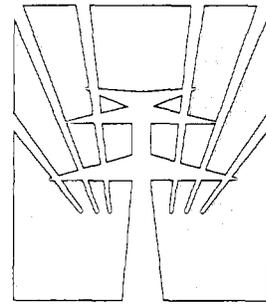


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**TRANSMISSÃO  
PAULISTA**

FINANCIAL STATEMENTS

AS OF JUNE 30, 2002

AND INDEPENDENT ACCOUNTANTS' REPORT

**SUPL**

**PROCESSED**

SEP 24 2002

**THOMSON  
FINANCIAL**

*llw 9/19*

**REGISTRATION AT CVM DOES NOT IMPLY ANY OPINION ON THE COMPANY. COMPANY MANAGEMENT IS RESPONSIBLE FOR THE TRUTHFULNESS OF THE INFORMATION MENTIONED HEREIN.**

**01.01 - IDENTIFICATION**

|                                   |  |  |
|-----------------------------------|--|--|
| 1 - CVM CODE<br>01837 - 6         | 2 - NAME<br>CIA. DE TRANSMISSÃO DE ENERGIA ELÉTRICA PAULISTA | 3 - Corporate Tax ID (CNPJ)<br>02.998.611/0001-4 |
| 4 - NIRE NUMBER<br>353.001.705.71 |  |  |

**01.02 - HEAD OFFICE**

|   |                        |                               |                        |                                    |                 |
|---|------------------------|-------------------------------|------------------------|------------------------------------|-----------------|
| 1 - FULL ADDRESS<br>R. BELA CINTRA, 847 - 9 <sup>th</sup> floor |                        |                               |                        | 2 - AREA OR DISTRICT<br>CONSOLAÇÃO |                 |
| 3 - POSTAL CODE<br>01415-903                                    |                        | 4 - MUNICIPALITY<br>SÃO PAULO |                        |                                    | 5 - STATE<br>SP |
| 6 - AREA CODE<br>011  | 7 - PHONE<br>3214-1527 | 8 - PHONE<br>3551-5766        | 9 - PHONE<br>3138-7505 | 10 - TELEX                         |                 |
| 11 - DDD<br>011   | 12 - FAX<br>3151-5723  | 13 - FAX<br>3151-5789         | 14 - FAX<br>-          |                                    |                 |
| 15 - E-MAIL<br>ctEEP@ctEEP.com.br                               |                        |                               |                        |                                    |                 |

**01.03 - SHAREHOLDERS' RELATIONSHIP DIRECTOR (Mailing Address)**

|  |                        |                               |                         |                        |                 |
|--|------------------------|-------------------------------|-------------------------|------------------------|-----------------|
| 1 - NAME<br>SANDRA MARIA DE SÃO THIAGO L. PICCARDI         |                        |                               |                         |                        |                 |
| 2 - ADDRESS<br>R. BELA CINTRA, 847 - 6 <sup>th</sup> floor |                        |                               |                         | 3 - AREA<br>CONSOLAÇÃO |                 |
| 4 - POSTAL CODE<br>01415-903                               |                        | 5 - MUNICIPALITY<br>SÃO PAULO |                         |                        | 6 - STATE<br>SP |
| 7 - AREA CODE<br>011                                       | 8 - PHONE<br>3138-7560 | 9 - PHONE<br>3151-5788        | 10 - PHONE<br>3231-1173 | 11 - TELEX             |                 |
| 12 - AREA CODE<br>011                                      | 13 - FAX<br>3151-5774  | 14 - FAX<br>-                 | 15 - FAX<br>-           |                        |                 |
| 16 - E-MAIL<br>fin@ctEEP.com.br                            |                        |                               |                         |                        |                 |

**01.04 - REFERENCE/AUDITOR**

| CURRENT FISCAL YEAR   |            | CURRENT QUARTER |               |            | PRECEDING QUARTER  |               |            |
|---|------------|-----------------|---------------|------------|--|---------------|------------|
| 1 - Beginning   | 2 - End    | 3 - Number      | 4 - Beginning | 5 - End    | 6 - Number   | 7 - Beginning | 8 - End    |
| 01/01/2002  | 12/31/2002 | 2               | 04/01/2002    | 06/30/2002 | 1  | 01/01/2002    | 03/31/2002 |
| 9 - NAME OF AUDITOR<br>TREVISAN AUDITORES INDEPENDENTES     |            |                 |               |            | 10 - CVM CODE<br>00210-0                                 |               |            |
| 11 - AUDITOR IN CHARGE<br>ORLANDO OCTÁVIO DE FREITAS JÚNIOR |            |                 |               |            | 12 - Tax ID of auditor in charge (CPF)<br>084.911.368-78 |               |            |

Somente para fins  
 de Identificação  
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 The Global Solution



**01.01 - IDENTIFICATION**

|                                  |   |   |
|----------------------------------|---|---|
| 1 - CVM CODE<br><b>01837 - 6</b> | 2 - NAME<br><b>CIA. DE TRANSMISSÃO DE ENERGIA ELÉTRICA PAULISTA</b> | 3 - Corporate Tax ID (CNPJ)<br><b>02.998.611/0001-4</b> |
|----------------------------------|---|---|

**01.05 - OWNERSHIP**

| Amount of Shares<br>(thousands) | 1 - Current Quarter<br>06/30/2002 | 2 - Preceding Quarter<br>03/31/2002 | 3 - Same quarter preceding year<br>06/30/2001 |
|---------------------------------|-----------------------------------|-------------------------------------|---|
| <b>Paid-in capital</b>          |                                   |                                     |   |
| 1 - Common                      | 62,558,663                        | 62,558,663                          | 48,541,652                                    |
| 2 - Preferred                   | 86,726,372                        | 86,726,372                          | 45,156,610                                    |
| 3 - Total                       | 149,285,035                       | 149,285,035                         | 93,698,262                                    |
| <b>Treasury</b>                 |                                   |                                     |   |
| 4 - Common                      | 0                                 | 0                                   | 0   |
| 5 - Preferred                   | 0                                 | 0                                   | 0   |
| 6 - Total                       | 0                                 | 0                                   | 0   |

**01.06 - DESCRIPTION OF THE COMPANY**

|  |
|--|
| 1 - TYPE OF COMPANY<br>Commercial, Industrial, Other           |
| 2 - TYPE OF SITUATION<br>Operational                           |
| 3 - NATURE OF OWNERSHIP<br>State-owned                         |
| 4 - ACTIVITY CODE<br>1990200 - Electric Power Services         |
| 5 - MAIN ACTIVITY<br>Electric power transmission               |
| 6 - TYPE OF CONSOLIDATED FINANCIAL STATEMENTS<br>Not submitted |
| 7 - TYPE OF AUDITORS' REPORT<br>Unqualified                    |

**01.07 - COMPANIES NOT INCLUDED IN THE CONSOLIDATED FINANCIAL STATEMENTS**

|          |                             |          |
|----------|-----------------------------|----------|
| 1 - ITEM | 2 - Corporate tax ID (CNPJ) | 3 - NAME |
|----------|-----------------------------|----------|

**01.08 - CASH DISTRIBUTION DETERMINED AND/OR PAID DURING THE QUARTER OR THEREAFTER**

| 1 - Item | 2 - Event | 3 - Approval | 4 - Distribution        | 5 - Beginning of payment | 6 - Type of share         | 7 - Amount of distribution per share |
|----------|-----------|--------------|-------------------------|--------------------------|---------------------------|--------------------------------------|
| 01       | AGM/EGM   | 04/26/2002   | Interest on own capital | 06/25/2002               | Nominative Common (ON)    | 0.0000814350                         |
| 02       | AGM/EGM   | 04/26/2002   | Interest on own capital | 06/25/2002               | Preferred Nominative (PN) | 0.0000814350                         |
| 03       | AGM/EGM   | 04/26/2002   | Dividend                | 06/25/2002               | Nominative Common (ON)    | 0.0002191380                         |
| 04       | AGM/EGM   | 04/26/2002   | Dividend                | 06/25/2002               | Preferred Nominative (PN) | 0.0002191380                         |
| 05       | RCA (*)   | 06/24/2002   | Interest on own capital | 08/23/2002               | Nominative Common (ON)    | 0.0003640880                         |
| 06       | RCA (*)   | 06/24/2002   | Interest on own capital | 08/23/2002               | Preferred Nominative (PN) | 0.0003640880                         |

