

Quarterly Information - ITR

**Transmissora Aliança de Energia Elétrica S.A. -
TAESA**

September 30, 2018

Contents

Company information	
Capital composition	1
Dividends in cash	2
Individual financial statements	
Balance sheet - Assets	3
Balance sheet - Liabilities	4
Statement of income	5
Statement of comprehensive income	7
Statement of cash flows	8
Statement of changes in shareholders' equity	
Statement of changes in shareholders' equity - 01/01/2018–09/30/2018	10
Statement of changes in shareholders' equity - 01/01/2017–09/30/2017	11
Statement of added value	12
Consolidated financial statements	
Balance sheet - Assets	13
Balance sheet - Liabilities	14
Statement of income	15
Statement of comprehensive income	17
Statement of cash flows	18
Statement of changes in shareholders' equity	
Statement of changes in shareholders' equity - 01/01/2018–09/30/2018	20
Statement of changes in shareholders' equity - 01/01/2017–09/30/2017	21
Statement of added value	22
Performance comment	23
Notes to the financial statements	31
Opinions and Statements	
Special review report - Unqualified	85
Statement of the Directors on the Financial Statements	87
Statement of the Directors on the Independent auditors' report	88

Company information / Capital composition

Quantity of shares (Thousand)	Current quarter 09/30/2018
Paid-in capital	
Common	590,714
Preferred	442,783
Total	1,033,497
Treasury	
Common	0
Preferred	0
Total	0

Company information / Dividends in cash

Event	Approval	Dividend	Start payment	Nature of share	Type of share	Dividend per share - (Reais / Share)
Board of Directors' Meeting	08/06/2018	Interest on own capital	08/20/2018	Common		0.07017
Board of Directors' Meeting	08/06/2018	Interest on own capital	08/20/2018	Preferred shares		0.07017
Board of Directors' Meeting	08/06/2018	Dividends	08/20/2018	Common		0.08884
Board of Directors' Meeting	08/06/2018	Dividends	08/20/2018	Preferred shares		0.08884
Board of Directors' Meeting	05/09/2018	Interest on own capital	05/30/2018	Common		0.04037
Board of Directors' Meeting	05/09/2018	Interest on own capital	05/30/2018	Preferred shares		0.04037
Board of Directors' Meeting	05/09/2018	Interest on own capital	05/22/2018	Common		0.01379
Board of Directors' Meeting	05/09/2018	Interest on own capital	05/22/2018	Preferred shares		0.01379
Board of Directors' Meeting	05/09/2018	Interest on own capital	05/21/2018	Common		0.00947
Board of Directors' Meeting	05/09/2018	Interest on own capital	05/21/2018	Preferred shares		0.00947
Board of Directors' Meeting	05/09/2018	Dividends	05/09/2018	Common		0.18199
Board of Directors' Meeting	05/09/2018	Dividends	05/09/2018	Preferred shares		0.18199
Annual and Special Shareholders' Meeting	04/26/2018	Dividends	05/09/2018	Common		0.15416
Board of Directors' Meeting	04/26/2018	Dividends	05/09/2018	Common		0.15416

Individual financial statements / Balance sheet - Assets**(In thousands of reais)**

Code of account	Account description	Current quarter 09/30/2018	Prior year 12/31/2017
1	Assets Total	8,767,721	7,923,541
1.01	Current assets	2,395,655	1,744,660
1.01.01	Cash and cash equivalents	209,234	56,578
1.01.01.01	Cash and banks	282	823
1.01.01.02	Investments	208,952	55,755
1.01.03	Accounts receivable	142,564	162,093
1.01.03.01	Trade accounts receivable	142,564	162,093
1.01.03.01.01	Accounts receivable from concessionaires and permissionaires	142,564	162,093
1.01.06	Recoverable taxes	34,547	37,460
1.01.06.01	Current taxes recoverable	34,547	37,460
1.01.06.01.01	Federal	34,253	37,241
1.01.06.01.02	State	294	219
1.01.08	Other Current assets	2,009,310	1,488,529
1.01.08.03	Other	2,009,310	1,488,529
1.01.08.03.01	Securities	1,110,955	479,661
1.01.08.03.02	Financial assets from the concession	815,502	940,144
1.01.08.03.03	Dividends and interest on own capital receivable	40,577	23,291
1.01.08.03.04	Other accounts receivable and other assets	42,276	45,433
1.02	Non-current assets	6,372,066	6,178,881
1.02.01	Long term assets	3,547,166	3,577,005
1.02.01.04	Accounts receivable	12,801	12,801
1.02.01.04.01	Trade accounts receivable	12,801	12,801
1.02.01.10	Other non-current assets	3,534,365	3,564,204
1.02.01.10.03	Securities	4,276	4,133
1.02.01.10.04	Financial assets from the concession	3,478,374	3,523,593
1.02.01.10.05	Other accounts receivable	16,395	16,795
1.02.01.10.06	Judicial deposits	20,962	19,683
1.02.01.10.07	Derivative financial instruments	14,358	0
1.02.02	Investments	2,752,100	2,542,867
1.02.02.01	Ownership interest	2,752,100	2,542,867
1.02.03	Property, plant and equipment	22,639	23,277
1.02.03.01	Fixed assets in operation	22,639	23,277
1.02.04	Intangible assets	50,161	35,732
1.02.04.01	Intangible assets	50,161	35,732

Individual financial statements/ Balance sheet – Liabilities

(In thousands of reais)

Code of account	Account description	Current quarter 09/30/2018	Prior year 12/31/2017
2	Total liabilities	8,767,721	7,923,541
2.01	Current liabilities	670,922	616,295
2.01.02	Suppliers	20,570	26,077
2.01.02.01	Domestic suppliers	20,570	26,077
2.01.02.01.01	Domestic suppliers	20,570	26,077
2.01.03	Tax liabilities	51,592	73,472
2.01.03.01	Federal tax liabilities	50,577	72,659
2.01.03.02	State tax liabilities	340	199
2.01.03.03	Municipal tax liabilities	675	614
2.01.04	Loans and financing	491,601	399,319
2.01.04.01	Loans and financing	8,282	6,705
2.01.04.01.01	In domestic currency	6,516	6,630
2.01.04.01.02	In foreign currency	1,766	75
2.01.04.02	Debentures	483,319	392,614
2.01.05	Other liabilities	107,159	117,427
2.01.05.02	Other	107,159	117,427
2.01.05.02.01	Dividends and interest on own capital	7	6
2.01.05.02.04	Regulatory rates	63,278	68,847
2.01.05.02.05	Other Accounts payable	43,874	48,574
2.02	Non-current liabilities	3,582,519	2,959,694
2.02.01	Loans and financing	3,222,971	2,593,595
2.02.01.01	Loans and financing	388,755	349,813
2.02.01.01.01	In domestic currency	23,049	28,170
2.02.01.01.02	In foreign currency	365,706	321,643
2.02.01.02	Debentures	2,834,216	2,243,782
2.02.02	Other liabilities	31,460	70,887
2.02.02.02	Other	31,460	70,887
2.02.02.02.03	Other Accounts payable	31,460	36,644
2.02.02.02.04	Derivative financial instruments	0	34,243
2.02.03	Deferred taxes	316,858	285,540
2.02.03.01	Deferred income and social contribution taxes	316,858	285,540
2.02.03.01.01	Deferred income and social contribution taxes	105,287	68,202
2.02.03.01.02	Deferred PIS and COFINS	211,571	217,338
2.02.04	Provisions	11,230	9,672
2.02.04.01	Tax, social security, labor and civil provisions	11,230	9,672
2.02.04.01.01	Tax provisions	2,592	2,592
2.02.04.01.02	Social security and labor provisions	3,553	1,124
2.02.04.01.04	Civil provisions	5,085	5,956
2.03	Shareholders' equity	4,514,280	4,347,552
2.03.01	Realized capital stock	3,042,035	3,042,035
2.03.02	Capital reserves	594,507	594,507
2.03.04	Profit reserves	551,685	711,010
2.03.04.01	Legal reserve	329,399	329,399
2.03.04.07	Tax incentive reserve	222,286	222,286
2.03.04.08	Additional dividend proposed	0	159,325
2.03.05	Retained Earnings/Losses	326,053	0

Individual financial statements / Statement of income

(In thousands of reais)

Code of account	Account description	Current quarter	Accumulated of the current year	Same quarter of the prior year	Accumulated of the prior year
		07/01/2018–09/30/2018	01/01/2018–09/30/2018	07/01/2017–09/30/2017	01/01/2017–09/30/2017
3.01	Income from sales of goods and/or services	339,235	924,619	180,247	619,720
3.02	Cost of goods and/or services sold	-44,631	-90,872	-27,729	-74,503
3.02.01	Personnel	-10,709	-30,740	-10,493	-30,359
3.02.02	Material	-24,111	-36,967	-8,504	-21,486
3.02.03	Outsourced services	-7,847	-17,847	-7,323	-17,547
3.02.04	Depreciation and amortization	133	-209	-171	-536
3.02.05	Other operating costs	-2,097	-5,109	-1,238	-4,575
3.03	Gross income	294,604	833,747	152,518	545,217
3.04	Operating expenses/income	73,135	187,294	-7,531	34,222
3.04.02	General and administrative expenses	-29,810	-90,838	-33,115	-88,486
3.04.02.01	Personnel and management	-18,981	-57,323	-20,079	-56,166
3.04.02.03	Outsourced services	-5,076	-17,774	-6,180	-16,339
3.04.02.04	Depreciation and amortization	-1,795	-4,533	-778	-2,037
3.04.02.05	Other operating expenses	-3,958	-11,208	-6,078	-13,944
3.04.06	Equity income (loss)	102,945	278,132	25,584	122,708
3.04.06.01	Equity income (loss)	102,945	278,132	25,584	122,708
3.05	Income (loss) before financial income and taxes	367,739	1,021,041	144,987	579,439
3.06	Financial income (loss)	-67,062	-177,439	-48,701	-176,370
3.06.01	Financial income	19,060	38,822	18,701	48,658
3.06.02	Financial expenses	-86,122	-216,261	-67,402	-225,028
3.07	Income (loss) before income tax	300,677	843,602	96,286	403,069
3.08	Income tax and social contribution	-32,958	-99,355	1,039	-32,343
3.08.01	Current	4,713	-62,268	-23,721	-107,541
3.08.02	Deferred assets	-37,671	-37,087	24,760	75,198
3.09	Net income from continued operations	267,719	744,247	97,325	370,726
3.11	Income/loss for the period	267,719	744,247	97,325	370,726
3.99	Earnings per share - (Reais R\$ / Shares)				
3.99.01	Basic earnings per share				

Individual financial statements / Statement of income**(In thousands of reais)**

Code of account	Account description	Current quarter	Accumulated of the	Same quarter of the prior	Accumulated of the prior
		07/01/2018–09/30/2018	current year 01/01/2018–09/30/2018	year 07/01/2017–09/30/2017	year 01/01/2017–09/30/2017
3.99.01.01	Common shares	0.25904	0.72013	0.09417	0.35871
3.99.01.02	Preferred shares	0.25904	0.72013	0.09417	0.35871
3.99.02	Diluted earnings per share				
3.99.02.01	Common shares	0.25904	0.72013	0.09417	0.35871
3.99.02.02	Preferred shares	0.25904	0.72013	0.09417	0.35871

Individual financial statements / Statement of comprehensive income**(In thousands of reais)**

Code of account	Account description	Current quarter 07/01/2018–09/30/2018	Accumulated of the current year 01/01/2018–09/30/2018	Same quarter of the prior year 07/01/2017–09/30/2017	Accumulated of the prior year 01/01/2017–09/30/2017
4.01	Net income for the period	267,719	744,247	97,325	370,726
4.03	Comprehensive income for the period	267,719	744,247	97,325	370,726

Individual financial statements / Statement of cash flows - Indirect method (In thousands of reais)

Code of account	Account description	Accumulated of the current year	Accumulated of the prior year
		01/01/2018–09/30/2018	01/01/2017–09/30/2017
6.01	Net cash from operating activities	1,012,775	1,156,412
6.01.01	Cash generated in operations	128,280	99,017
6.01.01.01	Income (loss) for the period	744,247	370,726
6.01.01.02	Equity income (loss)	-278,132	-122,708
6.01.01.03	Depreciation and amortization	4,742	2,573
6.01.01.04	Net interest, inflation adjustments and exchange-rate changes and adjustment to fair value on loans and financing	39,822	308
6.01.01.05	Interest and inflation adjustments on debentures	199,337	192,578
6.01.01.06	Income tax and social contribution	99,355	32,343
6.01.01.08	Tax, Social Security, Labor and Civil Provisions (Reversals)	4,020	825
6.01.01.09	Deferred taxes	-5,766	-27,907
6.01.01.10	Remuneration of concession financial asset	-350,755	-406,591
6.01.01.11	Restatement of concession financial asset	-262,187	80,290
6.01.01.12	Income from construction	-28,045	-4,651
6.01.01.13	Derivative financial instruments	-26,842	26,360
6.01.01.14	Provision for variable portion	1,855	3,529
6.01.01.15	Remuneration of interest earnings bank deposits	-38,822	-48,658
6.01.01.16	Construction cost	25,451	0
6.01.02	Changes in assets and liabilities	884,495	1,057,395
6.01.02.01	Decrease accounts receivable from concessionaires and permissionaires	17,674	7,817
6.01.02.02	Decrease in concession financial asset	810,848	943,132
6.01.02.03	(Increase) in the balance of income and social contribution tax assets, net of liabilities	-2,127	-12,601
6.01.02.04	Income and social contribution taxes paid	-79,108	-29,607
6.01.02.05	Decrease (increase) in the balance of other assets	2,278	-9,592
6.01.02.06	(Decrease) in balance of suppliers	-30,958	-14,200
6.01.02.07	(Decrease) Increase in balance of regulatory rates	-5,569	7,246
6.01.02.08	(Decrease) in balance of other accounts payable	-12,347	-46,462
6.01.02.10	Dividends received from subsidiaries	29,210	56,057
6.01.02.11	Dividends and JCP (Interest on own capital) received from jointly-controlled subsidiaries and associated companies	154,594	155,605
6.02	Net cash used in investment activities	-743,341	-741,902
6.02.01	(Increase) in balance of securities	-592,615	-694,215
6.02.02	Acquisition of associated companies, net of acquired cash	-3,514	0
6.02.03	Capital increase/formation and advance for future capital increase in subsidiaries	-99,350	-43,196
6.02.04	Additions in property, plant and equipment and intangible assets	-18,535	-4,491
6.02.05	Capital increase in associated companies	-2,977	0
6.02.06	Capital increase in jointly-controlled subsidiaries	-26,350	0
6.03	Net cash from financing activities	-116,778	-473,144
6.03.01	Payment of loans and financing - Principal	-340,121	-4,939
6.03.02	Payment of loans and financing - Interest	-9,182	-9,372
6.03.03	Payment of debentures - Interest	-29,385	-13,026
6.03.04	Payment of dividends and interest on own capital	-577,518	-422,762
6.03.05	Payment of derivative financial instruments - interest	-6,665	-23,045
6.03.06	Funding of new loans	350,000	0

Individual financial statements / Statement of cash flows - Indirect method**(In thousands of reais)**

Code of account	Account description	Accumulated of the current	Accumulated of the prior
		year 01/01/2018–09/30/2018	year 01/01/2017–09/30/2017
6.03.07	Funding cost of debentures	511,187	0
6.03.08	Payment in the settlement of financial instruments	-15,094	0
6.05	Increase (decrease) in cash and cash equivalents	152,656	-58,634
6.05.01	Opening balance of cash and cash equivalents	56,578	100,299
6.05.02	Closing balance of cash and cash equivalents	209,234	41,665

Individual financial statements / Statement of changes in shareholders' equity - 01/01/2018–09/30/2018**(In thousands of reais)**

Code of account	Account description	Paid-up capital stock	Capital reserves, Options granted and Treasury shares	Profit reserves	Retained earnings (loss)	Other comprehensive income	Shareholders' equity
5.01	Opening balances	3,042,035	594,507	711,010	0	0	4,347,552
5.03	Adjusted opening balances	3,042,035	594,507	711,010	0	0	4,347,552
5.04	Capital transactions with partners	0	0	-159,325	-418,195	0	-577,520
5.04.07	Interest on own capital	0	0	0	-138,288	0	-138,288
5.04.08	Dividends approved	0	0	-159,325	0	0	-159,325
5.04.09	Payment of interim dividends	0	0	0	-279,907	0	-279,907
5.05	Total comprehensive income	0	0	0	744,247	0	744,247
5.05.01	Net income for the period	0	0	0	744,247	0	744,247
5.07	Closing balances	3,042,035	594,507	551,685	326,052	0	4,514,279

Individual financial statements / Statement of changes in shareholders' equity - 01/01/2017–09/30/2017**(In thousands of reais)**

Code of account	Account description	Paid-up capital stock	Capital reserves, Options granted and Treasury shares	Profit reserves	Retained earnings (loss)	Other comprehensive income	Shareholders' equity
5.01	Opening balances	3,042,035	594,507	671,046	0	0	4,307,588
5.03	Adjusted opening balances	3,042,035	594,507	671,046	0	0	4,307,588
5.04	Capital transactions with partners	0	0	-174,718	-248,045	0	-422,763
5.04.07	Interest on own capital	0	0	0	-147,329	0	-147,329
5.04.08	Interim dividends	0	0	0	-100,716	0	-100,716
5.04.09	Additional dividends proposed	0	0	-174,718	0	0	-174,718
5.05	Total comprehensive income	0	0	0	370,726	0	370,726
5.05.01	Net income for the period	0	0	0	370,726	0	370,726
5.07	Closing balances	3,042,035	594,507	496,328	122,681	0	4,255,551

Individual financial statements / Statement of added value**(In thousands of reais)**

Code of account	Account description	Accumulated of the current year	Accumulated of the prior year
		01/01/2018–09/30/2018	01/01/2017–09/30/2017
7.01	Income	1,031,247	706,489
7.01.02	Other income	1,031,247	706,489
7.02	Inputs acquired from third parties	-87,870	-71,933
7.02.02	Materials, Energy, Third-party services and other	-72,588	-55,372
7.02.04	Other	-15,282	-16,561
7.03	Gross added value	943,377	634,556
7.04	Retentions	-4,742	-2,573
7.04.01	Depreciation, amortization and depletion	-4,742	-2,573
7.05	Net added value produced	938,635	631,983
7.06	Added value received as transfer	316,954	171,366
7.06.01	Equity income (loss)	278,132	122,708
7.06.02	Financial income	38,822	48,658
7.07	Total added value payable	1,255,589	803,349
7.08	Distribution of added value	1,255,589	803,349
7.08.01	Personnel	75,273	73,409
7.08.01.01	Direct remuneration	46,226	47,036
7.08.01.02	Benefits	25,165	21,784
7.08.01.03	Severance Pay Fund (FGTS)	3,882	4,589
7.08.02	Taxes, duties and contributions	219,806	134,186
7.08.02.01	Federal	219,025	133,180
7.08.02.02	State	186	609
7.08.02.03	Municipal	595	397
7.08.03	Third-party capital remuneration	216,263	225,028
7.08.03.01	Interest	239,161	192,886
7.08.03.03	Other	-22,898	32,142
7.08.03.03.01	Derivative financial instruments	-26,842	26,360
7.08.03.03.02	Other	3,944	5,782
7.08.04	Remuneration of own capital	744,247	370,726
7.08.04.01	Interest on own capital	138,288	147,329
7.08.04.02	Dividends	279,906	100,716
7.08.04.03	Retained earnings / Loss for the period	326,053	122,681

Consolidated financial statements / Balance sheet – Assets**(In thousands of reais)**

Code of account	Account description	Current quarter 09/30/2018	Prior year 12/31/2017
1	Assets Total	8,906,950	8,054,820
1.01	Current assets	2,663,691	1,946,797
1.01.01	Cash and cash equivalents	233,779	56,680
1.01.01.01	Cash and banks	339	925
1.01.01.02	Interest earning bank deposits	233,440	55,755
1.01.03	Accounts receivable	155,533	174,785
1.01.03.01	Trade accounts receivable	155,533	174,785
1.01.03.01.01	Accounts receivable from concessionaires and permissionaires	155,533	174,785
1.01.06	Recoverable taxes	42,919	46,663
1.01.06.01	Current taxes recoverable	42,919	46,663
1.01.06.01.01	Federal	42,337	46,157
1.01.06.01.02	State	582	506
1.01.08	Other Current assets	2,231,460	1,668,669
1.01.08.03	Other	2,231,460	1,668,669
1.01.08.03.01	Securities	1,242,900	569,902
1.01.08.03.02	Financial assets from the concession	905,946	1,028,109
1.01.08.03.03	Dividends and interest on own capital receivable	34,680	18,699
1.01.08.03.04	Other accounts receivable	47,934	51,959
1.02	Non-current assets	6,243,259	6,108,023
1.02.01	Long term assets	4,311,525	4,268,079
1.02.01.04	Accounts receivable	13,618	13,618
1.02.01.04.01	Trade accounts receivable	13,618	13,618
1.02.01.10	Other non-current assets	4,297,907	4,254,461
1.02.01.10.03	Securities	4,276	4,133
1.02.01.10.04	Financial assets from the concession	4,234,293	4,206,372
1.02.01.10.05	Other accounts receivable	16,575	16,975
1.02.01.10.06	Judicial deposits	28,379	26,843
1.02.01.10.07	Derivative financial instruments	14,358	0
1.02.01.10.08	Taxes and social contributions	26	26
1.02.01.10.09	Deferred taxes and social contributions	0	112
1.02.02	Investments	1,858,934	1,780,935
1.02.02.01	Ownership interest	1,858,934	1,780,935
1.02.03	Property, plant and equipment	22,639	23,277
1.02.03.01	Fixed assets in operation	22,639	23,277
1.02.04	Intangible assets	50,161	35,732
1.02.04.01	Intangible assets	50,161	35,732

Consolidated financial statements / Balance sheet – Liabilities**(In thousands of reais)**

Code of account	Account description	Current quarter 09/30/2018	Prior year 12/31/2017
2	Total liabilities	8,906,950	8,054,820
2.01	Current liabilities	700,361	644,778
2.01.02	Suppliers	33,432	39,297
2.01.02.01	Domestic suppliers	33,432	39,297
2.01.02.01.01	Domestic suppliers	33,432	39,297
2.01.03	Tax liabilities	58,260	78,790
2.01.03.01	Federal tax liabilities	55,727	76,282
2.01.03.02	State tax liabilities	1,433	1,382
2.01.03.03	Municipal tax liabilities	1,100	1,126
2.01.04	Loans and financing	494,055	401,779
2.01.04.01	Loans and financing	10,736	9,165
2.01.04.01.01	In domestic currency	8,970	9,090
2.01.04.01.02	In foreign currency	1,766	75
2.01.04.02	Debentures	483,319	392,614
2.01.05	Other liabilities	114,614	124,912
2.01.05.02	Other	114,614	124,912
2.01.05.02.01	Dividends and interest on own capital	7	6
2.01.05.02.04	Regulatory rates	67,503	73,805
2.01.05.02.05	Other Accounts payable	47,104	51,101
2.02	Non-current liabilities	3,692,309	3,062,490
2.02.01	Loans and financing	3,230,922	2,603,381
2.02.01.01	Loans and financing	396,706	359,599
2.02.01.01.01	In domestic currency	31,000	37,956
2.02.01.01.02	In foreign currency	365,706	321,643
2.02.01.02	Debentures	2,834,216	2,243,782
2.02.02	Other liabilities	33,190	72,546
2.02.02.02	Other	33,190	72,546
2.02.02.02.03	Other Accounts payable	33,190	38,303
2.02.02.02.04	Derivative financial instruments	0	34,243
2.02.03	Deferred taxes	411,349	371,676
2.02.03.01	Deferred income and social contribution taxes	411,349	371,676
2.02.03.01.01	Deferred income and social contribution taxes	140,693	96,567
2.02.03.01.02	Deferred PIS and COFINS	270,656	275,109
2.02.04	Provisions	16,848	14,887
2.02.04.01	Tax, social security, labor and civil provisions	16,848	14,887
2.02.04.01.01	Tax provisions	2,592	2,592
2.02.04.01.02	Social security and labor provisions	3,713	1,284
2.02.04.01.04	Civil provisions	10,543	11,011
2.03	Consolidated shareholders' equity	4,514,280	4,347,552
2.03.01	Realized capital stock	3,042,035	3,042,035
2.03.02	Capital reserves	594,507	594,507
2.03.04	Profit reserves	551,685	711,010
2.03.04.01	Legal reserve	329,399	329,399
2.03.04.07	Tax incentive reserve	222,286	222,286
2.03.04.08	Additional dividend proposed	0	159,325
2.03.05	Retained Earnings/Losses	326,053	0

Consolidated financial statements / Statement of income**(In thousands of reais)**

Code of account	Account description	Current quarter 07/01/2018–09/30/2018	Accumulated of the current year 01/01/2018–09/30/2018	Same quarter of the prior year 07/01/2017–09/30/2017	Accumulated of the prior year 01/01/2017–09/30/2017
3.01	Income from sales of goods and/or services	403,177	1,071,120	214,899	716,490
3.02	Cost of goods and/or services sold	-80,865	-163,657	-47,237	-110,913
3.02.01	Personnel	-11,342	-32,619	-11,102	-32,058
3.02.02	Material	-58,883	-105,720	-26,530	-54,009
3.02.03	Outsourced services	-8,519	-19,541	-7,968	-19,192
3.02.04	Depreciation and amortization	135	-208	-171	-536
3.02.05	Other operating costs	-2,256	-5,569	-1,466	-5,118
3.03	Gross income	322,312	907,463	167,662	605,577
3.04	Operating expenses/income	47,480	120,939	-19,249	-20,480
3.04.02	General and administrative expenses	-30,986	-94,794	-33,984	-91,280
3.04.02.01	Personnel and management	-19,460	-59,594	-20,552	-57,729
3.04.02.03	Outsourced services	-5,408	-18,743	-6,305	-16,979
3.04.02.04	Depreciation and amortization	-1,795	-4,533	-778	-2,037
3.04.02.05	Other operating income (expenses), net	-4,323	-11,924	-6,349	-14,535
3.04.06	Equity income (loss)	78,466	215,733	14,735	70,800
3.04.06.01	Equity income (loss)	78,466	215,733	14,735	70,800
3.05	Income (loss) before financial income and taxes	369,792	1,028,402	148,413	585,097
3.06	Financial income (loss)	-63,078	-169,739	-47,384	-171,342
3.06.01	Financial income	21,389	45,923	20,216	54,304
3.06.02	Financial expenses	-84,467	-215,662	-67,600	-225,646
3.07	Income (loss) before income tax	306,714	858,663	101,029	413,755
3.08	Income tax and social contribution	-38,995	-114,416	-3,704	-43,029
3.08.01	Current	2,153	-70,177	-25,129	-112,937
3.08.02	Deferred assets	-41,148	-44,239	21,425	69,908
3.09	Net income from continued operations	267,719	744,247	97,325	370,726
3.11	Consolidated income/loss for the period	267,719	744,247	97,325	370,726
3.11.01	Attributed to the Parent company's partners	267,719	744,247	97,325	370,726
3.99	Earnings per share - (Reais R\$ / Shares)				

Consolidated financial statements / Statement of income**(In thousands of reais)**

Code of account	Account description	Current quarter 07/01/2018–09/30/2018	Accumulated of the current year 01/01/2018–09/30/2018	Same quarter of the prior year 07/01/2017–09/30/2017	Accumulated of the prior year 01/01/2017–09/30/2017
3.99.01	Basic earnings per share				
3.99.01.01	Common shares	0.25904	0.72013	0.09417	0.35871
3.99.01.02	Preferred shares	0.25904	0.72013	0.09417	0.35871
3.99.02	Diluted earnings per share				
3.99.02.01	Common shares	0.25904	0.72013	0.09417	0.35871
3.99.02.02	Preferred shares	0.25904	0.72013	0.09417	0.35871

Consolidated financial statements / Statement of comprehensive income**(In thousands of reais)**

Code of account	Account description	Current quarter 07/01/2018–09/30/2018	Accumulated of the current year 01/01/2018–09/30/2018	Same quarter of the prior year 07/01/2017–09/30/2017	Accumulated of the prior year 01/01/2017–09/30/2017
4.01	Consolidated net income for the period	267,719	744,247	97,325	370,726
4.03	Consolidated comprehensive income for the period	267,719	744,247	97,325	370,726
4.03.02	Attributed to the Non-controlling Partners	267,719	744,247	97,325	370,726

Consolidated financial statements / Statement of cash flows - Indirect method (In thousands of reais)

Code of account	Account description	Accumulated of the current year 01/01/2018–09/30/2018	Accumulated of the prior year 01/01/2017–09/30/2017
6.01	Net cash from operating activities	974,521	1,122,150
6.01.01	Cash generated in operations	138,291	79,930
6.01.01.01	Net income for the period	744,247	370,726
6.01.01.02	Equity income (loss)	-215,733	-70,800
6.01.01.03	Depreciation and amortization	4,741	2,573
6.01.01.04	Net interest, inflation adjustments and exchange-rate changes and adjustment to fair value on loans and financing	40,033	567
6.01.01.05	Interest and inflation adjustments on debentures	199,337	192,578
6.01.01.06	Income tax and social contribution	114,416	43,029
6.01.01.08	Tax, social security, labor and civil provisions	4,463	4,685
6.01.01.09	Deferred taxes	-4,452	-28,772
6.01.01.10	Remuneration of concession financial asset	-394,505	-442,863
6.01.01.11	Inflation adjustment of concession financial asset	-278,500	69,675
6.01.01.12	Income from construction	-99,140	-35,139
6.01.01.13	Derivative financial instruments	-26,842	26,360
6.01.01.14	Provision for variable portion	2,477	991
6.01.01.15	Remuneration of interest earnings bank deposits	-45,923	-54,304
6.01.01.16	Construction cost	93,672	624
6.01.02	Changes in assets and liabilities	836,230	1,042,220
6.01.02.01	Decrease accounts receivable from concessionaires and permissionaires	16,775	7,267
6.01.02.02	Decrease in the balance of concession financial asset	866,387	1,000,147
6.01.02.03	(Increase) in the balance of income and social contribution tax assets, net of liability	-1,686	-10,017
6.01.02.04	Income and social contribution taxes paid	-85,277	-34,734
6.01.02.05	Decrease (increase) in the balance of other credits	2,889	-16,036
6.01.02.06	(Decrease) in balance of suppliers	-99,537	-19,692
6.01.02.07	(Decrease) Increase in balance of regulatory rates	-6,302	7,795
6.01.02.08	(Decrease) in balance of other accounts payable	-11,613	-48,115
6.01.02.11	Dividends and JCP (Interest on own capital) received from jointly-controlled subsidiaries and associated companies	154,594	155,605
6.02	Net cash used in investment activities	-678,592	-706,538
6.02.01	(Increase) in balance of securities	-627,218	-702,044
6.02.02	Acquisition of associated companies, net of acquired cash	-3,514	0
6.02.04	Additions in property, plant and equipment and intangible assets	-18,533	-4,494
6.02.05	Capital increase in associated companies	-2,977	0
6.02.06	Capital increase in jointly-controlled subsidiaries	-26,350	0
6.03	Net cash from financing activities	-118,830	-475,241
6.03.01	Payment of loans and financing - Principal	-341,956	-6,775
6.03.02	Payment of loans and financing - Interest	-9,399	-9,633
6.03.03	Payment of debentures - Interest	-29,385	-13,026
6.03.04	Payment of dividends and JCP	-577,518	-422,762
6.03.05	Payment of derivative financial instruments - interest	-6,665	-23,045
6.03.06	Funding of new loans	350,000	0
6.03.07	Payment in the settlement of financial instruments	-15,094	0
6.03.08	Funding cost of debentures	511,187	0

Consolidated financial statements / Statement of cash flows - Indirect method**(In thousands of reais)**

Code of account	Account description	Accumulated of the current year 01/01/2018–09/30/2018	Accumulated of the prior year 01/01/2017–09/30/2017
6.05	Increase (decrease) in cash and cash equivalents	177,099	-59,629
6.05.01	Opening balance of cash and cash equivalents	56,680	101,505
6.05.02	Closing balance of cash and cash equivalents	233,779	41,876

Consolidated financial statements / Statement of changes in shareholders' equity - 01/01/2018–09/30/2018**(In thousands of reais)**

Code of account	Account description	Paid-up capital stock	Capital reserves, Options granted and Treasury shares	Profit reserves	Retained earnings (loss)	Other comprehensive income	Shareholders' equity	Interest of non-controlling shareholders	Consolidated shareholders' equity
5.01	Opening balances	3,042,035	594,507	711,010	0	0	4,347,552	0	4,347,552
5.03	Adjusted opening balances	3,042,035	594,507	711,010	0	0	4,347,552	0	4,347,552
5.04	Capital transactions with partners	0	0	-159,325	-418,195	0	-577,520	0	-577,520
5.04.07	Interest on own capital	0	0	0	-138,288	0	-138,288	0	-138,288
5.04.08	Dividends approved	0	0	-159,325	0	0	-159,325	0	-159,325
5.04.09	Payment of interim dividends	0	0	0	-279,907	0	-279,907	0	-279,907
5.05	Total comprehensive income	0	0	0	744,247	0	744,247	0	744,247
5.05.01	Net income for the period	0	0	0	744,247	0	744,247	0	744,247
5.07	Closing balances	3,042,035	594,507	551,685	326,052	0	4,514,279	0	4,514,279

Consolidated financial statements / Statement of changes in shareholders' equity - 01/01/2017–09/30/2017**(In thousands of reais)**

Code of account	Account description	Paid-up capital stock	Capital reserves, Options granted and Treasury shares	Profit reserves	Retained earnings (loss)	Other comprehensive income	Shareholders' equity	Interest of non-controlling shareholders	Consolidated shareholders' equity
5.01	Opening balances	3,042,035	594,507	671,046	0	0	4,307,588	0	4,307,588
5.03	Adjusted opening balances	3,042,035	594,507	671,046	0	0	4,307,588	0	4,307,588
5.04	Capital transactions with partners	0	0	-174,718	-248,045	0	-422,763	0	-422,763
5.04.07	Interest on own capital	0	0	0	-147,329	0	-147,329	0	-147,329
5.04.08	Interim dividends	0	0	0	-100,716	0	-100,716	0	-100,716
5.04.09	Additional dividends proposed	0	0	-174,718	0	0	-174,718	0	-174,718
5.05	Total comprehensive income	0	0	0	370,726	0	370,726	0	370,726
5.05.01	Net income for the period	0	0	0	370,726	0	370,726	0	370,726
5.07	Closing balances	3,042,035	594,507	496,328	122,681	0	4,255,551	0	4,255,551

Consolidated financial statements / Statement of added value**(In thousands of reais)**

Code of account	Account description	Accumulated of the current year	Accumulated of the prior year
		01/01/2018–09/30/2018	01/01/2017–09/30/2017
7.01	Income	1,191,867	814,437
7.01.02	Other income	1,191,867	814,437
7.02	Inputs acquired from third parties	-160,418	-107,732
7.02.02	Materials, Energy, Third-party services and other	-144,004	-90,181
7.02.04	Other	-16,414	-17,551
7.03	Gross added value	1,031,449	706,705
7.04	Retentions	-4,741	-2,573
7.04.01	Depreciation, amortization and depletion	-4,741	-2,573
7.05	Net added value produced	1,026,708	704,132
7.06	Added value received as transfer	261,656	125,104
7.06.01	Equity income (loss)	215,733	70,800
7.06.02	Financial income	45,923	54,304
7.07	Total added value payable	1,288,364	829,236
7.08	Distribution of added value	1,288,364	829,236
7.08.01	Personnel	78,831	76,192
7.08.01.01	Direct remuneration	48,096	48,547
7.08.01.02	Benefits	26,677	22,936
7.08.01.03	Severance Pay Fund (FGTS)	4,058	4,709
7.08.02	Taxes, duties and contributions	249,624	156,672
7.08.02.01	Federal	248,799	155,521
7.08.02.02	State	227	742
7.08.02.03	Municipal	598	409
7.08.03	Third-party capital remuneration	215,662	225,646
7.08.03.01	Interest	239,370	193,145
7.08.03.03	Other	-23,708	32,501
7.08.03.03.01	Financial instruments Derivatives	-26,841	26,360
7.08.03.03.02	Other	3,133	6,141
7.08.04	Remuneration of own capital	744,247	370,726
7.08.04.01	Interest on own capital	138,288	147,329
7.08.04.02	Dividends	279,906	100,716
7.08.04.03	Retained earnings / Loss for the period	326,053	122,681

PERFORMANCE COMMENT ON SEPTEMBER 30, 2018

(Amounts expressed in thousands of reais, unless otherwise indicated)

Main events up to September 30, 2018 and subsequent events

10/17/2018 - ETAU obtained from BNDES the release of bank loans through the BNDES "Capital de Giro" ["Working Capital"] program in the amount of R\$10,273.

