CTEEP – Companhia de Transmissão de Energia Elétrica Paulista

Individual Financial Statements (Parent Company) and consolidated (consolidated) prepared according to the accounting practices adopted in Brazil.

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Message from Management

To CTEEP, 2015 was a year of consolidation. Continuing the work started in the previous fiscal year, we have strengthened the Company's operation orientation based on five focal management points: efficiency in operational activity and maintenance with quality and safety, profitability in investment and reinforcement and improvements, advances in corporate governance of subsidiaries and improvement of regulatory and legal management. These are the strategic guidelines that drive the actions of the Management.

In operation and maintenance, our operation was focused on the search for efficiency. With a strict cost control, the 2015 budget grew below inflation in relation to 2014. Furthermore, the review of the processes and of the structure of the operating area has allowed improvement and more quality in services. As a result, the Non-Supplied Power indicator (IENS) has reached its best score in the last 10 years, 3.55x10.6 on the total serviced load.

In projects, we focused on the profitability of reinforcements and improvements, based on discipline in the allocation of resources, more integration of the departments of engineering and operation and a more rational use of inventory. Keeping its pace of organic growth, CTEEP implemented 43 projects for reinforcement and improvement in 2015, contributing to the increase of operational income and profitability of the Company.

In relation to subsidiaries, we continued the actions to reinforce the levels of corporate governance, with centralization of financial and administrative activities of the wholly-owned subsidiaries in the Headquarters. We are also pride to say that all of our subsidiaries and related parties are already operational, upon the beginning of commercial operations of IEGaranhuns, in November 2015.

Adding to this set of strategic value indicators, three matters stand out as relevant to the future of the Company, for which we have been keeping a positive stance.

The first regards the value and process of payment of indemnity of non-amortized assets existing in May 2000. We were able to make progress in this matter with the recognition of indemnity in the amount of R$ 3.9 billion by ANEEL, R$ 291 million more than the amount originally recognized by the agency. We are optimistic of the prompt definition of the effective conditions for payment of the indemnity, which must consider monetary adjustment, remuneration of the cost of equity and guarantee for receiving of the full amount of the indemnity, net of taxes.

Another strategic matter where we focused efforts was the proposal of compulsory transfer of the DIT (Other Transmission Facilities) made by ANEEL. We have an expectation of a satisfactory solution, with the confirmation that the transfer process is voluntary and limited to the exclusive-use DIT, with due consideration of the effective function of these assets.

The third matter is the continued concern with the reduction of contingencies, which requires a careful look from the Management on the progress of relevant litigation, as well as diligent management to avoid the creation of future liabilities.

Therefore, in line with the good results achieved in 2014, we have once again had a positive performance in 2015: net operational income grew 16.7%, totaling R$ 1,287.1 million, and net profit in the end of the fiscal year was of R$ 517.2 million.

This performance is aligned to a finely-tuned financial management, focused in the optimized use of resources and budget control, to assure the financial balance of the Company, without without forgetting excellence in the performance of services and the continued process of creating value to our customers.

I can say that these results were achieved thanks to the efforts of our team who, with determination and professionalism, has helped CTEEP to overcome the challenges. Therefore, we will continue to invest in the improvement of their potential so we may always have people that are prepared and engaged with the business and its demands for growth.

Aware that the pursuit for a sustainable management is a long and permanent journey, we will continue to invest in dialog and adding value to all of our stakeholders, strengthening the relationship with the different publics and keeping a permanent alignment with the international principles of which we are members, such as the UN Global Compact.

Finally, we have a lot to be proud of. 2015 was a year of a lot of work, challenges and conquests. All of that proves how much we dedicated ourselves into conquering the relevant results to the Company and that this effort has paid off and will continue to bear fruit in the future.

For 2016, the expectations are the best possible. We are confident in the fair and adequate resolution of regulatory matters so that CTEEP may keep to increase in strength and participate in the process of growth of the Country.

Reynaldo Passanezi Filho
President

1. COMPANY PROFILE

CTEEP is one of the major private public utility concession companies in electric power in the country, transmitting approximately 25% of the power produced in Brazil and 60% of the energy consumed in the Southeast region.

With the majority of its facilities located in the largest consumption center in Brazil, CTEEP and its subsidiaries and related parties count on 1500 employees and a robust infrastructure with an installed transformation capacity of 55,700 MVA, with 18,500 kilometers of transmission lines, 25,800 kilometers of circuits, 2,347 kilometers of optical fiber cables owned by the company and 121 substations with tensions up to 550 kV. The Company is based in São Paulo and has a presence, with its own assets and through subsidiaries and interests in other 16 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 and Alagoas.

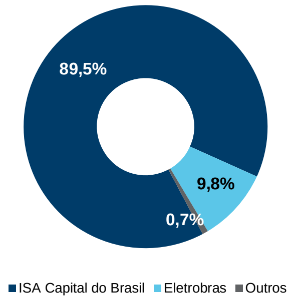
Strict maintenance processes for its networks in line with investment in technological innovation and expansion of the system ensure quality and reliability in the performance of the services, and CTEEP is the ANEEL's reference company in operational efficiency and service quality indicators.

2. CORPORATE GOVERNANCE

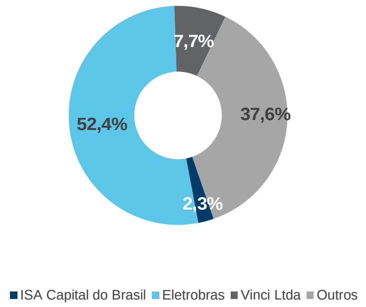
CTEEP has shares traded in BM&F Bovespa is integrates, since 2002, the Corporate Governance Level 1. The Company participates in the program American Depositary Receipts – ADRs – Rule 144 A, in the United States, since 1999.

In December 2015, the paid-in share capital of CTEEP was R$ 2,215.3 million, represented by 64,484,433 common shares (40% of the total) and 96,775,022 preferred shares (60% of the total).
Controlled by ISA, an important multi-Latin corporation engaged in linear infrastructure systems, CTEEP has among its investors Eletrobras, the largest Brazilian group in electrical power and another 60 thousand individual and corporate shareholders from different countries, and we detail below those holding more than 5% of the common or preferred shares:

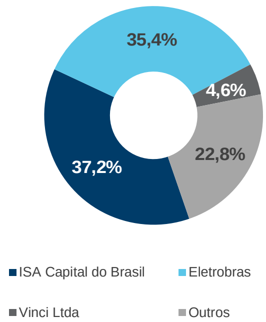
Common Shares – TRPL3 (40% of the share capital)



Preferred Shares – TRPL4 (60% of the total share capital)



Total Share Capital



Reinforcing the commitment to transparency in the publishing of its results, CTEEP will publish, in the 2nd Quarter of 2016, for the eight consecutive year, its Annual and Sustainability Report. This publishing, that presents the social, financial and environmental performance of the Company, was developed in accordance with the international GRI guidelines (Global Reporting Initiative). In 2015, CTEEP was awarded the Abrasca Best Annual and Sustainability Report Prize, in the category of companies with income up to R$ 3 billion.

3. SOCIAL PERFORMANCE

In 2015, we advanced in our sustainability stance, which solidifies and integrated the concepts to the business management practices in a much more structured form. Among the actions developed in this process, are the implementation of a DJSI based management tool for identifying opportunities for improvement; promoting room for dialog with target groups for identifying relevant management issues and annual implementation of opinion polling with these groups for perception on sustainable operation, creating a Sustainability Action Plan based on these instruments.

In this context, CTEEP invests in environmental, cultural, sports projects and others relating to quality of life, that contribute to the development of society. During 2015, were contributed R$ 2.5 million through incentive laws and direct investment, especially through Risk Prevention and Community Relationship Program, which involved 164 municipalities of the State of São Paulo and 10 thousand people.

4. OPERATIONAL PERFORMANCE

In light of a more and more demanding market and the company's position in a relevant consumption center of the Country, CTEEP seeks to invest in the application of technologies capable of adding value to the grid, especially activities for operation and maintenance, assuring efficiency and quality in the performance of its transmission services.

CTEEP's remuneration is calculated through the Annual Allowed Income (RAP), adjusted by the availability of its assets. I.e., the unavailability of assets means a drop in the Company's remuneration.

One of the most important indicators to assess the quality of the services and CTEEP's performance is the Non-Supplied Power Index (IENS), which closed 2015 with the best result of the last 10 years, since the privatization of the Company. This indicated is obtained by the ratio between the total non-supplied power during all occurrences in the year and the total demand of power supplied by the Company.

CTEEP's operational performance can also be evaluated with the measuring of other indicators, among which, Interruption Equivalent Duration (“DREQ”), which translated the equivalent interruption time of maximum demand, in minutes, verified in the period; and the Equivalent Interruption Frequency

(“FREQ”), which measures the equivalent number of times when the maximum demand is interrupted in the observation period. In 2015, DREQ was 1.2 minutes and FREQ was 0.08.

In addition to operating with efficiency in its facilities, CTEEP also invests in the improvement of its network. In 2015, reinforcement projects were energized, in connection to improvement and new connections, with investments totaling R$ 188.3 million in the year and added 286 kilometers of transmission lines and 836 MVA of installed potency to the electric grid.

The Company invested, through its subsidiaries, R$ 153.4 million, especially for subsidiary IE Garanhuns becoming operational, with full completion of the project estimated for the first quarter of 2016, which will contribute for improving services to Northeastern Brazil and integration to the country's electrical grid.

5. FINANCIAL-ECONOMIC PERFORMANCE

RAP (Annual Income) Adjustment

In June 29, 2015, was published Certifying Resolution no. 1.918, setting forth the annual income allowed to the Company and its subsidiaries, for providing the transmission facilities part of the Basic Network and the Other Transmission Facilities, for the 12-month cycle between July 1, 2015 to June 30, 2016.

According to REH no. 1.918, the total RAP and the amounts corresponding to the adjustment portion (PA) and Expansion of CTEEP (Contract 059/2001), net of PIS and COFINS, which was of R$ 700.3 million, on July 1, 2014, passed to R$ 836.6 million on July 1, 2015, presenting with an increase of R$ 136.3 million, equivalent to 19.5%. This growth reflects the adjustment of inflation, the start of operations of new projects for reinforcement, improvement and new connections and the recognition of income relating to the Annual Cost of Mobile and Fixed Facilities (CAIMI).
On its turn, the total RAP and the amounts corresponding to the adjustment portion (PA) and Expansion of Subsidiaries (IEMG, IEPinheiros, Serra do Japi e Evrecy), which was of R$ 127.3 million on July 1, 2014, passed to R$ 126.6 million on July 1, 2015, presenting a reduction of R$ 0.7 million (-0.55%), reflecting the Periodical Tariff Reviews occurred in Serra do Japi and IEPinheiros.

Results 2015 IFRS

In 2015, the **Consolidated Gross Operational Income** was of R$ 1,442.1 million, which corresponded to the growth of 16.8%, in relation to the same period in 2014, when it reached R$ 1,234.3 million. The variation derives mostly from the 50.2% increase in the remuneration of concession assets.

- § The consolidated **Infrastructure Revenue** was in a total of R$ 278.7 million in 2015, a 5.1% increase when compared to the R$ 265.1 million in 2014, resulting mostly from the increase of projects involving reinforcement, implementation of new installation of infrastructure in substations, reactivation of transmission lines and implementation of capacitor banks in the parent company.

- § In fiscal year 2015, the consolidated **Operation and Maintenance Revenue** added up to R$ 829.6 million, a 12% increase in comparison to the R$ 740.6 million in 2014.
  This increase is justified, especially, by the positive variation of IPCA (8.47%) and IGP-M (4.11%) applied to the portion of income relating to O&M, which adjusted the RAP of the 2014/2015 cycle to the 2015/2016 cycle, of the Company's concession contracts (95.9% adjusted by IPCA and 4.1%, adjusted by IGP-M), adding, as of July 2015, the inclusion of the Annual Cost of Mobile and Fixed Installations (CAIMI), in addition to the entrance into operation of new projects for reinforcement and positive variation of the sharing of the system excess.

- The consolidated **Concession Assets Remuneration Income** amounted to R$ 311.6 million in 2015, a 50.2% increase compared to the same period in 2014, when it reached R$ 207.5 million, reflecting especially the growth of the financial assets through realization of infrastructure projects, in addition to adjustment to inflation in the period.

- **Other Income** refers to rent by telecommunications companies and provision of services relating to the maintenance and technical analysis hired by third parties. In 2015, these revenues totaled R$ 22.2 million, a 4.7% increase compared to the same period in 2014, when it reached R$ 21.2 million. This variation is a consequence, mostly of the 6% increase in the provision of maintenance services and technical analysis in the transmission lines, resulting from the monetary adjustment of the contracts.

Deductions of Operational Revenue reached R$ 154.9 million in 2015, a 17.7% increase compared to the R$ 131.6 million in 2014. The variation reflects, mostly the increase on taxes on income, which follow the variation of the operational income, offset by the rate of PIS and COFINS (3.65%) in subsidiaries that adopt the taxation system of assumed profit.

Consolidated Net Operational Income in 2015 reached R$ 1,287.1 million, a 16.7% increase compared to 2014, when it represented R$ 1,102.8 million.

The result of **Other Income / Expenses** registered R$ 36.2 million in expenses in 2015, compared to R$ 39.4 million in 2014, a drop of 8.8%. This variation results, especially, (i) from the recognition, in 2014, of projects prior to the renewal of the concession that did not have additional income, generating expenses in the amount of R$ 19.2 million; (ii) loss in sale of unusable assets in the amount of R$ 8.2 million; (iii) combined with the recognition of R$ 21.4 million in extemporaneous PIS and COFINS credits.
In 2015, other operational income/expenses substantially refer to amortization of goodwill incorporated in the parent company, in the amount of R$ 29.9 million.

Total Cost of Operation and Maintenance (except for expenses with litigation) had an increase of 5.9% (an increase of R$ 24.9 million) in the period.
The variation between the costs and expenses causes the effects, especially, of an increase of 3.3% in the cost and expenses with personnel due to the collective bargaining agreement increase of 8.2% granted in August 2015, retroactive to June of the same year, offset by the reduction of overtime.

The increase in litigation is substantially owed to labor complaints (R$ 38.8 million), which methodology, in 2015, passed to consider the recent history of convictions with evidence available and similar cases, allowing more assertiveness in the risk estimate from the beginning of the proceeding.

Furthermore, the Company has implemented improvements to the costs of operation and maintenance, despite of the inflation in the period, especially in: (i) reprogramming of activities in operation and maintenance in response to the technical needs and according to the restrictions to intervention in the system; (ii) direct performance of operation and maintenance services; and (iii) renegotiation of contracts in force, especially the scope of contracts.

The Consolidated **Infrastructure Costs** registered R$ 255.0 million in 2015, a 5.3% increase compared to the same period in 2014. This variation refers to the acquisition of materials for ongoing projects, especially the increase of projects for reinforcement, implementation of new infrastructure installations in substations, re-qualification of transmission lines and implementation of capacitor banks in the parent company and its subsidiaries.

The result of **Equity Adjustment** in 2015 registered income of R$ 161.3 million, an increase of 77.4% compared to the R$ 90.9 million income in 2014. The variation derives mostly from the results of subsidiary IEMadeira, subject to the adjustment of the cycle of RAP 2015/2016, in the amount of R$ 110.8 million.

The consolidated **Financial Income** reached expenses of R$ 4.5 million in 2015, compared to income of R$ 11.9 million in 2014. The variation reflects: (i) reduction of the average balance of receivables of indemnity (NI) in 2015, affecting the monetary adjustment of active interests; and (ii) reduction of the balance of financial investments.

Result of **Income Tax and Social Contribution** presented with expenses of R$ 92.4 million in 2015 compared to the expenses of R$ 80.5 million in 2014 reflecting the increase in income. The effective rate of income tax and social contribution of 2015 was of 15.2%, below the statutory rate, especially by the exclusion of the effects of the results of equity adjustment, which is not the taxable basis for Income Tax ans Social Contribution, as well as adoption of assumed profit in subsidiaries.

Net Profit in 2015 totaled R$ 517.2 million, compared to R$ 379.7 million in 2014.

Consolidated Ebitda, according to ICVM 527/12, reached R$ 655.0 million in 2015, increase of R$167.0 million, compared to the Ebitda of R$ 488.0 million recorded in 2014. The Ebitda margin in 2015 was of 50.9%.

Consolidated **Gross Debt** as of December 31, 2015 added R$ 1,096.7 million, a 8.0% reduction compared to the end of 2014, when recorded R$ 1,191.9 million. The variation brings the effects, especially, (i) from payment made in June 2015 of the first installment of interests of the 3rd Issue of Debentures, in the amount of R$ 101.6 million; and (ii) payments in December 2015, of interests and principal referring to the 1st Issue of Debentures, 2nd Series in the amount of R$ 29.3 million and, payment of interests referring to the 3rd Issue of Simple Debentures, int he amount of R$ 39.9 million.

The **availabilities** of CTEEP, consolidated, added up to R$ 446.2 million on December 31, 2015, a 7.9% drop in comparison to the numbers recorded on December 31, 2014, when reaching R$ 484.3 million. Therefore, the consolidated **Net Debt** amounted to R$ 650.5 million, presenting a reduction of 8.1% compared to the previous year.

6. INVESTMENTS

In 2015, CTEEP, its subsidiaries and joint-subsidiaries invested in reinforcement, new connections and modernization projects, in a total of R$ 376.5 million, compared to R$ 507.0 million invested in 2014.

The variation results especially, (i) of the lower realization of investments in DIT projects; (ii) effort in commercial negotiations for reduction of contractual prices; (iii) projects suspended by CTEEP for obtaining better profitability; and (iv) delay due to environmental and regulatory reasons, which prevented the beginning of works.

7. 2016 INVESTMENT PLAN

In a meeting held in December 2015, the Board of Directors approved the Investment Plan for 2016 in up to R$ 475.2 million, where(i) R$ 322.4 million in reinforcements, new connections, modernization and improvement, which generated additional revenue to the Company based on the energizing of each investment project; (ii) R$ 118.3 million in investments through subsidiaries for finishing works of the original project, as well as eventual improvements, reinforcements and new connections, which will contributed to eh generation of additional income to the Company; and (iii) R$ 34.6 million in capitalization of personnel, corporate and telecommunications' projects.

8. STOCK EXCHANGE

Common and Preferred shares of CTEEP (BM&FBovespa: TRPL3 and TRPL4) finished 2015 quoted at R$ 42.99 and R$ 45.70, respectively, which represents a variation of -6.5% and +10.1%, also respectively, compared to the 2014 closing. In the same period, Ibovespa had a 13.3% devaluation and the Electric Power Index (IEE) of 8.7%.

Throughout 2015, CTEEP's preferred shares had a daily average trading volume in BM&FBovespa of R$ 14.9 million, a 93.0% increase over 2014. The total trading volume in the year was of R$ 3,686 million.

With a daily average of 1,904 transactions, representing a 53.0% increase over the average of 2014, CTEEP's preferred shares reached a total 470 thousand trading transactions in 2015.

As a result of the performance of preferred shares (TRPL4) in the floor of BM&FBovespa, during the year, CTEEP passed to be part of the Mid Large Cap Index, comprised of companies with the highest capitalization levels in the stock exchange.

9. INDEPENDENT AUDITORS

Concerning the performance of services in connection to external audit, CTEEP hereby informs that Grant Thornton Auditores Independentes only provided services pertaining to the Audit of individual and consolidadted Financial Statements of fiscal year 2015.

To Management

CTEEP – Companhia de Transmissão de Energia Elétrica Paulista

Balance Sheets
On December 31, 2015 and 2014
In thousands of Reais, except when indicated otherwise

		Holding		Consolidated	
Assets	**Note**	**2015**	**Restated 2014**	**2015**	**Restated 2014**
Current					
Cash and cash equivalents.	5	3,120	1,390	6,135	4,696
Investments	6	230,855	398,623	440,054	479,601
Accounts Receivable (concession assets)	7	220,566	647,263	319,961	729,946
Inventory		38,787	43,426	40,476	45,696
Taxes and contributions to offset	9	4,928	32,146	5,763	34,480
Credit with subsidiaries	30	29,500	37,645	29,200	37,429
Expenses paid in advance		6,037	819	6,057	948
Others		49,866	63,785	51,180	82,445
		583,659	**1,225,097**	**898,826**	**1,415,241**
Non-current					
Long term receivable					
Restricted cash	15	-	-	12,059	11,689
Accounts Receivable (concession assets)	7	2,569,403	2,324,696	3,526,968	3,165,656
Amounts receivable - Department of Finance	8	965,920	802,102	965,920	802,102
Tax benefit - incorporated goodwill	10	586	30,473	586	30,473
Deferred income tax and social contribution	29	183,809	188,556	183,809	188,556
Collateral and attached deposits	11	66,252	62,353	66,268	62,353
Inventory		27,948	37,993	29,675	37,993
Others		9,249	12,706	9,249	12,706
		3,823,167	**3,458,879**	**4,794,534**	**4,311,528**
Investments	12	2,394,590	1,967,284	1,572,640	1,315,669
Fixed Assets	13	23,163	24,538	23,194	24,553
Intangible	14	22,649	26,148	49,509	56,022
		2,440,402	**2,017,970**	**1,645,343**	**1,396,244**
		6,263,569	**5,476,849**	**6,439,877**	**5,707,772**
Total assets		**6,847,228**	**6,701,946**	**7,338,703**	**7,123,013**

The explanatory notes are integral part of these financial statements.

CTEEP – Companhia de Transmissão de Energia Elétrica Paulista

Balance Sheets
On December 31, 2015 and 2014
In thousands of Reais, except when indicated otherwise

		Holding		Consolidated	
Liabilities	**Note**	**2015**	**Restated 2014**	**2015**	**Restated 2014**
Current					
Loans and financing	15	32,530	93,593	71,070	132,050
Debentures	16	180,782	83,846	180,782	83,846
Suppliers		31,824	46,481	34,950	75,470
Taxes and social charges payable	17	26,825	24,641	28,417	26,521
Tax Payment Plan - Law 11.941	18	16,200	14,950	16,200	14,950
Regulatory charges payable	20	21,442	37,937	21,821	40,579
Interests on equity and dividends payable	24(b)	2,156	33,703	2,156	33,703
Reserves	21	28,828	26,986	29,757	27,469
Payable – Funcesp	22	6,144	5,375	6,144	5,375
Others		21,849	10,313	31,014	16,215
		368,580	**377,825**	**422,311**	**456,178**
Non-current					
Lon term receivable					
Loans and financing	15	306,076	234,216	485,239	440,580
Debentures	16	359,573	535,399	359,573	535,399
Tax Payment Plan - Law 11.941	18	126,897	132,061	126,897	132,061
Deferred PIS and COFINS	19	107,741	79,867	149,022	117,972
Deferred income tax and social contribution	29	-	-	35,801	33,956
Regulatory charges payable	20	28,783	21,981	31,194	22,610
Reserves	21	189,320	131,499	189,612	131,592
Special obligations - reversal/amortization	23	24,053	24,053	24,053	24,053
		1,142,443	**1,159,076**	**1,401,391**	**1,438,223**
Equity					
Share Capital	24 (a)	2,215,291	2,215,291	2,215,291	2,215,291
Capital Reserves	24 (c)	1,277,356	1,277,356	1,277,356	1,277,356
Advance for future increase of share capital		666	666	666	666
Profit reserves	24 (d)	1,842,892	1,671,732	1,842,892	1,671,732
		5,336,205	**5,165,045**	**5,336,205**	**5,165,045**
Interest of non-controlling shareholders		-	-	178,796	63,567
		5,336,205	**5,165,045**	**5,515,001**	**5,228,612**
Total liabilities and equity		**6,847,228**	**6,701,946**	**7,338,703**	**7,123,013**

The explanatory notes are integral part of these financial statements.

CTEEP – Companhia de Transmissão de Energia Elétrica Paulista

Satement of Income of the Fiscal Year
Fiscal years ended December 31, 2015 and 2014
In thousands of Reais, except when indicated otherwise

		Holding		Consolidated	
	Note	2015	2014	2015	2014
Net operational income	25.1	1,089,287	972,695	1,287,130	1,102,788
Cost of services in implementation of infrastructure, operation and maintenance	26	(521,298)	(487,729)	(575,326)	(541,618)
Gross profit		**567,989**	**484,966**	**711,804**	**561,170**
(Expenses) operational revenue					
General and administrative	26	(213,219)	(155,829)	(217,875)	(159,562)
Management fees	26 and 30	(4,595)	(4,107)	(4,991)	(4,841)
Other operational, net income (expenses)	28	(37,919)	(39,962)	(36,190)	(39,356)
Equity accounting results	12	281,766	143,256	161,306	90,905
		26,033	(56,642)	(97,750)	(112,854)
Profit prior to financial income and expenses and taxes on profit		**594,022**	**428,324**	**614,054**	**448,316**
Financial income	27	121,244	149,970	139,069	154,225
Financial expenses	27	(125,566)	(122,960)	(143,541)	(142,334)
		(4,322)	27,010	(4,472)	11,891
Earnings before income tax and social contribution		**589,700**	**455,334**	**609,582**	**460,207**
Income Tax And Social Contribution					
Current	29	(80,523)	(46,405)	(85,804)	(50,354)
Deferred	29	(4,747)	(30,714)	(6,592)	(30,121)
		(85,270)	(77,119)	(92,396)	(80,475)
Net Profits of the year		**504,430**	**378,215**	**517,186**	**379,732**
Attributable to:					
Controlling shareholders				504,430	378,215
Non-Controlling shareholders				12,756	1,517
Basic profit per share	24 (e)	3.12807	2.44131		
Diluted profit per share	24 (e)	3.07192	2.33714		

The explanatory notes are integral part of these financial statements.

