2,816	9,300
	151,823	199,105	166,899
	199,555	218,796	289,655

31.6 Construction cost

	12.31.2013	Restated 12.31.2012	12.31.2011
Materials and supplies	518,504	371,593	415,098
Third-party services	360,234	248,265	205,757
Personnel and management	118,641	81,942	80,825
Other	90,896	31,777	29,763
	1,088,275	733,577	731,443

COMPANHIA PARANAENSE DE ENERGIA – COPEL

Notes to the Consolidated Financial Statements

All amounts expressed in thousands of Brazilian reais, unless otherwise stated

31.7 Other costs and expenses

	12.31.2013	Restated 12.31.2012	Restated 12.31.2011
Financial compensation for use of water resources	131,582	94,550	125,343
Losses in the decommissioning and disposal of assets	71,864	6,147	54,285
Leases and rents (31.7.1)	31,095	27,285	18,377
Indemnities	26,113	28,001	35,880
Advertising	25,902	9,853	4,767
Taxes	25,687	27,735	18,071
ANEEL inspection fee	20,885	21,938	20,125
Sports incentives, Rouanet Law and fund for the rights of children and teenagers - FIA	9,464	12,081	15,420
Recovery of costs and expenses	(49,389)	(61,902)	(40,175)
Other costs and expenses, net	50,377	72,272	38,449
	343,580	237,960	290,542

31.7.1 Costs and expenses of leases and rents

	12.31.2013	Restated 12.31.2012	Restated 12.31.2011
Real estate	25,165	21,846	17,701
Photocopiers	889	1,082	1,521
Others	6,832	5,891	719
(-) Pis and Cofins tax credits	(1,791)	(1,534)	(1,564)
	31,095	27,285	18,377

Copel's estimate for expenses for the next fiscal years is basically the same as 2013, plus contractual monetary restatement rates, and there are no risks in connection with contract rescission.

The Company has not identified any operating lease commitments which are non cancellable.

COMPANHIA PARANAENSE DE ENERGIA – COPEL

Notes to the Consolidated Financial Statements

All amounts expressed in thousands of Brazilian reais, unless otherwise stated

32 Financial Results

	12.31.2013	Restated 12.31.2012	Restated 12.31.2011
Financial income			
Monetary variation of CRC transfer (Note 8)	159,348	188,688	148,950
Return on financial investments held for trading	118,499	74,553	210,162
Monetary variation of accounts receivable related to the concession extension	108,259	165,574	100,381
Penalties on overdue bills	105,314	126,904	63,652
Monetary variation of accounts receivable related to the concession	84,572	-	-
Return on financial investments held for sale	38,336	37,948	15,660
Return on financial investments held until maturity	827	1,099	2,808
Other financial income	37,208	53,555	35,814
	652,363	648,321	577,427
(-) Financial expenses			
Debt charges	233,417	133,385	141,327
Monetary variation of accounts payable related to the concession - use of public property	68,096	74,984	71,383
PIS/Pasep/Cofins taxes on interest on capital	26,352	22,837	43,740
Monetary and exchange variations	15,838	13,819	17,821
Interest on R&D and EEP	15,225	14,745	16,967
Fair value adjustment in accounts receivable related to the concession	-	401,104	-
Other financial expenses	13,124	14,097	59,827
	372,052	674,971	351,065
Net	280,311	(26,650)	226,362

The costs of loans and financing capitalized during the year of 2013 amounted to R\$ 54,936, at an average rate of 9.39% p.y.

33 Operating Segment

33.1 Products and services which generate revenues for the reportable segments

The Company operates in five reportable segments identified by management, through the Chief Executive Office and the chief offices of each business area, taking into consideration the regulatory environments, the strategic business units, and the different products and services. These segments are managed separately, since each business and each company requires different technologies and strategies.

In the periods of 2013 and 2012 all sales were made within Brazilian territory.

We have not identified any customer who individually accounts for more than 10% of total net revenues during the year ended December 31, 2013.

The Company evaluates the performance of each segment based on information derived from accounting records.

COMPANHIA PARANAENSE DE ENERGIA – COPEL

Notes to the Consolidated Financial Statements

All amounts expressed in thousands of Brazilian reais, unless otherwise stated

The accounting policies of the operating segments are the same as those described in the summary of significant accounting policies and record transactions between segments as transactions with third-parties, i.e., at current market prices.

33.2 The Company's reporting segments

Power generation and transmission (GeT) - this segment comprises the generation of electric energy from hydraulic, wind, and thermal projects, the transport and transformation of the power generated by the Company, and the construction, operation, and maintenance of all power transmission substations and lines. This segment operates through Copel Geração e Transmissão, Elejor, UEG Araucária, Nova Asa Branca I, Nova Asa Branca II, Nova Asa Branca III, Nova Eurus IV, Santa Maria, Santa Helena and Ventos de Santo Uriel;

Power distribution and sales (DIS) - this segment comprises the distribution and sale of electric energy, the operation and maintenance of the distribution infrastructure, and related services. It operates through Copel Distribuição;

Telecommunications (TEL) - this segment comprises telecommunications and general communications services. It operates through Copel Telecomunicações;

Gas - this segment comprises the public service of piped natural gas distribution. It operates through Compagas; and

Holding Company (HOL) - this segment comprises participation in other companies. It operates through Copel, Copel Participações and Copel Renováveis.

COMPANHIA PARANAENSE DE ENERGIA – COPEL

Notes to the Consolidated Financial Statements

All amounts expressed in thousands of Brazilian reais, unless otherwise stated

33.3 Assets per reporting segment

ASSETS	GET	DIS	TEL	GAS	HOL	Eliminations	Consolidated
12.31.2013							
ASSETS	12,422,458	7,760,564	480,851	308,023	14,473,384	(12,333,835)	23,111,445
CURRENT ASSETS	2,754,802	2,142,654	62,466	84,017	524,778	(888,433)	4,680,284
Cash and cash equivalents	1,438,269	247,045	10,481	34,427	11,410	-	1,741,632
Bonds and securities	388,659	377	-	-	186	-	389,222
Collaterals and escrow accounts	-	1,072	-	904	-	-	1,976
Trade accounts receivable	311,191	1,005,703	27,983	37,804	-	(45,053)	1,337,628
Dividends receivable	2,578	-	-	-	381,371	(374,449)	9,500
CRC transferred to State Government of Paraná	-	-	-	-	85,448	-	85,448
Accounts receivable related to the concession	4,396	-	-	-	-	-	4,396
Accounts receivable related to the concession extension	352,161	-	-	-	-	-	352,161
Other receivables	208,428	180,963	2,799	445	3,869	(614)	395,890
Inventories	31,298	96,866	10,046	1,068	-	-	139,278
Income tax and social contribution	3,121	77,288	6,936	3,319	42,494	-	133,158
Other current recoverable taxes	11,745	48,609	3,869	5,790	-	-	70,013
Prepaid expenses	2,956	16,414	352	260	-	-	19,982
Receivable from other related parties	-	468,317	-	-	-	(468,317)	-
NONCURRENT ASSETS	9,667,656	5,617,910	418,385	224,006	13,948,606	(11,445,402)	18,431,161
Long term assets	992,246	4,352,625	37,185	14,042	1,892,958	(64,815)	7,224,241
Bonds and securities	66,265	54,271	-	-	-	-	120,536
Collaterals and escrow accounts	-	45,371	-	-	-	-	45,371
Trade accounts receivable	5,692	115,020	11,974	-	-	-	132,686
CRC transferred to State Government of Paraná	-	-	-	-	1,295,106	-	1,295,106
Judicial deposits	42,087	356,393	4,289	341	272,115	-	675,225
Accounts receivable related to the concession	408,473	3,075,795	-	-	-	-	3,484,268
Accounts receivable related to the concession extension	365,645	-	-	-	-	-	365,645
Advances to suppliers	-	-	-	13,504	-	-	13,504
Other noncurrent receivables	5,132	10,799	-	-	-	-	15,931
Income tax and social contribution	14,975	12,967	-	-	169,717	-	197,659
Other noncurrent recoverable taxes	54,747	64,752	4,999	-	-	-	124,498
Deferred income tax and social contribution	29,028	617,257	15,923	-	91,205	-	753,413
Prepaid expenses	202	-	-	197	-	-	399
Receivable from other related parties	-	-	-	-	64,815	(64,815)	-
Investments	807,190	4,012	-	-	12,055,619	(11,678,894)	1,187,927
Property, plant and equipment, net	7,617,626	-	365,977	-	29	-	7,983,632
Intangible assets	250,594	1,261,273	15,223	209,964	-	298,307	2,035,361

COMPANHIA PARANAENSE DE ENERGIA – COPEL

Notes to the Consolidated Financial Statements

All amounts expressed in thousands of Brazilian reais, unless otherwise stated

ASSETS	GET	DIS	TEL	GAS	HOL	Eliminations	Consolidated
12.31.2012 - Restated							
ASSETS	10,967,453	8,846,871	427,629	289,363	13,629,100	(12,951,513)	21,208,903
CURRENT ASSETS	1,508,828	2,876,268	64,848	86,793	1,218,801	(1,073,846)	4,681,692
Cash and cash equivalents	240,710	1,126,361	26,689	35,993	29,464	-	1,459,217
Bonds and securities	476,488	158,837	-	-	176	-	635,501
Collaterals and escrow accounts	1,429	34,293	-	1,086	-	-	36,808
Trade accounts receivable	283,750	1,200,251	18,649	40,092	-	(53,569)	1,489,173
Dividends receivable	-	-	-	-	1,038,664	(1,020,600)	18,064
CRC transferred to State Government of Paraná	-	75,930	-	-	-	-	75,930
Accounts receivable related to the concession	5,319	-	-	-	-	-	5,319
Accounts receivable related to the concession extension	356,085	-	-	-	-	-	356,085
Other receivables	104,786	126,686	2,437	716	3	323	234,951
Inventories	28,299	84,995	10,645	870	-	-	124,809
Income tax and social contribution	1,780	35,868	3,413	-	150,483	-	191,544
Other current recoverable taxes	7,480	31,460	2,671	7,868	11	-	49,490
Prepaid expenses	2,702	1,587	344	168	-	-	4,801
NONCURRENT ASSETS	9,458,625	5,970,603	362,781	202,570	12,410,299	(11,877,667)	16,527,211
Long term assets	1,203,345	4,660,842	22,666	18,022	1,540,940	(1,148,498)	6,297,317
Bonds and securities	92,827	35,688	-	-	-	-	128,515
Collaterals and escrow accounts	-	43,246	-	-	-	-	43,246
Trade accounts receivable	-	26,172	-	5,266	-	(5,267)	26,171
CRC transferred to State Government of Paraná	-	1,308,354	-	-	-	-	1,308,354
Judicial deposits	24,634	276,541	1,036	302	271,858	-	574,371
Accounts receivable related to the concession	262,564	2,383,262	-	-	-	-	2,645,826
Accounts receivable related to the concession extension	717,805	-	-	-	-	-	717,805
Advances to suppliers	-	-	-	12,279	-	-	12,279
Other noncurrent receivables	6,413	4,036	-	-	-	-	10,449
Income tax and social contribution	19,995	-	-	-	-	-	19,995
Other noncurrent recoverable taxes	50,794	60,663	8,732	-	-	-	120,189
Deferred income tax and social contribution	28,313	522,880	12,898	-	117,194	-	681,285
Prepaid expenses	-	-	-	175	-	8,657	8,832
Receivable from other related parties	-	-	-	-	1,151,888	(1,151,888)	-
Investments	448,130	4,012	-	-	10,869,359	(10,752,512)	568,989
Property, plant and equipment, net	7,552,612	-	319,141	-	-	-	7,871,753
Intangible assets	254,538	1,305,749	20,974	184,548	-	23,343	1,789,152

COMPANHIA PARANAENSE DE ENERGIA – COPEL

Notes to the Consolidated Financial Statements

All amounts expressed in thousands of Brazilian reais, unless otherwise stated

33.4 Liabilities per reporting segment

LIABILITIES	GET	DIS	TEL	GAS	HOL	Eliminations	Consolidated
12.31.2013							
TOTAL LIABILITIES	12,422,458	7,760,564	480,851	308,023	14,473,384	(12,333,835)	23,111,445
CURRENT LIABILITIES	1,485,556	1,545,217	56,340	66,935	1,084,423	(890,586)	3,347,885
Payroll, social charges and accruals	59,902	155,337	14,105	5,214	5,127	-	239,685
Payable from other related parties	-	-	-	-	468,317	(468,317)	-
Suppliers	301,768	771,815	8,120	52,881	3,211	(45,556)	1,092,239
Income tax and social contribution	297,620	-	-	-	-	-	297,620
Other taxes	66,899	200,767	5,467	2,227	25,481	(110)	300,731
Loans and financing	217,736	173,482	5,241	-	562,801	(2,154)	957,106
Debentures	40,490	16,972	-	-	-	-	57,462
Minimum dividends payable	362,932	-	21,585	5,598	3,047	(374,449)	18,713
Post-employment benefits	7,886	21,043	1,047	-	7	-	29,983
Regulatory charges	26,920	11,074	-	-	-	-	37,994
Research and Development and Energy Efficiency	20,116	107,744	-	-	-	-	127,860
Accounts payable related to concession - use of public pr	51,481	-	-	-	-	-	51,481
Other accounts payable	31,806	86,983	775	1,015	16,432	-	137,011
NON CURRENT LIABILITIES	3,299,960	2,848,662	71,572	5,462	736,808	(127,656)	6,834,808
Associated and subsidiary companies	64,995	-	-	-	-	(64,995)	-
Suppliers	22,187	27,934	-	-	-	-	50,121
Other taxes	15,153	50,354	2,855	-	40	-	68,402
Deferred Income tax and social contribution	418,426	-	-	2,075	-	-	420,501
Loans and financing	1,303,009	635,956	33,622	-	456,752	(62,661)	2,366,678
Debentures	152,066	998,417	-	-	-	-	1,150,483
Post-employment benefits	292,968	608,391	31,222	2,499	2,169	-	937,249
Research and Development and Energy Efficiency	55,599	99,122	-	-	-	-	154,721
Accounts payable related to concession - use of public pr	420,293	-	-	-	-	-	420,293
Other accounts payable	233	-	-	-	-	-	233
Provisions for contingences	555,031	428,488	3,873	888	277,847	-	1,266,127
EQUITY	7,636,942	3,366,685	352,939	235,626	12,652,153	(11,315,593)	12,928,752
Attributable to controlling interest	7,636,942	3,366,685	352,939	235,626	12,652,153	(11,593,006)	12,651,339
Capital	4,317,997	2,624,841	240,398	135,943	6,911,678	(7,320,857)	6,910,000
Equity valuation adjustments	1,141,672	(155,096)	(5,795)	-	983,159	(980,781)	983,159
Legal reserve	301,729	135,294	9,093	18,220	624,849	(464,336)	624,849
Profit retention reserve	1,730,944	761,646	109,243	77,987	3,897,833	(2,683,296)	3,894,357
Unrealized income reserve	-	-	-	3,476	-	-	3,476
Additional proposed dividend	153,180	-	-	-	235,498	(153,180)	235,498
Accumulated income (losses)	(8,580)	-	-	-	(864)	9,444	-
Attributable to non controlling interest						277,413	277,413

COMPANHIA PARANAENSE DE ENERGIA – COPEL

Notes to the Consolidated Financial Statements

All amounts expressed in thousands of Brazilian reais, unless otherwise stated

LIABILITIES	GET	DIS	TEL	GAS	HOL	Eliminations	Consolidated
12.31.2012 - Restated							
TOTAL LIABILITIES	10,967,453	8,846,871	427,629	289,363	13,629,100	(12,951,513)	21,208,903
CURRENT LIABILITIES	1,568,371	1,970,456	53,612	60,464	257,700	(1,077,159)	2,833,444
Payroll, social charges and accruals	110,509	243,128	25,393	4,333	645	-	384,008
Suppliers	428,046	694,903	14,481	45,873	1,616	(53,137)	1,131,782
Income Tax and Social Contribution Payable	163,724	-	-	3,214	3,251	-	170,189
Other taxes due	54,763	205,330	4,492	1,934	22,072	(111)	288,480
Loans and financing	71,654	164,788	53	-	28,106	(3,311)	261,290
Debentures	-	12,719	-	-	-	-	12,719
Minimum compulsory dividend payable	639,420	371,863	7,982	4,929	201,186	(1,020,600)	204,780
Post employment benefits	6,908	18,004	903	-	4	-	25,819
Customer charges due	7,236	49,262	-	-	-	-	56,498
Research and Development and Energy Efficiency	16,663	142,936	-	-	-	-	159,599
Accounts payable related to concession - Use of Public Property	48,477	-	-	-	-	-	48,477
Other accounts payable	20,971	67,523	308	181	820	-	89,803
NONCURRENT LIABILITIES	2,491,247	3,341,027	45,872	6,594	1,274,016	(1,145,187)	6,013,569
Payable from related parties	232,654	851,237	-	-	-	(1,083,891)	-
Suppliers	106,175	-	-	-	-	(5,267)	100,908
Deferred Income Tax and Social Contribution	587,597	-	-	2,939	-	-	590,536
Loans and financing	438,396	609,941	25,559	-	971,721	(56,029)	1,989,588
Debentures	-	997,958	-	-	-	-	997,958
Post employment benefits	209,295	443,784	19,344	2,807	-	-	675,230
Research and Development and Energy Efficiency	43,350	61,211	-	-	-	-	104,561
Accounts payable related to concession - Use of Public Property	399,080	-	-	-	-	-	399,080
Provision for contingencies	474,700	376,896	969	848	302,295	-	1,155,708
EQUITY	6,907,835	3,535,388	328,145	222,305	12,097,384	(10,729,167)	12,361,890
Capital	4,248,937	2,624,841	240,398	135,943	6,910,000	(7,250,119)	6,910,000
Equity valuation adjustments	1,293,027	(64,902)	1,139	-	1,214,394	(1,229,264)	1,214,394
Legal reserve	249,578	135,294	6,706	17,295	571,221	(408,873)	571,221
Profit retention reserve	1,158,142	840,155	79,902	62,115	3,337,295	(2,147,266)	3,330,343
Unrealized revenue reserve	-	-	-	6,952	-	-	6,952
Additional proposed dividend	-	-	-	-	64,474	-	64,474
Accumulated income (losses)	(41,849)	-	-	-	-	41,849	-
Attributable to non-controlling interest						264,506	264,506