09/27/2018 –the Company presented bids for lots "L" ("Brasnorte"), "M" ("Transmisneiras"), "N" ("ETAU") and "P" ("Centroeste") – object of Eletrobrás Auction 01/2018, referring to shareholdings of Specific Purpose Companies, or "SPEs" (Sociedades de Propósito Específico) held by Centrais Elétricas Brasileiras S/A ("Eletrobrás"). For lots L, N and P, these were the only bids placed, and the Company must await the manifestation of interest of the other partners of each SPE regarding their preemptive rights. Regarding lot M, the Company will exercise – in the strict terms of the shareholders' agreement – its preemptive right in each of the SPEs within the period of 60 days, as set forth in the Call for Bids, considering that the winner won the lot with the same minimum price offered by the Company.

09/20/2018 – Companhia Energética de Minas Gerais - CEMIG and ISA Investimentos e Participações do Brasil S.A. entered into the 3rd Addendum to "Shareholders' Agreement" ("Addendum"). The Addendum deals with the changes to the Bylaws and Internal Regulation of the Board of Directors presented in the Company Management's Proposal

08/20/2018 - The Company paid interim dividends in the amount of R\$91,825 (0.08884 per common and preferred share) and interest on own capital in the amount of R\$72,524 (0.07017 per common and preferred share).

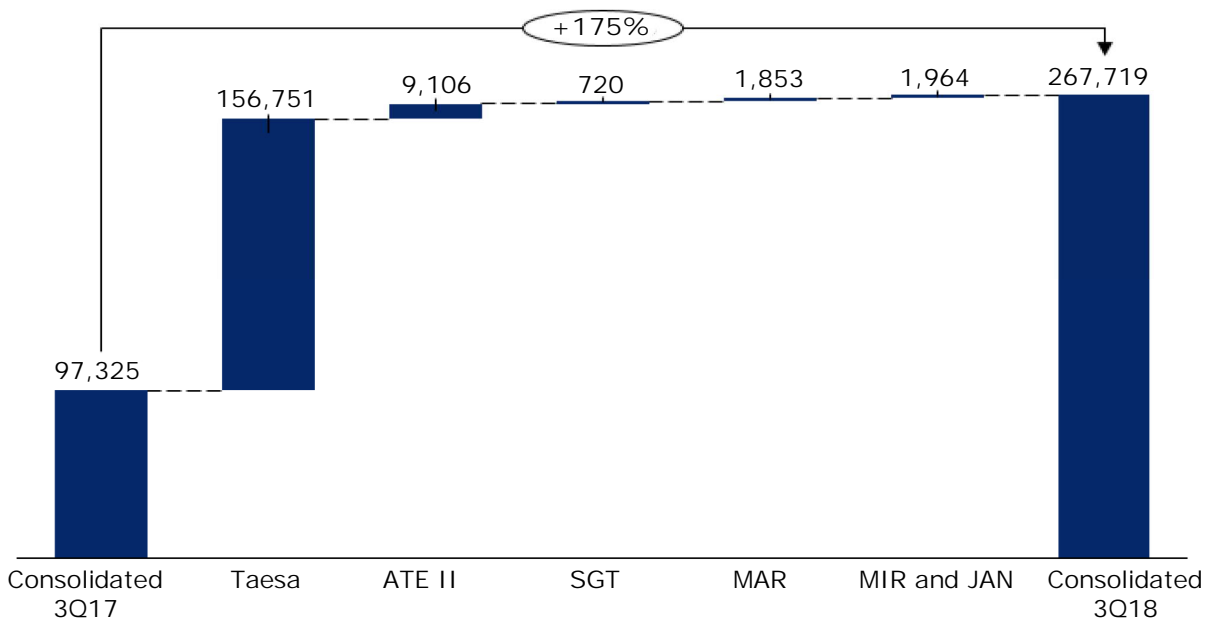
07/17/2018 - The funds referring to the 5th issuance of debentures were transferred to the Company, in the amount of R\$525,772.

CONSOLIDATED ECONOMIC AND FINANCIAL PERFORMANCE
IN THIRD QUARTER OF 2018

1. Income (loss) for the period

Taesa achieved a consolidated income (loss) of R\$267,719 in 3Q18, with 175.1% higher than 3Q17.

Changes in net income - 3Q18 vs. 3Q17



1.1 Net operating income (ROL)

ROL is comprised of gross operating income and deductions from gross income.

	3Q18	3Q17	Change	Change%
ROL	403,177	214,899	188,278	87.6%

1.1.1 Gross operating income (ROB)

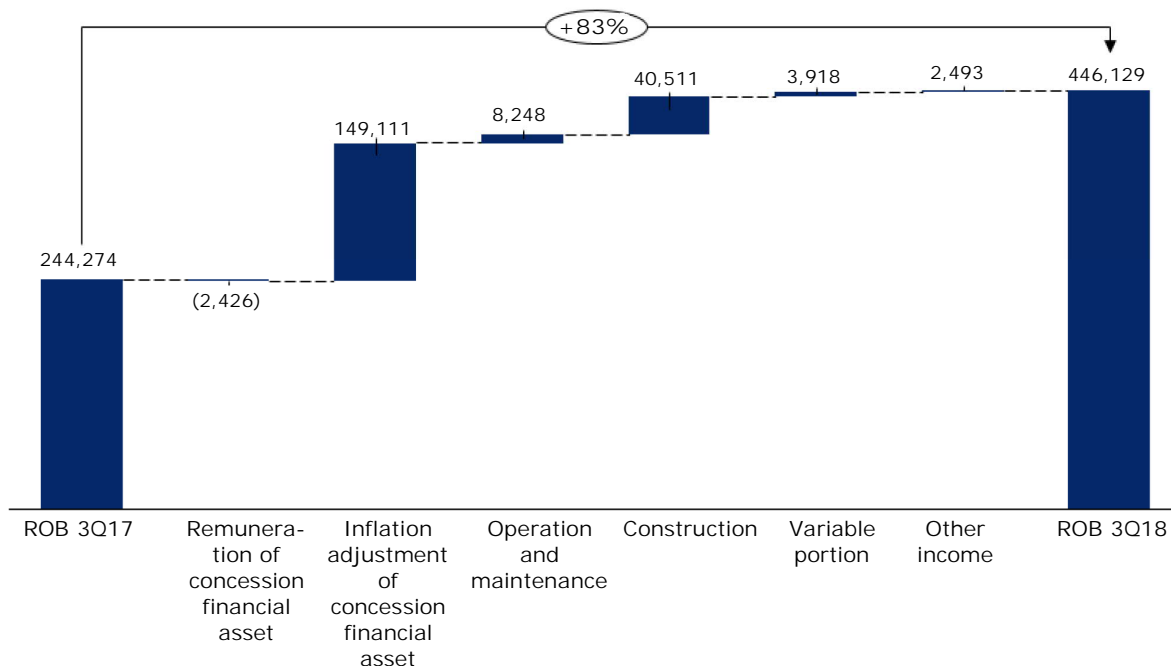
ROB is comprised of income from the remuneration of concession financial assets, inflation adjustment of financial asset, operating and maintenance (O&M) income, construction and indemnity income, and other income.

	3Q18	3Q17	Change	Change%
Remuneration of concession financial asset	135,512	137,938	(2,426)	-1.8%
Inflation adjustment of concession financial asset	105,317	(43,794)	149,111	-340.5%
Operation and maintenance	148,038	139,790	8,248	5.9%
Construction	56,677	16,166	40,511	250.6%
Variable portion	2,185	(1,733)	3,918	-226.1%
Other income	(1,600)	(4,093)	2,493	-60.9%
Total	446,129	244,274	201,855	82.6%

Definitions:

- Remuneration of concession financial asset - earned taking into consideration the rate of return of each investment defined at the beginning of each concession. The remunerations on the infrastructure and the compensation that is expected to receive from the Granting Authority at the end of the concession are treated in this group.
- Inflation adjustment of concession financial asset - recognized monthly based on the IGP-M or IPCA indexes of the month prior to the accrual month.
- Operation and maintenance (O&M) - is the amount that the Company remunerates for the cost of operation and maintenance of the transmission lines. It is restated at inflation (IGP-M or IPCA), according to the Ratifying Resolution for restating the Annual Permitted Income ("RAP").
- Construction income - is the amount invested in the construction of an asset plus the margin of construction on this investment.
- Variable portion - discounts in RAP due to unavailability of the transmission line.
- Other income - basically, income from back-office contracts, facilities sharing (CCI), receipt of quotas that are transferred to CDE and PROINFA.

Change in ROB - 3Q18 vs. 3Q17



Changes basically refer to:

- Remuneration of concession financial asset - amortizations of the concession financial asset for receipts, net of positive inflation adjustment in the last 12 months.

- Inflation adjustment of concession financial asset - monthly recognition of inflation effects on concession financial assets was lower in 3Q18 than in 3Q17, due to the decreases in the "IGP-M" price index (3.10% vs. -1.28%) and the "IPCA" price index (1.50% vs. 0.20%) and to the reclassification of O&M income regarding the sectioning of line in the TSN concession by CHESF in the amount of R\$2.0 million, which had been classified in "Other Income" line in 2Q18.
- Operation and maintenance - annual restatement at inflation (IGP-M: 4.3% and IPCA: 2.9%), according to Ratifying Resolution No. 2.408 of June 28, 2018, which established the annual permitted income (RAP), adjusted for the 2018/2019 Cycle, in the period between July 1, 2018 and June 30, 2019.
- Construction - to investments in the construction of transmission lines and substations in Miracema and Janaúba concessions and to investments in reinforcements in NVT, ATE II and NTE in 3Q18.
- Variable portion (VP) – reversal of VP provision in 3Q18.
- Other income – reclassification of the "Other Income" line to O&M Income at TSN in 3Q18.

1.1.2 Deductions from gross operating income (ROB)

The deductions on ROB are composed of PIS, COFINS, ISS and quotas for RGR, R&D, TFSEE (Inspection Fee for/on Electricity Service), CDE and PROINFA.

	3Q18	3Q17	Change	Change%
Current PIS and COFINS	(20,018)	(20,333)	315	-1.6%
Deferred PIS and COFINS	(2,844)	10,829	(13,673)	-126.3%
ISS	(42)	(37)	(5)	13.5%
Sectorial charges:				
- RGR	(13,739)	(13,095)	(644)	4.9%
- R&D	(3,621)	(4,169)	548	-13.1%
- TFSEE	(1,381)	(1,570)	189	-12.0%
- CDE and PROINFA	(1,307)	(1,000)	(307)	30.7%
	(20,048)	(19,834)	(214)	1.1%
	(42,952)	(29,375)	(13,577)	46.2%

Definitions:

- Current PIS and COFINS - contributions calculated on the Company's regulatory income. The calculation of PIS and COFINS for companies that calculate the financial asset is made upon actual receipt.
- Deferred PIS and COFINS – calculated by the difference between the Regulatory and Corporate Income.
- ISS - tax calculated based on income from back-office services and Facilities Sharing (CCI).
- Sector charges - defined by ANEEL and established by law for the formation of a Overall Reversal Reserve for Public Electric Energy Services (RGR), Inspection Fee (TFSEE), Energy Development Account (CDE), Alternative Electricity Sources Incentive Program (PROINFA), and amounts earmarked for R&D, calculated based on regulatory net operating income.

Changes basically refer to:

- Current PIS and COFINS – lower regulatory income recognized in 3Q18 compared to 3Q17.
- Deferred PIS and COFINS taxes – at the smallest difference between the Regulatory and Corporate Income, with the main impact being the increase in the inflation index in 3Q18 (IGP-M 3.10% vs. -1.28%) and (IPCA 1.50% vs. 0.20%).
- ISS – restatements of service agreements.
- Sector Charges – increase in RGR, CDE and PROINFA rates, as established by ANEEL, and decrease of P&D and TFSEE expenses due to a lower regulatory income.

1.2 Operating costs and expenses

	3Q18	3Q17	Change	Change%
Personnel	(30,802)	(31,654)	852	-2.7%
Material	(58,883)	(26,530)	(32,353)	121.9%
- Construction and reinforcements	(53,371)	(15,840)	(37,531)	237.0%
- Improvements	(4,753)	(9,981)	5,228	-52.4%
- Other materials	(759)	(709)	(50)	7.1%
Outsourced services	(13,927)	(14,273)	346	-2.4%
Other	(6,579)	(7,815)	1,236	-15.8%
Subtotal	(110,191)	(80,272)	(29,919)	37.3%
Depreciation and amortization	(1,660)	(949)	(711)	74.9%
Costs and expenses	(111,851)	(81,221)	(30,630)	37.7%

Changes basically refer to:

- Personnel – termination of the officers under the statutory-CLT regime to be re-hired under the statutory regime in 3Q17, capitalization of costs on personnel in projects under construction, net of salary adjustments of employees as a function of the collective bargaining agreement and increase of work force in 3Q18.
- Construction and reinforcements, improvements and other materials – increased investments in Miracema and Janaúba, in addition to reinforcements in NVT, TSN, NTE and ATE II in 3Q18; increased investments in improvements (O&M costs) mainly in the NVT, GTESA and ATE III concessions in 3Q17; and reclassification of O&M costs to construction costs in the ETEO, STE, ATE II concessions in 3Q18.
- Outsourced services – decrease in expenses with surveillance and travel in 3Q18 and costs of the fourth issuance of debentures in 3Q17.
- Other - decrease in expenses on donations and sponsorships in 3Q18, and renegotiation with insurance provider in the last quarter, which generated savings for the Company.

1.3 Equity in net income of subsidiaries

	3Q18	3Q17	Change	Change%
ETAU	2,126	658	1,468	223.1%
BRASNORTE	2,352	1,068	1,284	120.2%
AIMORÉS	(9)	(248)	239	-96.4%
PARAGUAÇU	136	(273)	409	-149.8%
ERB1	216	(238)	454	-190.8%
TBE Group	68,845	13,768	55,077	400.0%
TRANSMINEIRAS	4,800	-	4,800	100.0%
Total	78,466	14,735	63,731	432.5%

The change refers to: (i) increase in the IGP-M and IPCA indexes in 3Q18 in relation to 3Q17 (3.10% vs. -1.28%) and (1.50% vs. 0.20%), respectively, which affected the inflation adjustment of the financial asset (ii) income of "Transmineiras", acquired in November 2017; and (iii) decrease in financial expenses in EATE and ECTE by the settlement of the 2nd issuance of debentures in October 2017, and decrease in the CDI rate;

1.4 Financial income (loss)

	3Q18	3Q17	Change	Change%
Yields of interest earning bank deposits	21,389	20,216	1,173	5.8%
Financial income	21,389	20,216	1,173	5.8%
Interest accrual	(49,792)	(59,244)	9,452	-16.0%
Inflation adjustments	(34,859)	(8,212)	(26,647)	324.5%
Fair value adjustment	-	2,110	(2,110)	-100.0%
	(84,651)	(65,346)	(19,305)	29.5%
Other financial income (expenses), net	184	(2,254)	2,438	-108.2%
Financial expenses	(84,467)	(67,600)	(16,867)	24.9%
Net financial income (loss)	(63,078)	(47,384)	(15,694)	33.1%

Changes basically refer to:

- Yields of interest earning bank deposits – higher amount of interest earning bank deposits due to the accumulation of cash in 3Q18, despite a lower CDI rate between the quarters compared.
- Interest accrual - lower volume of gross debt, as a result of the settlement of the first series of the third debenture issuance in October 2017, and settlements of the 2nd and 4th series of the 2nd debenture issue in December 2017, (ii) renegotiation of loan from Citibank with a decrease in interest rate after swap from 114% to 106% of CDI, and (iii) decrease in CDI.
- Inflation adjustments – increase in the IPCA price index between the periods compared (0.86 in 3Q18 and 0.27 in 3Q17), index of the contracts of the third, fourth and fifth issuances of debentures.
- Adjustment to fair value – change in the valuation of the loan of Law 4.131/62 and the financial instrument - swap, pursuant to IFRS 9, which were recorded at fair value in 3Q18.
- Other financial expenses – refund of Corporate Income Tax (IRPJ) credits by Brazil's Internal Revenue Service for ATE III.

1.5 Income tax and social contribution on income

	3Q18	3Q17	Change	Change%
Current IRPJ and CSLL	2,153	(25,129)	27,282	-108.6%
Deferred IRPJ and CSLL	(41,148)	21,425	(62,573)	-292.1%
	<u>(38,995)</u>	<u>(3,704)</u>	<u>(35,291)</u>	<u>952.8%</u>

Changes basically refer to:

- Current IRPJ and CSLL: Interest on JCP (or "JCP" – Juros sobre Capital Próprio) payments made in the periods, with the greatest impact in 3Q17, which was lower than in 3Q18;
- Deferred IRPJ and CSLL: the difference in corporate and regulatory income was higher in 3Q17 than in 3Q18.

The main effect of the increase in the IR and CSLL expenses was the increase in the income in 3Q18, payment of JCP and tax incentive of ATE II, which was used again in December 2017, also impacting the change in tax incentive, as shown in the following effective rate table:

Reconciliation of effective rate of IRPJ and CSLL - Taxable income	3Q18	3Q17
Income (loss) before taxes	306,714	101,029
IRPJ and CSLL expenses, calculated at the rate of 34%	(104,283)	(34,350)
Equity in net income of subsidiaries	26,678	5,010
Tax incentive - IRPJ (Corporate Income Tax) - SUDAM/SUDENE	12,970	2,051
Tax Incentive - IRPJ - Rouanet Act and Audiovisual Activities	636	2,192
JCP paid	24,659	23,532
Other	345	(2,139)
IRPJ (Corporate Income Tax) and CSLL (Social contribution on net income) expense	(38,995)	(3,704)
Effective rate	13%	4%

2. Relations with Independent Auditors

In compliance with CVM Instruction 381/2003, we hereby announce that Ernst&Young Auditores Independentes S.S. ("EY Brasil") provides independent auditing services of the financial statements to the Company, its subsidiaries and jointly-controlled subsidiaries from March 2017 to March 31, 2020, for the amount of R\$1,379. The amount will be updated for the other years by the IPCA for March of each year.

Taes's policies in the engagement of services not related to the external audit at its independent auditors aim to ensure that there is no conflict of interests, loss of independence or objectivity and are substantiated by the principles that preserve the independence of the auditor.

During the period ended September 30, 2018, our independent auditors were engaged to provide professional services related to the process of issuing comfort letters in connection with the process of issuing debentures for the amount of R\$450 thousand, diagnosis of IFRS 9 and 15 for the amount of R\$163 and discussion of accounting considerations arising from the adoption of hedge accounting or adoption of the fair value option in accordance with accounting principles adopted in Brazil (BRGAAP/CPC 48) and in accordance with international accounting standards (IFRS 9), for the amount of R\$45 thousand.

CVM - BM&FBOVESPA

The Company is subject to arbitration in the court of arbitration of the market, pursuant to an arbitration clause contained in its bylaws.



NOTES TO THE QUARTERLY INFORMATION
SEPTEMBER 30, 2018

(Amounts expressed in thousands of reais, unless otherwise indicated)

1. GENERAL INFORMATION

Transmissora Aliança de Energia Elétrica S.A. ("TAESA" or "Company") is a publicly-held corporation domiciled in Brazil, headquartered in Praça XV de Novembro, 20, salas 601 e 602, Centro, Rio de Janeiro, Rio de Janeiro State and has the following business purpose:

- To operate and exploit the concession of public electric power transmission service for implementation, operation and maintenance of transmission lines belonging to the network of the interconnected electric system (SIN);
- To perform other activities related to the field of electricity transmission such as: (a) planning studies and activities and building of project facilities; (b) chemical analyses of materials and equipment; (c) basic and detailed engineering services, procurement and purchase process, execution of construction, commissioning, operation and maintenance of systems; (d) rental, loan, or paid transfers of equipment, infrastructure, and facilities; and (e) technical support;
- To practice any other activities that allow improved use and valuation of combined networks, structures, resources and competences;
- Operate both in Brazil and abroad, separately or in partnership with other companies, participate in auctions and develop any other connected, related, complementary activity or activity which is in any way useful to achieve the corporate purpose;
- To hold interest in other Brazilian or foreign companies operating in the electricity transmission sector, as a partner, shareholder or quotaholder; and
- To implement projects related to the concession of the public services that it is undertaking, in particular the provision of services in telecommunications, data transmissions, operating and maintaining other concessionaires' facilities, in addition to complementary services related to engineering, tests and research activities.

Controlling shareholders – The following enterprises have shared control of the Company, through a shareholders' agreement, Companhia Energética de Minas Gerais - CEMIG, and ISA Investimentos e Participações do Brasil.

Subsidiaries, jointly-controlled subsidiaries and associated companies

Subsidiaries: ATE III, SGT, MAR, MIR and JAN.

Jointly-controlled subsidiaries: ETAU, BRAS, Aimorés, Paraguaçu and ERB1.

Associated Companies: (b) with direct interest: EATE, ECTE, ENTE and ETEP; (b) with indirect interest: STC, ESDE, Lumitrans, ETSE and ESTE, and (c) with direct and indirect interest: EBTE, ERTE, EDTE, Transleste, Transirapé and Transudeste. All of the companies are collectively referred to as the "TBE Group."

The subsidiaries, jointly-controlled subsidiaries and associated companies (hereinafter referred to as "Taesa Group" or "Group" when mentioned jointly with the Company) are privately-held companies, do not have shares traded on stock exchanges, are domiciled in Brazil, and headquartered in the following States: Rio de Janeiro (ATE III, SGT, MAR, MIR, JAN, ETAU and BRAS), Santa Catarina (Lumitrans, STC e ECTE), São Paulo (Aimorés, Paraguaçu, ERB1, ERTE, EBTE, ETEP, ETSE, EATE, ENTE, ESDE e ESTE), Minas Gerais (Transleste, Transudeste and Transirapé) and Bahia (EDTE).

All the companies in which the Company has an ownership interest are mainly engaged in the operation and use of electric power transmission concessions and implement, operate and maintain the facilities of the National Interconnected System (Sistema Interligado Nacional - SIN) for a 30-year period.

NOTES TO THE QUARTERLY INFORMATION
SEPTEMBER 30, 2018

(Amounts expressed in thousands of reais, unless otherwise indicated)

Taesa Group concessions with direct or indirect interest							
	Concession	Acquisition or formation	Beginning	Direct and indirect interest	Location	Km (a) (Not reviewed)	SE (b)
		Concession agreement	End				
Taesa	Transmissora Sudeste Nordeste S.A. ("TSN")	06/06/2006 097/2000	12/20/2000 12/20/2030	100%	Bahia and Goiás	1,139	8
	Novatrans Energia S.A. ("NVT")	06/06/2006 095/2000	12/20/2000 12/20/2030	100%	Distrito Federal (Brasília), Goiás, Maranhão and Tocantins	1,278	6
	Munirah Transmissora de Energia S.A. ("Munirah")	06/06/2006 006/2004	02/18/2004 02/18/2034	100%	Bahia	106	2
	Goiânia Transmissora de Energia S.A. ("Gtesa")	11/30/2007 001/2002	01/21/2002 01/21/2032	100%	Paraíba and Pernambuco	52	3
	Paraíso-Açu Transmissora de Energia S.A. ("Patesa")	11/30/2007 087/2002	12/11/2002 12/11/2032	100%	Rio Grande do Norte	146	3
	Empresa de Transmissão de Energia do Oeste Ltda. ("ETEO")	05/31/2008 040/2000	05/12/2000 05/12/2030	100%	São Paulo	505	3
	Sul Transmissora de Energia S.A. ("STE")	11/30/2011 081/2002	12/19/2002 12/19/2032	100%	Rio Grande do Sul	389	4
	ATE Transmissora de Energia S.A. ("ATE")	11/30/2011 003/2004	02/18/2004 02/18/2034	100%	Paraná and São Paulo	370	3
	ATE II Transmissora de Energia S.A. ("ATE II")	11/30/2011 011/2005	03/15/2005 03/15/2035	100%	Bahia, Piauí and Tocantins	942	4
	Nordeste Transmissora de Energia S.A. ("NTE")	11/30/2011 002/2002	01/21/2002 01/21/2032	100%	Paraíba, Pernambuco and Alagoas	383	4
Subsidiaries	ATE III Transmissora de Energia S.A. ("ATE III")	11/30/2011 001/2006	04/27/2006 04/27/2036	100%	Pará and Tocantins	454	4
	São Gotardo Transmissora de Energia S.A. ("SGT")	06/06/2012 024/2012	08/27/2012 08/27/2042	100%	Minas Gerais	n/a	1
	Mariana Transmissora de Energia Elétrica S.A. ("MAR") (c)	12/18/2013 011/2014	05/02/2014 05/02/2044	100%	Minas Gerais	85	2
	Miracema Transmissora de Energia S.A. ("MIR") (c)	04/26/2016 017/2016	06/27/2016 06/27/2046	100%	Tocantins	90	3
	Janaúba Transmissora de Energia Elétrica S.A. ("JAN") (c)	11/09/2016 015/2017	02/10/2017 02/10/2047	100%	Minas Gerais and Bahia	542	1
Jointly-controlled Subsidiaries	Empresa de Transmissão do Alto Uruguai S.A. ("ETAU")	12/28/2007 082/2002	12/18/2002 12/18/2032	52.5838%	Rio Grande do Sul and Santa Catarina	188	4
	Brasnorte Transmissora de Energia S.A. ("BRAS")	09/17/2007 003/2008	03/17/2008 03/17/2038	38.6645%	Mato Grosso	402	4
	Interligação Elétrica Aimorés S.A. ("Aimorés") (c)	11/18/2016 04/2017	02/10/2017 02/10/2047	50%	Minas Gerais	208	-
	Interligação Elétrica Paraguaçu S.A. ("Paraguaçu") (c)	11/18/2016 03/2017	02/10/2017 02/10/2047	50%	Minas Gerais and Bahia	338	-
	Elétricas Reunidas do Brasil S.A. ("ERB1") (c)	05/17/2017 22/2017	08/11/2017 08/11/2047	50%	Paraná	600	3

NOTES TO THE QUARTERLY INFORMATION
SEPTEMBER 30, 2018

(Amounts expressed in thousands of reais, unless otherwise indicated)

Taesa Group concessions with direct or indirect interest							
Concession	Acquisition or formation	Beginning	Direct and indirect interest	Location	Km (a) (Not reviewed)	SE (b)	
	Concession agreement	End					
Associated Companies	Empresa Amazonense de Transmissão de Energia S.A. ("EATE")	05/31/2013 042/2001	06/12/2001 06/12/2031	49.98%	Pará and Maranhão	927	5
	Empresa Paraense de Transmissão de Energia S.A. ("ETEP")	05/31/2013 043/2001	06/12/2001 06/12/2031	49.98%	Pará	324	2
	Empresa Catarinense Transmissão de Energia S.A. ("ECTE")	05/31/2013 088/2000	11/01/2000 11/01/2030	19.09%	Santa Catarina	253	2
	Empresa Norte de Transmissão de Energia S.A. ("ENTE")	05/31/2013 085/2002	12/11/2002 12/11/2032	49.99%	Pará and Maranhão	459	3
	Empresa Regional de Transmissão de Energia S.A. ("ERTE")	05/31/2013 083/2002	12/11/2002 12/11/2032	49.99%	Pará	155	3
	Sistema de Transmissão Catarinense S.A. ("STC")	05/31/2013 006/2006	04/27/2006 04/27/2036	39.98%	Santa Catarina	230	3
	Lumitrans Companhia Transmissora de Energia Elétrica S.A. ("Lumitrans")	05/31/2013 007/2004	02/18/2004 02/18/2034	39.98%	Santa Catarina	40	2
	EBTE Empresa Brasileira de Transmissão de Energia S.A. ("EBTE")	05/31/2013 011/2008	10/16/2008 10/16/2038	74.49%	Mato Grosso	782	7
	ESDE Empresa Santos Dumont de Energia S.A. ("ESDE")	05/31/2013 025/2009	11/19/2009 11/19/2039	49.98%	Minas Gerais	n/a	1
	ETSE Empresa de Transmissão Serrana S.A. ("ETSE")	05/31/2013 006/2012	05/10/2012 05/10/2042	19.09%	Santa Catarina	n/a	2
	Empresa Sudeste de Transmissão de Energia S.A. ("ESTE") (c)	11/11/2016 19/2017	02/10/2017 02/10/2047	49.98%	Minas Gerais and Espírito Santo	236	1
	Empresa Diamantina de Transmissão de Energia S.A. ("EDTE") (c)	03/26/2018 015/2016	12/01/2016 12/01/2046	49.99%	Bahia	168	1
	Companhia Transleste de Transmissão ("Transleste")	10/17/2013 009/2004	02/18/2004 02/18/2034	30.00%	Minas Gerais	139	2
	Companhia Transudeste de Transmissão ("Transudeste")	10/17/2013 005/2005	03/04/2005 03/04/2035	29.00%	Minas Gerais	145	2
	Companhia Transirapé de Transmissão ("Transirapé")	10/17/2013 012/2005	03/15/2005 03/15/2035	29.50%	Minas Gerais	61	2
Total in operation					9,868	70	
Total under construction (Estimated values)					2,267	-	
Grand total					12,135	70	

- (a) Kilometers ("km") arising from the auction for the concessions under construction and from Transmission Services Provision Contract - CPST signed with the National Electric System Operator - ONS for the concessions that are being operated.
- (b) Substations ("SE") that belong to more than one concession were recorded only once and the assets of MAR, MIR, JAN, Paraguaçu, Aimorés, ERB1, ESTE, and EDTE, concessions are under construction and were not recorded in all substations.
- (c) The transmission lines are under construction and the estimated date for energization is: MAR - December 2019, MIR and EDTE - December 2019, Aimorés, Paraguaçu, JAN and ESTE - February 2022 and ERB1 - August 2022.