(\*) Board of Directors

FEDERAL GOVERNMENT SERVICE  
 CVM - COMISSÃO DE VALORES MOBILIÁRIOS (BRAZILIAN SECURITY AND EXCHANGE COMMISSION) Corporate Law  
 ITR - QUATERLY INFORMATION Base Date - 06/30/2002  
 BUSINESS, INDUSTRIAL AND OTHER COMPANIES

**01.01 - IDENTIFICATION**

|                           |  |  |
|---------------------------|--|--|
| 1 - CVM CODE<br>01837 - 6 | 2 - NAME<br>CIA. DE TRANSMISSÃO DE ENERGIA ELÉTRICA PAULISTA | 3 - Corporate Tax ID (CNPJ)<br>02.998.611/0001-4 |
|---------------------------|--|--|

**01.09 - SUBSCRIBED CAPITAL AND CHANGES DURING THE YEAR**

| 1 - Item | 2 - Date of Change | 3 - Share Capital (thousands of reais) | 4 - Change (thousands of reais) | 5 - Source of Change | 7 - Quantity of Shares Issued (thousands) | 8 - Share Issue Price (Reais) |
|----------|--------------------|--|---------------------------------|----------------------|---|-------------------------------|
|----------|--------------------|--|---------------------------------|----------------------|---|-------------------------------|

**01.10 - SHAREHOLDER RELATIONSHIP DIRECTOR**

|                        |   |
|------------------------|---|
| 1 - DATE<br>08/15/2002 | 2 - SIGNATURE<br> |
|------------------------|---|



01.01 - IDENTIFICATION

|                           |  |  |
|---------------------------|--|--|
| 1 - CVM CODE<br>01837 - 6 | 2 - NAME<br>CIA. DE TRANSMISSÃO DE ENERGIA ELÉTRICA PAULISTA | 3 - Corporate Tax ID (CNPJ)<br>02.998.611/0001-4 |
|---------------------------|--|--|

02.01 - BALANCE SHEET - ASSETS (in Thousands of Reals)

| 1 - Code   | 2 - Description                                      | 3 - 06/30/2002 | 4 - 03/31/2002 |
|------------|--|----------------|----------------|
| 1          | Total Assets   | 4,135,261      | 4,119,241      |
| 1.01       | Current Assets                                       | 516,498        | 515,664        |
| 1.01.01    | Cash and banks                                       | 325,380        | 329,468        |
| 1.01.01.01 | Cash   | 2,378          | 5,937          |
| 1.01.01.02 | Short-term investments                               | 323,002        | 323,531        |
| 1.01.02    | Credits  | 73,356         | 79,366         |
| 1.01.02.01 | Accounts receivable from customers                   | 73,356         | 79,366         |
| 1.01.03    | Inventories  | 20,864         | 23,639         |
| 1.01.04    | Other  | 96,898         | 83,191         |
| 1.01.04.01 | Accounts receivables - from Finance State Department | 60,988         | 69,486         |
| 1.01.04.02 | Deferred Income Tax and Social Contribution          | 1,494          | 1,494          |
| 1.01.04.03 | Recoverable Taxes and Contributions                  | 22,125         | 2,370          |
| 1.01.04.04 | Other  | 12,291         | 9,841          |
| 1.02       | Long-Term Assets                                     | 216,047        | 196,270        |
| 1.02.01    | Sundry Credits                                       | 124,537        | 114,799        |
| 1.02.01.01 | Accounts receivables - from Finance State Department | 124,537        | 114,799        |
| 1.02.02    | Related-party credits                                | 0              | 0              |
| 1.02.02.01 | Associated companies                                 | 0              | 0              |
| 1.02.02.02 | Controlled companies                                 | 0              | 0              |
| 1.02.02.03 | Other related parties                                | 0              | 0              |
| 1.02.03    | Other  | 91,510         | 81,471         |
| 1.02.03.01 | Disposal of Assets and Rights                        | 78,882         | 78,882         |
| 1.02.03.02 | Allowance for Doubtful Debtors                       | (78,882)       | (78,882)       |
| 1.02.03.03 | Deferred Income Tax and Social Contribution          | 63,627         | 56,112         |
| 1.02.03.04 | Security and Restricted Deposits                     | 24,978         | 22,454         |
| 1.02.03.05 | Other  | 2,905          | 2,905          |
| 1.03       | Permanent Assets                                     | 3,402,716      | 3,407,307      |
| 1.03.01    | Investments  | 14,194         | 14,194         |
| 1.03.01.01 | Interest in associated companies                     | 0              | 0              |
| 1.03.01.02 | Interest in controlled companies                     | 0              | 0              |
| 1.03.01.03 | Other investments                                    | 14,194         | 14,194         |
| 1.03.02    | Property, Plant and Equipment                        | 3,388,522      | 3,393,113      |
| 1.03.02.01 | In use   | 3,059,540      | 3,099,338      |
| 1.03.02.02 | Under construction                                   | 356,747        | 321,540        |
| 1.03.02.03 | Special obligations                                  | (27,765)       | (27,765)       |
| 1.03.03    | Deferred charges                                     | 0              | 0              |

Somente para fins  
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01.01 - IDENTIFICATION

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|---------------------------|--|--|

02.02 - BALANCE SHEET - LIABILITIES (in Thousands of Reals)

| 1 - Code   | 2 - Description  | 3 - 06/30/2002 | 4 - 03/31/2002 |
|------------|--|----------------|----------------|
| 2          | Total liabilities  | 4,135,261      | 4,119,241      |
| 2.01       | Current Liabilities  | 214,369        | 193,814        |
| 2.01.01    | Loans and Financings   | 32,521         | 28,497         |
| 2.01.02    | Debentures   | 0              | 0              |
| 2.01.03    | Trade accounts payable                                       | 11,316         | 14,655         |
| 2.01.04    | Taxes, Duties and Contributions                              | 25,370         | 21,360         |
| 2.01.04.01 | Income Tax   | 4,591          | 6,051          |
| 2.01.04.02 | INSS (Social Security – benefit to employee)                 | 3,872          | 3,695          |
| 2.01.04.03 | FGTS (Guarantee Deposit – benefit to employee)               | 1,090          | 1,059          |
| 2.01.04.04 | COFINS (Social Contribution on sales and revenues)           | 1,105          | 1,186          |
| 2.01.04.05 | PIS/PASEP (Social Integration Program on sales and revenues) | 942            | 425            |
| 2.01.04.06 | Inspection Tax – ANEEL                                       | 293            | 565            |
| 2.01.04.07 | Income Tax - Interest on own capital                         | 4,995          | 0              |
| 2.01.04.08 | Social Contribution on net income                            | 5,554          | 6,727          |
| 2.01.04.09 | Other  | 2,928          | 1,652          |
| 2.01.05    | Dividends Payable  | 49,592         | 43,789         |
| 2.01.05.01 | Dividends Declared   | 144            | 32,752         |
| 2.01.05.02 | Interest on own capital                                      | 49,448         | 11,037         |
| 2.01.06    | Provisions   | 63,964         | 54,685         |
| 2.01.06.01 | Provision for payroll  | 24,135         | 19,500         |
| 2.01.06.02 | Provision for payroll / social charges                       | 16,082         | 14,137         |
| 2.01.06.03 | Provision for taxes  | 22,646         | 19,794         |
| 2.01.06.04 | Opportunity Program for Employees                            | 1,101          | 1,254          |
| 2.01.07    | Related-party debts  | 21,685         | 21,730         |
| 2.01.07.01 | Payables - Fundação CESP                                     | 13,038         | 12,710         |
| 2.01.07.02 | Payables - EMAE  | 8,647          | 9,020          |
| 2.01.08    | Other  | 9,921          | 9,098          |
| 2.01.08.01 | Consumer Charges - RGR                                       | 3,006          | 3,286          |
| 2.01.08.02 | Other  | 6,915          | 5,812          |
| 2.02       | Long-Term Liabilities  | 399,557        | 389,195        |
| 2.02.01    | Loans and Financings   | 87,342         | 78,932         |
| 2.02.02    | Debentures   | 0              | 0              |
| 2.02.03    | Provisions   | 115,870        | 113,804        |
| 2.02.03.01 | Provision for labor contingencies                            | 48,128         | 48,128         |
| 2.02.03.02 | Provision for fiscal contingencies                           | 66,990         | 64,924         |
| 2.02.03.03 | Provision for civil contingencies                            | 752            | 752            |
| 2.02.04    | Related-party debts  | 175,338        | 175,452        |
| 2.02.04.01 | Payables - Fundação CESP                                     | 175,338        | 175,949        |
| 2.02.04.02 | Payables - EMAE  | 0              | 1,503          |
| 2.02.05    | Other  | 21,007         | 21,007         |
| 2.02.05.01 | Deferred Income Tax  | 16,374         | 16,374         |

