

Rio Paranapanema Energia S.A. and  
Controlled Company  
Individual and Consolidated Interim  
Accounting Information

Related to the Three month and Six month Periods ended on  
June 30, 2017 and

Report on the Review of  
Quarterly Information

## Summary

<b>REPORT ON THE REVIEW OF QUARTERLY INFORMATION .....</b>	<b>4</b>
<b>COMMENTS ON THE ECONOMIC AND FINANCIAL PERFORMANCE .....</b>	<b>6</b>
<b>BALANCE SHEETS AS OF JUNE 30, 2017 AND DECEMBER 31, 2016 .....</b>	<b>10</b>
<b>BALANCE SHEETS AS OF JUNE 30, 2017 AND DECEMBER 31, 2016 .....</b>	<b>11</b>
<b>INCOME STATEMENTS OF CONTROLLING COMPANY .....</b>	<b>12</b>
<b>CONSOLIDATED INCOME STATEMENTS .....</b>	<b>13</b>
<b>STATEMENTS OF COMPREHENSIVE INCOME .....</b>	<b>14</b>
<b>STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY .....</b>	<b>14</b>
<b>STATEMENTS OF CASH FLOWS .....</b>	<b>15</b>
<b>STATEMENTS OF VALUE ADDED .....</b>	<b>16</b>
<b>MANAGEMENT NOTES .....</b>	<b>17</b>
<b>1. GENERAL INFORMATION .....</b>	<b>17</b>
1.1. Corporate reorganization .....	17
1.2. Operating context .....	17
1.3. Injunction on the Generation Scaling Factor (GSF) .....	18
1.4. Revision of the physical guarantees of the hydroelectric power plants .....	18
1.5. Approval of the financial statements .....	19
<b>2. SUMMARY OF PRINCIPAL ACCOUNTING POLICIES AND PRESENTATION OF THE FINANCIAL STATEMENTS .....</b>	<b>19</b>
2.1. Basis for preparation .....	19
2.2. Consolidation .....	19
2.3. Concession agreements .....	20
2.4. Authorizing Resolutions .....	20
2.5. Impairment of non-financial assets .....	20
<b>3. KEY ESTIMATES AND CRITICAL ACCOUNTING JUDGMENTS .....</b>	<b>20</b>
<b>4. BUSINESS RISK MANAGEMENT .....</b>	<b>20</b>
4.1. Sensitivity analysis .....	21
4.2. Capital Management .....	21
4.3. Estimate of fair value .....	22
<b>5. CREDIT QUALITY OF FINANCIAL ASSETS .....</b>	<b>22</b>
<b>6. CASH AND CASH EQUIVALENTS .....</b>	<b>22</b>
<b>7. TRADE RECEIVABLES .....</b>	<b>22</b>
<b>8. RECOVERABLE/PAYABLE TAXES .....</b>	<b>24</b>
8.1. Tax benefit - Merged goodwill .....	24
8.2. Statements of income tax and social contribution calculation .....	25
<b>9. LEGAL DEPOSITS .....</b>	<b>26</b>
<b>10. INVESTMENT .....</b>	<b>26</b>
<b>11. PROPERTY, PLANT AND EQUIPMENT .....</b>	<b>27</b>
<b>12. INTANGIBLE ASSETS .....</b>	<b>29</b>
<b>13. TRADE PAYABLES .....</b>	<b>30</b>
<b>14. ARBITRATION .....</b>	<b>30</b>
<b>15. RELATED PARTIES .....</b>	<b>31</b>
15.1. Transactions and balances .....	31
15.2. Compensation of key management personnel .....	31
<b>16. DEBENTURES .....</b>	<b>32</b>
16.1. Breakdown and maturity .....	32
16.2. Activity .....	32
16.3. Financial Covenants .....	33
16.4. Non-financial covenants .....	33
<b>17. LOAN .....</b>	<b>33</b>
17.1. Breakdown and maturity .....	33
17.2. Activity .....	33
<b>18. CIBACAP - CAPIVARA BASIN INTERCITY CONSORTIUM .....</b>	<b>33</b>
<b>19. PENSION AND RETIREMENT PLAN .....</b>	<b>34</b>
<b>20. PROVISIONS FOR TAX, LABOR AND ENVIRONMENTAL RISKS .....</b>	<b>34</b>
20.1. Provisions for tax, labor and environmental risks .....	34
20.2. Possible contingencies .....	35

<b>21. SPECIAL OBLIGATIONS (*)</b> .....	<b>36</b>
<b>22. REGULATORY CHARGES</b> .....	<b>36</b>
<b>23. SHAREHOLDERS' EQUITY</b> .....	<b>36</b>
23.1. Capital .....	36
23.2. Capital Reserves .....	37
23.3. Earnings Reserves.....	37
23.4. Retained Earnings.....	37
23.5. Valuation adjustments to equity.....	38
<b>24. NET OPERATING REVENUE</b> .....	<b>39</b>
<b>25. ELECTRIC POWER SOLD AND PURCHASED AND POWER GRID CHARGES</b> .....	<b>39</b>
25.1. Electric power sold .....	39
25.2. Electric power purchased for resale .....	40
25.3. Charges for the use of electric power grid.....	40
<b>26. FINANCE INCOME</b> .....	<b>41</b>
<b>27. EARNINGS PER SHARE</b> .....	<b>42</b>
<b>28. FINANCIAL INSTRUMENTS</b> .....	<b>43</b>
28.1. Financial instruments in the balance sheet: .....	43
28.2. Liquidity risk.....	43
<b>29. INSURANCES</b> .....	<b>43</b>
<b>30. NON-CASH TRANSACTIONS</b> .....	<b>44</b>
<b>31. COMMITMENTS</b> .....	<b>44</b>
31.1. Electric power purchase and sale agreements.....	44
<b>32. SUBSEQUENT EVENTS</b> .....	<b>44</b>
32.1. Financial settlement - CCEE .....	44
32.2. Seventh Issue of Debentures.....	44
32.3. Legal Milestone of electric sector .....	45
32.4. Auction of public offer of shares.....	45
<b>MANAGEMENT MEMBERS</b> .....	<b>47</b>

## **REPORT ON THE REVIEW OF QUARTERLY INFORMATION**



(A free translation of the original in Portuguese)

### **Report on review of quarterly information**

To the Board of Directors and Stockholders  
Rio Paranapanema Energia S.A.

#### **Introduction**

We have reviewed the accompanying parent company and consolidated interim accounting information of Rio Paranapanema Energia S.A. ("Company"), included in the Quarterly Information Form (ITR) for the quarter ended June 30, 2017, comprising the balance sheet at that date and the statements of income, comprehensive income, changes in equity and cash flows for the quarter then ended, and a summary of significant accounting policies and other explanatory information.

Management is responsible for the preparation of the parent company and consolidated interim accounting information in accordance with the accounting standard CPC 21 - "Interim Financial Reporting", of the Brazilian Accounting Pronouncements Committee (CPC) and International Accounting Standard (IAS) 34 - "Interim Financial Reporting" issued by the International Accounting Standards Board (IASB), as well as the presentation of this information in accordance with the standards issued by the Brazilian Securities Commission (CVM), applicable to the preparation of the Quarterly Information (ITR). Our responsibility is to express a conclusion on this interim accounting information based on our review.

#### **Scope of review**

We conducted our review in accordance with Brazilian and International Standards on Reviews of Interim Financial Information (NBC TR 2410 - "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" and ISRE 2410 - "Review of Interim Financial Information Performed by the Independent Auditor of the Entity", respectively). A review of interim information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Brazilian and International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

#### **Conclusion on the interim information**

Based on our review, nothing has come to our attention that causes us to believe that the accompanying parent company and consolidated interim accounting information included in the quarterly information referred to above has not been prepared, in all material respects, in accordance with CPC 21 and IAS 34 applicable to the preparation of the Quarterly Information, and presented in accordance with the standards issued by the CVM.



Rio Paranapanema Energia S.A.

#### **Other matters**

#### **Statements of value added**

We have also reviewed the parent company and consolidated statements of value added for the quarter ended June 30, 2017. These statements are the responsibility of the Company's management, and are required to be presented in accordance with standards issued by the CVM applicable to the preparation of Quarterly Information (ITR) and are considered supplementary information under IFRS, which do not require the presentation of the statement of value added. These statements have been submitted to the same review procedures described above and, based on our review, nothing has come to our attention that causes us to believe that they have not been prepared, in all material respects, in a manner consistent with the parent company and consolidated interim accounting information taken as a whole.

#### **Audit of prior-year information**

The Quarterly Information Form (ITR) mentioned in the first paragraph includes accounting information, presented for comparison purposes, related to the statements of income, comprehensive income, changes in equity, cash flows, and value added for the quarter ended June 30, 2016, obtained from the Quarterly Information Form (ITR) for that quarter, and also to the balance sheet as at December 31, 2016, obtained from the financial statements at December 31, 2016. The review of the Quarterly Information Form (ITR) for the quarter ended June 30, 2016 and the audit of the financial statements for the year ended December 31, 2016 were conducted under the responsibility of another firm of auditors, that have issued their review and audit reports dated August 11, 2016 and March 16, 2017, respectively, without qualification.

São Paulo, August 10, 2017



PricewaterhouseCoopers  
Auditores Independentes  
CRC 2SP000160/O-5



Valdir Renato Coscodai  
Contador CRC 1SP165875/O-6

## COMMENTS ON THE ECONOMIC AND FINANCIAL PERFORMANCE PERIODS FROM APRIL 1 TO JUNE 30, 2017 AND 2016

(In thousands of Brazilian Reais, except when designated otherwise)

The process of selling all of the shares of the capital of Duke Energy International Brazil Holdings S.à.r.l. (“DEIBH”) from Duke Energy International Group S.à.r.l. (Company’s indirect controlling shareholder) to the company China Three Gorges (Luxembourg) Energy S.à.r.l. (“CTG Lux”) was concluded on December 29, 2016, after all approvals from the competent regulatory bodies.

As a result of the transfer of the shareholding ownership of the Company, Duke Energy International Geração Paranapanema S.A. had its corporate name changed to Rio Paranapanema Energia S.A., and its controlled company Duke Energy International Geração Sapucaí-Mirim Ltda. was renamed Rio Sapucaí-Mirim Energia Ltda.

### Main indicators (in thousands of Brazilian Reais)

	Consolidated		% Variance
	2Q 2017	2Q 2016	
<b>Economic indicators</b>			
Gross operating revenue	437,580	377,652	15.9
(-) Deductions from the operating revenue	(44,187)	(39,986)	10.5
Net operating revenue	393,393	337,666	16.5
(-) Cost of electric power service / operating expenses	(219,573)	(173,940)	26.2
Service result	173,820	163,726	6.2
Ebitda	229,619	220,005	4.4
<i>Ebitda margin - %</i>	58.4%	65.2%	-6.8 pp
Finance income	(9,250)	(40,736)	-77.3
Operating income	164,570	122,990	33.8
Net income of the year	109,368	82,358	32.8
<i>Net margin - %</i>	27.8%	24.4%	3.4 pp
<b>Shares</b>			
Outstanding shares (in thousands of shares)	94,433	94,433	
Net income per one thousand-share batch (in Brazilian Reais)	1,158.15	872.13	32.8

From the consolidated amounts presented above, the controlled company represents 2.2% of the net operating revenue, or BRL 8.6 million (2.5% or BRL 8.3 million in the second quarter of 2016), 2.7% of the operating expenses, or BRL 5.9 million (3.2% or BRL 5.6 million in the second quarter of 2016) and 2.8% of the net income recorded in the period representing BRL 3.8 million (4.5% or BRL 4.7 million in the second quarter of 2016).

	Consolidated		% Variance
	06/30/2017	06/30/2016	
<b>Financial indicators</b>			
Total assets	3,959,618	4,136,312	-4.3
Debts in national currency	1,143,704	1,422,269	-19.6
Shareholders’ equity	2,009,912	1,979,146	1.6

**Cost of Electric Power Service and Operating Expenses (in thousands of Brazilian Reais)**

	Consolidated		% Variance
	2Q2017	2Q2016	
Electric power purchased for resale	(73,967)	(25,755)	187.2
Depreciation and amortization	(55,799)	(56,279)	-0.9
Charges for the use of electric power grid	(29,279)	(25,925)	12.9
Personnel	(25,400)	(21,487)	18.2
Financial offset from the use of water resources	(13,242)	(22,390)	-40.9
Others	(9,634)	(4,970)	93.8
Third parties' services	(8,677)	(13,828)	-37.3
Insurances	(2,795)	(2,494)	12.1
Material	(1,559)	(1,200)	29.9
Electric Power Service Inspection Fee (TFSEE)	(1,404)	(1,416)	-0.8
Rentals	(944)	(1,119)	-15.6
Provision / (reversal) for tax, labor and environment risks	(7)	678	-101.0
Constitution of estimate for doubtful accounts	3,134	2,245	39.6
	<b>(219,573)</b>	<b>(173,940)</b>	<b>20.9</b>

The operating expenses amounted to BRL 219.6 million in the second quarter of 2017, a decrease of 20.9% in comparison to the same period in the previous year (BRL 173.9 million).

The main factors that impacted the operating expenses were:

- Electric power purchased for resale: increase of BRL 48.2 million, or 187.2% in comparison with the same period in the previous year due to a decline in the hydrological scenario when compared to the period, represented by the increase in the levels of Generation Scaling Factor (GSF);
- Charges for the use of the electric power grid: increase of BRL 3.4 million or 12.9% in the quarter is due to adjustments on these charges during 2017;
- Financial offset from the use of water resources: decrease of BRL 9.1 million or 40.9% in comparison to the same period in the previous year, this variance was mainly due to the 22.7% decrease in the Restated Reference Rate (TAR), which decreased from BRL 93.35/MWh to BRL 72.20/MWh from January 1, 2017;
- Other expenses: increase in the amount of BRL 4.6 million in the second quarter of 2017 in comparison to the same period of 2016, represented mainly by assets write-offs related to the modernizations and reconstructions of Capivara Plant.

**Ebitda and Ebitda margin (in thousands of Brazilian Reais)**

	Consolidated		% Variance
	2Q2017	2Q2016	
Net income of the year	109,368	82,358	32.8%
Income tax and social contribution	55,202	40,632	35.9%
Finance income (net)	9,250	40,736	-77.3%
Depreciation and amortization	55,799	56,279	-0.9%
<b>Ebitda</b>	<b>229,619</b>	<b>220,005</b>	<b>4.4%</b>

Ebitda (Earnings before interest, tax, depreciation and amortization) is calculated with the net income added to the net finance income, income tax and social contribution, depreciation and amortization. Ebitda is a non-accounting measurement calculated according to the provisions in CVM Instruction No. 527/2012. The Ebitda should not be considered as an alternative to the cash flow as a liquidity indicator.

The Company's Management believes that the Ebitda provides a useful measure of its performance, which is largely used by investors and analysts to evaluate performance and compare companies.

Ebitda increased by 4.4% in comparison to the same period of the previous year, mainly due to a better finance income and to the increase in the net operating revenue.

#### Finance income (in thousands of Brazilian Reais)

	Consolidated		% Variance
	2Q 2017	2Q 2016	
Revenues	28,567	19,581	45.9
Expenses	(37,817)	(60,317)	-37.3
<b>Net finance income</b>	<b>(9,250)</b>	<b>(40,736)</b>	<b>-77.3</b>

The net finance income presented in the second quarter of 2017 was negative in BRL 9.3 million, which represents a positive impact of 77.3% in comparison to the same period of the previous year. This variance resulted from the increase in the financial revenues mainly due to the higher average volume invested in the period, added to the decrease in the finance expenses arisen from the decrease in Company's debts, which are linked to the IPCA (Amplified Consumer Price Index).