"Centroeste" non-binding proposal – on May 16, 2018, the Company sent a non-binding proposal to CEMIG to transfer 51% (fifty-one percent) of the shares held by CEMIG to Companhia Centroeste de Minas Gerais S.A. (Centroeste). To date, there have been no developments regarding this matter.

Participation in the Eletrobrás Auction – the Company submitted bids at the minimum amount for lots "L" ("Brasnorte"), "M" ("Transmineiras"), "N" ("ETAU") and "P" ("Centroeste"), object of Eletrobras Auction No. 01/2018 that took place on September 27, 2018, related to the shareholdings of the Specific Purpose Companies ("SPEs") held by Centrais Elétricas Brasileiras

NOTES TO THE QUARTERLY INFORMATION
SEPTEMBER 30, 2018

(Amounts expressed in thousands of reais, unless otherwise indicated)

S/A ("Eletrobras"). For lots L, N and P, these were the only bids proposed, and there were therefore no competing bids. According to the rules of the auction's Call for Bids, Taesa must await the manifestation of interest from the other partners of each SPE regarding their preemptive rights. Regarding lot M, considering that the winner won the lot with the same minimum price offered by Taesa, the Company – in the strict terms of the shareholders' agreement – will exercise its preemptive right in each of the SPEs within the period of 60 days from the notification of Eletrobrás, as established in the auction's Call for Bids.

2. PREPARATION BASIS

2.1 Statement of compliance

Parent company's individual quarterly information, identified as Parent Company, and consolidated quarterly information, identified as Consolidated, was prepared and issued in accordance with Technical Pronouncement CPC 21 (R1) - Interim Statement and with international standard IAS 34 - "Interim Financial Reporting" issued by the "International Accounting Standards Board - IASB". The presentation of this information was prepared in compliance with Securities Commission (CVM) standards applicable to the preparation of Quarterly Information Form - ITR. The Company chose to present this individual and consolidated quarterly information in a single set, side by side.

The Company's Management states that all the relevant information in quarterly information, and them only, is being evidenced and corresponds to information used in its management.

The consolidated quarterly information includes the quarterly information of Taesa and subsidiaries, detailed in Notes 1 and 11. Control is obtained when the Company has power over the investee, is exposed, or has rights, to variable returns resulting from its involvement with the investee, and has the ability to use this power to affect its returns.

The companies in which the Company has joint control or significant influence are accounted under the equity method.

Individual and consolidated quarterly information was approved to be disclosed by Management and analyzed by Tax Council on November 05, 2018.

2.2 Measuring basis

The individual and consolidated quarterly information was prepared based on the historical cost, except for derivative financial instruments measured at fair value and non-derivative financial instruments measured at fair value through profit or loss.

2.3 Functional and presentation currency

The individual and consolidated quarterly information is presented in Reais, Company's functional currency and were rounded to the nearest thousand, unless otherwise indicated.

2.4 Use of estimates and judgments

In preparing the individual and consolidated quarterly information, the use of estimates and judgments is consistent with those used when preparing the financial statements on dated December 31, 2017. Accordingly, this quarterly information should be read together with information disclosed in financial statements for the year ended December 31, 2017.

NOTES TO THE QUARTERLY INFORMATION
SEPTEMBER 30, 2018

(Amounts expressed in thousands of reais, unless otherwise indicated)

2.5 Segment information

The Taesa Group operates only in the electric power transmission segment, and carries out activity of making the basic network available based on the contract signed with the ONS, called the Transmission System Usage Agreement, or "CUST" (Contrato de Uso do Sistema de Transmissão).

2.6. Seasonality

The Taesa Group does not have seasonality in its operations.

3. SIGNIFICANT ACCOUNTING POLICIES

In the preparation of interim statements, the significant accounting practices adopted are consistent with those used in the preparation of the financial statements as of December 31, 2017, published in the Federal Official Gazette on February 27, 2018. Accordingly, these interim statements should be read together with information disclosed in financial statements for the year ended December 31, 2017.

3.1. New and reviewed standards and interpretations

3.1.1. Application of the new and reviewed standards, as of January 1, 2018, which had no effect or had no material effect on the amounts disclosed in the current period and in prior periods:

- CPC 48 (IFRS 9) - Financial Instruments - The Company interprets the financial assets related to the accounts receivable from the concession, as measurable at amortized cost in accordance with CPC 48 (IFRS 9), since it intends to maintain these assets to maturity in order to receive the contractual cash flows, which consist of principal and interest payments on the outstanding amount. The financial assets of indemnification, previously classified as loans and receivables, are now classified at fair value through profit or loss; currently the cost of acquisition of these assets is considered by Management as a reasonable estimate of the fair value thereof. Regarding the accounting treatment of financial assets referring to accounts receivable from the concession agreement in light of CPC 48 (IFRS 9), the same is still under discussion by the responsible agencies. At the present time, and considering the current stage of the discussions, Company's Management does not expect the result of the analysis in progress to produce a significant change in its understanding.
- CPC 47 (IFRS 15) - Income from Contracts with Clients - The standard establishes a five-step model to calculate income from contracts with clients, where the income is recognized at an amount that includes the consideration to which an entity expects to be entitled in exchange for the transfer of goods or services to a client.

3.1.2. Standard issued, but not yet effective up to the date of issuance of the Company's quarterly information:

CPC 06 (R2) (IFRS16) - Leases - IFRS 16 (CPC - 06 (R2)) was issued in January 2016 and replaces IAS 17, IFRIC 4, SIC-15, and SIC-27. IFRS 16 establishes the principles of recognition, measurement, presentation and disclosure of leases, and requires that the lessees account for all leases adopting a single model in the balance sheet, similar to the accounting for financial leases according to IAS 17. The standard includes two exemptions from recognition for lessees – leases of "low value" assets (for example, personal computers) and short-term leases (that is, with lease terms of 12 months or less). On the start date of a lease contract, the lessee will recognize a liability related to lease payments (that is, a lease liability) and an asset that represents the right to use the underlying asset during the lease term (that is, the right-of-use asset). The lessees will be obliged to recognize separately the interest expense on lease liability and depreciation expense on right-of-use asset. The lessees shall also reevaluate the lease liability when certain events occur

NOTES TO THE QUARTERLY INFORMATION
SEPTEMBER 30, 2018

(Amounts expressed in thousands of reais, unless otherwise indicated)

(for example, a change in the lease term, a change in the future lease payments as a result of the change of an index or rate used for determining such payments). In general, the lessee will recognize the revaluation value of lease liability as an adjustment of right-of-use asset.

There is no substantial change in the calculation by lessors based on IFRS 16 regarding the current calculation according to IAS 17. Lessors will continue to classify all leases according to the same classification principle of IAS 17, distinguishing between two lease types: operating and financial.

IFRS 16 also requires that the lessees and lessors make disclosures that are more comprehensive than those established in IAS 17.

IFRS 16 will become effective for annual periods starting on January 1, 2019. Lessee may opt for adopting the standard using the full retrospective or a modified retrospective approach. The standard's transitory provisions allow certain exemptions.

In 2018, the Company plans to evaluate the potential effect of the IFRS 16 on its individual and consolidated financial statements.

4. SUPPLEMENTARY INFORMATION

The Company, in the process of reviewing its Quarterly Information, evaluated certain information disclosed in prior periods and with the aim of continuously improving the process of its disclosures, chose:

a) to make – in the Cash Flow for the period ended September 30, 2017 – the reclassification of the amount of R\$54,304 in Consolidated and R\$48,658 in the Parent Company, referring to income from financial investments, from investment activity to operating activity. Additionally, some balances, within the group of operational activities, were detailed for better disclosure.

Consolidated	ITR of 09/30/2017 (Submitted)	ITR of 09/30/2018 (09/30/2017 Reclassified)	Reclassification
Operating cash flow	1,176,454	1,122,150	(54,304)
Cash flow from investments	(760,842)	(706,538)	54,304

Parent company	ITR of 09/30/2017 (Submitted)	ITR of 09/30/2018 (09/30/2017 Reclassified)	Reclassification
Operating cash flow	1,205,070	1,156,412	(48,658)
Cash flow from investments	(790,560)	(741,902)	48,658

b) Note 11 - Investments (in Subsidiaries, Jointly-Controlled Subsidiaries and Associated Companies), letter d – Summary quarterly information, (i) Financial asset of the concession, update in the disclosure, without any accounting impact, of the amounts in column 12/31/2017, as follows:

Financial assets	12/31/2017 (Submitted)	12/31/2017 (Restated)	Adjustment
EATE	736,109	756,462	(20,353)
EBTE	579,854	583,406	(3,552)
ECTE	153,383	155,252	(1,869)
ENTE	544,799	559,053	(14,254)
ERTE	137,473	140,916	(3,443)
ETEP	139,764	142,367	(2,603)
Transleste	149,928	149,928	-
Transudeste	101,177	101,177	-
Transirapé	153,223	153,222	1

NOTES TO THE QUARTERLY INFORMATION
SEPTEMBER 30, 2018

(Amounts expressed in thousands of reais, unless otherwise indicated)

Financial assets	12/31/2017 (Submitted)	12/31/2017 (Restated)	Adjustment
Direct associated companies	2,695,710	2,741,783	(46,073)
	3,181,422	3,227,495	(46,073)

5. CASH AND CASH EQUIVALENTS

	Consolidated		Parent company	
	09/30/2018	12/31/2017	09/30/2018	12/31/2017
Cash and banks	339	925	282	823
Interest earning bank deposits	233,440	55,755	208,952	55,755
	233,779	56,680	209,234	56,578

Accumulated annual rate of return	Consolidated		Parent company	
	09/30/2018	12/31/2017	09/30/2018	12/31/2017
CDBs (Bank Deposit Certificates) and Purchase and sale commitments	102.63% CDI	102.09% CDI	102.53% CDI	101.96% CDI

Cash and cash equivalents include cash, bank deposits and short-term financial investments. Highly liquid interest earning bank deposits are promptly convertible into a known sum of cash and subject to an insignificant risk of change of value.

6. SECURITIES

	Consolidated		Parent company	
	09/30/2018	12/31/2017	09/30/2018	12/31/2017
Investment in fund quotas - "Pampulha" (a)	738,720	313,802	606,775	239,363
Investment in fund quotas - "Safrá" (b)	-	93,637	-	93,637
Investment in fund quotas - "Uberaba" (c)	-	111,165	-	95,362
Investment in fund quotas - "Alterosas" (d)	-	51,299	-	51,299
Investment in quota funds - "Itaú Gold" (e)	423	-	423	-
Investment in quota funds - "BTG Pactual Crédito Corporativo" (f)	177,848	-	177,848	-
Investment in quota funds - "BTG Pactual CDB Plus" (g)	325,909	-	325,909	-
Other	4,276	4,132	4,276	4,133
	1,247,176	574,035	1,115,231	483,794
Current assets	1,242,900	569,902	1,110,955	479,661
Non-current assets	4,276	4,133	4,276	4,133

(a) Fundo de investimento FIC de FI Pampulha - a non-exclusive fund administered and managed by BNP PARIBAS Asset Management, which has fixed income characteristics and follows the Company's investment policy. The resources earmarked for the investment fund are allocated only to public and private issues of fixed income securities, subject only to credit risk, with diversified liquidity timeframes, adhering to the needs of the cash flow of the fund's shareholders.

(b) Fundo Safrá Market Premium - a non-exclusive fund, under its own management and administration, which has the characteristic of applying in quotas of investment funds with a portfolio composed of federal government bonds and securities with the purpose of seeking to keep up with interest rate fluctuations, with credit risk exposure.

(c) Fundo Uberaba Renda Fixa - a non-exclusive fund, under its management and administration of Itaú Unibanco S.A., which has the characteristic of applying in quotas of investment funds with a portfolio composed of federal government bonds and securities with the purpose of seeking to keep up with interest rate fluctuations, with credit risk exposure.

(d) Fundo BB Alterosas - a non-exclusive fund, under its management and administration of BB DTVM, which has the characteristic of applying in quotas of investment funds with a portfolio composed of federal government bonds and securities with the purpose of seeking to keep up with interest rate fluctuations, with credit risk exposure._

(e) Fundo Itaú Gold Corporate Crédito Privado - a non-exclusive fund, under its management and administration of Banco Itaú, which has the characteristic of investing investment fund quotas, Federal government bonds and fixed income private securities with the purpose of seeking to keep up with interest rate fluctuations, with credit risk exposure._

NOTES TO THE QUARTERLY INFORMATION
SEPTEMBER 30, 2018

(Amounts expressed in thousands of reais, unless otherwise indicated)

(f) Fundo BTG Pactual Crédito Corporativo - a non-exclusive fund, under its management and administration of Banco BTG Pactual, which has the characteristic of investing investment fund quotas, Federal government bonds and fixed income private securities with the purpose of seeking to keep up with interest rate fluctuations, with credit risk exposure.

(g) Fundo BTG Pactual CDB Plus - a non-exclusive fund, under its management and administration of Banco BTG Pactual, which has the characteristic of investing investment fund quotas, Federal government bonds and fixed income private securities with the purpose of seeking to keep up with interest rate fluctuations, with credit risk exposure.

Accumulated annual rate of return	Consolidated		Parent company	
	09/30/2018	12/31/2017	09/30/2018	12/31/2017
Fundo de investimento FIC de FI Pampulha	102.27% CDI	104.54% CDI	102.27% CDI	104.50% CDI
Fundo Safra Market Premium	-	102.30% CDI	-	102.30% CDI
FIC Uberaba Renda Fixa	-	102.41% CDI	-	102.41% CDI
Fundo BB Alterosas	-	98.33% CDI	-	98.33% CDI
Fundo Itaú Gold Corporate	101.20% CDI	-	101.20% CDI	-
BTG Pactual Corporate Credit Fund	115.78% CDI	-	115.78% CDI	-
Fundo BTG Pactual CDB Plus	102.40% CDI	-	102.40% CDI	-

Annual average yield rate of securities	Consolidated		Parent company	
	09/30/2018	12/31/2017	09/30/2018	12/31/2017
Funds, CDBs (Bank Deposit Certificates) and Purchase and sale commitments	102.92% CDI	103.21% CDI	103.01% CDI	103.12% CDI

7. ACCOUNTS RECEIVABLE FROM CONCESSIONAIRES AND PERMISSIONAIRES AND CONCESSION FINANCIAL ASSET

Accounts receivable from concessionaires and permissionaires	Consolidated		Parent company	
	09/30/2018	12/31/2017	09/30/2018	12/31/2017
Concessionaires and permissionaires	179,447	196,222	164,754	182,428
Variable portion (a)	(10,296)	(7,819)	(9,389)	(7,534)
	169,151	188,403	155,365	174,894
Current	155,533	174,785	142,564	162,093
Non-current (b)	13,618	13,618	12,801	12,801

(a) Variable portion outstanding or under discussion (provision) with ANEEL, arising from the automatic and scheduled disconnections that occurred in the nine-month period ended September 30, 2018 and in the year ended December 31, 2017, which – due to the discount limits established by Electric System National Operator - ONS will be deducted from upcoming receipts.

(b) Clients who did not agree with the amounts determined by the ONS and charged by Taesa, in the provision of electricity, initiated legal proceedings to challenge such charges. The Company is awaiting judgment of the aforementioned cases, which so far have not been concluded.

Changes in variable portion	12/31/2017	Addition (*)	Reversal (*)	09/30/2018
Consolidated	(7,819)	(4,640)	2,163	(10,296)
Parent company	(7,534)	(4,273)	2,418	(9,389)

(*) Net of discounted amount.

Balances of clients per maturity	Balances falling due	Overdue up to 90 days	Overdue >90 days	09/30/2018	12/31/2017
Consolidated	149,421	11,393	18,633	179,447	196,222
Parent company	136,845	10,454	17,455	164,754	182,428

The Company does not calculate allowance for doubtful accounts, since in case of non-payment, the Company itself, as a transmission agent may request ONS to resort to the user's bank guarantee in connection with the guarantee agreement or bank letter of guarantee.

Change in financial asset of concession								
Concession	TRAF	12/31/2017	Addition (b)	Net advances and (offsets) (a)	Remuneration	Inflation adjustment	Write-off	09/30/2018
TSN	10%	610,385	5,881	4,804	42,992	29,966	(126,054)	567,974
Munirah	12%	76,498	38	-	6,503	4,324	(17,112)	70,251
Gtesa	11%	25,055	65	-	1,886	1,601	(4,587)	24,020

NOTES TO THE QUARTERLY INFORMATION
SEPTEMBER 30, 2018
(Amounts expressed in thousands of reais, unless otherwise indicated)

Change in financial asset of concession								
Concession	TRAF	12/31/2017	Addition (b)	Net advances and (offsets) (a)	Remuneration	Inflation adjustment	Write-off	09/30/2018
Patesa	8%	111,161	-	-	6,259	6,365	(15,449)	108,336
ETEO	10%	334,333	1,058	195	25,446	22,673	(34,832)	348,873
NVT	17%	1,102,211	10,480	11,779	111,863	60,309	(277,239)	1,019,403
NTE	15%	345,386	4,821	(563)	34,639	21,699	(81,779)	324,203
STE	10%	280,376	1,920	(103)	20,376	16,737	(51,198)	268,108
ATE	10%	630,247	1	(59)	42,926	39,355	(93,263)	619,207
ATE II	8%	948,085	3,781	4,557	57,865	59,158	(129,945)	943,501
Total Parent company		4,463,737	28,045	20,610	350,755	262,187	(831,458)	4,293,876
Current		940,144						815,502
Non-current		3,523,593						3,478,374
MAR	6%	73,494	9,754	165	3,293	-	-	86,706
ATE III	7%	601,220	500	144	29,092	16,423	(65,781)	581,598
SGT	10%	38,512	-	-	2,720	(110)	(2,940)	38,182
Miracema	14%	46,493	55,236	4,454	6,973	-	-	113,156
JAN	13%	11,025	5,605	8,419	1,672	-	-	26,721
Total Consolidated		5,234,481	99,140	33,792	394,505	278,500	(900,179)	5,140,239
Current		1,028,109						905,946
Non-current		4,206,372						4,234,293

Change in financial asset of concession								
Concession	TRAF	12/31/2016	Addition (b)	Net advances and (offsets) (a)	Remuneration	Inflation adjustment	Write-off	12/31/2017
TSN	11%	793,169	23	-	78,473	(5,132)	(256,148)	610,385
Munirah	12%	89,650	-	-	9,858	(687)	(22,323)	76,498
Gtesa	11%	29,084	620	-	2,842	(223)	(7,268)	25,055
Patesa	8%	117,341	3,996	-	10,187	(559)	(19,804)	111,161
ETEO	10%	361,057	22	-	34,557	(2,860)	(58,443)	334,333
NVT	14%	1,348,886	1,707	123	165,467	(9,792)	(404,180)	1,102,211
NTE	15%	411,428	263	1,611	53,222	(3,122)	(118,016)	345,386
STE	10%	319,306	330	109	29,837	(2,479)	(66,727)	280,376
ATE	10%	696,069	93	63	61,114	(5,432)	(121,660)	630,247
ATE II	8%	1,042,225	254	1,500	81,706	(8,163)	(169,437)	948,085
Total Parent company		5,208,215	7,308	3,406	527,263	(38,449)	(1,244,006)	4,463,737
Current		1,208,860						940,144
Non-current		3,999,355						3,523,593
MAR	6%	37,160	37,704	(4,164)	2,794	-	-	73,494
ATE III	7%	628,655	3,094	114	40,333	14,301	(85,277)	601,220
SGT	10%	37,781	-	-	3,592	996	(3,857)	38,512
Miracema	14%	5,519	36,524	2,328	2,122	-	-	46,493
JAN	13%	-	4,215	6,366	444	-	-	11,025
Total Consolidated		5,917,330	88,845	8,050	576,548	(23,152)	(1,333,140)	5,234,481
Current		1,294,066						1,028,109
Non-current		4,623,264						4,206,372

- (a) Advances to suppliers regarding costs not yet incurred in the construction, and therefore still do not constitute construction cost on this date. When incurring costs, the advances are offset.
- (b) The main additions are related to reinforcements, substations and transmission lines under construction:

Concession	Description	Legislative Act	Annual Permitted Income - RAP	Estimated construction cost (Capex Aneel)	Estimated conclusion	REIDI (**)
New buildings						
<u>MAR</u> LT Itabirito II Vespasiano II	Deployment of new transmission line	ANEEL Concession agreement 011/2014	R\$14,678	R\$107,000	December 2019	Declaratory Act. RFB Executive Declaratory Act 394/2014.
<u>MIR</u> Miracema - Lajeado C2Lajeado - Palmas C1 and C2 SE Palmas SE Lajeado	Implementation of related transmission lines, construction and substations.	ANEEL Concession agreement 017/2016	R\$62,138	R\$275,483	December 2019	RFB Executive Declaratory Act 899/2014.
<u>JAN</u> Pirapora 2 – Janaúba 3 and Janaúba 3 – Bom Jesus	Deployment of transmission lines and expansion of related substations	ANEEL Concession agreement 015/2017	R\$185,422	R\$959,604	February 2022	RFB Executive Declaratory Act 119/2017

NOTES TO THE QUARTERLY INFORMATION
SEPTEMBER 30, 2018

(Amounts expressed in thousands of reais, unless otherwise indicated)

Concession	Description	Legislative Act	Annual Permitted Income - RAP	Estimated construction cost (Capex Aneel)	Estimated conclusion	REIDI (**)
<u>da Lapa 2 Reinforcements</u>						
<u>NVT</u> SE Miracema, Gurupi and Serra da Mesa	Deployment of Capacitor Bank	REA 6306/2017 and REA 6369/2017	R\$35,355	R\$234,511	April 2019	RFB Executive Declaratory Act 09/2017 - Gurupi and Miracema. RFB Executive Declaratory Act 08/2017 - Gurupi and Serra da Mesa
<u>NVT</u> Samambaia	Improvement of SCADA System - COC TAESA	Facilities Modernization Plan 2014-2017	(*)	(*)	February 2019	None.
<u>TSN</u> SE Bom Jesus da Lapa II	Modernization of the Static Compensator Control System (Closed Loop and Open Loop)	Facilities Modernization Plan 2016-2019	(*)	(*)	August 2019	None.
<u>TSN</u> SE Bom Jesus da Lapa II	Modernization of the Trigger Control System and Monitoring of Thyristor Valves of Static Compensator	Facilities Modernization Plan 2016-2019	(*)	(*)	August 2019	None.
<u>TSN</u> SE Bom Jesus da Lapa II	Modernization of Static Compensator Cooling System	Facilities Modernization Plan 2016-2019	(*)	(*)	August 2019	None.
<u>TSN</u> SE Bom Jesus da Lapa II	Modernization of the Control System	REA 5861/2016	(*)	(*)	June 2019	None.
<u>TSN</u> SE Rio das Éguas	Bar Reactor Installation	REA 6603/2017	(*)	(*)	April 2019	RFB Executive Declaratory Act 04/2018
<u>MAR</u> <u>SE Itabirito 2</u>	I - Adaptation of the General Module with the implementation of a Maneuver Infrastructure Module, Breaker-and-Half configuration, II - Extension of Busbars	ANEEL Authorization Resolution 6753/2017	R\$674	R\$5,565	April 2019	RFB Executive Declaratory Act 134/2018.
<u>MIR</u> <u>SE Miracema</u>	I - Adaptation of the general module of the Miracema Substation II - Implementation of a busbar interconnection module, breaker-and-half configuration	ANEEL Authorization Resolution 6755/2017	R\$1,536	R\$12,635	December/2019	RFB Executive Declaratory Act 127/2018.

(*) Will be established only after completion of the project.

(**) Special Regime of Incentives for the Development of Infrastructure.

- Main characteristics of concession contracts - in financial statements as of December 31, 2017. There were no changes in contracts in this period.

- Breakdown of Permitted Annual Income (RAP) - The concessions of the electric power transmission lines are remunerated for making their transmission facilities available, which comprise the Basic Network, the Border Network, or the other Transmission Facilities - DIT, and are not restricted to the charge of electric power transmitted, but to the amount approved by the ANEEL upon the grant of the concession agreement. The remuneration for the Other Transmission Facilities (DIT), which do not belong to the Basic Network, occurs through a tariff defined by ANEEL. This remuneration does not vary according to its availability.

NOTES TO THE QUARTERLY INFORMATION
SEPTEMBER 30, 2018

(Amounts expressed in thousands of reais, unless otherwise indicated)

	Resolution 2408, 06/28/2018 Period: 07/01/2018–06/30/2019			Resolution 2258, 06/27/2017 Period: 07/01/2017–06/30/2018			Resolution 2098, 06/28/2016 Period: 07/01/2016–06/30/2017		
	RAP	Adjustment portion	Total	RAP	Adjustment portion	Total	RAP	Adjustment portion	Total
TSN	279,621	(13,793)	265,828	427,856	(34,718)	393,138	494,919	(40,618)	454,301
Gtesa	5,822	(379)	5,443	9,361	(550)	8,811	9,216	(531)	8,685
Munirah	38,039	(1,476)	36,563	36,484	(2,146)	34,338	35,919	(2,629)	33,290
Patesa	26,074	(1,015)	25,059	25,009	(1,280)	23,729	23,933	(810)	23,123
ETEO	91,909	(3,489)	88,420	88,078	(7,457)	80,621	112,775	(12,394)	100,381
Novatrans	413,509	(20,780)	392,729	517,164	(30,415)	486,749	512,214	(37,356)	474,858
STE	85,256	(2,963)	82,293	81,598	(4,969)	76,629	80,334	(6,056)	74,278
NTE	125,210	(6,196)	119,014	153,424	(9,020)	144,404	151,048	(10,708)	140,340
ATE	155,389	(6,029)	149,360	149,037	(8,765)	140,272	146,729	(10,687)	136,042
ATE II	240,250	(9,118)	231,132	230,278	(13,496)	216,782	226,671	(16,542)	210,129
ATE III	119,808	(4,361)	115,447	116,302	(6,896)	109,406	112,228	(8,215)	104,013
SGT	5,175	(136)	5,039	5,204	(674)	4,530	5,023	25	5,048
	1,586,062	(69,735)	1,516,327	1,839,795	(120,386)	1,719,409	1,911,009	(146,521)	1,764,488

- Tariff Review - In June 2018, as a result of the tariff review described in Clause Seven of the concession agreement signed between SGT and ANEEL, which occurs every five years, the Company had its Permitted Annual Income or "RAP" (Receita Anual Permitida) reduced starting with the 2018–2019 cycle, through ANEEL Resolution 2405/2018. This reduction in the Permitted Annual Income for the next cycle until the end of the concession agreement directly impacts the receipt flow expected from the Company's financial assets (accounts receivable), and this reduction in the financial asset is recorded directly in the income statement for the period, under "Net Operating Income" in the approximate amount of R\$1,273.

8. CURRENT TAXES AND SOCIAL CONTRIBUTIONS

	Consolidated		Parent company	
	09/30/2018	12/31/2017	09/30/2018	12/31/2017
IRPJ and CSLL prepaid and to offset / IRRF on financial investments	31,886	36,744	24,180	26,508
PIS and COFINS recoverable	5,195	6,814	5,062	6,690
Withholding taxes and social contributions	4,988	2,329	4,742	2,200
Other	850	776	563	2,062
Current assets	42,919	46,663	34,547	37,460
Withholding income tax on financial investments	26	26	-	-
Non-current assets	26	26	-	-
Current IRPJ and CSLL	33,859	50,954	32,177	50,318
PIS and COFINS	17,231	20,020	15,038	18,147
INSS and FGTS	3,729	3,482	2,608	2,616
ISS	1,100	1,126	675	614
ICMS	1,433	1,382	340	199
Other	908	1,826	754	1,578
Current liabilities	58,260	78,790	51,592	73,472

9. DEFERRED TAXES AND SOCIAL CONTRIBUTIONS

The tax credits arising from tax losses, social contribution negative base, and other sums that form temporary differences, which will be employed to reduce future tax payments, were recognized based on the background of profitability and expectations for generating taxable income in the next years. Sums were stated according to CVM Instructions 319/99 and 349/01, as established by ANEEL, will be amortized according to the curve between expectations of future earnings and the concession periods of the Company and its subsidiaries.

NOTES TO THE QUARTERLY INFORMATION
SEPTEMBER 30, 2018

(Amounts expressed in thousands of reais, unless otherwise indicated)

Consolidated	09/30/2018			12/31/2017		
	Assets	Liabilities	Net effect – asset (liability)	Assets	Liabilities	Net effect – asset (liability)
JAN	-	-	-	249	(137)	112
Non-current assets	-	-	-	249	(137)	112
Taesa	383,426	(488,713)	(105,287)	406,133	(474,335)	(68,202)
JAN	526	(652)	(126)	-	-	-
ATE III	6,670	(34,828)	(28,158)	6,459	(29,970)	(23,511)
SGT	-	(1,365)	(1,365)	-	(1,362)	(1,362)
MIR	-	(3,148)	(3,148)	-	(1,232)	(1,232)
MAR	-	(2,609)	(2,609)	-	(2,260)	(2,260)
Non-current liabilities	390,622	(531,315)	(140,693)	412,592	(509,159)	(96,567)
Total	390,622	(531,315)	(140,693)	412,841	(509,296)	(96,455)

	Consolidated		Parent company	
	09/30/2018	12/31/2017	09/30/2018	12/31/2017
Tax credit absorbed - Goodwill (a)	345,236	368,436	345,236	368,436
Temporary differences (b)	40,107	39,382	38,190	37,697
Tax losses and the negative social contribution base	5,279	5,023	-	-
Non-current assets	390,622	412,841	383,426	406,133
Temporary differences (b)	(531,315)	(509,296)	(488,713)	(474,335)
Non-current liabilities	(531,315)	(509,296)	(488,713)	(474,335)
Net balance	(140,693)	(96,455)	(105,287)	(68,202)

(a) Arising from merger of the spun off portion of Transmissora Atlântico de Energia S.A. in 2009 and merger of Transmissora Alterosa de Energia S.A. during 2010.