CTEEP – Companhia de Transmissão de Energia Elétrica Paulista

Comprehensive Statement of Income
Fiscal years ended December 31, 2015 and 2014
In thousands of Reais, except when indicated otherwise

	Holding		Consolidated	
	2015	**2014**	**2015**	**2014**
Net Profits of the year	504,430	378,215	517,186	379,732
Other comprehensive income	-	-	-	-
Total on the comprehensive results of the year	**504,430**	**378,215**	**517,186**	**379,732**
Attributable to:				
Controlling shareholders			504,430	378,215
Non-Controlling shareholders			12,756	1,517

The explanatory notes are integral part of these financial statements.

Statement of Changes in Equity
Fiscal years ended December 31, 2015 and 2014
In thousands of Reais, except when indicated otherwise

Parent Company and Consolidated

	Share Capital	Capital Reserves	Advance for future increase of share capital	Profit Reserve: Legal Reserve	Profit Reserve: Statutory Reserve	Profit Reserve: Profit Retention Reserve	Accumulated Profit	Profit Reserve: Proposal for distribution of additional dividend	Total	Interest of non-controlling shareholders	Total
On December 31, 2013	**2,000,000**	**1,364,907**	**666**	**234,121**	**116,263**	**1,166,490**	**-**	**30,000**	**4,912,447**	**-**	**4,912,447**
Increase of Share Capital (Note 24 (a))	215,291	(87,551)	-	-	-	-	-	-	127,740	-	127,740
Expired Interests on Equity	-	-	-	-	-	-	755	-	755	-	755
Expired Dividends	-	-	-	-	-	-	1,917	-	1,917	-	1,917
Proposed additional dividends	-	-	-	-	-	-	-	(30,000)	(30,000)	-	(30,000)
Acquisition of additional participation from non-controlling shareholders	-	-	-	-	-	-	-	-	-	62,050	62,050
Net Profits of the year	-	-	-	-	-	-	378,215	-	378,215	1,517	379,732
Profit destination:											
Establishment of legal reserve	-	-	-	18,911	-	-	(18,911)	-	-	-	-
Establishment of statutory reserve	-	-	-	-	75,643	-	(75,643)	-	-	-	-
Establishment of profit retention reserve	-	-	-	-	-	60,304	(60,304)	-	-	-	-
Interest on equity (R$ 0.196514 per share) (Note 24 (b))	-	-	-	-	-	-	(30,000)	-	(30,000)	-	(30,000)
Interim Dividends (R$ 1.023196 per share) (Note 24 (b))	-	-	-	-	-	-	(165,000)	-	(165,000)	-	(165,000)
Retained Dividends	-	-	-	-	-	-	(31,029)	-	(31,029)	-	(31,029)
On December 31, 2014	**2,215,291**	**1,277,356**	**666**	**253,032**	**191,906**	**1,226,794**	**-**	**-**	**5,165,045**	**63,567**	**5,228,612**
Expired Interests on Equity	-	-	-	-	-	-	570	-	570	-	570
Expired Dividends	-	-	-	-	-	-	1,025	-	1,025	-	1,025
Acquisition of additional participation from non-controlling shareholders	-	-	-	-	-	-	-	-	-	102,473	102,473
Net Profits of the year	-	-	-	-	-	-	504,430	-	504,430	12,756	517,186
Profit destination:											
Establishment of legal reserve	-	-	-	25,222	-	-	(25,222)	-	-	-	-
Establishment of statutory reserve	-	-	-	-	29,623	-	(29,623)	-	-	-	-
Establishment of profit retention reserve	-	-	-	-	-	116,315	(116,315)	-	-	-	-
Interim Dividends (R$ 2.0765735 per share) (Note24 (b))	-	-	-	-	-	-	(334,865)	-	(334,865)	-	(334,865)
On December 31, 2015	**2,215,291**	**1,277,356**	**666**	**278,254**	**221,529**	**1,343,109**	**-**	**-**	**5,336,205**	**178,796**	**5,515,001**

The explanatory notes are integral part of these financial statements.

CTEEP – Companhia de Transmissão de Energia Elétrica Paulista

Statement of Cash Flow
Fiscal years ended December 31, 2015 and 2014
In thousands of Reais, except when indicated otherwise

	Holding		Consolidated	
	2015	2014	2015	2014
Cash Flow of the Operational Activities				
Net Profits of the year	504,430	378,215	517,186	379,732
Adjustments to reconcile net profit to cash created by operational activities				
Deferred PIS and COFINS (Note 19)	27,874	24,899	31,050	112
Depreciation and amortization (Notes 13, 14 and 26)	7,776	8,860	8,525	8,860
Deferred income tax and social contribution	4,747	30,714	6,592	30,121
Litigation (Note 21 (a))	57,821	3,638	58,020	3,694
Residual Cost of written-off fixed assets (note 13)	375	423	375	423
Tax benefit - incorporated goodwill (Note 10)	29,887	29,886	29,887	29,886
Amortization of concession asset in acquisition of subsidiary (Note 12)	2,491	2,490	2,491	2,490
Realization of loss in jointly controlled subsidiary (Note 12)	(2,340)	(2,386)	(2,340)	(2,386)
Result of Equity Equivalence (Note 12)	(281,766)	(143,256)	(161,306)	(90,905)
Interests and Monetary and Exchange Rate Adjustment on assets and liabilities	130,330	125,716	134,826	140,683
	481,625	459,199	625,306	502,710
(Increase) decrease in assets				
Accounts receivable (concession assets)	137,881	92,154	51,013	75,126
Inventory	14,684	17,116	13,538	25,826
Amounts receivable - Department of Finance	(163,818)	(159,075)	(163,818)	(159,075)
Taxes and contributions to offset	27,300	38,472	28,799	38,396
Collateral and attached deposits	(3,899)	13,929	(3,915)	13,929
Others	12,058	5,863	29,226	402
	24,206	8,459	(45,157)	(5,396)
Increase (decrease) of liabilities				
Suppliers	(14,657)	23,850	(40,520)	25,114
Taxes and social charges payable	2,184	6,732	1,896	6,390
Tax Payment Plan - Law 11.941	(15,603)	(14,463)	(15,603)	(14,463)
Regulatory charges payable	(12,292)	(13,617)	(12,886)	(13,099)
Reserves	1,842	5	2,288	(528)
Amounts payable - Funcesp	769	(716)	769	(716)
Others	11,536	(3,550)	14,798	(4,114)
	(26,221)	(1,759)	(49,258)	(1,416)
Net cash generated in operational activities	**479,610**	**465,899**	**530,891**	**495,898**

The explanatory notes are integral part of these financial statements.

In thousands of Reais, except when indicated otherwise

	Holding		Consolidated	
	2015	**2014**	**2015**	**2014**
Cash flow from investment activities				
Investments	167,768	179,924	39,547	116,155
Transactions with non-controlling shareholders	-	-	115,229	63,567
Fixed Assets (Note 13)	(2,166)	(17,330)	(2,184)	(17,345)
Intangible (Note 14)	(1,111)	(18,074)	(1,335)	(18,564)
Investments (Note 12)	(120,964)	(180,850)	(103,364)	(165,700)
Dividends received	27,628	-	15,945	-
Cash generated (used) in investment activities	**71,155**	**(36,330)**	**63,838**	**(21,887)**
Cash flow from financing activities				
Addition of loans (Note 15 and 16)	103,877	251,236	103,877	251,236
Payment of loans (principal) (Note 15 and 16)	(115,140)	(333,463)	(141,636)	(359,578)
Payment of loans (interests) (Note 15 and 16)	(172,871)	(51,091)	(190,630)	(69,125)
Payment of Share Capital	-	127,740	-	127,740
Dividends and interests on equity paid (Note 24 (b))	(364,901)	(423,858)	(364,901)	(423,858)
Cash used in financing activities	**(549,035)**	**(429,436)**	**(593,290)**	**(473,585)**
Net increase in cash and equivalent	**1,730**	**133**	**1,439**	**426**
Cash and cash equivalent in the end of the fiscal year	3,120	1,390	6,135	4,696
Cash and cash equivalent in the beginning of the fiscal year	1,390	1,257	4,696	4,270
Variation in cash and cash equivalent	**1,730**	**133**	**1,439**	**426**

Total income tax and social contribution paid by the Company in 2015 was of R$56,646. Total income tax and contribution calculated by the Company in 2014 was of R$46,405 which were offset with credit resulting from the 2013 negative balance.

The total income tax and contribution paid, consolidated, in the fiscal year was of R$ 60,701 (R$2,731 in 2014).

The explanatory notes are integral part of these financial statements.

CTEEP – Companhia de Transmissão de Energia Elétrica Paulista

Statement of Added Value
Fiscal years ended December 31, 2015 and 2014
In thousands of Reais, except when indicated otherwise

	Holding		Consolidated	
	2015	2014	2015	2014
Income				
Operational	1,233,093	1,096,320	1,442,071	1,234,340
Other operational	5,635	24,117	8,547	25,616
	1,238,728	1,120,437	1,450,618	1,259,956
Raw Material acquired from third parties				
Cost of services provided	(20,766)	(23,311)	(25,006)	(30,679)
Materials, power, third-party services and others	(383,979)	(373,311)	(425,798)	(412,176)
	(404,745)	(396,622)	(450,804)	(442,855)
Gross Added Value	**833,983**	**723,815**	**999,814**	**817,101**
Retention				
Depreciations and amortizations	(7,776)	(8,860)	(8,525)	(8,860)
Net added value produced by the entity	**826,207**	**714,955**	**991,289**	**808,241**
Received in transfer				
Equity accounting results	281,766	143,256	161,306	90,905
Financial income	121,244	149,970	139,069	154,225
Total Added Value to distribute	**1,229,217**	**1,008,181**	**1,291,664**	**1,053,371**
Distribution of added value				
Personnel				
Direct compensation	(231,758)	(174,700)	(240,016)	(184,041)
Benefits	(48,640)	(42,090)	(50,718)	(43,264)
F.G.T.S	(14,302)	(15,079)	(14,869)	(15,367)
	(294,700)	(231,869)	(305,603)	(242,672)
Taxes, charges and contributions				
Federal	(268,874)	(241,063)	(288,661)	(254,152)
State	(318)	(253)	(319)	(178)
Municipal	(23,534)	(20,580)	(23,543)	(20,588)
	(292,726)	(261,896)	(312,523)	(274,918)

The explanatory notes are integral part of these financial statements.

Statement of Added Value
Fiscal years ended December 31, 2015 and 2014
In thousands of Reais, except when indicated otherwise

	Holding		Consolidated	
	2015	**2014**	**2015**	**2014**
Remuneration of third party's capital				
Rent	(13,201)	(13,574)	(14,313)	(14,154)
Interest, inflation and exchange rate variations	(124,160)	(122,627)	(142,039)	(141,895)
	(137,361)	(136,201)	(156,352)	(156,049)
Remuneration of Equity				
Interests on Equity and dividends	(334,865)	(226,029)	(334,865)	(226,029)
Withheld Profits	**169,565**	**152,186**	**182,321**	**153,703**

The explanatory notes are integral part of these financial statements.

1. Operational Context

1.1 Corporate Purpose

CTEEP - Companhia de Transmissão de Energia Elétrica Paulista ("CTEEP" or "Company") is a joint-stock company authorized to operate as an electric power utility, and its primary activity is the transmission of electric power, which requires planning, implementation of infrastructure and operation and maintenance of the systems subordinated to transmission. In the performance of its duties, is provided the use of resources and management of research and development programs concerning the transmission of electric power and other activities relating to the available technology. These activities are regulated and inspected by the National Electric Power Agency - ANEEL.

The Company was originated from the partial split-off of Companhia Energética de São Paulo ("CESP"), having started its commercial operations in April 1, 1999. In November 10, 2001, it acquired EPTE - Empresa Paulista de Transmissão de Energia Elétrica S.A. ("EPTE"),a company originated from the partial split-off of Eletropaulo - Eletricidade de São Paulo S.A

In a privatization auction held on June 28, 2006 in the Stock Exchange of São Paulo – BOVESPA, according to Public Tender notice SF/001/2006 the Government of the State of São Paulo, thus far the majority shareholder, has sold 31,341,890,064 common shares held by it, corresponding to 50.10% common shares issued by CTEEP. The company who won the auction was Interconexión Eléctrica S.A. E.S.P.

The financial settlement of the operation took place in July 26, 2006, with the consequence transfer of the aforementioned shares to ISA Capital do Brasil S.A. ("ISA Capital"), a Brazilian Company controlled by Interconexión Eléctrica S.A. E.S.P. ("ISA"), headquartered in Colombia, organized for the purposes of operating in Brazil, which, therefore, became the controlling shareholder of CTEEP. The aforementioned operation was consented by ANEEL, on July 25, 2006, according to Authorization Resolution 642/06, published in the Official Press on July 26, 2006.

The Company's shares are traded in the Stock Exchange of São Paulo - BM&FBovespa. Furthermore, CTEEP has a program for "American Depositary Receipts - ADRs" – Rule 144 A in the United States. The depository of the ADRs is JPMorgan Chase Bank and Banco Itaú S.A. is the custodian.

In September 2002, the Company has adhered to the differentiated Corporate Governance practices – Level 1, of BM&FBovespa. The commitments assumed on account of said adhesion assure greater transparency of the Company to the market, investors and shareholders, allowing for an easier monitoring of the Management's acts.

The Company integrates the Trade Corporate Governance Index – and the Electric Power Index – IEE, Broad Brazil Index - IBrA, Brazil 100 Index 100 - IBrX 100, Divident Index BM&FBOVESPA - IDIV, Differentiated Corporate Governance Share Index - IGCX, Mid Large Cap Index – MLCX and BM&FBOVESPA Public Utility Index – UTIL.

In thousands of Reais, except when indicated otherwise

1.2 Concessions

The Company has the license to explore, directly or indirectly, the following Public Utility Service concession contracts for Transmission of Electrical Power:

					Periodical Tariff Review			Allowed Annual Income - RAP	
Concession Grantee	**Contract**	**Participation (%)**	**Term (years)**	**Maturity**	**Term**	**NExt**	**Adjustment Index**	**R$ thousands**	**Base Month**
CTEEP	059/2001		30	31.12.42	5 years	2018	IPCA	836,611	06/15
IEMG	004/2007	100	30	23.04.37	5 years	2017	IPCA	14,899	06/15
Pinheiros	012/2008	100	30	15.10.38	5 years	2019	IPCA	9,057	06/15
Pinheiros	015/2008	100	30	15.10.38	5 years	2019	IPCA	27,082	06/15
Pinheiros	018/2008	100	30	15.10.38	5 years	2019	IPCA	4,793	06/15
Pinheiros	021/2011	100	30	09.12.41	5 years	2017	IPCA	5,131	06/15
Serra do Japi	026/2009	100	30	18.11.39	5 years	2020	IPCA	34,753	06/15
Serra do Japi (*)	143/2001		30	20.12.31	n/a	n/a	IGPM	17,896	06/15
Evrecy	020/2008	100	30	17.07.25	4 years	2017	IGPM	13,126	06/15
IENNE	001/2008	25	30	16.03.38	5 years	2018	IPCA	36,452	06/15
IESul	013/2008	50	30	15.10.38	5 years	2019	IPCA	4,558	06/15
IESul	016/2008	50	30	15.10.38	5 years	2019	IPCA	10,724	06/15
IEMadeira	013/2009	51	30	25.02.39	5 years	2019	IPCA	222,772	06/15
IEMadeira (**)	015/2009	51	30	25.02.39	5 years	2019	IPCA	193,432	06/15
IEGaranhuns	022/2011	51	30	09.12.41	5 years	2017	IPCA	88,296	06/15

(*) In April 30, 2015, the Company transferred the electric power concession contract 143/2001 to subsidiary Serra do Japi, through increase of share capital, as approved by Authorization Resolution ANEEL no. 5.036 of January 20, 2015 (Note 12 (a) (i)).

(**) Concession contract 015/2009 of the parent company in conjunction with IEMadeira has entered into provisional commercial operation phase in May 2014. The assets under this concession contract were declared free from impeding encumbrances in August 2014. Due to the existence of impediments caused by other agents, the reducing factor has been applied equivalent to 10% of the income associated to the contract.

All concession contracts mentioned above provide for the right of reversal on the assets linked to the concession upon the ending of their terms. For contracts with Periodical Tariff Adjustment is provided the right to remuneration of investments in expansion, reinforcement and improvements.

Law 12.783/2013

On September 12, 2012, was published Executive Order 579/2012 (MP 579) which regulated the extension of concessions for generation, transmission and distribution of electric power, granted prior to the publishing of Law no. 8.987, of 1995, and encompassed by Law no. 9.074 of 1995. In September 14, 2012, was published Decree 7.805 which regulated Executive Order - MP 579.

According to Executive Order MP 579, concessions for generation, transmission and distribution of electric power about to expire or already expired in the next 60 months following the publishing of the aforementioned Executive Order, had the option of having the Expiration moved up to December 2012 and extended, in the Discretion of the Conceding Authority, one single time, for a period of up to 30 years, however, for the activity of transmission, the extension would be contingent upon an express acceptance, among others, of the following main conditions: i) income fixed according to the criteria set forth by ANEEL; ii) amounts set forth for the reversal of assets; and iii) submission to the quality standards of service set forth by ANEEL.

On November 1, 2012, the Ministry of Mines and Energy has published:

(i) (i) Multi-Ministry Ordinance no. 580, whereupon were set the values for reversal to the facilities energized after June 1, 2000 (NI), in reference to the prices of October 2012 for concessions of transmission of electric power, and the amount of R$ 2,891,291 referring to concession contract 059/2001 (the only contract reached by said Executive Order), according to Appendix II of said Ordinance.

(ii) (ii) Multi-Ministry Ordinance no. 579, where defined the amount for the RAP as of January 1, 2013, as of the reference month of October 2012, in the amount of R$ 515,621 (net of PIS and COFINS) concerning concession contract no. 059/2001, according to the Appendix of said Ordinance.

On November 29, 2012, was published Executive Order no. 591 (MP 591) which amended MP 579 so as to authorize the Conceding Authority to pay the amounts relating to non-depreciated amounts existing as of May 31, 2000 (SE). The Company filed, on August 13, 2014, the independent appraisal report concerning these assets and is monitoring with ANEEL the definition of the final reversal price, according to Note 7.

In the Extraordinary Shareholders' Meeting (ESM) held on December 3, 2012, was approved by the Company's shareholders, unanimously, the extension of concession contract no. 059/2001.

On December 4, 2012, was signed an addendum to the concession contract no. 059/2001, with an option for receiving the reversal, in the amount of R$ 2,891,291, referring to the NI, according to Multi-Ministry Ordinance no. 580 in the following manner:

- 50% in a single cash payment, to be made within 45 days from the signing date of the Addendum to the concession contract, adjusted by IPCA. On January 18, 2013, the Company received the amount of R$ 1,477,987.

- 50% in monthly installments, payable in 31 increments, added of remuneration for the Weighted Average Cost of Capital (WACC) of 5.59% per annum, following the first day of the signing date of the Addendum to the concession contract.

On January 11, 2013 Executive Orders MP 579 and 591 were converted into Law no. 12.783/2013.

On April 4, 2013, was published Executive Order no. 612 which reduced to zero the Contribution Rate to PIS/PASEP and COFINS levied on the reversals referred to by Law 12.783/2013.

Technical Note of the Federal Electric Power Agency no. 032/2015-SRD/ANEEL

ANEEL, in Ordinary Public Meeting of the Agency's Board of Directors held in June 23, 2015, has approved the opening of a Public Hearing for the period between June 29 to August 31, 2015, for collecting substantiation and additional information for analysis of a proposal for transfer of the so-called Other Transmission Facilities ("DIT") of the electric power transmitters to the distributors, pursuant to ANEEL'S Technical Note 32/2015 (Administrative Proceeding 48500.004452/2014-60). The DIT are characterized by installations with operating tension under 230 KV and, according to Paragraph 46 of the aforementioned Technical Note, the proposed transfer contemplates part of these facilities, which, if takes place, will entail payment of indemnification to the transmitters thereby affected.

Considering this is still an undefined matter, considering that the contributions to the public hearing are under advisement, it is not possible to determine whether the transfer will actually be made, and, if it is, which facilities would be transferred, therefore, it is not possible to make an estimate with any level of accuracy of the impacts potentially caused by the technical note.

In August 2015, the Company has presented its contributions to the Public Hearing, along with legal, economic-financial and technical opinions, challenging the fundaments of Technical Note ANEEL no. 32/2015, as well as pointing out the consequences of an eventual transfer of part of its DIT, with the definition of the criteria to be considered for preserving the financial-economic balance of its concession, including a review of the indemnification calculation criterion.

On December 7, was issued Legal Opinion 786/2015/PF-ANEEL/PGF/AGU, by the Deputy ANEEL General Counsel, providing for the aspects relating to the compulsory transfer of the DIT and suggest a deeper consideration of the technical areas on the eventual compromising of the economic-financial balance that this measure could cause on the revenues of transmission concession grantees.

Participation in Consortium

(i) Extremoz Transmissora do Nordeste - ETN

On June 10, 2011, Consortium Extremoz, consisting of CTEEP (51%) and Companhia Hidro Elétrica do São Francisco - Chesf (49%), has won in auction, in a public session held at BM&FBovespa, Lot A of ANEEL Auction no. 001/2011, comprised by LT Ceará-Mirim - João Câmara II, in 500 kV with 64 km; LT Ceará-Mirim - Campina Grande III, in 500 kV with 201 km; LT Ceará-Mirim - Extremoz II, in 230 kV with 26 km; LT Campina Grande III - Campina Grande II, with 8.5 km; SE João Câmara II 500 kV, SE Campina Grande III 500/230 kV and SE Ceará-Mirim 500/230 kV. On July 7 of the same year was organized Extremoz Transmissora do Nordeste – ETN S.A., respecting the same participations, for the purposes of exploring the public utility services granted under concession. This project has an estimate of investments in the order of R$ 622.0 million and RAP of R$ 31.9 million, with reference month of June 2011. The Company’s shareholding in the undertaking is of 51%.

Extremoz formalized with ANEEL on March 20, 2015, CTEEP’s intention of withdrawing from the Consortium. According to Authorization Resolution 5.218 of May 20, 2015, ANEEL has consented to the transfer of the shareholding control, setting the term for implementation of the operation in 120 days following the date on which the resolution was to be published. On December 10, 2015, was obtained approval by the Economic Defense Administrative Council - CADE (Brazilian Antitrust Agency). The proceeding will be re-submitted to ANEEL for final analysis.

2 Presentation of Financial Statements

2.1 Basis for preparation and presentation

The individual information, identified as “Parent Company” and the consolidated financial statements, identified as “Consolidated”, have been prepared and are being presented according to the accounting practices adopted in Brazil, which encompass the provisions of the Joint-Stock Companies’ Act, pronunciations, interpretations and guidelines issued by the Financial Reporting Committee (“CPC”) and approved by the Securities and Exchange Commission of Brazil (“CVM”), which are in accordance to the IFRS (International Financial Reporting Standards) issued by the International Accounting Standards Board – IASB.

Since there is no difference between consolidated equity and consolidated income attributable to the parent company's shareholders, contained in the consolidated financial statements prepared according to the IFRS and the accounting practices adopted in Brazil and the equity of the parent company and the income of the parent company, contained in the individual financial statements, the Company has chosen to present these individual and consolidated financial statements in a single document, side by side.

Except as to the income in the fiscal year, the Company has no other comprehensive income.

The individual and consolidated financial statements were prepared based on the historical cost, except when indicated otherwise, as described in the following accounting practices. The historical cost is based on the value of consideration paid in exchange for assets.

The non-financial data included in these financial statements, such as power capacity and volume, contractual data, projections, insurance and environmental information, were not audited.

The financial statements were approved and authorized for publishing by the Board of Directors on February 26, 2016.

These financial statements, as well as the regulatory accounting statements, mentioned in Note 2.6, are available on the Company's website as of February 29 until April 30, 2016.

2.2 Reclassification of accounting balances

(i) On December 31, 2014, the balances referring to general ledger accounts “regulatory charges payable” in currently liabilities and “others” in current assets, have been reclassified in compliance with Circular Ordinance no. 0003/2015 of May 18, 2015, referring to projects of Research and Development – R&D, completed until that date. Therefore, the balances of assets and liabilities as of December 31, 2014, have been restated.

(ii) On December 31, 2014, the amount of R$11,689 originally presented in the title “others” in noncurrent assets, was reclassified to the title "strict cash", in these financial statements.

2.3 Operating and Statement Currency

The Financial Statements of the Parent Company and of each of its subsidiaries, including the consolidated information, are stated in Reais, the currency of the main economic environment where the companies perform (“operating currency”).

