

results

2017

INVESTOR
RELATIONS



isa

CTEEP

ISA CTEEP ANNOUNCES RESULTS FOR 2Q17

São Paulo, August 1, 2017 –CTEEP - Companhia de Transmissão de Energia Elétrica Paulista (“CTEEP or Company”) (B3: TRPL3 and TRPL4), announces its results for the second 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 2Q17

- **Auction 05/2016 (ANEEL)** – ISA CTEEP bid successfully for 5 lots in the transmission auction of April 24, 2017. Investment envisaged by ANEEL is R\$ 2.2 billion and equivalent to a RAP of R\$ 262.7 million, proportional to ISA CTEEP’s 50% stake in Lot 1 in partnership with TAESA.
- **Acquisition of IENNE:** In May, ISA CTEEP exercised its preemptive rights to acquire the total stakes of ISOLUX and CYMI, involving 245,463,000 common shares and equivalent to R\$ 96.8 million. The effective acquisition is subject to the regulatory approval of CADE and ANEEL.
- **RBSE – Definition of Report Amount:** On June 02, ANEEL Order 1.484/2017 was published, ratifying the net amount of the RBSE asset at R\$ 4,094.4 million as of the baseline date of December 2012. The impact on cash receivables and growth in the financial asset of the RBSE installations was R\$ 432.6 million in the quarter. In compliance with a preliminary injunction in June, ANEEL published Order 1.779 and Technical Note 170, excluding the cost of capital (KE) portion from the amounts unpaid between January 2013 and June 2017 in the calculation of the RAP 2017/2018 cycle, temporarily reducing the latter from R\$ 1,738.2 million to R\$ 1,502.2 million. The cost of capital-related receivables was transferred to the long-term category.
- **Distribution of Earnings:** Payment of R\$ 135.0 million of interim dividends to the shareholders, equivalent to R\$ 0.819569 per share for both types.
- **Dividends from Subsidiaries:** Dividends were received worth R\$ 33.5 million from Evrecy, IEJapi and IEPinheiros in June.
- **Annual Readjustment in RAP:** On June 30, Ratification Resolution 2.258 was published establishing RAPs for CTEEP and its Subsidiaries for the 2017/2018 Cycle. The consolidated RAP was adjusted from R\$ 1,035.3 million to R\$ 2,678.9 million in July 2017, representing an increase of R\$ 1,643.6 million, principally reflecting the inclusion of the RAP for RBSE assets of R\$ 1,552.4 million.

Key Indicators Consolidated (R\$ million)	IFRS			REGULATORY	
	2Q17	2Q17 ex-RBSE	2Q16	2Q17	2Q16
Net Revenues	895.8	306.3	286.1	263.3	245.1
EBITDA □	772.7	183.2	174.4	150.6	143.8
EBITDA Margin □	86.3%	59.8%	61.0%	57.2%	58.7%
Net Income	504.7	115.7	107.9	75.5	73.1
Net Margin	56.3%	37.8%	37.7%	28.7%	29.8%

Rating - Fitch AAA(bra)



CONTENTS

ISA CTEEP	4
Economic and Financial Performance – Regulatory.....	13
Investments	20
Capital Markets	22
Attachments	23
▪ Attachment I – Balance Sheet - IFRS	23
▪ Attachment II – Income Statement - IFRS (R\$ thousand)	25
▪ Attachment III – Cash Flow - IFRS (R\$ thousands).....	27
▪ Attachment IV - Breakdown of Consolidated Debt (R\$ thousands)	28
▪ Attachment V - Breakdown of Debt of Jointly Controlled Subsidiaries - (R\$ thousands)	29
▪ Attachment VI – Subsidiaries.....	30
▪ VIII – Regulatory Balance Sheet.....	31
▪ Attachment IX – Regulatory Income Statement	33
▪ Attachment X – Regulatory Cash Flow (R\$ thousands).....	35
Attachment X – Regulatory Income Statement for the Jointly Controlled Subsidiaries - IEMadeira and IEGaranhuns (51% CTEEP)	35



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.

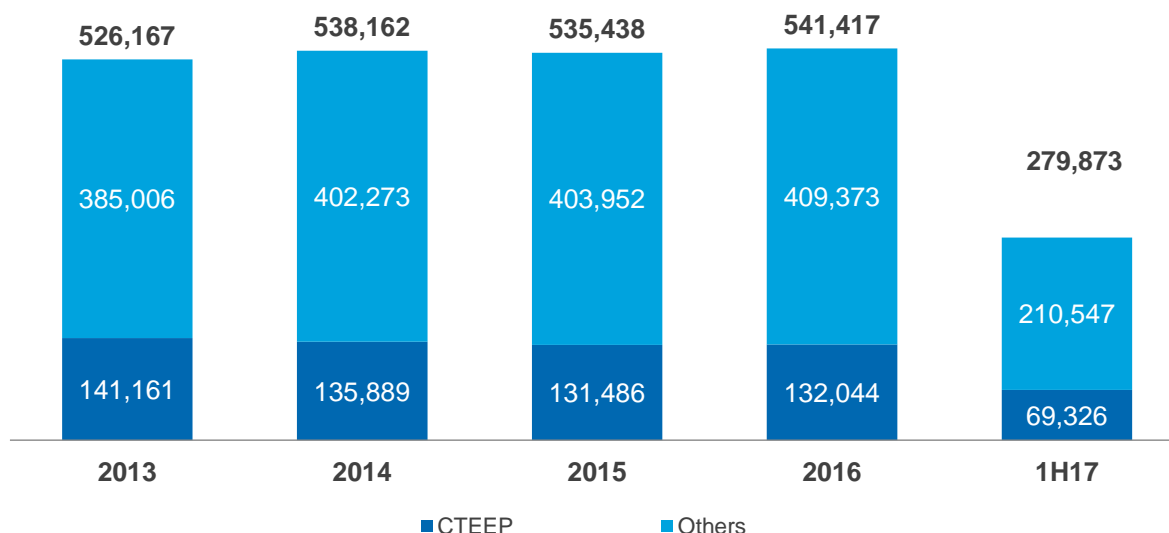
With head offices in the city of São Paulo, the Company has a footprint through proprietary assets and through subsidiaries and jointly controlled subsidiaries in 17 Brazilian states: Rio Grande do Sul, Santa Catarina, Paraná, São Paulo, Minas Gerais, Espírito Santo, Rondônia, Mato Grosso, Mato Grosso do Sul, Goiás, Tocantins, Maranhão, Piauí, Paraíba, Pernambuco, Alagoas and 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 Garanuns), 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 56,292 MVA with 18,642 km of transmission lines, 25,785 km of circuits, 2,358 km of proprietary optic fiber cables and 123 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) for the period from 2013 to 2Q17.

GWh





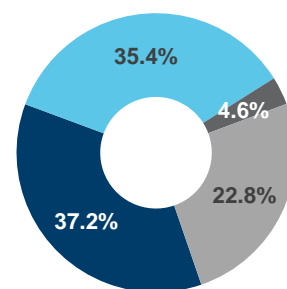
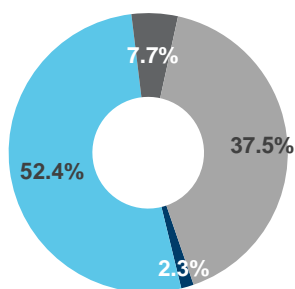
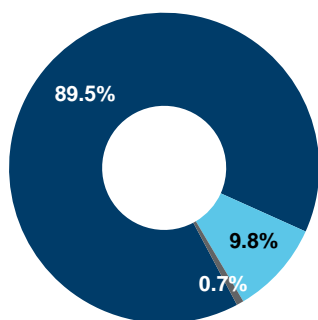
■ **Shareholding Breakdown**

Controlled by ISA, a multi-latina linear infrastructure systems company, CTEEP's investors include Eletrobras, the largest electric energy 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 75% by domestic investors and 25% by foreign investors.

Common Shares – TRPL3
64,484,433 Common Shares
(39% of the total Capital Stock)

Preferred Shares – TRPL4
100,236,393 Preferred Shares
(61% of the total Capital Stock)

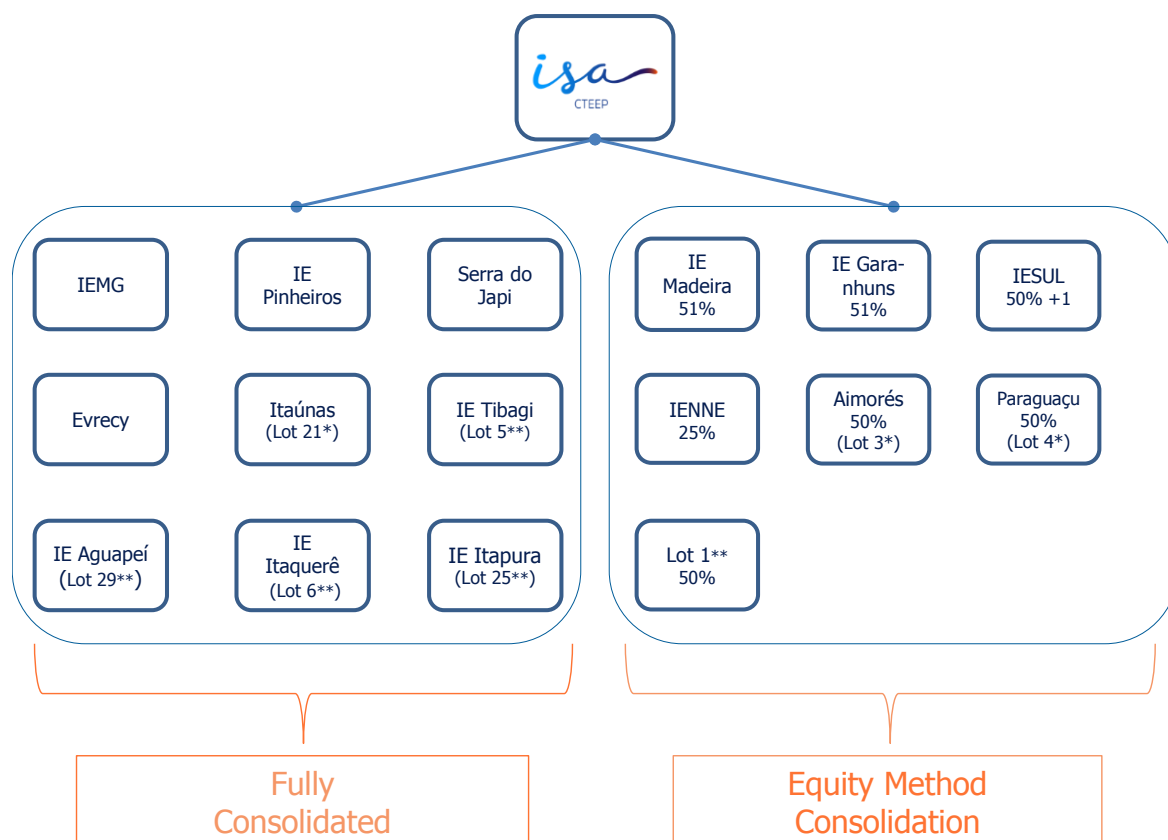
Total Capital Stock
164,720,826 Shares



■ ISA Capital do Brasil ■ Eletrobras ■ Vinci ■ Others

■ **Corporate Structure**

ISA CTEEP's corporate structure comprises its wholly- or jointly-owned subsidiaries as shown below:



