Equatorial Energia S.A.

Quarterly Financial Information at March 31, 2018

(A free translation of the original report in Portuguese as published in Brazil containing quarterly financial information prepared in accordance with accounting practices adopted in Brazil)

KPDS 228167

Contents

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Report on Review of Quarterly Financial Information - ITR

The Board of Directors and Shareholders of
Equatorial Energia S.A
São Luís - MA

Introduction
We have reviewed the interim, individual and consolidated financial statements of the company Equatorial Energia S.A. ("Company"), contained in the Quarterly Information Form - ITR for the period ended March 31, 2018, consisting of the statement of financial position as of March 31, 2018 and the related statements of income, the comprehensive statements of income, the statement of changes in shareholders' equity and statements of cash flows for the three-month period then ended, in addition to the notes to the financial statements.

Company Management is responsible for the preparation of the individual and consolidated interim financial statements in accordance with CPC 21 (R1) and IAS 34 - *Interim Financial Reporting*, issued by the *International Accounting Standards Board* - IASB and for the presentation of this information in due accordance with the standards issued by the Brazilian Securities Commission applicable to the preparation of Quarterly Information - ITR. Our responsibility is to express an opinion on the interim financial statements based on our review.

Scope of review
We conducted our review in accordance with Brazilian and international standards on reviews of interim information (NBC TR 2410 - Review of Interim Financial Information Performed by the Independent Auditor of the Entity and ISRE 2410 - Review of Interim Financial Information Performed by the Independent Auditor of the Entity, respectively). A review of interim information consists of making inquiries, primarily to the management responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially smaller in scope than an audit conducted in accordance with audit standards, and we cannot therefore provide assurance that we have discovered all the significant matters that could have been identified by an audit. Accordingly, we do not express an audit opinion.

Conclusion about the individual and consolidated interim information
Based on our review we are not aware of any facts that lead us to believe the individual and consolidated interim financial information included in the aforesaid quarterly information has not been prepared, in all material respects, in accordance with CPC 21 (R1) and IAS 34 issued by IASB applicable to the preparation of Quarterly Information - ITR, presented in a manner consistent with the requirements set forth by the Brazilian Securities Commission - CVM.

Other matters

Statements of added value
The individual and consolidated interim accounting information relating to added value (DVA) for the three-month period ended March 31, 2018, which are the responsibility of Company Management and are presented as supplementary information for the purpose of IAS 34, was subject to review procedures conducted in conjunction with the review of the Company's quarterly Information - ITR. To form our conclusion we evaluated whether these statements have been reconciled against the interim accounting information and accounting records, as applicable, and whether their form and content comply with the criteria set out in CPC Technical Pronouncement 09 - Statements of Added Value. Our review did not detect any facts that lead us to believe the statements were not prepared, in all material respects, in accordance with the individual and consolidated interim financial statements accounting information taken as a whole.

Fortaleza, May 10, 2018

KPMG Auditores Independentes
CRC SP-014428/O-6 S-CE
Original report in Portuguese signed by
João Alberto da Silva Neto
Contador CRC RS-048980/O-0 T-CE

Equatorial Energia S.A.

Statements of financial position as of March 31, 2018 and December 31, 2017

(In thousands of Reais)

		Parent company		Consolidated	
Assets	**Note**	**03/31/2018**	**12/31/2017**	**03/31/2018**	**12/31/2017**
Current					
Cash and cash equivalents	5	1,090,368	1,247,838	4,099,793	4,172,474
Short-term investments		-	-	522	919
Trade accounts receivable	6	-	-	2,154,711	2,439,478
Accounts receivable - rate tiers		-	-	1,844	8,763
Fuel purchased - CCC account		-	-	69,708	77,895
Services in progress		-	-	225,590	195,802
Related-party transactions	9	1,781	1,670	-	-
"A Component" revenue receivable and other financial items	7	-	-	69,249	100,414
Judicial deposits	18	4,240	4,240	14,390	15,245
Inventories		-	-	17,597	15,934
Dividends		195,042	208,269	-	-
Taxes and contributions recoverable		643	641	119,661	117,137
Taxes and contributions recoverable on net income		30,545	29,965	158,718	156,064
Other credits	8	9,023	8,174	245,458	194,075
Total current assets		**1,331,642**	**1,500,797**	**7,177,241**	**7,494,200**
Noncurrent					
Trade receivables	6	-	-	619,570	613,431
"A Component" revenue receivable and other financial items	7	-	-	181,770	120,021
Fuel purchased - CCC account		-	-	101,514	101,311
Judicial deposits	18	-	-	159,874	141,566
Derivative financial instruments		-	-	42,809	48,720
Taxes and contributions recoverable		9	9	128,068	130,747
Taxes and contributions recoverable on net income		-	-	45,866	45,561
Deferred income and social contribution taxes	16	-	-	11,172	8,401
Subrogation of CCC		-	-	29,171	8,466
Other receivables	8	8,781	8,661	134,782	187,836
Concession financial assets	10	-	-	3,431,877	3,224,622
Investments	11	4,928,878	4,675,018	437,123	422,063
Property, plant and equipment		1,871	1,840	11,673	10,661
Intangible assets	12	-	-	4,873,523	4,930,846
Total noncurrent assets		**4,939,539**	**4,685,528**	**10,208,792**	**9,994,252**
Total assets		**6,271,181**	**6,186,325**	**17,386,033**	**17,488,452**

		Parent company		Consolidated	
Liabilities	**Note**	**03/31/2018**	**12/31/2017**	**03/31/2018**	**12/31/2017**
Current					
Trade accounts payable	13	704	1,178	965,602	1,185,038
Payroll charges and obligations		838	1,063	45,943	40,071
Loans and financing	14	315,831	310,447	1,054,186	984,578
Debentures	15	18,561	3,269	243,589	213,812
Taxes and contributions payable		3,021	3,851	444,850	476,712
Taxes and contributions payable on net income		3,227	5,443	8,374	23,384
Dividends and interest on equity		234,679	234,834	264,442	263,976
Consumer charges		-	-	42,284	49,611
Public lighting fee		-	-	22,620	24,480
Energy efficiency research and development		-	-	100,038	88,588
Profit sharing		15,805	13,621	56,008	80,578
Derivative financial instruments		-	-	13,625	19,946
Payables from judicial reorganization	17	-	-	19,584	8,544
Provision for civil, tax, labor and regulatory claims	18	-	-	50,338	53,954
Other accounts payable	19	9,304	9,325	566,870	561,075
Total current liabilities		**601,970**	**583,031**	**3,898,353**	**4,074,347**
Non-current					
Loans and financing	14	-	-	3,091,474	2,978,665
Debentures	15	801,318	800,195	2,808,166	2,793,186
Taxes and contributions payable		-	-	38,140	38,236
Deferred income and social contribution taxes	16	50	50	196,736	184,702
Taxes and contributions payable and deferred		-	-	26,242	13,976
Provision for civil, tax, labor and regulatory claims	18	-	-	437,426	425,089
Energy efficiency research and development		-	-	158,336	156,374
Payables from judicial reorganization	17	-	-	785,034	965,523
Retirement and pension plan		-	-	43,216	43,216
Other accounts payable	19	16,450	16,964	66,569	67,034
		817,818	**817,209**	**7,651,339**	**7,666,001**
Shareholders' equity					
Total noncurrent liabilities					
Capital	20.1	2,227,021	2,227,021	2,227,021	2,227,021
Capital reserves		59,877	59,150	59,877	59,150
Profit reserves		2,524,802	2,524,802	2,524,802	2,524,802
Equity appraisal adjustment		(22,262)	(22,262)	(22,262)	(22,262)
Other comprehensive income		(2,626)	(2,626)	(2,626)	(2,626)
Retained earnings		64,581	-	64,581	-
Equity attributable to equity holders		**4,851,393**	**4,786,085**	**4,851,393**	**4,786,085**
Minority interests		**-**	**-**	**984,948**	**962,019**
Total shareholders' equity		**4,851,393**	**4,786,085**	**5,836,341**	**5,748,104**
Total liabilities and equity		**6,271,181**	**6,186,325**	**17,386,033**	**17,488,452**

See the accompanying notes to the quarterly information.

Equatorial Energia S.A.

Statements of income

Three-month periods ended March 31, 2018 and 2017

(In thousands of reais)

	Note	Parent company 03/31/2018	Parent company 03/31/2017	Consolidated 03/31/2018	Consolidated 03/31/2017
Net operating revenue	23	-	-	2,405,631	1,747,422
Costs of electricity, construction and operation	24	-		(1,920,433)	(1,311,124)
Electricity purchased for resale and transmission costs	25	-	-	(1,346,580)	(778,282)
Construction cost		-	-	(358,127)	(339,854)
Operating cost		-	-	(215,726)	(192,988)
Gross income		-	-	485,198	436,298
Sales expenses	24	-	-	(164,417)	(180,116)
General and administrative expenses	24	(8,179)	(7,228)	(117,234)	(109,517)
Amortization of concession rights		(2,077)	(1,481)	(2,077)	(1,481)
Equity in net income of subsidiaries		79,029	49,443	16,474	6,328
Other net operating revenue (expense)		(13)	(5)	(14,315)	(29,426)
Total operating revenue (expense)		68,760	40,729	(281,569)	(314,212)
Income before net financial items, income tax and social contributions		68,760	40,729	203,629	122,086
Financial revenue		17,803	15,372	129,139	152,842
Finance expenses		(21,982)	(4,324)	(210,366)	(200,787)
Financial income, net	26	(4,179)	11,048	(81,227)	(47,945)
Net income before income and social contribution taxes		64,581	51,777	122,402	74,141
Current income and social contribution taxes	16.3	-	(2,294)	(15,625)	(20,883)
Deferred income and social contribution taxes	16.3	-	-	(9,265)	10,823
Taxes on net income		-	(2,294)	(24,890)	(10,060)
Net income for the period		**64,581**	**49,483**	**97,512**	**64,081**
Income attributable to:					
Noncontrolling interests		-	-	32,931	14,598
Shareholders of parent entity		64,581	49,483	64,581	49,483
Net income for the period		**64,581**	**49,483**	**97,512**	**64,081**
Basic earnings per lot of one thousand shares - R$		0.3249	0.2491	0.3249	0.2491
Diluted earnings per lot of one thousand shares - R$		0.3220	0.2475	0.3220	0.2475
Number of shares at period-end - thousand		**198,743**	**198,676**	**198,743**	**198,676**

See the accompanying notes to the quarterly information.

Equatorial Energia S.A.

Statements of comprehensive income

Three-month periods ended March 31, 2018 and 2017

(In thousands of reais)

	Parent company		Consolidated	
	03/31/2018	**03/31/2017**	**03/31/2018**	**03/31/2017**
Net income for the period	64,581	49,483	97,512	64,081
Other comprehensive income				
Items that will not be subsequently reclassified to profit or loss				
Effects of the retirement benefit plans	-	-	-	-
Other comprehensive income in the period, net of tax	-	-	-	-
Total comprehensive income	64,581	49,483	97,512	64,081
Noncontrolling interests	-	-	32,931	14,598
Controlling shareholders	64,581	49,483	64,581	49,483
Total comprehensive income	64,581	49,483	97,512	64,081

See the accompanying notes to the quarterly information.

Equatorial Energia S.A.

Statements of changes in shareholders' equity

Three-month periods ended March 31, 2018 and 2017

(In thousands of reais)

			Profit reserves								
	Capital	Capital reserves	Legal	Investment and expansion reserve	Additional dividends reserve	Equity appraisal adjustment	Retained earnings	Other comprehensive income	Shareholders' equity of parent company	Noncontrolling interests	Consolidated equity
Balances at December 31, 2016	1,981,985	54,959	173,735	1,836,110	-	(22,262)	-	(529)	4,023,998	847,689	4,871,687
Capital increase	350	-	-	-	-	-	-	-	350	-	350
Awarded options recognized (Note 21)	-	1,733	-	-	-	-	-	-	1,733	-	1,733
Distribution of dividends to noncontrolling interests	-	-	-	-	-	-	-	-	-	(4,394)	(4,394)
Net income for the period	-	-	-	-	-	-	49,483	-	49,483	14,598	64,081
Balances at March 31, 2017	1,982,335	56,692	173,735	1,836,110	-	(22,262)	49,483	(529)	4,075,564	857,893	4,933,457
Balances at December 31, 2017	2,227,021	59,150	49,863	2,471,104	3,835	(22,262)	-	(2,626)	4,786,085	962,019	5,748,104
Awarded options recognized (Note 21)	-	727	-	-	-	-	-	-	727	-	727
Net income for the period	-	-	-	-	-	-	64,581	-	64,581	32,931	97,512
Dividends	-	-	-	-	-	-	-	-	-	(10,002)	(10,002)
Balances at March 31, 2018	2,227,021	59,877	49,863	2,471,104	3,835	(22,262)	64,581	(2,626)	4,851,393	984,948	5,836,341

See the accompanying notes to the quarterly information.

Equatorial Energia S.A.

Statements of cash flows - Indirect method

Three-month periods ended March 31, 2018 and 2017

(In thousands of reais)

	Parent company		Consolidated	
	03/31/2018	03/31/2017	03/31/2018	03/31/2017
Cash flows from operating activities				
Net income for the period	64,581	49,483	97,512	64,081
Adjustments to:				
Amortization and depreciation	2,079	1,481	103,556	94,699
Equity in net income of subsidiaries	(79,029)	(49,443)	(16,474)	(6,328)
Write-off of intangible assets	-	-	10,490	1,606
Indexation of financial assets	-	-	(22,370)	14,693
Debt charges, net interest and monetary and exchange variance	21,663	(885)	161,041	100,637
Losses incurred on financial derivatives	-	-	5,953	56,208
Adjustment to present value	(121)	121	16,923	10,199
Allowance for doubtful accounts	-	-	82,511	110,169
Provision for civil, tax, labor and regulatory claims	-	-	19,109	17,199
"A Component" revenue receivable (returnable) and other financial items	-	-	(30,584)	10,691
Earnings on investments	-	(10,836)	(13)	(61,263)
Deferred PIS/COFINS - Transmission firms	-	-	12,266	-
Deferred income and social contribution taxes	-	-	9,265	(10,823)
Current income and social contribution taxes	-	2,294	15,625	20,883
Share-based payments	727	1,733	727	1,733
Other	-	-	20,678	-
	9,900	(6,052)	486,215	424,384
Changes in current and noncurrent assets and liabilities				
Trade receivables	-	-	196,117	112,937
Accounts receivable - rate tiers	-	-	6,919	3,356
Fuel purchased - CCC account	-	-	7,984	23,692
Services in progress	-	-	(29,788)	(14,271)
Judicial deposits	-	-	(17,453)	(6,878)
Inventories	-	-	(1,663)	15
Dividends receivable	-	1,619	1,578	-
Taxes and contributions recoverable	(2)	(647)	155	(19,269)
Taxes and contributions recoverable on net income	(580)	(3,139)	(2,959)	27,216
CCC sub-rogation	-	-	(20,705)	11,404
Advance for future capital increase	-	(24,269)	-	(24,269)
Other receivables	(712)	6,687	1,671	(31,280)
Trade accounts payable	(474)	224	(219,354)	(214,816)
Payroll charges and obligations	(225)	81	5,872	3,593
Taxes and contributions payable	(830)	902	(31,958)	(14,137)
Taxes and contributions payable on net income	(1,542)	2,803	(16,007)	(4,990)
Deferred taxes and contributions	-	-	-	(58)
Consumer charges	-	-	(7,327)	11,316
Public lighting fee	-	-	(1,860)	(5,592)
Energy efficiency research and development	-	-	(7,266)	(1,876)
Profit sharing	2,184	1,067	(24,570)	(19,996)
Related-party transactions	(111)	-	-	-
Provision for civil, tax, labor and regulatory claims	-	-	(10,388)	(14,580)
Interest paid	-	-	(58,080)	(31,180)
Income and social contribution taxes paid	(674)	(119)	(14,630)	(12,866)
Other accounts payable	(20)	(294)	4,820	30,117
Cash provided by (used in) operating activities	(2,986)	(15,085)	(238,892)	(192,412)
Net cash flows from operating activities	6,914	(21,137)	247,323	231,972
Cash flows from investment activities				
Acquisitions of intangible assets and property, plant and equipment	(33)	(163)	(108,966)	(309,659)
Concession financial assets - Transmission firms	-	-	(133,307)	-
Capital increase in investees	(179,001)	-	-	-
Discharge of short-term investments	-	31,406	410	411,860
Receipt of dividends	14,805	-	-	1,302
Flow of cash (used in) provided by investment activities	(164,229)	31,243	(241,863)	103,503
Cash flows from financing activities				
Amortization of derivative financial instruments	-	-	-	(34,845)
Amortization of loans and financing and debentures	-	-	(54,227)	(268,616)
Obtainment of loans and financing and debentures	-	-	185,000	30,175
Judicial reorganization amounts paid	-	-	(199,377)	(39,473)
Proceeds for capital increase	-	350	-	350
Dividends paid	(155)	-	(9,537)	-
Net cash provided by (used in) financing activities	(155)	350	(78,141)	(312,409)
Net (Decrease) increase in cash and cash equivalents	(157,470)	10,456	(72,681)	23,066
Cash and cash equivalents at beginning of period	1,247,838	137,661	4,172,474	920,784
Cash and cash equivalents at end of period	1,090,368	148,117	4,099,793	943,850
Net (Decrease) increase in cash and cash equivalents	(157,470)	10,456	(72,681)	23,066

See the accompanying notes to the quarterly information.

Equatorial Energia S.A.

Statements of added value

Three-month periods ended March 31, 2018 and 2017

(In thousands of reais)

	Parent company		Consolidated	
	03/31/2018	03/31/2017	03/31/2018	03/31/2017
Revenue				
Sales of products, services and construction revenue	-	-	3,258,309	2,475,715
Allowance for doubtful accounts	-	-	(82,511)	(110,169)
Provision (reversal) for civil, labor, tax and regulatory litigation	-	-	(14,624)	(17,199)
Other operating expenses/revenue	(13)	(5)	(3,628)	(24,966)
Other non-recurrent expenses / revenue	-	-	(10,687)	(4,461)
	(13)	(5)	3,146,859	2,318,920
Consumables acquired from third parties (including ICMS and IPI)				
Costs of goods sold and services rendered	-	-	(1,704,707)	(1,118,136)
Materials, energy, outsourced services and other	(2,755)	(2,115)	(185,811)	(166,499)
CCC Subsidy	-	-	(28,659)	(14,442)
	(2,755)	(2,115)	(1,919,177)	(1,299,077)
Gross added value used	(2,768)	(2,120)	1,227,682	1,019,843
Depreciation and amortization	(2)	(2)	(101,479)	(92,820)
Added value (used) produced by the Company	(2,770)	(2,122)	1,126,203	927,023
Transferred added value				
Financial revenue	17,803	15,372	129,135	146,838
Equity in net income of subsidiaries	79,029	49,443	16,474	6,328
Amortization of concession rights	(2,077)	(1,481)	(2,077)	(1,481)
Other	(183)	(4,321)	(41,703)	(86,037)
	94,572	59,013	101,829	65,648
Total added value to be distributed	**91,802**	**56,891**	**1,228,032**	**992,671**
Distribution of added value				
Employees				
Direct compensation	4,549	4,297	73,624	63,100
Benefits	297	154	23,382	16,940
Government Severance Indemnity Fund for Employees (FGTS)	110	194	7,670	6,245
Other	412	351	(10,693)	(8,502)
	5,368	4,996	93,983	77,783
Taxes				
Federal	-	2,294	405,396	353,113
State	-	-	452,935	382,369
Municipal	-	-	2,163	1,508
	-	2,294	860,494	736,990
Third-party capital remuneration				
Interest	21,799	3	159,657	99,154
Rent	54	115	7,384	5,072
Other financial expenses	-	-	9,002	9,592
	21,853	118	176,043	113,818
Interest on equity				
Earnings retained in the period	64,581	49,483	64,581	49,483
Noncontrolling interests in earnings for the period	-		32,931	14,597
	64,581	49,483	97,512	64,080
Added value	**91,802**	**56,891**	**1,228,032**	**992,671**

See the accompanying notes to the quarterly information.