#### Debentures (in thousands of Brazilian Reais)

Issue	Series	Remuneration	Maturity	Consolidated	
				06/30/2017	06/30/2016
3rd	Single	CDI Variance + 1.15% per year	01/10/2017	-	80,119
4th	1	CDI Variance + 0.65% per year	07/16/2018	175,490	265,724
4th	2	IPCA variance + 6.07% per year	07/16/2023	344,627	333,330
5th	1	CDI Variance + 0.89% per year	05/20/2019	160,499	241,608
5th	2	IPCA Variance + 7.01% per year	05/20/2021	297,650	287,482
6th	Single	CDI Variance + 2.00% per year	09/10/2018	165,438	-
				<b>1,143,704</b>	<b>1,208,263</b>

The balance of debentures of the Controlling Company in the second quarter of 2017 amounts to BRL 1,143.7 million, 5.3% less than the balance of BRL 1,208.3 million in the same period of the previous year.

This variance is mainly due to the payment of the principal from 3rd issue, amortization of the 4th issue, added to payment of interest of 3rd, 4th, 5th and 6th issues, offset by the decrease in the appropriation of monetary adjustment payable of debts linked to IPCA, in addition to the funding of proceeds from the 6th debentures issue, performed in September 2016.

#### Loans (in thousands of Brazilian Reais)

	Remuneration	Maturity	Consolidated	
			06/30/2017	06/30/2016
Bank Credit Note (CCB)	CDI Variance + 1.4% per year	05/05/2017	-	214,006



In 2015, the Controlling Company raised funds with Citibank, in the amount of BRL 181 million, being the same updated at 100% of the accumulated CDI variation, plus interest of 1.4% per year. The maturity term of this loan was two years. There are no assets given as guarantee to obtain this financial transaction and there are no covenants. The loan was settled due to its maturity.

#### Net financial debt (in thousands of Brazilian Reais)

	Consolidated		% Variance
	06/30/2017	06/30/2016	
Loan	-	214,006	-100.0
Debentures	1,143,704	1,208,263	-5.3
Short Term	199,528	282,383	-29.3
Long Term	944,176	925,880	2.0
Cash	(469,961)	(542,010)	-13.3
<b>Net debt</b>	<b>673,743</b>	<b>880,259</b>	<b>-23.5</b>

The consolidated net debt, which is made up of the indebtedness, less cash proceeds and cash equivalents. In comparison to the same period of 2016, the balance decreased by 23.5% mainly as a result of the payment of the loan.

#### Net income for the period

As a result of the above-mentioned items, the Company recorded in the second quarter of 2017 a net income of BRL 109.4 million, BRL 82.4 million or 32.8% higher than the results recorded in the same period of the previous year.

The Controlling Company recorded as an equity result, as an effect of the result assessed from its controlled company, the amount of BRL 3.4 million (BRL 4.0 million on June 30, 2016).

**BALANCE SHEETS AS OF JUNE 30, 2017 AND DECEMBER 31, 2016**  
 (In thousands of Brazilian Reais - BRL)

ASSETS	Note	Controlling Company		Consolidated	
		06/30/2017	12/31/2016	06/30/2017	12/31/2016
<b>Current</b>					
Cash and cash equivalents	6	404,840	798,120	469,961	852,563
Trade receivables	7	164,316	133,371	167,327	135,892
Recoverable taxes	8	12,159	9,999	13,881	11,276
Services in progress		8,073	13,092	8,073	13,092
Prepaid expenses		536	346	582	346
Sundry debtors		2,339	1,458	2,725	1,815
Related parties	15.1	176	151	176	151
Other assets		100	115	100	115
<b>Total current assets</b>		<b>592,539</b>	<b>956,652</b>	<b>662,825</b>	<b>1,015,250</b>
<b>Non-current</b>					
Recoverable taxes	8	960	960	2,258	2,220
Legal deposits	9	49,561	47,612	49,561	47,612
Restricted funds		257	123	257	123
Prepaid expenses		2,945	3,075	2,945	3,075
Investments		221,888	215,242	26	26
Controlled Companies	10	221,862	215,216	-	-
Others		26	26	26	26
Property, plant and equipment	11	3,047,421	3,129,346	3,204,805	3,290,784
Intangible assets	12	32,951	28,801	36,941	29,033
<b>Total non-current assets</b>		<b>3,355,983</b>	<b>3,425,159</b>	<b>3,296,793</b>	<b>3,372,873</b>
<b>Total assets</b>		<b>3,948,522</b>	<b>4,381,811</b>	<b>3,959,618</b>	<b>4,388,123</b>

The Management notes are an integral part of the financial statements.

**BALANCE SHEETS AS OF JUNE 30, 2017 AND DECEMBER 31, 2016**  
 (In thousands of Brazilian Reais - BRL)

LIABILITIES AND SHAREHOLDERS' EQUITY	Note	Controlling Company		Consolidated	
		06/30/2017	12/31/2016	06/30/2017	12/31/2016
<b>Current</b>					
Trade payables	13	365,244	343,844	370,342	347,623
Salaries and social charges		8,391	19,006	8,542	19,282
Loans	17	-	230,228	-	230,228
Debentures	16	199,528	285,383	199,528	285,383
Taxes payable	8	147,243	175,816	148,208	176,756
Dividends and interest on equity	23.4	3,316	228,692	3,316	228,692
Estimated obligations		9,035	7,948	9,201	8,105
Cibacap	18	890	890	890	890
Regulatory charges	22	20,179	27,815	20,186	27,822
Deferred revenues		4,492	8,739	4,492	8,739
Other liabilities		364	252	3,980	266
<b>Total current liabilities</b>		<b>758,682</b>	<b>1,328,613</b>	<b>768,685</b>	<b>1,333,786</b>
<b>Non-current</b>					
Debentures	16	944,176	1,012,140	944,176	1,012,140
Deferred revenues		14,933	4,544	15,623	5,303
Special obligations	21	1,648	1,758	1,648	1,758
Provisions for tax, labor and environmental risks	20	33,057	32,701	33,460	33,081
Cibacap	18	9,733	9,936	9,733	9,936
Deferred income tax and social contribution	8	147,073	191,797	147,073	191,797
Distribution System Usage Tariff (TUSDg)	13	15,971	13,960	15,971	13,960
Regulatory charges	21	7,611	8,647	7,611	8,647
Others Regulatory Obligations (RGR - 1970)		4,947	4,947	4,947	4,947
Other liabilities		779	780	779	780
<b>Total non-current liabilities</b>		<b>1,179,928</b>	<b>1,281,210</b>	<b>1,181,021</b>	<b>1,282,349</b>
<b>Shareholders' Equity</b>					
Capital	23.1	839,138	839,138	839,138	839,138
Capital reserves	23.2	116,804	116,804	116,804	116,804
Earnings reserves	23.3	156,406	155,753	156,406	155,753
Retained earnings	23.4	277,053	-	277,053	-
Valuation adjustment to equity	23.5	620,511	660,293	620,511	660,293
<b>Total shareholders' equity</b>		<b>2,009,912</b>	<b>1,771,988</b>	<b>2,009,912</b>	<b>1,771,988</b>
<b>Total liabilities and shareholders' equity</b>		<b>3,948,522</b>	<b>4,381,811</b>	<b>3,959,618</b>	<b>4,388,123</b>

The Management notes are an integral part of the financial statements.

**INCOME STATEMENTS OF CONTROLLING COMPANY**  
**RELATED TO THE SIX MONTH PERIODS ENDED ON JUNE 30, 2017 and 2016**  
 (In thousands of Brazilian Reais, except when designated otherwise)

	Note	Controlling Company			
		04/01/2017 to 06/30/2017	01/01/2017 to 06/30/2017	04/01/2016 to 06/30/2016	01/01/2016 to 06/30/2016
<b>Net operating revenue</b>	24	<b>384,790</b>	<b>753,477</b>	<b>329,073</b>	<b>642,393</b>
<b>Cost of electric power service</b>					
Personnel		(13,908)	(26,026)	(11,133)	(23,986)
Material		(1,082)	(2,196)	(1,039)	(1,947)
Third parties' services		(2,779)	(8,400)	(7,829)	(13,436)
Electric Power Service Inspection Fee (TFSEE)		(1,383)	(2,765)	(1,396)	(2,791)
Electric power purchased for resale	25.2	(72,474)	(72,638)	(24,936)	(32,172)
Charges for the use of electric power grid	25.3	(29,153)	(58,145)	(25,810)	(52,079)
Financial offset from the use of water resources		(13,242)	(31,556)	(22,390)	(45,782)
Depreciation and amortization	11.b and 12.b	(52,662)	(106,010)	(53,521)	(107,071)
Reversal (constitution) of provision for tax, labor and environmental risks		-	154	373	(417)
Rentals		-	(2)	(37)	(74)
Insurances		(2,711)	(5,408)	(2,419)	(4,787)
Others		(240)	(618)	(260)	(620)
		<b>(189,634)</b>	<b>(313,610)</b>	<b>(150,397)</b>	<b>(285,162)</b>
<b>Gross profit</b>		<b>195,156</b>	<b>439,867</b>	<b>178,676</b>	<b>357,231</b>
<b>Operating (expenses) / revenues</b>					
Personnel		(10,996)	(25,441)	(9,807)	(19,095)
Material		(297)	(373)	(36)	(66)
Third parties' services		(5,145)	(7,942)	(3,703)	(6,754)
Depreciation and amortization	11.b and 12.b	(438)	(919)	(430)	(852)
Provisions for tax, labor and environmental risks		(7)	(107)	192	(49)
(Constitution) / reversal of estimate for doubtful accounts	7	3,134	408	1,560	(1,490)
Rentals		(867)	(1,711)	(1,015)	(1,883)
Others		(9,359)	(13,440)	(4,677)	(6,294)
		<b>(23,975)</b>	<b>(49,525)</b>	<b>(17,916)</b>	<b>(36,483)</b>
<b>Income from equity interest</b>					
Equity result	10	3,446	6,646	3,977	5,379
<b>Operating income</b>		<b>174,627</b>	<b>396,988</b>	<b>164,737</b>	<b>326,127</b>
<b>Finance income</b>	26				
Revenues		26,924	49,445	18,262	33,532
Expenses		(37,794)	(90,031)	(60,733)	(129,868)
		<b>(10,870)</b>	<b>(40,586)</b>	<b>(42,471)</b>	<b>(96,336)</b>
<b>Profit before income tax and social contribution</b>		<b>163,757</b>	<b>356,402</b>	<b>122,266</b>	<b>229,791</b>
<b>Income tax and social contribution</b>	8.2				
Current		(88,984)	(164,191)	(51,895)	(112,093)
Deferred		34,595	45,060	11,987	35,910
		<b>(54,389)</b>	<b>(119,131)</b>	<b>(39,908)</b>	<b>(76,183)</b>
<b>Net income for the period</b>		<b>109,368</b>	<b>237,271</b>	<b>82,358</b>	<b>153,608</b>
<b>Earnings per share from continuing operations (in BRL per share)</b>					
Basic and diluted earnings per preferred share (PN)	27	1.15815	2.51258	0.87213	1.62663
Basic and diluted earnings per common share (ON)	27	1.15815	2.51258	0.87213	1.62663

The Management notes are an integral part of the financial statements.

**CONSOLIDATED INCOME STATEMENTS**  
**RELATED TO THE SIX MONTH PERIODS ENDED JUNE 30, 2017 and 2016**  
 (In thousands of Brazilian Reais, except when designated otherwise)

	Note	Consolidated			
		04/01/2017 to 06/30/2017	01/01/2017 to 06/30/2017	04/01/2016 to 06/30/2016	01/01/2016 to 06/30/2016
<b>Net operating revenue</b>	24	<b>393,393</b>	<b>769,699</b>	<b>337,666</b>	<b>659,277</b>
<b>Cost of electric power service</b>					
Personnel		(14,404)	(27,044)	(11,681)	(25,059)
Material		(1,229)	(2,536)	(1,162)	(2,192)
Third parties' services		(3,349)	(10,435)	(8,807)	(15,382)
Electric Power Service Inspection Fee (TFSEE)		(1,404)	(2,807)	(1,416)	(2,833)
Electric power purchased for resale	25.2	(73,967)	(74,190)	(25,755)	(33,193)
Charges for the use of electric power grid	25.3	(29,279)	(58,388)	(25,925)	(52,313)
Financial offset from the use of water resources		(13,242)	(31,556)	(22,390)	(45,782)
Depreciation and amortization	11.b and 12.b	(55,352)	(111,152)	(55,843)	(111,709)
Reversal (constitution) of provision for tax, labor and environmental risks		-	154	486	(670)
Rentals		-	(8)	(39)	(76)
Insurances		(2,795)	(5,576)	(2,494)	(4,936)
Others		(244)	(660)	(264)	(660)
		<b>(195,265)</b>	<b>(324,198)</b>	<b>(155,290)</b>	<b>(294,805)</b>
<b>Gross profit</b>		<b>198,128</b>	<b>445,501</b>	<b>182,376</b>	<b>364,472</b>
<b>Operating (expenses) / revenues</b>					
Personnel		(10,996)	(25,441)	(9,806)	(19,092)
Material		(330)	(408)	(38)	(68)
Third parties' services		(5,328)	(8,233)	(5,021)	(8,225)
Depreciation and amortization	11.b and 12.b	(447)	(940)	(436)	(864)
Provisions for tax, labor and environmental risks		(7)	(107)	192	(49)
(Constitution) / reversal of estimate for doubtful accounts	7	3,134	408	2,245	(1,846)
Rentals		(944)	(1,862)	(1,080)	(1,976)
Others		(9,390)	(13,574)	(4,706)	(6,390)
		<b>(24,308)</b>	<b>(50,157)</b>	<b>(18,650)</b>	<b>(38,510)</b>
<b>Income from equity interest</b>					
Equity result	10	-	-	-	-
<b>Operating income</b>		<b>173,820</b>	<b>395,344</b>	<b>163,726</b>	<b>325,962</b>
<b>Finance income</b>	26				
Revenues		28,567	52,782	19,581	36,243
Expenses		(37,817)	(90,097)	(60,317)	(130,936)
		<b>(9,250)</b>	<b>(37,315)</b>	<b>(40,736)</b>	<b>(94,693)</b>
<b>Profit before income tax and social contribution</b>		<b>164,570</b>	<b>358,029</b>	<b>122,990</b>	<b>231,269</b>
<b>Income tax and social contribution</b>	8.2				
Current		(89,797)	(165,818)	(52,619)	(113,571)
Deferred		34,595	45,060	11,987	35,910
		<b>(55,202)</b>	<b>(120,758)</b>	<b>(40,632)</b>	<b>(77,661)</b>
<b>Net income for the period</b>		<b>109,368</b>	<b>237,271</b>	<b>82,358</b>	<b>153,608</b>
<b>Earnings per share from continuing operations (in BRL per share)</b>					
Basic and diluted earnings per preferred share (PN)	27	1.15815	2.51258	0.87213	1.62663
Basic and diluted earnings per common share (ON)	27	1.15815	2.51258	0.87213	1.62663

The Management notes are an integral part of the financial statements.

**STATEMENTS OF COMPREHENSIVE INCOME**  
**RELATED TO THE SIX MONTH PERIODS ENDED ON JUNE 30, 2017 and 2016**  
 (In thousands of Brazilian Reais, except when designated otherwise)

	Controlling Company and Consolidated			
	04/01/2017 to 06/30/2017	01/01/2017 to 06/30/2017	04/01/2016 to 06/30/2016	01/01/2016 to 06/30/2016
<b>Net income for the period</b>	<b>109,368</b>	<b>237,271</b>	<b>82,358</b>	<b>153,608</b>
Actuarial gains on defined benefit pension plan.	473	989	245	483
Deferred income tax and social contribution on actuarial gains	(161)	(336)	(83)	(164)
	<b>312</b>	<b>653</b>	<b>162</b>	<b>319</b>
<b>Comprehensive income for the period</b>	<b>109,680</b>	<b>237,924</b>	<b>82,520</b>	<b>153,927</b>

The Management notes are an integral part of the financial statements.

**STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY**  
**PERIODS ENDED ON JUNE 30, 2017 AND 2016**  
 (In thousands of Brazilian Reais - BRL)

	Capital	Reserves		Retained Earnings	Valuation adjustments to equity (see Note 23.5)	Shareholders' equity of the Controlling Company and Consolidated
		Capital	Earnings			
<b>Balances on December 31, 2016</b>	<b>839,138</b>	<b>116,804</b>	<b>155,753</b>	<b>-</b>	<b>660,293</b>	<b>1,771,988</b>
Comprehensive income for the period						
Net income for the year	-	-	-	237,271	-	237,271
Actuarial gains on defined benefit pension plan	-	-	-	-	989	989
Deferred income tax and social contribution on actuarial gains	-	-	-	-	(336)	(336)
Reclassifications of net actuarial gains - CPC 33 (R1)	-	-	653	-	(653)	-
	-	-	<b>653</b>	<b>237,271</b>	<b>-</b>	<b>237,924</b>
Realization of valuation adjustments to equity (see Note 23.5)	-	-	-	60,276	(60,276)	-
Deferred tax on equity	-	-	-	(20,494)	20,494	-
	-	-	-	<b>39,782</b>	<b>(39,782)</b>	<b>-</b>
<b>Balance on June 30, 2017</b>	<b>839,138</b>	<b>116,804</b>	<b>156,406</b>	<b>277,053</b>	<b>620,511</b>	<b>2,009,912</b>

	Capital	Reserves		Retained Earnings	Valuation adjustments to equity	Shareholders' equity of the Controlling Company and Consolidated
		Capital	Earnings			
<b>Balances on December 31, 2015</b>	<b>839,138</b>	<b>105,468</b>	<b>137,134</b>	<b>-</b>	<b>732,143</b>	<b>1,813,883</b>
Comprehensive income for the year						
Net income for the year	-	-	-	153,608	-	153,608
Actuarial gains on defined benefit pension plan	-	-	-	-	483	483
Deferred income tax and social contribution on actuarial gains	-	-	-	-	(164)	(164)
Reclassifications of net actuarial gains - CPC 33 (R1)	-	-	319	-	(319)	-
	-	-	<b>319</b>	<b>153,608</b>	<b>-</b>	<b>153,927</b>
Contributions and distributions to shareholders						
Share-based payment	-	37	-	-	-	37
Realization of valuation adjustments to equity	-	-	-	55,790	(55,790)	-
Deferred tax on valuation adjustments to equity	-	-	-	(18,969)	18,969	-
	-	<b>37</b>	<b>-</b>	<b>36,821</b>	<b>(36,821)</b>	<b>37</b>
Capital reserve related to reimbursement of Rio Parapanema Participações S.A. (former Duke Brasil) to the Controlling company referred to the arbitration payment of the controlled company	-	11,299	-	-	-	11,299
	-	<b>11,299</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>11,299</b>
<b>Balance on June 30, 2016</b>	<b>839,138</b>	<b>116,804</b>	<b>137,453</b>	<b>190,429</b>	<b>695,322</b>	<b>1,979,146</b>

The Management notes are an integral part of the financial statements.

**STATEMENTS OF CASH FLOWS**  
**RELATED TO THE THREE MONTH PERIODS ENDED JUNE 30, 2017 AND 2016**  
 (In thousands of Brazilian Reais - BRL)

	Controlling Company		Consolidated	
	06/30/2017	06/30/2016	06/30/2017	06/30/2016
<b>Cash flows from operating activities</b>				
Net income of the year	237,271	153,608	237,271	153,608
<b>Adjustments to:</b>				
Depreciation and amortization	106,929	107,923	112,092	112,573
Losses for property, plant and equipment/intangible assets offset	11,349	4,305	11,379	4,314
(Gain)/loss from the non-recoverability of the assets	-	-	(25)	-
Deferred income tax and social contribution	(45,060)	(35,910)	(45,060)	(35,910)
Constitution / (reversal) of estimate for doubtful accounts	(408)	1,490	(408)	1,846
Interest on CCB loans	10,426	14,881	10,426	14,881
Interest on debentures	55,571	61,459	55,571	61,459
Monetary variance on debentures	10,838	28,395	10,838	28,395
(Reversal) / Provisions for tax, labor and environmental risks	(53)	1,198	(53)	719
Monetary variance on provision for tax, labor and environmental risks	953	(732)	978	1,234
Monetary variance on legal deposits	(2,093)	(2,171)	(2,095)	(2,171)
Financial updating by arbitral proceeding	-	-	-	871
Equity result	(6,646)	(5,379)	-	-
Share-based payment	-	37	-	37
<b>Variance in assets and liabilities</b>				
Trade receivables	(30,537)	33,175	(31,027)	35,295
Sundry debtors	(881)	(851)	(910)	(875)
Related parties	(25)	76	(25)	76
Services in progress	(1,914)	(3,104)	(1,914)	(3,104)
Restricted funds	(134)	(30)	(134)	(30)
Prepaid expenses	(60)	(5,026)	(106)	(5,187)
Trade payables	23,411	86,534	24,730	84,915
Salaries and social charges	(10,615)	(4,091)	(10,740)	(4,124)
Taxes, fees and contributions	149,327	98,643	150,455	98,887
Estimated obligations	1,087	1,499	1,096	1,535
Deferred revenues	6,142	(7,632)	6,073	(7,421)
Cibacap	(203)	568	(203)	568
Reversal/ (provision) for tax, labor and environmental risks	(400)	997	(400)	(606)
Other active and passive variance	(625)	3,059	2,977	3,229
<b>Cash generated in operations</b>	<b>513,650</b>	<b>532,921</b>	<b>530,786</b>	<b>545,014</b>
Interest and monetary variance paid on debentures	(65,569)	(66,249)	(65,569)	(66,249)
Interest paid on loan CCB	(59,654)	-	(59,654)	-
Income tax and social contribution paid	(180,060)	(142,499)	(181,646)	(142,499)
Payment related to arbitration proceeding (see Note 14)	-	-	-	(15,952)
<b>Net cash from operating activities</b>	<b>208,367</b>	<b>324,173</b>	<b>223,917</b>	<b>320,314</b>
<b>Cash flows from investment activities</b>				
Capital reserve related to the reimbursement of the Controlling Company to Company for the payment of arbitration of the Controlled Company	-	17,119	-	17,119
Income from property, plant and equipment sale	470	261	470	261
Additions to property, plant and equipment	(35,327)	(23,836)	(35,964)	(24,234)
Additions in intangible assets	(5,755)	(250)	(9,990)	(251)
<b>Net cash used in investment activities</b>	<b>(40,612)</b>	<b>(6,706)</b>	<b>(45,484)</b>	<b>(7,105)</b>
<b>Cash flows from financing activities</b>				
Payment of debentures	(154,659)	(75,000)	(154,659)	(75,000)
Payment of loan	(181,000)	-	(181,000)	-
Dividends and interest on equity - paid	(225,376)	(160,268)	(225,376)	(160,268)
<b>Net cash used in financing activities</b>	<b>(561,035)</b>	<b>(235,268)</b>	<b>(561,035)</b>	<b>(235,268)</b>
<b>Net increase/ (decrease) in cash and cash equivalents</b>	<b>(393,280)</b>	<b>82,199</b>	<b>(382,602)</b>	<b>77,941</b>
<b>Cash and cash equivalents in the beginning of the period</b>	<b>798,120</b>	<b>416,964</b>	<b>852,563</b>	<b>464,069</b>
<b>Cash and cash equivalents at the end of the period</b>	<b>404,840</b>	<b>499,163</b>	<b>469,961</b>	<b>542,010</b>

The Management notes are an integral part of the financial statements.

**STATEMENTS OF VALUE ADDED**  
**RELATED TO THE SIX MONTH PERIODS ENDED ON JUNE 30, 2017 AND 2016**  
 (In thousands of Brazilian Reais - BRL)

	Controlling Company		Consolidated	
	06/30/2017	06/30/2016	06/30/2017	06/30/2016
<b>Revenues</b>				
Electric power sales	839,698	723,429	856,543	740,987
Revenues related to the construction of own assets	35,328	24,261	35,965	24,660
(Constitution) / reversal of estimate for doubtful accounts	408	(1,490)	408	(1,846)
	<b>875,434</b>	<b>746,200</b>	<b>892,916</b>	<b>763,801</b>
<b>Inputs acquired from third-parties</b>				
Electric power purchased and charges for the use of electric grid	(130,783)	(84,251)	(132,577)	(85,506)
Materials and services from third parties	(54,239)	(46,464)	(57,578)	(50,527)
Other operating costs	(18,554)	(11,331)	(18,796)	(11,772)
	<b>(203,576)</b>	<b>(142,046)</b>	<b>(208,951)</b>	<b>(147,805)</b>
<b>Gross value added</b>	<b>671,858</b>	<b>604,154</b>	<b>683,965</b>	<b>615,996</b>
Depreciation and amortization	(106,929)	(107,923)	(112,092)	(112,573)
<b>Net value added produced</b>	<b>564,929</b>	<b>496,231</b>	<b>571,873</b>	<b>503,423</b>
Rentals	223	183	223	183
Equity result	6,646	5,379	-	-
Financial revenues	49,445	33,532	52,783	36,243
<b>Value added received in a transfer</b>	<b>56,314</b>	<b>39,094</b>	<b>53,006</b>	<b>36,426</b>
<b>Value added to be distributed</b>	<b>621,243</b>	<b>535,325</b>	<b>624,879</b>	<b>539,849</b>
<b>Distributed Value added</b>				
<b>Personnel</b>				
Direct compensation	27,001	23,870	27,548	24,431
Benefits	6,255	4,775	6,472	5,003
FGTS (Government Severance Indemnity Fund for Employees)	4,555	3,151	4,600	3,196
Provision for gratuities (bonuses)	4,517	3,274	4,545	3,312
Profit sharing	1,957	1,714	1,991	1,767
Social charges (except for INSS)	1,841	1,581	1,879	1,618
	<b>46,126</b>	<b>38,365</b>	<b>47,035</b>	<b>39,327</b>
<b>Taxes, fees and contributions</b>				
Federal	234,871	201,605	237,373	204,003
State	11,117	9,823	11,119	9,825
Municipal	114	98	114	98
	<b>246,102</b>	<b>211,526</b>	<b>248,606</b>	<b>213,926</b>
<b>Remuneration from third party's capital</b>				
Rentals	1,713	1,957	1,870	2,052
Interest on debentures	55,571	61,459	55,571	61,459
Interest on loan	10,426	14,881	10,426	14,881
Monetary variance on debentures	10,837	28,395	10,837	28,395
Other financial expenses	13,197	25,134	13,263	26,201
	<b>91,744</b>	<b>131,826</b>	<b>91,967</b>	<b>132,988</b>
<b>Others</b>				
Retained earnings	277,053	190,429	277,053	190,429
Realization of deemed cost of property, plant and equipment	(39,782)	(36,821)	(39,782)	(36,821)
	<b>237,271</b>	<b>153,608</b>	<b>237,271</b>	<b>153,608</b>
<b>Distributed value added</b>	<b>621,243</b>	<b>535,325</b>	<b>624,879</b>	<b>539,849</b>

The Management notes are an integral part of the financial statements.



**MANAGEMENT NOTES  
TO THE QUARTERLY INFORMATION - JUNE 30, 2017**

(Amounts expressed in thousands of Brazilian Reais, except when designated otherwise)

**1. GENERAL INFORMATION**

**1.1. Corporate reorganization**

On December 29, 2016, after all approvals released by regulating authorities, represented by the Administrative Council of Economic Defense (CADE) and National Electric Energy Agency (ANEEL), it was concluded the sale process of all shares of the capital of Duke Energy International Brazil Holdings S.à.r.l. (“DEIBH”) from Duke Energy International Group. S.à.r.l. (indirect controlling company) to the company China Three Gorges (Luxembourg) Energy S.à.r.l. (“CTG Lux”).

The purchase and sale agreement represented the direct acquisition, on the part of CTG Lux, of all 735,023 preferred shares issued by the then so-called Duke Energy International Geração Paranapanema S.A, currently named Rio Paranapanema Energia S.A. (the “Company”) held by DEIBH (indirect controlling company), and the indirect acquisition of the 31,180,723 common shares and 57,849,548 preferred shares held by Duke Energy International Brasil Ltda. (the current Rio Paranapanema Participações S.A.), the direct controlling company of the Company, representing a total of 99.06% of the voting capital of the Company and its controlled company.

The enterprise value of closing of operation between Duke Energy Group and CTG was of US\$ 1.2 billion.

**1.2. Operating context**

Rio Paranapanema Energia S.A. (the “Controlling Company” or “Company”) is a publicly-held corporation and a public utility concessionaire, operating as an independent generator, with its registered office in São Paulo, which is mainly engaged in the generation and sale of electric power, operations that are regulated and supervised by the National Electric Energy Agency (ANEEL), which reports to the Ministry of Mines and Energy (MME).

The Company's installed capacity is 2,241.3 MW, consisting of the following generation plants in operation in the State of São Paulo: UHE (hydroelectric power plant) Capivara, UHE Chavantes, UHE Jurumirim, UHE Salto Grande, UHE Taquaruçu, UHE Rosana and 49.7% of the Canoas Complex consisting of the UHEs Canoas I and II.

As mentioned in Note 10, the Company holds 99.99% of equity interest in Rio Sapucaí-Mirim Energia Ltda. (previously named Duke Energy International Geração Sapucaí-Mirim Ltda.) (the “Controlled Company” or “Sapucaí Mirim”).

The installed capacity of the Controlled Company is 32.5 MW, consisting of the PCH (Small Hydroelectric Plants) Retiro and PCH Palmeiras, located in Sapucaí River, in the municipalities of Guará and São Joaquim da Barra, both in the State of São Paulo.

On June 30, 2017, the Company presented a negative Net Current Capital (CCL) in the amount of BRL 166,144 in the Controlling Company and of BRL 105,861 in the Consolidated (BRL 371,961 and BRL 318,536 respectively on December 31, 2016). This decrease in the balance of CCL derives mainly from the increase in provisioned amounts receivable from Câmara de Comercialização de Energia Elétrica (CCEE), in addition to the increase in cash generating due to the increase in the company's operating activities. In order to equalize such scenario, the Company has continuous cash generation from operating activities.

### **1.3. Injunction on the Generation Scaling Factor (GSF)**

Brazil is still feeling the effects of the severe hydrological crisis suffered in recent years, which caused the reduction of the reservoirs and increased to the maximum the level of dispatch of the thermoelectric plants. As a consequence, the Differences Settlement Price (PLD) reached its cap in 2014 and 2015, which elevated the exposure of electric power generators in the Short-Term Market (MCP) due to GSF (Generation Scaling Factor).

The Associação Brasileira dos Produtores Independentes de Energia Elétrica (“APINE”) filed an injunction to mitigate the exposure of its generators to this level of GSF until the appropriate allocation of disposal costs out of merit order.

On July 2, 2015, this preliminary injunction was granted in favor of APINE, limiting the Company’s exposure and other generators to the GSF, until the moment of the judgment of the merits of the claim. An interlocutory appeal was filed, but an appeal has not been granted yet and the injunction remained stabilized since then. The Company records provisions of amounts effectively received as a result of the GSF injunction in line item “Trade Payables” (see note 13). The outcome of the lawsuit is still uncertain, and the decision, when rendered in the lower court, is subject to appeal. Thus, it is not possible to foresee the impact on the Company and its Controlled Company.

On December 8, 2015, the federal government enacted Law 13203/2015 which presented guidelines for the proposed renegotiation of hydrological risk of the Electric Power Reallocation Mechanism (MRE), both in the Deregulated Contracting Framework (ACL) and in the Regulated Contracting Framework (ACR), establishing a new legal provision for renegotiating the hydrological risk of MRE participants for a determined period of time.

In general, ACL’s proposal offered economic benefit for the purchase of electric power in 2015, by means of relief with the creation of an intangible asset from part of this amount.