(*) ANEEL Auction 013/2015 – 10/28/2016
(**) ANEEL Auction 05/2016 – 04/24/2017

Operating Performance

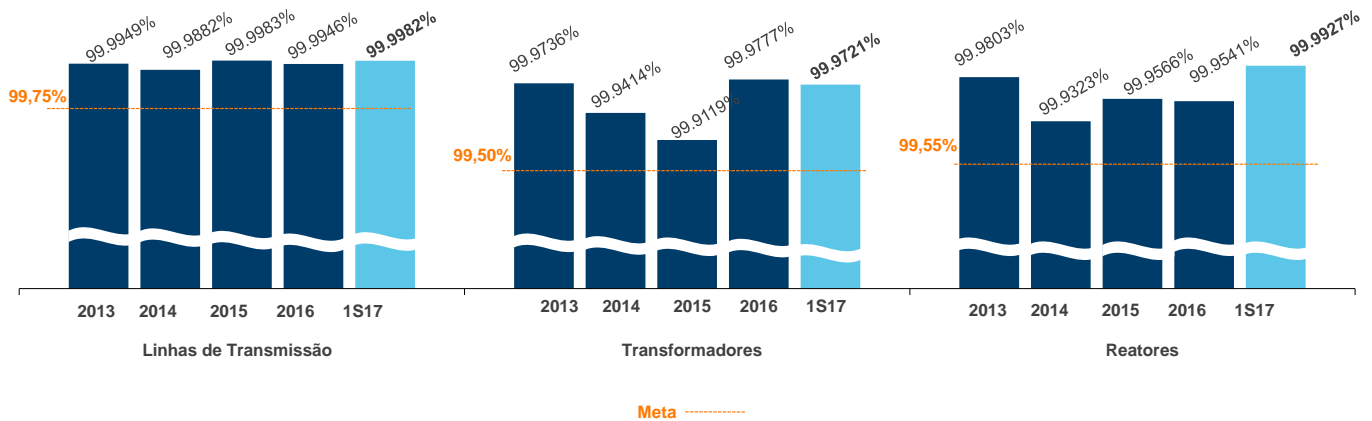
Operating Excellence

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 Energy 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 ISA CTEEP's objective is to guarantee efficiency and quality in rendering a profitable transmission service. In this context, the Company also operates an Asset Optimization Plan (POA) and a Transmission Improvements Program (PMT), both focused on the continual upgrading of equipment and systems.

ISA - 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 operations. The operating indicators highlighted below summarize CTEEP's operating performance for the period from 2012 to 1H17.

Asset Uptime (06/30/2017)



Economic and Financial Performance - IFRS

Gross Operating Revenue

Consolidated Gross Operating Revenue was R\$ 1,003.8 million, an increase of 206.8% in relation to 2Q16, largely due to the recognition in June 2017 of the complementary amount in the RBSE evaluation report of R\$ 432.6 million pursuant to ANEEL Order 1.484/2017 as well as reflecting the impact of the remuneration of the RBSE concession asset posted in 2Q17.

Gross Revenue (R\$ million)	Company						Consolidated					
	2Q17	2Q16	Δ%	1H17	1H16	Δ%	2Q17	2Q16	Δ%	1H17	1H16	Δ%
Infrastructure	42.1	34.0	23.7%	115.8	54.2	113.7%	41.9	35.4	18.4%	119.0	59.7	99.2%
Operation and Maintenance	224.3	210.1	6.7%	452.1	418.2	8.1%	232.6	218.5	6.5%	469.6	437.7	7.3%
Compensation Asset Concession	699.1	41.7	1578.4%	954.8	78.4	1117.5%	723.1	67.4	972.4%	1,002.4	125.4	699.2%
Others	7.1	7.0	2.3%	15.1	13.3	13.6%	6.2	5.8	6.4%	13.4	11.3	18.4%
Total	972.6	292.8	232.2%	1,537.8	564.1	172.6%	1,003.8	327.2	206.9%	1,604.4	634.2	153.1%

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\$ 41.9 million in 2Q17, up 18.4% from the R\$ 35.4 million in 2Q16, due mainly to reinforcement projects for replacing transformer banks at the Controlling company.

Revenue from Operations and Maintenance Services - In 2Q17, consolidated Revenue from Operations and Maintenance amounted to R\$ 232.6 million, up 6.5% from R\$ 218.5 million in 2Q16.

The increase is largely explained by: (i) a R\$ 16.7 million positive change as a result of IGPM/IPCA restatement of O&M revenues, correcting the 2015/2016 RAP cycle for the subsequent 2016/2017 cycle amount for the Company's concession agreements; (ii) an increase in the Energy Development Account - CDE tariff for free consumers of R\$ 1.6 million, partially offset by: (iii) lower revenue paid in advance by the ONS – surplus of R\$ 2.7 million; and (iv) and by the negative variation of R\$ 1.1 million in the Adjustment Parcel (PV).

Revenue from 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 Remuneration of Concession Assets amounted to R\$ 723.1 million in 2Q17, an increase of 972.4% compared with the R\$ 67.4 million in 2Q16, largely reflecting recognition of the complementary value of the RBSE evaluation report of R\$ 432.6 million pursuant to ANEEL Order 1.484/17 as well as the restatement of the financial asset portion of the RBSE of R\$ 217.0 million and booked to the accounts in 2Q17.

Other Revenues - Revenues relate to leasing income from telecoms companies and from maintenance and technical analysis services contracted by third parties. In 2Q17, these revenues totaled R\$ 6.2 million, up 6.4 % from the R\$ 5.8 million in 2Q16, due mainly to adjustments to service contracts for maintenance and technical analysis.

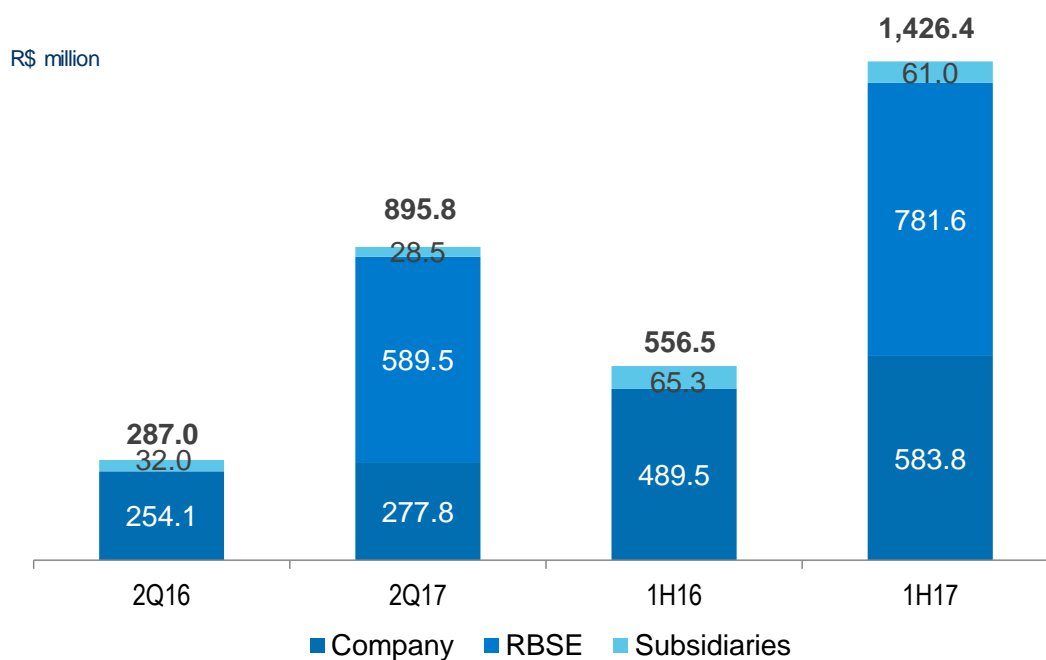


■ **Deductions from Operating Revenue**

Deductions from consolidated operating revenue were R\$ 108.0 million in 2Q17 against R\$ 40.2 million in 2Q16, largely reflecting the impact of deferred PIS and COFINS provisions of R\$ 60.1 million on the remuneration of the RBSE concession asset for 2Q17.

■ **Net Operating Revenue**

Net Operating Revenue in 2Q17 was R\$ 895.8 million, an increase of 212.1% compared with the R\$ 287.0 million posted for 2Q16, principally a reflection of remuneration on the RBSE concession asset, which had an impact of R\$ 589.5 million on net operating revenue for the period.





■ O&M and Infrastructure Costs and Expenses

Total O&M costs and expenses in 2Q17 were R\$ 106.9 million, a decrease of 2.2% in relation to R\$ 109.4 million reported in 2Q16.

The variation in costs and expenses mainly reflects: (i) a 14.9% increase in payroll costs and expenses due to the collective wage bargaining agreement of 9.3% awarded in August 2016, backdated to June 2016; and (ii) an increase of 13.9% in third party services, principally due to expenditures with general maintenance equipment.

Contingency expenses reported a reversal with an impact on results of R\$ 14.7 million, principally due to: (i) R\$ 5.4 million in labor contingencies in the light of a greater number of judicial agreements; and (ii) R\$ 9.3 in civil actions, due to reversals in provisions following favorable legal rulings involving regulatory and civil actions with a reduction in the amounts involved and review of expectations as to eventual legal outcome.

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

Costs and expenses O&M (R\$ millions)	Company						Consolidated					
	2Q17	2Q17	Δ%	1H17	1H16	Δ%	2Q17	2Q17	Δ%	1H17	1H16	Δ%
Perssonel	(69.3)	(60.0)	15.5%	(142.3)	(126.2)	12.8%	(71.9)	(62.6)	14.8%	(147.5)	(131.0)	12.6%
Services	(28.1)	(24.5)	14.8%	(50.5)	(48.2)	4.9%	(29.5)	(25.9)	13.7%	(53.4)	(50.5)	5.7%
Material	(1.7)	(2.1)	(16.9%)	(3.3)	(2.8)	17.8%	(1.8)	(2.2)	(17.7%)	(3.4)	(3.1)	9.8%
Depreciation	(2.2)	(2.0)	10.8%	(4.4)	(4.0)	10.9%	(2.4)	(2.2)	9.2%	(4.8)	(4.3)	11.9%
Contingencies	13.9	(1.3)	(1152.2%)	11.7	(7.6)	(253.4%)	14.4	(1.3)	(1183.8%)	11.6	(7.5)	(254.4%)
Others	(15.6)	(14.0)	12.0%	(30.7)	(28.4)	8.0%	(15.7)	(14.3)	9.9%	(31.8)	(28.5)	11.6%
Total	(103.1)	(103.9)	-0.8%	(219.7)	(217.0)	-198.9%	(106.9)	(108.6)	-1.5%	(229.3)	(224.9)	2.0%

Consolidated infrastructure costs amounted to R\$ 38.4 million in 2Q17, up 19.2% from R\$ 32.2 million in 2Q16. This variation is in line with the increase in infrastructure revenue following the realization of reinforcement and improvement projects, mainly at the Controlling Company.

