

results

# 1Q17

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INVESTOR  
RELATIONS

## CTEEP ANNOUNCES 1Q17 RESULTS

**São Paulo, April 27, 2017** –**CTEEP** - Companhia de Transmissão de Energia Elétrica Paulista (“CTEEP or Company”) (BM&FBovespa: TRPL3 and TRPL4), announces its results for the first quarter of 2017. The following financial and operating information for the periods shown below is in accordance with generally accepted accounting practices in Brazil (IFRS), except where otherwise stated.

### HIGHLIGHTS 1Q17

- **RBSE:** Remuneration on the RBSE concession asset was R\$ 211.7 for 1Q17’s Net Revenue
- **EBITDA ICVM 527:** R\$ 398.0 million, up R\$ 246.5 million from 1Q16.
- **Infrastructure Debentures – ICVM 400:** Issue of simple, non-convertible, single series, debentures, all of which in nominative and book-entry form, in the total amount of R\$ 300 million, at a rate of IPCA +5.0373% maturity in February 2024.
- **Other Transmission Facilities (“DIT”):** The Federal Government’s Official Journal published Normative Resolution (“Resolução Normativa”) No. 758/2017, setting forth the general conditions for the incorporation of DITs into Distribution Companies, as well as an attached list of facilities currently under transmission companies’ concessions that meet the applicable criteria and will therefore be incorporated into distribution companies as of January 1, 2019.

Key Indicators Consolidated (R\$ million)	IFRS		REGULATORY	
	1Q17	1Q16	1Q17	1Q16
Net Revenues	530.6	268.7	267.6	237.4
EBITDA □	398.0	151.5	165.4	0.1
EBITDA Margin □	75.0%	56.4%	61.8%	0.1%
Net Income	267.2	98.2	66.1	92.7
Net Margin	50.4%	36.6%	24.7%	39.0%

**Rating - Fitch AAA(bra)**

**SUMMARY**

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### ISA CTEEP

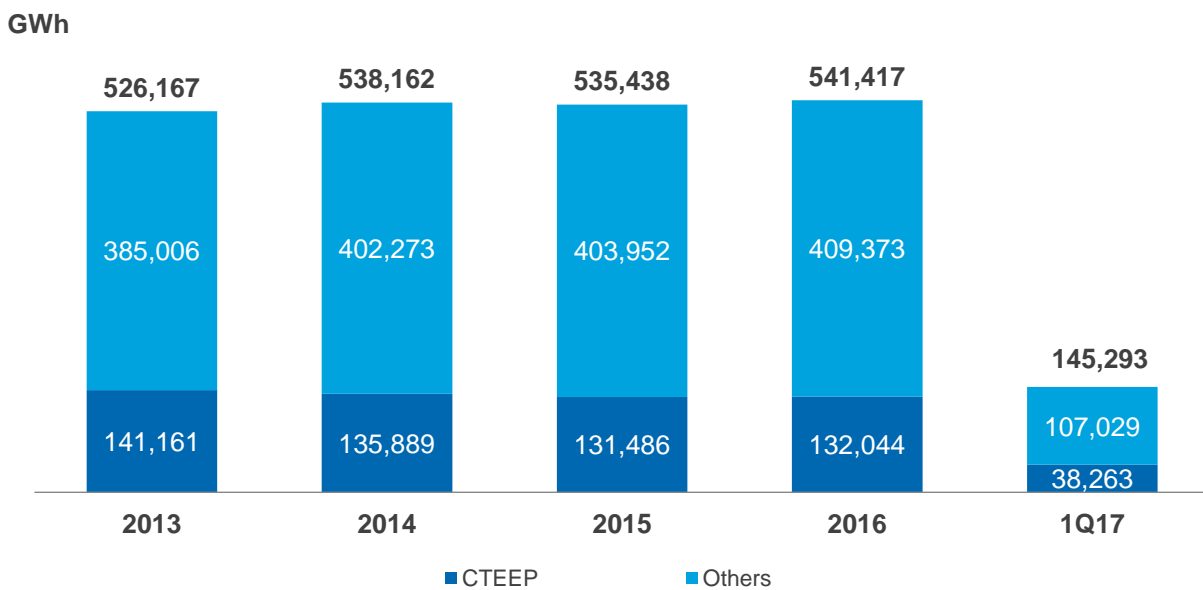
As one of the leading energy transmission concessionaires in the private sector in Brazil, ISA CTEEP is currently responsible for the annual transmission of about 24% of all electricity produced in the country, 60% of the energy consumed in the Southeast Region and nearly 100% in the state of São Paulo.

With head offices in the city of São Paulo, the Company has a footprint through proprietary assets and through subsidiaries and jointly controlled subsidiaries in 17 Brazilian states: Rio Grande do Sul, Santa Catarina, Paraná, São Paulo, Minas Gerais, Espírito Santo, Rondônia, Mato Grosso, Mato Grosso do Sul, Goiás, Tocantins, Maranhão, Piauí, Paraíba, Pernambuco, Alagoas e Bahia.

The Company also has a stake in other companies constituted for providing a public utility service for the transmission of Electric Power: IEMG (Interligação Elétrica de Minas Gerais), IEPinheiros (Interligação Elétrica Pinheiros), IESerra do Japi (Interligação Elétrica Serra do Japi), IEGaranhuns (Interligação Elétrica Garanhuns), IEMadeira (Interligação Elétrica do Madeira), IESUL (Interligação Elétrica Sul), IENNE (Interligação Elétrica Norte e Nordeste), Evrecy, IE Itaúnas (Interligação Elétrica itaúna), IE Aimorés (interligação Elétrica Aimorés) and IE Paraguaçu (Interligação Elétrica Paraguaçu).

ISA CTEEP and its subsidiaries have a robust infrastructure with an installed transformation capacity of 56,237 MVA with 18,633 km of transmission lines, 25,785 km of circuits, 2,358 km of proprietary optic fiber cables and 122 high voltage substations up to 550 kV. The network is integrated, enabling access to free consumers as well as connecting with generator companies and distributors, which carry electricity to the final consumer.

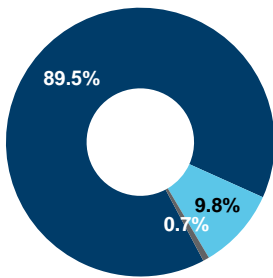
The chart below shows ISA CTEEP's participation, in GWh, in the National Interconnected System (SIN) in the period from 2013 to 1Q17.



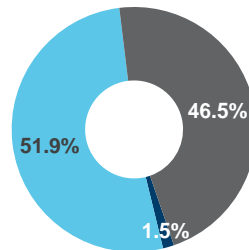
■ **Shareholding Breakdown**

Controlled by ISA, a multi-latina linear infrastructure systems company, CTEEP's investors include Eletrobras, the largest Electric Power group in Brazil, and more than 60 thousand individual and corporate shareholders from different countries. Those shareholders with more than 5% of common or preferred shares are highlighted below. Preferred shares are held 77% by domestic investors and 23% by foreign investors.

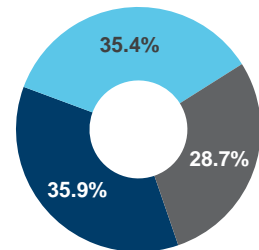
**Ações Ordinárias – TRPL3**  
(39% do Capital Social do total)



**Ações Preferenciais – TRPL4**  
(61% do Capital Social total)



**Capital Social Total**



■ ISA Capital do Brasil ■ Eletrobras ■ Others

**Operating Performance**

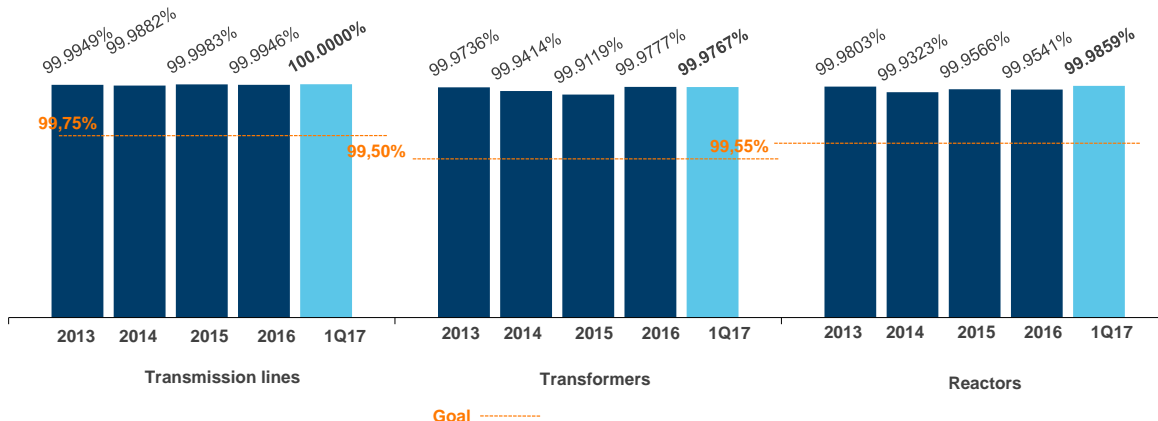
■ **Operating Excellence**

Ministry of Mines and Energy (MME) data shows that the Brazilian electricity system is made up of a few isolated grid systems and the National Interconnected System (SIN), the national grid, serving more than 98% of the Brazilian population. The coordination and control of SIN's Electric Power generation and transmission installations are the responsibility of the National Electric System Operator (ONS) under the supervision and regulation of ANEEL (National Electric Power Agency).

The sector's consolidated regulatory framework is set out under Law 10.848/2004, governing the rules for the functioning and activities of electricity generation, transmission, distribution and commercialization. Compliance with these rules is subject to ANEEL inspection. The Company's objective is to guarantee efficiency and quality in rendering a profitable transmission service. In this context, CTEEP also operates an Asset Optimization Plan (POA) and a Transmission Improvements Program (PMT), both focused on the continual upgrading of equipment and systems.

CTEEP is remunerated according to the uptime of its assets through the Annual Allowed Revenue (RAP). Consequently, any downtime in its assets may result in reduced remuneration for the Company via a discount from revenue due from uptime operations. The operating indicators highlighted below summarize CTEEP's operating performance for the period from 2012 to 2016.

**Assets Availability (Mar/31/2017)**



## Economic and Financial Performance - IFRS

### Gross Operating Revenue

In 1Q17, Consolidated Gross Operating Income was R\$ 600.6 million largely from the impact of remuneration of the RBSE concession asset posted in 1Q17, in the amount of R\$ 211.7 million.