In addition to that, the renegotiation agreement provided an extension to the concession period, equivalent to the amount of the intangible asset and the acquisition of insurance in the form of an electric power reserve for the period 2016 to 2018.

Finally, the agreement required the acquisition of an additional insurance, as an incremental electric power reserve for the period of 2019 until the end of the concession. The acquisition result of this incremental insurance and its use, if negative, would also be object of extension of concession arrangement.

As counterparty, the agents that would adhere to the renegotiation of hydrologic risk, in ACR or ACL, would have to waive any and all lawsuit related to hydrologic risk within MRE scope.

With these assumptions, after analysis related to the amount from this option and considering uncertainties from the variables involved, the Company and its controlled company decided to not renegotiate.

Currently it is under discussion in Public Hearing of ANEEL (National Electric Power Agency), which will define the payment rules of the Generation Cost Out of Merit Order contained in the Law 13203/2015, amended by Law 13360/16.

The result of this Public Hearing will define the course of the renegotiation that has been under discussion for almost two years.

### **1.4. Revision of the physical guarantees of the hydroelectric power plants**

According to the Decree No. 2655/1998, the ordinary revision of the physical guarantees of the hydroelectric power plants of the system should occur every five years, starting in 2003. Later, this revision was postponed to 2015, and then to 2016. In December 2016, this revision was

postponed again by the Ministry of Mines and Energy to 2018, and the amounts of the physical guarantees shall be disclosed until April 30, 2017.

### **1.5. Approval of the financial statements**

The issue of these financial statements was approved by the Company's Board of Directors on August 10, 2017.

## **2. SUMMARY OF PRINCIPAL ACCOUNTING POLICIES AND PRESENTATION OF THE FINANCIAL STATEMENTS**

### **2.1. Basis for preparation**

#### **Individual and consolidated financial statements**

The interim financial statements were prepared according to the Technical Pronouncement CPC (Accounting Pronouncements Committee) 21 (R1) – Interim Statements and with International Accounting Standard (IAS) 34 – Interim Financial Reporting, issued by the International Accounting Standards Board (IASB), and presented in a form that is compliant with the standards issued by the Brazilian Securities Commission (CVM), applicable to the preparation of the Quarterly Information (ITR).

Consequently, as described in Circular Letter CVM/SNC/SEP 03/2011, the Company opted to present the notes to this quarterly information in a summarized manner in those cases of redundancy of the information presented in the annual financial statements. In these cases, we have included a reference to the complete note to the annual financial statements to avoid any misunderstanding of the financial position and the individual and consolidated performance of the Company and its controlled company for the interim period.

The Management of the Company confirms that all relevant information related to the quarterly information, and only them, are being evidenced, and correspond to the ones used by it in its management.

The Management states that the basis for preparation and the accounting policies are the same used in the annual financial statements of 2016. The related information is disclosed in notes 2.1 to 2.23 to the financial statements mentioned.

The Controlling Company analyzed the new CPC/IFRS pronouncements and interpretations effective beginning on January 1, 2018 and 2019 on the amendments to IFRS 9, IFRS 15 and IFRS 16, and concluded that they do not have a significant impact on the financial statements.

This evaluation will continue up to the time of implementation of the new standards and any effects that might be recognize will be disclosed in due course.

### **2.2. Consolidation**

#### **Consolidated financial statements**

The following are the accounting practices adopted in the preparation of the consolidated financial statements.

A Controlled Company is an entity over which the Controlling Company has the power to determine financial and operating policies, while also holding more than half of the voting rights thereof (voting capital). The Controlled Company is consolidated as of the date when control is transferred to the Controlling Company. Consolidation is interrupted as of the date that control ceases.

Transactions between the companies, balances and gains not realized in transactions between the companies are eliminated. Unrealized losses are also eliminated, unless the operation provides evidence of impairment of the transferred asset. The Controlled Company's accounting policies are changed as needed to assure consistency with the policies adopted by the Company.

On June 30, 2017, the Company held control over Rio Sapucaí-Mirim Energia Ltda., as described in note 10.

### 2.3. Concession agreements

#### Controlling Company

ANEEL Concession Agreement	Plant	Type	State	River	Installed Capacity (MW)	Assured Energy (average MW)	Initial term of the Concession	Maturity Concession
76/1999	Jurumirim	UHE - Hydroelectric	SP	Paranapanema	101.0	47.0	09/22/1999	09/21/2029
76/1999	Chavantes	UHE - Hydroelectric	SP	Paranapanema	414.0	177.7	09/22/1999	09/21/2029
76/1999	Salto Grande	UHE - Hydroelectric	SP	Paranapanema	73.8	55.0	09/22/1999	09/21/2029
76/1999	Capivara	UHE - Hydroelectric	SP	Paranapanema	619.0	337.5	09/22/1999	09/21/2029
76/1999	Taquaruçu	UHE - Hydroelectric	SP	Paranapanema	525.0	205.6	09/22/1999	09/21/2029
76/1999	Rosana	UHE - Hydroelectric	SP	Paranapanema	354.0	182.7	09/22/1999	09/21/2029
183/1998	Canoas I	UHE - Hydroelectric	SP	Paranapanema	82.5	57.0	07/30/1998	07/29/2033
183/1998	Canoas II	UHE - Hydroelectric	SP	Paranapanema	72.0	48.0	07/30/1998	07/29/2033
					<b>2,241.3</b>	<b>1,110.5</b>		

The information related to concession agreements is the same as that described in note 2.13.1 to the annual financial statements of 2016.

### 2.4. Authorizing Resolutions

#### Controlled Company

ANEEL Authorization Resolution	Plant	Type	State	River	Installed Capacity (MW)	Assured Energy (average MW)	Start of Authorization	Maturity Authorization
549/2002	Retiro	PCH - Hydroelectric	SP	Sapucaí	16.0	8.1	10/10/2002	10/09/2032
706/2002	Palmeiras	PCH - Hydroelectric	SP	Sapucaí	16.5	8.1	12/18/2002	12/17/2032
					<b>32.5</b>	<b>16.2</b>		

The information related to authorizing resolutions is the same as that described in note 2.13.2 to the annual financial statements of 2016.

### 2.5. Impairment of non-financial assets

The Company declares that the information on the impairment of non-financial assets described in the annual financial statements of 2016 is the same as that included in this quarterly information (ITR), as presented in note 2.14 to those financial statements.

## 3. KEY ESTIMATES AND CRITICAL ACCOUNTING JUDGMENTS

The Company hereby declares that the key estimates and critical accounting judgments described in the 2016 annual financial statements are applicable to this ITR, as presented in note 3 of those financial statements.

## 4. BUSINESS RISK MANAGEMENT

The information on the financial risk factors described in the 2016 annual financial statements are applicable to this ITR, as presented in note 4 to those financial statements, except for the sensitivity analysis and capital management, as described below:

#### 4.1. Sensitivity analysis

The Company and its controlled company, in accordance with item 40 of CPC 40 (R1) - Financial Instruments: For evidences, disclose the statement of sensitivity analysis for each type of market risk considered as relevant by Management, arising from financial instruments comprised of debentures, loans and cash and cash equivalents, to which the Company and its controlled company are exposed at the end of the fiscal year.

The sensitivity for the probable scenario was calculated taking into consideration the variance in the rates and indexes for the last 12 months and also took into consideration four other scenarios, with favorable and unfavorable stress scenarios of 25% and 50% on interest rates and floating indexes compared to the probable scenario.

The following table shows the impacts on the finance income for the Controlling Company and the Consolidated in the five scenarios estimated for the next 12 months:

Debt			Controlling Company					
			06/30/2017	Scenario - Δ 50%	Scenario - Δ 25%	Scenario Probable	Scenario + Δ 25%	Scenario + Δ 50%
Debentures	Issue	Indexer						
	4th T1	CDI + 0.65% p.y.	(175,490)	(12,417)	(18,056)	(23,694)	(29,332)	(34,970)
	4th T2	IPCA + 6.07% p.y.	(344,628)	(26,086)	(28,669)	(31,253)	(33,836)	(36,420)
	5th T1	CDI + 0.89% p.y.	(160,498)	(11,742)	(16,898)	(22,055)	(27,212)	(32,368)
	5th T2	IPCA + 7.01% p.y.	(297,650)	(25,328)	(27,559)	(29,790)	(32,022)	(34,253)
	6th	CDI + 2.00% p.y.	(165,438)	(13,939)	(19,255)	(24,570)	(29,885)	(35,201)
			<b>(1,143,704)</b>	<b>(89,512)</b>	<b>(110,437)</b>	<b>(131,362)</b>	<b>(152,287)</b>	<b>(173,212)</b>
Cash and cash equivalents		CDI	404,840	26,014	39,021	52,028	65,035	78,042
<b>Total net exposure</b>			<b>(738,864)</b>	<b>(63,498)</b>	<b>(71,416)</b>	<b>(79,334)</b>	<b>(87,252)</b>	<b>(95,170)</b>

Debt			Consolidated					
			06/30/2017	Scenario - Δ 50%	Scenario - Δ 25%	Scenario Probable	Scenario + Δ 25%	Scenario + Δ 50%
Debentures	Issue	Indexer						
	4th T1	CDI + 0.65% p.y.	(175,490)	(12,417)	(18,056)	(23,694)	(29,332)	(34,970)
	4th T2	IPCA + 6.07% p.y.	(344,628)	(26,086)	(28,669)	(31,253)	(33,836)	(36,420)
	5th T1	CDI + 0.89% p.y.	(160,498)	(11,742)	(16,898)	(22,055)	(27,212)	(32,368)
	5th T2	IPCA + 7.01% p.y.	(297,650)	(25,328)	(27,559)	(29,790)	(32,022)	(34,253)
	6th	CDI + 2.00% p.y.	(165,438)	(13,939)	(19,255)	(24,570)	(29,885)	(35,201)
			<b>(1,143,704)</b>	<b>(89,512)</b>	<b>(110,437)</b>	<b>(131,362)</b>	<b>(152,287)</b>	<b>(173,212)</b>
Cash and cash equivalents		CDI	469,961	30,199	45,298	60,397	75,496	90,595
<b>Total net exposure</b>			<b>(673,743)</b>	<b>(59,313)</b>	<b>(65,139)</b>	<b>(70,965)</b>	<b>(76,791)</b>	<b>(82,617)</b>

Indexes Variance	Scenario - Δ 50%	Scenario - Δ 25%	Scenario Probable	Scenario + Δ 25%	Scenario + Δ 50%
IPCA	1.50%	2.25%	3.00%	3.75%	4.50%
CDI	6.43%	9.64%	12.85%	16.06%	19.28%

#### 4.2. Capital Management

	Controlling Company		Consolidated	
	06/30/2017	12/31/2016	06/30/2017	12/31/2016
Loans (see Note 17)	-	230,228	-	230,228
Debentures (see Note 16)	1,143,704	1,297,523	1,143,704	1,297,523
Cash and cash equivalents (see Note 6)	(404,840)	(798,120)	(469,961)	(852,563)
<b>Net debt</b>	<b>738,864</b>	<b>729,631</b>	<b>673,743</b>	<b>675,188</b>
Shareholders' equity	2,009,912	1,771,988	2,009,912	1,771,988
<b>Total capital</b>	<b>2,748,776</b>	<b>2,501,619</b>	<b>2,683,655</b>	<b>2,447,176</b>
<b>Financial leverage ratio (%)*</b>	<b>26.9</b>	<b>29.2</b>	<b>25.1</b>	<b>27.6</b>

\* Net debt/ total capital

The activity in the Capital Management balance are the result of regular changes in the period.

#### 4.3. Estimate of fair value

The Company declares that the information on how it is determined the fair value estimate described in the 2016 annual financial statements is applicable to this ITR, as presented in note 4.3 to those financial statements.

#### 5. CREDIT QUALITY OF FINANCIAL ASSETS

The quality credit of the financial assets that are not overdue can be assessed through a reference of external credit ratings, according to the table below:

Standard & Poor's	Moody's	Cash and cash equivalents			
		Controlling Company		Consolidated	
		06/30/2017	12/31/2016	06/30/2017	12/31/2016
B	BR-1	369,266	639,367	424,353	685,078
B	-	35,571	158,750	45,605	167,482
*	*	3	3	3	3
		<b>404,840</b>	<b>798,120</b>	<b>469,961</b>	<b>852,563</b>

\* As at June 30, 2017, the balance of BRL 3 (BRL 3 as at December 31, 2016) refers to fixed-cash fund and, therefore, it does not have a risk rating.

#### 6. CASH AND CASH EQUIVALENTS

	Controlling Company		Consolidated	
	06/30/2017	12/31/2016	06/30/2017	12/31/2016
Cash and banks	1,415	410	1,478	1,015
Financial investments				
Bank deposit certificate (CDB)	403,325	797,616	468,210	851,289
Fixed-income fund	100	94	273	259
	<b>404,840</b>	<b>798,120</b>	<b>469,961</b>	<b>852,563</b>

Financial investments correspond to transactions involving bank deposits certificate and fixed-income investment funds, which are carried out with institutions operating in the domestic financial market and are contracted under regular market conditions and rates, which are highly liquid, pose low credit risk and yield interest based on market practices.

The characteristics of the balances are the same as those described in note 6 to the 2016 annual financial statements.

#### 7. TRADE RECEIVABLES

	Controlling Company			
	06/30/2017		12/31/2016	
	Current	Non-current	Current	Non-current
Receivables from bilateral agreements	115,293	285	118,376	285
Receivables from auction agreements	3,244	-	4,381	-
Short-term electric power (MRE/MCP)	47,962	-	13,206	-
	<b>166,499</b>	<b>285</b>	<b>135,963</b>	<b>285</b>
Estimate for doubtful accounts	(2,183)	(285)	(2,592)	(285)
	<b>164,316</b>	<b>-</b>	<b>133,371</b>	<b>-</b>

	Consolidated			
	06/30/2017		12/31/2016	
	Current	Non-current	Current	Non-current
Receivables from bilateral agreements	118,304	413	120,891	413
Receivables from auction agreements	3,244	-	4,381	-
Short-term electric power (MRE/MCP)	47,962	-	13,212	-
	<b>169,510</b>	<b>413</b>	<b>138,484</b>	<b>413</b>
Estimate for doubtful accounts	(2,183)	(413)	(2,592)	(413)
	<b>167,327</b>	<b>-</b>	<b>135,892</b>	<b>-</b>

**Opening by maturity of trade receivables balances:**

	Controlling Company		Consolidated	
	06/30/2017	12/31/2016	06/30/2017	12/31/2016
Balances to become overdue	164,316	133,371	167,327	135,892
up to 90 days	277	686	277	686
from 91 to 365 days	1,906	1,906	1,906	1,906
for more than 365 days	285	285	413	413
	<b>166,784</b>	<b>136,248</b>	<b>169,923</b>	<b>138,897</b>

**Activity of estimate for doubtful accounts (“ECLD”):**

	Controlling Company	Consolidated
<b>Balance on December 31, 2016</b>	<b>(2,877)</b>	<b>(3,005)</b>
Constitution	(33,119)	(33,136)
Reversal	33,528	33,545
<b>Balance on June 30, 2017</b>	<b>(2,468)</b>	<b>(2,596)</b>

Variance in “Estimate for doubtful accounts” is mainly due to the effects of Short-Term Market liquidation in the second quarter of 2017, as well as amounts related to the electric power supply from the auction agreements.

The other variances in the balance of Trade Receivables arise from normal activity in this period. All information on trade receivables is described in note 7 to the 2016 annual financial statements.

