

Brasília, March 08<sup>th</sup>, 2018 - Equatorial Energia S.A. (BM&FBOVESPA: EQTL3) announces its results for the fourth quarter and full year of 2017 (4Q17 and 2017).

**Consolidated Adjusted EBITDA reaches R\$520 million in 4Q17;  
Celpa's Bad Debt Provision is flat on 2.1% of the Operating Revenues.**

## 1. Financial and Operating Highlights

- ▶ As from 1Q17, the restatement of the financial asset (VNR), which until then used to be booked within the Financial Results, was transferred to the Operating Revenues, affecting the Company's EBITDA. To keep the comparability between periods, 4Q16 and 2016 EBITDA were adjusted accordingly.
- ▶ Consolidated adjusted EBITDA reached **R\$520 million**, 4.3% increase when compared to 4Q16. **Not considering the accounting change of the previous highlight**, Adjusted EBITDA would have reached **R\$489 million**, which would represent a 2.4% growth, as we show in section 5.1 – Equatorial Consolidated EBITDA.
- ▶ **Total sold volume** by Equatorial reached **4,065 GWh**, 5.7% growth in CEMAR and 1.0% in CELPA, versus 4Q16.
- ▶ At **CEMAR**, **total losses** reached **17.2%** in the 4Q17, 1.1 p.p. reduction from 3Q17. **Total losses** in **CELPA** ended 4Q17 at **27.5%** of the injected energy, flat when compared to 3Q17.
- ▶ **CELPA** improved both quality indicators, **DEC and FEC**, that reached **27.4 hours and 17.8 times** at 4Q17. At **CEMAR**, DEC and FEC reached **13.3 hours and 7.1 times**.
- ▶ In 4Q17, **consolidated investments** at Equatorial (Transmission segment included) amounted to **R\$ 494 million** and were 15.0% above the 4Q16.
- ▶ In December 2017, Equatorial concluded the **aquisition of a 51% stake at Intesa**, company responsible for the operation of a transmission line covering the states of Tocantins and Goiás. We highlight that Intesa's results are being consolidated only through Equity Income, as from Jan 1<sup>st</sup>, 2017.
- ▶ In February 2018, SPE 07, company responsible for the construction of Lot 23, in Pará, concluded its 1<sup>st</sup> Commercial Notes Issue, due in 18 months and total value of **R\$ 185 million**.

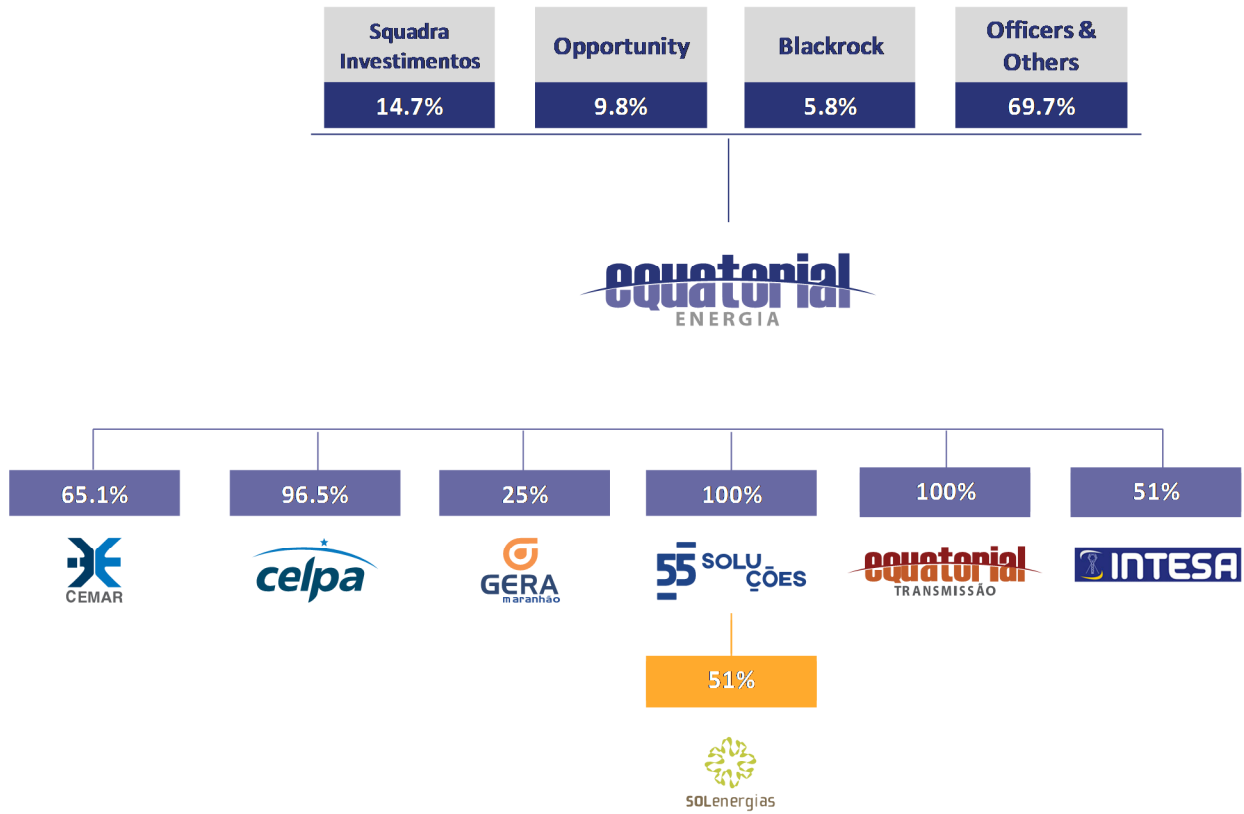
| Financial Data (R\$ MM)                          | 4Q16  | 4Q17  | Chg.      | 2016  | 2017  | Chg.      |
|--|-------|-------|-----------|-------|-------|-----------|
| Net Operating Revenues (NOR)                     | 2,337 | 2,724 | 16.6%     | 7,826 | 9,071 | 15.9%     |
| Adjusted EBITDA (Quarter)                        | 499   | 520   | 4.3%      | 1,603 | 1,713 | 6.9%      |
| EBITDA Margin (% NOR)                            | 21.3% | 19.1% | -2.2 p.p. | 20.5% | 18.9% | -1.6 p.p. |
| Adjusted EBITDA (Last 12 months)                 | 1,603 | 1,713 | 6.8%      | 1,603 | 1,713 | 6.8%      |
| Adjusted Net Income                              | 227   | 288   | 26.7%     | 766   | 762   | -0.6%     |
| Net Income Margin (% NOR)                        | 9.7%  | 10.6% | 0.8 p.p.  | 9.8%  | 8.4%  | -1.4 p.p. |
| Net Income per Share (R\$ / share)               | 1.14  | 1.45  | 26.7%     | 3.86  | 3.83  | -0.6%     |
| Investments                                      | 429   | 494   | 15.0%     | 1,427 | 1,514 | 6.1%      |
| Net Debt   | 2,514 | 3,164 | 25.9%     | 2,514 | 3,164 | 25.9%     |
| Net Debt / EBITDA (Last 12 months)               | 1.6   | 1.8   | 0.2 x     | 1.6   | 1.8   | 0.2 x     |
| Cash Position / Short Term Debt (Last 12 months) | 3.1   | 3.5   | 0.3 x     | 3.1   | 3.5   | 0.3 x     |

| Operating Data                    | 4Q16  | 4Q17  | Chg. | 2016  | 2017  | Chg. |
|-----------------------------------|-------|-------|------|-------|-------|------|
| <b>Sold Energy (GWh)</b>          |       |       |      |       |       |      |
| CEMAR                             | 1,616 | 1,708 | 5.7% | 6,170 | 6,194 | 0.4% |
| CELPA                             | 2,332 | 2,357 | 1.0% | 8,739 | 8,767 | 0.3% |
| <b>Number of Consumers ('000)</b> |       |       |      |       |       |      |
| CEMAR                             | 2,359 | 2,434 | 3.2% | 2,359 | 2,434 | 3.2% |
| CELPA                             | 2,443 | 2,596 | 6.2% | 2,443 | 2,596 | 6.2% |

|   |           |
|---|-----------|
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## 2. Shareholders' Structure

The information contained in this section reflects the current shareholding structure, as is in the same date of this Earnings Release. These positions reflect a monitoring made by the Company.



<sup>1</sup> There are 8 SPEs (Special Purpose Entities) 100% owned by Equatorial Transmissão, one for each transmission lot acquired in the auctions organized by ANEEL.

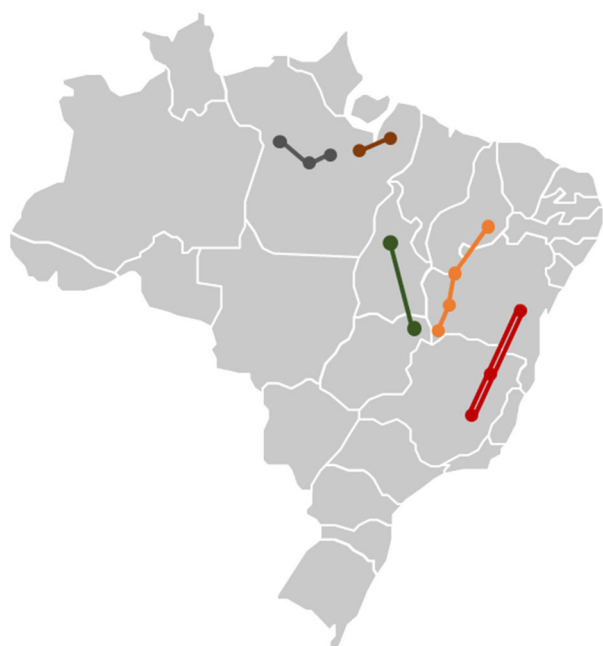
### 3. Equatorial Transmissão – Transmission Segment

In October 2016, Equatorial entered into the transmission segment through the acquisition of 7 concessions in Aneel's Auction #13/2015, Part 2.

Later, Equatorial increased its position within the segment through the acquisition of lot 31 in Aneel's Auction #05/2016, held on April 2017.

In line with the goal to consolidate its position in the segment, the Company concluded, in Dec 2017, the acquisition of a 51% stake in Intesa, through the downpayment of R\$ 277 million.

Considering the result of the auctions mentioned above, the consolidated estimated capex reaches, as per ANEEL's calculations, R\$ 4.7 billion and also considering Intesa's recent acquisition, total annual revenues (RAP, in Portuguese) reach R\$ 946 million (base-date: December 2017).



| Greenfield   |                    |              |                    |                       |                       |              |
|--------------|--------------------|--------------|--------------------|-----------------------|-----------------------|--------------|
| Lot          | State              | km           | No. of substations | Capex ANEEL (R\$ MM)  | Deadline for start-up | RAP (R\$ MM) |
| GROUP 1      |                    |              |                    |                       |                       |              |
| Lot 23       | Pará               | 125          | 2                  | 445                   | Feb-22                | 94           |
| GROUP 2      |                    |              |                    |                       |                       |              |
| Lot 08       | Bahia              | 251          |                    | 464                   | Feb-22                | 81           |
| Lot 09       | Bahia              | 213          | 1                  | 493                   | Feb-22                | 74           |
| Lot 12       | Bahia/Piauí        | 380          |                    | 571                   | Feb-22                | 107          |
| GROUP 3      |                    |              |                    |                       |                       |              |
| Lot 14       | Bahia/Minas Gerais | 594          | 1                  | 1,111                 | Feb-22                | 193          |
| Lot 15       | Bahia/Minas Gerais | 257          |                    | 454                   | Feb-22                | 89           |
| Lot 16       | Minas Gerais       | 330          |                    | 529                   | Feb-22                | 111          |
| GROUP 4      |                    |              |                    |                       |                       |              |
| Lot 31       | Pará               | 436          | 3                  | 694                   | Aug-22                | 130          |
| Brownfield   |                    |              |                    |                       |                       |              |
|              | State              | km           | No. of substations | Deadline for start-up | Contract End          | RAP          |
| INTESA       |                    |              |                    |                       |                       |              |
| INTESA       | Tocantins/Goias    | 695          | 5                  | May-08                | Apr-36                | 67           |
| <b>TOTAL</b> |                    | <b>3,281</b> | <b>12</b>          |                       |                       | <b>946</b>   |

The estimated capex disbursement is presented below:

| 2017 - 2018 | 2019     | 2020     |
|-------------|----------|----------|
| 20 – 25%    | 50 – 60% | 15 – 30% |

In February 2018, SPE 07 (Company responsible for the construction of Lot 23, in Pará) concluded its 1<sup>st</sup> Commercial Notes Issue, due in 18 months and amounting to R\$ 185 million.

## 4. Operating Performance

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The operating information contained in this section is pro forma and reflects 100% of the operations of CEMAR and 100% of the operations of CELPA.

### 4.1 Electric Energy Sales

#### CEMAR

In 4Q17, energy consumption in the captive and free markets grew 5.7% when compared to the same quarter in the previous year, reaching 1,708 GWh, a 92 GWh growth. The positive result in the quarter is a consequence of the growth in the Residential segment, which grew by the second consecutive quarter, resulting in an addition of 7.8% in 4Q17.

#### Sales by consumption segment:

- **Residential:** Residential class consumption (which represents 52% of total consumption) grew 7.8% compared to 4Q16, becoming responsible for the addition of 64 GWh, of which 29 GWh is the result of 73 thousand new connections and 35 GWh comes from the increase in the average consumption;
- **Industrial:** Industrial segment consumption (which represents 7% of total consumption) fell by 2.4% in the quarter, falling by 2.9 GWh. The number of clients had a negative effect of 4.1 GWh, while the average consumption increased the volume by 1.2 GWh;
- **Commercial:** Commercial class consumption (which represents 20% of total consumption) grew by 4.7%, representing a 15 GWh increase in the quarter, which is explained by the growth in the number of consumers (+0.5%) and average consumption (4.1%), representing 1.8 GWh and 13.2 GWh, respectively.
- **Others:** Other segments consumption (rural, public entities, public lighting, public service and own consumption), which represents 21% of total consumption, positively impacted total sales volume by 16 GWh. Number of clients growth had an impact of 3.2 GWh, while average consumption represented 13 GWh.

## CELPA

In 4Q17, energy sales for both captive and free markets grew by 1.0% when compared to the same quarter of the previous year, reaching 2,357 GWh. Its positive result can be explained by the improvement weather conditions in the period, favouring the energy consumption.

### **Sales by consumption segment:**

- **Residential:** Residential segment consumption which, in 4Q17 represented 44% of the total sales volume by CELPA, grew by 2.8% in the quarter, influenced by favorable weather conditions.
- **Industrial:** Sales to the industrial segment (captive + free), responsible for 17% of CELPA's total sales fell by 3.2% in 4Q17, affected by the industrial economic crisis in Pará. Not only some large consumers reduced their operations, but also the consumption reduction of a large construction consortium which, due to the conclusion of its construction period (8.9 GWh in 4Q16 versus 4.5 GWh in 4Q17) and collective vacation of some large clients during the quarter;
- **Commercial:** The second largest consumption segment (21% of total) grew by 1.2% in the quarter, considering both captive and free markets. This class has been impacted by favorable weather conditions and warming of the sales in the retail segment.
- **Others:** In the other segments (captive + free), was registered a slight growth of 0.7%, in comparison to 4Q16, mainly driven by rural and public entities segments, which together represent 53% of the Others consumption.

| Consumption Class (MWh)                    | 4Q16             | 4Q17             | Chg.         | 2016              | 2017              | Chg.          |
|--|------------------|------------------|--------------|-------------------|-------------------|---------------|
| <b>CEMAR</b>                               |                  |                  |              |                   |                   |               |
| Residential                                | 820,912          | 884,891          | 7.8%         | 3,124,460         | 3,185,841         | 2.0%          |
| Industrial                                 | 83,067           | 74,057           | -10.8%       | 348,992           | 277,499           | -20.5%        |
| Commercial                                 | 305,811          | 290,914          | -4.9%        | 1,214,352         | 1,102,594         | -9.2%         |
| Others                                     | 351,972          | 367,483          | 4.4%         | 1,334,436         | 1,320,055         | -1.1%         |
| <b>Total (Captive)</b>                     | <b>1,561,762</b> | <b>1,617,346</b> | <b>3.6%</b>  | <b>6,022,241</b>  | <b>5,885,989</b>  | <b>-2.3%</b>  |
| Industrial                                 | 37,790           | 43,842           | 16.0%        | 112,523           | 162,787           | 44.7%         |
| Commercial                                 | 15,763           | 45,623           | 189.4%       | 33,745            | 140,054           | 315.0%        |
| Others                                     | 590              | 1,273            | 116.0%       | 1,599             | 5,270             | 229.6%        |
| <b>Free Consumers</b>                      | <b>54,142</b>    | <b>90,738</b>    | <b>67.6%</b> | <b>147,866</b>    | <b>308,111</b>    | <b>108.4%</b> |
| <b>Total (Captive + Free) - CEMAR</b>      | <b>1,615,904</b> | <b>1,708,084</b> | <b>5.7%</b>  | <b>6,170,107</b>  | <b>6,194,099</b>  | <b>0.4%</b>   |
| <b>CELPA</b>                               |                  |                  |              |                   |                   |               |
| Residential                                | 1,009,673        | 1,038,317        | 2.8%         | 3,746,101         | 3,809,919         | 1.7%          |
| Industrial                                 | 227,877          | 160,726          | -29.5%       | 924,605           | 630,302           | -31.8%        |
| Commercial                                 | 447,582          | 417,748          | -6.7%        | 1,731,346         | 1,613,767         | -6.8%         |
| Others                                     | 425,123          | 427,329          | 0.5%         | 1,594,474         | 1,550,751         | -2.7%         |
| <b>Total (Captive)</b>                     | <b>2,110,255</b> | <b>2,044,120</b> | <b>-3.1%</b> | <b>7,996,525</b>  | <b>7,604,739</b>  | <b>-4.9%</b>  |
| Industrial                                 | 179,255          | 233,226          | 30.1%        | 623,853           | 895,942           | 43.6%         |
| Commercial                                 | 41,679           | 77,260           | 85.4%        | 115,657           | 258,544           | 123.5%        |
| Others                                     | 1,124            | 2,024            | 80.2%        | 3,436             | 7,807             | 127.2%        |
| <b>Free Consumers</b>                      | <b>222,058</b>   | <b>312,510</b>   | <b>40.7%</b> | <b>742,946</b>    | <b>1,162,293</b>  | <b>56.4%</b>  |
| <b>Total (Captive + Free) - CELPA</b>      | <b>2,332,313</b> | <b>2,356,631</b> | <b>1.0%</b>  | <b>8,739,471</b>  | <b>8,767,032</b>  | <b>0.3%</b>   |
| <b>Total (Captive + Free) - Equatorial</b> | <b>3,948,216</b> | <b>4,064,714</b> | <b>3.0%</b>  | <b>14,909,578</b> | <b>14,961,131</b> | <b>0.3%</b>   |

| Number of Consumers      | 4Q16             | 4Q17             | Chg.        |
|--------------------------|------------------|------------------|-------------|
| <b>CEMAR</b>             |                  |                  |             |
| Residential - Regular    | 1,306,721        | 1,353,558        | 3.6%        |
| Residential - Low Income | 798,209          | 824,717          | 3.3%        |
| Industrial               | 8,395            | 8,107            | -3.4%       |
| Commercial               | 154,726          | 155,576          | 0.5%        |
| Others                   | 90,715           | 91,543           | 0.9%        |
| <b>Total CEMAR</b>       | <b>2,358,766</b> | <b>2,433,501</b> | <b>3.2%</b> |
| <b>CELPA</b>             |                  |                  |             |
| Residential - Regular    | 1,559,018        | 1,592,529        | 2.1%        |
| Residential - Low Income | 537,059          | 634,222          | 18.1%       |
| Industrial               | 4,231            | 3,929            | -7.1%       |
| Commercial               | 176,288          | 180,238          | 2.2%        |
| Others                   | 166,748          | 185,068          | 11.0%       |
| <b>Total CELPA</b>       | <b>2,443,344</b> | <b>2,595,986</b> | <b>6.2%</b> |
| <b>Total Equatorial</b>  | <b>4,802,110</b> | <b>5,029,487</b> | <b>4.7%</b> |



## 4.2 Energy Balance

### CEMAR

Injected energy volume in CEMAR's system reached 1,993 GWh in 4Q17, meaning a 0.6% growth in the quarter. The distributed energy in the quarter also grew by 5.7%.

| Energy Balance (MWh) - CEMAR | 4Q16             | 4Q17             | Chg.        | 2016             | 2017             | Chg.         |
|------------------------------|------------------|------------------|-------------|------------------|------------------|--------------|
| Interconnect System          | 1,981,507        | 1,993,483        | 0.6%        | 7,530,671        | 7,489,736        | -0.5%        |
| <b>Injected Energy</b>       | <b>1,981,507</b> | <b>1,993,483</b> | <b>0.6%</b> | <b>7,530,671</b> | <b>7,489,736</b> | <b>-0.5%</b> |
| Distributed Energy*          | 1,615,904        | 1,708,084        | 5.7%        | 6,170,107        | 6,194,099        | 0.4%         |
| Supply to Other Distributors | 2,691            | 1,608            | -40.3%      | 5,272            | 9,127            | 73.1%        |
| Total Losses                 | 362,913          | 283,792          | -21.8%      | 1,355,291        | 1,286,510        | -5.1%        |

\* Considers captive and free markets, own consumption and does not consider supply to adjacent States.

### CELPA

Injected energy in Celpa's system reached 3,165 GWh in 4Q17, representing a 1.2% growth in the quarter. In the other hand the volume of distributed energy reached 2.357 GWh in the quarter representing growth of 1.0%, in relation to 4Q16.

The weather conditions recorded in 4Q17 were more favorable than those of 4Q16, recording maximum average temperature 0.6% higher and lower rainfall lower by 7.3%. We also had the gradual improvement of the economic indicators in Pará (employment, income, etc) as from the second half of 2017, having a positive impact in the injected energy.

| Energy Balance (MWh) - CELPA | 4Q16             | 4Q17             | Chg.        | 2016              | 2017              | Chg.         |
|------------------------------|------------------|------------------|-------------|-------------------|-------------------|--------------|
| Interconnect System          | 3,015,288        | 3,065,911        | 1.7%        | 11,754,038        | 11,713,046        | -0.3%        |
| Isolated System              | 111,177          | 98,703           | -11.2%      | 435,048           | 379,156           | -12.8%       |
| <b>Injected Energy</b>       | <b>3,126,465</b> | <b>3,164,615</b> | <b>1.2%</b> | <b>12,189,086</b> | <b>12,092,202</b> | <b>-0.8%</b> |
| Distributed Energy*          | 2,332,313        | 2,356,631        | 1.0%        | 8,739,471         | 8,767,032         | 0.3%         |
| Total Losses                 | 794,152          | 807,984          | 1.7%        | 3,449,615         | 3,325,170         | -3.6%        |

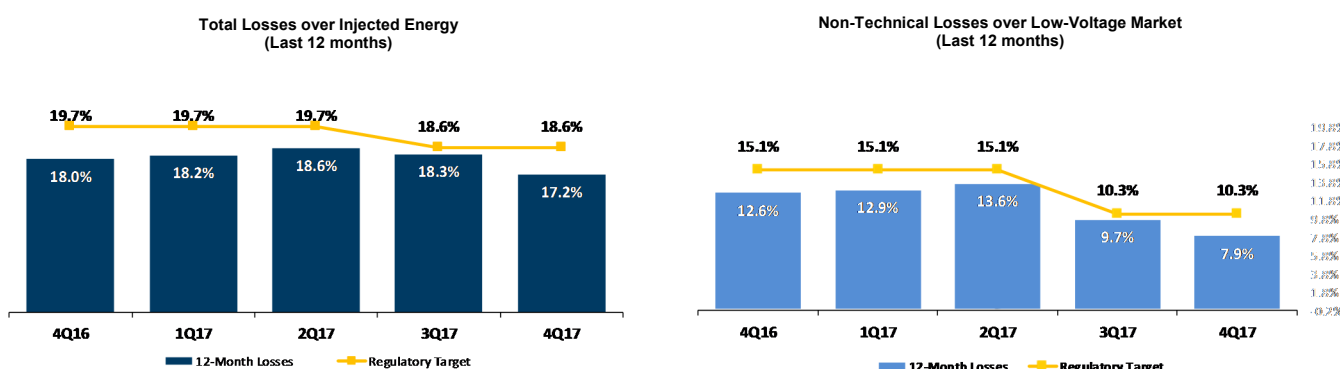
\* Considers captive and free markets, own consumption.