(b) The temporary differences comprise the balances of the companies that adopt the taxable income and are as follows:

	Calculation basis 09/30/2018	IRPJ and CSLL	
		09/30/2018	12/31/2017
Consolidated			
Advance Apportionment and Adjustment Portion	22,294	7,580	9,317
Provision for profit sharing	11,608	3,947	4,272
Provision for suppliers	5,493	1,868	1,691
Provision for variable portion	10,296	3,503	2,658
Provision for labor, tax and civil risks	12,685	4,313	3,789
Taxes with payment requirement suspended	10,302	3,503	2,758
Financial instruments - Derivative	-	-	11,643
Mark-to-market - Debt	-	-	3,254
Exchange-rate change on the cash basis	45,273	15,393	-
Total assets		40,107	39,382
Exchange-rate change on the cash basis	-	-	(12,895)
Financial instruments - Derivatives	(14,358)	(4,882)	-
Mark-to-market - Debt	(29,567)	(10,053)	-
Technical Pronouncement CPC 08 (R1) - Cost of Transactions and Premiums in Issuing Securities	(22,181)	(7,542)	(3,213)
Technical Interpretation ICPC 01 (R1) – Concession contracts	(1,496,582)	(508,838)	(493,188)
Total liabilities		(531,315)	(509,296)
Parent company			
Advance Apportionment and Adjustment Portion	20,563	6,991	8,754
Provision for profit sharing	11,446	3,892	4,141
Provision for suppliers	5,171	1,758	1,537
Provision for variable portion	9,389	3,192	2,562
Provision for labor, tax and civil risks	11,230	3,818	3,287
Taxes with payment requirement suspended	9,254	3,146	2,519
Financial instruments - Derivatives	-	-	11,643
Mark-to-market - Debt	-	-	3,254
Exchange-rate change on the cash basis	45,273	15,393	-
Total assets		38,190	37,697
Exchange-rate change on the cash basis	-	-	(12,894)

NOTES TO THE QUARTERLY INFORMATION
SEPTEMBER 30, 2018

(Amounts expressed in thousands of reais, unless otherwise indicated)

	Calculation basis	IRPJ and CSLL	
	09/30/2018	09/30/2018	12/31/2017
Financial instruments - Derivatives	(14,358)	(4,882)	-
Mark-to-market - Debt	(29,567)	(10,053)	-
Technical Pronouncement CPC 08 (R1) - Cost of Transactions and Premiums in Issuing Securities	(22,181)	(7,542)	(3,213)
Technical Interpretation ICPC 01 (R1) – Concession contracts	(1,371,279)	(466,236)	(458,228)
Total liabilities		(488,713)	(474,335)

	Tax credit absorbed - Goodwill	Timing differences		Tax losses and the negative social contribution base	Total	
	Parent company and Consolidated	Consolidated	Parent company	Consolidated	Consolidated	Parent company
2018	7,733	10,721	9,718	4,834	23,288	17,451
2019	27,904	12,616	11,806	-	40,520	39,710
2020	19,235	1,377	1,273	-	20,612	20,508
2021	18,974	-	-	-	18,974	18,974
2022	20,355	-	-	445	20,800	20,355
2023–2025	69,990	15,393	15,393	-	85,383	85,383
2026–2028	84,776	-	-	-	84,776	84,776
2029–2031	71,505	-	-	-	71,505	71,505
2032–2034	16,344	-	-	-	16,344	16,344
2035–2037	7,275	-	-	-	7,275	7,275
2038	1,145	-	-	-	1,145	1,145
Total	345,236	40,107	38,190	5,279	390,622	383,426

Based on technical studies, the Company's Management prepared jointly a projection of future taxable income, showing the ability of realizing these tax credits during the years indicated and as required by CVM Instruction 371 dated June 27, 2002. The study was examined by the Tax Council on February 23, 2018 and approved by the Board of Directors on February 26, 2018.

Management expects to realize the balances presented. Estimates are reviewed regularly, so that any changes in the recovery outlook for these credits may be considered in a timely manner in quarterly information. In accordance with article 510 of the Income Tax Regulation (RIR/99), the tax loss and negative basis of social contribution are liable to be offset against future income up to 30% of taxable income, and with no expiry period.

10. DEFERRED TAXES

	Consolidated		Parent company	
	09/30/2018	12/31/2017	09/30/2018	12/31/2017
Deferred PIS and COFINS - liabilities (a)	270,656	275,109	211,571	217,338

(a) Amount related to the temporary difference (cash regime) on the Taesa Group's income, in the application of technical interpretation ICPC 01 (R1) - Concession Contracts, which will be amortized until the end of the concession term.

11. INTEREST (IN SUBSIDIARIES, JOINTLY-CONTROLLED SUBSIDIARIES AND ASSOCIATED COMPANIES)

	09/30/2018	12/31/2017
Investments		
Jointly-controlled subsidiaries	209,290	181,610
Associated companies	1,649,644	1,599,325
Consolidated	1,858,934	1,780,935
Subsidiaries	893,166	761,932
Parent company	2,752,100	2,542,867

NOTES TO THE QUARTERLY INFORMATION
SEPTEMBER 30, 2018

(Amounts expressed in thousands of reais, unless otherwise indicated)

Equity in net income of subsidiaries	07/01/2018– 09/30/2018	07/01/2017– 09/30/2017	01/01/2018– 09/30/2018	01/01/2017– 09/30/2017
Jointly-controlled subsidiaries	4,821	967	11,098	5,315
Associated companies	73,645	13,768	204,635	65,485
Consolidated	78,466	14,735	215,733	70,800
Subsidiaries	24,479	10,849	62,399	51,908
Parent company	102,945	25,584	278,132	122,708

a) Investments in subsidiaries

	Total number of shares		Interest - %	
	09/30/2018	12/31/2017	09/30/2018	12/31/2017
ATE III	588,500,000	588,500,000	100%	100%
SGT	10,457,000	10,457,000	100%	100%
MAR	79,426,000	25,384,000	100%	100%
MIR	93,442,000	33,444,000	100%	100%
JAN	34,948,000	10,598,000	100%	100%

Changes of investments in subsidiaries	ATE III (*)	SGT	MAR	MIR	JAN	Total
Balances on January 01, 2017	621,198	16,448	25,290	5,016	(7)	667,945
Additional dividends proposed in 2016	(25,941)	-	-	-	-	(25,941)
Interim dividends	(30,116)	-	-	-	-	(30,116)
Increase/Decrease of advance for future capital increase	-	-	22,149	-	-	22,149
Capital increase	-	-	-	17,534	3,513	21,047
Equity in net income of subsidiaries	51,566	2,795	(1,274)	(961)	(218)	51,908
Balances at September 30, 2017	616,707	19,243	46,165	21,589	3,288	706,992
Increase/Decrease of advance for future capital increase	-	-	16,892	-	-	16,892
Capital increase	-	-	-	10,397	7,084	17,481
Equity in net income of subsidiaries	14,107	4,774	4,050	92	1	23,024
Mandatory dividends in 2017	-	(1,798)	(659)	-	-	(2,457)
Balances at December 31, 2017	630,814	22,219	66,448	32,078	10,373	761,932
Additional dividends proposed in 2017	(16,701)	(1,305)	-	-	-	(18,006)
Interim dividends	(12,509)	-	-	-	-	(12,509)
Decrease of advance for future capital increase	-	-	(39,041)	-	-	(39,041)
Capital increase	-	-	54,042	59,999	24,350	138,391
Equity in net income of subsidiaries	54,744	1,919	2,440	2,832	464	62,399
Balances at September 30, 2018	656,348	22,833	83,889	94,909	35,187	893,166

(*) Includes the negative goodwill recognized on the acquisition, presented in the individual quarterly information (Parent Company).

Investee	Main corporate events	Approval date	Body	Amount
MAR	Paid-up capital (AFAC write-off)	02/16/2018	AGE	(39,041)
			Paid-up capital in 2018	(39,041)
MAR	Capital increase	02/16/2018	AGE	54,042
MIR	Capital increase	12/21/2017	AGE	59,999
JAN	Capital increase	06/01/2017	AGE	24,350
			Capital increase in 2018	138,391
ATE III	Interim dividends in 2018	05/10/2018	AGE	12,509
			Interim dividends in 2018	12,509
ATE III	Additional dividends proposed in 2017	04/27/2018	AGO	16,701
SGT	Additional dividends proposed in 2017	04/27/2018	AGO	1,305
			Additional dividends proposed in 2017	18,006
SGT	Mandatory dividends in 2017	04/27/2018	AGO	1,798
MAR	Mandatory dividends in 2017	04/27/2018	AGO	659
			Mandatory dividends in 2017	2,457
ATE III	Interim dividends in 2017	08/11/2017	AGE	12,475
ATE III	Interim dividends in 2017	06/23/2017	AGE	17,641
			Interim dividends in 2017	30,116
ATE III	Additional dividends proposed in 2016	04/28/2017	AGO	25,941
			Approval of additional dividends in 2017	25,941
MIR	Capital increase	12/21/2017	AGE	10,397
MIR	Capital increase	07/31/2017	AGE	8,560
MIR	Capital increase	01/16/2017	AGE	8,974
JAN	Capital increase	06/01/2017	AGE	10,597
			Capital increase in 2017	38,528
MAR	Advances for future capital increase	06/12/2016	RCA	

NOTES TO THE QUARTERLY INFORMATION
SEPTEMBER 30, 2018

(Amounts expressed in thousands of reais, unless otherwise indicated)

Investee	Main corporate events	Approval date	Body	Amount
				39,041
	Advance for future capital increase in 2017			39,041

Capital decrease of ATE III - on September 19, 2018, Aneel Dispatch No. 2.115/2018 was published in the Federal Official Gazette (or D.O.U – Diário Oficial da União), which addresses the consent to change the Articles of Association of ATE III, aimed at reducing its capital stock. With the consent of ANEEL, ATE III may reduce the amount of R\$140,000, whereby the capital stock will decrease from R\$588,500 to R\$448,500.

The base date of the subsidiaries' financial statements is December 31 of each year.

b) Investments in jointly-controlled subsidiaries

	Total number of shares		Interest - % (direct or indirect)	
	09/30/2018	12/31/2017	09/30/2018	12/31/2017
ETAU	34,895,364	34,895,364	52.58%	52.58%
BRAS	191,052,000	191,052,000	38.66%	38.66%
Aimorés	19,400,000	7,600,000	50.00%	50.00%
Paraguaçu	27,200,000	10,300,000	50.00%	50.00%
ERB1	42,000,000	18,000,000	50.00%	50.00%

Other shareholders

ETAU (*)	Centrais Elétricas Brasileiras S.A. ("Eletrobrás"), DME Energética S.A. ("DME") and Companhia Estadual de Geração e Transmissão de Energia Elétrica ("CEEE-GT")
BRAS (*)	Centrais Elétricas Brasileiras S.A. ("Eletrobrás") and Bipar Energia S.A. ("Bipar")
Aimorés, ERB1 and Paraguaçu	Companhia de Transmissão de Energia Elétrica Paulista ("CTEEP")

(*) As announced to the Eletrobras market as of June 30, 2017, the Board of Directors approved the transfer to Eletrobras holding company of certain ownership interest held by Eletrosul, Eletronorte, among others. Among the interests to be transferred to Eletrobras are the jointly-controlled subsidiaries ETAU (Eletrosul) and Brasnorte (Eletronorte). Transfers of Brasnorte's interest in Brasnorte and from Eletrosul in ETAU to Eletrobrás, were granted through ANEEL Order No. 3.339/2017, published in DOU (Federal Official Gazette) on October 03, 2017. The transfers of Brasnorte and ETAU were completed on April 16, 2018 and June 4, 2018, respectively, through the signing of the Statement of Transfer of Shares and Discharge. The Stock Register Book of the respective investees was signed on June 4, 2018 and June 29, 2018, respectively.

• Main clauses of shareholders' agreements of the jointly-controlled subsidiaries: ETAU, Brasnorte, Paraguaçu, Aimorés and ERB1- in financial statements as of December 31, 2017. There were no changes in Shareholders' Agreements in this period.

Changes in investments in jointly-controlled subsidiaries	ETAU (*)	BRAS	Aimorés	Paraguaçu	ERB1	Total
Balances on January 01, 2017	73,315	95,291	-	-	-	168,606
Additional dividends proposed	(11,248)	-	-	-	-	(11,248)
Equity in net income of subsidiaries	2,329	3,972	(322)	(426)	(238)	5,315
Balances at September 30, 2017	64,396	99,263	(322)	(426)	(238)	162,673
Additional dividends proposed	-	(2,319)	-	-	-	(2,319)
Capital increase	-	-	3,801	5,150	9,000	17,951
Equity in net income of subsidiaries	3,457	1,266	182	315	294	5,514
Mandatory dividends in 2017	(77)	(2,132)	-	-	-	(2,209)
Balances at December 31, 2017	67,776	96,078	3,661	5,039	9,056	181,610
Additional dividends proposed	(7,637)	(2,131)	-	-	-	(9,768)
Capital increase	-	-	5,900	8,450	12,000	26,350
Equity in net income of subsidiaries	6,440	4,825	(218)	22	29	11,098
Balances at September 30, 2018	66,579	98,772	9,343	13,511	21,085	209,290

(*) Includes the gain recognized on the acquisition, presented in the individual (Parent Company) and consolidated (Consolidated) quarterly information.

On May 17, 2017 and November 18, 2016, there was a "General Shareholders' Meeting of Constitution" (AGC) of the jointly-controlled subsidiaries ERB1, Aimorés and Paraguaçu, respectively.

NOTES TO THE QUARTERLY INFORMATION
SEPTEMBER 30, 2018

(Amounts expressed in thousands of reais, unless otherwise indicated)

Investee	Main corporate events	Approval date	Body	Amount
ETAU	Additional dividends proposed in 2017	04/27/2018	AGO	7,637
BRAS	Additional dividends proposed in 2017	04/27/2018	AGO	2,131
		Approval of additional dividends in 2017		9,768
ERB1	Capital increase	01/22/2018	RCA	2,500
ERB1	Capital increase	03/02/2018	RCA	1,500
ERB1	Capital increase	04/26/2018	RCA	1,750
ERB1	Capital increase	09/14/2018	RCA	6,250
Aimorés	Capital increase	10/18/2017	AGE	2,900
Aimorés	Capital increase	03/02/2018	AGO	1,250
Aimorés	Capital increase	04/26/2018	RCA	1,750
Paraguaçu	Capital increase	10/18/2017	AGE	3,550
Paraguaçu	Capital increase	03/02/2018	AGO	2,500
Paraguaçu	Capital increase	04/26/2018	RCA	2,400
		Capital increase in 2018		26,350
ETAU	Mandatory dividends in 2017	04/27/2018	AGO	77
BRAS	Mandatory dividends in 2017	04/27/2018	AGO	2,132
		Mandatory dividends in 2017		2,209
Aimorés	Capital increase	10/18/2017	AGE	3,801
Paraguaçu	Capital increase	10/18/2017	AGE	5,150
ERB1	Capital increase	10/18/2017	AGE	9,000
		Capital increase in 2017		17,951
BRAS	Additional dividends proposed in 2016	04/28/2017	AGO	2,319
ETAU	Additional dividends proposed in 2016	04/28/2017	AGO	11,248
		Approval of additional dividends in 2016		13,567

The base date of the jointly-controlled subsidiaries' financial statements is December 31 of each year.

c) Investments in associated companies

	Total number of shares		Interest - % (direct and indirect)	
	09/30/2018	12/31/2017	09/30/2018	12/31/2017
<u>Direct associated companies</u>				
EATE	180,000,010	180,000,010	49.98%	49.98%
EBTE	263,058,339	263,058,339	49.00%	49.00%
ECTE	42,095,000	42,095,000	19.09%	19.09%
ENTE	100,840,000	100,840,000	49.99%	49.99%
ETEP	45,000,010	45,000,010	49.98%	49.98%
ERTE	84,133,970	84,133,970	21.95%	21.95%
Transudeste	30,000,000	30,000,000	24.00%	24.00%
Transleste	49,569,000	49,569,000	25.00%	25.00%
Transirapé	22,340,490	22,340,490	24.50%	24.50%
EDTE	715,036	-	24.95%	
<u>Indirect associated companies</u>				
STC	211,003,246	211,003,246	39.98%	39.98%
ESDE	50,176,097	50,176,097	49.98%	49.98%
Lumitrans	72,012,095	72,012,095	39.98%	39.98%
ETSE	92,943,000	92,943,000	19.09%	19.09%
EBTE	263,058,339	263,058,339	25.49%	25.49%
ERTE	84,133,970	84,133,970	28.04%	28.04%
ESTE	2,541,894	1,730,894	49.98%	49.98%
Transudeste	30,000,000	30,000,000	5.00%	5.00%
Transleste	49,569,000	49,569,000	5.00%	5.00%
Transirapé	22,340,490	22,340,490	5.00%	5.00%
EDTE	339,500	-	24.04%	-

Pursuant to the Transmission Assets Investment Agreement signed on May 17, 2012, the Company may not sell, assign or transfer its shareholdings in the companies of the TBE Group for a period of 120 months as of the date of the effective transfer of said shareholdings to the Company, occurred on May 31, 2013, unless previously authorized by CEMIG. During this period,

NOTES TO THE QUARTERLY INFORMATION
SEPTEMBER 30, 2018

(Amounts expressed in thousands of reais, unless otherwise indicated)

the Company may carry out the disposal, assignment or transfer, in whole or in part, of any shareholdings in the companies of the TBE Group, provided that it transfers to Cemig the positive difference obtained in said operations, comparing the amount of the sale, assignment or transfer with the amount of the transfer of the companies of the TBE Group to the Company, appropriately corrected for inflation according to the SELIC rate published by the Central Bank of Brazil (BACEN) on the day of the sale, assignment or transfer.

- Main clauses of the shareholders agreement of the TBE Group's associated companies - are in financial statements as of December 31, 2017. There were no changes in the shareholder agreement in this period.

Changes in investments in associated companies	EATE	EBTE	ECTE	ENTE	ERTE	ETEP	EDTE	Trans- leste	Transu- deste	Transira- pé	Total
Balances on January 01, 2017	686,467	168,357	59,658	436,533	62,854	147,452	-	-	-	-	1,561,321
Additional dividends proposed in 2016	(22,820)	-	(8,576)	(18,543)	(3,768)	(5,324)	-	-	-	-	(59,031)
Proportional equity in net income of subsidiaries	31,924	8,293	(2,430)	18,281	1,487	7,930	-	-	-	-	65,485
Interim dividends	(41,052)	-	-	(26,780)	(3,881)	(8,024)	-	-	-	-	(79,737)
Balances at September 30, 2017	654,519	176,650	48,652	409,491	56,692	142,034	-	-	-	-	1,488,038
Equity in net income of subsidiaries	42,921	3,100	4,931	22,684	7,680	10,050	-	314	237	347	92,264
Interim dividends in 2017	-	-	-	-	-	-	-	(800)	-	-	(800)
Interest on own capital	(24,026)	-	-	(12,017)	-	(5,565)	-	-	-	-	(41,608)
Minimum mandatory dividends in 2017	-	(3,486)	(1,812)	-	-	-	-	(1,302)	(940)	-	(7,540)
Acquisition of interest - cash	-	-	-	-	-	-	-	18,089	13,904	24,095	56,088
Acquisition of interest - additional value	-	-	-	-	-	-	-	4,918	3,335	4,630	12,883
Balances at December 31, 2017	673,414	176,264	51,771	420,158	64,372	146,519	-	21,219	16,536	29,072	1,599,325
Equity in net income of subsidiaries	90,191	11,045	6,822	57,896	6,355	19,105	106	4,612	3,477	5,026	204,635
PPA adjustment	-	-	-	-	-	-	-	7,562	2,566	(10,128)	-
Additional dividends proposed in 2017	(21,923)	-	-	(31,646)	(3,648)	(4,261)	-	(3,405)	(1,932)	-	(66,815)
Acquisition of interest	-	-	-	-	-	-	3,514	-	-	-	3,514
Capital increase	-	-	-	-	-	-	2,977	-	-	-	2,977
Interim dividends in 2018	(40,753)	-	-	(26,082)	(3,530)	(8,927)	-	-	-	-	(79,292)
Dividends from profit reserves	-	(14,700)	-	-	-	-	-	-	-	-	(14,700)
Balances at September 30, 2018	700,929	172,609	58,593	420,326	63,549	152,436	6,597	29,988	20,647	23,970	1,649,644

Investee	Main corporate events	Approval date	Body	Amount
EATE	Interim dividends in 2018	08/07/2018	RCA	40,753
ETEP	Interim dividends in 2018	08/07/2018	RCA	8,927
ENTE	Interim dividends in 2018	08/07/2018	RCA	26,082
ERTE	Interim dividends in 2018	08/07/2018	RCA	3,530
	Interim dividends in 2018			79,292
EBTE	Profit Reserve Dividends	08/07/2018	AGE	12,250
EBTE	Profit Reserve Dividends	08/29/2018	AGE	2,450
	Profit Reserve Dividends			14,700
EDTE	Capital increase	07/26/2018	RCA	2,977
	Capital increase			2,977
EATE	Additional dividends proposed in 2017	03/08/2018	AGOE	21,923
ETEP	Additional dividends proposed in 2017	03/08/2018	AGOE	4,261
ENTE	Additional dividends proposed in 2017	03/08/2018	AGOE	31,646
ERTE	Additional dividends proposed in 2017	03/08/2017	AGOE	3,648
TRANSELESTE	Additional dividends proposed in 2017	04/18/2018	AGOE	3,405
TRANSUDESTE	Additional dividends proposed in 2017	04/18/2018	AGOE	1,932
	Additional dividends proposed in 2017			66,815
EBTE	Minimum mandatory dividends	03/08/2018	AGOE	3,486
ECTE	Minimum mandatory dividends	03/08/2018	AGOE	1,812
TRANSELESTE	Minimum mandatory dividends	04/18/2018	AGOE	1,302
TRANSUDESTE	Minimum mandatory dividends	04/18/2018	AGOE	940
	Minimum mandatory dividends in 2017			7,540
EATE	Interest on own capital in 2017	10/10/2017	RCA	12,499

NOTES TO THE QUARTERLY INFORMATION
SEPTEMBER 30, 2018

(Amounts expressed in thousands of reais, unless otherwise indicated)

Investee	Main corporate events	Approval date	Body	Amount
ENTE	Interest on own capital in 2017	10/10/2017	RCA	7,748
ETEP	Interest on own capital in 2017	10/10/2017	RCA	2,558
EATE	Interest on own capital in 2017	12/06/2017	RCA	11,527
ENTE	Interest on own capital in 2017	12/06/2017	RCA	4,269
ETEP	Interest on own capital in 2017	12/06/2017	RCA	3,007
Interest on own capital in 2017				41,608
EATE	Interim dividends in 2017	08/22/2017	RCA	41,052
ETEP	Interim dividends in 2017	08/22/2017	RCA	8,024
ENTE	Interim dividends in 2017	08/22/2017	RCA	26,780
ERTE	Interim dividends in 2017	08/22/2017	RCA	3,881
TRANSLESTE	Interim dividends in 2017	12/22/2017	AGE	800
Interim dividends in 2017				80,537

The base date of the financial statements of associated companies is December 31 of each year.

Conclusion of the purchase of "IB" (new trade name, "EDTE") - After obtaining the approval of the Administrative Council for Economic Defense (CADE) and of the National Electric Energy Agency (ANEEL) on 12/26/2017 and 12/20/2018, respectively, the acquisition of 24.95%, by the Company, and 50.10%, by its associated company, Empresa Norte de Transmissão de Energia S.A. ("ENTE"), of the capital stock of IB SPE Transmissora de Energia Elétrica S.A. ("IB") was completed.

Joint venture - Lot M	
Location	State of Bahia
Object	500-kV TL Ibicoara – Poções III, with 165 km 230-kV LT Poções III – Poções II CD, C1 and C2, 2 x 2.5 km SE 500/230-kV Poções III – (3+1Res) x 200 MVA
Total Extension	168 km
Estimated investment by ANEEL	R\$367,948 (ref. 01/18/2016)
RAP	R\$59,590 (ref. 01/18/2016)

Taesa paid R\$3,514 and ENTE paid R\$7,057 relating to the shares acquired, including all expenses directly related to the implementation of the concession agreement, which were fully and reasonably incurred (proportional to the percentage of acquisition of Taesa and of ENTE in the capital stock of IB). The aforementioned amounts were restated by the change in the CDI rate calculated between August 30, 2017 and March 26, 2018. Upon completion of the transaction, Taesa will directly and indirectly own 49.99% of IB, whose joint venture (Lot M) will connect the Paraguaçu (Lot 3) and Aimorés (Lot 4) concessions to the National Interconnected System (SIN). On March 26, 2018, the ESM of IB authorized the change of its corporate name from IB SPE Transmissora de Energia Elétrica S.A. to EDTE – Empresa Diamantina de Transmissão de Energia S.A.

Corporate restructuring of Transmineiras – On November 30, 2017, after the approval from CADE, creditors and financing banks, the corporate restructuring operation was completed with the transfer to Taesa of shares held by CEMIG in Transleste, Transudeste and Transirapé ("Transmineiras") capital stock. The corporate restructuring operation was approved by the Board of Directors on July 12, 2017, and by the Shareholders' Meeting on August 2, 2017. With the completion of such transaction, the Company will directly and indirectly 30% (thirty per cent) in Transleste, 29% (twenty-nine per cent) in Transudeste, and 29% (twenty nine per cent) in Transirapé.

On November 30, 2017, Taesa disbursed the amount of R\$56,088, already restated at (i) the accumulated change in the IPCA from January 1, 2017, inclusive, until the day immediately preceding the date of signature of the Corporate Restructuring Instrument; and (ii) the

NOTES TO THE QUARTERLY INFORMATION
SEPTEMBER 30, 2018

(Amounts expressed in thousands of reais, unless otherwise indicated)

accumulated change in 100% of the CDI rate from the date of signature, inclusive, until the business day immediately prior to the closing date, net of the amounts of dividends and/or interest on own capital declared as of January 1, 2017 (inclusive) by Transmineiras in favor of Cemig, paid or not until the date of the closing of the Transaction, duly monetarily restated by the accumulated IPCA change between the date of the respective payment and the business day immediately preceding the closing date.

Taesa may also pay CEMIG an additional portion of the price, in the maximum amount of R\$11,786, in case Transmineiras obtain a favorable decision in certain lawsuits that are in progress, pursuant to the conditions established in the corporate restructuring instrument. This amount will be duly restated by the accumulated change in 100% of the CDI rate from January 1, 2017 (inclusive) until the business day immediately prior to payment. The adjusted amount of R\$12,883 was recorded on December 31, 2017 under "Investments and accounts payable to related parties (CEMIG)" caption.

d) Summarized quarterly information

Individual quarterly information of jointly-controlled subsidiaries and associated companies is in accordance with the pronouncements, interpretations and technical guidelines issued by the CPC.

Aggregation of quarterly information - considering that directly associated companies in which Taesa holds an ownership interest are managed as a group of concessions (TBE Group and Transmineiras), Company management decided to aggregate the quarterly information for reporting the balance sheet and statement of income.

Balance sheet	09/30/2018									
	ETAU	BRAS	Aimorés	Paraguçu	ERB1	Subtotal	TBE Group	Transmineiras	Total	
Cash and cash equivalents	15	142	4,139	7,737	12,340	24,373	218,706	26,347	269,426	
Financial asset of concession (i)	29,601	22,749	-	-	-	52,350	695,575	104,266	852,191	
Other current assets	16,508	9,079	592	1,029	120	27,328	45,708	14,907	87,943	
Current assets	46,124	31,970	4,731	8,766	12,460	104,051	959,989	145,520	1,209,560	
Financial asset of concession (i)	106,007	289,594	16,813	21,582	43,882	477,878	1,584,924	297,804	2,360,606	
Investments in ownership interest	-	-	-	-	-	-	911,901	-	911,901	
Other non-current assets	765	728	203	252	233	2,181	52,443	1,119	55,743	
Non-current assets	106,772	290,322	17,016	21,834	44,115	480,059	2,549,268	298,923	3,328,250	
Loans, financing and debentures (ii)	4,680	-	-	-	-	4,680	402,963	34,650	442,293	
Other current liabilities	23,155	2,371	1,084	985	9,533	37,128	189,528	16,762	243,418	
Current liabilities	27,835	2,371	1,084	985	9,533	41,808	592,491	51,412	685,711	
Loans, financing and debentures (ii)	17,940	-	-	-	-	17,940	501,731	146,180	665,851	
Deferred taxes and contributions:	15,995	35,808	422	595	814	53,634	273,933	12,386	339,953	
Deferred taxes	6,391	27,070	1,555	1,997	4,059	41,072	-	-	41,072	
Other non-current liabilities	1,181	1,582	-	-	-	2,763	9,150	543	12,456	
Non-current liabilities	41,507	64,460	1,977	2,592	4,873	115,409	784,814	159,109	1,059,332	
Individual shareholders' equity	83,554	255,461	18,686	27,023	42,169	426,893	2,131,952	233,922	2,792,767	
Individual shareholders' equity - Taesa's stake	43,936	98,772	9,343	13,511	21,085	186,647	955,399	57,432	1,199,478	
Allocated fair value of the financial asset, net of taxes	22,643	-	-	-	-	22,643	619,640	17,173	659,456	
Total investment of Taesa	66,579	98,772	9,343	13,511	21,085	209,290	1,575,039	74,605	1,858,934	

Balance sheet	12/31/2017									
	ETAU	BRAS	Aimorés	Paraguçu	ERB1	Subtotal	TBE Group	Transmineiras	Total	
Cash and cash equivalents	2,885	122	3,335	4,746	3,845	14,933	158,461	23,785	197,179	
Financial asset of concession (i)	27,539	22,426	-	-	-	49,965	761,039	96,559	907,563	
Other current assets	8,800	7,208	91	320	3	16,422	70,162	17,250	103,834	
Current assets	39,224	29,756	3,426	5,066	3,848	81,320	989,662	137,594	1,208,576	
Financial asset of concession (i)	105,240	289,407	8,827	12,869	19,404	435,747	1,576,417	307,768	2,319,932	
Investments in ownership interest	-	-	-	-	-	-	869,439	-	869,439	
Other non-current assets	5,102	744	43	67	-	5,956	43,765	1,147	50,868	
Non-current assets	110,342	290,151	8,870	12,936	19,404	441,703	2,489,621	308,915	3,240,239	
Loans, financing and debentures (ii)	5,050	-	-	-	-	5,050	255,442	25,468	285,960	
Other current liabilities	18,363	8,926	4,382	7,056	3,834	42,561	189,642	25,369	257,572	
Current liabilities	23,413	8,926	4,382	7,056	3,834	47,611	445,084	50,837	543,532	
Loans and financing (ii)	21,033	-	-	-	-	21,033	681,126	171,798	873,957	
Deferred taxes and contributions:	13,689	33,860	-	-	-	47,549	270,108	12,566	330,223	
Deferred taxes	5,868	27,085	594	866	1,306	35,719	-	-	35,719	
Other non-current liabilities	1,250	1,541	-	-	-	2,791	3,890	-	6,681	
Non-current liabilities	41,840	62,486	594	866	1,306	107,092	955,124	184,364	1,246,580	
Individual shareholders' equity	84,313	248,495	7,320	10,080	18,112	368,320	2,079,075	211,310	2,658,705	
Individual shareholders' equity	44,335	96,078	3,661	5,039	9,056	158,169	941,823	51,893	1,151,885	

NOTES TO THE QUARTERLY INFORMATION
SEPTEMBER 30, 2018
(Amounts expressed in thousands of reais, unless otherwise indicated)

Balance sheet	12/31/2017								
	ETAU	BRAS	Aimorés	Paraguaçu	ERB1	Subtotal	TBE Group	Transmín eiras	Total
- Taesa's stake									
Allocated fair value of the financial asset, net of taxes	23,441	-	-	-	-	23,441	590,675	14,934	629,050
Total investment of Taesa	67,776	96,078	3,661	5,039	9,056	181,610	1,532,498	66,827	1,780,935