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|----------------------------------|---|---|

**02.02 - BALANCE SHEET - LIABILITIES (in Thousands of Reals)**

| 1 - Code   | 2 - Description   | 3 - 06/30/2002 | 4 - 03/31/2002 |
|------------|---|----------------|----------------|
| 2.02.05.02 | Deferred IPTU (Tax on properties)                                     | 4,633          | 4,633          |
| 2.03       | Deferred income   | 176,928        | 181,174        |
| 2.05       | Shareholders' Equity  | 3,344,407      | 3,355,058      |
| 2.05.01    | Paid-in capital   | 462,000        | 462,000        |
| 2.05.02    | Capital Reserves  | 2,593,035      | 2,593,035      |
| 2.05.02.01 | Donations and Fiscal Incentives                                       | 1,952,573      | 1,952,573      |
| 2.05.02.02 | Interest on property, plant and equip. under construction own capital | 633,053        | 633,053        |
| 2.05.02.03 | Funds for capital increase  | 666            | 666            |
| 2.05.02.04 | Fiscal incentives - FINAM   | 6,743          | 6,743          |
| 2.05.03    | Revaluation reserves  | 0              | 0              |
| 2.05.03.01 | Own assets  | 0              | 0              |
| 2.05.03.02 | Associated/controlled companies                                       | 0              | 0              |
| 2.05.04    | Earnings reserves   | 197,825        | 198,921        |
| 2.05.04.01 | Legal   | 26,516         | 26,516         |
| 2.05.04.02 | Statutory   | 31,251         | 31,251         |
| 2.05.04.03 | For contingencies   | 0              | 0              |
| 2.05.04.04 | Unrealized income   | 140,058        | 141,154        |
| 2.05.04.05 | Retained earnings   | 0              | 0              |
| 2.05.04.06 | Special for unpaid dividends  | 0              | 0              |
| 2.05.04.07 | Other Surplus reserves  | 0              | 0              |
| 2.05.05    | Retained earnings   | 91,547         | 101,102        |

Somente para fins  
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FEDERAL GOVERNMENT SERVICE  
 CVM - COMISSÃO DE VALORES MOBILIÁRIOS (BRAZILIAN SECURITY AND EXCHANGE COMMISSION)  
 ITR - QUARTERLY INFORMATION  
 BUSINESS, INDUSTRIAL AND OTHER COMPANIES

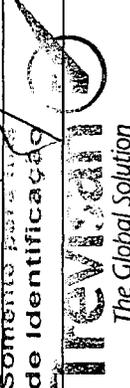
Corporate Law  
 Base Date - 06/30/2002

01.01 - IDENTIFICATION

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| 1 - CVM CODE<br>01837 - 6 | 2 - NAME<br>CIA. DE TRANSMISSÃO DE ENERGIA ELÉTRICA PAULISTA | 3 - Corporate Tax ID (CNPJ)<br>02.998.611/0001-4 |
|---------------------------|--|--|

03.01 - STATEMENT OF INCOME (in Thousands of Reals)

| 1 - Code                           | 2 - Description                            | 3 - 04/01/2002 -<br>06/30/2002 | 4 - 01/01/2002 -<br>06/30/2002 | 5 - 04/01/2001 -<br>06/30/2001 | 6 - 01/01/2001 -<br>06/30/2001 |
|------------------------------------|--|--------------------------------|--------------------------------|--------------------------------|--------------------------------|
| 3.01                               | Gross sales                                | 170,786                        | 348,425                        | 96,579                         | 189,248                        |
| 3.01.01                            | Revenue from use of Electric Power Network | 167,806                        | 342,132                        | 93,984                         | 184,153                        |
| 3.01.02                            | Other Revenues                             | 2,980                          | 6,293                          | 2,595                          | 5,095                          |
| 3.02                               | Deductions from gross sales                | (10,684)                       | (21,655)                       | (5,802)                        | (11,466)                       |
| 3.02.01                            | RGR  | (4,433)                        | (8,903)                        | (2,267)                        | (4,534)                        |
| 3.02.02                            | COFINS                                     | (5,121)                        | (10,441)                       | (2,895)                        | (5,678)                        |
| 3.02.03                            | PIS/PASEP                                  | (1,109)                        | (2,262)                        | (627)                          | (1,230)                        |
| 3.02.04                            | ISS  | (21)                           | (49)                           | (13)                           | (24)                           |
| 3.03                               | Net Sales                                  | 160,102                        | 326,770                        | 90,777                         | 177,782                        |
| 3.04                               | Cost of sales                              | (154,751)                      | (287,624)                      | (84,076)                       | (161,884)                      |
| 3.04.01                            | Personnel                                  | (65,507)                       | (126,015)                      | (40,974)                       | (81,712)                       |
| 3.04.02                            | Opportunity Program for Employees          | 0                              | 0                              | 0                              | (6,767)                        |
| 3.04.03                            | Materials                                  | (5,855)                        | (9,663)                        | (3,906)                        | (5,604)                        |
| 3.04.04                            | Third-party services                       | (15,515)                       | (30,775)                       | (11,790)                       | (20,822)                       |
| 3.04.05                            | Depreciation                               | (40,400)                       | (80,965)                       | (19,846)                       | (39,781)                       |
| 3.04.06                            | Provisions for Contingencies               | (2,066)                        | (8,096)                        | (9,043)                        | (9,043)                        |
| 3.04.07                            | Other expenses/Expense recovery            | (25,408)                       | (32,110)                       | 1,483                          | 1,845                          |
| 3.05                               | Gross Income                               | 5,351                          | 39,146                         | 6,701                          | 15,898                         |
| 3.06                               | Operating income / expense                 | (21,032)                       | (8,800)                        | (3,924)                        | 5,863                          |
| 3.06.01                            | Sales                                      | 0                              | 0                              | 0                              | 0                              |
| 3.06.02                            | General and administrative                 | 0                              | 0                              | 0                              | 0                              |
| 3.06.03                            | Financial                                  | (21,032)                       | (8,800)                        | (6,108)                        | 3,257                          |
| 3.06.03.01                         | Financial income                           | 43,472                         | 64,336                         | 18,908                         | 32,631                         |
| 3.06.03.02                         | Financial expenses                         | (64,504)                       | (73,136)                       | (25,016)                       | (29,374)                       |
| 3.06.04                            | Other operating income                     | 0                              | 0                              | 0                              | 0                              |
| Somente para fins de identificação |  |                                |                                |                                |                                |



01.01 - IDENTIFICATION

|                           |  |  |
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|---------------------------|--|--|

03.01 - STATEMENT OF INCOME (in Thousands of Reals)

| 1 - Code | 2 - Description  | 3 - 04/01/2002 - 06/30/2002 | 4 - 01/01/2002 - 06/30/2002 | 5 - 04/01/2001 - 06/30/2001 | 6 - 01/01/2001 - 06/30/2001 |
|----------|--|-----------------------------|-----------------------------|-----------------------------|-----------------------------|
| 3.06.05  | Other operating expense                                    | 0                           | 0                           | 0                           | 0                           |
| 3.06.06  | Equity pickup  | 0                           | 0                           | 2,184                       | 2,606                       |
| 3.07     | Operating income   | (15,681)                    | 30,346                      | 2,777                       | 21,761                      |
| 3.08     | Non-Operating Income                                       | (7,875)                     | (9,917)                     | (775)                       | (3,052)                     |
| 3.08.01  | Income   | 824                         | 951                         | 1,355                       | 1,548                       |
| 3.08.02  | Expenses   | (8,699)                     | (10,868)                    | (2,130)                     | (4,600)                     |
| 3.09     | Income before taxes and profit shares                      | (23,556)                    | 20,429                      | 2,002                       | 18,709                      |
| 3.10     | Provision for Income Tax and Social Contribution on income | 5,390                       | (12,868)                    | 2,708                       | (1,970)                     |
| 3.10.01  | Income Tax   | 3,612                       | (10,121)                    | 2,187                       | (987)                       |
| 3.10.02  | Social Contribution  | 1,778                       | (2,747)                     | 521                         | (983)                       |
| 3.11     | Deferred income tax  | 7,515                       | 9,529                       | (1,763)                     | (1,763)                     |
| 3.11.01  | Deferred income tax  | 5,669                       | 7,128                       | (1,296)                     | (1,296)                     |
| 3.11.02  | Deferred social contribution                               | 1,846                       | 2,401                       | (467)                       | (467)                       |
| 3.12     | Statutory profit shares/contributions                      | 0                           | 0                           | 0                           | 0                           |
| 3.12.01  | Profit Shares  | 0                           | 0                           | 0                           | 0                           |
| 3.12.02  | Contributions  | 0                           | 0                           | 0                           | 0                           |
| 3.13     | Reversal of interest on own capital                        | 54,353                      | 54,353                      | 20,000                      | 20,000                      |
| 3.15     | Income for the year  | 43,702                      | 71,443                      | 22,947                      | 34,976                      |
|          | Number of shares, Ex-Treasury (thousands)                  | 149,285,035                 | 149,285,035                 | 93,698,262                  | 93,698,262                  |
|          | Earnings per share   | 0.00029                     | 0.00048                     | 0.00024                     | 0.00037                     |
|          | Loss per share   |                             |                             |                             |                             |