2.4 Significant judgment, estimates and accounting premises

The preparation of these individual and consolidated financial statements require Management to make judgment, using estimates and premises based on objective and subjective factors and in the opinion of the legal counsel, for determining the adequate values for registering certain transactions affecting assets, liabilities, income and expenses. The actual results of these transactions may differ from these estimates.

These judgments, estimated and premises are reviewed, at least on an annual basis and eventual adjustments are recognized in the period when the estimates are reviewed.

Judgments, estimated and premises considered critical are related to the following aspects: accounting of the concession contracts, the moment of recognition of financial assets, determination of revenues from infrastructure and Operation & Maintenance, definition of the effective interest rate of financial assets, establishment of a deferred tax asset or liability, credit risk analysis and other risks for determining the need for reserves, especially reserves for tax, civil and labor risks.

- Accounting of concession contracts (ICPC 01 and OCPC 05)

In the accounting of concession contracts, the Company makes analysis that substantially involve the Management's judgment in regards to the applicability of interpretation of concession contracts, determination and classification of implementation expenses in connection to infrastructure, expansion, reinforcement and improvements as financial assets. Accounting treatment for each of the Company's concession contracts and the characteristics thereof are described in Notes 3.23 and 7.

- Moment of recognition of financial assets

The Company's Management evaluates the moment of recognition of its financial assets based on the economic characteristics of each Concession Contract. The accounting of subsequent additions to the financial asset will only occur upon provision of infrastructure implementation services relating to the expansion/improvement/reinforcement of the infrastructure that represents potential generation of additional income. The financial assets is registered in consideration for the infrastructure revenue, which is recognized according to the expense incurred. The Indemnifiable financial asset is identified upon completion of implementation of the infrastructure.

- Determination of the financial asset's effective interest rate

The effective interest rate is the rate that discounts exactly the future payments or receiving of cash estimated during the projected life-cycle of the instrument. This interest rate is determined by the concession contract, and may vary for new investments. When the entity reviews its estimated for payments, income or interest rate, the book value of the financial asset is adjusted to reflect the estimated cash flow, actual and reviewed, and the adjustment will be recognized as revenue or expenses under income.

- Determination of infrastructure revenues

When the concession grantee provides services involving implementation of infrastructure, the infrastructure revenue is recognized by fair value and the respective cost is transformed in expenses relating to services of infrastructure implementation services provided and, therefore, consequently, calculates the profit margin. In the accounting of infrastructure revenues, the Company's Management assesses questions relating to the primary responsibility for the performance of the infrastructure implementation services, even in cases of outsourcing of the services, management costs and/or monitoring of the project, considering that the projects encompass a sufficient margin to cover the costs of implementation of infrastructure and charges. All premises described are used for the purposes of determining fair value of infrastructure implementation activities.

- Value of Indemnifiable Asset

As per the contracts, the termination of the concession will determine the reversal to the Granting Authority, of the assets linked to the service, whereby proceeded the appraisals and evaluations, as well as determination of the amount of the indemnity payable to the concession grantee, observing the values and dates of incorporation thereof to the electric system (Note 3.7 and 7).

- Determination of Operation & Maintenance revenues

When the concession grantee provides operation and maintenance services, the revenue is recognized by fair value and the respective cost, according to the consideration paid for the services.

2.5 Consolidation procedures

The consolidated information include the information of CTEEP and its subsidiaries.

Control is obtained when the Company has the powers to control the financial and operational policies of an entity for obtaining benefit from its activities.

Controlled companies (hereinafter subsidiaries) are integrally consolidated, as of the date on which the control begins, until the date it ceases to exist.

In thousands of Reais, except when indicated otherwise

On December 31, 2015 and 2014, interest in subsidiaries was the following:

	Base Date of the Financial Statements	Participation %		
		12.31.2015		12.31.2014
Subsidiaries				
Interligação Elétrica de Minas Gerais S.A. (IEMG)	12.31.2015	100		100
Interligação Elétrica Pinheiros S.A. (Pinheiros)	12.31.2015	100		100
Interligação Elétrica Serra do Japi S.A. (Serra do Japi)	12.31.2015	100		100
Evrecy Participações Ltda. (Evrecy)	12.31.2015	100		100
Fundo de Investimento Referenciado DI Bandeirantes	12.31.2015	59	(*)	83
Fundo de Investimento Xavantes Referenciado DI	12.31.2015	59	(*)	90

(*) Considers direct and indirect participation.

The following procedures have been adopted in the preparation of the consolidated financial statements:

- Elimination of the subsidiaries' equity;
- Elimination of equity adjustment result; and,
- Elimination of the balances of assets and liabilities, revenues and expenses between the subsidiaries.

The accounting practices have been adopted uniformly across all consolidated companies and the fiscal year of these companies coincides with the Parent Company's.

The participation of non-controlling shareholders is presented as part of the equity and net profit and they are highlighted in the consolidated financial statements.

Upon adoption of the CPCs (Financial Reporting Standards) 19 (R2) and 36 (R3), which were obligatorily applicable as of January 1, 2013, investments in jointly-controlled subsidiaries were no longer proportionally consolidated and passed to be accounted for through the equity adjustment method.

On December 31, 2015 and 2014, participation in jointly-controlled subsidiaries, were the following:

	Base Date of the Financial Statements	Participation %	
		12.31.2015	12.31.2014
Taken as a Whole			
Interligação Elétrica Norte e Nordeste S.A. (IENNE)	12.31.2015	25	25
Interligação Elétrica do Sul S.A. (IESul)	12.31.2015	50	50
Interligação Elétrica do Madeira S.A. (IEMadeira)	12.31.2015	51	51
Interligação Elétrica Garanhuns S.A. (IEGaranhuns)	12.31.2015	51	51

2.6 Regulatory Financial Statements

Pursuant to the Accounting Manual for the Electricity Industry, the Company is bound to divulge Regulatory Financial Statements - "DCR" which will have the full set of financial statements for regulatory purposes.

The DCR must be audited by the same company that audits the financial statements for corporate purposes.

3 Main accounting practices

3.1 Results determination

The result of operations is determined according to the basis of accounting.

3.2 Income recognition

Income is recognized according to the provisions of ICPC 01 (IFRIC 12 and OCPC 05, refer to Note 3.23). Concession Grantees must record and measure income of the services they provide, in compliance with technical standards CPC 17 (R1) (IAS 11) – Construction Contracts and CPC 30 (R1) (IAS 18) – Income (Operation and Maintenance Services), even when provided under one single concession contract. The Company's revenues are classified into the following groups:

(a) Infrastructure Revenue

Refers to services of infrastructure, expansion, reinforcement and improvement to electric power transmission installations. As of January 1, 2013, due to the extension of concession contract no. 059/2001 regulated by Law no. 12.783/2013, the Company passed to recognize revenues from infrastructure implementation for improvement of electric power installations, as provided in Statement ANEEL no. 4.413 of December 27, 2013 and Regulatory Resolution no. 443 of July 26, 2011. Infrastructure revenues are recognized according to the expenses incurred and calculated according to expenses incurred and calculated adding the rates of PIS and COFINS on the value of the investment, so long as the projects have sufficient margin to encompass the cost of implementation of infrastructure and charges, considering that a large portion of the installations is implemented through outsourced contracts with non-related parties.

(b) Remuneration of concession assets

Refers to the interests recognized by the linear accounting method based on the effective interest rate on the amount receivable of infrastructure revenue and indemnity. The effective interest rate is calculated by discounting future cash flow estimated during the projected life-cycle of the financial asset on the initial value of this financial asset.

(c) Operation & Maintenance Revenue

Refers to operational and maintenance services of electric power transmission installations aiming to avoid interruption of the availability of these installations.

3.3 Deferred Income Tax and Social Contribution

Calculated according to the provisions of the applicable legislation, based on net profit, adjusted by the inclusion of non-deductible expenses, exclusion of non-taxable revenues and inclusion and/or exclusion of temporary differences.

As of 2013, the Company has chosen the Actual Annual Profit regime (prior regime - Quarterly Actual Profit). Income Tax and Social Contribution in the fiscal year, both current and deferred are calculated based on the 15% rates, added of the additional 10% on taxable profit exceeding R$ 240 for income tax and 9% on taxable profit for social contribution on net profit, and consider the offsetting of tax losses and a negative calculation basis for social contribution, limited to 30% of the actual profit, if any. Pinheiros, IEMG, Serra do Japi and Evrecy have chosen for the Assumer Profit Regime.

Deferred taxes resulting from temporary differences were established according to Instruction CVM no. 371, of June 27, 2002 and CPC 32 (IAS 12) – Taxes on Profit, and consider the profitability history and expectation of generation of future taxable profits, substantiated in a technical viability study approved by the Administration's entities.

Recovery of the balance of deferred tax assets is reviewed at the end of each fiscal year and, if it is not likely that future taxable profits will be available for allowing the recovery of all assets, or parts thereof, the balance of the asset is adjusted by the amount expected to be recovered.

Deferred tax assets and liabilities are measured by the applicable rates in the period when expected that the liability will be settled or the asset will be realized, based on the rates set forth by the tax legislation in force at the end of each fiscal year, or when new legislation has been substantially approved.

Deferred tax assets and liabilities are only offset when there is the legal right to offset the current tax asset against the current tax liability, and when they refer to taxes administered by the same tax authority and the Group intends to settle the net value of its current tax assets and liabilities.

3.4 Regulatory Taxes and Charges on Income

(a) Tax on Sales

Income, expenses and assets are recognized net of tax on sales, except when the tax on sales are levied on the purchase of goods or services and are not recoverable from the tax authorities, in which event the tax on sales is recognized as part of the cost of acquisition of the asset or expense item, as applicable.

(b) Regulatory Charges

Sector charges, described below, are part of the government's policy for the electricity industry and are all determined by Law. Their values are set by Resolutions or Statements issued by ANEEL, for the purposes of payment by concession grantees in the amounts charged from consumers through electricity tariffs and are classified under the title of "regulatory charges" payable in the Balance Sheet.

(i) Fuel Consumption Account (CCC)

Created by Decree no. 73.102, of November 7, 1973. The purpose is to reimburse part of the total cost of generation for supplying the public electricity service to isolated systems. This cost encompasses costs relating to the price of electricity and associated potency hired by the distribution agents, charges and taxes not recovered, provision of electricity supply services in remote regions and hiring of reserve capacity to assure safety and supply of electrical power. The value is set by ANEEL on an annual basis, on account of the electrical power used by consumer units connected to the transmission installations. This amount is paid to Centrais Elétricas Brasileiras S.A. - Eletrobras (Eletrobras) and is transfered to the consumer units through TUST (transmission system use tariff). Pursuant to Article 23 of Law 12.783/2013, as of January 1, 2013, CCC is provided with CDE resources.

(ii) Energy Development Account (CDE)

Created by Law no. 10.438, of April 26, 2002, for the purposes of providing resources for: i) energetic development of States; ii) competitiveness of the electricity produced from wind-power sources, small hydroelectric centers, biomass, natural gas, mineral coal, in areas serviced by the interconnected electricity systems; iii) promote the universal connection of the electric services across the national territory. The value is set by ANEEL on an annual basis, on account of the electrical power used by consumer units connected to the transmission installations. This amount is paid to Eletrobras and transfered to consuming units through TUST (transmission system user tariff).

(iii) Alternative Electric Power Sources Incentive Program (PROINFA)

Created by Law no. 10.438, of April 26, 2002, the purpose of the Program is increasing the participation of renewable alternative sources for the production of electrical power in the country, such as wind-power, biomass and small hydroelectric power plants. The rate is set based on the forecast for electric power generation by power plants within the PROINFA. This amount is paid to Eletrobras and transfered to consuming units through TUST (transmission system user tariff).

(iv) Global Reversal Reserve (RGR)

Charge created by Decree no. 41.019, of February 26, 1957. Refers to an annual rate set by ANEEL, paid monthly in twelve installments by the concession grantees, for the purposes of providing resources for reversal and/or redeeming of public utility electricity services, as well as to finance the expansion and improvement of these services. Pursuant to Article 21 of Law no. 12.783/2013, as of January 1, 2013, electrical power utility companies (concession grantees) with concession contracts extended pursuant to the aforementioned law, are relieved from the obligation to pay the annual RGR rate.

(v) Research & Development (R&D)

Public Distribution Service Companies, those providing electrical power transmission or generation services, grantees of public utility companies in connection to distribution of electrical power and those authorized to carry out independent production of electrical power, except by exemption, those who generate power exclusively from wind, solar, biomass, co-generation sources, and small hydroelectric power plants, must invest, on an annual basis, a percentage of their net income in Electricity Technological Research & Development - R&D, according to regulations issued by ANEEL.

(vi) Inspection Charge of the Public Electrical Power Public Service (TFSEE)

Created by Law no. 9.427/1996, is levied on the production, transmission, distribution and trading of electrical power. Equivalent to 0.5% of the gross operational income, from the Basic Grid and from the Other Transmission Installations – DIT. Pursuant to Article 29 of Law no. 12.783 of January 11, 2013, TFSEE passed to be equivalent to 0.4% of the value of the annual economic benefit.

3.5 Financial Instruments

(a) Financial Assets

(i) Classification and measuring

Financial assets are classified in the following specific categories: financial assets at fair value through income, investments to be kept until maturity, financial assets available for sale, loans and receivables. When an equity instrument is not quoted in an active market and its value cannot be measured reliably, it is measured at cost and tested for impairment.

Classification depends on the purpose of the financial assets and is determined on the date of initial recognition. Every regular acquisition or sale of financial assets are recognized or written-off based on the trading date. Regular sales or acquisitions correspond to acquisitions or sales of financial assets which require the delivery of assets within the term set by rule or by market practice.

The effective interest method is used to calculate the amortized cost of a debt instrument and allocate its interest revenue throughout the corresponding period. The effective interest rate is the rate that discounts exactly the future cash receiving estimated for the projected life-cycle of the debt instrument, or, when appropriate, during a shorter period, to the net book value on the date of the original recognition. Income is recognized based on effective interests for debt instruments that are not characterized as financial assets at fair value through income.

Financial assets and liabilities are offset and the net value is reported in the Balance Sheet when there is a legally enforceable right to offset the recognized amounts and there is an intention of liquidating them on a net basis, or to realize the asset and settle the liability simultaneously.

- *Financial assets at fair value through income*

Financial assets are classified at fair value through income when kept for trading or recorded by fair value through income. Financial assets at fair value through income are stated at fair value, and any resulting earnings or losses will be recognized in income. Net earnings or losses recognized in income incorporate dividends or interests accrued by the financial asset, included in the title "Other earnings and losses", in the income statement.

A financial asset is classified as kept for trading if (i) acquired mainly for being sold on the short-term ; or (ii) in initial recognition, it is part of a financial instrument portfolio identified that the Company manages in conjunction and has an actual recent pattern of obtaining profits on the short term; or (iii) is a derivative that has not been classified as an effective hedge instrument.

A financial assets, in addition to those kept for trading, can be recorded at fair value through income in the initial recognition if (i) this classification eliminates or significantly reduces an inconsistency in measuring or recognition which would otherwise arise; or (ii) the financial asset is part of a managed group of financial assets and liabilities or both, and its performance is evaluated at fair value, according to the documented risk management or investment policies of the Company, and when the information on the grouping is provided internally on the same basis; or (iii) is part of a contract containing one or more attached derivatives and CPC 38 and IAS 39 allows that the combined contract is integrally registered at fair value through income.

On December 31, 2015 and 2014, the financial assets classified in this category are related to the cash equivalent and financial investments.

- *Loans and receivables*

Are included in this classification non-derivative financial assets with fixed or determinable receivables, which are not quoted in an active market. Are recorded under current assets, except for those with maturity in excess of 12 months after the date of the balance sheet, which are classified as non current assets.

Loans and receivables are measured by the value of amortized cost using the effective interest method, deducted from any loss due to reduction to recoverable value. Interest income is recognized through the application of the effective interest rate, except for short term credits when recognition of interests would be immaterial.

On December 31, 2015 and 2014, the Company's financial assets classified in this category, encompassed, mainly, accounts receivable (concession assets) and receivables – Department of Finance.

(ii) Reduction to recoverable value of financial assets (Impairment)

Financial assets, except for those classified by fair value through income, are evaluated by indicators or reduction to recoverable value at the end of each reporting period. Losses due to reduction to recoverable value (impairment) are recognized if, and only if, there is object evidence of reduction to recoverable value of the financial asset as a result of one or more events which have taken place after initial recognition, with impact on future estimated cash flows of this asset.

The book value of a financial asset is reduced directly by the loss due to reduction to the recoverable value thereof for all financial assets, except for receivables, where the book value is reduced by the use of a reserve. Subsequent recovery of amounts previously written-off are credited to reserves. Changes in the book value of the reserve are recognized in income.

(iii) Write-off of financial assets

The Write-off of a financial asset happens when the contractual rights to the cash flow of the asset expire, or when the rights to receiving the contractual cash flows under a financial asset in a transaction where substantially all risks and benefits of ownership of the financial asset are transfered. Any participation created or held by the Company on these transfered financial assets is recognized as a separate asset or liability.

(b) Financial Liabilities

The financial liabilities are classified at fair value through income when held for trading or classified at fair value through income. Other financial liabilities (including loans) are measured by the amortized cost value using the effective interest method.

3.6 Cash and cash equivalents.

Cash and cash equivalent include money in cash, bank deposits and short-term investments.

For a short-term investment to be qualified as cash equivalent, it needs to be immediately convertible into a known amount of cash and be subject to an insignificant risk of change in value. Therefore, an investment usually qualifies as cash equivalent only when it has a short-term maturity, for example, three months or less, after the date of acquisition.

3.7 Accounts receivable (concession assets)

Financial assets classified as loans and receivables, include receivables relating to infrastructure implementation services, concession asset remuneration revenue and operation and maintenance services, as well as the value of the indemnifiable asset.

Indemnifiable assets, registered at the end of infrastructure implementation, refer to the estimated portion of the investments made and not amortized until the end of the concession term and for which the Company will have the right to receive cash or another financial asset, at the end of the term of the concession contract. As provided in the contracts, the termination of the concession will entail reversal to the Granting Authority of the assets linked to the service, whereby will be carried out the calculations and appraisals, as well as determination of the amount of the indemnity payable to the Grantee, observing the values and dates of incorporation thereof to the electrical system.

The Company considers that the value of the indemnity to which it will be entitled must correspond to the New Replacement Price adjusted by the accumulated depreciation of each item. By signing an addendum for extending the concession contract no. 059/2001 (Note 1.2), the value of the indemnity relating to installation of New Investments (NI), corresponds to the remaining balance of the New Replacement Value, which was determined by Multi-Ministry Ordinance no. 580.

For SE facilities, which the indemnity value has not been certified by the Granting Authority, the Company understands to be entitled to the New Replacement Value, adjusted by accumulated depreciation, calculated based on the independent report of specialized advisors, filed with ANEEL on August 12, 2014. The Company keeps an accounting record of the cost of implementation of this structure, considering the guidance provided by ANEEL under Statement no. 155 of January 23, 2013 which indicated that maintaining it until ratification of the final value by the regulatory authority (Note 7).

For the other indemnifiable assets, the Company made an estimate that the indemnity value, based on their respective depreciated cost of acquisition.

Considering that Management constantly monitors the regulation of the sector, in case of changes to this regulation which, eventually, may change the estimate on the indemnity value of the assets, the accounting effects of these changes will be treated prospectively in the financial statements. However, Management repeats its commitment to continue to defend the interests of the Company's shareholders in the realization of these assets, seeking to maximize return on the capital invested in the concession, within the limits of Law.

3.8 Inventory

Inventories are presented by maintenance items, registered by the lower value between cost value and realizable net value. The cost of inventory is determined by the average cost method.

3.9 Investments

The Company recognizes and shows investments in subsidiaries through the equity equivalence method.

3.10 Fixed Assets

Represented, basically, by administrative assets. Depreciation is calculated by the linear method, considering the estimated useful-economic life-cycle of the assets.

Other expenses are capitalized only when there is an increase in the economic benefits of this item of the fixed assets. Any other type of expense is recognized in income as expenses when incurred.

3.11 Intangible

Intangible assets acquired in separate are measured at cost at the time of initial recognition.

The useful life of an intangible asset is evaluated as either determined or undetermined: (i) intangible assets with a determined useful life are amortized throughout the economic useful life and evaluated in relation to loss due to impairment at all times there is indication of loss of the economic value of the asset. (ii) intangible assets with an undetermined useful life are not amortized, but they are tested, on an annual basis, for impairment, individually or on the level of the cash generating unit.

Earnings and losses resulting of the write-off of an item of the intangible assets are measured by the difference between the net value obtained in the sale and the book value of the asset, recognized in the income statement upon write-off of the assets.

3.12 Leasing

(a) Company as Lessee

- *Operational Leasing*

Payments referring to operational leasing are recognized as expenses by the linear method through the term of the contract, except when another systematic base is more representative to reflect the moment when the economic benefits of the leased asset are consumed. Contingent payments of the operational lease are recognized as expenses in the period when they are incurred.

- *Financial leasing*

In the beginning of the contract, financial leasing is recognized as balances of assets and liabilities at fair value of the leased property or, if inferior, present value of minimum lease payments.

The discount rate used in the calculation of the present value of minimum payments of commercial lease is the interest rate implied in the commercial lease, if that rate can be determined, and if not, the incremental financial rate of the lessee is used. Any direct initial cost of the lessee is added to the amount recognized as an asset.

3.13 Other current and non-current assets

Presented by their net realization value.

Provisions made for values considered as unlikely to be realized in connection to assets on the date of balance sheets.

3.14 Current and non-current liabilities

Represented by the values either known or calculable, added, when applicable, of the corresponding charges, monetary and/or currency exchange rate variations incurred until the date of the balance sheet.

3.15 Reserves

Provisions are recognized for present obligations (legal or non-formalized) resulting from past events and likely loss due to the estimate of financial liquidation values reliably assessed.

The value recognized as reserve is the best estimate of the considerations required for settling the obligation at the end of the fiscal year, considering the risks and uncertainties relating to the obligation. When the provision is measured based on the cash flow estimated for settling the obligation, its book value corresponds to the present value of these cash flows.

When some of all economic benefits required for settling a provision are expected to be recovered from a third party, the asset is recognized if, and only if the refund is virtually certain and the amount can be reliably measured.

The reserves are quantified at present value of the expense expected to settle the obligation, using the appropriate discount rate according to the risks relating to the liability. They are adjusted up to the dates of the Balance Sheets for the estimated amount of probable losses, observing their natures and supported by the opinion of the legal counsel of the Company and its subsidiaries.

The reserves for litigation are recognized when the Company and its subsidiaries have an obligation resulting from past events, where is likely that an expenditure of resources is required for settling the obligation and the amount can be reliably estimated.

The fundaments and the nature of the provisions for tax, civil and labor risks are described in Note 21 (a).

3.16 Benefits to employees

The Company sponsors a retirement and pension benefit plan due to death of its employees, former employees and respective beneficiaries, managed by Funcesp, whose purpose is supplementing benefits granted by Social Security.

Payments to flat contribution retirement plans are recognized as an expense when the services that entitle these payments are provided.

In the actuarial evaluation of the commitments of this plan was adopted the projected unitary credit according to CPC no. 33 (R1).

The periodicity of this evaluation is annual and the effects of the re-measuring of the Plan's commitments, which include gains and losses, effects of changes and the superior limit of the asset (if applicable) and return on assets of the plan (interests excluded), are immediately reflected in the balance sheet as a charge or credit known in other comprehensive results of the period when they take place.

On December 31, 2015 and 2014, the Company had no actuarial assets or liabilities recognized in bookkeeping, as mentioned in Note 22.

3.17 Dividends and interests on equity

The policy of recognition of dividends is in accordance with CPC 24 (IAS 10) and ICPC 08 (R1), which determine that the dividends proposed are substantiated in statutory obligations, which must be registered under current liabilities. The Company's Bylaws provides for a minimum mandatory dividend equivalent to 10% of the share capital paid in, contingent upon the existence of profit.

The share of dividends in excess of the minimum mandatory dividends, declared by Management after the fiscal year to which the financial statements refer, but prior to the date for authorization for issue of said financial statements, is registered under title "Additional Dividends Proposed", under equity, according to Note 24 (b).

The Company may distribute interests on equity, which are deductible for tax purposes and considered part of the mandatory dividends and which are showed as destination of income directly in equity.

3.18 Business sector

Operational sectors are defined as business activities from which revenue can be obtained and expenses may be incurred, with availability of individualized financial information and which operational results are regularly reviewed by management in the decision-making process.

In the understanding of the Company's Management, although recognizing income for infrastructure implementation activities, and operation & maintenance, has considered that these revenues are originated by concession contracts that have only one business sector: electric power transmission.

3.19 Statement of Added Value ("DVA")

This statement is intended to show the wealth created by the Company and its distribution during a certain period and is presented by the Company, as required by Brazilian corporate legislation, as part of its individual financial statements and as supplementary information to the consolidated financial statements, since this is not a statement that is either provided for or mandatory according to the IFRS.

The DVA was prepared based on the information obtained from accounting records which serve as basis for preparing the financial statements and according to the provisions contained in CPC 09 – Value-Added Statement. In its first part, presents the wealth created by the Company, represented by income (gross income, including taxes levied on it, and other revenues and the effects of the reserve for doubtful accounts), for raw materials acquired from third parties (cost of sales and acquisition of materials, energy and services, including taxes included in the moment of acquisition, effects of losses and recovery of the value of assets, and depreciation and amortization) and the added value received from third parties (result of equity adjustment, financial revenue and other income). The second part of the DVA presents the distribution of wealth among personnel, taxes, charges and contributions, remuneration of third-party capital and remuneration of equity.