Statement of income	07/01/2018-09/30/2018								
	ETAU	BRAS	Aimorés	Paraguaçu	ERB1	Subtotal	TBE Group	Transmín eiras	Total
Net operating income	12,286	9,291	2,408	2,443	10,014	36,442	153,306	22,365	212,113
Costs and expenses	(4,689)	(1,783)	(2,335)	(2,079)	(9,346)	(20,232)	(23,395)	(2,635)	(46,262)
Financial income	177	107	77	130	79	570	3,323	353	4,246
Financial expenses	(588)	(9)	(1)	(1)	-	(599)	(18,287)	(3,406)	(22,292)
Financial income (loss)	(411)	98	76	129	79	(29)	(14,964)	(3,053)	(18,046)
Equity in net income of subsidiaries	-	-	-	-	-	-	28,644	-	28,644
Current and deferred IRPJ and CSLL	(2,438)	(1,521)	(166)	(220)	(315)	(4,660)	(19,161)	(853)	(24,674)
Income (loss) for the period	4,748	6,085	(17)	273	432	11,521	124,430	15,824	151,775
Income (loss) for the period - Taesa interest	2,497	2,352	(9)	136	216	5,192	56,451	3,887	65,530
Appropriation of allocated fair value of the financial asset, net of taxes	(371)	-	-	-	-	(371)	12,394	913	12,936
Equity income (loss) - Taesa	2,126	2,352	(9)	136	216	4,821	68,845	4,800	78,466

Statement of income	07/01/2017-09/30/2017								
	ETAU	BRAS	Aimorés	Paraguaçu	ERB1	Subtotal	TBE Group	Total	
Net operating income	6,115	4,652	182	282	12	11,243	145,564	156,807	
Costs and expenses	(2,084)	(1,346)	(672)	(820)	(486)	(5,408)	(18,052)	(23,460)	
Financial income	309	109	-	-	-	418	4,663	5,081	
Financial expenses	(692)	(50)	-	(2)	-	(744)	(25,598)	(26,342)	
Financial income (loss)	(383)	59	-	(2)	-	(326)	(20,935)	(21,261)	
Equity in net income of subsidiaries	-	-	-	-	-	-	27,880	27,880	
Current and deferred IRPJ and CSLL	(1,236)	(603)	(6)	(6)	(4)	(1,855)	(18,722)	(20,577)	
Income (loss) for the period	2,412	2,762	(496)	(546)	(478)	3,654	115,735	119,389	
Income (loss) for the period - Taesa interest	1,268	1,068	(248)	(273)	(238)	1,577	52,406	53,983	
Appropriation of allocated fair value of the financial asset, net of taxes	(610)	-	-	-	-	(610)	(38,638)	(39,248)	
Equity income (loss) - Taesa	658	1,068	(248)	(273)	(238)	967	13,768	14,735	

Statement of income	01/01/2018-09/30/2018								
	ETAU	BRAS	Aimorés	Paraguaçu	ERB1	Subtotal	TBE Group	Transmín eiras	Total
Net operating income	34,559	19,232	6,752	7,187	21,127	88,857	447,133	63,973	599,963
Costs and expenses	(12,339)	(4,191)	(7,265)	(7,275)	(21,097)	(52,167)	(66,798)	(7,759)	(126,724)
Financial income	456	289	234	336	245	1,560	7,654	1,154	10,368
Financial expenses	(1,843)	(43)	(3)	(5)	(2)	(1,896)	(52,215)	(10,598)	(64,709)
Financial income (loss)	(1,387)	246	231	331	243	(336)	(44,561)	(9,444)	(54,341)
Equity in net income of subsidiaries	-	-	-	-	-	-	81,739	-	81,739
Current and deferred IRPJ and CSLL	(7,069)	(2,808)	(153)	(199)	(215)	(10,444)	(56,908)	(2,485)	(69,837)
Income (loss) for the period	13,764	12,479	(435)	44	58	25,910	360,605	44,285	430,800
Income (loss) for the period - Taesa interest	7,238	4,825	(218)	22	29	11,896	163,528	10,877	186,301
Appropriation of allocated fair value of the financial asset, net of taxes	(798)	-	-	-	-	(798)	27,992	2,238	29,432
Equity income (loss) - Taesa	6,440	4,825	(218)	22	29	11,098	191,520	13,115	215,733

Statement of income	01/01/2017-09/30/2017								
	ETAU	BRAS	Aimorés	Paraguaçu	ERB1	Subtotal	TBE Group	Total	
Net operating income	18,430	18,112	354	540	12	37,448	453,890	491,338	
Costs and expenses	(5,801)	(5,165)	(990)	(1,380)	(486)	(13,822)	(52,593)	(66,415)	
Financial income	1,470	421	-	-	-	1,891	12,467	14,358	
Financial expenses	(2,790)	(125)	-	(2)	-	(2,917)	(88,945)	(91,862)	
Financial income (loss)	(1,320)	296	-	(2)	-	(1,026)	(76,478)	(77,504)	
Equity in net income of subsidiaries	-	-	-	-	-	-	84,534	84,534	
Current and deferred IRPJ and CSLL	(3,831)	(2,972)	(8)	(10)	(4)	(6,825)	(59,065)	(65,890)	
Income (loss) for the period	7,478	10,271	(644)	(852)	(478)	15,775	350,288	366,063	
Income (loss) for the period - Taesa interest	3,932	3,972	(322)	(426)	(238)	6,918	158,449	165,367	
Appropriation of allocated fair value of the financial asset, net of taxes	(1,603)	-	-	-	-	(1,603)	(92,964)	(94,567)	
Equity income (loss) - Taesa	2,329	3,972	(322)	(426)	(238)	5,315	65,485	70,800	

NOTES TO THE QUARTERLY INFORMATION
SEPTEMBER 30, 2018

(Amounts expressed in thousands of reais, unless otherwise indicated)

(i) Concession financial asset

Financial assets	09/30/2018	12/31/2017 (Restated)
ETAU	135,608	132,779
BRAS	312,343	311,833
ERB1	43,882	19,404
Aimorés	16,813	8,827
Paraguaçu	21,582	12,869
Jointly-controlled subsidiaries	530,228	485,712
EATE	703,613	756,462
EBTE	594,674	583,406
ECTE	160,218	155,252
ENTE	523,437	559,053
ERTE	134,595	140,916
ETEP	143,238	142,367
EDTE	20,724	-
Transleste	148,502	149,928
Transudeste	101,209	101,177
Transirapé	152,359	153,222
Direct associated companies	2,682,569	2,741,783
	3,212,797	3,227,495

Reinforcements, substations and transmission lines under construction

Concession	Description	ANEEL Resolution	RAP	Estimated construction cost (Capex Aneel)	Estimated conclusion	REIDI (a)
<u>New buildings</u>						
<u>AIMORÉS</u> LT 500 kV Padre Paraíso 2 - Governador Valadares 6 C2	Deployment of transmission line	Concession agreement 004/2017	R\$73,736	R\$341,118	February 2022	MME Ordinance 171/2017. ADE of RFB No. 191/2017
<u>PARAGUACU</u> LT 500 kV Poções III - Padre Paraíso 2 C2	Deployment of transmission line	Concession agreement 003/2017	R\$110,063	R\$505,595	February 2022	MME Ordinance 181/2017. ADE of RFB No. 98/2017
<u>ERB1</u> Guaíra - Sarandi - CD, C1 and C2; LT Foz do Iguaçu - Guaíra - CD, C1 and C2; Londrina - Sarandi, CD, C1 and C2; Sarandi - Paranavaí Norte, CD; Guaíra; SE Sarandi; SE Paranavaí Norte	Deployment of transmission lines and expansion of related substations	Concession agreement 022/2017	R\$273,118	R\$1,936	August 2022	MME Ordinance 355/2017, filed in the Federal Revenue Service (RFB)
ESTE Mesquita - João Neiva 2; SE João Neiva 2	Deployment of transmission lines and substation	Concession contract 019/2017	R\$104,300	R\$485,841	February 2022	MME Ordinance 216/2017. ADE of RFB-SP No. 167/2017
EDTE Ibicoara - Poções III; Poções III - Poções II CD, C1 e C2, 2 x 2.5 km; SE 500/230 kV Poções III - (3+1Res) x 200 MVA	Deployment of transmission lines and substations and expansion of related substations	Concession contract 015/2018	R\$64,200	R\$367,948	December 2019	MME Ordinance 118/2017. ADE of RFB-SP No. 90/2017
<u>ETAU</u> SE Lagoa Vermelha II	Implementation Capacitor Bank 230 kv-50MVA	REA No. 6.281, which amends attachment I of REA No. 6.027 on 04/11/2017, published in DOU (Federal Official Gazette) on 04/17/2017	R\$1,507	R\$10,273	Entered commercial operation on 9/16/2018	MME Ordinance No. 217 of 11/07/2016, and Executive Declaratory Act (ADE) No. 60 of Brazilian Federal Revenue Service, dated 03/13/2017 - DOU (Federal Official Gazette) of 03/15/2017

(a) Special Regime of Incentives for the Development of Infrastructure.

NOTES TO THE QUARTERLY INFORMATION
SEPTEMBER 30, 2018

(Amounts expressed in thousands of reais, unless otherwise indicated)

The main characteristics of the concession agreements signed between the concessionaires and ANEEL are similar to those of Taesa described in Note 7.

(ii) Loans, financing and debentures

Concession	Lender	Final maturity	Guarantees	Financial charges	09/30/2018	12/31/2017
ETAU	BNDES Finame Alston	Jan 2021	(g)	Fixed rate 9.5% p.a.	178	231
	BNDES Finame Toshiba	Jan 2021	(g)	Fixed rate 9.5% p.a.	2,096	2,741
	BNDES	Jan 2018	(b)	Basket of currencies + 4.0% p.a. / TJLP (Long-term interest rate) + 4.0% p.a.	-	646
	Automatic BNDES Credit Line	Aug 2021	(d)	TJLP + 5.20% / SELIC + 3.76%	10,140	12,442
	BNP Paribas	Dec 2019	(a)	108% CDI	10,206	10,023
Jointly-controlled subsidiaries					22,620	26,083
EATE	Itaú	Mar 2019	(a)	CDI + 1.15%	41,709	104,104
	Itaú	Aug 2020		109.75% CDI	75,551	103,952
	Itaú	Sep 2019		114% CDI	126,438	126,449
	Itaú	Sep 2021		116% CDI	54,188	54,193
	Bradesco	Sep 2022		107.75% CDI	60,793	70,924
EBTE	Bradesco	June 2023	(a)	113.53% CDI	84,539	
	BNDES	May 2025 Nov 2019	(c)	TJLP + 2.56% 4.5% p.a.		83,967 5,549
ECTE	Bradesco	June 2023	(a)	113.83% CDI	103,923	-
	Itaú	May 2020	(a)	CDI + 2.15%	47,491	65,606
Bradesco	Sep 2022	107.75% CDI		74,638	74,545	
ENTE	Itaú	Aug 2020	(a)	109.75% CDI	117,840	162,139
	Itaú	Sep 2019		114% CDI	28,060	28,034
	Itaú	Sep 2021		116% CDI	12,026	12,014
ETEP	Itaú	Aug 2020	(a)	109.75% CDI	32,778	45,092
	Bradesco	June 2023		113.22% CDI	44,720	
TRANSLESTE	BDMG	Mar 2025	(e)	10% p.a.	15,873	17,733
	BNB	Mar 2025	(a)	9.5% p.a.	4,889	5,453
	Bradesco	Aug 2020	(a)	109.75% CDI	26,211	36,006
	Bradesco	Sep 2021	(a)	109.75% CDI	29,810	29,781
TRANSIRAPÉ	BDMG	Jul 2020	(f)	4.5% p.a.	243	342
	BDMG	Jan 2024		3.5% p.a.	12,720	14,513
	BDMG	Apr 2021		4.5% + TJLP	3,944	4,639
	BDMG	Oct 2029		3.5% + TJLP	4,839	5,146
	BNDES	Apr 2026		6% + TJLP	3,767	4,163
	Bradesco	Sep 2022		(a)	107.75% CDI	29,816
TRANSUDESTE	Bradesco	Sep 2022	(a)	107.75% CDI	48,718	49,701
Direct and indirect associated companies					1,085,524	1,133,834
					1,108,144	1,159,917

- (a) No guarantees.
(b) 100% of the shares of the Company held by controlling shareholders Taesa, Eletrosul, CEEE e DME; ETAU concession rights; and receivables from the ETAU concession.
(c) Lien on emerging rights of the concession, the credit receivables and the shares of the company held by EATE, in addition to the establishment of reserve account.
(d) Letter of Guarantee issued by Taesa, in favor of Banco Santander, formalized in a separate instrument. The contracted amount was R\$13,619, and the funds will be released upon financial proof.
(e) Pledge of rights arising from concession, rights arising from concession agreement, surety, liquidity fund, and surety bond of public obligations.
(f) Pledge of Company's shares held by EATE and Transminas Holding S.A., recognition of a reserve account and attachment of Company's income.
(g) Letter of Guarantee issued by TAESA, in favor of Banco Santander, formalized in a separate instrument at the limit of 52.6%, of the amount of R\$125, proportional to its ownership interest.

Obtainment of loan from ETAU – “BNDES Giro”: On July 19, 2018, ETAU signed a financing agreement with BNDES, the contracted amount of which was R\$10,273, to be paid in 60 installments, the last one falling due on August 15, 2023. As of September 30, 2018, no amount was released. (See note 27 - Subsequent Events)

Settlement of ETAU loan with BNDES – On January 15, 2018, the ETAU settled the loan with BNDES which totaled R\$644 (144/144 installment), being released from the obligation to Banco do Brasil (account manager), with the balance of R\$4,298 on January 16, 2018.

NOTES TO THE QUARTERLY INFORMATION
SEPTEMBER 30, 2018

(Amounts expressed in thousands of reais, unless otherwise indicated)

The loan and financing agreements have financial and non-financial covenants regarding early maturity, including compliance with certain financial indicators during the term of the contracts. On September 30, 2018, all covenants in the loans and financing agreements in force were fulfilled by jointly-controlled subsidiaries and associated companies of the Taesa Group.

(iii) Provision for labor, tax and civil risks and contingent liabilities

The Management of jointly-controlled subsidiaries and associated companies, based on its external legal advisors' opinion and analysis of the judicial claims pending and, according to the accounting practices adopted in Brazil and IFRSs, has formed a provision for labor risks in amounts deemed to be sufficient to cover estimated losses regarding lawsuit in progress, as follows:

Provision for risks	09/30/2018			12/31/2017		
	Civil	Labor	Total	Civil	Labor	Total
ETAU	323	218	541	495	120	615
BRAS	216	-	216	216	-	216
Jointly-controlled subsidiaries	539	218	757	711	120	831
EATE	-	176	176	-	185	185
ECTE	-	-	-	-	150	150
ERTE	-	33	33	-	-	-
Direct associated companies	-	209	209	-	335	335
	539	427	966	711	455	1,166

There were other administrative and judicial proceedings in the civil, tax and labor areas evaluated by the external legal advisors as being of possible risk, for which no reserve has been formed, as follows:

Contingent liabilities	09/30/2018	12/31/2017
ETAU	132	152
BRAS	5,147	7,235
Jointly-controlled subsidiaries	5,279	7,477
EATE	12,809	2,331
EBTE	744	796
ENTE	723	5
ERTE	-	43
ETEP	748	651
Direct associated companies	15,024	3,826
	20,303	11,303

(iv) Annual Permitted Income

Concession	Cycle 2018–2019 Resolution 2408, 06/26/2018 Period: 07/01/2018–06/30/2019			Cycle 2017–2018 Resolution 2258, 06/30/2017 Period: 07/01/2017–06/30/2018			Cycle 2016–2017 Resolution 2098, 06/28/2016 Period: 07/01/2016–06/30/2017		
	RAP	PA	Total	RAP	PA	Total	RAP	PA	Total
ETAU	48,001	(1,960)	46,041	46,039	(2,207)	43,832	42,527	(2,958)	39,569
BRAS	26,213	(838)	25,375	25,801	(1,374)	24,427	24,905	(396)	24,509
ENTE	234,740	(8,555)	226,185	225,130	(13,240)	211,890	221,644	(16,211)	205,433
EATE	227,207	(13,837)	213,370	354,280	(26,483)	327,797	422,270	(32,293)	389,977
EBTE	48,313	(1,577)	46,736	46,005	(2,480)	43,525	44,400	(3,208)	41,192
ECTE	49,564	(1,659)	47,905	47,529	(4,954)	42,575	79,723	(6,839)	72,884
ETEP	51,228	(2,159)	49,069	56,367	(5,645)	50,722	96,563	(7,037)	89,526
ERTE	52,687	(1,851)	50,836	50,533	(2,972)	47,561	49,750	(3,642)	46,108
STC	45,238	(3,522)	41,716	43,982	(1,574)	42,408	41,522	(1,512)	40,010
Lumitrans	27,786	(917)	26,869	26,629	(1,553)	25,076	26,206	(1,918)	24,288
ESDE	13,471	(307)	13,164	13,097	(1,002)	12,095	12,640	(557)	12,083
ETSE	20,151	(2,292)	17,859	19,591	(1,229)	18,362	-	-	-
Transirapé	34,535	(1,173)	33,362	33,123	(1,585)	31,538	29,201	(1,412)	27,789
Transleste	42,543	(1,652)	40,891	40,804	(2,400)	38,404	40,172	(2,941)	37,231
Transudeste	26,369	(1,024)	25,345	25,291	(1,487)	23,804	24,899	(1,823)	23,076
TOTAL	948,046	(43,323)	904,723	1,054,201	(70,185)	984,016	1,156,422	(82,747)	1,073,675

NOTES TO THE QUARTERLY INFORMATION
SEPTEMBER 30, 2018

(Amounts expressed in thousands of reais, unless otherwise indicated)

12. RELATED PARTY TRANSACTIONS

I - Other Accounts Receivable - OCR, Other Accounts Payable - OCP, and Accounts Receivable from Concessionaires and Permissionaires - CRCP:

a) Assets and income

R E F	Main information on contracts and transactions with related parties					
	Accounting classification, nature of contract and counterparty	Original value	Effectiveness period/duration	Interest rate charged / Inflation adjustment	Main conditions for termination or extinction	Other relevant information
<u>Transactions between Taesa and its jointly-controlled subsidiaries</u>						
1	OCP vs. Outsourced service - "back-office" - Etao vs. Taesa	R\$49 Monthly amount	01/24/2013–01/24/2018	Fine of 2% per month / Annual restatement at IGP-M	The Contract may be terminated at any time, unilaterally, upon a 30-day notice, for reason of impediment of operation or in case of a court-ordered reorganization or bankruptcy of either party.	Contract is in the renewal process.
2	Other accounts payable vs. Outsourced services - Owner's engineering services and project management - Taesa	R\$68 Monthly amount	10/04/2017–07/04/2018	Interest of 1% p.m. + fine of 2% / Annual restatement at IGP-M (general market price index)	None.	Contract terminated
3	Other accounts payable vs. Operating expenses - "BackOffice" - Brasnorte vs. Taesa	R\$22 Monthly amount	04/14/2013–04/14/2018	Fine of 2% p.m. / late-payment interest in accordance with the financial market/annual restatement at IGP-M	The Contract may be terminated at any time, unilaterally, upon a 30-day notice, for reason of impediment of operation or in case of a court-ordered reorganization or bankruptcy of either party.	Contract is in the renewal process
4	Free lease of real estate - BRAS	Does not have a value	As from 04/25/2008 for indefinite period	There is no interest rate and inflation adjustment.	None.	None.
5	Other accounts receivable vs. cash and cash equivalents - reimbursement of expenses - Aimorés (*)	N/A	N/A	There is no interest rate and inflation adjustment.	None.	None.
<u>Transactions between Taesa and its subsidiaries</u>						
6	OCR vs. Other income - Back-office services - MAR	R\$19 Monthly amount	11/17/2014–11/17/2018	Fine of 2% p.m. plus late-payment interest / Annual restatement at IPCA	The agreement may be terminated at any time, unilaterally, upon previous written notice in no less than thirty (30) days, in the event of a judicial or extrajudicial court-ordered reorganization and/or bankruptcy of either of the parties, irrespective of a judicial or extrajudicial notice.	None.
7	OCR vs. Other income - Operating Services - ATE III	R\$32 Monthly amount	03/01/2015–09/16/2017, retroactive to September 2013, extended for an indefinite	Fine of 2% plus late-payment interest of 1% p.m. / Annual restatement at IPCA/September	The contract may be terminated at the discretion of the principal, subject to judicial or extrajudicial interpellation or notification, and without entitling the contractor to any compensation or indemnity, at	The contractor undertakes to provide and maintain in force, on its sole account, all insurance required by law, effective throughout the

NOTES TO THE QUARTERLY INFORMATION
SEPTEMBER 30, 2018

(Amounts expressed in thousands of reais, unless otherwise indicated)

R E F	Main information on contracts and transactions with related parties					
	Accounting classification, nature of contract and counterparty	Original value	Effectiveness period/ duration	Interest rate charged / Inflation adjustment	Main conditions for termination or extinction	Other relevant information
			period		least 30 calendar days in advance.	contract.
8	OCR vs. Other income - Back-office services - ATE III	R\$19 Monthly amount	05/05/2018–05/05/2019	Fine of 2% p.m. plus late-payment interest / Annual restatement at IPCA	The Agreement may be terminated at any time, unilaterally, upon a 30-day notice, for reason of impediment of operation or in case of a court-ordered reorganization or extrajudicial and/or bankruptcy of either party, irrespective of a judicial or extrajudicial notice.	Contract is in the renewal process
9	OCR vs. Other income - Back-office services - SGT	R\$19 Monthly amount	09/08/2014–09/08/2018	Fine of 2% p.m. plus late-payment interest / Annual restatement at IPCA	The agreement may be terminated at any time, unilaterally, upon previous written notice in no less than thirty (30) days, in the event of a judicial or extrajudicial court-ordered reorganization and/or bankruptcy of either of the parties, irrespective of a judicial or extrajudicial notice.	Contract is in the renewal process
10	OCR vs. Other income - Back-office services - MIR	R\$44 Monthly amount	10/28/2016–09/08/2021	Fine of 2% p.m. plus late-payment interest / Annual restatement at IPCA	The agreement may be terminated at any time, unilaterally, upon previous written notice in no less than thirty (30) days, in the event of a judicial or extrajudicial court-ordered reorganization and/or bankruptcy of either of the parties, irrespective of a judicial or extrajudicial notice.	The contract was approved by Aneel pursuant to Order 472 on February 15, 2017.
11	OCR x CCE - CCI - Janaúba	R\$156 Monthly amount	09/29/2017 until termination of the concession	Fine of 2% p.m. + plus late-payment interest of 12% p.a. / Annual restatement at IPCA	It may be terminated in the event of extinction of the concession of any of the parties or by legal determination or mutual agreement among parties.	If one of the parties is unable to fulfill any of its obligations, as a result of a fortuitous event or force majeure, under the terms of article 393 of Brazil's Civil Code, this contract will remain in force, and the affected obligation will be suspended for a time equal to the duration of the event and in proportion to the effects thereof
12	Other accounts receivable vs. reimbursement of expenses - Janaúba	N/A	N/A	There is no interest rate and inflation adjustment.	None.	None.
<u>Transactions between subsidiaries and related companies</u>						
13	Accounts receivable from Concessionaires and Permissionaires x Other income - CCT contract - SGT	R\$57 Monthly amount	03/18/2014 up to the end of concession	Effective late-payment interest of 1% per month and fine of 2% / annual restatement at IPCA, when updating the RAP.	By either party due to declaration of bankruptcy, judicial dissolution, or any change in Bylaws of the parties that undermines the capability to fulfill the obligations of this contract, unforeseeable events or force majeure.	Guarantee Agreement - in phase of signing.

(*) As part of the process of managing and prorating the Group's costs and expenses, one of the companies makes the payment of these expenditures on the order of other Group companies. Management considers, for disclosure purposes, only the outstanding balance

NOTES TO THE QUARTERLY INFORMATION
SEPTEMBER 30, 2018

(Amounts expressed in thousands of reais, unless otherwise indicated)

(payable or receivable) in the Group and understands that there is no specific amount involved to be disclosed or impact on statement of income. There is no incidence of interest or correction for inflation.

There are no provisions for doubtful accounts related to the amount of existing balances.

R E F	Consolidated						
	Contracts and other transactions	Assets		Income			
		09/30/2018	12/31/2017	07/01/2018– 09/30/2018	07/01/2017– 09/30/2017	01/01/2018– 09/30/2018	01/01/2017– 09/30/2017
<u>Transactions with jointly-controlled subsidiaries</u>							
1	Back-office services Taesa vs. Etau	69	67	211	207	627	612
2	Engineering services - Taesa vs. Etau	-	68	-	-	408	-
3	Back-office services - Taesa x Brasnorte	31	29	92	87	264	261
5	Reimbursement of expenses - Taesa X	-	1	-	-	-	-
<u>Transactions between subsidiaries and related companies</u>							
13	CCT contract - CEMIG D x SGT (*)	-	78	239	233	629	698
		100		542	527	1,928	1,571

(*) Existing balance recorded in balance sheet under "Accounts receivable from concessionaires and permissionaires".

R E F	Parent company						
	Contracts and other transactions	Assets		Income			
		09/30/2018	12/31/2017	07/01/2018– 09/30/2018	07/01/2017– 09/30/2017	01/01/2018– 09/30/2018	01/01/2017– 09/30/2017
<u>Transactions with jointly-controlled subsidiaries</u>							
1	Back-office services - Taesa vs. Etau	69	67	211	207	627	612
2	Engineering services - Taesa vs. Etau	-	68	-	-	408	-
3	Back-office services - Taesa x Brasnorte	31	29	92	87	264	261
5	Reimbursement of expenses - Taesa X Almorés	-	1	-	-	-	-
<u>Transactions with subsidiaries</u>							
6	Back-office services - Taesa x MAR	25	25	76	73	230	223
7	Operating services - Taesa vs. ATE III	114	38	115	116	343	348
8	Back-office services - Taesa vs. ATEIII	26	25	78	76	230	221
9	Back-office services - Taesa x SGT	24	23	70	67	212	206
10	Back-office services - Taesa x MIR	50	45	141	133	413	331
11	Taesa vs. Janauba -CCI Taesa 0004/2017	155	-	465	-	620	-
12	Reimbursement of expenses - Taesa x Janaúba	71	-	71	-	71	-
		565	321	1,319	759	3,418	2,202

b) Liabilities and expenses

R E F	Main information on contracts and transactions with related parties					
	Accounting classification, nature of contract and counterparty	Original value	Effectiveness period/ duration	Interest rate charged / Inflation adjustment	Main conditions for termination or extinction	Other relevant information
<u>Transactions between Taesa and related companies</u>						
1	OCP vs. Rendering of services "Data Center" - Ativas	R\$47 Monthly amount	09/29/2017– 09/29/2020	Interest of 1% p.m. and fine of 2% / Annual restatement at IGP-M	Each party shall be entitled to terminate the contract, by sending written notice to the other party at least 90 days in advance, in the event of any occurrence such as declaration of bankruptcy, partial or total transfer of equity or assets, or if any of the parties violates any provisions of the contract.	This agreement may be renewed for longer periods upon the signing of addenda.

NOTES TO THE QUARTERLY INFORMATION
SEPTEMBER 30, 2018

(Amounts expressed in thousands of reais, unless otherwise indicated)

R E F	Main information on contracts and transactions with related parties					
	Accounting classification, nature of contract and counterparty	Original value	Effectiveness period/ duration	Interest rate charged / Inflation adjustment	Main conditions for termination or extinction	Other relevant information
2	OCP vs. services rendered - Provision of technical services and post-production support of Mega system - Axxiom	R\$1,318 Contract's total amount	09/02/2016 - undetermined end	Interest of 1% p.m.	None.	None.
3	Other accounts payable and Personnel expense - Private Pension Plan - Forluz	Investment according to employee's option	03/19/2012 - undetermined end	1.5% administration fee on the total monthly contributions / There is no inflation adjustment.	None.	None.
4	Other accounts payable and Expense – Rendering of engineering services - ANEEL CEMIG GT Auction	R\$259 - Agreement's total amount	11/14/2017– 07/14/2018	Fine of 0.01% p.d. with limit of 10%/Restatement by IPCA	Non-compliance with any of the parts or conditions; unjustified default of any installment due; bankruptcy, court-ordered and out-of-court reorganization	None.
5	OCP vs. services rendered - CCI - TAESA (ETEO AND ATE) CTEEP	R\$11 Monthly amount	November 12, 2015 until termination of the concession by one of the parties	Fine of 2% - Restatement at IGP-M	There was	no conservation rate which may be adjusted at any time by mutual agreement in the event of significant change in costs.
<u>Transactions between subsidiaries and related companies</u>						
6	OCP vs. Services rendered - CCI - SGT vs. CEMIG GT	R\$3 Monthly amount	From February 17, 2014 until expiration of the concession	Effective late-payment interest of 1% p.m. and fine of 2% / Annual restatement at IPCA	It may be terminated in the event of extinction of the concession of any of the parties or by legal determination.	None.
7	OCP vs. O&M - SGT vs. CEMIG GT	R\$36 Monthly amount	07/10/2014– 07/10/2018	Effective late-payment interest of 1% p.m. and fine of 2% / Annual restatement at IPCA	It may be terminated, unilaterally and in advance, at its sole discretion, for failure to comply with any term or condition for a period agreed upon between the parties, forfeiture of concession relating to transmission installations; and by decision of the principal after 18 months have elapsed from the signing of CPSOM.	Contract is in the renewal process
8	OCP vs. Services rendered - CCI - MAR vs. CEMIG GT	R\$205 single installment and R\$50 Monthly amount	November 12, 2015 until termination of the concession by one of the parties	Annual restatement at IPCA (National amplified consumer price index).	None.	Payment of the monthly amount shall be due starting from the beginning of commercial operation.

Transactions with subsidiaries

NOTES TO THE QUARTERLY INFORMATION
SEPTEMBER 30, 2018

(Amounts expressed in thousands of reais, unless otherwise indicated)

R E F	Main information on contracts and transactions with related parties					
	Accounting classification, nature of contract and counterparty	Original value	Effectiveness period/ duration	Interest rate charged / Inflation adjustment	Main conditions for termination or extinction	Other relevant information
9	OCP vs. Reimbursement of expenses - ATE III	N/A	N/A	There is no interest rate and inflation adjustment.	None.	None.

Transactions between Taesa and its Parent Company

10	OCP X Investment – acquisition Transmineiras – Additional Amount - CEMIG	Bullet Payment of R\$12,883	Upon the awarding of the favorable decision for Transmineiras in lawsuits	Accumulated change of 100% CDI from 01/01/2017 until the business day prior to payment	None.	See Note 10 – Investments in subsidiaries, jointly-controlled subsidiaries and associated companies
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(*) As part of the process of managing and prorating the Group's costs and expenses, in certain situations, one of the companies makes the payment of these expenses on the order of other Group companies. Therefore, Management considers, for disclosure purposes, only the outstanding balance (payable or receivable) in the Group. There is no specific amount involved to be disclosed or that affects the bottom line and no interest levied or inflation adjustments.