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**04.01 – NOTES**

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**1 BUSINESS OF THE COMPANY**

Companhia de Transmissão de Energia Elétrica Paulista (CTEEP) is an Electric Energy Utility Company located in the State of Sao Paulo that operates electric power transmission lines and substations and has its activities regulated and inspected by the National Agency of Electric Energy – ANEEL. It was organized in February 4, 1999, and on March 30, 1999 an Extraordinary General Meeting approved the incorporation of part of the assets of CESP – Companhia Energética de São Paulo into the CTEEP, as a result of CESP's partial spin-off.

Company started its business operations on April 1, 1999 and its main activity is the planning, construction and operation of electric power transmission systems, as well as research and development programs in connection with energy transportation and other activities related to available technology, either directly or in collaboration with government or private entities.

On October 31, 2001, Extraordinary General Meetings were held and both the shareholders of EPTE – Empresa Paulista de Transmissão de Energia Elétrica S.A. and those of CTEEP have resolved for the taking over of EPTE by the CTEEP, which became effective on November 10, 2001.

CTEEP is a company controlled by the Government of the State of São Paulo.

**2 PRESENTATION OF QUARTERLY INFORMATION**

Quarterly Information - ITR have been prepared in agreement with accounting policies issuing from the Brazilian Corporate Law, regulations laid down by the Brazilian Securities and Exchange Commission – CVM, and rules of specific laws applicable to electric power utility concessionaires set forth by the National Agency of Electric Energy – ANEEL.

These ITR are in compliance with the principles, methods and criteria adopted by CTEEP ended 2001.

Reclassifications were made to the financial statements presented for comparison purposes aiming at a better presentation and comparison.

All amounts presented in these ITR are expressed in thousands of Reals.

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**3 SUMMARY OF MAIN ACCOUNTING PRACTICES**

**3.1 Specific Accounting Practices**

**Financial Expenses and Monetary and Exchange Gains or Losses**

As set forth under Accounting Instructions 6.3.10, item 4, of the Accounting Manual for Electric Power Utility Companies, interest and other financial expenses and monetary and exchange gains or losses in connection with borrowings from third parties effectively invested in property, plant and equipment under construction are recorded in this subgroup increase the cost.

**3.2 General Accounting Practices**

**a Short-term Investments**

Short-term investments are recorded at cost, with corresponding accrued interest earned until the closing date for the applicable period.

**b Accounts receivables from customers**

It includes amounts invoiced for the use of connection and basic network systems by electric power utility concessionaires and companies interconnected to such systems.

**c Inventories / Stores**

Materials in stores are valued and recorded at their average purchase cost, which does not exceed their replacement value. Materials meant for construction are recorded under property, plant and equipment under construction.

**d Property, Plant and Equipment**

Items that are part of Property, Plant and Equipment are recorded at their purchase and/or construction cost, including the effects of monetary restatement until December 31, 1995, plus Complementary Monetary Correction – CMC created by Law 8200, of June 28, 1991, interest on own capital until December 31, 1998, financial charges, monetary and exchange gains or losses on borrowings and financing linked to the constructions in course, minus accumulated depreciation and amortization. Depreciation is determined by the straight-line method based on annual rates going from 2% to 8.3% for assets linked to the transmission system, 10% for furniture and fixtures and 20% for vehicles, pursuant to Resolution 002, of December 24, 1997, updated by Resolution 44, of March 17, 1999, issued by the National Agency of Electric Energy – ANEEL.

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**e Assets and Liabilities subject to Adjustment for Monetary/Exchange Variations**

When subject to some for of adjustment, assets will be adjusted based on indexes established in law or in contract, up to the closing date of the applicable period.

**f Social Contribution and Income Tax**

Social contribution and Income tax are determined pursuant to the applicable law based on net income, adjusted by including nondeductible expenses, excluding nontaxable revenues and including and/or excluding temporary differences.

**g Interest on Own Capital**

Interest is shown as distribution of net income, directly on shareholders' equity, and treated as a financial expense for tax purposes, reducing the tax basis for income tax and social contribution on net income for the period.

**h Net Income per Thousand of Shares**

It is determined considering the amount of shares of paid-in capital, on the closing date of the applicable period.

**4 RECEIVABLES - FINANCE STATE DEPARTMENT**

|   |               |                | 06.30.02       | 03.31.02       |
|---|---------------|----------------|----------------|----------------|
|   | Current       | Long Term      | Total          | Total          |
| Benefits - Law 4.819/58   | 21,109        | 68,603         | 89,712         | 91,028         |
| Credit Rights Assignment Agreement                                | 34,609        | -              | 34,609         | 48,875         |
| Agreement for the Acknowledgment and Consolidation of Obligations | 5,270         | 52,224         | 57,494         | 40,672         |
| Other   | -             | 3,710          | 3,710          | 3,710          |
|   | <u>60,988</u> | <u>124,537</u> | <u>185,525</u> | <u>184,285</u> |

**4.1 Benefits – Law 4.819/58**

Amounts referring to advances made by CESP – Companhia Energética de São Paulo, from November of 1981 to May of 1983, in order to pay benefits for employees under the State of São Paulo Retirement and Pension Plan, pursuant to State Law 4.819/58.

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As a result of CESP's partial spin-off, such credits were transferred to CTEEP, and an agreement was entered into with the State Department on August 06, 1999, to receive such amount in 84 monthly installments, adjusted according to the variation of the General Market Price Index – IGP-M, plus interest of 6% p.a., beginning on September 1999 and scheduled to end on August 2006.

#### 4.2 Credit Rights Assignment Agreement

On September 27, 2001, a credit rights assignment agreement was entered into, with the intervention and consent of the State Department, by which CESP – Companhia Energética de São Paulo transfers to CTEEP the right to receive part of the credits set forth under the Instruments of Acknowledgment and Consolidation of Obligations entered into between CESP and the State Department, on November 17 and December 1, 2000, and the State Department, accepts and transfers to CESP the amount of R\$ 56,500 thousand, in a lump sum.

The agreement amount will be remunerated on a monthly basis according to the CDI (Interbank Interest) rate, plus interest of 8% p.a., and will be received by CTEEP in 11 successive installments, beginning on February 1 and ending on December 2 of 2002.

After the last installment is received there will be a financial adjustment to guarantee the remuneration of funds disbursed by CTEEP, at the agreed rate, since the installments disbursed by the State Department are adjusted monthly for inflation according to the variation of the IGP-M, plus interest of 6% p.a..

#### 4.3 Agreement for the Acknowledgment and Consolidation of Obligations

On May 2, 2002, an agreement of Acknowledgment and Consolidation of Obligations was entered into with the State Department, in which the STATE acknowledges and admits that it owes the CTEEP the amounts corresponding to disbursements originally made by CESP – Companhia Energética de São Paulo, from 1990 to 1999, for the payment of complementation of retirement and pensions resulting from benefits provided under State Law 4819/58, and the amount so admitted is adjusted for inflation up to January of 2002, pursuant to the variation of UFESP (Monetary Unit of reference from State of São Paulo), and as of February of 2002, pursuant to the monthly variation of IGP-M, plus 6% p.a. Reimbursement will be made in 120 monthly and successive installments, the first due on August 01, 2002.