Costs and expenses infrastructure (R\$ millions)	Company						Consolidated					
	2Q17	2Q17	Δ%	1H17	1H16	Δ%	2Q17	2Q17	Δ%	1H17	1H16	Δ%
Total	(38.2)	(30.9)	23.8%	(10509.8%)	(4920.0%)	113.6%	(38.4)	(32.2)	19.3%	(10813.7%)	(5450.0%)	98.5%

Equity Income

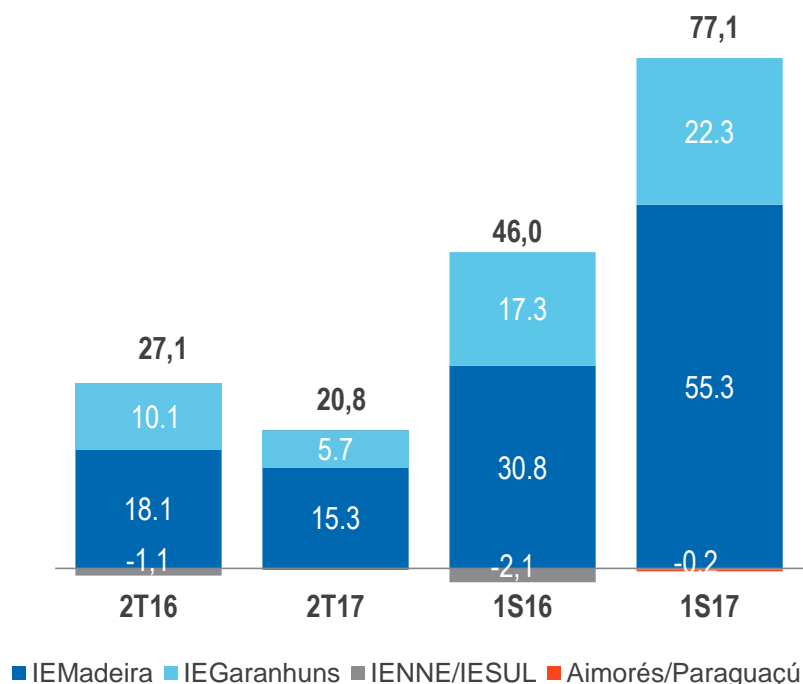
The equity income account in 2Q17 reported a revenue of R\$ 21.1 million, a decline of 22.1% from the R\$ 27.1 million posted for 2Q16.

The variation in results from the IEMadeira subsidiary are principally a reflection of: (i) a reduction in net revenue of R\$ 6.3 million, principally from the booking of a negative amount to the adjustment parcel (PA) with respect to the reversal of the RAP paid during the period of tests on Lots D and F in August 2013 and May 2014, respectively, compensated by the correction of revenue at the IPCA inflation index; (ii) an increase in general and administrative costs/expenses of R\$ 3.0 million; (iii) the positive impact on the financial result of R\$ 3.1 million from a reduction of interest charges on debentures due to the partial settlement of interest in March 2016; and (iv) a reduction in income tax and social contribution overheads of R\$ 3.6 million following a revision of the effective rate of deferred income tax relative to the SUDAM tax break.

The decline in the results from the IEGaranhuns subsidiary is largely due to a decrease of R\$ 6.9 million in revenue from the remuneration of the concession asset due to an alteration in the Effective Interest Rate (TEJ) in the period between construction and operations. The decline also reflects an increase in O&M costs, principally relating to third party services, offset by a reduction in income tax and social contribution overheads following a revision of the effective rate on deferred income tax relative to the SUDENE tax break. There was also a positive impact on the financial result from the reduction of interest rates on loans.

The amount shown for the Aimorés and Paraguaçu subsidiaries relates to administrative expenses during the preoperational phase of the projects.

(R\$ million)



Financial Result

An expense of R\$ 26.4 million in 2Q17 was reported for the consolidated financial result, a decline of 8.5% against an expense of R\$ 28.9 million reported in 2Q16. This variation is principally a function of the decline in interest and charges on debentures following the partial settlement in December 2016 of the 1st issue (2nd series) and 3rd issue (single series).

Financial Result (R\$ million)	Company						Consolidated					
	2Q17	2Q17	Δ%	1S17	1S16	Δ%	2Q17	2Q17	Δ%	1S17	1S16	Δ%
Interest Receivable	3.8	11.9	(68.3%)	6.7	21.5	(69.0%)	11.3	17.4	(34.8%)	21.6	32.3	(33.0%)
Monetary (net)	(8.5)	(9.6)	(10.8%)	(16.3)	(16.2)	0.8%	(8.6)	(9.6)	(10.4%)	(16.4)	(16.0)	2.6%
Interest and expenses on loans	(25.9)	(31.4)	(17.6%)	(53.2)	(61.6)	(13.7%)	(29.5)	(35.6)	(17.3%)	(60.6)	(70.2)	(13.7%)
Others	0.3	(1.0)	(132.5%)	(0.2)	(0.0)	497.4%	0.3	(1.1)	(128.2%)	0.3	(0.2)	(286.3%)
Total	(30.3)	(30.1)	(0.5%)	(63.0)	(56.4)	(11.8%)	(26.4)	(28.9)	(8.5%)	(55.1)	(54.1)	1.9%



■ **Income Tax and Social Contribution**

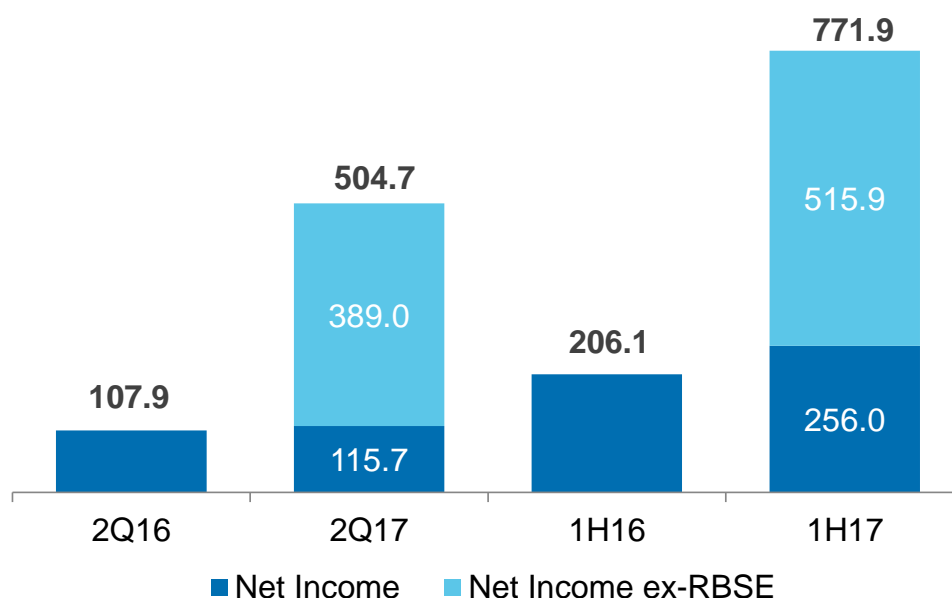
The Company sets aside a monthly provision for income tax and social contribution payments against net income on an accrual basis. The Controlling Company is taxed according to the real profit regime while all the subsidiaries are taxed according to their presumed profit.

Results from the implementation infrastructure for 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 legislation.

Consolidated income tax and social contribution generated an expense of R\$ 238.6 million in 2Q17, 586.5% greater than R\$ 34.8 million for the same item in 2Q16, reflecting the constitution of deferred income tax and social contribution amount of R\$ 200.4 million and related to the restatement of the financial asset associated with RBSE installations. The effective tax rate in 2Q17 was 32.1%, against 24.4% in 2Q16.

■ **Net Income**

Net Income in 2Q17 amounted to R\$ 504.7 million, the effect of R\$ 389.0 million in remuneration of the RBSE concession asset. Excluding the latter, net income would have been R\$ 115.7 million, a year-on-year increase of 7.2%.



EBITDA and EBITDA Margin

In accordance with ICVM 527/12, Consolidated EBITDA in 2Q17 was R\$ 772.7 million, an increase of R\$ 598.3 million in relation to 2Q16, principally reflecting remuneration from the RBSE concession asset. Excluding this effect, 2Q17 EBITDA would have recorded R\$ 183.2 million, an increase of R\$ 8.8 million compared with an EBITDA of R\$ 174.4 million in 2Q16.

EBITDA (R\$ million)	Company				Consolidated			
	2Q17	2Q17	1H17	1H16	2Q17	2Q17	1H17	1H16
Net Income	498.8	104.2	760.1	198.7	504.7	107.9	771.9	206.1
Income tax and social contribution	237.0	33.1	333.9	56.6	238.6	34.8	337.0	60.1
Financial Results	30.3	30.0	63.0	56.3	26.4	28.9	55.7	54.1
Depreciation and Amortization	2.8	2.7	5.7	5.2	3.0	2.9	6.1	5.6
EBITDA ICVM 527/12	769.0	170.1	1,162.7	316.8	772.7	174.4	1,170.6	325.9
EBITDA Margin ICVM nº 527/12	88.7%	66.9%	85.2%	64.5%	86.3%	61.0%	82.1%	58.6%
RBSE	192.2	0.0	192.2	0.0	192.2	0.0	192.2	0.0
EBITDA ex-RBSE	201.5	146.7	201.5	146.7	205.8	151.5	205.8	151.5
Margem EBITDA ex-RBSE	65.9%	62.1%	65.9%	62.1%	60.8%	56.2%	60.8%	56.2%



Economic and Financial Performance – Regulatory¹

Pursuant to the guidance of ANEEL Order 3,371 of December 22, 2016, the Company recognized the effect of the RBSE in its Property, Plant and Equipment item against the Reevaluation Reserve in its accounts amounting to R\$ 3,323.0 million, which, net of income tax and social contribution, was R\$ 2,264.4 million. Recognition in the accounts was based on the ANEEL's ratified amount of R\$ 3,896.3 million, baseline date of December 31, 2012.

On May 30, 2017, through Order 1.484, ANEEL's executive board recognized a total of R\$4,094.4 million as the amount of the RBSE assets as of the baseline date of December 31, 2012. This generated a complementary amount in the accounts of R\$ 260.8 million, the Reevaluation Reserve showing a gross balance of R\$ 3,583.8 million and net of deferred income tax and social contribution, an amount of R\$ 2,404.6 million.

The Company expects the booking of the RBSE asset will have an effect on the regulatory result from the beginning of the new RAP cycle in July 2017.

Gross Operating Revenue – Regulatory

In 2Q17, Consolidated Gross Operating Revenue posted R\$ 307.2 million, an increase of 9.1% in relation to 2Q16, when this same item was R\$ 281.7 million. This increase is principally due to: (i) monetary restatement according to the IPCA inflation index of the 2015/2016 RAP cycle to produced the RAP amount for the 2016/2017 cycle; (ii) the entry into operation of new investments; and (iii) the increase in the Energy Development Account - CDE for free consumers.

Gross Revenue (R\$ million)	Company						Consolidated					
	2Q17	2Q16	Δ%	1H17	1H16	Δ%	1Q17	1Q16	Δ%	1H17	1H16	Δ%
The electrical Interconnection Revenues	260.9	239.0	9.2%	524.2	470.5	11.4%	301.0	275.9	9.1%	605.3	542.8	11.5%
Others	7.1	7.0	2.3%	15.1	13.3	13.6%	6.2	5.8	6.4%	13.4	11.3	18.4%
Total	268.0	245.9	9.0%	539.3	483.8	11.5%	307.2	281.7	9.1%	618.7	554.1	11.7%

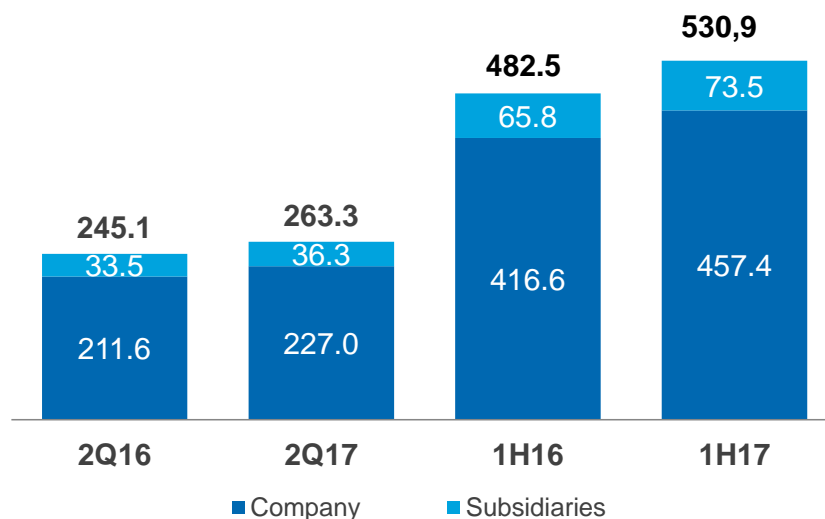
Deductions from Operating Revenue – Regulatory

Deductions from operating revenue reached R\$ 44.0 million in 2Q17, an increase of 20.0% compared to R\$ 36.6 million for 2Q16, corresponding to increased revenue as well as the increase in the tariff for the Energy Development Account - CDE.