R E F	Contracts and other transactions	Consolidated					
		Liabilities		Costs and expenses			
		09/30/2018	12/31/2017	07/01/2018–09/30/2018	07/01/2017–09/30/2017	01/01/2018–09/30/2018	01/01/2017–09/30/2017
<u>Transactions between Taesa and related companies</u>							
1	Data Center - Taesa x Ativas	46	46	141	220	376	877
3	Contract: Taesa vs. Axiom - Provision of technical services and post-production support of the MeGA system	73	-	148	-	247	-
4	Private pension plan - Taesa vs. Forluz - expenses	-	-	418	332	1,218	1,095
4	Private pension plan - Taesa vs. Forluz - cost	-	-	128	111	342	332
5	Engineering services – ANEEL Auction 002/2017 - Taesa vs. Cemig	-	241	-	256	-	256
6	Taesa (ETEO) x CTEEP - CCI	7	-	21	-	41	-
6	Taesa (ETEO) vs. CTEEP - CCI	-	-	63	-	126	-
<u>Transactions between subsidiaries and related companies</u>							
7	CCI - SGT x CEMIG GT	4	4	11	11	38	33
8	O&M - SGT x CEMIG GT	47	40	142	138	424	410
<u>Transactions between Taesa and its Parent Company</u>							
11	Transmineiras acquisition - Additional value - TAESA vs. CEMIG	12,883	12,883	-	-	-	-
		13,060	13,214	1,072	1,068	2,812	3,003

R E F	Contracts and other transactions	Parent company					
		Liabilities		Costs and expenses			
		09/30/2018	12/31/2017	07/01/2018–09/30/2018	07/01/2017–09/30/2017	01/01/2018–09/30/2018	01/01/2017–09/30/2017
<u>Transactions between Taesa and related companies</u>							
1	Data Center - Taesa x Ativas	46	46	141	220	376	877
2	Contract: Taesa vs. Axiom - Provision of technical services and post-production support of the MeGA system	73	-	148	-	247	-
3	Private pension plan - Taesa vs. Forluz - expenses	-	-	410	324	1,183	1,065
3	Private pension plan - Taesa vs. Forluz - cost	-	-	123	107	327	315
4	Engineering services – ANEEL Auction 002/2017 - Taesa vs. Cemig	-	241	-	256	-	256
5	Taesa (ETEO) x CTEEP - CCI	7	-	21	-	41	-
5	Taesa (ETEO) vs. CTEEP - CCI	-	-	63	-	126	-
<u>Transactions with subsidiaries</u>							
9	Reimbursement of expenses - Taesa x ATE III	21	1	-	-	-	-
<u>Transactions between Taesa and its Parent Company</u>							

NOTES TO THE QUARTERLY INFORMATION
SEPTEMBER 30, 2018

(Amounts expressed in thousands of reais, unless otherwise indicated)

R E F	Parent company	Liabilities		Costs and expenses			
		Contracts and other transactions		07/01/2018– 09/30/2018	07/01/2017– 09/30/2017	01/01/2018– 09/30/2018	01/01/2017– 09/30/2017
		09/30/2018	12/31/2017				
10	Transmineiras acquisition - Additional value - TAESA vs. CEMIG	12,883	12,883	-	-	-	-
		13,030	13,171	906	907	2,300	2,513

II - Fixed Income Fund - Pampulha, which are classified under Securities. Taesa is shareholder is the Pampulha Fund, which holds investments in securities issued by companies related to the Company:

Title	Issuer	Date of maturity	Rates	Consolidated		Parent company		Profitability effective rate	
				Balance at 09/30/2018	Balance at 12/31/2017	Balance at 09/30/2018	Balance at 12/31/2017	09/30/2018	12/31/2017
Investments in non-exclusive investment fund (Taesa Group and Cemig Group)									
Debentures	CEMIG GT	07/15/2018	CDI + 1.60%	-	4,184	-	3,191	-	11.65%
Debentures	CEMIG GT	10/25/2019	151% CDI	7,577	-	6,223	-	6.91%	-
Debentures	ETAU	12/01/2019	108% CDI	2,985	1,648	2,452	1,257	4.94%	10.69%
Debentures	CEMIG GT	12/10/2018	CDI + 3.93%	1,569	815	1,288	622	7.63%	14.22%
Debentures	CEMIG GT	12/10/2018	CDI + 4.25%	1,481	768	1,216	586	7.88%	14.57%
Debentures	CEMIG GT	10/24/2019	151% CDI	7,584	-	6,228	-	6.91%	-
NC	LIGHT	01/22/2019	CDI +3.5%	2,048	3,273	1,681	2,496	7.30%	12.89%
				23,244	10,688	19,088	8,152		

III - Dividends and interest on own capital payable and receivable

Dividends and JCP receivable	12/31/2017	Addition (a)	Receipt	09/30/2018
Jointly-controlled subsidiaries and associated companies				
ETAU	6,067	7,637	(6,067)	7,637
BRAS	2,131	2,131	(4,262)	-
EATE	-	62,676	(62,676)	-
EBTE	3,486	14,700	(18,186)	-
ECTE	4,773	-	(4,773)	-
ENTE	-	57,728	(31,645)	26,083
ERTE	-	7,178	(7,178)	-
ETEP	-	13,188	(13,188)	-
TRANSLESTE	1,302	3,405	(4,707)	-
TRANSUDESTE	940	1,932	(1,912)	960
Consolidated	18,699	170,575	(154,594)	34,680
Subsidiaries				
ATE III	-	29,210	(29,210)	-
SGT	3,786	1,305	-	5,091
MAR	806	-	-	806
Parent company	23,291	201,090	(183,804)	40,577

Dividends and JCP receivable	12/31/2016	Addition (a)	Receipt	12/31/2017
Jointly-controlled subsidiaries and associated companies				
ETAU	10,770	11,325	(16,028)	6,067
BRAS	3,752	4,451	(6,072)	2,131
EATE	-	87,898	(87,898)	-
EBTE	3,254	3,486	(3,254)	3,486
ECTE	2,020	10,388	(7,635)	4,773
ENTE	-	57,340	(57,340)	-
ERTE	-	7,649	(7,649)	-
ETEP	-	18,913	(18,913)	-
TRANSLESTE	-	2,102	(800)	1,302
TRANSUDESTE	-	940	-	940
Consolidated	19,796	204,492	(205,589)	18,699
Subsidiaries				
ATE III	-	56,057	(56,057)	-
SGT	1,988	1,798	-	3,786
MAR	147	659	-	806
Parent company	21,931	263,006	(261,646)	23,291

Dividends and JCP payable	12/31/2017	Addition (a)	Payment	09/30/2018
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NOTES TO THE QUARTERLY INFORMATION
SEPTEMBER 30, 2018

(Amounts expressed in thousands of reais, unless otherwise indicated)

Consolidated and Parent company				
ISA	-	85,930	(85,930)	-
Cemig	-	125,181	(125,181)	-
Non-controlling shareholders (b)	6	366,408	(366,407)	7
	6	577,519	(577,518)	7

Dividends and JCP payable	12/31/2016	Addition (a)	Payment	12/31/2017
Consolidated and Parent company				
FIP Coliseu	-	48,952	(48,952)	-
FIA Taurus	-	3,553	(3,553)	-
ISA	-	38,008	(38,008)	-
Cemig	-	182,705	(182,705)	-
Non-controlling shareholders (b)	4	335,103	(335,101)	6
	4	608,321	(608,319)	6

(a) Refers to mandatory dividends, proposed additional items approved by the Special Shareholders' Meeting, interim dividends, and interest on own capital receivable, which are presented net of withheld income tax. Interest on own capital payable are presented gross of withheld income tax.

(b) Dividends and interest on own capital payable to non-controlling shareholders, not yet paid for lack of these shareholders' data in the brokerage firm.

Payment of dividends and JCP (*)	Year of accrual	Approval date	Approval agency	Date of Payment	Approved amount	Value per common share	Value per preferred share
JCP	2018	08/06/2018	CA	08/20/2018	72,524	0.07017	0.07017
Interim dividends	2018	08/06/2018	CA	08/20/2018	91,825	0.08884	0.08884
JCP	2018	05/09/2018	CA	05/30/2018	41,723	0.04037	0.04037
JCP	2018	05/09/2018	CA	05/22/2018	14,255	0.01379	0.01379
JCP	2018	05/09/2018	CA	05/21/2018	9,785	0.00947	0.00947
Interim dividends	2018	05/09/2018	CA	05/21/2018	188,081	0.18199	0.18199
Additional proposed	2017	04/26/2018	AGO	05/09/2018	159,325	0.15416	0.15416
					577,518		
JCP	2017	12/13/2017	CA	12/28/2017	93,115	0.09009	0.09009
Interim dividends	2017	11/10/2017	CA	11/29/2017	44,459	0.04301	0.04301
JCP	2017	11/10/2017	CA	11/29/2017	47,983	0.04642	0.04642
Interim dividends	2017	08/11/2017	CA	08/31/2017	675	0.00065	0.00065
JCP	2017	08/11/2017	CA	08/31/2017	69,211	0.06696	0.06696
Interim dividends	2017	05/17/2017	CA	05/31/2017	100,041	0.09680	0.09680
JCP	2017	05/17/2017	CA	05/31/2017	78,117	0.07559	0.07559
Additional proposed	2016	04/28/2017	AGO	05/12/2017	174,718	0.16906	0.16906
					608,319		

(*) Interim dividends and interest on own capital paid were allocated to minimum mandatory dividends addressed in Article 202 of the Brazilian Corporate Law.

IV - Remuneration of the Board of Directors, Executive Board and Tax Council - classified in income (loss) - Personnel expenses

Proportion of total remuneration	01/01/2018-09/30/2018		01/01/2017-09/30/2017	
	Fixed	Variable	Fixed	Variable
Board of Directors	100%	-	100%	-
Tax Council	100%	-	100%	-
Statutory Board (*)	65%	35%	51%	49%

(*) Composition of fixed remuneration: "Pro-labore" payments, charges, direct and indirect benefits (private pension, health plan, dental plan, life insurance and meal/food tickets), post-employment benefits (health plan and dental plan). Breakdown of variable remuneration: Profit sharing, cessation of the tenure of office

Amounts recognized in income (loss)	Board of Directors		Statutory Executive Board		Tax Council	
	01/01/2018-09/30/2018	01/01/2017-09/30/2017	01/01/2018-09/30/2018	01/01/2017-09/30/2017	01/01/2018-09/30/2018	01/01/2017-09/30/2017
No. of paid members (**)	22	22	4	3	10	10
Annual fixed remuneration (***)	2,371	2,357	4,599	4,847	398	387
Salary or direct compensation (including charges)	2,371	2,357	4,110	4,528	398	387
Direct and indirect benefits	n/a	n/a	489	319	n/a	n/a
Variable remuneration	n/a	n/a	2,489	4,721	n/a	n/a
Profit sharing	n/a	n/a	2,489	1,693	n/a	n/a
Benefits motivated by cessation of the tenure of	n/a	n/a	n/a	3,028	n/a	n/a

NOTES TO THE QUARTERLY INFORMATION
SEPTEMBER 30, 2018
(Amounts expressed in thousands of reais, unless otherwise indicated)

Amounts recognized in income (loss)	Board of Directors		Statutory Executive Board		Tax Council	
	01/01/2018-09/30/2018	01/01/2017-09/30/2017	01/01/2018-09/30/2018	01/01/2017-09/30/2017	01/01/2018-09/30/2018	01/01/2017-09/30/2017
office						
Total amount of remuneration	2,371	2,357	7,088	9,568	398	387

(**) Includes effective members and alternate members, whereas alternate fiscal board members receive remuneration when replacing the effective members.

(***) The fixed remuneration cost of the Board includes "pro-labore" payments and 20% of Employer INSS.

	Board of Directors		Statutory Executive Board		Tax Council	
	09/30/2018	09/30/2017	09/30/2018	09/30/2017	09/30/2018	09/30/2017
No. of effective members	11	11	4	3	5	5
No. of alternate members	11	11	-	-	5	5
Highest individual remuneration in the period (monthly)	18	36	248	555	9	9
Lowest individual remuneration in the period (monthly)	9	8	176	203	9	9
Average individual remuneration in the period (monthly) (****)	13	31	197	322	9	9

(****) The average remuneration was calculated by twenty-one members, as one of the alternate Board Members abdicated the pro-labore payment.

13. LOANS AND FINANCING

Lender	Concession	Funding				Annual financial charges
		Signature date	Type	Amount contracted and received	Final maturity	
Domestic currency - R\$⁽¹⁾						
BNDES FINAME	TSN	12/05/2012	CCB - Subcredit A	20,250	12/15/2022	Fixed rate of 2.5% p.a.
BNDES FINAME	TSN	06/20/2012	CCB - Subcredit A	727	07/15/2022	Fixed rate of 5.5% p.a.
BNDES FINAME	TSN	06/13/2013	CCB - Subcredit A	30,458	06/15/2023	Fixed rate of 3.5% p.a.
BNDES FINAME	Patesa	10/14/2014	CCB - Subcredit A	430	08/15/2024	Fixed rate of 6% p.a.
BNDES FINAME	SGT	12/04/2012	CCB - Subcredit A	19,571	12/15/2022	Fixed rate of 2.5% p.a.
BNB - FNE	JAN	09/19/2018	Financing contract	-	10/15/2038	Interest rate of Constitutional Funds ("TFC") per month, pro-rated
Foreign currency - US\$⁽²⁾						
Citibank - Contract B (Renegotiation)	Taesa	05/11/2018	Law 4131/62	350,000	05/10/2023	Libor + 0.34% p.a.

¹Loans at amortized cost

²Loan measured at fair value.

Changes in loans, financing and derivative financial instruments									
Lender	12/31/2017	Funding	Interest, inflation adjustment and exchange-rate change	Fair value adjustment	Interest paid	Amortization of principal	09/30/2018	Current	Non-current
BNDES-FINAME	34,800	-	702	-	(721)	(5,216)	29,565	6,516	23,049
Citibank - Contract B (Renegotiation)	321,718	-	28,190	(9,568)	(5,435)	(334,905)	-	-	-
Citibank - Contract B (Renegotiation)	-	350,000	50,065	(29,567)	(3,026)	-	367,472	1,766	365,706
Parent company	356,518	350,000	78,957	(39,135)	(9,182)	(340,121)	397,037	8,282	388,755
BNDES-FINAME	12,246	-	211	-	(217)	(1,835)	10,405	2,454	7,951
Consolidated	368,764	350,000	79,168	(39,135)	(9,399)	(341,956)	407,442	10,736	396,706
Citibank "swap" Contract B (Renegotiation) ⁽¹⁾	34,243	-	(18,983)	3,606	(3,772)	(15,094)	-	-	-
Citibank swap ⁽¹⁾	-	-	(41,032)	29,567	(2,893)	-	(14,358)	-	(14,358)
Parent company and Consolidated	34,243	-	(60,015)	33,173	(6,665)	(15,094)	(14,358)	-	(14,358)
Parent company	390,761	350,000	18,942	(5,962)	(15,847)	(355,215)	382,679	8,282	374,397
Consolidated	403,007	350,000	19,153	(5,962)	(16,064)	(357,050)	393,084	10,736	382,348

NOTES TO THE QUARTERLY INFORMATION
SEPTEMBER 30, 2018

(Amounts expressed in thousands of reais, unless otherwise indicated)

Changes in loans, financing and derivative financial instruments								
Lenders	12/31/2016	Incurring interest, inflation adjustment and exchange-rate change	Fair value adjustment	Interest paid	Amortization of principal / receipt	12/31/2017	Current	Non-current
BNDES-FINAME	41,388	1,123	-	(1,126)	(6,585)	34,800	6,630	28,170
Citibank - Contract B (Renegotiation)	317,112	16,220	(21)	(11,593)	-	321,718	75	321,643
Parent company	358,500	17,343	(21)	(12,719)	(6,585)	356,518	6,705	349,813
BNDES-FINAME	14,694	339	-	(340)	(2,447)	12,246	2,460	9,786
Consolidated	373,194	17,682	(21)	(13,059)	(9,032)	368,764	9,165	359,599
Citibank "swap" Contract B (Renegotiation) ⁽¹⁾	45,475	22,175	(6,402)	(27,005)	-	34,243	-	34,243
Parent company and Consolidated	45,475	22,175	(6,402)	(27,005)	-	34,243	-	34,243
Parent company	403,975	39,518	(6,423)	(39,724)	(6,585)	390,761	6,705	384,056
Consolidated	418,669	39,857	(6,423)	(40,064)	(9,032)	403,007	9,165	393,842

¹ Derivative financial instrument measured at fair value.

Installments maturing per index - Consolidated									
Index	Current	Non-current						Subtotal	Total
		2019	2020	2021	2022	2023	After 2023		
Fixed rate	8,970	2,234	8,937	8,937	8,899	1,957	36	31,000	39,970
Libor + Dollar	1,766	-	-	-	-	365,706	-	365,706	367,472
	10,736	2,234	8,937	8,937	8,899	367,663	36	396,706	407,442

Renegotiation of the loan with Citibank - On May 11, 2018, the Company renegotiated the Credit Agreement, signed on April 7, 2014, and amended on April 7, 2017 and March 29, 2016 with Citibank, N.A., changing the maturity date of the debt to May 10, 2023, and Libor interest rate to Libor + 0.34% p.a. Due to the renegotiation of the Credit Agreement, the Company contracted a new foreign exchange swap with Citibank as follows:

Contract B - Renegotiation	Debt	Swap
Amount	USD98,591	R\$350,000 ²
Maturity	05/10/2023	05/10/2023
Debt cost	(3-month Libor + Spread: 0.34 % p.a.)	Company's asset leg: (3-month Libor + Spread: 0.34 % p.a.) * 1.17647 ¹ Liability leg - Citibank 106.00% CDI
Interest	Quarterly	Quarterly
Amortization ³	Bullet	Bullet

¹ Factor 1.17647 represents "gross up" of Income Tax owed on amortization and interest payments.

² Amounts translated into Brazilian Reals (R\$) based on R\$/US\$ Initial Parity for Transaction: 3.55.

³ "Bullet Amortization System" - It is the system according to which total principal balance is amortized on loan maturity date.

With this renegotiation, Taesa elongated the average term of its debt while reducing the interest rate in real of the Credit Agreement from 114% to 106% of the CDI.

Loans and financing contracts have non-financial covenants providing for early maturity during contract effective period. As of September 30, 2018, covenants were complied with.

No guarantees for loans and financing contracts in force, except for JAN financing contract from BNB: Agreement for the Lien of Rights and Credit Receivables, Agreement for the Lien of Rights Emerging from the Concession, Agreement for the Lien Arising Emerging Rights, Share Pledge Agreement, Lien of Machinery and Equipment, O&M reserve account, equivalent to 3 (three) times the monthly installment, and Taesa Corporate Bond.

NOTES TO THE QUARTERLY INFORMATION
SEPTEMBER 30, 2018

(Amounts expressed in thousands of reais, unless otherwise indicated)

14. DEBENTURES

Lenders	Changes in debentures					
	12/31/2017	Funding/ Issuance cost	Interest and inflation adjustment/ issuance costs (*)	Interest paid	Amortization of principal	09/30/2018
Itaú BBA - 3rd issuance	2,093,427	-	150,519			2,243,946
Itaú BBA/BB/ Santander – 4th issuance	542,969	(32)	33,605	(29,385)	-	547,157
BB/Safra/Bradesco – 5th issuance	-	511,219	15,213	-	-	526,432
	2,636,396	511,187	199,337	(29,385)		3,317,535
Current	392,614					483,319
Non-current	2,243,782					2,834,216

Lenders	Changes in debentures					
	12/31/2016	Funding/ Issuance cost	Interest and inflation adjustment/ issuance costs (*)	Interest paid	Amortization of principal	12/31/2017
Itaú BBA - 2nd issuance	196,077	-	21,787	(22,864)	(195,000)	-
Itaú BBA - 3rd issuance	2,721,186	-	219,562	(182,321)	(665,000)	2,093,427
Itaú BBA/BB/ Santander – 4th issuance	-	534,124	8,845	-	-	542,969
	2,917,263	534,124	250,194	(205,185)	(860,000)	2,636,396
Current	900,223					392,614
Non-current	2,017,040					2,243,782

(*) As of September 30, 2018, the balance of costs was R\$22,276 (R\$1,921 on December 31, 2017). The amortization of costs referring to issuance of debentures was R\$1,853 as of September 30, 2018 (R\$302 on September 30, 2017).

Installments maturing per index	Current	Non-current					Total
		2019	2020	2021	After 2021	Subtotal	
CDI	669	-	287,669	-	-	287,669	288,338
IPCA	487,024	379,140	379,141	251,724	1,554,444	2,564,449	3,051,473
(-) Issuance costs to be amortized	(4,374)	(1,093)	(4,357)	(4,041)	(8,411)	(17,902)	(22,276)
	483,319	378,047	662,453	247,683	1,546,033	2,834,216	3,317,535

Characteristics	Itaú BBA (3rd issuance)	Itaú BBA/BB/Santander (4th Issuance)	BB/Safra/Bradesco (5th Issuance)
Issuing date	October 15, 2012	September 15, 2017.	July 15, 2018
Issue/price	Issuance of 2,160,000 debentures with par value of R\$1, being 665,000 of the 1 st series, 793,000 of the 2 nd series, and 702,000 of the 3 rd series - total amount of R\$2,160,000	Issuance of 542,669 debentures with par value of R\$1.00, being 255,000 of the 1 st series and 287,669 of the 2 nd series - total amount of R\$542,669	Issuance of 525,772 debentures with nominal unit value of R\$1 (incentivized series) - total amount of R\$525,772.
Convertibility	The Debentures are simple, that is, non-share convertible	The Debentures are simple, that is, non-share convertible.	The Debentures are simple, that is, non-share convertible
Type	Unsecured	Unsecured	Unsecured
Type and form	Nominative and book-entry, without issuance of sureties or certificates	Nominative and book-entry, without issuance of sureties or certificates	Nominative and book-entry, without issuance of sureties or certificates
Guarantees	There are no guarantees	There are no guarantees	There are no guarantees
Renegotiation	There are no renegotiation clauses	There are no renegotiation clauses	There are no renegotiation clauses
Term and maturity date	1st series: five years (October 15, 2017) 2nd series: eight years (October 15, 2020) 3rd series: 12 years (October 15, 2024)	1st series: seven years (September 15, 2024). 2nd series: three years (September 15, 2020).	1st series: seven years (July 15, 2025)
Assets' Codes	TAEE13 / TAEE23 / TAEE33	TAES14 / TAES24	TAES15
Price-level restatement	Series 1: will not be adjusted 2 nd and 3 rd series: restated at IPCA	1st series: will be restated based on changes in IPCA rate.	1st series: will be restated based on changes in IPCA rate
Remuneration	Series 1: CDI + 0.78% Series 2: IPCA + 4.85% 3rd series: IPCA + 5.10%	Series 1: IPCA + 4.41% Series 2: 105% CDI	Series 1: IPCA + 5.9526%
Payment date of the interest	Series 1, 2, 3: October 15 every year; first payment was on October 15, 2013.	1st series: on annual basis, on September 15 of each year 2nd series: on semi-annual basis, on March and September 15 of	1st series: on annual basis, on July 15 of each year

NOTES TO THE QUARTERLY INFORMATION
SEPTEMBER 30, 2018

(Amounts expressed in thousands of reais, unless otherwise indicated)

Characteristics	Itaú BBA (3rd issuance)	Itaú BBA/BB/Santander (4th Issuance) each year.	BB/Safra/Bradesco (5th issuance)
Amortization period	1st series: single installment on the maturity date of this series. 2 nd series: three annual installments, with first installment maturing on October 15, 2018. 3 rd series: four annual installments, with first installment maturing on October 15, 2021.	1st series: two installments of equal value, with first installment maturing on September 15, 2023. Series 2: Bullet, maturing on September 15, 2017.	1st series: two installments of equal value, with first installment maturing on July 15, 2024.
Approval date on Special Shareholders' Meeting	September 17, 2012.	March 20, 2017.	May 28, 2018
Other information	Funds were transferred to Taesa on November 6, 7 and 8, 2012, in the amount of R\$2,174,389, amount already adjusted since issuance date. Initial cost of debentures issuance was R\$2,537, representing 0.05% of funds raised, which, together with own funds, were used for full payment of 4 th and 5 th issuances of promissory notes in that amount of R\$1,277,600 and R\$939,782, respectively. There was no premium for advanced payment of notes.	Funds were transferred to Taesa on October 09, 2017, totaling R\$542,700 (R\$287,700 - Institutional Series and R\$255,000 - Incentivized Series), restated since issuance date. Estimated cost of issuance of debentures was R\$9,347, representing 1.72% of funds raised. The funds from the 1st series will be used exclusively to Mariana and Miracema projects. In the 2 nd series, the funds were used for payment of the 1st series of the 3 rd issuance of debentures.	Funds were transferred to Taesa on July 17, 2018, totaling R\$525,772 (Incentivized Series), already restated since issuance date. Estimated cost of issuance of debentures was R\$15,899, representing 3.02% of funds raised. The funds from the 1st series will be used exclusively to Janaúba, Aimorés and Paraguaçu projects.

Contracts for the 3rd, 4th and 5th issuance of debentures have non-financial covenants providing for early maturity.

As of September 30, 2018, all covenants were complied with.

On December 15, 2017 the 2nd Series (TAES22) and 4th Series (TAES42) of the 2nd Issuance of Debentures were settled in the total amount of R\$204,838.

15. PROVISION FOR LABOR, TAX AND CIVIL RISKS

The Company and its subsidiaries are parties in judicial actions and administrative proceedings before several courts and governmental bodies, arisen out of the ordinary course of operations, involving tax matters, civil and labor aspects and other issues.

Based on opinion from its external legal advisors and analysis of pending legal proceedings, Management formed a provision for labor, tax and civil risks in amounts considered sufficient to cover estimated losses from current lawsuits.

Balances basically refer to civil, tax and labor lawsuits involving dispute regarding administrative Easement, overtime, mainly, non-compliance related to offset of Federal taxes and contributions (IRPJ, CSLL, PIS, COFINS, IRRF and CSRF) not approved by Federal Revenue Service (RFB). Amounts presented as of September 30, 2018 are related to a judicial deposit amounting to R\$7,652.

Changes in provisions	12/31/2017	Additions	Write-off	Reversals (a)	09/30/2018
<u>Parent company</u>					
Labor	1,124	2,514	-	(85)	3,553
Tax	2,592	-	-	-	2,592
Civil	5,956	2,111	(2,462)	(520)	5,085
	9,672	4,625	(2,462)	(605)	11,230

NOTES TO THE QUARTERLY INFORMATION
SEPTEMBER 30, 2018

(Amounts expressed in thousands of reais, unless otherwise indicated)

Changes in provisions	12/31/2017	Additions	Write-off	Reversals (a)	09/30/2018
Consolidated					
Labor	1,284	2,514	-	(85)	3,713
Tax	2,592	-	-	-	2,592
Civil	11,011	2,726	(2,502)	(692)	10,543
	14,887	5,240	(2,502)	(777)	16,848

Changes in provisions	12/31/2016	Additions	Write-off	Reversals (a)	Other (b)	12/31/2017
Parent company						
Labor	1,858	1,619	-	(2,353)	-	1,124
Tax	737	716	-	(346)	1,485	2,592
Civil	5,644	439	(62)	(65)	-	5,956
	8,239	2,774	(62)	(2,764)	1,485	9,672
Consolidated						
Labor	1,920	1,779	-	(2,415)	-	1,284
Tax	737	716	-	(346)	1,485	2,592
Civil	6,956	4,344	(62)	(227)	-	11,011
	9,613	6,839	(62)	(2,988)	1,485	14,887

- (a) Reversals occurred, basically, due to conclusion of several labor, tax and civil lawsuits, with no need of making payment, therefore, amounts were converted in favor of the Company and its subsidiaries.
(b) Amount related to the reversal of the adjustment of the presentation in quarterly information, which was done against "other accounts receivable" caption, regarding NTE's tax lawsuits.

Contingent liabilities

	09/30/2018				12/31/2017			
	Labor	Tax	Civil	Total	Labor	Tax	Civil	Total
Taesa	2,352	176,018	14,898	193,268	3,671	187,262	10,688	201,621
ATE III	-	5,877	-	5,877	-	6,994	-	6,994
	2,352	181,895	14,898	199,145	3,671	194,256	10,688	208,615

Main reasons for possible loss are related to tax risks by means of tax lawsuits and manifestations of non-conformity:

Taesa-TSN – alleged irregularities at offsets of federal tax and contributions, including PIS, COFINS, IRPJ, and CSLL in the amount of R\$23,848 on September 30, 2018 and December 31, 2017.

Taesa-NVT - tax assessment notice received in the calendar year 2008, as well as disagreements referring to alleged irregularities in the offsetting of federal taxes and contributions, among these: COFINS and IRPJ, totaling R\$5,013 as of September 30, 2018 and December 31, 2017.

Taesa-ETEO - alleged irregularities at offsets of federal taxes and contributions, including PIS, IRPJ, and CSLL in the amount of R\$69,470 on September 30, 2018 (R\$108,873 as of December 31, 2017). There are two lawsuits related to the deductibility of amortization expenses of goodwill paid by Lovina Participações S.A. ("Lovina") for the acquisition of ETEO: one related to the notice of tax infraction (issued in 2012) for calendar year 2008, in the approximate amount of R\$39,403 and the other relating to the tax assessment notice issued in 2014, referring to calendar years 2009 and 2010, at approximately R\$68,737. The first case was closed in May 2018 and the second one is awaiting the judgment of the Voluntary Appeal filed against the unfavorable decision rendered by Brazil's Federal Revenue Service (Receita Federal) office in Ribeirão Preto.

Taesa-NTE – writ of annulment, disagreements and court tax collections referring to alleged irregularities in offsets of federal taxes and contributions, including PIS, COFINS, IRPJ, IRRF, CSRF and CSLL, totaling R\$8,759 on September 30, 2018 and December 31, 2017; and the amount of R\$5,448 refers to proceedings started before acquisition by Taesa of UNISA Group's companies.

NOTES TO THE QUARTERLY INFORMATION
SEPTEMBER 30, 2018

(Amounts expressed in thousands of reais, unless otherwise indicated)

Taesa-ATE – alleged irregularities in offsets of federal taxes and contribution, including PIS, COFINS, IRRF, IRPJ and CSLL, totaled R\$3,150 on September 30, 2018 and December 31, 2017 was originated before acquisition by Taesa of UNISA Group’s companies.

Taesa-STE - court tax collections referring to alleged irregularities in offsets of federal taxes and contributions, including PIS, COFINS, IRPJ and CSLL, totaled R\$5,898 as of September 30, 2018 and the amount of R\$4,368 refers to proceedings started before acquisition by companies of UNISA Group (R\$9,761 and R\$3,047 as of December 31, 2017).

Taesa-ATE II - declaratory actions and disagreements referring to alleged irregularities in offsets of federal taxes and contributions, including PIS, COFINS, IRPJ and CSLL, totaled R\$3,631 on September 30, 2018 and December 31, 2017; the amount of R\$2,465 refers to proceedings started before acquisition by Taesa of companies of UNISA Group.

Taesa-ATEII/TSN – writ of annulment judged to annul the tax assessment notice 0027/2015 issued by ANEEL deriving from inspection conducted to verify causes and consequences of failures provoked by fires in the right of way at LT Ribeiro Gonçalves - São João do Piauí, in the amount of R\$2,401 on September 30, 2018 and as of December 31, 2017. The lawsuit is concluded and awaiting sentence.

ATE III – tax proceedings started before acquisition by Taesa of companies of UNISA Group and ICMS tax court collections, totaling R\$5,183 on September 30, 2018 and December 31, 2017. ATE III is the defendant in tax administrative proceedings claiming disallowance of expenses with resulting reduction of tax losses and negative CSLL and IRPJ calculation bases, causing an impact of R\$1,117 on the Company’s contingent liabilities.

Other relevant matters:

Inspection of Atlântico/Alterosa Goodwill - On May 31, 2017, Taesa received Letter of the Federal Revenue Service (RFB) requested clarifications and documentation on the exclusions in the amounts of R\$98,621 and R\$108,036, recorded in code 152 (goodwill), declared in the e-lalur and e-lacs of 2014 and 2015. The Company presented on timely basis the information required by the Tax Auditor. On September 13, 2018, Taesa was formally notified of the Term of Start of Tax Procedure, related to IRPJ and CSLL not paid during the reporting period from January 2014 to December 2015, before deduction of the calculation basis of the amounts referring to goodwill arising from the acquisition of TERNA by CEMIG and FIP. The Company is in the process of sending the documents requested by the Brazilian Federal Revenue Service’s Office of Major Taxpayers.

