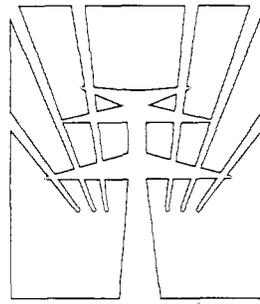


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**TRANSMISSÃO
PAULISTA**



FINANCIAL STATEMENTS

AS OF JUNE 30, 2005

SUPPL

*Companhia De Transmissao De Energia
Electrica Paulista*

PROCESSED

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(Convenience Translation into English from the Original Previously Issued in Portuguese)

INDEPENDENT ACCOUNTANTS' REVIEW REPORT

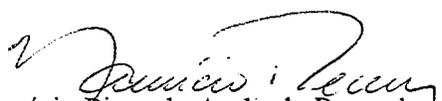
To the Shareholders and Management of
CTEEP - Companhia de Transmissão de Energia Elétrica Paulista
São Paulo - SP

1. We have performed a special review of the accompanying interim financial statements of CTEEP - Companhia de Transmissão de Energia Elétrica Paulista (the "Company"), consisting of the balance sheet as of June 30, 2005, and the related statements of income for the quarter and six-month period then ended and the performance report, all expressed in Brazilian reais and prepared in accordance with Brazilian accounting practices under the responsibility of the Company's management.
2. We conducted our review in accordance with specific standards established by the Brazilian Institute of Independent Auditors (IBRACON), together with the Federal Accounting Council, which consisted principally of: (a) inquiries of and discussions with persons responsible for the accounting, financial and operating areas as to the criteria adopted in preparing the interim financial statements, and (b) review of the information and subsequent events that had or might have had material effects on the financial position and results of operations of the Company.
3. Based on our special review, we are not aware of any material modifications that should be made to the interim financial statements referred to in paragraph 1 for them to be in conformity with Brazilian accounting practices and standards established by the Brazilian Securities Commission (CVM), specifically applicable to the preparation of mandatory interim financial statements.
4. We had previously reviewed the balance sheet as of March 31, 2005 and the statements of income for the quarter and six-month period ended June 30, 2004, presented for comparative purposes, and issued unqualified review reports thereon, dated May 6, 2005 and August 3, 2004, respectively.
5. The accompanying interim financial statements have been translated into English for the convenience of readers outside Brazil.

São Paulo, August 5, 2005



DELOITTE TOUCHE TOHMATSU
Auditores Independentes



Maurício Pires de Andrade Resende
Engagement Partner

(Convenience Translation into English from the Original Previously Issued in Portuguese)

BALANCE SHEETS AS OF JUNE 30 AND MARCH 31, 2005
(In thousands of Brazilian reais – R\$)

	<u>06/30/05</u>	<u>03/31/05</u>
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents		
Cash and banks	1,404	1,751
Temporary cash investments.....	686,786	648,611
	<u>688,190</u>	<u>650,362</u>
Accounts receivable		
Consumers, concessionaires and permittees.....	138,507	145,065
Inventories.....	25,401	25,224
Accounts receivable – São Paulo State Finance Department.....	51,817	50,235
Allowance for doubtful accounts.....	(1,079)	(1,079)
Recoverable taxes.....	21,266	12,883
Escrow deposits.....	3,276	3,295
Other.....	8,056	10,190
	<u>247,244</u>	<u>245,813</u>
Prepaid expenses.....	<u>2,460</u>	<u>3,906</u>
	<u>937,894</u>	<u>900,081</u>
LONG-TERM ASSETS		
Accounts receivable		
Accounts receivable – São Paulo State Finance Department.....	102,537	110,319
Sale of assets and rights.....	70,496	70,496
Allowance for doubtful accounts.....	(72,714)	(72,714)
Deferred income and social contribution taxes.....	103,031	101,592
Escrow deposits.....	65,999	62,132
Other.....	3,494	3,494
	<u>272,843</u>	<u>275,319</u>
Prepaid expenses.....	<u>97,230</u>	<u>62,602</u>
	<u>370,073</u>	<u>337,921</u>
PERMANENT ASSETS		
Property, plant and equipment		
In service.....	5,660,873	5,599,138
Accumulated depreciation.....	(2,474,958)	(2,434,829)
	<u>3,185,915</u>	<u>3,164,309</u>
In progress.....	278,974	306,597
	<u>3,464,889</u>	<u>3,470,906</u>
Special liabilities.....	(9,566)	(9,566)
	<u>3,455,323</u>	<u>3,461,340</u>
TOTAL ASSETS.....	<u>4,763,290</u>	<u>4,699,342</u>

The accompanying notes are an integral part of these interim financial statements.

(Convenience Translation into English from the Original Previously Issued in Portuguese)

BALANCE SHEETS AS OF JUNE 30 AND MARCH 31, 2005

(In thousands of Brazilian reais – R\$)

	<u>06/30/05</u>	<u>03/31/05</u>
LIABILITIES AND SHAREHOLDERS' EQUITY		
CURRENT LIABILITIES		
Suppliers.....	21,119	11,725
Taxes payable	64,267	67,494
Loans, financing and debt charges.....	30,224	39,598
Regulatory charges.....	6,123	6,861
Accrued liabilities.....	37,364	39,852
Accounts payable.....	8,608	9,159
Interest on capital/dividends.....	51,139	44,397
Provision for voluntary termination.....	144	219
Other.....	13,732	12,549
	<u>232,720</u>	<u>231,854</u>
LONG-TERM LIABILITIES		
Loans and financing.....	660	13,399
Accounts payable.....	225,570	224,680
Deferred income tax.....	16,374	16,374
Reserve for contingencies.....	236,143	231,910
Accrued taxes.....	38,524	38,524
Special liabilities - reversal/amortization.....	24,053	24,053
Other.....	12,906	9,974
	<u>554,230</u>	<u>558,914</u>
DEFERRED INCOME.....	<u>125,973</u>	<u>130,219</u>
SHAREHOLDERS' EQUITY		
Capital.....	462,000	462,000
Capital reserves	2,592,369	2,592,369
Profit reserves	157,197	157,561
Retained earnings.....	638,135	565,759
	<u>3,849,701</u>	<u>3,777,689</u>
Funds for capital increase.....	666	666
	<u>3,850,367</u>	<u>3,778,355</u>
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY.....	<u><u>4,763,290</u></u>	<u><u>4,699,342</u></u>

The accompanying notes are an integral part of these interim financial statements.