¹ **Regulatory Result:** Relates to figures from regulatory accounting statements for ISA CTEEP and its Controlled Subsidiaries, which independent auditors audit only at the end of each fiscal year (regulatory results for 2Q17 have not yet been reviewed by the auditors). 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 in transmission assets, which impacts the "Financial Assets" and "PP&E" accounts, and alters the structure and presentation of Income Statements. Hence, our purpose in disclosing this information is merely to assist in understanding ISA CTEEP's business.

Net Operating Revenue – Regulatory

Consolidated Net Operating Revenue in 2Q17 was R\$ 263.3 million, an increase of 7.4% compared with the R\$ 245.1 million in 2Q16.



O&M Costs and Expenses – Regulatory

Total O&M costs and expenses in 2Q17 remained in line with the R\$ 123.9 million reported in 2Q16.

The variation in costs and expenses mainly reflects: (i) a 14.7% increase in payroll costs and expenses due to the collective wage bargaining agreement of 9.3% awarded in August 2016, backdated to June 2016; and (ii) an increase of 12.8% in third party services, principally due to the restatement of city property taxes (IPTU) and the renewal of brush clearance contracts.

Contingency expenses reported a reversal with an impact on results of R\$ 14.7 million, principally due to: (i) R\$ 5.4 million in labor contingencies in the light of a greater number of agreements; and (ii) R\$ 9.3 in civil actions, due to reversals in provisions following favorable legal rulings involving regulatory and civil actions with a reduction in the amounts involved and a review of eventual outcome.

Below is a breakdown of O&M costs and expenses for the period:

Cost and Expenses (R\$ millions)	Company						Consolidated					
	2Q17	2Q16	Δ%	1H17	1H16	Δ%	2Q17	2Q16	Δ%	1H17	1H16	Δ%
Personnel	(69.4)	(60.2)	15.3%	(142.5)	(125.3)	13.7%	(72.0)	(62.7)	14.7%	(147.6)	(130.1)	13.4%
Material	(2.4)	(3.0)	-18.7%	(4.7)	(6.0)	-21.4%	(2.5)	(3.1)	-19.2%	(4.9)	(6.2)	-20.7%
Services	(28.3)	(24.7)	14.4%	(50.7)	(47.0)	8.1%	(29.4)	(26.1)	12.8%	(53.1)	(49.2)	8.0%
Depreciation	(11.3)	(8.1)	39.3%	(20.4)	(15.4)	32.6%	(18.4)	(14.7)	25.4%	(34.8)	(28.4)	22.2%
Contingencies	13.9	(1.3)	-1152.7%	11.7	(7.6)	-255.1%	14.4	(1.3)	-1184.3%	11.6	(7.5)	-256.0%
Others	(15.6)	(14.6)	6.9%	(30.8)	(29.9)	3.0%	(16.0)	(15.3)	5.2%	(31.9)	(31.1)	2.5%
Total	(113.0)	(111.9)	1.0%	(237.4)	(231.1)	2.8%	(123.9)	(123.2)	0.6%	(260.6)	(252.5)	3.2%

■ **Equity Income – Regulatory**

The equity income result for 2Q17 was an expense of R\$ 5.0 million, a year-on-year decline in relation to the R\$ 7.2 million in the preceding year. This is largely a reflection of the loss reported by IEMadeira of R\$ 10.4 million due to the reduction in net revenue as a result of the booking of a negative R\$ 44.1 million for the adjustment parcel (PA), with respect to the reimbursement of the RAP received in excess in the period during tests for Lots D and F between August/2013 and May/2014, respectively.

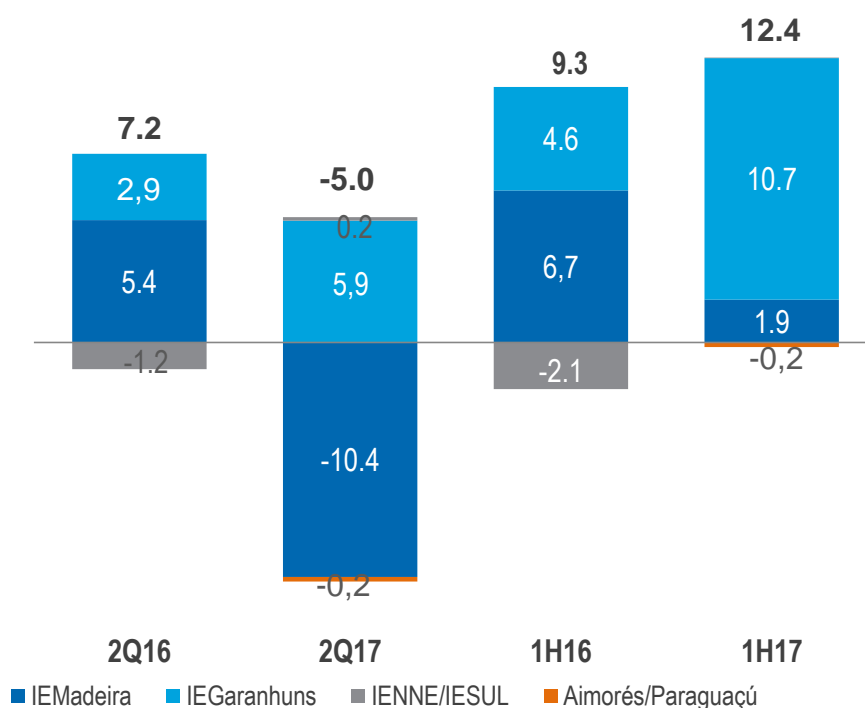
In the light of a preliminary injunction granted in favor of IEMadeira, reimbursement of the RAP had been suspended pending a ruling on the Administrative Process by ANEEL in the second quarter of 2017. In view of the unfavorable result, IEMadeira booked the discount to sales for May 2017 with a cash effect in June 2017.

In July / 2017, IE Madeira filed an Annulment Action in the Federal Court, in Brasilia, with the purpose of recovering the discount made by ANEEL.

The IEGaranhuns subsidiary reported an increase of R\$ 3.0 million due largely to the restatement of net revenue according to the IPCA and the positive impact of the financial result with the reduction in loan servicing charges.

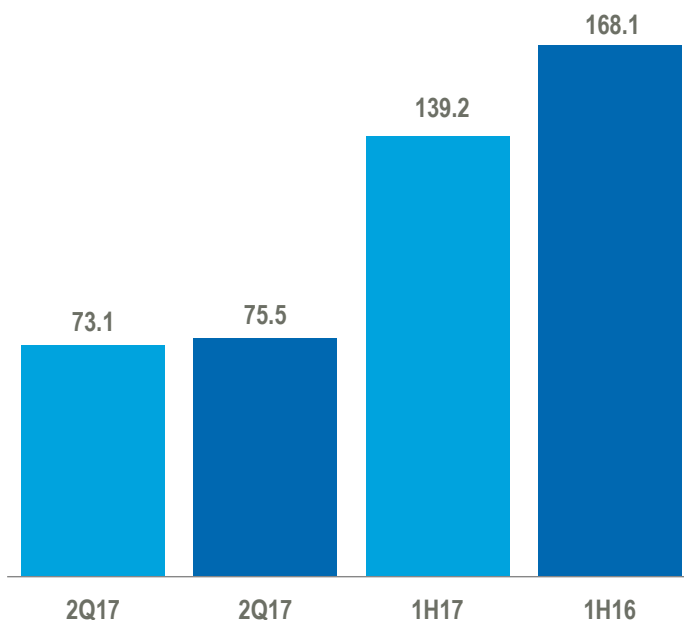
The amount shown for the Aimorés and Paraguaçu subsidiaries relates to administrative expenses during the preoperational phase of the projects.

(R\$ million)



■ **Net Income – Regulatory**

The Company reported net income in 2Q17 of R\$ 75.5 million, an increase of 3% in relation to the R\$ 73.1 million in 2Q16.



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

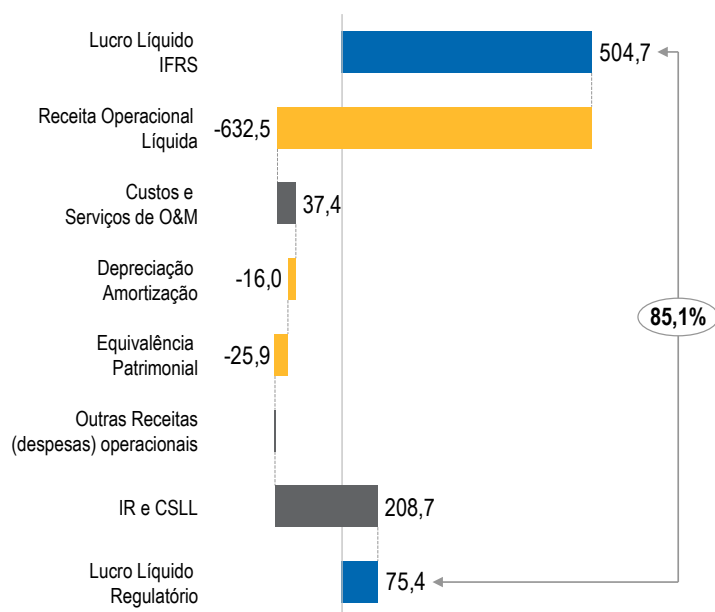
Pursuant to ICVM 527/12, Consolidated EBITDA posted R\$ 150.6 million in 2Q17, an increase of R\$ 6.8 million compared to the EBITDA for 2Q16 of R\$ 143.8 million. The EBITDA Margin in 2Q17 was 57.2%.

EBITDA (R\$ million)	Company				Consolidated			
	2Q17	2Q16	1H17	1H16	2Q17	2Q16	1H17	1H16
Net Income	69.6	69.5	156.4	131.8	75.5	73.1	168.1	139.2
Income tax and social contribution	28.1	24.8	52.9	41.8	29.9	26.5	56.4	45.3
Financial Results	30.1	30.0	62.8	56.3	26.3	28.9	55.5	54.1
Depreciation and Amortization	11.9	8.7	21.6	8.7	19.0	15.3	36.0	29.6
EBITDA ICVM 527/12	139.7	133.0	293.8	238.5	150.6	143.8	316.0	268.2
EBITDA Margin	61.5%	62.9%	64.2%	57.3%	57.2%	58.7%	59.5%	55.6%

■ IFRS vs Regulatory Net Income Comparison

Under IFRS, investments are booked as a financial asset to be settled 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 while the 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\$ 41.9 million and of Revenue from Concession Assets of R\$ 723.0 million, principally reflecting RBSE asset remuneration, combined with the reclassification of O&M Revenue of R\$ 68.3 million and Deferred PIS and COFINS charges of R\$ 64.1 million, for a total adjusted amount of R\$ 632.5 million.

O&M and Infrastructure Costs: Recognition of Infrastructure Implementation and O&M costs for a total adjustment of R\$ 37.4 million.