#### 4.4 Other

In addition to the abovementioned amounts, CESP – Companhia Energética de São Paulo made advances to pay for monthly expenses in connection with family allowances, pursuant to benefits provided under Law 4.819/58, amounting to R\$ 2,218, which, in the partial spin-off, were also allocated to CTEEP; and R\$ 1,492, in connection with labor suits of retired employees, settled by CTEEP, which were the State's responsibility, thus totaling R\$ 3,710. CTEEP has made arrangements with the Finance Secretariat to be reimbursed for such amount.

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**5 DEFERRED INCOME TAX AND SOCIAL CONTRIBUTION**

|   | 06.30.02      |                        | 03.31.02      |               |
|---|---------------|------------------------|---------------|---------------|
|   | Income<br>Tax | Social<br>Contribution | Total         | Total         |
| <b>Current Assets</b>                       |               |                        |               |               |
| Provision for Social Security Contingencies | 1,093         | 401                    | 1,494         | 1,494         |
| <b>Long-Term Assets</b>                     |               |                        |               |               |
| Allowance for Doubtful Debtors              | 18,470        | 6,002                  | 24,472        | 24,472        |
| Provision for Fiscal Contingencies          | 17,833        | 6,446                  | 24,279        | 23,603        |
| Provision for Labor Contingencies           | 11,066        | 3,810                  | 14,876        | 8,037         |
|   | <u>47,369</u> | <u>16,258</u>          | <u>63,627</u> | <u>56,112</u> |

These are amounts referring to credits to be offset against future tax gains, determined on provisions that are temporarily nondeductible and controlled in section "B" of Taxable Income Control Register - LALUR.

**6 DISPOSAL OF ASSETS AND RIGHTS**

**6.1 Transmission Line (LT) - Taquaruçu - Assis - Sumaré**

As a result of the bid for Transmission Line Taquaruçu – Assis – Sumaré, conducted by ANEEL, the amount of R\$ 3,240 was established to reimburse CTEEP for making available studies and designs of the work under reference, and such amount was received in August of 2000.

Considering that the book value of such investment amounted to R\$ 11,626, and in order to protect its economic and financial balance, CTEEP claims an additional indemnification of R\$ 8,386 with the Granting Authority.

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**6.2 Technical Center for Equipment Maintenance - CETEMEQ**

On April 13, 1998, an Agreement for the Assignment and Transfer of Rights and Obligations was entered into by and between EPTE – Empresa Paulista de Transmissão de Energia Elétrica S.A., merged into by CTEEP on November 9, 2001, and Eletropaulo Metropolitana Eletricidade de São Paulo S.A., of the real estate located at Rua Lavapés, 463, Cambuci, São Paulo, amounting to R\$ 70,496, at market value, including interest of 1% p.m. to be paid in 21 equal installments, monthly and successive, due on the first business day of each month, starting on May of 1998. Considering Eletropaulo Metropolitana Eletricidade de São Paulo S.A.'s refusal to recognize the transaction according to the abovementioned amount and having not received the installments, EPTE filed execution proceedings on February 11, 1999 and October 18, 2000, which are in course before the 1st e 36th Civil Court of the Central Court Jurisdiction of São Paulo, respectively.

In December of 2000 the net book value of such asset amounting to R\$ 4,904 was written off from Property, Plant and Equipment, and entries for sale, taxes levied on earnings, allowance for doubtful debtors and corresponding tax credits were recorded.

**7 PROPERTY, PLANT AND EQUIPMENT**

|  |                  |                             | 06.30.02         | 03.31.02         |
|--|------------------|-----------------------------|------------------|------------------|
|  | Adjust<br>Cost   | Accumulated<br>Depreciation | Net<br>Balance   | Net<br>Balance   |
| <b>In Use</b>  |                  |                             |                  |                  |
| Intangible   | 56,596           | -                           | 56,596           | 56,596           |
| Land   | 81,554           | -                           | 81,554           | 81,554           |
| Buildings, Construction works &<br>Machinery and Equipment | 555,720          | (254,103)                   | 301,617          | 307,165          |
| Vehicles   | 4,356,610        | (1,755,202)                 | 2,601,408        | 2,634,351        |
| Furniture and fixtures                                     | 32,369           | (23,218)                    | 9,151            | 10,428           |
|  | 18,155           | (8,941)                     | 9,214            | 9,244            |
|  | <u>5,101,004</u> | <u>(2,041,464)</u>          | <u>3,059,540</u> | <u>3,099,338</u> |
| <b>Under construction</b>                                  | <u>356,747</u>   | <u>-</u>                    | <u>356,747</u>   | <u>321,540</u>   |
| <b>Special Obligations</b>                                 |                  |                             |                  |                  |
| Fund for Reserval/Amortization                             | (20,547)         | -                           | (20,547)         | (20,547)         |
| Quota Retention  | (3,506)          | -                           | (3,506)          | (3,506)          |
| Donations Received   | (3,712)          | -                           | (3,712)          | (3,712)          |
|  | <u>(27,765)</u>  | <u>-</u>                    | <u>(27,765)</u>  | <u>(27,765)</u>  |
|  | <u>5,429,986</u> | <u>(2,041,464)</u>          | <u>3,388,522</u> | <u>3,393,113</u> |

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Pursuant to Articles 63 and 64 of Decree 41.019, of February 26, 1957, assets and facilities used in transmission, including sale, are restricted to such services, and may not be removed, disposed of, assigned or given as mortgage guarantee without the previous and express consent of the Regulating Authority. Resolution 20/99 of ANEEL regulates the removal of restrictions on assets of Electric Power Utility concessions, granting previous authorization for the removal of restrictions on assets unserviceable to the concession, when meant for disposal, and further sets forth that the proceed of the disposal be deposited in a blocked bank account and that such funds be invested in concession activities.

#### 7.1 Transmission Line Botucatu – Chavantes

Upon the enactment of Law 9.074, of July 07, 1995, that sets forth rules for granting and extending utility concessions and permits and provides for other matters, particularly electric power services (generation, transmission and distribution), it was established that such services will be subject to 30-year concessions subject to bid.

CTEEP won the auction to build and operate transmission line Botucatu – Chavantes, held by the National Agency of Electric Energy – ANEEL, on September 28, 2001, at the Rio de Janeiro Stock Exchange.

In the auctions, ANEEL establishes the maximum remuneration of the enterprise, and the winning bidder is that who offers the lowest price in relation to the established value.

In this specific case, CTEEP won at the price established by ANEEL.

CTEEP will be entitled to an additional revenue of R\$ 6,910 per year.

The transmission line will be 137 Km long, at the voltage of 230 kV, connecting Substation of Botucatu to Substation of Chavantes Power Plant, both owned by CTEEP.

The works will be funded with company's funds, amounting to R\$ 31,901, to be disbursed during the construction stages, and will be completed by July of 2003. It will allow for a greater power flow between South and Southeast regions, as well as new electricity imports from Argentina.

Transmission concession will be for a 30-year term.

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8 LOANS, FINANCING AND DEBT CHARGES

|                          |           |         |           | 06.30.02 | 03.31.02 |
|--------------------------|-----------|---------|-----------|----------|----------|
|                          | Principal |         |           |          |          |
|                          | Charges   | Current | Long Term | Total    | Total    |
| <b>Foreign Currency</b>  |           |         |           |          |          |
| Financial Institutions   | 471       | 20,775  | 62,325    | 83,571   | 68,509   |
| <b>Domestic Currency</b> |           |         |           |          |          |
| Fundação CESP            | -         | 11,217  | 24,207    | 35,424   | 38,032   |
| ELETROBRÁS - PRONI       | 8         | 50      | 810       | 868      | 888      |
|                          | 8         | 11,267  | 25,017    | 36,292   | 38,920   |
|                          | 479       | 32,042  | 87,342    | 119,863  | 107,429  |

8.1 Financial Institutions

They refer to the credit agreement with Banco Société Générale, signed on April 14 of 1998, in the amount of FRF 269,528 thousand, corresponding to US\$ 41,500 thousand, with the guarantee of Banco Real S.A. On such financing, that contributes for investments in Transmission Transformer Station - ETT - Miguel Reale, biannual interest is charged at the rate of 6.38% p.a.; and for Banco Real S.A. a post-shipment commission of 2.25% is paid in advance every six months, on the disbursed balance.

Amortization will take place in 10 biannual installments, equal and consecutive, as of November of 2001. The release of funds by the bank was completed in November of 2001 according to the investment project schedule.