**TRANSMISSÃO
PAULISTA**

**CNPJ No. 02.998.611/0001-04
PUBLICLY-TRADED
COMPANY**

(Convenience Translation into English from the Original Previously Issued in Portuguese)

**STATEMENTS OF INCOME
FOR THE QUARTERS AND SIX-MONTH PERIODS ENDED JUNE 30, 2005 AND 2004**
(In thousands of Brazilian reais – R\$)

	04/01/05 to 06/30/05	01/01/05 to 06/30/05	04/01/04 to 06/30/04	01/01/04 to 06/30/04
OPERATING REVENUES				
Electricity network usage charges.....	292,746	604,074	259,869	518,104
Other revenues.....	2,766	8,575	1,821	3,695
	<u>295,512</u>	<u>612,649</u>	<u>261,690</u>	<u>521,799</u>
DEDUCTIONS FROM OPERATING REVENUE				
Global Reserve for Reversion- RGR.....	(7,893)	(15,787)	(7,189)	(14,378)
COFINS (tax on revenue).....	(22,294)	(46,245)	(16,558)	(29,977)
PIS (tax on revenue).....	(4,840)	(10,040)	(3,595)	(7,081)
Recovery of COFINS / PIS.....	34,627	34,627	-	-
ISSQN (service tax).....	(56)	(129)	(35)	(71)
	<u>(456)</u>	<u>(37,574)</u>	<u>(27,377)</u>	<u>(51,507)</u>
NET OPERATING REVENUES.....	<u>295,056</u>	<u>575,075</u>	<u>234,313</u>	<u>470,292</u>
OPERATING EXPENSES				
Personnel.....	(78,455)	(154,344)	(76,410)	(148,512)
Voluntary Termination Plan.....	-	-	(7,202)	(7,202)
Materials.....	(6,614)	(13,762)	(4,459)	(8,413)
Outside services.....	(22,123)	(39,662)	(24,108)	(43,188)
Depreciation.....	(42,555)	(84,457)	(40,662)	(80,858)
Concession regulatory charges.....	(9,087)	(20,925)	(815)	(1,630)
Reserve for contingencies.....	(4,233)	(19,243)	(5,940)	(16,625)
Other expenses.....	(9,164)	(19,408)	(8,417)	(12,946)
	<u>(172,231)</u>	<u>(351,801)</u>	<u>(168,013)</u>	<u>(319,374)</u>
GROSS PROFIT.....	<u>122,825</u>	<u>223,274</u>	<u>66,300</u>	<u>150,918</u>
FINANCIAL INCOME (EXPENSES)				
Amortization of negative goodwill.....	4,247	8,493	4,247	8,493
Income.....	33,246	59,631	17,728	35,678
Expense.....	(4,790)	(9,698)	(4,863)	(9,470)
Monetary variations, net.....	5,110	7,973	700	1,502
Interest on capital.....	(54,354)	(54,354)	(27,177)	(27,177)
	<u>(16,541)</u>	<u>12,045</u>	<u>(9,365)</u>	<u>9,026</u>
INCOME FROM OPERATIONS.....	<u>106,284</u>	<u>235,319</u>	<u>56,935</u>	<u>159,944</u>
Nonoperating income.....	3,159	3,269	801	2,239
Nonoperating expense.....	(1,500)	(1,836)	(211)	(350)
NONOPERATING (EXPENSES) INCOME.....	<u>1,659</u>	<u>1,433</u>	<u>590</u>	<u>1,889</u>
INCOME BEFORE INCOME AND SOCIAL CONTRIBUTION TAXES.....	<u>107,943</u>	<u>236,752</u>	<u>57,525</u>	<u>161,833</u>
Social contribution tax.....	(6,770)	(20,078)	(6,506)	(16,600)
Income tax.....	(18,965)	(56,491)	(18,620)	(47,478)
Deferred social contribution tax.....	(2,736)	(1,385)	831	1,793
Deferred income tax.....	(7,598)	(3,846)	2,309	4,980
INCOME AFTER INCOME AND SOCIAL CONTRIBUTION TAXES.....	<u>71,874</u>	<u>154,952</u>	<u>35,539</u>	<u>104,528</u>
Reversal of interest on capital.....	54,354	54,354	27,177	27,177
NET INCOME.....	<u>126,228</u>	<u>209,306</u>	<u>62,716</u>	<u>131,705</u>
Earnings per thousand shares - R\$.....	<u>0.85</u>	<u>1.40</u>	<u>0.42</u>	<u>0.88</u>

The accompanying notes are an integral part of these interim financial statements.

(Convenience Translation into English from the Original Previously Issued in Portuguese)

**NOTES TO THE INTERIM FINANCIAL STATEMENTS
FOR THE QUARTER AND SIX-MONTH PERIOD ENDED JUNE 30, 2005
(Amounts in thousands of Brazilian reais – R\$)**

1. OPERATIONS

Companhia de Transmissão de Energia Elétrica Paulista (“CTEEP” or the “Company”), a publicly-traded company controlled by the Government of the State of São Paulo, is authorized to operate as an electric power public service concessionaire within the State of São Paulo, and is principally engaged in the planning, construction and operation of electric power transmission systems, as well as in research and development programs related to energy transmission and other activities related to the available technology, either directly or in cooperation with government or private bodies. The Company’s activities are regulated and inspected by the National Electric Power Agency (ANEEL).

The Company originated from the partial spin-off of CESP - Companhia Energética de São Paulo, and started its commercial operations on April 1, 1999. On November 10, 2001, EPTE - Empresa Paulista de Transmissão de Energia Elétrica S.A. was merged into the Company.

2. CORPORATE GOVERNANCE

In September 2002 the Company adhered to the Level-1 Corporate Governance Practices of the São Paulo Stock Exchange (BOVESPA). Accordingly, the Company, whose preferred shares are included in the BOVESPA index (IBOVESPA), was also included in the Corporate Governance Index (IGC).

The commitments assumed in that adhesion ensure greater transparency of the Company for the market, investors and shareholders, thus facilitating their monitoring of actions by management and by the controlling shareholder.

3. PRESENTATION OF INTERIM FINANCIAL STATEMENTS

The interim financial statements have been prepared in accordance with Brazilian accounting practices, together with supplementary standards from the Brazilian Securities Commission (CVM) and specific legislation applicable to electric power public service concessionaires, established by the National Electric Power Agency (ANEEL).

These interim financial statements are in conformity with the principles, methods and criteria adopted by the Company as of the closing of the 2004 fiscal year.

4. ACCOUNTS RECEIVABLE - SÃO PAULO STATE FINANCE DEPARTMENT

	06/30/05		03/31/05	
	Current	Long-term	Total	Total
Benefits - Law No.4819/58	38,604	6,434	45,038	53,792
Agreement for acknowledgement and consolidation of debts.....	10,308	62,710	73,018	74,358
Sale of real property.....	2,143	13,035	15,178	15,456
Other.....	762	20,358	21,120	16,948
	<u>51,817</u>	<u>102,537</u>	<u>154,354</u>	<u>160,554</u>

4.1. Benefits – Law No. 4819/58

These amounts relate to advances made by CESP - Companhia Energética de São Paulo, from November 1981 to May 1983, for payment of benefits to employees participating in the pension plan of the State of São Paulo, in accordance with State Law No. 4819/58.

As a result of CESP's partial spin-off, these receivables were transferred to the Company, and on August 6, 1999 an agreement was signed with the State Finance Department, to receive the amount in 84 monthly installments, adjusted according to the general market price index (IGP-M) variation, plus interest of 6% per year, from September 1999 through August 2006.