Depreciation and Amortization: Reversal of Financial Assets of the Concession for R\$ 16.0 million.

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

Income Tax and Social Contribution: as from 2015, the taxable base for collecting income tax and social contribution is according to the IFRS with recognition of deferred taxes on infrastructure and remuneration results from the concession asset, on an accrual basis and taxed on effective receipt.

Capital Structure

■ Debt*

Consolidated gross debt as of June 30, 2017 was R\$ 1,288.8 million, an increase of 27.6% from R\$ 1,010.4 million at year-end 2016, mainly as a reflection of the R\$ 300.0 million debenture issue in March 2017.

ISA CTEEP's consolidated cash and cash equivalents were R\$ 259.9 million on June 30, 2017, a decline of 23.7% from R\$ 340.6 million on December 31, 2016. Consequently, consolidated net debt was R\$ 1,028.9 million, an increase of 53.6% in relation to the net debt at year-end 2016.

Debt (R\$ million)	2Q17	2016	Δ%
Debt	1,288.8	1,010.4	29.3%
Short-term Debt	271.2	264.0	5.2%
Long-term Debt	1,017.6	746.4	37.9%
Cash CTEEP and 100%*	74.8	161.9	44.7%
Net Debt	1,214.0	848.4	26.4%
Cash*	185.1	178.7	15.6%
Net Debt Consolidated	1,028.9	669.8	29.2%

(*) The Company's funds are concentrated in exclusive investment funds that are also used for investments of controlled and jointly controlled subsidiaries and quotas in 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 set forth below:

BNDES financing agreements (Valid for 2017) must comply with the maximum financial indicators in the agreements: Net Debt/Adjusted EBITDA BNDES ≤ 3.5 and Net Debt/(Net Debt + Shareholders' Equity) ≤ 0.6 , both calculated annually at the end of the fiscal year. For the purposes of calculating and substantiating these indices, the Company must consolidate all of its subsidiaries and jointly controlled subsidiaries (proportionally to the stake held) conditional on its stake being 10% or more.

1st Debenture Issue should comply with the financial indicators in the debenture agreement as follows: Net Debt/Consolidated Adjusted EBITDA ≤ 3.5 and Adjusted EBITDA Debentures/Financial Result ≥ 3.0 calculated on a quarterly basis.

3rd Debenture Issue requires full compliance with the financial indicators contained in the BNDES financing agreements.

4th Debenture Issue should comply with 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, two (2.0).

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, as from verification on the baseline date of September 30, 2017, two (2.0).

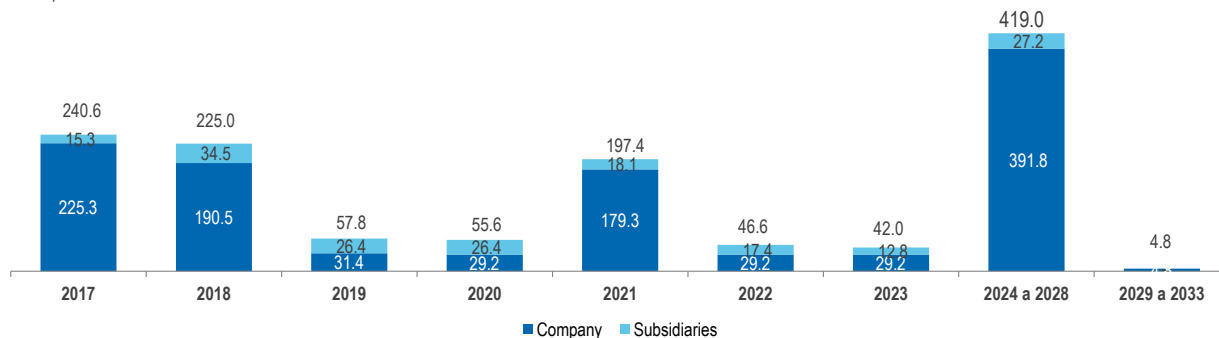
The Company is in full compliance with the covenants and requirements enshrined in the indenture agreements of all the Debenture issues.

The **average cost** of the consolidated debt declined from 11.4 % p.a. on December 31, 2016 to 7.7% on June 30, 2017. The accumulated IPCA for the past 12 months was 3.0% and the annualized CDI (Interbank Deposit Rate) for June 2017 was 10.14%. The **average consolidated debt maturity** on June 30, 2017 was 4.4 years, up from the year-end of 3.9 years.

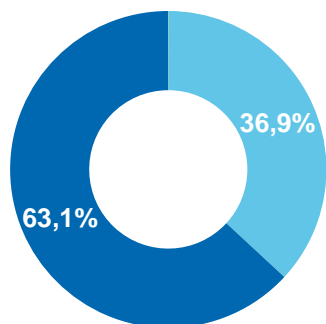


Below is the consolidated debt amortization schedule (Controlling Company and Controlled - and Jointly-controlled Subsidiaries), the breakdown of their respective financing liabilities and respective indexers. The Net Debt/EBITDA indicator is set at 3.00 for 2018, 2019 and 2020.

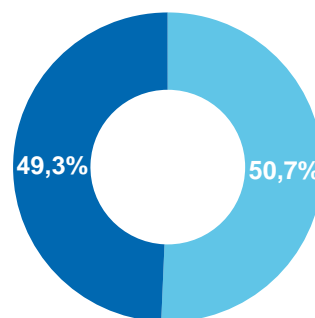
R\$ million



**Contracted Debt and Indexer
2Q17**



**Contracted Debt and Indexer
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 semester of 2017, CTEEP, its controlled- and jointly-controlled subsidiaries invested a total of R\$ 132.5 million, as follows: (i) R\$ 85.5 million in new connections, modernization and improvements that generate additional revenues for the Company once the investment projects are energized; (ii) R\$ 36.8 million in investments via subsidiaries for the completion of work in progress as well as topical improvements, reinforcements and new connections, which will contribute to the generation of further revenue for the Company; and (iii) R\$ 10.2 million in capitalization of labor overheads, corporate and telecommunications projects.

Of the projects energized in the period, 49 are related to substation assets (SE), where capacity expansion, adequacy, replenishment and replacement of protection systems were carried out in the SE's. In the transmission lines (LT), an adaptation and reconfiguration project and a construction project were set up.

■ New SPE's – Status

	IE Itaúnas	IE Paraguaçu	IE Aimorés
% ISA CTEEP	100%	50%	50%
Location	Espirito Santo	Bahia and Minas Gerais	Minas Gerais
ANEEL Investment (R\$ MM)	267.8	511.0	350.0
RAP (R\$ MM)	47.2	106.6	71.4
Construction term	60 months from date of signature of the agreement on February 10, 2017		
Environmental License	Reference Term issued by the environmental protection agency - IEMA on May. Activity Characterization Record filed with IPHAN-ES on June. Study/Report of Environmental Impacts - EIA/RIMA at preparatory stage.	Term of Reference issued by the Palmares Foundation and environmental agency IBAMA on June. On July the Authorization by IBAMA was received for topographic surveys and environmental studies. In the process of preparing the EIA / RIMA	
Basic Project	Filed with ANEEL in June 2017		
Executive Project	The transmission line project is at the stage of preparing the routing plan while the substation project is at the topographic and community survey stage.	Aeronautics is expected to fly over the air to perform the laser survey of the LT	
REIDI	MME Ordinance 182/2017 issued June 30, 2017. Documentation filed with the Brazilian Internal Revenues Service on June 19, 2017.		
Hiring	100%	50%	50%
Leilão 05/2016 de 24 de Abril de 2017			
Hiring	Forecast for the execution of concession contracts on 08/11/2017		
	Completion of the hiring process of suppliers with an advance of more than 90%		

The 5 lots auctioned in the Auction ANEEL 05/2016 of April 24, 2017, is expected to sign the concession contracts on 08/11/2017.



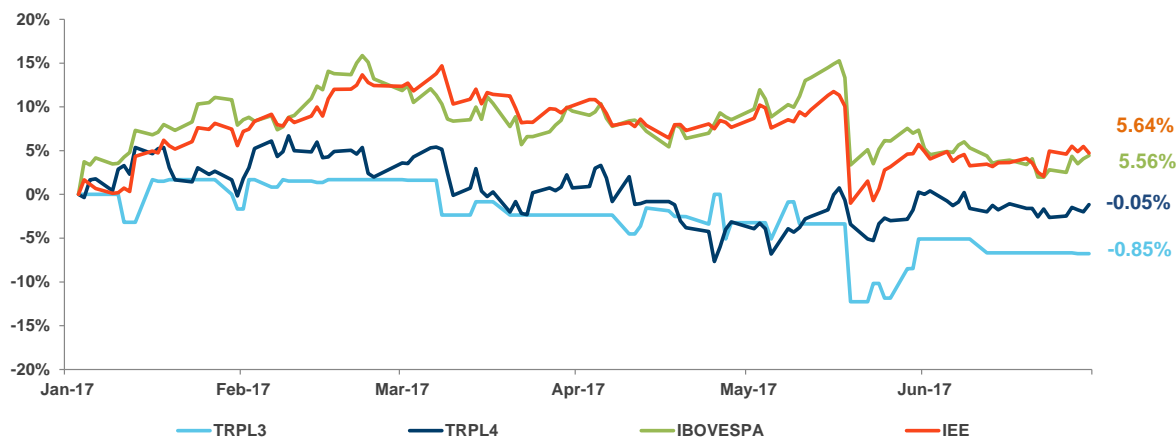
Subsequent Event

■ Loans and Financing

On July 13, 2017, CTEEP signed an international credit agreement with Bank of Tokyo–Mitsubishi UFJ LTD pursuant to Law 4131/1962, for USD 50,000 at a cost of quarterly Libor + 0.28 % p.a., disbursement in full taking place on July 17, 2017. Additionally, a Swap Instrument was signed with Banco de Tokyo Mitsubishi UFJ Brasil S/A with notional amount of R\$ 160,500.00 and correction factor of 101.4% of the CDI. Payment of interest and adjustment of the Swap will take place quarterly, the first calculation and payment on October 17, 2017 and the last on July 17, 2018. The principal will be amortized with a bullet payment on July 17, 2018. During the life of this operation, the Company will maintain the covenants within the contracted levels.

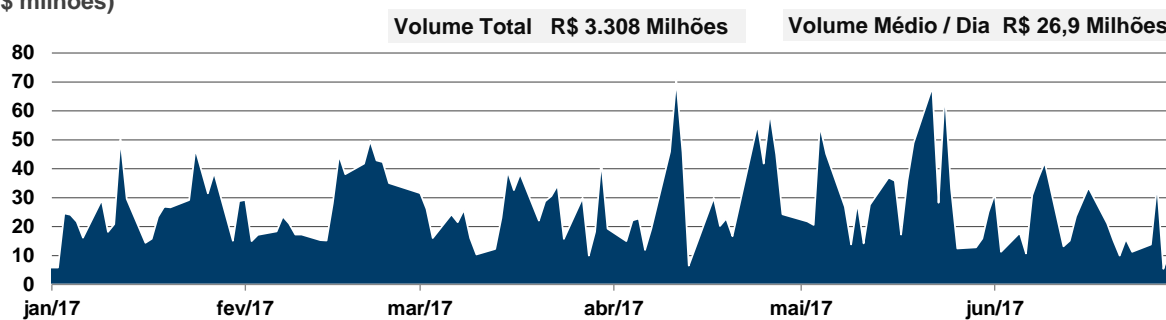
Capital Markets

Closing prices of ISA-CTEEP's common and preferred shares (B3: TRPL3 and TRPL4) as at the end of 2Q17 were R\$ 64.50 and R\$ 58.50, respectively, corresponding to a variation of -0.05% and 0.85%, respectively, in relation to December 31, 2016. During the same period, the Ibovespa reported an appreciation of 5.56% and the Electric Energy Stock Index (IEE) 5.64%.