Notes to the quarterly information

(In thousands of Reais)

1 Reporting entity

Equatorial Energia S.A. (“Company” or “Equatorial” or “Parent”), headquartered in São Luís, Maranhão, Brazil, is a publicly traded holding corporation with interests primarily in electric power generation, distribution and transmission operations. The Company is listed on B3 under the ticket “EQTL3” and has been listed on Novo Mercado since 2008.

2 Subsidiaries and joint ventures

Equatorial has the following interests:

Direct interest	**Note**	**3/31/2018**	**12/31/2017**
Companhia Energética do Maranhão S.A. - CEMAR	(a)	65.11%	65.11%
55 Soluções S.A.	(b)	100.00%	100.00%
Centrais Elétricas do Pará S.A. - CELPA	(c)	96.50%	96.50%
Geradora de Energia do Norte	(d)	25.00%	25.00%
Vila Velha Termoelétricas Ltda.	(e)	50.00%	50.00%
Equatorial Telecomunicações Ltda.	(f)	0.04%	0.04%
Equatorial Transmissão S.A.	(g)	100.00%	100.00%
Integração Transmissora de Energia S.A. - INTESA	(h)	51.00%	51.00%

Indirect interest	**Note**	**3/31/2018**	**12/31/2017**
Equatorial Transmissora 1 SPE S.A.	(i)	100.00%	100.00%
Equatorial Transmissora 2 SPE S.A.	(j)	100.00%	100.00%
Equatorial Transmissora 3 SPE S.A.	(k)	100.00%	100.00%
Equatorial Transmissora 4 SPE S.A.	(l)	100.00%	100.00%
Equatorial Transmissora 5 SPE S.A.	(m)	100.00%	100.00%
Equatorial Transmissora 6 SPE S.A.	(n)	100.00%	100.00%
Equatorial Transmissora 7 SPE S.A.	(o)	100.00%	100.00%
Equatorial Transmissora 8 SPE S.A.	(p)	100.00%	100.00%
Solenergias Comercializadora de Energia S.A	(q)	51%	51%
Helios Energia Comercializadora e Serviços Ltda.	(r)	99.99	99.99
Equatorial Telecomunicações Ltda.	(f)	99.96	99.96

(a) Companhia Energética do Maranhão (CEMAR): A publicly held corporation primarily engaged in electric power distribution. CEMAR holds the concession for the state of Maranhão, serving 2.5 consumers and covering a concession area of over 332 thousand square kilometers. The public power distribution concession contract (no. 060/2000) between the National Electricity Regulatory Agency - ANEEL and CEMAR on 8/28/2000, has a term extending to August 2030 and is extendable for a further maximum term of 30 years.

(b) 55 Soluções S.A.: A privately held company held corporation headquartered in São Luís, Maranhão, Brazil, and primarily engaged in: a) services in the electric power, telecommunications and data transmission businesses; b) electricity bill collection services for third parties; and c) third-party facilities operation, maintenance and planning services.

(c) Centrais Elétricas do Pará S.A. (CELPA): A publicly traded corporation headquartered in Belém, Pará, supplying electricity to a concession area spanning 1,248,000 km^2 across the State of Pará, serving more than 2.6 million consumers in 144 municipalities. Electricity distribution concession agreement no. 182/1998 entered into by between ANEEL and CEMAR on 7/28/1998, has a term extending to July 2028 and is extendable for a further term of 30 years.

(d) Geradora de Energia do Norte S.A. is the company responsible for the development and operation of the Tocantinópolis and Nova Olinda thermal power stations in the municipality of Miranda do Norte, Maranhão, Brazil, with a combined installed capacity of 330 MW to be delivered to the National Interconnected System. On October 1, 2008, Equatorial acquired a 25% interest in the share capital of Geradora de Energia do Norte S.A.: The consortium that controls Geradora de Energia do Norte S.A. consists of Equatorial Energia S.A. (25%), Fundo de Investimentos em Participações Brasil Energia (25%) and GNP S.A. (50%). GNP S.A., in turn, is controlled by Servtec Investimentos e Participações Ltda. (50%) and Companhia Ligna de Investimentos (50%). The control of Geradora de Energia do Norte S.A. is shared and governed by a Shareholders' Agreement.

(e) Vila Velha Termoelétricas Ltda, currently in a pre-operational phase, is responsible for the development and operation of thermal power stations in the state of Espírito Santo. Equatorial Energia has a 50% interest in the company. Control of C Vila Velha Termoelétricas Ltda. is shared and governed by a Shareholders' Agreement.

(f) Equatorial Telecomunicações Ltda.: A private entity headquartered in São Luís, Maranhão, Brazil, engaged in the provision of telecommunications service, land-line telephone service, multimedia communication services, voice over Internet protocol service and telecommunications information services.

(g) Equatorial Transmissão S.A.: A privately held company, having its registered office in Brasília, Distrito Federal. The Company's core activities are the: a) transmit and sell energy and provide related services; b) study, plan, design, implement, operate and maintain energy transmission systems; c) provide consultancy and engineering services within their operating remit; c) participate in technical, scientific and entrepreneurial associations and organizations; and e) acquire interests in other Brazilian or foreign companies as partner or shareholder, and was incorporated on November 17, 2016;

(h) Integração Transmissora de Energia S.A. ("INTESA" or "Company"), with registered offices in Rio de Janeiro, is a privately held corporation. Its registered business interests include the construction, development, operation and maintenance of electric utility facilities within the interconnected grid and specifically the Colinas/Serra da Mesa 2 500kV Transmission Line in the states of Tocantins and Goiás, which serves 25 municipalities between Colinas do Tocantins (TO) and Colinas do Sul (GO). Transmission system operation and maintenance services are performed by ELETRONORTE under the Company's oversight and supervision. On December 19, 2017 an agreement for the purchase and sale of shares was settled under which Fundo de Investimento em Participações Brasil Energia (FIP) sold shares representing a 51% equity interest in the company to Equatorial Energia, with shared control. The ownership structure thereafter is as follows: Equatorial Energia S.A. (51%), Centrais Elétricas do Norte do Brasil - ELETRONORTE (37%) and Companhia Hidro Elétrica do São Francisco - CHESF (12%). A shareholders' agreement has been concluded for the joint arrangement.

(i) Equatorial Transmissora 1 SPE S.A.: A privately held company, having its registered office in Brasília, Distrito Federal. The Company's core activities are the: a) explore and operate the public electricity transmission concession and build, assemble, operate and maintain transmission lines, in accordance with Procurement Notice 13/2015-ANEEL 2nd Republication Stage, consisting of the 251-km, 500 kV Rio das Águas - Barreiras II C2 Transmission Line, and was incorporated on November 17, 2016;

(j) Equatorial Transmissora 2 SPE S.A.: A privately held company, having its registered office in Brasília, Distrito Federal. The Company's core activities are the: a) explore and operate the public electricity transmission concession and build, assemble, operate and maintain transmission lines, in accordance with Procurement Notice 13/2015-ANEEL 2nd Republication Stage, consisting of the (a) 213-km, 500 kV Barreiras II, Buritirama C1 Transmission Line, and (b) 500kV Buritirama Substation (new substation for line connections and compensation of reactive power), incorporated on November 17, 2016;

(k) Equatorial Transmissora 3 SPE S.A.: A privately held company, having its registered office in Brasília, Distrito Federal. The Company's core activities are the: a) explore and operate the public electricity transmission concession and build, assemble, operate and maintain transmission lines, in accordance with Procurement Notice 13/2015-ANEEL 2nd Republication Stage, consisting of the 380-km, 500 kV Buritirama - Queimada Nova II, C2, Transmission Line, and was incorporated on November 17, 2016;

(l) Equatorial Transmissora 4 SPE S.A.: A privately held company, having its registered office in Brasília, Distrito Federal. The Company's core activities are the: a) explore and operate the public electricity transmission concession and build, assemble, operate and maintain transmission lines, in accordance with Procurement Notice 13/2015-ANEEL 2nd Republication Stage, consisting of the (a) 257-km, 500 kV Igaporã III - Janaúba 3 C1 Transmission Line, (b) 337-km, 500 kV Janaúba 3 - Presidente Juscelino C1 Transmission Line; and (c) 500 kV Janaúba 3 (new 500 kV yard - parte 1) substation, founded on November 17, 2016;

(m) Equatorial Transmissora 5 SPE S.A.: A privately held company, having its registered office in Brasília, Distrito Federal. The Company's core activities are the: a) explore and operate the public electricity transmission concession and build, assemble, operate and maintain transmission lines, in accordance with Procurement Notice 13/2015-ANEEL 2nd Republication Stage, consisting of the 257-km, 500 kV Igaporã III - Janaúba 3 C2 Transmission Line, incorporated on November 17, 2016.

(n) Equatorial Transmissora 6 SPE S.A.: A privately held company, having its registered office in Brasília, Distrito Federal. The Company's core activities are the: a) explore and operate the public electricity transmission concession and build, assemble, operate and maintain transmission lines, in accordance with Procurement Notice 13/2015-ANEEL 2nd Republication Stage, consisting of the 330-km, 500 kV Janaúba 3 - Presidente Juscelino C2 Transmission Line, incorporated on November 17, 2016.

(o) Equatorial Transmissora 7 SPE S.A.: A privately held company, having its registered office in Brasília, Distrito Federal. The Company's core activities are the: a) explore and operate the public electricity transmission concession and build, assemble, operate and maintain transmission lines, in accordance with Procurement Notice 13/2015-ANEEL 2nd Republication Stage, consisting of the 56.1-km, 500 kV Vila do Conde - Marituba Transmission Line; (b) 68.6-km, 230 kV Marituba - Castanhal - Transmission Line; (c) 500/230 kV Marituba - (3+1R)x300 MVA substation; and (d) 230/69 kV Marituba 2x200 MVA substation, founded on November 17, 2016;

(p) Equatorial Transmissora 8 SPE S.A.: A privately held company, having its registered office in São Luís, Maranhão State. The Company's core activities are the: a) operate a power transmission concession including the construction, erection, operation and maintenance of transmission systems in the state of Pará under Invitation for Auction No. 05/2016, comprising (a) the Xingu—Altamira 230 kV ~61 km Transmission Line; (b) the Altamira-Transamazônica 230 kV ~188 km Transmission Line; (c) the Transamazônica-Tapajós 230 kV ~187 km Transmission Line; (d) the 230/138-13.8 kV (2 x 150 MVA) Tapajós Substation; e) the Tapajós Substation-Synchronous Compensator (-75/+150 MVAR); and f) the Rurópolis Substation-Synchronous Compensator (-55/+110 MVAR), established on June 14, 2017; and

(q) Solenergias Comercializadora de Energia S.A. ("Solenergias"): A corporation having registered offices in Rio de Janeiro (RJ), engaged in the trading of electric power, management of power supply contracts, organization of electric power auctions and trading in power generation equipment. It owns subsidiary 55 Soluções S.A..

(r) Helios Energia Comercializadora e Serviços Ltda. Sociedade Empresária Limitada having registered offices in Rio de Janeiro (RJ), engaged in the trading of electric power, management of power supply contracts, organization of electric power auctions and trading in power generation equipment. It owns subsidiary Solenergias Comercializadora de Energia S.A..

The subsidiaries CEMAR, CELPA, 55 Soluções and Equatorial Transmissão are collectively referred to in the notes hereafter as "Subsidiaries".

Geradora de Energia do Norte, Integração Transmissora de Energia S.A. and Vila Velha are joint ventures controlled by Equatorial and are recognized using the equity method of accounting. They are initially recognized at cost, which includes transaction costs.

The presentations of the subsidiaries' quarterly information included in the consolidation are the same as the parent company's and accounting policies have been applied consistently with the consolidated companies, including the joint subsidiaries, and are consistent with those used in the previous year.

All intercompany accounts and transactions have been eliminated in the consolidation.

3 Basis of preparation and presentation of the quarterly information

3.1 Statement of compliance

The quarterly information has been prepared in accordance with Technical Pronouncement CPC 21 (R1) - *Interim Financial Statements*, IAS 34 - *Interim Financial Reporting* of the International Accounting Standards Board (IASB) and Brazilian generally accepted accounting principles (BR-GAAP), and includes information required to be presented under Brazilian corporate law in a manner consistent with the standards set out in Accounting Pronouncements (CPC) approved by the Federal Accounting Counsel (CFC) and by the Brazilian Securities Commission (CVM) as applicable to the preparation of quarterly information.

The Company also observes the guidelines laid down in the Brazilian Power Sector Accounting Manual and the standards issued by Brazilian power sector regulator, ANEEL, where not conflicting with Brazilian generally accepted accounting principles and/or with international financial reporting standards.

The individual and consolidated interim quarterly information was authorized for issuance by Management on May 9, 2018.

All material information related to the quarterly information and that alone, is being presented, which corresponds to that used by it in its management.
After issuance, the quarterly information can only be altered by shareholders.

3.2 Functional currency and reporting currency

The individual and consolidated quarterly information is presented in Brazilian reais, which is the Company's functional currency. All balances have been rounded off to the nearest thousand, except where specified otherwise.

3.3 Use of estimates and judgments

Preparing the individual and consolidated quarterly information requires Management to make judgments, estimates and assumptions that affect the application of the Company's accounting policies and the reported values of assets, liabilities, revenue and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognized prospectively.

Information about judgments made in applying accounting policies that have the most significant effects on the amounts recognized and information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment in the period ending March 31, 2018 and 2017 is included in the following notes:

- **Note 6.1 -** Unvoiced revenue: Estimated revenue from energy consumed but not yet invoiced

- **Note 6.2-** Accounts receivable: Credit risk analysis criteria for determining the allowance for doubtful accounts;

- **Note 10 -** Financial asset of the concession: Criteria for determining and restating concession financial assets;

- **Note 12 -** Intangible assets: Calculation of the amortization of intangible concession assets linearly over the period in which the company is entitled to charge consumers for the use of the underlying concession asset (the regulatory useful life of assets) or the term of the concession contract, whichever is shortest;

- **Note 16 -** Deferred income and social contribution taxes: Deferred income and social contribution taxes on temporary differences based on projections of taxable income and the availability of future taxable earnings. Deferred tax is recognized in respect of temporary differences between the carrying amounts for financial reporting purposes and the amounts used for taxation purposes. and the tax losses, based on projections of taxable income and the availability of future taxable earnings.

- **Note 18 -** Provisions for civil, tax, labor and regulatory claims: Recognition of provisions for tax, civil and labor risks by rating the chance of defeat according to the evidence available, the hierarchy of law, available case law, recent court decisions and their relevance in the legal framework, in addition to independent legal advisors' opinions.

- **Note 27.3 -** Financial instruments: Definition of fair value using valuation techniques including the discounted cash flow method for financial assets and liabilities not traded in an active market.

(i) Fair value measurement

A number of the Company's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

The Company has an established control framework with respect to the measurement of fair values This includes a valuation team that has overall responsibility for overseeing all significant fair value measurements, including Level 3 fair values, and reports directly to the chief financial officer, when applicable.

The valuation team regularly reviews significant unobservable inputs and valuation adjustments. If third party information, such as broker quotes or pricing services, is used to measure fair values, then the valuation team assesses the evidence obtained from the third parties to support the conclusion that these valuations meet the requirements of CPC / IFRS, including the level in the fair value hierarchy in which the valuations should be classified.

When measuring the fair value of an asset or a liability, the Company uses observable market data as far as possible. Fair values are categorized into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows.

- **Level 1:** quoted prices (unadjusted) in active markets for identical assets or liabilities

- **Level 2**: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

- **Level 3**: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The Company, when applicable, recognizes transfers between levels of the fair value hierarchy in the quarterly information review period or at the end of the reporting period during which the change has occurred.

Further information about the assumptions made in measuring fair values is disclosed in note 0.

3.4 Basis of measurement

The individual and consolidated quarterly information has been prepared on the historical cost basis, except for the following material items recognized in the balance sheets:

- Short-term investments (investment funds) measured at fair value Derivative financial instruments are measured at fair value.
- Derivative financial instruments are measured at fair value, and
- The defined-benefit's net asset or liability is recognized as the fair value of the plans' assets, less the present value of the defined-benefit obligation, and is limited

4 Significant accounting policies

The interim individual and consolidated financial information is being presented without repeating certain notes previously disclosed, but disclosing any material changes in the period. The accounting principles used in the preparation of interim information are the same as used in the preparation of the Company's annual financial statements, as described in Note 4, for the financial year ended December 31, 2017, except the new accounting practices adopted as per note 4.1. This interim individual and consolidated quarterly information should therefore be read in conjunction with the Company’s individual and consolidated annual financial statements for the financial year ended December 31, 2017, issued on March 8, 2018, which include the full set of notes.

4.1 Main changes in accounting policies

4.1.1 CPC Technical Pronouncement 47 - Revenue from contracts with customers (IFRS 15 - Revenue from Contracts with Customers)

The Company adopted CPC 47 / IFRS 15 using the cumulative effect method, with the initial application from 1 January 2018. As a result, the Company did not apply the requirements demanded by the standard for the comparative period presented.

The core principle of the new standard is that the Company will recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the company expects to be entitled in exchange for those goods or services.

The standard states that revenue is recognized net of variable consideration. Discounts, rebates, refunds, credits, price concessions, incentives, performance bonuses, penalties or other similar items are classified under the above standard as variable consideration. the distribution companies were assessed by ANEEL on several aspects of power supply to customers. These include the quality of service and products delivered to consumers. Quality-of-service assessments include an assessment of outage rates. The individual continuity metrics DIC, FIC, DMIC and DICRI are an important part of the service quality. If these thresholds are not met the subsidiaries CEMAR and CELPA are required to reimburse customers by awarding a discount on their monthly bills. These penalties were accounted for as operating expense until December 31, 2017.

The standards states the Company may only account for the effects of a contract with a customer when it is probable that they will collect the consideration to which they will be entitled in exchange for the goods or services that will be transferred to the customer. In evaluating whether collectability of an amount of consideration is probable, the Company considers only the customer's ability and intention to pay that amount of consideration when it is due. Revenue is not recognized from contracts with customers with a long history of default but which, for any reason, have not had their power supply suspended. Based on the Company's assessment, there are no contracts subject to the situation, meaning there are no impacts from adopting the standard.

The impacts of adopting IFRS 15 of the consolidated statement of income for the financial year ended March 31, 2018 are as follows:

3/31/2018		**Balances without adopting CPC 47 / IFRS 15**	**Adjustments CPC 47/IFRS 15**	**Reported Balance**
Net revenue	(a)	2,419,923	(14,292)	2,405,631
Cost of electricity, construction and operation		(1,920,433)	-	(1,920,433)
Sales expenses		(164,417)	-	(164,417)
General and administrative expenses		(117,234)	-	(117,234)
Amortization of concession rights		(2,077)	-	(2,077)
Equity in net income of subsidiaries		16,474	-	16,474
Other operating expenses, net	(a)	(28,607)	14,292	(14,315)
Net finance income		(81,227)	-	(81,227)
Taxes on net income		(24,890)	-	(24,890)
Net income for the period		**97,512**	**-**	**97,512**

(a) DIF/FIC and others previously recognized as other operating expenses, being reclassified to revenue deductions, in accordance with the standard.