COMPANHIA PARANAENSE DE ENERGIA – COPEL

Notes to the Consolidated Financial Statements

All amounts expressed in thousands of Brazilian reais, unless otherwise stated

33.5 Statement of income per reporting segment

STATEMENT OF INCOME	GET	DIS	TEL	GAS	HOL	Eliminations	Consolidated
12.31.2013							
Gross profit	3,044,399	5,961,575	187,792	423,014	-	(436,566)	9,180,214
Electricity sales to final customers - third-parties	460,845	2,883,804	-	-	-	-	3,344,649
Electricity sales to final customers - betw een segments	-	2,193	-	-	-	(2,193)	-
Electricity sales to distributors - third-parties	1,832,207	100,055	-	-	-	-	1,932,262
Electricity sales to distributors - betw een segments	311,242	-	-	-	-	(311,242)	-
Use of the main transmission grid - third-parties	94,785	1,934,191	-	-	-	-	2,028,976
Use of the main transmission grid - betw een segments	57,090	13,115	-	-	-	(70,205)	-
Construction revenues	136,536	898,606	-	40,999	-	-	1,076,141
Telecommunications services to third-parties	-	-	141,315	-	-	-	141,315
Telecommunications services betw een segments	-	-	39,895	-	-	(39,895)	-
Distribution of piped gas	-	-	-	368,620	-	-	368,620
Other operating revenues from third-parties	144,908	128,278	1,670	13,395	-	-	288,251
Other operating revenues betw een segments	6,786	1,333	4,912	-	-	(13,031)	-
Operational expenses	(1,649,753)	(6,304,797)	(127,264)	(402,030)	(20,303)	436,520	(8,067,627)
Electricity purchased for resale	(128,736)	(3,518,865)	-	-	-	311,242	(3,336,359)
Charges for the use of the main distribution and transmission gri	(227,325)	(249,465)	-	-	-	69,473	(407,317)
Personnel and management	(274,526)	(723,734)	(57,703)	(21,366)	(19,018)	-	(1,096,347)
Pension and healthcare plans	(47,478)	(118,211)	(7,738)	(1,387)	(1,382)	-	(176,196)
Materials and supplies	(16,346)	(50,531)	(1,312)	(2,268)	(21)	-	(70,478)
Materials and supplies for generation	(27,187)	-	-	-	-	-	(27,187)
Natural gas and supplies for gas business	-	-	-	(295,671)	-	-	(295,671)
Third party services	(146,185)	(292,644)	(18,437)	(17,439)	(4,815)	56,061	(423,459)
Depreciation and amortization	(353,590)	(205,110)	(27,968)	(15,780)	(755)	-	(603,203)
Provisions and reversals	(104,127)	(118,233)	(3,920)	(40)	26,765	-	(199,555)
Construction cost	(148,670)	(898,606)	-	(40,999)	-	-	(1,088,275)
Other operating costs and expenses	(175,583)	(129,398)	(10,186)	(7,080)	(21,077)	(256)	(343,580)
EQUITY IN RESULTS SUBSIDIARIES	33,744	-	-	-	1,116,830	(1,036,968)	113,606
PROFIT BEFORE INCOME TAX AND SOCIAL CONTRIBUTION	1,428,390	(343,222)	60,528	20,984	1,096,527	(1,037,014)	1,226,193
Financial income (expenses)	41,804	228,938	3,078	4,443	2,000	48	280,311
OPERATING INCOME (LOSSES)	1,470,194	(114,284)	63,606	25,427	1,098,527	(1,036,966)	1,506,504
Income tax and social contribution	(532,053)	-	(14,661)	(7,806)	-	-	(554,520)
Deferred income tax and social contribution	140,856	35,775	(1,213)	864	(26,831)	-	149,451
NET INCOME (LOSSES) FOR THE YEAR	1,078,997	(78,509)	47,732	18,485	1,071,696	(1,036,966)	1,101,435

COMPANHIA PARANAENSE DE ENERGIA – COPEL

Notes to the Consolidated Financial Statements

All amounts expressed in thousands of Brazilian reais, unless otherwise stated

STATEMENT OF INCOME	GET	DIS	TEL	GAS	HOL	Eliminations	Consolidated
12.31.2012 - Restated							
Gross profit	2,540,885	5,892,171	172,445	359,090	-	(471,339)	8,493,252
Electricity sales to final customers - third-parties	137,990	2,487,519	-	-	-	-	2,625,509
Electricity sales to final customers - between segments	-	3,119	-	-	-	(3,119)	-
Electricity sales to distributors - third-parties	1,468,044	155,463	-	-	-	-	1,623,507
Electricity sales to distributors - between segments	302,583	-	-	-	-	(302,583)	-
Use of the main transmission grid - third-parties	347,674	2,482,959	-	-	-	-	2,830,633
Use of the main transmission grid - between segments	96,979	17,116	-	-	-	(114,095)	-
Construction revenues	59,977	665,601	-	24,185	-	-	749,763
Telecommunications services to third-parties	-	-	125,565	-	-	-	125,565
Telecommunications services between segments	-	-	41,148	-	-	(41,148)	-
Distribution of piped gas	-	-	-	325,012	-	-	325,012
Other operating revenues from third-parties	121,675	80,394	1,301	9,893	-	-	213,263
Other operating revenues between segments	5,963	-	4,431	-	-	(10,394)	-
Operational expenses	(1,494,623)	(5,968,827)	(139,403)	(332,128)	(37,162)	471,384	(7,500,759)
Electricity purchased for resale	(170,806)	(2,939,447)	-	-	-	302,518	(2,807,735)
Charges for the use of the main distribution and transmission grid	(233,983)	(648,501)	-	-	-	110,123	(772,361)
Personnel and management	(321,253)	(824,102)	(70,253)	(19,891)	(10,152)	-	(1,245,651)
Pension and healthcare plans	(44,315)	(126,187)	(8,591)	(3,039)	(746)	-	(182,878)
Materials and supplies	(18,245)	(48,296)	(1,800)	(1,413)	(33)	-	(69,787)
Materials and supplies for generation	(25,511)	-	-	-	-	-	(25,511)
Natural gas and supplies for gas business	-	-	-	(247,770)	-	-	(247,770)
Third party services	(110,890)	(320,135)	(17,280)	(14,206)	(3,863)	57,496	(408,878)
Depreciation and amortization	(314,968)	(192,344)	(28,019)	(13,769)	(755)	-	(549,855)
Provisions and reversals	(80,212)	(118,986)	(4,316)	(1,086)	(14,196)	-	(218,796)
Construction cost	(43,791)	(665,601)	-	(24,185)	-	-	(733,577)
Other operating costs and expenses	(130,649)	(85,228)	(9,144)	(6,769)	(7,417)	1,247	(237,960)
EQUITY IN RESULTS SUBSIDIARIES	16,041	-	-	-	732,313	(741,669)	6,685
PROFIT BEFORE INCOME TAX AND SOCIAL CONTRIBUTION	1,062,303	(76,656)	33,042	26,962	695,151	(741,624)	999,178
Financial income (expenses)	(41,513)	5,644	3,444	4,769	1,051	(45)	(26,650)
OPERATING INCOME (LOSSES)	1,020,790	(71,012)	36,486	31,731	696,202	(741,669)	972,528
Income tax and social contribution	(302,291)	(124,691)	(13,653)	(13,155)	(4,467)	-	(458,257)
Deferred income tax and social contribution	43,661	152,283	5,174	2,178	8,953	-	212,249
NET INCOME (LOSSES) FOR THE YEAR	762,160	(43,420)	28,007	20,754	700,688	(741,669)	726,520

STATEMENT OF INCOME	GET	DIS	TEL	GAS	HOL	Eliminations	Consolidated
12.31.2011 - Restated							
Gross profit	2,265,696	5,490,064	157,803	291,376	-	(428,774)	7,776,165
Electricity sales to final customers - third-parties	102,934	2,227,894	-	-	-	-	2,330,828
Electricity sales to final customers - between segments	-	5,441	-	-	-	(5,441)	-
Electricity sales to distributors - third-parties	1,348,042	91,789	-	-	-	-	1,439,831
Electricity sales to distributors - between segments	286,132	-	-	-	-	(286,132)	-
Use of the main transmission grid - third-parties	269,924	2,492,444	-	-	-	-	2,762,368
Use of the main transmission grid - between segments	76,331	13,055	-	-	-	(89,386)	-
Construction revenues	118,816	606,620	-	16,290	-	-	741,726
Telecommunications services to third-parties	-	-	117,126	-	-	-	117,126
Telecommunications services between segments	-	-	40,677	-	-	(40,677)	-
Distribution of piped gas	-	-	-	273,933	-	-	273,933
Other operating revenues from third-parties	57,600	51,600	-	1,153	-	-	110,353
Other operating revenues between segments	5,917	1,221	-	-	-	(7,138)	-
Operational expenses	(1,477,544)	(5,038,081)	(114,437)	(248,001)	(21,575)	428,774	(6,470,864)
Electricity purchased for resale	(73,090)	(2,365,587)	-	-	-	286,132	(2,152,545)
Charges for the use of the main distribution and transmission grid	(216,035)	(605,869)	-	-	-	89,386	(632,518)
Personnel and management	(243,769)	(657,382)	(58,341)	(15,096)	(8,039)	-	(982,627)
Pension and healthcare plans	(37,860)	(104,234)	(7,113)	(1,142)	(496)	-	(150,845)
Materials and supplies	(16,678)	(66,018)	(1,730)	(1,102)	(81)	-	(85,609)
Materials and supplies for generation	(25,031)	-	-	-	-	-	(25,031)
Natural gas and supplies for gas business	-	-	-	(186,931)	-	-	(186,931)
Third party services	(100,399)	(307,494)	(17,769)	(12,120)	(4,996)	52,095	(390,683)
Depreciation and amortization	(320,541)	(193,969)	(24,523)	(12,648)	(754)	-	(552,435)
Provisions and reversals	(170,312)	(122,332)	734	65	2,190	-	(289,655)
Construction cost	(108,533)	(606,620)	-	(16,290)	-	-	(731,443)
Other operating costs and expenses	(165,296)	(108,576)	(5,695)	(2,737)	(9,399)	1,161	(290,542)
EQUITY IN RESULTS SUBSIDIARIES	(3,487)	-	-	-	1,249,114	(1,193,374)	52,253
PROFIT BEFORE INCOME TAX AND SOCIAL CONTRIBUTION	784,665	451,983	43,366	43,375	1,227,539	(1,193,374)	1,357,554
Financial income (expenses)	16,316	256,721	2,923	6,136	(55,734)	-	226,362
OPERATING INCOME (LOSSES)	800,981	708,704	46,289	49,511	1,171,805	(1,193,374)	1,583,916
Income tax and social contribution	(278,227)	(297,653)	(12,472)	(18,294)	(4,955)	-	(611,601)
Deferred income tax and social contribution	85,767	124,835	1,883	1,214	(9,160)	-	204,539
NET INCOME (LOSSES) FOR THE YEAR	608,521	535,886	35,700	32,431	1,157,690	(1,193,374)	1,176,854

COMPANHIA PARANAENSE DE ENERGIA – COPEL

Notes to the Consolidated Financial Statements

All amounts expressed in thousands of Brazilian reais, unless otherwise stated

34 Financial Instruments

34.1 Category and value of financial instruments

	Note	Level	12.31.2013		Restated 12.31.2012	
			Book value	Fair value	Book value	Fair value
Financial assets						
Held for trading						
Cash and cash equivalent (a)	4	1	1,741,632	1,741,632	1,459,217	1,459,217
Bonds and securities (b)	5	1	159,340	159,340	82,633	82,633
Bonds and securities (b)	5	2	79,187	79,187	100,381	100,381
			1,980,159	1,980,159	1,642,231	1,642,231
Loans and receivables						
Collaterals and escrow accounts STN (c)	6	1	45,371	32,415	43,246	42,627
Collaterals and escrow accounts (a)	6	1	1,976	1,976	36,808	36,808
Trade accounts receivable (a)	7	1	1,470,314	1,470,314	1,515,344	1,515,344
CRC transferred to state of Paraná (d)	8	1	1,380,554	1,369,599	1,384,284	1,633,076
Receivables related to concession (e)	9	1	412,869	412,869	267,883	267,883
Receivables related to the concession extension (f)	10	1	557,589	563,052	913,673	960,436
			3,868,673	3,850,225	4,161,238	4,456,174
Available for sale						
Receivables related to concession (e)	9	3	3,075,795	3,075,795	2,383,262	2,383,262
Receivables related to the concession extension (g)	10	3	160,217	160,217	160,217	160,217
Bonds and securities (b)	5	1	196,112	196,112	330,520	330,520
Bonds and securities (b)	5	2	63,978	63,978	238,302	238,302
Other investments (h)	16.2	1	25,708	25,708	18,127	18,127
			3,521,810	3,521,810	3,130,428	3,130,428
Held to maturity						
Bonds and securities (b)	5	2	11,141	11,141	12,180	12,180
			11,141	11,141	12,180	12,180
Financial assets total			9,381,783	9,363,335	8,946,077	9,241,013
Financial liabilities						
Fair value through profit or loss						
Other liabilities - derivatives (b)		1	85	85	40	40
			85	85	40	40
Other financial liabilities						
Suppliers (a)	20	1	1,142,360	1,142,360	1,232,690	1,232,690
Loans and financing (c)	21	1	3,323,784	2,922,867	2,250,878	2,233,244
Debentures (i)	22	1	1,207,945	1,207,945	1,010,677	1,010,677
Payable related to concession - use of public property (j)	26	1	471,774	578,409	447,557	554,408
			6,145,863	5,851,581	4,941,802	5,031,019
Financial liabilities total			6,145,948	5,851,666	4,941,842	5,031,059

The different levels have been defined as follows:

Level 1: obtained from prices quoted (not adjusted) on active markets for identical assets or liabilities

Level 2: obtained from other variables other than prices quoted included in level 1, which can be observed for assets or liabilities

Level 3: obtained through evaluation techniques that include variables for the asset or liability, but are not based on observable market data

COMPANHIA PARANAENSE DE ENERGIA – COPEL

Notes to the Consolidated Financial Statements

All amounts expressed in thousands of Brazilian reais, unless otherwise stated

Determining fair values:

- a) Financial assets that have fair values equivalent to their respective carrying values due to their nature and terms of realization.
- b) Calculated according to information made available by the financial agents and to the market values of the bonds issued by the Brazilian government.
- c) Calculated based on the cost of the last issue by the Company, of 106% p.y.
- d) The Company based its calculation on the comparison with a noncurrent, variable interest rate National Treasury bond (NTN-B), which yields approximately 6.82% p.y. plus the IPCA inflation index, on December 31, 2013.
- e) Criteria and assumptions disclosed on note 3.7.1.

Balance as of December 31, 2012	2,383,262
Capitalization of intangible assets	630,069
Monetry variations	108,259
Write off	(24,998)
Write off - Resolution 367/2009	(20,797)
Balance as of December 31, 2013	3,075,795

- f) The accounts receivable related to concession extension, related to the assets which started operations after May 2000, the expected flow of cash entries was discounted at the Selic rate, the best short-term rate available for comparison for determination of its market value.
- g) These accounts receivable are related to assets existing as of May 31, 2000, equivalent to their book values, due to the fact that the expert report to be analyzed by Aneel has not yet been completed.
- h) Calculated according to price quotes published in an active market or by applying the interest percentage over shareholders' equity for assets with no active market.
- i) Calculated according to the Unit Price Quotation (PU) as of December 31, 2013, obtained from the National Association of Financial Market Institutions (Anbima), net of the financial cost of R\$ 1,015.
- j) Considering as a premise for the calculation the rate of return for the last venture sold at auction by ANEEL, won by the Company.

COMPANHIA PARANAENSE DE ENERGIA – COPEL

Notes to the Consolidated Financial Statements

All amounts expressed in thousands of Brazilian reais, unless otherwise stated

34.2 Risk Factors

The Company has a Corporate Risk Management Committee in charge of formulating and tracking risk management policies and assisting the Audit Committee to ensure a good management of resources and the protection and appreciation of its assets.

The Company's business activities are exposed to the following risks arising from financial instruments:

34.2.1 Credit risk

Credit risk is defined as the possibility of the occurrence of losses related to non-compliance by a client or counterpart to a financial instrument with their respective obligations under the terms agreed on.

		Restated
Exposure to credit risk	12.31.2013	12.31.2012
Cash and cash equivalents (a)	1,741,632	1,459,217
Bonds and securities (a)	509,758	764,016
Collaterals and escrow accounts (a)	47,347	80,054
Trade accounts receivable (b)	1,470,314	1,515,344
CRC transferred to the State Government of Paraná (c)	1,380,554	1,384,284
Accounts receivable related to the concession (d)	3,488,664	2,651,145
Accounts receivable related to the concession extension (e)	557,589	913,673
Accounts receivable related to the concession extension (f)	160,217	160,217
	9,356,075	8,927,950

- a) Company management manages the credit risk of its assets in accordance with the Group's policy of investing virtually all of its funds in federal banking institutions. As a result of legal and/or regulatory requirements, in exceptional circumstances the Company may invest funds in prime private banks.
- b) The risk arises from the possibility of the Company incurring losses resulting from problems in receiving amounts invoiced to its clients, customers, concession operators and licensees. This risk is closely related to internal and external factors of Copel. To mitigate this type of risk the Company manages its accounts receivable, detecting customer groups that pose the greatest risk of default, cutting off energy supplies and implementing specific collection policies, supported by guarantees whenever possible.
- Doubtful accounts are adequately covered by an allowance to cover any realization losses.
- c) Company management believes the CRC poses a minimal credit risk, as the amortizations are guaranteed by dividends, and the State Government is paying the renegotiated amounts in accordance with the fourth amendment.

COMPANHIA PARANAENSE DE ENERGIA – COPEL

Notes to the Consolidated Financial Statements

All amounts expressed in thousands of Brazilian reais, unless otherwise stated

- d) Based on the Company's understanding that the signed agreements establish the unconditional right to receive cash at the end of the concession, from the concession authority, for the investments made in assets that have not been recovered through rates by the end of the concession and specifically regarding energy transmission, as RAP is guaranteed revenue, and therefore not subject to the risk of demand.
- e) Management considers the credit risk on the indemnity approved for the assets which started operations after May 2000 to be reduced, given that the realization and compensation rules have already been established by the Granting Authority and has been received on schedule.
- f) For value of existing assets on May 31, 2000, ANEEL published Resolution no. 589/2013, which addresses the definition criteria for calculating the New Replacement Value (VNR) for the indemnification purpose. For these assets Management considers the credit risk as reduced since the rules for compensation are set and there is an ongoing survey of information required by the granting authority.