Gross Revenue (R\$ million)	Company			Consolidated		
	1Q17	1Q16	Δ%	1Q17	1Q16	Δ%
Infrastructure	73.7	20.2	265.8%	77.1	24.3	216.8%
Operation and Maintenance	227.8	208.1	9.5%	237.0	219.2	8.1%
Compensation Asset Concession	255.6	36.8	595.3%	279.3	58.0	381.6%
Others	8.0	6.3	26.0%	7.2	5.5	31.2%
<b>Total</b>	<b>565.2</b>	<b>271.3</b>	<b>108.3%</b>	<b>600.6</b>	<b>307.0</b>	<b>95.7%</b>

**Revenue from Infrastructure** - Revenue from the implementation of infrastructure for electricity transmission services under the concession services agreements is recognized as and when expenditures are incurred.

Consolidated Infrastructure Revenue amounted to R\$ 77.1 million in 1Q17, up 216.8% from the 1Q16's R\$ 24.3 million, due mainly from increased transformer banks replacement and installation projects, implementation of a grounding transformers derivation and installation structure in the Controlling company.

**Revenue from Operations and Maintenance Services** – In 1Q17, consolidated Revenue from Operations and Maintenance amounted to R\$ 237.0 million, up 8.1% from 1Q16's R\$ 219.2 million.

The increase is largely explained by (i) a R\$ 16.7 million positive change from IGPM/IPCA restatement of O&M revenues, restating the 2015/2016 cycle's RAP for the 2016/2017 cycle, for the Company's concession contracts, (ii) a R\$ 4.1 million negative change from advances (iii) offset by the R\$ 5.9 million increase in Energy Development Account ("Conta de Desenvolvimento Energético" – CDE) for free consumers.

**Revenue from the Remuneration of Concession Assets** – Interest revenue is recognized at the effective rate of interest on the balance of investments, the effective rate being that which equals the rate for future cash receivables, calculated over the estimated life of the financial asset in relation to its initial book value.

Consolidated Revenue from Concession Assets Remuneration was R\$ 279.3 million in 1Q17, up 381.6% from 1Q16's R\$ 58.0 million, mainly as a reflection of the remuneration of the RBSE concession asset posted in 1Q17, in the amount of R\$ 211.7 million.

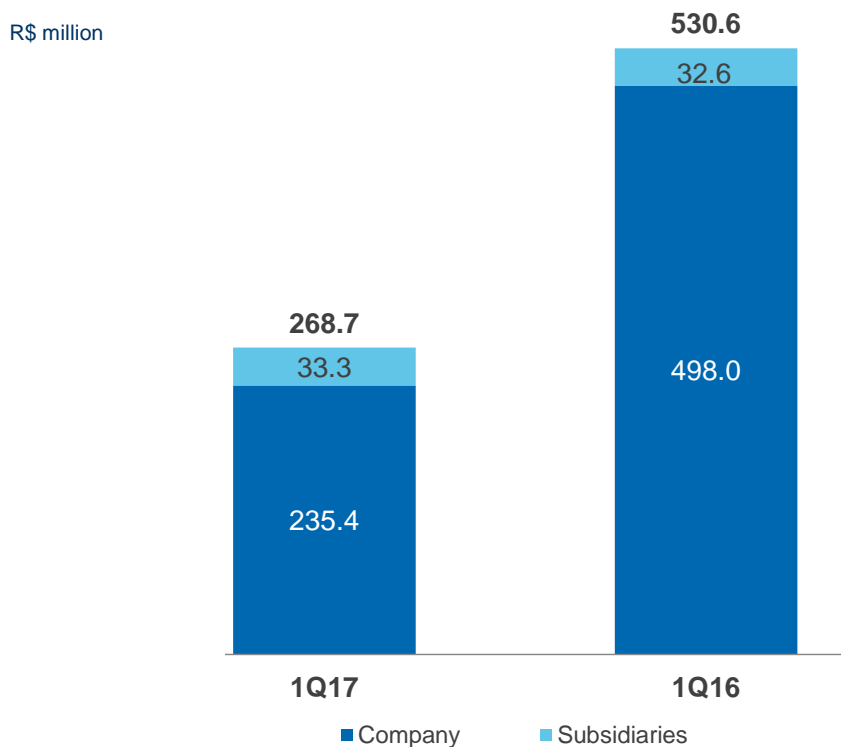
**Other Revenues** - Revenues relate to leasing income from telecoms companies and from maintenance and technical analysis services contracted by third parties. In 1Q17, these revenues totaled R\$ 7.2 million, up 31.2 % from 1Q16's R\$ 5.5 million, due mainly to increased rendering of maintenance and technical analysis services.

▪ **Deductions from Operating Revenue**

Deductions from consolidated operating revenue were R\$ 70.0 million in 1Q17, from 1Q16's R\$ 38.3, due mainly to the constitution of provisions for deferred PIS/COFINS in the amount of R\$ 19.6 million, for remuneration of the RBSE concession asset in 1Q17, and the increase in Energy Development Account ("Conta de Desenvolvimento Energético" – CDE) charges for energy consumption by free consumers.

▪ **Net Operating Revenue**

Net Operating Revenue in 1Q17 reached R \$ 530.6 million, a 96.9% increase compared to 1Q16 when it registered R \$ 269.5 million, mainly due to the remuneration of RBSE concession assets, which generated an impact of R \$ 192.1 million on the net revenue of the period.



## O&M and Infrastructure Costs and Expenses

Total O&M costs and expenses in 1Q17 were R\$ 122.4 million, up 4.2% from 1Q16's R\$ 117.5 million.

The variation in costs and expenses mainly reflects (i) a 12.1% increase in payroll costs and expenses due to the collective wage bargaining agreement of 9.3% awarded in August 2016, retroactive to June 2016, (ii) a 2.9% increase in third-party services, mainly through the restatement of property tax (IPTU) amounts, offset by (iii) a reduction in contingency expenses for the greater volume of agreements in labor-court proceedings and the constitution of liability provisions in 1Q16.

The following shows a breakdown in O&M costs and expenses for the period:

Costs and expenses O&M (R\$ millions)	Company			Consolidated		
	1Q17	1Q16	Δ%	1Q17	1Q16	Δ%
Personnel	(73.0)	(65.2)	12.1%	(75.6)	(67.4)	12.1%
Services	(22.4)	(22.3)	0.3%	(23.9)	(23.2)	2.9%
Material	(1.6)	(3.1)	(48.7%)	(1.6)	(3.2)	(50.3%)
Depreciation	(2.2)	(1.9)	14.7%	(2.4)	(2.1)	13.0%
Contingencies	(2.3)	(6.2)	(63.5%)	(2.8)	(6.1)	(54.3%)
Others	(15.1)	(14.5)	3.9%	(16.1)	(14.4)	11.8%
<b>Total</b>	<b>(116.6)</b>	<b>(113.2)</b>	<b>2.9%</b>	<b>(122.4)</b>	<b>(116.5)</b>	<b>5.0%</b>

Consolidated infrastructure costs amounted to R\$ 69.8 million in 1Q17, up 213.0% from 1Q16's R\$ 22.3 million. This variation is in line with the increase in infrastructure revenue following the realization of reinforcement and improvement projects, mainly within the Controlling Company.

Costs and expenses infrastructure (R\$ millions)	Company			Consolidated		
	1Q17	1Q16	Δ%	1Q17	1Q16	Δ%
<b>Total</b>	<b>(66.8)</b>	<b>(18.3)</b>	<b>265.3%</b>	<b>(69.8)</b>	<b>(22.3)</b>	<b>213.0%</b>



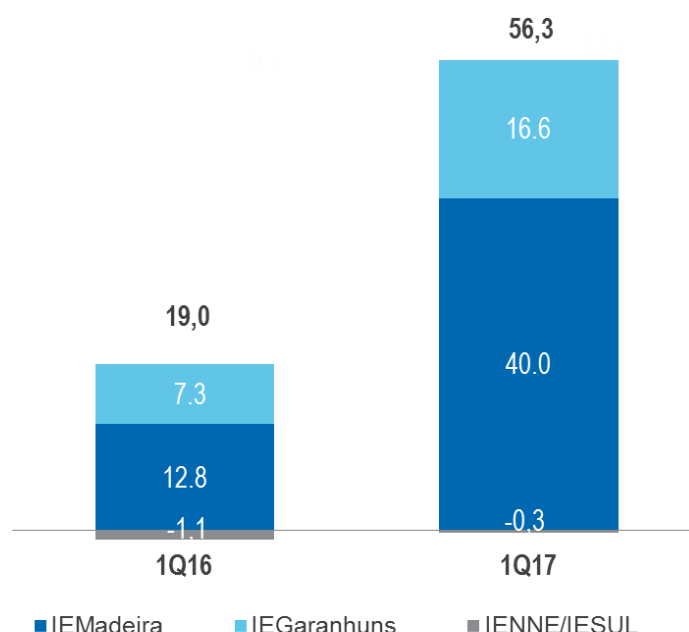
## Equity Income

The equity income account for 1Q17 reported R\$ 56.3 million in revenues, up 196.3% from 1Q16's R\$ 19.0 million in revenues.

The positive variation stems largely from the results of the IEMadeira subsidiary due to: (i) a R\$ 2.4 million increase in net income, mainly from IPCA restatement; (ii) a R\$ 2.5 million increase in general and administrative expenses; and (iii) a R\$ 6.7 million positive impact on interest income from the reduction of interest outlay on Debentures as a result of the partial redemption of interest in March 2016.

Increased income from the IEGaranhuns subsidiary mainly reflects a R\$ 16.9 million decrease in income tax/social contribution (IR/CSLL) as a result of the revised effective deferred income tax rate stemming from the SUDENE tax benefit, offset by a R\$ 7.0 million decrease in net income, due mainly to remuneration of the concession asset as a result of the change to the TEJ from the construction period to the operations period.

(R\$ million)



## Financial Result

Consolidated financial result was an expense of R\$ 29.3 million in 1Q17, up 16.3% from R\$ 25.2 million in expenses in 1Q16. The change is mainly a reflection of the reduced average balance of financial investments from R\$ 281.3 million in 1Q16 to R\$ 103.1 million in 1Q17.