## 8. RECOVERABLE/PAYABLE TAXES

	Controlling Company				Consolidated			
	06/30/2017		12/31/2016		06/30/2017		12/31/2016	
	Current	Non-Current	Current	Non-Current	Current	Non-Current	Current	Non-Current
<b>Assets</b>								
IRPJ (Corporate Income Tax) and CSLL (Social Contribution on Net Income)	8,126	819	9,032	819	9,848	819	10,309	819
PIS (Employees' Profit Participation Program) and COFINS (Social Contribution on Billing)	4,033	141	967	141	4,033	141	967	141
INSS (National Institute of Social Security)	-	-	-	-	-	1,298	-	1,260
	<b>12,159</b>	<b>960</b>	<b>9,999</b>	<b>960</b>	<b>13,881</b>	<b>2,258</b>	<b>11,276</b>	<b>2,220</b>
<b>Liabilities</b>								
IRPJ (Corporate Income Tax) and CSLL (Social Contribution on Net Income)	129,572	-	152,672	-	130,385	-	153,473	-
PIS (Employees' Profit Participation Program) and COFINS (Social Contribution on Billing)	15,677	-	11,420	-	15,798	-	11,521	-
ICMS (Value-added tax on sales and services)	1,682	-	1,782	-	1,682	-	1,782	-
IRRF (Withholding Income Tax) on JSCP (Interest on Equity)	-	-	9,483	-	-	-	9,483	-
Others	312	-	459	-	343	-	497	-
	<b>147,243</b>	<b>-</b>	<b>175,816</b>	<b>-</b>	<b>148,208</b>	<b>-</b>	<b>176,756</b>	<b>-</b>
<b>Assets from deferred taxes</b>								
Temporary differences	-	(155,076)	-	(130,950)	-	(155,076)	-	(130,950)
GSF Preliminary Injunction	-	(137,665)	-	(113,358)	-	(137,665)	-	(113,358)
Regulatory provisions	-	(323)	-	(323)	-	(323)	-	(323)
Provision for accounts payable	-	(123)	-	(423)	-	(123)	-	(423)
Provision for bonus and Profit Sharing	-	(1,850)	-	(4,151)	-	(1,850)	-	(4,151)
Environmental contingencies	-	(2,065)	-	(2,121)	-	(2,065)	-	(2,121)
Labor contingencies	-	(4,587)	-	(4,486)	-	(4,587)	-	(4,486)
Tax contingencies	-	(4,646)	-	(4,564)	-	(4,646)	-	(4,564)
Positive receivable amounts - RTE	-	(75)	-	(71)	-	(75)	-	(71)
Estimate for doubtful accounts	-	(3,743)	-	(1,452)	-	(3,743)	-	(1,452)
Tax benefit	-	(22,839)	-	(24,488)	-	(22,839)	-	(24,488)
Deferred revenue	-	(6,579)	-	(4,491)	-	(6,579)	-	(4,491)
<b>Deferred tax liability</b>								
Valuation adjustment to equity	-	319,657	-	340,151	-	319,657	-	340,151
Actuarial adjustment - pension plan	-	3,052	-	2,716	-	3,052	-	2,716
Surplus value - Investments in controlled company	-	8,858	-	8,859	-	8,858	-	8,859
Deferred tax liability (net)	-	<b>(8,003)</b>	-	<b>60,847</b>	-	<b>(8,003)</b>	-	<b>60,847</b>

The Controlled Company has opted for the deemed profit tax regime.

Variances in the balance of Recoverable/Payable Taxes arise from normal activity in this period, and the complete information thereon is disclosed in notes 8 and 8.1 to the 2016 annual financial statements.

### 8.1. Tax benefit - Merged goodwill

The Company recognized a provision to keep the integrity of equity, the reversal of which will neutralize the effect arising from the amortization of goodwill on the balance sheet. The composition of the balance is as follows:

	Controlling Company and Consolidated			
	06/30/2017		12/31/2016	
	Goodwill	Provision	Net Value	Net Value
Balances from incorporation (Note 23.2)	305,406	(201,568)	103,838	103,838
Realization	(238,221)	157,222	(80,999)	(79,350)
<b>Balances at the end of the year</b>	<b>67,185</b>	<b>(44,346)</b>	<b>22,839</b>	<b>24,488</b>

Net amount corresponding to the tax benefit - income tax and social contribution:

	Controlling Company and Consolidated	
	06/30/2017	06/30/2016
Amortization of goodwill	(4,851)	(5,434)
Reversal of provision	3,202	3,586
Tax benefit	1,649	1,848
<b>Net effect for the period</b>	<b>-</b>	<b>-</b>



Realization of the tax benefit related to the merged goodwill of Duke Sudeste.

	Controlling Company and Consolidated							
	2017	2018	2019	2020	2021	2022 - 2025	2026 and after	Total
Estimated realization	1,649	2,946	2,630	2,348	2,097	6,367	4,802	<b>22,839</b>

Variances in the balance of Tax Benefit - Merged Goodwill arise in the normal activity in the current period, and complete information thereon is disclosed in note 8.2 to the 2016 annual financial statements.

## 8.2. Statements of income tax and social contribution calculation

Reconciliation between income tax and social contribution expenses at their nominal and effective rate is presented below:

	Controlling Company					
	06/30/2017			06/30/2016		
	IRPJ	CSLL	Total	IRPJ	CSLL	Total
<b>Accounting profit before IRPJ and CSLL</b>	356,080			229,791		
Nominal rate of IRPJ and CSLL	25%	9%	34%	25%	9%	34%
<b>IRPJ and CSLL to rates provided by law</b>	<b>89,020</b>	<b>32,047</b>	<b>121,067</b>	<b>57,448</b>	<b>20,681</b>	<b>78,129</b>
<b>Adjustments for the calculation of the effective rate</b>						
Amortization charge of inflationary creditor	(1,130)	37	(1,093)	(1,130)	18	(1,112)
Non-deductible expenses	936	155	1,091	792	70	862
Temporary differences on income from previous years	177	64	241	-	-	-
Equity result from controlled companies	(1,638)	(590)	(2,227)	(1,345)	(484)	(1,829)
Others	33	20	53	60	-	60
<b>IRPJ and CSLL with effect on income</b>	<b>87,398</b>	<b>31,733</b>	<b>119,131</b>	<b>55,825</b>	<b>20,285</b>	<b>76,110</b>
Current IRPJ and CSLL	120,530	43,661	164,191	82,225	29,868	112,093
Deferred IRPJ and CSLL	(33,132)	(11,928)	(45,060)	(26,404)	(9,506)	(35,910)
<b>Total IRPJ and CSLL with effect on income</b>	<b>87,398</b>	<b>31,733</b>	<b>119,131</b>	<b>55,821</b>	<b>20,362</b>	<b>76,183</b>
<b>Effective tax rate</b>	<b>24.5%</b>	<b>8.9%</b>	<b>33.4%</b>	<b>24.3%</b>	<b>8.8%</b>	<b>33.1%</b>

	Consolidated					
	06/30/2017			06/30/2016		
	IRPJ	CSLL	Total	IRPJ	CSLL	Total
<b>Accounting profit before IRPJ and CSLL</b>	357,707			231,269		
Nominal rate of IRPJ and CSLL	25%	9%	34%	25%	9%	34%
<b>IRPJ and CSLL to rates provided by law</b>	<b>89,427</b>	<b>32,194</b>	<b>121,621</b>	<b>57,817</b>	<b>20,814</b>	<b>78,631</b>
<b>Adjustments for the calculation of the effective rate</b>						
Amortization charge of inflationary creditor	(1,130)	37	(1,093)	(1,130)	18	(1,112)
Non-deductible expenses	936	155	1,091	792	70	862
Temporary differences on income from previous years	177	64	241	-	-	-
Equity result from controlled companies	(1,638)	(590)	(2,227)	-	-	-
Difference per taxation of deemed income in controlled companies	741	333	1,074	(11)	32	21
Others	33	20	53	60	-	60
<b>IRPJ and CSLL with effect on income</b>	<b>88,545</b>	<b>32,212</b>	<b>120,759</b>	<b>57,528</b>	<b>20,934</b>	<b>78,462</b>
Current IRPJ and CSLL	121,678	44,140	165,818	83,260	30,311	113,571
Deferred IRPJ and CSLL	(33,132)	(11,928)	(45,060)	(26,404)	(9,506)	(35,910)
<b>Total IRPJ and CSLL with effect on income</b>	<b>88,546</b>	<b>32,212</b>	<b>120,758</b>	<b>56,856</b>	<b>20,805</b>	<b>77,661</b>
<b>Effective tax rate</b>	<b>24.8%</b>	<b>9.0%</b>	<b>33.8%</b>	<b>24.9%</b>	<b>9.1%</b>	<b>34.0%</b>

The Controlled Company has chosen the deemed profit tax regime and does not have a provision for Deferred Income Tax and Social Contribution.

The variances in the balances of Current and Deferred Income Tax and Social Contribution arise from normal activity in this period, and the complete information thereon is disclosed in note 8.3 to the 2016 annual financial statements.

## 9. LEGAL DEPOSITS

### a) Breakdown

	Controlling Company and Consolidated	
	06/30/2017	12/31/2016
Environmental	6,097	5,875
Tax:	10,430	10,058
IPTU (Municipality of <i>Primeiro de Maio</i> )	1,521	1,471
Debits under claim on IRRF, IRPJ and CSLL	134	129
Debits under claim related to PIS, COFINS, IRPJ, CSLL and IOF	8,775	8,458
Tusd-g	33,034	31,679
	<b>49,561</b>	<b>47,612</b>

This line item only includes the legal deposits made for appeals, or not, not related to provisions for the probable risks (described in note 20), and all are adjusted for inflation.

The characteristics of the balances are the same as described in note 9 to the 2016 annual financial statements.

## 10. INVESTMENT

### a) Controlled Company

Controlled company	Number of quotas	Direct Interest (%)	06/30/2017	12/31/2016
			Equity Value	Equity Value
Rio Sapucaí-Mirim Energia Ltda. (former Duke Energy International Geração Sapucaí-Mirim Ltda.)	398,617,358	99.99%	221,862	215,216

### b) Activity of Controlling Company's investments

Controlled Company	
<b>Balance on December 31, 2016</b>	<b>215,216</b>
Equity result	6,646
<b>Balance on June 30, 2017</b>	<b>221,862</b>

### c) Financial information of the Controlled Company

	Controlled Company	
	06/30/2017	12/31/2016
Shareholders' equity	221,862	215,216
Net income of the year	6,646	28,268
Total assets	232,958	221,527
Net revenue for the period	16,222	31,144

## 11. PROPERTY, PLANT AND EQUIPMENT

### a) Breakdown

	Controlling Company				Depreciation annual average rate
	Cost	Accumulated depreciation	06/30/2017	12/31/2016	
			Net value	Net value	
<b>In services</b>					
Land	213,865	-	213,865	213,865	
Reservoirs, dams and water mains	3,372,934	(1,253,031)	2,119,903	2,190,973	4.5%
Buildings, civil construction and improvements	454,849	(178,350)	276,499	283,584	3.2%
Machinery and equipment	914,868	(336,792)	578,076	536,226	4.8%
Vehicles	7,182	(3,016)	4,166	5,264	13.6%
Furniture and fixtures	1,728	(1,381)	347	374	3.8%
(-) Reserve - Canoas I and II plants	(200,675)	-	(200,675)	(200,675)	
	<b>4,764,751</b>	<b>(1,772,570)</b>	<b>2,992,181</b>	<b>3,029,611</b>	
<b>In progress</b>					
Land	1,046	-	1,046	1,046	
Reservoirs, dams and water mains	3,986	-	3,986	3,067	
Buildings, civil construction and improvements	-	-	-	214	
Machinery and equipment	50,120	-	50,120	95,310	
Furniture and fixtures	88	-	88	98	
	<b>55,240</b>	<b>-</b>	<b>55,240</b>	<b>99,735</b>	
	<b>4,819,991</b>	<b>(1,772,570)</b>	<b>3,047,421</b>	<b>3,129,346</b>	
(-) Special obligations (see Note 21)	(1,520)	406	(1,114)	(1,035)	
	<b>4,818,471</b>	<b>(1,772,164)</b>	<b>3,046,307</b>	<b>3,128,311</b>	

	Consolidated				Depreciation annual average rate
	Cost	Accumulated depreciation	06/30/2017	12/31/2016	
			Net value	Net value	
<b>In services</b>					
Land	223,271	-	223,271	223,271	
Reservoirs, dams and water mains	3,607,933	(1,272,530)	2,335,403	2,408,716	4.3%
Buildings, civil construction and improvements	492,412	(181,713)	310,699	318,189	3.1%
Machinery and equipment	1,036,591	(351,238)	685,353	645,257	4.6%
Vehicles	7,242	(3,055)	4,187	5,289	13.6%
Furniture and fixtures	1,861	(1,409)	452	484	4.0%
(-) Reserve - Canoas I and II plants	(200,675)	-	(200,675)	(200,675)	
	<b>5,168,635</b>	<b>(1,809,945)</b>	<b>3,358,690</b>	<b>3,400,531</b>	
<b>In progress</b>					
Land	11,055	-	11,055	10,960	
Reservoirs, dams and water mains	3,986	-	3,986	3,067	
Buildings, civil construction and improvements	337	-	337	248	
Machinery and equipment	50,128	-	50,128	95,384	
Furniture and fixtures	88	-	88	98	
	<b>65,594</b>	<b>-</b>	<b>65,594</b>	<b>109,757</b>	
	<b>5,014,750</b>	<b>(1,809,945)</b>	<b>3,204,805</b>	<b>3,290,784</b>	
(-) Special obligations (see Note 21)	(1,520)	406	(1,114)	(1,035)	
	<b>5,013,230</b>	<b>(1,809,539)</b>	<b>3,203,691</b>	<b>3,289,749</b>	

**b) Activities of property, plant and equipment**

	Controlling Company					
	Net value on 12/31/2016	Additions	Depreciation	Write-offs	Reclassification and transfer	Net value on 06/30/2017
Land	214,911	-	-	-	-	214,911
Reservoirs, dams and water mains	2,194,040	2,247	(75,673)	(323)	3,596	2,123,887
Buildings, civil construction and improvements	283,798	-	(7,344)	-	46	276,500
Machinery and equipment	631,536	33,138	(22,037)	(10,882)	(3,559)	628,196
Vehicles	5,264	-	(490)	(608)	-	4,166
Furniture and fixtures	472	90	(33)	(10)	(83)	436
(-) Reserve - Canoas I and II plants	(200,675)	-	-	-	-	(200,675)
	<b>3,129,346</b>	<b>35,475</b>	<b>(105,577)</b>	<b>(11,823)</b>	-	<b>3,047,421</b>
(-) Special obligations (see Note 21)	(1,035)	(147)	64	4	-	(1,114)
	<b>3,128,311</b>	<b>35,328</b>	<b>(105,513)</b>	<b>(11,819)</b>	-	<b>3,046,307</b>

	Consolidated					
	Net value on 12/31/2016	Additions	Depreciation	Write-offs	Reclassification and transfer	Net value on 06/30/2017
Land	234,231	95	-	-	-	234,326
Reservoirs, dams and water mains	2,411,783	2,247	(78,082)	(322)	3,762	2,339,388
Buildings, civil construction and improvements	318,437	303	(7,750)	-	46	311,036
Machinery and equipment	740,641	33,377	(23,900)	(10,912)	(3,725)	735,481
Vehicles	5,289	-	(494)	(608)	-	4,187
Furniture and fixtures	582	90	(37)	(11)	(83)	541
(-) Reserve - Canoas I and II plants	(200,675)	-	-	-	-	(200,675)
	<b>3,510,288</b>	<b>36,112</b>	<b>(110,263)</b>	<b>(11,853)</b>	-	<b>3,424,284</b>
Loss from the non-recoverability of the assets (CPC 01)	(219,504)	-	-	25	-	(219,479)
	<b>3,290,784</b>	<b>36,112</b>	<b>(110,263)</b>	<b>(11,828)</b>	-	<b>3,204,805</b>
(-) Special obligations (see Note 20)	(1,035)	(147)	64	4	-	(1,114)
	<b>3,289,749</b>	<b>35,965</b>	<b>(110,199)</b>	<b>(11,824)</b>	-	<b>3,203,691</b>

The additional depreciation expense, calculated on the adjustments to the deemed cost in the periods ended June 30, 2017 and 2016 amounted to BRL 50,748 and BRL 52,339, respectively. The other information on deemed cost of property, plant and equipment is described in note 11.1 of the 2016 annual financial statements.