8.2 Fundação CESP

It refers to two agreements of Acknowledgement of Indebtedness and Other Covenants, entered into in September and November of 1997, with the intervention and consent of Complementary Pension Secretariat, and which are scheduled to expire on September of 2002 and November of 2005, respectively.

Charges are determined based on the variation of the actuarial cost of the Plan of Complementmentation of Retirement and Pension for Employees of CTEEP (IGP-DI plus interest at 6% p.a.), or according to the variation of TR (Interest of Reference from Brazilian Government) plus interest of 8% p.a., the higher of the two indexes shall apply, and incorporated into the principal on a monthly basis.

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**8.3 Long-Term Amortization Program**

| Maturity Year | Currency      |               |
|---------------|---------------|---------------|
|               | Foreign       | Domestic      |
| 2003          | 10,387        | 5,033         |
| 2004          | 20,775        | 10,067        |
| 2005          | 20,775        | 9,232         |
| 2006          | 10,388        | 50            |
| 2007          | -             | 50            |
| After 2007    | -             | 585           |
|               | <u>62,325</u> | <u>25,017</u> |

| Institution        | Agreement |      |              | Interest Rate | 06.30.02 Principal |
|--------------------|-----------|------|--------------|---------------|--------------------|
|                    | Begins    | Ends | Amortization |               |                    |
| Société Générale   | 2001      | 2006 | 10 biannual  | Eurolibor     | 83,100             |
| Fundação CESP      | 1997      | 2005 | 96 months    | IGP-DI        | 34,224             |
| Fundação CESP      | 1997      | 2002 | 60 months    | IGP-DI        | 1,200              |
| ELETROBRÁS - PRONI | 1994      | 2021 | 80 quarterly | UFIR          | 860                |
|                    |           |      |              |               | <u>119,384</u>     |

**9 PROVISIONS FOR FISCAL AND TAX CHARGES**

|        | 06.30.02      | 03.31.02      |
|--------|---------------|---------------|
| COFINS | 18,274        | 15,422        |
| INSS   | 4,372         | 4,372         |
|        | <u>22,646</u> | <u>19,794</u> |

**9.1 COFINS**

CTEEP is contesting in court the constitutionality of the tax rate increase from 2% to 3%, and the increased basis for taxation, including financial revenues and no operating revenues, of Contribution for Social Security Financing – COFINS, pursuant to Law 9.718/99.

While awaiting for a final decision to be rendered on the matter, a provision is being made for the amounts, and CTEEP is making the corresponding deposits in court.

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**9.2 INSS**

On August 10 of 2001, CTEEP received a notice issued by the National Social Security Institute – INSS on compensations paid to employees, as advances – meals, morning snack and basic basket, referring to the period from April of 1999 to July of 2001. As a result, Management resolved to create a provision amounting to R\$ 4,372.

**10 PAYABLES**

|               |               |                | 06.30.02       | 03.31.02       |
|---------------|---------------|----------------|----------------|----------------|
|               | Current       | Long Term      | Total          | Total          |
| Fundação CESP | 13,038        | 175,338        | 188,376        | 186,659        |
| EMAE          | 8,647         | -              | 8,647          | 10,523         |
|               | <u>21,685</u> | <u>175,338</u> | <u>197,023</u> | <u>197,182</u> |

**10.1 Fundação CESP**

Amounts in compliance with the amount stated in the debt acknowledgement agreement to finance an actuarial deficit with Fundação CESP, referring to the Proportional Supplementary Benefit Paid - BSPS, due on a monthly basis, and expected to end in 2017. The balance of such agreement is adjusted according to the variation of the actuarial cost (IGP-DI plus interest at 6% p.a.).

**10.2 EMAE**

It refers to the purchase of Transmission Transformer Station – ETT – Piratininga, pursuant to the agreement entered into on December 23 of 1998, with EMAE – Empresa Metropolitana de Águas e Energia S.A. Interest at the rate of 0.75% p.m. and adjustment for inflation according to IGP-M are charged to the principal, with grace period until June of 2000 and amortization in 36 monthly and successive installments.

**11 PROVISIONS FOR CONTINGENCIES**

|                     | 06.30.02       | 03.31.02       |
|---------------------|----------------|----------------|
| Tax - IPTU          | 66,990         | 64,924         |
| Labor               | 48,128         | 48,128         |
| Several Civil Suits | 752            | 752            |
|                     | <u>115,870</u> | <u>113,804</u> |

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### 11.1 Tax - IPTU

Provision made on account of debts with the City Halls of São Paulo, São José dos Campos and Pindamonhangaba.

### 11.2 Labor Contingencies

As a result of what has been set forth under the spin-off protocols, CTEEP has undertaken to be specifically liable for certain legal suits, before different courts, resulting from the partial spin-off processes of CESP – Companhia Energética de São Paulo, and ELETROPAULO – Eletricidade de São Paulo S.A.

Suits are reviewed on a quarterly basis and the corresponding adjustments made to provision amounts.

## 12 SHAREHOLDERS' EQUITY

### 12.1 Capital Stock

Capital stock represents the statutory paid-in capital amounting to R\$ 462,000, divided into 149,285,035 thousand shares, of which 62,558,663 thousand common shares and 86,726,372 thousand preferred shares.

The authorized share capital of CTEEP totals R\$ 1,469,090, of which R\$ 615,696 in common shares and R\$ 853,394 in preferred shares, all nominative shares without certificates and with no par value.

Preferred shares are non-voting shares. However, they have priority for redemption of capital and payment of dividends of 10% p.a., no cumulative, calculated on the paid-in capital corresponding to this type of shares.

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On June 30, 2002, the main shareholders of CTEEP were as follows:

|   | Amount of Shares - In Thousands |               |                   |               |                    |               |
|---|---------------------------------|---------------|-------------------|---------------|--------------------|---------------|
|   | Common                          | %             | Preferred         | %             | Total              | %             |
| <b>State of São Paulo Government &amp; Associated Companies</b> |                                 |               |                   |               |                    |               |
| State Department  | 33,134,661                      | 52.97         | 6,321,252         | 7.29          | 39,455,913         | 26.43         |
| Banco Nossa Caixa S.A.  | 5,136,117                       | 8.21          | 7,686,364         | 8.86          | 12,822,481         | 8.59          |
| Companhia do Metropolitano de São Paulo - METRÔ                 | 1,979,332                       | 3.16          | -                 | -             | 1,979,332          | 1.33          |
| Other   | 130,958                         | 0.21          | 165,108           | 0.19          | 296,066            | 0.19          |
|   | <u>40,381,068</u>               | <u>64.55</u>  | <u>14,172,724</u> | <u>16.34</u>  | <u>54,553,792</u>  | <u>36.54</u>  |
| <b>Other</b>  |                                 |               |                   |               |                    |               |
| Centrais Elétricas Brasileiras S.A. - ELETROBRÁS                | 6,160,836                       | 9.85          | 46,626,882        | 53.76         | 52,787,718         | 35.36         |
| Federal Government  | 9,556,151                       | 15.28         | -                 | -             | 9,556,151          | 6.40          |
| BNDES Part S.A.- BNDESPAR                                       | -                               | -             | 2,950,169         | 3.40          | 2,950,169          | 1.98          |
| Caixa de Previdência dos Funcionários do Banco do Brasil        | 296,439                         | 0.47          | 1,348,158         | 1.55          | 1,644,597          | 1.10          |
| Fundação Petrobrás de Seguridade Social - PETROS                | -                               | -             | 1,033,800         | 1.19          | 1,033,800          | 0.69          |
| LIGHTPAR - Light Participações S.A.                             | -                               | -             | 979,190           | 1.13          | 979,190            | 0.66          |
| Cyprus Corporation  | 691,424                         | 1.11          | 6,400             | 0.01          | 697,824            | 0.47          |
| Serpros Fudo Multipatrocinado                                   | -                               | -             | 353,700           | 0.41          | 353,700            | 0.24          |
| The Bank of New York - ADR Department                           | 36,999                          | 0.06          | 138,658           | 0.16          | 175,657            | 0.12          |
| Other   | 5,435,746                       | 8.68          | 19,116,691        | 22.05         | 24,552,437         | 16.44         |
|   | <u>22,177,595</u>               | <u>35.45</u>  | <u>72,553,648</u> | <u>83.66</u>  | <u>94,731,243</u>  | <u>63.46</u>  |
|   | <u>62,558,663</u>               | <u>100.00</u> | <u>86,726,372</u> | <u>100.00</u> | <u>149,285,035</u> | <u>100.00</u> |

12.2 Earnings

a Legal Reserve

Composed of 5% of the net income for the year, before any appropriation, up to a maximum of 20% of capital stock.

b Statutory reserve

The By-laws of CTEEP provides for the creation of this reserve at the rate of 20% of the net income for the year, minus legal reserve and dividends and/or interest on own capital, up to the limit of 10% of capital stock.