3.20 Statement of Cash Flow ("DFC")

The statement of cash flow was prepared through the indirect method and is presented according to Deliberation CVM no. 547, of August 13, 2008, which approved Accounting Standard CPC 03 (R2) – Statement of Cash Flow, issued by the CPC.

3.21 Adjustment to present value of assets and liabilities

Financial long-term and short-term assets and liabilities, when the effect is considered relevant in relation to the financial statements taken as a whole, are adjusted by their present value.

The adjustment to present value is calculated taking into consideration the contractual cash flows and the explicit interest rate, and in certain cases, implicit interest rates, of the respective assets and liabilities. Therefore, interests attached to the revenues, expenses and other cost associated to these assets and liabilities are discounted for the purposes of recognizing them in accordance with the accounting method of fiscal years. Subsequently, these interests are reassigned to the lines of expenses and financial revenues in income through use of the effective interest rate method and in relation to contractual cash flows. Implicit interest rates were determined according to premises and are considered accounting estimates. On the dates of the financial statements, the Company and its subsidiaries estimate that there is no adjustment to present value of significant amounts.

3.22 Earnings per share

The Company makes calculations of the earnings per share using the average weighted number of common and preferred outstanding shares, during the period corresponding to the result, according to Technical Standards CPC 41 (IAS 33).

The basic earnings per share is calculated by the division of net profit of the period by the weighted average of the number of shares issued. The calculation of the net profit is affected by instruments convertible into shares, as mentioned in Note 24 (e).

3.23 Concession contracts (ICPC 01 and OCPC 05 - IFRIC 12)

After January 1, 2009, the Company adopted and used, for purposes of classification and measuring of concession activities, the provisions of interpretation ICPC 01 issued by CPC (“equivalent to IFRIC12 of international accounting standards issued by IASB”). This interpretation guides concession grantees on the form of accounting concessions of public utility services to private entities.

For concession contracts qualified for application of ICPC 01 (IFRIC 12), infrastructure that is implemented, expanded, reinforced or improved by the grantee is not registered as fixed assets of the operator itself, since the concession contracts does not transfer to the grantee the right to control the use of the public utility services infrastructure. The only provision is for the assignment of these assets for carrying out public utility services, being (fixed assets) reversed to the granting authority after termination or the respective contract. The Concession Grantee has the right to operate the infrastructure for providing the public utility services on behalf of the Granting Authority, according to the conditions set forth in the contract.

Therefore, according to the concession contracts within the reach of ICPC 01 (IFRIC 12), the concession grantee operates as a service provider. The Concession grantee implements, expands, reinforces or improves the infrastructure (infrastructure implementation services) used for providing a public utility service, in addition to operating and maintaining this infrastructure (operation & maintenance services) for a certain time. Concession grantees must register and measure the income from services provided according to Technical Standards CPC 17 (R1) – Construction Contracts (equivalent to IAS 11, as issued by IASB) and CPC 30 (R1) – Revenues (equivalent to IAS 18, as issued by IASB). If the concession grantee carried out more than one service (for example, infrastructure implementation services or operation services) governed by one single contract, the remuneration received must be allocated based on fair value relating to the services provided, if those values can be identified in separate. Therefore, in regards to infrastructure implementation services carried out to the concession assets, it shall be classified as financial assets, intangible asset, or both.

The financial asset is created to the extent that the operator has the contractual unconditional right to receive cash or other financial assets from the granting authority for infrastructure implementation services; the granting authority has little or no option to avoid payment, usually because the contract is enforceable by law. The

Granting Authority has the unconditional right to receive cash if the granting authority guarantees payment in the contract (a) of values that are either pre-established or which can be determined; or (b) insufficiency, if any, of the amounts received from users of public utility services in relation to the pre-established or determinable amounts, even if payment is contingent upon the guarantee by the concession grantee, that the infrastructure meets the specific requirements for quality or efficiency. The intangible asset is created to the extent that the operator is granted the right (authorization) to charge users of public services. This right is not an unconditional right of receiving cash because the amounts are conditioned to the use of public utility services. If the infrastructure implementation services of the concession grantee are recognized partially in financial assets and partially in intangible assets, it is necessary to account each component of remuneration of the concession grantee in separate. The remuneration received or yet to be received of both components must be initially recorded by its fair value received or receivable.

The criteria used for the adoption and interpretation of concessions granted to the Company are described below:

Interpretation of ICPC 01 (IFRIC 12) was considered applicable to all public-private services in which the Company is involved.
All concessions have been classified within the model of financial assets, and the recognition of income and cost of works relating to the formation of financial asset through the expenses incurred. The indemnifiable financial asset is identified when the implementation of the infrastructure is completed and included as remuneration of the infrastructure implementation services.

The provisions of ICPC 01 (IFRIC 12) have been applied to the concessions of subsidiaries IEMG, Pinheiros, Serra do Japi and Evrecy. Given the impossibility of reliably reconstructing the historical data, the prospective application was adopted, as of January 1, 2009, for concession contracts signed by CTEEP, existing at that time.

As provided in the contracts, the termination of the concession will entail reversal to the Granting Authority of the assets linked to the service, whereby will be carried out the calculations and appraisals, as well as determination of the amount of the indemnity payable to the Grantee, observing the values and dates of incorporation thereof to the electrical system.

The Company has determined the fair value of infrastructure implementation services considering that projects encompass a sufficient margin to cover the costs of implementation of infrastructure and the applicable charges. The effective interest rate that remunerates the financial asset in connection to infrastructure implementation services was determined considering the cash flow estimated for the asset with these characteristics.

The financial assets were classified as loans and receivables and concession assets calculated on a monthly basis and recorded directly under income.

Revenue from infrastructure implementation and revenue from remuneration of concession assets verified under financial assets of infrastructure implementation are subject to the deferring of the Social Integration Program – PIS and the Contribution for Financing of Social Security - COFINS accumulated, recorded under the account “deferred taxes” under non-current liabilities.

4 New and Reviewed Rules and interpretations still not adopted

The Company and its subsidiaries have adopted all standards (new or reviewed) and interpretations issued by the CPC which were in force on December 31, 2015.

Rules and interpretations that are new and/or reviewed by CPC, CVM and IASB in 2015, are:

(a) Financial Statements, guidelines and interpretations, new and/or reviewed.

Concerning the adoption of standards and interpretations listed below, which became effective as of January 1, 2015, they have not affected the Company's individual and consolidated financial statements of December 31, 2015. They are:

- Review CPC 08 – This review document presents changes to the following Technical Standards CPC 01 (R1), CPC 04 (R1), CPC 06 (R1), CPC 18 (R2), CPC 19 (R2), CPC 20 (R1), CPC 21 (R1), CPC 22, CPC 26 (R1), CPC 27, CPC 28, CPC 29, CPC 31, CPC 33 (R1), CPC 36 (R3), CPC 37 (R1), CPC 40 (R1) and CPC 45 – Deliberation CVM no. 739 of November 5, 2015.

(b) Rules and interpretations reviewed by IASB and not yet issued by the CPC:

- IAS 19 – Defined Benefit Plan: Contributions by Employee
- IFRS 2 – Share-Based Payment
- IFRS 3 – Business Combinations
- IFRS 8 – Operational Sectors
- IAS 16 – Fixed Assets and IAS - 38 Intangible Assets
- IAS 24 – Related Party's Financial Statements
- IFRS 13 – Measuring b Fair Value
- IAS 40 – Property for Investment

Considering that CPC has issued no regulations regarding the Standards above, the Company has not made an early adoption of these Standards, in its individual and consolidated financial statements of December 31, 2015.

(c) The new Standards and interpretations reviewed by IASB already issued and not still in force are:

- IFRS 9 – Financial Instruments
- IFRS 14 – Deferred Regulatory Accounts
- IFRS 15 – Revenue from contracts with clients
- IFRS 2 – Share-Based Payment
- IFRS 11 – Accounting for acquisition of participation and joint operations
- IAS 16 and IAS 38 – Clarification on the acceptable depreciation and amortization methods
- IAS 16 and IFRS 41 – Agriculture: productive plants
- IAS 27 – Equity Equivalence Method in Separate Financial Statements
- IFRS 10 and IAS 28 – Sale or Contribution of Assets between an Investor and an Associated Company or Jointly-Controlled Undertaking
- IFRS 5 – Non Current Assets kept for Sale and Discontinued Operations
- IFRS 7 – Financial Instruments: Disclosing
- IAS 19 – Defined Benefit Plans: employee contribution
- IAS 34 – Preparation and Disclosing of Interim Financial Statements
- IAS 1 – Disclosing Initiative
- IFRS 10, IFRS 12 and IAS 28 – Investment Entities: Exceptions to the Consolidation Rule

In thousands of Reais, except when indicated otherwise

5 Cash and cash equivalents.

	% of the CDI	Holding 2015	Holding 2014	Consolidated 2015	Consolidated 2014
Cash and Banks		2,287	616	3,798	1,542
Cash equivalent					
CDB	92.0% to 100,0%	827	774	1,137	1,333
Committed (a)	93.0% to 97,0%	-	-	1,194	1,821
Short Term Investment Funds (b)	60.0% to 70.0%	6	-	6	-
		3,120	**1,390**	**6,135**	**4,696**

Financial investments are measured at fair value through income and have daily liquidity.

The analysis of the Company's Management as to the exposure of these assets to risks of interest rates, among others, will be divulged in Explanatory Note 31 (c).

(a) Committed operations are securities issued by banks with the commitment to rebuy the security by the bank, and resale by the client, at predetermined rates and terms, guaranteed by private or public securities registered with CETIP.

(b) Investment Fund Federal Reserve CP FICFI: managed by Banco Itaú-Unibanco with a portfolio comprised of quotas of the Short Term Federal Investment Fund FI, with daily liquidity, with a portfolio linked to public bonds.

6 Investments

	% of the CDI	Holding 2015	Holding 2014	Consolidated 2015	Consolidated 2014
Investment Funds (*)	101.66%.	230,855	398,623	440,054	479,601
		230,855	**398,623**	**440,054**	**479,601**

(*) Investments Funds are consolidated as described in Note 2.5.

The Company and its subsidiaries and Jointly-Controlled subsidiaries have concentrated their financial investments in investment funds, which refer to quotas of high liquidity investment funds, immediately convertible into cash, irrespective of expiration of the assets.

The investment funds are:

- Fundo de Investimento Referenciado DI Bandeirantes: a fund organized for investments exclusively by the Company and Sole and Jointly-Controlled Subsidiaries, managed by Banco Bradesco and with a portfolio comprised by quotas of Fundo de Investimento Referenciado DI Coral. Balance in 2015: R$97,490 and R$183,806 (R$228,379 and R$258,001 in 2014), parent company and consolidated, respectively.

In thousands of Reais, except when indicated otherwise

- Fundo de Investimento Xavantes Referenciado DI: a fund organized for investments exclusively by the Company and Sole and Jointly-Controlled Subsidiaries, managed by Banco Itaú-Unibanco and with a portfolio comprised by quotas of Fundo de Investimento Special DI (Corp Referenciado DI acquired by Special DI). Balance in 2015: R$133,365 and R$256,248 (R$170,244 and R$221,600 in 2014), parent company and consolidated, respectively.

  Investment Funds Referenced to DI Coral and Special DI have a portfolio comprised by the following assets: investments in cash deposits, post-fixed CDB, public federal bonds, debentures, debt bonds and committed operations of public federal bonds. They have daily liquidity, irrespective of the assets that comprise the funds DI Coral and Special DI, as provided in the regulations of the Funds Bandeirantes and Xavantes.

  The analysis of the Company’s Management as to the exposure of these assets and risks with interest rates, among others, are divulged in Explanatory Note 31 (c).

7 Accounts receivable (concession assets)

	Holding		Consolidated	
	2015	**2014**	**2015**	**2014**
O&M				
Receivables from O&M services (a)	149,451	129,380	158,656	142,042
	149,451	**129,380**	**158,656**	**142,042**
Financial Assets				
Receivables from infrastructure implementation services (b)	1,137,185	860,990	2,111,192	1,697,446
Receivables - indemnity (c)	12,337	3,743	86,085	78,268
	1,149,522	**864,733**	**2,197,277**	**1,775,714**
Indemnifiable Asset - Law 12.783				
Receivables - Law 12.783 (NI) (d)	-	486,850	-	486,850
Receivables - Law 12.783 (SE) (d)	1,490,996	1,490,996	1,490,996	1,490,996
	1,490,996	**1,977,846**	**1,490,996**	**1,977,846**
	2,789,969	**2,971,959**	**3,846,929**	**3,895,602**
Current	**220,566**	**647,263**	**319,961**	**729,946**
Non-current	**2,569,403**	**2,324,696**	**3,526,968**	**3,165,656**

(a) O&M - Operation and Maintenance refers to the part of income monthly informed in ONS appropriated for remuneration of Operation and Maintenance services, with an average receiving term under 30 days.

(b) Receivables concerning the services of infrastructure implementation, expansion, reinforcement and improvement of electric power transmission facilities until the end of each of the concession contracts of which the Company and its subsidiaries are parties to, adjusted at present value and remunerated by the effective interest rate

(c) Accounts receivable for reversal – refers to the estimate part of the investments made and not yet amortized until the end of the ongoing concession agreements and to which the Company and its subsidiaries will be entitled to receive cash or other financial assets at the end of the terms of the concession contracts.

(d) Accounts Receivable under Law no. 12.783 – refers to the receivables for reversal of investments made and not amortized under concession contract no. 059/2001, subdivided into NI and SE, respectively:

In thousands of Reais, except when indicated otherwise

- The portion of indemnity of facilities relating to NI corresponds to the amount of R$ 2,949,121, where R$ 2,891,291 refers to the VNR verified and R$ 57,830 refers to the remuneration by IPCA + WACC of 5.59% per annum, as determined by Multi-Ministry Ordinance no. 580. The equivalent to 50% of this amount was received on January 18, 2013 and the remaining 50% were divided into 31 monthly installments (Note 1.2).
- The indemnity portion relating to SE, corresponds to the cost of implementation of this infrastructure, according to Decision ANEEL no. 155 of January 23, 2013, which provides for the maintenance of the cost value until certification by the Conceding Authority. As disclosed in Relevant Fact Reporting of August 12, 2014, a new independent appraisal opinion was issued, totaling R$ 5,186,018, equivalent to the investments for the VNR adjusted for the accumulated depreciation until December 31, 2012. In the 47th Ordinary Public Meeting of the Board of Directors of ANEEL, held on December 15, 2015, was ratified the value of the indemnity in R$3,896,328, subject matter of Decision no. 4036/2015, published in the Federal Government's Official Press on December 21, 2015. For the purposes of overturning the decision of ANEEL's Board, was filed on December 30, 2015, a request for reconsideration, by the Company. The effects of the accounting recognition depend on ratification of the final value and term of receiving, which responsibility for defining is incumbent upon the Ministry of Mines and Energy.

Accounts receivable are distributed in the following form, by expiration:

		Holding		**Consolidated**
	2015	**2014**	**2015**	**2014**
Falling due	2,778,636	2,787,814	3,834,981	3,709,941
Overdue				
until 30 days (i)	127	51,387	167	51,428
from 31 to 60 days (i)	140	103,696	147	103,719
from 61 to 360 days	2,319	1,313	2,610	1,475
over 361 days (ii)	8,747	27,749	9,024	29,039
	11,333	**184,145**	**11,948**	**185,661**
	2,789,969	**2,971,959**	**3,846,929**	**3,895,602**

(i) In 2014, refer substantially to portions pending receiving from indemnity of facilities relating to NI.

(ii) Some agents of the system are questioning in court the invoiced balances referring to the Basic Network. Due to the discussion, these amounts are deposited in court, by these agents. The Company has invoiced according to the authorizations from regulatory agencies and, therefore, there are no provisions for losses relating to these discussions.

The Company has no history of loss in receivables, which are guaranteed by the structures of guarantees and/or access to checking accounts operated by the National System Operator (ONS) or directly by the Company and, therefore, no reserves have been made for doubtful accounts.

Explanatory Notes to the Financial Statements on December 31, 2015 and 2014 In thousands of Reais, except when indicated otherwise

Changes in accounts receivable:

	Holding	Consolidated
Balances in 2013	**3,064,113**	**3,968,342**
Infrastructure Revenue (Note 25.1)	230,349	265,058
Remuneration of concession assets (Note 25.1)	129,782	207,457
Revenue from Operation & Maintenance (Note 25.1)	712,641	740,613
Adjustment of receivables and IPCA/WACC indemnity	78,568	78,568
Receivables from NI indemnity	(493,445)	(493,445)
Receivables	(750,049)	(870,991)
Balances in 2014	**2,971,959**	**3,895,602**
Infrastructure Revenue (Note 25.1)	239,101	278,685
Remuneration of concession assets (Note 25.1)	170,419	311,647
Revenue from Operation & Maintenance (Note 25.1)	797,930	829,551
Transfer of concession contract no. 143/2001 (Note 12 (a) (i))	(44,109)	-
Adjustment of receivables and IPCA/WACC indemnity	53,733	53,733
Receivables from NI indemnity	(540,583)	(540,583)
Long Term Credit Monetary Adjustment	11,073	11,073
Receivables	(869,554)	(992,779)
Balances in 2015	**2,789,969**	**3,846,929**

8 Receivables – Department of Finance – Parent Company and Consolidated

	Parent Company and Consolidated	
	2015	**2014**
Processing of payroll – Law 4.819/58 (a)	1,245,622	1,087,560
Labor Claims – Law 4.819/58 (b)	236,553	230,797
Provision for losses on the realization of credits (c)	(516,255)	(516,255)
Family-Salary – Law 4.819/58 (d)	2,218	2,218
Provision for losses on the realization of credits - Family Salary (d)	(2,218)	(2,218)
	965,920	**802,102**

(a) Refers to amounts receivable for settlement of payroll of the retirement complementation governed by State Law 4.819/58, in the period of January 2005 to December 2015 (Note 34). The increase concerning the previous year arises of compliance with a ruling of the 49th Judicial Labor Section where CTEEP, in the capacity as a concerned party, monthly forwards resources to CESP Foundation for processing of payment to retired persons.

In thousands of Reais, except when indicated otherwise

(b) Refer to certain labor claims settled by CTEEP, concerning retired employees under protection of State Law 4.819/58, who are under responsibility of the Government of the State of São Paulo.

(c) The reserve made was based on factors such as the extension of the term of realization expectation of accounts receivable from the State of São Paulo and the progress of litigation. The Company monitors the evolution of the matter and reviews the reserve from time to time, evaluating the need for complementation or reversal of the provision according to legal events that eventually change the opinion of the Company's advisors. In 2015, there were no events indicating the need for changing the reserve.

(d) CESP has paid in advance some of the monthly charges referring to family-salary benefits, resulting from the benefits provided for by State Law 4.819/58, which were transferred to CTEEP by occasion of the partial split-off of CESP. Considering the loss expectations, the corresponding provision for losses amounts to a total R$ 2,218.

9 Taxes and contributions to offset

	Holding		Consolidated	
	2015	**2014**	**2015**	**2014**
Income tax to recover	-	-	633	121
Social contribution to recover	-	-	53	53
Withheld income tax	1,689	4,776	1,689	5,816
Withheld social contribution	53	124	53	330
COFINS (i)	2,354	22,381	2,354	22,996
PIS (i)	511	4,643	511	4,791
Others	321	222	470	373
	4,928	**32,146**	**5,763**	**34,480**

(i) The Company has recognized, in the second quarter of 2014, PIS and COFINS credits, the credit has totaled R$ 31,954 (updated to R$ 36,221), and the credits referring to projects received by total reversal of R$ 21,398 has been recognized as income under title “Other Operational Revenue (Expenses)” and the remaining in the amount of R$ 10,556 reduces the value of the financial assets in the title “Accounts receivable for services of infrastructure implementation”.

10 Tax Benefit – Goodwill incorporated by the Parent Company – Parent Company and Consolidated

The Goodwill paid by ISA Capital in the process of acquisition of shareholding control of CTEEP has as economic justification the perspective of earnings during the term of exploration of concession contracts no. 059/2001 and 143/2001 and originates upon the acquisition of the concession rights by the Public Authority, according to Section b, of Paragraph 2 of Article 14 of Instruction CVM 247, of March 27, 1996, with the changes introduced by Instruction CVM no. 285 of July 31, 1998.

For the purposes of avoiding that the amortization of the goodwill has a negative effect on the flow of dividends to be paid to shareholders, a Provision has been established for Maintenance of the Equity’s Integrity (PMIPL) of its buyer and the Special Goodwill Reserve for Acquisition (Note 24 (c)), as provided for by CVM Instruction no. 349 of March 6, 2001.

In thousands of Reais, except when indicated otherwise

The amortization of the Goodwill, net of reversal of the provision and the corresponding tax benefit, results in a null effect in the fiscal year's Profit & Loss performance, and, consequently, in the calculation basis of the dividends.

The goodwill, which on December 31, 2007 amounted to R$ 689,435, will be substantially amortized until December 2015, in monthly installments, as authorized through Resolution ANEEL no. 1.164, of December 18, 2007, and is structured in the following manner:

	Amortization - % per annum		
	Concession Contract		
Year	**059/2001**	**143/2001**	**Total**
2008 to 2012	12.20	0.10	12.30
2013 to 2015	12.73	0.02	12.75
2016 to 2031	-	0.25	0.25

Seeking to better presenting the financial and economic standing of the Company in the information, the net value of R$ 586 (R$ 30,473 on December 31, 2014), which, in essence, represents the incorporated tax credit, was classified in the Balance Sheet as noncurrent asset, as tax benefit of goodwill, based on the expectation of its realization.

Changes in the fiscal year ended on December 31, 2015 and 2014, is the following:

	Goodwill	**Reserve**	**Net**
Balances in 2013	**177,531**	**(117,172)**	**60,359**
Realization in the Fiscal Year	(87,903)	58,017	(29,886)
Balances in 2014	**89,628**	**(59,155)**	**30,473**
Realization in the Fiscal Year	(87,904)	58,017	(29,887)
Balances in 2015	**1,724**	**(1,138)**	**586**

Amortization is detailed in the income statement, under the title "Other revenues (expenses), net (Note 28).

In thousands of Reais, except when indicated otherwise

11 Collateral and attached deposits

The amounts of collateral and deposits are registered under non current assets, in light of uncertainties as to the outcome of the proceedings under which the deposits were made.

The deposits are recorded by their nominal value, adjusted by inflation. The balance is detailed in the following manner:

	Holding		Consolidated	
	2015	**2014**	**2015**	**2014**
Judicial Deposits				
Labor (Note 21 (a) (i))	54,695	51,525	54,711	51,525
Social Security – INSS (Note 21 (a) (iv))	3,261	1,226	3,261	1,226
PIS / COFINS (a)	2,049	-	2,049	-
Others	287	-	287	-
Fines – ANEEL (b)	5,960	9,602	5,960	9,602
	66,252	**62,353**	**66,268**	**62,353**

(a) On March 2015, through Decree no. 8.426/15, as reestablished the rate of 4.65% of PIS/COFINS on financial revenues applicable after July 1, 2015. The Company has sought in court to avoid taxation on the grounds that the tax could only be required by Law as provided in the Federal Constitution, in Article 150, section I and that Decree no. 8.426/15 also violates the principle of non-accumulation, provided in Article 194, Paragraph 12. The amounts deposited in Court until December 2015, amount to R$2.049.

(b) Refer to deposits for the purpose of seeking the annulment of ANEEL's fines challenged by the Company.

In thousands of Reais, except when indicated otherwise

12 Investments

(a) Information on investments in integral and partial subsidiaries

	Base Date	Number of common shares held	Interest in the paid-in share capital - %	Paid In Share Capital	Assets	Liabilities	Equity	Gross Income	Net Profit
IEMG	2015	83,055,292	100.0	83,055	173,433	52,123	121,310	20,271	12,992
	2014	83,055,292	100.0	83,055	168,143	59,825	108,318	10,559	247
Pinheiros	2015	300,910,000	100.0	300,910	582,531	157,577	424,954	111,749	68,698
	2014	283,310,000	100.0	283,310	529,188	190,532	338,656	66,998	13,099
Serra do Japi	2015	130,857,000	100.0	130,857	334,039	99,421	234,618	63,093	28,233
	2014	86,748,000	100.0	86,748	265,145	96,506	168,639	43,513	28,479
Evrecy	2015	21,512,367	100.0	21,512	56,483	3,825	52,658	17,399	10,537
	2014	21,512,367	100.0	21,512	58,257	10,816	47,441	19,325	10,526
IENNE	2015	81,821,000	25.0	327,284	719,556	330,585	388,971	83,227	29,535
	2014	81,821,000	25.0	327,284	679,073	319,638	359,435	63,558	15,662
IESul	2015	104,128,499	50.0	208,257	307,089	81,526	225,563	24,763	3,892
	2014	100,928,499	50.0	201,857	297,642	82,370	215,272	44,274	2,416
IEMadeira	2015	717,060,000	51.0	1,406,000	5,302,355	3,299,094	2,003,261	681,973	242,306
	2014	717,060,000	51.0	1,406,000	5,004,698	3,186,545	1,818,153	619,313	131,660
IEGaranhuns	2015	289,935,000	51.0	568,500	1,178,434	509,901	668,533	300,738	55,681
	2014	168,300,000	51.0	330,000	890,957	516,605	374,352	351,685	36,539

In thousands of Reais, except when indicated otherwise

(i) Subsidiaries

Interligação Elétrica de Minas Gerais S.A. (IEMG)

IEMG was organized in December 13, 2006, for the purposes of exploring the public services of electric powers transmission, in particular the 500 kV power transmission line Neves 1 – Mesquita (Minas Gerais), totaling 172 km (Concession contract no. 004/2007 – Note 1.2).