16. CREDIT (EXPENSE) FROM INCOME TAX AND SOCIAL CONTRIBUTION

	Consolidated			
	07/01/2018– 09/30/2018	07/01/2017– 09/30/2017	01/01/2018– 09/30/2018	01/01/2017– 09/30/2017
Current IRPJ and CSLL	2,153	(25,129)	(70,177)	(112,937)
Deferred income tax and social contribution	(41,148)	21,425	(44,239)	69,908
	(38,995)	(3,704)	(114,416)	(43,029)

	Parent company			
	07/01/2018– 09/30/2018	07/01/2017– 09/30/2017	01/01/2018– 09/30/2018	01/01/2017– 09/30/2017
Current IRPJ and CSLL	4,713	(23,721)	(62,268)	(107,541)
Deferred income tax and social contribution	(37,671)	24,760	(37,087)	75,198
	(32,958)	1,039	(99,355)	(32,343)

Reconciliation of effective rate of IRPJ and CSLL - Taxable income	Consolidated			
	07/01/2018– 09/30/2018	07/01/2017– 09/30/2017	01/01/2018– 09/30/2018	01/01/2017– 09/30/2017
Income (loss) before taxes	306,714	101,029	858,663	413,755
IRPJ and CSLL expenses, calculated at the rate of 34%	(104,283)	(34,350)	(291,945)	(140,677)
Equity in net income of subsidiaries	26,678	5,010	73,349	24,072

NOTES TO THE QUARTERLY INFORMATION
SEPTEMBER 30, 2018

(Amounts expressed in thousands of reais, unless otherwise indicated)

Reconciliation of effective rate of IRPJ and CSLL - Taxable income	Consolidated			
	07/01/2018– 09/30/2018	07/01/2017– 09/30/2017	01/01/2018– 09/30/2018	01/01/2017– 09/30/2017
Tax incentive - IRPJ (Corporate Income Tax) - SUDAM/SUDENE	12,970	2,051	54,124	20,180
Tax Incentive - IRPJ - Rouanet Act and Audiovisual Activities	636	2,192	3,218	2,921
JCP paid	24,659	23,532	47,018	50,092
Other	345	(2,139)	(180)	383
IRPJ (Corporate Income Tax) and CSLL (Social contribution on net income) expense	(38,995)	(3,704)	(114,416)	(43,029)
Effective rate	13%	4%	13%	10%

Reconciliation of effective rate of IRPJ and CSLL - Taxable income	Parent company			
	07/01/2018– 09/30/2018	07/01/2017– 09/30/2017	01/01/2018– 09/30/2018	01/01/2017– 09/30/2017
Income (loss) before taxes	300,677	96,286	843,602	403,069
IRPJ and CSLL expenses, calculated at the rate of 34%	(102,230)	(32,737)	(286,825)	(137,043)
Equity in net income of subsidiaries	35,001	8,699	94,565	41,721
Tax incentive - IRPJ (Corporate Income Tax) - SUDAM/SUDENE	9,197	16	43,705	11,702
Tax Incentive - IRPJ - Rouanet Act and Audiovisual Activities	636	2,192	3,218	2,921
JCP paid	24,659	23,532	47,018	50,092
Other	(221)	(663)	(1,036)	(1,736)
IRPJ (Corporate Income Tax) and CSLL (Social contribution on net income) expense	(32,958)	1,039	(99,355)	(32,343)
Effective rate	11%	1%	12%	8%

Tax benefit - SUDAM/SUDENE

The Company and its subsidiary ATE III are entitled to tax benefits granted by the Superintendency of Development for the Amazon - SUDAM and by the Northeast Development Authority (SUDENE), which represent a reduction of 75% of income tax owed due to exploration of transmission concessions. Such benefits have some obligations, among which we highlight the following: (a) distribution to shareholders of tax amount not paid as a result of this benefit is prohibited; (b) recognition of a tax incentive reserve with amounts resulting from this benefit, which may only be used to absorb losses or increase capital; and (c) obtained benefit must be invested in activities directly related to production in benefitted region.

Concession	Authorizing Agency	Constitutive report	Location	Term
<u>Parent company</u>				
TSN	SUDENE	139/2014	BA and GO	12/31/2023
Novatrans	SUDAM	207/2014	TO, MA and DF	12/31/2023
Gtesa	SUDENE	143/2014	PB and PE	12/31/2023
Munirah	SUDENE	138/2014	BA	12/31/2023
ATE II	SUDENE and SUDAM	38/2007 and 237/2017	TO, PI, MA and BA	12/31/2026 and 12/31/2017 (*)
Patesa	SUDENE	100/2016	RN	12/31/2025 (**)
<u>Subsidiaries</u>				
ATE III	SUDAM	60/2009	PA and TO	12/31/2018
MIRACEMA	SUDAM	(***)	TO	(***)

(*) Benefit approved by SUDENE by means of Appraisal Report 0237/2017 and ratified by Federal Revenue Service. The benefit by the area with incentive from SUDAM, approved by Appraisal Report 38/2007 is in phase of renewal.

(**) Benefit approved by SUDENE through Appraisal Report no. 100/2016 filed with the Federal Revenue Service on October 3, 2016. Due to the end of the applicable statute of limitation for manifestation of Federal Revenue Service (RFB), Patesa obtained tacit recognition of the tax incentive, recognizing the effects of the benefit as of July 2017.

(***) According to Resolution No. 221 of June 22, 2018, SUDAM recognizes the right to the incentive, and at the time of the entry into operation of the venture, the investee will present the necessary information to issue the constitutive report, for the purpose of granting the benefit, which will last for 10 (ten) years from the release of the report, limited to the duration of the benefit.

Considering all companies merged by Taesa over the last years, the Company's total tax benefit on September 30, 2018 is approximately 56.49% on income from exploration of benefitted areas.

The Company and its subsidiary ATE III do not incur non-performance of the obligations of the

NOTES TO THE QUARTERLY INFORMATION
SEPTEMBER 30, 2018

(Amounts expressed in thousands of reais, unless otherwise indicated)

conditions relating to tax benefits.

Tax benefit - NTE - On December 23, 2004, the Ministry of Social Integration, through the Superintendency of Development of the Northeast - SUDENE, issued Constitutive Report 323/04, granting TSN a tax benefit related to a 75% reduction in income tax due. Such benefit is calculated monthly based on the exploration income on the total of activities regarding the concessionaire located in Pernambuco State.

On December 28, 2004, NTE registered with the Federal Revenue Service a request for recognition of the right to reduce Corporate Income Tax based on Constitutive Report no. 323/04, issued by SUDENE, which granted to the concessionaire tax benefit of 75% reduction in Corporate Income tax from 2005 to 2013.

Pursuant to the terms of prevailing Law, as a result of elapsing of 120 days counted as of request presentation as provided for in paragraph 1 of Article 60 of Federal Revenue Service (SRF) Regulatory Instruction 267/02, and without Federal Revenue Service having issued an opinion about claim made, NTE obtained tacit recognition of the right to Corporate Income tax reduction and started to legitimately enjoy such tax benefit beginning as of calendar-year 2005.

Benefits were valid up to 2013, with the same obligations and restrictions of above-mentioned constitutive reports. The Company did not incur nonperformance of the obligations of the conditions relating to the subsidies.

On July 9, 2012, the Federal Revenue Service (RFB) communicated NTE, through Decision 237/12, that it did not prepare the request for recognition of the right to Corporate Income tax reduction filed by NTE because it understood that presentation of the Constitutive Report original copy was an indispensable condition for claim analysis, and decided that the request was misbegotten for not complying with this requirement.

In view of said Decision, on July 18, 2012, a Hierarchical Appeal was presented and its arguments, in summary, agree with wording of Article 60 of Federal Revenue Service (SRF) IN 267, of December 23, 2002, which does not mention the necessity of the request being accompanied by the original Report copy, and that notarized copy gains legal validity that grants trustworthiness/value to the document. In addition to arguments in the appeal, NTE also attached Official Letter No. 1.044, issued on July 18, 2012 by SUDENE, which ratifies truthfulness of Constitutive Report 323/04.

On December 27, 2012, NTE was made aware of the decision that partially decided in favor of Hierarchical Appeal to: (a) declare valid the request for reconsideration that considered that procedure failure was corrected; and (b) in merit, consider request for recognition of right to Corporate Income tax reduction rejected. It is possible to express disagreement with this decision, and such disagreement was registered on January 25, 2013. Regarding the merit, DRJ recognized that tax regularity must be proven at the time of request, but as it considered that this point of the DRF/RJO-I order is unalterable, rejected the statement of disagreement.

Due to this, a voluntary appeal was filed at the Administrative Council of Tax Appeals - CARF as of June 14, 2013. No relevant alteration was made to progress of this proceeding up to this report date.

Based on arguments and evidences presented and on its external legal advisors, Management considers that tax benefit amount determined up to December 31, 2012, of R\$64,988, was properly recognized and that likelihood of administrative and court losses is remote.

As regards benefits determined beginning as of the date in which said Order was known (July 9, 2012) up to December 31, 2013 (benefit effective period), the Company will only enjoy this reduction of R\$14,308 after conclusion of lawsuit.

NOTES TO THE QUARTERLY INFORMATION
SEPTEMBER 30, 2018

(Amounts expressed in thousands of reais, unless otherwise indicated)

17. SHAREHOLDERS' EQUITY

a) Capital stock - On September 30, 2018 and December 31, 2017, subscribed and paid-in capital of the Company was of R\$3,067,535, represented by 590,714,069 common shares and 442,782,652 preferred shares, nominative, registered shares, with no par value.

The amount of R\$25,500, net of taxes and contributions, was deducted from capital value in accounting books, pursuant to the terms of CVM (Brazilian Securities and Exchange Commission) Decision no. 649/10 that addresses share issuance costs, thus resulting in net capital stock of R\$3,042,035.

As per bylaws, the Company is authorized increase its capital stock as per resolution of the Board of Directors, not depending on statutory reform, up to the limit of five million reais (R\$5,000,000), with or without the issuance of common or preferred shares, and it is incumbent upon the Board of Directors to establish the issuance conditions, including price, term and payment method.

Each common share grants to its holder the right to one vote at General Meetings, whose resolutions shall be taken pursuant to the applicable law and these Bylaws.

The preferred shares have the following preferences and advantages: (i) priority in the reimbursement of capital, without premium; (ii) the right to sharing equally in the profits with each common share; and (iii) right to be included in public offering as a result of disposal of Control of Company, at the same price and in the same conditions per common share in the Control Block.

The preferred shares grant their holders the right to vote in any decisions of the General Meeting of Shareholders on: (i) transformation, Take-over, Merger or Spin-off of the Company; (ii) approval of agreements entered into between the Company and the Controlling Shareholder, directly or by means of third parties, as well as other companies in which the Controlling Shareholder holds interest, whenever their resolution is required in a General Meeting, pursuant to legal disposition or to these Bylaws; (iii) appraisal of assets earmarked for the capital increase subscription of the Company; (iv) choice of a specialized company for determination of the Company's Economic Value; and (v) alteration or revocation of statutory provisions that alter or modify any of the requirements provided for in item 4.1 of the regulation of differentiated corporate governance practices at level 2, except that this voting right will prevail while the Agreement on the Adoption of Differentiated Corporate Governance Practices at Level 2 remains in force.

Disposal of Shares Issued by Taesa and Owned by FIP Coliseu and FIA Taurus – On December 27, 2016, Fundo de Investimento em Participações Coliseu and Fundo de Investimento em Ações Taurus (together, the "Sellers") notified the Company that, on this date, a Contract for the Purchase and Sale of Shares was entered into with Interconexión Eléctrica S.A. E.S.P. ("Contract" and "Buyer", respectively) for disposal of total shareholding interest linked to the Company's control block, representing, as a whole, 26.03% of the Company's common shares and 14.88% of the Company's total capital stock, for the total amount of R\$1,055,932. On June 13, 2017, the shares were transferred to ISA Investimentos e Participações do Brasil for a total amount of R\$1,018,763, according to the purchase price adjustments provided for in the Agreement. As a result, ISA Investimentos e Participações do Brasil, now holds the same interest held by the Sellers in Taesa's share capital stock and unrestrictedly adheres to the Taesa Shareholders' Agreement, by signing an Agreement of Adhesion on that date, fully replacing Sellers and maintaining exactly the same rights and obligations previously assigned to Sellers.

Disposal of Shares Issued by Taesa owned by CEMIG - CEMIG, according to its Divestment Program disclosed on June 1, 2017, engaged Itaú Corretora de Valores S.A., on November 22, 2017, to intermediate the sale, in B3 ("Auction"), of 34,000,000 of Units of Taesa (TAEE11) held

NOTES TO THE QUARTERLY INFORMATION
SEPTEMBER 30, 2018

(Amounts expressed in thousands of reais, unless otherwise indicated)

by the Company, which took place on November 24, 2017, for the price of R\$21.10 (twenty one reais and ten cents) per Unit.

With this sale, the interest of CEMIG in Taesa's Total Capital Stock changed from 31.54% to 21.68%, comprising 218,369,999 common shares and 5,646,184 preferred shares, which correspond to the percentages of 36.97% and 1.28%, respectively. The Control Block of Taesa remains unchanged, as the traded shares were not bound by the respective Shareholders' Agreement. With the completion of such transaction, Taesa now has following shareholding composition:

Shareholding structure as of September 30, 2018								
	Common shares		Preferred shares		Total		Controlling Block (*)	
	Quantity	%	Quantity	%	Quantity (**)	%	Quantity	%
CEMIG	218,370,005	36.97	5,646,184	1.28	224,016,189	21.68	215,546,907	58.36
ISA	153,775,790	26.03	-	-	153,775,790	14.88	153,775,790	41.64
Free Float	218,568,274	37.00	437,136,468	98.72	655,704,742	63.44	-	-
	590,714,069	100.00	442,782,652	100.00	1,033,496,721	100.00	369,322,697	100.00

Shareholding structure as of December 31, 2017								
	Common shares		Preferred shares		Total		Controlling Block (*)	
	Quantity	%	Quantity	%	Quantity	%	Quantity	%
CEMIG	218,369,999	36.97	5,646,184	1.28	224,016,183	21.68	215,745,188	58.39
ISA	153,775,790	26.03	-	-	153,775,790	14.88	153,775,790	41.61
Free Float	218,568,280	37.00	437,136,468	98.72	655,704,748	63.44	-	-
	590,714,069	100.00	442,782,652	100.00	1,033,496,721	100.00	369,520,978	100.00

(*) There are 2,823,092 common shares and 5,646,184 preferred shares that are not in the block of shares because they are pledged in guarantee of obligations assumed by CEMIG in transaction involving Redentor Fundo de Investimento em Participações.

(**) The movement of 6 (six) Free Float shares to parent company CEMIG between December 31, 2017 and September 30, 2018 refers to the correction of custody accounts of the shareholder by the custodian bank.

b) Legal reserve - formed with a basis of basis of 5% of the net income determined in each fiscal year before other allocation, under the terms of art. 193, Law 6.404/76, defined by the Board of Directors and limited to 20% or 30% of capital stock when added to the amounts or capital stock reserves as §1 of this law.

c) Tax Incentive Reserve - income tax incentives on earned income received from the public utility concession for the electric power transmission lines located in Pernambuco, Paraíba, Rio Grande do Norte, Piauí, Bahia, Maranhão, Tocantins, Goiás states and Federal District, granted by SUDAM and SUDENE, in the amount of R\$43,705 as of September 30, 2018 and R\$22,943 as of December 31, 2017. Grants are recorded in accounting books in a separate account of the statement of income and submitted to the Shareholders' Meeting for approval of their destination, considering restrictions provided for in respective constitutive reports and prevailing tax law.

d) Goodwill special reserve - Based on provision in CVM Instruction 319 dated December 3, 1999, art 6, in December 2009, a goodwill reserve was set up in the value of R\$412,223, regarding the counterparty of the net assets of Transmissora do Atlântico de Energia Elétrica S.A. in the merger process of the latter by the Company. On December 31, 2010, the amount of R\$182,284 relating to the merger of Transmissora Alterosa de Energia S.A., totaling R\$594,507. The tax benefit used by the Company up to September 30, 2018 was R\$249,271 (R\$226,072 up to December 31, 2017).

e) Remuneration to shareholders - The Bylaws provides for the payment of a minimum compulsory annual dividend of 50%, calculated on the net income for the year, under the terms of Law 6404/76. At the discretion of Management, the Company may pay interest on own capital, the net value of which shall be imputed to mandatory minimum dividends, as stipulated by article 9 of Law 9249/95. Interest on own capital is calculated based on the balance of shareholders'

NOTES TO THE QUARTERLY INFORMATION
SEPTEMBER 30, 2018

(Amounts expressed in thousands of reais, unless otherwise indicated)

equity, limited to the pro rata day change in the Long-Term Interest Rate (TJLP). The actual payment or credit of interest on own capital is conditioned on the existence of profit (net profit for the year after deducting the social contribution on net income and before deducting the provision for income tax), computed before the deduction of interest on own capital, or of retained earnings and profit reserves at an amount at least as high as twice the interest to be paid or credited. Interest shall be subject to the incidence of withholding income tax at the rate of 15% on the date of payment or credit to the beneficiary.

The common and preferred shares issued by the Company entitle the owner with profit sharing for each year under the same conditions, and the owners of each preferred share are also entitled with the priority in the capital reimbursement, without premium, in the case of the Company's liquidation and, in the case of the disposal of shareholding control, both through one transaction or continuous transactions, the right to dispose the shares under the same terms and conditions assured to the selling controlling shareholder (tag-along with 100% of the price).

Allocation of income for the year – ratified by Annual Shareholders' Meeting held on April 26, 2017	12/31/2017
Net income for the year	648,285
Legal reserve (5%)	(32,414)
Tax incentive reserve	(22,943)
Adjusted net income for the year	592,928
Minimum mandatory dividends - 50% (R\$0.28686 per common and preferred share in 2017 and R\$0.37910 per common and preferred share in 2016 - in Reais)	296,464
Interim dividends paid (R\$0.14047 per common and preferred share in 2017 and R\$0.29892 per common and preferred share in 2016 - in Reais)	(145,175)
Interest on own capital paid (R\$0.27908 per common and preferred share in 2017 and R\$0.29023 per common and preferred share in 2016 - in Reais)	(288,428)
IRRF (Withholding income tax) on interest on own capital	(433,603)
Interim dividends and interest on own capital paid attributed to minimum mandatory dividends.	40,370
Additional dividends proposed (R\$0.15416 per common and preferred share in 2017 and R\$0.16906 per common and preferred share in 2016 - in Reais)	(393,233)
Summary of allocations:	(159,324)
Reserves	(55,357)
Dividends and interest on own capital (R\$0.57371 per common and preferred share in 2017 and R\$0.75820 per common and preferred share in 2016 - in Reais)	(592,927)
	(648,284)

18. INSURANCE COVERAGE

Taesa and its subsidiaries and subsidiaries adopt the policy of contracting insurance coverage for assets subject to risks to cover eventual casualties, considering the nature of its activity, have insurance coverage against fire and multiple peril for tangible assets tied to the concession, except for project's transmission lines. Such fact is a consequence of coverage comprised in policies not been compatible with the actual risks of transmission lines and premiums charged in the insurance and reinsurance market being extremely high. The Company and its subsidiaries maintain only an insurance for damages in equipment in an amount greater than R\$500, sheds and inventories and civil liability coverage for directors and administrators - "Director and Officer - D&O" and fleet.

Type of insurance	Insurance company	Maturity	Maximum indemnity limit	DM - Value at risk (a)	Full Indemnity	Premium
General liability	Chubb Seguros do Brasil	09/20/2018	10,000	-	-	91
		-				
Operating risk	Factor	09/19/2019	-	547,445	-	1,334
		11/19/2017				
Vehicle insurance - Fleet	Sompo	11/18/2018	-	-	100% FIPE table	179
		12/24/2017				
Directors and officers civil liability	Zurich Seguradora	12/23/2018	15,000	-	-	20
		09/19/2018				
		09/18/2019				

(a) DM – Material damage to third parties - R\$600; personal injuries to third parties - R\$600; personal accidents - R\$5; and pain and suffering - R\$60.

NOTES TO THE QUARTERLY INFORMATION
SEPTEMBER 30, 2018

(Amounts expressed in thousands of reais, unless otherwise indicated)

Guarantee insurance of faithful compliance

Subsidiaries MAR, MIR, JAN contracted insurance of faithful compliance for losses deriving from non-performance of obligations assumed in concession contract, referring solely to construction, operation and maintenance of facilities described in said contract.

Concession	Auction	Insurance company	Maturity	Insured amount
MAR	13/2013	J. Malucelli Seguradora S.A	04/01/2014–03/24/2019	5,350
MIR	13/2015 – step 1	Austral Seguradora S.A	06/27/2016–09/24/2020	27,548
JAN	13/2015 – step 2	Austral Seguradora S.A.	02/07/2017–11/06/2022	95,960

The Company's insurance is purchased according to the respective risk management and insurance policies, and considering its nature, is not in the scope of our independent auditors.

19. FINANCIAL INSTRUMENTS

19.1 Risk management structure

Risk management of the Company and its subsidiaries intends to identify and analyze risks considered relevant by Management, including market (currency, interest rate and other operating risks), credit and liquidity risks. The Company and its subsidiaries do not contract or trade financial instruments, including derivative financial instruments for speculative purposes.

19.2 Capital risk management

The Company and its subsidiaries manage its capitals to ensure the maintenance of its regular activities and, at the same time, maximize return to all stakeholders or parties involved in its operation, through debt and equity balance optimization. Capital structure is formed by net indebtedness, that is, loans and financing, derivative financial instruments and debentures, less cash and cash equivalents, securities, and shareholders' equity.

19.3 Categories of financial instruments

	Consolidated		Parent company	
	09/30/2018	12/31/2017	09/30/2018	12/31/2017
<u>Financial assets</u>				
- Cash and banks	339	925	282	823
Loans and receivables				
- Cash equivalents	233,440	55,755	208,952	55,755
- Securities	1,247,176	574,035	1,115,231	483,794
- Accounts receivable from concessionaires and permissionaires	169,151	188,403	155,365	174,894
- Financial asset of concession	5,140,239	5,234,481	4,293,876	4,463,737
	<u>6,790,345</u>	<u>6,053,599</u>	<u>5,773,706</u>	<u>5,179,003</u>
<u>Financial liabilities</u>				
Measured at fair value through profit or loss				
- Loans and financing	367,472	321,718	367,472	321,718
- Derivative financial instruments	(14,358)	34,243	(14,358)	34,243
Other financial liabilities at amortized cost				
- Suppliers	33,432	39,297	20,570	26,077
- Loans and financing	39,970	47,045	29,565	34,800
- Debentures	3,317,535	2,636,396	3,317,535	2,636,396
- Advance Apportionment and Adjustment Portion	22,294	27,406	20,563	25,746
	<u>3,766,345</u>	<u>3,106,105</u>	<u>3,741,347</u>	<u>3,078,980</u>

NOTES TO THE QUARTERLY INFORMATION
SEPTEMBER 30, 2018

(Amounts expressed in thousands of reais, unless otherwise indicated)

19.4 Market risk

19.4.1 Foreign exchange rate risk management

The Company is subject to currency risk in the loans denominated in a currency other than the Company's functional currency, the Real (R\$).

On September 30, 2018, the Company had 11.5% (R\$367,473) of its total debt (loans and financing) linked to foreign exchange rate. To mitigate this risk, the Company contracted derivative financial instruments ("swap") to protect total principal and interest future payments from fluctuations in US dollar and in interest rate (Libor). The Company intends to settle both instruments on the same date.

19.4.2 Interest rate risk management

The Company and its subsidiaries' income is adjusted on a monthly basis at inflation rates. In case of deflation, the concessionaires will have their income reduced. In case of sudden increase of inflation, the concessionaires could not have their income timely adjusted, consequently suffering impacts on income (loss).

To minimize the risk of raising insufficient funds with adequate costs and reimbursement periods, the Company permanently monitors its obligations' payment schedule and cash generation. There were no changes in Company's market risk or in the management and measurement method of these risks.

The Company and its subsidiaries are exposed to fluctuations of floating interest rate for loans and financing, debentures and financial investments. This risk is administered by monitoring changes in interest rates and by maintaining a proper mix of assets and liabilities denominated in floating interest rates.

The Company's debt is segregated by index in Note 13 – Loans and Financing and Note 14 – Debentures.

19.5 Derivative financial instruments

The Company and its subsidiaries contract derivative financial instruments to administer their exposure to risk related to foreign exchange rate, i.e., foreign exchange swap without cash - US\$ versus CDI.

The transactions are registered with clearance and custody chambers. There is no margin deposited in guarantee, and the operation has no initial cost.

	Citibank foreign exchange swap - Renegotiation - 05/11/2018	Citibank foreign exchange swap – Renegotiation
Reference value (Notional) as of 09/30/2018	USD98,592	-
Reference value (Notional) as of 12/31/2017	-	US\$ 94,340
The company's right to receive (long leg)	(3-month Libor + Spread: 0.34%) (⁽¹⁾ 1.17647)	(3-month Libor + Spread: 1.99%) (⁽¹⁾ 1.17647)
The company's obligation to pay (short leg)	106.0% CDI	114.0% CDI
Maturity on	05/10/2023	09/20/2019
Long position - 09/30/2018	367,472	-
Short position - 09/30/2018	(353,114)	-
"Swap" assets (liabilities) as of 09/30/2018 ⁽²⁾	14,358	-
"Swap" assets (liabilities) as of 12/31/2017 ⁽²⁾	-	(34,243)

NOTES TO THE QUARTERLY INFORMATION
SEPTEMBER 30, 2018

(Amounts expressed in thousands of reais, unless otherwise indicated)

	Citibank foreign exchange swap - Renegotiation - 05/11/2018	Citibank foreign exchange swap – Renegotiation
Amount receivable (payable) as of 09/30/2018	14,358	-
Amount receivable (payable) as of 12/31/2017	-	(34,243)
Fair value as of 09/30/2018	14,358	-
Fair value as of 12/31/2017	-	(34,243)
Gains (losses) - 07/01/2018–09/30/2018	3,617	-
Gains (losses) - 07/01/2017–09/30/2017	-	(18,218)
Gains (losses) - 01/01/2018–09/30/2018	11,465	15,377
Gains (losses) - 01/01/2017–09/30/2017	-	(26,360)

- (1) Factor 1.17647 represents gross up of income tax owed upon amortization and interest payments.
(2) Unrealized gains recorded in the parent company's balance sheet and in consolidated balance sheet, deriving from foreign exchange swap.

19.6 Sensitivity analysis of financial instruments and derivatives

The Company and its subsidiaries carried out sensitivity analyses as required by accounting practices and CVM Instruction 475/08, prepared based on net exposure to variable rates of relevant derivative and non-derivative asset and liability financial instruments outstanding at the end of this report's period, assuming that the value of assets and liabilities below were outstanding during the entire period, adjusted based on rates estimated for a probable scenario of risk behavior that may generate adverse results, in case it occurs.

Rates used to calculate probable scenarios are referenced by an independent, external source, and these scenarios are used as the basis to define two additional scenarios with deterioration of 25% and 50% in risk variable (scenarios A and B, respectively) considered for net exposure, when applicable, as follows:

	Probable scenario	Scenario A (25% deterioration)	Scenario B (50% deterioration)	Realized up to 09/30/2018 Annualized
CDI (i)	6.50%	8.13%	9.75%	6.50%
IPCA (i)	4.50%	5.63%	6.75%	4.48%
Libor (ii)	2.5204%	3.1505%	3.7806%	2.3981%
PTAX - USD (i)	3.8000	4.7500	5.7000	4.0029

- (i) According to data disclosed by the Central Bank of Brazil (BACEN) (Focus Report - medium-term Median Top 5), on October 26, 2018.
(ii) As rates disclosed on Bloomberg website on October 26, 2018.

Sensitivity analysis of the net exposure of financial instruments to an increase in interest rates and/or foreign exchange	09/30/2018	Effect on income before taxes – from January to September 2018 – increase (decrease)		
		Probable	Scenario A	Scenario B
Unhedged - Consolidated				
<u>Financial assets</u>				
Cash equivalents and securities				
- CDI	1,480,616	-	17,631	35,194
<u>Financial liabilities</u>				
Debentures				
- CDI	288,338	(2)	(3,436)	(6,856)
- IPCA	3,051,473	(403)	(25,694)	(50,917)
		(405)	(11,499)	(22,579)
Unhedged – Parent Company				
<u>Financial assets</u>				
Cash equivalents and securities				
- CDI	1,324,183	-	15,768	31,476
<u>Financial liabilities</u>				
Debentures				
- CDI	288,338	(2)	(3,436)	(6,856)

NOTES TO THE QUARTERLY INFORMATION
SEPTEMBER 30, 2018

(Amounts expressed in thousands of reais, unless otherwise indicated)

Sensitivity analysis of the net exposure of financial instruments to an increase in interest rates and/or foreign exchange	09/30/2018	Effect on income before taxes – from January to September 2018 – increase (decrease)		
		Probable	Scenario A	Scenario B
- IPCA	3,051,473	(403)	(25,694)	(50,917)
		(405)	(13,362)	(26,297)
With hedge - Parent company and Consolidated				
<u>Financial liabilities (protected debt)</u>				
Loans and financing				
- Libor	367,472	(2,315)	(5,210)	(8,104)
- Dollar	367,472	18,627	(68,585)	(155,796)
<u>Derivatives</u>				
Asset leg – Libor	(367,472)	2,315	5,210	8,104
Asset leg – Dollar	(367,472)	(18,627)	68,585	155,796
Liability leg - CDI	353,114	(3)	(4,208)	(8,396)
Net effect		(3)	(4,208)	(8,396)

19.7 Credit Risk Management

Credit risk refers to the risk of a counterparty not complying with its contractual obligations, thus causing the Company to incur financial losses. This risk derives basically from investments held with Banks and financial institutions.

Credit risk of funds and derivative financial instruments is limited because counterparties are represented by Banks and financial institutions that have satisfactory credit rating levels, showing great likelihood that no counterparty fails to comply with its obligations.

As regards credit risk deriving from client transactions and concession financial asset, Management understands that it is not necessary to recognize a provision for losses or credit analyses in relation to its clients, as CUST, entered into by ONS and the Company and its subsidiaries, ensures receipt of amounts owed by users for services provided through a Contract for the Constitution of Guarantee (CCG) and Bank Guarantee Letter (CFB). Main advantages of these protection mechanisms are: (a) Diluted risks, as every user pays all the transmission companies; (b) Financial guarantees are provided individually by users; and (c) payment discussions take place between transmission companies and users. In case of default, the Company as a transmission agent may request ONS to resort to the user's bank guarantee in connection with the guarantee agreement (CCG) or bank letter of guarantee (CFB).

19.8 Liquidity risk management

The Company and its subsidiaries manage liquidity risk by maintaining proper reserves and bank credit facilities - and they also manage liquidity risk to raise loans - through monitoring cash flows and maturity profiles.

The table below: (a) shows in detail the remaining contractual maturity of non-derivative financial liabilities (and the contractual repayments terms of the Company and its subsidiaries); (b) was prepared in accordance with financial liabilities undiscounted cash flows based on the closest date in which the Company and its subsidiaries shall settle respective obligations; and (c) includes interest and principal cash flows.

Loans, financing and debentures	Up to 1 month	1–3 months	3–12 months	1–5 years	>5 years	Total
Postfixed	485,706	-	32,348	1,666,475	1,390,450	3,574,979
Prefixed	830	1,676	7,425	28,305	4,252	42,488
Derivative financial instruments	-	6,091	19,264	99,185	28,416	152,956
Consolidated	486,536	7,767	59,037	1,793,965	1,423,118	3,770,423
Postfixed	485,706	-	32,349	1,666,475	1,390,450	3,574,980
Prefixed	606	1,225	5,422	20,636	3,637	31,526

NOTES TO THE QUARTERLY INFORMATION
SEPTEMBER 30, 2018

(Amounts expressed in thousands of reais, unless otherwise indicated)

Loans, financing and debentures	Up to 1 month	1-3 months	3-12 months	1-5 years	>5 years	Total
Derivative financial instruments	-	6,091	19,264	99,185	28,416	152,956
Parent company	486,312	7,316	57,035	1,786,296	1,422,503	3,759,462

19.9 Management of operating risks

It is the risk of direct or indirect losses arising from different causes related to the Company's processes, personnel, technology and infrastructure and external factors, except credit, market and liquidity risks, as those arising from legal and regulatory requirements and from generally accepted corporate behavior standards:

Regulatory Risks - Extensive governmental legislation and regulation issued by the following bodies: Ministry of Mines and Energy - MME, ANEEL, ONS, Ministry of Environment and Brazilian Exchange and Securities Commission (CVM).

Insurance risk - Hiring of operating risk and civil responsibility insurance for their substations. Despite the adoption criteria for obtaining insurance against operating risks and civil liability with the purpose of employing practices adopted by other representative companies in the activity, damage to transmission lines such as losses due to fire, lightning, explosions, short-circuits, and electricity outage are not covered by this insurance, which may give rise to significant costs and additional investments.

Risk of interruption in services - In case of interruption in services, the Company and its subsidiaries will be subject to reduction in their income due to application of certain penalties, depending on the type, level and duration of service unavailability, as rules established by regulatory body. In case of extended interruptions, the effects may be relevant.