The other variances in the balances of property, plant and equipment arise from normal activity in this period. All information on property, plant and equipment is described in note 11 to the 2016 annual financial statements.

## 12. INTANGIBLE ASSETS

The balance of intangible assets as of June 30, 2017 consist of software licenses, right of way, operation license renewal and the Use of Public Assets (UBP).

### a) Breakdown

	Controlling Company				Amortization annual average rate
			06/30/2017	12/31/2016	
	Cost	Accumulated amortization	Net value	Net value	
<b>In services</b>					
UBP	53,494	(30,364)	23,130	24,056	3.5%
Renewal of operational leasing (LO)	-	-	-	-	0.0%
Software	25,555	(22,302)	3,253	3,931	5.3%
Right of way	75	-	75	75	
	<b>79,124</b>	<b>(52,666)</b>	<b>26,458</b>	<b>28,062</b>	
<b>In progress</b>					
Software	6,493	-	6,493	739	
Right of way	-	-	-	-	
	<b>6,493</b>	<b>-</b>	<b>6,493</b>	<b>739</b>	
	<b>85,617</b>	<b>(52,666)</b>	<b>32,951</b>	<b>28,801</b>	
(-) Special obligations (see Note 21)	(2,208)	1,674	(534)	(723)	
	<b>83,409</b>	<b>(50,992)</b>	<b>32,417</b>	<b>28,078</b>	

	Consolidated				Amortization annual average rate
			06/30/2017	12/31/2016	
	Cost	Accumulated amortization	Net value	Net value	
<b>In services</b>					
UBP	53,494	(30,364)	23,130	24,056	3.5%
Renewal of operational leasing (LO)	4,235	(471)	3,764	-	22.2%
Software	25,621	(22,346)	3,275	3,959	5.3%
Right of way	262	-	262	262	
	<b>83,612</b>	<b>(53,181)</b>	<b>30,431</b>	<b>28,277</b>	
<b>In progress</b>					
Software	6,493	-	6,493	739	
Right of way	17	-	17	17	
	<b>6,510</b>	<b>-</b>	<b>6,510</b>	<b>756</b>	
	<b>90,122</b>	<b>(53,181)</b>	<b>36,941</b>	<b>29,033</b>	
(-) Special obligations (see Note 21)	(2,208)	1,674	(534)	(723)	
	<b>87,914</b>	<b>(51,507)</b>	<b>36,407</b>	<b>28,310</b>	

### b) Activity of intangible assets

	Controlling Company				
	Net value on 12/31/2016	Additions	Amortization	Reclassification and transfer	Net value on 06/30/2017
UBP	24,056	-	(926)	-	23,130
Software	4,670	5,755	(679)	-	9,746
Right of way	75	-	-	-	75
	<b>28,801</b>	<b>5,755</b>	<b>(1,605)</b>	<b>-</b>	<b>32,951</b>
(-) Special obligations (see Note 21)	(723)	-	189	-	(534)
	<b>28,078</b>	<b>5,755</b>	<b>(1,416)</b>	<b>-</b>	<b>32,417</b>

	Consolidated				
	Net value on 12/31/2016	Additions	Amortization	Reclassification and transfer	Net value on 06/30/2017
UBP	24,056	-	(926)	-	23,130
Renewal of operational leasing (LO)	-	4,235	(471)	-	3,764
Software	4,698	5,755	(685)	-	9,768
Right of way	279	-	-	-	279
	<b>29,033</b>	<b>9,990</b>	<b>(2,082)</b>	-	<b>36,941</b>
(-) Special obligations (see Note 21)	(723)	-	189	-	(534)
	<b>28,310</b>	<b>9,990</b>	<b>(1,893)</b>	-	<b>36,407</b>

### 13. TRADE PAYABLES

	Controlling Company				Consolidated			
	06/30/2017		12/31/2016		06/30/2017		12/31/2016	
	Current	Non-Current	Current	Non-Current	Current	Non-Current	Current	Non-Current
Electric power supply	346,858	-	323,026	-	351,488	-	325,865	-
Contracted services and materials	5,909	-	8,096	-	6,334	-	8,996	-
Charges for the use of electric power grid	12,477	15,971	12,722	13,960	12,520	15,971	12,762	13,960
Tust	11,304	-	11,564	-	11,304	-	11,564	-
Tusd-g	1,146	15,971	1,138	13,960	1,189	15,971	1,178	13,960
Connection charges	27	-	20	-	27	-	20	-
	<b>365,244</b>	<b>15,971</b>	<b>343,844</b>	<b>13,960</b>	<b>370,342</b>	<b>15,971</b>	<b>347,623</b>	<b>13,960</b>

In the line item electric power supply, we have the effect of BRL 222,423 on the Controlling Company and BRL 225,584 on the Consolidated (BRL 206,042 and BRL 208,597, respectively, on December 31, 2016), related to the receipt from the Electric Power Commercialization Chamber (CCEE) related to the preliminary injunction on GSF granted to APINE, according to the description of note 1. This amount is adjusted based on the IGPM variance (see Note 27). The remaining amount is related to the normal transaction of power purchase.

There were no new events related to the legal discussion on the review of the amounts to be paid due to Tusd-g, which are stated net of legal deposits, in non-current liabilities. All information on trade payables is described in note 13 to the 2016 annual financial statements.

### 14. ARBITRATION

The out-of-pocket costs incurred during the construction of PCH Retiro were subject to judicial proceeding, filed between the Controlled Company and the contracted company for the construction of the undertaking. In 2012, a ruling was given (arbitration 45/2009), from which it was defined the responsibility of each party for such additional costs, remaining solely the final calculation of the correspondent amounts. The Controlled Company considered the total cost of the project, amounts related to any final settlements resulting from this liquidation phase, which updated balance on December 31, 2015 amounts to BRL 15,081.

As of January 29, 2016, the Final Arbitration Ruling was rendered, which settled for the payment, by the Controlled Company, of the amount of BRL 12,503 (base date of December, 2014), bearing interest and monetary adjustment of one percent (1%), based on IPCA/IBGE variance, calculated from January 2015, in the total amount BRL 15,952.

According to share purchase agreement of Controlled Company, entered into between the Company and Rio Paranapanema Participações S.A. (previously named Duke Energy International, Brasil Ltda), the latter committed to hold the former harmless with relation to any and all additional amounts from the Arbitration, reason why the amount of the arbitration award was paid by Rio Paranapanema Participações S.A. to the Controlling Company.

The amounts paid were recorded as a capital reserve, net of tax effects, amounting to BRL 10,529. The Controlled Company effected payment of this award on February 12, 2016.

During the second quarter of 2016, additional payments were made to the arbitration proceeding, recorded as capital reserve in the amount of BRL 770, net of tax effects.

## 15. RELATED PARTIES

### 15.1. Transactions and balances

The Company has expenses sharing agreements with the Controlling company Rio Paranapanema Participações. The receivables from related parties under these agreements as of June 30, 2017 is BRL 176 (BRL 151 as of December 31, 2016).

To the extent that the Company's and its controlled company's clients require guarantees in commercial transactions, Rio Paranapanema Participações offers such guarantees, whose amount as of June 30, 2017 are BRL 141,562 and BRL 1,823, respectively, (BRL 171,787 and BRL 1,823 as of December 31, 2016). Other significant transactions with related parties refer to the distribution of dividends. The ultimate indirect controlling company is China Three Gorges Corporation, the Chinese power public company.

### 15.2. Compensation of key management personnel

The table below shows the breakdown of the compensation of key Management personnel:

	Controlling Company and Consolidated			
	04/01/2017 to 06/30/2017	01/01/2017 to 06/30/2017	04/01/2016 to 06/30/2016	01/01/2016 to 06/30/2016
Short-term benefits for employees and managers	1,353	5,940	1,959	3,969
Post-employment benefits	42	111	67	134
Fiscal Council	270	529	253	491
	<b>1,665</b>	<b>6,580</b>	<b>2,279</b>	<b>4,594</b>
Share-based compensation (Note 23.2)	-	-	37	37
	<b>1,665</b>	<b>6,580</b>	<b>2,316</b>	<b>4,631</b>

The Company declares that the information on related parties described in note 15.3 of 2016 annual financial statements are valid for this ITR.

## 16. DEBENTURES

### 16.1. Breakdown and maturity

#### a) Breakdown

Issue	Series	Remuneration	Maturity	Controlling Company and Consolidated					
				06/30/2017					
				Current			Non-Current		
Principal	Interest, Monetary Variance and (Transaction Costs)	Total	Principal	Interest, Monetary Variance and (Transaction Costs)	Total				
4th	1	CDI Variance + 0.65% per year	07/16/2018	83,325	8,815	92,140	83,350	-	83,350
4th	2	IPCA variance + 6.07% per year	07/16/2023	-	18,680	18,680	250,000	75,947	325,947
5th	1	CDI Variance + 0.89% per year	05/20/2019	79,659	1,524	81,183	79,683	(367)	79,316
5th	2	IPCA Variance + 7.01% per year	05/20/2021	-	1,955	1,955	240,000	55,695	295,695
6th	Single	CDI Variance + 2.00% per year	09/10/2018	-	5,570	5,570	160,000	(132)	159,868
				<b>162,984</b>	<b>36,544</b>	<b>199,528</b>	<b>813,033</b>	<b>131,143</b>	<b>944,176</b>

Issue	Series	Remuneration	Maturity	Controlling Company and Consolidated					
				12/31/2016					
				Current			Non-Current		
Principal	Interest, Monetary Variance and (Transaction Costs)	Total	Principal	Interest, Monetary Variance and (Transaction Costs)	Total				
3rd	Single	CDI Variance + 1.15% per year	01/10/2017	75,000	5,303	80,303	-	-	-
4th	1	CDI Variance + 0.65% per year	07/16/2018	83,325	10,717	94,042	83,350	(78)	83,272
4th	2	IPCA variance + 6.07% per year	07/16/2023	-	8,739	8,739	250,000	70,213	320,213
5th	1	CDI Variance + 0.89% per year	05/20/2019	79,659	3,536	83,195	159,341	(567)	158,774
5th	2	IPCA Variance + 7.01% per year	05/20/2021	-	12,195	12,195	240,000	50,410	290,410
6th	Single	CDI Variance + 2.00% per year	09/10/2018	-	6,909	6,909	160,000	(529)	159,471
				<b>237,984</b>	<b>47,399</b>	<b>285,383</b>	<b>892,691</b>	<b>119,449</b>	<b>1,012,140</b>

#### b) Maturity

Long-term maturity	2018	2019	2020	2021	2022	2023	Total
Debentures	242,837	177,993	98,477	207,166	108,438	109,265	<b>944,176</b>

### 16.2. Activity

	3rd Issue	4th Issue		5th Issue		6th Issue	Total
	Single Series	Series 1	Series 2	Series 1	Series 2	Single Series	
<b>Balance on December 31, 2016</b>	<b>80,303</b>	<b>177,314</b>	<b>328,952</b>	<b>241,969</b>	<b>302,605</b>	<b>166,380</b>	<b>1,297,523</b>
<b>Activity in debentures</b>							
Amortization of transaction costs	-	78	39	200	143	397	857
Payment of debentures	(75,000)			(79,659)			(154,659)
Interest appropriation	267	9,910	9,941	13,581	10,373	10,642	54,714
Appropriation of monetary variance			5,695		5,143		10,838
Payment of interest	(5,570)	(11,812)		(15,592)	(20,614)	(11,981)	(65,569)
	<b>(80,303)</b>	<b>(1,824)</b>	<b>15,675</b>	<b>(81,470)</b>	<b>(4,955)</b>	<b>(942)</b>	<b>(153,819)</b>
<b>Balance on June 30, 2017</b>	<b>-</b>	<b>175,490</b>	<b>344,627</b>	<b>160,499</b>	<b>297,650</b>	<b>165,438</b>	<b>1,143,700</b>

The main variances in the balance of Debentures were due to the settlement of the 3rd issue and the payment of the installment of the 5th issue, in addition to the payment of interest of the 4th (series 1), 5th (series 1 and 2) and 6th (single series) issues that took place during the first semester of 2017.

The other variances arise from normal activity in this period, the information of which is described in note 16 to the 2016 annual financial statements.



### 16.3. Financial Covenants

The Controlling Company has met all covenants set forth in the debenture indenture. These clauses are described in note 16.4 to 2016 annual financial statements.

### 16.4. Non-financial covenants

The Controlling Company has met all covenants set forth in the debenture indenture. These clauses are described in note 16.5 to the 2016 annual financial statements.

## 17. LOAN

### 17.1. Breakdown and maturity

#### a) Breakdown

Remuneration	Maturity	Controlling Company and Consolidated					
		06/30/2017			12/31/2016		
		Current			Current		
		Principal	Interest	Total	Principal	Interest	Total
CDI Variance + 1.4% per year	05/05/2017	-	-	-	181,000	49,228	230,228

#### b) Maturity

As a result of the maturity, the loan was settled in May 2017.

### 17.2. Activity

<b>Balance on December 31, 2016</b>	230,228
Interest appropriation	10,426
Payment of interest	(59,654)
Payment of principal	(181,000)
<b>Balance on June 30, 2017</b>	-

The activity in the balance of Loans arise from normal changes in this period, and the complete information is described in note 17 to 2016 annual financial statements.

## 18. CIBACAP - CAPIVARA BASIN INTERCITY CONSORTIUM

	Controlling Company and Consolidated	
	06/30/2017	12/31/2016
Current	890	890
Non-current	9,733	9,936
	<b>10,623</b>	<b>10,826</b>

The variances in the balance of Cibacap arise from normal activity in this period, and the complete information of Cibacap is described in note 18 to the 2016 annual financial statements.

## 19. PENSION AND RETIREMENT PLAN

In the period ended on June 30, 2017, there were no changes in the assumptions used in actuarial valuations.

The table below shows the determined and recognized expenses for the period (see note 26):

### Expense/(revenue) for the period recognized in the income of the quarter

	Controlling Company and Consolidated			
	04/01/2017 to 06/30/2017	01/01/2017 to 06/30/2017	04/01/2016 to 06/30/2016	01/01/2016 to 06/30/2016
Current service cost	712	1,463	461	913
Interest on actuarial obligation	6,375	12,750	5,846	11,692
Expected earnings from the plan's assets	(6,830)	(13,734)	(7,177)	(14,148)
Interest on assets restriction	429	932	1,300	2,398
	<b>686</b>	<b>1,411</b>	<b>430</b>	<b>855</b>

The changes in the balance of the Pension and Retirement Plan arise from normal activity in this period. All information on the complete information of pension and retirement plan is described in note 19 to the 2016 annual financial statements.

## 20. PROVISIONS FOR TAX, LABOR AND ENVIRONMENTAL RISKS

The Company declares that the information on estimates involving the risk of loss reviewed by our outside legal counsel as probable and possible, as described in the 2016 annual financial statements, is applicable to this quarterly information, and the complete information is described in note 20 to those financial statements.