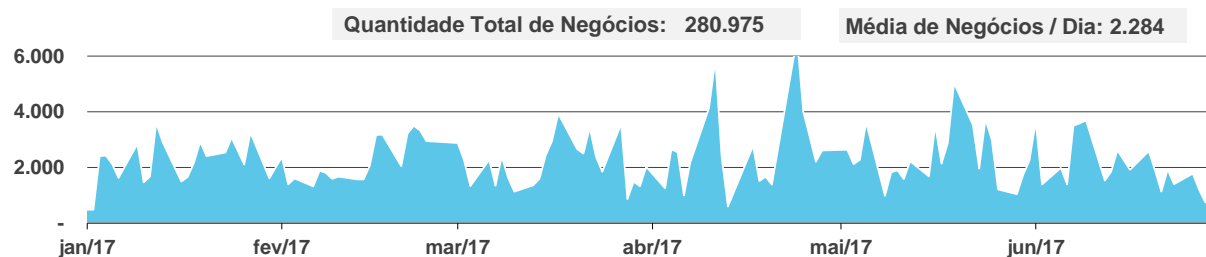
In 2Q17, CTEEP's preferred shares reported an average daily trading volume on the B3 of R\$ 26.9 million.

Volume Financeiro Negociado até 30/06/2017 (R\$ milhões)



With a daily average of 2,284 trades, CTEEP's preferred shares recorded a total of 281 thousand transactions in 2Q17.

Quantidade de Negócios até 30/06/2017 (unidades)



Attachments

Attachment I – Balance Sheet - IFRS

Ativo (R\$ mil)	CONTROLADORA		CONSOLIDADO	
	30/06/17	31/12/16	30/06/17	31/12/16
CIRCULANTE				
Caixa e equivalentes de caixa	2,183	1,609	5,005	4,524
Aplicações Financeiras	32,618	124,479	254,925	336,138
Contas a Receber	1,800,159	1,091,764	1,932,619	1,221,016
Estoques	36,722	35,796	38,649	37,723
Tributos Correntes	48,350	8,248	48,655	8,563
Despesas Antecipadas	24,988	10,104	25,119	10,303
Outros	68,855	60,054	58,137	62,077
	2,013,875	1,332,054	2,363,109	1,680,344
NÃO CIRCULANTE				
Realizável a longo prazo				
Contas a Receber	9,542,452	9,222,081	10,534,489	10,225,808
Valores a Receber - Secretaria da Fazenda	1,257,497	1,150,358	1,257,497	1,150,358
Cauções e Depósitos Vinculados	70,401	70,166	70,411	70,175
Estoques	22,053	25,438	27,753	32,512
Outros	1,534	1,570	13,849	13,572
	10,893,937	10,469,613	11,903,999	11,492,425
Investimentos	2,832,215	2,757,784	1,906,504	1,826,930
Imobilizado	23,861	25,424	23,945	25,457
Intangível	15,692	18,219	37,696	41,843
	2,871,768	2,801,428	1,968,145	1,894,231
Total do Ativo	15,779,580	14,603,095	16,235,252	15,067,000

Passivo e Patrimônio Líquido (R\$ mil)	CONTROLADORA		CONSOLIDADO	
	30/06/17	31/12/16	30/06/17	31/12/16
CIRCULANTE				
Empréstimos e financiamentos	32,495	32,872	71,040	71,679
Debêntures	200,158	192,368	200,158	192,368
Fornecedores	28,993	39,279	30,467	41,482
Tributos e Encargos sociais a recol	66,860	28,373	68,534	30,053
Impostos parcelados - Lei nº 11.941	18,132	17,540	18,132	17,540
Encargos Regulatórios a recolher	25,056	12,598	25,201	12,751
Juros sobre o Capital Próprio / Divi	2,705	139,946	2,705	139,946
Provisões	38,228	32,562	39,407	33,610
Valores a Pagar - Fundação CESP	5,734	5,495	5,734	5,495
Outros	31,681	49,715	34,749	53,047
	450,042	550,748	496,127	597,971
NÃO CIRCULANTE				
Exigível a longo prazo				
Empréstimos e Financiamentos	265,100	279,689	404,693	432,472
Debêntures	612,927	313,931	612,927	313,931
Impostos parcelados - Lei nº 11.941	114,838	119,857	114,838	119,857
PIS e COFINS diferidos	1,533,244	945,480	1,576,827	989,445
Imposto de renda e contribuição so	1,861,450	2,068,537	1,899,193	2,106,603
Encargos Regulatórios a recolher	33,051	29,374	36,591	32,509
Provisões	140,533	153,035	140,549	153,035
Obrigações Especiais - Reversão//	24,279	24,053	24,279	24,053
Total exigível a longo prazo	4,585,422	3,933,956	4,809,897	4,171,905

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

Demonstração de Resultado (R\$ mil)	Controladora					
	2T17	2T16	Δ%	1S17	1S16	Δ%
Receita Operacional Bruta	972,626	292,765	232.2%	1,537,789	564,113	172.6%
Infraestrutura	42,101	34,033	23.7%	115,831	54,190	113.7%
O&M	224,305	210,123	6.7%	452,099	418,203	8.1%
Ativos de concessão	699,105	41,652	1578.4%	954,750	78,418	1117.5%
Outras	7,115	6,957	2.3%	15,109	13,302	13.6%
Deduções à Receita Operacional	(105,306)	(38,663)	172.4%	(172,438)	(74,599)	131.2%
Receita Operacional Líquida	867,320	254,102	241.3%	1,365,351	489,514	178.9%
Custos e Despesas Operacionais	(141,289)	(134,727)	4.9%	(324,750)	(266,255)	22.0%
Pessoal	(72,473)	(63,761)	13.7%	(150,573)	(134,687)	11.8%
Material	(29,635)	(23,636)	25.4%	(87,761)	(31,049)	182.7%
Serviços	(35,270)	(30,058)	17.3%	(62,911)	(60,546)	3.9%
Outros	(3,911)	(17,272)	(77.4%)	(23,506)	(39,973)	(41.2%)
Resultado Bruto	726,031	119,375	508.2%	1,040,601	223,259	366.1%
Equivalência Patrimonial	41,726	48,736	(14.4%)	117,829	89,142	32.2%
Outras Receitas/Despesas Operacionais	(1,595)	(752)	112.1%	(1,424)	(878)	62.2%
Resultado Anterior ao Resultado Financeiro e dos Tributos	766,162	167,359	357.8%	1,157,006	311,523	271.4%
Resultado Financeiro	(30,290)	(30,035)	0.8%	(63,002)	(56,254)	12.0%
Rendimento de Aplicação financeira/Juros Ativos	3,780	11,920	(68.3%)	6,683	21,540	(69.0%)
Resultado de Variação monetária líquida	(8,526)	(9,553)	(10.8%)	(16,286)	(16,161)	0.8%
Juros/Encargos sobre empréstimos	(25,874)	(31,388)	(17.6%)	(53,172)	(61,595)	(13.7%)
Outras	330	(1,014)	(132.5%)	(227)	(38)	497.4%
Lucro operacional	735,872	137,324	435.9%	1,094,004	255,269	328.6%
Imposto de Renda e Contribuição Social sobre o Lucro	(237,041)	(33,084)	616.5%	(333,862)	(56,618)	489.7%
Corrente	(24,751)	(27,256)	(9.2%)	(43,770)	(44,552)	(1.8%)
Diferido	(212,290)	(5,828)	3542.6%	(290,092)	(12,066)	2304.2%
Lucro/Prejuízo Consolidado do Período Antes da Participação do Acionista não Controlador	498,831	104,240	378.5%	760,142	198,651	282.7%
Participação do Acionista não Controlador	0	0	0	0	0	
Lucro/Prejuízo Consolidado do Período	498,831	104,240	378.5%	760,142	198,651	282.7%

Demonstração de Resultado (R\$ mil)	Consolidado					
	2T17	2T16	Δ%	1S17	1S16	Δ%
Receita Operacional Bruta	1,003,822	327,187	206.8%	1,604,419	634,171	153.0%
Infraestrutura	41,891	35,390	18.4%	118,989	59,724	99.2%
O&M	232,638	218,525	6.5%	469,628	437,682	7.3%
Ativos de concessão	723,071	67,424	972.4%	1,002,366	125,417	699.2%
Outras	6,222	5,848	6.4%	13,436	11,348	18.4%
Deduções à Receita Operacional	(108,025)	(41,057)	163.1%	(178,031)	(79,373)	124.3%
Receita Operacional Líquida	895,797	286,130	213.1%	1,426,388	554,798	157.1%
Custos e Despesas Operacionais	(145,327)	(140,891)	3.1%	(337,480)	(279,708)	20.7%
Pessoal	(75,317)	(66,567)	13.1%	(156,139)	(139,773)	11.7%
Material	(29,305)	(23,997)	22.1%	(90,161)	(31,687)	184.5%
Serviços	(36,651)	(32,021)	14.5%	(65,783)	(65,264)	0.8%
Outros	(4,053)	(18,306)	(77.9%)	(25,397)	(42,984)	(40.9%)
Resultado Bruto	750,470	145,239	416.7%	1,088,908	275,090	295.8%
Equivalência Patrimonial	20,829	27,024	(22.9%)	77,136	46,045	67.5%
Outras Receitas/Despesas Operacionais	(1,595)	(752)	112.1%	(1,481)	(878)	68.7%
Resultado Anterior ao Resultado Financeiro e dos Tributos	769,704	171,511	348.8%	1,164,563	320,257	263.6%
Resultado Financeiro	(26,436)	(28,898)	(8.5%)	(55,705)	(54,055)	3.1%
Rendimento de Aplicação financeira/Juros Ativos	11,325	17,378	(34.8%)	21,635	32,298	(33.0%)
Resultado de Variação monetária líquida	(8,585)	(9,580)	(10.4%)	(16,401)	(15,979)	2.6%
Juros/Encargos sobre empréstimos	(29,474)	(35,638)	(17.3%)	(60,621)	(70,214)	(13.7%)
Outras	298	(1,058)	(128.2%)	(318)	(160)	98.8%
Lucro operacional	743,268	142,613	421.2%	1,108,858	266,202	316.5%
Imposto de Renda e Contribuição Social sobre o Lucro	(238,568)	(34,753)	586.5%	(337,000)	(60,103)	460.7%
Corrente	(26,485)	(28,941)	(8.5%)	(47,232)	(47,996)	(1.6%)
Diferido	(212,083)	(5,812)	3549.1%	(289,768)	(12,107)	2293.4%
Lucro/Prejuízo Consolidado do Período Antes da Participação do Acionista não Controlador	504,700	107,860	367.9%	771,858	206,099	274.5%
Participação do Acionista não Controlador	(5,868)	(3,620)	62.1%	(11,716)	(7,448)	57.3%
Lucro/Prejuízo Consolidado do Período	498,832	104,240	378.5%	760,142	198,651	282.7%