Financial Result (R\$ million)	Company			Consolidated		
	1Q17	1Q16	Δ%	1Q17	1Q16	Δ%
Interest Receivable	2.9	9.6	(69.8%)	10.3	14.9	(30.7%)
Monetary (net)	(7.8)	(6.6)	17.4%	(7.8)	(6.4)	22.3%
Interest and expenses on loans	(27.3)	(30.2)	(9.6%)	(31.1)	(34.6)	(11.9%)
Others	(0.6)	1.0	(157.1%)	(0.6)	0.9	(170.6%)
<b>Total</b>	<b>(32.7)</b>	<b>(26.3)</b>	<b>(24.3%)</b>	<b>(29.3)</b>	<b>(25.2)</b>	<b>16.3%</b>

■ **Income Tax and Social Contribution**

The Company sets aside a monthly provision for income tax and social contribution payments against net income on an accrual basis. The Controlling Company is taxed according to the real profit regime while all the subsidiaries are taxed according to their presumed profit.

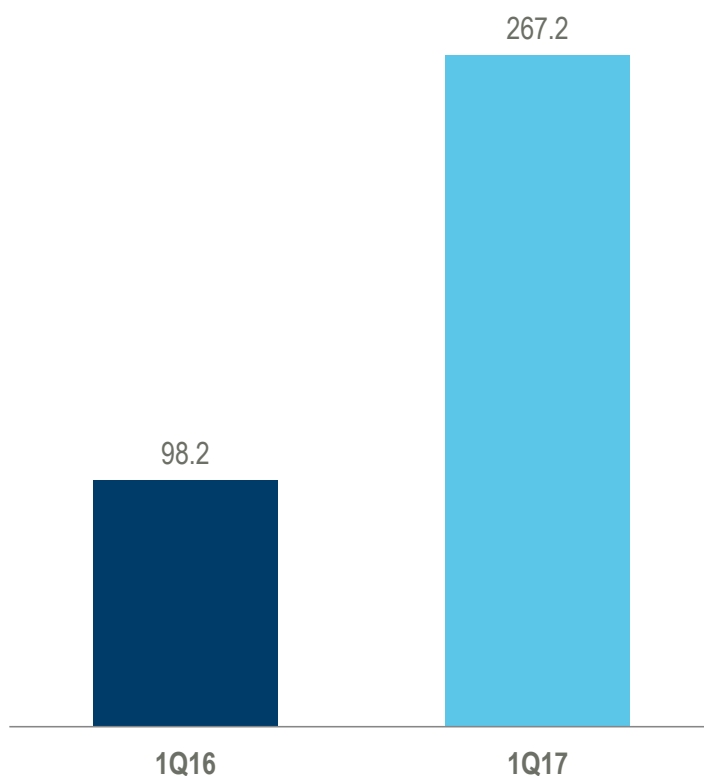
With the enactment of Law 12.973/14 repealing the Transitional Tax Regime – RTT, the Company adjusted the base for calculation of corporate Income Tax and Social Contribution charged against Net Income.

Results from the infrastructure implementation operations for the rendering of electricity transmission services and remuneration of the concession asset (ICPC 01) are recognized on an accrual basis and taxed on a cash (effective receipt) basis, in accordance with tax laws.

Consolidated income tax and social contribution generated R\$ 98.4 million in expenses in 1Q17, 288, up 3% from 1Q16's R\$ 25.4 million, mainly as a reflection of the constitution of deferred IR/CSLL in the amount of R\$ 71.9 million, for the restatement of the financial asset associated with RBSE installations. The effective tax rate in 1Q17 was 26.9%, against 20.5% in 1Q16.

■ **Net Income**

Net Income in 1Q17 totaled R \$ 267.2 million, due to the impact of R \$ 126.8 million on the remuneration of the RBSE concession asset. Excluding this effect, net income would be R \$ 140.4 million, an increase of 43% compared to 1Q16.



■ **EBITDA and EBITDA Margin**

Consolidated Ebitda, in accordance with ICVM 527/12, was R \$ 398.0 million in 1Q17. Excluding the effect of the remuneration of the RBSE concession asset, EBITDA was R \$ 205.8 million, an increase of R \$ 246.5 million compared to EBITDA of R \$ 54.3 million compared to EBITDA of R \$ 151.5 million Of 1Q16.

EBITDA (R\$ million)	Company		Consolidated	
	1Q17	1Q16	1Q17	1Q16
Net Income	261.3	94.4	267.2	98.2
Income tax and social contribution	96.8	23.5	98.4	25.4
Financial Results	32.7	26.2	29.3	25.2
Depreciation and Amortization	2.9	2.6	3.0	2.8
<b>EBITDA ICVM 527/12</b>	<b>393.7</b>	<b>146.7</b>	<b>398.0</b>	<b>151.5</b>
<b>EBITDA Margin ICVM nº 527/12</b>	<b>79.1%</b>	<b>62.1%</b>	<b>75.0%</b>	<b>56.2%</b>
RBSE	192.2	0.0	192.2	0.0
<b>EBITDA ex-RBSE</b>	<b>201.5</b>	<b>146.7</b>	<b>205.8</b>	<b>151.5</b>
<b>Margem EBITDA ex-RBSE</b>	<b>65.9%</b>	<b>62.1%</b>	<b>60.8%</b>	<b>56.2%</b>

## Economic-Financial Performance – Regulatory<sup>1</sup>

### Gross Operating Revenue – Regulatory

In 1Q17, Consolidated Gross Operating Revenue was R\$ 311.5 million, up 14.3% from 1Q16's R\$ 272.4 million. The increase is due mainly, (i) to IPCA restatement of RAP from the 2015/2016 cycle to the 2016/2017 cycle and (ii) entry into operation of new investments and (iii) increased Energy Development Account ("Conta de Desenvolvimento Energético" – CDE) charge for free consumers.

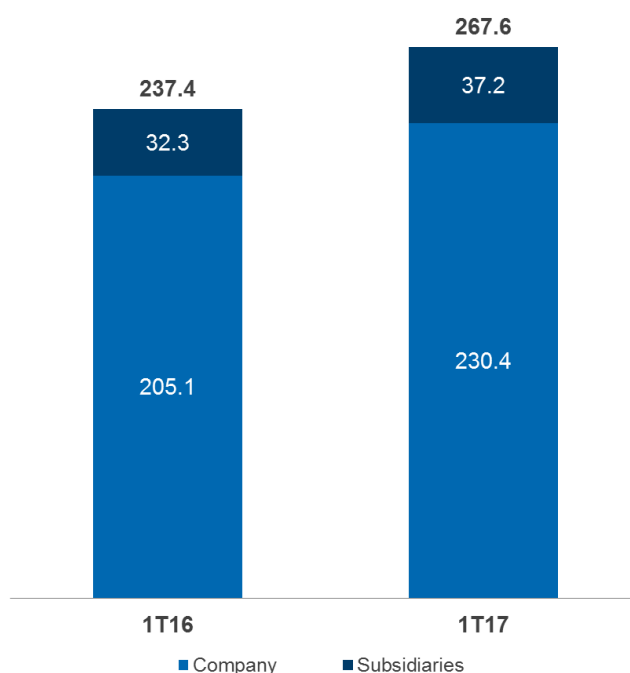
Gross Revenue (R\$ million)	Company			Consolidated		
	1Q17	1Q16	Δ%	1Q17	1Q16	Δ%
The electrical Interconnection Revenues	263.3	231.6	13.7%	304.3	266.9	14.0%
Others	8.0	6.3	26.0%	7.2	5.5	31.2%
<b>Total</b>	<b>271.3</b>	<b>237.9</b>	<b>14.0%</b>	<b>311.5</b>	<b>272.4</b>	<b>14.3%</b>

### Deductions from Operating Revenue – Regulatory

Deductions from operating revenues amounted to R\$ 42.9 million in 1Q17, up 22.5% from 1Q16's R\$ 35.0 million, in line with increased revenues and the increased Energy Development Account ("Conta de Desenvolvimento Energético" – CDE) charge.

### Net Operating Revenue – Regulatory

Consolidated Net Operating Revenue in 1Q17 was R\$ 267.6 million, up 12.7% from 1Q16's R\$ 237.4 million.



<sup>1</sup> **Regulatory Result:** Concerns figures from regulatory accounting statements for CTEEP and its Controlled Subsidiaries, which independent auditors audit only at the end of each fiscal year (regulatory results for 1Q17 have not yet been reviewed by audit). The main difference relative to corporate statements is the non-application of ICPC 01 (IFRIC 12). ICPC 01 has a material effect on the Financial Statements of the Company and its Subsidiaries, particularly in connection with the booking of investments made into transmission assets, which impacts the "Financial Assets" and "PP&E" accounts, and alters the structure and presentation of Profit and Loss Statements. Therefore, our purpose in disclosing this information is merely to assist in understanding CTEEP's business.

■ **O&M Costs and Expenses – Regulatory**

Total O&M costs and expenses were up 5.6% from 1Q16, at R\$ 136.6 million for 1Q17.

The variation in costs and expenses reflects, principally, (i) a 12.2% increase in payroll costs and expenses due to the collective wage bargaining agreement of 9.3% awarded in August 2016, retroactive to June 2016, plus the increase in personnel headcount from transfers between technical and administrative areas; (ii) a 2.6% increase in third party services, due mainly to restated property tax (IPTU) amounts, offset (iii) by reduced contingency expenses due to the greater volume of labor court agreements and liability provisions set aside in 1Q16.