### 20.1. Provisions for tax, labor and environmental risks

#### a) Breakdown

	Controlling Company			
	06/30/2017			12/31/2016
	Provision	Legal deposit	Net provisions	Net provisions
Labor	13,036	(3,122)	9,914	9,571
Tax	17,894	(773)	17,121	16,891
Environmental	6,073	(51)	6,022	6,239
	<b>37,003</b>	<b>(3,946)</b>	<b>33,057</b>	<b>32,701</b>

	Consolidated			
	06/30/2017			12/31/2016
	Provision	Legal deposit	Net provisions	Net provisions
Labor	13,466	(3,149)	10,317	9,951
Tax	17,894	(773)	17,121	16,891
Environmental	6,073	(51)	6,022	6,239
	<b>37,433</b>	<b>(3,973)</b>	<b>33,460</b>	<b>33,081</b>

**b) Activity in the provision for tax, labor and environmental risks**

	Controlling Company			
	Labor	Tax	Environmental	Total
<b>Balance on December 31, 2016</b>	<b>9,571</b>	<b>16,891</b>	<b>6,239</b>	<b>32,701</b>
<b>Contingencies</b>				
Provisions for the period	422	-	-	422
Reversals for the period	(162)	-	(313)	(475)
Adjustments of contingencies	553	254	146	953
Agreements / payments for the period	(94)	-	-	(94)
	<b>719</b>	<b>254</b>	<b>(167)</b>	<b>806</b>
<b>Legal Deposits</b>				
Monetary adjustments	(120)	(24)	-	(144)
(Additions)	(452)	-	(50)	(502)
Write-offs	196	-	-	196
	<b>(376)</b>	<b>(24)</b>	<b>(50)</b>	<b>(450)</b>
<b>Balance on June 30, 2017</b>	<b>9,914</b>	<b>17,121</b>	<b>6,022</b>	<b>33,057</b>

	Consolidated			
	Labor	Tax	Environmental	Total
<b>Balance on December 31, 2016</b>	<b>9,951</b>	<b>16,891</b>	<b>6,239</b>	<b>33,081</b>
<b>Contingencies</b>				
Provisions for the period	422	-	-	422
Reversals for the period	(162)	-	(313)	(475)
Adjustments of contingencies	578	254	146	978
Agreements / payments for the period	(94)	-	-	(94)
	<b>744</b>	<b>254</b>	<b>(167)</b>	<b>831</b>
<b>Legal Deposits</b>				
Monetary adjustments	(122)	(24)	-	(146)
(Additions)	(452)	-	(50)	(502)
Write-offs	196	-	-	196
	<b>(378)</b>	<b>(24)</b>	<b>(50)</b>	<b>(452)</b>
<b>Balance on June 30, 2017</b>	<b>10,317</b>	<b>17,121</b>	<b>6,022</b>	<b>33,460</b>

**20.2. Possible contingencies**

	Controlling Company		Consolidated	
	06/30/2017	12/31/2016	06/30/2017	12/31/2016
Labor	15,140	6,817	15,429	8,064
Tax	138,755	134,040	138,755	134,040
Environmental	25,042	23,616	25,042	23,616
Regulatory	83,917	83,260	83,917	83,260
Civil	7,926	6,881	7,926	6,881
	<b>270,780</b>	<b>254,614</b>	<b>271,069</b>	<b>255,861</b>

Other activity in relation to Possible Contingencies arise from normal activity in this period, and the complete information on these possible contingencies is described in note 20.2 to the 2016 annual financial statements.

## 21. SPECIAL OBLIGATIONS (\*)

	Controlling Company and Consolidated	
	06/30/2017	12/31/2016
From property, plant and equipment (see note 11)		
Equipment donations - ONS	544	556
Research and development - R&D	569	479
	<b>1,113</b>	<b>1,035</b>
From intangible assets (See note 12)		
Research and development - R&D - Software	535	723
	<b>1,648</b>	<b>1,758</b>

(\*) Concession-related obligations

See additional comments in note 21 to 2016 annual financial statements.

## 22. REGULATORY CHARGES

The payables arising from charges set out by the power sector law are as follows:

	Controlling Company				Consolidated			
	06/30/2017		12/31/2016		06/30/2017		12/31/2016	
	Current	No Current	Current	No Current	Current	No Current	Current	No Current
RGR - Portion of interest	-	-	12	-	-	-	12	-
Financial offset from the use of water resources - CFURH	9,102	-	14,398	-	9,102	-	14,398	-
Electric Power Service Inspection Fee (TFSEE)	461	-	465	-	468	-	472	-
Research and development - R&D	10,616	7,611	12,940	8,647	10,616	7,611	12,940	8,647
	<b>20,179</b>	<b>7,611</b>	<b>27,815</b>	<b>8,647</b>	<b>20,186</b>	<b>7,611</b>	<b>27,822</b>	<b>8,647</b>

See additional comments in note 22 to 2016 annual financial statements.

## 23. SHAREHOLDERS' EQUITY

### 23.1. Capital

As of June 30, 2017, the authorized capital of the Controlling Company amounted to BRL 2,355,580, BRL 785,193 of which is comprised of common shares and BRL 1,570,387 of which is formed by preferred shares, all registered, book-entry and without par value.

The subscribed and paid-in capital is BRL 839,138 (BRL 839,138 as of December 31, 2016) represented by ninety-four million, four hundred and thirty-three thousand, two hundred and eighty-three (94,433,283) shares, thirty-one million, four hundred and seventy-seven thousand, seven hundred and sixty-one (31,477,761) of which are common shares and sixty-two million, nine hundred and fifty-five thousand, five hundred and twenty-two (62,955,522) of which are preferred shares, all registered, book-entry and without par value.

	Equity position on June 30, 2017 (In thousands of shares)					
	Common	%	Preferred	%	Total	%
<b>Shareholders</b>						
Rio Paranapanema Participações S.A.	31,181	99.06	57,850	91.89	89,031	94.28
Duke Energy International Brazil Holdings S.à.r.l.	-	-	735	1.17	735	0.78
Cia Metropolitana de São Paulo	-	-	1,070	1.70	1,070	1.13
Vinci Gas Dividendos Fundo de Investimento em ações	3	0.01	1,027	1.63	1,030	1.09
Other individuals and legal entities	294	0.93	2,273	3.61	2,567	2.72
	<b>31,478</b>	<b>100.00</b>	<b>62,955</b>	<b>100.00</b>	<b>94,433</b>	<b>100.00</b>

See additional comments in note 23.1 to the 2016 annual financial statements.

### 23.2. Capital Reserves

	Controlling Company and Consolidated	
	06/30/2017	12/31/2016
Goodwill on the issue of shares	468	468
Spin-off account	(6,418)	(6,418)
Premium on downstream merger of controlling company (see Note 8.1)	103,838	103,838
Share-based payment	1,720	1,720
Special reserve - Corporate reorganization - Acquisition of Duke Energy Int. Geração Sapucaí-Mirim Ltda.	17,196	17,196
	<b>116,804</b>	<b>116,804</b>

### 23.3. Earnings Reserves

	Controlling Company and Consolidated	
	06/30/2017	12/31/2016
Legal reserve	150,471	150,471
Pension plan	5,935	5,282
	<b>156,406</b>	<b>155,753</b>

### 23.4. Retained Earnings

#### a) Breakdown of retained earnings

	Controlling Company and Consolidated
	06/30/2017
Net income for the period	237,271
Depreciation (deemed cost)	50,748
Write-offs (deemed cost)	9,528
Deferred IRPJ/CSLL (deemed cost)	(20,494)
	<b>277,053</b>

**b) Breakdown of dividends and interest on equity payable**

	Controlling Company and Consolidated	
	06/30/2017	12/31/2016
Proposed dividends	-	173,710
Interest on equity, payable	521	53,411
Dividends and interest on equity and capital reduction held in custody	2,795	1,571
	<b>3,316</b>	<b>228,692</b>

See additional comments in note 23.4 to 2016 annual financial statements.

**23.5. Valuation adjustments to equity**

	Deemed cost	Pension plan	Total
<b>Balance on December 31, 2016</b>	<b>660,293</b>	-	<b>660,293</b>
<b>Realization of valuation adjustments to equity</b>			
Depreciation	(50,748)	-	(50,748)
Write-off	(9,528)	-	(9,528)
Deferred IRPJ/CSLL	20,494	-	20,494
	<b>(39,782)</b>	-	<b>(39,782)</b>
<b>Comprehensive income</b>			
Actuarial gains on defined benefit pension plan	-	989	989
Deferred income tax and social contribution on actuarial gains	-	(336)	(336)
	-	<b>653</b>	<b>653</b>
Reclassifications of net actuarial gains - CPC 33 (R1)	-	(653)	(653)
<b>Balance on June 30, 2017</b>	<b>620,511</b>	-	<b>620,511</b>

The write-offs presented reflect the write-offs in items recorded as from the revaluation of the asset, by the initial adoption of the IFRS.

## 24. NET OPERATING REVENUE

	Controlling Company			
	04/01/2017 to 06/30/2017	01/01/2017 to 06/30/2017	04/01/2016 to 06/30/2016	01/01/2016 to 06/30/2016
<b>Electric power supply</b>				
Receivables from bilateral agreements	334,220	654,678	328,718	646,082
Receivables from auction agreements	8,370	17,368	21,516	44,393
Short-term market - MCP	80,973	152,637	1,193	(3,595)
Electric Power Reallocation Mechanism (MRE)	4,997	15,015	17,158	36,549
	<b>428,560</b>	<b>839,698</b>	<b>368,585</b>	<b>723,429</b>
Other revenues	84	223	139	183
	<b>428,644</b>	<b>839,921</b>	<b>368,724</b>	<b>723,612</b>
<b>Deductions to operating revenue</b>				
PIS and COFINS	(34,618)	(68,268)	(31,974)	(65,698)
ICMS	(5,503)	(10,923)	(4,697)	(9,655)
R&D	(3,733)	(7,253)	(2,980)	(5,866)
	<b>(43,854)</b>	<b>(86,444)</b>	<b>(39,651)</b>	<b>(81,219)</b>
<b>Net operating revenue</b>	<b>384,790</b>	<b>753,477</b>	<b>329,073</b>	<b>642,393</b>

	Consolidated			
	04/01/2017 to 06/30/2017	01/01/2017 to 06/30/2017	04/01/2016 to 06/30/2016	01/01/2016 to 06/30/2016
<b>Electric power supply</b>				
Receivables from bilateral agreements	343,065	670,803	337,493	663,322
Receivables from auction agreements	8,370	17,368	21,516	44,393
Short-term market - MCP	81,056	153,342	1,307	(3,570)
Electric Power Reallocation Mechanism (MRE)	5,006	15,029	17,197	36,842
	<b>437,496</b>	<b>856,542</b>	<b>377,513</b>	<b>740,987</b>
Other revenues	84	223	139	183
	<b>437,580</b>	<b>856,765</b>	<b>377,652</b>	<b>741,170</b>
<b>Deductions to operating revenue</b>				
PIS and COFINS	(34,951)	(68,890)	(32,309)	(66,372)
ICMS	(5,503)	(10,923)	(4,697)	(9,655)
R&D	(3,733)	(7,253)	(2,980)	(5,866)
	<b>(44,187)</b>	<b>(87,066)</b>	<b>(39,986)</b>	<b>(81,893)</b>
<b>Net operating revenue</b>	<b>393,393</b>	<b>769,699</b>	<b>337,666</b>	<b>659,277</b>

## 25. ELECTRIC POWER SOLD AND PURCHASED AND POWER GRID CHARGES

### 25.1. Electric power sold

	Controlling Company							
	04/01/2017 to 06/30/2017		01/01/2017 to 06/30/2017		04/01/2016 to 06/30/2016		01/01/2016 to 06/30/2016	
	MWh (*)	BRL	MWh (*)	BRL	MWh (*)	BRL	MWh (*)	BRL
Receivables from bilateral agreements	1,903,415	334,220	3,730,753	654,678	1,958,569	328,718	3,927,133	646,082
Receivables from auction agreements	53,029	8,370	110,043	17,368	144,900	21,516	298,966	44,394
Short-term market - MCP	249,430	80,973	724,460	152,637	(37,761)	1,193	(31,675)	(3,595)
Electric Power Reallocation Mechanism (MRE)	686,395	4,997	1,721,821	15,015	1,406,046	17,158	2,996,720	36,548
	<b>2,892,269</b>	<b>428,560</b>	<b>6,287,077</b>	<b>839,698</b>	<b>3,471,754</b>	<b>368,585</b>	<b>7,191,144</b>	<b>723,429</b>
	Consolidated							
	04/01/2017 to 06/30/2017		01/01/2017 to 06/30/2017		04/01/2016 to 06/30/2016		01/01/2016 to 06/30/2016	
	MWh (*)	BRL	MWh (*)	BRL	MWh (*)	BRL	MWh (*)	BRL
Receivables from bilateral agreements	1,939,645	343,065	3,796,759	670,803	1,997,227	337,493	4,004,439	663,322
Receivables from auction agreements	53,029	8,370	110,043	17,368	144,900	21,516	298,966	44,394
Short-term market - MCP	249,449	81,056	728,401	153,342	(37,761)	1,307	(32,269)	(3,570)
Electric Power Reallocation Mechanism (MRE)	686,466	5,004	1,723,169	15,030	1,410,129	17,197	3,021,408	36,841
	<b>2,928,589</b>	<b>437,495</b>	<b>6,358,372</b>	<b>856,543</b>	<b>3,514,495</b>	<b>377,513</b>	<b>7,292,545</b>	<b>740,987</b>

(\*) Not reviewed by independent auditors.

The table below summarizes the volumes in MWm of assured energy contracted/expected from the completion of contracts by the Company in the Deregulated Contracting Framework (ACL) and the Regulated Contracting Framework (ACR) as of June 30, 2017:

	Controlling Company		Controlled Company	
	MWm (*)		MWm (*)	
	2017	2016	2017	2016
<b>Electric power available for sale</b>	<b>1,031</b>	<b>1,029</b>	<b>16</b>	<b>16</b>
<b>ACR</b>	<b>26</b>	<b>69</b>	<b>-</b>	<b>-</b>
2016 (3 years)	26	69	-	-
<b>ACL</b>	<b>792</b>	<b>880</b>	<b>16</b>	<b>16</b>
Bilateral agreements for sale of electric power	877	880	16	16
Bilateral agreements for purchase of electric power	85	-	-	-
<b>Free electric power for contracting</b>	<b>213</b>	<b>80</b>	<b>0</b>	<b>0</b>
<b>Percentage of electric power contracted</b>	<b>79.3%</b>	<b>92.3%</b>	<b>97.3%</b>	<b>100.0%</b>

(\*) Not reviewed by independent auditors.

## 25.2. Electric power purchased for resale

	Controlling Company							
	04/01/2017 to 06/30/2017		01/01/2017 to 06/30/2017		04/01/2016 to 06/30/2016		01/01/2016 to 06/30/2016	
	MWh (*)	BRL	MWh (*)	BRL	MWh (*)	BRL	MWh (*)	BRL
Receivables from bilateral agreements	261,408	71,870	261,408	71,870	-	-	-	-
Short-term market - MCP	-	604	-	768	123,416	24,936	139,454	32,172
	<b>261,408</b>	<b>72,474</b>	<b>261,408</b>	<b>72,638</b>	<b>123,416</b>	<b>24,936</b>	<b>139,454</b>	<b>32,172</b>

	Consolidated							
	04/01/2017 to 06/30/2017		01/01/2017 to 06/30/2017		04/01/2016 to 06/30/2016		01/01/2016 to 06/30/2016	
	MWh (*)	BRL	MWh (*)	BRL	MWh (*)	BRL	MWh (*)	BRL
Receivables from bilateral agreements	261,408	71,870	261,408	71,870	-	-	-	-
Short-term market - MCP	4,465	1,859	4,578	2,007	131,028	25,755	152,536	33,244
Electric Power Reallocation Mechanism (MRE)	8,924	238	13,655	313	-	-	(4,209)	(51)
	<b>274,797</b>	<b>73,967</b>	<b>279,641</b>	<b>74,190</b>	<b>131,028</b>	<b>25,755</b>	<b>148,327</b>	<b>33,193</b>

(\*) Not reviewed by independent auditors.

There was no volume for electric power purchase in the Short-Term Market (MCP) on June 30, 2017, as the value is due to other accounting and re-accounting within the CCEE.

The balance of the electric power purchased for resale increased in comparison to the same period of the previous year, as a result of the need to cover sales due to the unfavorable hydrological scenario.