### 4.3 Energy Losses

#### CEMAR

Total energy losses in the last 12 months ended in 4Q17 amounted to 17.2% of the injected energy, a 1.1 p.p. drop when compared to the previous quarter. Non-technical losses over low voltage market ended 4Q17 at 7.9%, 1.8 p.p. below 3Q17. The non-technical losses are calculated by the difference between total losses and regulatory technical losses, 12.06%, approved by ANEEL in the last Tariff Review of the Company.

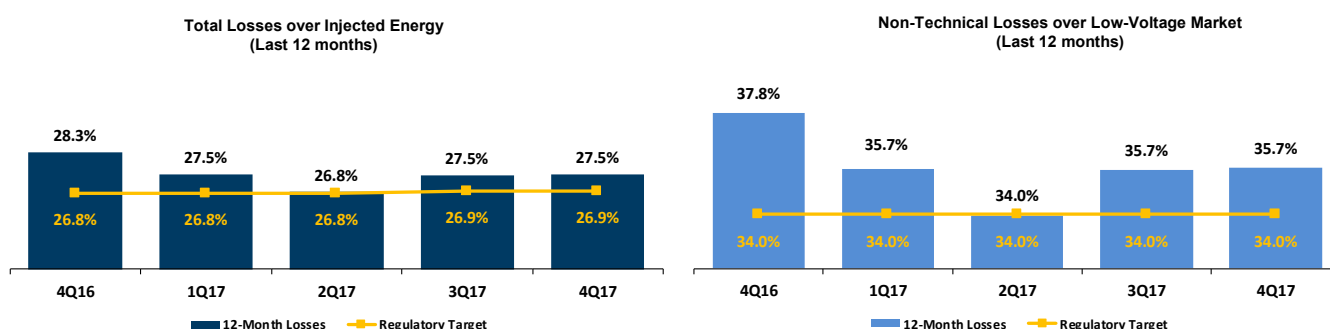
Despite the current economic environment, the high complexity in the concession area and the reduction in the regulatory losses target in the last Tariff Review, Cemar has successfully kept its energy losses indices below the regulatory level, having reached in this quarter the lowest level of losses in the Company’s history, reducing 0.8 p.p. when compared to the previous year.



#### CELPA

Total losses in the last 12 months ended in the 4Q17 amounted to 27.5% of the injected energy, flat when compared to the 3Q17. Non-technical losses over low-voltage market reached 35.7%, also flat when compared to that of the last quarter. When calculating the non-technical losses, the technical losses deducted from the total losses is the one approved and used by ANEEL in the last Tariff Review, of 10.15%.

Despite being the concession area with the higher degree of complexity in the country according to ANEEL, in 2017 Celpa reduced its total losses by 0.8 p.p. when compared to 2016. The Non-technical losses over low-voltage market fell by 2.1 p.p. when compared to 2016.

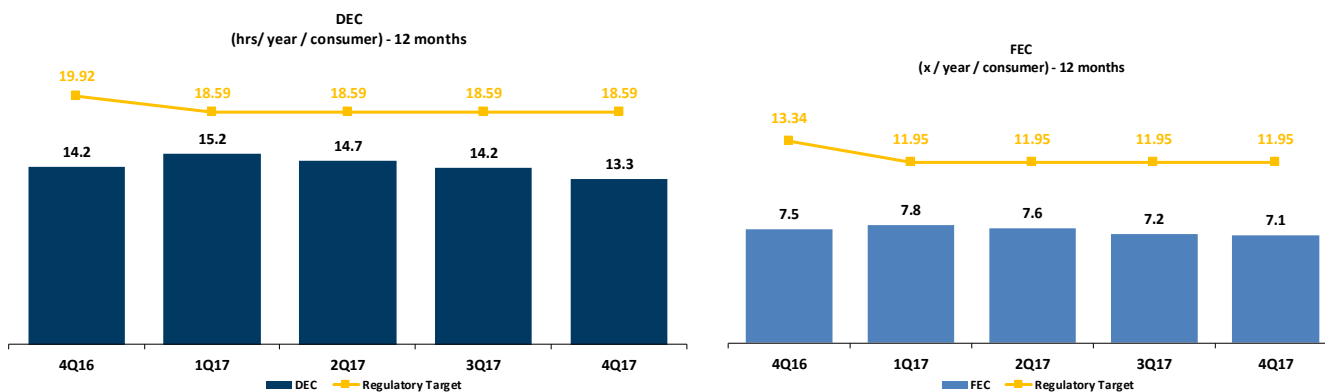


## 4.4 Quality Indicators – DEC and FEC

The quality and efficiency of the distribution concessionaires’ grid is measured by the DEC (Duration Equivalent of Interruption per Consuming Unit that measures the equivalent length of interruptions per consumer, measured in hours per consumer for a given period) and FEC (Frequency Equivalent of Interruption per Consuming Unit, measured as the number of interruptions per consumer for a given period).

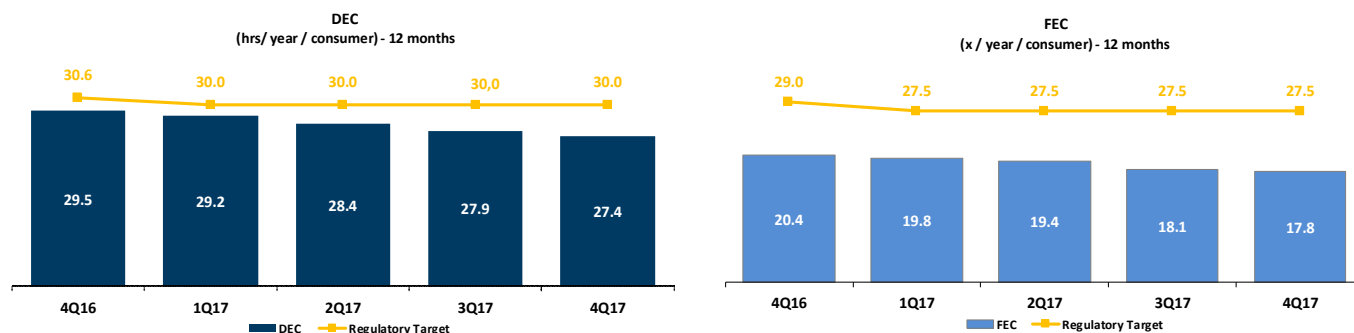
### CEMAR

Last-12-month DEC ended in 4Q17 reached 13.3 hours, 6.4% reduction compared to the 14.2 hours posted by the end of 3Q17. FEC index (last-12-month) at the end of 4Q17 amounted to 7.1 times, 1.0% decrease compared to the end of the previous quarter. As can be observed at the tables below, both indices are substantially below the regulatory targets.



### CELPA

By the end of 4Q17, last-12-month DEC reached 27.4 hours, a 1.6% reduction when compared to the 27.9 hours at the end of 3Q17. FEC index (last-12-month) at the end of the quarter amounted to 17.8 times, a 1.9% decrease from the end of 3Q17. Currently, both indices are compliant to the targets set by ANEEL for the Company.



#### 4.5 Energy Purchase Contracts

The purchased energy to supply the market in 4Q17 reached 1,231 GWh in CEMAR and 2,002 GWh in CELPA, which represents a 6.8% and 9.8% reduction, respectively, compared to the same quarter in 2016. These reductions were made within the Compensation Mechanism for Superavits and Deficits – New Energy (MCSD EN – in Portuguese) where a few contracts from previous years auctions were bilaterally annulled.

The energy purchase price for 4Q17 increased 38.6% in CEMAR and 22.4% in CELPA year-on-year, due to: (i) the beginning of new contracts with a higher energy price than the previous portfolio average; (ii) inflation adjustment in the purchase price from previous contracts, which are updated by IPCA index in the same month of the Company's tariff adjustment (August in both CEMAR and CELPA cases), and; (iii) the current hydrology in the country, with the consequent increase of the energy spot prices (PLD) to its maximum level in this quarter, as well as the need to consume thermal generation in order to save water in the reservoirs.

| CEMAR Contracts (MWh) | 2017             | 2018             | 2019             | 2020             | 2021             |
|-----------------------|------------------|------------------|------------------|------------------|------------------|
| Hydro                 | 3,016,319        | 2,938,588        | 2,915,894        | 2,420,663        | 2,035,103        |
| Thermal               | 1,316,361        | 1,755,866        | 1,982,444        | 1,877,189        | 1,872,061        |
| Quotas                | 2,414,301        | 2,071,412        | 1,944,272        | 1,838,338        | 1,833,315        |
| Other Sources         | 521,837          | 728,128          | 952,635          | 1,113,655        | 1,110,613        |
| <b>TOTAL - MWh</b>    | <b>7,268,819</b> | <b>7,493,993</b> | <b>7,795,246</b> | <b>7,249,845</b> | <b>6,851,091</b> |

#### CELPA

| CELPA Contracts (MWh) | 2017              | 2018              | 2019              | 2020              | 2021              |
|-----------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| Hydro                 | 4,408,070         | 4,862,972         | 4,679,325         | 3,980,891         | 3,970,014         |
| Thermal               | 2,004,138         | 2,170,999         | 2,822,740         | 2,820,062         | 2,812,356         |
| Quotas                | 3,180,932         | 2,736,989         | 2,573,470         | 2,438,671         | 2,432,008         |
| Other Sources         | 1,259,870         | 1,708,730         | 2,375,728         | 2,382,236         | 2,375,728         |
| <b>TOTAL - MWh</b>    | <b>10,853,011</b> | <b>11,479,690</b> | <b>12,451,261</b> | <b>11,621,860</b> | <b>11,590,106</b> |

| Average Energy Purchase Cost*                   | 4Q16         | 4Q17         | Chg.         | 2016         | 2017         | Chg.         |
|---|--------------|--------------|--------------|--------------|--------------|--------------|
| Energy Purchase - Contracts (R\$MM)             | 248          | 297          | 19.8%        | 878          | 1,045        | 19.0%        |
| MWh - Contracted Energy                         | 1,321,717    | 1,231,556    | -6.8%        | 5,010,272    | 4,854,518    | -3.1%        |
| Energy Purchase - Spot (R\$MM)                  | -            | 42           | N/A          | -            | 113          | N/A          |
| MWh - Spot                                      | -            | 77,802       | N/A          | -            | 225,014      | N/A          |
| Energy Sale - Spot (R\$MM)                      | (24)         | (5)          | -81.1%       | (52)         | (14)         | -72.6%       |
| MWh - Spot                                      | (154,379)    | (19,440)     | -87.4%       | (443,472)    | (153,127)    | -65.5%       |
| Energy Quotas (R\$ MM)                          | 51           | 38           | -25.6%       | 187          | 147          | -21.1%       |
| MWh - Quotas                                    | 797,881      | 631,877      | -20.8%       | 2,982,753    | 2,414,301    | -19.1%       |
| <b>Average Energy Purchase Cost (R\$ / MWh)</b> | <b>139.7</b> | <b>193.6</b> | <b>38.6%</b> | <b>134.2</b> | <b>175.9</b> | <b>31.0%</b> |

\* Net of Taxes

#### CELPA

| Average Energy Purchase Cost*                   | 4Q16         | 4Q17         | Chg.         | 2016         | 2017         | Chg.         |
|---|--------------|--------------|--------------|--------------|--------------|--------------|
| Energy Purchase - Contracts (R\$MM)             | 430          | 464          | 8.1%         | 1,598        | 1,634        | 2.3%         |
| MWh - Contracted Energy                         | 2,219,320    | 2,001,985    | -9.8%        | 8,468,719    | 7,672,078    | -9.4%        |
| Energy Purchase - Spot (R\$MM)                  | -            | 30           | N/A          | -            | 119          | N/A          |
| MWh - Spot                                      | -            | 55,535       | N/A          | -            | 248,165      | N/A          |
| Energy Sale - Spot (R\$MM)                      | (63)         | (21)         | -65.8%       | (124)        | (39)         | -68.4%       |
| MWh - Spot                                      | (397,899)    | (73,445)     | -81.5%       | (1,077,277)  | (304,730)    | -71.7%       |
| Energy Quotas (R\$ MM)                          | 66           | 50           | -24.3%       | 242          | 194          | -19.8%       |
| MWh - Quotas                                    | 1,031,140    | 829,724      | -19.5%       | 3,872,339    | 3,180,932    | -17.9%       |
| <b>Average Energy Purchase Cost (R\$ / MWh)</b> | <b>151.8</b> | <b>185.7</b> | <b>22.4%</b> | <b>152.5</b> | <b>176.8</b> | <b>16.0%</b> |

## 5. Financial Performance

The information in this section reflects: i) 100% of CEMAR's operations, excluding 34.89% related to minority interests before Net Income, or 65.11% of the total; ii) 100% of CELPA's operations, excluding 3.50% related to minority interests before Net Income, or 96.50% of the total, iii) 100% of 55 Soluções and iv) 100% of Equatorial Transmissão.

As from 1Q17, the restatement of the financial asset (VNR), which until then used to be booked within the Financial Results, was transferred to the Operating Revenues, affecting the Company's EBITDA. To keep the comparability between periods, 4Q16 and 2016 EBITDA were also adjusted to consider as if this account had already affected that quarter.

We highlight that, in accordance with Brazilian accounting rules, the results referring to the 25% stake in Geramar and 51% stake in Intesa are consolidated in Equatorial only through Equity Income.

### 5.1 Financial Performance - Consolidated

| Income Statement (R\$ MM)           | 4Q16       | 4Q17       | Chg.          | 2016         | 2017         | Chg.         |
|-------------------------------------|------------|------------|---------------|--------------|--------------|--------------|
| Gross Operating Revenues (GOR)      | 3,247      | 3,775      | 16.3%         | 11,053       | 12,633       | 14.3%        |
| Net Operating Revenues (NOR)        | 2,337      | 2,724      | 16.6%         | 7,826        | 9,071        | 15.9%        |
| Energy Purchase Cost                | (1,454)    | (1,772)    | 21.9%         | (5,046)      | (5,764)      | 14.2%        |
| Operating Expenses                  | (449)      | (337)      | -24.9%        | (1,335)      | (1,491)      | 11.7%        |
| <b>EBITDA</b>                       | <b>435</b> | <b>616</b> | <b>41.5%</b>  | <b>1,445</b> | <b>1,817</b> | <b>25.8%</b> |
| Other Operating Revenues / Expenses | (30)       | (40)       | 32.6%         | (70)         | (76)         | 8.6%         |
| Depreciation                        | (89)       | (95)       | 6.9%          | (343)        | (381)        | 10.8%        |
| Service Income (EBIT)               | 317        | 482        | 52.0%         | 1,031        | 1,360        | 31.9%        |
| Financial Results                   | (54)       | (35)       | -34.9%        | (2)          | (169)        | 7118.5%      |
| Goodwill Amortization               | (2)        | (1)        | -7.0%         | (6)          | (6)          | -7.1%        |
| Operating Results                   | 269        | 484        | 80.3%         | 1,050        | 1,241        | 18.2%        |
| Income Tax                          | (26)       | 99         | -479.2%       | (177)        | (36)         | -79.6%       |
| Minorities                          | (37)       | (74)       | 101.7%        | (161)        | (208)        | 29.2%        |
| <b>Net Income</b>                   | <b>206</b> | <b>509</b> | <b>147.2%</b> | <b>712</b>   | <b>997</b>   | <b>40.0%</b> |

## Equatorial Consolidated Ebitda

Besides the specific adjustments made in Cemar and Celpa (see EBITDA section of each company in this Earnings Release), for Equatorial holding, we also adjusted the Stock Option Plan expenses, from R\$0.74 million in the quarter, since these expenses are just accounting expenses, not having any cash impact.

The consolidated adjusted EBITDA reached R\$ 520 million in 4Q17, growth of 4.3% when compared to 4Q16. It is worth remembering that, the Equatorial adjusted EBITDA from 4Q16 and 2016, have already been adjusted in Cemar and Celpa the impact of the financial asset restatement (VNR) to the net operating revenue of the Company.

| Income Statement (R\$ MM)            | 4Q16       | 4Q17       | Chg.         | 2016         | 2017         | Chg.         |
|--------------------------------------|------------|------------|--------------|--------------|--------------|--------------|
| EBITDA CEMAR                         | 173        | 250        | 44.2%        | 703          | 829          | 18.0%        |
| EBITDA CELPA                         | 278        | 353        | 27.1%        | 828          | 973          | 17.5%        |
| CELPA's PPA Consolidation Difference | -          | 10         | N/A          | 50           | 10           | -80.4%       |
| EBITDA Holding + others              | 5          | 3          | -45.5%       | (9)          | 5            | -150.6%      |
| <b>EBITDA Equatorial</b>             | <b>456</b> | <b>616</b> | <b>35.0%</b> | <b>1,571</b> | <b>1,817</b> | <b>15.6%</b> |
| CEMAR Adjustments                    | 35         | (18)       | -152.1%      | 31           | (29)         | -194.0%      |
| CELPA Adjustments                    | 6          | (68)       | -1254.4%     | 41           | (69)         | -268.2%      |
| CELPA's PPA Adjustment               | -          | (10)       | N/A          | (50)         | (10)         | -80.3%       |
| Stock Option Adjustments (EQTL)      | 2          | 1          | -58.1%       | 10           | 4            | -58.3%       |
| <b>Adjusted Equatorial's EBITDA</b>  | <b>499</b> | <b>520</b> | <b>4.3%</b>  | <b>1,603</b> | <b>1,713</b> | <b>6.9%</b>  |

Not considering the accounting change regarding the restatement of the financial asset (VNR), Equatorial's 4Q17 EBITDA would have reached R\$ 489 million. For comparison purposes, this figure would represent a 2.4% growth over the R\$ 478 million 4Q16 reported EBITDA.

| Income Statement (R\$ MM)           | 4Q16       | 4Q17       | Chg.        | 2016         | 2017         | Chg.         |
|-------------------------------------|------------|------------|-------------|--------------|--------------|--------------|
| Equatorial's Adjusted EBITDA        | 499        | 520        | 4.3%        | 1,603        | 1,713        | 6.9%         |
| CEMAR's Financial Asset Restatement | (6)        | (3)        | -44.1%      | (60)         | (27)         | -9.5%        |
| CELPA's Financial Asset Restatement | (15)       | (28)       | 83.3%       | (61)         | (55)         | -100.0%      |
| Annual Quality Fines                | -          | -          | N/A         | (10)         | -            | -15818.6%    |
| <b>EBITDA Equatorial</b>            | <b>478</b> | <b>489</b> | <b>2.4%</b> | <b>1,471</b> | <b>1,632</b> | <b>10.9%</b> |

### Equatorial's Consolidated Net Income

To calculate Equatorial's Consolidated Net Income, besides the EBITDA and Net Income adjustments (see Net Income section of each company in this Earnings Release), there's also an adjustment regarding the stake Equatorial holds in each company (65.11% in Cemar and 96.5% in Celpa).

| Income Statement (R\$ MM)             | 4Q16       | 4Q17       | Chg.          | 2016       | 2017       | Chg.         |
|---------------------------------------|------------|------------|---------------|------------|------------|--------------|
| CEMAR Net Income                      | 56         | 101        | 79.2%         | 260        | 319        | 22.5%        |
| CELPA Net Income                      | 114        | 353        | 208.9%        | 339        | 592        | 74.5%        |
| Net Income Holding + Others           | 35         | 55         | 55.9%         | 113        | 86         | -23.3%       |
| <b>Equatorial Net Income</b>          | <b>206</b> | <b>509</b> | <b>147.2%</b> | <b>712</b> | <b>997</b> | <b>40.0%</b> |
| CEMAR Adjustments                     | 19         | (6)        | -129.7%       | 16         | (11)       | -169.0%      |
| CELPA Adjustments                     | 1          | (216)      | -20157.7%     | 31         | (227)      | -825.5%      |
| Stock Option Adjustments (EQTL)       | 1          | 0          | -58.1%        | 7          | 3          | -57.8%       |
| <b>Equatorial Adjusted Net Income</b> | <b>227</b> | <b>288</b> | <b>26.7%</b>  | <b>766</b> | <b>762</b> | <b>-0.6%</b> |

\* Celpa's Income Statement used in Equatorial's consolidation is different from the individual due to IFRS

Considering these adjustments, we reach R\$ 288 million in the adjusted net income in the quarter, a 26.7% increase compared to 4Q16.

## 5.2 Financial Performance – CEMAR

The financial performance section considers 100% of CEMAR's operations.

| CEMAR Income Statement (R\$ MM)     | 4Q16       | 4Q17       | Chg.         | 2016       | 2017       | Chg.         |
|-------------------------------------|------------|------------|--------------|------------|------------|--------------|
| Gross Operating Revenues (GOR)      | 1,190      | 1,358      | 14.1%        | 4,256      | 4,682      | 10.0%        |
| Net Operating Revenues (NOR)        | 859        | 962        | 12.0%        | 3,130      | 3,371      | 7.7%         |
| Energy Purchase Cost                | (519)      | (586)      | 12.9%        | (1,912)    | (2,045)    | 7.0%         |
| Operating Expenses                  | (167)      | (127)      | -23.9%       | (516)      | (497)      | -3.7%        |
| <b>EBITDA</b>                       | <b>173</b> | <b>250</b> | <b>44.2%</b> | <b>703</b> | <b>829</b> | <b>18.0%</b> |
| Other Operating Revenues / Expenses | (20)       | (24)       | 24.1%        | (41)       | (44)       | 7.6%         |
| Depreciation                        | (38)       | (43)       | 10.9%        | (144)      | (169)      | 17.4%        |
| Service Income (EBIT)               | 116        | 183        | 58.7%        | 518        | 617        | 19.1%        |
| Net Financial Result                | (14)       | (2)        | -87.8%       | (28)       | (25)       | -12.2%       |
| Operating Income                    | 102        | 182        | 78.7%        | 489        | 592        | 20.9%        |
| Income Taxes                        | (15)       | (27)       | 76.0%        | (90)       | (102)      | 13.8%        |
| <b>Net Income</b>                   | <b>86</b>  | <b>155</b> | <b>79.2%</b> | <b>400</b> | <b>490</b> | <b>22.5%</b> |



### 5.2.1 – Operating Revenues

In 4Q17, Gross Revenues reached R\$ 1,358 million, a 14.1% increase compared to 4Q16. Excluding Construction Revenues, Gross Revenues posted a 19.5% increase, reaching R\$ 1,248 million. This performance is mainly explained by:

- (i) 5.7% sold volume growth in the quarter, representing an increase of 92 GWh;
- (ii) Increase in the Parcel A (+R\$54 million) as result of the current hidrologic scenario, caused by the dispatch of thermal plants with higher energy prices, increasing energy purchase expenses;

As from 1Q17, the restatement of the financial asset (VNR), which until then used to be booked within the Financial Results, was transferred to the Operating Revenues, affecting the Company's EBITDA. To keep the comparability between periods, 4Q16 and 2016 EBITDA were also adjusted to consider as if this account had already affected that quarter.