The following shows a breakdown in O&M costs and expenses for the period:

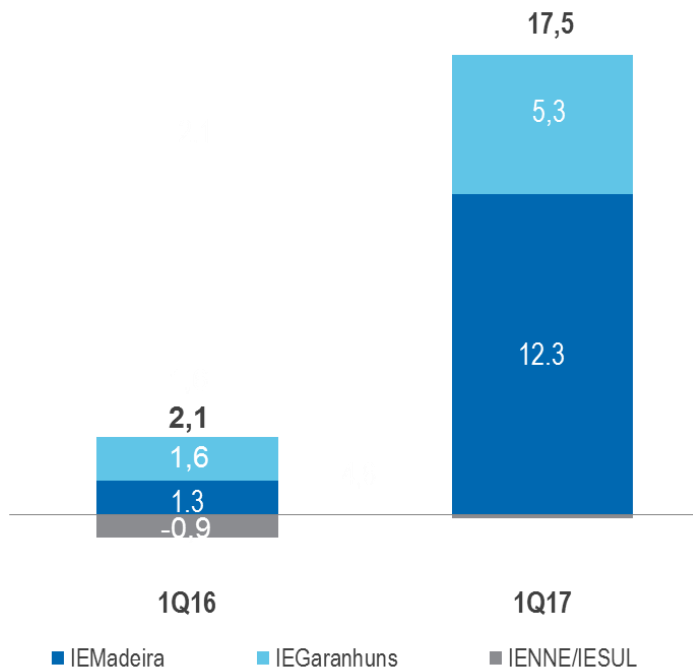
Cost and Expenses (R\$ millions)	Company			Consolidated		
	2016	2015	Δ%	2016	2015	Δ%
Personnel	(73.1)	(65.1)	12.3%	(75.6)	(67.3)	12.2%
Material	(2.3)	(3.0)	-24.1%	(2.4)	(3.1)	-22.2%
Services	(22.5)	(22.2)	1.0%	(23.7)	(23.1)	2.6%
Depreciation	(9.2)	(7.3)	25.3%	(16.3)	(13.7)	18.9%
Contingencies	(2.2)	(6.2)	-64.3%	(2.8)	(6.1)	-55.1%
Others	(15.2)	(15.4)	-1.3%	(15.9)	(16.0)	-0.8%
<b>Total</b>	<b>(124.4)</b>	<b>(119.3)</b>	<b>4.3%</b>	<b>(136.6)</b>	<b>(129.4)</b>	<b>5.6%</b>

■ **Equity Income – Regulatory**

Equity income in 1Q17 was R\$ 17.5 million in revenues up 743.8% from 1Q16's R\$ 2.1 million. The change is mainly in reflection of an R\$ 11.0 million increase in results from subsidiary IEMadeira, due mainly to a R\$ 9.1 million increase in net revenue from IPCA restatement and the R\$ 6.7 million positive financial impact from reduced interest expenses with Debentures, due to the partial settlement of interest in March 2016.

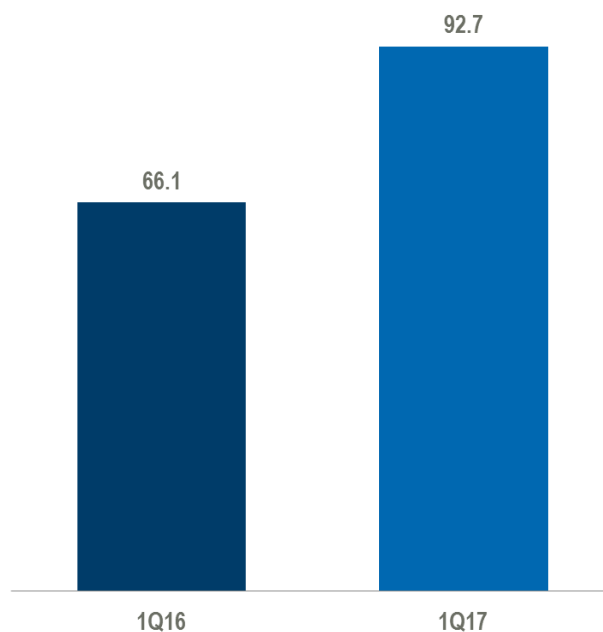
Subsidiary IEGaranhuns posted a R\$ 3.7 million increase due mainly to R\$ 2.1 million growth in net revenues from IPCA restatement.

(R\$ million)



■ **Net Income – Regulatory**

Net income in 1Q17 was R\$ 92.7 million, up 40.2% from 1Q16's R\$ 66.1 million.



■ **EBITDA and EBITDA Margin ICVM 527/12 – Regulatory**

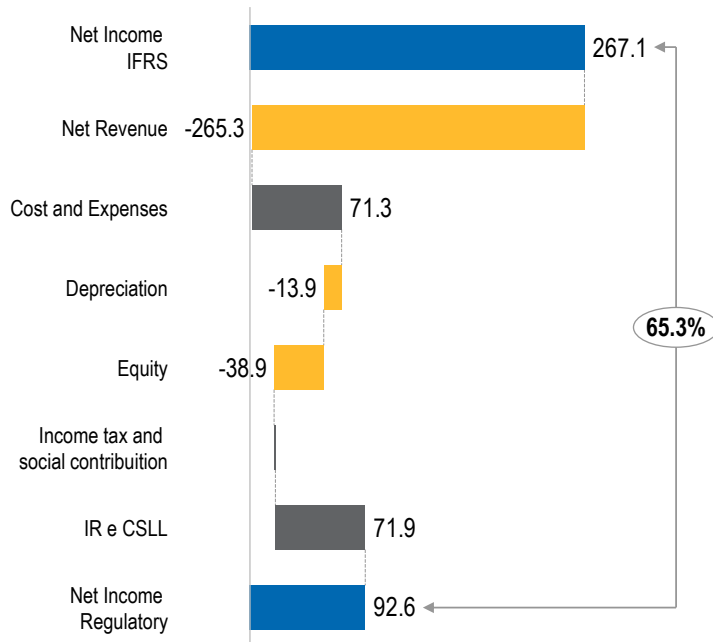
Pursuant to ICVM 527/12, Consolidated EBITDA was R\$ 165.4 million in 1Q17, up R\$ 41.0 million from 1Q16's R\$ 124.4 million. EBITDA margin in 1Q17 was 61.8% for the quarter.

EBITDA (R\$ million)	Company		Consolidated	
	1Q17	1Q16	1Q17	1Q16
Net Income	86.8	62.3	92.7	66.1
Income tax and social contribution	24.8	17.0	26.5	18.8
Financial Results	32.7	26.2	29.3	25.2
Depreciation and Amortization	16.9	8.0	16.9	14.3
<b>EBITDA ICVM 527/12</b>	<b>161.3</b>	<b>113.5</b>	<b>165.4</b>	<b>124.4</b>
<b>EBITDA Margin</b>	<b>70.0%</b>	<b>55.4%</b>	<b>61.8%</b>	<b>52.4%</b>

■ **IFRS v.s Regulatory Net Income Comparison**

Under IFRS, investments are booked as financial assets to be redeemed over the course of the concession, generating construction revenue and a construction cost. When restated the financial asset generates the infrastructure remuneration revenue. Under the regulatory regimen, investments are treated as PP&E, depreciated in line with useful life, and revenue (RAP) is recognized according to sales over the concession period.

The main differences between IFRS and Regulatory consolidated results are as follows:



**Net Operating Revenue:** Recognition of Infrastructure Revenue of R\$ 79.5 million and of Revenue from Concession Assets of R\$ 279.3 million, combined with the reclassification of O&M Revenues of R\$ 67.2 million and Deferred PIS and COFINS of R\$ 26.3 million, for a total adjustment of R\$ 265.3 million.

**O&M and Infrastructure Costs:** Recognition of Infrastructure Implementation and O&M costs for a total adjustment of R\$ 71.3 million.

**Depreciation and Amortization:** Reversal of Financial Assets of the Concession for R\$ 13.9 million.

**Equity Income:** Adjustments to subsidiaries for the adoption of IFRIC 12, affecting mainly the booking of revenues from Infrastructure and Concession Assets.

**Income Tax and Social Contribution (IR & CSLL):** starting from 2015, the taxable base for IR/CSLL is IFRS, with recognition of deferred taxes on infrastructure results and remuneration of the concession asset, on an accrual basis and taxed on effective receipt.



## Capital Structure

### Debt\*

Consolidated gross debt as of March 31, 2017 was R\$ 1,306.6 million, up 29.3% from yearend 2016's R\$ 1,010.4 million, mainly as a reflection of the R\$ 300.0 million in Debentures issued in March 2017.

CTEEP's consolidated cash and cash equivalents were R\$ 441.0 million on March 31, 2017, up 29.5% from December 31, 2016's R\$ 340.6 million. Therefore, consolidated net debt was R\$ 865.6 million, up 29.2 % from the net debt as of yearend 2016.

Debt (R\$ million)	1Q17	1Q16	Δ%
<b>Debt</b>	<b>1,306.6</b>	<b>1,010.4</b>	<b>29.3%</b>
Short-term Debt	277.6	264.0	5.2%
Long-term Debt	1,029.0	746.4	37.9%
Cash CTEEP and 100%*	234.3	161.9	44.7%
<b>Net Debt</b>	<b>1,072.3</b>	<b>848.4</b>	<b>26.4%</b>
Cash*	206.7	178.7	15.6%
<b>Net Debt Consolidated</b>	<b>865.6</b>	<b>669.8</b>	<b>29.2%</b>

(\*)The Company's funds are concentrated in exclusive investment funds that are also used for investments of controlled and jointly controlled entities, and quotas in highly liquid investment funds that can be promptly converted into cash, regardless of the maturities of the assets allocated to them.

The principal covenants to which ISA CTEEP is a party, are enshrined in **the 1st simple debenture issue** and the financing agreements with the **BNDES**:

- i. **Debentures:** the financial covenants in the indenture agreement are: Net Debt/Consolidated Adjusted EBITDA  $\leq$  3.5 and Adjusted EBITDA Debentures/Financial Result  $\geq$  3.0, calculated on a quarterly basis. The Company is currently in full compliance with the requirements and covenants established in the 1st Simple Debenture.
- ii. **BNDES financing agreements (Valid for 2017):** maximum financial indicators in the agreements are: Net Debt/Adjusted EBITDA BNDES  $\leq$  3.5 and Net Debt/(Net Debt + Shareholders' Equity)  $\leq$  0.6, both calculated annually at the end of the fiscal year. For the purposes of calculating and making proof of said indices, the Company must consolidate all of its subsidiaries and jointly-controlled subsidiaries (proportionally to the stake held), as long as its shareholding stake is of 10% or more.

The **3rd Debenture Issue** requires full compliance with the financial indicators contained in the BNDES financing agreements. The Company is in compliance with the covenants and requirements established in the 3rd Debentures Issue.