4.2. Agreement for Acknowledgement and Consolidation of Debts

On May 2, 2002, the Agreement for Acknowledgement and Consolidation of Debts was entered into with the State Finance Department, in which the State acknowledges a debt to the Company for the amounts corresponding to the disbursements originally made by CESP - Companhia Energética de São Paulo, from 1990 to 1999, for payment of pension benefits in accordance with State Law No. 4819/58, with the acknowledged amount being adjusted up to January 2002 in accordance with the UFESP variation, and, starting in February 2002, in accordance with the monthly variation of the IGP-M, plus 6% per year. The reimbursement will be made in 120 monthly installments, beginning August 1, 2002, with final maturity on July 1, 2012.

4.3. Sale of real property

On July 31, 2002, a Private Transaction Agreement, including a promise to sell a real property, acknowledgement of liabilities and payment commitment, was signed with the State Finance Department, in which the State acknowledges its debt to the Company in the amount of R\$ 12,243, which corresponds to the market value of the total area of the property occupied by the State and partially used for the construction of prisons called "Cadeião".

Therefore, the State agreed to reimburse the aforementioned amount to the Company in 120 monthly installments beginning August 1, 2002, with final maturity on July 1, 2012, adjusted according to the monthly variation of the IGP-M, plus interest of 6% per year.

4.4. Other

In addition to the above-mentioned amounts, CESP made an advance for payment of monthly expenses related to family allowance benefits, in accordance with Law No. 4819/58, in the amount of R\$ 2,218 (long-term). However, there are retired employees' labor lawsuits, settled by the Company, in the amount of R\$ 762 (current) and R\$ 18,140 (long-term), that are also under the State's responsibility, thus totaling R\$ 21,120.

The Company is negotiating the reimbursement of this amount with the State Finance Department. Considering the expectation of loss, management decided to recognize an allowance for doubtful accounts in Long-term assets, in the amount of the aforementioned family allowance benefits.

5. SALE OF ASSETS AND RIGHTS

a. Technical Equipment Maintenance Center (CETEMEQ)

On April 13, 1998, a Private Agreement for Assignment and Transfer of Rights and Obligations was executed by and between EPTE - Empresa Paulista de Transmissão de Energia Elétrica S.A., merged into the Company on November 10, 2001, and Eletropaulo Metropolitana Eletricidade de São Paulo S.A. relating to the real property located at Rua Lavapés, 463, Cambuci, São Paulo, for the market price of R\$ 70,496, payable in 21 equal and successive monthly installments, with maturity on the first business day of each month, beginning May 1998.

In view of the contestation by Eletropaulo Metropolitana Eletricidade de São Paulo S.A. of the aforementioned amount and the fact that the installments had not been received, EPTE filed collection lawsuits on February 11, 1999 and October 18, 2000, with the 1st and 36th Civil District Courts of the Central Jurisdiction of São Paulo, respectively.

In December 2000, the net book value of this asset, in the amount of R\$ 4,904, was written off from property, plant and equipment, and the related sale, taxes on the gain resulting from the sale, allowance for doubtful accounts and tax credits were recorded.

Due to uncertainties as to the outcome of this issue, the Company maintains a provision for the total balance receivable.

6. DEFERRED INCOME AND SOCIAL CONTRIBUTION TAXES

Refer to tax credits available for offset against future taxable income, calculated on temporarily nondeductible provisions in part "B" of the Taxable Income Computation Book (LALUR), and arising from the following provisions:

	06/30/05		03/31/05	
	Income Tax	Social contribution tax	Total	Total
Allowance for doubtful accounts.....	17,198	5,544	22,742	22,742
Reserve for tax contingencies.....	27,891	10,041	37,932	37,104
Reserve for labor contingencies.....	29,183	10,506	39,689	39,078
Reserve for social security contingencies...	1,706	614	2,320	2,320
Reserve for civil contingencies.....	256	92	348	348
	<u>76,234</u>	<u>26,797</u>	<u>103,031</u>	<u>101,592</u>

7. ESCROW DEPOSITS

	06/30/05	03/31/05
COFINS (Note 13).....	38,524	38,524
Labor lawsuits	14,333	10,466
Social security lawsuits- INSS (Note 12.3)...	6,825	6,825
Assessments – ANEEL	6,317	6,317
	<u>65,999</u>	<u>62,132</u>

8. COFINS AND PIS (TAXES ON REVENUE) REGULATORY ASSETS

According to the transmission concession agreement signed between the Company and ANEEL, any change in taxes or legal charges will result in the review of the Allowed Annual Revenue (RAP).

In view of the effects of Laws No. 10,637, of December 30, 2002, No. 10,833, of December 29, 2003, and No. 10,865, of April 30, 2004, the Company's costs were impacted by the increase in the rates of COFINS and PIS.

Regulatory assets arising from an increase in COFINS and PIS rates, as established by SFF/ANEEL Circular No. 302/2005 of February 25, 2005, were recorded in long-term assets as Prepaid expenses against Deductions from operating revenues.

Regulatory assets as of June 30, 2005 are composed of:

<u>Description</u>	<u>Period</u>	<u>Historical value</u>
COFINS.....	Feb/04 to Jun/05	72.981
PIS.....	Dec/02 to Jun/05	<u>24.249</u>
		<u>97.230</u>

ANEEL Resolution No. 149, of June 30, 2005, determines that Allowed Annual Revenues (RAP) for electricity transmission concessionaires, for the period from July 1, 2005 to June 30, 2006, in compliance with ANEEL Opinion No. 236/2005, considered an amount corresponding to the financial impact of the increase in the COFINS and PIS rates incurred through June 30, 2005, adjusted based on the IGP-M (General Market Price Index). This amount will be reimbursed to the concessionaires through the contractual mechanism "Parcel of Adjustment (PA)", which is set for the Company at R\$ 78,759. Under the criteria adopted by ANEEL, the Company recomputed such impact at the amount of R\$ 120,337. In order to obtain a review by ANEEL of the amount set forth in said Resolution, the Company filed Official Letter 2828/2005 of July 8, 2005, which is under ANEEL's analysis.

9. PROPERTY, PLANT AND EQUIPMENT

	<u>06/30/05</u>		<u>03/31/05</u>	
	<u>Restated Cost</u>	<u>Accumulated depreciation</u>	<u>Net book value</u>	<u>Net book value</u>
In service				
Intangible assets.....	56,956	-	56,956	56,945
Land.....	82,173	-	82,173	82,177
Buildings, construction and improvements.....	573,869	(320,463)	253,406	256,332
Machinery and equipment.....	4,898,191	(2,120,851)	2,777,340	2,751,800
Vehicles.....	28,299	(22,345)	5,954	6,736
Furniture and fixtures.....	21,385	(11,299)	10,086	10,319
	<u>5,660,873</u>	<u>(2,474,958)</u>	<u>3,185,915</u>	<u>3,164,309</u>
In progress.....	<u>278,974</u>	<u>-</u>	<u>278,974</u>	<u>306,597</u>
Special liabilities				
Donations received.....	(9,566)	-	(9,566)	(9,566)
	<u>5,930,281</u>	<u>(2,474,958)</u>	<u>3,455,323</u>	<u>3,461,340</u>

In accordance with articles 63 and 64 of Decree No. 41,019 of February 26, 1957, assets and installations used in the transmission of electric power are linked to these services and cannot be retired, sold or pledged as mortgage guarantees without the prior and express authorization of the regulatory body. ANEEL Resolution No. 20/99 regulates the electric power utility concession assets, giving prior authorization for not restricting assets no longer serviceable to the concession, when intended for sale, and determining that the proceeds from the sale be deposited in a restricted bank account, and invested in the concession.