Net Revenues, ignoring Construction Revenues, reached R\$ 852 million, a 19.6% increase compared to the same quarter of the previous year.

| Operating Revenues - Cemar                                      | 4Q16             | 4Q17             | Chg.          | 2016             | 2017             | Chg.          |
|---|------------------|------------------|---------------|------------------|------------------|---------------|
| <b>Number of Consumers</b>                                      | <b>2,358,766</b> | <b>2,433,501</b> | <b>3.2%</b>   | <b>2,358,766</b> | <b>2,433,501</b> | <b>3.2%</b>   |
| <b>Billed Energy (MWh)</b>                                      | <b>1,615,904</b> | <b>1,708,084</b> | <b>5.7%</b>   | <b>6,170,107</b> | <b>6,194,099</b> | <b>0.4%</b>   |
| KWh per Consumer  | 685              | 702              | 2.5%          | 2,616            | 2,545            | -2.7%         |
| <b>Gross Supply Revenues</b>                                    | <b>915</b>       | <b>1,026</b>     | <b>12.1%</b>  | <b>3,173</b>     | <b>3,487</b>     | <b>9.9%</b>   |
| Residential   | 502              | 594              | 18.5%         | 1,697            | 1,972            | 16.3%         |
| Industrial  | 47               | 44               | -5.7%         | 178              | 162              | -8.6%         |
| Commercial  | 201              | 201              | -0.1%         | 719              | 716              | -0.5%         |
| Other Segments  | 166              | 186              | 12.3%         | 580              | 637              | 9.9%          |
| <b>(-) Industrial Overdemand/Reactive Energy</b>                | <b>(4)</b>       | <b>(4)</b>       | <b>-3.9%</b>  | <b>(5)</b>       | <b>(13)</b>      | <b>152.1%</b> |
| <b>Supply (R\$ MM)</b>  | <b>3</b>         | <b>5</b>         | <b>64.7%</b>  | <b>50</b>        | <b>16</b>        | <b>-68.0%</b> |
| <b>Other Revenues (R\$ MM)</b>                                  | <b>86</b>        | <b>123</b>       | <b>43.2%</b>  | <b>349</b>       | <b>410</b>       | <b>17.5%</b>  |
| Low Income Subsidy  | 50               | 59               | 16.8%         | 185              | 207              | 11.8%         |
| Irrigation Subvention   | 15               | 25               | 62.8%         | 55               | 75               | 36.6%         |
| Grid Usage  | 3                | 8                | 139.5%        | 8                | 28               | 263.6%        |
| Financial Asset Restatement (VNR)                               | 6                | 3                | -44.1%        | 65               | 71               | 9.3%          |
| Financial Asset Write-off                                       | -                | -                | N/A           | -                | (39)             | N/A           |
| Other Operating Revenues  | 12               | 29               | 144.6%        | 36               | 67               | 88.3%         |
| <b>CVA - Regulatory Assets</b>                                  | <b>43</b>        | <b>97</b>        | <b>125.1%</b> | <b>81</b>        | <b>355</b>       | <b>337.8%</b> |
| <b>Construction Revenues</b>                                    | <b>146</b>       | <b>110</b>       | <b>-24.7%</b> | <b>608</b>       | <b>427</b>       | <b>-29.7%</b> |
| <b>Gross Operating Revenues</b>                                 | <b>1,190</b>     | <b>1,358</b>     | <b>14.1%</b>  | <b>4,256</b>     | <b>4,682</b>     | <b>10.0%</b>  |
| <b>Gross Operating Revenues (w/o Construction Rev)</b>          | <b>1,044</b>     | <b>1,248</b>     | <b>19.5%</b>  | <b>3,648</b>     | <b>4,255</b>     | <b>16.7%</b>  |
| <b>Deductions from Operating Revenues (R\$ MM)</b>              | <b>(331)</b>     | <b>(396)</b>     | <b>19.4%</b>  | <b>(1,126)</b>   | <b>(1,311)</b>   | <b>16.5%</b>  |
| PIS/COFINS  | (108)            | (111)            | 3.1%          | (306)            | (361)            | 17.8%         |
| Consumer Charge   | (8)              | (6)              | -28.5%        | (31)             | (30)             | -3.9%         |
| CDE Subsidy   | (57)             | (49)             | -15.1%        | (225)            | (201)            | -10.7%        |
| ICMS - State Tax  | (158)            | (229)            | 45.3%         | (562)            | (718)            | 27.7%         |
| ISS - Municipality Tax  | (0)              | (1)              | 134.1%        | (1)              | (2)              | 33.1%         |
| <b>Net Operating Revenues (R\$ MM)</b>                          | <b>859</b>       | <b>962</b>       | <b>12.0%</b>  | <b>3,130</b>     | <b>3,371</b>     | <b>7.7%</b>   |
| <b>Net Operating Revenues (w/o Construction Rev) - (R\$ MM)</b> | <b>713</b>       | <b>852</b>       | <b>19.6%</b>  | <b>2,522</b>     | <b>2,944</b>     | <b>16.7%</b>  |

## 5.2.2 – Costs and Expenses

In 4Q17, operating costs and expenses, excluding construction costs, totalled R\$ 669 million, 12% higher than 4Q16.

| R\$ MM                                     | 4Q16       | 4Q17       | Chg.          | 2016         | 2017         | Chg.          |
|--|------------|------------|---------------|--------------|--------------|---------------|
| Personnel                                  | 35         | 28         | -20.4%        | 119          | 112          | -5.6%         |
| <i>Profit Sharing</i>                      | 8          | 4          | -45.6%        | 31           | 17           | -45.6%        |
| Materials                                  | 1          | 7          | 952.0%        | 5            | 15           | 220.8%        |
| Third Party Services                       | 105        | 69         | -34.3%        | 287          | 268          | -6.7%         |
| Others                                     | 5          | 1          | -86.7%        | 25           | 20           | -19.1%        |
| <i>Quality Indicators Compensations</i>    | 2          | 1          | -46.5%        | 10           | 9            | -10.7%        |
| <b>PMSO</b>                                | <b>145</b> | <b>104</b> | <b>-28.4%</b> | <b>436</b>   | <b>415</b>   | <b>-4.6%</b>  |
| PDA  | 17         | 13         | -25.2%        | 62           | 52           | -16.8%        |
| <i>% GOR (w/o Construction Revenues)</i>   | 1.6%       | 1.0%       | -0.6 p.p.     | 1.7%         | 1.2%         | -0.4 p.p.     |
| Provision for Contingencies                | 5          | 10         | 120.0%        | 18           | 29           | 66.2%         |
| <b>Provisions</b>                          | <b>21</b>  | <b>23</b>  | <b>6.5%</b>   | <b>80</b>    | <b>81</b>    | <b>1.6%</b>   |
| <b>Other Operating Expenses (Revenues)</b> | <b>20</b>  | <b>24</b>  | <b>24.1%</b>  | <b>41</b>    | <b>44</b>    | <b>7.6%</b>   |
| <b>Depreciation</b>                        | <b>38</b>  | <b>43</b>  | <b>10.9%</b>  | <b>144</b>   | <b>169</b>   | <b>17.4%</b>  |
| <b>MANAGEABLE EXPENSES</b>                 | <b>225</b> | <b>194</b> | <b>-13.8%</b> | <b>700</b>   | <b>710</b>   | <b>1.3%</b>   |
| Energy Purchase and Transmission           | 351        | 416        | 18.4%         | 1,215        | 1,478        | 21.6%         |
| Grid and Connection Charges                | 22         | 60         | 176.8%        | 89           | 140          | 57.7%         |
| <b>NON-MANAGEABLE EXPENSES</b>             | <b>373</b> | <b>475</b> | <b>27.6%</b>  | <b>1,304</b> | <b>1,618</b> | <b>24.1%</b>  |
| <b>CONSTRUCTION EXPENSES</b>               | <b>146</b> | <b>110</b> | <b>-24.7%</b> | <b>608</b>   | <b>427</b>   | <b>-29.7%</b> |
| <b>TOTAL</b>                               | <b>743</b> | <b>779</b> | <b>4.8%</b>   | <b>2,612</b> | <b>2,754</b> | <b>5.4%</b>   |

### Manageable operating costs and expenses

In 4Q17, the expenses with Personnel, Material, Third-Party Services and Others (PMSO) amounted to R\$ 104 million, 28.4% increase year on year. Accumulated inflation in the last 12 months, measured by IPCA reached 2.9% and by INPC, 2.0%.

The main variations in the PMSO of the 4Q17 vs 4Q16 are detailed below:

- **Personnel:** 20.4% or R\$7.1 million decrease;
  - (i) Non-recurring effect of reversal of expenses with the group's pension fund (R\$3.4 million) and the reduction of profit sharing expenses (R\$2.6 million).
- **Material:** R\$6.0 million increase;
  - (ii) Higher consumptions of electric materials, due to the increase in the grid maintenance services;
- **Third Party Services:** 34.3% or R\$ 35.9 million reduction;
  - (i) In 4Q16, we presented non-recurring expenses (R\$ 36.8 million) related as follow:

- a. R\$ 22.7 million in expenses relative to write-offs associated to the last Tariff Review of CEMAR, in August, 2017;
- b. Expenses with the commercial system implementation (SAP CCS) of R\$9.8 million;
- c. R\$4.3 million in provision of lawyer's fee over contingencies whose loss probability is considered remote or possible.

(ii) Strengthening of collection procedures (+R\$1.8 million).

▪ **Others:** 86.7% or R\$4.2 million decrease;

- (i) Non-recurring effect of reversal of regulatory contingency, due the change in the risk classification (-R\$5.1 million).

The contingency provisions in 4Q17 grew by R\$ 5.6 million compared to the same quarter in 2016. The company reviewed its policy and identified the necessity of additional provision by R\$3.5 million.

In 4Q17, the Provision for Doubtful Allowances (PDA) amounted to R\$13 million, or 1.0% of the Gross Operating Revenues (GOR), 0.6 p.p. below the reported figure in the 4Q16. The strengthening of collection procedures was successful in the reduction of the delinquency levels despite the negative macroeconomic scenario.

### 5.2.3 – EBITDA

In 4Q17, EBITDA reached R\$250 million, already considering the net accrual of regulatory assets.

As from 1Q17, the restatement of the financial asset (VNR), which until then used to be booked within the Financial Results, was transferred to the Operating Revenues, affecting the Company's EBITDA. To keep the comparability between periods, 4Q16 and 2016 EBITDA were also adjusted to consider as if this account had already affected that quarter.

Among the non-recurring impacts in the quarter, it should be highlighted:

**Gross Margin:**

- (i) R\$ 9.3 million related to prescribed debts and reversals of R&D, booked in Others Revenues;

**PMSO:**

- (i) R\$ 3.5 million related to expenses recovery with the pension fund, booked in Personnel.
- (ii) R\$ 5.1 million related to the reversal of regulatory contingency, due the review of the risk classification, booked in Others;

Considering the non-recurring effects, adjusted EBITDA in 4Q17 reached R\$232 million, a growth of 11.3% when compared to the same quarter in 2016.

| EBITDA (R\$ million)                | 4Q16       | 4Q17       | Chg.         | 2016       | 2017       | Chg.         |
|-------------------------------------|------------|------------|--------------|------------|------------|--------------|
| Operating Income                    | 116        | 183        | 58.7%        | 518        | 617        | 19.1%        |
| Depreciation and Amortization       | (38)       | (43)       | 10.9%        | (144)      | (169)      | 17.4%        |
| <b>IFRS EBITDA (CVM)*</b>           | <b>154</b> | <b>226</b> | <b>46.8%</b> | <b>661</b> | <b>785</b> | <b>18.7%</b> |
| Other Operating Revenues / Expenses | (20)       | (24)       | 24.1%        | (41)       | (44)       | 7.6%         |
| <b>IFRS EBITDA</b>                  | <b>173</b> | <b>250</b> | <b>44.2%</b> | <b>703</b> | <b>829</b> | <b>18.0%</b> |
| PIS/COFINS Mismatch                 | (1)        | (0)        | -56.7%       | 2          | (1)        | -150.9%      |
| Non-recurring PMSO                  | 37         | (9)        | -123.2%      | 37         | (9)        | -123.2%      |
| R&D reversals and extinct debts     | -          | (9)        | N/A          | -          | (9)        | N/A          |
| Energy Purchase Adjustment          | (1)        | -          | -100.0%      | 1          | (0)        | -164.1%      |
| Financial Asset Restatement (VNR)   | -          | -          | N/A          | (5)        | (45)       | 820.6%       |
| Financial Asset Write-off           | -          | -          | N/A          | -          | 39         | N/A          |
| Tariff Readjustment Impact          | -          | -          | N/A          | (3)        | -          | -100.0%      |
| Tariff Discounts Impact             | -          | -          | N/A          | -          | (3)        | N/A          |
| 2017 Tariff Review Impact           | -          | -          | N/A          | -          | (1)        | N/A          |
| <b>Adjusted EBITDA</b>              | <b>208</b> | <b>232</b> | <b>11.3%</b> | <b>734</b> | <b>800</b> | <b>9.0%</b>  |

\* Calculated in accordance to CVM Instruction 527/12

#### 5.2.4 – Financial Results

In 4Q17, net financial result was negative in R\$ 2 million, vs R\$ 14 million negative posted in 4Q16, resulting a change of R\$ 12 million positive (gain).

#### Non-recurring impacts:

- (i) R\$ 9 million accrual of Present Value Adjustment related to interest on overdue bills due to the review of calculations, within Others Financial Revenues.

#### Recurring Impacts:

- (i) Lower average cash position and lower return of DI rate in the quarter resulting in a lower volume of financial revenue by 41.2%;
- (ii) Null exchange rate in 4Q17 due to the settlement of credit operation with foreign funding in October, 2017, reducing significantly the cost of debt in foreign currency. In this period, dollar appreciated against Real and, considering the debt reduction in foreign currency, the Company had Exchange rate gains of R\$ 2 million, compared to a gain of R\$ 6 million in swap transactions. Although the currency accounting rules appoint the Market to Market in swap operations, causing volatility in the results, such income or expenses has no influence in the Company cash;
- (iii) Increase in interest on energy bills grew by R\$ 7 million in 4Q17 compared to 4Q16. Such increase is related to the tightening of the collection procedures by the Company.

| R\$ MM                              | 4Q16        | 4Q17       | Chg.          | 2016        | 2017        | Chg.          |
|-------------------------------------|-------------|------------|---------------|-------------|-------------|---------------|
| Interest on Position Cash           | 42          | 25         | -41.2%        | 170         | 125         | -26.6%        |
| Fines and Interest on Overdue Bills | 17          | 24         | 43.1%         | 68          | 76          | 12.7%         |
| Swap Operations                     | (5)         | 1          | -117.3%       | (70)        | (18)        | -74.6%        |
| Foreing Exchange on Debt            | (3)         | (0)        | -87.8%        | 52          | 7           | -87.3%        |
| Interest and Monetary Restatement   | (57)        | (57)       | -0.8%         | (227)       | (202)       | -11.1%        |
| Other Financial Revenues            | 1           | 9          | 557.2%        | 14          | 10          | -29.9%        |
| Other Financial Expenses            | (10)        | (4)        | -62.3%        | (35)        | (22)        | -35.0%        |
| <b>NET FINANCIAL RESULTS*</b>       | <b>(14)</b> | <b>(2)</b> | <b>-88.0%</b> | <b>(28)</b> | <b>(25)</b> | <b>-12.3%</b> |

\*For comparison purposes, the update on the financial asset (VNR) was adjusted in 2016

### 5.2.5. Income Tax and Social Contribution

At CEMAR, the calculation of Income Tax (IRPJ) and Social Contribution on Net Profits (CSLL) is positively influenced by the following items: i) the tax incentive of a 75% reduction in income tax as a result of the total modernization benefit, effective through 2021; ii) tax incentives related to accelerated depreciation, obtained from the SUDENE, which allows investments in expansion and modernization of the distribution network to be considered as a fully tax-deductible expense for purposes of calculating income tax immediately (effective through 2018); and, iii) the offset of accrued losses. It should be noted that all items mentioned above are applicable only to income tax.

#### Effective Income Tax and Social Contribution Rate

| Income Taxes (R\$ MM)                    | 4Q16 | 4Q17  | Chg.     | 2016 | 2017  | Chg.     |
|--|------|-------|----------|------|-------|----------|
| Earnings before Taxes (1)                | 102  | 182   | 78.7%    | 489  | 592   | 20.9%    |
| Income Tax / Social Contribution Expense | (15) | (27)  | 76.0%    | (90) | (102) | 13.8%    |
| (-) Deferred Tax Assets                  | 11   | 7     | -38.2%   | 49   | 44    | -10.0%   |
| = Tax Payable                            | (4)  | (20)  | 359.7%   | (40) | (58)  | 42.6%    |
| (+) Fiscal Credits                       | -    | -     | N/A      | 9    | -     | -100.0%  |
| (-) Credit Balance                       | (5)  | -     | -100.0%  | (5)  | -     | -100.0%  |
| = Tax - Cash Basis (2)                   | (10) | (20)  | 110.0%   | (31) | (58)  | 83.5%    |
| Effective Tax Rate = (2) / (1)           | 9.4% | 11.0% | 1.6 p.p. | 6.4% | 9.8%  | 3.3 p.p. |

In 4Q17, the result of income tax and social contribution was R\$ 7 million and, considering the use of deferred tax assets for compensation, the cash outflow for the payment of such taxes amounted to R\$ 20 million.

### 5.2.6. Net Income

In 4Q17, CEMAR's adjusted Net Income reached R\$ 146 million, 26.8% growth compared to the R\$ 115 million net Income reported in 4Q16.

| NET INCOME (R\$ million)        | 4Q16       | 4Q17       | Var.         | 2016       | 2017       | Var.         |
|---------------------------------|------------|------------|--------------|------------|------------|--------------|
| <b>Net Income</b>               | <b>86</b>  | <b>155</b> | <b>79.2%</b> | <b>400</b> | <b>490</b> | <b>22.5%</b> |
| EBITDA Net Adjustments          | 29         | (18)       | -160.8%      | 25         | (24)       | -197.4%      |
| REFIS Adhesion                  | -          | -          | N/A          | -          | (2)        | N/A          |
| Present Value Reversal on bills | -          | 9          | N/A          | -          | 9          | N/A          |
| <b>Adjusted Net Income</b>      | <b>115</b> | <b>146</b> | <b>26.8%</b> | <b>425</b> | <b>472</b> | <b>11.2%</b> |

## 5.3 Financial Performance – CELPA

| CELPA Income Statement (R\$ MM)     | 4Q16       | 4Q17       | Chg.          | 2016       | 2017       | Var.         |
|-------------------------------------|------------|------------|---------------|------------|------------|--------------|
| Gross Operating Revenues (GOR)      | 1,963      | 2,102      | 7.1%          | 6,595      | 7,330      | 11.1%        |
| Net Operating Revenues (NOR)        | 1,399      | 1,481      | 5.8%          | 4,528      | 5,151      | 13.8%        |
| Energy Purchase Cost                | (868)      | (954)      | 9.9%          | (2,980)    | (3,324)    | 11.5%        |
| Operating Expenses                  | (254)      | (174)      | -31.3%        | (767)      | (854)      | 11.4%        |
| <b>EBITDA</b>                       | <b>278</b> | <b>353</b> | <b>27.1%</b>  | <b>781</b> | <b>973</b> | <b>24.5%</b> |
| Other Operating Revenues / Expenses | (10)       | (15)       | 58.7%         | (29)       | (32)       | 10.5%        |
| Depreciation                        | (50)       | (52)       | 4.1%          | (198)      | (211)      | 6.2%         |
| Service Income (EBIT)               | 218        | 286        | 31.0%         | 554        | 730        | 31.8%        |
| Net Financial Result                | (80)       | (52)       | -34.4%        | (133)      | (207)      | 56.3%        |
| Operating Income                    | 139        | 234        | 68.6%         | 421        | 523        | 24.0%        |
| Income Taxes                        | (20)       | 132        | -758.4%       | (70)       | 91         | -229.9%      |
| <b>Net Income</b>                   | <b>118</b> | <b>366</b> | <b>208.9%</b> | <b>352</b> | <b>614</b> | <b>74.5%</b> |

### 5.3.1. Operating Revenues

In 4Q17, Gross Operating Revenues (GOR) grew 7.9% compared to 4Q16. Excluding the Construction Revenues, GOR grew by 8%, reaching R\$ 1,839 million.

Net Revenues, excluding Construction Revenues, reached R\$ 1,217 million, 7% increase when compared to the same quarter of the previous year.