34.2.2 Liquidity risk

The Company's liquidity risk consists of the possibility of insufficient funds, cash or other financial asset to settle obligations on scheduled dates.

The Company manages liquidity risk relying on a set of methodologies, procedures and instruments applied for a permanent control over financial processes to ensure a proper management of risks.

Investments are financed by incurring medium and long term debt to financial institutions and capital markets.

Short-term, medium-term and long-term business projections are made and submitted to management bodies for evaluation. The budget for the next fiscal year is annually approved.

Medium and long-term business projections cover monthly periods over the next five years. Short-term projections consider daily periods covering only the next 90 days.

The Company permanently monitors the volume of funds to be settled by controlling cash flows to reduce funding costs, the risk involved in the renewal of loan agreements and compliance with the financial investment policy, while at the same time keeping minimum cash levels.

The table below shows the expected settlement amounts within each time range. Projections were based on financial indicators linked to the related financial instruments and forecast according to average market expectations as disclosed on the Central Bank of Brazil's Focus Report, which provides the average expectations of market analysts for these indicators for the current year and the following year. As from 2014, 2013 indicators are repeated through the forecast period, except for the US dollar, which follows the US inflation rate.

COMPANHIA PARANAENSE DE ENERGIA – COPEL

Notes to the Consolidated Financial Statements

All amounts expressed in thousands of Brazilian reais, unless otherwise stated

Liabilities	Interest (a)	Less than 1 month	1 to 3 month	3 month to 1 year	1 to 5 years	More than 5 years	Total
12.31.2013							
Loans and financing	Note 21	44,546	312,844	773,467	1,853,937	1,488,871	4,473,665
Debentures	Note 22	5,182	10,324	160,669	1,499,400	-	1,675,575
Derivative	Future DI	85	-	-	-	-	85
Payables related to concession - use of public asset	Rate of return + IGP-M and IPCA	4,282	8,564	39,272	246,196	2,103,155	2,401,469
Eletrobras - Itaipu	Dollar	-	124,286	575,224	3,606,457	5,517,175	9,823,142
Petrobras - Compagas	100% of CDI	5,295	10,738	51,243	-	-	67,276
Other suppliers	-	645,392	144,718	196,518	92,271	-	1,078,899
Post employment benefits	8,05%	43,145	86,289	388,302	2,785,404	12,492,581	15,795,721
Purchase liabilities	IGP-M and IPCA	-	605,310	2,818,490	12,216,247	80,198,892	95,838,939
		747,927	1,303,073	5,003,185	22,299,912	101,800,674	131,154,771
12.31.2012							
Loans and financing	Note 21	17,022	50,158	289,708	1,977,774	515,760	2,850,422
Debentures	Note 22	-	-	78,618	1,284,897	-	1,363,515
Derivative	Future DI	40	-	-	-	-	40
Payables related to concession - use of public asset	Rate of return + IGP-M and IPCA	4,040	8,080	36,858	225,955	2,043,351	2,318,284
Eletrobras - Itaipu	Dollar	-	92,864	417,886	2,677,260	4,777,443	7,965,453
Petrobras - Compagas	100% of CDI	4,892	9,874	45,969	65,690	-	126,425
Other suppliers	-	756,890	152,854	875	35,126	-	945,745
Post employment benefits	7.30%	28,945	57,891	260,509	1,523,133	9,097,947	10,968,425
Purchase liabilities	IGP-M and IPCA	-	452,633	2,188,186	8,865,291	46,201,543	57,707,653
		811,829	824,354	3,318,609	16,655,126	62,636,044	84,245,962

(a) Effective interest rate - weighted average

As disclosed in notes 21.11 and 22.2, the Company and its subsidiaries have loan and financing agreements and debentures with covenants that if breached may require have its payment accelerated.

The main guarantees put up for maintaining business and investing activities are invested in securities and cash.

34.2.3 Market risk

Market risk is the risk that the fair value or future cash flows of the financial instrument fluctuate due to changes in market prices, such as exchange rates, interest rates and share prices. The purpose of risk management is to control exposures within acceptable limits, while optimizing return.

a) **Foreign currency risk (US Dollar)**

This risk comprises the possibility of losses due to fluctuations in exchange rates, which may reduce assets or increase liabilities denominated in foreign currencies.

The Company's foreign currency indebtedness is not significant and it is not exposed to foreign exchange derivatives. The Company monitors all relevant exchange rates.

COMPANHIA PARANAENSE DE ENERGIA – COPEL

Notes to the Consolidated Financial Statements

All amounts expressed in thousands of Brazilian reais, unless otherwise stated

The effect of the exchange rate variation resulting from the power purchase agreement with Eletrobras (Itaipu) is passed on to customers in Copel Distribuição's next rate review.

The exchange rate variation resulting from the purchase of gas from Petrobras by Compagas has a direct impact on the Company's results; Compagas continually negotiates with its customers, trying whenever possible to pass these costs on to them.

Sensitivity analysis of foreign currency risk

The Company has developed a sensitivity analysis in order to measure the impact of the devaluation of the U.S. dollar on its loans and financing subject to exchange risk.

The baseline takes into account the existing balances in each account as of December 31, 2013 and the likely scenario takes into account the balances subject to the exchange rate variations – end of period (R\$/US\$ 2.47) estimated as market average projections for 2014 according to the Focus Report issued by the Brazilian Central Bank as of February 7, 2014. For the adverse and remote scenarios, deteriorations of 25% and 50%, respectively, were considered for the main risk factor for financial instruments compared to the rate used for the likely scenario.

Foreign currency risks	Risk	Baseline	Projected scenarios - Dec.2014		
		12.31.2013	Probable	Adverse	Remote
Financial assets					
Collaterals and escrow accounts - STN	USD depreciation	45,371	2,467	(9,492)	(21,452)
		45,371	2,467	(9,492)	(21,452)
Financial liabilities					
Loans and financing					
STN	USD appreciation	(64,815)	(3,525)	(20,610)	(37,695)
Eletrobras	USD appreciation	(7)	-	(2)	(4)
		(64,822)	(3,525)	(20,612)	(37,699)
Suppliers					
Eletrobras (Itaipu)	USD appreciation	(107,222)	(5,831)	(34,094)	(62,358)
Petrobras (acquisition of gas by Compagas)	USD appreciation	(51,502)	(2,801)	(16,377)	(29,952)
		(158,724)	(8,632)	(50,471)	(92,310)

In addition, the Company evaluates its financial instruments considering the possible effects on profit and loss and equity of the risks evaluated by Company management on the reporting date for the financial instruments, as recommended by IFRS 7. Based on the equity position and the notional value of the financial instruments held as of December 31, 2013, it is estimated that these effects will approximate the amounts stated in the above table in the column for the forecast probable scenario, since the assumptions used by the Company are similar to those previously described.

COMPANHIA PARANAENSE DE ENERGIA – COPEL

Notes to the Consolidated Financial Statements

All amounts expressed in thousands of Brazilian reais, unless otherwise stated

b) Interest rate and monetary variation risk

This risk comprises the possibility of losses due to fluctuations in interest rates or other indicators, which may reduce financial revenues or increase financial expenses in connection with assets and liabilities on the market.

The Company has not engaged in transactions with derivatives to cover this risk, except for the exclusive investment funds, but it has continually monitored interest rates and market indicators, in order to assess the potential need for such transactions for protection for interest rate risks.

Sensitivity analysis of interest rate and monetary variation risk

The Company has developed a sensitivity analysis in order to measure the impact of variable interest rates and monetary variations on its financial assets and liabilities subject to these risks.

The baseline takes into account the existing balances in each account as of December 31, 2013 and the likely scenario takes into account the indicators (BM&F-LTN of 10.65%, CDI/Selic of 11.25%, IPCA of 5.89%, IGP-DI of 5.85%, IGP-M of 5.89% and TJLP of 5.00%) estimated as market average projections for 2014 according to the Focus Report issued by the Brazilian Central Bank as of February 7, 2014 and variation of the BM&FBOVESPA notional rate for National Treasury Bills (LTN) maturing on January 2, 2015. For the adverse and remote scenarios, deteriorations of 25% and 50%, respectively, were considered for the main risk factor for the financial instrument compared to the rate used in the likely scenario.

COMPANHIA PARANAENSE DE ENERGIA – COPEL

Notes to the Consolidated Financial Statements

All amounts expressed in thousands of Brazilian reais, unless otherwise stated

Interest rate and monetary variation risk	Risk	Baseline	Projected scenarios - Dec.2014		
		12.31.2013	Probable	Adverse	Remote
Financial assets					
Financial investments - cash equivalents	Low CDI/SELIC	1,611,321	172,323	129,275	86,232
Bonds and securities	Low CDI/SELIC	509,758	54,516	40,897	27,281
Collaterals and escrow accounts	Low CDI/SELIC	1,976	212	159	105
CRC transferred to the State Government of Paraná	Low IGP-DI	1,380,554	80,762	60,572	40,381
Accounts receivable related to the concession	Low IGP-M	3,488,664	203,582	152,686	101,791
Accounts receivable related to the concession extension - RBNI	Low IPCA	557,589	32,842	24,631	16,421
Accounts receivable related to the concession extension	Undefined (a)	160,217	-	-	-
		7,710,079	544,237	408,220	272,211
Financial liabilities					
Loans and financing					
Banco do Brasil	High CDI	(1,602,960)	(180,333)	(225,416)	(270,499)
Eletrobras - Finel	High IGP-M	(83,362)	(982)	(1,228)	(1,473)
Eletrobras - RGR	No Risk (b)	(96,394)	-	-	-
Finep	High TJLP	(40,557)	(2,028)	(2,535)	(3,042)
BNDES - Copel Geração e Transmissão	High TJLP	(1,125,109)	(56,255)	(70,319)	(84,383)
Banco do Brasil – Transfer BNDES funds	High TJLP	(160,580)	(8,029)	(10,036)	(12,044)
Banco do Brasil	High CDI	(150,000)	(16,875)	(21,094)	(25,313)
Debentures	High CDI	(1,207,945)	(135,894)	(169,867)	(203,841)
		(4,466,907)	(400,396)	(500,495)	(600,595)

(a) Risk assessment still requires ruling by the Granting Authority.

(b) Loan indexed to UFIR

In addition, the Company evaluates its financial instruments considering the possible effects on profit and loss and equity of the risks evaluated by Company management on the reporting date for the financial instruments, as recommended by IFRS 7. Based on the equity position and the notional value of the financial instruments held as of December 31, 2013, it is estimated that these effects will approximate the amounts stated in the above table in the column for the forecast probable scenario, since the assumptions used by the Company are similar to those previously described.

c) Derivative financial instruments risk

The Company employs derivative financial instruments with the sole purpose of protecting itself against variable interest rate volatility.

In order to protect against the effects of volatility on long exposures (DI interest rates) of bonds and securities, the Company hired future DI rate operations, negotiated at BM&FBOVESPA and registered at CETIP, whose nominal balances and conditions are as follows:

- For the year ended December 31, 2013, the result of operations with derivative financial instruments on the futures market was a gain of R\$ 5,885 (loss of R\$ 5,884 on December 2012)

COMPANHIA PARANAENSE DE ENERGIA – COPEL

Notes to the Consolidated Financial Statements

All amounts expressed in thousands of Brazilian reais, unless otherwise stated

- Contracts are adjusted daily in accordance with the future DI rates published by BM&FBOVESPA. The reference (notional) values of these outstanding contracts as of December 31, 2013 corresponded to R\$ 109,792 (R\$ 192,900 as of December 31, 2012)
- On December 31, 2013, a share of the Company's federal bonds in the amount of R\$ 6,712 (R\$ 9,560 as of December 31, 2012), was deposited as collateral for transactions at BM&FBOVESPA S.A.

Sensitivity analysis of derivative financial instruments risk

In order to measure the effects of the variations in the indices and rates tied to the derivative operations, which includes a scenario considered probable by Company management, a situation considered adverse of at least a 25% deterioration in the variables used and a situation considered remote, with a deterioration of at least 50% in the risk variables. The base scenario took into account the existing balances and the probable scenario for balances with changes in the BM&FBOVESPA preferential rate for LTN (National Treasury Bills) maturing on January 02, 2015.

Risk of derivative	Risk	Baseline	Projected scenarios - Dec.2014		
		12.31.2013	Probable	Adverse	Remote
Financial assets (liabilities)					
Derivative – liabilities	Decrease in DI rate	(85)	(717)	(2,786)	(4,854)
		(85)	(717)	(2,786)	(4,854)
Expected effect in the result			(632)	(2,701)	(4,769)

34.2.4 Power shortage risk

This risk results from the possibility of periods with low levels of rainfall, since Brazil relies heavily on hydroelectric sources, which depend on the water levels in their reservoirs to operate.

A long period of drought may reduce the water levels in power plant reservoirs and result in losses due to reduced revenues if a new rationing program is implemented.

According to the Annual Plan for Electricity Operation - PEN 2013, published annually on the website: www.ons.org.br, probability assessments of energy service conditions, based on energy deficit risks for the Benchmarking Scenario show the appropriateness of the supply criteria set by the National Energy Policy Council - CNPE (deficit risk not higher than 5%) for all subsystems within the period from 2013 to 2017. Deficit risks reach maximum levels 3.0% in the Southern subsystem and 2.5% in the Southeastern/Center Western system and lower than 1.0% in the Northern and Northeastern subsystems within the whole assessment period.

Due to amendments introduced by the replacement of energy contracts originally maturing on December 31, 2012 through energy quotas, with nonperformance of the amount necessary and the failure of several thermal power plants to come into operation, contracted by the 7th new energy

COMPANHIA PARANAENSE DE ENERGIA – COPEL

Notes to the Consolidated Financial Statements

All amounts expressed in thousands of Brazilian reais, unless otherwise stated

auction and other technical and climatic factors, in 2013, the Company was subcontracted on 112.54 MW and therefore exposed to the short-term energy market.

34.2.5 Risk of non-renewal of concessions

Law 12,783/2013 published on January 14, 2013 ruled the extension of energy generation, transmission and distribution concessions covered by articles 17, 19 and 22 of Law 9,074/2015. However, extension depends on full acceptance of the conditions set by that law.

Four power plants have been affected by Law 12,783/2013: Rio dos Patos with 1.8 MW, Mourão with 8.2 MW, Chopim with 1.8 MW and Usina Governador Pedro Viriato Parigot de Souza with 260 MW of installed capacity.

In order to maintain the Company's current profitability levels, the concessions for these plants have not been extended, given that studies have shown that the conditions imposed by the Concession Authority make the plants not economically feasible. By the end of the concession agreement, these power plants will be put up for auction, and the Company has no guarantee that it will be the winning bidder.

Concession Agreement number 060/2001, which sets rules about transmission facilities, has been extended for 30 more years, according to the conditions established by Law 12,783/2013. In this case the conditions for making investments arising from contingencies, modernization, renovation and refurbishment of structures and equipment have been kept. These investments will actually be made upon ANEEL's recognition and authorization. The guarantee that the regulatory body will reimburse the Company for the works rules out the possibility of financial losses and keeps the Company's current profitability levels.

For the distribution services, the Company has issued a favorable opinion on the extension of Concession Agreement number 046/1999, pursuant to Law 12,783/2013, through a concession amendment request sent to Aneel on May 31, 2012. The Company is waiting for the decision by the Concession Authority on the extension. If the conditions set by the Concession Authority ensure the Company's expected profitability levels, the Company will sign the concession agreement or amendment for an additional period of 30 years. Even considering that the regulatory overall scene is uncertain, the Company believes on the possibility of the concession amendment, although it does not have sufficient information to guarantee that the contract for the distribution services will be renewed on favorable terms.

COMPANHIA PARANAENSE DE ENERGIA – COPEL

Notes to the Consolidated Financial Statements

All amounts expressed in thousands of Brazilian reais, unless otherwise stated

Copel Geração e Transmissão	
Concessions/authorizations Contracts	Maturity date
Hydroelectric Power Plants	
Generation Concession - 045/1999	
Governador Bento Munhoz da Rocha Netto (Foz do Areia)	05.23.2023
Governador Ney Aminthas de Barros Braga (Segredo)	11.15.2029
Governador José Richa (Caxias)	05.04.2030
Governador Pedro Viriato Parigot de Souza (a) (b)	07.07.2015
Guaricana	08.16.2026
Mourão (a) (b)	07.07.2015
Marumbi (c)	-
São Jorge	12.03.2024
Rio dos Patos (a) (b)	02.14.2014
Melissa (d)	-
Salto do Vau (d)	-
Pitangui (d)	-
Generation Concession - Use of Public Property - 007/2013	
Chaminé (e)	08.16.2026
Apucarantina (e)	10.12.2025
Derivação do Rio Jordão (e)	11.15.2029
Chopim I (a) (b) (e)	07.07.2015
Cavernoso (e)	01.07.2031
Generation Concession - 001/2007 - Mauá - 51% of Copel	07.02.2042
Generation Concession - 001/2011 - Colider (f)	01.16.2046
Authorization - Cavernoso II	02.27.2046
Thermal Power Plant	
Generation Concession - 045/1999 - Figueira	03.26.2019
Wind Power Plant	
Authorization - Palmas	09.28.2029
Authorization - Asa Branca I (f) (g)	04.25.2046
Authorization - Asa Branca II (f) (g)	05.31.2046
Authorization - Asa Branca III (f) (g)	05.31.2046
Authorization - Eurus IV (f) (g)	04.27.2046
Authorization - Santa Maria (f) (g)	05.08.2047
Authorization - Santa Helena (f) (g)	04.09.2047
Authorization - Ventos de Santo Uriel (f) (g)	04.09.2047

(a) Plant not renewed pursuant to Executive Act 579/2012 - Concessionaire's prerogative

(b) By the end of the concession the project will be offered for competitive bidding

(c) In progress for homologation from ANEEL

(d) At plants with capacity of less than 1 MW, only register with ANEEL

(e) Power plants that underwent change in the exploration system from a Public Service regime to an Independent Producer Regime

(f) Enterprise under construction

(g) Power plants taken over as from August 1, 2013

COMPANHIA PARANAENSE DE ENERGIA – COPEL

Notes to the Consolidated Financial Statements

All amounts expressed in thousands of Brazilian reais, unless otherwise stated

Copel Geração e Transmissão	
Concessions Contracts	Maturity date
Transmission Lines and Substations	
Contract 060/01 - Transmission facilities (a)	12.05.2042
Contract 075/01 - Transmission line Bateias - Jaguariaíva	08.16.2031
Contract 006/08 - Transmission line Bateias - Pilarzinho	03.16.2038
Contract 027/09 - Transmission line Foz do Iguaçu - Cascavel Oeste	11.18.2039
Contract 010/10 - Transmission line Araraquara 2 - Taubaté (b)	10.05.2040
Contract 015/10 - Substation Cerquillo III (b)	10.05.2040
Contract 001/12 - Transmission line Cascavel Oeste - Umuarama - 51% Copel GeT (b)	01.11.2042
Contract 004/12 - Transmission line Nova Santa Rita - Camaquã 3 - 20% Copel GeT (b)	05.09.2042
Contract 007/12 - Transmission line Umuarama - Guaira - 49% Copel GeT (b)	05.09.2042
Contract 008/12 - Transmission line Curitiba - Curitiba Leste - 80% Copel GeT (b)	05.09.2042
Contract 011/12 - Transmission line Açailândia - Miranda II - 49% Copel GeT (b)	05.09.2042
Contract 012/12 - Transmission line Paranaíta - Ribeirãozinho - 49% Copel GeT (b)	05.09.2042
Contract 013/12 - Transmission line Ribeirãozinho - Marimbondo II - 49% Copel GeT (b)	05.09.2042
Contract 022/12 - Transmission line - Foz do Chopim - Salto Osorio C2 (b)	08.26.2042
Contract 002/13 - Transmission line - Assis - Paraguaçu Paulista II (b)	02.24.2043
Contract 007/13 - Transmission line - Barreiras II - Pírapora 2 - 24.5% Copel GeT (b)	05.01.2043

(a) Concession renewed pursuant to Executive Act 579/2012

(b) Enterprise under construction

Concessions/authorizations Contracts	Maturity date
Copel Distribuição - Contract 046/99 - Distribution Facilities (a)	07.07.2015
Elejor - Contract 125/2001 - HPP Fundão e Santa Clara	10.24.2036
Elejor - Authorization contract - SHP Fundão I and SHP Santa Clara I	12.18.2032
Dona Francisca Energética - Contract 188/1998 - HPP Dona Francisca	08.27.2033
UEG Araucária - authorization contract - TPP Araucária	12.22.2029
Foz do Chopim - authorization contract - SHP Foz do Chopim	04.23.2030
Compagas - concession gas distribution contract	07.06.2024

(a) Sent on May 31, 2012 requesting extension of concession and sent on October 11, 2012 ratification of the requesting extension of concession (MP 579/2012)

34.2.6 Gas shortage risk

This risk involves potential periods of shortage of natural gas supply to meet the Company's gas distribution and thermal generation business requirements.