In 2009, IEMG received authorization for operating commercially.

In 2011, CTEEP acquired 40% of the share capital of IEMG held by Cymi, passing to participate with 100% of the share capital. The amount paid was R$ 15,283, calculating a loss of R$ 28,490, as divulged in Explanatory Note 11 (a), in the financial statements of the 2011 Fiscal Year. As a result of this operation, the balance of the Company’s investment in IEMG, on the date of this transaction, passed to be the fair value, i.e., R$ 38,206, differing from the book value of IEMG’s equity.

On December 31, 2015, the reconciliation of IEMG’s Equity and of the investment is:

	R$ thousands
IEMG'S Equity	121,310
CTEEP'S Interest	100%.
Book Value of the Investment	121,310
Loss in the acquisition of control of IEMG (net) – Fair Value	(35,456)
Total Investment	85,854

Interligação Elétrica Pinheiros S.A. (Pinheiros)

Pinheiros was organized on July 22, 2008, for the purposes of exploring the concession of the public service of transmission of electric power, particularly transmission lines and substations won in auction of Lots E, H and K of Public Tender no. 004/2008 and Lot K of Public Tender 004/2011 held by ANEEL.

Substations Araras, Getulina and Mirassol (Lot H – concession contract no. 015/2008) entered into operation on September 5, 2010, March 10, 2011 and April 17, 2011, respectively. Substation Piratininga II (Lot E – concession contract no. 012/2008) entered into operation on December 26, 2011. Substation Atibaia II (Lot K – concession contract no. 018/2008) entered into operation on January 8, 2013.

Substation Itapeti (Lot K – concession contract no. 021/2011) entered into operation on August 9, 2013.

Interligação Elétrica Serra do Japi S.A. (Serra do Japi)

Serra do Japi was organized on July 1, 2009, for the purposes of exploring the concession of the public electric power transmission services, in particular substations Jandira and Salto won in Auction I of Public Tender no. 001/2009 held by ANEEL (Concession contract no. 026/2009 – Note 1.2).

In 2012, Serra do Japi started to operate commercially (substation Salto in January 2012 and Substation Jandira in March 2012).

In thousands of Reais, except when indicated otherwise

On April 30, 2015, the Company transferred the electric power transmission concession contract no. 143/2001, through increase of share capital, to subsidiary Serra do Japi, as previously approved by ANEEL'S Authorization Resolution no. 5.036 of January 20, 2015. The increase of share capital in the amount of R$ 44,109 corresponds to the amount of financial assets (accounts receivable – concession assets) of concession contract no. 143/2001, on March 31, 2015, calculated according to the independent appraisal report.

Evrecy Participações Ltda. ("Evrecy")

In 2012, CTEEP acquired 100% of the shares of the share capital of Evrecy Participações Ltda. ("Evrecy"), held by EDP Energias do Brasil S.A ("EDP"), for the amount of R$ 63.2 million.

Evrecy is an electric power transmission service provider who was originated from a split-off of the assets of generation and transmission of Espírito Santo Centrais Elétricas – Escelsa in 2005, holder of 154 km in transmission lines and one substation, between the States of Espírito Santo and Minas Gerais. The Expiration of the concession contract is July 17, 2025.

The price of the acquisition was apportioned among the assets acquired and liabilities assumed and measured at fair value, as divulged in Explanatory Note 12 (a) of the 2013 Financial Statements. The concession assets calculated, in the amount of R$ 31,337, correspond to the vested rights to operate and maintain the assets relating to the concession held by Evrecy and will be amortized throughout the term of Evrecy's concession.

On December 31, 2015 the reconciliation of Evrecy's Equity and the investment is:

	R$ thousands
Evrecy's Equity	52,658
CTEEP'S Interest	100%.
Book Value of the Investment	52,658
Concession Asset on December 30, 2015 (Net)	23,866
Total Investment	76,524

(ii) Taken as a Whole

Interligação Elétrica Norte e Nordeste S.A. (IENNE)

A IENNE was organized on December 3, 2007 for the purposes of exploring the concession of the public service of electric power transmission, in particular the transmission lines Colinas (Tocantins) – Ribeiro Gonçalves (Piauí) and Ribeiro Gonçalves – São João do Piauí (Piauí), both in 500 kV, totaling 720 km (Concession contract no. 001/2008 – Note 1.2).

In 2011, IENNE was authorized and started to operate commercially.

Interligação Elétrica Sul S.A. (IESul)

IESul was organized on July 23, 2008 for the purposes of exploring the concession of the public service of electric power transmission, in particular power lines and substations won in Auctions of Lots F and I of Public Tender no. 004/2008 held by ANEEL.

In thousands of Reais, except when indicated otherwise

The transmission line Nova Santa Rita - Scharlau and substation Scharlau (concession contract no. 013/2008) started their commercial operations on December 6, 2010.

Substation Forquilhinha, transmission line Jorge Lacerda B - Siderópolis and transmission line Joinville Norte – Curitiba (concession contract no. 016/2008), entered into operation on October 10, 2011, August 21, 2012 and August 10, 2015, respectively.

Interligação Elétrica do Madeira S.A. (IEMadeira)

IEMadeira was organized on December 18, 2008 for the purposes of exploring the concession of the public service of electric power transmission, in particular the transmission lines and substations won in Auction of Lots D and F of Public Tender no. 007/2008 held by ANEEL.

The transmission line Porto Velho – Araraquara (concession contract no. 013/2009) started to operate commercial on August 1, 2013. The Inversion and Rectifying Stations (concession contract no. 015/2009) started to operate commercially on May 12, 2014. The assets of this Concession Contracts were declared freed of impediments in August 2014. Due to the existence of impediments from other agents (relating to non-completion of joint studies of members in the simulator of electrical studies in the ONS), has been applied the reducing factor of 10% of the income associated to the contract.

The definitive commercial operation will occur after the issue of the Definitive Clearing Term by ONS. Individual commissioning tests for equipment installed by IEMadeira in the Conversion Stations Araraquara and Porto Velho were already executed and successfully concluded. The joint tests have not yet been concluded due to the systemic restrictions and third party impediments.

Interligação Elétrica Garanhuns S.A. (IEGaranhuns)

IEGaranhuns was organized on October 7, 2011 for the purposes of exploring the concession of the public service of electric power transmission, in particular transmission lines and substations won in Auction of Lot L of Public Tender no. 004/2011 held by ANEEL:

Lot	Description	Tension (kV)	Concession Contract (Note 1.2)
L	Power Line Luiz Gonzaga – Garanhuns (AL, PE)	500	022/2011
	Power Line Garanhuns – Pau Ferro (PE)	500	022/2011
	Power Line Garanhuns – Campina Grande III (PE, PB)	500	022/2011
	Power Line Garanhuns – Angelim I (PE)	500	022/2011
	Substation Garanhuns (PE)	500/230	022/2011
	Substation Pau Ferro (PE)	500	022/2011

This project has an estimated investment of R$ 878.2 million and an annual RAP of R$ 88.3 million, 90% of which has already been granted. On December 2015, the transmission lines and substations have entered into operation substantially and total conclusion of the project is estimated for the end of the first quarter in 2016.

In thousands of Reais, except when indicated otherwise

(b) Chanmge in investments

									Holding
	IEMG	**Pinheiros**	**Serra do Japi**	**Evrecy**	**IENNE**	**IESul**	**IEMadeira**	**IEGaranhuns**	**Total**
Balances in 2013	**66,689**	**311,607**	**140,160**	**65,762**	**85,943**	**93,728**	**791,903**	**103,435**	**1,659,227**
Payment of Share Capital	1,200	13,950	-	-	-	12,700	84,150	68,850	180,850
Dividends receivable	-	-	-	-	-	-	(15,945)	-	(15,945)
Equity Equivalence	247	13,099	28,479	10,526	3,916	1,208	67,146	18,635	143,256
Realization of loss in acquisition of control	2,386	-	-	-	-	-	-	-	2,386
Amortization of concession assets	-	-	-	(2,490)	-	-	-	-	(2,490)
Balances in 2014	**70,522**	**338,656**	**168,639**	**73,798**	**89,859**	**107,636**	**927,254**	**190,920**	**1,967,284**
Payment of Share Capital	-	17,600	-	-	-	3,200	-	121,635	142,435
Dividends receivable	-	-	(6,363)	(5,320)	-	-	(29,170)	-	(40,853)
Equity Equivalence	12,992	68,698	28,233	10,537	7,384	1,946	123,579	28,397	281,766
Transfer - concession contract no. 143/2001	-	-	44,109	-	-	-	-	-	44,109
Realization of loss in acquisition of control	2,340	-	-	-	-	-	-	-	2,340
Amortization of concession assets	-	-	-	(2,491)	-	-	-	-	(2,491)
Balances in 2015	**85,854**	**424,954**	**234,618**	**76,524**	**97,243**	**112,782**	**1,021,663**	**340,952**	**2,394,590**

In thousands of Reais, except when indicated otherwise

					Consolidated
	IENNE	**IESul**	**IEMadeira**	**IEGaranhuns**	**Total**
Balances in 2013	**85,943**	**93,728**	**791,903**	**103,435**	**1,075,009**
Payment of Share Capital	-	12,700	84,150	68,850	165,700
Dividends receivable	-	-	(15,945)	-	(15,945)
Equity Equivalence	3,916	1,208	67,146	18,635	90,905
Balances in 2014	**89,859**	**107,636**	**927,254**	**190,920**	**1,315,669**
Payment of Share Capital	-	3,200	-	121,635	124,835
Dividends receivable	-	-	(29,170)	-	(29,170)
Equity Equivalence	7,384	1,946	123,579	28,397	161,306
Balances in 2015	**97,243**	**112,782**	**1,021,663**	**340,952**	**1,572,640**

In thousands of Reais, except when indicated otherwise

13 Fixed Assets

Refers, substantially, to assets used by the Company and not linked to the concession contract.

					Holding
			2015	2014	Average annual depreciation rates
	Cost	Accrued Depreciation		Net	-%
Land	2,060	-	2,060	2,060	-
Machines and equipment	5,395	(1,914)	3,481	1,187	6.44%.
Furniture and fixtures	7,111	(5,200)	1,911	2,105	6.25%.
IT equipment	10,666	(7,133)	3,533	4,938	24.1% (*)
Vehicles	10,379	(541)	9,838	10,854	31.5% (**)
Others	3,275	(935)	2,340	3,394	4.0%.
	38,886	**(15,723)**	**23,163**	**24,538**	

					Consolidated
			2015	2014	Average annual depreciation rates
	Cost	Accrued Depreciation		Net	-%
Land	2,060	-	2,060	2,060	-
Machines and equipment	5,395	(1,914)	3,481	1,187	6.44%.
Furniture and fixtures	7,113	(5,200)	1,913	2,120	6.25%.
IT equipment	10,679	(7,135)	3,544	4,938	24.1% (*)
Vehicles	10,379	(541)	9,838	10,854	31.5% (**)
Others	3,293	(935)	2,358	3,394	4.0%.
	38,919	**(15,725)**	**23,194**	**24,553**	

(*) Includes leasing of IT equipment at a 33.3% rate.
(**) Includes leasing of leasing of vehicles at the rate of 33.3% and 25.0%.

In thousands of Reais, except when indicated otherwise

Changes in Fixed Assets is the following:

					Holding
	Balances in 2013	Additions	Depreciation	Write-off / Transfer	Balances in 2014
Land	2,060	-	-	-	2,060
Machines and equipment	1,058	284	(139)	(16)	1,187
Furniture and fixtures	2,098	306	(296)	(3)	2,105
IT equipment	4,125	2,994	(2,181)	-	4,938
Vehicles	194	10,867	(119)	(88)	10,854
Others	835	2,879	(4)	(316)	3,394
	10,370	**17,330**	**(2,739)**	**(423)**	**24,538**

					Holding
	Balances in 2014	Additions	Depreciation	Write-off / Transfer	Balances in 2015
Land	2,060	-	-	-	2,060
Machines and equipment	1,187	328	(214)	2,180	3,481
Furniture and fixtures	2,105	-	(303)	109	1,911
IT equipment	4,938	370	(2,119)	344	3,533
Vehicles	10,854	-	(528)	(488)	9,838
Others	3,394	1,468	(2)	(2,520)	2,340
	24,538	**2,166**	**(3,166)**	**(375)**	**23,163**

					Consolidated
	Balances in 2013	Additions	Depreciation	Write-off / Transfer	Balances in 2014
Land	2,060	-	-	-	2,060
Machines and equipment	1,058	284	(139)	(16)	1,187
Furniture and fixtures	2,098	321	(296)	(3)	2,120
IT equipment	4,125	2,994	(2,181)	-	4,938
Vehicles	194	10,867	(119)	(88)	10,854
Others	835	2,879	(4)	(316)	3,394
	10,370	**17,345**	**(2,739)**	**(423)**	**24,553**

In thousands of Reais, except when indicated otherwise

					Consolidated
	Balances in 2014	**Additions**	**Depreciation**	**Write-off / Transfer**	**Balances in 2015**
Land	2,060	-	-	-	2,060
Machines and equipment	1,187	328	(214)	2,180	3,481
Furniture and fixtures	2,120	-	(303)	96	1,913
IT equipment	4,938	370	(2,121)	357	3,544
Vehicles	10,854	-	(528)	(488)	9,838
Others	3,394	1,486	(2)	(2,520)	2,358
	24,553	**2,184**	**(3,168)**	**(375)**	**23,194**

14 Intangible

In the Parent Company, the balance of R$22,649 refers substantially to expenses incurred in the updating of the ERP-SAP and software licensing, amortized on a linear basis, within the term of 5 years.

In the consolidated, the amount of R$23,866 refers to concession assets, calculated according to the appraisal carried out by an independent consulting firm (Note 12), created upon acquisition of subsidiary Evrecy, which economic justification is the perspective of results during the term of concession exploration. The concession asset is amortized according to the term of the subsidiary's concession contract, which expires on July 17, 2025, pursuant to Section b, Paragraph 2 of Article 14 of Instruction CVM no. 247, of March 27, 1996, with changes introduced by CVM Instruction no. 285 of July 31, 1998.

Changes in Intangible

	Holding	**Consolidated**
Balance in 2013	**14,195**	**46,069**
Additions	18,074	18,564
Amortization	(6,121)	(8,611)
Balance in 2014	**26,148**	**56,022**
Additions	1,111	1,335
Amortization	(4,610)	(7,848)
Balance in 2015	**22,649**	**49,509**

In thousands of Reais, except when indicated otherwise

15 Loans and financing

The breakdown of the balance of loans and financing is the following:

			Holding		Consolidated	
National Currency	**Charges**	**Final Expiration**	**2015**	**2014**	**2015**	**2014**
BNDES (a) (i)	TJLP + 1.8% per annum	03.15.2029	246,316	175,751	246,316	175,751
BNDES (a) (i)	3.5% per annum	01.15.2024	82,538	64,154	82,538	64,154
BNDES (a) (ii)	TJLP + 1.8% per annum	06.15.2015	-	28,129	-	28,129
BNDES (a) (iii)	TJLP + 2.3% per annum	06.15.2015	-	46,901	-	46,901
BNDES (a) (iv)	TJLP + 2.1% per annum	02.15.2028	-	-	6,451	6,942
BNDES (a) (iv)	3.5% per annum	04.15.2023	-	-	13,282	15,072
BNDES (a) (v)	TJLP + 2.6% per annum	05.15.2026	-	-	37,132	40,548
BNDES (a) (v)	5.5% per annum	01.15.2021	-	-	51,092	60,999
BNDES (a) (vi)	TJLP + 1.9% per annum	05.15.2026	-	-	38,796	42,327
BNDES (a) (vi)	TJLP + 1.5% per annum	05.15.2026	-	-	33,525	36,575
BNDES (a) (vii)	TJLP + 2.4% per annum	04;15.2023	-	-	37,425	42,358
BNDES / Finame PSI	4.0% per annum	08.15.2018	204	281	204	281
BNDES / Finame PSI (b)	6.0% per annum	11.18.2019	9,029	10,346	9,029	10,346
Eletrobras	8.0% per annum	11.15.2021	196	240	196	240
Financial Commercial Leasing			323	2,007	323	2,007
Total in National Currency			**338,606**	**327,809**	**556,309**	**572,630**
Current			**32,530**	**93,593**	**71,070**	**132,050**
Non-current			**306,076**	**234,216**	**485,239**	**440,580**

(a) BNDES

(i) On December 23, 2013, CTEEP singed a loan agreement with Banco Nacional de Desenvolvimento Econômico e Social - BNDES, with addendum on December 30, 2014, in the amount of R$ 391,307, R$ 284,136 of which at the cost of TJLP + 1.80% per annum, R$ 1,940 at the cost of TJLP, and R$ 105,231 at the cost of 3.50% per annum. The credit is destined for implementation of the Multi annual Investment Plan, concerning the 2012 – 2015 period, comprehending projects relating to the modernization of the electric power transmission system, systemic improvement, reinforcements and implementation of new projects, as well as implementation of social investments in the community. The releases of the money took place on January 29, June 26, December 26, 2014, April 14 and December 18, 2015, in the amounts of R$ 124,124, R$ 26,900, R$ 89,000, R$ 30,000 and R$ 73,877, respectively.

Interests are charged on a quarterly and monthly basis as of April 2015. The principal of the debt is monthly amortized, in equal and successive 168 installments, starting on April 2015. As collateral, the Company offered a Bank Letter of Guarantee.

(ii) On November 18, 2008, CTEEP entered into a loan agreement with BNDES in the amount of R$ 329,137, with amortization starting in January 2011 in 54 monthly installments, considering that until the beginning of amortization, charges were paid on a quarterly basis. This contract was settled on June 15, 2015.

(iii) On September 17, 2007, CTEEP entered into a loan agreement with Banco Nacional de Desenvolvimento Econômico e Social – BNDES in the amount of R$ 764,215, reduced to R$ 601,789 in December 2008. The amount corresponds to 70.0% of the total investments made, which includes works of systemic improvement, reinforcements, modernization of the existing transmission system and new projects, and is part of the Multi annual Investment Plan 2006/2008, with amortization starting in January 2009 in 78 monthly installments. This contract was settled on June 15, 2015.

The Contracts relating to items (i), (ii) and (iii), present for the year of 2015 the following maximum financial indicators, with an annual verification periodicity: Net Debt /Adjusted EBITDA < 5.0 and Net Debt / Net Debt + PL < 0.6.

For the purposes of calculation and evidence of the aforementioned rates, the Company consolidates all Sole and Jointly-Controlled Subsidiaries (proportionally to the participation held by it as a shareholder), considering it holds shares equal or above 10%.

(iv) On August 13, 2013, subsidiary Pinheiros entered into a loan agreement with BNDES in the amount of R$ 23,498. The resources are destined to finance transmission lines and substations relating to concession contract no. 021/2011, with amortization within up to 168 monthly installments as of March 15, 2014. Pinheiros shall keep, during the entire course of the amortization period and after release of the resources, the Debt Service Coverage - ICSD of at least 1.3, verified on an annual basis. Bank letters of guarantee were waived by BNDES on June 23, 2015.

In thousands of Reais, except when indicated otherwise

(v) On December 30, 2010, subsidiary Pinheiros entered into a loan agreement with BNDES in the amount of R$ 119,886. The resources are destined for financing the construction of transmission lines and substations relating to concession contracts no. 012/2008, 015/2008 and 018/2008, with amortization in 168 monthly installments starting September 15, 2011. Pinheiros shall keep, during the entire course of the amortization period and after release of the resources, the Debt Service Coverage - ICSD of at least 1.3, verified on an annual basis. Bank letters of guarantee were waived by BNDES on June 23, 2015.

(vi) On October 28, 2011, subsidiary Serra do Japi entered into a loan agreement with BNDES in the amount of R$ 93,373. The resources are destined for financing the transmission lines and substations relating to the concession contract, with amortization in 168 monthly installments starting June 15, 2012. Serra do Japi must keep, during the entire course of the amortization period and after release of the resources, the Debt Service Coverage - ICSD of at least 1.2, verified on an annual basis and during the entire financing period, an Equity Rate (ICP), determined by the ratio of Equity over Total Assets, equal or above 20% of the total investments in the project. Bank letters of guarantee were waived by BNDES on September 5, 2014.

(vii) On January 14, 2009, subsidiary IEMG entered into a loan agreement with BNDES in the amount of R$ 70,578. The resources are intended for financing, approximately, 50.0% of the Transmission line (LT) of substations Neves 1 and Mesquita, with amortization starting May 15, 2009, in 168 monthly installments. The Bank Letter of Guarantee was lifted/returned by BNDES on March 15, 2011. IEMG must keep, during the entire amortization period, the Debt Service Coverage - ICSD of at least 1.3, verified on an annual basis.

(b) BNDES / Finame PSI

On November 4, 2014, CTEEP entered into 18 loan agreements with Banco Santander in the total amount of R$ 10,346, at the cost of 6.0% per annum through the credit line BNDES Finame PSI (BNDES Investment Sustainability Program). The credit is destined to the financing of machines and equipment. The 1st release by Banco Santander to suppliers, in the amount of R$ 10,096 occurred on December 30, 2014. The 2nd release took place on January 21, 2015, and the last on January 26, 2015.

The maturity of the installments on the long term are distributed in the following manner:

	Holding		Consolidated	
	2015	**2014**	**2015**	**2014**
2016	-	22,353	-	48,850
2017	31,258	22,342	57,637	48,839
2018	31,102	22,178	57,481	48,675
2019	30,829	21,905	57,209	48,402
2020	28,711	19,783	55,091	46,280
2021 to 2025	123,988	84,963	192,976	143,866
2026 to 2029	60,188	40,692	64,845	55,668
	306,076	**234,216**	**485,239**	**440,580**

In thousands of Reais, except when indicated otherwise

Change in loans and financing is the following:

	Holding	Consolidated
Balances in 2013	**229,350**	**501,837**
Additions	251,236	251,236
Payments of the principal	(150,912)	(177,027)
Payment of interests	(22,093)	(40,127)
Interest, inflation and exchange rate variations	20,228	36,711
Balances in 2014	**327,809**	**572,630**
Additions	103,877	103,877
Payments of the principal	(93,715)	(120,211)
Payment of interests	(23,431)	(41,190)
Interest, inflation and exchange rate variations	24,066	41,203
Balances in 2015	**338,606**	**556,309**

The Company participates, in the capacity as consenting-intervening party and guarantor to the wholly owned or partial subsidiaries, to the limit of its interest, in their financing contracts, detailed as follows:

Subsidiary	Interest in the subsidiary	Bank	Debt modality	Outstanding balance on 12.31.2015	Type of guarantee	Balance guaranteed by CTEEP	End of guarantee
IEMG	100%.	BNDES	FINEM	37,425	None	37,425	-
Serra do Japi	100%.	BNDES	FINEM	72,321	None	72,321	-
Pinheiros	100%.	BNDES	FINEM and PSI	88,224	None	88,224	-
Pinheiros	100%.	BNDES	FINEM and PSI	19,733	None	19,733	-
IESul	50%.	BNDES	FINEM and PSI	12,685	Bank Letter of Guarantee	6,343	10.04.2016
IESul	50%.	BNDES	FINEM and PSI	18,438	Bank Letter of Guarantee	9,219	07.31.2017
IENNE	25%.	Banco do Nordeste	FNE	200,466	Bank Letter of Guarantee	50,117	05.04.2016
IENNE	25%.	Banco do Brasil	Escrow Account	15,614	None	3,904	-
IEMadeira	51%.	Banco da Amazônia	Bank Credit Bill	308,946	Bank Letter of Guarantee	157,562	06.30.2016
IEMadeira	51%.	BNDES	FINEM and PSI	1,633,411	Bank Letter of Guarantee	833,040	06.30.2016
IEMadeira	51%.	Itaú/BES	Infrastructure Debentures	469,972	Escrow Account	239,686	06.30.2016
IEGaranhuns	51%.	BNDES	FINEM and PSI	342,919	Bank Letter of Guarantee	174,889	12.05.2016

Financing contracts between the subsidiaries and BNDES require the establishment and maintenance of a reserve account for debt services in the amount equivalent to, at least, three to six times the last installment expired of amortization of the financing, including the principal and interests, classified under the title of restricted cash in the Consolidated Balance Sheet.

In thousands of Reais, except when indicated otherwise

The BNDES contracts and debentures of integral and partial subsidiaries have restrictive clauses that require meeting financial indicators similarly to as mentioned in item (a) (iii), as well as "cross default" clauses, which provide for acceleration of the debt upon failing to meet the indicators.