10. LOANS AND FINANCING

	06/30/05			03/31/05	
	Charges	Principal		Total	
		Current	Long-term		Total
Foreign currency					
Financial institutions.....	115	20,932	-	21,047	39,003
Local currency					
Fundação CESP.....	-	9,120	-	9,120	13,264
ELETROBRÁS.....	7	50	660	717	730
	7	9,170	660	9,837	13,994
	122	30,102	660	30,884	52,997

10.1. Financial Institutions

Refers to a loan agreement entered into on May 13, 1998 with Banco Société Générale in the amount of FRF 269,528 thousand (€ 41,089 thousand) and guaranteed by Banco Real S.A. This financing, which funded investments in the Miguel Reale Substation, is subject to interest of 6.38% per year payable semiannually. A 2.25% acceptance fee is paid in advance on a semiannual basis to Banco Real S.A., calculated on the disbursed balance.

Amortization is made in ten equal and consecutive semiannual installments, the first of which in November 2001 and with the final installment scheduled for May 2006.

10.2. Fundação CESP

Refers to the Agreement for Acknowledgment of Debt and Other Covenants, signed in November 1999, with the approval of the Secretariat for Pension Plans and effective through December 2005.

The charges are calculated based on the employee pension plan actuarial cost variation (General Price Index – internal availability [IGP-DI] plus interest of 6% per year) or the TR (a managed prime rate) plus interest of 8% per year, whichever is higher, and are added to the principal on a monthly basis.

11. ACCOUNTS PAYABLE

The amounts of R\$ 8,608 (R\$ 9,159 in the prior quarter), classified in Current liabilities, and R\$ 225,570 (R\$ 224,680 in the prior quarter), classified in Long-term liabilities, refer to the balances payable of two agreements for acknowledgement of debt related to the financing of actuarial deficit entered into with Fundação CESP, totaling R\$ 234,178 (R\$ 233,839 in the prior quarter), related to BPS (Settled Proportional Pension Plans), with monthly payments and final maturities scheduled for September and November 2017, restated based on the greater of actuarial cost variation (General Price Index – Internal Availability (IGP-DI) plus interest of 6% per year) or the TR (a managed prime rate) plus interest of 8% per year.

As defined in the respective agreements, at the end of the fiscal year, balances are adjusted for determining contribution installments for the subsequent year, according to actuarial deficits or surpluses, calculated in accordance with Fundação CESP's actuarial methodology.

On December 31, 2004, as required by CVM Resolution No. 371/00, after calculating liabilities with the private pension entity, there was no need to recognize additional liabilities.

12. RESERVE FOR CONTINGENCIES

The various types of contingencies were evaluated and classified based on the likelihood that the Company would incur economic and financial risk, as follows:

Type	Likelihood of loss							
	Probable		Possible		Remote		Total	
	06/30/05	03/31/05	06/30/05	03/31/05	06/30/05	03/31/05	06/30/05	03/31/05
Labor.....	116,732	114,934	22,526	22,281	173,473	163,796	312,731	301,011
Civil.....	1,023	1,023	28,767	27,234	1,485	1,408	31,275	29,665
Tax - urban property tax.....	111,563	109,128	-	-	-	-	111,563	109,128
Social security - INSS.....	6,825	6,825	-	-	-	-	6,825	6,825
	<u>236,143</u>	<u>231,910</u>	<u>51,293</u>	<u>49,515</u>	<u>174,958</u>	<u>165,204</u>	<u>462,394</u>	<u>446,629</u>

The likelihood of loss for each contingency, resulting in an unfavorable outcome for the Company, is classified as follows:

Probable - the future event or events is/are likely to occur;

Possible - the chance of the future event or events occurring is more than remote, but less than probable; and

Remote - the chance of the future event or events occurring is slight.

Reserves have been recognized for contingencies classified as probable loss.

On a quarterly basis, lawsuits are reassessed and reserves are supplemented if necessary.

12.1. Labor

The Company assumed responsibility for certain lawsuits before different courts, arising principally from CESP's partial spin-off, and from the merger of EPTE - Empresa Paulista de Transmissão de Energia Elétrica S.A.

12.2. Tax – urban property tax

Reserve recorded to cover amounts due to the municipalities of São Paulo and São José dos Campos.

12.3. National Institute of Social Security (INSS)

On August 10, 2001, the Company received from the National Institute of Social Security (INSS) an assessment notice for nonpayment of social security on compensation paid to its employees in the form of meal tickets, morning snack and basket of staples during the period from April 1999 through July 2001. Accordingly, management decided to recognize a reserve and make a corresponding escrow deposit, recorded in long-term assets, under "Escrow deposits" (see Note 7).

13. ACCRUED TAXES

The Company is challenging in court the constitutionality of the changes introduced by Law No. 9718 of November 27, 1999, which increased the COFINS rate from 2% to 3% and increased its tax basis by including financial income and nonoperating income.

Accordingly, the Company recorded provisions and made the corresponding escrow deposits up to January 2004. Beginning February 2004, with the enactment of Law No. 10,833 of December 29, 2003, which establishes the noncumulative levy of COFINS, the Company started making the payments in accordance with the new law. The escrow deposit amounts to R\$ 38,524, recorded in long-term assets, under "Escrow deposits" (see Note 7).

14. SHAREHOLDERS' EQUITY

14.1. Capital

The Company's authorized capital is R\$ 1,469,090, represented by R\$ 615,696 in common shares and R\$ 853,394 in preferred shares, all of which are registered shares without par value.

Subscribed and paid-up capital is R\$ 462,000, represented by 62,558,663 thousand common shares and 86,726,372 thousand preferred shares, totaling 149,285,035 thousand shares.

Preferred shares do not have voting rights; however, they entitle their holders to priority in capital reimbursement and to receive noncumulative dividends of 10% per year calculated on the paid-up capital corresponding to this type of share.