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#### 04.01 – NOTES

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##### c Unrealized Income Reserve

Unrealized income result from a credit balance of net balance sheet adjustment for inflation until 1995. This reserve is realized in proportion to depreciation and amortization of property, plant and equipment. Realized amounts are transferred to the retained earnings account on a monthly basis.

##### 12.3 Distribution of Income

Pursuant to the By-laws of CTEEP, income determined on June 30 and December 31 of each year is to be distributed to shareholders every six months, calculated according to paid-in capital, as follows:

- 10% per annum for preferred shares; and
- Up to 10% per annum for common shares.

Pursuant to Law 9.249, of December 26, 1995, legal entities taxed based on taxable income may pay interest on its own capital to its shareholders, as long as there is income earned before interest is deducted, or, on the amount of retained earnings and surplus reserve, limited to 50% in both situations, and it further allows for interest paid or credited to shareholders to be deducted for tax purposes.

Therefore, in a regular meeting held on June 24, 2002, the Board of Directors resolved on the distribution of interest on own capital amounting to R\$ 54,353 (R\$ 49,358 net of withholding tax).

The effective date on which interest amounts will be made available for shareholders is August 23 of 2002.

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04.01 – NOTES

13 FINANCIAL INCOME (EXPENSES)

|                                   | 06.30.02        |                 | 06.30.01        |                 |
|-----------------------------------|-----------------|-----------------|-----------------|-----------------|
|                                   | Quarter         | Accumulated     | Quarter         | Accumulated     |
| <b>Income</b>                     |                 |                 |                 |                 |
| Yield of Short-term Investments   | 15,861          | 27,163          | 6,734           | 12,542          |
| Amortization of Negative Goodwill | 4,247           | 8,493           | 4,774           | 9,549           |
| Interest - State Department       | 2,922           | 4,262           | 1,396           | 2,803           |
| Discounts Obtained                | -               | -               | 3,053           | 3,056           |
| Monetary and Exchange Gains       | 20,426          | 24,331          | 2,886           | 4,541           |
| Other                             | 16              | 87              | 65              | 140             |
|                                   | <u>43,472</u>   | <u>64,336</u>   | <u>18,908</u>   | <u>32,631</u>   |
| <b>Expenses</b>                   |                 |                 |                 |                 |
| Charges - Fundação CESP           | (1,954)         | (4,332)         | (1,628)         | (3,186)         |
| CPMF                              | (1,337)         | (2,438)         | (588)           | (1,096)         |
| Interest on own capital           | (54,353)        | (54,353)        | (20,000)        | (20,000)        |
| Monetary and Exchange Losses      | (5,048)         | (9,616)         | (2,758)         | (4,832)         |
| Other                             | (1,812)         | (2,397)         | (42)            | (260)           |
|                                   | <u>(64,504)</u> | <u>(73,136)</u> | <u>(25,016)</u> | <u>(29,374)</u> |
|                                   | <u>(21,032)</u> | <u>(8,800)</u>  | <u>(6,108)</u>  | <u>3,257</u>    |

14 INCOME TAX AND SOCIAL CONTRIBUTION

CTEEP makes monthly provisions for income tax and social contribution on income on an accrual basis, determining taxes based on suspension and reduction balance sheets.

14.1 Reconciliation of Income Tax and Social Contribution

Tax expenses are determined based on tax rates currently in force, amounting to 34%, of which 25% refers to income tax and 9% to social contribution.

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04.01 – NOTES

|   | QUARTER         |                     |                |                     |
|---|-----------------|---------------------|----------------|---------------------|
|   | 06.30.02        |                     | 06.30.01       |                     |
|   | Income Tax      | Social Contribution | Income Tax     | Social Contribution |
| <b>Pretax Income</b>                                    | (23,556)        | (23,556)            | 2,002          | 2,002               |
| Taxes under Dispute - COFINS                            | 2,882           | -                   | 1,400          | -                   |
| Provision for Labor Contingency                         | 2,669           | 2,669               | (5,186)        | (5,186)             |
| Provision for Tax Contingency                           | 2,066           | 2,066               | -              | -                   |
| Equity Pick-up  | -               | -                   | (2,184)        | (2,606)             |
| Negative goodwill on investment purchase                | 7,601           | 5,167               | (4,774)        | -                   |
| Reversal of Provisions                                  | (6,106)         | (6,106)             | -              | -                   |
| Other   | 19              | -                   | 18             | -                   |
| <b>Income - Tax Basis</b>                               | <b>(14,425)</b> | <b>(19,760)</b>     | <b>(8,724)</b> | <b>(5,790)</b>      |
| Tax rate of 15%   | 2,164           | -                   | 1,309          | -                   |
| Tax rate of 10%   | 1,448           | -                   | 878            | -                   |
| Tax rate of 9%  | -               | 1,778               | -              | 521                 |
| <b>Provision for Income Tax and Social Contribution</b> | <b>3,612</b>    | <b>1,778</b>        | <b>2,187</b>   | <b>521</b>          |
| <b>Deferred Income Tax and Social Contribution</b>      | <b>5,669</b>    | <b>1,846</b>        | <b>(1,296)</b> | <b>(467)</b>        |

|   | ACCUMULATED     |                     |                |                     |
|---|-----------------|---------------------|----------------|---------------------|
|   | 06.30.02        |                     | 06.30.01       |                     |
|   | Income Tax      | Social Contribution | Income Tax     | Social Contribution |
| <b>Pretax Income</b>                                    | 20,429          | 20,429              | 18,709         | 18,709              |
| Taxes under Dispute - COFINS                            | 5,096           | -                   | 2,593          | -                   |
| Provision for Labor Contingency                         | 4,121           | 4,121               | (5,186)        | (5,186)             |
| Provision for Tax Contingency                           | 3,975           | 3,975               | -              | -                   |
| Equity Pick-up  | -               | -                   | (2,606)        | (2,606)             |
| Negative goodwill on investment purchase                | 15,203          | 10,335              | (9,549)        | -                   |
| Reversal of Provisions                                  | (8,339)         | (8,339)             | -              | -                   |
| Other   | 47              | -                   | 37             | -                   |
| <b>Income - Tax Basis</b>                               | <b>40,532</b>   | <b>30,521</b>       | <b>3,998</b>   | <b>10,917</b>       |
| Tax rate of 15%   | (6,080)         | -                   | (599)          | -                   |
| Tax rate of 10%   | (4,041)         | -                   | (388)          | -                   |
| Tax rate of 9%  | -               | (2,747)             | -              | (983)               |
| <b>Provision for Income Tax and Social Contribution</b> | <b>(10,121)</b> | <b>(2,747)</b>      | <b>(987)</b>   | <b>(983)</b>        |
| <b>Deferred Income Tax and Social Contribution</b>      | <b>7,128</b>    | <b>2,401</b>        | <b>(1,296)</b> | <b>(467)</b>        |

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#### 04.01 – NOTES

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##### 15 CONCESSIONS

According to Ordinance 185, of June 06 of 2001, issued by Ministry of Mines and Energy - MME, the concession term for exploitation of electric energy utility service composing the Basic Network was extended for 20 years, starting on July 08 of 1995, to include connections and other facilities (under ANEEL Resolution 166, of May 31 of 2000), owned by CTEEP.

On June 20 of 2001, the agreement of Concession of Electric Power Transmission Utility Service was entered into by and between CTEEP and the Granting Authority, thorough the National Agency of Electric Energy – ANEEL, for a 20-year term, starting on the date Law 9.074, of July 07 of 1995 took effect, and therefore ending on July 07 of 2015.

The concession agreement under reference was amended on December 14 of 2001, in view of the taking over of EPTE - Empresa Paulista de Transmissão de Energia Elétrica S.A. by CTEEP. The terms initially agreed to were maintained, except for the permitted annual revenue level, which will be reduced by 0.58% in July of 2002 and by 3.56% in July of 2003, equivalent to 50% of efficiency gains.