As from 1Q17, the restatement of the financial asset (VNR), which until then used to be booked within the Financial Results, was transferred to the Operating Revenues, affecting the Company's EBITDA.

| Operating Revenues - Celpa                                  | 4Q16             | 4Q17             | Chg.    | 2016             | 2017             | Chg.   |
|---|------------------|------------------|---------|------------------|------------------|--------|
| <b>Number of Consumers</b>                                  | <b>2,443,344</b> | <b>2,595,986</b> | 6.2%    | <b>2,443,344</b> | <b>2,595,986</b> | 6.2%   |
| <b>Billed Energy (MWh)</b>                                  | <b>2,332,313</b> | <b>2,356,631</b> | 1.0%    | <b>8,739,471</b> | <b>8,767,032</b> | 0.3%   |
| <b>KWh per Consumer</b>                                     | <b>955</b>       | <b>908</b>       | -4.9%   | <b>3,577</b>     | <b>3,377</b>     | -5.6%  |
| <b>Gross Supply Revenues</b>                                | <b>1,512</b>     | <b>1,554</b>     | 2.7%    | <b>5,260</b>     | <b>5,414</b>     | 2.9%   |
| Residential   | 756              | 816              | 7.9%    | 2,592            | 2,824            | 9.0%   |
| Industrial  | 154              | 115              | -25.5%  | 574              | 390              | -32.1% |
| Commercial  | 359              | 363              | 1.1%    | 1,268            | 1,308            | 3.2%   |
| Other Segments  | 243              | 259              | 6.8%    | 825              | 892              | 8.0%   |
| <b>(-) Exceeding demand / reactive energy</b>               | <b>(9)</b>       | <b>(13)</b>      | 42.2%   | <b>(39)</b>      | <b>(40)</b>      | 4.2%   |
| <b>Supply (R\$ MM)</b>                                      | <b>57</b>        | <b>23</b>        | -59.6%  | <b>190</b>       | <b>49</b>        | -74.2% |
| <b>Other Revenues (R\$ MM)</b>                              | <b>99</b>        | <b>186</b>       | 87.0%   | <b>365</b>       | <b>604</b>       | 65.8%  |
| Low Income Subsidy  | 65               | 103              | 57.6%   | 244              | 354              | 45.2%  |
| Grid Usage  | 1                | 44               | 4250.5% | 13               | 136              | 986.5% |
| Financial Asset Restatement                                 | 15               | 28               | 83.3%   | 61               | 55               | -10.9% |
| Other Operating Revenues                                    | 18               | 11               | -37.2%  | 47               | 60               | 26.7%  |
| <b>CVA Regulatory Assets</b>                                | <b>58</b>        | <b>89</b>        | 54.2%   | <b>56</b>        | <b>437</b>       | 681.1% |
| <b>Construction Revenues</b>                                | <b>246</b>       | <b>264</b>       | 7.2%    | <b>810</b>       | <b>865</b>       | 6.8%   |
| <b>Gross Operating Revenues</b>                             | <b>1,963</b>     | <b>2,102</b>     | 7.1%    | <b>6,641</b>     | <b>7,330</b>     | 10.4%  |
| <b>Gross Operating Revenues (w/o Construction Rev)</b>      | <b>1,717</b>     | <b>1,839</b>     | 7.1%    | <b>5,832</b>     | <b>6,465</b>     | 10.9%  |
| <b>Deductions from Operating Revenues (R\$ MM)</b>          | <b>(564)</b>     | <b>(621)</b>     | 10.2%   | <b>(2,067)</b>   | <b>(2,179)</b>   | 5.4%   |
| PIS/COFINS  | (152)            | (161)            | 6.2%    | (508)            | (550)            | 8.2%   |
| Consumer Charges  | (13)             | (13)             | 1.4%    | (46)             | (46)             | 0.5%   |
| CDE Subsidy   | (92)             | (82)             | -10.8%  | (359)            | (335)            | -6.7%  |
| ICMS - State Tax  | (307)            | (365)            | 18.9%   | (1,153)          | (1,247)          | 8.1%   |
| ISS - Municipality Tax                                      | (0)              | (0)              | -39.0%  | (1)              | (1)              | -17.2% |
| <b>Net Operating Revenues (R\$ MM)</b>                      | <b>1,399</b>     | <b>1,481</b>     | 5.8%    | <b>4,574</b>     | <b>5,151</b>     | 12.6%  |
| <b>Net Operating Revenues w/o Construction Rev (R\$ MM)</b> | <b>1,153</b>     | <b>1,217</b>     | 5.6%    | <b>3,765</b>     | <b>4,286</b>     | 13.8%  |

### 5.3.2. Operating Costs and Expenses

In 4Q17, Operating Costs and Expenses, excluding Construction Costs and Isolated Systems expenses, totaled R\$ 914 million, 0.6% increase in comparison to 4Q16.

| R\$ MM                                     | 4Q16         | 4Q17         | Chg.          | 2016         | 2017         | Chg.         |
|--|--------------|--------------|---------------|--------------|--------------|--------------|
| Personnel                                  | 34           | 38           | 12.0%         | 131          | 132          | 1.0%         |
| <i>Profit Sharing</i>                      | 4            | 4            | -3.7%         | 18           | 17           | -3.7%        |
| Material                                   | 5            | 2            | -57.1%        | 6            | 8            | 33.7%        |
| Third Party Services                       | 84           | 96           | 13.3%         | 301          | 362          | 20.4%        |
| Others                                     | (24)         | (21)         | -11.6%        | (17)         | 17           | -201.6%      |
| <i>Quality Indicators Compensations</i>    | 6            | (10)         | 281.6%        | 9            | 14           | 60.5%        |
| <b>PMSO</b>                                | <b>99</b>    | <b>114</b>   | <b>15.6%</b>  | <b>422</b>   | <b>520</b>   | <b>23.3%</b> |
| Provision for Lawyer's Fee                 | -            | -            | N/A           | -            | (16)         | N/A          |
| Public Lighting Reassessment               | -            | -            | N/A           | -            | (7)          | N/A          |
| Bonus for Quality Indicators Compensations | -            | -            | N/A           | 12           | -            | 100.0%       |
| <b>Net PMSO</b>                            | <b>99</b>    | <b>114</b>   | <b>15.6%</b>  | <b>434</b>   | <b>497</b>   | <b>14.5%</b> |
| PDA  | 122          | 39           | -68.2%        | 216          | 216          | 0.2%         |
| % GOR (w/o Construction Revenues)          | 7.1%         | 2.1%         | -5 p.p.       | 3.7%         | 3.3%         | -0.3 p.p.    |
| Provision for Contingencies                | 6            | 4            | -37.1%        | 8            | 19           | 144.1%       |
| <b>Provisions</b>                          | <b>129</b>   | <b>43</b>    | <b>-66.7%</b> | <b>224</b>   | <b>235</b>   | <b>5.1%</b>  |
| <b>Other Operating Expenses (Revenues)</b> | <b>10</b>    | <b>15</b>    | <b>58.7%</b>  | <b>29</b>    | <b>32</b>    | <b>9.9%</b>  |
| <b>Depreciation and Amortization</b>       | <b>50</b>    | <b>52</b>    | <b>4.1%</b>   | <b>198</b>   | <b>211</b>   | <b>6.2%</b>  |
| <b>MANAGEABLE EXPENSES</b>                 | <b>287</b>   | <b>224</b>   | <b>-21.8%</b> | <b>873</b>   | <b>998</b>   | <b>14.3%</b> |
| Energy Purchase and Transmission           | 583          | 599          | 2.7%          | 2,017        | 2,207        | 9.4%         |
| Grid and Connection Charges                | 39           | 91           | 136.1%        | 153          | 252          | 64.9%        |
| <b>NON-MANAGEABLE EXPENSES</b>             | <b>622</b>   | <b>690</b>   | <b>11.0%</b>  | <b>2,170</b> | <b>2,459</b> | <b>13.3%</b> |
| <b>CONSTRUCTION EXPENSES</b>               | <b>246</b>   | <b>264</b>   | <b>7.2%</b>   | <b>810</b>   | <b>865</b>   | <b>6.8%</b>  |
| <b>TOTAL</b>                               | <b>1,154</b> | <b>1,178</b> | <b>2.0%</b>   | <b>3,853</b> | <b>4,322</b> | <b>12.2%</b> |

### Manageable Operating Costs and Expenses

PMSO (personnel, material, third party services and others) reported in the 4Q17 amounted to R\$ 114 million, a 15.6% increase compared to 4Q16. Last 12-month inflation, measured by IPCA reached 2.9% and by INPC reached 2.0%.

The main impacts are detailed below:

- **Personnel:** 12.0% or R\$4.1 million increase, due to:
  - (i) Correction in the booking of benefits from previous periods (+ R\$1.4 million), benefit adjustments and increase of headcount (+ R\$2.4 million).
- **Third Party Services:** 13.3% or R\$11.2 million increase, due to:



- (i) Strengthening of collection procedures by the Company (+ R\$3.1 million);
  - (ii) Increase in the electric services expenses, mainly focused in grid maintenance services (+ R\$5.6 million);
  - (iii) Expenses related to the creation of conflict settlement procedures to avoid lawsuits from consumers (Legal Settlement Cell, CSJ, in Portuguese) (+ R\$ 1.3 million).
- **Others:** 11.6% or R\$2.8 million decrease, due to:
- (i) Non-recurring write-off from extinct debts (R\$25 million).

In 4Q17, CELPA booked R\$ 39 million in Provision for Doubtful Accounts (PDA), corresponding to 2.1% of the Gross Operating Revenues without Construction Revenues. After 3 consecutive quarters of reduction, CELPA's PDA remains stable when compared to the previous quarter.

There is no longer any impact in CELPA's PDA arising from the company's new commercial system implementation from the beginning of 2016. Yet, to understand this percentage, it is necessary to take under consideration the weak macroeconomic scenario and the strengthening of the loss combat initiatives.

### Isolated Systems

These are regions or cities that are not connected to the National Grid (SIN, in Portuguese), and have thermal plants solely dedicated to its supply. In the 4Q17, the cost of these plants within CELPA's area amounted to R\$ 17 million.

When compared to 4Q16, these variations arise:

- (i) Change in the agreement model for energy and potency, as from Feb/17, with the start of the new CCESI 01/16, under which:
  - a. There is a reduction in the fuel for energy consumption, given that under the new model, the fuel purchase is under the Independent Producer responsibility;
  - b. There is a reduction in the Third Party Services, since the cost of the Independent Producer is now booked under "Energy and Potency Purchase", after the new agreement model;
  - c. The constitution of a new accounting line, Energy and Potency Purchase, which includes the largest part of the old costs Third Party Services and fuel contracts.
- (ii) Increase in the CCC subvention due to the reduction in the average-ACR from R\$ 295.1 to R\$ 204.8, in accordance to Decree 2,796/2016, valid for 2017, as well as the reduction of the cut factor on the subvention, in accordance to Decree 607/17;

In 2017, 3 previously isolated regions were connected to the National Grid (SIN, in Portuguese), reducing the loss given the cut in the reimbursement of the fuel through the CCC Subvention. Also, values referring to the Reimbursement Adjustment and Regulatory Incentive from 2015 and 2016 were booked, increasing the value of the CCC subvention.

Under the new model, the supply is made through a regulated energy and potency purchase agreement, in accordance to Law 12,111/09 and applicable regulations, under which the distributor passes through the fuel management to the Independent Producer.

| OWN GENERATION EXPENSES      | 4Q16      | 4Q17      | Chg.          | 2016       | 2017      | Chg.          |
|------------------------------|-----------|-----------|---------------|------------|-----------|---------------|
| Third Party Services         | 28        | 1         | -95.5%        | 101        | 11        | -89.0%        |
| Others                       | 5         | 1         | -87.4%        | 17         | 4         | -79.2%        |
| CCC Subvention               | (73)      | (118)     | 61.3%         | (287)      | (395)     | 37.3%         |
| Fuel for energy generation   | 66        | 6         | -90.5%        | 290        | 42        | -85.6%        |
| Energy and Potency Contracts | -         | 127       | N/A           | -          | 437       | N/A           |
| <b>TOTAL</b>                 | <b>26</b> | <b>17</b> | <b>-34.6%</b> | <b>121</b> | <b>99</b> | <b>-18.2%</b> |

### 5.3.3 EBITDA

In 4Q17, EBITDA reached R\$ 353 million, which already considers the booking of regulatory assets and liabilities.

As non-recurring effects in this quarter, it should be noted:

#### Gross Profit:

- (i) R\$ 16.5 million in PIS/COFINS mismatch, impacting the Net Operational Revenue;
- (ii) R\$ 10 million in Parcel A costs without the booking of the corresponding regulatory assets and liabilities;
- (iii) R\$ 4.5 million related to liability's reversal from the Company's Judicial Recovery process, which affects Energy Purchase.

#### PMSO:

- (i) R\$ 25 million related to extinct debts reversal, which affects Others;

#### Isolated System:

- (i) R\$ 12 million related to the Isolated System Operation.

| EBITDA (R\$ million)                     | 4Q16       | 4Q17       | Var.         | 2016       | 2017       | Var.         |
|--|------------|------------|--------------|------------|------------|--------------|
| Operating Income                         | 218        | 286        | 31.0%        | 600        | 730        | 21.6%        |
| Depreciation and Amortization            | (50)       | (52)       | 4.1%         | (198)      | (211)      | 6.2%         |
| <b>IFRS EBITDA (CVM)*</b>                | <b>268</b> | <b>338</b> | <b>26.0%</b> | <b>799</b> | <b>941</b> | <b>17.8%</b> |
| Other Operating Revenues (Expenses)      | (10)       | (15)       | 58.7%        | (29)       | (32)       | 10.5%        |
| <b>IFRS EBITDA</b>                       | <b>278</b> | <b>353</b> | <b>27.1%</b> | <b>828</b> | <b>973</b> | <b>17.5%</b> |
| PIS/COFINS Mismatch                      | (35)       | (17)       | -53.3%       | (20)       | (34)       | 68.2%        |
| Expenses w/o Regulatory Asset            | 14         | (10)       | -172.2%      | 17         | (20)       | -216.2%      |
| Non-recurring from PMSO                  | -          | (25)       | N/A          | -          | (21)       | N/A          |
| Energy Purchase                          | -          | (5)        | N/A          | -          | (5)        | N/A          |
| Non-recurring items from Isolated System | -          | (12)       | N/A          | -          | (12)       | N/A          |
| Fines' Provision Reversal                | (28)       | -          | -100.0%      | (41)       | -          | -100.0%      |
| Financial Asset Restatement (VNR)        | -          | -          | N/A          | 37         | -          | N/A          |
| Contingency provision reversal           | -          | -          | N/A          | (14)       | -          | -100.0%      |
| Effects in NOR                           | -          | -          | N/A          | 11         | -          | -100.0%      |
| Overcontraction (105%)                   | 9          | -          | -100.0%      | 15         | -          | -100.0%      |
| Tariff Adjustment                        | -          | -          | N/A          | 6          | -          | -100.0%      |
| Provision for Lawyer's Fee               | -          | -          | N/A          | -          | 16         | N/A          |
| Public Lighting Grid Reassessment        | -          | -          | N/A          | -          | 7          | N/A          |
| PDA                                      | 47         | -          | -100.0%      | 30         | -          | -100.0%      |
| <b>Adjusted EBITDA</b>                   | <b>284</b> | <b>285</b> | <b>0.4%</b>  | <b>868</b> | <b>904</b> | <b>4.1%</b>  |

\* Calculated in accordance to CVM Instruction 527/12

The Financial Asset Restatement (VNR) was transferred to Other Revenues

As from 1Q17, the restatement of the financial asset (VNR), which until then used to be booked within the Financial Results, was transferred to the Operating Revenues, affecting the Company's EBITDA. To keep the comparability between periods, 4Q16 and 2016 EBITDA were also adjusted to consider as if this account had already affected that quarter.

## 5.3.4. Financial Results

In 4Q17, net financial result was an expense of R\$52 million, versus R\$80 million reported in 4Q16, causing a positive variation of R\$ 28 million (gain).

### Non-recurring Impacts:

- (i) R\$ 15.5 million of interest on energy bills that should have been booked in 4Q16, but instead were accrued in 1Q17 results;
- (ii) In 4Q17, due to the change in the risk classification, there was a reversal of R\$ 11 million in Monetary Adjustment on Contingencies;
- (iii) Accounting of R\$ 44.5 million in expenses from Court Settlement related to the Company's Judicial Recovery Process, of which R\$ 32 million were booked in Other Financial Expenses and R\$ 12 million accrued in Present Value Adjustment on Judicial Recovery Debt.
- (iv) Booking of R\$ 25 million in Present Value Adjustment over the interest on energy bills due to the review of the calculation procedures, within Others Financial Revenues.

### Recurring Impacts:

- (i) Lower average cash position in the period and lower DI rate in the quarter reducing the financial revenue by 20.3%;
- (ii) Higher volume of fines on overdue energy bills, increasing by R\$ 4 million in the quarter if we exclude the non-recurring effect commented in (i) item above. This growth is explained by the strengthening of the collection procedures by the Company;
- (iii) With the slight Dollar appreciation against the Real in this quarter, the Company registered a foreign exchange loss of R\$ 22 million higher than the one observed in 4Q16. On the other hand, there was an increase of Swap Operations revenues of R\$ 39 million. The accounting standards determine the mark to market of the swap operations (R\$ 9 million in 4Q17), causing volatility in the results, but such revenues or expenses do not affect the Company's cashflow.

| R\$ MM                                       | 4Q16        | 4Q17        | Chg.          | 2016         | 2017         | Chg.         |
|--|-------------|-------------|---------------|--------------|--------------|--------------|
| Financial Income                             | 16          | 13          | -20.3%        | 95           | 87           | -8.4%        |
| Fines on Overdue Bills                       | 10          | 29          | 192.2%        | 84           | 116          | 37.9%        |
| Swap Operations                              | (15)        | 24          | -261.8%       | (226)        | (31)         | -86.4%       |
| Foreign Exchange on Debt                     | (5)         | (24)        | 372.5%        | 139          | (13)         | 109.5%       |
| Foreign Exchange on Debt - Judicial Recovery | (5)         | (8)         | 67.0%         | 45           | (3)          | 106.5%       |
| Interest on Renegotiated Bills               | -           | -           | N/A           | (4)          | -            | 100.0%       |
| Foreign Exchange on STN Collateral           | -           | 2           | N/A           | -            | 2            | N/A          |
| Interest on Regulatory Charges               | 2           | 2           | 46.3%         | 2            | 7            | 298.2%       |
| Interest on Debt                             | (43)        | (54)        | 25.4%         | (128)        | (215)        | 68.5%        |
| Interest on Debt - Judicial Recovery         | (33)        | (20)        | -40.4%        | (125)        | (62)         | -50.2%       |
| Interest and Fines of Taxes                  | -           | -           | N/A           | (13)         | -            | 100.0%       |
| Present Value Adjustment - Judicial Recovery | (10)        | (24)        | 142.4%        | (36)         | (55)         | 54.6%        |
| Contingencies                                | (4)         | 19          | -561.9%       | (16)         | 9            | -153.5%      |
| Other Financial Revenue                      | 1           | 26          | 2163.1%       | 15           | 30           | 105.1%       |
| Other Financial Expense                      | 6           | (38)        | 727.5%        | (9)          | (78)         | 743.1%       |
| <b>NET FINANCIAL RESULTS</b>                 | <b>(80)</b> | <b>(52)</b> | <b>-34.5%</b> | <b>(179)</b> | <b>(207)</b> | <b>15.9%</b> |

\*For comparison purpose, the update on the financial asset (VNR) was adjusted in 2016

### 5.3.5. Income Tax and Social Contribution

At CELPA, the calculation of Income Tax (IRPJ) and Social Contribution on Net Profits (CSLL) is positively influenced by the following items: i) the tax incentive of a 75% reduction in income tax as a result of the total modernization benefit, effective through 2021; ii) tax incentives related to accelerated depreciation, obtained from the SUDENE, which allows investments in expansion and modernization of the distribution network to be considered as a fully tax-deductible expense for purposes of calculating income tax immediately (effective through 2018); and, iii) the offset of accrued losses. It should be noted that all items mentioned above are applicable only to income tax.

#### Effective Income Tax and Social Contribution Rate

| Income Taxes (R\$ MM)                    | 4Q16 | 4Q17  | Chg.     | 2016 | 2017  | Chg.    |
|--|------|-------|----------|------|-------|---------|
| Earnings before Taxes (1)                | 139  | 234   | 68.6%    | 421  | 523   | 24.0%   |
| Income Tax / Social Contribution Expense | (21) | 132   | -739.3%  | (71) | 91    | -227.7% |
| (-) Deferred Tax Assets                  | 4    | (145) | -3576.2% | 38   | (119) | -409.8% |
| = Tax Payable                            | (17) | (13)  | -23.5%   | (33) | (28)  | -13.2%  |
| (+) Fiscal Credits                       | -    | -     | N/A      | 7    | -     | -100.0% |
| = Tax - Cash Basis (2)                   | (17) | (13)  | N/A      | (26) | (28)  | N/A     |
| Effective Tax Rate = (2) / (1)           | 12%  | 5.4%  | N/A      | 6.1% | 5.4%  | N/A     |

In 4Q17, the result of income tax and social contribution was R\$ 132 million and, considering the use of deferred tax assets for compensation, the cash outflow for the payment of such taxes amounted to R\$ 13 million.

In December 2017, the Company booked a Deferred Tax Asset over Net Losses and Negative Social Contribution, in accordance to CPC 32 and CVM Instruction 371/02, amounting to R\$ 169 million.

### 5.3.6. Net Income

In 4Q17, CELPA's Net Income amounted to R\$ 366 million, compared to R\$ 118 million presented in the same quarter of the previous year.

The adjusted figure, in order to exclude non-recurring effects, reached R\$ 142 million. Most of the adjustments listed below are described in the Financial Results Section, except for the Deferred Tax Asset accrued over Net Losses, whose explanation is on the Income Tax and Social Contribution Section.

| Net Income (R\$ million)          | 4Q16       | 4Q17       | Chg.          | 2016       | 2017       | Chg.         |
|-----------------------------------|------------|------------|---------------|------------|------------|--------------|
| <b>Net Income</b>                 | <b>118</b> | <b>366</b> | <b>208.9%</b> | <b>352</b> | <b>614</b> | <b>74.5%</b> |
| Ebitda Adjustments (Net of Taxes) | 1          | (45)       | -4100%        | 24         | (51)       | -308%        |
| Contingencies                     | -          | (11)       | N/A           | 8          | (11)       | -238%        |
| REFIS Adhesion                    | -          | (3)        | N/A           | -          | (8)        | N/A          |
| Judicial Agreement                | -          | 45         | N/A           | -          | 45         | N/A          |
| Interest on Energy Bills          | -          | (16)       | N/A           | -          | (16)       | N/A          |
| Present Value Reversal on Bills   | -          | (25)       | N/A           | -          | (25)       | N/A          |
| Deferred Tax Asset                | -          | (170)      | N/A           | -          | (170)      | N/A          |
| PIS/COFINS Credit                 | -          | -          | N/A           | 4          | -          | -100%        |
| <b>Adjusted Net Income</b>        | <b>120</b> | <b>142</b> | <b>18.6%</b>  | <b>388</b> | <b>378</b> | <b>-2.6%</b> |

## 5.4 Financial and Economic Performance – Geramar

The information in this section represents 25% of Geramar's operations.

| Income Statement - Geramar (R\$ MM) | 4Q16      | 3Q17*    | 4Q17      | Chg.         | 2016      | 2017      | Chg.         |
|-------------------------------------|-----------|----------|-----------|--------------|-----------|-----------|--------------|
| Gross Operating Revenues (GOR)      | 33        | 54       | 61        | 85.8%        | 114       | 149       | 30.3%        |
| Net Operating Revenues (NOR)        | 30        | 49       | 55        | 85.8%        | 104       | 135       | 30.3%        |
| Energy Purchase Costs               | (15)      | (37)     | (35)      | 141.2%       | (48)      | (74)      | 55.2%        |
| Operating Expenses                  | (4)       | (5)      | (6)       | 63.8%        | (15)      | (20)      | 31.2%        |
| <b>EBITDA</b>                       | <b>11</b> | <b>7</b> | <b>14</b> | <b>21.4%</b> | <b>41</b> | <b>41</b> | <b>0.6%</b>  |
| Depreciation                        | (1)       | (1)      | (1)       | 6.6%         | (2)       | (3)       | 58.5%        |
| Service Income                      | 10        | 6        | 13        | 22.7%        | 38        | 37        | -2.7%        |
| Net Financial Results               | (1)       | (1)      | (1)       | -4.3%        | (6)       | (6)       | 0.8%         |
| Operating Income                    | 9         | 5        | 11        | 27.2%        | 33        | 32        | -3.3%        |
| Income Tax                          | (1)       | (1)      | (2)       | 34.6%        | (5)       | (5)       | -1.4%        |
| <b>Net Income</b>                   | <b>8</b>  | <b>4</b> | <b>10</b> | <b>25.9%</b> | <b>28</b> | <b>27</b> | <b>-3.6%</b> |

(\*) 3Q17 restated, please consider these figures

### 5.4.1 – Operating Revenues

In 4Q17, Net Operating Revenue (NOR) totaled R\$ 55 million, 85.8% above than the one recorded in 4Q16. The increase observed is due to the dispatch of the plants in the quarter (367 GWh).