Long periods of gas shortage could result in losses due to lower revenues by subsidiaries Compagas and UEG Araucária.

COMPANHIA PARANAENSE DE ENERGIA – COPEL

Notes to the Consolidated Financial Statements

All amounts expressed in thousands of Brazilian reais, unless otherwise stated

34.3 Management of capital

The Company always seeks to maintain a strong capital base to maintain the trust of investors, creditors and market and ensure the future development of the business. It seeks to maintain a balance between the highest possible returns with more adequate levels of loans and the advantages and security provided by a healthy capital position. Thus, it maximizes the return for all interested parties in its operations, optimizing the balance of debts and equity.

The Group's capital structure is composed of:

- a) net indebtedness, defined as total loans, financing and debentures, net of cash and cash equivalents and short term bonds and securities; and
- b) own capital, defined as total equity.

		Restated
Debt	12.31.2013	12.31.2012
Loans and financing	3,323,784	2,250,878
Debentures	1,207,945	1,010,677
(-) Cash and cash equivalents	1,741,632	1,459,217
(-) Bonds and securities	389,222	635,501
Net indebtedness	2,400,875	1,166,837
Shareholder's	12,928,752	12,361,890
Net indebtedness ratio	0.19	0.09

35 Related Party Transactions

The balances of transactions between the Company and its associates and subsidiaries are shown in Note 8, Note 15 and Note 16.

The amounts resulting from the operating activities of Copel Distribuição involving related parties are billed at the rates approved by ANEEL.

COMPANHIA PARANAENSE DE ENERGIA – COPEL

Notes to the Consolidated Financial Statements

All amounts expressed in thousands of Brazilian reais, unless otherwise stated

Related parties / Nature of operation	Assets			Liabilities		Results	
	12.31.2013	Restated 12.31.2012	12.31.2013	Restated 12.31.2012	12.31.2013	Restated 12.31.2012	
Controlling shareholders							
State of Paraná							
Dividends payable (a)	-	-	-	79,539	-	-	
"Luz Fraterna" program (b)	78,987	60,259	-	-	-	-	
Remuneration and employ social security charges assigned (c)	1,880	1,640	-	-	-	-	
CRC (Note 8)	1,380,554	1,384,284	-	-	159,348	188,688	
ICMS (Note 13.3)	115,439	110,096	252,771	209,570	-	-	
Entities with significant influence							
BNDES e BNDESPAR (d)							
Financing (Note 21.5)	-	-	1,125,109	214,855	(15,647)	(2,525)	
Dividends payable (d)	-	-	-	63,890	-	-	
Petrobras (e)							
Rental plant TPP Araucária	6,499	11,894	-	-	101,628	95,253	
Supply and transport of gas (f)	374	293	-	-	23,912	18,494	
Acquisition of gas for resale (f)	-	-	51,502	43,681	(295,494)	(247,673)	
Advances to suppliers of Compagas (g)	13,504	12,666	-	-	-	-	
Dividends payable by Compagas	-	-	1,076	1,208	-	-	
Mitsui Gás e Energia do Brasil Ltda. (h)							
-	-	-	2,283	1,208	-	-	
Paineira Participações S.A. (i)							
-	-	11,985	1,179	-	-	-	
Jointly-controlled							
Costa Oeste Transmissora de Energia (j)							
190	357	-	-	2,113	487		
Marumbi Transmissora de Energia (k)							
184	174	-	-	2,042	510		
Caiuá Transmissora de Energia (l)							
221	-	-	-	478	345		
Associates							
Dona Francisca Energética S.A. (m)							
-	-	6,320	6,045	(71,950)	(67,354)		
Foz do Chopim Energética Ltda. (n)							
201	135	-	-	1,725	1,602		
Sercomtel S.A. Telecomunicações (o)							
192	179	-	-	2,287	2,142		
Key management personnel							
Fees and related charges (Note 31.3)							
-	-	-	-	(16,829)	(14,559)		
Pension plans and health care (Note 23)							
-	-	-	-	(1,089)	(808)		
Other related parties							
Fundação Copel							
Rental of administrative real estate							
-	-	-	-	(12,270)	(10,694)		
Private pension and health plans (Note 23)							
-	-	967,232	701,049	-	-		
Lactec (p)							
27,229	18,742	587	303	(5,060)	(5,896)		

- a) In 2013, out of the total dividends proposed to the Government for the State of Paraná for the amounts of R\$ 166,321, there was advance on December 2013 of R\$ 96,470. The remaining amount will be distributed after the approval at the General Shareholders' Meeting (GSM).

COMPANHIA PARANAENSE DE ENERGIA – COPEL

Notes to the Consolidated Financial Statements

All amounts expressed in thousands of Brazilian reais, unless otherwise stated

- b)** The Luz Fraterna Program, created under Law no. 491, dated September 11, 2003, allows the State Government to pay for the electricity bills of low income families in Paraná – which have duly applied for the program – provided their consumption does not exceed 100 kWh a month. This benefit is available to residential customers with single phase connections, rural customers with single phase connections or two phase connections with circuit breakers of up to 50 amperes. Applicants must not have more than one electricity bill under their names and must not have any pending debts to Copel.
- c)** Reimbursement of wages and social charges for employees transferred to the Paraná State Government. The Company recognized an impairment allowance in the amount of R\$ 1,614 as of December 31, 2013 and R\$ 1,466 as of December 31, 2012.
- d)** BNDES is the parent company of BNDES Participações SA (BNDESPAR) that holds 23.96% of the share capital of the Company (26.41% of the common shares and 21.27% of preferred shares). Of the total proposed dividends to BNDESPAR, for fiscal year 2013, in the amount of R\$ 133,603 (R\$ 127,166 net of IRRF), was paid in advance during December 2013 the net amount of R\$ 71,055. The remaining amount will be distributed after the approval at the General Shareholders' Meeting (GSM).
- e)** Petrobras holds 20% of the share capital of UEG Araucária and 24.5% of the share capital of Compagas.
- f)** The supply and transport of piped gas and the purchase of gas for resale by Compagas.
- g)** Advance payments to suppliers of Compagas refer to the gas purchase contract covering guaranteed volumes and transport capacity, higher than those actually consumed and used, which contains a future compensation clause. Compagas has the right to receive unused gas in subsequent months, and it may offset amounts under contract but not consumed over a period of up to 10 years. In light of the prospects of increased consumption by the market, Compagas management believes it will consume the accumulated gas volumes as of December 31, 2013 in the next fiscal years.
- h)** Mitsui Gás e Energia do Brasil Ltda. holds 24.5% of Compagas' share capital. The balances refer to dividends payable by Compagas.
- i)** Paineira Participações S.A. holds 30% of Elejor share capital. The balances refer to dividends payable by Elejor.
- j)** Engineering services agreement, signed with Copel Geração e Transmissão, expiring on October 10, 2015.
- k)** Engineering services agreement, signed with Copel Geração e Transmissão, expiring on September 30, 2015.

COMPANHIA PARANAENSE DE ENERGIA – COPEL

Notes to the Consolidated Financial Statements

All amounts expressed in thousands of Brazilian reais, unless otherwise stated

- l) Specific environmental management services agreement, signed with Copel Geração e Transmissão, expiring on March 14, 2015.
- m) Power purchase and sale agreement signed by Dona Francisca Energética and Copel Geração e Transmissão, expiring on March 31, 2015.
- n) Operation and maintenance services agreement, signed between Foz do Chopim Energética Ltda. and Copel Geração e Transmissão, expiring on May 24, 2015.
- o) Light pole sharing agreement, signed between Sercomtel S.A Telecomunicações and Copel Distribuição.
- p) The Institute of Technology for Development (Lactec) was constituted on February 6, 1997 as a not for profit organization whose goal is to promote economic, scientific, technological, and social development and the sustainable conservation of the environment. In 2000, it was qualified by the Ministry of Justice, based on Law no. 9,790, as a Public Interest Civil Society Organization (OSCIP), which allows it, among other things, to enter partnerships with government agencies with no need for competitive bidding. Its members are: Copel, the Federal University of Paraná (UFPR), the Engineering Institute of Paraná (IEP), the Paraná Federation of Industries (FIEP), and the Commercial Association of Paraná (ACP)

Lactec has service and R&D contracts with Copel Geração e Transmissão and Copel Distribuição, which are subject to prior or later control and approval by ANEEL

The asset balances refer to Energy Efficiency and R&D programs, recorded under current assets, in service in progress, until the respective projects are concluded, pursuant to ANEEL.

35.1 Guarantees and endorsements awarded to related parties

35.1.1 Granted by Parent Company

The Parent Company granted the following guarantees and endorsements:

- a) endorsements for loans secured by its subsidiaries Nova Asa Branca I, Nova Asa Branca II, Nova Asa Branca III, Nova Eurus, Santa Maria, Santa Helena and Ventos de Santo Uriel, pursuant to Note 21.7.
- b) bank guarantee for the equity interest of 70% in the debentures issued by the subsidiary Elejor on September 26, 2013, pursuant to Note 22.
- c) endorsements for its equity interest of 23.03% to its associated company Dona Francisca Energética S.A., in 2002, in financing secured from the BNDES (joint endorsement) and Bradesco (joint endorsement), for settlement by 2015. As of December 31, 2013 the restated outstanding balances amounted to R\$ 9,393 with BNDES and R\$ 5,402 with Bradesco.

COMPANHIA PARANAENSE DE ENERGIA – COPEL

Notes to the Consolidated Financial Statements

All amounts expressed in thousands of Brazilian reais, unless otherwise stated

35.1.2 Granted by Copel Geração e Transmissão

Ventures joint subsidiaries	Financing	Date issued	Final Maturity	Amount approved	Total issued	% endorsement	Balance as of December 31,2013
Transmissora Sul Brasileira (a)	Debentures	09.27.2013	09.22.2014	150,000	150,000	20%	153,202
Caiuá Transmissora (b)	Promissory notes	10.30.2013	04.28.2014	42,000	21,000	49%	34,051
		12.05.2013			12,600		
Integração Maranhense (c)	Promissory notes	10.30.2013	04.28.2014	71,000	28,400	49%	50,341
		12.05.2013			21,300		
Matrinchá Transmissora (d)	Debentures	06.20.2013	12.20.2014	800,000	540,000	49%	567,126
Guaraciaba Transmissora (e)	Debentures	06.20.2013	12.20.2014	400,000	230,000	49%	241,553

Financier:

Banco Bradesco BBI S.A.: (a) (b) (c)

HSBC Corretora de Títulos e Valores Mobiliários S.A. e Banco Santander (Brasil) S.A.: (d) (e)

Allocation:

"Bridge loan" for financing operation to be secured from BNDES (a) (b) (c)

Working capital: (d) (e)

36 Insurance

Details by risk type and effectiveness date of the main policies can be seen below.

Policy	termination date	Insured
Specified risks (36.1)	08.24.2014	1,727,388
Fire - Company-owned and rented facilities (36.2)	08.24.2014	521,633
Civil liability - Copel (36.3)	08.24.2014	12,000
Civil liability - Compagas (36.3)	10.29.2014	3,600
Engineering risks - Copel (36.4)	08.24.2014	dependant on each event
Domestic and international transport - export and import (36.5)	08.24.2014	dependant on each event
Multi-risk - Compagas (36.6)	12.18.2014	13,300
Multi-risk - Elejor (36.6)	03.25.2014	446,691
Vehicles (36.7)	08.20.2014	market value
Miscellaneous risks (36.8)	08.24.2014	810
Operational risks - Elejor (36.9)	06.06.2014	500
Operational risks - UEG Araucária (36.10) (a)	05.31.2015	844,991
Court guarantee - Compagas (36.11)	02.03.2014	56,938
Performance bond - Copel (36.12)	07.14.2014	12,500
Performance bond - Copel (36.12)	01.15.2014	2,200
Performance bond - Copel (36.12)	07.30.2015	44,319
Performance bond - Copel (36.12)	12.27.2014	1,850
Operational risks - HPP Mauá - Consórcio Energético Cruzeiro do Sul (36.13)	11.23.2014	342,139
Liability for directors and administrators - D&O (36.14) (a)	06.30.2014	58,565

(a) The values of the sums insured Operational Risk - UEG Araucaria and liability for directors and officers have been converted to real U.S. dollars with the rate of the day 12.31.2013, R\$ 2.3426.

36.1 Insurance against specified risks

COMPANHIA PARANAENSE DE ENERGIA – COPEL

Notes to the Consolidated Financial Statements

All amounts expressed in thousands of Brazilian reais, unless otherwise stated

This policy covers substations and power plants, listing their main equipment and respective insured amounts. It provides basic coverage against fire, lightning strikes, explosions of any kind, and additional coverage against potential electrical damage, miscellaneous risks, and risk to electronics and computers.

36.2 Fire insurance

This policy covers both Company-owned and rented facilities and part of their contents. It ensures payment of reparations to the insurance holder or property owner for the damages resulting from basic fire hazards, lightning strikes, and explosions of any kind, plus additional coverage against windstorms, hurricane, cyclone, tornado, hail and smoke.

36.3 Civil liability insurance

This insurance provides coverage against liability for involuntary damages, bodily and/or material and/or moral, caused to third-parties as a result of the Company and its subsidiaries's commercial and/or industrial operations. It also has additional coverage for services on third-party sites and employer liability.

36.4 Insurance against engineering risks - Copel

This insurance provides coverage against risks of installation, assembly, disassembly, and testing of new equipment, particularly at substations and power plants. Policies are purchased before each risk event, according to the occurrence and need for coverage against risks of carrying out engineering services.

36.5 Transport insurance

This insurance provides coverage against losses and damages caused to products transported by any appropriate means within both the domestic and foreign market and during import and export operations to and from foreign markets. Policies are purchased before each risk event, and are basically used to cover the transport of electrical, electronic, and telecommunications equipment.

36.6 Multi-risk insurance

This policy comprises the assets of the Company and provides coverage against potential damages caused by fire, lightning strikes, explosions, electrical malfunctions, risks to electronic equipment, recovery of records and documents, windstorms, smoke, and theft or aggravated larceny.

COMPANHIA PARANAENSE DE ENERGIA – COPEL

Notes to the Consolidated Financial Statements

All amounts expressed in thousands of Brazilian reais, unless otherwise stated

36.7 Vehicle insurance

This insurance covers the payment of reparations of damage suffered and expenses incurred as a result of risks to which Compagas' 33 insured vehicles are subject. It provides basic coverage for the vehicles and additional and optional civil liability coverage against material, bodily, and moral damages caused to third-parties. Coverage limits for damages to third-parties are R\$ 150 for material damages and R\$ 300 for bodily damages, for each vehicle.

36.8 Insurance against miscellaneous risks

This insurance covers losses and material damage caused to the assets listed in the policy by any accidents with an external cause, including transport risks.

This type of insurance covers mobile and/or stationary electric equipment, computers, and electronics, whether in use at the Company's facilities or leased or loaned to third-parties.

36.9 Insurance against operational risks - Elejor

This insurance covers sudden, unforeseen, and accidental losses and material damage to Elejor buildings, merchandise, raw materials, unfinished and finished products, packages, machinery, tools, furniture, and other devices and facilities which are part of the insured establishment, in addition to loss of profits.

36.10 Insurance against operational risks – UEG Araucária

This policy provides coverage against all risks (all legally insurable risks), including machinery failure, for all the facilities of the Araucária Thermoelectric Power Plant.

36.11 Court guarantee - Compagas

This insurance covers the settlement of final rulings in lawsuits against Compagas. It has the same standing as a judicial bond, replacing judicial deposits in cash, attachment of assets, and bank guarantees.

36.12 Contract Performance Bond

It guarantees the liabilities assumed by Copel in the concession agreements signed with ANEEL.

This type of insurance is designed to guarantee full performance of a contract. It does not cover damages but rather liabilities for breach of contract, and it is a form of contractual guarantee provided by Brazilian law, which may replace bank guarantees, cash bonds, or government bonds.

36.13 Operating risks HPP Mauá - Consórcio Energético Cruzeiro do Sul

It is defined by the "All Risks" type coverage, covering all losses or material damage caused to the insured assets, except those formally considered as excluded in its conditions.