##### 16 FINANCIAL INSTRUMENTS

Book values of financial instruments as assets and liabilities, when compared to the amounts that could be obtained by trading them in an active market and, in their absence, at net present value adjusted based on the current market interest rate, are substantially close to their corresponding market values.

##### 17 INFRACTION NOTICE - ANEEL

By means of Official Letter 227/2002 – SFE/ANEEL, of May 7 of 2002, the National Agency of Electric Energy – ANEEL communicated the Infraction Notice and imposition of penalty amounting to R\$ 4,513 to CTEEP, in connection with the interruption in the supply of electric power occurred on January 21, 2002, due to a short-circuit in the 440 kV transmission line of Ilha Solteira-Araraquara. CTEEP presented its defense to ANEEL, as provided for in the specific law, and awaits a court decision on such defense.

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**04.01 – NOTES**

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**18 SUBSEQUENT EVENT**

ANEEL, by means of Resolution 359, in force as of July 01 of 2002, established the permitted annual revenue of CTEEP, at a total amount of R\$ 758,599.

Such amount includes the variation of IGP-M for the period comprised between June/2001 and May/2002, plus 1% to compensate for the application of Law 9.991/00 (renders mandatory to invest at least 1% in research and development for the electric industry), and deductions of advances on earned revenues, in the period from July/2001 to May/2002.

When EPTE – Empresa Paulista de Transmissão de Energia Elétrica S.A. was taken over (November/01), revenues established by ANEEL were unified, pursuant to Resolution 432, totaling R\$ 703,336. The entering into force of Resolution 359 will produce an annual increase in operating revenue of R\$ 55.263.

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#### **05.01 – COMMENTS ON COMPANY'S PERFORMANCE IN THE QUARTER**

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Due to the taking over of EPTE – Empresa Paulista de Transmissão de Energia Elétrica S.A., income recorded by CTEEP in 2002 includes revenues and expenses resulting from operations of assets that previously belonged to EPTE, closed on November 09 of 2001.

Thus, comparative analyses between absolute values on income statements of CTEEP referring to the period and six-month period ended on 2002 and the corresponding periods in 2001 are compromised.

#### **Gross Income and Operating Income**

Except for restrictions on possible comparisons between values of 2002 and 2001, we point out the Gross Income obtained in the quarter amounting to R\$5,351, which corresponds to a net operating margin of 3.3%. This amount was 12.0% for the six-month period, showing a significant improvement in the performance of CTEEP when compared to the same six-month period of the previous year, which reached 8.9%.

The Operating Income for the six-month period amounts to R\$ 30,346 in 2002, and includes the effects of financial income and expenses, improving by 39.5%, in comparison with that obtained in 2001.

#### **Income for the Period**

As a result of the strategic orientation of CTEEP and its management actions, the Net Income for the first half of 2002 reached R\$ 71,443, showing an increase of 104.3% when compared to 2001.

#### **Operational and Economic Framework**

The main source of Revenue for CTEEP is the use of its transmission system by electric power utility concessionaires, whose annual sales were established by Resolution 247 – ANEEL, of July 02 of 2001, and are connected to Basic Network and Connection facilities.

As a result, Gross Sales for the quarter of 2002 reached R\$ 170,786, which resulted in a Net Sales of R\$160,102 after deducting direct charges and taxes.

Costs that can be directly managed by Management, totaling R\$ 112,285, accounted for 70.1% of net sales. It is further worth pointing out the Depreciation quotas of R\$ 40,400, and Provisions for Tax Contingencies of R\$ 2,066.

As a consequence of the abovementioned facts, Gross Income reached R\$ 5,351.

CTEEP's Cash Generation, expressed by Gross Income plus Depreciation, totaled R\$ 45,751 for the quarter, representing a margin of 28.6% on net sales.

CTEEP had a Net Income of R\$ 43,702 in the quarter, equivalent to R\$ 0.29 per thousand shares.

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**17.01 – REPORT ON SPECIAL REVIEW – UNQUALIFIED**

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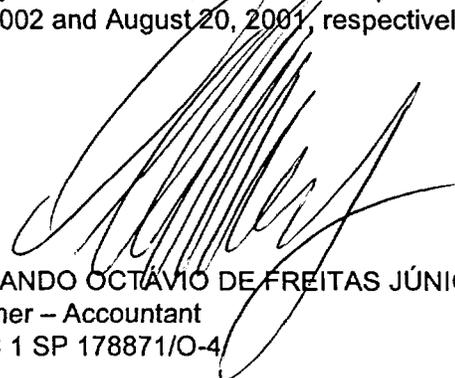
(A free translation from the original in Portuguese)

To the Board of Directors and Shareholders of  
Companhia de Transmissão de Energia Elétrica Paulista  
São Paulo - SP

- 1 We have made a special review of the Quarterly Information (ITR) of Companhia de Transmissão de Energia Elétrica Paulista for the quarter and six-month period ended on June 30, 2002, comprising the balance sheet, the statement of income, the performance report and the relevant information, prepared under the responsibility of the company's management.
- 2 Our review was performed in agreement with specific standards laid down by the Brazilian Institute of Accountants – Ibracon, together with the Brazilian Federal Council of Accountancy - CFC, and consisted mainly in: (a) inquiries and discussion with management personnel in charge of the Company accounting, financial and operating areas regarding the principal criteria adopted in preparing quarterly information and (b) review of information and subsequent events that have had or may have material effects on the financial position and operations of the Company.
- 3 Based on our special review, we are not aware of any material change that should be made in the quarterly information referred to in Paragraph 1, in accordance with accounting practices issued by Brazilian Corporate Law, applied pursuant to the standards laid down by the Brazilian Securities and Exchange Commission and specifically applicable to the preparation of mandatory quarterly information
- 4 The balance sheet prepared on March 31, 2002 and the statements of income referring to the quarter and six-month period ended on June 30 of 2001, presented for comparison purposes, have been reviewed by other auditors, who issued reports on special reviews, unqualified, dated May 14, 2002 and August 20, 2001, respectively.

São Paulo, August 02, 2002

TREVISAN  
Auditores Independentes  
CRC 2 SP 013439/O-5



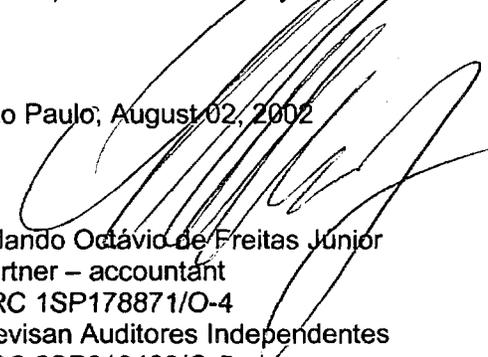
ORLANDO OCTÁVIO DE FREITAS JÚNIOR  
Partner – Accountant  
CRC 1 SP 178871/O-4

(A free translation from the original in Portuguese)

To the Board of Directors and Shareholders of  
Companhia de Transmissão de Energia Elétrica Paulista  
São Paulo - SP

- 1 We have made a special review of the Quarterly Information (ITR) of Companhia de Transmissão de Energia Elétrica Paulista for the quarter and six-month period ended on June 30, 2002, comprising the balance sheet, the statement of income, the performance report and the relevant information, prepared under the responsibility of the company's management.
- 2 Our review was performed in agreement with specific standards laid down by the Brazilian Institute of Accountants – Ibracon, together with the Brazilian Federal Council of Accountancy - CFC, and consisted mainly in: (a) inquiries and discussion with management personnel in charge of the Company accounting, financial and operating areas regarding the principal criteria adopted in preparing quarterly information and (b) review of information and subsequent events that have had or may have material effects on the financial position and operations of the Company.
- 3 Based on our special review, we are not aware of any material change that should be made in the quarterly information referred to in Paragraph 1, in accordance with accounting practices issued by Brazilian Corporate Law, applied pursuant to the standards laid down by the Brazilian Securities and Exchange Commission and specifically applicable to the preparation of mandatory quarterly information
- 4 The balance sheet prepared on March 31, 2002 and the statements of income referring to the quarter and six-month period ended on June 30 of 2001, presented for comparison purposes, have been reviewed by other auditors, who issued reports on special reviews, unqualified, dated May 14, 2002 and August 20, 2001, respectively.

São Paulo, August 02, 2002



Orlando Octávio de Freitas Junior  
Partner – accountant  
CRC 1SP178871/O-4  
Trevisan Auditores Independentes  
CRC 2SP013439/O-5