14.2. Ownership structure

As of June 30, 2005, the Company's main shareholders are as follows:

	Number of shares - in units					
	Common	%	Preferred	%	Total	%
Government of the State of São Paulo and related companies - (control)						
State Finance Department.....	38,270,778,120	61.18	14,007,616,079	16.15	52,278,394,199	35.02
Companhia do Metropolitano de São Paulo - METRÔ.....	1,979,332,142	3.16	-	-	1,979,332,142	1.33
Other.....	8,777,700	0.01	3,489,444	-	12,267,144	-
	<u>40,258,887,962</u>	<u>64.35</u>	<u>14,011,105,523</u>	<u>16.15</u>	<u>54,269,993,485</u>	<u>36.35</u>
Other - (outstanding shares)						
Centrais Elétricas Brasileiras S.A. - ELETROBRÁS.....						
	6,160,836,510	9.85	46,626,881,775	53.76	52,787,718,285	35.36
Federal Government.....	9,556,150,967	15.28	-	-	9,556,150,967	6.40
BNDES Part S.A. BNDESPAR.....	-	-	2,950,169,191	3.40	2,950,169,191	1.98
Petrobras - pension plan - PETROS.....	-	-	1,783,709,138	2.06	1,783,709,138	1.19
Pension plan for Banco do Brasil's employees.....	296,439,000	0.47	1,348,157,697	1.56	1,644,596,697	1.10
Morgan Stanley Uruguai Ltda	28,600,000	0.05	1,324,100,000	1.53	1,352,700,000	0.91
L Parisotto Participações Ltda.....	-	-	1,031,659,995	1.19	1,031,659,995	0.69
LIGHTPAR - Light Participações S.A....	-	-	979,189,800	1.13	979,189,800	0.66
Credit S Fir Bos Eur Limited.....	218,200,000	0.35	626,758,000	0.72	844,958,000	0.57
The Bank of New York - ADR Department.....	36,999,000	0.06	75,067,200	0.09	112,066,200	0.07
Directors.....	-	-	212,710	-	212,710	-
Board of Directors.....	27	-	23,776	-	23,803	-
Fiscal council.....	-	-	-	-	-	-
Other(1).....	6,002,549,337	9.59	15,969,337,388	18.41	21,971,886,725	14.72
	<u>22,299,774,841</u>	<u>35.65</u>	<u>72,715,266,670</u>	<u>83.85</u>	<u>95,015,041,511</u>	<u>63.65</u>
	<u>62,558,662,803</u>	<u>100.00</u>	<u>86,726,372,193</u>	<u>100.00</u>	<u>149,285,034,996</u>	<u>100.00</u>

(1) Includes shareholders that individually hold shares not exceeding 5% of voting capital.

14.3. Ownership structure of shareholders holding more than 5% of voting capital

	06/30/05					
	Number of shares - in units					
	Common	%	Preferred	%	Total	%
Centrais Elétricas Brasileiras S.A. - ELETROBRÁS						
Federal Government.....	264,328,120,835	58.41	17,595,501,100	15.68	281,923,621,935	49.92
BNDSPAR.....	67,516,953,798	14.92	346,083,390	0.31	67,863,037,188	12.02
National Development Fund. (FND).....	22,810,794,898	5.04	-	-	22,810,794,898	4.04
Other.....	97,855,894,019	21.63	94,295,902,885	84.01	192,151,796,904	34.02
	<u>452,511,763,550</u>	<u>100.00</u>	<u>112,237,487,375</u>	<u>100.00</u>	<u>564,749,250,925</u>	<u>100.00</u>
BNDSPAR						
National Bank for Economic and Social Development (BNDES)	<u>1</u>	<u>100.00</u>	<u>-</u>	<u>-</u>	<u>1</u>	<u>100.00</u>
BNDES						
Federal Government.....	<u>6,273,711,452</u>	<u>100.00</u>	<u>-</u>	<u>-</u>	<u>6,273,711,452</u>	<u>100.00</u>

14.4. Payment of dividends to shareholders

Article 31, paragraph 1, of the Company's bylaws establishes semiannual payment of dividends to shareholders, calculated based on the paid-up capital, as follows:

- 10% per year for preferred shares; and
- up to 10% per year for common shares.

According to Law No. 9249, of December 26, 1995, legal entities computing taxes based on taxable income may pay interest on capital to their shareholders, provided that there is income earned before payment of interest on capital, or interest on retained earnings and profit reserves, limited in both situations to 50% of the amount of the respective accounts, with tax deduction of the interest paid or credited to the shareholders.

At the Annual Meeting held on June 13, 2005, the Board of Directors resolved to pay interest on capital to shareholders in the amount of R\$ 54,354, corresponding to R\$ 0.3640954 per thousand shares (preferred and common).

According to paragraph 7, article 9 of Law No. 9249/95, interest on capital credited or paid may be treated as the amount of dividends set forth in article 202 of Law No. 6404/76 and paragraph 3, article 31 of the Company's bylaws.

15. GROSS OPERATING REVENUE

	06/30/05		06/30/04	
	Quarter	Six-month period	Quarter	Six-month period
Basic network				
Existing assets.....	182,305	371,258	142,459	285,325
New investments.....	37,345	72,122	8,046	17,528
Advances.....	(403)	5,878	2,309	3,959
	<u>219,247</u>	<u>449,258</u>	<u>152,814</u>	<u>306,812</u>
Connection				
OTF's - Existing assets.....	63,984	134,514	110,225	218,004
OTF's - New investments.....	2,079	4,238	494	616
	<u>66,063</u>	<u>138,752</u>	<u>110,719</u>	<u>218,620</u>
Charges				
Fuel Consumption Account - CCC.....	6,113	12,990	-	-
Energy Development Account - CDE..	3,171	6,770	-	-
	<u>9,284</u>	<u>19,760</u>	<u>-</u>	<u>-</u>
Portion of Adjustment.....	<u>(1,848)</u>	<u>(3,696)</u>	<u>(3,664)</u>	<u>(7,328)</u>
	<u>292,746</u>	<u>604,074</u>	<u>259,869</u>	<u>518,104</u>

OTF - Other Transmission Facilities

16. FINANCIAL (EXPENSES) INCOME

	06/30/05		06/30/04	
	Quarter	Six-month period	Quarter	Six-month period
Income				
Income from temporary cash investments	30,918	55,023	14,777	27,734
Interest on accounts receivable - State Finance Department.....	1,995	4,118	5,321	12,004
Other.....	333	490	86	278
Revenue deductions - COFINS.....	-	-	(2,018)	(3,498)
Revenue deductions - PIS.....	-	-	(438)	(840)
	<u>33,246</u>	<u>59,631</u>	<u>17,728</u>	<u>35,678</u>
Expenses				
Debt charges.....	(2,513)	(5,375)	(2,796)	(5,732)
CPMF (tax on banking transactions)	(1,376)	(2,834)	(1,314)	(2,490)
RGR (global reserve for reversion).....	(279)	(558)	(279)	(558)
Charges on taxes - CETEMEQ.....	(233)	(447)	(199)	(322)
Other.....	(389)	(484)	(275)	(368)
	<u>(4,790)</u>	<u>(9,698)</u>	<u>(4,863)</u>	<u>(9,470)</u>

17. INCOME AND SOCIAL CONTRIBUTION TAXES

The Company records monthly provisions for income and social contribution taxes, on the accrual basis, and calculates such amounts based on monthly trial balances (for tax suspension and reduction purposes).

17.1. Reconciliation of income and social contribution taxes

Tax expenses are determined based on prevailing rates, totaling 34% (25% for income tax and 9% for social contribution tax).