In 2015, there were no events of acceleration of the debt relating to restrictive clauses (covenants).

16 Debentures

				Parent Company and Consolidated	
	Maturity	Quantity	Charges	2015	2014
2nd Series (i)	12.15.2017	5,760	IPCA + 8.1% per annum	41,608	58,692
Sole series CTEEP (ii)	12.26.2018	50,000	116.0% of CDI per annum	498,747	560,553
				540,355	**619,245**
Current				**180,782**	**83,846**
Non-current				**359,573**	**535,399**

(i) In December 2009, CTEEP issued 54,860 debentures in two series, in the total amount of R$ 548,600. The 1st Series was settled in December 2014. 2nd Series: 1st maturity of debentures on June 15, 2014. Other maturity dates will be the following: December 15, 2016 and 2017; and remuneration has been paid on the following dates: June 15, 2011, 2012, 2013, 2014 and 2015 and the next payments will be made on December 15, 2016 and 2017.

The financial indicators established in the issue deed are: Net Debt/Adjusted EBITIDA < 3.5 and Adjusted EBITDA /Financial Earnings > 3.0, verified on a quarterly basis.

All requirements and covenants set forth in the contracts are being duly complied with and upheld by the Company and its Subsidiaries until the present date.

(ii) In December 2013, CTEEP issued 50,000 debentures in a single series, in the total amount of R$500,000. The Maturity of the debentures will be annual, on December 26, 2016, 2017 and 2018; and the remuneration is paid biannually, on June and December of each year, and the first installment will be due on June 26, 2015 and the last on December 26, 2018.

In thousands of Reais, except when indicated otherwise

The maturity of the installments on the long term are distributed in the following manner:

	2015	2014
2016	-	184,715
2017	193,621	184,739
2018	165,952	165,945
	359,573	**535,399**

Change in debentures is the following:

Balances in 2013	**737,640**
Payments of the principal	(182,551)
Payment of interests	(28,998)
Interest, inflation and exchange rate variations	93,154
Balances in 2014	**619,245**
Payments of the principal	(21,425)
Payment of interests	(149,440)
Interest, inflation and exchange rate variations	91,975
Balances in 2015	**540,355**

17 Taxes and social charges payable

	Holding		Consolidated	
	2015	**2014**	**2015**	**2014**
Income Tax	1,557	3,113	2,163	3,662
Social Contribution	1,696	1,417	2,124	1,765
COFINS	8,213	5,191	8,500	5,663
PIS	1,639	1,127	1,702	1,229
INSS	5,032	5,018	5,107	5,060
ISS	3,115	3,632	3,182	3,863
FGTS	1,536	1,431	1,536	1,431
Withheld Income Tax	3,071	2,809	3,084	2,883
Others	966	903	1,019	965
	26,825	**24,641**	**28,417**	**26,521**

In thousands of Reais, except when indicated otherwise

18 Taxes paid in installments plans – Law no. 11.941 – Parent Company and Consolidated

The Company has rectified, in years 2009 and 2010, the declarations of Federal Tax Debit and Credit declarations (DCTFs) concerning years 2004 to 2007, where verified a debit relating to PIS and COFINS. For settling the debt, the Company adhered to the Installment Plan Payment Program for Tax Debts established by Law no. 11.941, of May 27, 2009 and chose for the 180-month installment plan, with end maturity on October 2024. The amount of the installments is R$ 975, subject to adjustment based on SELIC.

Changes in Fiscal years ended December 31, 2015 and 2014 is the following:

	2015	**2014**
Starting Balance	147,011	150,742
Monetary Adjustment of the debt	11,689	10,732
Payments made	(15,603)	(14,463)
	143,097	**147,011**
Current	**16,200**	**14,950**
Non-current	**126,897**	**132,061**

19 Deferred PIS and COFINS

	Holding		**Consolidated**	
	2015	**2014**	**2015**	**2014**
Deferred PIS	19,219	14,247	26,570	21,032
Deferred COFINS	88,522	65,620	122,452	96,940
	107,741	**79,867**	**149,022**	**117,972**

Deferring of PIS and COFINS relates to infrastructure implementation revenues and remuneration of concession assets verified on the financial asset and recorded according to the accounting basis. Payment is made according to effective receiving, as provided for in Law 12.973/14.

In thousands of Reais, except when indicated otherwise

20 Regulatory charges payable

	Holding		Consolidated	
	2015	Restated 2014	2015	Restated 2014
Research and Development - P&D (i)	40,875	50,326	42,356	51,753
Energy Development Account - CDE	1,157	761	1,157	761
Global Reversal Reserve – RGR (ii)	6,421	7,928	7,730	9,164
Electric Power Alternative Sources Incentive Program - PROINFA	1,772	903	1,772	903
Inspection fee – ANEEL	-	-	-	608
	50,225	**59,918**	**53,015**	**63,189**
Current	**21,442**	**37,937**	**21,821**	**40,579**
Non-current	**28,783**	**21,981**	**31,194**	**22,610**

(i) The Company and its Subsidiaries recognize obligations relating to amounts already invoices in tariffs (1% of the Net Operating Income), applied in the Research and Development Program – R&D, adjusted on a monthly basis, as of the 2nd subsequent month prior to their recognition until the moment of their effective realization, based on the SELIC rate, according to ANEEL Resolutions 300/2008 and 316/2008. According to Circular Ordinance no. 0003/2015 of May 18, 2015, the expenses invested in R&D are registered under assets and upon conclusion of the project they are recognized as settlement of the obligation and, subsequently, submitted to audit and final evaluation by ANEEL. The total invested in incomplete projects until December 31, 2015 amounts to R$11,075 (R$27,450 on December 31, 2014).

(ii) According to Article 21 of Law no. 12.783, as of January 1, 2013, the Utility Companies of the electric power transmission service with concession agreements extended according to the aforementioned law, are not required to pay the annual RGR quota. To the company, applies contract no. 059/2001. In the Parent Company, on December 31, 2015, the RGR payable balance refers to the complementation of the charge referring to fiscal years 2010 and 2012.

21 Reserves

	Holding		Consolidated	
	2015	2014	2015	2014
Vacation, 13th Salary and social charges	22,709	19,245	23,365	19,728
Profit Sharing Program – PLR	6,119	7,741	6,392	7,741
Litigation (a)	189,320	131,499	189,612	131,592
	218,148	**158,485**	**219,369**	**159,061**
Current	**28,828**	**26,986**	**29,757**	**27,469**
Non-current	**189,320**	**131,499**	**189,612**	**131,592**

In thousands of Reais, except when indicated otherwise

(a) Reserve for litigation

Legal proceedings are evaluated from time to time and classified according to the likelihood of loss to the Company. . Provisions/Reserves are then established for all claims for which is likely that resources will be required for settling obligations and a reasonable estimate can be made.

Judicial claims with likely probability of loss are structured in the following manner:

	Holding		Consolidated	
	2015	**2014**	**2015**	**2014**
Labor (i)	164,308	114,353	164,528	114,446
Civil (ii)	14,230	9,656	14,302	9,656
Tax – IPTU (iii)	9,722	5,501	9,722	5,501
Social Security – INSS (iv)	1,060	1,989	1,060	1,989
	189,320	**131,499**	**189,612**	**131,592**

(i) Labor

The Company answers to certain legal claims processed before different courts, resulting from labor complaints relating to issues of salary equivalence, overtime, hazard pay, among others. The Company has deposits in court escrow accounts in an amount of R$54,695 (R$51,525 on December 31, 2014), according to Note 11.

(ii) Civil

The Company is involved in civil claims relating to disputes of Real Estate, indemnification, collection, voiding and annulment and class actions resulting from the company’s activity, i.e., operating and keeping its transmission lines, substations and equipment according to the terms of the concession contracts for public services in transmission of electric power.

(iii) Tax – IPTU (Urban property tax)

The Company makes a provision for facing debts with several municipalities of the State of São Paulo, relating to the process of regularization of areas.

(iv) Social Security - INSS

On August 10, 2001, the Company was notified by the National Social Security Institute – INSS, for failing to pay contributions on the compensation paid to employees in the form of meal-vouchers, basic-grocery allowance and transportation vouchers and morning snacks, concerning April 1999 to July 2001. The Management has started the defense procedures and currently, the amounts of the judicial escrow deposit for this proceeding is of R$3,261 (Note 11).

In thousands of Reais, except when indicated otherwise

(v) Change in Reserves for Litigation:

	Holding				
	Labor	**Civil**	**Tax - IPTU**	**Social Security - INSS**	**Total**
Balances in 2013	**103,197**	**15,855**	**7,042**	**1,767**	**127,861**
Establishment	24,755	682	-	-	25,437
Reversal/Payment	(19,001)	(8,019)	(1,933)	-	(28,953)
Adjustment	5,402	1,138	392	222	7,154
Balances in 2014	**114,353**	**9,656**	**5,501**	**1,989**	**131,499**
Establishment	76,721	5,937	5,584	-	88,242
Reversal/Payment	(46,271)	(2,148)	(1,858)	(1,028)	(51,305)
Adjustment	19,505	785	495	99	20,884
Balances in 2015	**164,308**	**14,230**	**9,722**	**1,060**	**189,320**

	Consolidated				
	Labor	**Civil**	**Tax - IPTU**	**Social Security - INSS**	**Total**
Balances in 2013	**103,234**	**15,855**	**7,042**	**1,767**	**127,898**
Establishment	24,811	682	-	-	25,493
Reversal/Payment	(19,001)	(8,019)	(1,933)	-	(28,953)
Adjustment	5,402	1,138	392	222	7,154
Balances in 2014	**114,446**	**9,656**	**5,501**	**1,989**	**131,592**
Establishment	76,885	6,009	5,584	-	88,478
Reversal/Payment	(46,308)	(2,148)	(1,858)	(1,028)	(51,342)
Adjustment	19,505	785	495	99	20,884
Balances in 2015	**164,528**	**14,302**	**9,722**	**1,060**	**189,612**

(b) Proceedings with likelihood of loss classified as possible - Parent Company and Consolidated

The Company and its subsidiaries have ongoing tax, labor and civil proceedings involving the probability of loss, for which the management, based on the evaluation of its legal advisors, has classified as possible, for which the Company has not made a provision, in an estimated amount of R$483,801 in 2015 (R$354,661 in 2014), mainly concentrated in civil and tax proceedings totaling R$471,293.

Classification	Quantity	Total
Labor	59	12,508
Civil	44	24,470
Civil - Annulment of Acquisition of EPTE by CTEEP (i)	1	132,831
Tax Negative CSLL basis (ii)	1	21,367
Tax - Goodwill amortization (iii)	3	273,506
Tax – IRPJ and CSLL (iv)	1	17,947
Tax - Others	14	1,172
Plan - Law 4.819/58 (Note 34)	1	-
		483,801

(i) Claim for Annulment of Acquisition of EPTE by CTEEP

This is a Claim where the minority shareholders are asking for the annulment of the acquisition of Empresa Paulista de Transmissão de Energia Elétrica (EPTE) by Companhia de Transmissão de Energia Elétrica Paulista (CTEEP) or, alternatively, the declaration of their right to withdraw and determination of payment of refunding of their shares. Currently in execution stages, pending a definitive examination of the pre-execution interlocutory appeal filed. The Company has filed for a termination action and obtained an injunction conditioning the eventual withdrawal of payments by the plaintiffs to presenting a valid collateral.

(ii) Tax– Negative CSLL calculation basis (Social Contribution on Net Profit)

Proceeding resulting from tax assessment dated of 2007, relating to the composition of the negative CSLL basis, arising of the balance sheet of the partial split-off of CESP. Pending judgment processed before the Administrative Tax Appeals' Board - CARF.

(iii) Tax – Goodwill Amortization

Proceedings resulting from tax assessments issued by the Internal Revenue Service of Brazil between 2013 and 2015, relating to years 2008 to 2011, referring the operation of Goodwill paid by ISA in the process of acquisition of the shareholding control of CTEEP (Note 10). Pending judgment processed before the Administrative Tax Appeals' Board - CARF.

(iv) Tax – Corporate Income Tax and Social Contribution on Net Profit (IRPJ and CSLL)

These refer to a request for compensation made by the company in May 2003, referring to the negative balance of IRPJ and CSLL (fiscal year 2002), offset with IRPJ and CSLL debts, calculated in the months of January to March 2003, which was partially granted. Pending Judgment before the Administrative Tax Appeals' Board – CARF.

(c) Litigation with loss classified as remote - Parent Company and Consolidated

(i) Collection Action filed by Eletrobras against Eletropaulo and EPTE

In 1989, Centrais Elétricas Brasileiras S.A. – ELETROBRAS filed a collection action against Eletropaulo - Eletricidade de São Paulo S.A. (currently Eletropaulo Metropolitana Eletricidade de São Paulo S.A. - "Eletropaulo"), referring to the balance of a financing contract. Eletropaulo then disagreed of the criterion for adjustment set forth in the financing contract and paid in court, in a judicial escrow account, the amounts it deemed effectively owed. In 1999, was rendered a ruling in the aforementioned case, ordering Eletropaulo to pay the balance calculated by ELETROBRAS.

According to the terms and conditions of the partial split-off of Eletropaulo, which has took place on December 31, 1997, and which implied in the organization of EPTE and other companies, obligations of any nature regarding acts practiced until the date of the split off are entirely under responsibility of Eletropaulo, an exception made to contingent liabilities for which provisions had been made available to the buyers. In the case at hand, there was not, at the time of the partial split-off, allocation to EPTE of a provision for this purpose, whereby clear to CTEEP'S Management and its legal advisors that the responsibility for said contingency belonged exclusively with Eletropaulo. There was at the time of the split-off, only a version of the EPTE assets of a deposit in a judicial escrow account, in the historical value of R$ 4.00 established in 1988, by Eletropaulo, referring to the value the company understood being owed to ELETROBRAS as balance of the aforementioned financing contract and allocation of EPTE'S liability of an equal amount concerning this balance.

Due to the agreement for partial split-off of Eletropaulo, therefore, EPTE would be the holder of the assets transferred and Eletropaulo would be responsible for the contingent liability referring to the amount collected in court by ELETROBRAS. In October 2001, ELETROBRAS filed for a ruling execution proceeding referring said financing contract, collecting R$ 429 million from Eletropaulo and R$ 49 million from EPTE, understanding that EPTE was to pay this share with the adjusted resources from the aforementioned deposit made in the court escrow account. CTEEP acquired EPTE on November 10, 2001, succeeding it in its obligations and rights.

On September 26, 2003, was published a ruling by the Court of Appeals of the State of Rio de Janeiro excluding Eletropaulo from the execution in said ruling. Due to these facts, ELETROBRAS filed, on December 16, 2003, an Appeal to the Superior Court of Justice and another to the Supreme Court, seeking to sustain the aforementioned collection concerning Eletropaulo. Similar Appeals (to as filed by ELETROBRAS) were filed by CTEEP.

The Superior Court of Justice granted, on June 29, 2006, CTEEP'S Appeal, in the sense of overturning the decision of the Court of Appeals of the State of Rio de Janeiro, which had excluded Eletropaulo as defendant in the execution filed by ELETROBRAS.

Due to said positive ruling by the Superior Court of Justice, on December 4, 2006, Eletropaulo filed for an Interlocutory Appeal, which was dismissed, according to a Panel Ruling published in April 16, 2007, as well as the Appeals to the Superior Court of Justice and to the Supreme Court, which sustained the decision of the Superior Court of Justice, which became final on October 30, 2008. In light of these rulings that deemed improper the Objection of Eletropaulo to the pre-execution proceedings, the execution originally filed by ELETROBRAS carried out its regular course as originally filed

In December 2012, was published a ruling that denied the request for producing evidence as required by the parties, ending the liquidation by articles, declaring that the responsibility for payment of the conviction lied with Eletropaulo, offsetting the amounts deposited in the judicial escrow account concerning the pledge previously filed.

Eletropaulo appealed for the proceeding to go back to the evidentiary stages for an expert's examination to be carried out The conclusion of the expert's opinion was presented in September 2015 and is aligned to the line of arguing defended by the Company. A period was given to the parties to present their statements concerning the aforementioned opinion.

(ii) PIS and COFINS

The Company is currently fighting three tax assessments relating to PIS and COFINS concerning years 2007 to 2011, on the understanding that the Company was allegedly subject to the cumulative regime. The Company adopted the cumulative regime until 2003. With the change in legislation, after October 2003, the general rule became non-accumulation, except for revenues meeting 4 requirements i) contracts signed before October 2003, ii) with terms in excess of one year, iii) prefixed price, iv) for acquisition of goods or services. For the SE income meeting these requirements and in compliance with ANEEL'S guidelines, the Company has applied for offsetting of amounts paid in excess in the period when it paid under the non-accumulation regime,, and passed to tax the portion of income of the SE by accumulation for PIS and COFINS. The proceedings are in administrative levels and total R$958.0 million. In the opinion of the Company's legal counsel, the likelihood of losing these cases is remote, considering there is already a precedent by the Superior Court of Justice favoring the defense.

22 Amounts Payable – Funcesp - Parent Company and Consolidated

The Company sponsors retirement and pension for death complementation and supplementation plans kept with Funcesp which, added to the administrative cost of the funds, records a balance of R$6,144 in 2015 (R$5,375 in 2014), referring to monthly installments payable as contribution to the fund.

(a) Retirement Complementation (Plan "A")

Governed by State Law 4.819/58, which applies to employees admitted until May 13, 1974, provides for retirement and pension complementation benefits, bonus-leave and family-salary. The resources required to face the obligations assumed under this plan are 100% under responsibility of the relevant authorities of the State Administration of São Paulo (Note 34).

(b) PSAP CTEEP

PSAP CTEEP provides for the following sub-plans:

- Supplementary Proportional Settled Benefit (BSPS) – (Plan “B”);
- Determined Benefit (BD) – (Plan “B1”);
- Variable Contribution (CV) - (Plan “B1”).

PSAP/CTEEP, governed by Complementary Law no. 109/2001 and managed by CESP Foundation, has as sponsoring entity the Company itself, allowing supplementation benefits for retirement and pension for death, which reserves are determined by the financial regime of capitalization.

SAP CTEEP originated from the separation of PSAP/CESP B1 on September 1, 1999 and encompasses all Participants transferred to the Company. On January 1, 2004, the PSAP/EPTE was incorporated by PSAP/Transmissão, which name was changed after that date to PSAP/Transmissão Paulista and, after December 1, 2014, was changed to PSAP CTEEP.

The sub-plan called “BSPS” refers to the Settled Proportional Supplementary Benefit resulting from the Retirement and Pension Supplementation Plan PSAP/CESP B, transferred to this Plan on September 1, 1999, and to Alternative PSAP/Eletropaulo, transferred to this Plan, as of the incorporation of PSAP/EPTE which took place on January 1, 2004, calculated on the dates of December 31, 1997 (CTEEP) and March 31, 1998 (EPTE), according to the regulation in force, and its actuarial financial/economic balance was adjusted at the time.

Sub-plan “BD” determines the equal contributions and responsibilities between the Company and the Participants, levied on 70% of the Actual Contribution Salary of these employees, in order to maintain the actuarial economic/financial balance This sub-plan, proportional to the benefits and lifetime retirement income and pension for death to its employees, former employees and the respective beneficiaries, for the purposes of supplementing the benefits granted by the official Social Security System.

Sub-plan “CV” determines the voluntary contributions of Participants in limited consideration of the Company, levied on 30% of the Actual Contribution Salary of these employees, in order to provide additional supplementation in cases of retirement and pension for death. On the date when receiving thereof begins, the sub-plan for Variable Contribution (CV) may become a Determined Benefit (BD), should the lifetime income is chosen by the Participant as the form for receiving said supplementation.

(c) Actuarial Evaluation

In the actuarial evaluation prepared by an independent actuary, PSAP/CTEEP, was adopted the projected unitary credit method.

On December 31, 2015 PSAP/CTEEP presented an actuarial excess of R$795,703. This excess could not be recognized in accounting, since according to the rules of the Complementary National Superintendency (PREVIC) - Resolution CGPC no. 26/2008 subsequently amended by Resolution CNPC no. 22/2015, the recognition of the asset is allowed through, among other criteria, only when the reserve is established by its maximum percentage, which corresponds, on December 31, 2015 to 21% of the total value of mathematical reserves, in order to assure the financial balance of the plan according to the volatility of these obligations. Only the portion of the excess above this limit would represent a financial benefit to the Company. The actuarial report of December 31, 2015 does not present, therefore, actuarial assets or liabilities.

In thousands of Reais, except when indicated otherwise

The main economic-financial information, in compliance with CPC no. 33 (R1) and CVM Deliberation no. 695 (IAS 19R), based on the actuarial opinions, are the following:

(i) Reconciliation of assets and liabilities

	2015	**2014**
Fair value of the plan's assets (ii)	3,043,161	2,967,520
Present value of the obligation of defined benefit (iii)	(2,247,458)	(2,397,911)
Actuarial excess	795,703	569,609
Restrictions to asset recognition	(795,703)	(569,609)
Net assets	**-**	**-**

(ii) Changes in the plan's assets

	2015	**2014**
Fair value of assets in the beginning of the fiscal year	2,967,520	2,845,070
Employer's contributions	2,609	2,850
Employee contributions	3,098	2,702
Return on investments	239,246	249,206
Benefits paid	(169,312)	(132,308)
Fair value of assets at the end of the fiscal year (i)	**3,043,161**	**2,967,520**

(iii) Change in the actuarial liabilities

	2015	**2014**
Present value of net actuarial obligations in the beginning of the fiscal year	2,397,911	2,102,790
Cost of current services	-	(564)
Cost of interests	261,002	233,803
Contribution of members	3,098	2,702
Actuarial earnings/losses	(245,241)	191,488
Benefits paid	(169,312)	(132,308)
Present value of the net actuarial obligation at the end of the fiscal year (i)	**2,247,458**	**2,397,911**

(iv) Plan Members (number of persons)

	2015	**2014**
Active	1,375	1,407
Related	144	154
Inactive		
Retired	2,169	2,051
Retired for disability	43	42
Pension beneficiaries	140	130

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	2,352	2,223
	3,871	**3,784**

(v) Actuarial Premises Used

	2015	**2014**
Discount Rate of the present value of actuarial liabilities (nominal)	12.61%.	11.51%.
Future Salary Growth Rate (nominal)	7.10%.	7.10%.
Adjustment Rate of Benefits Granted on a Continued basis	5.00%.	5.00%.
General Mortality Table	AT-00	AT-00
Disability Rate Table	Light-Weak	Light-Weak
Mortality Rate of Disabled	AT-49	AT-49

23 Special obligations - Reversal/Amortization

The balance in 2015, of R$ 24,053, refers to resources derived from the reserve for reversal, amortization and withheld share held in the Company, of monthly quotas to the Global Reversal Reserve – RGR, relating to investment of resources in investments for expansion of the public electric power services and amortization of loans raised for this same purpose, occurred until December 31, 1971. On an annual basis, according to ANEEL'S decision, on the amount of the reserve, are charged 5% interests, with monthly payment It is not defined by the Conceding Authority the form of settlement of these obligations.

24 Equity

(a) Share Capital

The Company's Authorized Share Capital in 2015 and 2014 is of R$2,300,000, R$ 971,523 of which represented by common shares and R$ 1,328,477 by preferred shares, all registered and with no par value.

The structure of the share capital subscribed to and paid in 2015 and 2014, totals R$ 2,215,291 and is represented by common and preferred shares, in the following manner:

	2015	**$ thousands**	**2014**	**$ thousands**
Common	64,484,433	885,851	64,484,433	885,851
Preferred	96,775,022	1,329,440	96,775,022	1,329,440
	161,259,455	**2,215,291**	**161,259,455**	**2,215,291**

Common shares grant the holder the right to one vote in deliberations of shareholders' meetings.

Preferred shares do not entitle votes, having, however, priority in the refunding of capital and in the receiving of dividends of 10% per year, non-cumulative, calculated on the capital paid in, corresponding to this type of shares.

(b) Dividends and interests on equity

In 2014, the Board of Directors has deliberated on the distribution of dividends and interests on equity, on an interim basis, as follows:

Explanatory Notes to the Financial Statements on December 31, 2015 and 2014 In thousands of Reais, except when indicated otherwise

	Interests on equity		Interim dividends		
RCA Date	**Total**	**Per share**	**Total**	**Per share**	**Payment**
08.11.2014	30,000	0.196514	-	-	08.29.2014
11.24.2014	-	-	165,000	1.023196	12.05.2014
	30,000	**0.196514**	**165,000**	**1.023196**	

The total dividends and interests on equity paid in 2014 were of R$423,858 (R$34 in 2013), of which R$194,464 refer to deliberations held in 2014 and R$229,394 referring to deliberations held in 2013.

In 2015, the Board of Directors has deliberated on the distribution of interim dividends, as follows:

	Interim dividends		
RCA Date	**Total**	**Per share**	**Payment**
05.25.2015	110,765	0.686875	06.08.2015
11.24.2015	224,100	1.3896860	12.07.2015
	334,865	**2.076561**	

The total dividends and interests on equity paid in 2015 were of R$364,901, of which R$333,961 refer to deliberations held in 2015 and R$30,940 to deliberations held in 2014.

The Company's Bylaws provide for mandatory dividends corresponding to 10% of the Share Capital, equivalent to R$ 221,529, limited to the balance of the profit after establishment of the legal reserve.