4.1.2 _Technical Pronouncement CPC 48 - Financial Instruments (IFRS 9 - Financial Instruments)_

The Company adopted CPC 48/IFRS 9 with initial application from January 01, 2018, taking advantage of the exemption allowing it not to restate comparative information for prior periods with respect to classification and measurement (including impairment) changes.

- Classification - Financial assets and liabilities

CPC 48/IFRS 9 contains three principal classification categories for financial assets: measured at amortized cost, fair value through other comprehensive income (FVOCI) and fair value through profit or loss (FVTPL). The standard eliminates the existing CPC 38/IAS 39 categories of held to maturity, loans and receivables and available for sale. The new classification requirements did not have any impacts on the recording of the Company's financial assets and liabilities, as shown below:

Parent company

Assets	Category of financial instruments: CPC 38/IAS 39	Category of financial instruments: CPC 48/IFRS 9	3/31/2018: As reported	3/31/2018: Market	12/31/2017: As reported	12/31/2017: Market
Cash and cash equivalents [1]	Loans and receivables	Amortized cost	55,903	55,903	56,503	56,503
Cash and cash equivalents (Investment fund)	FVTPL	FVTPL	1,033,465	1,033,465	1,191,335	1,191,335
Total assets			1,090,368	1,090,368	1,247,838	1,247,838

Liabilities	Category of financial instruments: CPC 38/IAS 39	Category of financial instruments: CPC 48/IFRS 9	3/31/2018: As reported	3/31/2018: Market	12/31/2017: As reported	12/31/2017: Market
Payable	Amortized cost	Amortized cost	704	704	1,178	1,178
Loans and financing	Amortized cost	Amortized cost	315,831	315,831	310,447	310,447
Debentures	Amortized cost	Amortized cost	819,879	840,236	803,464	816,486
Total liabilities			1,136,414	1,156,771	1,115,089	1,128,111

Consolidated

Assets	Category of financial instruments: CPC 38/IAS 39	Category of financial instruments: CPC 48/IFRS 9	3/31/2018: As reported	3/31/2018: Market	12/31/2017: As reported	12/31/2017: Market
Cash and cash equivalents [4]	Loans and receivables	Amortized cost	750,954	750,954	565,164	565,164
Cash and cash equivalents (Investment fund)	FVTPL	FVTPL	3,348,839	3,348,839	3,607,310	3,607,310
Short-term investments	FVTPL	FVTPL	522	522	919	919
Trade accounts receivable	Loans and receivables	Amortized cost	2,774,281	2,774,281	3,052,909	3,052,909
Derivative financial instruments	FVTPL	FVTPL	42,809	42,809	48,720	48,720
CCC subrogation - amounts allocated	FVTPL	FVTPL	29,171	29,171	8,466	8,466
Financial concession assets	Loans and receivables	FVTPL	3,431,877	3,431,877	3,224,622	3,224,622
Total assets			10,378,453	10,378,453	10,508,110	10,508,110

Liabilities	Category of financial instruments: CPC 38/IAS 39	Category of financial instruments: CPC 48/IFRS 9	3/31/2018: As reported	3/31/2018: Market	12/31/2017: As reported	12/31/2017: Market
Payable	Amortized cost	Amortized cost	965,602	965,602	1,185,038	1,185,038
Loans and financing	Amortized cost	Amortized cost	4,145,660	4,147,566	3,963,243	3,978,750
Derivative financial instruments	FVTPL	FVTPL	13,625	13,625	19,946	19,946
Payables from judicial reorganization	Amortized cost	Amortized cost	804,618	986,203	974,067	986,203
Debentures	Amortized cost	Amortized cost	3,051,755	3,108,019	3,006,998	3,080,650
Total liabilities			8,981,260	9,221,015	9,149,292	9,250,587

- Impairment - Financial assets and contract assets

CPC 48/IFRS 9 replaces the ‘incurred loss’ model in CPC 38/IAS 39 with a forward-looking ‘expected credit loss’ (ECL) model. The new impairment model will apply to financial assets measured at amortized cost or FVOCI, except for investments in equity instruments, and to contract assets. The provisions for expected losses were measured based on the expected lifetime ECLs. These are ECLs that result from all possible default events over the expected life of a financial instrument.

[1] For the period ended March 31, 2018 the Company adjusted the balance previously presented in the financial year ended December 31, 2017.

The potential of the estimated losses were analyzed based on actual credit loss experience in recent years. The Company performed the calculation of loss rates separately for each client segment (residential, industrial, commercial, rural and government sector). We also observed whether it was necessary to make changes to the credit risk according to external credit assessments published, when applicable. After his analysis it was concluded that the Company's existing criteria is sufficient and in line with the assessments required by the standard, meaning there are no impacts from adopting this standard.

The Company has adopted all revised pronouncements and interpretations issued by CPC and IASB and in force as of March 31, 2018.

5 Cash and cash equivalents

	Parent company		Consolidated	
	3/31/2018	**12/31/2017**	**3/31/2018**	**12/31/2017**
Cash and bank deposits	290	468	61,854	112,687
Short-term financial investments (i)	1,090,078	1,247,370	4,037,939	4,059,787
Total	1,090,368	1,247,838	4,099,793	4,172,474

(i) Short-term financial investments	**3/31/2018**	**12/31/2017**	**3/31/2018**	**12/31/2017**
CDB	56,316	55,686	627,591	391,804
Investment funds	1,033,465	1,191,335	3,348,839	3,607,310
Debentures held under repurchase agreements	297	349	61,509	60,673
Total	1,090,078	1,247,370	4,037,939	4,059,787

(i) Short-term financial investments consist of highly liquid fixed-income investments indexed to the Bank Deposit Certificate (CDB) rate and repo transactions directly with the financial institutions operating in the National Financial Market, which have a low credit risk. Investment funds represent low-risk transactions with tier-one financial institutions rated AA and above They include a range of assets intended to improve returns at a lower levels of risk, such as: fixed income securities, government bonds, repo transactions, debentures, CDBs and other investments permitted under Company policy. These instruments pay interest at approximately 99% of the Interbank Deposit Certificate (CDI) rate (100.18% at December 31, 2017), are readily available for use in the Company and its subsidiaries' operations, are readily convertible to known amounts of cash, and are subject to an insignificant risk of changes in value (i.e. immediately liquid financial assets). These transactions have maturities of less than three months and a repurchase commitment by the issuer, and are therefore classified as cash and cash equivalents pursuant to CPC 03 (R2).

The Company adopted the strategy of investing its financial funds in investment funds and asset that aim to track the changes in interest rates on interbank deposits and classified as cash and cash equivalents. The Company uses the investment funds in the daily management of cash in the Companies' operations.

6 Trade accounts receivable (Consolidated)

6.1 Breakdown of balances

	3/31/2018	12/31/2017
Trade accounts receivable, billed	1,308,995	1,556,676
Trade accounts receivable, unbilled (a)	254,516	292,977
Account receivables installment (b)	1,435,635	1,394,480
Low-income and "viva luz" consumers	66,742	85,704
Other	187,284	166,827
Total	3,253,172	3,496,664
(-) Allowance for doubtful accounts	(478,891)	(443,755)
Total trade accounts receivable	2,774,281	3,052,909
Current	2,154,711	2,439,478
Noncurrent	619,570	613,431

(a) This consists of the estimated energy supplied between the reading date and end of the month, pursuant to the practice set out in the 2015 Power Sector Accounting Manual; and

(b) CEMAR and CELPA customers can pay overdue bills in as many as 48 installments provided installments do not exceed 30% of the invoice amount. Installment payments incur interest of 1% per month.

6.2 Allowance for doubtful accounts (CEMAR and CELPA)

	12/31/2017	Provisions/ additions	Reversals (write-offs) (a)	3/31/2018
Trade accounts receivable, billed	218,505	211,398	(206,800)	223,103
Account receivables installment	210,808	43,291	(14,451)	239,648
Other	14,442	6,583	(4,885)	16,140
Total	443,755	261,272	(226,136)	478,891

(a) The subsidiary CELPA reassessed the aging of trade receivables for the period ended March 31, 2018 and identified a total of R$ 35,186 (R$ 161,388 as of December 31, 2017) more than 360 days overdue. The Company accordingly wrote them off, taking into account the legally established terms. The write-off did not affect the results of operations for the year, however, as a provision had been established for these receivables.

The allowance for doubtful accounts is recognized based on defined criteria and Management's best estimates, in accordance with General Instruction 6.3.2 of the Accounting Manual for Public Electric Utility Service.

a. *Trade accounts receivable, billed (CEMAR and CELPA)*

	3/31/2018			
	Balances outstanding	**Overdue up to 90 days**	**More than 90 days overdue**	**Total**
Residential	232,673	315,264	118,078	666,015
Industrial	61,283	18,870	39,827	119,980
Commercial	133,367	61,514	39,859	234,740
Rural	14,441	19,054	30,182	63,677
Public authorities	57,455	38,826	29,177	125,458
Public lighting	11,987	12,681	18,006	42,674
Public utility	15,129	23,319	18,003	56,451
Total supplies billed	526,335	489,528	293,132	1,308,995

	12/31/2017			
	Outstanding balances	**Overdue by up to 90 days**	**More than 90 days overdue**	**Total**
Residential	312,299	361,813	121,995	796,107
Industrial	74,859	23,676	42,030	140,565
Commercial	169,864	72,892	42,376	285,132
Rural	21,263	23,777	26,647	71,687
Public authorities	71,371	67,209	23,463	162,043
Public lighting	19,637	11,943	15,536	47,116
Public utility	18,968	20,022	15,036	54,026
Total supplies billed	688,261	581,332	287,083	1,556,676

b. *Account receivables installment*

	3/31/2018			
	Balances outstanding	**Overdue up to 90 days**	**More than 90 days overdue**	**Total**
Residential	753,810	72,119	172,454	998,383
Industrial	34,358	3,909	16,254	54,521
Commercial	101,992	10,948	32,359	145,299
Rural	32,073	3,527	10,021	45,621
Public authorities	103,277	4,182	8,077	115,536
Public lighting	26,162	2,432	1,408	30,002
Public utility	42,144	1,819	2,310	46,273
Total financed receivables	1,093,816	98,936	242,883	1,435,635

	12/31/2017			
	Balances outstanding	**Overdue up to 90 days**	**More than 90 days overdue**	**Total**
Residential	744,476	65,713	150,858	961,047
Industrial	35,291	4,872	15,042	55,205
Commercial	103,710	10,628	27,812	142,150
Rural	31,365	3,371	8,232	42,968
Public authorities	103,434	3,948	7,429	114,811
Public lighting	27,256	2,337	979	30,572
Public utility	43,943	2,046	1,738	47,727
Total financed receivables	1,089,475	92,915	212,090	1,394,480

7 "A Component" revenue receivable (returnable) and other financial items (Consolidated)

The "A Component" Offsetting account (CVA) is a system for recognizing changes in costs related to purchased electricity and regulatory charges during the period between rate adjustments and/or periodic reviews. It is a system designed to ensure greater neutrality in the passing on of these changes to electricity rates, in which utilities record changes in these costs as regulatory assets and liabilities, as shown below:

	12/31/2017	Creation	Indexation	Amortization	3/31/2018
Portion A					
Energy Development Account - CDE	(41,258)	3,044	(482)	5,933	(32,763)
Alternative Source Incentive Program - PROINFA	787	969	20	(291)	1,485
National Grid	54,742	12,421	1,099	(4,417)	63,845
Acquisition of energy - CVA (a)	480,656	259,539	10,068	(69,825)	680,438
System Service Charges - ESS	(344,921)	(10,241)	(6,400)	45,425	(316,137)
	150,006	265,732	4,305	(23,175)	396,868
Financial items					
Over-purchased electricity (b)	166,008	(184,367)	1,864	(14,304)	(30,799)
Neutrality	1,040	15,464	(279)	(8,775)	7,450
CEPISA violation of continuity limit	268	-	(17)	(165)	86
Excess demand and surplus reactive energy	(138,477)	(13,575)	(2,074)	-	(154,126)
ANGRA III regulatory asset	41,217	-	588	(13,356)	28,449
Other	373	2,976	124	(382)	3,091
	70,429	(179,502)	206	(36,982)	(145,849)
Total	220,435	86,230	4,511	(60,157)	251,019
Current	100,414				69,249
Noncurrent	120,021				181,770

(a) The change reflects an increase in costs under the new contracts in effect from 2017 in addition to higher expenses related to hydrological risk and availability effects, which are the result of costs passed on to CEMAR and CELPA due to hydroelectric reservoir levels remaining lower than expected, requiring thermal power stations to be dispatched at a high Difference Settlement Price (PLD);

(b) In the first quarter of 2018 the PLD was an average of R$ 58.58 per MWh, less than in the same period of 2017, when the average price was R$ 86.58 per MWh. Overcontracting is measured as the difference between the PLD price and a utility's average purchase price on the spot market; For 2018, due to the market and contractual situation, an energy sale was made on the spot market, with an average PLD of R$ 58.58, i.e. less than the PMIX and the sale operational results in the formation of a regulatory asset, although the effects of reclassification in 2017 led to the net proceeds of the operation resulting in a liability.

On an annual basis, in August, ANEEL calculates a new rate adjustment index for subsidiaries CEMAR e CELPA to adjust their "A Component" expenses (non-manageable costs such as purchased electricity, sector charges, transmission charges). ANEEL determined the subsidiary CEMAR's annual rate review through Resolution 2,289 of August 22, 2017, with new rates that will be effective from August 28, 2017 to August 27, 2018. By way of Resolution 2,284 issued August 31, 2017, ANEEL determined the subsidiary CELPA's annual rate adjustment with new rates that will be effective from August 7, 2017 to August 6, 2018.

In this process the CVAs reported by subsidiaries are validated, and any difference between the amount calculated by CEMAR and CELPA and the amount approved by ANEEL for the period is derecognized. The average rate increase for consumers was 12.88% for CEMAR and 7.19% for CELPA, taking account of the financial components included in the subsidiaries' rates.

8 Other receivables

	Parent company		Consolidated	
	3/31/2018	12/31/2017	3/31/2018	12/31/2017
Current				
Employee amounts recoverable	-	-	3,210	3,448
Advances to suppliers	8	-	10,758	12,322
Sale of assets and rights	-	-	5,369	5,498
Electricity reimbursement credit	-	-	3,861	3,564
Credits on electricity bills	-	-	405	871
Prepaid expenses	6,452	-	9,025	897
Collection of arrangements	-	-	26,508	24,007
PIS/COFINS neutrality (a)	-	-	39,160	-
Rate discount subsidy	-	-	78,920	86,653
Other receivables (b)	2,563	8,174	68,242	56,815
Total	9,023	8,174	245,458	194,075
Noncurrent				
Amounts to be released	-	-	-	16,287
Guarantee (c)	-	-	62,711	62,393
Credit assignment - CELPA (d)	8,781	8,601	-	-
Advances to suppliers (e)	-	-	63,845	100,773
Other receivables	-	60	8,226	8,383
Total	8,781	8,661	134,782	187,836

(a) Differences between PIS/COFINS amounts determined by applying average equivalent rates to income for the reference month and the amounts actually collected in the month in which the average equivalent rate was applicable;

(b) The main balances of the amount are transactions with the subsidiaries CEMAR and CELPA: i) R$ 9,047 for mutual use of the pole, which is sharing of the electricity infrastructure, recorded ii) R$ 10,072 for incorporation of the grid, financial participation in works pursuant to Resolution 223/229/414 - ANEEL; iii) spot energy and grid usage charges amounting to R$ 23,113 and iv) R$ 26,010 in other amounts receivable;

(c) A requirement under a Medium-and Long-Term Debt (DMLP) contract of the subsidiary CELPA with the National Treasury, Par Bonds and Discount Coupons. Guarantees are provided in the form of a cash deposit with the National Treasury to amortize the principal of these loans, which mature on April 15, 2024.

(d) Refers to a balance of the subsidiary CELPA, as a requirement under a Medium-and Long-Term Debt (DMLP) contract with the National Treasury, Par Bonds and Discount Coupons. Guarantees are provided in the form of a cash deposit with the National Treasury to amortize the principal of these loans, which mature on April 15, 2024; and

(e) Advances to transmission subsidiaries (SPEs) for the construction of transmission facilities.

9 Related-party transactions

Related-party transactions primarily derive from transactions of the Company with its subsidiaries, shareholders and their related parties, key members of Management and other related parties as defined by CVM Resolution 560 issued March 11, 2008, which approved CPC 05 (R1) - Related Parties Disclosures. There were no significant changes to the disclosures made in the Company’s annual financial statements.

Key management personnel compensation

Key management personnel includes Directors and Officers. The compensation was set at up to R$ 16,000 by the Extraordinary General Meeting held April 27, 2018.

Proportion of each constituent of overall compensation in the period ended March 31, 2018:

Board of Directors	**3/31/2018**
Fixed compensation:	100%
Executive Board	
Fixed compensation:	70%
Variable compensation:	0%
Share-based payments:	30%

Compensation paid by the Company to the Board of Directors and Executive Board during the period:

	Board of Directors	**Statutory Board**	**Total**
Number of members	7	7	14
Annual fixed compensation	270	615	885
Salaries or management fees	270	585	855
Direct and indirect benefits	-	30	30
Variable compensation		265	265
Bonuses	-	-	-
Post employment benefits	-	4	4
Share-based payments	-	261	261
Total remuneration by board	270	880	1,150

10 Concession financial assets (Consolidated)

The changes in concession financial asset balances are as follows:

	12/31/2017	**Restatement of financial assets**	**Capitalization**	**Write-offs**	**Creation**	**3/31/2018**
Financial assets	4,621,377	52,113	78,428	(731)	133,307	4,884,494
Special obligations	(1,396,755)	(29,743)	(26,119)	-	-	(1,452,617)
Total	3,224,622	22,370	52,309	(731)	133,307	3,431,877

The concession held by CEMAR and CELPA is without consideration and therefore there are no fixed financial obligations or payments to be made to the concession authority.

11 Investments

The main information about investments in subsidiaries and joint ventures is as follows:

		Parent company		Consolidated	
		3/31/2018	**12/31/2017**	**3/31/2018**	**12/31/2017**
Appraised by equity accounting:					
CEMAR	65.11%	1,834,134	1,780,817	-	-
CELPA	96.50%	2,235,289	2,235,140	-	-
Geradora de Energia do Norte	25.00%	94,419	89,254	94,419	89,254
Vila Velha	50.00%	3,300	3,300	3,300	3,300
55 Soluções	100.00%	56,663	53,110	-	-
Transmissora SPE 01	100.00%	-	18,958	-	-
Transmissora SPE 02	100.00%	-	21,079	-	-
Transmissora SPE 03	100.00%	-	23,746	-	-
Transmissora SPE 04	100.00%	-	39,907	-	-
Transmissora SPE 05	100.00%	-	16,469	-	-
Transmissora SPE 06	100.00%	-	19,669	-	-
Transmissora SPE 07	100.00%	-	35,159	-	-
Transmissora SPE 08	100.00%	-	27,349	-	-
Equatorial Transmissão	100.00%	384,282	-	-	-
Integração Transmissora de Energia S.A. - INTESA (a)	51%	320,791	311,061	320,791	311,061
Subtotal		4,928,878	4,675,018	418,510	403,615
Other investments		-	-	18,613	18,448
Total		4,928,878	4,675,018	437,123	422,063

(a) On December 19, 2017 the Group completed the acquisition of the 51% interest in Integração Transmissora de Energia S.A. - INTESA for Equatorial Energia, with the capital then being held as follows: Equatorial Energia S.A. (51%), Centrais Elétricas do Norte do Brasil - ELETRONORTE (37%) and Companhia Hidro Elétrica do São Francisco - CHESF (12%). The base date used in the purchase and sale agreement was December 31, 2016, at which time INTESA had equity of R$ 403,286.