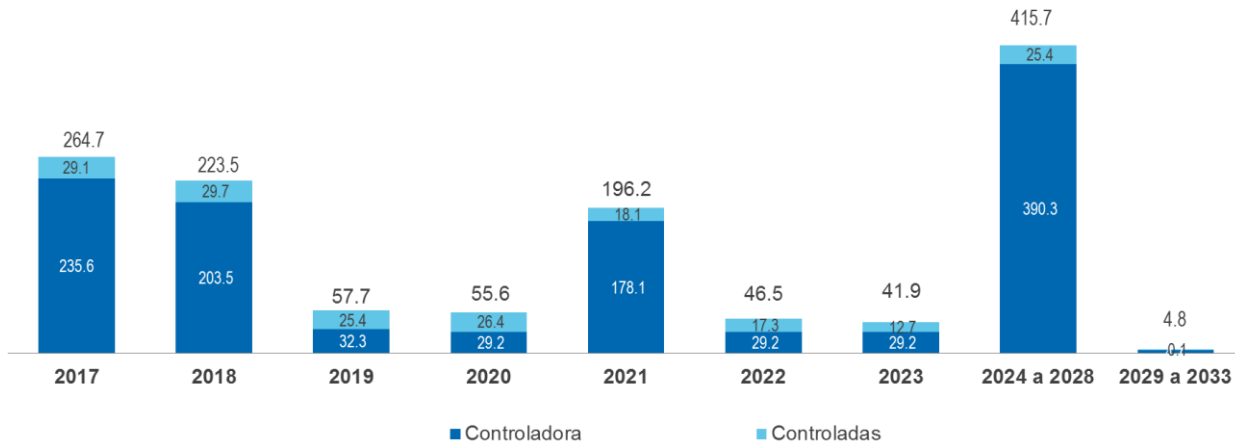
The **4th Debenture Issue** must adhere to the financial indicators in the indenture agreement as follows: Net Debt/Adjusted EBITDA  $<$  3.5 and Adjusted EBITDA/Financial Result  $>$  1.5 until the verification on the baseline date of June 30, 2017 and as from the verification on the baseline date of September 30, 2017.

The **5th Debenture issue** requires full compliance with the financial indicators set forth in the indenture agreement, as follows: Net Debt/Adjusted EBITDA  $<$  3.5 and Adjusted Ebitda/Financial Result  $>$  1.5 until the verification on the baseline date of June 30, 2017 and, starting from the verification for baseline date September 30, 2017, two (2.0).

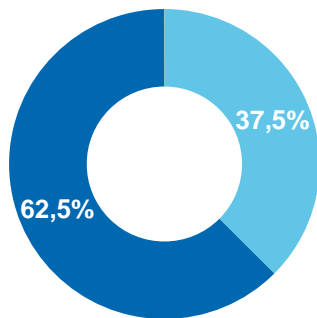
The **average cost** of the consolidated debt went from 11.4 % p.a. on December 31, 2016 to 8.8% on March 31, 2017. The accumulated IPCA for the past 12 months was 4.57% and the annualized CDI (Interbank Deposit Rate) for March 2017 was 12.13%. The average consolidated debt maturity was of March 31, 2017 was 4.6 years, up from yearend 2016's 3.9 years.

The following chart shows the schedule for amortization of consolidated debt (Controlling Company and Subsidiaries) and breakdown of funding agreements and respective indexes. For subsequent years, the Net Debt/EBITDA ratio is set at 3.0 for 2018, 2019 and 2020.

R\$ million

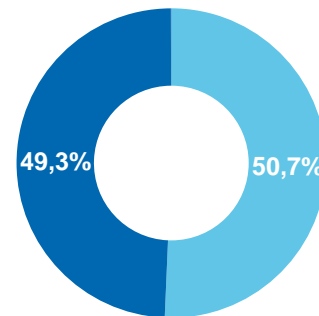


#### Contratação da Dívida e Indexação 1Q17



■ BNDES - TJLP  
■ Debêntures - CDI/IPCA

#### Contratação da Dívida e Indexação 2016



(\*) The complete breakdown of the debt of CTEEP and its controlled and jointly controlled entities can be found in the ATTACHMENTS to the present document.

### Investments

In the first quarter of 2017, CTEEP, its subsidiaries and affiliates invested a total of R\$ 46.9 million, as follows (i) R\$ 39.3 million in reinforcements, new connections, modernizations and improvements that generate additional revenues for the Company starting from the power-up of each investment project; (ii) R\$ 4.5 million in investments, via subsidiaries, for the completion of works in progress, as well as topical improvements, reinforcements and new connections, which will contribute to the generation of new revenue for the Company, and (iii) R\$ 3.2 million in personnel capitalization, corporate and telecommunications projects.

## Subsequent Event

### ■ Accounts receivable Law No. 12.783 – SE

The company disclosed a material fact on April 11, 2017 with reference to a court decision, published on April 10, 2017, within the proceedings of Common Law Suit No. 0010552-48.2017.4.01.3400, filed before the 5th Federal Court of the Judiciary Section of the Federal District, on behalf of the Brazilian Association of Major Industrial Free Energy Consumers (“Associação Brasileira de Grandes Consumidores Industriais de Energia Livres” – ABRACE), of the Brazilian Technical Association of Automated Glass Industries (“Associação Técnica Brasileira das Indústrias Automáticas de Vidro” – ABIVIDRO), and of the Brazilian Association of Ferro Alloys and Silicon Metal Producers (“Associação Brasileira dos Produtores de Ferroligas e de Silício Metálico – ABRAFE”) against the Federal Government and the National Electric Energy Agency (“Agência Nacional de Energia Elétrica” – ANEEL” (the “ABRACE Lawsuit”), ordering, as a temporary relief measure, (i) ANEEL to exclude the alleged “remuneration” portion of the Tariff for Use of the Transmission System (“Tarifa de Uso do Sistema de Transmissão” – TUST) calculated on reversible assets that have not yet been amortized or depreciated, pursuant to article 15, paragraph 2, of Law No. 12.783/13; and (ii) consequently, ANEEL to recalculate the remuneration charges owed to transmission companies so that they may become compliant with the temporary relief. Relief was not given to suspend payment of the Tariff of the Use of the Transmission System – TUST and of the Plaintiffs’ other requests, so that TUST remains owed, with the exception of the remuneration mentioned in article 1, paragraph 3, of Ministry of Mines and Energy Ordinance (“Portaria MME”) 120/2016, upholding its update, which, for the purposes of the interim relief granted, affects the Plaintiffs.

The Company is assessing potential steps, including judicial ones, in defense of its interests, at no prejudice to its support of the actions of the Brazilian Association of Electric Power Transmission Companies (“Associação Brasileira das Empresas de Transmissão de Energia Elétrica” – ABRATE), which was accepted, in the same court decision, as amicus curiae for the Federal Government and ANEEL for the purposes of the ABRACE Lawsuit, and awaits the stance of ANEEL and the MME in connection with procedures to put in motion, at no loss to maintenance of its rights as concerns the full amount of the accounted monies.

### ■ Transmission auction n 05/2016

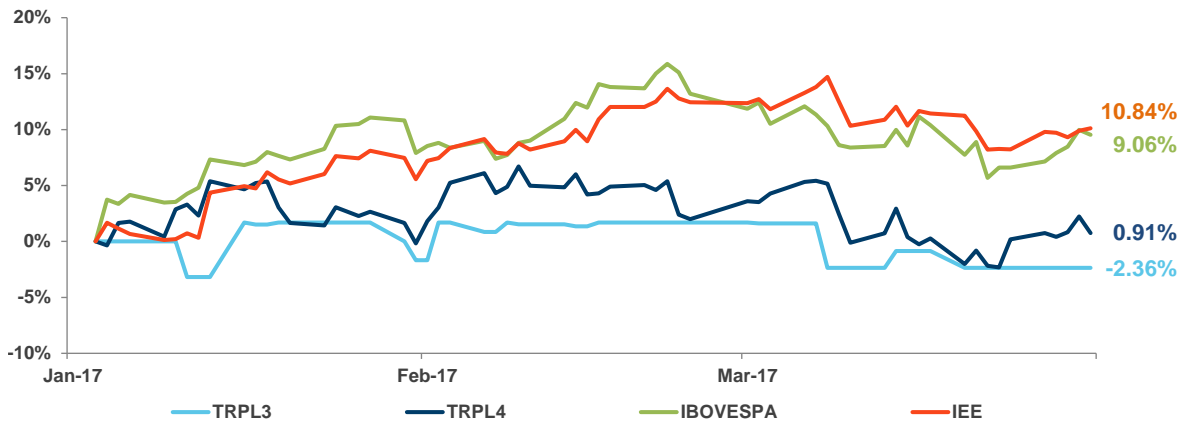
CTEEP won 5 lots in ANEEL Transmission Auction No. 05/2016, da ANEEL, as follows:

- Lot 1, in partnership with TAESA, at equal 50% shares (Columbia Consortium)
- Lots 5, 6, 25 and 29 individually

R\$ million	LOT 1 Columbia Consortium	LOT 5 Individual	LOT 6 Individual	LOT 25 Individual	LOT 29 Individual
Location	Paraná	São Paulo / Paraná	São Paulo	São Paulo	São Paulo
Transmission Line (LT) Substation (SE)	LT and SE	LT and SE	SE	SE	LT and SE
ANEEL Investment	1,936.5	134.6	397.7	125.8	601.9
ANEEL RAP	400.5	27.1	83.2	25.3	113.5
RAP with discount	267.3	18.4	46.2	10.7	53.7
Discount	33.24%	32.20%	44.51%	57.55%	52.69%
Operation start period – months	60	48	48	42	48
Extent – km	1,200	36	-	-	111

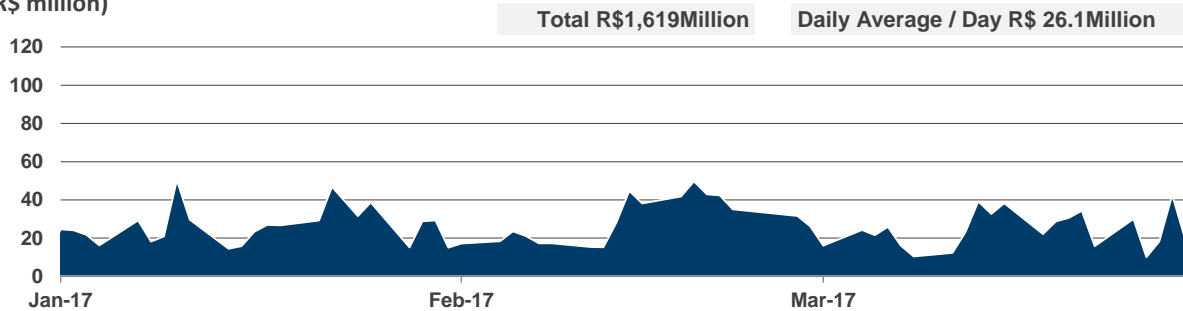
### Capital Markets

The closing prices of CTEEP's common and preferred shares (BM&FBovespa: TRPL3 and TRPL4) at the end of the first quarter of 2017 were R\$57.61 and R\$ 65.12, a change of -2.36% and .91%, respectively, from December 31, 2016. In the same period, Ibovespa appreciated by 9.06% and the Electric Power Stock Index ("Índice de Energia Elétrica" – IEE) appreciated by 10.84%.