	2015	**2014**
Net Profits of the year	**504,430**	**378,215**
Establishment of legal reserve	(25,222)	(18,911)
Dividends and interest on equity - decayed	1,595	2,672
Calculation Basis for dividends	480,803	361,976
Interim dividends	(334,865)	(165,000)
Interim Interests on Equity	-	(30,000)
Interim dividends and interest on equity paid	(334,865)	(195,000)
Mandatory Dividends Provided for (*)	-	(31,029)
Establishment of statutory reserve	(29,623)	(75,643)
Establishment of profit retention reserve	(116,315)	(60,304)
Destination for additional dividends proposed	**-**	**-**

(*) The Company's Management has proposed payment of dividends in the amount of R$31,029, corresponding to 0.192417 per share, to compose the mandatory dividend, ratified by the General and Extraordinary Shareholders' Meeting held on April 30, 2015, with payment and/or disposal on June 30, 2015.

In thousands of Reais, except when indicated otherwise

The total dividends proposed for the fiscal year 2014, totaled R$226,029, where R$221,529 equivalent to the minimum mandatory dividends, and the amount of R$4,500 to IRRF on the amounts paid as interests on equity.

(c) Capital Reserves

	2015	**2014**
Subventions for Investment – CRC (i)	426,710	426,710
Remuneration of fixed assets in progress (ii)	633,053	633,053
Donations and subventions for investment	150,489	150,489
Tax incentives – FINAM	6,743	6,743
Special Reserve for Goodwill in Acquisition (Note 10)	60,361	60,361
	1,277,356	**1,277,356**

(i) Subventions for investments - CRC

The General Ledger Account – Results to Offset (CRC) was established by Decree no. 41.019/1957 and by Law 5.655/1971 for remunerating Utility Companies providing electric power services for certain investments made by them. Law no. 8.631/1993 has repealed the CRC ad, subsequently, Law no. 8.724/1993 established that CRC credits were to be registered in equity as subvention for investment under the account “Capital Reserve”.

As made optional by CPC no. 13, the Company has chosen to keep the existing balance on December 31, 2007, concerning the CRC, as well as other donations and subventions for investments as capital reserve in equity, until the total use thereof as provided by the Joint-Stock Companies’ Act.

(ii) Remuneration of Fixed Assets in Progress

These are credits resulting from the capitalization of the remuneration calculated on resources of the Company’s own capital during construction of fixed assets, applied to ongoing projects and which can only be used for increasing the share capital After 1999, the Company has abandoned that practice, as made optional by the Accounting Manual of the Public Electric Power Public Utility Service.

(d) Profit reserves

	2015	**2014**
Legal Reserve (i)	278,254	253,032
Statutory Reserve (ii)	221,529	191,906
Profit Retention Reserve (iii)	1,343,109	1,226,794
	1,842,892	**1,671,732**

(i) Legal Reserve

Established in 5% of the net profit of the fiscal year, prior to any destination, up to the limit of 20% of the share capital.

In thousands of Reais, except when indicated otherwise

(ii) Statutory Reserve

The Company's Bylaws provide for establishment of a reserve for investment in the expansion of activities of up to 20% of the net profit in the fiscal year, limited to the balance, after deduction of the legal reserve and the minimum mandatory dividends, up to the limit of 10% of the share capital.

(iii) Profit Withholding Reserve

The Management proposes maintaining in equity, in a profit withholding reserve, profits withheld in previous fiscal years, destined to meeting the capital requirements for the next three fiscal years, deliberated in the General Shareholders' Meeting of 2014.

(e) Earnings per share

The basic profit or loss per share is calculated through the Company's Profit & Loss, based on the weighted average of outstanding common and preferred shares in the respective period. The diluted profit or loss per share is calculated through the aforementioned average of outstanding shares, adjusted by instruments potentially convertible into shares, in this case, the Company has considered that shares that can be issued through capitalization of its special reserve of goodwill in the acquisition in favor of the controlling shareholder.

As provided for by CVM Instruction no. 319, to the extent that is realized the tax benefit of the special goodwill reserve in the acquisition, provided in the Company's equity, this benefit can be capitalized in favor of its Parent Company, guaranteeing to the other shareholders, participation in such increase of capital, in order to keep their shareholding in the Company.

Shares issued according to this realization will be considered diluting for calculating the profit or loss per share of the Company, considering the event that all conditions for issuing them have been met. On December 31, 2015 and 2014, the conditions for issue of share capital shares relating to the amortization of goodwill have been met.

The table below presents the date of Profit and Loss and Shares used in the calculation of the basic and diluted profit per share:

	2015	**2014**
Basic and Diluted earnings per share		
Net Profit – R$ thousand	504,430	378,215
Weighted average of shares		
Common	64,484,433	64,484,433
Preferred	96,775,022	90,438,495
	161,259,455	154,922,928
Weighted average of shares, adjusted		
Common	65,975,801	67,120,098
Preferred	98,231,290	94,707,949
	164,207,091	161,828,047
Basic profit per share	3.12807	2.44131
Diluted profit per share	3.07192	2.33714

In thousands of Reais, except when indicated otherwise

25 Net operational income

25.1 Structure of the Net Operational Income

	Holding		Consolidated	
	2015	**2014**	**2015**	**2014**
Gross Income				
Infrastructure Income (a) (Note 7)	239,101	230,349	278,685	265,058
Operation and Maintenance (a) (Note 7)	797,930	712,641	829,551	740,613
Remuneration of Concession Assets (b) (Note 7)	170,419	129,782	311,647	207,457
Rent	16,826	16,346	17,063	16,385
Provision of Services	8,817	7,202	5,125	4,827
Total Gross Income	1,233,093	1,096,320	1,442,071	1,234,340
Taxes on income				
COFINS	(90,728)	(79,884)	(97,127)	(83,329)
PIS	(19,699)	(17,343)	(21,086)	(18,090)
ISS	(428)	(337)	(428)	(337)
	(110,855)	(97,564)	(118,641)	(101,756)
Regulatory Charges				
Energy Development Account – CDE	(11,541)	(6,555)	(11,541)	(6,555)
Global Reversal Reserve – RGR	(962)	(493)	(3,713)	(3,334)
Research and Development – P&D	(7,840)	(7,010)	(8,438)	(7,904)
Incentive Program to Alternative Electric Power Sources – PROINFA	(12,608)	(12,003)	(12,608)	(12,003)
	(32,951)	(26,061)	(36,300)	(29,796)
	1,089,287	**972,695**	**1,287,130**	**1,102,788**

(a) Services of infrastructure implementation and O&M - Operation and Maintenance

Income relating to the implementation of infrastructure for provision of electric power transmission services under the concession contract is recognized according to the expenses incurred. The expenses of the services of Operation and Maintenance are recognized in the period when the services are provided by the Company, as well as the adjustment portion. When the Company provides more than one service in a service concession contract, the compensation received is apportioned by reference to the fair value of the services delivered.

(b) Remuneration of concession assets

The revenue from interests is recognized by the effective interest rate on the amount of outstanding principal, and the effective interest rate is the one that matches exactly the receiving of future cash calculated during the estimated life-cycle of a financial asset to the starting book-value of such asset.

In thousands of Reais, except when indicated otherwise

25.2 Periodical Review of the Allowed Annual Income - RAP

According to the concession agreements, through ANEEL, at each four and/or five years after the signing date of the contracts, ANEEL will carry out the Periodical Tariff Adjustment of the RAP for electric power transmission, in order to promote tariff efficiency and moderation.

In 2013 the Company passed to recognize the income and costs of the implementation of infrastructure for improvement of the electric power installations, which will be considered in the basis of the next Periodical Tariff Adjustment, as provided for in ANEEL'S decision no. 4.413 of December 27, 2013 and Normative Resolution no. 443 of July 26, 2011, amended by Normative Resolution no. 463 of December 16, 2014.

The income under Public Tender relating to concession contract no. 143/2001 of subsidiary Serra do Japi, is not subject to the Periodical Tariff Adjustment.

The Periodical Tariff Adjustment encompasses the repositioning of income through the determination of:

a) basis of regulatory remuneration for the RBNI;
b) effective operating cost;
c) optimal capital structure and definition of transmitter's remuneration;
d) identification of the amount to be considered as tariff reduction – Other Income.

The Last periodical tariff reviews are described below:

Concession Grantee	Ratifying Resolution REH	REH Date	Term
IEMG	1,299	06.19.2012	07.01.2012
IENNE	1,540	06.18.2013	07.01.2013
Evrecy	1,538	06.18.2013	07.01.2013
Pinheiros	1.755 / 1.762	06.24 and 07.09.2014	07.01.2014
Serra do Japi	1,901	06.16.2015	07.01.2015
IESul	1,755	06.24.2014	07.01.2014
IEMadeira (i)	1,755	06.24.2014	07.01.2014

(i) The First Periodical Tariff Adjustment of IEMadeira was defined through Certifying Resolution no. 1.755, reducing the RAP in 4.5% for contract 013/2009 and 3.81% for contract 015/2009. IEMadeira filed with ANEEL a request for reestablishing the economic-financial balance of the RAP of Concession Contract no. 013/2009. With grounds on that request, IEMadeira presented additional costs and the value with loss of income occurred during implementation of the Transmission Line during its concession, due to factors such as: (i) delay in the Environmental Licensing; (ii) Property Obstacles; and (iii) project changes required by the licensing agency. The request made by IEMadeira if to an actual increase of the RAP is granted in a total of 26.8%. The process is undergoing analysis by ANEEL.

The next periodical RAP tariff reviews of the Company and its Sole and Jointly-Controlled Subsidiaries are described in Note 1.2.

25.3 Variable Share - PV and Additional to RAP and Adjustment Share - PA

Normative Resolution no. 270 of July 9, 2007, regulates the Variable Share and the Additional RAP Share. The Variable Share is the discount in the RAP of the transmitters due to downtime or operational restrictions of the facilities in the Basic Network. The RAP Additional Share corresponds to the value to be added to the income of the transmitters for incentivizing improvement in availability of transmission facilities. They are recognized as income and/or reduction of revenues with Operation and Maintenance in the period when they occur.

In thousands of Reais, except when indicated otherwise

Normative Resolution (REN) no. 512, of October 30, 2012, has changed REN no. 270/07, including paragraph 3 of Article 3, which cancels the additional RAP for transmission functions reached by Law no. 12.783/2013.

The Adjustment Share – PA is the part of the income that results from the application of the mechanism provided for in the contract, using the periodical annual adjustments, which is added or subtracted from/to the RAP, so as to compensate the excess or the deficit in collection in the period prior to the adjustment.

25.4 Annual Income Adjustment

On June 29, 2015, was published Certifying Resolution no. 1.918, setting forth the annual income allowed to the Company and its subsidiaries, for providing the transmission facilities part of the Basic Network and the Other Transmission Facilities, for the 12-month cycle between July 1, 2015 to June 30, 2016.

According to the Certifying Resolution no. 1.918, the RAP and the corresponding amounts of the Company's Adjustment Share (contract no. 059/2001), net of PIS and COFINS, (named Regulatory Income) which was of R$ 700,355* on July 1, 2014, passed to R$ 836,611* on July 1, 2015, presenting an increase of R$ 136,256 equivalent to 19.6%. Whereas 8.3% (R$ 57,526) of the IPCA/IGPM adjustment, 0.1% (R$ 134) of the variation of the adjustment share, 7.1% (R$ 49,922) of additional RAP for new investments that entered into operation and investments scheduled for entering into operation throughout the cycle and 4.1 % (R$ 28,674) refer to CAIMI**.

*Contemplates income from authorized investments that will enter into operation in the next cycles.
**CAIMI - income for compensating the Annual Cost of Mobile and Fixed Installations.

The Company's Regulatory Income, net of PIS and COFINS, presents with the following structure:

Concession Contract	Basic Grid			Other Transmission Facilities – DIT			Total
	Existing Assets	New investments	Adjustment portion	Existing Assets	New investments	Adjustment portion	
059/2001	457,735	78,804	11,278	193,023	86,028	9,743	836,611
	457,735	**78,804**	**11,278**	**193,023**	**86,028**	**9,743**	**836,611**

The Company's Regulatory Income, in conjunction with its subsidiaries, which was of R$ 827,701* on July 1, 2014, passed to R$ 963,348* on July 1, 2015, presenting an increase of R$ 135,647 equivalent to 16.4%. Whereas 8.1% (R$ 66,961) of the IPCA/IGPM adjustment, -1.0% (-R$ 8,435) of variation of the adjustment share, 6.3% (R$ 52,145) of additional RAP for new investments that entered into operation and investments scheduled for entering into operation throughout the cycle, -0.4% (-R$ 3,698) referring to the Periodical Tariff Adjustment of the contracts of Pinheiros and Serra do Japi and 3.4% (R$ 28,674) referring to CAIMI**.

*Contemplates income from authorized investments that will enter into operation in the next cycles.
**CAIMI - income for compensating the Annual Cost of Mobile and Fixed Installations.

The Regulatory Income of the Company and its subsidiaries, net of PIS and COFINS, presents with the following structure:

In thousands of Reais, except when indicated otherwise

Concession contract	**Basic Grid**				**Other Trasmission Facilities – DIT**				**Total**
	Existing Assets	New investments	Bid on	Adjustment portion	Existing Assets	New investments	Bid on	Adjustment portion	
059/2001	457,735	78,804	-	11,278	193,023	86,028	-	9,743	836,611
143/2001	-	-	19,799	(1,903)	-	-	-	-	17,896
004/2007	-	-	16,575	(1,676)	-	-	-	-	14,899
012/2008	-	-	7,837	(786)	-	813	1,181	12	9,057
015/2008	-	11,864	14,878	(4,269)	-	3,687	364	558	27,082
018/2008	-	46	3,860	(462)	-	1,409	46	(106)	4,793
021/2011	-	-	4,125	(507)	-	-	1,513	-	5,131
026/2009	-	4,445	24,758	(81)	-	-	5,631		34,753
020/2008	-	10,173	-	728	-	2,238	-	(13)	13,126
	457,735	**105,332**	**91,832**	**2,322**	**193,023**	**94,175**	**8,735**	**10,194**	**963,348**

26 Cost of infrastructure implementation, operation and maintenance services, and general and administrative expenses

	Holding			
			2015	**2014**
	Cost	**Expenses**	**Total**	**Total**
Personnel	(217,245)	(50,010)	(267,255)	(257,362)
Services	(151,865)	(41,580)	(193,445)	(208,478)
Depreciation	-	(7,776)	(7,776)	(8,860)
Materials	(118,854)	(972)	(119,826)	(77,170)
Lease and Rent	(7,199)	(6,002)	(13,201)	(13,574)
Litigation	-	(97,203)	(97,203)	(42,719)
Others	(26,135)	(14,271)	(40,406)	(39,502)
	(521,298)	**(217,814)**	**(739,112)**	**(647,665)**

In thousands of Reais, except when indicated otherwise

			Consolidated	
			2015	2014
	Cost	Expenses	Total	Total
Personnel	(227,044)	(52,067)	(279,111)	(268,911)
Services	(169,894)	(43,001)	(212,895)	(221,050)
Depreciation	-	(8,525)	(8,525)	(8,860)
Materials	(141,819)	(980)	(142,799)	(109,824)
Lease and Rent	(8,045)	(6,268)	(14,313)	(14,154)
Litigation	-	(97,414)	(97,414)	(42,788)
Others	(28,524)	(14,611)	(43,135)	(40,434)
	(575,326)	**(222,866)**	**(798,192)**	**(706,021)**

From the cost stated above, the cost of implementation of the infrastructure of the Parent Company totaled R$216,888 in 2015 and R$208,950 in 2014. The Consolidated cost of implementation of infrastructure totaled R$254,982 in 2015 and R$242,324 in 2014. The respective revenue with implementation of the infrastructure, described in Note 25.1, is calculated by adding the rates of PIS and COFINS and other charges to the value of the investment cost.

27 Financial Income

	Holding		Consolidated	
	2015	2014	2015	2014
Income				
Revenue from financial investments	47,972	61,011	65,404	65,313
Asset Interests	21,294	39,406	21,552	39,424
Monetary Variation	40,655	48,496	40,611	48,404
Others	11,323	1,057	11,502	1,084
	121,244	149,970	139,069	154,225
Expenses				
Interest on Loans	(24,191)	(20,506)	(41,927)	(39,385)
Liability Interests	(13,103)	(12,033)	(13,110)	(12,064)
Changes on debentures	(86,009)	(89,070)	(86,009)	(89,070)
Others	(2,263)	(1,351)	(2,495)	(1,815)
	(125,566)	(122,960)	(143,541)	(142,334)
	(4,322)	**27,010**	**(4,472)**	**11,891**

In thousands of Reais, except when indicated otherwise

28 Other Operational Income (Expenses)

Other Operational Income (Expenses) refer, substantially, to amortization of the incorporated goodwill of the Parent Company (Note 10), in the amount of R$29,887 (R$29,886 in 2014).

Furthermore, in 2014, was recognized: (i) The PIS and COFINS deferred credit in the amount of R$ 21,398 (Note 9); (ii) Reversal of the share of services in infrastructure implementation, which did not represent regeneration of additional income, in the amount of R$ 19,224; and (iii) sale of unusable assets, in the amount of R$ 8,213.

29 Income Tax And Social Contribution

Income Tax and Social Contribution on Net Profit are provided for on a monthly basis, according to the basis of accounting and the results are offered for taxation, as provided by Law 12.973/14.

The Company adopts the actual profit regime in a monthly estimate and the subsidiaries adopt the assumed quarterly profit regime.

(a) Reconciliation of the Effective Rate

The reconciliation of the expenses with Income Tax and Social Contribution in the Fiscal year with the Accounting Profit is the following:

	Holding		Consolidated	
	2015	2014	2015	2014
Profit (loss) before income tax and social contributions	589,700	455,334	609,582	460,207
Nominal charges in force	34%.	34%.	34%.	34%.
Expected income tax and social contribution	(200,498)	(154,814)	(207,258)	(156,470)
Income tax and social contribution on permanent differences				
Interests on Equity	-	9,943	-	9,943
Realization of losses	(518)	(294)	(518)	(294)
Reversal of Provision for Maintenance of Integrity of Equity (Note 10)	19,725	19,725	19,725	19,725
Equity Equivalence	95,800	48,707	54,844	30,908
Effect of adoption of assumed profit - subsidiaries	-	-	40,590	16,099
Others	221	(386)	221	(386)
Effective income tax and social contribution	**(85,270)**	**(77,119)**	**(92,396)**	**(80,475)**
Income Tax And Social Contribution				
Current	(80,523)	(46,405)	(85,804)	(50,354)
Deferred	(4,747)	(30,714)	(6,592)	(30,121)
	(85,270)	**(77,119)**	**(92,396)**	**(80,475)**
Effective Rate	**14.5%.**	**16.9%.**	**15.2%.**	**17.5%.**

In thousands of Reais, except when indicated otherwise

(b) Structure of deferred income tax and social security

	Holding		Consolidated	
Assets / (Liabilities)	**2015**	**2014**	**2015**	**2014**
Reserve SEFAZ-SP (i)	175,527	175,527	175,527	175,527
Reserve for litigation	64,369	44,710	64,369	44,742
Indemnification of assets (ii)	-	(13,789)	-	(13,789)
Initial adoption of Law 12.973/14 (iii)	(23,890)	(24,797)	(23,890)	(24,797)
Concession Contract (ICPC 01) (iv)	(35,342)	-	(71,143)	(33,988)
Other temporary differences	3,145	6,905	3,145	6,905
Net	**183,809**	**188,556**	**148,008**	**154,600**
Assets	**183,809**	**188,556**	**183,809**	**188,556**
Liability*	**-**	**-**	**35,801**	**33,956**

*In 2015 and 2014, the balance of the Consolidated liabilities refers to the balance of subsidiaries, and this is why it is not stated in net form.

(i) According to Note 8.
(ii) The Company had capital gains, for tax purposes, due to the reversal of fixed assets, provided for in Law no. 12.783 and the fifth addendum to concession contract no. 059/2001 signed on December 4, 2012, in the amount of R$ 250,231 (which, for corporate purposes, corresponds to R$ 97,497). Based on Law Decree no. 1.598/77 capital gains can be recognized for purposes of calculation of actual profit in the proportion of the share of the price received, if the receiving of part of it or in full is superior to the fiscal year in force.
(iii) Reflects the values to be offered for taxation of Income Tax and Social Contribution for the initial impact of the end of the RTT according to Law no. 12.973/14.
(iv) Refers to the amounts of Income Tax and Social Contribution on the results of operations in implementation of infrastructure for providing electric power transmission services and remuneration of concession assets (ICPC 01) recognized on accounting basis, which are offered for taxation as they are received, as provided for in Articles no. 83 and 84 of Normative Instruction no. 1.515/14.

The Company's Management considers that the balances of deferred Income Tax and Social Contribution assets arising of temporary differences must be realized in the proportion of the contingencies, accounts receivable and realization of the events that have originated the provisions for losses.

In thousands of Reais, except when indicated otherwise

30 Transactions with related parties

The main balances and transactions with related parties (Inter-company) in the period are the following:

			2015		2014	2015	2014
Nature of the operation	**Related Party**	**Assets**	**Liabilities**	**Assets**	**Liabilities**	**Income/ (Expense)**	**Income/ (Expense)**
Short term benefits*	Management	-	-	-	-	(4,595)	(4,107)
		-	-	-	-	(4,595)	(4,107)
Dividends	ISA Capital	-	-	-	11,778	-	-
	IEMadeira	29,170	-	15,945	-	-	-
		29,170		15,945	11,778	-	-
Sublease	ISA Capital	23	-	22	-	337	326
	IEMG	7	-	6	-	96	82
	Pinheiros	18	-	10	-	238	149
	Serra do Japi	13	-	8	-	162	143
	Evrecy	4	-	4	-	47	77
	IENNE	18	-	8	-	112	116
	IESul	12	-	5	-	64	68
		95	-	63	-	1,056	961
Advance for future increase of share capital	IEGaranhuns	-	-	21,471	-	-	-
Provision of Services	ISA Capital	15	-	12	-	147	140
	IEMG	11	-	10		132	52
	Pinheiros	100	-	93	-	1,958	1,104
	Serra do Japi	80	-	24	-	843	286
	Evrecy	67	-	61		759	933
	IEMadeira	-	-	-	-	-	238
	IEGaranhuns	-	-	-	-	345	-
	Internexa	-	13	-	13	(53)	(173)
		273	13	200	13	4,131	2,580

*Referring to Management's fees, as divulged in the Company's Income Statement presenting the amount of R$4,595 and in the consolidated R$4,991 (R$4,841 in 2014).

The Company’s compensation policy does not include post-employment benefits, other long-term benefits, employment agreement termination benefits (severance) or share-based compensation.

The sublease agreement comprehends a subleased area of the Company's building, as well as sharing of building and condominium and maintenance expenses, among others.

The Company has a services agreement with ISA Capital comprehending, among others, services of tax and accounting bookkeeping, calculation of taxes and processing of payroll.

The Company provides Technical Consulting Services in Management of Owner's Engineering Services to IEMadeira.

The Company has provided services in Technical Engineering, Operations and Maintenance Consulting to IEGaranhuns, in 2015.

The Company provides Operation and Maintenance services for the facilities/installations of IEMG, Pinheiros, Serra do Japi and Evrecy.

In November 24, 2014, was signed a private instrument by and between the Company and Chesf (Companhia Hidro Elétrica do São Francisco)for advance of resources, which provides for a maximum limit of R$ 99,000 proportional to their shareholding and transferred according to schedule. Until September 30, 2015, the amount of R$99,000 was converted in share capital, and CTEEP's participation was of R$50,490.

Internexa Brasil Operadora de Telecomunicações S.A – Internexa, a subsidiary of the ISA Group, with which the Company has a service agreement is the assigner of the right to use, for a fee, the use of the support infrastructure required for installation of optical fiber cables, supporting services and improvements thereto. Furthermore, the Company has hired services of internet link of 100 Mbps with Internexa.

These operations are transacted in specific conditions negotiated by and between the parties in contracts and agreements.

In thousands of Reais, except when indicated otherwise

31 Financial Instruments

(a) Identification of the main financial instruments

	Holding		Consolidated	
	2015	**2014**	**2015**	**2014**
Financial Assets				
Fair value through result				
Cash and cash equivalents	3,120	1,390	6,135	4,696
Investments	230,855	398,623	440,054	479,601
Restricted cash	-	-	12,059	11,689
Loans and receivables				
Receivables				
Current	220,566	647,263	319,961	729,946
Non-current	2,569,403	2,324,696	3,526,968	3,165,656
Receivables - Department of Finance of the State of São Paulo (State Treasury)				
Non-current	965,920	802,102	965,920	802,102
Credit with subsidiaries	29,500	37,645	29,200	37,429
Collateral and attached deposits	66,252	62,353	66,268	62,353
Financial Liabilities				
Amortized Cost				
Loans and financing				
Current	32,530	93,593	71,070	132,050
Non-current	306,076	234,216	485,239	440,580
Debentures				
Current	180,782	83,846	180,782	83,846
Non-current	359,573	535,399	359,573	535,399
Suppliers	31,824	46,481	34,950	75,470
Interests on equity and dividends payable	2,156	33,703	2,156	33,703

The book-values of financial instruments, assets and liabilities, when compared to the amounts that could be obtained with their trading on an active market or, in the lack thereof, at present net value adjusted based on the effective market interest rate, are substantially close to the market values. The Company classifies the financial instruments as Level 1 and Level 2, as required by the CPC in force:

Level 1 – quoted prices (non-adjusted) in active markets, net and visible for identical assets and liabilities accessible on the measuring date;

Level 2 – quoted prices (adjusted or not) for similar assets or liabilities in active markets, other entries not observable in level 1, directly or indirectly, in terms of assets or liabilities; and

Level 3 – assets and liabilities which prices do not exist or for which the evaluation techniques are based on a small or nonexistent, non-observable or non-liquid market. At this level, the fair value estimate becomes highly subjective.