### 5.4.2 – Costs and Expenses

The total expenditures by the plants in 4Q17 totaled R\$ 42 million, mainly reflecting the generation costs incurred given the dispatch of the plant in the quarter.

| Operating Costs and Expenses         | 4Q16      | 3T17*     | 4Q17      | Chg.          | 2016      | 2017      | Chg.         |
|--------------------------------------|-----------|-----------|-----------|---------------|-----------|-----------|--------------|
| Transmission and Generation Expenses | 15        | 37        | 35        | 141.2%        | 48        | 74        | 55.2%        |
| Operating Expenses                   | 4         | 5         | 6         | 63.8%         | 15        | 20        | 31.2%        |
| Depreciation                         | 1         | 1         | 1         | 4.5%          | 2         | 3         | 57.4%        |
| <b>Total</b>                         | <b>19</b> | <b>43</b> | <b>42</b> | <b>120.0%</b> | <b>65</b> | <b>98</b> | <b>49.7%</b> |

(\*) 3Q17 restated, please consider these figures

### 5.4.3 - EBITDA

Geramar's EBITDA in 4Q17 reached R\$ 14 million, increase of 21.4% when compared to 4Q16.

### 5.4.4 – Financial Results

The financial results for 4Q17 were negative by R\$ 1 million due to interest on long-term loans signed to finance the construction of the plants

### 5.4.5 – Net Income

Geramar's Net Income reached R\$ 10 million in this quarter.

## 5.5 Financial and Economic Performance – Intesa

The information in this section represents 51.0% of Intesa's operations.

| Income Statement - Geramar (R\$ MM) | 4Q16      | 4Q17      | Chg.          | 2016      | 2017      | Chg.        |
|-------------------------------------|-----------|-----------|---------------|-----------|-----------|-------------|
| Gross Operating Revenues (GOR)      | 17        | 25        | 46.1%         | 59        | 75        | 27.2%       |
| Net Operating Revenues (NOR)        | 15        | 23        | 51.8%         | 52        | 67        | 30.4%       |
| Operating Expenses                  | (4)       | (13)      | 219.3%        | (12)      | (27)      | 132.5%      |
| <b>EBITDA</b>                       | <b>11</b> | <b>10</b> | <b>-11.5%</b> | <b>40</b> | <b>40</b> | <b>0.6%</b> |
| Depreciation                        | (0)       | (0)       | 0.0%          | (0)       | (0)       | 100.0%      |
| Service Income                      | 11        | 10        | -11.5%        | 40        | 40        | 0.6%        |
| Net Financial Results               | (1)       | (1)       | -22.4%        | (5)       | (4)       | -17.3%      |
| Operating Income                    | 10        | 9         | -10.2%        | 35        | 36        | 2.9%        |
| Income Tax                          | (2)       | (2)       | -17.9%        | (8)       | (7)       | -13.6%      |
| <b>Net Income</b>                   | <b>8</b>  | <b>7</b>  | <b>-8.1%</b>  | <b>28</b> | <b>30</b> | <b>7.5%</b> |

### 5.5.1 – Operating Revenues

In 4Q17, Net Operating Revenue (NOR) totaled R\$ 23 million, 51.8% above than the one recorded in 4Q16.

### 5.5.2 – Costs and Expenses

The total expenditures in 4Q17 totaled R\$ 2 million, flat year on year.

| Operating Costs and Expenses | 4Q16     | 4Q17     | Chg.        | 2016      | 2017      | Chg.        |
|------------------------------|----------|----------|-------------|-----------|-----------|-------------|
| Operating Expenses           | 2        | 2        | 0.5%        | 10        | 10        | 4.3%        |
| Depreciation                 | 0        | 0        | 0.0%        | 0         | 0         | 100.0%      |
| <b>Total</b>                 | <b>2</b> | <b>2</b> | <b>0.5%</b> | <b>10</b> | <b>10</b> | <b>4.5%</b> |

### 5.5.3 - EBITDA

Intesa's EBITDA in 4Q17 reached R\$ 10 million, affected by the discount of the Variable Parcel given the short unavailability of the transmission line.

### 5.5.4 – Financial Results

The financial results for 4Q17 were negative by R\$ 1 million due to the financial cost of the BNDES loan.

### 5.5.5 – Net Income

Intesa's Net Income reached R\$ 7 million in this quarter, also affected by the discount of the Variable Parcel given the short unavailability of the transmission line.



## 6. Regulatory Assets and Liabilities

### 6.1 – CEMAR

| REGULATORY ASSETS              | 12/31/2016     | 3/31/2017      | 6/30/2017      | 9/30/2017      | 12/31/2017     |
|--------------------------------|----------------|----------------|----------------|----------------|----------------|
| <b>Accrual</b>                 | <b>84,948</b>  | <b>77,084</b>  | <b>76,036</b>  | <b>100,509</b> | <b>205,424</b> |
| CDE                            | 6,350          | 4,303          | 148            | -              | -              |
| Proinfa                        | -              | -              | -              | -              | -              |
| System Charges                 | -              | -              | (11,092)       | -              | -              |
| Basic Grid                     | 2,686          | 3,776          | 4,851          | 6,624          | 14,286         |
| Energy Purchase                | 75,912         | 69,005         | 82,129         | 93,885         | 191,138        |
| <b>Amortization</b>            | <b>57,239</b>  | <b>38,128</b>  | <b>17,711</b>  | <b>114,660</b> | <b>76,724</b>  |
| CDE                            | 8,627          | 5,561          | 2,329          | -              | -              |
| Proinfa                        | 5,707          | 3,608          | 1,541          | 455            | 329            |
| System Charges                 | 6,672          | 4,572          | 2,355          | -              | -              |
| Basic Grid                     | 978            | 631            | 266            | 4,436          | 3,143          |
| Energy Purchase                | 35,255         | 23,756         | 11,220         | 109,769        | 77,794         |
| Parcel A Neutrality            | -              | -              | <b>7,232</b>   | <b>9,234</b>   | <b>(4,542)</b> |
| <b>Other Regulatory Assets</b> | <b>9,442</b>   | <b>21,652</b>  | <b>93,543</b>  | <b>82,992</b>  | <b>105,906</b> |
| Regulatory Asset ANGRA III     | -              | -              | 21,081         | 22,926         | 17,554         |
| Energy Purchase Guarantee      | -              | -              | -              | 1,413          | 549            |
| Others                         | 1,595          | 1,942          | 1,902          | 466            | 1,964          |
| Eletronuclear                  | 103            | 65             | 27             | -              | -              |
| Financial Exposure             | -              | -              | 45,022         | -              | -              |
| Excess Energy Purchase         | 7,744          | 19,645         | 25,511         | 58,187         | 85,839         |
| <b>Total</b>                   | <b>151,629</b> | <b>136,864</b> | <b>194,522</b> | <b>307,395</b> | <b>388,054</b> |

| REGULATORY LIABILITIES         | 12/31/2016       | 3/31/2017       | 6/30/2017       | 9/30/2017        | 12/31/2017       |
|--------------------------------|------------------|-----------------|-----------------|------------------|------------------|
| <b>Accrual</b>                 | <b>(5,036)</b>   | <b>(36,820)</b> | <b>(48,887)</b> | <b>(68,849)</b>  | <b>(127,175)</b> |
| Energy Purchase                | -                | (4,538)         | -               | (29,347)         | (43,391)         |
| Proinfa                        | -                | -               | (142)           | -                | -                |
| System Charges                 | (4,805)          | (31,651)        | (48,745)        | (32,357)         | (73,824)         |
| CDE                            | (231)            | (631)           | -               | (7,145)          | (9,960)          |
| <b>Amortization</b>            | <b>(53,988)</b>  | <b>(21,671)</b> | <b>(16,174)</b> | <b>(57,420)</b>  | <b>(55,372)</b>  |
| Basic Grid                     | (48)             | (33)            | (17)            | -                | -                |
| Energy Purchase                | (12,173)         | (1,476)         | (760)           | -                | (14,646)         |
| CDE                            | (13,591)         | (8,675)         | (10,585)        | (5,991)          | (4,265)          |
| System Charges                 | (28,176)         | (11,487)        | (4,812)         | (51,259)         | (36,340)         |
| Proinfa                        | -                | -               | -               | (170)            | (121)            |
| <b>Parcel A Neutrality</b>     | <b>(15,628)</b>  | <b>(6,457)</b>  | <b>(2,219)</b>  | <b>(3,334)</b>   | <b>-</b>         |
| <b>Other Regulatory Assets</b> | <b>(34,176)</b>  | <b>(23,915)</b> | <b>(7,326)</b>  | <b>(1,578)</b>   | <b>(2,704)</b>   |
| Others                         | 7                | (114)           | 55              | (791)            | (1,900)          |
| Financial Exposure             | (25,556)         | (18,146)        | (5,158)         | -                | -                |
| Excess Energy Purchase         | (8,627)          | (5,655)         | (2,223)         | (787)            | (804)            |
| PIS/COFINS return              | -                | -               | -               | -                | -                |
| <b>Total</b>                   | <b>(108,828)</b> | <b>(88,863)</b> | <b>(74,606)</b> | <b>(131,181)</b> | <b>(185,251)</b> |

| Net Regulatory Assets                       | 12/31/2016    | 3/31/2017     | 6/30/2017      | 9/30/2017      | 12/31/2017     |
|---|---------------|---------------|----------------|----------------|----------------|
| Regulatory Assets                           | 151,629       | 136,864       | 194,522        | 307,395        | 388,054        |
| Regulatory Liabilities                      | (108,828)     | (88,863)      | (74,606)       | (131,181)      | (185,251)      |
| <b>Net Regulatory Assets (for Net Debt)</b> | <b>42,801</b> | <b>48,001</b> | <b>119,916</b> | <b>176,214</b> | <b>202,803</b> |
| CEPISA                                      | -             | -             | -              | 86             | 86             |
| Exceeding demand / reactive energy          | -             | -             | -              | (7,518)        | (11,462)       |
| <b>Net Regulatory Assets</b>                | <b>42,801</b> | <b>48,001</b> | <b>119,916</b> | <b>168,782</b> | <b>191,427</b> |

## 6.2 – CELPA

| REGULATORY ASSETS              | 12/31/2016     | 3/31/2017      | 6/30/2017      | 9/30/2017      | 12/31/2017     |
|--------------------------------|----------------|----------------|----------------|----------------|----------------|
| <b>Accrual</b>                 | <b>101,664</b> | <b>76,386</b>  | <b>85,929</b>  | <b>142,438</b> | <b>245,432</b> |
| CDE                            | (320)          | (426)          | -              | -              | -              |
| Proinfa                        | 310            | 180            | 45             | -              | -              |
| Basic Grid                     | 5,342          | 8,233          | 11,122         | 24,491         | 28,773         |
| Energy Purchase                | 96,332         | 68,399         | 74,762         | 117,947        | 216,659        |
| <b>Amortization</b>            | <b>133,868</b> | <b>94,651</b>  | <b>52,113</b>  | <b>87,314</b>  | <b>62,270</b>  |
| CDE                            | 23,756         | 16,523         | 8,645          | -              | -              |
| Proinfa                        | 7,047          | 4,901          | 2,564          | 863            | 627            |
| System Charges                 | 18,758         | 13,695         | 8,167          | (93)           | -              |
| RTE Energy                     | -              | 10,109         | 5,119          | -              | -              |
| Basic Grid                     | -              | -              | -              | 12,010         | 8,540          |
| Energy Purchase                | 84,307         | 49,423         | 27,618         | 74,534         | 53,103         |
| Parcel A Neutrality            | -              | -              | <b>19,311</b>  | <b>24,504</b>  | <b>17,275</b>  |
| <b>Excess Energy Purchase</b>  | <b>21,132</b>  | <b>42,623</b>  | <b>48,198</b>  | <b>93,285</b>  | <b>96,445</b>  |
| <b>Other Regulatory Assets</b> | <b>177</b>     | <b>1,076</b>   | <b>95,613</b>  | <b>34,681</b>  | <b>25,440</b>  |
| Others                         | 35             | 980            | 1,620          | 2,078          | 1,777          |
| Regulatory Asset Angra III     | -              | -              | 30,761         | 32,603         | 23,663         |
| Energy Purchase Guarantee      | -              | -              | -              | -              | -              |
| Financial Exposure             | -              | -              | 63,183         | -              | -              |
| Eletronuclear                  | 142            | 96             | 49             | -              | -              |
| <b>TOTAL</b>                   | <b>256,841</b> | <b>214,736</b> | <b>301,164</b> | <b>382,222</b> | <b>446,862</b> |

| REGULATORY LIABILITIES         | 12/31/2016       | 3/31/2017        | 6/30/2017        | 9/30/2017        | 12/31/2017       |
|--------------------------------|------------------|------------------|------------------|------------------|------------------|
| <b>Accrual</b>                 | <b>(76,758)</b>  | <b>(101,196)</b> | <b>(166,214)</b> | <b>(84,088)</b>  | <b>(177,736)</b> |
| System Charges                 | (54,395)         | (91,336)         | (146,024)        | (72,514)         | (150,556)        |
| CDE                            | (4,893)          | (6,913)          | (20,190)         | (11,528)         | (15,440)         |
| Proinfa                        | -                | -                | -                | (46)             | (47)             |
| Parcel A Neutrality            | (17,470)         | (2,947)          | -                | -                | (11,693)         |
| <b>Amortization</b>            | <b>(119,786)</b> | <b>(83,938)</b>  | <b>(45,239)</b>  | <b>(134,534)</b> | <b>(95,794)</b>  |
| Basic Grid                     | (2,517)          | (1,828)          | (1,076)          | -                | -                |
| Energy Purchase                | (25,209)         | (18,404)         | (10,975)         | -                | -                |
| CDE                            | (28,658)         | (19,608)         | (10,114)         | (16,263)         | (11,593)         |
| System Charges                 | (63,361)         | (44,068)         | (23,057)         | (118,270)        | (84,201)         |
| Proinfa                        | (41)             | (30)             | (17)             | (0)              | -                |
| <b>Parcel A Neutrality</b>     | <b>(29,513)</b>  | <b>(20,046)</b>  | <b>(10,152)</b>  | <b>(3,819)</b>   | <b>-</b>         |
| <b>Other Regulatory Assets</b> | <b>(69,122)</b>  | <b>(54,037)</b>  | <b>(22,147)</b>  | <b>(16,890)</b>  | <b>(17,490)</b>  |
| Others                         | 120              | (543)            | (275)            | (1,717)          | (2,017)          |
| Financial Exposure             | (40,864)         | (31,052)         | (10,507)         | -                | -                |
| Excess Energy Purchase         | (28,378)         | (22,443)         | (11,365)         | (15,173)         | (15,473)         |
| <b>Total</b>                   | <b>(295,179)</b> | <b>(259,218)</b> | <b>(243,752)</b> | <b>(239,332)</b> | <b>(291,020)</b> |

| Net Regulatory Assets                   | 12/31/2016       | 3/31/2017        | 6/30/2017       | 9/30/2017      | 12/31/2017     |
|---|------------------|------------------|-----------------|----------------|----------------|
| Regulatory Assets                       | 256,841          | 214,736          | 301,164         | 382,222        | 446,862        |
| Regulatory Liabilities                  | (295,179)        | (259,218)        | (243,752)       | (239,332)      | (291,020)      |
| <b>Net Regulatory Assets (Net Debt)</b> | <b>(38,338)</b>  | <b>(44,482)</b>  | <b>57,412</b>   | <b>142,890</b> | <b>155,841</b> |
| CEPISA                                  | -                | -                | -               | 363            | 182            |
| Exceeding demand / reactive energy      | (77,488)         | (87,235)         | (98,357)        | (112,375)      | (127,015)      |
| <b>Net Regulatory Assets</b>            | <b>(115,826)</b> | <b>(131,717)</b> | <b>(40,945)</b> | <b>30,878</b>  | <b>29,008</b>  |

## 7. Debt

### 7.1 – Consolidated Debt

In December 31<sup>st</sup> 2017, consolidated gross debt, considering interest, financial creditors from the judicial recovery and debentures, reached R\$ 7,839 million, 36% growth compared to 3Q17.

#### Gross Debt (100% CEMAR + 100% CELPA + 100% EQUATORIAL)

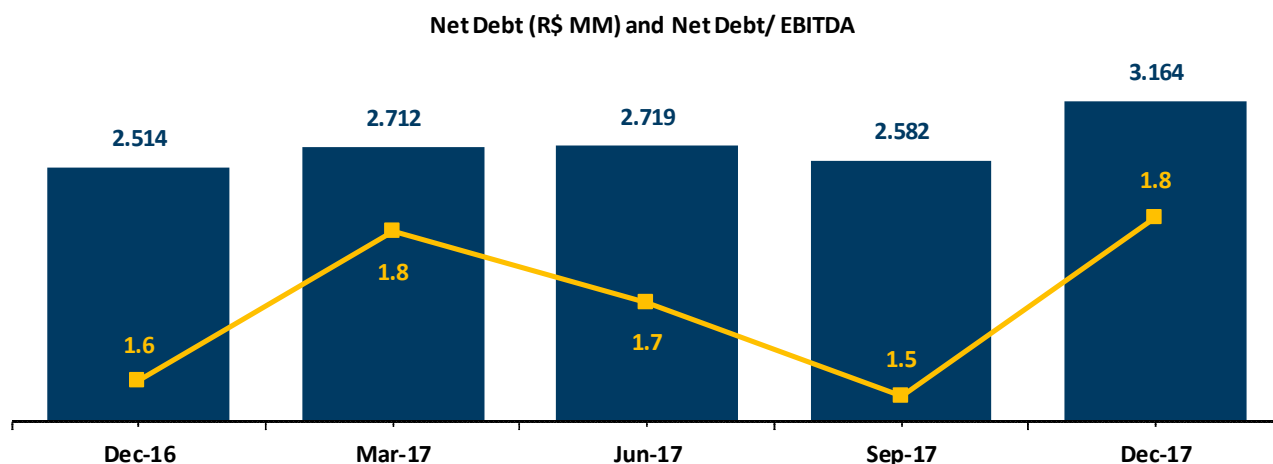
| Index                              | R\$ '000         | Average Cost (p.a.) | Maturity | Duration   | Part.(%)     | Maturity              | CEMAR            | CELPA            | EQUATORIAL & OTHERS | Consolidated     | % total       |
|------------------------------------|------------------|---------------------|----------|------------|--------------|-----------------------|------------------|------------------|---------------------|------------------|---------------|
| Foreign Currency                   | 12,640           | 4.6%                |          | 6.4        | 0.2%         | Short Term            | 683,850          | 201,974          | 313,716             | 1,199,540        | 15.3%         |
| 6-month Libor                      | 5,173            | 2.5%                | Apr-24   | 6.4        | 0.1%         | Long Term             | 2,305,917        | 3,533,504        | 800,195             | 6,639,615        | 84.7%         |
| Fixed Rate                         | 7,468            | 6.0%                | Apr-24   | 6.4        | 0.1%         | 2019                  | 360,690          | 688,716          | -                   | 1,049,406        | 13.4%         |
| CDI (includes Swap Cost)           | -                | 0.0%                | Jan-00   | -          | 0.0%         | 2020                  | 288,241          | 562,967          | -                   | 851,208          | 10.9%         |
| Domestic Currency                  | 2,977,126        | 9.6%                | Jun-20   | 3.2        | 38.0%        | 2021                  | 787,074          | 881,357          | -                   | 1,668,430        | 21.3%         |
| IGP-M                              | 120,414          | 3.5%                | Dec-23   | 6.8        | 1.5%         | 2022                  | 616,100          | 175,538          | 695,000             | 1,486,638        | 19.0%         |
| TJLP                               | 430,806          | 9.7%                | Apr-22   | 4.5        | 5.5%         | 2023                  | 215,640          | 283,498          | 52,598              | 551,736          | 7.0%          |
| Fixed Rate                         | 231,375          | 5.8%                | Mar-22   | 5.0        | 3.0%         | 2024                  | 35,897           | 159,623          | 52,598              | 248,118          | 3.2%          |
| SELIC                              | 201,811          | 12.7%               | Mar-24   | 7.1        | 2.6%         | 2025                  | 2,274            | 28,923           | -                   | 31,198           | 0.4%          |
| CDI                                | 1,460,185        | 10.7%               | Oct-18   | 1.7        | 18.6%        | 2026                  | -                | 7,932            | -                   | 7,932            | 0.1%          |
| IPCA                               | 532,535          | 8.6%                | Jun-20   | 3.3        | 6.8%         | 2027                  | -                | 11,646           | -                   | 11,646           | 0.1%          |
| <b>Total (CEMAR)</b>               | <b>2,989,767</b> | <b>9.6%</b>         |          | <b>3.2</b> | <b>38.1%</b> | 2028                  | -                | 68,047           | -                   | 68,047           | 0.9%          |
|                                    |                  |                     |          |            |              | 2029                  | -                | 12,396           | -                   | 12,396           | 0.2%          |
|                                    |                  |                     |          |            |              | 2030                  | -                | 12,396           | -                   | 12,396           | 0.2%          |
|                                    |                  |                     |          |            |              | 2031                  | -                | 41,412           | -                   | 41,412           | 0.5%          |
|                                    |                  |                     |          |            |              | 2032                  | -                | 41,412           | -                   | 41,412           | 0.5%          |
|                                    |                  |                     |          |            |              | 2033                  | -                | 41,412           | -                   | 41,412           | 0.5%          |
|                                    |                  |                     |          |            |              | 2034                  | -                | 516,229          | -                   | 516,229          | 6.6%          |
|                                    |                  |                     |          |            |              | <b>Gross Debt</b>     | <b>2,989,766</b> | <b>3,735,478</b> | <b>1,113,911</b>    | <b>7,839,156</b> | <b>100.0%</b> |
|                                    |                  |                     |          |            |              | Cash Position         | 1,742,912        | 1,075,927        | 1,354,554           | 4,173,393        |               |
|                                    |                  |                     |          |            |              | Net Regulatory Assets | 202,803          | 155,841          | -                   | 358,644          |               |
|                                    |                  |                     |          |            |              | CCC Sub Rogation      | -                | 8,466            | -                   | 8,466            |               |
|                                    |                  |                     |          |            |              | Judicial Deposit Bank | -                | 43,086           | -                   | 43,086           |               |
|                                    |                  |                     |          |            |              | Collateral Deposits   | 10,703           | 51,690           | -                   | 62,393           |               |
|                                    |                  |                     |          |            |              | Swap                  | -                | 28,774           | -                   | 28,774           |               |
|                                    |                  |                     |          |            |              | <b>Net Debt</b>       | <b>1,033,348</b> | <b>2,371,692</b> | <b>(240,643)</b>    | <b>3,164,398</b> |               |
| Foreign Currency                   | 829,567          | 7.3%                |          | 4.8        | 10.6%        |                       |                  |                  |                     |                  |               |
| 6-month Libor                      | 24,980           | 2.7%                | Apr-24   | 6.4        | 0.3%         |                       |                  |                  |                     |                  |               |
| 3-month Libor (includes Swap Cost) | 582,701          | 8.1%                | Apr-21   | 3.3        | 7.4%         |                       |                  |                  |                     |                  |               |
| Fixed Rate                         | 221,886          | 5.7%                | Apr-26   | 8.4        | 2.8%         |                       |                  |                  |                     |                  |               |
| Domestic Currency                  | 2,905,911        | 8.8%                |          | 6.2        | 37.1%        |                       |                  |                  |                     |                  |               |
| TJLP                               | 294,391          | 9.7%                | Jan-23   | 5.2        | 3.8%         |                       |                  |                  |                     |                  |               |
| CDI                                | 715,777          | 8.5%                | Jul-20   | 2.5        | 9.1%         |                       |                  |                  |                     |                  |               |
| Fixed Rate                         | 540,964          | 10.1%               | Jun-26   | 8.6        | 6.9%         |                       |                  |                  |                     |                  |               |
| RGR                                | 4,418            | 6.0%                | Apr-22   | 4.4        | 0.1%         |                       |                  |                  |                     |                  |               |
| IGP-M                              | 238,528          | 0.5%                | Sep-34   | 17.0       | 3.0%         |                       |                  |                  |                     |                  |               |
| FINISA                             | 36,477           | 6.0%                | Jun-27   | 9.6        | 0.5%         |                       |                  |                  |                     |                  |               |
| TR-IPCA                            | 591,031          | 10.4%               | Apr-22   | 4.3        | 7.5%         |                       |                  |                  |                     |                  |               |
| TR-SELIC                           | 484,326          | 9.8%                | Mar-24   | 6.3        | 6.2%         |                       |                  |                  |                     |                  |               |
| <b>Total (CELPA)</b>               | <b>3,735,478</b> | <b>8.5%</b>         |          | <b>5.9</b> | <b>47.7%</b> |                       |                  |                  |                     |                  |               |
| Domestic Currency                  | 1,113,911        | 7.9%                |          | 4.0        | 14.2%        |                       |                  |                  |                     |                  |               |
| CDI                                | 1,008,411        | 7.3%                | Sep-21   | 3.7        | 12.9%        |                       |                  |                  |                     |                  |               |
| IPCA                               | 105,500          | 13.8%               | Nov-24   | 7.0        | 1.3%         |                       |                  |                  |                     |                  |               |
| <b>Total (EQUATORIAL)</b>          | <b>1,113,911</b> | <b>7.9%</b>         |          | <b>4.0</b> | <b>14.2%</b> |                       |                  |                  |                     |                  |               |

Geramar and Intesa's gross debt are not being consolidated in Equatorial. Geramar's gross debt in 4Q17, considering Equatorial's 25% stake, reached R\$82 million, and Intesa's, considering Equatorial's 51% stake reached R\$ 46 million.