	Quarters			
	06/30/05		06/30/04	
	Income tax	Social contribution tax	Income tax	Social contribution tax
Income before taxes	107,943	107,943	57,525	57,525
Expected tax expense	(26,986)	(9,715)	(14,381)	(5,177)
Taxes on:				
Amortization of negative goodwill.....	(1,901)	(465)	(1,901)	(465)
Other.....	2,324	674	(29)	(33)
	423	209	(1,930)	(498)
Effective tax expense	<u>(26,563)</u>	<u>(9,506)</u>	<u>(16,311)</u>	<u>(5,675)</u>
	Six-month periods			
	06/30/05		06/30/04	
	Income tax	Social contribution tax	Income tax	Social contribution tax
Income before taxes	236,752	236,752	161,833	161,833
Expected tax expense	(59,188)	(21,308)	(40,458)	(14,565)
Taxes on:				
Amortization of negative goodwill.....	(3,802)	(930)	(3,802)	(930)
Cofins – Under litigation.....	-	-	(277)	-
Other.....	2,653	775	2,039	688
	(1,149)	(155)	(2,040)	(242)
Effective tax expense	<u>(60,337)</u>	<u>(21,463)</u>	<u>(42,498)</u>	<u>(14,807)</u>

18. CONCESSIONS

Through Administrative Rule No. 185, of June 6, 2001, issued by the Ministry of Mines and Energy (MME), the concession held by the Company for the electric power transmission service related to the basic network, connections and other installations was extended for 20 years, beginning July 8, 1995.

Accordingly, on June 20, 2001, the concession agreement for the electric power transmission public service was entered into by and between CTEEP and the concession authority, through ANEEL.

This concession agreement was amended on December 14, 2001, in view of the merger of EPTE - Empresa Paulista de Transmissão de Energia Elétrica S.A. into the Company. The initially agreed conditions were maintained, except for the allowed annual revenue cap, which was reduced by 0.58% in July 2002 and 3.56% in July 2003, equivalent to 50% of the efficiency gains expected from the merger.

19. FINANCIAL INSTRUMENTS

The Company's main source of revenue is the use of its electric power transmission system by other concessionaires and operators. Its annual revenue related to Basic and Connection Network facilities is defined by ANEEL, pursuant to prevailing legislation.

The main risk factors inherent to the Company's operations may be identified as follows:

a. Credit Risk

The Company has agreements with the ONS (National Electric System Operator), concessionaires and other agents for regulating the provision of services related to the Basic Network for 118 users, with a bank guarantee clause. Likewise, the Company has agreements regulating the provision of services in Other Transmission Facilities with 22 concessionaires and other agents, with a bank guarantee clause.

b. Price Risk

Pursuant to the concession agreement, the Company's revenues are annually adjusted by ANEEL based on the variation of the General Market Price Index (IGP-M), and part of the revenues are subject to periodic review every 4 years.

c. Liquidity Risk

As established by a State decree, the Company centralizes its financial investments at Banco Nossa Caixa S.A.

d. Exchange Risk

The Company has only one foreign currency financing agreement, which totals 7,396 euros as of the interim financial statements date. Given the amount at risk, said financing is not hedged (see Note 10).

e. Interest Rate Risk

Interest based on the variation of the actuarial cost (General Price Index – Internal Availability [IGP-DI] plus 6% per year) or the TR (a managed prime rate) plus interest of 8% per year, whichever is higher, is charged on debt agreements with Fundação CESP (see Notes 10 and 11).

The carrying amounts of financial instruments, when compared with the values that might be obtained in negotiation in the market, or in absence thereof, with the net present value adjusted based on the prevailing market interest rate, approximate their fair values.

20. COLLECTION LAWSUIT BY ELETROBRÁS AGAINST ELETROPAULO AND EPTE

In 1989, Centrais Elétricas Brasileiras S.A. - ELETROBRÁS filed a collection lawsuit against Eletropaulo - Eletricidade de São Paulo S.A. (currently Eletropaulo Metropolitana Eletricidade de São Paulo S.A.) referring to the balance of a certain financing agreement. In 1999 a judgment was issued on the aforementioned lawsuit, ordering Eletropaulo to pay the calculated balance. Under the partial spin-off protocol of Eletropaulo, made on December 31, 1997 and that resulted in the establishment of EPTE - Empresa Paulista de Transmissão de Energia Elétrica S.A. and other companies, Eletropaulo is solely liable for obligations of any kind referring to acts until the spin-off date, except for contingent liabilities whose provisions had been allocated to the merging companies. In the case in question, at the time of the spin-off, there was no allocation to EPTE of any provision for such purpose, leaving it clear then that Eletropaulo was exclusively liable for the referred contingency. At the time of the spin-off there was only the transfer to EPTE assets of an escrow deposit in the historical amount of R\$ 4.00, made in 1988 by Eletropaulo, referring to the amount that it understood to be owed to ELETROBRÁS regarding the balance of the mentioned financing agreement, and allocation to EPTE's liabilities of the same amount referring to this debt.

Therefore, under the partial spin-off protocol of Eletropaulo, EPTE would be liable for known and ascertained debts in the exact restated amount available in the mentioned escrow deposit made in 1988, and Eletropaulo would be liable for the contingent liabilities referring to the difference between the amount demanded in court by ELETROBRÁS and the restated amount of the mentioned escrow deposit. In October 2001, ELETROBRÁS executed the sentence referring to the mentioned financing agreement, charging R\$ 429 million from Eletropaulo and R\$ 49 million from EPTE, understanding that EPTE would pay its part with the restated amounts of the mentioned escrow deposit. CTEEP merged EPTE on November 10, 2001, succeeding it in its obligations.

On September 26, 2003, a decision of the Court of Justice of the State of Rio de Janeiro was published, excluding Eletropaulo from the execution of the mentioned sentence. Due to these facts, ELETROBRÁS filed, on December 16, 2003, a Special Appeal in the Superior Court of Justice and an Extraordinary Appeal in the Federal Supreme Court to maintain the mentioned collection regarding Eletropaulo.

With respect to that debt and in view of the formal documents of the partial spin-off of Eletropaulo, CTEEP, according to the understanding of its legal counsel, is only liable for payment equivalent to the restated amount of the escrow deposit made in 1988 for this purpose and which is currently part of its assets, and intends to proceed in the defense of such right by filing a special appeal in the Superior Court of Justice and an extraordinary appeal in the Federal Supreme Court. On the other hand, the Company has not recognized a provision for the remaining contingency, currently estimated at R\$ 622 million, which the Company understands as being the liability of Eletropaulo, from which the debt is being charged by ELETROBRÁS.

21. SUBSEQUENT EVENTS

a. Company's Revenues

On July 1, 2005, ANEEL Resolution No. 149, of June 30, 2005, was published, establishing the Company's revenues for the 12-month period from July 1, 2005 to June 30, 2006.