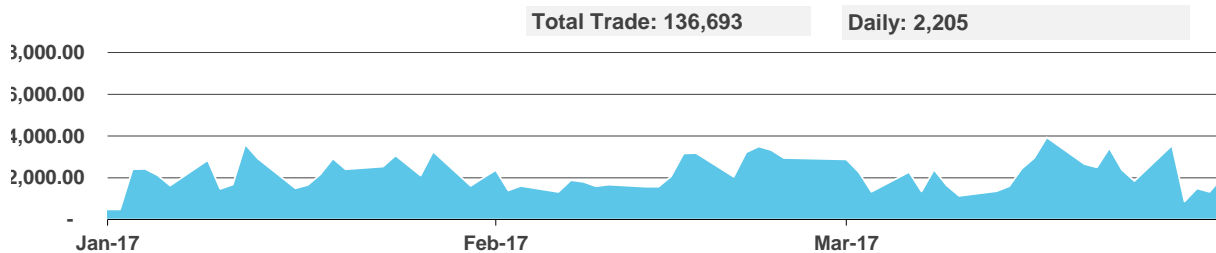
In the first half of 2017, CTEEP's preferred shares reported an average daily traded volume of on the BM&FBovespa of R\$ 26.1 million.

#### Trade Financial - 12/31/2016 (R\$ million)



At a daily average of 2,205 trades, CTEEP's preferred shares recorded a total of 136.7 thousand trades in 1Q17.

#### Trade Volume - 12/31/2016 (units)



## Attachments

### Attachment I – IFRS Balance Sheet

Assets (R\$' 000)	COMPANY		CONSOLIDATED	
	03/31/2017	12/31/2015	03/31/2017	12/31/2015
<b>CURRENT ASSETS</b>				
Cash and Banks	2,787	1,609	5,614	4,524
Financial Investments	178,748	124,479	435,348	336,138
Trade Account Receivable	1,559,841	1,091,764	1,691,428	1,221,016
Inventory	36,500	35,796	38,427	37,723
Recoverable taxes and contributions	26,238	8,248	26,453	8,563
Prepaid Expenses	41,964	10,104	42,185	10,303
Others	54,060	60,054	55,602	62,077
	<b>1,900,138</b>	<b>1,332,054</b>	<b>2,295,057</b>	<b>1,680,344</b>
<b>NON-CURRENT ASSETS</b>				
<b>Long-Term Assets</b>				
Trade Account Receivable	9,067,754	9,222,081	10,067,272	10,225,808
Amounts Receivable from the State Finance Secretariat	1,211,921	1,150,358	1,211,921	1,150,358
Tax benefit - incorporated goodwill	0	0	0	0
Pledges and Escrow	71,026	70,166	71,035	70,175
Inventory	22,554	25,438	28,254	32,512
Deferred taxes	0	0	0	0
Others	1,549	1,570	13,970	13,572
	<b>10,374,804</b>	<b>10,469,613</b>	<b>11,392,452</b>	<b>11,492,425</b>
Investments	2,836,035	2,757,784	1,885,448	1,826,930
Property, Plant and Equipment	24,639	25,424	24,721	25,457
Intangible Assets	16,976	18,219	39,790	41,843
	<b>2,877,650</b>	<b>2,801,428</b>	<b>1,949,959</b>	<b>1,894,231</b>
<b>Total Assets</b>	<b>15,152,592</b>	<b>14,603,095</b>	<b>15,637,468</b>	<b>15,067,000</b>

Liabilities and Shareholders' Equity	COMPANY		CONSOLIDATED	
	03/31/2017	12/31/2015	03/31/2017	12/31/2015
<b>CURRENT LIABILITIES</b>				
Loans and Financing	32,637	32,872	71,435	71,679
Bonds	206,168	192,368	206,168	192,368
Suppliers	44,639	39,279	46,006	41,482
Taxes, Fees and Contributions	44,752	28,373	47,020	30,053
Taxes installments - Law 11,941	17,852	17,540	17,852	17,540
Regulatory Charges	15,780	12,598	15,857	12,751
Interest on Shareholders' Equity	2,328	139,946	2,328	139,946
Provisions	27,713	32,562	28,590	33,610
Amounts Payable - Fundação CESP	6,306	5,495	6,306	5,495
Others	43,603	49,715	46,619	53,047
	<b>441,778</b>	<b>550,748</b>	<b>488,181</b>	<b>597,971</b>
<b>NON-CURRENT LIABILITIES</b>				
<b>Long-Term Liabilities</b>				
Loans and Financing	272,541	279,689	418,730	432,472
Bonds	610,237	313,931	610,237	313,931
Taxes installments - Law 11,941	117,525	119,857	117,525	119,857
PIS and COFINS	971,753	945,480	1,015,582	989,445
Advance for future capital increases	2,146,338	2,068,537	2,184,288	2,106,603
Regulatory Charges	31,262	29,374	34,605	32,509
Provisions for Contingencies	156,820	153,035	157,318	153,035
Especial Liabilities - Reversal/Amortization	24,053	24,053	24,054	24,053
Monority Interest	0	0	206,663	178,733
	<b>4,330,529</b>	<b>3,933,956</b>	<b>4,769,002</b>	<b>4,350,638</b>
<b>SHAREHOLDERS' EQUITY</b>				
Paid-up Capital	2,372,437	2,372,437	2,372,437	2,372,437
Capital Reserves	1,217,583	1,217,583	1,217,583	1,217,583
Revenue Reserves	6,527,704	6,527,704	6,527,704	6,527,704
Profits / Losses	261,895	0	261,895	0
Advance for future capital increases	666	666	666	666
	<b>10,380,285</b>	<b>10,118,390</b>	<b>10,380,285</b>	<b>10,118,390</b>
<b>Total Liabilities and Shareholders' Equity</b>	<b>15,152,592</b>	<b>14,603,094</b>	<b>15,637,467</b>	<b>15,066,999</b>

■ Attachment II –IFRS Income Statement (R\$ thousands)

Demonstração de Resultado (R\$ mil)	Controladora			Consolidado		
	1T17	1T16	Δ%	1T17	1T16	Δ%
<b>Receita Operacional Bruta</b>	<b>565,163</b>	<b>271,348</b>	<b>108.3%</b>	<b>600,597</b>	<b>306,984</b>	<b>95.6%</b>
Infraestrutura	73,730	20,157	265.8%	77,098	24,334	216.8%
O&M	227,794	208,080	9.5%	236,990	219,157	8.1%
Ativos de concessão	255,645	36,766	595.3%	279,295	57,993	381.6%
Outras	7,994	6,345	26.0%	7,214	5,500	31.2%
<b>Deduções à Receita Operacional</b>	<b>(67,132)</b>	<b>(35,936)</b>	<b>86.8%</b>	<b>(70,006)</b>	<b>(38,319)</b>	<b>82.7%</b>
<b>Receita Operacional Líquida</b>	<b>498,031</b>	<b>235,412</b>	<b>111.6%</b>	<b>530,591</b>	<b>268,665</b>	<b>97.5%</b>
<b>Custos e Despesas Operacionais</b>	<b>(183,462)</b>	<b>(131,528)</b>	<b>39.5%</b>	<b>(192,153)</b>	<b>(138,814)</b>	<b>38.4%</b>
Pessoal	(78,099)	(70,926)	10.1%	(80,822)	(73,206)	10.4%
Material	(58,127)	(7,413)	684.1%	(60,856)	(7,690)	691.4%
Serviços	(27,641)	(30,488)	(9.3%)	(29,132)	(33,243)	(12.4%)
Outros	(19,595)	(22,701)	(13.7%)	(21,344)	(24,675)	(13.5%)
<b>Resultado Bruto</b>	<b>314,569</b>	<b>103,884</b>	<b>202.8%</b>	<b>338,438</b>	<b>129,851</b>	<b>160.6%</b>
Equivalência Patrimonial	76,103	40,406	88.3%	56,307	19,021	196.0%
Outras Receitas/Despesas Operacionais	171	(126)	(235.7%)	114	(126)	(190.5%)
<b>Resultado Anterior ao Resultado Financeiro e dos Tributos</b>	<b>390,843</b>	<b>144,164</b>	<b>171.1%</b>	<b>394,859</b>	<b>148,746</b>	<b>165.5%</b>
<b>Resultado Financeiro</b>	<b>(32,712)</b>	<b>(26,219)</b>	<b>24.8%</b>	<b>(29,269)</b>	<b>(25,157)</b>	<b>16.3%</b>
Rendimento de Aplicação financeira/Juros Ativos	2,903	9,620	(69.8%)	10,310	14,920	(30.9%)
Resultado de Variação monetária líquida	(7,760)	(6,608)	17.4%	(7,816)	(6,399)	22.1%
Juros/Encargos sobre empréstimos	(27,298)	(30,207)	(9.6%)	(31,147)	(34,576)	(9.9%)
Outras	(557)	976	(157.1%)	(616)	898	(168.6%)
<b>Lucro operacional</b>	<b>358,131</b>	<b>117,945</b>	<b>203.6%</b>	<b>365,590</b>	<b>123,589</b>	<b>195.8%</b>
<b>Imposto de Renda e Contribuição Social sobre o Lucro</b>	<b>(96,821)</b>	<b>(23,534)</b>	<b>311.4%</b>	<b>(98,432)</b>	<b>(25,350)</b>	<b>288.3%</b>
Corrente	(19,019)	(17,296)	10.0%	(20,747)	(19,055)	8.9%
Diferido	(77,802)	(6,238)	1147.2%	(77,685)	(6,295)	1134.1%
<b>Lucro/Prejuízo Consolidado do Período Antes da Participação do Acionista não Controlador</b>	<b>261,310</b>	<b>94,411</b>	<b>176.8%</b>	<b>267,158</b>	<b>98,239</b>	<b>171.9%</b>
Participação do Acionista não Controlador	0	0	0	(5,849)	(3,828)	100.0%
<b>Lucro/Prejuízo Consolidado do Período</b>	<b>261,310</b>	<b>94,411</b>	<b>176.8%</b>	<b>261,309</b>	<b>94,411</b>	<b>176.8%</b>

■ Attachment III –IFRS Cash Flow Statement (R\$ thousands)