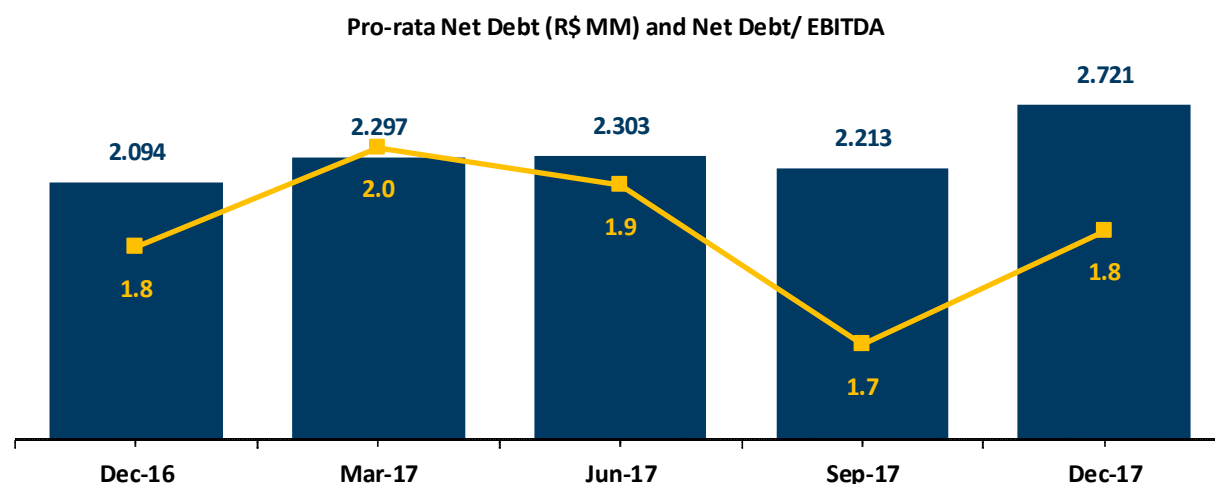
|         |            | R\$ '000 (25% stake) | Average Cost (p.a.) | Maturity      | Duration   | Part.(%)      |
|---------|------------|----------------------|---------------------|---------------|------------|---------------|
| GERAMAR | TJLP       | 64,271               | 8.5%                | dez-24        | 7.7        | 78.7%         |
|         | Fixed Rate | 17,361               | 8.5%                | dez-26        | 9.7        | 21.3%         |
|         |            | <b>81,633</b>        | <b>8.5%</b>         | <b>mai-25</b> | <b>8.1</b> | <b>100.0%</b> |

|        |      | R\$ '000 (51% stake) | Average Cost (p.a.) | Maturity      | Duration   | Part.(%)      |
|--------|------|----------------------|---------------------|---------------|------------|---------------|
| INTESA | TJLP | 45,666               | 8.3%                | out-20        | 2.8        | 100.0%        |
|        |      | <b>45,666</b>        | <b>8.3%</b>         | <b>out-20</b> | <b>2.8</b> | <b>100.0%</b> |

Equatorial’s consolidated Net Debt by the end of December, 2017, reached R\$ 3,164 million, corresponding to a 1.8x Net Debt/EBITDA ratio.



Net Debt, proportional to Equatorial’s stake in CEMAR (65.11%) and CELPA (96.5%), totaled, in December 31<sup>st</sup>, 2017, R\$ 2,721 million, representing a Net Debt/EBITDA ratio of 1.8x.



## 7.2 – Funding Operations

Along the 4Q17, the group concluded the following funding operations:

| Company      | Issue  | Issue Date | R\$ '000         | Maturity | Amortization                          |
|--------------|--|------------|------------------|----------|---------------------------------------|
| CEMAR        | 8 <sup>th</sup> Debentures Issue                         | Oct-17     | 500,000          | 5 year   | Bullet                                |
| CEMAR        | 1 <sup>st</sup> Promissory Note                          | Dec-17     | 500,000          | 3 years  | Bullet                                |
| EQUATORIAL   | 2 <sup>nd</sup> Debentures Issue (1 <sup>st</sup> Serie) | Dec-17     | 695,500          | 5 years  | Bullet                                |
| EQUATORIAL   | 2 <sup>nd</sup> Debentures Issue (2 <sup>nd</sup> Serie) | Dec-17     | 104,500          | 7 years  | 6 <sup>th</sup> & 7 <sup>th</sup> yrs |
| EQUATORIAL   | 1 <sup>st</sup> Promissory Note                          | Dec-17     | 310,000          | 1 year   | Bullet                                |
| CELPA        | Private Operation  | Dec-17     | 200,000          | 4 years  | Bullet                                |
| <b>Total</b> |  |            | <b>2,310,000</b> |          |                                       |

In addition, in February 2018, SPE 07 (lot 23 of the Transmission) issued its 1<sup>st</sup> Commercial Notes, amounting to R\$ 185 million, due in 18 months.

## 8. Investments

The Investment figures presented in the period represent 100% of CEMAR's and CELPA's, and 25% of Geramar's and 51% of Intesa's.

| Investments (R\$ MM)               | 4Q16       | 3Q17 <sup>(*)</sup> | 4Q17       | Chg.          | 2016         | 2017         | Chg.          |
|------------------------------------|------------|---------------------|------------|---------------|--------------|--------------|---------------|
| <b>CEMAR</b>                       |            |                     |            |               |              |              |               |
| Maintenance                        | 20         | 27                  | 31         | 55.0%         | 74           | 97           | 30.0%         |
| Expansion                          | 116        | 43                  | 52         | -55.3%        | 363          | 213          | -41.3%        |
| Systems and Equipment              | 8          | 8                   | 7          | -2.2%         | 40           | 38           | -5.4%         |
| Others                             | 1          | 2                   | 2          | 108.5%        | 8            | 9            | 20.7%         |
| <b>Own (*)</b>                     | <b>145</b> | <b>80</b>           | <b>92</b>  | <b>-36.2%</b> | <b>486</b>   | <b>357</b>   | <b>-26.4%</b> |
| <b>Light for All</b>               | <b>36</b>  | <b>9</b>            | <b>17</b>  | <b>-51.5%</b> | <b>121</b>   | <b>68</b>    | <b>-44.0%</b> |
| <b>CELPA</b>                       |            |                     |            |               |              |              |               |
| Maintenance                        | 24         | 17                  | 23         | -5.5%         | 80           | 87           | 8.2%          |
| Expansion                          | 140        | 96                  | 182        | 30.3%         | 373          | 498          | 33.3%         |
| Systems and Equipment              | 8          | 11                  | 11         | 31.7%         | 29           | 41           | 43.6%         |
| Others                             | (10)       | (10)                | (17)       | -77.3%        | 19           | 18           | -7.8%         |
| <b>Own (*)</b>                     | <b>163</b> | <b>115</b>          | <b>199</b> | <b>22.2%</b>  | <b>501</b>   | <b>643</b>   | <b>28.3%</b>  |
| <b>Isolated Systems Connection</b> | <b>18</b>  | <b>23</b>           | <b>50</b>  | <b>174.6%</b> | <b>78</b>    | <b>78</b>    | <b>0.0%</b>   |
| <b>Light for All</b>               | <b>65</b>  | <b>43</b>           | <b>23</b>  | <b>-64.6%</b> | <b>231</b>   | <b>144</b>   | <b>-37.6%</b> |
| <b>Geramar</b>                     |            |                     |            |               |              |              |               |
| Generation                         | 1          | 0                   | 1          | -50.6%        | 8            | 3            | -62.0%        |
| <b>Transmission</b>                |            |                     |            |               |              |              |               |
| Greenfield                         | -          | 30                  | 104        | N/A           | -            | 207          | N/A           |
| Intesa                             | 2          | 4                   | 8          | 350.5%        | 3            | 14           | 405.7%        |
| <b>Total Equatorial</b>            | <b>429</b> | <b>304</b>          | <b>494</b> | <b>15.0%</b>  | <b>1,427</b> | <b>1,514</b> | <b>6.1%</b>   |

(\*) 3Q17 Celpa and Transmissão values were reviewed

| Investments (R\$ MM)          | 4Q16       | 3Q17 <sup>(*)</sup> | 4Q17       | Var.          | 2016         | 2017         | Chg.          |
|-------------------------------|------------|---------------------|------------|---------------|--------------|--------------|---------------|
| <b>CEMAR</b>                  |            |                     |            |               |              |              |               |
| Electric Assets               | 137        | 69                  | 83         | -39.0%        | 438          | 309          | -29.5%        |
| Special Obligations           | 36         | 11                  | 17         | -51.5%        | 121          | 69           | -42.9%        |
| Non-Electric Assets           | 8          | 9                   | 9          | 8.9%          | 48           | 47           | -1.5%         |
| <b>Total</b>                  | <b>181</b> | <b>89</b>           | <b>110</b> | <b>-39.2%</b> | <b>606</b>   | <b>425</b>   | <b>-29.9%</b> |
| <b>CELPA</b>                  |            |                     |            |               |              |              |               |
| Electric Assets               | 183        | 137                 | 255        | 39.8%         | 531          | 662          | 24.6%         |
| Special Obligations           | 65         | 43                  | 23         | -64.6%        | 231          | 144          | -37.6%        |
| Non-Electric Assets           | -          | 1                   | 6          | -326.6%       | 48           | 59           | 23.1%         |
| <b>Total</b>                  | <b>246</b> | <b>181</b>          | <b>272</b> | <b>10.5%</b>  | <b>810</b>   | <b>865</b>   | <b>6.8%</b>   |
| <b>Geramar</b>                |            |                     |            |               |              |              |               |
| Generation                    | 1          | 0                   | 1          | -50.6%        | 8            | 3            | -62.0%        |
| <b>Equatorial Transmissão</b> |            |                     |            |               |              |              |               |
| Greenfield                    | -          | 30                  | 104        | N/A           | -            | 207          | N/A           |
| Intesa                        | 2          | 4                   | 8          | 350.5%        | 3            | 14           | 405.7%        |
| <b>Total Equatorial</b>       | <b>429</b> | <b>304</b>          | <b>494</b> | <b>15.0%</b>  | <b>1,427</b> | <b>1,514</b> | <b>6.1%</b>   |

(\*) 3Q17 Celpa and Transmissão values were reviewed

## 8.1 – CEMAR

CEMAR's investments, not including direct investments related to PLPT, totaled R\$92 million in 4Q17, a decrease of 36% compared to 4Q16. Such investments are mainly aimed at increasing the grid capacity, given the continuous growth in energy demand in Maranhão.

### Investemtns in the Light for All Program – PLPT

At the end of 4Q17, 349,000 customers were connected to CEMAR's electric power distribution network through the PLPT providing direct benefits to almost 1.78 million inhabitants of the state of Maranhão. The PLPT has now reached all 217 municipalities in Maranhão, contributing to the development of isolated areas in urban metropolitan areas and to the generation of income in these communities.

## 8.2 – CELPA

CELPA's investments, not including direct investment related to PLPT totaled R\$ 199 million in 4Q17, representing an increase of 22% compared to the number reported in 4Q16. These investments are aimed at the expansion of capacity and grid coverage, as well as the improvement of quality of supplied energy, given the potential growth in Pará State.

### Investments in the Light for All Program - PLPT

At the end of 4Q17, 417,300 customers were connected to CELPA's electric power distribution network through the PLPT providing direct benefits to almost 2.08 million inhabitants of the state of Pará. The PLPT reaches 143 municipalities in Pará, contributing to the development of isolated areas in urban metropolitan areas and to the generation of income in these communities.

## 8.3 – Geramar

The capital expenditures presented in 4Q17 mainly refer to plant maintenance, because its construction phase was fully concluded in 1Q10. The amount of R\$ 1 million presented is proportional to the 25% stake that the Company holds in the generator.

## 8.4 – Equatorial Transmissão

The investments made in the development of the transmission lots totalled R\$ 104 million in 4Q17 (R\$ 207 million considering 2017) and consist in upfront payments for the constructors to start mobilizing (established in contract), to elaborate basic and executive projects (undergoing) and field services (topography, field probing and aerial survey), land acquisition for the substations, land rights for the grid, environmental studies, engineering and infrastructure.

## 8.5 – Intesa

Intesa's investments totaled R\$8 million in 4Q17, due to the additional investments in one of its substations.

## 9. Capital Markets

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Equatorial Energia's shares ended 4Q17 traded at R\$ 65.54, an appreciation of 6.5% compared to the closing of 3Q17, at R\$ 61.25. At the same period, Ibovespa appreciated by 2.8% and IEE, by 3.8%. In the last 12 months, EQTL3 appreciated by 18.0%, while Ibovespa's appreciated by 21.2% and IEE by 9.1%.

The average trading volume for the last 60 trading sessions ended in December 28<sup>th</sup>, 2017, amounted to R\$ 63.1 million. Equatorial's shares are traded in the BM&FBOVESPA Novo Mercado segment (highest corporate governance in the Brazilian Stock Market) and are part of the following indices: Ibovespa, MSCI Brazil, IBX 50, IEE, ITAG and IGC.

By the end of 4Q17, the Company had 198,743,467 shares, all free float and traded in BM&FBOVESPA's Novo Mercado segment.

## 10. Services Provided by the Independent Auditors

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The Company did not contract KPMG Auditores Independentes, its external auditors, for any other services beyond the independent audit and those services required by ANEEL. The Company's contracting policy is designed to ensure the independence of the auditors in line with the prevailing regulations. Essentially, these determine that the auditors may not audit their own work, exercise any managerial function for their clients or promote their clients' interests.

The following information was not reviewed by the independent auditors: i) CEMAR's and CELPA's operating information (including that related to the Light for All Program PLPT); ii) pro-forma financial information and its comparison with the corporate results presented in the period; and; iii) Management's expectations regarding the future performance of the companies.

## 11. Conference Call

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### CONFERENCE CALL IN ENGLISH

FRIDAY, March 09<sup>th</sup>, 2018  
 12:00 p.m. (Brasília Timezone)  
 10:00 a.m. (EST)  
 Phones: +55 11 2188-0155  
 Code: Equatorial

### CONFERENCE CALL IN PORTUGUESE

FRIDAY, March 09<sup>th</sup>, 2018  
 2:00 p.m. (Brasília Timezone)  
 12:00 p.m. (EST)  
 Phone: +55 11 2188-0155 /  
 +1 646 843 6054  
 Code: Equatorial

- ▶ Participants should connect approximately 10 minutes before the start of the call.
- ▶ **Slides and Webcast:** The presentation slides will be available for viewing and download on the Investor Relations section of our website <http://www.equatorialenergia.com.br/ri> as of the date of the calls. The audio of the calls will be transmitted live on the Internet on the same site, remaining available after the event.

## Investor Relations

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- ▶ **E-mail:** [ri@equatorialenergia.com.br](mailto:ri@equatorialenergia.com.br)
- ▶ **Website:** [www.equatorialenergia.com.br](http://www.equatorialenergia.com.br)



## Disclaimer

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Forward-looking statements are subject to risks and uncertainties, and are based on the expectations of Management and on the information currently available to the Company. Forward-looking statements include information on our current intentions, beliefs or expectations, as well as those of the Board of Directors and the Executive Board.

The reservations concerning forward-looking statements include information related to presumed or possible operating results, as well as declarations preceded, followed by, or including such expressions as “believe”, “can”, “will”, “continue”, “expect”, “forecast”, “intend”, “estimate” or similar wording.

Since they refer to future events and are therefore dependent on circumstances that may or may not occur, such statements are not a guarantee of performance. Future results and the creation of shareholder value may differ substantially from those expressed or suggested by said forward-looking statements, since many of the factors determining these results are outside the Company’s control.

### **Accounting criteria adopted:**

The information contained herein is presented in consolidated figures, pursuant to Brazilian Corporate Law, based on revised financial information. The consolidated financial information represents 100% of CEMAR’s results, excluding 34.89% related to minority interests, 96.50% of CELPA and 100% of Equatorial Soluções’ results.

The consolidated operating information represents 100% of CEMAR’s, 100% of CELPA and 100% of Equatorial Soluções’ results.

**Annex 1 – Consolidated Income Statement (R\$MM)**
**CEMAR'S INCOME STATEMENT**

| <b>INCOME STATEMENT (R\$ '000)</b>        | <b>4Q16</b>      | <b>4Q17</b>      | <b>2016</b>        | <b>2017</b>        |
|---|------------------|------------------|--------------------|--------------------|
| <b>OPERATING REVENUES</b>                 | <b>1,190,313</b> | <b>1,357,998</b> | <b>4,255,535</b>   | <b>4,682,145</b>   |
| Electricity Sales                         | 1,020,094        | 1,202,577        | 3,488,996          | 4,111,499          |
| Electricity Supply                        | 3,229            | 5,318            | 50,235             | 16,063             |
| Construction Revenues                     | 146,269          | 110,193          | 607,777            | 427,004            |
| Other Revenues                            | 20,722           | 39,910           | 108,528            | 127,579            |
| <b>Deductions from Operating Revenues</b> | <b>(331,314)</b> | <b>(395,518)</b> | <b>(1,125,644)</b> | <b>(1,311,309)</b> |
| <b>NET OPERATING REVENUES</b>             | <b>859,000</b>   | <b>962,480</b>   | <b>3,129,891</b>   | <b>3,370,836</b>   |
| <b>ELECTRICITY COSTS</b>                  | <b>(518,821)</b> | <b>(585,529)</b> | <b>(1,911,675)</b> | <b>(2,044,793)</b> |
| Purchased Energy                          | (351,044)        | (415,802)        | (1,215,210)        | (1,477,920)        |
| Transmission and Grid Usage Charges       | (21,508)         | (59,534)         | (88,688)           | (139,869)          |
| Construction Costs                        | (146,269)        | (110,193)        | (607,777)          | (427,004)          |
| <b>OPERATING GROSS MARGIN</b>             | <b>340,179</b>   | <b>376,950</b>   | <b>1,218,216</b>   | <b>1,326,043</b>   |
| <b>Operating Expenses</b>                 | <b>(166,723)</b> | <b>(126,819)</b> | <b>(515,551)</b>   | <b>(496,619)</b>   |
| Personnel                                 | (35,071)         | (27,921)         | (118,783)          | (112,168)          |
| Material                                  | (635)            | (6,675)          | (4,680)            | (15,017)           |
| Third Party Services                      | (104,679)        | (68,725)         | (287,263)          | (268,064)          |
| Provisions                                | (21,444)         | (22,845)         | (79,947)           | (81,252)           |
| Other                                     | (4,895)          | (653)            | (24,878)           | (20,118)           |
| <b>EBITDA</b>                             | <b>173,455</b>   | <b>250,132</b>   | <b>702,665</b>     | <b>829,424</b>     |
| Other Operating Revenues (Expenses)       | (19,586)         | (24,308)         | (41,195)           | (44,331)           |
| Depreciation and Amortization             | (38,351)         | (42,516)         | (143,628)          | (168,564)          |
| <b>OPERATING INCOME</b>                   | <b>115,518</b>   | <b>183,308</b>   | <b>517,842</b>     | <b>616,529</b>     |
| <b>NET FINANCIAL RESULTS</b>              | <b>(13,889)</b>  | <b>(1,693)</b>   | <b>(28,429)</b>    | <b>(24,970)</b>    |
| Financial Revenues                        | 61,181           | 60,471           | 307,435            | 250,941            |
| Financial Expenses                        | (75,070)         | (62,164)         | (335,864)          | (275,911)          |
| <b>INCOME BEFORE TAX</b>                  | <b>101,629</b>   | <b>181,615</b>   | <b>489,413</b>     | <b>591,559</b>     |
| Social Contribution                       | (4,357)          | (20,029)         | (40,444)           | (57,691)           |
| Income Tax                                | (18,192)         | (32,029)         | (75,709)           | (96,758)           |
| Deferred Taxes                            | (10,827)         | (6,693)          | (49,175)           | (44,251)           |
| Fiscal Incentives                         | 18,192           | 32,029           | 75,709             | 96,758             |
| <b>NET INCOME</b>                         | <b>86,445</b>    | <b>154,893</b>   | <b>399,794</b>     | <b>489,617</b>     |