## 25.3. Charges for the use of electric power grid

	Controlling Company			
	04/01/2017 to 06/30/2017	01/01/2017 to 06/30/2017	04/01/2016 to 06/30/2016	01/01/2016 to 06/30/2016
Tust	26,201	52,343	23,161	46,769
Tusd-g	2,891	5,681	2,587	5,186
Connection charges	61	121	62	124
	<b>29,153</b>	<b>58,145</b>	<b>25,810</b>	<b>52,079</b>



	Consolidated			
	04/01/2017 to 06/30/2017	01/01/2017 to 06/30/2017	04/01/2016 to 06/30/2016	01/01/2016 to 06/30/2016
Tust	26,201	52,343	23,161	46,769
Tusd-g	3,017	5,924	2,702	5,420
Connection charges	61	121	62	124
	<b>29,279</b>	<b>58,388</b>	<b>25,925</b>	<b>52,313</b>

See additional comments in note 25.3 to the 2016 annual financial statements.

## 26. FINANCE INCOME

	Controlling Company			
	04/01/2017 to 06/30/2017	01/01/2017 to 06/30/2017	04/01/2016 to 06/30/2016	01/01/2016 to 06/30/2016
<b>Revenues</b>				
Financial investments	14,808	34,796	15,461	27,427
Monetary variances	11,846	14,235	2,624	5,159
Legal deposits	2,469	4,858	2,623	5,158
Others	-	-	1	1
CIBACAP	278	278	-	-
Monetary adjustment amount related to GSF injunction	9,099	9,099	-	-
Interest and discounts obtained	270	414	177	946
	<b>26,924</b>	<b>49,445</b>	<b>18,262</b>	<b>33,532</b>
<b>Expenses</b>				
Interest - Debentures	(25,815)	(55,571)	(31,165)	(61,459)
Interest on loans	(2,605)	(10,426)	(7,682)	(14,881)
Monetary variances	(7,087)	(19,642)	(20,308)	(50,412)
Debentures	(4,192)	(10,837)	(10,616)	(28,395)
Tusd-g	(2,064)	(4,453)	(2,399)	(4,648)
Provisions for tax, labor and environmental risks	(644)	(1,276)	(632)	(1,392)
Monetary adjustment amount related to GSF injunction	-	(2,611)	(6,164)	(14,976)
Others	(187)	(465)	(497)	(1,001)
Pension plan expenses (see Note 19)	(686)	(1,411)	(430)	(855)
Other financial expenses	(1,601)	(2,981)	(1,148)	(2,261)
	<b>(37,794)</b>	<b>(90,031)</b>	<b>(60,733)</b>	<b>(129,868)</b>
	<b>(10,870)</b>	<b>(40,586)</b>	<b>(42,471)</b>	<b>(96,336)</b>

	Consolidated			
	04/01/2017 to 06/30/2017	01/01/2017 to 06/30/2017	04/01/2016 to 06/30/2016	01/01/2016 to 06/30/2016
<b>Revenues</b>				
Financial investments	16,292	37,894	16,692	29,954
Monetary variances	11,978	14,417	2,672	5,278
Legal deposits	2,516	4,955	2,671	5,277
Others	-	-	1	1
CIBACAP	278	278	-	-
Monetary adjustment amount related to GSF injunction	9,184	9,184	-	-
Interest and discounts obtained	297	471	217	1,011
	<b>28,567</b>	<b>52,782</b>	<b>19,581</b>	<b>36,243</b>
<b>Expenses</b>				
Interest - Debentures	(25,815)	(55,571)	(31,165)	(61,459)
Interest on loans	(2,605)	(10,426)	(7,682)	(14,881)
Monetary variances	(7,098)	(19,689)	(19,899)	(51,475)
Debentures	(4,192)	(10,837)	(10,616)	(28,395)
Tusd-g	(2,064)	(4,453)	(1,943)	(5,501)
Provisions for tax, labor and environmental risks	(655)	(1,300)	(679)	(1,602)
Monetary adjustment amount related to GSF injunction	-	(2,634)	(6,164)	(14,976)
Others	(187)	(465)	(497)	(1,001)
Pension plan expenses (see Note 19)	(686)	(1,411)	(430)	(855)
Other financial expenses	(1,613)	(3,000)	(1,141)	(2,266)
	<b>(37,817)</b>	<b>(90,097)</b>	<b>(60,317)</b>	<b>(130,936)</b>
	<b>(9,250)</b>	<b>(37,315)</b>	<b>(40,736)</b>	<b>(94,693)</b>

## 27. EARNINGS PER SHARE

Basic and diluted earnings per share are calculated by dividing the net income for the period attributable to the holders of the Company's common and preferred shares by the weighted average number of common and preferred shares outstanding in the period.

The table below presents information on the income and shares used to calculate the basic and diluted earnings per share:

	04/01/2017 to 06/30/2017	01/01/2017 to 06/30/2017	04/01/2016 to 06/30/2016	01/01/2016 to 06/30/2016
<b>Numerator</b>				
<b>Net income for the period attributed to shareholders of the Company</b>				
Preferred	72,912	158,181	54,905	102,405
Common	36,456	79,090	27,453	51,203
	<b>109,368</b>	<b>237,271</b>	<b>82,358</b>	<b>153,608</b>
<b>Denominator (weighted average of number of shares)</b>				
Preferred	62,955	62,955	62,955	62,955
Common	31,478	31,478	31,478	31,478
	<b>94,433</b>	<b>94,433</b>	<b>94,433</b>	<b>94,433</b>
<b>Basic and diluted earnings per share</b>				
Preferred	<b>1.15815</b>	<b>2.51258</b>	<b>0.87213</b>	<b>1.62663</b>
Common	<b>1.15815</b>	<b>2.51258</b>	<b>0.87213</b>	<b>1.62663</b>

## 28. FINANCIAL INSTRUMENTS

The Company declares that the information on financial instruments described in 2016 annual financial statements is the same as that included in this quarterly information (ITR), as presented in note 28 to those financial statements.

### 28.1. Financial instruments in the balance sheet:

The Company's main financial instruments are represented by:

Type	Classification	Hierarchy of the fair value (see Note 2.1)	06/30/2017		12/31/2016	
			Carrying Amount	Market Value	Carrying Amount	Market Value
<b>Assets</b>						
Cash and cash equivalents	Loans and receivables		469,961	469,961	852,563	852,563
Trade receivables	Loans and receivables		167,327	167,327	135,892	135,892
			<b>637,288</b>	<b>637,288</b>	<b>988,455</b>	<b>988,455</b>
<b>Liabilities</b>						
Trade payables	Other financial liabilities		370,342	370,342	347,622	347,622
Dividends and interest on equity	Other financial liabilities		3,316	3,316	228,692	228,692
Regulatory charges	Other financial liabilities		27,797	27,797	36,469	36,469
Debentures	Other financial liabilities	Level 2	1,143,704	1,091,185	1,297,523	1,237,089
Loan	Other financial liabilities	Level 2	-	-	230,228	188,298
			<b>1,545,159</b>	<b>1,492,640</b>	<b>2,140,534</b>	<b>2,038,170</b>

The Company did not carry out derivative transactions in the fiscal year of 2016 and in the six month period ended June 30, 2017. There is also no exposure to currency fluctuations and in foreign currency since the Company does not carry out such transactions.

### 28.2. Liquidity risk

Issue	Series	Remuneration	Controlling Company and Consolidated					Total
			Less than one month	From one to three months	From three months to one year	From one to two years	More than two years	
4th	1	CDI Variance + 0.65% per year	93,089	-	3,979	87,041	-	184,109
4th	2	IPCA variance + 6.07% per year	19,604	-	-	20,511	495,800	535,915
5th	1	CDI Variance + 0.89% per year	-	-	95,153	85,877	-	181,030
5th	2	IPCA Variance + 7.01% per year	-	-	21,504	129,346	253,423	404,273
6th	Single	CDI Variance + 2.00% per year	-	10,067	8,211	168,455	-	186,733
			<b>112,693</b>	<b>10,067</b>	<b>128,847</b>	<b>491,230</b>	<b>749,223</b>	<b>1,492,060</b>

## 29. INSURANCES

	Maximum indemnification limit in thousands of BRL	
	Term of Effectiveness 12/29/2016 to 08/04/2017	Term of Effectiveness 12/31/2015 to 12/31/2016
Operating risk	2,000,000	1,955,000
Civil liability	110,000	19,550
Loss of profits	-	1,730,865

See additional comments in note 29 to 2016 annual financial statements.

### 30. NON-CASH TRANSACTIONS

	Controlling Company and Consolidated	
	06/30/2017	12/31/2016
Proposed dividends and interest on equity	-	414,838
Realization of valuation adjustments to equity	39,782	71,850
Reclassification of net actuarial gains	653	567
Deferred income tax on pension plan.	336	292

### 31. COMMITMENTS

#### 31.1. Electric power purchase and sale agreements

The Controlling Company and its controlled company have bilateral agreements for the sale of power negotiated until the year 2027; and for the bid agreements, until the year 2018.

### 32. SUBSEQUENT EVENTS

#### 32.1. Financial settlement - CCEE

From the settlements that took place in 2017, in the amount of BRL 100,345, BRL 34,140 is related to normal transaction of electric power sale in the short-term market (MRE/MCP) and BRL 66,205 is related to the injunction granted to APINE.

#### 32.2. Seventh Issue of Debentures

According to a relevant event disclosed on June 2, 2017, the Company will raise four hundred and twenty thousand Brazilian Reais (BRL 420,000) by means the Private Instrument of the 7<sup>th</sup> issue of simple debentures, non-convertible in shares, in two series, issued under a normative form, bookkeeping, unsecured, with additional guarantee for distribution in local market, with restricted efforts for placement, according to the CVM Instruction No. 476, of January 16, 2009, destined exclusively to professional investors.

The offer will be issued based on the resolution of the Special Meeting of Shareholders held on July 17, 2017, which approved the proposal of the Board of Directors sent on May 31, 2017 and on June 21, 2017, after the activation of the Market Flex clause by the Lead Arranger of the operation structuration on June 6, 2017. The offer was also approved by the Supervisory board report, issued on May 31, 2017 and ratified on June 22, 2017, after the activation of the Flex Market clause by the Lead Arranger.

The covenants set forth in the 7th issue debenture indenture are similar to those contained in the indentures of the 4th, 5th and 6th issues of the Company.

The net proceeds obtained by the Company with the issue shall be fully used to refinance the payments of (i) principal of the second installment to amortize debentures of 3rd issue of the Company, according to the terms of the Private Instrument of Indenture of Public Issuance of Non-Convertible Debentures in Third Issue of Shares, entered into on December 28, 2011, by and among the Company and Oliveira Trust Distribuidora de Títulos e Valores Mobiliários SA; (ii) principal of the second installment of amortization of the debentures of the first series of the Company's fourth issue, pursuant to the Private Instrument for Public Debenture Issuance of Non-Convertible Debentures in Fourth Issue Shares, entered into on July 03, 2013, between the Company and Planner Trustee Distribuidora de Títulos e Valores Mobiliários Ltda.; (iii) principal of the first installment of amortization of the debentures of the first series of the fifth issue of the Company, under the terms of the Private Instrument for Public Debenture Issuance of Non-Convertible Debentures in Shares of the Fifth Issue, entered into on April 29, 2014, between the Company and Planner Trustee Distribuidora de Títulos e Valores Mobiliários Ltda. and (iv)

principal of the Bank Credit Certificate No. 343894 issued by the Company in favor of the lender Banco Citibank S.A., on May 5, 2015. In case of exceeding balance, the remaining net proceeds raised by the Company with the Issue shall be used for the payment of the outstanding amounts of the interest accrued on the fourth issue of Company's debentures, according to the terms of the Indenture of Fourth Issue of Debentures.

With the issue, the Company intends to raise funds with better maturity terms as the ones currently used in the financial market, in order to extend the profile of its indebtedness. Thus, with the funds raised with the issue, it shall be possible to make the repositions of the payments abovementioned.

The maturity term of the Debentures, two series, shall be of three (3) years for the First Series and five (5) years for the Second Series, as from the Issuance Date, to become overdue on August 15, 2020 and August 15, 2022, respectively, without considering the possibility of advanced maturity, special amortization and/or advanced redemption of the Debentures, according to the terms provided for in the Indenture of Issuance."

### **32.3. Legal Milestone of electric sector**

The Ministry of Mines and Energy (MME) launched Public Consultations aimed at reorganizing the Brazilian Electric Sector.

The first one, CP MME No. 32, deals with the "Guidelines for Reorganizing the Brazilian Electric Sector", whose report comprehends the conceptual basis of the Ministry in the preparation of measures to improve the legal, institutional and regulatory framework of the sector that will guide the discussion.

The second one, CP MME No. 33, puts in consultation the technical proposals by means of a consolidated and detailed document entitled "Legal Measures that Enable the Future of the Electric Sector with Long-term Sustainability".

The wording sets forth proposals for topics already under discussion in the sector, such as opening the free market, separation of cover of sales and energy, use of hourly prices, administration of involuntary overcontracting, rationalization of subsidies, discontinuation of the quota scheme and privatization of generation concessionaires.

The Government also proposes measures for the decrease in judicial involvement of the sector with compensation through the withdrawal of lawsuits as in the case of dispute involving the non-payment of hydrological risk (GSF);

The Ministry declared that those initiatives are part of the promotion of transparency and dialog that guide the action of the agency.

### **32.4. Auction of public offer of shares.**

According to the relevant fact disclosed on July 28, 2017, the auction of the public offering for the acquisition of up to the totality of the Company's outstanding common and preferred shares held by the Company was successfully performed by China Three Gorges (Luxembourg) Energy S.À.R.L. ("Offeror").

As a result from the Auction, Offeror acquired on the date of the financial settlement of the Offer, July 28, 2017, one million, seventy thousand and seven hundred (1,070,700) preferred shares issued by the Company, representing one point thirteen tenth percent (1.13%) of Company's total capital. The shares were purchased at unit value of twenty-seven and fifty-eight cents (27.58), amounting to twenty-nine million, five hundred and thirty thousand, nine hundred and six Brazilian Reais (BRL 29,530,906.00).

Thus, the offeror, as Company's indirect controlling company, began to hold indirectly after the financial settlement of the Offer ninety-nine point zero six percent (99.06%) of the common

shares and ninety-three point seventeen tenth percent (93.17%) of the preferred shares issued by the Company and ninety-six point nineteen tenth percent (96.19%) of the total capital of the Company, according to the provisions of the following paragraph.

In addition, as informed in the item 7.5 of the Public Notice, one third (1/3) of the Shares subject-matter of this Offer will be transmitted to HUKAI CLEAN ENERGY S.Á.R.L. (Clai), for the same price offered under the scope of the Offer, that is, twenty-seven Brazilian Reais and fifty-eight cents (BRL 27.58) per share, reason why the final participation of the Offer in the Company's total capital shall be further amended ("Subsequent Transfer").

Once the Subsequent Transfer is made, the Offeror will indirectly hold ninety-five point eighty-one tenths percent (95.81%) of the Company's total capital.

## MANAGEMENT MEMBERS

### Board of Directors

Yinsheng Li  
Chairman

Yujun Liu  
Effective Member

Evandro Leite Vasconcelos  
Effective Member

Eliseu Nogueira de Andrade  
Effective Member

Narciso Meschiatti Filho  
Alternate Member

### Fiscal Council

Jarbas Tadeu Barsanti Ribeiro  
Chairman

François Moreau  
Advisor

Marcelo Curti  
Advisor

Ary Waddington  
Alternate Advisor

Edgard Massao Raffaelli  
Alternate Advisor

Murici dos Santos  
Alternate Advisor

### Executive Board

Yinsheng Li  
Chief Executive Officer

Carlos Alberto Dias Costa  
Executive Director of Operations and Environment

Carlos Alberto Rodrigues de Carvalho  
Chief Financial Officer,  
Executive Director of Internal Controls and Informatics,  
and Executive Director of Relations with Investors

João Luis Campos da Rocha Calisto  
Executive Director of Regulatory Matters and Energetic Planning

Plautius Soares André Filho  
Executive Director Commercial

Antonio Patricio Franco Martins  
General Controllershship Manager

Narciso Meschiatti Filho  
Accountant - 1SP-101290/O-0