(b) Financing

The book value of loans and financing and of the debentures and their rates linked to the variation of TJLP, of CDI and IPCA are close to the market value.

- **Borrowing level**

Explanatory Notes to the Financial Statements on December 31, 2015 and 2014 In thousands of Reais, except when indicated otherwise

The borrowing levels at the end of the fiscal year are the following:

	Holding		Consolidated	
	2015	**2014**	**2015**	**2014**
Loans and financing				
Current	32,530	93,593	71,070	132,050
Non-current	306,076	234,216	485,239	440,580
Debentures				
Current	180,782	83,846	180,782	83,846
Non-current	359,573	535,399	359,573	535,399
Total Debt	878,961	947,054	1,096,664	1,191,875
Cash and Cash equivalent and financial investments	233,975	400,013	446,189	484,297
Net Debt	644,986	547,041	650,475	707,578
Equity	5,336,205	5,165,045	5,515,001	5,228,612
Net debt rate	12.1%.	10.6%.	11.8%.	13.5%.

CTEEP and its subsidiaries have contracts for loans and financing with covenants based on the borrowing rates (Notes 15 and 16). The Company meets the requirements relating to those restrictive clauses.

(c) Risk management

The main risk factors relating to operations of the Company and its subsidiaries can be identified in the following manner:

(i) Credit Risk – The Company and its subsidiaries have contracts in place with the Electric System National Operator - ONS, Utility Companies and other agents, regulating the performance of its services linked to the Basic Network to 216 users, with a bank guarantee clause. Likewise, the Company and its subsidiaries keep contracts regulating the performance of their services with the Other Transmission Installations – DIT with 30 Utility companies and other agents, also with bank guarantee clauses, which minimizes the risk of default.

(ii) Price Risk – The Revenues of the Company and its Subsidiaries are, in terms of the concession contracts, annual adjusted by ANEEL, by the variation of IPCA and IGP-M, and part of the revenues are subject to the Periodical Tariff Adjustment (Note 25.2).

(iii) Interest Rate Risk – The Adjustment of the financing contracts is linked to the variation of TJLP, IPCA and of the CDI (Notes 15 and 16).

(iv) Risk in Raising of Resources – The Company and its subsidiaries may, in the future, face difficulties in raising resources at the adequate cost and repayment terms suiting its cash generation profile and/or its debt repayment obligations.

(v) Guarantee Risk – The main guarantee risks are:

- Management of risks in connection to the retirement and medical care benefits through Funcesp (a private complementary pension entity), through its representation in the administration entities.

- Participation in the capacity as intervening-party and guarantor, to the limit of its interest, for integral and partial subsidiaries, in their financing contracts (Note 15).

(vi) Liquidity Risk – The main sources of cash of the Company and its subsidiaries are from:

· Its operations, especially the use of its electric power transmission system by other Utility Companies and agents of the industry. Its annual amount, represented by the RAP linked to the installations of the Basic Network and Other Transmission Facilities – DIT, is determined according to the legislation in force, by ANEEL; and
· Right to amounts receivable for the extension of the concession contract no. 059/2001 regulated by Law no. 12.783/2013, which determination of part of the value and the payment terms are pending definition by the Conceding Authority (Note 1.2).

The Company is remunerated by making available the transmission system, and an eventual rationing of electric power will not affect its income and its respective receivables.

The Company manages its liquidity risk by keeping bank credit lines and credit lines for raising loans as it deems adequate, through continued monitoring of projected and actual cash flows, and by matching the profiles of Expiration of financial assets and liabilities.

Receiving the share in reversal of installations referring to the SE also represents an important source of cash generation for the Company to manage to perform its financial planning after 2016.

(d) Sensitivity Analysis

According to instruction CVM no. 475 of December 17, 2008, the Company carries out a sensitivity analysis of the risks of interest rates and foreign exchange rate risks. The Company's management does not deem relevant its exposure to the other risks previously described.

For purposes of defining a scenario based on the sensitivity analysis for the interest rate and the price rates, we use the same premises established for financial economic long-term planning of the Company. These premises are based, among other aspects, in the macroeconomic scenario of the country and the opinion of market experts.

Therefore, for assessing the effects of the variation of the Company's cash flow, the sensitivity analysis, provided below, considers the likely scenario of the quote of the interest rate on December 30, 2015, which is informed in the Interest Rate Risk Tables. On those rates were applied negative and positive 25% (scenario I) variations and 50% (scenario II) variations.

In thousands of Reais, except when indicated otherwise

Interest Risk - Effects in Cash Flow - Parent Company

			Indexer Increase Risk		**Indexer Drop Risk**	
Operation	**Risk**	**Base Scenario**	**Scenario I**	**Scenario II**	**Scenario I**	**Scenario II**
Financial Assets						
Investments	101.64% CDI	7,928	9,792	11,614	6,019	4,064
Financial Liabilities						
2nd Series Debentures	IPCA+8.10%	1,888	2,144	2,395	1,628	1,363
Single-Series Debentures	116.0% CDI per annum	29,501	34,096	38,575	24,783	19,934
FINEM BNDES (i), (ii) and (iii)	TJLP+1.80% to 2.60%	5,322	6,344	7,355	4,286	3,238
Net effect of the variation		**(28,783)**	**(32,792)**	**(36,711)**	**(24,678)**	**(20,471)**
Reference for Financial Assets and Liabilities						
100% CDI (March 2016)		14,15% per annum.	17,69% per annum.	21,23% per annum.	10,61% per annum.	7,08% per annum.

Interest Rsisk - Effects in Cash FLow - Consolidated

			Indexer Increase Risk		**Indexer Drop Risk**	
Operation	**Risk**	**Base Scenario**	**Scenario I**	**Scenario II**	**Scenario I**	**Scenario II**
Financial Assets						
Investments	92% up to 103.5% CDI	12,146	15,001	17,792	9,222	6,226
Financial Liabilities						
2nd Series Debentures	IPCA+8.10%	1,888	2,144	2,395	1,628	1,363
Single-Series Debentures	116.0% CDI per annum	29,501	34,096	38,575	24,783	19,934
FINEM BNDES (i), (ii) and (iii)	TJLP+1,80% to 2,30%	5,322	6,344	7,355	4,286	3,238
BNDES (Subsidiaries)	TJLP + 1.55% to 2.62% per annum	3,840	4,479	5,110	3,193	2,539
Net effect of the variation		**(28,405)**	**(32,062)**	**(35,643)**	**(24,668)**	**(20,848)**
Reference for Financial Assets and Liabilities						
100% CDI (March 2016)		14,15% per annum.	17,69% per annum	21,23% per annum	10,61% per annum	7,08% per annum

In thousands of Reais, except when indicated otherwise

32 Commitments assumed – Operational Leasing

The main commitments assumed by the Company and its subsidiaries relate to operational lease of vehicles and IT equipment, which minimum future payments, in total and for each periods, are presented in the following manner:

	Parent Company and Consolidated	
	2015	**2014**
Up to one year	6,762	6,747
From one to five years	4,563	11,048
	11,325	**17,795**

33 Insurance

Specifications per type of risk and term of insurance policies detailed below:

			Holding
Type	**Term**	**Insured Amount - R$ thousands**	**Premium - R$ thousands**
Patrimonial (a)	03/01/15 to 09/01/16	2,557,467	5,399
General Civil Liability (b)	09/01/15 to 09/01/16	22,231	128
National Transportation (c)	09/30/15 to 09/30/16	93,159	8
Personal Collective Accidents (d)	05/01/15 to 05/01/16	12,115	1
Automotive (e)	01/28/15 to 03/02/16	Market Value	227
Judicial Collateral (f)	11/29/13 to 11/30/18	190,594	2,262
			8,025

			Consolidated
Type	**Term**	**Insured Amount - R$ thousands**	**Premium - R$ thousands**
Patrimonial (a)	03/01/15 to 09/01/16	2,969,913	5,519
General Civil Liability (b)	09/01/15 to 09/01/16	25,000	144
National Transportation (c)	09/30/15 to 09/30/16	93,159	8
Pesonal Collective Accidents(d)	05/01/15 to 05/01/16	12,115	1
Automotive (e)	01/28/15 to 03/02/16	Market Value	227
Judicial Collateral (f)	11/29/13 to 11/30/18	190,594	2,262
			8,161

(a) **Patrimonial -** Coverage against fire risks and electric damage for the main equipment installed in transmission substations, buildings and their respective contents, shipping facilities and installations, according to the concession contracts, where transmitters must keep insurance policies in place for guaranteeing proper coverage for the most important equipment of the transmission system, competing to the Transmitter to define which assets and facilities are to be insured.

(b) **General Civil Liability** – Coverage for compensation with involuntary damages, bodily injury, personal or general or financial damages caused to third parties as a consequence of the Company's operations.

(c) **National Transportation –** Coverage for damages caused to assets and equipment of the Company transported in the national territory.

(d) **Personal Collective Accidents –** Coverage against personal accidents to executives and apprentices..

(e) **Automotive –** Coverage for collision, fire, robbery and third party damage.

(f) **Judicial Collateral –** replacement of collateral and/or judicial deposits in escrow accounts made with the Judiciary.

There is no coverage for eventual damages to power transmission lines against losses resulting from fire, lighting, explosions, short circuits and power outage.

he premises adopted for hiring insurance, given its nature, are not part of an audit. Consequently, they have not been reviewed by our independent auditors.

34 Plan for complementation of retirement governed by Law 4.819/58

The retirement complementation plan governed by State Law 4.819/58, which provided for the creation of the State's Social Assistance Fund, applies to employees and public servants of entities, joint-stock companies where the State was a majority shareholder with controlling interest and industrial services under property and management of the state, admitted until May 13, 1974, and provided for retirement complementation benefits, bonus-leave and family-salary. The resources required for facing the charges assumed in this plan are a responsibility of the respective agencies of the Government of São Paulo, which implementation occurred through an agreement entered into by and between SEFAZ-SP (The State Treasury Department of São Paulo) and CTEEP, on December 10, 1999, effective until December 31, 2003.

This proceeding was regularly carried out until December 2003, by the CESP Foundation, through resources of SEFAZ-SP, forwarded through CESP and subsequently CTEEP. After January 2004, SEFAZ-SP passed to make those payments directly, without the interference of CTEEP and CESP Foundation, in amounts inferior to those historically paid until December 2003.

(a) Proceeding processed before the 2nd Public Treasury Court

This fact resulted in claims being filed by the employees, including Civil Class Action, with a ruling of the 2nd Public Treasury Court, rendered in 2005, dismissing the claim for complementation of retirement and holding the State Treasury Department of São Paulo responsible for complementing the retirements. AAFC, which represented the retirees and pension beneficiaries appealed the decision and, before trial of the appeal, resorted to Common Justice (Not the Public Treasury Court), which was reassured by the State's Court of Appeals. The Superior Court has acknowledged the jurisdiction of the Common Judiciary and, in August 2008, the retirees once again appealed, taking the discussion to the Supreme Court, which sustained the jurisdiction of the Common Judiciary. Countless appeals filed by retirees under AAFC were rejected by the Supreme Court, and the last decision was rendered on October 7, 2015 and it became definitive on November 24, 2015, confirming the jurisdiction of the Common Judiciary. The process was received in the Superior Court of Justice on December 3, 2015 and is waiting remittance to the Court of Appeals of São Paulo for ruling on the appel filed by the retired against the ruling that dismissed the case.

(b) Proceeding before the 49th Labor Section

Contrary to the decision rendered previously, a ruling of the 49th Labor Section of São Paulo, informed to CTEEP on July 11, 2005, has granted an injunction for CESP Foundation to go back to processing payment of benefits under State Law 4.819/58, according to the respective regulations, as made until December 2003, with resources paid by CTEEP.

For complying with the court rulings, CTEEP is requesting the amounts necessary to SEFAZ-SP on a monthly basis, for forwarding the money to CESP Foundation, which is to process payment to the beneficiaries. This proceeding has convicted SEFAZ-SP, CESP Funcesp and CTEEP.

Due to the existence of proceedings in different levels and types of jurisdictions, a Conflict of Jurisdiction was raised before the Supreme Court for determining which is the Court with jurisdiction for trying this suit. The Supreme Court has issued, on March 12, 2015, a ruling recognizing the Common Judiciary and declaring void all rulings of Labor Court. This decision is waiting the period for becoming final.

AAFC filed an appeal against the ruling, which was dismissed on October 14, 2015, keeping the jurisdiction of Common Justice. The decision became final on November 20, 2015, and the case is now waiting remittance of the records to Common Justice.

(c) Conflict of Jurisdiction

On February 2013, the Supreme Court, in a trial of appeal relating to the legal discussions of the other parties ad unrelated to this proceeding, has solidified the case law acknowledging the Common Judiciary for ruling in cases providing for complementary retirement. The stance of the Supreme Court was in the sense that “the jurisdiction for processing claims filed against private complementary pension entities lies with the Common Judiciary, given the autonomy of Social Security law and its independence from Labor law”.

The Supreme Court, when trying the Conflict of Jurisdiction involving the proceedings reported in items “a” and “b”, rendered a ruling recognizing the Common Judiciary and declaring void all rulings of Labor Court (decision published in April 2015). The Association that represents the retired of CESP Foundation has filed an appeal.

On May 4, 2015, through official letter, SEFAZ-SP reclaimed to itself processing and payment of the retirees’ payroll.

The Association of Retirees of Foundation CESP - AAFC filed Injunction no. 3882 before the Supreme Court, seeking that the decision rendered by the Labor Court remained effective until the Court with proper jurisdiction analyzed the injunction granted by the Labor Court.

The Supreme Court has granted that request and SEFAZ-SP, through Official Letter submitted on June 08, 2015, has stopped processing the payroll, which returned to its prior status (also through official letter from the State’s Treasury Department). A CTEEP, SEFAZ-SP eand CESP Foundation all filed appeals.

On October 15, 2015, the Supreme Court tried the appeals and sustained the ruling rendered in the Jurisdiction Conflict Suit, which has acknowledged the jurisdiction of Common Judiciary for processing and trying the class action in course before the 49th Labor Court of São Paulo/SP, as well as confirming the maintenance of the injunction filed by the Retirees’ Association, which keeps in force the ruling of the Labor Court until the Court with the Proper Jurisdiction examines the claim. The ruling on Jurisdiction Conflict became final on November 20, 2015.

(d) Collection Action

SEFAZ-SP has been paying CTEEP, since September 2005, an amount inferior to as required for complying properly with the aforementioned decision of the 49th Labor Court.

By force of this decision, CTEEP transfered to Funcesp in the period from January 2005 to December 2015, the amount of R$3,504,305 for payment of benefits under State Law 4.819/58, having received from SEFAZ-SP the amount of R$2,258,683 for that purpose. The difference between the values transfered to Funcesp and refunded by SEFAZ-SP, in the amount of R$1,245,622 (Note 8 (a)), has been requested by CTEEP for repayment by SEFAZ-SP. Furthermore, there are amounts relating to labor claims settled by the Company and under responsibility of the State Government, in the amount of R$236,553 (Note 8 (b)), amounting to a total R$1,482,175.

In December 2010, CTEEP filed a collection action against SEFAZ-SP, seeking to be repaid the amounts thus far not received in connection to this matter. After a decision that dismissed the case without prejudice, in 2013, CTEEP filed an appeal, being, however, overruled by the State's Court of Appeals (December 2014).

CTEEP filed a new appeal and both SEFAZ-SP and FUNCESP responded in court, and, on August 31, 2015, the State's Court of Appeals granted CTEEP's appeal and ordered SEFAZ-SP to pay the complementation of the retirement and pension according to the agreements entered into with CTEEP and the governing laws, except for the overdue amounts.

Intending that the amounts are added to the ruling, CTEEP has presented a new appeal for clarification, which was granted by the court in trial held on February 1, 2016, which sustained the ruling of August 31, 2015, and determined the calculation, on the execution stages, of the amounts pending transfer by SEFAZ-SP.

(e) Proceeding Filed by the Retirees' Association

In the second semester of 2012, the Association of Retirees of the CESP Foundation filed lawsuit no. 0022576-08.2012.8.26.0053, against SEFAZ-SP, requesting its condition and order to repay the retirement complementation plan governed by State Law 4.819/58, for that plan to face payment of retirement and pensions.

The case was dismissed without prejudice and AAFC filed an Appeal, pending remittance to the Court of Appeals and subsequent trial.

(f) Injunction - Union of Campinass

On April 19, 2013, through Official Letter, SEFAZ-SP recognized the payments to CTEEP of the amounts overdue, relating to certain appropriations that only partially cover the amounts, which were not remitted for full compliance with the aforementioned ruling of the 49th Labor Section. SEFAZ-SP'S acknowledgement took place by force of the decision becoming final, in the same sense as rendered in the Class Action Injunction filed by the Union of Workers of the Eletric Power Industry of Campinas, which ordered SEFAZ-SP to keep paying the complementation of retirement and pension of the retirees, without suppression of those amounts.

CTEEP is not a part in that case, but is monitoring the proceeding, considering it can be benefitted by the ruling.

Due to the aforementioned ruling, payment to the retirees who belong to the Union, as of April 19, 2013, have been made by SEFAZ-SP. CTEEP's Management, sheltered by a favorable position of its legal counsel, understands that this ruling provides and important precedent for other amounts of the same nature, both for a group of retirees of that union, as well as for other retirees, to be acknowledged as being under responsibility of

SEFAZ-SP. The measures will be analyzed by CTEEP, through its legal counsel, so that SEFAZ-SP recognizes its responsibility for similar payments for the entire population of retirees.

Corroborating the foregoing, the Union has filed an application for extending the ruling for retirees that were not on the initial list, which was granted by the Labor Court.

SEFAZ-SP has used countless judicial remedies for attempting to overrule the decision, thus far unsuccessfully.

CTEEP'S Standing

CTEEP is still engaged in having declared null the decision of the 49th Labor Section, in order to allow the payment processing to be made according to State Law 4.819/58 by SEFAZ-SP. CTEEP also reinforces that the understanding of its legal counsel and its external consultants that the expenses incurred according to State Law 4.819/58 and the respective regulation are an integral and exclusive responsibility of SEFAZ-SP and continues to adopt additional measures for safeguarding the Company's interests.

In light of the facts occurred during 2013, especially those relating to the progress of the proceeding relating to the collection of the amounts payable by SEFAZ-SP, as described above, and considering the progress of the other proceedings and claims mentioned above, CTEEP'S Management recognized in 2013, a provision for losses on the realization of credits for part of the amounts receivable, for which there is an expectation of increase in the term of realization and yet not contemplated as exclusive responsibility of SEFAZ-SP.

The Company's Management keeps monitoring new facts relating to the legal and business standpoints of the matter, as well as any impacts on the Company's financial statements.

* * *

Report of the independent auditors on the financial statements

To the Shareholders, Advisors and Directors of
CTEEP - Companhia de Transmissão de Energia Elétrica Paulista
São Paulo – SP

Introduction
We have audited the accompanying individual and consolidated financial statements of CTEEP - Companhia de Transmissão de Energia Elétrica Paulista (CTEEP or Company), identified as Company and Consolidated, respectively, which comprise the balance sheet as of December 31,2015 and the related income statements, statements of comprehensive income, changes in equity and cash flow statements for the year then ended, and a summary of significant accounting practices and other explanatory information.

Management's responsibility for the financial statements
Management is responsible for the preparation and fair presentation of these individual financial statements in accordance with accounting practices adopted in Brazil and of the consolidated financial statements according to the International Financial Reporting Standards (IFRS), issued by the International Accounting Standards Board – IASB, and according to the accounting practices adopted in Brazil, as well as for the internal controls the Company has determined as necessary for preparing these financial statements free of any material distortion, irrespective of having been caused by fraud or mistake.

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the Company's financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting practices used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements taken as whole.

We believe that the audit evidence we have obtained is sufficient and appropriate to substantiate our audit opinion.

Opinion on the individual financial statements

In our opinion, the individual and consolidated financial statements referred to above present fairly, in all material respects, the financial individual and consolidated position of CTEEP - Companhia de Transmissão de Energia Elétrica Paulista on December 31, 2015, the individual and consolidated performance of its operations and the respective cash flows for the fiscal year ended on the aforementioned date, according to the accounting standards adopted in Brazil and the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB).

Focus

Indemnity of amounts relating to the assets classified as Existing Service (SE)

As described in Explanatory Note no. 7, as well as with grounds on the provisions of Law no. 12.783/2013 and Technical Note no. 402/2013 of the National Electric Power Agency (ANEEL), was prepared a new appraisal report, totaling R$ 5,186,018, equivalent to the investments by the VNR, adjusted by accumulated depreciation until December 31, 2012. Said amount will be subject to ratification by the National Electric Power Agency (ANEEL). According to Explanatory Note no. 7, on December 15, 2015 ANEEL ratified the indemnity amount of R$3,896,328. The Company filed an application for reconsideration on December 30, 2015. The effects of accounting recognition depend on definition, by ANEEL, of the final value, as well as the definition of the form and term for receiving, to be rendered by the Ministries of Mines & Energy and Finance. While the amount is not ratified, the Company keeps registered, since 2012, the cost of construction of this infrastructure, in the amount of R$ 1,490,996, equivalent to the regulatory fixed asset (historical value). Our opinion does not provide for any changes in relation to this matter.

Law 4.819/1958

As described in Explanatory Notes no. 8 and 34, the Company keeps registered the net balance of accounts receivable from the State of São Paulo, in the amount of R$ 965,920 thousand, relating to the impacts of Law no. 4.819/1958, which granted to the employees of companies under control of the State of São Paulo advantages already granted to other public servants. The Company's Management has been monitoring the new facts relating to the legal and business viewpoints of the matter, as well as continuously evaluating eventual impacts in its interim accounting information. Our opinion does not provide for any changes in relation to this matter.

Other subjects

Statement of Added Value

We have also reviewed the Added-Value Statements (AVS), both individual and consolidated, referring to the fiscal year ended December 31, 2015, prepared under responsibility of the Company's Management, which presentation is requried by Brazilian corporate legislation applicable to Joint-Stock Corporations, and as supplementary information by the IFRS, which does not require presentation of the DVA. These statements have been submitted to the same procedures of review described above and, in our opinion, they are adequately presented in all relevant aspects, concerning the financial statements taken as a whole.

São Paulo, February 26, 2016.

Clóvis Ailton Madeira
Accountant CRC 1SP-106.895/O-1

Grant Thornton Auditores Independentes
CRC 2SP-025.583/O-1

In thousands of Reais, except when indicated otherwise

Opinion of the Audit Council

CTEEP's Audit Council – Companhia de Transmissão de Energia Elétrica Paulista ("Company"), in the exercise of their legal and statutory duties, in compliance with Article 163 of Law 6.404/76 and subsequent amendments thereof, has examined the Management Report, the Company's Financial Statements, relating to the fiscal year ended December 31, 2015, as well as the Technical Viability Study on the Realization of Deferred Tax Asset, prepared in compliance with the provisions set forth in CVM Instruction no. 371, of June 27, 2002. Substantiated on the examinations carried out and on the opinion on the financial statements issued by the independent auditors of Grant Thornton Auditores Independentes, the Audit Council is of the opinion that the aforementioned documents qualify for submission for examination and approval by the shareholders.

São Paulo, February 26, 2016.

Manuel Domingues de Jesus e Pinho	Antonio Luiz de Campos Gurgel
Flávio Cesar Maia Luz	Egídio Schoenberger
Rosangela da Silva	

Declaration of the Directors on the Opinion of the Independent Auditors

The Directors of the Company hereby represent to have reviewed, discussed and agreed with the opinions stated in the Independent Auditors' Opinion.

São Paulo, February 26, 2016

Reynaldo Passanezi Filho
President

Rinaldo Pecchio Junior
Chief Financial Officer and Director of Investor Relations

Celso Sebastião Cerchiari
Chief Operations Officer

Statement of the Directors on the Financial Statements

The directors of the Company hereby represent to have reviewed, discussed and agreed with the information stated in the Financial Statements relating to the fiscal year ended on December 31, 2015, as well as to agree with the opinion stated in the respective Independent Auditor's Opinion, Grant Thornton Auditores Independentes, and represent, moreover, that the relevant information relating to the financial statements, and them alone, are being evidenced and correspond to those used in their management term. Therefore, the Directors hereby approve the issue of these Financial Statements relating to the fiscal year ended December 31, 2015.

São Paulo, February 26, 2016

Reynaldo Passanezi Filho
President

Rinaldo Pecchio Junior
Chief Financial Officer and Director of Investor Relations

Celso Sebastião Cerchiari
Chief Operations Officer