On March 28, 2018 the company announced the binding offer to acquire shares accounting for 49% of the capital of the company Integração Transmissora de Energia S.A. In exchange for transferring ownership of the shares in Intesa, the Company undertook the obligation to pay the seller R$ 271,902. The acquisition price is subject to the adjustments set out in the Offering, including any distributions of profits by Intesa and adjustments to annual permit revenues - RAP. Completion of the acquisition, with the effective transfer of Intesa shares to the Company is subject to performing certain conditions, including the negotiation of the share purchase and sale agreement and approval of the operation by the National Electricity Regulatory Agency - ANEEL and the Administrative Council for Economic Defense (CADE).

11.1 Changes in the capital expenditure in subsidiaries and joint subsidiaries

Subsidiaries	Balance at December 31, 2017	Capital Increase	Minimum dividends	Equity in net income of subsidiaries	Transfer of share control (a)	Prov. Devaluation of permanent investment	Amortization of concession rights (b)	Balance at March 31, 2018
CEMAR	1,780,817	-	-	55,394	-	-	(2,077)	1,834,134
CELPA	2,235,140	-	-	149	-	-	-	2,235,289
Geradora de Energia do Norte	89,254	-	(1,578)	6,743	-	-	-	94,419
Vila Velha	3,300	-	-	-	-	-	-	3,300
55 Soluções	53,110	-	-	3,553	-	-	-	56,663
Transmissora SPE 01	18,958	-	-	-	(18,958)	-	-	-
Transmissora SPE 02	21,079	-	-	-	(21,079)	-	-	-
Transmissora SPE 03	23,746	-	-	-	(23,746)	-	-	-
Transmissora SPE 04	39,907	-	-	38	(39,945)	-	-	-
Transmissora SPE 05	16,469	-	-	27	(16,496)	-	-	-
Transmissora SPE 06	19,669	-	-	43	(19,712)	-	-	-
Transmissora SPE 07	35,159	-	-	35	(35,194)	-	-	-
Transmissora SPE 08	27,349	-	-	53	(27,402)	-	-	-
Equatorial Transmissão	-	179,001	-	3,264	202,532	(515)	-	384,282
Integração Transmissora de Energia S.A. - INTESA	311,061	-	-	9,730	-	-	-	320,791
Total	4,675,018	179,001	(1,578)	79,029	-	(515)	(2,077)	4,928,878

(a) By way of order 3592 issued October 26, 2017, the Economic and Financial Oversight Division of the National Electricity Regulatory Agency (“ANEEL") approved the transfer of the direction control from the transmission companies which were then directly controlled by the company Equatorial Transmissão S.A., a wholly-owned subsidiary of Equatorial Energia S.A, recorded in minutes from the extraordinary general meeting on January 02 and February 1, 2018.

(b) Refers to the amortization of intangible assets on the concession right of the subsidiary CEMAR, which will be amortized through the end of the concession in 2030.

11.2 Reconciliation of capital expenditure

3/31/2018								
Subsidiary	**Interest**	**Equity of subsidiary**	**Net income**	**PPA profit or loss**	**Equity in net income of subsidiaries**	**Size of investment**	**Balance of goodwill/PPA/Provision for losses**	**Total investment**
CEMAR	65.1087%	2,532,879	85,080	-	55,394	1,649,125	185,009	1,834,134
CELPA	96.4992%	2,583,146	432	(277)	149	2,492,714	(257,425)	2,235,289
Geradora de Energia do Norte	25.0000%	331,766	26,875	96	6,743	83,038	11,381	94,419
Vila Velha	50.0000%	6,600	-	-	-	3,300	-	3,300
55 Soluções	100.0000%	56,663	3,553	-	3,553	56,663	-	56,663
Equatorial Transmissão	100.0000%	384,283	3,265	-	3,264	384,282		384,282
Integração Transmissora de Energia S.A. - INTESA	51.0000%	469,872	19,078	-	9,730	239,635	81,156	320,791
		6,365,209	138,283	(181)	78,833	4,908,757	20,121	4,928,878

12/31/2017								
Subsidiary	**Interest**	**Equity of subsidiary**	**Net income**	**PPA profit or loss**	**Equity in net income of subsidiaries**	**Size of investment**	**Balance of goodwill/PPA/Provision for losses**	**Total investment**
CEMAR	65.1087%	2,447,799	489,617	-	318,783	1,593,731	187,086	1,780,817
CELPA	96.4992%	2,582,714	613,531	9,204	600,934	2,492,298	(257,158)	2,235,140
Geradora de Energia do Norte	25.0000%	311,490	107,137	385	26,880	77,873	11,381	89,254
Vila Velha	50.0000%	6,600	-	-	-	3,300	-	3,300
55 Soluções	100.0000%	53,110	19,789	-	19,789	53,110	-	53,110
Transmissora SPE 01	100.0000%	18,958	119	-	119	18,958	-	18,958
Transmissora SPE 02	100.0000%	21,079	131	-	131	21,079	-	21,079
Transmissora SPE 03	100.0000%	23,746	112	-	112	23,746	-	23,746
Transmissora SPE 04	100.0000%	39,907	163	-	163	39,907	-	39,907
Transmissora SPE 05	100.0000%	16,469	19	-	19	16,469	-	16,469
Transmissora SPE 06	100.0000%	19,669	33	-	33	19,669	-	19,669
Transmissora SPE 07	100.0000%	35,159	233	-	233	35,159	-	35,159
Transmissora SPE 08	100.0000%	27,349	124	-	124	27,349	-	27,349
Equatorial Transmissão	100.0000%	(515)	(3,083)	-	(3,083)	(515)	515	-
Integração Transmissora de Energia S.A. - INTESA	51.0000%	450,794	58,394	-	29,781	229,905	81,156	311,061
		6,054,328	1,286,319	9,589	994,018	4,652,038	22,980	4,675,018

11.3 Information about the subsidiaries and joint ventures

		Statement of financial position					Profit or loss					
		Current		Noncurrent								
	Equity Interest	Asset	Liabilities	Assets	Liabilities	Equity	Net revenue	Gross Profit	Operating Revenue/ expenses	Net financial income	Income taxes	Net income for the period
Balances at 3/31/2018												
CEMAR	65.1087%	2,836,784	1,402,774	3,730,639	2,631,770	2,532,879	909,269	237,834	(119,751)	(14,873)	(18,130)	**85,080**
CELPA	96.4992%	2,822,061	1,937,687	5,473,040	3,774,268	2,583,146	1,265,396	239,171	(177,366)	(62,062)	689	**432**
Geradora de Energia do Norte	25.0000%	117,740	75,267	567,000	277,803	331,766	61,238	40,180	(3,542)	(5,003)	(4,760)	**26,875**
Vila Velha	50.0000%	-	-	6,600	-	6,600	-	-	-	-	-	**-**
55 Soluções	100.0000%	53,912	20,685	24,744	1,308	56,663	28,440	3,705	255	187	(594)	**3,553**
Equatorial Transmissão	100.0000%	265,119	37,045	372,027	215,818	384,283	131,229	7,837	(123)	(1,156)	(3,293)	**3,265**
Integração Transmissora de Energia S.A. - INTESA	51.0000%	214,485	58,773	421,579	138,418	469,872	40,517	26,191	(14,326)	(1,469)	(5,644)	**4,752**
		6,310,101	**3,532,231**	**10,595,629**	**7,039,385**	**6,365,209**	**2,436,089**	**554,918**	**(314,853)**	**(84,376)**	**(31,732)**	123,957

		Statement of financial position					Profit or loss					
		Current		Noncurrent								
	Equity Interest	Asset	Liabilities	Asset	Liabilities	Net	Net revenue	Gross Profit	Operating Revenue/ expenses	Net financial income	Income taxes	Net income for the period
Balances at 12/31/2017												
CEMAR	65.1087%	2,877,884	1,452,571	3,675,456	2,652,970	2,447,799	3,370,836	1,097,200	(480,671)	(24,970)	(101,942)	**489,617**
CELPA	96.4992%	3,147,581	2,028,985	5,448,618	3,984,500	2,582,714	5,150,974	1,414,483	(684,461)	(207,295)	90,804	**613,531**
Geradora de Energia do Norte	25.0000%	155,866	135,289	570,391	279,864	311,490	540,183	169,539	(19,828)	(22,760)	(19,814)	**107,137**
Vila Velha	50.0000%	-	-	6,600	-	6,600	-	-	-	-	-	**-**
55 Soluções	100.0000%	46,286	26,097	38,872	5,951	53,110	104,915	68,212	(41,877)	1,895	(8,441)	**19,789**
Transmissora SPE 01	100.0000%	5,771	10,309	24,885	1,389	18,958	13,781	150	-	(23)	(8)	**119**
Transmissora SPE 02	100.0000%	4,676	10,632	28,361	1,326	21,079	13,182	167	-	(31)	(5)	**131**
Transmissora SPE 03	100.0000%	3,131	11,172	33,444	1,657	23,746	16,417	156	-	(42)	(2)	**112**
Transmissora SPE 04	100.0000%	4,013	23,836	62,647	2,917	39,907	28,066	340	-	(84)	(93)	**163**
Transmissora SPE 05	100.0000%	3,609	9,049	22,863	954	16,469	9,204	114	-	(63)	(32)	**19**
Transmissora SPE 06	100.0000%	3,693	11,457	28,646	1,213	19,669	11,737	135	-	(67)	(35)	**33**
Transmissora SPE 07	100.0000%	3,516	960	34,988	2,385	35,159	22,451	486	-	(105)	(148)	**233**
Transmissora SPE 08	100.0000%	4,620	2,897	28,111	2,485	27,349	24,105	208	(2)	(24)	(58)	**124**
Equatorial Transmissão	100.0000%	216	1,967	1,236	-	(515)	-	(2,412)	(590)	(81)	-	**(3,083)**
Integração Transmissora de Energia S.A. - INTESA	51.0000%	184,516	58,630	440,250	115,342	450,794	131,810	78,637	68	(7,498)	(12,813)	**58,394**
		6,445,378	**3,783,851**	**10,445,368**	**7,052,953**	**6,054,328**	**9,437,661**	**2,827,415**	**(1,227,361)**	**(261,148)**	**(52,587)**	**1,286,319**

12 Intangible assets (Consolidated)

Intangible assets are comprised as follows:

	Weighted average annual amortization rates (%)	3/31/2018 Cost	Amortization	(-) Obligations Linked to the Concession	Net value
In service	4.37	9,659,898	(4,340,079)	(1,856,972)	3,462,847
In progress		1,530,590	-	(304,923)	1,225,667
Concession agreement		291,810	(106,801)	-	185,009
Total		11,482,298	(4,446,880)	(2,161,895)	4,873,523

	Weighted average annual amortization rates (%)	12/31/2017 Cost	Amortization	(-) Obligations Linked to the Concession	Net value
In service	4.37	9,603,849	(4,214,284)	(1,797,065)	3,592,500
In progress		1,453,154	-	(301,894)	1,151,260
Concession agreement		291,810	(104,724)	-	187,086
Total		11,348,813	(4,319,008)	(2,098,959)	4,930,846

Change in intangible assets

	12/31/2017	Reclassification	Additions	Write-offs	Capitalization/ transfer	3/31/2018
In service	9,603,849	-	1,378	(25,314)	79,985	9,659,898
(-) Amortization	(4,214,284)	-	(141,001)	15,206	-	(4,340,079)
Total in service	5,389,565	-	(139,623)	(10,108)	79,985	5,319,819
In progress	1,453,154	(1,236)	237,085	-	(158,413)	1,530,590
Total in progress	1,453,154	(1,236)	237,085	-	(158,413)	1,530,590
Special obligations	(3,062,194)	-	(129,356)	349	26,119	(3,165,082)
(-) Amortization	963,235	-	39,952	-	-	1,003,187
Total special obligations	(2,098,959)	-	(89,404)	349	26,119	(2,161,895)
Concession right	291,810	-	-	-	-	291,810
(-) Amortization	(104,724)	-	(2,077)	-	-	(106,801)
Total concession rights	187,086	-	(2,077)	-	-	185,009
Total	4,930,846	(1,236)	5,981	(9,759)	(52,309)	4,873,523

Intangible assets in progress

The balance of intangible assets in progress breaks down as follows:

Intangible assets in progress	**Consolidated**	
	3/31/2018	**12/31/2017**
Work in progress	1,326,366	1,234,980
Materials in inventory	167,455	166,015
Advances to suppliers	36,769	52,159
Total	1,530,590	1,453,154

13 Trade accounts payables

	Parent company		**Consolidated**	
	3/31/2018	**12/31/2017**	**3/31/2018**	**12/31/2017**
Electricity sales to distributors (a)	-	-	526,037	670,131
Electricity network usage charge	-	-	47,579	44,808
Materials and services	704	1,178	361,517	441,877
Other	-	-	30,469	28,222
Total	704	1,178	965,602	1,185,038

(a) In the period up to March 31, 2018, energy acquisition costs had an average price lower in the same period in 2017 due to the spot energy purchase costs being influenced by the average PLD in 2017, which was settled for the average amount of R$ 86.58, where the average PLD in 2018 was R$ 58.57.

14 Loans and financing

Balance breakdown

	Parent company				Consolidated			
	3/31/2018				3/31/2018			
	Average cos of debt (% p.a.)	**Principal and interest**			**Average cost of debt (% p.a.)**	**Principal and interest**		
		Current	**Noncurrent**	**Total**		**Current**	**Noncurrent**	**Total**
Foreign currency (USD)								
National Treasury	-	-	-	-	4.97%	1,588	73,336	74,924
CCBI Citibank	-	-	-	-	9.84%	4,234	584,150	588,384
Total foreign currency		-	-	-		5,822	657,486	663,308
Local currency		-	-	-				
Eletrobras	-	-	-	-	4.99%	32,129	137,655	169,784
Guanabara	-	-	-	-	10.01%	1,186	-	1,186
IBM	-	-	-	-	8.76%	11,258	787	12,045
BNDES	-	-	-	-	9.80%	353,548	1,303,736	1,657,284
Banco do Brasil	-	-	-	-	8.99%	288,868	2,616	291,484
BNB	-	-	-	-	8.50%	18,482	34,725	53,207
Cash	-	-	-	-	6.00%	6,738	49,563	56,301
Finep	-	-	-	-	4.00%	646	644	1,290
Sudene	-	-	-	-	7.00%	7,490	23,747	31,237
Santander	-	-	-	-	9.71%	3,804	200,000	203,804
Votorantim	-	-	-	-	4.50%	473	462	935
Promissory note	9.14%	315,831	-	315,831	9.10%	325,251	686,129	1,011,380
Subtotal		315,831	-	315,831		1,049,873	2,440,064	3,489,937
(-) Arrangement costs		-	-	-		(1,509)	(6,076)	(7,585)
Total local currency		315,831	-	315,831		1,048,364	2,433,988	3,482,352
Total		315,831	-	315,831		1,054,186	3,091,474	4,145,660

	Parent company				Consolidated			
	12/31/2017				12/31/2017			
	Average cost of debt (% p.a.)	Principal and interest			Average cost of debt (% p.a.)	Principal and interest		
		Current	Noncurrent	Total		Current	Noncurrent	Total
Foreign currency (USD)								
National Treasury	-	-	-	-	4.73%	721	72,965	73,686
CCBI Citibank	-	-	-	-	3.13%	3,801	578,900	582,701
Total foreign currency		-	-	-		4,522	651,865	656,387
Local currency								
Eletrobras	-	-	-	-	4.50%	34,867	141,142	176,009
Guanabara	-	-	-	-	11.43%	1,694	-	1,694
IBM	-	-	-	-	11.32%	11,761	2,017	13,778
BNDES	-	-	-	-	9.66%	304,029	1,370,787	1,674,816
Banco do Brasil	-	-	-	-	10.61%	284,022	3,097	287,119
BNB	-	-	-	-	8.50%	18,514	39,254	57,768
Cash	-	-	-	-	6.00%	6,745	51,193	57,938
Finep	-	-	-	-	4.00%	1,126	1,402	2,528
Sudene	-	-	-	-	7.00%	6,966	23,747	30,713
Santander	-	-	-	-	9.76%	122	200,000	200,122
Votorantim	-	-	-	-	4.50%	473	580	1,053
Promissory note	10.82%	310,447	-	310,447	10.63%	311,429	500,000	811,429
Subtotal		310,447	-	310,447		981,748	2,333,219	3,314,967
(-) Arrangement costs		-	-	-		(1,692)	(6,419)	(8,111)
Total local currency		310,447	-	310,447		980,056	2,326,800	3,306,856
Total		310,447	-	310,447		984,578	2,978,665	3,963,243

As of March 31, 2018, the amounts recorded under loans and financing have an average annual cost of 9.21% p.a., equal to 109.82% of the CDI rate (8.58% p.a., equal to 86.44% of the CDI rate at December 31, 2017).

Debt amortization schedule

At March 31, 2018 and December 31, 2017 the installment payments under the primary loans and financing agreements were as follows:

Parent company

The Parent company's entire debt is recorded under current due to short-term maturities.

Consolidated

	3/31/2018		12/31/2017	
Maturity	**Amount**	**%**	**Amount**	**%**
Current	1,054,186	25%	984,578	25%
2019	496,855	12%	399,777	10%
2020	746,718	18%	742,290	19%
2021	1,235,678	30%	1,221,963	31%
2022	250,855	6%	250,222	6%
2022 onwards	367,444	9%	370,832	9%
Subtotal	3,097,550	75%	2,985,084	75%
Arrangement costs (Non-Current)	(6,076)	0%	(6,419)	0%
Noncurrent	3,091,474	75%	2,978,665	75%
Total	4,145,660	100%	3,963,243	100%

Change in debt

Changes in balances of loans and financing are as follows:

Parent company

	Local currency		Foreign currency (USD)		
	Current liabilities	**Noncurrent liabilities**	**Current liabilities**	**Noncurrent liabilities**	**Total**
Balances at December 31, 2017	310,447	-	-	-	310,447
Charges	5,384	-	-	-	5,384
Balance at March 31, 2018	315,831	-	-	-	315,831

Consolidated

	Local currency		Foreign currency (USD)		
	Current liabilities	**Noncurrent liabilities**	**Current liabilities**	**Noncurrent liabilities**	**Total**
Balances at December 31, 2017	980,056	2,326,800	4,522	651,865	3,963,243
Inflows (a)	-	185,000	-	-	185,000
Charges	49,785	1,129	5,952	-	56,866
Monetary and exchange variance	11,468	7,688	-	5,621	24,777
Transfers	86,973	(86,973)	-	-	-
Amortization of principal	(54,227)	-	-	-	(54,227)
Interest payments	(25,872)	-	(4,652)	-	(30,524)
Arrangement costs	(344)	344	-	-	-
Transaction transfers	525	-	-	-	525
Balances at March 31, 2018	1,048,364	2,433,988	5,822	657,486	4,145,660

(a) The public distribution of Equatorial Transmissora 7 SPE's 1st issuance of promissory notes ended on February 28, 2018. The funds secured in a single series of R$ 185,000 were allocated to the ordinary management of this Company, in order to meet its working capital requirement. Promissory note secured at the rate of 114.60% of the CDI rate with bullet amortization, maturing on August 28, 2019 and with the endorsement of the parent company, Equatorial Transmissão.

Covenants and guarantees

The loans and financing secured by the Company and its subsidiaries CEMAR and CELPA involve certain covenants and financial guarantees (floating, collateral and real) which, if breached, could result in the accelerated maturity of the contracts. In the period ended March 31, 2018, the Company and its subsidiaries CEMAR and CELPA remained within the contractual limits.