COMPANHIA PARANAENSE DE ENERGIA – COPEL

Notes to the Consolidated Financial Statements

All amounts expressed in thousands of Brazilian reais, unless otherwise stated

The generating units, substations, power houses, dams, spillways and tunnels are covered by the policy.

As well as coverage for material damage, there is the additional coverage for rescue and containment of accidents, floods and flooding, removal of debris, minor engineering works, theft, strikes and rioting, expert fees and extraordinary expenses. It does not include coverage for lost profits.

36.14 Civil Responsibilities for Senior Management and Officers (D&O)

Insurance of civil responsibility of commercial companies to advisors, officers and management D&O – Directors & Officers, with coverage for all National territory and abroad as hired by the Company.

This insurance has a goal to cover for payment of financial losses and legal fees resulting from judicial claims against insured personnel related to their activities in the company's management.

The personnel covered by this insurance are advisors, officers and senior management of Copel and also other personnel appointed by Copel to hold equivalent positions in the subsidiaries.

37 Compensation Account for “Part A”

As a result of adopting IFRS, the Company no longer recognizes regulatory assets and liabilities, and unrecognized the existing balances.

These assets and liabilities continue to be recognized in the regulatory records, introduced by ANEEL Normative Resolution 396.

The Compensation Account for Variations in Items from “Part A” - CVA accompanies the variations reported between the amounts homologated for tariff adjustments, and the amounts actually incurred during the tariff period, from the following cost components of “Part A”: Purchase of electric power (Bilateral, Itaipu and Auctions), Energy Transmission Cost (Transmission from Itaipu and the Basic Grid) and Sector Charges (Energy Development Account - CDE; System Service Charges - ESS and Incentive Program for Alternative Energy Sources – Proinfra, Research and Development and Energy Efficiency, and others).

ANEEL authorized Copel Distribuição, through Homologatory Resolution 1,541, of June 20, 2013, to adjust its supply tariffs as from June 24, 2013, by an average rate of 13.08%, with 11.40% that refers to the tariff adjustment index and 1.68% for the pertinent financial components, of which, CVA, represents a total of R\$ 21,967, consisting of 2 parts: CVA being processed, for the tariff year 2012-2013, for the amount of R\$ 15,780, and the balance to compensate for CVA from prior years for the amount of R\$ 6,187. After the withdrawal of regulatory assets (CVA) granted in the previous year and deferring partial adjustment, the effect of this adjustment was an average decrease of

COMPANHIA PARANAENSE DE ENERGIA – COPEL

Notes to the Consolidated Financial Statements

All amounts expressed in thousands of Brazilian reais, unless otherwise stated

9.55% in customer tariffs, as Homologatory Resolution 1,565, of July 09, 2013.

If the regulatory assets and liabilities had been recognized, the Company would have reported the following balances in its financial statements:

Composition of balances for CVA

	Current Assets		Noncurrent Assets	
	12.31.2013	12.31.2012	12.31.2013	12.31.2012
CVA recoverable tariff adjustment 2012				
Charges for use of transmission system (basic grid)	-	14,181	-	-
CDE	-	5,856	-	-
Proinfa	-	5,565	-	-
Transport of energy purchased (Itaipu)	-	1,356	-	-
Other financial components	-	17,312	-	-
	-	44,270	-	-
CVA recoverable tariff adjustment 2013				
CCC	3,779	1,626	-	1,626
Charges for use of transmission system (basic grid)	917	22,047	-	22,047
Electricity purchased for resale (Itaipu)	5	-	-	-
ESS	-	35,860	-	35,860
CDE	-	3,261	-	3,261
Proinfa	5,534	1,037	-	1,037
Electricity purchased for resale (CVA Energ)	4,614	-	-	-
Transport of energy purchased (Itaipu)	-	1,297	-	1,297
Other financial components	45,146	35,249	-	35,250
	59,995	100,377	-	100,378
CVA recoverable tariff adjustment 2014				
Charges for use of transmission system (basic grid)	18,587	-	18,587	-
Proinfa	154	-	154	-
Electricity purchased for resale (CVA Energ)	71,335	-	71,335	-
Other financial components	137,728	-	137,728	-
	227,804	-	227,804	-
	287,799	144,647	227,804	100,378

COMPANHIA PARANAENSE DE ENERGIA – COPEL

Notes to the Consolidated Financial Statements

All amounts expressed in thousands of Brazilian reais, unless otherwise stated

	Current liabilities		Noncurrent liabilities	
	12.31.2013	12.31.2012	12.31.2013	12.31.2012
CVA compensable tariff adjustment 2012				
CCC	-	363	-	-
Energy purchased for resale (Itaipu)	-	17,871	-	-
ESS	-	18,982	-	-
Energy purchased for resale (CVA Energ)	-	9,679	-	-
Other financial components	-	24,465	-	-
	-	71,360	-	-
CVA compensable tariff adjustment 2013				
Energy purchased for resale (Itaipu)	-	10,062	-	10,062
ESS	684	-	-	-
CDE	2,851	-	-	-
Energy purchased for resale (CVA Energ)	-	41,828	-	41,828
Transport of energy purchased (Itaipu)	661	-	-	-
Other financial components	2,616	22,902	-	22,902
	6,812	74,792	-	74,792
CVA compensable tariff adjustment 2014				
Energy purchased for resale (Itaipu)	3,753	-	3,753	-
ESS	39,610	-	39,610	-
CDE	87	-	87	-
Transport of energy purchased (Itaipu)	20	-	20	-
Other financial components	1,804	-	1,804	-
	45,274	-	45,274	-
	52,086	146,152	45,274	74,792

Changes in CVA

	Balance as of					Balance as of
	January 01, 2013	Differ.	Amortiz.	Correction	Transf.	
Assets						
CCC	3,252	4,130	(3,948)	345	-	3,779
Charges for use of transmission system (basic grid)	58,275	(3,828)	(15,791)	(565)	-	38,091
Energy purchased for resale	-	11	(6)	-	-	5
ESS	71,720	(71,165)	-	(555)	-	-
CDE	12,378	(6,267)	(6,109)	(2)	-	-
Proinfra	7,639	9,083	(11,575)	695	-	5,842
Energy purchased for resale (CVA Energ)	-	147,229	(4,614)	4,669	-	147,284
Transport of energy purchased (Itaipu)	3,950	(2,539)	(1,415)	4	-	-
Other financial components	87,811	289,650	(62,458)	5,599	-	320,602
	245,025	366,304	(105,916)	10,190	-	515,603
Current	144,647	22,489	(105,913)	3,761	222,815	287,799
Noncurrent	100,378	343,815	(3)	6,429	(222,815)	227,804
Liabilities						
CCC	363	-	(376)	13	-	-
Energy purchased for resale (Itaipu)	37,995	(12,970)	(18,643)	1,124	-	7,506
ESS	18,982	83,075	(20,484)	(1,669)	-	79,904
CDE	-	6,059	(2,983)	(51)	-	3,025
Energy purchased for resale (CVA Energ)	93,335	(83,475)	(10,105)	245	-	-
Transport of energy purchased (Itaipu)	-	1,336	(692)	57	-	701
Other financial components	70,269	(36,222)	(27,082)	(741)	-	6,224
	220,944	(42,197)	(80,365)	(1,022)	-	97,360
Current	146,152	(101,466)	(80,365)	34	87,731	52,086
Noncurrent	74,792	59,269	-	(1,056)	(87,731)	45,274

COMPANHIA PARANAENSE DE ENERGIA – COPEL

Notes to the Consolidated Financial Statements

All amounts expressed in thousands of Brazilian reais, unless otherwise stated

38 Provisional Measure no. 627/13

Management initially evaluated the effects of the provisions contained in Provisional Measure no. 627 - MP 627, issued on November 11, 2013 and Normative Instruction no. 1,397 issued September 16, 2013, as amended by Normative Instruction no. 1,422 issued December 19, 2013 - IN 1,397.

Although MP 627 is effective from January 01, 2015, it is possible to (irrevocably) apply it from January 01, 2014. Management does not intend to opt for early adoption, although it is waiting for MP 627 to be enacted as a law and the regulation of several matters by the federal tax authorities, for a deeper and more conclusive analysis, as the provisional measure has a material number of proposed amendments, meaning a number of its provisions could be amended and/or clarified.

Management's preliminary analyses did not identify any material impacts resulting from the distribution of profits in the last five years, the deduction limit for interest on shareholders' equity and the amount exceeding the tax exemption limit for the equity income in the financial statements of the financial year ended December 31, 2013.

Management's conclusions use the best interpretation of the current text of MP 627, which could undergo changes when enacted as a law meaning Management's interpretation should be revised based on the new wording.

COMPANHIA PARANAENSE DE ENERGIA – COPEL

Notes to the Consolidated Financial Statements

All amounts expressed in thousands of Brazilian reais, unless otherwise stated

39 Condensed unconsolidated financial information of Companhia Paranaense de Energia – COPEL

Since the condensed unconsolidated financial information required by Rule 12-04 of Regulation S-X is not required under IFRS issued by the International Accounting Standards Board - IASB, such information was not included in the original financial statements filed with the Brazilian Securities and Exchange Commissions – CVM in March, 17, 2014. In order to attend the specific requirements of the Securities and Exchange Commission (the “SEC”), Management has incorporated the condensed unconsolidated information in these financial statements as part of the Form 20-F. The condensed unconsolidated financial information of Companhia Paranaense de Energia - Copel, as of December 31, 2013 and 2012 and for each of the two years in the period ending on December 31, 2013, presented herein were prepared considering the same accounting policies as described in Note 2 and 3 to Company’s consolidated financial statements, except for the fact that the investment caption presented in Company’s unconsolidated condensed balance sheet were measured under the equity method, instead of being measured at fair value or at cost, as required by International Financial Reporting Standards - IFRSs issued by the IASB.

(a) Condensed statements of financial position

COMPANHIA PARANAENSE DE ENERGIA – COPEL

Notes to the Consolidated Financial Statements

All amounts expressed in thousands of Brazilian reais, unless otherwise stated

ASSETS	12.31.2013	Restated 12.31.2012
Current assets		
Cash and cash equivalents	10,410	29,464
Bonds and securities	186	176
Dividends receivables	381,371	1,038,664
CRC transferred to the State Government of Paraná	85,448	
Other current receivables	3,869	3
Income tax and social contribution	42,494	150,483
Other current recoverable taxes	-	11
	523,778	1,218,801
Noncurrent assets		
CRC transferred to the State Government of Paraná	1,295,106	-
Judicial deposits	272,115	271,858
Income Tax and Social Contribution	169,717	-
Deferred tax assets	91,205	117,194
Receivables from related parties	64,815	1,151,888
	1,892,958	1,540,940
Investments	12,055,619	10,869,359
Property, Plant and Equipment, net	29	-
	12,055,648	10,869,359
Total assets	14,472,384	13,629,100

COMPANHIA PARANAENSE DE ENERGIA – COPEL

Notes to the Consolidated Financial Statements

All amounts expressed in thousands of Brazilian reais, unless otherwise stated

LIABILITIES	12.31.2013	Restated 12.31.2012
Current liabilities		
Payroll, social charges and accruals	4,946	645
Payable to subsidiary	468,317	-
Suppliers	3,211	1,616
Income tax and social contribution	-	3,251
Other taxes payable	25,481	22,072
Loans and financing	562,801	28,106
Dividends payable	3,047	201,186
Other accounts payable	16,434	824
	1,084,237	257,700
Noncurrent liabilities		
Other taxes due	40	-
Loans and financing	456,752	971,721
Post employment benefits	2,169	-
Provision for contingencies	277,847	302,295
	736,808	1,274,016
Equity	12,651,339	12,097,384
Share capital	6,910,000	6,910,000
Equity valuation adjustments	983,159	1,214,394
Legal reserves	624,849	571,221
Retained earnings	3,897,833	3,337,295
Additional proposed dividends	235,498	64,474
Total liabilities and equity	14,472,384	13,629,100

(b) Condensed statement of income

COMPANHIA PARANAENSE DE ENERGIA – COPEL

Notes to the Consolidated Financial Statements

All amounts expressed in thousands of Brazilian reais, unless otherwise stated

CONTINUING OPERATIONS	12.31.2013	12.31.2012	12.31.2011
Gross profit	-	-	-
Other operating revenues (expenses)			
General and administrative expenses	(47,772)	(23,235)	(23,675)
Other revenues (expenses), net	28,333	(13,927)	2,100
Result of equity in investees	1,116,830	732,313	1,249,114
	1,097,391	695,151	1,227,539
Operating income before financial results	1,097,391	695,151	1,227,539
Financial income (expenses)			
Financial revenues	114,524	110,317	121,459
Financial expenses	(112,524)	(109,266)	(177,193)
	2,000	1,051	(55,734)
Operating income	1,099,391	696,202	1,171,805
Income tax and social contribution			
Income tax and social contribution	-	(4,467)	(4,955)
Deferred income tax and social contribution	(26,831)	8,953	(9,160)
	(26,831)	4,486	(14,115)
Net income for the period	1,072,560	700,688	1,157,690
Basic and diluted net earning per share attributed do parent company shareholders - in reais			
Class A preferred shares	4.4900	4.1742	4.4435
Class B preferred shares	4.1174	2.6879	4.0392
Common shares	3.7428	2.4435	5.3315

(c) Condensed statements of cash flows

	12.31.2013	Restated 12.31.2012	Restated 12.31.2011
Net cash generated (used) by operating activities	954,960	116,845	298,735
Cash flow from investing activities			
Bonds and securities	(10)	(11)	10
Loans to related parties	-	(808,972)	-
Reimbursement of loans to related parties	213,847	920,836	29,906
Redemption of investment in Ceolpar	-	910	-
Additions to investments	(600,170)	(9,273)	(664)
Additions to property, plant and equipment	(29)	-	-
Net cash generated by investing activities	(386,362)	103,490	29,252
Cash flow from financing activities			
Loans and financing with third parties	-	-	600,000
Payment of the principal amount of debentures	-	-	(600,000)
Dividends and interest on capital paid	(587,652)	(218,628)	(390,052)
Net cash used in financing activities	(587,652)	(218,628)	(390,052)
Decrease in cash and cash equivalents	(19,054)	1,707	(62,065)
Cash and cash equivalents at the beginning of the period	29,464	27,757	89,822
Cash and cash equivalents at the end of the period	10,410	29,464	27,757
Variation in cash and cash equivalents	(19,054)	1,707	(62,065)

COMPANHIA PARANAENSE DE ENERGIA – COPEL**Notes to the Consolidated Financial Statements****All amounts expressed in thousands of Brazilian reais, unless otherwise stated**

During the years ended December 31, 2013 and 2012, we received R\$1,067,400 and R\$378,115, respectively, from dividends and interest on own capital paid by our investees. Additional disclosures relating to Companhia Paranaense de Energia - Copel unconsolidated condensed financial information presented above are as follows:

- **Recoverable Taxes:** As of December 31, 2013 and 2012, Companhia Paranaense de Energia – Copel recorded part of the tax credits referring to tax loss carryforwards, based on expectations of future taxable income for income tax and social contribution up to a period of 10 years.

- **Related Parties:** The Company has the following balances outstanding with related parties:

	12.31.2013	12.31.2012
Noncurrent assets		
Copel Distribuição	64,815	919,234
Elejor	-	232,654
Total	64,815	1,151,888

- **Investments:** As of December 31, 2013 and 2012, investments in subsidiaries are comprised as follows:

	12.31.2013	Restated 12.31.2012
Copel geração e transmissão	6,796,817	6,167,382
Copel distribuição	3,366,685	3,535,388
Dominó holdings	456,703	358,114
Copel telecomunicações	352,939	328,145
Other investments	747,025	327,487
	11,720,169	10,716,516

COMPANHIA PARANAENSE DE ENERGIA – COPEL**Notes to the Consolidated Financial Statements****All amounts expressed in thousands of Brazilian reais, unless otherwise stated**

- **Dividends receivable:** The dividends receivable are comprised as follows:

	12.31.2013	12.31.2012
Investees and subsidiaries		
Copel Geração e Transmissão	321,902	635,489
Copel Distribuição	-	371,863
Copel Telecomunicações	21,585	7,982
Compagas	2,239	2,514
Dominó Holdings	6,311	17,986
Elejor	28,718	2,752
Ventos de Santo Uriel	5	-
Associated		
Dona Francisca Energética	85	78
Other investments		
Other investments	526	-
	381,371	1,038,664

- **Provision for contingencies:** Companhia Paranaense de Energia - Copel recorded reserves for risks mainly related to Cofins and PIS/PASEP. The provisions for risks are shown below:

	12.31.2013	12.31.2012
Regulatory	12,310	11,667
Civil	390	17,694
Tax Claim	265,147	272,934
	277,847	302,295

Restriction of transfer of funds from subsidiaries - The subsidiaries described below qualify as either concessionaires of public services or independent power producers. As such, any transfer of funds to the respective parent company, in the form of loans or advances, requires approval by ANEEL. This regulatory restriction does not apply to cash dividends determined in accordance with the Brazilian Corporate Law.

In addition, Copel G&T has certain financing agreements with the Brazilian National Development Bank ("BNDES") under which BNDES approval is required for Copel G&T to pay cash dividends exceeding 30% of its net profit. Since BNDES has always approved Copel G&T's requests to pay cash dividends in excess of 30% of its net profit and this restriction has not affected Copel G&T's ability to pay cash dividends or parent company's ability to meet its cash obligations, management deemed it to be a perfunctory clause.