## CELPA'S INCOME STATEMENTS

| INCOME STATEMENT (R\$ '000)               | 4Q16             | 4Q17             | 2016               | 2017               |
|---|------------------|------------------|--------------------|--------------------|
| <b>OPERATING REVENUES</b>                 | <b>1,963,122</b> | <b>2,102,405</b> | <b>6,641,396</b>   | <b>7,329,619</b>   |
| Electricity Sales                         | 1,626,337        | 1,732,674        | 5,520,444          | 6,164,889          |
| Electricity Supply                        | 56,511           | 22,808           | 190,125            | 49,001             |
| Construction Revenues                     | 245,944          | 263,623          | 809,839            | 865,101            |
| Other Revenues                            | 34,330           | 83,300           | 120,988            | 250,628            |
| <b>Deductions from Operating Revenues</b> | <b>(563,938)</b> | <b>(621,452)</b> | <b>(2,067,028)</b> | <b>(2,178,645)</b> |
| <b>NET OPERATING REVENUES</b>             | <b>1,399,184</b> | <b>1,480,953</b> | <b>4,574,367</b>   | <b>5,150,974</b>   |
| <b>ELECTRICITY COSTS</b>                  | <b>(867,663)</b> | <b>(953,590)</b> | <b>(2,979,857)</b> | <b>(3,323,984)</b> |
| Purchased Energy                          | (588,306)        | (598,829)        | (2,045,981)        | (2,206,872)        |
| Transmission and Grid Usage Charges       | (33,414)         | (91,138)         | (124,038)          | (252,011)          |
| Construction Costs                        | (245,944)        | (263,623)        | (809,839)          | (865,101)          |
| <b>OPERATING GROSS MARGIN</b>             | <b>531,521</b>   | <b>527,363</b>   | <b>1,594,510</b>   | <b>1,826,990</b>   |
| <b>Operating Expenses</b>                 | <b>(253,664)</b> | <b>(174,221)</b> | <b>(766,767)</b>   | <b>(854,329)</b>   |
| Personnel                                 | (33,849)         | (37,912)         | (131,195)          | (132,494)          |
| Material                                  | (4,615)          | (1,978)          | (6,307)            | (8,435)            |
| Third Party Services                      | (112,584)        | (96,856)         | (402,045)          | (373,334)          |
| Provisions                                | (128,516)        | (42,783)         | (223,643)          | (235,123)          |
| Other                                     | 19,441           | 20,708           | (663)              | (20,568)           |
| Energy and Potency Purchase               | -                | (126,751)        | -                  | (437,166)          |
| CCC Subvention                            | 72,946           | 117,659          | 287,397            | 394,510            |
| Fuel for Energy Generation                | (66,487)         | (6,307)          | (290,311)          | (41,719)           |
| <b>EBITDA</b>                             | <b>277,856</b>   | <b>353,142</b>   | <b>827,742</b>     | <b>972,661</b>     |
| Other Operating Revenues (Expenses)       | (9,574)          | (15,192)         | (29,051)           | (31,935)           |
| Depreciation and Amortization             | (49,894)         | (51,957)         | (198,404)          | (210,704)          |
| <b>OPERATING INCOME</b>                   | <b>218,388</b>   | <b>285,993</b>   | <b>600,288</b>     | <b>730,022</b>     |
| <b>NET FINANCIAL RESULTS</b>              | <b>(79,837)</b>  | <b>(52,401)</b>  | <b>(178,809)</b>   | <b>(207,295)</b>   |
| Financial Revenues                        | 165,547          | 74,983           | 516,677            | 267,961            |
| Financial Expenses                        | (245,384)        | (127,384)        | (695,486)          | (475,256)          |
| <b>INCOME BEFORE TAX</b>                  | <b>138,551</b>   | <b>233,592</b>   | <b>421,479</b>     | <b>522,727</b>     |
| Social Contribution                       | (15,928)         | (12,637)         | (31,468)           | (28,347)           |
| Income Tax                                | (18,713)         | (33,403)         | (58,494)           | (74,417)           |
| Deferred Taxes                            | (4,170)          | 144,953          | (38,455)           | 119,151            |
| Fiscal Incentives                         | 18,713           | 33,403           | 58,494             | 74,417             |
| <b>NET INCOME</b>                         | <b>118,454</b>   | <b>365,908</b>   | <b>351,555</b>     | <b>613,531</b>     |

## Equatorial's Consolidated Income Statement

| INCOME STATEMENT (R\$ '000)               | 4Q16               | 4Q17               | 2016               | 2017               |
|---|--------------------|--------------------|--------------------|--------------------|
| <b>OPERATING REVENUES</b>                 | <b>3,246,715</b>   | <b>3,774,901</b>   | <b>11,053,426</b>  | <b>12,632,529</b>  |
| Electricity Sales                         | 2,722,607          | 3,073,130          | 9,199,286          | 10,611,655         |
| Electricity Supply                        | 59,740             | 28,126             | 240,360            | 65,064             |
| Construction Revenues                     | 392,213            | 515,209            | 1,417,616          | 1,443,181          |
| Other Revenues                            | 72,155             | 158,436            | 196,165            | 512,629            |
| <b>Deductions from Operating Revenues</b> | <b>(909,238)</b>   | <b>(1,050,468)</b> | <b>(3,227,826)</b> | <b>(3,561,109)</b> |
| <b>NET OPERATING REVENUES</b>             | <b>2,337,478</b>   | <b>2,724,433</b>   | <b>7,825,600</b>   | <b>9,071,420</b>   |
| <b>ELECTRICITY COSTS</b>                  | <b>(1,453,532)</b> | <b>(1,771,686)</b> | <b>(5,046,234)</b> | <b>(5,764,213)</b> |
| Purchased Energy                          | (1,001,216)        | (1,119,780)        | (3,387,078)        | (3,943,127)        |
| Transmission and Grid Usage Charges       | (60,102)           | (150,672)          | (241,540)          | (391,880)          |
| Construction Costs                        | (392,213)          | (501,234)          | (1,417,616)        | (1,429,206)        |
| Other Non-Manageable Expenses             | -                  | -                  | -                  | -                  |
| <b>OPERATING GROSS MARGIN</b>             | <b>1,888,971</b>   | <b>2,387,676</b>   | <b>6,490,830</b>   | <b>7,580,805</b>   |
| <b>Operating Expenses</b>                 | <b>(448,507)</b>   | <b>(336,757)</b>   | <b>(1,334,770)</b> | <b>(1,490,615)</b> |
| Personnel                                 | (95,842)           | (100,846)          | (336,614)          | (358,733)          |
| Material                                  | (6,643)            | (9,240)            | (12,960)           | (25,414)           |
| Third Party Services                      | (220,496)          | (172,609)          | (699,080)          | (664,090)          |
| Provisions                                | (145,291)          | (54,801)           | (248,101)          | (305,354)          |
| Other                                     | 19,765             | 739                | (38,015)           | (137,024)          |
| <b>EBITDA</b>                             | <b>435,439</b>     | <b>615,990</b>     | <b>1,444,596</b>   | <b>1,816,592</b>   |
| Other Operating Revenues (Expenses)       | (29,785)           | (39,500)           | (70,246)           | (76,266)           |
| Depreciation and Amortization             | (88,628)           | (94,704)           | (343,499)          | (380,732)          |
| <b>OPERATING INCOME</b>                   | <b>317,025</b>     | <b>481,786</b>     | <b>1,030,851</b>   | <b>1,359,594</b>   |
| Equity Income                             | 7,614              | 39,358             | 27,879             | 56,661             |
| Goodwill Amortization                     | (1,593)            | (1,481)            | (6,373)            | (5,923)            |
| <b>NET FINANCIAL RESULTS</b>              | <b>(54,392)</b>    | <b>(35,383)</b>    | <b>(2,344)</b>     | <b>(169,216)</b>   |
| Financial Revenues                        | 265,141            | 147,266            | 1,057,264          | 571,945            |
| Financial Expenses                        | (319,533)          | (182,649)          | (1,059,608)        | (741,161)          |
| <b>INCOME BEFORE TAX</b>                  | <b>268,655</b>     | <b>484,280</b>     | <b>1,050,013</b>   | <b>1,241,116</b>   |
| Social Contribution                       | (17,018)           | (33,966)           | (74,379)           | (93,029)           |
| Income Tax                                | (30,269)           | (68,852)           | (140,817)          | (190,207)          |
| Deferred Taxes                            | (15,660)           | 136,142            | (95,893)           | 76,028             |
| Fiscal Incentives                         | 36,905             | 65,433             | 134,203            | 171,175            |
| <b>Net Income (before Minorities)</b>     | <b>242,613</b>     | <b>583,037</b>     | <b>873,126</b>     | <b>1,205,083</b>   |
| <b>Minorities</b>                         | <b>(36,706)</b>    | <b>(74,026)</b>    | <b>(160,908)</b>   | <b>(207,820)</b>   |
| <b>NET INCOME</b>                         | <b>205,907</b>     | <b>509,011</b>     | <b>712,218</b>     | <b>997,263</b>     |

## Intesa`s Regulatory vs IFRS

| INCOME STATEMENT (R\$ '000)               | 4Q16<br>Regulatory | Adjustment     | 4Q16 IFRS      | 4Q17<br>Regulatory | Adjustment      | 4Q17 IFRS       | 2016<br>Regulatory | Adjustment      | 2016 IFRS       | 2017<br>Regulatory | Adjustment      | 2017 IFRS       |
|---|--------------------|----------------|----------------|--------------------|-----------------|-----------------|--------------------|-----------------|-----------------|--------------------|-----------------|-----------------|
| <b>OPERATING REVENUES</b>                 | <b>34,242</b>      | <b>(1,076)</b> | <b>33,166</b>  | <b>33,000</b>      | <b>15,440</b>   | <b>48,440</b>   | <b>130,705</b>     | <b>(14,608)</b> | <b>116,096</b>  | <b>135,416</b>     | <b>12,300</b>   | <b>147,717</b>  |
| Energy Transmission                       | 33,586             | (33,586)       | -              | 32,492             | (32,492)        | -               | 128,725            | (128,725)       | -               | 133,385            | (133,385)       | -               |
| Services Provided                         | -                  | 3,269          | 3,269          | -                  | 3,464           | 3,464           | -                  | 13,626          | 13,626          | -                  | 13,771          | 13,771          |
| Construction Revenues                     | -                  | 3,413          | 3,413          | -                  | 21,007          | 21,007          | -                  | 3,413           | 3,413           | -                  | 32,850          | 32,850          |
| IRR Revenues                              | -                  | 25,209         | 25,209         | -                  | 22,763          | 22,763          | -                  | 94,601          | 94,601          | -                  | 96,507          | 96,507          |
| Other Revenues                            | 657                | 619            | 1,276          | 508                | 699             | 1,207           | 1,980              | 2,477           | 4,457           | 2,032              | 2,557           | 4,588           |
| <b>Deductions from Operating Revenues</b> | <b>(4,349)</b>     | <b>487</b>     | <b>(3,863)</b> | <b>(4,432)</b>     | <b>474</b>      | <b>(3,959)</b>  | <b>(17,010)</b>    | <b>2,029</b>    | <b>(14,981)</b> | <b>(17,962)</b>    | <b>2,135</b>    | <b>(15,827)</b> |
| <b>NET OPERATING REVENUES</b>             | <b>29,893</b>      | <b>(589)</b>   | <b>29,304</b>  | <b>28,567</b>      | <b>15,914</b>   | <b>44,482</b>   | <b>113,694</b>     | <b>(12,579)</b> | <b>101,115</b>  | <b>117,454</b>     | <b>14,436</b>   | <b>131,890</b>  |
| <b>Operating Expenses</b>                 | <b>(4,466)</b>     | <b>(3,569)</b> | <b>(8,035)</b> | <b>(4,584)</b>     | <b>(21,068)</b> | <b>(25,652)</b> | <b>(18,539)</b>    | <b>(4,307)</b>  | <b>(22,847)</b> | <b>(18,424)</b>    | <b>(34,701)</b> | <b>(53,125)</b> |
| Personnel                                 | (1,272)            | -              | (1,272)        | (1,469)            | -               | (1,469)         | (5,324)            | -               | (5,324)         | (5,247)            | -               | (5,247)         |
| Material                                  | (121)              | -              | (121)          | (115)              | 12              | (102)           | (734)              | -               | (734)           | (527)              | 12              | (514)           |
| Third Party Services                      | (2,914)            | -              | (2,914)        | (2,905)            | -               | (2,905)         | (11,976)           | -               | (11,976)        | (12,236)           | -               | (12,236)        |
| Construction Costs                        | -                  | (3,413)        | (3,413)        | -                  | (21,007)        | (21,007)        | -                  | (3,413)         | (3,413)         | -                  | (32,850)        | (32,850)        |
| Other                                     | (159)              | (156)          | (314)          | (95)               | (74)            | (169)           | (506)              | (894)           | (1,400)         | (415)              | (1,863)         | (2,278)         |
| <b>EBITDA</b>                             | <b>25,427</b>      | <b>(4,158)</b> | <b>21,269</b>  | <b>23,984</b>      | <b>(5,154)</b>  | <b>18,830</b>   | <b>95,155</b>      | <b>(16,887)</b> | <b>78,268</b>   | <b>99,031</b>      | <b>(20,266)</b> | <b>78,765</b>   |
| Other Operating Revenues (Expenses)       | -                  | -              | -              | -                  | -               | -               | -                  | -               | -               | -                  | -               | -               |
| Depreciation and Amortization             | (3,906)            | 3,891          | (15)           | (3,908)            | 3,893           | (15)            | (15,613)           | 15,583          | (30)            | (15,633)           | 15,572          | (60)            |
| <b>OPERATING INCOME</b>                   | <b>21,520</b>      | <b>(267)</b>   | <b>21,254</b>  | <b>20,076</b>      | <b>(1,261)</b>  | <b>18,815</b>   | <b>79,542</b>      | <b>(1,304)</b>  | <b>78,238</b>   | <b>83,398</b>      | <b>(4,693)</b>  | <b>78,704</b>   |
| <b>NET OPERATING RESULTS</b>              | <b>(2,167)</b>     | <b>-</b>       | <b>(2,167)</b> | <b>(1,681)</b>     | <b>-</b>        | <b>(1,681)</b>  | <b>(9,071)</b>     | <b>-</b>        | <b>(9,071)</b>  | <b>(7,498)</b>     | <b>-</b>        | <b>(7,498)</b>  |
| Financial Revenues                        | 1,164              | -              | 1,164          | 679                | -               | 679             | 4,699              | -               | 4,699           | 3,560              | -               | 3,560           |
| Financial Expenses                        | (3,331)            | -              | (3,331)        | (2,359)            | -               | (2,359)         | (13,769)           | -               | (13,769)        | (11,058)           | -               | (11,058)        |
| <b>INCOME BEFORE TAX</b>                  | <b>19,354</b>      | <b>(267)</b>   | <b>19,087</b>  | <b>18,395</b>      | <b>(1,261)</b>  | <b>17,134</b>   | <b>70,471</b>      | <b>(1,304)</b>  | <b>69,167</b>   | <b>75,900</b>      | <b>(4,693)</b>  | <b>71,206</b>   |
| Social Contribution                       | (1,500)            | (5,228)        | (6,728)        | (1,433)            | (4,647)         | (6,080)         | (5,231)            | (18,801)        | (24,032)        | (5,659)            | (19,084)        | (24,743)        |
| Income Tax                                | (1,589)            | 4,159          | 2,570          | (1,306)            | 3,974           | 2,668           | (5,304)            | 14,506          | 9,202           | (3,765)            | 15,696          | 11,931          |
| <b>NET INCOME</b>                         | <b>16,265</b>      | <b>(1,336)</b> | <b>14,929</b>  | <b>15,656</b>      | <b>(1,934)</b>  | <b>13,722</b>   | <b>59,937</b>      | <b>(5,599)</b>  | <b>54,337</b>   | <b>66,475</b>      | <b>(8,081)</b>  | <b>58,394</b>   |

## Annex 2 – Income Statement per Company (R\$MM)

- ▶ The following table represents Equatorial’s consolidation process, i.e. the sum of Equatorial Holding + 100% of Equatorial Soluções + 100% of CEMAR + 100% of CELPA + Eliminations.
- ▶ The “Minority Interest” line contains an adjustment so that the net income of each company in Equatorial’s consolidated result reflects its real ownership interest in CEMAR of 65.11% and in CELPA of 96.50%.

| INCOME STATEMENT BY COMPANY ('000)        | Equatorial Holding | Equatorial Soluções | Equatorial Transmissão | CEMAR     | CELPA     | Eliminations | PPA (Celpa) | Equatorial Consolidated |
|---|--------------------|---------------------|------------------------|-----------|-----------|--------------|-------------|-------------------------|
| <b>OPERATING REVENUES</b>                 | -                  | 171,503             | 142,995                | 1,357,998 | 2,102,405 | -            | -           | 3,774,901               |
| Electricity Sales                         | -                  | 137,879             | -                      | 1,202,577 | 1,732,674 | -            | -           | 3,073,130               |
| Electricity Supply                        | -                  | -                   | -                      | 5,318     | 22,808    | -            | -           | 28,126                  |
| Construction Revenues                     | -                  | -                   | 141,393                | 110,193   | 263,623   | -            | -           | 515,209                 |
| Other Revenues                            | -                  | 33,624              | 1,602                  | 39,910    | 83,300    | -            | -           | 158,436                 |
| <b>Deductions from Operating Revenues</b> | -                  | (19,523)            | (13,975)               | (395,518) | (621,452) | -            | -           | (1,050,468)             |
| <b>NET OPERATING REVENUES</b>             | -                  | 151,980             | 129,020                | 962,480   | 1,480,953 | -            | -           | 2,724,433               |
| <b>ELECTRICITY COSTS</b>                  | -                  | (105,149)           | (127,418)              | (585,529) | (953,590) | -            | -           | (1,771,686)             |
| Purchased Energy                          | -                  | (105,149)           | -                      | (415,802) | (598,829) | -            | -           | (1,119,780)             |
| Transmission and Grid Usage Charges       | -                  | -                   | -                      | (59,534)  | (91,138)  | -            | -           | (150,672)               |
| Construction Costs                        | -                  | -                   | (127,418)              | (110,193) | (263,623) | -            | -           | (501,234)               |
| <b>Operating Expenses</b>                 | (15,572)           | (30,152)            | (1,923)                | (126,819) | (174,222) | -            | 11,931      | (336,757)               |
| Personnel                                 | (11,447)           | (23,425)            | (141)                  | (27,921)  | (37,912)  | -            | -           | (100,846)               |
| Material                                  | (33)               | (464)               | (90)                   | (6,675)   | (1,978)   | -            | -           | (9,240)                 |
| Third Party Services                      | (3,581)            | (2,127)             | (1,320)                | (68,725)  | (96,856)  | -            | -           | (172,609)               |
| Provisions                                | -                  | (1,104)             | -                      | (22,845)  | (42,783)  | -            | 11,931      | (54,801)                |
| Other                                     | (511)              | (3,032)             | (372)                  | (653)     | 5,307     | -            | -           | 739                     |
| <b>EBITDA</b>                             | (15,572)           | 16,679              | (321)                  | 250,132   | 353,141   | -            | 11,931      | 615,990                 |
| Other Operating Revenues (Expenses)       | -                  | -                   | -                      | (24,308)  | (15,192)  | -            | -           | (39,500)                |
| Depreciation and Amortization             | (1)                | 158                 | (61)                   | (42,516)  | (51,957)  | -            | (327)       | (94,704)                |
| <b>OPERATING INCOME</b>                   | (15,573)           | 16,837              | (382)                  | 183,308   | 285,992   | -            | 11,604      | 481,786                 |
| <b>NET FINANCIAL RESULTS</b>              | 17,018             | 2,043               | (350)                  | (1,693)   | (52,401)  | -            | -           | (35,383)                |
| Financial Revenues                        | 22,057             | 2,148               | 5                      | 60,471    | 74,983    | (12,398)     | -           | 147,266                 |
| Financial Expenses                        | (5,039)            | (105)               | (355)                  | (62,164)  | (127,384) | 12,398       | -           | (182,649)               |
| <b>INCOME BEFORE TAXES</b>                | 505,398            | 18,880              | (732)                  | 181,615   | 233,591   | (466,076)    | 11,604      | 484,280                 |
| Social Contribution                       | 957                | (2,249)             | (8)                    | (20,029)  | (12,637)  | -            | -           | (33,966)                |
| Income Tax                                | 2,656              | (6,063)             | (12)                   | (32,029)  | (33,404)  | -            | -           | (68,852)                |
| Deferred Taxes                            | -                  | -                   | (350)                  | (6,693)   | 144,954   | -            | (1,769)     | 136,142                 |
| Fiscal Incentives                         | -                  | -                   | -                      | 32,029    | 33,404    | -            | -           | 65,433                  |
| <b>NET INCOME (Before Minorities)</b>     | 509,011            | 10,568              | (1,102)                | 154,893   | 365,908   | (466,076)    | 9,835       | 583,037                 |
| Minorities                                | -                  | (6,829)             | -                      | (54,044)  | (12,809)  | -            | (344)       | (74,026)                |
| <b>NET INCOME</b>                         | 509,011            | 3,739               | (1,102)                | 100,849   | 353,099   | (466,076)    | 9,491       | 509,011                 |