15 Debentures

Change in parent company and consolidated debt

Changes in debentures in the period were as follows:

	Parent company		
	Current liabilities	**Noncurrent liabilities**	**Total**
Balances at December 31, 2017	3,269	800,195	803,464
Charges	15,292	-	15,292
Monetary variance	-	1,123	1,123
Balances at March 31, 2018	18,561	801,318	819,879

Second debenture issue

On December 11, 2017 the Company made the Second Debenture Issuance. This was a public issuance of non-convertible, ordinary debentures secured by guarantees in two series. Series 1 amounted to R$ 695,000, maturing in November/2022 yielding CDI + 1.6% p.a. and series 2 amounted to R$ 105,000 maturing in November/2024 and yielding IPCA + 5.77% p.a. Both were preferentially used to boost the Company's working capital.

	Consolidated		
	Current liabilities	Noncurrent liabilities	Total
Balances at December 31, 2017	213,812	2,793,186	3,006,998
Charges	52,551	-	52,551
Interest payments	(21,193)	-	(21,193)
Monetary variance	884	11,138	12,022
Arrangement costs	(2,465)	3,842	1,377
Balances at March 31, 2018	243,589	2,808,166	3,051,755

The Company's subsidiaries have seven issuances in force:

CELPA

First debenture issue

On July 25, 2016 CELPA conducted the First Debenture Issue which was settled on August 5, 2016. This was a private issue of non-convertible, ordinary debentures secured by collateral and guarantees provided by the parent company, Equatorial Energia S.A., in a single series for a total amount of R$ 100,000, maturing in May 2020, which was primarily used to increase CELPA's working capital. Debentures procured at a rate equal to IPCA + 9.0% p.a. with amortization of 50% on May 30, 2019 and 50% on May 30, 2020. As of March 31, 2018 the remaining balance is R$ 108,272 (R$ 104,392 as of December 31, 2017). The effective interest rate is 12.10% p.a. (11.80% as of December 31, 2017).

Second debenture issue

On October 13, 2016 CELPA conducted the Second Debenture Issue, distribution of which finished on December 1, 2016. This was a private issue of non-convertible, ordinary debentures secured by collateral and guarantees provided by the parent company, Equatorial Energia S.A., in two series for a total amount of R$ 60,000, maturing in January 2024, which was primarily used to increase the Company's working capital. The cost of contracting the first series is IPCA + 8.04% p.a., with amortization in three equal payments from January 15, 2022 onwards. As of March 31, 2018 the remaining balance is R$ 63,409 for series one and R$ 23,762 for series two, yielding 11.11% and 10.04% p.a. respectively (R$ 90,472 yielding 10.57% p.a. at December 31, 2017).

Third debenture issue

On November 11, 2016 CELPA conducted the Third Debenture Issue, distribution of which finished on December 26, 2016. This was a public issue of non-convertible, ordinary debentures secured by collateral and guarantees provided by the parent company, Equatorial Energia amounting to R$ 300,000, in two series of R$ 199,069 and R$ 100,931, maturing in December 2021 and December 2023 respectively, which was primarily used to implement CELPA's investment program. Contracted at the cost of IPCA + 6.70% p.a. for the 1st and IPCA + 6.87% p.a. for the 2nd series. As of March 31, 2018 the remaining balance is R$ 210,684 for series one and R$ 106,868 for series two, yielding 9.73% and 9.91% p.a. respectively (R$ 309,247 yielding 9.56% at December 31, 2017).

Fourth debenture issue

On December 5, 2016 CELPA conducted the Fourth Debenture Issue which was distributed on December 28, 2016. This was a private issue of non-convertible, ordinary debentures secured by guarantees provided by the parent company, Equatorial Energia, in a single series for a total amount of R$ 500,000, maturing in Debentures 2019, which was primarily used to increase CELPA's working capital. As of March 31, 2018 the remaining balance is R$ 510,641, with an effective rate of 9.73% p.a. (R$ 501,382 with an effective rate of 11.51% as of December 31, 2017).

CEMAR

Fourth debenture issue

The public distribution of CEMAR's 4th issue of non-convertible debentures ended on September 22, 2012. The proceeds secured of R$ 280,000, divided into two tranches of R$ 101,380 and R$ 178,620, were used primarily for the implementation of CEMAR's investment program. Debentures contracted with a rate in the 1st series of CDI + 1.08% p.a. and 2nd series with IPCA + 5.90% p.a. with semi-annual amortizations of the 1st series and annual of the 2nd series (first amortization on June 22, 2016) with respective maturities on June 21, 2018 and June 22, 2020. As of March 31, 2018 the remaining balance is R$ 299,984 (R$ 292,966 as of December 31, 2017). The effective interest rate on this operation is 11.32% p.a. (11.15% p.a. as of December 31, 2017).

Sixth debentures issuance

The public distribution of CEMAR's 6th issue of non-convertible debentures ended on October 27, 2014. The proceeds of R$ 200,000 in a single tranche were intended primarily for a capital increase to service CEMAR's management business. Debentures secured at the rate of 113.2% of CDI, first amortization occurred on October 13, 2017 with maturity on October 14, 2019. As of March 31, 2018 the remaining balance is R$ 137,969 (R$ 135,527 as of December 31, 2017). The effective interest rate on this operation is 9.50 % p.a. (11.24% p.a. as of December 31, 2017).

Seventh debentures issuance

The public distribution of CEMAR's 7th issue of non-convertible debentures ended on November 1, 2016. The proceeds secured of R$ 270,000, divided into two tranches of R$ 155,000 and R$ 115,000, were used primarily for the implementation of CEMAR's investment program. Debentures contracted with a rate in the 1st series of IPCA + 5.48% p.a. and 2nd series with IPCA + 5.54% p.a. with bullet amortization and respective maturities on October 15, 2021 and October 15, 2023. As of March 31, 2018 the remaining balance is R$ 288,551 (R$ 281,805 as of December 31, 2017). The effective interest rate on this operation is 12.00% p.a. (12.04% p.a. as of December 31, 2017).

Eighth debentures issuance

The public distribution of CEMAR's 8th issue of non-convertible debentures ended on October 13, 2017. The funds secured in a single series of R$ 500,000 were allocated to the ordinary management of this Company, in order to meet its working capital requirement. Debentures secured at the rate of 107% of the CDI rate with bullet amortization, maturing on September 15, 2022. As of March 31, 2018 the remaining balance is R$ 501,342 (R$ 507,917 as of December 31, 2017). The effective interest rate on this operation is 8.98% p.a. (10.62% p.a. as of December 31, 2017).

Amortization schedule of Parent Company's debt

	3/31/2018		12/31/2017	
Maturity	**Amount**	**%**	**Amount**	**%**
Current	18,561	2%	3,269	0%
2021	695,500	85%	-	-
2021 onwards	105,818	13%	800,195	100%
Noncurrent	801,318	98%	800,195	100%
Total noncurrent	801,318	98%	800,195	100%
Total	819,879	100%	803,464	100%

Consolidated debt amortization schedule

	3/31/2018		12/31/2017	
Maturity	**Amount**	**%**	**Amount**	**%**
Current	243,589	8%	213,812	7%
2019	706,714	23%	703,849	23%
2020	134,690	4%	134,690	4%
2021	1,064,175	35%	364,758	12%
2021 onwards	916,603	30%	1,607,746	55%
Noncurrent	2,822,182	92%	2,811,043	94%
Arrangement costs - Noncurrent	(14,016)	0%	(17,857)	(1%)
Total noncurrent	2,808,166	92%	2,793,186	96%
Total	3,051,755	100%	3,006,998	100%

Covenants

The debentures involve certain covenants and financial guarantees (ordinary) which, if breached, could result in the accelerated maturity of the contracts. In the period ended March 31, 2018, the Company and its subsidiaries CEMAR and CELPA remained within the contractual limits, as shown below:

Parent company

Covenants debentures	2nd debentures
1st Net Debt/Adjusted EBITDA: <=3.25	1.8

CEMAR

Covenants debentures	4th debentures	6th debentures (a)	7th debentures	8th debentures
1st Net Debt/Regulatory EBITDA: <=3.25	1.05	1.05	1.05	1.05
2nd regulatory EBITDA/Net financial expense: <=1.5	37	N/A	37	37

(a) In the 6th debentures issuance there is no contractual requirement to calculate the 2nd index.

CELPA

Covenants debentures	1st Debentures	2nd Debentures
1st Net Debt/Regulatory EBITDA: <=3.5	2.6	2.6
2nd regulatory EBITDA/Net financial expense: <=2	4.3	4.3
Covenants debentures	**3rd Debentures**	**4th Debentures**
1st Net Debt/Regulatory EBITDA: <=3.5	2.5	2.6
2nd regulatory EBITDA/Net financial expense: <=1.5	4.3	4.3

16 Deferred income and social contribution taxes

Subsidiaries recognize deferred income and social contribution taxes on temporary differences and income tax on tax losses based on projections of taxable income.

Deferred tax credits on tax losses have no expiration date and their financial effects occur upon realization. Income tax is calculated at the rate of 25% plus a surcharge of 10%, and social contribution was recognized at the rate of 9%. The relevant tax credits are recognized in noncurrent assets based on their likelihood of realization, subject to a limit of 30% in annual offsets against taxable income, in accordance with CPC 32.

16.1 Breakdown of deferred income and social contribution tax

(i) Breakdown of consolidated deferred taxes

	3/31/2018	12/31/2017
Noncurrent assets		
IRPJ tax losses (a)	169,535	169,535
IRPJ and CSLL on temporary differences	(93,779)	(94,081)
IRPJ and CSLL on revaluation reserve	(64,584)	(67,053)
Total noncurrent assets	11,172	8,401

	3/31/2018	12/31/2017
Noncurrent liabilities		
IRPJ tax losses (a)	130,498	130,498
IRPJ and CSLL on temporary differences	(375,235)	(363,151)
IRPJ and CSLL, CELPA acquisition	48,001	47,951
Total noncurrent liabilities	(196,736)	(184,702)

(a) The tax loss credits derive from subsidiaries CELPA and CEMAR and amount to R$ 169,535 and R$ 130,498 respectively.

(ii) Breakdown of IRPJ and CSLL on temporary differences

Long position

	3/31/2018	12/31/2017
Provision for contingencies	42,929	40,679
Allowance for doubtful accounts	115,129	108,176
Provision for profit-sharing	6,980	10,725
Accelerated depreciation	(102,811)	(94,571)
Provision for pension fund	14,694	14,693
Funding cost, AVP and restatement of financial asset	(187,361)	(189,698)
SWAP	(9,922)	(9,783)
Other nondeductible expenses	26,583	25,698
Total	(93,779)	(94,081)

Short Position

	3/31/2018	12/31/2017
Provision for contingencies	32,149	31,235
Allowance for doubtful accounts	37,975	37,894
Stayed taxes	-	9,606
Accelerated depreciation	(405,845)	(397,170)
Funding cost, AVP and restatement of financial asset	(46,731)	(42,722)
SWAP	-	2,934
Other nondeductible expenses	7,217	(4,928)
Total	(375,235)	(363,151)

(iii) Breakdown of IRPJ and CSLL, CELPA acquisition

	3/31/2018	12/31/2017
Intangible - concession goodwill	(32,453)	(33,322)
Write-off of property, plant and equipment	30,602	31,421
Possible contingencies	40,703	40,703
Other accounts payable - PLPT	9,149	9,149
Total	48,001	47,951

16.2 Prospects of recovery

Based on technical feasibility studies, subsidiary Management estimates that these tax credits of the subsidiaries CEMAR and CELPA can be realized up to 2021, as shown below:

Expected realization CEMAR	2019	2020	2021	Total
Deferred taxes	63,772	62,887	3,839	130,498

The subsidiary CEMAR did not realize deferred income taxes on tax losses in the period ended March 31, 2018 (R$ 2,046 as of December 31, 2017) as it had elected to realize accelerated depreciation tax benefits up to 2018, research and development incentives and the SUDENE benefit up to 2021.

Expected realization CELPA	**2018**	**2019**	**2020**	**2021**	**Total**
Deferred taxes	17,026	74,372	77,307	830	169,535

The subsidiary CELPA did not realize deferred income taxes on tax losses in the period ended March 31, 2018 (R$ 8,754 as of December 31, 2017) as it had elected to realize accelerated depreciation tax benefits up to 2018, research and development incentives and the SUDENE benefit up to 2021.

The technical feasibility studies, which include the recovery of deferred taxes and are revised on an annual basis, were prepared by the subsidiaries CEMAR and CELPA and reviewed by the Oversight Boards and approved by the Board of Directors on March 7, 2018.

16.3 Reconciliation between the income and social contribution tax expense

The reconciliation of expenses, calculated by applying the relevant tax rates and the Corporate Income Tax (IRPJ) and Social Contribution on Net Income (CSLL) expense charged to consolidated profit or loss during the periods ended March 31, 2018 and 2017, is shown below:

Parent company

	3/31/2018		**3/31/2017**	
	IRPJ	**CSLL**	**IRPJ**	**CSLL**
Profit before income (IRPJ) and social contribution (CSLL) taxes	64,581	64,581	51,777	51,777
Statutory rate	25%	9%	25%	9%
Calculated at the tax rate	16,145	5,812	12,944	4,660
Additions:				
Funding cost, AVP and restatement of financial asset	48	17	-	-
Effect of IR/CSLL on equity accounting	4,610	1,659	5,007	1,803
Other provisions	832	299	1,462	526
	5,490	1,975	6,470	2,329
Exclusions:				
Effect of IR/CSLL on equity accounting	(20,599)	(7,416)	(16,998)	(6,119)
Other provisions	(58,700)	(21,132)	(731)	(261)
	(79,299)	(28,548)	(17,729)	(6,380)
Corporate taxes - IRPJ and CSLL	-	-	1,685	609
Income and social contribution taxes on income	-	-	1,685	609
Effective rate (excluding income tax/CSLL)	0%	0%	3%	1%
Income and social contribution taxes on income	-	-	1,685	609
Effective rate for deferred tax assets	0%	0%	3%	1%

Consolidated

	3/31/2018		3/31/2017	
	IRPJ	**CSLL**	**IRPJ**	**CSLL**
Profit before income (IRPJ) and social contribution (CSLL) taxes	122,402	122,402	74,141	74,141
Statutory rate	25%	9%	25%	9%
Calculated at the tax rate	30,601	11,016	18,535	6,673
Additions:				
Provision for contingencies	55,210	19,875	61,896	22,283
Allowance for doubtful accounts	88,875	31,995	69,320	24,955
Adjustment to present value	4,263	1,535	2,550	918
SWAP variance	15,878	5,716	39,365	14,172
IRPJ/CSLL on revaluation reserve	1,816	654	1,795	646
Profit sharing, fees and license premium	5,020	1,807	6,935	2,497
Provision for pension fund	10,804	3,889	9,603	3,457
Provision for profit-sharing	5,133	1,848	5,447	1,961
Provision for asset recovery	4,254	1,531	4,254	1,531
Funding cost, AVP and restatement of financial asset	7,691	2,769	6,337	2,282
Effect of IR/CSLL on equity accounting	4,610	1,659	5,007	1,803
Other provisions	84,522	33,156	30,868	11,124
Exclusions:				
Provision for contingencies	(52,884)	(19,038)	(61,307)	(22,070)
Allowance for doubtful accounts	(83,704)	(30,134)	(52,548)	(18,917)
SWAP variance	(15,980)	(5,753)	(34,025)	(12,249)
Profit sharing, fees and license premium	(8,344)	(3,004)	(9,727)	(3,502)
Provision for pension fund	(10,804)	(3,889)	(9,603)	(3,457)
Provision for profit-sharing	(8,304)	(2,989)	(7,992)	(2,877)
Provision for asset recovery	(530)	(191)	(4,204)	(1,515)
Funding cost, AVP and restatement of financial asset	(10,481)	(3,773)	(2,431)	(875)
Effect of IR/CSLL on equity accounting	(9,063)	(5,957)	(6,230)	(2,243)
Accelerated depreciation	(16,543)	-	(39,853)	-
Other provisions	(80,599)	(29,006)	(17,522)	(6,304)
	(297,235)	(103,734)	(245,442)	(74,009)
Corporate taxes - IRPJ and CSLL	21,442	13,718	16,470	20,293
Offsetting of negative CSLL base	-	(892)	-	(2,964)
PAT Incentive	(460)	-	(330)	-
Incentive for extended maternity leave	(17)	-	-	
Prior year IRPJ expense	-	(432)	(31)	-
Income and social contribution taxes on income	20,964	12,394	16,109	17,329
Effective rate (excluding income tax/CSLL)	17%	10%	22%	23%
Deferred tax assets	11,606	(2,341)	2,586	(13,409)
(-) IRPJ government subsidy	(17,733)	-	(12,555)	-
Income and social contribution taxes on income	14,837	10,053	6,140	3,920
Effective rate for deferred tax assets	12%	8%	8%	5%

CEMAR

Income tax on operating income at March 31, 2018 was R$ 23,643 (R$ 16,981 as of March 31, 2017).

CELPA

There was no income tax on operating income at March 31, 2018 (R$ 3,715 at March 31, 2017).

17 Payables from judicial reorganization - CELPA

17.1 Debt breakdown

	3/31/2018	12/31/2017
Current		
Operational creditors (a)	18,437	18,354
Sector charges	-	2,914
Financial creditors (b)	1,147	1,150
(-) Adjustment to present value (c)	-	(13,874)
Total	19,584	8,544
Noncurrent		
Operational creditors	45,217	45,217
Inter-company	78,987	77,875
Financial creditors (b)	1,010,948	1,195,598
(-) Adjustment to present value (c)	(350,118)	(353,167)
Total	785,034	965,523
Total	804,618	974,067

(a) Amounts owed to CELPA's creditors including service providers, material suppliers, landlords and other creditors scheduled under the Judicial Reorganization Plan. On February 16, 2018 the contract with the Inter-American Development Bank - IDB was settled early in the amount of R$ 193,382 million.

(b) This is the group of creditors which include: (i) public or private financial institutions; (ii) holders of credits resulting from financial or banking transactions, including but not limited to *Bons* and credits resulting from derivative operations, denominated in receivables or otherwise; and

(c) As of March 31, 2018, the balance of the adjustment to present value amounts to R$ 350,118, including R$ 311,288 of loans and financing, R$ 13,874 of operating creditors, R$ 24,956 of intragroup (as of December 31, 2017, the balance of the adjustment to present value amounts to R$ 53,167, including R$ 327,833 of loans and financing, R$ 13,874 of operating creditors, R$ 25,334 of intragroup).

The schedule of long-term payments under judicial reorganization relief is as follows:

	3/31/2018		12/31/2017	
Maturity	**Amount**	**%**	**Amount**	**%**
Current	19,584	2%	8,544	0.9%
2019	13,283	2%	-	-
2020	-	0%	107,255	11%
2021	81,039	10%	37,353	4%
2021 onwards	1,040,830	129%	1,174,082	121%
Subtotal	1,135,152	141%	1,318,690	135%
(-) Adjustment to present value (Noncurrent)	(350,118)	(44%)	(353,167)	(36%)
Noncurrent	785,034	98%	965,523	99%
Grand total	804,618	100%	974,067	100%

17.2 Changes in payables under judicial reorganization

	Balance at 12/31/2017	Reclassification RJ (a)	Interest and charges	Monetary and exchange variance	Amortization	Adjustment to present value	Balance at 3/31/2018
Operational creditors	49,697	82	-	-	-	-	49,779
Sector charges	2,915	-	-	9	(2,924)	-	-
Intercompany	52,540	-	1,113	-	-	378	54,031
Financial creditors	868,915	-	13,663	(1,862)	(196,453)	16,545	700,808
Total	974,067	82	14,776	(1,853)	(199,377)	16,923	804,618

(a) The Company reclassified amounts previously presented as payables.