As of December 31, 2013, total restricted subsidiaries net assets amount to R\$ 11,003,627 composed as follows:

COMPANHIA PARANAENSE DE ENERGIA – COPEL

Notes to the Consolidated Financial Statements

All amounts expressed in thousands of Brazilian reais, unless otherwise stated

	12.31.2013
Copel Geração e Transmissão S.A.	6,796,817
Copel Distribuição S.A.	3,366,685
UEG Araucária Ltda.	701,754
Centrais Elétricas Rio Jordão - Elejor	72,019
Wind Power Plants	66,352
Total	11,003,627



CORPORATE BYLAWS

NOC 000100

Approved and consolidated by the 187th Extraordinary Shareholders Meeting, of October 10, 2013, and amended by the 188th Extraordinary Shareholders' Meeting of April 24th, 2014

Registration as Corporate Taxpayer (CNPJ): 76.483.817/0001-20

State Registration: 10.146.326-50

Commercial Registry Number: 41300036535

Brazilian SEC Registration: 1431-1

US SEC Registration (ordinary shares): 20441B308

US SEC Registration (preferred, class B): 20441B407

Spanish SEC Registration (Latibex, preferred, class B): 29922

Rua Coronel Dulcídio, 800

Curitiba - Paraná - Brazil

CEP: 80420-170

e-mail: copel@copel.com

Web site: <http://www.copel.com>

Phone: (55-41) 3322-3535

Fax: (55-41) 3331-4145

CONTENTS

CHAPTER I	NAME, HEAD OFFICE, OBJECTS, AND LIFE TERM.....	03
CHAPTER II	EQUITY AND SHARES	03
CHAPTER III	MANAGEMENT OF THE COMPANY	05
	Section I	05
	Section II THE BOARD OF DIRECTORS.....	05
	Section III THE EXECUTIVE BOARD	07
	Section IV COMMON RULES APPLICABLE TO MEMBERS OF THE BOARD OF DIRECTORS AND TO OFFICERS	12
CHAPTER IV	THE FISCAL COUNCIL.....	12
CHAPTER V	THE SHAREHOLDERS MEETING	12
CHAPTER VI	THE FINANCIAL YEAR	13
CHAPTER VII	GENERAL AND TRANSITIONAL PROVISIONS	14

Appendixes:

I AMENDMENTS TO THE BYLAWS	15
II CHANGES IN THE CAPITAL STOCK.....	16
III STATE LEGISLATION (LAWS 1,384/53, 7,227/79 and 11,740/97).....	19
IV STATE LEGISLATION (DECREE No. 14,947/54)	20
V FEDERAL LEGISLATION (DECREE No. 37,399/55)	21

SM	Shareholders' Meeting
ASM.....	Annual Shareholders' Meeting
ESM	Extraordinary Shareholders' Meeting
C.R.S.P.	Commercial Registry of the State of Paraná
ONS PR	Official Newspaper of the State of Paraná
ONU	Official Newspaper of the Union
<i>All-numeral date expressions are in the month-day-year format, e.g., 10.03.1960: October 3, 1960.</i>	

Note: the original text was filed at the Commercial Registry of the State of Paraná - C.R.S.P. under number 17,340, on June 16, 1955 and published in the Official Newspaper of the State of Paraná - ONS PR of June 25, 1955.

CHAPTER I - NAME, HEAD OFFICE, OBJECTS, AND LIFE TERM

Article 1 Companhia Paranaense de Energia, abbreviated Copel, is a mixed-capital company, publicly held ("open company"), with the following objects:

- a) researching and studying, technically and economically, any sources of energy, providing solutions for a sustainable development;
- b) researching, studying, planning, constructing, and developing the production, transformation, transportation, storage, distribution, and trade of energy in any of its forms, chiefly electric power, as well as fuels and energetic raw materials;
- c) studying, planning, designing, constructing, and operating dams and their reservoirs, as well as other undertakings for multiple uses of water resources;
- d) providing information and technical assistance concerning the rational use of energy by business undertakings with the aim of implementing and developing economic activities deemed relevant for the development of the State;
- e) implementing electronic data transmission, electronic communications and control, cellular telephone systems, and other endeavors that may be deemed relevant to the Company and the State of Paraná, being for such aims and for the aims set forth in "b" and "c" above authorized to join consortia or concerns with private companies, holding either major or minor stakes in them.

Paragraph 1 The Company shall be governed by these Bylaws and the applicable law.

Paragraph 2 For the performance of the activities referred to in this article, the Company may participate in other concerns, in compliance with the applicable laws.

Paragraph 3 With the admission of the Company in the special listing segment of BM&FBOVESPA - Stock Exchange, Commodities and Futures ("BM&FBOVESPA"), called Level 1 of Corporate Governance, the Company, its shareholders, managers and members of the Fiscal Council are subjected to the provisions on the Regulation of Level 1 Listing ("Regulation of Level 1").

Article 2 The Company has its head office and domicile in the city of Curitiba, at Rua Coronel Dulcídio no. 800, and it may, upon decision by the Executive Board, open or close branches, agencies or offices in that city or wherever required, either within the national territory or abroad.

Article 3 The Company is incorporated for an unlimited period of time.

CHAPTER II - EQUITY AND SHARES

Article 4 Underwritten paid up capital is R\$ 6,910,000,000.00 (six billion, nine hundred and ten million *reals*) represented by 273,655,375 (two hundred and seventy-three million, six hundred and fifty-five thousand and three hundred and seventy-five) shares, with no par value, composed of 145,031,080 (one hundred and forty-five million, thirty-one thousand and eighty) ordinary shares, and 128,624,295 (one hundred and twenty-eight million, six hundred and twenty-four thousand and two hundred and ninety-five) preferred shares, of which 381,509 (three hundred and eighty-one

thousand, five hundred and nine) shares are Class "A" shares and 128,242,786 (one hundred twenty-eight million, two hundred forty-two thousand, seven hundred and eighty-six) shares are Class "B" shares.

Paragraph 1 Upon approval by the Board of Directors, the capital stock may be increased, irrespective of any amendment to the Bylaws, up to the limit of 500,000,000 (five hundred million) shares.

Paragraph 2 The capital stock may be increased upon issuance of class "B" preferred shares, regardless of any proportional relation to the existing share classes or ordinary shares, up to the limit provided for in Law no. 6,404/76, paragraph 2, article 15.

Paragraph 3 The Company may issue shares, underwriting bonuses, debentures, or any other securities, up to the limit of the authorized capital stock, without right of first refusal, as provided for in Law no. 6,404/76 (article 172).

Paragraph 4 Debentures may be simple or convertible into shares, pursuant to article 57 of Law no. 6,404/76.

Article 5 All the shares shall be registered.

Article 6 The preferred shares shall be of classes "A" and "B" and shall carry no voting rights.

Paragraph 1 The class "A" preferred shares shall have priority in the distribution of a minimum annual dividend of ten per cent, to be equally allotted among them, such dividends being determined upon the paid-in capital proper to such share type and class on December 31 of the previous financial year.

Paragraph 2 The class "B" preferred shares shall have priority in the distribution of a minimum annual dividend, to be equally allotted among them, in the amount of, at least, 25% of the net profit duly adjusted, as provided for in article 202 and its paragraphs of Law no. 6,404/76, and determined upon the paid-in capital proper to such share type and class on December 31 of the previous fiscal year.

Paragraph 3 The dividends awarded pursuant to paragraph 2 to class "B" preferred shares shall have priority of distribution only in relation to ordinary shares and shall be paid from the remaining profits after the dividends of the class "A" preferred shares have been distributed.

Paragraph 4 The dividends to be paid per preferred share, independently of its class, shall be at least 10% (ten per cent) higher than the dividends to be paid per common shares, as defined in sub-section II of paragraph 1 of article 17 of Law no. 6404/76, with the amendments introduced by Law no. 10303, of October 31, 2001.

Paragraph 5 The preferred shares shall acquire voting rights if, for 3 (three) consecutive fiscal years, those shares are not granted the minimum dividends to which they are entitled, as set forth in paragraphs 1, 2 and 3 of this article, as defined in paragraph 4.

Article 7 The Company may issue multiple share certificates and certificates which temporarily represent them. At the option of the shareholder, individual

share certificates may be replaced by multiple share certificates and the latter may be converted into the former at any time, provided the expenses incurred are paid by whoever requests the conversion.

Paragraph 1 The class "A" preferred shares may be converted into class "B" preferred shares, the conversion of the latter into the former not being permitted. No conversion of preferred shares into ordinary shares shall be permitted, and vice versa.

Paragraph 2 Upon approval by the Board of Directors, the Company may implement a book share system and such shares shall be kept in deposit accounts at an authorized financial institution.

Paragraph 3 Upon approval by the Board of Directors, the Company may purchase its own shares, in compliance with the rules set down by the Securities Commission ("CVM").

Article 8 At the Annual Shareholders Meeting each ordinary share shall carry the right to one vote.

CHAPTER III - MANAGEMENT OF THE COMPANY

SECTION I

Article 9 The management of the Company shall be entrusted to the Board of Directors and to the Executive Board.

Article 10 The Company representation shall be vested exclusively in the Executive Board.

SECTION II - THE BOARD OF DIRECTORS

Article 11 The Board of Directors shall consist of seven or nine members, Brazilians, shareholders, all residing in the country, and elected at an Annual Shareholders Meeting. Two State secretaries and the Chief Executive Officer of the Company may be members of the Board of Directors.

Paragraph 1 A Company employee appointed by his or her peers shall necessarily be a member of the Board of Directors in compliance with applicable State legislation.

Paragraph 2 The unified term of office of the members of the Board of Directors shall be of two years, reelection being permitted. .

Paragraph 3 The Audit Committee of the Company shall be composed of a minimum of three members of the Board of Directors and shall be ruled by a specific set of regulations.

Article 12 The chairman of the Board of Directors shall be appointed by the controlling shareholder. Should his or her absence or any impediment occur, he or she shall be replaced by a Board member appointed by his or her peers.

Article 13 In the event of a resignation or vacancy in a position of the Board of Directors, a replacement shall be appointed by the remaining Board members and shall serve until a Shareholders Meeting is held to fill the vacant position.

Article 14 The Board of Directors shall hold an ordinary meeting once every three months. Extraordinary meetings shall be convened whenever necessary.

Both ordinary and extraordinary meetings shall be called by the Board Chairman by letter, telegram, fax or e-mail, with a minimum 72-hour notice. The Board of Directors shall operate with the presence of simple majority of its members.

Article 15 The Board of Directors shall:

- I lay down the overall strategy for the Company business;
- II elect, discharge, accept resignations, and replace Company officers, as well as prescribe their duties, in accordance with the provisions in these Bylaws;
- III oversee the officers' performance, examine books, documents, and obligations of the Company in compliance with the law;
- IV call Shareholders' Meetings, either by its chairman or the executive secretary;
- V manage, approve and revise the annual internal auditing work plans for the Company's business and management processes;
- VI give its opinion on the reports of the management and on the accounts rendered by the Executive Board;
- VII authorize any issue of shares and approve any new share subscription, as provided for in article 4, paragraph 2 of these Bylaws, as well as set forth all the requirements for the issue;
- VIII set down criteria for the transfer and/or loan for use of permanent assets, the creation of charges in rem and guarantees for liabilities whenever the amount of the operation exceeds two per cent of the Company's net worth. A report issued by the Executive Board shall be presented to the Board of Directors whenever the amount of these operations reaches five per cent, as defined in article 20, item IX, of these Bylaws;
- IX select and discharge independent auditors;
- X deliberate on other affairs submitted to them by the Executive Board or required by the Shareholders' Meeting;
- XI set down criteria for the Company's participation as a shareholder in other companies, that participation being submitted to the Shareholders' Meeting whenever required, as well as regulate the issues concerning such participation;
- XII deliberate on the framework of companies in which the Company holds shares;
- XIII deliberate on the termination of the Company's participation as a shareholder in other companies;
- XIV organize secretary services necessary to support its activities, which will also cooperate with the Fiscal Committee, upon its request, and by its Chairman, indicate and require company's employees to take charge of such services.

Sole paragraph The minutes of the Board of Directors' meetings containing resolutions intended to affect third parties shall be filed at the Commercial Registry and published afterwards.

Article 16 It is incumbent upon the chairman of the Board of Directors to grant leave of absence to its members, to preside over meetings, to set work directives, and to hold the casting vote, besides his or her own. The chairman's leaves of absence shall be granted by the Board.

SECTION III - THE EXECUTIVE BOARD

- Article 17** The Company shall have an Executive Board with executive duties and it shall be composed of five members, who may or may not be shareholders, all residing in the country, Brazilians or a majority of Brazilians, who shall be elected by the Board of Directors for a three-year term, reelection being permitted, as follows: a Chief Executive Officer; a Chief Business Management Officer; a Chief Financial and Investor Relations Officer; a Chief Institutional Relations Officer; and a Chief Business Development Officer. The Company may as well elect a Chief Assistant Officer.
- Article 18** In case of temporary impediment or leave of absence of any officer, the Chief Executive Officer may appoint another officer to replace him or her.
- Article 19** Should decease, resignation, or permanent impediment of any officer occur, the Board of Directors shall elect within thirty days after the event a replacement who shall serve for the remainder of the term of office. The Executive Board may appoint a temporary replacement until the election is held. Nevertheless, the election may be dispensed with if the vacancy occurs in a year in which the Executive Board's term of office should expire.
- Article 20** The duties of the Executive Board are prescribed as follows:
- I** managing all Company businesses, in order to pursue sustainable development, vested in the powers granted to them by the law and by these Bylaws. The Company shall be bound by the joint signature of two officers, one of which shall be the chief executive officer;
 - II** setting down regulations for the internal operations of the Company;
 - III** resolving on policies concerning the operations and businesses of the Company, after consultation to the Board of Directors, if necessary;
 - IV** deliberating on the creation and extinction of offices or jobs, as well as establishing wages and setting out the Company's personnel regulations;
 - V** sharing and investing profit ascertained in compliance with these Bylaws;
 - VI** carrying out the Company's Bylaws and directives put forth by the Shareholders' Meeting and by the Board of Directors;
 - VII** deliberating on all extraordinary matters and on clashes of interests among the company's chief offices;
 - VIII-** deciding on all corporate businesses that are not subject to approval by the Shareholders' Meeting or by the Board of Directors;
 - IX** advising the Board of Directors on acquisition of properties, transfer and loan for use of Company's assets, creation of charges in rem, or guarantees for liabilities in operations exceeding two per cent of the Company's net worth; deliberating on those which are under that limit; and issuing a report to the Board of Directors and the Fiscal Committee whenever the amount of such operations reaches five per cent;
 - X** being represented at the Annual Shareholders' Meeting by its Chief Executive Officer or another officer appointed by the former;
 - XI** granting leave of absence to its members;
 - XII** negotiating and signing management documents with companies referred to in paragraph 6 of this article;
-

-
- XIII** appointing executive officers and fiscal committee members of the companies referred to in paragraph 6 and in any other companies in which the Company or its wholly-owned subsidiaries may hold or come to hold a stake;
- XIV** deliberating on the Company's participation in new undertakings, bids and on the exploration of energy in any of its forms, and submitting the matters for approval of the Board of Directors as found necessary according to the provisions established in article 15, item XII of these Bylaws; and
- XV** advancing measures aimed at integration and synergy among the different areas of the Company and its wholly-owned subsidiaries.
- Paragraph 1** The duties referred to in articles 21 to 26 of these Bylaws may be expanded by the Board of Directors, by the Chief Executive Officer of the Company, or by rules passed at a meeting of the Executive Board.
- Paragraph 2** Each officer may represent the Company by signing agreements, granting loans for use, renting and purchasing goods and services, provided that such acts are in compliance with internal regulations approved by the Executive Board. For the performance of those acts, the Company may appoint delegates from its staff.
- Paragraph 3** The Company may appoint attorneys with clearly defined powers for specific acts and operations, and also attorneys "ad negotia" to sign any documents of corporate responsibility, provided the period of their appointment is specified in the document of appointment.
- Paragraph 4** Notwithstanding the provisions in article 21, item III, of these Bylaws, the Company may also be represented in court by personal deposition of a lawyer or by an employee appointed by the Chief Executive Officer.
- Paragraph 5** The resolutions of the Executive Board shall be passed by a majority of votes of the chief officers. Should the Chief Executive Officer dissent from any decision, he or she may stay the effects of such decision and call a meeting of the Board of Directors within five days to rule on the matter.
- Paragraph 6** Activities related to the creation of products and services, in connection with the objects of the Company and under the Executive Board responsibility, shall be performed by companies in which Copel holds a stake, their duties being:
- a)** planning, organizing, coordinating, commanding and controlling the Company's business under their responsibility;
 - b)** meeting technical, marketing and return targets agreed upon with the Executive Board through the use of management tools;
 - c)** abiding by the Company's policies, mainly those governing internal corporate management and technical, financial and accounting procedures, as well as by the requirements set forth in the related management documents.
- Paragraph 7** The Board of Officers of the wholly-owned subsidiaries shall consist of three members, necessarily the Chief Executive
-

Officer of the respective subsidiary company and one chief officer of Copel.

Paragraph 8 It is incumbent upon Copel's Chief Financial and Investor Relations Officer to perform the duties of Chief Financial Officer for the wholly-owned subsidiaries.

Paragraph 9 The appointment of chief officers for the wholly-owned subsidiaries shall necessarily include one employee of Copel or of its wholly-owned subsidiaries.

Article 21 The **Chief Executive Officer** shall be responsible for:

- I directing and coordinating the work of the executive officers;
- II overseeing and running all the Company's businesses;
- III representing the Company either as plaintiff or defendant in a court of law or wherever it might be required, and in its relations with third parties. For the performance of such acts attorneys or delegates may be appointed;
- IV signing all documents which entail corporate liabilities in accordance with the provisions of article 20, I, and paragraph 2;
- V submitting the annual report on the Company's activities to the Annual Shareholders' Meeting accompanied by the opinion of the Board of Directors;
- VI carrying out the functions of Executive Secretary of the Board of Directors;
- VII managing and coordinating matters related to:
 - a) the integrated corporate planning and management of the corporate performance,
 - b) internal audit, and
 - c) corporate governance of the Company and its wholly-owned subsidiaries, and the recording of corporate events and official communications of the chief officers of the Company and those of its wholly-owned subsidiaries.
- VIII setting policies and guidelines, and coordinating matters related to corporate marketing and communication of the Company and its wholly-owned subsidiaries.

Article 22 The **Chief Business Management Officer** shall be responsible for:

- I setting policies and guidelines, enforcing them in the Company and in its wholly-owned subsidiaries, in connection with:
 - a) people management, as regards staff provision, human resources management, plan for jobs and careers, compensation and benefits, occupational medicine, workplace safety, social work, professional training and development, labor and union relations;
 - b) service and supply logistics;
 - c) corporate security; and
 - d) information technology.
 - II promoting and coordinating relations between Copel and Fundação Copel.
-

Article 23 The **Chief Financial and Investor Relations** shall be responsible for:

- I managing and coordinating matters related to economic, financial, taxation, accounting and budgeting management, to asset insurance and applications and investments in the financial market, for the Company and its wholly-owned subsidiaries;
- II representing the Company in its relations with the Comissão de Valores Mobiliários - CVM and the Securities and Exchange Commission - SEC, shareholders, investors, stock exchanges, the Central Bank of Brazil and other agencies or entities operating in the domestic and international capital markets;
- III defining the economic and financial policies as to govern acquisition and participation of the Company and its wholly-owned subsidiaries in businesses of their interest;
- IV providing the financial resources required for the operations and expansion of the Company and its wholly-owned subsidiaries;
- V managing and coordinating the economic controllership of businesses and holdings of the Company and its wholly-owned subsidiaries, and managing corporate risks; and
- VI submitting to the Executive Board demands for funding of the wholly-owned subsidiaries, other businesses, joint ventures and holdings of the Company and its wholly-owned subsidiaries.