## Annex 3 – Balance Sheet (R\$MM)

## CEMAR'S BALANCE SHEET

| ASSETS (R\$ '000)                                 | 12/31/2016        | 3/31/2017        | 6/30/2017        | 9/30/2017        | 12/31/2017        |
|---|-------------------|------------------|------------------|------------------|-------------------|
| <b>CURRENT ASSETS</b>                             | <b>2,337,609</b>  | <b>2,175,284</b> | <b>2,146,093</b> | <b>2,418,843</b> | <b>2,877,884</b>  |
| Cash  | 564,940           | 556,439          | 534,165          | 519,707          | 367,603           |
| Short Term Investments                            | 795,960           | 735,331          | 619,297          | 756,892          | 1,375,309         |
| Receivables                                       | 799,913           | 720,633          | 767,986          | 865,595          | 907,145           |
| Low Income  | 35,807            | 33,984           | 50,422           | 37,928           | 46,612            |
| (-) Provision for Doubtful Accounts               | (89,663)          | (106,322)        | (103,963)        | (114,562)        | (123,363)         |
| Receivable - Tariff Flags                         | 1,954             | 44               | 22,216           | 409              | 3,571             |
| Services Provided                                 | 41,856            | 39,213           | 41,590           | 49,149           | 60,726            |
| Judicial Deposits                                 | 18,629            | 19,747           | 19,945           | 11,547           | 3,291             |
| Regulatory Assets                                 | -                 | -                | 428              | 96,107           | 57,137            |
| Derivatives                                       | 60,062            | 46,000           | 66,049           | 51,103           | -                 |
| Inventory   | 10,856            | 9,450            | 4,164            | 4,201            | 4,361             |
| Taxes Recoverable                                 | 36,186            | 36,336           | 38,078           | 38,080           | 38,087            |
| Recoverable from Energy Purchase and Charges      | 41,314            | 43,913           | 37,965           | 41,519           | 72,246            |
| Others  | 19,795            | 40,516           | 47,751           | 61,168           | 65,159            |
| <b>NON-CURRENT ASSETS</b>                         | <b>3,290,584</b>  | <b>3,356,008</b> | <b>3,485,627</b> | <b>3,557,529</b> | <b>3,675,456</b>  |
| <b>LONG TERM ASSETS</b>                           | <b>1,300,344</b>  | <b>1,490,732</b> | <b>1,578,225</b> | <b>1,599,967</b> | <b>1,716,540</b>  |
| Receivables                                       | 101,297           | 103,391          | 121,551          | 129,871          | 158,984           |
| Regulatory Assets                                 | 50,551            | 51,267           | 119,488          | 72,675           | 134,290           |
| Judicial Deposits                                 | 24,759            | 27,744           | 30,378           | 41,794           | 54,612            |
| Swap Operations                                   | -                 | -                | -                | -                | -                 |
| Taxes Recoverable                                 | 64,293            | 67,541           | 66,724           | 65,002           | 62,466            |
| Others  | 11,323            | 10,644           | 11,471           | 11,052           | 11,462            |
| Financial Asset                                   | 1,048,121         | 1,230,145        | 1,228,613        | 1,279,573        | 1,294,726         |
| <b>FIXED ASSETS</b>                               | <b>1,990,240</b>  | <b>1,865,276</b> | <b>1,907,402</b> | <b>1,957,562</b> | <b>1,958,916</b>  |
| Intangible Assets                                 | 1,990,240         | 1,865,276        | 1,907,402        | 1,957,562        | 1,958,916         |
| <b>ASSETS</b>                                     | <b>5,628,193</b>  | <b>5,531,292</b> | <b>5,631,720</b> | <b>5,976,372</b> | <b>6,553,340</b>  |
| <b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>       | <b>12/31/2016</b> | <b>3/31/2017</b> | <b>6/30/2017</b> | <b>9/30/2017</b> | <b>12/31/2017</b> |
| <b>CURRENT LIABILITIES</b>                        | <b>1,281,632</b>  | <b>1,174,269</b> | <b>1,709,126</b> | <b>1,849,472</b> | <b>1,452,571</b>  |
| Suppliers   | 305,167           | 255,077          | 307,010          | 363,803          | 392,101           |
| Personnel   | 11,949            | 14,964           | 15,440           | 17,608           | 15,605            |
| Loans and Financing                               | 484,364           | 456,441          | 746,185          | 761,634          | 480,653           |
| Debentures  | 114,982           | 131,839          | 196,308          | 210,244          | 203,197           |
| Regulatory Liabilities                            | 7,750             | 3,266            | -                | -                | -                 |
| Taxes Recoverable                                 | 84,453            | 68,232           | 84,898           | 102,439          | 96,986            |
| Taxes Recoverable on profit                       | -                 | 1,468            | 2,818            | 6,799            | 2,175             |
| Dividends   | 76,817            | 76,817           | 202,739          | 202,739          | 92,933            |
| Consumer Charges                                  | 7,689             | 19,110           | 16,367           | 17,073           | 16,650            |
| Public Lighting Contribution                      | 14,714            | 13,129           | 11,476           | 11,747           | 10,477            |
| R&D in energy efficiency                          | 25,485            | 15,322           | 17,146           | 18,145           | 29,019            |
| Profit Sharing                                    | 38,397            | 27,264           | 27,164           | 30,826           | 32,976            |
| Swap Operations                                   | -                 | -                | -                | -                | -                 |
| Contingencies Provision                           | 35,829            | 31,786           | 35,181           | 34,735           | 25,884            |
| Others  | 74,036            | 59,554           | 46,394           | 71,680           | 53,915            |
| <b>NON-CURRENT LIABILITIES</b>                    | <b>2,170,362</b>  | <b>2,144,257</b> | <b>1,721,385</b> | <b>1,741,899</b> | <b>2,652,970</b>  |
| Loans and Financing                               | 1,198,153         | 1,164,113        | 838,441          | 832,471          | 1,300,388         |
| Debentures  | 673,258           | 679,345          | 565,464          | 564,740          | 1,005,529         |
| Taxes Payable                                     | 1,370             | 1,603            | 1,895            | 1,542            | 1,747             |
| Deferred Taxes                                    | 185,956           | 178,522          | 201,081          | 226,672          | 232,253           |
| Contingencies Provision                           | 56,150            | 64,902           | 58,719           | 60,688           | 65,378            |
| Regulatory Liabilities                            | -                 | -                | -                | -                | -                 |
| R&D in energy efficiency                          | 41,145            | 41,145           | 41,145           | 41,145           | 33,034            |
| Others  | 14,330            | 14,627           | 14,640           | 14,641           | 14,641            |
| <b>SHAREHOLDERS' EQUITY</b>                       | <b>2,176,199</b>  | <b>2,212,766</b> | <b>2,201,209</b> | <b>2,385,001</b> | <b>2,447,799</b>  |
| Capital Stock                                     | 929,620           | 929,620          | 1,025,319        | 1,025,318        | 1,025,318         |
| Capital Reserves                                  | 674               | 674              | 674              | 674              | 674               |
| Profit Reserves                                   | 1,245,905         | 1,245,905        | 1,024,284        | 1,024,285        | 1,421,807         |
| Retained Earnings                                 | -                 | 36,567           | 150,932          | 334,724          | -                 |
| <b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b> | <b>5,628,193</b>  | <b>5,531,292</b> | <b>5,631,720</b> | <b>5,976,372</b> | <b>6,553,340</b>  |

## CELPA'S BALANCE SHEET

| ASSETS (R\$ '000)                                 | 12/31/2016       | 3/31/2017        | 6/30/2017        | 9/30/2017        | 12/31/2017       |
|---|------------------|------------------|------------------|------------------|------------------|
| <b>CURRENT ASSETS</b>                             | <b>3,035,484</b> | <b>2,598,785</b> | <b>2,633,958</b> | <b>2,811,285</b> | <b>3,147,581</b> |
| Cash  | 182,874          | 176,428          | 186,619          | 193,148          | 1,075,402        |
| Short Term Investments                            | 983,726          | 710,538          | 657,029          | 669,274          | 525              |
| Receivables                                       | 1,747,380        | 1,650,355        | 1,623,628        | 1,732,617        | 1,842,809        |
| Low Income  | 26,568           | 25,046           | 39,275           | 31,305           | 39,092           |
| (-) Provision for Doubtful Accounts               | (263,115)        | (313,548)        | (283,662)        | (287,345)        | (318,164)        |
| Receivable - Tariff Flags                         | 1,993            | 547              | 31,429           | 2,102            | 5,192            |
| Fuel Purchase - CCC Account                       | 64,738           | 40,441           | 42,355           | 41,546           | 77,895           |
| Services Provided                                 | 91,749           | 108,663          | 111,315          | 117,312          | 135,055          |
| Judicial Deposits                                 | 8,974            | 10,858           | 13,341           | 6,247            | 7,689            |
| Regulatory Assets                                 | -                | -                | -                | 40,463           | 43,277           |
| Inventory   | 9,131            | 10,522           | 10,378           | 11,330           | 9,974            |
| Taxes Recoverable                                 | 64,801           | 80,072           | 82,264           | 65,004           | 73,971           |
| Taxes Recoverable on net income                   | 57,478           | 25,465           | 39,457           | 35,060           | 42,066           |
| Others  | 59,187           | 73,398           | 80,530           | 153,222          | 112,798          |
| <b>NON-CURRENT ASSETS</b>                         | <b>4,756,509</b> | <b>4,916,458</b> | <b>5,145,017</b> | <b>5,284,356</b> | <b>5,448,618</b> |
| <b>LONG TERM ASSETS</b>                           | <b>2,298,902</b> | <b>2,370,658</b> | <b>2,499,865</b> | <b>2,578,194</b> | <b>2,671,288</b> |
| Receivables                                       | 270,707          | 294,367          | 334,857          | 383,376          | 454,447          |
| CCC Subrogation - Investments                     | 65,284           | 53,880           | 40,440           | 23,809           | 8,466            |
| Regulatory Assets                                 | -                | -                | -                | -                | -                |
| Fuel Purchase - CCC Account                       | 93,306           | 93,911           | 88,495           | 87,718           | 101,311          |
| Judicial Deposits                                 | 140,259          | 141,150          | 142,414          | 147,956          | 86,954           |
| Taxes Recoverable                                 | 66,343           | 65,962           | 60,499           | 59,103           | 68,107           |
| Taxes Recoverable on net income                   | 42,833           | 43,664           | 44,412           | 45,278           | 45,561           |
| Deferred Taxes                                    | -                | -                | -                | -                | 8,401            |
| Swap Operations                                   | -                | -                | 48,624           | 21,600           | 48,720           |
| Others  | 66,067           | 68,974           | 72,272           | 68,938           | 72,344           |
| Financial Asset                                   | 1,554,103        | 1,608,750        | 1,667,852        | 1,740,416        | 1,776,977        |
| <b>FIXED ASSETS</b>                               | <b>2,457,607</b> | <b>2,545,800</b> | <b>2,645,152</b> | <b>2,706,162</b> | <b>2,777,330</b> |
| Investments                                       | 6,674            | 6,674            | 6,661            | 6,623            | 15,128           |
| Intangible Assets                                 | 2,450,933        | 2,539,126        | 2,638,491        | 2,699,539        | 2,762,202        |
| <b>ASSETS</b>                                     | <b>7,791,993</b> | <b>7,515,243</b> | <b>7,778,975</b> | <b>8,095,641</b> | <b>8,596,199</b> |
| <b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>       | <b>7,791,993</b> | <b>7,515,243</b> | <b>7,778,975</b> | <b>8,095,641</b> | <b>8,596,199</b> |
| <b>CURRENT LIABILITIES</b>                        | <b>2,084,922</b> | <b>1,622,747</b> | <b>1,468,136</b> | <b>1,944,207</b> | <b>2,028,985</b> |
| Suppliers   | 619,237          | 455,527          | 531,781          | 642,639          | 697,858          |
| Personnel   | 13,878           | 14,876           | 17,392           | 18,442           | 14,886           |
| Loans and Financing                               | 383,847          | 267,002          | 130,165          | 151,390          | 193,478          |
| Debentures  | 3,758            | 29,868           | 14,900           | 36,985           | 7,346            |
| Regulatory Liabilities                            | 63,774           | 40,422           | 17,117           | -                | -                |
| Taxes Recoverable                                 | 264,156          | 262,897          | 284,938          | 318,393          | 364,046          |
| Taxes Recoverable on profit                       | 2,669            | -                | 579              | 534              | 1,120            |
| Dividends   | 68,921           | 68,921           | 88,467           | 88,467           | 127,216          |
| Consumer Charges                                  | 21,059           | 20,954           | 32,382           | 32,992           | 32,961           |
| Public Lighting Contribution                      | 27,388           | 23,380           | 12,825           | 14,018           | 14,003           |
| R&D in energy efficiency                          | 43,544           | 48,428           | 39,739           | 52,045           | 59,569           |
| Profit Sharing                                    | 31,968           | 21,788           | 21,298           | 26,949           | 31,543           |
| Related Parties                                   | 51,188           | 25,518           | -                | 59               | 60               |
| Swap Operations                                   | 58,820           | 64,133           | 35,244           | 26,103           | 19,946           |
| Debt from Judicial Restructuring                  | 96,409           | 70,762           | 58,273           | 40,085           | 8,544            |
| Contingencies Provision                           | 50,393           | 44,088           | 38,810           | 38,634           | 28,070           |
| Others  | 283,913          | 164,183          | 144,226          | 456,472          | 428,339          |
| <b>NON-CURRENT LIABILITIES</b>                    | <b>3,589,059</b> | <b>3,757,621</b> | <b>4,155,575</b> | <b>3,805,345</b> | <b>3,984,500</b> |
| Loans and Financing                               | 1,019,500        | 963,446          | 1,406,444        | 1,356,308        | 1,678,277        |
| Debentures  | 956,469          | 961,546          | 964,933          | 989,116          | 987,462          |
| Taxes Payable                                     | 35,946           | 36,407           | 36,544           | 36,622           | 36,489           |
| Deferred Taxes                                    | 101,996          | 98,599           | 125,775          | 137,876          | -                |
| Swap Operations                                   | 31,278           | 33,266           | -                | -                | -                |
| Contingencies Provision                           | 120,089          | 124,283          | 122,548          | 122,831          | 91,557           |
| Regulatory Liabilities                            | 52,052           | 91,295           | 23,828           | 9,585            | 14,269           |
| Related Parties                                   | 8,118            | 8,239            | 8,359            | 8,480            | 8,601            |
| R&D in energy efficiency                          | 112,189          | 115,592          | 118,533          | 121,206          | 123,340          |
| Debt from Judicial Restructuring                  | 912,337          | 921,221          | 939,841          | 947,371          | 965,523          |
| Pension Plan                                      | 38,412           | 38,412           | 38,412           | 38,412           | 43,216           |
| Others  | 200,673          | 365,315          | 370,358          | 37,538           | 35,766           |
| <b>SHAREHOLDERS' EQUITY</b>                       | <b>2,118,012</b> | <b>2,134,875</b> | <b>2,155,264</b> | <b>2,346,089</b> | <b>2,582,714</b> |
| Capital Stock                                     | 1,521,740        | 1,521,740        | 1,521,740        | 1,521,740        | 1,521,740        |
| Revaluation Reserves                              | 149,385          | 144,645          | 139,742          | 135,600          | 130,160          |
| Capital Reserves                                  | 450,321          | 450,321          | 430,775          | 430,775          | 936,422          |
| Profit Reserves                                   | (3,434)          | (3,434)          | (3,434)          | (3,434)          | (5,608)          |
| Retained Earnings                                 | -                | 21,603           | 66,441           | 261,408          | -                |
| <b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b> | <b>7,791,993</b> | <b>7,515,243</b> | <b>7,778,975</b> | <b>8,095,641</b> | <b>8,596,199</b> |



**INTESA'S BALANCE SHEET (R\$ MM)**

| ASSETS (R\$ '000)                                 | 12/31/2016        | 3/31/2017        | 6/30/2017        | 9/30/2017        | 12/31/2017        |
|---|-------------------|------------------|------------------|------------------|-------------------|
| <b>CURRENT ASSETS</b>                             | <b>60,548</b>     | <b>41,604</b>    | <b>54,218</b>    | <b>46,410</b>    | <b>42,484</b>     |
| Cash  | 39,234            | 20,017           | 31,039           | 27,585           | 24,860            |
| Receivables                                       | 16,756            | 16,761           | 16,970           | 16,190           | 15,667            |
| Other Receivables                                 | 2,187             | 2,496            | 3,954            | 980              | 1,049             |
| Prepaid Expenses                                  | 261               | 164              | 67               | 255              | 249               |
| Services Provided                                 | 2,110             | 2,166            | 2,188            | 1,401            | 659               |
| <b>NON-CURRENT ASSETS</b>                         | <b>449,861</b>    | <b>447,456</b>   | <b>446,007</b>   | <b>449,610</b>   | <b>466,338</b>    |
| <b>LONG TERM ASSETS</b>                           | <b>11,867</b>     | <b>12,218</b>    | <b>12,423</b>    | <b>11,369</b>    | <b>11,491</b>     |
| Collateral Deposits                               | 11,867            | 12,218           | 12,423           | 11,369           | 11,491            |
| <b>FIXED ASSETS</b>                               | <b>437,994</b>    | <b>435,238</b>   | <b>433,584</b>   | <b>438,241</b>   | <b>454,847</b>    |
| Fixed Assets                                      | 436,636           | 433,893          | 431,242          | 435,912          | 452,530           |
| Intangible Assets                                 | 1,357             | 1,345            | 2,342            | 2,329            | 2,317             |
| <b>ASSETS</b>                                     | <b>510,409</b>    | <b>489,060</b>   | <b>500,225</b>   | <b>496,020</b>   | <b>508,822</b>    |
| <b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>       | <b>12/31/2016</b> | <b>3/31/2017</b> | <b>6/30/2017</b> | <b>9/30/2017</b> | <b>12/31/2017</b> |
| <b>CURRENT LIABILITIES</b>                        | <b>53,737</b>     | <b>53,897</b>    | <b>53,652</b>    | <b>42,752</b>    | <b>58,631</b>     |
| Suppliers   | 1,406             | 1,000            | 792              | 1,105            | 6,562             |
| Personnel   | 435               | 785              | 858              | 875              | 690               |
| Loans and Financing                               | 31,147            | 31,257           | 31,332           | 31,407           | 31,483            |
| Interest on Debt                                  | 453               | 425              | 347              | 345              | 339               |
| Taxes Payable                                     | 4,499             | 4,703            | 4,385            | 3,627            | 4,196             |
| Dividends   | 10,604            | 10,604           | 10,604           | -                | 10,886            |
| Profit Sharing                                    | 305               | 1                | -                | -                | 323               |
| Others  | 4,889             | 5,122            | 5,335            | 5,392            | 4,153             |
| <b>NON-CURRENT LIABILITIES</b>                    | <b>102,712</b>    | <b>95,075</b>    | <b>87,301</b>    | <b>79,491</b>    | <b>71,643</b>     |
| Loans and Financing                               | 88,249            | 80,746           | 73,108           | 65,432           | 57,719            |
| Tax Incentives                                    | 14,463            | 14,328           | 14,194           | 14,059           | 13,924            |
| <b>SHAREHOLDERS' EQUITY</b>                       | <b>353,959</b>    | <b>340,088</b>   | <b>359,271</b>   | <b>373,778</b>   | <b>378,549</b>    |
| Capital Stock                                     | 170,000           | 170,000          | 170,000          | 170,000          | 170,000           |
| Capital Reserves                                  | 47,123            | 47,123           | 47,123           | 47,123           | 59,054            |
| Profit Reserves                                   | 15,915            | 15,915           | 15,915           | 15,915           | 19,239            |
| Retained Earnings                                 | 120,921           | 89,921           | 89,921           | 89,921           | 130,255           |
| Current Earnings                                  | -                 | 17,129           | 36,312           | 50,819           | -                 |
| <b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b> | <b>510,409</b>    | <b>489,060</b>   | <b>500,225</b>   | <b>496,020</b>   | <b>508,822</b>    |

## EQUATORIAL CONSOLIDATED'S BALANCE SHEET

| ASSETS (R\$ '000)                                 | 12/31/2016        | 3/31/2017        | 6/30/2017        | 9/30/2017        | 12/31/2017        |
|---|-------------------|------------------|------------------|------------------|-------------------|
| <b>CURRENT ASSETS</b>                             | <b>5,928</b>      | <b>5,388</b>     | <b>5,373</b>     | <b>5,827</b>     | <b>7,494</b>      |
| Cash  | 921               | 944              | 897              | 928              | 4,099             |
| Short Term Investments                            | 2,137             | 1,787            | 1,628            | 1,733            | 75                |
| Receivables                                       | 2,292             | 2,043            | 2,133            | 2,323            | 2,439             |
| Receivable - Tariff Flags                         | 4                 | 1                | 54               | 3                | 9                 |
| Fuel Purchase - CCC Account                       | 65                | 40               | 42               | 42               | 78                |
| Regulatory Assets                                 | -                 | -                | -                | 137              | 100               |
| Judicial Deposits                                 | 32                | 35               | 38               | 22               | 15                |
| Inventory   | 20                | 20               | 17               | 16               | 16                |
| Taxes Recoverable                                 | 105               | 121              | 125              | 109              | 117               |
| Taxes Recoverable on net income                   | 128               | 100              | 105              | 101              | 156               |
| Others  | 224               | 297              | 334              | 414              | 390               |
| <b>NON-CURRENT ASSETS</b>                         | <b>8,292</b>      | <b>8,514</b>     | <b>8,969</b>     | <b>9,246</b>     | <b>9,994</b>      |
| <b>LONG TERM ASSETS</b>                           | <b>3,538</b>      | <b>3,793</b>     | <b>4,044</b>     | <b>4,182</b>     | <b>4,631</b>      |
| Receivables                                       | 372               | 398              | 456              | 513              | 613               |
| Regulatory Assets                                 | -                 | -                | 96               | 63               | 120               |
| Fuel Purchase - CCC Account                       | 93                | 94               | 88               | 88               | 101               |
| CCC Subrogation - Investments                     | 65                | 54               | 40               | 24               | 8                 |
| Judicial Deposits                                 | 165               | 169              | 173              | 190              | 142               |
| Swap Operations                                   | -                 | -                | 49               | 22               | 49                |
| Taxes Recoverable                                 | 131               | 134              | 127              | 124              | 131               |
| Taxes Recoverable on net income                   | 43                | 44               | 44               | 45               | 46                |
| Others  | 67                | 63               | 73               | 83               | 196               |
| Financial Asset                                   | 2,602             | 2,839            | 2,896            | 3,030            | 3,225             |
| <b>FIXED ASSETS</b>                               | <b>4,754</b>      | <b>4,721</b>     | <b>4,925</b>     | <b>5,064</b>     | <b>5,364</b>      |
| Investments                                       | 96                | 111              | 103              | 102              | 422               |
| Advance to suppliers                              | -                 | -                | -                | 84               | -                 |
| Intangible Assets                                 | 4,657             | 4,610            | 4,822            | 4,878            | 4,942             |
| <b>ASSETS</b>                                     | <b>14,220</b>     | <b>13,902</b>    | <b>14,342</b>    | <b>15,073</b>    | <b>17,488</b>     |
| <b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>       | <b>12/31/2016</b> | <b>3/31/2017</b> | <b>6/30/2017</b> | <b>9/30/2017</b> | <b>12/31/2017</b> |
| <b>CURRENT LIABILITIES</b>                        | <b>3,416</b>      | <b>2,896</b>     | <b>3,207</b>     | <b>3,869</b>     | <b>4,074</b>      |
| Suppliers   | 943               | 728              | 861              | 1,046            | 1,185             |
| Personnel   | 33                | 37               | 44               | 49               | 40                |
| Loans and Financing                               | 868               | 723              | 876              | 913              | 985               |
| Debentures  | 119               | 162              | 211              | 247              | 214               |
| Taxes Recoverable                                 | 357               | 342              | 381              | 428              | 477               |
| Taxes Recoverable on profit                       | 9                 | 12               | 9                | 14               | 23                |
| Dividends   | 196               | 200              | 243              | 243              | 264               |
| Public Lighting Contribution                      | 42                | 37               | 24               | 26               | 24                |
| Swap Operations                                   | -                 | 18               | -                | -                | 20                |
| Contingencies Provision                           | 86                | 76               | 74               | 73               | 54                |
| Others  | 762               | 560              | 483              | 830              | 788               |
| <b>NON-CURRENT LIABILITIES</b>                    | <b>5,932</b>      | <b>6,073</b>     | <b>6,076</b>     | <b>5,759</b>     | <b>7,666</b>      |
| Loans and Financing                               | 2,218             | 2,128            | 2,245            | 2,189            | 2,979             |
| Debentures  | 1,630             | 1,641            | 1,530            | 1,554            | 2,793             |
| Taxes Payable                                     | 276               | 265              | 316              | 38               | 38                |
| Contingencies Provision                           | 456               | 468              | 460              | 463              | 425               |
| Debt from Judicial Restructuring                  | 912               | 921              | 940              | 947              | 966               |
| Pension Plan                                      | 38                | 38               | 38               | 38               | 43                |
| Others  | 402               | 611              | 546              | 530              | 422               |
| <b>SHAREHOLDERS' EQUITY</b>                       | <b>848</b>        | <b>858</b>       | <b>854</b>       | <b>928</b>       | <b>962</b>        |
| <b>SHAREHOLDERS' EQUITY</b>                       | <b>4,024</b>      | <b>4,076</b>     | <b>4,205</b>     | <b>4,517</b>     | <b>4,786</b>      |
| Capital Stock                                     | 1,982             | 1,982            | 2,227            | 2,227            | 2,227             |
| Revaluation Reserves                              | (22)              | (22)             | (22)             | (22)             | (22)              |
| Profit Reserves                                   | 2,065             | 2,067            | 1,825            | 1,825            | 2,584             |
| Other Comprehensive Income                        | (1)               | (1)              | (1)              | (1)              | (3)               |
| Retained Earnings                                 | -                 | 49               | 177              | 488              | -                 |
| <b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b> | <b>14,220</b>     | <b>13,902</b>    | <b>14,342</b>    | <b>15,073</b>    | <b>17,488</b>     |