18 Provision for civil, tax, labor and regulatory claims (Consolidated)

The subsidiaries CEMAR and CELPA are parties (as defendants) to judicial and administrative proceedings in courts and government agencies, arising from the normal course of operations, involving tax, labor, civil and other issues.

Management recorded the following provisions in amounts considered sufficient to cover probable estimated losses from the current actions based on information from its legal advisers, an analysis of pending legal proceedings, and previous experience with regards to the amounts claimed, as follows:

	3/31/2018		12/31/2017	
	Provision	Judicial deposits	Provision	Judicial deposits
Civil (a)	138,348	81,739	133,913	87,967
Tax	30,295	30,033	27,681	27,469
Labor	43,710	62,492	42,169	41,375
Regulatory	8,508	-	8,377	-
PPA CELPA (b)	266,903	-	266,903	-
Total	487,764	174,264	479,043	156,811
Current	50,338	14,390	53,954	15,245
Noncurrent	437,426	159,874	425,089	141,566

(a) Of the civil judicial deposits, R$ 59,461 refer to banknote contracts which are being deposited as part of the judicial reorganization proceedings of the subsidiary CELPA. These claims have been scheduled in the judicial reorganization plan and have been challenged by the creditor financial institutions. The amounts remain in deposits in court until a final decision is issued on the merits as to whether or not these claims are subject to judicial reorganization relief.

(b) The fair value of CELPA's contingent civil, tax and labor liabilities was determined based on a review by the Company's legal advisers, who also considered the cases with a likelihood of defeat rated as possible, resulting in an adjustment of R$ 266,903 at March 31, 2018 (R$ 266,903 as of December 31, 2017).

Changes in proceedings in the period (Consolidated)

	12/31/2017	3/31/2018				
	Balance	Additions	Usage (1)	Reversal of provision (2)	Indexation (3)	Balance
Civil	133,913	16,617	(10,927)	(5,797)	4,542	138,348
Tax	27,681	2,612	-	-	2	30,295
Labor	42,169	1,244	(2,073)	(472)	2,842	43,710
Regulatory	8,377	-	-	-	131	8,508
PPA CELPA (a)	266,903	-	-	-	-	266,903
Total	479,043	20,473	(13,000)	(6,269)	7,517	487,764

(1) Effective expenses (payments) on judicial contingencies.

(2) Reversals in the period.

(3) Monetary restatement.

(a) PPA CELPA - derived from the estimated costs of likely settlements based on the assessment of CELPA's legal department.

Civil

The subsidiaries CEMAR and CELPA are defendants in 30,791 civil proceedings (27,654 claims in 2017), including 22,555 cases being heard by special courts (19,846 in 2017) and largely relating to claims for property and moral damages as well as reimbursement of amounts paid by consumers.

The most significant civil proceedings involve claims for damages relating to injuries involving the distribution system, power outages, deaths from electric shock or damages arising from the termination of contracts with suppliers.

In addition to the proceedings provisioned for, other civil contingencies amounting to R$ 396,102 (R$ 396,972 at December 31, 2017) have been rated by Management as having a possible likelihood of defeat as of March 31, 2018, based on an assessment made by the Legal Departments and legal advisors of CEMAR and CELPA, for which provisions have been recognized.

Tax

The subsidiaries CEMAR and CELPA are defendants in 198 tax proceedings (217 in 2017), none of which have been rated as probable defeats.

Decree 8426/2015 came into force on April 1, 2015 which restored the PIS and COFINS rates on financial revenue. The subsidiary CEMAR believes that this decree not only clearly violated the principle of legality in tax matters but also the noncumulative principle and art. 195 (9,12) of the Federal Constitution. The Company accordingly opted to provide for and place in a court deposit the amounts determined in the amount of R$ 30,214 (R$ 11,046 as of December 31, 2017).

In addition to the proceedings provisioned for, as mentioned earlier, other tax contingencies amounting to R$ 45,619 (R$ 46,131 at December 31, 2017) have been rated by Management as having a possible likelihood of defeat, based on an assessment made by the Legal Departments and legal advisors of CEMAR and CELPA, for which provisions have been recognized.

Labor

The labor liabilities of the subsidiaries CEMAR and CELPA currently consist of 1,793 claims (1,698 claims in 2017) brought by former employees against the Company and its subsidiaries, with claims ranging from overtime, hazardous work bonuses, salary equality and/or reclassification, occupational diseases/reintegration, CIPA stability and other claims, as well as claims brought by the former employees of service providers (subsidiary liability) largely seeking severance pay.

In addition to the proceedings provisioned for, as mentioned earlier, other labor contingencies amounting to R$ 71,958 (R$ 68,579 at December 31, 2017) have been rated by Management as having a possible likelihood of defeat, based on an assessment made by the Legal Departments and legal advisors of CEMAR and CELPA, for which provisions have been recognized.

Regulatory

The amount to be provision for this item relates to the penalties likely to be imposed on the subsidiaries CEMAR and CELPA in connection with:

- Violation Notices (AI) issued by the power sector regulator, ANEEL;
- Notices (TN) issued by the Electric Power Trading Chamber (CEEE) for power trading irregularities;
- Penalties applied by the National System Operator (NOS) for violations related to power system operations; and
- Administrative penalties imposed by consumer protection authorities.

The amount of R$ 5,517 denotes probable penalties to be applied to the subsidiary CEMAR, resulting from ANEEL Notifications and Assessment Notices, in addition to the Frontier measurement penalty at CCEE.

19 Other accounts payable

	Parent company		Consolidated	
	3/31/2018	**12/31/2017**	**3/31/2018**	**12/31/2017**
Current				
Return to consumers (a)	-	-	46,431	50,396
ANEEL - assessment notices	-	-	3,010	3,010
Collections arrangements (b)	-	-	13,470	12,682
Electricity charges	-	-	16,998	17,207
Other appropriations - suppliers (c)	9,304	-	20,383	15,647
Regulatory fines	-	-	1,623	1,623
Guarantees	-	-	14,387	12,448
PIS/COFINS neutrality	-	-	-	2,514
Acquisition of CELPA (d)	-	-	60,000	60,000
Tax issues - CCC	-	-	341,862	338,541
Other accounts payable (e)	-	9,325	48,706	47,007
Total current	9,304	9,325	566,870	561,075
Noncurrent				
ANEEL - assessment notices (f)	-	-	26,332	26,619
Devaluation of permanent investments	-	514	-	
Other accounts payable	16,450	16,450	40,237	40,415
Total noncurrent	16,450	16,964	66,569	67,034
Total	25,754	26,289	633,439	628,109

(a) Denotes consumer credits of the subsidiaries CEMAR and CELPA relating to various returns such as credits payable, violation of voltage levels, overpayments, overinvoiced amounts and improper charges in bills;

(b) Denotes compensation for services provided by the Company to the public sector relating to the collection of the CIP - Public Lighting Contributions;

(c) Advances received from consumers and third parties for technical services or sales to be made by the subsidiaries CEMAR and CELPA;

(d) Refers to the balance to be refunded with respect to the Luz Para Todos Program. Company Management estimated the size of the adjustment during the acquisition of the subsidiary CELPA;

(e) The main balances of the amount are transactions with the subsidiaries: i) R$ 38,968 for provision for expenses of the subsidiary CELPA; and ii) R$ 9,738 in other amounts payable. In addition the company has a share purchase and sale agreement for the acquisition of Integração Transmissora de Energia S.A. - INTESA (see note 11); and

(f) This denotes balances of payments for regulatory fines of the subsidiary CELPA recorded as overdue federal liabilities financed in August 2012 and Regulatory Fines not recorded as overdue federal liabilities paid voluntarily in accordance with Law 12996/2014 in August 2014. The value of the installment incurs interest of 1% plus the variance of the Selic base interest rate.

20 Shareholders' equity

20.1 Capital

The share capital as of March 31, 2018 and December 31, 2017 is R$ 2,227,021, consisting of shares with no par value. The main shareholders are shown below:

Shareholders	**ON**	**%**
Squadra Investimentos	29,215,020	14.70%
Opportunity	19,526,839	9.83%
BlackRock	11,459,825	5.77%
Executives	614,753	0.31%
Other NCI	137,927,030	69.40%
Total	198,743,467	100%

There was no change in the number of shares in the current year in relation to the previous year. The company does not have treasury stock.

The Company is authorized to raise its share capital, for which an amendment to the Bylaws is not required, up to the limit of 300,000 (three hundred million) shares, via the issuance of new common shares. Within the authorized capital limit, the Board of Directors is authorized to resolve the issue of shares, simple convertible debentures or subscription bonuses establishing whether the increase will occur through public or private subscription, the payment conditions and issue price, and may also exclude the pre-emptive rights or shorten the term for the exercise thereof in issues which are placed through a sale on a stock exchange or through public subscription, or in a public share control acquisition offering, in accordance with the law. Within the authorized capital limit and in accordance with the plan approved by the General Meeting, the Board of Directors may award a share purchase option to managers, employees or individuals providing services to the Company or its subsidiaries, providing this does not make a change to the Company’s share control possible.

The Company is listed on B3's *Novo Mercado* segment, consisting exclusively of common shares providing 100% tag along rights to minority shareholders in the event of a merger or transfer of control.

21 Stock option plan

Fourth Stock option plan

The Extraordinary General Meeting on July 21, 2014 approved the creation of Equatorial's Fourth Stock Option Plan (“Plan”). The stock options to be offered under the Plan should not exceed 3.0% (three percent) of the Company's total share capital (including shares arising from the exercise of Options under the Plan), provided the total number of shares issued or likely to be issued under the Plan is within the limits of the Company's authorized capital.

When stock options are exercised, the relevant shares are issued through a capital increase. Further details on the Plan can be obtained in the minutes of the relevant Extraordinary General Meeting, available on the Company's website and on the CVM website.

Strike price of the options

The strike price of the Options granted under the Plan will be determined by the Plan Management Committee based on the average share price on BM&FBOVESPA, weighted by trading volume over a period of up to 180 days preceding the Granting Date.

The strike price will be reduced by the amount of any dividends, interest on equity and other benefits distributed by the Company to shareholders or any other amount per share provided by the Company to shareholders, including as a result of any capital reduction without a corresponding cancellation of shares or any other corporate transaction resulting in the allocation of funds to shareholders or reduction in share value, taking account of the period between the Granting Date and the exercise of the Options.

Beneficiaries

Plan beneficiaries may exercise their Options no later than 6 (six) months from the Granting Date. Options vest over a period of 4 (four) years, 25% each year.

Over a period of 1 (one) year from the Option exercise date, beneficiaries are not allowed to sell, assign or otherwise dispose of Company Shares originally acquired or subscribed under the Plan.

On July 21, 2014 the Plan Management Committee granted 4,225,000 (four million, two hundred twenty-five thousand) Options to Plan beneficiaries at a price of R$ 21.76 (twenty-one reais and seventy-six cents) per Option.

Potential dilution

Under the Plan rules, a potential issuance of the remaining options should result in an additional dilution not exceeding 3% for the current shareholders of Equatorial Energia S.A.

22 Operating revenue (Consolidated)

At March 31, 2018 and 2017 electric power supply by class of consumers was as follows:

	3/31/2018		
	No. of consumers (*)	MWh (*)	R$
Residential	3,154,554	1,187,469	1,133,868
Industrial	12,010	198,839	118,402
Commercial	335,473	601,794	451,518
Rural	227,092	102,122	51,808
Public authorities	42,689	200,182	157,152
Public lighting	1,584	225,094	98,661
Public utility	8,918	133,315	44,433
Own consumption	532	9,914	-
Availability revenue - Network usage	250	388,769	50,634
Supply CCEE	-	-	387,111
Low-income	1,277,389	449,068	99,623
CDE subsidy - Other	-	-	63,506
Transfer to special obligations - surplus demand/excess reactants	-	-	(13,376)
Construction revenue	-	-	370,393
"A Component" revenue receivable (returnable) and other financial items	-	-	62,052
Indexation of financial assets	-	-	22,370
Other	-	-	160,154
Total	5,060,491	3,496,566	3,258,309

	3/31/2017 [2]		
	No. of consumers (*)	MWh (*)	R$
Residential	2,945,047	1,133,839	983,990
Industrial	12,346	424,288	136,933
Commercial	331,596	679,256	447,144
Rural	210,346	96,788	45,505
Public authorities	42,705	191,729	142,593
Public lighting	1,474	215,800	88,666
Public utility	8,552	129,253	41,357
Own consumption	558	8,440	-
Availability revenue - Network usage	47	61,739	29,330
Supply CCEE	-	-	22,118
Low-income	1,299,671	420,604	85,641
CDE subsidy - Other	-	-	40,228
Transfer to special obligations - surplus demand/excess reactants	-	-	(10,365)
Construction revenue	-	-	339,854
"A Component" revenue receivable (returnable) and other financial items	-	-	11,563
Indexation of financial assets	-	-	(14,693)
Other	-	-	85,851
Total	4,852,342	3,361,736	2,475,715

(*) Information not reviewed by the independent auditors.

23 Net operating revenue (Consolidated)

The reconciliation between gross revenue and net revenue is as follows:

	3/31/2018	3/31/2017
Electricity sales to consumers	2,362,906	2,013,255
Distribution revenue	2,161,571	1,943,275
WACC financial remuneration	75,777	18,189
“A Component" revenue receivable/returnable and other financial items (a)	62,052	11,563
CDE subsidy - Other (b)	63,506	40,228
Electricity sales to distributors (c)	387,111	22,118
Availability revenue - Network usage [3]	50,634	29,330
Construction revenue (d)	370,393	339,854
Indexation of financial assets	12,181	(14,693)
Other revenue	75,084	85,851
Gross operating revenue	3,258,309	2,475,715
Deductions from revenue		
ICMS on electricity sales	(452,935)	(382,369)
PIS and COFINS	(219,240)	(180,362)
Consumer charges	(21,133)	(15,796)
ISS	(627)	(692)
Energy Development Account - CDE	(141,669)	(147,711)
DIF/FIC penalties and others	(17,074)	(1,363)
Deductions from operating revenue	(852,678)	(728,293)
Net operating revenue	2,405,631	1,747,422

(a) Consists of costs related to sector charges, determined in specific legislation, electricity generation and transmission activities, including internal generation. 2017 was also affected by the fact the hydrological situation was worse than expected, leading to the firing up of thermal power plants valued at PLD, resulting in higher costs. The energy acquisition contributed to increasing this item, driven by higher costs a new contract in force in

[2] To facilitate a comparative analysis with the current year, the company classified the number of consumers and MWh of the low income class and availability revenue - Use of the grid,
[3] To facilitate a comparative analysis of the balances with the current period, the Company reclassified amounts that used to be recorded under “Other revenue” to the item “Availability revenue - Grid usage”.

2017, plus higher costs due to be hydrological risk and availability effect which are the results of costs passed through to distribution companies to serve the market;

(b) This entails the adjustment between the amounts ratified in the previous rate process and the realized amounts, in addition to projections for the period in which the rates addressed by Resolution 2289/2017 are in force. The greater variance is related to the projection established in the 2016 Annual Rate Adjustment was 23% lower at the subsidiary CEMAR and 78% lower at the subsidiary CELPA compared with 2017;

(c) Sales to distributors is the income on energy sales in the spot market - MCP and the different settlement price - PLD. In this period the company had contractual surpluses on sales at MCP, although the change in the period was primarily due to the effect of reclassifying operations in the spot market (CCEE) for the periods August to October 2017, recalculated by CCEE in the current period, without impacting earnings as this is neutralized by the formation of regulatory assets and liabilities; and

(d) Construction revenue from concession assets rose compared to the previous period as a result of including eight new transmission companies of the group; and

24 Service costs and operating expenses (Consolidated)

	3/31/2018			
Operating costs/expenses	**Cost of power supply service**	**Sales expenses**	**Administrative expenses**	**Total**
Personnel	35,083	16,358	42,542	93,983
Material	3,477	622	1,226	5,325
Outsourced services	59,520	64,423	37,953	161,896
Electricity purchased for resale	1,188,349	-	-	1,188,349
Charge for using transmission and distribution system	158,231	-	-	158,231
Construction cost	358,127	-	-	358,127
Allowance for doubtful accounts and losses on commercial clients	-	82,511	-	82,511
Provision for civil, labor and tax litigation	-	-	14,624	14,624
Amortization	83,011	-	18,468	101,479
Leasing and rental	5,079	1,209	1,096	7,384
CCC Subsidy	28,659	-	-	28,659
Other	897	(706)	1,325	1,516
Total	1,920,433	164,417	117,234	2,202,084

	3/31/2017			
Operating costs/expenses	**Cost of power supply service**	**Sales expenses**	**Administrative expenses**	**Total**
Personnel	29,218	12,395	36,170	77,783
Material	3,577	1,545	(653)	4,469
Outsourced services	63,909	54,880	39,776	158,565
Electricity purchased for resale	718,593	-	-	718,593
Charge for using transmission and distribution system	59,689	-	-	59,689
Construction cost	339,854	-	-	339,854
Allowance for doubtful accounts and losses on commercial clients	-	110,169	-	110,169
Provision for civil, labor and tax litigation	-	-	17,199	17,199
Amortization	78,450	-	14,370	92,820
Leasing and rental	2,878	1,126	1,068	5,072
CCC Subsidy	14,442	-	-	14,442
Other	514	1	1,587	2,102
Total	1,311,124	180,116	109,517	1,600,757

25 Electricity purchased for resale and transmissions cost (Consolidated)

	GWh(*)		R$	
	3/31/2018	3/31/2017	3/31/2018	3/31/2017
Electricity deriving from auctions (a)	3,060	2,922	957,723	534,305
Eletronuclear Contracts	119	119	30,037	28,926
Guarantee contracts (b)	1,131	1,277	104,569	84,205
System Service Charges - ESS/ Energy reserve (c)	-	-	7,956	7,949
Bilateral electricity	56	56	-	-
Short-Term Electricity - CCEE (d)	-	-	103,259	82,576
Alternative source incentive program (PROINFA)	78	82	26,423	25,454
Charge for using transmission and distribution system (e)	-	-	158,231	59,689
(-) Recoverable portion of noncumulative PIS/COFINS	-	-	(115,788)	(74,703)
Other costs	-	-	74,170	29,881
Total	4,444	4,456	1,346,580	778,282

(*) Information not reviewed by the independent auditors.

(a) The change in the period is due to the effect created by the Surplus and Deficit Offsetting Mechanism - MCSD of the subsidiaries CEMAR and CELPA, which was reclassified in the amount of R$ 290,000 (without impacting the balance of payables as it is absorbed by regulatory assets and liabilities in profit and loss for the period) an effective costs on MCSD settlements of New Energy of R$ 153,000 in the first quarter of 2018, which did not occur in the same period of 2017;

(b) The quota contract expense refers to the energy deriving from the apportionment of the physical guarantee and capacity of plants whose concessions were extended under Law 12783 in 2013. The quotas are allocated to the energy distribution concession operators in accordance with ANEEL regulations. For the first quarter of 2018, the contracted amount is 11.43% less than in 2017, resulting in lower expenses under this type of contract. Note that from September/17 the physical guarantee of plants reduced from 95% to 90%, and the amount contracted from the plans accordingly diminished contractually with the distribution company;

(c) The variance is due to revenue received from the Reserve Energy account - CONER, in the scenario where the PLD is above the reserve energy price, which generates a surplus which is passed through to the distribution companies. In recent months this revenue was greater than the ESS expense, due to greater output by thermal plants to serve the Electric system;

(d) During the period ended March 31, 2018 revenue on short-term purchased electricity were affected by the following factors: (i) PLD used to settle energy purchased on the spot market, where the average price for this period was R$ 72.39 per MWh; and (ii) 2018 energy contracts negotiated in the short-term market. We emphasize that in 2018 the concession operators used all mechanisms regulated to maintain the contractual coverage level within the regulatory limit, for over purchasing of up to 105%; and

(e) The balance rose in the current period due to the inclusion of a portion denoting compensation owed to energy transmissions firms. This compensation denotes former investments made before 2000, but which had not yet been completely amortized. Upon accepting the early renewal of the concessions by way of Provisional Law (MP) 579/2012, transmission companies ensured their right to the compensation, generating an average increase in transmission rates of 74.74%, as per the amounts included in the Annual Permitted Revenue (RAP) of Ratifying Resolution 2258/2017, published on 6/30/2017.