Article 24 The **Chief Institutional Relations Officer** shall be responsible for:

- I managing and coordinating the political and institutional relations of the Company and its wholly-owned subsidiaries with government and private bodies;
- II defining and coordinating policies and guidelines for the Company, its wholly-owned subsidiaries and other of its holdings as regards the enforcement and development of strategies concerning corporate regulatory matters, as well as carrying out their correlating activities;
- III coordinating the ombudsman affairs;
- IV defining and coordinating policies and guidelines concerning legal assistance and protection of the interests of the Company and its wholly-owned subsidiaries;
- V providing legal assistance and protection to the interests of the Company and its wholly-owned subsidiaries as regards corporate, tax and administrative law, the latter only in matters to be submitted to the senior management of the Company or in those serving as support to their decision making;
- VI defining and coordinating policies and guidelines concerning social, environmental and corporate citizenship matters of the Company and its wholly-owned subsidiaries; and
- VII managing and coordinating matters concerning sustainability and social responsibility of the Company and its wholly-owned subsidiaries.

Article 25 The **Chief Business Development Officer** shall be responsible for:

- I managing and coordinating the prospecting of businesses in fields related to the Company's objects, in alignment with its strategoc
-

planning;

- II managing and coordinating the execution of technical, economic and financial, legal, regulatory, landholding, social and environmental feasibility assessments of the businesses referred to in the preceding item;
- III managing and coordinating negotiations and structuring of partnerships required by the development of businesses, as well as their respective contract negotiation and corporate documents;
- IV coordinating the Company's participation in businesses auctions;
- V managing assessments concerning the expansion planning of the power segment for generation and distribution;
- VI submitting to the Executive Board matters related to the exercise of preemptive right in companies or joint ventures in which the Company and its wholly-owned subsidiaries hold interest;
- VII defining policies and guidelines concerning research, development and innovation (R&D+I) for all businesses of the Company and its wholly-owned subsidiaries, in strict alignment with the strategic planning;
- VIII coordinating assessments and submitting to the Executive Board transferrings of interest holdings of the Company and its wholly-owned subsidiaries, all in the light of laws and regulations in force;
- IX coordinating, as regards the Company and its wholly-owned subsidiaries, negotiations related to incorporation, amendments and corporate documentation of controlled and related undertakings, as well as of joint ventures, in which the Company and its wholly-owned subsidiaries hold interest;
- X monitoring and overseeing management and performance of controlled and related undertakings of the Company and its wholly-owned subsidiaries, in accordance with sound corporate governance criteria, and assuring that their business plans are fulfilled as set forth in these Bylaws; and
- XI coordinating assessments and submitting to the Executive Board voting declarations for Shareholders Meetings of companies and joint ventures in which the Company and its wholly-owned subsidiaries hold interest.

Article 26 The **Chief Assistant Officer** shall be responsible for performing the duties specifically assigned to him or her according to these Bylaws.

SECTION IV - COMMON RULES APPLICABLE TO MEMBERS OF THE BOARD OF DIRECTORS AND TO OFFICERS

Article 27 The senior managers shall submit a statement of private property at the beginning and at the end of their term of office in compliance with the law.

Article 28 The compensation of the senior managers shall be established annually by the Annual Shareholders' Meeting and may be changed upon decision by an Extraordinary Shareholders' Meeting.

Article 29 The positions of Chairman of the Board of Directors and Chief Executive

Officer cannot be accumulated by the same person.

Article 30 Members of the Board of Directors and the Executive Board will take their respective positions by signing the "Term of Office", in book, and "Term of Consent of the Directors" referred to in the "Regulation of Level 1" of the BM&FBOVESPA .

CHAPTER IV - THE FISCAL COUNCIL

Article 31 The Company shall have a Fiscal Council composed of five members and five alternates, who may or may not be shareholders, elected annually at the Shareholders' Meeting.

Article 32 The Fiscal Council shall operate permanently and shall meet whenever called by its Chairman.

Sole paragraph:The Chairman of the Fiscal Council shall be elected by his peers.

Article 33 The compensation of the Fiscal Council members shall be established at the Shareholders' Meeting which elects them, provided the legal minimum required is met.

Article 34 The Fiscal Council shall operate in compliance with the obligations and functions, duties and responsibilities provided for in the law.

CHAPTER V - THE SHAREHOLDERS' MEETING

Article 35 The Shareholders' Meeting shall be composed of the shareholders duly called with observance of the required legal quorum, who shall sign the Attendance Book, all in compliance with further provisions in the law.

Article 36 The Annual Shareholders' Meeting shall be held every year during the first four months at a place, day and time previously set in accordance with legal provisions. Extraordinary Shareholders' Meetings may be called whenever necessary.

Sole paragraph: The Shareholders' Meeting shall be opened by the Chairman of the Board of Directors or, in case of his or her absence or impediment, by another Board member, and presided over by the Chief Executive Officer of the Company, or by a shareholder appointed at that time by his or her peers. The Chairman of the Meeting shall select from those present one or two shareholders to compose the Meeting board and act as secretaries.

Article 37 A shareholder may be represented by an attorney who meets the legal requirements.

Article 38 The minimum notice for a Shareholders' Meeting shall be thirty days. Should there be no quorum for its opening, there shall be a second calling at least eight days prior to the meeting, pursuant to notice in the press. The agenda for the meeting shall be made available to the shareholders on the date of its calling.

Article 39 The quorum required for the installation and passing of resolutions at Shareholders' Meetings shall be the one established by the current legislation.

CHAPTER VI - THE FINANCIAL YEAR

Article 40 Every year, on December 31, the Company shall close its financial year and, by then, the Annual Balance sheet and other financial statements required by law shall be prepared. As to the proceeds, the following rules shall be observed:

- I before any sharing, the accrued losses and provision for income tax shall be deducted from the gross profit ascertained during the year;
- II five percent of the net profit ascertained during the year shall be used to form the Legal Reserve, which may not exceed twenty percent of the share capital;
- III the interest upon works in progress resulting from investments made by the use of the Company's own capital may be entered as a special reserve;
- IV other reserves may be formed by the Company according to legal provisions and up to the limits established by law.

Paragraph 1 The shareholders are entitled to receive every year, under a mandatory distribution of dividends, at least twenty-five percent of the net profit duly adjusted, as provided for in article 202 and its paragraphs, of Law No. 6,404/76, and determined as set forth in article 6 and its paragraphs, of these Bylaws.

Paragraph 2 The distribution of dividends shall not be mandatory in a financial year in which the management bodies notify the Annual Shareholders' Meeting that its payment would be incompatible with the financial circumstances of the Company, regardless of the Audit Committee's opinion.

Paragraph 3 The profits that are not distributed by virtue of the provisions of paragraph 2 shall be attributed to a special reserve and, if they are not absorbed by losses in subsequent financial years, they shall be paid as soon as the financial standing of the Company permits such payment.

Paragraph 4 Every year, by April 30 and in compliance with the current legislation, the management bodies' statements relating to the preceding financial year shall be submitted to the State's Audit Court.

Article 41 The Company may prepare balance sheets with respect to the first six months of a fiscal year and the management bodies may advance the distribution of interim dividends "ad referendum" of the Shareholders' Meeting.

CHAPTER VII - GENERAL AND TRANSITIONAL PROVISIONS

Article 42 The dissolution and liquidation of the Company shall be carried out according to resolutions passed at a Shareholders' Meeting and in compliance with the provisions in the law.

Article 43 In the event of stockholders withdrawing from participation in the corporation or the Company ceasing to go public, the amount payable to stockholders that have the right of withdrawal, as set in the law, as a reimbursement for their shares, shall correspond to their economic value, to be defined according to the valuation procedures of Law no. 6,404/76, whenever the mentioned amount is inferior to its equity value.

Article 44 The duties of the Chief Business Development Officer, referred to in items IX, X and XI of article 25 in these Bylaws, shall be assigned to a wholly-owned subsidiary eventually incorporated with the object of holding interest in controlled companies, related undertakings and joint ventures.

AMENDMENTS TO THE CORPORATE BYLAWS

The original text of COPEL Bylaws has undergone several amendments. Its first filing at the Commercial Registry of the State of Paraná took place under No. 17,340 on June 16, 1955, having been published in the Official Newspaper of the State of Paraná on June 25, 1955. References on those amendments are listed hereunder.

Minutes of SM of	Commercial Registry File No.	Commercial Registry date	Published in the ONS – PR on
09.09.1969	83.759	10.01.1969	10.08.1969
08.21.1970	88.256	09.04.1970	09.14.1970
10.22.1970	88.878	11.05.1970	11.16.1970
04.28.1972	95.513	05.24.1972	05.30.1972
04.30.1973	101.449	08.15.1973	08.28.1973
05.06.1974	104.755	05.21.1974	06.05.1974
12.27.1974	108.364	02.07.1975	02.21.1975
04.30.1975	110.111	06.03.1975	06.18.1975
03.26.1975	114.535	04.29.1976	05.10.1976
02.15.1978	123.530	02.28.1978	03.08.1978
08.14.1979	130.981	11.09.1979	11.20.1979
02.26.1980	132.253	03.25.1980	04.16.1980
10.30.1981	139.832	12.01.1981	12.18.1981
05.02.1983	146.251	05.31.1983	06.14.1983
05.23.1984	150.596	07.26.1984	08.28.1984
12.17.1984	160.881	01.17.1985	02.11.1985
06.11.1985	162.212	07.01.1985	07.18.1985
01.12.1987	166.674	02.13.1987	02.26.1987
03.18.1987	166.903	04.07.1987	05.08.1987
06.19.1987	167.914	07.02.1987	07.14.1987
02.22.1994	18444,7	02.28.1994	03.17.1994
08.22.1994	309,0	09.20.1994	10.06.1994
02.15.1996	960275860	02.27.1996	03.06.1996
10.18.1996	961839597	10.29.1996	11.06.1996
07.10.1997	971614148	07.18.1997	07.22.1997
03.12.1998	980428793	04.01.1998	04.07.1998
04.30.1998	981597050	05.06.1998	05.12.1998
05.25.1998	981780954	05.28.1998	06.02.1998
01.26.1999	990171175	02.05.1999	02.11.1999
03.25.1999	990646483	04.14.1999	04.23.1999
03.27.2000	000633666	03.30.2000	04.07.2000
08.07.2001	20011994770	08.14.2001	08.27.2001
12.26.2002	20030096413	01.29.2003	02.10.2003
02.19.2004	20040836223	03.08.2004	03.19.2004
06.17.2005	20052144879	06.23.2005	07.05.2005
01.11.2006	20060050632	01.20.2006	01.25.2006
08.24.2006	20063253062	08.30.2006	09.11.2006
07.02.2007	20072743441	07.04.2007	07.27.2007
04.18.2008	20081683790	04.25.2008	05.27.2008
03.13.2009	20091201500	13.03.2009	31.03.2009
07.08.2010	20106612077	20.07.2010	04.05.2010
28.04.2011	20111122929	10.05.2011	07.06.2011
26.04.2012	20123192609	09.05.2012	15.05.2012

CHANGES IN THE CAPITAL STOCK (Article 4)

Initial capital stock, on 03.28.1955: Cr\$ 800,000,000.00

SM of	NEW CAPITAL - Cr\$	C.R.S.P FILE NO. DATE	MINUTES in ONS PR of
10.01.1960	1,400,000,000.00	26.350 - 10.13.1960	10.14.1960
04.16.1962	4,200,000,000.00	31.036 - 05.03.1962	05.26.1962
11.11.1963	8,000,000,000.00	37.291 - 11.28.1963	12.02.1963
10.13.1964	16,000,000,000.00	50.478 - 10.23.1964	10.31.1964
09.24.1965	20,829,538,000.00	65.280 - 10.15.1965	10.18.1965
10.29.1965	40,000,000,000.00	65.528 - 11.12.1965	11.18.1965
09.20.1966	70,000,000,000.00	70.003 - 10.11.1966	10.18.1966 ³
	NCr\$		
10.31.1967	125,000,000.00	74.817 - 12.01.1967	12.07.1967
06.17.1968	138,660,523.00	77.455 - 06.27.1968	07.13.1968
11.27.1968	180,000,000.00	79.509 - 12.10.1968	12.20.1968
06.06.1969	210,000,000.00	82.397 - 07.11.1969	08.05.1969
10.13.1969	300,000,000.00	84.131 - 10.30.1969	11.03.1969
12.03.1969	300,005,632.00	84.552 - 12.16.1969	12.30.1969
04.06.1970	332,111,886.00	86.263 - 05.14.1970	06.09.1970
	Cr\$		
11.24.1970	425,000,000.00	89.182 - 12.11.1970	12.18.1970
12.18.1970	500,178,028.00	89.606 - 02.04.1971	02.17.1971
07.31.1972	866,000,000.00	97.374 - 09.21.1972	10.04.1972
04.30.1973 ⁴	867,934,700.00	101.449 - 08.15.1973	08.28.1973
08.31.1973	877,000,000.00	102.508 - 11.09.1973	11.21.1973
10.30.1973 ⁵	1,023,000,000.00	103.387 - 01.25.1974	02.11.1974
05.30.1974	1,023,000,010.00	105.402 - 06.21.1974	06.27.1974
12.27.1974	1,300,000,000.00	108.364 - 02.07.1975	02.21.1975
04.30.1975	1,302,795,500.00	110.111 - 06.13.1975	06.18.1975
12.22.1975	1,600,000,000.00	113.204 - 01.15.1976	02.13.1976
03.26.1976	1,609,502,248.00	114.535 - 04.29.1976	05.10.1976
12.17.1976	2,100,000,000.00	118.441 - 01.14.1977	02.04.1977
08.29.1977	3,000,000,000.00	122.059 - 10.14.1977	10.25.1977
11.16.1977	3,330,000,000.00	122.721 - 12.13.1977	01.12.1978
04.28.1978	3,371,203,080.00	125.237 - 07.06.1978	07.20.1978
12.14.1978	4,500,000,000.00	127.671 - 01.19.1979	03.06.1979
03.05.1979	5,656,487,659.00	128.568 - 05.04.1979	05.17.1979
04.30.1979	5,701,671,254.00	129.780 - 07.24.1979	08.14.1979
09.24.1979	8,000,000,000.00	130.933 - 11.05.1979	11.23.1979

³ Rectified by ONS PR on June 5, 1967

⁴ Ratified by ESM on August 7, 1973, published in ONS PR on August 23, 1973

⁵ Ratified by ESM on December 21, 1973, published in ONS PR on February 1, 1974

Changes In The Capital Stock (Article 4)

SM	of	NEW CAPITAL - Cr\$	C.R.S.P. FILE NO. DATE	MINUTES in ONS PR of
03.27.1980		10,660,296,621.00	133.273 - 06.17.1980	06.27.1980
04.29.1980		10,729,574,412.00	133.451 - 06.27.1980	07.16.1980
10.16.1980		11,600,000,000.00	135.337 - 12.02.1980	01.20.1981
04.30.1981		20,000,000,000.00	137.187 - 05.19.1981	05.29.1981
10.30.1981		20,032,016,471.00	139.832 - 12.01.1981	12.18.1981
04.30.1982		37,073,740,000.00	141.852 - 06.01.1982	06.17.1982
10.29.1982		39,342,000,000.00	144.227 - 12.14.1982	12.29.1982
03.14.1983		75,516,075,768.00	145.422 - 04.12.1983	05.10.1983
05.02.1983		80,867,000,000.00	146.251 - 05.31.1983	06.14.1983
09.01.1983		83,198,000,000.00	148.265 - 10.25.1983	12.09.1983
04.10.1984		205,139,191,167.00	150.217 - 06.15.1984	07.17.1984
04.10.1984		215,182,000,000.00	150.217 - 06.15.1984	07.17.1984
10.05.1984		220,467,480,000	160.412 - 11.08.1984	11.27.1984
03.25.1985		672,870,475,837	161.756 - 05.21.1985	06.11.1985
03.25.1985		698,633,200,000	161.756 - 05.21.1985	06.11.1985
09.18.1985		719,093,107,000	163.280 - 11.14.1985	11.27.1985
		Cz\$		
04.25.1986		2,421,432,629.00	164.815 - 06.11.1986	06.30.1986
10.23.1986		2,472,080,064.00	166.138 - 11.06.1986	11.14.1986
03.18.1987		4,038,049,401.49	166.903 - 04.07.1987	05.08.1987
03.18.1987		4,516,311,449.87	166.903 - 04.07.1987	05.08.1987
09.18.1987		4,682,539,091.91	168.598 - 10.06.1987	10.16.1987
04.14.1988		18,772,211,552.10	170.034 - 05.06.1988	05.25.1988 ⁶
04.14.1988		19,335,359,578.00	170.034 - 05.06.1988	05.25.1988
06.14.1988		19,646,159,544.00	170.727 - 07.11.1988	07.20.1988
04.25.1989		174,443,702,532.00	172.902 - 05.26.1989	07.06.1989
		NCz\$		
04.25.1989		182,848,503.53	172.902 - 05.26.1989	07.06.1989
06.26.1989		184,240,565.60	17.337,4 - 07.12.1989	07.21.1989
		Cr\$		
03.30.1990		2,902,464,247.10	175.349 - 05.02.1990	05.09.1990
03.30.1990		3,113,825,643.60	175.349 - 05.02.1990	05.09.1990
05.25.1990		3,126,790,072.52	176.016 - 07.10.1990	08.09.1990
03.25.1991		28,224,866,486.42	17.780,9 - 04.26.1991	05.23.1991
03.25.1991		30,490,956,176.38	17.780,9 - 04.26.1991	05.23.1991
05.23.1991		30,710,162,747.26	17.833,7 - 06.18.1991	06.27.1991
04.28.1992		337,561,908,212.47	18.061,7 - 06.08.1992	07.06.1992
04.28.1992		367,257,139,084.96	18.061,7 - 06.08.1992	07.06.1992
06.25.1992		369,418,108,461.33	18.089,9 - 07.09.1992	07.17.1992
04.01.1993		4,523,333,257,454.10	18.255,3 - 04.29.1993	05.20.1993
04.01.1993		4,814,158,615,553.95	18.255,3 - 04.29.1993	05.20.1993
06.15.1993		4,928,475,489,940.95 ⁷	18.313,9 - 07.13.1993	08.24.1993

⁶ Rectification in ONS No. 2780 of May 27, 1988

⁷ Due to Provisional Executive Act No. 336, dated July 28, 1993, which changed the national currency, as of August 1, 1993, the company capital is registered in "cruzeiros reais" (CR\$ 4,928,475,475.41 as of the last date)

Changes In The Capital Stock (Article 4)

SM	of	NEW CAPITAL - CR\$	C.R.S.P.		MINUTES in ONS PR of
			FILE NO.	DATE	
04.26.1994		122,158,200,809.21 ⁸	18.478,1	05.10.1994	06.08.1994
		R\$			
04.25.1995		446,545,229.15	9,5069647,1	05.18.1995	06.19.1995
04.23.1996.		546,847,990.88	960710000	05.07.1996	05.15.1996
07.29.1997		1,087,959,086.88 ⁹	971614130	07.30.1997	08.01.1997
08.07.1997		1,169,125,740.56 ⁹	971761671	08.12.1997	08.15.1997
03.12.1998		1,225,351,436.59	980428793	04.01.1998	04.07.1998
03.25.1999		1,620,246,833.38	990646483	04.14.1999	04.23.1999
12.26.2002		2,900,000,000.00	20030096413	01.29.2003	02.10.2003
04.29.2004		3,480,000,000.00	20041866290	06.07.2004	06.18.2004
04.27.2006		3,875,000,000.00	20061227897	05.09.2006	05.24.2006
04.27.2007		4,460,000,000.00	20071761462	05.15.2007	05.29.2007
27.04.2010		6.910.000.000,00	20105343960	06.05.2010	13.05.2010

⁸ Due to Provisional Executive Act No. 542, dated June 30, 1994, which changed the national currency, as of July 1, 1994, the capital is entered in "reals" (R\$ 44,421,146.54 as of last date)

⁹ Change in the capital stock authorized by the Board of Directors

ABRIDGEMENT: *This law institutes the Electrification Fund and provides for further measures.*

(...)