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

Cash Flow of operating activities	Company		Consolidated	
	1H17	1H16	1H17	1H16
Net Cash by operating activities	11,064	77,102	81,397	116,032
Cash provided by operating	1,063,969	208,577	1,123,607	260,563
Net Income	760,142	198,651	771,858	206,099
PIS and COFINS Deferred	90,585	5,982	90,203	6,031
Depreciation and amortization	4,437	3,969	4,811	4,344
IR and CSLL deferred	290,092	12,066	289,768	12,107
Demandas Judiciais	(22,660)	(6,054)	(22,656)	(6,346)
Residual value of permanent asset disposals and donations	24	4,702	24	4,719
Tax benefit - Goodwill	19	18	19	18
Amortização ativo de concessão na aquisição da controlada	1,245	1,245	1,245	1,245
Reversal of the loss provision in a Controlled Company	(1,110)	(1,147)	(1,110)	(1,147)
Equity	(117,829)	(89,142)	(77,136)	(46,045)
Juros e variações monetárias e cambiais s/ ativos e passivos	59,024	78,287	66,581	79,537
Changes in Assets	-1,076,168	-82,191	-1,064,897	-88,810
Trade accounts receivable	(1,028,766)	(39,825)	(1,019,174)	(44,491)
Inventories	2,459	3,815	3,833	2,063
Taxes and contributions to offset	(40,017)	(38,980)	(40,007)	(38,413)
Pledges and restricted deposits	1,622	14	1,621	30
Other	(11,466)	(7,215)	(11,170)	(7,999)
Changes in Liabilities	23,263	23,945	22,687	17,508
Suppliers	(10,286)	(3,553)	(11,013)	(5,373)
Taxes and social charges payable	38,492	39,406	38,486	39,741
Taxes installments - Law 11,941	(8,950)	(8,294)	(8,950)	(8,294)
Regulatory charges payable	16,134	(5,276)	16,425	(5,255)
Provisions	5,666	3,979	5,797	4,135
Amounts payable - Cesp	239	(1,030)	239	(1,030)
Other	(18,032)	(1,287)	(18,297)	(6,416)
Cash flow of investment activities	122,774	2,155	73,237	-16,290
Financial Investments	91,864	(19,346)	81,216	17,970
Transações com acionistas não controladores	0	0	(5,337)	(55,741)
Purchase of property, plant and equipment	(289)	(4,985)	(342)	(5,002)
Intangible assets	(87)	0	(87)	(3)
Investments	(2,214)	(1,564)	(2,213)	(1,564)
Dividends	33,500	28,050	0	28,050
Cash flow of financing activities	-133,261	-153,811	-154,151	-176,470
News loans	300,000	660	300,000	660
Loan payments (including interest)	(54,379)	(68,918)	(75,269)	(91,577)
Dividends paid	(271,743)	(109,697)	(271,743)	(109,697)
Capital Increase	0	97,373	0	97,373
Amounts receivable - State Finance Department	(107,139)	(73,229)	(107,139)	(73,229)
Change in Cash	574	-1,325	481	-2,500
Opening Balance of Cash and Cash Equivalents	1,609	3,120	4,524	6,135
Closing Balance of Cash and Cash Equivalents	2,183	1,795	5,005	3,635



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

FUNDING	CHARGES	MATURITY	2016	2016
BNDES	TJLP + 1.8% year	15/03/29	222,659	231,010
	3.50% year	15/01/24	67,078	72,291
	4.00% year	15/08/18	89	128
	6.00% year	15/11/19	5,569	6,723
	TJLP	15/03/29	1,848	1,918
Debentures CTEEP				
2nd Issuance	IPCA + 8.1% year	15/12/17	23,871	22,306
Single Series	116% CDI	02/07/14	334,516	334,547
4th Issuance - Single Series	IPCA + 6.04%aa	07/15/2021	157,022	149,447
5th Issuance - Single Series	IPCA + 5,0373%aa	15/02/24	297,675	0
Banks CTEEP				
Eletrobras	8% year	15/11/21	133	154
Leasing	-	-	219	336
TOTAL CTEEP:			1,110,680	818,860
BNDES				
IEMG	TJLP + 2.4% year	15/04/23	30,364	32,786
	5.5% year	15/05/26	32,290	33,965
PINHEIROS	TJLP + 2.6% year	15/01/21	36,007	41,043
	3.5 year	15/04/23	10,563	11,471
SERRA DO JAPI	TJLP + 2.1% year	15/02/28	5,768	6,005
	TJLP + 1.9% year	15/05/26	33,874	35,577
	TJLP + 1.5% year	15/05/26	29,272	30,743
TOTAL SUBSIDIARIES			178,138	191,590
Total Consolidated (R\$ mil)			1,288,818	1,010,450

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

Company	Bank	Final Maturity	Total	CTEEP's Participation
	ITAÚ BBA	3/18/2025	490,716	250,265
IE MADEIRA	BNDES	2/15/2030	1,299,461	662,725
	BNDES	10/15/2022	144,384	73,636
	BASA	10/10/2032	307,627	156,890
Gross Debt IE Madeira (51% CTEEP)			2,242,188	1,143,516
Cash and Equivalents			146,109	74,516
Net Debt IE Madeira (51% CTEEP)			2,096,079	1,069,000
IENNE	BB	7/3/2015	12,432	3,108
	BNB	5/19/2030	187,464	46,866
Gross Debt IENNE (25% CTEEP)			199,896	49,974
Cash and Equivalents			611	153
Net Debt IENNE (25% CTEEP)			199,285	49,821
	BNDES	12/15/2028	207,344	108,488
IEGARANHUNS	BNDES	8/15/2023	89,808	45,802
	BNDES	12/15/2028	1,525	778
Gross Debt IE GARANHUNS (51% CTEEP)			298,677	155,068
Cash and Equivalents			47,037	23,989
Net Debt IE GARANHUNS (51% CTEEP)			251,640	131,079
IE SUL	BNDES	1/15/2021	5,124	2,562
	0.0	8/15/2023	6,056	3,028
	0.0	8/15/2028	9,473	4,736
	BNDES	5/15/2025	4,923	2,461
Gross Debt IE SUL (50% CTEEP)			25,576	12,788
Cash and Equivalents			1,986	993
Net Debt IE SUL (50% CTEEP)			23,590	11,795
Total Gross Debt (R\$ million)			2,766,337	1,361,345
TOTAL Net Debt (R\$ million)			2,570,594	1,261,695

■ Attachment VI – Subsidiaries

Subsidiaries	State(s)	Start of Operation	RAP (R\$ million)	Expiration of Contract	Shareholding
Interligação Elétrica Minas Gerais	Minas Gerais	dez/08	17.2	abr/37	CTEEP 100%
Interligação Elétrica Pinheiros	São Paulo	(*)	56.4	out/38	CTEEP 100%
Interligação Elétrica Serra do Japi	São Paulo	mar/12	55.6	nov/39	CTEEP 100%
Evrecy	Espirito Santo	nov/08	12.8	jul/25	CTEEP 100%
Itaúnas	Espirito Santo	fev/22	47.2	fev/47	CTEEP 100%
Interligação Elétrica Norte e Nordeste**	Tocantins	jan/11	42.9	mar/38	CTEEP 25% / CYMI 25% / Isolux 50%
Interligação Elétrica Sul	Rio Grande do Sul	(***)	18.2	out/38	CTEEP 50% / + 1 ação / CYMI 50%
Paraguaçu	Bahia e Minas Gerais	fev/22	106.6	fev/47	CTEEP 50% / TAESA 50%
Aimorés	Minas Gerais	fev/22	71.4	fev/47	CTEEP 50% / TAESA 50%
Interligação Elétrica Madeira	Rondônia / São Paulo	(****)	515.5	fev/39	CTEEP 51% / Fumas 24,5% / Chesf 24,5%
Interligação Elétrica Garanhuns	Pernambuco	dez/15	81.6	dez/41	CTEEP 51% / Chesf 49%

(*) 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.

(**) In May 2017, the Company exercised preemptive rights to acquire the total stake held by the partners (75%). The conclusion of the operation and effective acquisition is subject to regulatory approval from CADE and ANEEL.

(***) Lot F - Nova Santa Rita – Scharlau transmission line and the Scharlau substation was 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. As from the date of the Concession Agreement, the assets 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 electronic studies simulator), a reducing factor equivalent to 10% of the revenue under the agreement has been used. Full commercial operations and the issue of Definitive Release Instrument by the ONS are expected for the end of 2017.

On June 30, 2017, a meeting of the Board of Directors of Eletrobras approved the transfer of shareholdings held by CHESF and Furnas to Eletrobras Holding in IEMadeira. The effective transfer of the shareholding stakes are contingent on authorization of the regulators and/or financial agents.

■ VIII – Regulatory Balance Sheet

Ativo (R\$ mil)	CONTROLADORA		CONSOLIDADO	
	30/06/201	31/12/16	30/06/201	31/12/16
CIRCULANTE				
Caixa e equivalentes de caixa	2,183	1,609	5,004	4,524
Aplicações Financeiras	32,618	124,479	254,925	336,138
Contas a Receber	111,821	72,351	125,794	83,117
Estoques	15,699	14,773	17,626	16,700
Tributos e contribuições a compensar	57,319	17,216	57,624	17,531
Imposto de Renda e Contribuição Social Diferidos	17,626	23,518	17,626	23,518
Despesas Antecipadas	24,988	10,104	25,119	10,303
Crédito com controladas	28,108	18,340	28,180	18,041
Outros	46,187	47,166	47,597	49,486
	336,549	329,556	579,495	559,357
NÃO CIRCULANTE				
Realizável a longo prazo				
Contas a Receber	0	9,117	0	9,117
Valores a Receber - Secretaria da Fazenda	1,257,497	1,150,358	1,257,497	1,150,358
Imposto de Renda e Contribuição Social Diferidos	0	229,085	0	229,085
Cauções e Depósitos Vinculados	70,401	70,166	70,411	70,175
Outros	1,534	1,570	13,849	13,572
	1,329,432	1,460,296	1,341,757	1,472,307
Investimentos	1,841,388	1,830,195	1,218,324	1,203,699
Imobilizado	6,099,980	5,816,651	6,827,511	6,554,702
Intangível	80,771	82,427	107,580	110,936
	8,022,139	7,729,273	8,153,415	7,869,337
Total do Ativo	9,688,120	9,519,125	10,074,667	9,901,001

	CONTROLADORA		CONSOLIDADO	
Passivo e Patrimônio Líquido (R\$ mil)	30/06/201	31/12/16	30/06/201	31/12/16
CIRCULANTE				
Empréstimos e financiamentos	32,495	32,872	71,040	71,679
Debêntures	200,158	192,368	200,158	192,368
Fornecedor	28,993	39,279	30,467	41,482
Tributos e Encargos sociais a recolher	75,828	37,341	77,502	39,021
Impostos parcelados - Lei nº 11.941	18,132	17,540	18,132	17,540
Encargos Regulatórios a recolher	25,056	12,613	25,201	12,766
Juros sobre o Capital Próprio / Dividendos a pagar	2,705	139,946	14,905	139,946
Provisões	38,228	32,562	39,407	33,610
Valores a Pagar - Fundação CESP	5,734	5,495	5,734	5,495
Outros	31,682	49,713	34,751	53,047
	459,011	559,729	517,297	606,954
NÃO CIRCULANTE				
Exigível a longo prazo				
Empréstimos e Financiamentos	265,101	279,689	404,695	432,472
Debêntures	612,927	313,931	612,927	313,931
Impostos parcelados - Lei nº 11.941	114,838	119,857	114,838	119,857
IR e CS Diferidos	893,678	1,056,505	893,678	1,056,505
Encargos Regulatórios a recolher	33,051	29,543	36,591	32,510
Provisões	140,533	153,035	140,549	153,035
Obrigações Especiais - Reversão/Amortização	24,053	24,053	24,053	24,053
Total exigível a longo prazo	2,084,181	1,976,613	2,227,331	2,132,363
Participação de Acionista não Controlador	0	0	185,112	178,733
PATRIMÔNIO LÍQUIDO				
Capital Social	2,372,437	2,372,437	2,372,437	2,372,437
Reservas de Capital	1,217,583	1,217,583	1,217,583	1,217,583
Reservas de Lucros	1,127,814	1,127,646	1,127,814	1,127,814
Reserva de Reavaliação	2,404,602	2,264,451	2,404,602	2,264,451
Adiantamento para futuro aumento de capital	666	666	666	666
Lucros/Prejuízos Acumulados	21,826	0	21,826	
	7,144,928	6,982,783	7,144,928	6,982,951
Total do Passivo e do Patrimônio Líquido	9,688,120	9,519,125	10,074,668	9,901,001