26 Net finance income

		Parent company		Consolidated	
		3/31/2018	3/31/2017	3/31/2018	3/31/2017
Financial revenue					
Financial income		18,355	15,372	61,188	86,786
"A Component" amounts receivable/returnable		-	-	14,244	10,330
Arrears charge on power sales		-	-	53,603	53,791
Monetary and exchange variance on debt	(a)	-	-	-	6,588
Monetary and exchange variance on STN pledge		-	-	2,389	-
PIS/COFINS on financial revenue		(861)	-	(5,834)	(6,170)
Adjustment to present value RJ		121	-	-	-
Indexation of subrogation to CCC		-	-	79	-
Discounts obtained		-	-	2	4
Interest earned		-	-	4	2
Other financial revenue		188	-	3,464	1,511
Total financial revenue		17,803	15,372	129,139	152,842

		Parent company		Consolidated	
		3/31/2018	3/31/2017	3/31/2018	3/31/2017
Finance expenses					
"A Component" amounts receivable/returnable		-	-	(9,733)	(6,483)
Operations with derivative financial instruments	(b)	-	-	(5,953)	(45,932)
Monetary and exchange variance on debt		(1,123)	-	(34,329)	(4,086)
Monetary and exchange variance on STN pledge		-	-	(2,127)	-
Interest on debt		(20,677)	(3)	(119,737)	(103,563)
Efficiency restatement and contingencies		-	-	(6,845)	(10,866)
Regulatory fines		-	-	-	(1,086)
AVP financial expense		-	-	(40)	(126)
Adjustment to present value RJ		-	-	(17,050)	(10,078)
Related party payables		-	-	(136)	-
Interest and fines on electricity transactions		-	-	(170)	(39)
Interest expense		-	-	(3,926)	(4,104)
Discounts awarded		-	-	(4,145)	(1,178)
Other financial expenses		(182)	(4,321)	(6,176)	(13,246)
Total financial expenses		(21,982)	(4,324)	(210,366)	(200,787)
Net finance income		(4,179)	11,048	(81,227)	(47,945)

(a) The main effect of exchange variance derives from the valuation of the US dollar of 0.48%, from R$ 3.17 at March 31, 2017 to R$ 3.32 at March 31, 2018; and

(b) Primarily denotes the contracting of swap transactions exchanging the USD + spread for CDI + spread. In the period ended March 31, 2018 we had a net swap expense of R$ 5,953, due to the increase in the dollar rate in 2017 of 0.48% (see note “a”) less than the accumulated CDI in the year.

27 Financial instruments

27.1 General considerations

Pursuant to CVM Resolution 604 of November 19, 2009, which approved Technical Pronouncements (CPCs) 38, 39 and 40, the Company and its subsidiaries have performed an analysis of their financial instruments including: cash and cash equivalents, trade accounts receivable, concession financial assets, trade accounts payable, loans and financing, debentures and derivatives, and have not made any required adjustments to their accounting records.

The management of these instruments is done through operating strategies and internal controls aimed at liquidity, profitability and security. The control policy consists of permanent monitoring of contractual terms and conditions against existing market conditions.

Management uses financial instruments to obtain optimum returns on available cash, to maintain the liquidity of assets, to hedge against foreign exchange or interest rate variation and to ensure compliance with applicable covenants, namely net debt over adjusted EBITDA[4] (ND/Adjusted EBITDA) and net debt over net debt plus shareholders' equity (ND/ND+SE).

27.2 Derivatives policy

The Company and its subsidiaries uses derivatives only to hedge against fluctuations in macroeconomic indicators and foreign exchange rates. These operations are not conducted on a speculative basis.

[4] The Adjusted EBITDA is calculated by the EBITDA plus or minus items we consider nonrecurrent or which do not affect our cash generation, such as loss/gain on retirement of assets and rights.

27.3 Category and fair value of financial instruments

The fair values of the Subsidiaries' financial assets and liabilities were estimated through information available in the market and appropriate valuation methodologies. However, considerable judgment was required in the interpretation of market data to estimate the most adequate realization value. As a result, the estimates below do not necessarily indicate the values that could be realized in the current exchange market. The use of different market methodologies may have a material effect on the estimated realizable values.

In compliance with CVM Instruction 475, the accounting balances and the market values of the financial instruments included in the balance sheet at March 31, 2018 and December 31, 2017 are shown below:

Parent company

		3/31/2018		12/31/2017	
Asset	**Category of financial instruments**	**As reported**	**Market**	**As reported**	**Market**
Cash and cash equivalents [5]	Amortized cost	55,903	55,903	56,503	56,503
Cash and cash equivalents (Investment fund)	Fair value through profit or loss	1,033,465	1,033,465	1,191,335	1,191,335
Total assets		1,090,368	1,090,368	1,247,838	1,247,838

		3/31/2018		12/31/2017	
Liabilities	**Category of financial instruments**	**As reported**	**Market**	**As reported**	**Market**
Payable	Amortized cost	704	704	1,178	1,178
Loans and financing	Amortized cost	315,831	315,831	310,447	310,447
Debentures	Amortized cost	819,879	840,236	803,464	816,486
Total liabilities		1,136,414	1,156,771	1,115,089	1,128,111

Consolidated

		3/31/2018		12/31/2017	
Asset	**Category of financial instruments**	**As reported**	**Market**	**As reported**	**Market**
Cash and cash equivalents [4]	Amortized cost	750,954	750,954	565,164	565,164
Cash and cash equivalents (Investment fund)	Fair value through profit or loss	3,348,839	3,348,839	3,607,310	3,607,310
Short-term investments	Fair value through profit or loss	522	522	919	919
Trade accounts receivable	Amortized cost	2,774,281	2,774,281	3,052,909	3,052,909
Derivative financial instruments	Fair value through profit or loss	42,809	42,809	48,720	48,720
CCC subrogation - amounts allocated	Fair value through profit or loss	29,171	29,171	8,466	8,466
Financial concession assets	Amortized cost	3,431,877	3,431,877	3,224,622	3,224,622
Total assets		10,378,453	10,378,453	10,508,110	10,508,110

[5] For the period ended March 31, 2018 the Company adjusted the balance previously presented in the financial year ended December 31, 2017.

		3/31/2018		12/31/2017	
Liabilities	**Category of financial instruments**	**As reported**	**Market**	**As reported**	**Market**
Payable	Amortized cost	965,602	965,602	1,185,038	1,185,038
Loans and financing	Amortized cost	4,145,660	4,147,566	3,963,243	3,978,750
Derivative financial instruments	Fair value through profit or loss	13,625	13,625	19,946	19,946
Payables from judicial reorganization	Amortized cost	804,618	986,203	974,067	986,203
Debentures	Amortized cost	3,051,755	3,108,019	3,006,998	3,080,650
Total liabilities		8,981,260	9,221,015	9,149,292	9,250,587

- **Cash and cash equivalents** - are classified as amortized cost. The balance of cash and banks is level 1 in the fair value hierarchy, while the balance of short-term investments, considered to be cash and cash equivalents, is level 2 in the fair value hierarchy.

- **Short-term investments and Investments funds** - measured at fair value through profit or loss. The fair value hierarchy for short-term investments is tier 2.

- **Trade accounts receivable** - directly derived from the subsidiaries' operations and are classified as amortized cost, and are recorded at their original values, subject to the provision for losses and present value adjustment, when applicable. Tier 2 of the fair value hierarchy.

- **Financial concession assets -** classified as amortized cost, these are financial assets that present an unconditional right to receive a certain amount at the end of the concession term. Tier 2 of the fair value hierarchy.

- **Trade payables** - derive directly from the Company and its subsidiaries’ operations and are classified as liabilities at amortized cost. Tier 2 of the fair value hierarchy.

- **Loans and financing -** provide funding for the subsidiaries' investment programs and may be used to manage short-term requirements. Classified as liabilities at amortized cost and recorded at their amortized amounts. Tier 2 of the fair value hierarchy.

- **Payables from judicial reorganization -** derives from the judicial reorganization plan of the subsidiary CELPA, classified as liabilities at amortized cost. Tier 2 of the fair value hierarchy.

- **Debentures** - classified as liabilities at amortized cost and recorded at their amortized amounts. For reporting purposes the debentures’ market values are calculated based on secondary market rates of the actual debt or equivalent debt, as disclosed by ANBIMA. Tier 2 of the fair value hierarchy.

- **Derivative financial Instruments** are measured at fair value through profit or loss and are used as a hedge against foreign exchange and interest rate fluctuations. For swap transactions, market value has been determined using information from active markets. Tier 2 of the fair value hierarchy.

27.4 Derivative financial instruments

The subsidiaries CEMAR and CELPA have swaps with the banks Itaú, Citibank and Santander for their foreign-currency transactions.

CELPA has swaps with Citibank relating to foreign currency transactions, maturing on April 19, 2021. As of March 31, 2018 the debit balances of foreign currency loans and financing with the bank Citibank of R$ 582,383. (As of December 31, 2017 the debit balances of foreign currency loans and financing with the bank Citibank of R$ 582,701).

As of March 31, 2018, CEMAR does not have any swaps and the latest operations were completed with the banks Itaú and Santander respectively on October 23, 2017 and October 10, 2017

In accordance with CPC 40 (R1), the values of the Company's derivative instruments as of March 31, 2018 and December 31, 2017 are summarized below:

CELPA

Short position		**Fair value**	
Market risk hedge	**Indexes**	**3/31/2018**	**12/31/2017**
Citibank - 542MM			
Long position	USD + 1.6% p.a.	43,641	599,963
Short Position	117.25% of CDI	(14,457)	(571,189)
Total		29,184	28,774
Long position	USD	43,641	48,720
Short Position	CDI	(14,457)	(19,946)
Total		29,184	28,774

Specific appraisal methods used for derivative financial instruments: Market prices of the financial institutions. The fair value of interest rate swaps is calculated based on the present value of the future cash flows estimated based on the yield curves adopted by the market.

We emphasize that as the accounting rules addressing the issue require the swap be recorded at market value, however perfect the hedge is from a cash perspective, oscillations can occur in results.

27.5 Financial risk management - CVM Directive 475

The Board of Directors of the subsidiaries CEMAR and CELPA has overall responsibility for the establishment and oversight of the risk management framework.

The risks described below are a compilation of the findings by the various departments, according to their respective specialties. Management defines the type of treatment and the owners for monitoring each of the risks ascertained, in order to prevent and control them.

The Company and its subsidiaries' risk management procedures are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and activities the subsidiaries CEMAR and CELPA, through their training and management standards and procedures, aims to maintain a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Company's audit committee oversees how management monitors compliance with the Company and its subsidiaries’risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by them. The Audit Committee is supported in its duties by the internal audit. Internal audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the audit committee.

For the period ended March 31, 2018, there was no change in the Company’s risk management policies.

(i) Credit risk

Credit risk is the risk of financial loss to the Company and its subsidiaries if a customer or counterparty to a financial instrument fails to meet its contractual obligations. This risk arises principally from the Company and its subsidiaries' trade accounts receivable and financial instruments. The significant amounts combined with the aging of trade accounts receivable constitute a risk to the liquidity and the capital structure of the Company and its subsidiaries. Management monitors situations in progress and to mitigate the risk of default every year it holds a workshop to identify the main groups of defaulters and to take strategic decisions to combat them. The collections committee periodically monitors the implementation and efficiency of all decisions taken in the workshop. The Company and its subsidiaries use all means of collection permitted by the regulatory agency, such as power cuts due to delinquency, blacklisting and follow-up and permanent negotiation of overdue bills. To mitigate risks related to depositary financial institutions for financial investments, the Company and its subsidiaries select only those institutions which offer low risk as assessed by risk rating agencies. The Company and its subsidiaries maintain their concession assets in accordance with applicable regulations and monitors any developments in concession reversal rules.

The carrying amount of financial assets represents the maximum credit exposure.

The Company has also other assets submitted as collateral for loan operations, including statutory liens and receivable percentages of receivables on net operating revenue.

Accounts receivable

The Company and its subsidiaries' exposure to credit risk is primarily influenced by each client's individual characteristics. However, Management also takes into account factors which could influence the credit risk of its client base, including the risk of non-payment in the market and state it operates in. Given the activity of the Company and its subsidiaries, there is no material concentration of revenue in a specific group of receivables portfolios.

The Company and its subsidiaries limit their exposure to credit risk from trade receivables by establishing a maximum payment term according to consumer class. After this term has lapsed, the energy supply is cut off, and restored only after the debt has been settled.

The receivables portfolio of the subsidiaries CEMAR and CELPA are represented as follows:

	%	
Consumer class (CEMAR and CELPA)	**2017**	**2016**
Residential	61.45%	60.39%
Industrial	6.01%	6.29%
Commercial	14.05%	14.61%
Rural	3.76%	3.67%
Public authorities	8.63%	9.22%
Public lighting	2.38%	2.35%
Public utility	3.72%	3.46%
Total	100%	100%

The subsidiaries CELPA and CEMAR recorded an allowance for impairment that represents its estimate of incurred losses in respect of trade receivables, as stated in note 6.2, including the change in the provision for impairment losses during the year.

As of March 31, 2018 and December 31, 2017, the maximum credit risk exposure for trade account receivables of the subsidiaries CEMAR and CELPA by consumer type was as follows:

	March 31, 2018				
Consumer type	**Billed consumers**	**Unbilled consumers**	**Account receivables installment**	**Low-income and "viva luz" consumers**	**Total**
Residential	666,015	152,784	998,384	66,742	1,883,925
Industrial	119,980	9,715	54,521	-	184,216
Commercial	234,740	50,744	145,299	-	430,783
Rural	63,677	6,120	45,621	-	115,418
Public authorities	125,458	23,471	115,537	-	264,466
Public lighting	42,674	418	30,001	-	73,093
Public utility	56,451	11,264	46,272	-	113,987
Total	1,308,995	254,516	1,435,635	66,742	3,065,888

	December 31, 2017				
Consumer type	**Billed consumers**	**Unbilled consumers**	**Account receivables installment**	**Low-income and "viva luz" consumers**	**Total**
Residential	796,107	168,124	961,047	85,704	2,010,982
Industrial	140,565	13,765	55,205	-	209,535
Commercial	285,132	59,298	142,150	-	486,580
Rural	71,687	7,671	42,968	-	122,326
Public authorities	162,043	30,122	114,811	-	306,976
Public lighting	47,116	441	30,572	-	78,129
Public utility	54,026	13,556	47,727	-	115,309
Total	1,556,676	292,977	1,394,480	85,704	3,329,837

Cash and cash equivalents

The Company had individual and consolidated cash and cash equivalents of R$ 1,247,838 and R$ 4,172,474 respectively, as of December 31, 2017 (R$ 137,661 and R$ 920,784 as of December 31, 2016). Cash and cash equivalents are maintained with banks and financial institutions with AA- to AAA+ ratings assigned by rating agencies.

Derivatives

Derivatives are taken out from banks and financial institutions whose credit is rated between AA- and AA+ by the rating agency.

(ii) Liquidity risk

Liquidity risk is the risk that the Company and its subsidiaries will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company and its subsidiaries' approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company and its subsidiaries' reputation. To determine the Company and its subsidiaries' financial capacity to adequately honor commitments undertaken, the maturity flows of borrowed funds and other obligations are reported. For further information about loans taken out by the Company and its subsidiaries see notes 14 and 15.

The Company and its subsidiaries have obtained funds through its commercial activities, the financial markets, mainly allocating them to its investment program and managing its cash for the purpose of working capital and honoring financial commitments.

For short-term financial investments priority is given to short-term investments, in order to obtain maximum liquidity and cover disbursements. The Company and its subsidiaries' cash generation and excellent stability in receipts and payment obligations in the course of the year enable the Company and its subsidiaries to obtain stable cash flows, thereby reducing its liquidity risk.

The Company and its subsidiaries aim to maintain the level of its 'Cash and cash equivalents' and other investments with an active market at an amount in excess of expected cash outflows to settle debts over the next 12 months. The ratio of investments to cash outflows was 3.7 as of March 31, 2018 (5.3 on December 31, 2017).

Exposure to consolidated liquidity risk
The contractual maturities of the existing financial liabilities at the consolidated reporting date are as follows. The amounts are gross and undiscounted, and include contractual interest payments and exclude the impact of netting agreements.

	Consolidated						
	3/31/2018						
	Carrying amount	**Total**	**2 months or less**	**2 -12 months**	**1-2 years**	**2-5 years**	**Over 5 years**
Non-derivative financial liabilities							
Secured bank loans	3,133,395	3,133,395	204,268	524,141	591,686	1,610,910	202,389
Unsecured bank loans	(885)	885	88	438	359	-	-
Unsecured debt securities issued	1,113,911	(1,113,911)	(3,716)	(310,000)	-	(800,195)	-
	4,246,421	2,020,369	200,640	214,579	592,045	810,715	202,389
Derivative financial liabilities							
Interest rate swaps used for hedging	29,183	29,183	(4,621)	(9,004)	(17,489)	60,298	-
	29,183	29,183	(4,621)	(9,004)	(17,489)	60,298	-

The inflows/(outflows) disclosed above represent the nondiscounted contractual cash flows related to the derivative financial liabilities held to manage risk and not normally closed before contractual maturity. The disclosure presents the amounts of net cash flows for derivatives which are settled in cash based on the net exposure and gross cash flows from inflows and outflows for derivatives with simultaneous gross settlement.

As stated in notes 14 and 15, the Company and its subsidiaries also have loans subject to covenants. Future nonperformance of this covenant could result in the Company and its subsidiaries having to settle the debt early. The covenants are monitored regularly by the financial board and periodically reported to Management to ensure the contract is being performed. The Company and its subsidiaries are not expected to default on any of the covenants established.

(iii) *Market risks*

Market risk is the risk that changes in market prices - such as foreign exchange rates, interest rates and stock prices - will affect the Company and its subsidiaries' earnings or the value of its financial instruments, and also includes any covenants which, if breached, could result in accelerated maturity as described further in this note. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

The Company and its subsidiaries use derivatives to manage market risks. All operations are conducted within guidelines established by the Risk Management Committee.

The Company and its subsidiaries generally seek to use swaps to manage volatility in earnings.

(iv) *Exchange rate risk*

This arises from the possibility of the subsidiaries incurring losses due to exchange rate fluctuations. Part of the subsidiaries' financial liabilities are subject to foreign exchange variations due to the volatility of the exchange rate on balances denominated in foreign currencies, especially the US dollar. The subsidiaries exposure to foreign exchange risk is 0.4% at CEMAR and 17.38% at CELPA (0.4% and 24.58% respectively as of December 31, 2017).

Subsidiaries continuously monitor market foreign exchange and interest rates in order to assess any requirement to use derivatives to hedge against the risk of variation in these rates. In the period ended March 31, 2018 the Company did not have foreign-currency debt.

The Company and its subsidiaries continuously monitor market foreign exchange and interest rates in order to assess any requirement to use derivatives to hedge against the risk of variation in these rates.

The subsidiary CEMAR has a foreign-currency loan, which accounts for a negligible portion of the Company's overall debt and arises from its contract with the National Treasury Department - STN.