Fluxo de Caixa das Atividades Operacionais	CONTROLADORA		CONSOLIDADO	
	1T17	1T16	1T17	1T16
Caixa Líquido Atividades Operacionais	(87,062)	27,717	(53,795)	44,630
<b>Caixa Gerado nas Operações</b>	<b>105,756</b>	<b>101,439</b>	<b>135,734</b>	<b>127,322</b>
Lucro Líquido	261,309	94,411	267,158	98,239
Atualização do Contas a Receber Lei 12.783 -SE	(211,748)	0	(211,748)	0
PIS e COFINS diferidos	26,273	2,374	26,137	2,442
Depreciação e Amortização	2,222	1,936	2,412	2,124
IR e CSLL diferidos	77,802	6,238	77,685	6,295
Demandas Judiciais	(1,315)	(169)	(817)	(384)
Custo residual do ativo imobilizado	0	70	0	70
Benefício fiscal - ágio incorporado	0	9	0	9
Amortização ativo de concessão na aquisição da controlada	623	622	623	622
Realização perda em controlada em conjunto	(558)	(576)	(558)	(576)
Resultado de equivalência patrimonial	(76,102)	(40,406)	(56,305)	(19,021)
Juros e variações monetárias e cambiais s/ ativos e passivos	27,250	36,930	31,147	37,502
<b>Variações nos Ativos</b>	<b>-205,038</b>	<b>-78,451</b>	<b>-201,101</b>	<b>-83,583</b>
Contas a receber	(102,002)	1,320	(99,570)	(2,212)
Estoques	2,180	2,957	3,554	1,363
Valores a receber – Secretaria da Fazenda	(61,563)	(43,391)	(61,563)	(43,391)
Tributos e contribuições a compensar	(17,904)	(16,932)	(17,804)	(16,364)
Cauções e depósitos vinculados	106	(617)	106	(617)
Outros	(25,855)	(21,788)	(25,824)	(22,362)
<b>Variações nos Passivos</b>	<b>12,220</b>	<b>4,729</b>	<b>11,573</b>	<b>891</b>
Fornecedores	5,360	10,481	4,538	11,403
Tributos e encargos sociais a recolher	16,379	13,064	16,967	13,675
Impostos Parcelados - Lei nº 11.941	(4,439)	(4,106)	(4,439)	(4,106)
Encargos Regulatórios a recolher	5,070	(10,925)	5,145	(10,999)
Provisões	(4,849)	(3,111)	(5,021)	(3,317)
valores a pagar FUNCESP	811	302	811	302
Outros	(6,112)	(976)	(6,428)	(6,067)
<b>Fluxo de caixa das atividades de investimentos</b>	<b>-56,677</b>	<b>-13,406</b>	<b>-79,588</b>	<b>-19,898</b>
Aplicação Financeira	(54,269)	(40,373)	(99,210)	35,517
Transações com acionistas não controladores	0	0	22,081	(82,379)
Imobilizado	(130)	(142)	(182)	(142)
Intangível	(64)	0	(64)	(3)
Investimentos	(2,214)	(941)	(2,213)	(941)
Dividendos Recebidos	0	28,050	0	28,050
<b>Fluxo de caixa das atividades de financiamento</b>	<b>144,907</b>	<b>-14,703</b>	<b>134,466</b>	<b>-25,559</b>
Adições de empréstimos	300,000	0	300,000	0
Pagamentos de empréstimos (inclui juros)	(17,974)	(14,702)	(28,415)	(25,558)
Dividendos pagos	(137,119)	(1)	(137,119)	(1)
Aumento de Capital	0	0	0	0
<b>Varição de Caixa e Equivalentes</b>	<b>1,178</b>	<b>-392</b>	<b>1,090</b>	<b>-827</b>
Caixa e equivalentes de caixa no início do exercício	1,609	3,120	4,524	6,135
<b>Saldo Final de Caixa e Equivalentes</b>	<b>2,787</b>	<b>2,728</b>	<b>5,614</b>	<b>5,308</b>



■ Attachment IV – Breakdown of Consolidated Debt (R\$ thousands)

FUNDING	CHARGES	MATURITY	1Q17	2016
BNDES	TJLP + 1.8% year	15/03/29	226,964	246,316
	3.50% year	15/01/24	69,651	82,538
	4.00% year	15/08/18	108	204
	6.00% year	15/11/19	6,147	9,029
	TJLP	15/03/29	1,884	0
<b>Debentures CTEEP</b>				
2nd Issuance	IPCA + 8.1% year	15/12/17	23,107	41,608
Single Series	116% CDI	02/07/14	346,374	498,747
4th Issuance - Single Series	IPCA + 6.04%aa	07/15/2021	153,416	0
5th Issuance - Single Series	IPCA + 5,0373%aa	15/02/24	293,507	0
<b>Banks CTEEP</b>				
Eletronbras	8% year	15/11/21	143	196
Leasing	-	-	281	323
<b>TOTAL CTEEP:</b>			<b>1,121,584</b>	<b>878,961</b>
<b>BNDES</b>				
IEMG	TJLP + 2.4% year	15/04/23	31,603	37,425
	5.5% year	15/05/26	33,156	37,132
PINHEIROS	TJLP + 2.6% year	15/01/21	38,530	51,092
	3.5 year	15/04/23	11,018	13,282
SERRA DO JAPI	TJLP + 2.1% year	15/02/28	5,891	6,451
	TJLP + 1.9% year	15/05/26	34,755	38,796
	TJLP + 1.5% year	15/05/26	30,033	33,525
<b>TOTAL SUBSIDIARIES</b>			<b>184,986</b>	<b>217,703</b>
<b>Total Consolidated (R\$ mil)</b>			<b>1,306,570</b>	<b>1,096,664</b>

■ Attachment V – Breakdown of Debt of Jointly Controlled Subsidiaries (R\$ thousands)

Company	Bank	Final Maturity	Total	CTEEP's Participation
IE MADEIRA	ITAÚ BBA	3/18/2025	479,091	244,336
	BNDES	2/15/2030	1,322,809	674,632
	BNDES	10/15/2022	154,438	78,763
	BASA	10/10/2032	309,091	157,636
<b>Gross Debt IE Madeira (51% CTEEP)</b>			<b>2,265,428</b>	<b>1,155,368</b>
Cash and Equivalents			200,222	<b>94,474</b>
<b>Net Debt IE Madeira (51% CTEEP)</b>			<b>2,065,206</b>	<b>1,060,894</b>
IENNE	BB	7/3/2015	15,332	3,833
	BNB	5/19/2030	192,998	47,443
<b>Gross Debt IENNE (25% CTEEP)</b>			<b>208,330</b>	<b>51,276</b>
Cash and Equivalents			2,000	434
<b>Net Debt IENNE (25% CTEEP)</b>			<b>206,330</b>	<b>50,842</b>
IEGARANHUNS	BNDES	12/15/2028	212,722	108,488
	BNDES	8/15/2023	92,137	46,990
	BNDES	12/15/2028	1,564	798
<b>Gross Debt IE GARANHUNS (51% CTEEP)</b>			<b>306,423</b>	<b>156,276</b>
Cash and Equivalents			39,612	13,278
<b>Net Debt IE GARANHUNS (51% CTEEP)</b>			<b>266,811</b>	<b>142,997</b>
IE SUL	BNDES	1/15/2021	8,111	4,056
	BNDES	8/15/2023	4,056	2,028
	BNDES	8/15/2028	6,306	3,153
	BNDES	5/15/2025	7,833	3,916
<b>Gross Debt IE SUL (50% CTEEP)</b>			<b>26,306</b>	<b>13,153</b>
Cash and Equivalents			1,057	503
<b>Net Debt IE SUL (50% CTEEP)</b>			<b>25,249</b>	<b>12,651</b>
<b>Total Gross Debt (R\$ million)</b>			<b>2,806,487</b>	<b>1,376,073</b>
<b>TOTAL Net Debt (R\$ million)</b>			<b>2,563,596</b>	<b>1,267,384</b>

■ **Attachment VI – Subsidiaries**

Subsidiaries	State(s)	Start of Operation	RAP (R\$ million)	Expiration of Contract	Shareholding
Interligação Elétrica Minas Gerais	Minas Gerais	dez/08	16.9	abr/37	CTEEP 100%
Interligação Elétrica Pinheiros	São Paulo	(*)	53.8	out/38	CTEEP 100%
Interligação Elétrica Serra do Japi	São Paulo	mar/12	57.9	nov/39	CTEEP 100%
Evrecy	Minas Gerais / Espírito Santo	nov/08	13.4	jul/25	CTEEP 100%
Itaúnas	Espírito Santo	em operação	47.2	fev/47	CTEEP 100%
Interligação Elétrica Norte e Nordeste	Tocantins	jan/11	40.9	mar/38	Isolux 50% CTEEP 25% CYMI 25%
Interligação Elétrica Sul	Rio Grande do Sul	(**)	16.9	out/38	CTEEP 50% + 1 ação CYMI 50%
Interligação Elétrica Madeira	Rondônia / São Paulo	(***)	445.6	fev/39	CTEEP 51% Fumas 24,5% Chesf 24,5%
Interligação Elétrica Garanhuns	Pernambuco	dez/15	93.5	dez/41	CTEEP 51% Chesf 49%
Paraguaçu	Bahia e Minas Gerais	em operação	106.6	fev/47	CTEEP 50% TAESA 50%
Aimorés	Minas Gerais	em operação	71.4	fev/47	CTEEP 50% TAESA 50%

(\*) Lot H - The Araras, Getulina and Mirassol substations went into operation on September 5, 2010, March 10, 2011 and April 17, 2011, respectively.

Lot E - The Piratininga II substation began operations on December 26, 2011.

Lot K – The Atibaia II substation (Auction 004/2008) began operations on January 8, 2013. The Itapeti substation (Auction 004/2011) began operations on August 9, 2013.

(\*\*) Lot F – the Nova Santa Rita – Scharlau transmission line and the Scharlau substation were made commercially operational on December 6, 2010.

Lot I - The Forquilha substation went into operation on October 10, 2011. The Jorge Lacerda B – Siderópolis transmission line went into operation on August 21, 2012. The Joinville Norte - Curitiba transmission line was scheduled to begin operations in the second half of 2015.

(\*\*\*) Lot D - The Coletora Porto Velho – Araraquara 2 transmission line went into commercial operations on August 1, 2013 (RAP: R\$ 235.8 million).

Lot F - The Inverter and Rectifier stations (Concession Agreement 015/2009) went into provisional commercial operations on May 12, 2014. The assets as from the date of the Concession Agreement were declared free of pending proprietary impediments in August 2014. However, because of pending impediments on the part of other agents (with respect to incomplete joint studies of integrators in the ONS electrical studies simulator), a reducing factor equivalent to 10% of the revenue under the agreement has been used.