Risk of construction and development of infrastructure - in the event the Company and its subsidiaries shall expand its business by constructing new transmission installations, it may incur in risks inherent to the construction activity, delays in the execution of the work, and potential environment damages that may result in costs not provided for and/or penalties since may rely on third-parties in order to provide equipment used in facilities and, for that, they are subject to price increases and failures on the part of such suppliers, including delays in delivery of equipment or delivery of damaged equipment. Such failures could adversely affect the activities and have an adverse effect on the results.

Due to the technical specifications of equipment used in their facilities, some suppliers are at their disposal and one single supplier for certain equipment, there is only one supplier. If a supplier discontinues the production or stop the sale of any equipment purchased, they may not be able to acquire such equipment with other suppliers. In this case, the provision of electricity transmission service provided may be materially affected, and the Company and its subsidiaries may be obliged to make not expected investments in order to develop or fund the development of new technology to replace the unavailable equipment, which may negatively impact the financial condition and operating income.

Technical risk - the concessions' infrastructure is dimensioned according to technical directions imposed by local and international standards. Nevertheless, some event of Act of God or force majeure may cause economic and financial impacts bigger than those provided for in the original project. In such cases, the costs necessary to replace installations in operating conditions should be supported by the Company and its subsidiaries, even if eventual unavailability of its transmission lines do not generate reduction in income (Variable Portion).

Litigation risk - The Company and its subsidiaries are parties to a number of lawsuits and

NOTES TO THE QUARTERLY INFORMATION
SEPTEMBER 30, 2018

(Amounts expressed in thousands of reais, unless otherwise indicated)

administrative proceedings which are followed-up by legal advisors. The Company periodically analyzes information made available by its legal advisors to conclude on likelihood of obtaining success in lawsuits, avoiding financial losses and damage in reputation and seeking for cost effectiveness.

Top Management is responsible for developing and implementing controls to mitigate operating risks. (i) Proper function segregation requirements, including independent authorization of operations; (ii) Transaction reconciliation and monitoring requirements; (iii) conformity with regulatory and legal requirements; (iv) documentation of controls and procedures; (v) Requirements of periodic evaluation of operating risks and adequacy of controls and procedures to address identified risks; (iv) Operating loss reporting requirements and proposed corrective measures; (vii) development of contingency plans; (viii) Training and professional development; (ix) ethical and commercial standards; and (x) risk mitigation, including insurance, if effective.

19.10 Fair value hierarchy of derivative and non-derivative financial instruments

The different levels were defined as follow: (a) Level 1 – Prices quoted (not adjusted) in active markets for identical assets and liabilities; (b) Level 2 – Inputs, except for quoted prices, included in Level 1 which are observable for assets or liabilities, directly (prices) or indirectly (derived from prices), and (c) Level 3 – Assumptions, for assets or liabilities, which are not based on observable market data (non-observable inputs). There was no change in the level of these financial instruments in the period ended September 30, 2018.

19.10.1 Financial instruments stated at fair value through profit or loss

	Note	09/30/2018	12/31/2017	Fair value hierarchy
<u>Consolidated and Parent company</u>				
Loans and financing	13	367,472	321,718	Level 2
Derivative financial instruments	13	(14,358)	34,243	Level 2
Financial liabilities		353,114	355,961	

19.10.2 Financial instruments not measured at fair value through profit or loss (however, fair value disclosures are required)

Except as detailed in table below, Management considers that accounting values of other financial assets and liabilities not measured at fair value and recognized in this financial information approximate their fair values.

	Note	09/30/2018		12/31/2017		Fair value hierarchy
		Book value	Fair value	Book value	Fair value	
<u>Consolidated</u>						
Concession financial asset - Financial assets	7	5,140,239	6,143,058	5,234,481	6,084,647	Level 3
Debentures - Financial liabilities	14	3,317,535	3,287,040	2,636,396	2,604,585	Level 2
<u>Parent company</u>						
Concession financial asset - Financial assets	7	4,293,876	5,270,590	4,463,737	5,297,281	Level 3
Debentures - Financial liabilities	14	3,317,535	3,287,040	2,636,396	2,604,585	Level 2

Valuation techniques and information used

Concession financial asset: at the beginning of concession, it is measured at fair value and, then, maintained at amortized cost. At the beginning of each concession, discount rate is calculated based on own capital cost and is determined through internal and market components. After transmission lines start commercial operation, TRAF is reviewed in accordance with investments made after the end of construction.

The Company adopted the methodology of determining fair value of concession financial asset

NOTES TO THE QUARTERLY INFORMATION
SEPTEMBER 30, 2018

(Amounts expressed in thousands of reais, unless otherwise indicated)

described in the table above, by recalculating remuneration rate. Therefore, fair value of concession financial asset held by the Company was determined in accordance with pricing model based on analysis of discounted cash flow and using adjusted discount rate. Adjusted discount rate considers change of market variables and maintains other assumptions used at the beginning of concession and at the end of construction stage. Components considered as market variables are US inflation, risk-free rate and Brazil risk, and these were adjusted based on information available on September 30, 2018 and December 31, 2017.

Changes in financial assets and respective gains (losses) in Income for the nine-month period ended September 30, 2018 of R\$673,005 in Consolidated: R\$394,505 – Remuneration of financial assets and R\$278,500 – Inflation adjustment of financial assets (R\$553,396 on September 30, 2017: R\$576,548 – Remuneration of financial assets and negative R\$23,152 – Inflation correction of financial assets) and R\$612,942 in the Parent Company: R\$350,755 - Remuneration of financial assets and R\$262,187 - Inflation adjustment of financial assets (R\$488,814 on September 30, 2017: R\$527,263 in Compensation of financial assets and negative R\$38,449 - Inflation adjustment of financial assets) is disclosed in Note 7 - Concession financial asset, and the main methodologies used are disclosed in Note 3 - Accounting Policies.

Debentures: Management considers that debentures' book balances, classified as "other financial liabilities at amortized cost" approximate their fair values, except when these debentures have Unit Price (PU) in secondary market close to report period. Except for the 4th series of 2nd issuance of debentures by the Company, other series presented negotiations in secondary market on September 30, 2018 and December 31, 2017, whose fair values were measured based on these quotations.

As regards other financial assets and liabilities not measured at fair value, Management considers that book values approximate fair values, as: (i) they have average receipt/ payment period of less than 60 days; (ii) they are concentrated on fixed income securities remunerated at CDI rate; and (iii) there are no similar instruments with comparable maturities and interest rates.

20. EARNINGS PER SHARE

	Parent company			
	07/01/2018– 09/30/2018	07/01/2017– 09/30/2017	01/01/2018– 09/30/2018	01/01/2017– 09/30/2017
Income (loss) for the period	267,719	97,325	744,247	370,726
Result of the period proportional to common shares (1)	153,020	55,628	425,388	211,895
Weighted average number of common shares (2) (*)	590,714	590,714	590,714	590,714
Result of the period proportional to preferred shares (3)	114,699	41,697	318,859	158,831
Weighted average value of preferred shares (4) (*)	442,783	442,783	442,783	442,783
Earnings per common share - Basic and diluted in R\$ = (1) and (2) (**)	0.25904	0.09417	0.72013	0.35871
Earnings per common share - Basic and diluted in R\$ = (3) and (4) (**)	0.25904	0.09417	0.72013	0.35871

(*) Quantity in thousand shares.

(**) The Company does not have instruments with a dilutive effect.

21. NET OPERATING INCOME

Breakdown of the net operating income	Consolidated			
	07/01/2018– 09/30/2018	07/01/2017– 09/30/2017	01/01/2018– 09/30/2018	01/01/2017– 09/30/2017
Remuneration of concession financial asset	135,512	137,938	394,505	442,863
Inflation adjustment of concession financial asset	105,317	(43,794)	278,500	(69,675)
Operation and maintenance	148,038	139,790	427,618	414,690
Income from construction	56,677	16,166	99,140	35,139
Variable portion (a)	2,185	(1,733)	(12,830)	(9,301)
Other income	(1,600)	(4,093)	4,934	721
Gross operating income	446,129	244,274	1,191,867	814,437
Current PIS and COFINS	(20,018)	(20,333)	(64,812)	(65,837)
Deferred PIS and COFINS	(2,844)	10,829	4,452	28,771
ISS	(42)	(37)	(133)	(111)
Sectoral charges (b)	(20,048)	(19,834)	(60,254)	(60,770)

NOTES TO THE QUARTERLY INFORMATION
SEPTEMBER 30, 2018

(Amounts expressed in thousands of reais, unless otherwise indicated)

Breakdown of the net operating income	Consolidated			
	07/01/2018– 09/30/2018	07/01/2017– 09/30/2017	01/01/2018– 09/30/2018	01/01/2017– 09/30/2017
Deductions from revenue	(42,952)	(29,375)	(120,747)	(97,947)
Net operating income	403,177	214,899	1,071,120	716,490

Breakdown of the net operating income	Parent company			
	07/01/2018– 09/30/2018	07/01/2017– 09/30/2017	01/01/2018– 09/30/2018	01/01/2017– 09/30/2017
Remuneration of concession financial asset	120,033	125,659	350,755	406,591
Inflation adjustment of concession financial asset	97,671	(43,972)	262,187	(80,290)
Operation and maintenance	136,941	128,994	394,928	383,025
Income from construction	20,643	(211)	28,045	4,651
Variable portion (a)	2,792	(961)	(11,246)	(8,835)
Other income	(1,281)	(3,442)	6,578	1,347
Gross operating income	376,799	206,067	1,031,247	706,489
Current PIS and COFINS	(16,973)	(17,597)	(55,783)	(57,566)
Deferred PIS and COFINS	(1,802)	10,411	5,766	27,907
ISS	(42)	(37)	(133)	(111)
Sectorial charges (b)	(18,747)	(18,597)	(56,478)	(56,999)
Deductions from revenue	(37,564)	(25,820)	(106,628)	(86,769)
Net operating income	339,235	180,247	924,619	619,720

(a) Portion to be deducted from transmission company income because public transmission service was not properly provided. Variable portion may be classified into Not scheduled, when system is not available due to accident, and into Scheduled when transmission line equipment is maintained.

(b) Sectorial charges defined by ANEEL, provided for in the law, and intended to P&D benefits, establishment of RGR of public services, Inspection Rate, Energy Development Account and Alternative Electricity Sources Incentive Program.

Reconciliation between gross and recorded income corporate income tax and social contribution	Consolidated			
	07/01/2018– 09/30/2018	07/01/2017– 09/30/2017	01/01/2018– 06/30/2018	01/01/2017– 06/30/2017
Gross operating income	446,129	244,274	1,191,867	814,437
(+/-) Effects of corporate adjustments and taxation at cash system	(90,415)	154,670	(35,456)	388,398
Taxable gross operating income	355,714	398,944	1,156,411	1,202,835

Reconciliation between gross and recorded income corporate income tax and social contribution	Parent company			
	07/01/2018– 09/30/2018	07/01/2017– 09/30/2017	01/01/2018– 09/30/2018	01/01/2017– 09/30/2017
Gross operating income	376,799	206,067	1,031,247	706,489
(+/-) Effects of corporate adjustments and taxation at cash system	(85,646)	151,615	(26,953)	392,395
Taxable gross operating income	291,153	357,682	1,004,294	1,098,884

22. NATURE OF COSTS AND EXPENSES

	Consolidated			
	07/01/2018– 09/30/2018	07/01/2017– 09/30/2017	01/01/2018– 09/30/2018	01/01/2017– 09/30/2017
Direct remuneration	(16,219)	(17,227)	(48,096)	(48,547)
Benefits	(8,893)	(7,741)	(26,677)	(22,936)
FGTS and INSS	(5,690)	(6,686)	(17,440)	(18,304)
Personnel	(30,802)	(31,654)	(92,213)	(89,787)
Materials and engineering services	(58,883)	(26,530)	(105,720)	(54,009)
Outsourced services	(13,927)	(14,273)	(38,284)	(36,171)
Depreciation and amortization	(1,660)	(949)	(4,741)	(2,573)
Other operating costs	(6,579)	(7,815)	(17,493)	(19,653)
Total costs and expenses	(111,851)	(81,221)	(258,451)	(202,193)

NOTES TO THE QUARTERLY INFORMATION
SEPTEMBER 30, 2018

(Amounts expressed in thousands of reais, unless otherwise indicated)

	Parent company			
	07/01/2018– 09/30/2018	07/01/2017– 09/30/2017	01/01/2018– 09/30/2018	01/01/2017– 09/30/2017
Direct remuneration	(15,786)	(16,735)	(46,226)	(47,036)
Benefits	(8,388)	(7,340)	(25,165)	(21,784)
FGTS and INSS	(5,516)	(6,497)	(16,672)	(17,705)
Personnel	(29,690)	(30,572)	(88,063)	(86,525)
Materials and engineering services	(24,111)	(8,504)	(36,967)	(21,486)
Outsourced services	(12,923)	(13,503)	(35,621)	(33,886)
Depreciation and amortization	(1,662)	(949)	(4,742)	(2,573)
Other operating costs	(6,055)	(7,316)	(16,317)	(18,519)
Total costs and expenses	(74,441)	(60,844)	(181,710)	(162,989)

Statement of income uses cost and expenses classification based on their function, and nature of their main amounts is as follows:

Cost with third-party services: costs with operation, maintenance, sharing of facilities, communication, surveillance, and engineering services.

Costs with materials: costs with acquisition of materials, services provided and other costs used at construction stage and for maintenance of transmission lines.

Other operating costs: costs with rents, fuel, insurance, reimbursement of costs, and loss upon disposal of assets.

Expenses with outsourced services: expenses with advisory, graphic and communication services, maintenance of vehicles, travels, and audit.

Other operating income (expenses), net: expenses with fees, contributions, gains on disposal of assets, rents, indemnities, donations, sponsorships, and environmental compensation.

23. FINANCIAL INCOME (EXPENSES)

	Consolidated			
	07/01/2018– 09/30/2018	07/01/2017– 09/30/2017	01/01/2018– 09/30/2018	01/01/2017– 09/30/2017
Yields of interest earning bank deposits	21,389	20,216	45,923	54,304
Financial income	21,389	20,216	45,923	54,304
Loans and financing				
- Interest accrual	(3,417)	(3,328)	(11,065)	(9,598)
- Exchange-rate change	(15,488)	10,198	(68,103)	6,792
- Fair value adjustment	9,080	4,062	39,135	2,239
	(9,825)	10,932	(40,033)	(567)
Debentures				
- Interest accrual	(43,584)	(49,848)	(112,034)	(154,443)
- Inflation adjustments	(34,859)	(8,212)	(87,303)	(38,135)
	(78,443)	(58,060)	(199,337)	(192,578)
Derivative financial instruments				
- Interest accrual	(2,791)	(6,068)	(8,088)	(22,871)
- Exchange-rate change	15,488	(10,197)	68,103	(6,792)
- Fair value adjustment	(9,080)	(1,953)	(33,173)	3,303
	3,617	(18,218)	26,842	(26,360)
Total financial expenses related to debts	(84,651)	(65,346)	(212,528)	(219,505)
Other financial income (expenses), net	184	(2,254)	(3,134)	(6,141)
Financial expenses	(84,467)	(67,600)	(215,662)	(225,646)
	(63,078)	(47,384)	(169,739)	(171,342)

Financial expenses linked to debts - per type	Consolidated			
	07/01/2018–	07/01/2017–	01/01/2018–	01/01/2017–

NOTES TO THE QUARTERLY INFORMATION
SEPTEMBER 30, 2018

(Amounts expressed in thousands of reais, unless otherwise indicated)

	06/30/2018	09/30/2017	09/30/2018	09/30/2017
Interest accrual	(49,792)	(59,244)	(131,187)	(186,912)
Inflation adjustment	(34,859)	(8,212)	(87,303)	(38,135)
Fair value adjustment	-	2,110	5,962	5,542
	(84,651)	(65,346)	(212,528)	(219,505)

	Parent company			
	07/01/2018– 09/30/2018	07/01/2017– 09/30/2017	01/01/2018– 09/30/2018	01/01/2017– 09/30/2017
Yields of interest earning bank deposits	19,060	18,701	38,822	48,658
Financial income	19,060	18,701	38,822	48,658
Loans and financing				
- Interest accrual	(3,350)	(3,245)	(10,854)	(9,339)
- Exchange-rate change	(15,488)	10,198	(68,103)	6,792
- Fair value adjustment	9,080	4,062	39,135	2,239
	(9,758)	11,015	(39,822)	(308)
Debentures				
- Interest accrual	(43,584)	(49,848)	(112,034)	(154,443)
- Inflation adjustments	(34,859)	(8,212)	(87,303)	(38,135)
	(78,443)	(58,060)	(199,337)	(192,578)
Derivative financial instruments				
- Interest accrual	(2,791)	(6,068)	(8,088)	(22,871)
- Exchange-rate change	15,488	(10,197)	68,103	(6,792)
- Fair value adjustment	(9,080)	(1,953)	(33,173)	3,303
	3,617	(18,218)	26,842	(26,360)
Total financial expenses related to debts	(84,584)	(65,263)	(212,317)	(219,246)
Other financial income (expenses), net	(1,538)	(2,139)	(3,944)	(5,782)
Financial expenses	(86,122)	(67,402)	(216,261)	(225,028)
	(67,062)	(48,701)	(177,439)	(176,370)

Financial expenses linked to debts - per type	Parent company			
	07/01/2018– 09/30/2018	07/01/2017– 09/30/2017	01/01/2018– 09/30/2018	01/01/2017– 09/30/2017
Interest accrual	(49,725)	(59,161)	(130,976)	(186,653)
Inflation adjustment	(34,859)	(8,212)	(87,303)	(38,135)
Fair value adjustment	-	2,110	5,962	5,542
	(84,584)	(65,263)	(212,317)	(219,246)

24. PRIVATE PENSION PLAN – DEFINED CONTRIBUTION

Taesaprev Plan was created in Forluz, a privately-held supplementary pension plan entity, in which the Company became one of its sponsors, and the approval was published in the Federal Official Gazette on March 27, 2012. On September 30, 2018, 88% of effective staff of the Company and its subsidiaries ATE III, MIR and JAN participated in Taesaprev Plan (88% on December 31, 2017).

The Company's single obligation is to make contributions in accordance with the private pension plan's rules, which are settled up to the month subsequent to recognition of these expenses. The plan's assets are maintained segregated from the Company's other assets, under control of Forluz. Forluz main sponsor is CEMIG (founder-sponsor), one of the Company's parent company.

The Company may, at any time and following the law, request withdrawal of sponsorship, which will depend on approval by competent government authority and will be subject to pertinent law. In case of hypothetical withdrawal of the plan sponsor, sponsor's commitment is fully covered by the plan's assets. Liability, cost and expense values are presented in Note 12.

NOTES TO THE QUARTERLY INFORMATION
SEPTEMBER 30, 2018

(Amounts expressed in thousands of reais, unless otherwise indicated)

25. ASSUMED COMMITMENTS

Operation and maintenance	Concessions
Carried out with own resources	Taesa (TSN, Munirah, GTESA, Patesa, Novatrans, ETEO, STE, ATE, ATE II, NTE), ATE III, ETEP (only maintenance of transmission line), ECTE, ERTE (maintenance of LT and SE of Castanhal and operation of the entire concession), STC, Lumitrans, EBTE, EATE (maintenance of part of LT and SE Açailândia) and ENTE (maintenance of SE of Açailândia and LT), ETSE and BRAS.
Performed by Eletronorte	EATE (operation of the entire concession and maintenance of SE's and part of LT), ENTE (SE's Tucuruí and Marabá and operation of the entire concession), ETEP (maintenance of Tucuruí and Vila do Conde sub-stations and operation of the entire concession) and ERTE (maintenance of Vila do Conde and Santa Maria).
Carried out by CEEE-GT and Eletrosul	ETAU
Performed by CEMIG GT	ESDE and SGT

Operation and maintenance	Concessions
Carried out with own resources	Taesa (TSN, Munirah, GTESA, Patesa, Novatrans, ETEO, STE, ATE, ATE II, NTE), ATE III, ETEP (only maintenance of transmission line), ECTE, ERTE (maintenance of LT and SE of Castanhal and operation of the entire concession), STC, Lumitrans, EBTE, EATE (maintenance of part of LT and SE Açailândia) and ENTE (maintenance of SE of Açailândia and LT), ETSE and BRAS.
Performed by Eletronorte	EATE (operation of the entire concession and maintenance of SE's and part of LT), ENTE (SE's Tucuruí and Marabá and operation of the entire concession), ETEP (maintenance of Tucuruí and Vila do Conde sub-stations and operation of the entire concession) and ERTE (maintenance of Vila do Conde and Santa Maria).
Carried out by CEEE-GT and Eletrosul	ETAU
Performed by CEMIG GT	ESDE, SGT, Transleste, Transirapé and Transudeste (Juiz de Fora 1 substation and Transmission Line)
Made by Furnas	Transudeste (SE Itutinga)

Environmental compensation

The contracts for execution of Environmental Compensation projects are under way, based on schedules established in the relevant instruments, when applicable. Environmental compensations for which provisions were recognized by the Company and its subsidiaries are recorded under caption "Other accounts payable".

Operating lease

	Parent company			
	07/01/2018– 09/30/2018	07/01/2017– 09/30/2017	01/01/2018– 09/30/2018	01/01/2017– 09/30/2017
Expenses with corporate office rent	621	677	1,967	2,031

Rent contract will only be adjusted again on January 1, 2019, and maturity date will be in 2028. The Company does not have the option of acquiring leased property after lease period expires. Minimum future payments are as follow:

Up to 1 year	1–5 years	>5 years	Total
2,679	12,147	20,084	34,910

26. OTHER INFORMATION

Environmental aspects - The national environment policy establishes that the regular operation of activities considered actually or potentially polluting, or that, in any way, cause degradation to the environment, is subject to prior environment licensing.

NOTES TO THE QUARTERLY INFORMATION
SEPTEMBER 30, 2018

(Amounts expressed in thousands of reais, unless otherwise indicated)

Licenses issued for the Company and its investees					
Company	Stretch	Operating Permit No.	Issuing Date	Maturity	
Taesa (NVT)	Samambaia/DF - Serra da Mesa/GO		05/23/2003	09/06/2021	
	Serra da Mesa/GO - Miracema/TO	384/2004	11/17/2003	09/06/2021	
	Miracema/TO - Imperatriz/MA		09/06/2011	09/06/2021	
Taesa (TSN)	Serra da Mesa/GO - Sapeaçu/BA	287/2002	08/27/2018	08/27/2028	(b)
	Camaçari II - Sapeaçu (Munirah Concession)	2005-002212/TEC/LO-0044	07/24/2005	07/24/2010	
	Goianinha - Mussurê (Gtesa Concession)	339/2003	06/26/2015	06/26/2025	
	Paraíso - Açú (Patesa Concession)	2015-093170/TEC/RLO-0872	04/28/2016	04/28/2019	
	SE Norfil (Gtesa Concession)	198/2017	01/31/2017	01/31/2019	
	Sectioning Paraíso-Açú Lagoa Nova II (Patesa)	2014-072326 TEC/LS 0062	09/30/2016	08/19/2020	
Taesa (ETE0)	Taquaraçu - Sumaré	00026/2008	06/13/2008	06/13/2014	(c)
Taesa (NTE)	Angelim - Campina Grande	349/2003	12/23/2015	12/23/2025	
	Xingó - Angelim	350/2003	12/23/2015	12/23/2025	
Taesa (ATE)	Londrina - Araraquara	492/2005	02/29/2012	02/29/2022	
Taesa (STE)	Uruguaiana - Santa Rosa	01845/2017-DL	03/31/2017	03/31/2022	
Taesa (ATE II)	Colinas - Sobradinho	579/2006	02/01/2016	02/01/2026	
ATE III	Itacaiunas - Colinas	753/2008	06/17/2008	06/17/2012	(a)
	Marabá - Carajás	10275/2016	12/28/2016	12/17/2021	

(a) Renewal requested to IBAMA and valid until its declaration (CONAMA Resolution no. 237/97).

(b) The Environment Institute (IMA) of the State of Bahia, (Decree No. 11.235/08) exempts, specially, transmission or distribution lines from the renewal of the operating permit (LO).

(c) Renewal requested to CETESB and valid until its declaration.

Environmental Aspects MAR – On March 6, 2017 the Previous License for the undertaking was issued. In July 2017, an Installation Permit was requested to the Regional Superintendence of Environmental Regulation (SUPRAM/MG), scheduled to be issued in 2018.

Environmental aspects MIR – Environmental studies were registered with Instituto Natureza do Tocantins - Naturatins, on January 27, 2017. The following licenses were issued: Facility May 15, 2017 - SE Miracema and SE Lajeado, July 04, 2017 - LT 230 kV, September 29, 2017 – SE Palmas; Previous: July 31 - LT 500 kV. The request of Operation Permit (LO) is expected for August 2019.

Environmental aspects JAN – On April 28, 2017 the Company obtained the Framework for preparing the Simplified Environmental Report (RAS), to apply for Preliminary Permit (LP). All certificates (approvals) of soil use were obtained from the intercepted municipalities. The environmental study was filed in IBAMA on December 18, 2017. On September 3, 2018, the Previous License was issued. The installation license is expected to be issued in 2019.

Request for payment related to the early maturity of the Banking Guarantee Letter - On June 29, 2017, the Company filed an Extrajudicial Enforceable Instrument Execution Proceeding against Banco Votorantim, requesting the payment of the amount of R\$30,000, related to the early maturity of the Letter of Guarantee issued by the banking institution, due to the non-renewal of the guarantee by Abengoa. Such proceeding arises from the contractual provision stated in the Stock Purchase and Sale Agreement between Taesa and Abengoa. Due to the non-renewal of the Guarantee, all amounts charged based on the Purchase and Sale Instrument are not supported by guarantee.

27. SUBSEQUENT EVENTS

Release of funds from BNDES - ETAU – On October 17, 2018, ETAU obtained from BNDES the release of bank loans through the “BNDES - Capital de Giro” [“Working Capital”] program, in the amount of R\$10,273.

NOTES TO THE QUARTERLY INFORMATION
SEPTEMBER 30, 2018

(Amounts expressed in thousands of reais, unless otherwise indicated)

Executive Board	
Directors	Position
Raul Lycurgo Leite	CEO
Marcus Pereira Aucélio	CFO and Investor Relations Officer
Marco Antonio Resende Faria	Technical Director
José Aloise Ragone Filho	Business Development Officer
Raul Lycurgo Leite	Chief Legal and Regulatory Officer

Board of Directors	
Holders	Alternate members
José Maria Rabelo (CEMIG)	Daniel Faria Costa (CEMIG)
José Afonso Bicalho Beltrão da Silva (CEMIG)	Arthur Maia Amaral (CEMIG)
Paulo de Moura Ramos (CEMIG)	Mário Fernando Macedo da Silva (CEMIG)
Jorge Raimundo Nahas (CEMIG)	Marcelo Rocha (CEMIG)
Alcione Maria Martins Comonian (CEMIG)	Paulo Henrique Rodrigues Coimbra (CEMIG)
Bernardo Vargas Gibsone (ISA)	César Augusto Ramírez Rojas (ISA)
Ana Milena López Rocha (ISA)	Daniel Isaza Bonnet (ISA)
Hermes Jorge Chipp (ISA)	Gustavo Carlos Marin Garat (ISA)
Fernando Bunker Gentil (ISA)	Fernando Augusto Rojas Pinto (ISA)
François Moreau (Independent Member)	Rômulo Greficce Miguel Martins (independent member)
Celso Maia de Barros (independent member)	Robert Patrick Panero (independent member)

Tax Council	
Holders	Alternate members
Marco Antônio de Rezende Teixeira (CEMIG)	Francisco Luiz Moreira Penna (CEMIG)
Helvécio Miranda Magalhães Junior (CEMIG)	Eduardo José de Souza (CEMIG)
Manuel Domingues de Jesus e Pinho (ISA)	João Henrique de Souza Brum (ISA)
Position Vacated (Preferred minority shareholders)	Ronald Gastão Andrade Reis (Preferred minority shareholders)
Marcello Joaquim Pacheco (Preferred minority shareholders)	Murici dos Santos (Preferred minority shareholders)

Wagner Rocha Dias
Accountant CRC RJ-112158/O-3
SSN 778.993.777-49

A free translation from Portuguese into English of Report on the review of quarterly information prepared in Brazilian currency in accordance with Brazilian and International Standards on Review Engagements (NBC TR 2410 and ISRE 2410 - Review of Interim Financial Information Performed by the Independent Auditor of the Entity)

Report on the review of quarterly information

The Shareholders, Board of Directors and Officers
Transmissora Aliança de Energia Elétrica S.A. - TAESA
Rio de Janeiro – RJ

Introduction

We have reviewed the individual and consolidated interim financial information of Transmissora Aliança de Energia Elétrica S.A. (“Company”), contained in the Quarterly Information Form (ITR) for the quarter ended September 30, 2018, which comprises the statement of financial position as at September 30, 2018 and the related statements of profit or loss, of comprehensive income for the three-month and nine-month periods then ended, and statement of changes in equity and cash flow statement for the nine-month period then ended, including the accompanying notes.

Management is responsible for the preparation of the individual and consolidated interim financial information in accordance with Accounting Pronouncement CPC 21 (R1) – Interim Financial Reporting, and international standard IAS 34 – Interim Financial Reporting, issued by the International Accounting Standards Board – IASB, as well as for the fair presentation of this information in conformity with the standards issued by the Brazilian Securities and Exchange Commission (CVM) applicable to the preparation of Quarterly Information (ITR). Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope of review

We conducted our review in accordance with Brazilian and international standards on review engagements (NBC TR 2410 and ISRE 2410 - Review of Interim Financial Information Performed by the Independent Auditor of the Entity, respectively). A review of interim financial 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 auditing standards 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 individual and consolidated interim financial information

Based on our review, nothing has come to our attention that causes us to believe that the accompanying individual and consolidated interim financial information included in the quarterly information referred to above was not prepared, in all material respects, in accordance with CPC 21 (R1) and IAS 34 applicable to the preparation of Quarterly Information (ITR), and presented consistently with the rules issued by the Brazilian Securities and Exchange Commission (CVM).



Other matters

Statements of value added

We have also reviewed the individual and consolidated Statements of Value Added (SVA) for the nine-month period ended September 30, 2018, prepared under the responsibility of Company management, the presentation of which in the interim financial information is required by the rules issued by the Brazilian Securities and Exchange Commission (CVM) applicable to the preparation of Quarterly Information (ITR), and as supplementary information under the IFRS, whereby no SVA presentation is required. These statements have been subject to the same review procedures previously described and, based on our review, nothing has come to our attention that causes us to believe that they are not consistently prepared, in all material respects, in relation to the overall accompanying interim financial information.

Rio de Janeiro, November 05, 2018.

ERNST & YOUNG
Auditores Independentes S.S.
CRC-2SP015199/O-6

A handwritten signature in blue ink, appearing to read 'Gláucio Dutra da Silva', is written over the printed name and title.

Gláucio Dutra da Silva
Accountant CRC-1RJ 090174/O-4

Opinions and Statements / Statement of the Directors on the Financial Statements

The members of the Executive Board of Transmissora Aliança de Energia Elétrica S.A. ("Company"), who sign below, while performing their legal and statutory functions, hereby state that they reviewed, discussed, and agree with (i) the Company's quarterly information for the 3Q17 ended September 30, 2018 and the respective supplementary documents.

Rio de Janeiro, November 05, 2018.

Raul Lycurgo Leite

CEO and Chief Legal and Regulatory Officer

Marcus Pereira Aucélio

CFO and Investor Relations Officer

Marco Antônio Resende Faria

Technical Director

José Aloise Ragone Filho

Business Development Officer

Opinions and Statements / Statement of the Directors on the Independent auditors' report

The members of the Executive Board of Transmissora Aliança de Energia Elétrica S.A. ("Company"), who sign below, while performing their legal and statutory functions, hereby state that they reviewed, discussed, and agree with the opinions of the Company's independent auditors issued in the special review of the Quarterly Information for the 2Q17, ended September 30, 2018, and corresponding supplementary documents.

Rio de Janeiro, November 05, 2018.

Raul Lycurgo Leite

CEO and Chief Legal and Regulatory Officer

Marcus Pereira Aucélio

CFO and Investor Relations Officer

Marco Antônio Resende Faria

Technical Director

José Aloise Ragone Filho

Business Development Officer