Index	R$ MM	Average Cost (p.a.)	Average Final Term (month/year)	Average Term (years)	Interest (%)
Libor	5	3.1%	Apr/24	6.1	0.2%
Fixed	8	6.0%	Apr/24	6.0	0.2%
Foreign Currency	**13**	**4.8%**		**6.00**	**0.4%**
IGP-M	117	4.2%	Dec/23	2.9	3.9%
TJLP	419	9.8%	Apr/22	2.4	14.0%
FIXED	207	6.1%	Mar/22	2.1	6.9%
FINEL	0	0.0%	Dec/15	0.0	0.0%
SELIC	205	11.4%	Mar/24	3.1	6.9%
CDI	1471	9.00%	Dec/20	2.7	49.3%
IPCA	554	8.5%	Aug/21	3.7	18.6%
Local Currency	**2,973**	**8.8%**		**2.7**	**99.6%**
Total	**2,986**	**13.6%**		**8.70**	**100%**

CELPA has four foreign currency debts, two of which account for 90.5% of its foreign exchange exposure and are subject to swaps to hedge against exchange rate variance. And there is another which is secured to hedge against foreign exchange variance, accounts for a negligible portion of the Company's overall debt and arises from its contract with the National Treasury Department - STN.

index	R$ MM	Average Cost (p.a.)	Average Final Term (month/year)	Average Term (years)	Interest (%)
Semi-annual Libor	25.3	3.3%	Apr/24	6.1	0.7%
Quarterly Libor	588.4	9.8%	Apr/21	2.6	15.7%
Fixed	36.8	6.2%	Apr/24	6.0	1.0%
Foreign Currency	**650.5**	**9.4%**	**Aug-21**	**2.9**	**17.38%**
TJLP	285.8	9.9%	Feb/23	2.5	7.6%
CDI	726.8	9.7%	Jul/20	2.3	19.4%
Fixed	663.6	9.1%	Nov/29	13.9	17.7%
RGR	4.2	6.0%	Apr/22	2.1	0.1%
IGP-M	242.6	1.2%	Sep/34	15.9	6.5%
FINISA	35.5	6.0%	Jun/27	4.8	0.9%
IPCA	531.3	11.30%	Sep/23	3.4	14.2%
SELIC	601.8	9.75%	Mar/22	3.6	16.1%
Local Currency	**3,091.6**	**9.2%**	**Nov-24**	**6.3**	**82.6%**
Total	**3,742.1**	**8.03%**	**Apr-24**	**5.7**	**100%**

The sensitivity of the Company's debt has been assessed in five scenarios in accordance with CVM Instruction 475. One scenario with the actual rates identified at September 30, 2017 (the Likely Scenario); another two scenarios with 25% (Scenario II) and 50% (Scenario III) strengthening of the relevant currencies.

We have also included two scenarios with the opposite effect to that required in the above Instruction to demonstrate the effects of a weakening of 25% (Scenario IV) and 50% (Scenario V).

The currency used in the sensitivity analysis and the respective scenarios is as follows:

			Cash flow risk associated with exchange variance				
Operation	**Risk**	**Balance in R$ (exposure)**	**Probable Scenario**	**Scenario II +25%**	**Scenario III +50%**	**Scenario IV -25%**	**Scenario V -50%**
Financial liabilities							
Loans and borrowings	USD	(663,306)	(702,459)	(868,285)	(1,034,113)	(536,633)	(370,807)
Impact on net income			(39,154)	(204,981)	(370,807)	126,672	292,499

Reference for financial liabilities	**Rate at 3/31/2018**	**+25%**	**+50%**	**-25%**	**-50%**
Dollar USD/R$ (12 months)	3.32	4.15	4.99	2.49	1.66

Source: Santander

(v) Risk of early maturity

The Company and its subsidiaries have loan, financing and debenture agreements containing covenants which in general require the maintenance of economic and financial indexes at certain levels. Failure to adhere to these covenants could result in early maturity of this debt. Management monitors its positions and projects future indebtedness in order to act preventively with respect to the indebtedness limits mentioned in notes 14 (Loans and financing) and 15 (Debentures).

In consideration of the contracts subject to Judicial Reorganization of the subsidiary CELPA, renewal of the credits led to the suspension of early maturity clauses and financial and non-financial covenants, except where agreed by the parties.

(vi) Interest rate risk

Changes in interest rates affect both the Company and its subsidiaries' financial assets and liabilities. The impact of these changes on interest earned on financial investments and interest paid on debt is described below.

The sensitivity of subsidiaries' financial assets and liabilities has been assessed in five scenarios.

In accordance with CVM Instruction 475, we present a scenario with the actual rates determined at December 31, 2017 and another two scenarios with 25% (Scenario II) and 50% (Scenario III) appreciation of the relevant indicators.

We have also included two scenarios with the opposite effect to that required in the above Instruction to demonstrate the effects of a decrease of 25% (Scenario IV) and 50% (Scenario V) in these indicators.

			Parent company				
			Cash flow or fair value risk associated with interest rates (R$ thousand)				
Operation	**Risk**	**Balance in R$ (exposure)**	**Probable Scenario**	**Scenario II +25%**	**Scenario III +50%**	**Scenario IV -25%**	**Scenario V -50%**
Financial Assets							
Short-term investments	CDI	1,090,078	1,159,080	1,175,278	1,191,476	1,142,882	1,126,582
Impact on net income			69,002	85,200	101,398	52,804	36,504
Financial Liabilities							
Loans, financing, and debentures	CDI	(1,028,136)	(1,093,217)	(1,108,494)	(1,123,772)	(1,077,940)	(1,062,565)
	IPCA	(107,575)	(111,997)	(113,061)	(114,125)	(110,943)	(109,878)
Impact on net income			(69,502)	(85,844)	(102,186)	(53,171)	(36,732)
Net effect on income			(500)	(644)	(788)	(367)	(229)

			Consolidated				
			Cash flow or fair value risk associated with interest rates (R$ thousand)				
Operation	**Risk**	**Balance in R$ (exposure)**	**Probable Scenario**	**Scenario II +25%**	**Scenario III +50%**	**Scenario IV -25%**	**Scenario V -50%**
Financial Assets							
Short-term investments	CDI	3,984,461	2,389,915	2,429,915	2,469,914	2,349,914	2,309,787
Impact on net income			252,197	311,420	370,643	192,974	133,459
Financial Liabilities							
Loans, financing, and debentures	CDI	(3,412,086)	(3,628,023)	(3,678,765)	(3,729,508)	(3,577,280)	(3,526,424)
	SELIC	(697,155)	(741,409)	(751,811)	(762,214)	(731,005)	(720,602)
	TJLP	(705,174)	(751,715)	(762,630)	(773,545)	(740,800)	(729,885)
	IGP-M	(359,826)	(375,117)	(378,784)	(382,452)	(371,450)	(367,783)
	IPCA	(1,263,392)	(1,315,373)	(1,327,858)	(1,340,341)	(1,302,899)	(1,290,415)
Impact on net income			(374,003)	(462,215)	(550,426)	(285,802)	(197,476)
Net effect on income			(121,806)	(150,795)	(179,783)	(92,828)	(64,018)

Reference for financial assets and financial liabilities	**Rate at 3/31/2018**	**25%**	**50%**	**-25%**	**-25%**
CDI (% 12 months)	8.39	7.91	9.49	4.75	3.16
SELIC (% 12 months)	8.42	7.93	9.52	4.76	3.17
TJLP (% 12 months)	7.00	8.25	9.90	4.95	3.30
IGP-M (% 12 months)	0.20	5.31	6.37	3.19	2.12
IPCA (% 12 months)	2.84	5.14	6.17	3.09	2.06

(vii) Risk of energy shortages

The Brazilian Electric System is predominantly supplied by hydroelectric energy generation. A lengthy drought during the wet season will reduce water volumes in reservoirs, resulting in higher energy acquisition costs in the short term and higher system charges due to need to procure energy from thermoelectrical power plants. In the worst-case scenario a rationing program could be introduced, which would result in lower revenue. In order to encourage the rational use of energy, the government issued Decree 8401/2015 which created the Centralizing Account of Rate Flag Funds (flag account) in order to indicate the hydrological situation in the country, thereby containing the national energy consumption

(viii) Risk of electricity rate adjustments

Tariff review processes are a requirement under concession contracts and use previously defined methodologies. Any changes to current methodologies are required to be extensively discussed with inputs provided by the Company, concession holders and other players in the industry. Where any unforeseeable event affects the economic and financial balance of the concession, the subsidiaries CEMAR and CELPA are entitled to request that the regulator initiate an Extraordinary Rate Review to be conducted at the regulator's discretion. ANEEL may also conduct Extraordinary Tariff Reviews where any charges and/our taxes are created, modified or abolished to ensure they are properly reflected in electricity rates.

27.6 Capital management

Management's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain the future development of the business. Management also monitors the capital return and level of dividends for shareholders.

Management seeks to maintain a balance between the higher returns that might be possible with higher levels of borrowing and the advantages and security afforded by a sound capital position, and establishes and monitors indebtedness and liquidity levels as well as financing maturities and costs accordingly.

Capital management is based on three financial indicators, for which maximum limits are established in order not to compromise the Company's operations:

- Net Debt/EBITDA
- Net Debt/Net Debt + Equity)
- Short-Term Debt to Total Debt

In the period ended March 31, 2018, the Company and its subsidiaries achieved the required levels for the ratios described above.

28 Commitments

CEMAR and CELPA's commitments under long-term power purchase agreements are as follows:

CEMAR

	Term	2018	2019	2020	2020 onwards*
Contracted power (in R$)	2018 to 2032	1,548,292	1,667,446	1,741,596	35,134,077
Contracted power (in MhW)		7,555,798	7,981,079	8,342,682	127,154,581

(*) estimated 12 years after 2020.

CELPA

	Term	2018	2019	2020	2020 onwards *
Contracted power (R$)	2018 to 2032	2,356,657	2,461,092	2,566,358	49,292,802
Contracted power (MhW)		11,498,719	11,934,625	12,398,280	188,460,678

(*) estimated 12 years after 2020.

The amounts referring to power purchase contracts lasting between 6 and 30 years relate to contract volume at the current price under the appropriate clause of the CCEAR contract, and have been approved by ANEEL.

29 Segment reporting

The Company reviews the performance of its segments and allocates resources based on a range of factors, of which revenue and operating income are the primary financial factors. The Company classifies its operating segments as follows: Distribution, Transmission, Services, Trading, Central Administration and other.

Information by business segment as of March 31, 2018, December 31, 2017 and March 31, 2017 is presented below:

	3/31/2018					
	Distribution	**Management**	**Transmission**	**Services and Trading**	**Eliminations**	**Total**
Operating assets	14,874,663	6,658,177	635,022	162,356	(4,944,185)	17,386,033
Operating liabilities	10,025,401	1,422,498	250,153	66,519	(214,879)	11,549,692

	12/31/2017					
	Distribution	**Management**	**Transmission**	**Services and Trading**	**Eliminations**	**Total**
Operating assets	15,170,406	6,187,777	296,974	197,606	(4,364,311	17,488,45
Operating liabilities	10,406,379	1,402,207	94,638	90,563	(253,439)	11,740,348

	3/31/2018					
	Distribution	**Management**	**Transmission**	**Services and Trading**	**Eliminations**	**Total**
Net operating revenue	2,160,373	-	131,229	114,029	-	2,405,631
Operating Costs and Expenses	(1,980,812)	(12,353)	(121,236)	(104,075)	-	(2,218,476)
Operating income before financial income/expenses	179,561	(12,353)	9,993	9,954	-	187,155
Financial Income/Loss	(76,935)	(4,168)	(1,167)	1,043	-	(81,227)
Equity in the net income of subsidiaries and associated companies	-	16,474	-	-	-	16,474
Income and social contribution taxes	(17,391)	-	(3,293)	(4,206)	-	(24,890)
Net income (loss) for the period	85,235	(47)	5,533	6,791	-	97,512

	3/31/2017					
	Distribution	**Management**	**Transmission**	**Services and Trading**	**Eliminations**	**Total**
Net Operating Revenue	1,696,309	-	-	51,113	-	1,747,422
Operating Costs and Expenses	(1,577,762)	(8,714)	-	(45,188)	-	(1,631,664)
Operating income before financial income/expenses	118,547	(8,714)	-	5,925	-	115,758
Financial Income/Loss	(60,181)	11,048	-	868	-	(48,265)
Equity in the net income of subsidiaries and associated companies	-	6,648	-	-	-	6,648
Income and social contribution taxes	(5,214)	(2,294)	-	(2,552)	-	(10,060)
Net income (loss) for the period	53,152	6,688	-	4,241	-	64,081

29.1 Interest revenue and expenses by segment

	3/31/2018					
	Distribution	Management	Transmission	Services and Trading	Eliminations	Total
Interest Income	53,603	-	-	-	-	53,603
Interest Expense	(95)	-	-	-	-	(95)
Total	53,508	-	-	-	-	53,508

	3/31/2017					
	Distribution	Management	Transmission	Services and Trading	Eliminations	Total
Interest Income	53,790	-	-	-	-	53,790
Interest Expense	(36)	-	-	-	-	(36)
Total	53,754	-	-	-	-	53,754

29.2 External consumer revenue by segment

	3/31/2018					
	Distribution	Management	Transmission	Services and Trading	Eliminations	Total
Electricity sales to distributors	387,111	-	-	-	-	387,111
Electricity Sales to Consumers	2,205,595	-	-	95,259	-	2,300,854
CVA and other financial liabilities	62,052	-	-	-	-	62,052
Construction revenue	237,087	-	133,306	-	-	370,393
Other revenue	92,249	-	10,189	35,461	-	137,899
Total gross revenue	2,984,094	-	143,495	130,720	-	3,258,309

	3/31/2017					
	Distribution	Management	Transmission	Services and Trading	Eliminations	Total
Electricity sales to distributors	22,118	-	-	-	-	22,118
Electricity Sales to Consumers	2,001,693	-	-	37,245	-	2,038,938
CVA and other financial liabilities	11,563	-	-	-	-	11,563
Construction revenue	339,854	-	-	-	-	339,854
Other revenue	41,697	-	-	21,545	-	63,242
Total gross revenue	2,416,925	-	-	58,790	-	2,475,715

29.3 Addition to non-current assets by segment

	3/31/2018					
	Distribution	Management	Transmission	Services and Trading	Eliminations	Total
Financial asset of the concession	78,428	-	-	-	-	78,428
Intangible assets	237,085	-	-	-	-	237,085
Total	315,513	-	-	-	-	315,513

	12/31/2017					
	Distribution	**Management**	**Transmission**	**Services and Trading**	**Eliminations**	**Total**
Financial asset of the concession	555,116	-	151,077	-	-	706,193
Intangible assets	1,290,421	1,236	-	-	-	1,291,657
Total	1,845,537	1,236	151,077	-	-	1,997,850

29.4 Non-current assets by segment

	3/31/2018					
	Distribution	**Management**	**Transmission**	**Services and Trading**	**Eliminations**	**Total**
Noncurrent assets						
Financial asset of the concession	3,135,462	-	296,415	-	-	3,431,877
Property, plant and equipment	-	2,718	-	8,955	-	11,673
Intangible assets	4,678,398	583	7,421	2,112	185,009	4,873,523
Total	7,813,860	3,301	303,836	11,067	185,009	8,317,073

	12/31/2017					
	Distribution	**Management**	**Transmission**	**Services and Trading**	**Eliminations**	**Total**
Noncurrent assets						
Financial asset of the concession	3,071,703	-	152,919	-	-	3,224,622
Property, plant and equipment	-	3,076	-	8,821	-	11,897
Intangible assets	4,733,584	-	7,615	1,325	187,086	4,929,610
Total	7,805,287	3,076	160,534	10,146	187,086	8,166,129

29.5 Non-cash items by segment

	3/31/2018					
	Distribution	**Management**	**Transmission**	**Services and Trading**	**Eliminations**	**Total**
Amortization	(101,194)	(2)	(196)	(87)	-	(101,479)
Indexation of financial assets	12,181	-	10,189	-	-	22,370
Total	(89,013)	(2)	9,993	(87)	-	(79,109)

	3/31/2017					
	Distribution	**Management**	**Transmission**	**Services and Trading**	**Eliminations**	**Total**
Amortization	(92,811)	(2)	-	(7)	-	(92,820)
Indexation of financial assets	(14,693)	-	-	-	-	(14,693)
Total	(107,504)	(2)	-	(7)	-	(107,513)

29.6 Geographic segment

a. Distribution operating revenue

	3/31/2018		3/31/2017	
	Maranhão	**Pará**	**Maranhão**	**Pará**
Net operating revenue	906,575	1,253,798	680,879	1,015,430

b. Noncurrent distribution assets

	3/31/2018		12/31/2017	
	Maranhão	**Pará**	**Maranhão**	**Pará**
Financial asset of the concession	1,328,256	1,807,206	1,294,726	1,776,977
Intangible assets	1,937,952	2,728,307	1,958,916	2,762,202
Total	3,266,208	4,535,513	3,253,642	4,539,179

30 Insurance

The main insurance policies obtained and maintained by Equatorial and subsidiaries CEMAR and CELPA are shown by type of risk and effective date below:

Equatorial

Risks	**Expiration**	**Insured amount**
D&O General	12/31/2018	30,000

CEMAR

Risks	**Expiration**	**Insured amount**
Operating risks	12/31/2018	309,833
General civil liability - Operations	12/31/2018	7,000
All risks	12/29/2018	1,095
Judicial surety bond	a	71,092
Power auction guarantee insurance	b	538
Vehicle insurance	12/31/2018	c

(a) Policies in force through October 2020;

(b) Policies in force through March 2019; and

(c) 115 insured own vehicles.

CELPA

Risks	**Expiration**	**Insured amount**
Operating risks	12/31/2018	327,359
General civil liability - Operations	12/31/2018	7,000
Judicial surety bond	a	66,767
Power auction guarantee insurance	b	171
Vehicle insurance	12/31/2018	c

(a) Policies in force through October 2022.

(b) Policies in force through March 2019.

(c) 78 own vehicles.

The subsidiaries CEMAR and CELPA have the policy of taking out insurance coverage for the assets subject to risk at amounts considered sufficient to cover any incidents, considering the nature of its activity. The subsidiaries' insurance contracts are made in accordance with the risk management and insurance fundamentals generally employed by electricity distribution companies. Given their nature, the risk assumptions made do not comprise the scope of a review of the quarterly information, and were not therefore reviewed by our independent auditors.

31 Subsequent events

CEMAR
On March 7, 2018 the Board of Directors proposed to increase the Company's capital by R$ 121,239, without issuing new shares, by capitalizing the balance of the SUDENE tax incentive reserve in the amount of R$ 96,758 and the entire legal reserve of R$ 24,481. On April 26, 2018 this capital increase was approved by the Annual and Extraordinary General Meeting.

Board of Directors

Carlos Augusto Leone Piani

Eduardo Saggioro

Firmino Ferreira Sampaio Neto

Guilherme Aché

José Jorge de Vasconcelos Lima

Luís Henrique de Moura Gonçalves

Marcelo de Souza Monteiro

Fiscal Council

Paulo Roberto Franceschi

Saulo de Tarso Alves de Lara

Vanderlei Dominguez da Rosa

Executive Board

Augusto Miranda da Paz Júnior
CEO

Carla Ferreira Medrado
Officer

Eduardo Haiama
CFO and Investor Relations Officer

Humberto Luis Queiroz Nogueira
Officer

Leonardo da Silva Lucas Tavares de Lima
Officer

Sérvio Túlio dos Santos
Director

Tinn Freire Amado
Director

Geovane Ximenes de Lira
Accounting and Tax Manager
Accountant
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