According to said Resolution, the Allowed Annual Revenue (RAP) of the Company, which was R\$ 1,178,107 on July 1, 2004, was increased to R\$ 1,327,500 on July 1, 2005, as shown below:

Revenue in effect beginning 07/01/04	1.178.107
Portion of adjustment	<u>7.392</u>
Total revenue in effect through 06/30/05	1.185.499
Adjustment based on the IGP-M (9.0752%)	107.587
New works.....	33.592
Miguel Reale substation (disallowance)	(32.251)
PIS/COFINS – Regulatory asset	78.759
Portion of adjustment	(45.686)
Total revenue in effect beginning 07/01/05	<u>1.327.500</u>

Disagreeing with certain amounts established by ANEEL, including the impact of the increase in the COFINS and PIS rates and the revision of the revenue of the work on the Miguel Reale Substation – phase 2, the Company filed Official Letter No. 2828/2005, dated July 8, 2005, with ANEEL requesting a review of such amounts.

b. Significant Events

After the base date of these interim financial statements, the Company published the following significant event notices:

- **July 12, 2005 – Privatization Process**

"In compliance with CVM Instruction No. 358/2002, CTEEP – Companhia de Transmissão de Energia Elétrica Paulista communicates, complementing the information previously disclosed to the market regarding its privatization process, that the Government of the State of São Paulo, through the Steering Committee of the State Privatization Program (PED), charged CESP – Companhia Energética de São Paulo with the task of making the arrangements for the privatization of CTEEP. In this respect, CESP must publish in the Official Gazette of the State of São Paulo and other newspapers with large nationwide circulation, on July 13, 2005, an announcement relating to Bidding Notice so as to contract services for business valuation, modeling and sale of shares issued by CTEEP owned by the controlling shareholder".

- **July 19, 2005 – Law No. 4819/58**

“In compliance with CVM Instruction No. 358/2002, CTEEP – Companhia de Transmissão de Energia Elétrica Paulista clarifies aspects related to the supplementary pension plan regulated by Law No. 4819/58. This plan is for employees hired through May 13, 1974, as mentioned in Note 22.1 to the financial statements of the Company as of December 31, 2004. The necessary funds to cover the charges of the plan are the responsibility of the responsible agencies of the Government of the State of São Paulo; this was implemented according to an agreement made on December 10, 1999 between the São Paulo State Finance Department and the Company, effective until December 31, 2003. Such procedure was regularly performed until December 2003 by Fundação CESP, with funds from the State Finance Department, transferred by CTEEP. In January 2004, the Finance Department began to directly process those payments, without the participation of CTEEP and Fundação CESP.

The decision of the 49th Labor Court of São Paulo was communicated to CTEEP on July 11, 2005 (lawsuit 1339/2005-1), authorizing Fundação CESP to resume processing the benefit payments established by Law No. 4819/58, according to the respective regulation, in the same manner as had been made until December 2003, with funds transferred by CTEEP. On July 13, 2005, the 49th Labor Court of São Paulo gave 60 days for the fulfillment of this decision. There is also on the web site of the Regional Labor Court of São Paulo a summary on a similar decision (lawsuit SDC - 20058200400002000) of June 30, 2005, determining that Fundação CESP, using the funds transferred by CTEEP, may process again the beneficiaries' retirement and pension payments established by State Law No. 4819/58; such decision has not yet been published, nor has the Company been notified of it.

To comply with said judicial decisions, CTEEP must require on a monthly basis the necessary funds from the São Paulo State Finance Department, to be transferred to Fundação CESP, which must process the payments to the beneficiaries. Said decisions apply to about 6,500 beneficiaries, with a monthly expense on the order of R\$ 23 million, which, in the understanding of CTEEP, is the responsibility of the State of São Paulo, as it was through December 2003. Consequently, CTEEP will contest said judicial decisions since it understands that the responsibility for the payment of the above-mentioned benefits is, under applicable legislation, of the State of São Paulo”.

The above-mentioned decision by the Regional Labor Court was published on July 29, 2005. The Company studies its effects and implications in order to file appropriate appeals and take other measures.

(Convenience Translation into English from the Original Previously Issued in Portuguese)

22. CASH FLOW

**STATEMENTS OF CASH FLOWS
FOR THE SIX-MONTH PERIODS ENDED JUNE 30,**

(In thousands of Brazilian reais – R\$)

	<u>2005</u>	<u>2004</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from consumers.....	610,022	518,735
Receipts from other.....	14,732	5,968
Payments to suppliers.....	(87,681)	(77,511)
Payments to employees.....	(160,680)	(169,860)
Taxes and regulatory charges.....	(176,701)	(112,535)
	<u>199,692</u>	<u>164,797</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment.....	(48,611)	(63,425)
CASH FLOWS FROM FINANCING ACTIVITIES		
Income from temporary cash investments.....	44,991	22,515
Payment of loans.....	(28,557)	(33,721)
Interest on capital / dividends.....	(43,254)	(71,558)
Tax on banking transactions (CPMF).....	(2,803)	(2,705)
Other.....	(558)	(558)
	<u>(30,181)</u>	<u>(86,027)</u>
CASH FLOWS FROM NONOPERATING ACTIVITIES		
Agreements - State Finance Department.....	25,006	72,680
Other inflows.....	5,285	1,184
Other outflows.....	(6,991)	(5,393)
	<u>23,300</u>	<u>68,471</u>
INCREASE IN CASH.....	<u>144,200</u>	<u>83,816</u>
CHANGE IN CASH		
At beginning of period.....	543,990	317,868
At end of period.....	<u>688,190</u>	<u>401,684</u>
	<u>144,200</u>	<u>83,816</u>



(Convenience Translation into English from the Original Previously Issued in Portuguese)

COMMENT ON THE COMPANY'S PERFORMANCE IN THE QUARTER

The Company's main source of revenue is the use of its transmission system by other electric power public service concessionaires and agents. The annual tariffs were adjusted through ANEEL Resolution No. 70, in effect through June 30, 2005, and are related to the Basic Network and Other Transmission Facilities. For this quarter, revenue was R\$ 295,512, representing an increase of 12.92% compared to R\$ 261,690 in the same quarter of the prior year.

Considering the deductions from operating revenue in the amount of R\$ 35,083, composed of RGR (Global Reserve for Reversion), COFINS and PIS (taxes on revenue) and ISSQN (service tax), which represented 11.87% of the operating revenues, and the Recovery of COFINS/PIS (Regulatory Asset) of R\$ 34,627, the net operating revenues were R\$ 295,056, an increase of 25.92% when compared to R\$ 234,313 in the same quarter of the prior year.

Operating expenses directly manageable by the Company (Personnel, Materials, Outside services and Other), in the amount of R\$ 116,356, were 3.52% lower when compared to R\$ 120,596 in the same quarter of the prior year. It is important to mention depreciation amounts, concession regulatory charges and reserves for contingencies, in the amount of R\$ 55,875, representing 18.94% of the net operating revenues.

Accordingly, gross profit was R\$ 122,825, in comparison to R\$ 66,300 for the same quarter of the prior year, representing an 85.26% increase.

Financial result is negative by R\$ 16,541, composed of financial income in the amount of R\$ 45,089, relating to income on temporary cash investments, and financial expenses in the amount of R\$ 61,630, of which R\$ 54,354 refer to interest on capital.

After nonoperating income of R\$ 1,659, provisions and deferral of income and social contribution taxes, in the debit balance of R\$ 36,069, and reversal of interest on capital in the amount of R\$ 54,354, the Company reported net income of R\$ 126,228 for the quarter, equivalent to R\$ 0.85 per thousand shares, an increase of 101.27% when compared to R\$ 62,716 in the same quarter of the prior year.

OTHER INFORMATION CONSIDERED RELEVANT BY THE COMPANY

In compliance with Corporate Governance practices, we present below the Company's ownership structure, as well as the shareholders holding more than 5% of voting capital.