Article 9 - *It is incumbent upon the Executive Power in the State the incorporation of mixed-capital companies for the construction and exploitation of electric power generating plants, as well as the participation in them.*

Sole Paragraph*: *The company incorporated in compliance with the provisions in this article may also, by itself, through other public concessionaires in which it already holds shares, or concerns in which it may participate, provided the government is the major shareholder in any of them, pursue the objects of:*

- (a) *researching and studying, technically and economically, any sources of energy;*
- (b) *researching, studying, planning, constructing, and developing the production, transformation, transportation, storage, distribution, and trade of energy in any of its forms, chiefly electric power, as well as fuels and energetic raw materials;*
- (c) *studying, planning, designing, constructing, and operating dams and their reservoirs, as well as further undertakings for the multiple uses of water resources;*
- (d) *providing information and technical assistance services regarding the rational use of energy by business undertakings for implementing and developing economic activities deemed relevant to the development of the State.*
- (e)** *implementing electronic data transmission, electronic communications and control, cellular telephone systems, and other endeavors that may be deemed relevant to the Company and the State of Paraná, being for such aims and for the aims set forth in "b" and "c" above authorized to join consortia or concerns with private companies, holding either major or minor stakes in them.*

(...)

Curitiba, November 10, 1953

BENTO MUNHOZ DA ROCHA NETO

Eugênio José de Souza

Rivadavia B. Vargas

* Sole Paragraph appended by Law 7,227 of October 22, 1979, published in the first page of the Official Newspaper of the State of Paraná No. 661 of October 24, 1979.

** Item "e" appended by Law 11,740 of June 19, 1997, published in the first page of the Official Newspaper of the State of Paraná no. 5,027 of June 19, 1997.

DECREE No. 14,947/54*

ABRIDGEMENT: *This decree rules on the incorporation of Companhia Paranaense de Energia Elétrica - COPEL, and provides for further measures.*

The Governor of the State of Paraná using the powers granted to him, and under the authorization provided for in law No. 1384, of November 10, 1953, hereby decrees:

Article 1 - *Companhia Paranaense de Energia Elétrica is incorporated with the object of planning, constructing, and exploiting systems of production, transmission, transformation, distribution, and sale of electric power and related services by itself or by means of concerns which it may organize, or in which it may participate.*

Article 2 - *The capital stock of the company shall be Cr\$ 800,000,000.00 (eight hundred million cruzeiros) of which up to 40% may be represented by preferred shares with no voting rights. (Repealed as Decree No 3309 of 25 July 1997, published in ONS PR No 5053 of 25.07.1997.)*

Article 3 - *The State shall subscribe at least 60% of the share capital.*

Article 4 - *The State shall dispose of funds ascertained from the Electrification Fund, created by Law No. 1.384 of November 10, 1953, in order to pay up share capital. It may also incorporate into the company's property the total or part of the fixed assets and other assets used for production, transmission, and distribution of electric power under State control.*

Article 5 - *The corporation shall be ruled by the Bylaws approved in the act of its incorporation.*

Article 6 - *On behalf of the State, the Governor shall name his representative to perform the acts required for the incorporation of the company.*

Article 7 - *This decree shall come into effect on the date of its publication, all provisions to the contrary being hereby revoked.*

Curitiba, October 26, 1954; 133rd year of Independence, 66th year of the Republic.

Signed: *BENTO MUNHOZ DA ROCHA NETO*

ANTÔNIO JOAQUIM DE OLIVEIRA PORTES

** Published in the Official Newspaper of October 27, 1954*

DECREE No. 37,399*

ABRIDGEMENT: *This decree grants COPEL authorization to operate as an electric power utility.*

The President of the Republic, making use of the powers granted to him by article 87, paragraph 1, of the Constitution, and in accordance with the provisions of Decree No. 938, article 1, of December 8, 1938, and regarding the petition submitted by Companhia Paranaense de Energia Elétrica - COPEL, hereby decrees:

Article 1 - *Authorization is granted to Companhia Paranaense de Energia Elétrica - COPEL, with head office in Curitiba, Paraná, to operate as an electric power utility in accordance with the provisions of*

Decree No. 938 of December 8, 1938, jointly with Decree-Law No. 2627 of September 26, 1940; COPEL shall be bound to meet all requirements of the Water Code (Decree No. 24643 of July 10, 1934), as well as subsequent laws and regulations, subject to rescission of this act.

Article 2 - *This Decree shall come into effect on the date of its publication.*

Article 3 - *All provisions to the contrary are hereby revoked.*

Rio de Janeiro, May 27, 1955; 134th year of Independence and 67th year of the Republic

Signed: JOÃO CAFÉ FILHO

MUNHOZ DA ROCHA

Law N° 7,227/79

ABRIDGMENT: *this law adds a paragraph to article 9 of Law n° 1,384 of November 10, 1953.*

The Legislative Assembly of the State of Paraná hereby decrees and I sanction the following law:

Article 1 - *A paragraph shall be added to article 9 of Law n° 1,384, of November 10, 1953, as follows:*

Sole paragraph – The company incorporated in compliance with the provisions in this article may also, by itself, through other public concessionaires in which it already holds shares, or concerns in which it may participate, provided the government is the major shareholder in any of them, pursue the objects of:

- a) researching and studying, technically and economically, any sources of energy;*
- b) researching, studying, planning, constructing, and developing the production, transformation, transportation, storage, distribution, and trade of energy in any of its forms, chiefly electric power, as well as fuels and energetic raw materials;*
- c) studying, planning, designing, constructing, and operating dams and their reservoirs, as well as further undertakings for the multiple uses of water;*
- d) providing information and technical assistance services regarding the rational use of energy by business undertakings for implementing and developing economic activities deemed relevant to the development of the State.*

Article 2 - *This law shall come into effect on the date of its publication, all provisions to the contrary being hereby revoked.*

Government Palace in Curitiba, October 22, 1979.

*(a) NEY BRAGA
Governor of the State of Paraná*

*(a) EDSON NEVES GUIMARÃES
Finance Secretary of State*

ABRIDGMENT: *this law adds an item to the sole paragraph of article 9 of Law nº 1,384/53 with the object of setting down the activities in specific areas.*

The Legislative Assembly of the State of Paraná hereby decrees and I sanction the following law:

Article 1 - *Item “e” shall be added to the sole paragraph of article 9 of Law nº 1,384, of November 10, 1953, with the object of:*

"e) *setting down activities in the area of electronic data transmission, electronic communications and control, cellular telephone systems, and other endeavors that may be deemed relevant to the Company and the State of Paraná, being for such aims and for the aims set forth in sections “b” and “c” authorized to join consortia or concerns with private companies, holding either major or minor stakes in them.”*

Article 2 - *This law shall come into effect on the date of its publication, all provisions to the contrary being hereby revoked.*

Government Palace in Curitiba, June 19, 1997.

(a) JAIME LERNER
Governor of the State of Paraná

(a) RAFAEL GRECA DE MACEDO
Chief of the Governor's Staff

Law nº 14,286 - 09/02/2004*

ABRIDGMENT: *This law alters specific dispositions of Law nº 1,384, of November 10, 1953, and provides for further measures.*

The Legislative Assembly of the State of Paraná hereby decrees and I sanction the following law:

Article 1: *Alters item “e” of the sole paragraph of article 9 of Law nº 1,384, of November 10, 1953, which had article 1, of Law nº 11,740, of June 19, 1997, added to it, and adds new paragraphs, renaming the current sole paragraph as paragraph first, as follows:*

“Article 9:

Sole Paragraph:

e) setting down activities in the area of electronic data transmission, electronic communications and control, cellular telephone systems, and other endeavors that may be deemed relevant to the Company and the State of Paraná, being for such aims and for the aims set forth in items “b” and “c” authorized to join consortia or concerns with private companies, holding either major or minor stakes in them, after due authorization of this Legislative Assembly and consideration of the general characteristics of the projects and their social and environmental impact.

§ 2. In order to make it possible for Copel to hold major stakes in partnerships already

entered into, this company is hereby authorized to acquire stakes or shares of major stakeholders for the amount underwritten in the social contract registered in the Commercial Registry Office until February 27, 2003.

§ 3. Considering the proved valorization in the financial market of the stock mentioned in the previous paragraph, its acquisition shall be conditioned to prior authorization by law.

§ 4. In partnerships agreements for the creation of electric energy generation companies it is not allowed to insert a specific clause stating anticipated purchase of energy conditions by Copel.

§ 5. For the agreements still ruling for partnerships under study or in implementation, Copel shall provide, in 90 days, at a maximum, the revocation of any clause stating anticipated purchase of energy conditions.

§ 6. Copel shall annually send to the Legislative Assembly of the State of Paraná a detailed report of the financial and economic results.

Article 2 - *This law shall come into effect on the date of its publication, revoking the provisions set forth in Law nº 11,740, of June 19, 1997.*

Government Palace in Curitiba, February 9, 2004.

*(a) ROBERTO REQUIÃO
Governor of the State of Paraná*

*(a) CAÍTO QUINTANA
Chief of the Governor’s Staff*

Published in the Official Newspaper nº 6668, of February 13, 2004.

Law nº16,652 – 08/12/2010*

ABRIDGMENT: *this law alters the dispositions of Law nº 1,384, of November 11, 1953, as follows.*

The Legislative Assembly of the State of Paraná hereby decrees and I sanction the following law:

Article 1 - *Alters item “e” of § 1 of article 9 of Law nº 1,384, of November 11, 1953, as follows:*

“e) setting down activities in the area of power generation, electronic data transmission, electronic communications and control, cellular telephone systems, and other endeavors that may be deemed relevant to the Company and the State of Paraná, being for such aims and for the aims set forth in items “b” and “c” authorized to join, preferably, and by holding major stakes or through participation in the controlling group of consortia or concerns with private companies and pension funds and other private entities in bids for new concessions and/or in specific purpose companies already set up for the exploration of existing concessions with due consideration of their general characteristic projects and related social and environmental impacts.”

Article 2 - *Item “f” of § 1º of article 9 of Law nº 1,384, of November 11, 1953, shall be included, as follows:*

“f) the participation in the controlling group required in item “e” shall be compulsorily guaranteed in the establishment documents of the consortia or in the bylaws of the specific purpose companies, as it is the case.”

Article 3 - *§ 2-A in article 9 of Law nº 1,384, of November 11, 1953, shall be included, as follows:*

“§ 2-A. In the cases of the consortia or companies mentioned in § 1º, item “e” of this article and established prior to the date of the publication of this alteration, Copel shall not be permitted to sell its stakes in them if such procedure leads to the company missing its major stakeholder condition.”

Article 4 - *§ 2º of article 9 of Law nº 1,384, of November 11, 1953, shall read as follows:*

“§ 2. In order to make it possible for Copel to hold major stakes in partnerships already entered into, this company is hereby authorized to acquire stakes or shares of major stakeholders by the vote underwritten in the social contract registered in the Commercial Registry Office until February 20, 2003.

Article 5 - *This law shall come into effect on the date of its publication. Government Palace in Curitiba, December 8, 2010.*

*(a) NELSON JUSTUS
Governor of the State of Paraná in Chief*

*(a) NEY CALDAS
Chief of the Governor’s Staff*

List of Subsidiaries

Companhia Paranaense de Energia - COPEL - Subsidiaries and Controlled Companies as of December 31, 2013.

<u>Subsidiary</u>	<u>Jurisdiction of Incorporation</u>	<u>Names under which Business is Conducted</u>
COPEL Geração e Transmissão S.A.	Brazil	COPEL Geração e Transmissão
COPEL Distribuição S.A.	Brazil	COPEL Distribuição
COPEL Telecomunicações S.A.	Brazil	COPEL Telecomunicações
COPEL Renováveis S.A.	Brazil	COPEL Renováveis
COPEL Participações S.A.	Brazil	COPEL Participações
Companhia Paranaense de Gás – Compagas	Brazil	Compagas
Centrais Eletricas do Rio Jordao S.A. – Elejor	Brazil	Elejor
UEG Araucária Ltda.	Brazil	UEG Araucária
Dominó Holdings S.A.	Brazil	Dominó Holdings
Cutia Empreendimentos Eólicos SPE S.A.	Brazil	Cutia Empreendimentos
Costa Oeste Transmissora de Energia S.A.	Brazil	Costa Oeste Transmissora
Marumbi Transmissora de Energia S.A.	Brazil	Marumbi Transmissora
Transmissora Sul Brasileira de Energia S.A.	Brazil	Transmissora Sul Brasileira
Caiuá Transmissora de Energia S.A.	Brazil	Caiuá Transmissora
Integração Maranhense Transmissora de Energia S.A.	Brazil	Integração Maranhense
Matrinchã Transmissora de Energia (TPNORTE) S.A.	Brazil	Matrinchã Transmissora
Guaraciaba Transmissora de Energia (TPSUL) S.A.	Brazil	Guaraciaba Transmissora
Paranaíba Transmissora de Energia S.A.	Brazil	Paranaíba Transmissora
Nova Asa Branca I Energias Renováveis S.A.	Brazil	Nova Asa Branca I
Nova Asa Branca II Energias Renováveis S.A.	Brazil	Nova Asa Branca II
Nova Asa Branca III Energias Renováveis S.A.	Brazil	Nova Asa Branca III
Nova Eurus IV Energias Renováveis S.A.	Brazil	Nova Eurus IV
Santa Maria Energias Renováveis S.A.	Brazil	Santa Maria
Santa Helena Energias Renováveis S.A.	Brazil	Santa Helena
Ventos de Santo Uriel S.A.	Brazil	Ventos de Santo Uriel

**CERTIFICATION PURSUANT TO RULES 13a-14(a) AND 15d-14(a) AS ADOPTED
UNDER SECTION 302 OF THE SARBANES-OXLEY ACT**

I, Lindolfo Zimmer, certify that:

1. I have reviewed this annual report on Form 20-F of Companhia Paranaense de Energia – COPEL (the “Company”);
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the Company as of, and for, the periods presented in this report;
4. The Company’s other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in the Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in the Exchange Act Rules 13a-15(f) and 15d-15(f)) for the Company and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the Company, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the company’s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the Company’s internal control over financial reporting that occurred during the period covered by the annual report that has materially affected, or is reasonably likely to materially affect, the Company’s internal control over financial reporting; and
5. The Company’s other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the Company’s auditors and the audit committee of the Company’s board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the company’s ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the Company’s internal control over financial reporting.

Date: April 29, 2014.

/s/ Lindolfo Zimmer
Name: Lindolfo Zimmer
Title: Chief Executive Officer

**CERTIFICATION PURSUANT TO RULES 13a-14(a) AND 15d-14(a) AS ADOPTED
UNDER SECTION 302 OF THE SARBANES-OXLEY ACT**

I, Antonio Sergio de Souza Guetter, certify that:

1. I have reviewed this annual report on Form 20-F of Companhia Paranaense de Energia – COPEL (the “Company”);
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the Company as of, and for, the periods presented in this report;
4. The Company’s other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in the Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in the Exchange Act Rules 13a-15(f) and 15d-15(f)) for the Company and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the Company, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the Company’s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the Company’s internal control over financial reporting that occurred during the period covered by the annual report that has materially affected, or is reasonably likely to materially affect, the Company’s internal control over financial reporting; and
5. The Company’s other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the Company’s auditors and the audit committee of the Company’s board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the Company’s ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the Company’s internal control over financial reporting.

Date: April 29, 2014

/s/ Antonio Sergio de Souza Guetter
Name: Antonio Sergio de Souza Guetter
Title: Chief Financial and Investor Relations Officer

**CERTIFICATION PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002
(SUBSECTIONS (a) AND (b) OF SECTION 1350, CHAPTER 63 OF TITLE 18, UNITED STATES CODE)**

Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (subsections (a) and (b) of Section 1350, chapter 63 of title 18, United States Code), the undersigned officer of Companhia Paranaense de Energia - COPEL (the "Company"), does hereby certify, to such officer's knowledge, that:

The Annual Report on Form 20-F for the year ended December 31, 2013 (the "Form 20-F") of the Company, as amended, fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934 and information contained in the Form 20-F fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: April 29, 2014

/s/ Lindolfo Zimmer

Name: Lindolfo Zimmer

Title: Chief Executive Officer

**CERTIFICATION PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002
(SUBSECTIONS (a) AND (b) OF SECTION 1350, CHAPTER 63 OF TITLE 18, UNITED STATES CODE)**

Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (subsections (a) and (b) of Section 1350, chapter 63 of title 18, United States Code), the undersigned officer of Companhia Paranaense de Energia - COPEL (the "Company"), does hereby certify, to such officer's knowledge, that:

The Annual Report on Form 20-F for the year ended December 31, 2013 (the "Form 20-F") of the Company, as amended, fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934 and information contained in the Form 20-F fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: April 29, 2014

/s/ Antonio Sergio de Souza Guetter
Name: Antonio Sergio de Souza Guetter
Title: Chief Financial and Investor Relations Officer