Commissioning tests on the Araraquara and Porto Velho Converter Station are in the final stage, complete commercial operations and issue by the - National System Operator - ONS of the Definitive Release Instrument expected for the 2nd half of 2017.

VIII – Regulatory Balance Sheet

Assets (R\$' 000)	COMPANY		CONSOLIDATED	
	31/03/17	31/12/16	31/03/17	31/12/16
<b>CURRENT ASSETS</b>				
Cash and Banks	2,787	1,609	5,614	4,524
Financial Investments	178,748	124,479	435,348	336,138
Trade Account Receivable	101,435	72,351	114,535	83,117
Inventory	15,477	14,773	17,404	16,700
Recoverable taxes and contributions	35,206	8,248	35,421	8,563
Deferred taxes	15,945	23,518	15,945	23,518
Prepaid Expenses	41,964	10,104	42,185	10,303
Overdue controlled	15,844	18,340	15,823	18,041
Others	43,672	43,807	45,245	46,127
	<b>467,023</b>	<b>317,229</b>	<b>727,520</b>	<b>547,030</b>
<b>NON-CURRENT ASSETS</b>				
<b>Long-Term Assets</b>				
Trade Account Receivable	2	9,117	2	9,117
Amounts Receivable from the State Finance Secretariat	1,211,921	1,150,358	1,211,921	1,150,358
Deferred taxes	0	229,085	0	229,085
Pledges and Escrow	71,027	70,166	71,036	70,175
Others	1,552	1,570	13,972	13,572
	<b>1,284,502</b>	<b>1,460,296</b>	<b>1,296,931</b>	<b>1,472,307</b>
Investments	1,870,592	1,830,195	1,223,393	1,203,699
Property, Plant and Equipment	5,871,948	5,822,056	6,605,803	6,560,107
Intangible Assets	81,062	82,427	108,647	110,936
	<b>7,823,602</b>	<b>7,734,678</b>	<b>7,937,843</b>	<b>7,874,742</b>
<b>Total Assets</b>	<b>9,575,127</b>	<b>9,512,203</b>	<b>9,962,294</b>	<b>9,894,079</b>

Liabilities and Shareholders' Equity	COMPANY		CONSOLIDATED	
	31/03/17	31/12/16	31/03/17	31/12/16
<b>CURRENT LIABILITIES</b>				
Loans and Financing	32,637	32,872	71,435	71,679
Bonds	206,168	192,368	206,168	192,368
Suppliers	44,639	39,279	46,019	41,482
Taxes, Fees and Contributions	53,721	28,373	55,989	30,053
Taxes installments - Law 11,941	17,852	17,540	17,852	17,540
Regulatory Charges	15,794	12,598	15,871	12,751
Interest on Shareholders' Equity	2,328	139,946	2,328	139,946
Provisions	27,713	32,562	28,589	33,610
Amounts Payable - Fundação CESP	6,306	5,495	6,306	5,495
Others	43,603	49,715	46,624	53,049
	<b>450,761</b>	<b>550,748</b>	<b>497,181</b>	<b>597,973</b>
<b>NON-CURRENT LIABILITIES</b>				
<b>Long-Term Liabilities</b>				
Loans and Financing	272,541	279,689	418,730	432,472
Bonds	610,237	313,931	610,237	313,931
Taxes installments - Law 11,941	117,525	119,857	117,525	119,857
Deferred Taxes	825,623	0	825,623	0
Regulatory Charges	31,432	29,374	34,774	32,510
Provisions	156,820	153,035	157,318	153,035
Especial Liabilities - Reversal/Amortization	24,053	24,053	24,053	24,053
	<b>2,038,231</b>	<b>919,939</b>	<b>2,188,260</b>	<b>1,075,858</b>
Monority Interest	0	0	206,663	178,733
<b>SHAREHOLDERS' EQUITY</b>				
Paid-up Capital	2,372,437	2,372,437	2,372,437	2,372,437
Capital Reserves	1,217,583	1,217,583	1,217,583	1,217,583
Revenue Reserves	1,127,814	1,127,814	1,127,814	1,127,814
Profits / Losses	2,264,451	3,323,016	2,264,451	3,323,016
Advance for future capital increases	666	666	666	666
Accumulated profits and losses	87,239	0	87,239	0
	<b>7,070,190</b>	<b>8,041,516</b>	<b>7,070,190</b>	<b>8,041,516</b>
<b>Total Liabilities and Shareholders' Equity</b>	<b>9,559,182</b>	<b>9,512,203</b>	<b>9,962,293</b>	<b>9,894,080</b>

■ Attachment IX – Regulatory Income Statement

Result (R\$ mil)	Company			Consolidated		
	1Q17	1Q16	Δ%	1Q17	1Q16	Δ%
<b>Operating revenue</b>	<b>271,291</b>	<b>237,898</b>	<b>14.0%</b>	<b>311,491</b>	<b>272,403</b>	<b>14.3%</b>
Electrical Network Usage	263,297	231,553	13.7%	304,277	266,903	14.0%
Others	7,994	6,345	26.0%	7,214	5,500	31.2%
Deductions from Operating Revenue	(40,858)	(32,839)	24.4%	(43,869)	(35,029)	25.2%
<b>Net operating revenue</b>	<b>230,433</b>	<b>205,059</b>	<b>12.4%</b>	<b>267,622</b>	<b>237,374</b>	<b>12.7%</b>
Cost and Expenses	(124,378)	(119,157)	4.4%	(136,641)	(129,307)	5.7%
Personnel	(73,096)	(65,112)	12.3%	(75,588)	(67,346)	12.2%
Material	(2,282)	(3,006)	(24.1%)	(2,408)	(3,094)	(22.2%)
Services	(22,459)	(22,233)	1.0%	(23,687)	(23,096)	2.6%
Others	(26,540)	(28,806)	(7.9%)	(34,957)	(35,771)	(2.3%)
<b>Gross Revenue</b>	<b>106,055</b>	<b>85,902</b>	<b>23.5%</b>	<b>130,981</b>	<b>108,067</b>	<b>21.2%</b>
Equity	38,226	19,716	93.9%	17,483	2,072	743.8%
Other Operating Expenses/Income	50	(103)	(148.5%)	(7)	(103)	(93.2%)
<b>Previous to the Net Financial Income and Taxes</b>	<b>144,331</b>	<b>105,515</b>	<b>36.8%</b>	<b>148,457</b>	<b>110,036</b>	<b>34.9%</b>
<b>Financial Results</b>	<b>(32,711)</b>	<b>(26,219)</b>	<b>24.8%</b>	<b>(29,263)</b>	<b>(25,155)</b>	<b>16.3%</b>
Interest Receivable	2,903	9,620	(69.8%)	10,310	14,920	(30.9%)
Monetary (net)	(7,760)	(6,608)	17.4%	(7,816)	(6,399)	22.1%
Interest and expenses on loans	(27,298)	(30,207)	(9.6%)	(31,147)	(34,576)	(9.9%)
Others	(556)	976	(157.0%)	(610)	900	(167.8%)
<b>Operating Income</b>	<b>111,620</b>	<b>79,296</b>	<b>40.8%</b>	<b>119,195</b>	<b>84,881</b>	<b>40.4%</b>
<b>Income tax and social contribution</b>	<b>(24,795)</b>	<b>(17,013)</b>	<b>45.7%</b>	<b>(26,521)</b>	<b>(18,770)</b>	<b>41.3%</b>
Current	(19,019)	(17,295)	10.0%	(20,745)	(19,052)	8.9%
Deferred	(5,776)	282	(2148.2%)	(5,776)	282	(2148.2%)
<b>Net Income Before Minority Interest</b>	<b>86,825</b>	<b>62,283</b>	<b>39.4%</b>	<b>92,674</b>	<b>66,111</b>	<b>40.2%</b>
Minority interest	0	0	0	(5,848)	(3,828)	100.0%
<b>Net Income</b>	<b>86,825</b>	<b>62,283</b>	<b>39.4%</b>	<b>86,825</b>	<b>62,283</b>	<b>39.4%</b>

■ **Attachment X – Regulatory Income Statement for Jointly Controlled Subsidiaries IEMadeira and IEGaranhuns (51% CTEEP)**

IE MADEIRA			
Result (R\$ millions)	1Q17	1Q16	Δ%
<b>Operating revenue</b>	<b>136.3</b>	<b>115.8</b>	<b>17.8%</b>
Deductions from Operating Revenue	(17.8)	(14.7)	21.2%
<b>Net operating revenue</b>	<b>118.5</b>	<b>101.0</b>	<b>17.3%</b>
Cost and Expenses	(10.9)	(7.7)	41.5%
Depreciation	(34.2)	(34.1)	0.2%
<b>Gross Revenue</b>	<b>73.4</b>	<b>59.2</b>	<b>24.0%</b>
Operating Expenses	0.0	0.0	0.0%
Financial Results	(44.0)	(57.0)	-22.9%
<b>Operating Income</b>	<b>29.4</b>	<b>2.2</b>	<b>1255.2%</b>
Income tax and social contribution	(5.3)	0.4	-
<b>Net Income</b>	<b>24.1</b>	<b>2.6</b>	<b>836.7%</b>
<b>CTEEP Participation</b>	<b>12.3</b>	<b>1.3</b>	<b>836.7%</b>

(\*) Includes projects concerning the transmission lines and electric power substation infrastructure, operating in areas covered by SUDAM, with benefits granted in the months of December 2014 and December 2015, respectively. The tax benefit usage period covers ten years with a 75% reduction of income and ancillary tax.

IE GARANHUNS		
Result (R\$ millions)	1Q17	1Q16
<b>Operating revenue</b>	<b>27.3</b>	<b>24.3</b>
Deductions from Operating Revenue	(3.6)	(3.1)
<b>Net operating revenue</b>	<b>23.7</b>	<b>21.2</b>
Cost and Expenses	(3.6)	(2.4)
Depreciation	(31.2)	0.0
<b>Gross Revenue</b>	<b>14.0</b>	<b>11.0</b>
Operating Expenses	(3.8)	0.0
Financial Results	(5.5)	(6.1)
<b>Operating Income</b>	<b>9.6</b>	<b>4.9</b>
Income tax and social contribution	0.8	(1.7)
<b>Net Income</b>	<b>10.5</b>	<b>3.2</b>
<b>CTEEP Participation</b>	<b>5.3</b>	<b>1.6</b>

(\*) Includes projects concerning the transmission lines and electric power substation infrastructure, operating in areas covered by SUDENE, with benefit granted in December 2016v. The tax benefit usage period covers ten years with a 75% reduction of income and ancillary tax.