■ Attachment IX – Regulatory Income Statement

Demonstração de Resultado (R\$ mil)	Controladora					
	2T17	2T16	Δ%	1S17	1S16	Δ%
Receita Operacional Bruta	267,994	245,910	9.0%	539,285	483,808	11.5%
Disponibilidade da Rede Elétrica	260,879	238,953	9.2%	524,176	470,506	11.4%
Outras	7,115	6,957	2.3%	15,109	13,302	13.6%
Deduções à Receita Operacional	(40,994)	(34,333)	19.4%	(81,852)	(67,172)	21.9%
Receita Operacional Líquida	227,000	211,577	7.3%	457,433	416,636	9.8%
Custos e Despesas Operacionais	(113,045)	(111,911)	1.0%	(237,423)	(231,068)	2.8%
Pessoal	(69,385)	(60,165)	15.3%	(142,481)	(125,277)	13.7%
Material	(2,427)	(2,985)	(18.7%)	(4,709)	(5,991)	(21.4%)
Serviços	(28,281)	(24,722)	14.4%	(50,740)	(46,955)	8.1%
Outros	(12,952)	(24,039)	(46.1%)	(39,492)	(52,845)	(25.3%)
Resultado Bruto	113,955	99,666	14.3%	220,010	185,568	18.6%
Equivalência Patrimonial	16,541	25,274	(34.6%)	54,767	44,990	21.7%
Outras Receitas/Despesas Operacionais	(2,661)	(600)	343.5%	(2,611)	(703)	271.4%
Resultado Anterior ao Resultado Financeiro e dos Tributos	127,835	124,340	2.8%	272,166	229,855	18.4%
Resultado Financeiro	(30,121)	(30,035)	0.3%	(62,832)	(56,254)	11.7%
Rendimento de Aplicação financeira/Juros Ativos	3,779	11,920	(68.3%)	6,683	21,540	(69.0%)
Resultado de Variação monetária líquida	(8,357)	(9,553)	(12.5%)	(16,117)	(16,161)	(0.3%)
Juros/Encargos sobre empréstimos	(25,874)	(31,388)	(17.6%)	(53,172)	(61,595)	(13.7%)
Outras	331	(1,014)	(132.6%)	(226)	(38)	494.7%
Lucro operacional	97,714	94,305	3.6%	209,334	173,601	20.6%
Imposto de Renda e Contribuição Social sobre o Lucro	(28,129)	(24,821)	13.3%	(52,924)	(41,834)	26.5%
Corrente	(24,751)	(27,256)	(9.2%)	(43,770)	(44,551)	(1.8%)
Diferido	(3,378)	2,435	(238.7%)	(9,154)	2,717	(436.9%)
Lucro/Prejuízo Consolidado do Período Antes da Participação do Acionista não Controlador	69,585	69,484	0.1%	156,410	131,767	18.7%
Participação do Acionista não Controlador	0	0	0	0	0	0
Lucro/Prejuízo Consolidado do Período	69,585	69,484	0.1%	156,410	131,767	18.7%

Demonstração de Resultado (R\$ mil)	Consolidado					
	2T17	2T16	Δ%	1S17	1S16	Δ%
Receita Operacional Bruta	307,223	281,698	9.1%	618,714	554,101	11.7%
Disponibilidade da Rede Elétrica	301,001	275,850	9.1%	605,278	542,753	11.5%
Outras	6,222	5,848	6.4%	13,436	11,348	18.4%
Deduções à Receita Operacional	(43,959)	(36,621)	20.0%	(87,828)	(71,650)	22.6%
Receita Operacional Líquida	263,264	245,077	7.4%	530,886	482,451	10.0%
Custos e Despesas Operacionais	(123,943)	(123,151)	0.6%	(260,584)	(252,458)	3.2%
Pessoal	(71,979)	(62,728)	14.7%	(147,567)	(130,074)	13.4%
Material	(2,495)	(3,088)	(19.2%)	(4,903)	(6,182)	(20.7%)
Serviços	(29,403)	(26,061)	12.8%	(53,090)	(49,157)	8.0%
Outros	(20,066)	(31,274)	(35.8%)	(55,023)	(67,045)	(17.9%)
Resultado Bruto	139,321	121,926	14.3%	270,302	229,993	17.5%
Equivalência Patrimonial	(5,070)	7,187	(170.5%)	12,413	9,259	34.1%
Outras Receitas/Despesas Operacionais	(2,661)	(600)	343.5%	(2,668)	(703)	279.5%
Resultado Anterior ao Resultado Financeiro e dos Tributos	131,590	128,513	2.4%	280,047	238,549	17.4%
Resultado Financeiro	(26,273)	(28,900)	(9.1%)	(55,536)	(54,055)	2.7%
Rendimento de Aplicação financeira/Juros Ativos	11,324	17,378	(34.8%)	21,635	32,298	(33.0%)
Resultado de Variação monetária líquida	(8,416)	(9,580)	(12.2%)	(16,232)	(15,979)	1.6%
Juros/Encargos sobre empréstimos	(29,474)	(35,638)	(17.3%)	(60,621)	(70,214)	(13.7%)
Outras	293	(1,060)	(127.6%)	(318)	(160)	98.8%
Lucro operacional	105,317	99,613	5.7%	224,511	184,494	21.7%
Imposto de Renda e Contribuição Social sobre o Lucro	(29,865)	(26,509)	12.7%	(56,386)	(45,279)	24.5%
Corrente	(26,487)	(28,944)	(8.5%)	(47,232)	(47,996)	(1.6%)
Diferido	(3,378)	2,435	(238.7%)	(9,154)	2,717	(436.9%)
Lucro/Prejuízo Consolidado do Período Antes da Participação do Acionista não Controlador	75,452	73,104	3.2%	168,125	139,215	20.8%
Participação do Acionista não Controlador	(5,867)	(3,620)	100.0%	(11,715)	(7,448)	0.0%
Lucro/Prejuízo Consolidado do Período	69,585	69,484	0.1%	156,410	131,767	18.7%

■ **Attachment X – Regulatory Cash Flow (R\$ thousands)**

Cash Flow of operating activities	Company	Consolidated
	1S17	1S17
Net Cash by operating activities	131,356	205,880
Cash provided by operating	170,061	248,065
Net Income	156,410	168,125
Depreciation and amortization	20,420	34,753
Deferred taxes	9,154	9,154
Provisions	(22,660)	(22,656)
Residual value of permanent asset disposals and donations	2,376	4,417
Amortization goodwill	19	19
Evrecy Amortization	1,194	1,194
Equity	(54,767)	(12,413)
Reversal of the loss provision in a Controlled Company interest	(1,110)	(1,110)
	59,024	66,581
Variações nos Ativos	-81,132	-84,036
Real Estate Agents	(30,353)	(33,560)
Operational Warehouse	(926)	(926)
Clearing Taxes	(40,017)	(40,007)
Deposits and linked deposits	1,622	1,621
Prepaid expenses	(14,884)	(14,819)
Services in progress	876	1,421
Credit with subsidiaries	2,432	2,060
Other	118	174
Variações nos Passivos	42,428	41,852
Suppliers	(10,286)	(11,014)
Social and Labor Obligations	38,492	38,486
Taxes installments - Law 11,941	(8,950)	(8,950)
Regulatory charges payable	15,951	16,242
Provisions	5,666	5,797
Amounts payable - Cesp	239	239
Obligations linked to the concession of the service	19,348	19,348
Other	(18,032)	(18,296)
Fluxo de caixa das atividades de investimentos	2,479	-51,248
Transactions with non-controlling shareholders	0	(5,337)
Purchase of property, plant and equipment	(120,668)	(124,910)
Financial Investments	91,861	81,213
Investments	(2,214)	(2,214)
Dividends	33,500	0
Fluxo de caixa das atividades de financiamento	-133,261	-154,152
News loans	300,000	300,000
Loan payments	(15,953)	(29,201)
Loan payments (interest)	(38,426)	(46,068)
Amounts receivable - State Finance Department	(107,139)	(107,139)
Dividends paid	(271,743)	(271,743)
Change in Cash	574	480
Opening Balance of Cash and Cash Equivalents	1,609	4,524
Closing Balance of Cash and Cash Equivalents	2,183	5,005

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

Result (R\$ millions)	IE MADEIRA					
	2Q17	2Q16	Δ%	1H17	1H16	Δ%
Operating revenue	89.7	122.7	-26.9%	226.1	238.5	-5.2%
Deductions from Operating Revenue	(11.8)	(15.7)	-25.0%	(29.6)	(30.4)	-2.6%
Net operating revenue	78.0	107.0	-27.2%	196.4	208.1	-5.6%
Cost and Expenses	(10.1)	(6.2)	63.3%	(20.9)	(13.9)	50.9%
Depreciation	(34.3)	(34.5)	-0.6%	(68.5)	(68.6)	-0.2%
Gross Revenue	33.6	66.4	-49.4%	107.0	125.6	-14.8%
Operating Expenses	0.0	0.0	0.0%	0.0	0.0	0.0%
Financial Results	(45.0)	(50.9)	-11.6%	18.0	17.6	-17.6%
Operating Income	(11.4)	15.4	-173.9%	(14.3)	(4.4)	2.3%
Income tax and social contribution	(8.9)	(4.8)	-	3.7	13.2	-
Net Income	(20.4)	10.6	-291.4%	3.7	13.2	-71.7%
CTEEP Participation	(10.4)	5.4	-291.4%	0.0	6.7	-100.0%

(*) Includes transmission line and substation infrastructure projects, operating in areas covered by the Amazon Regional Development Authority - SUDAM, with benefits granted in the months of December 2014 and December 2015, respectively. Tax break eligibility covers a ten-year period with a 75% reduction of income tax and other charges.

Result (R\$ millions)	IE GARANHUNS					
	2Q17	2Q16	Δ%	1H17	1H16	Δ%
Operating revenue	27.7	25.7	8%	55.0	49.9	10%
Deductions from Operating Revenue	(3.6)	(3.2)	12%	(7.2)	(6.3)	14%
Net operating revenue	24.1	22.4	7%	47.8	43.6	10%
Cost and Expenses	(2.5)	(1.7)	48%	(4.3)	(3.0)	47%
Depreciation	(6.2)	(5.9)	5%	(12.3)	(13.7)	-11%
Gross Revenue	15.4	14.9	4%	31.2	26.9	16%
Operating Expenses	(1.1)	(0.9)	0%	(1.8)	(2.0)	0%
Financial Results	(4.2)	(6.3)	-34%	19.8	(12.4)	-22%
Operating Income	10.1	7.6	34%	1.2	12.5	58%
Income tax and social contribution	0.4	(1.8)	-123%	21.0	(3.5)	-135%
Net Income	10.6	5.8	83%	22.2	9.0	147%
CTEEP Participation	5.4	2.9	83%	10.7	4.6	133%

(*) Includes transmission line and substation infrastructure projects operating in areas covered by Northeast Regional Development Authority - SUDENE with benefit granted in December 2016. Tax break eligibility covers a ten-year period with a 75% reduction of income tax and other charges.