1. OWNERSHIP STRUCTURE

The Company's main shareholders are:

	06/30/05					
	Number of shares - in units					
	Common	%	Preferred	%	Total	%
Government of the State of São Paulo and related companies - (control)						
State Finance Department.....	38,270,778,120	61.18	14,007,616,079	16.15	52,278,394,199	35.02
Companhia do Metropolitan de São Paulo - METRÓ.....	1,979,332,142	3.16	-	-	1,979,332,142	1.33
Other.....	8,777,700	0.01	3,489,444	-	12,267,144	-
	<u>40,258,887,962</u>	<u>64.35</u>	<u>14,011,105,523</u>	<u>16.15</u>	<u>54,269,993,485</u>	<u>36.35</u>
Other - (outstanding shares)						
Centrais Elétricas Brasileiras S.A. - ELETROBRÁS.....						
	6,160,836,510	9.85	46,626,881,775	53.76	52,787,718,285	35.36
Federal Government.....	9,556,150,967	15.28	-	-	9,556,150,967	6.40
BNDES Part S.A. BNDESPAR.....	-	-	2,950,169,191	3.40	2,950,169,191	1.98
Petrobras - pension plan – PETROS	-	-	1,783,709,138	2.06	1,783,709,138	1.19
Pension plan for Banco do Brasil's employees.....	296,439,000	0.47	1,348,157,697	1.56	1,644,596,697	1.10
Morgan Stanley Uruguai Ltda	28,600,000	0.05	1,324,100,000	1.53	1,352,700,000	0.91
L Parisotto Participações Ltda.....	-	-	1,031,659,995	1.19	1,031,659,995	0.69
LIGHTPAR - Light Participações S.A....	-	-	979,189,800	1.13	979,189,800	0.66
Credit S Fir Bos Eur Limited.....	218,200,000	0.35	626,758,000	0.72	844,958,000	0.57
The Bank of New York - ADR Department.....	36,999,000	0.06	75,067,200	0.09	112,066,200	0.07
Directors.....	-	-	212,710	-	212,710	-
Board of Directors.....	27	-	23,776	-	23,803	-
Fiscal Council.....	-	-	-	-	-	-
Other(1).....	6,002,549,337	9.59	15,969,337,388	18.41	21,971,886,725	14.72
	<u>22,299,774,841</u>	<u>35.65</u>	<u>72,715,266,670</u>	<u>83.85</u>	<u>95,015,041,511</u>	<u>63.65</u>
	<u>62,558,662,803</u>	<u>100.00</u>	<u>86,726,372,193</u>	<u>100.00</u>	<u>149,285,034,996</u>	<u>100.00</u>

(1) Includes shareholders that individually hold shares not exceeding 5% of voting capital.

	06/30/04					
	Number of shares - in units					
	Common	%	Preferred	%	Total	%
Government of the State of São Paulo and related companies - (control)						
State Finance Department.....	33,134,660,880	52.97	6,321,251,879	7.29	39,455,912,759	26.43
Banco Nossa Caixa S.A. (1)	5,136,117,240	8.21	7,686,364,200	8.86	12,822,481,440	8.59
Companhia do Metropolitano de São Paulo - METRÔ.....	1,979,332,142	3.16	-	-	1,979,332,142	1.33
Other.....	8,777,700	0.01	153,576,465	0.18	162,354,165	0.10
	<u>40,258,887,962</u>	<u>64.35</u>	<u>14,161,192,544</u>	<u>16.33</u>	<u>54,420,080,506</u>	<u>36.45</u>
Other - (outstanding shares)						
Centrais Elétricas Brasileiras S.A. - ELETROBRÁS.....	6,160,836,510	9.85	46,626,881,775	53.76	52,787,718,285	35.36
Federal Government.....	9,556,150,967	15.28	-	-	9,556,150,967	6.40
BNDES Part S.A. BNDESPAR.....	-	-	2,950,169,191	3.40	2,950,169,191	1.98
Pension plan for Banco do Brasil's employees.....	296,439,000	0.47	1,348,157,697	1.56	1,644,596,697	1.10
Petrobras - pension plan - PETROS.....	-	-	1,546,409,138	1.78	1,546,409,138	1.03
LIGHTPAR - Light Participações S.A.....	-	-	979,189,800	1.13	979,189,800	0.66
Fundação CESP.....	-	-	909,500,000	1.05	909,500,000	0.61
Wisteria Holdings LLC.....	691,424,140	1.11	6,400,000	0.01	697,824,140	0.47
The Bank of New York - ADR Department.....	36,999,000	0.06	97,336,200	0.11	134,335,200	0.09
Directors.....	-	-	212,710	-	212,710	-
Board of Directors.....	30	-	103,806	-	103,836	-
Fiscal Council.....	-	-	-	-	-	-
Other (2).....	5,557,925,194	8.88	18,100,819,332	20.87	23,658,744,526	15.85
	<u>22,299,774,841</u>	<u>35.65</u>	<u>72,565,179,649</u>	<u>83.67</u>	<u>94,864,954,490</u>	<u>63.55</u>
	<u>62,558,662,803</u>	<u>100.00</u>	<u>86,726,372,193</u>	<u>100.00</u>	<u>149,285,034,996</u>	<u>100.00</u>

(1) Pursuant to the Notice to the Market on June 14, 2005, the Company informed that Banco Nossa Caixa S.A. transferred all its shares to the State Finance Department.

(2) Includes shareholders that individually hold shares not exceeding 5% of voting capital.

2. SHARES OF SHAREHOLDERS HOLDING MORE THAN 5% OF VOTING CAPITAL

	06/30/05					
	Number of shares - in units					
	Common	%	Preferred	%	Total	%
Centrais Elétricas Brasileiras S.A. - ELETROBRÁS						
Federal Government.....	264,328,120,835	58.41	17,595,501,100	15.68	281,923,621,935	49.92
BNDESPAR.....	67,516,953,798	14.92	346,083,390	0.31	67,863,037,188	12.02
National Development Fund (FND).....	22,810,794,898	5.04	-	-	22,810,794,898	4.04
Other.....	97,855,894,019	21.63	94,295,902,885	84.01	192,151,796,904	34.02
	<u>452,511,763,550</u>	<u>100.00</u>	<u>112,237,487,375</u>	<u>100.00</u>	<u>564,749,250,925</u>	<u>100.00</u>
BNDESPAR						
National Bank for Economic and Social Development (BNDES)	<u>1</u>	<u>100.00</u>	<u>-</u>	<u>-</u>	<u>1</u>	<u>100.00</u>
BNDES						
Federal Government.....	<u>6,273,711,452</u>	<u>100.00</u>	<u>-</u>	<u>-</u>	<u>6,273,711,452</u>	<u>100.00</u>

	06/30/04					
	Number of shares - in units					
	Common	%	Preferred	%	Total	%
Banco Nossa Caixa S.A						
State Finance Department.....	35,678,562	99.99	-	-	35,678,562	99.99
Other.....	17	0.01	-	-	17	0.01
	<u>35,678,579</u>	<u>100.00</u>	<u>-</u>	<u>-</u>	<u>35,678,579</u>	<u>100.00</u>
Centrais Elétricas Brasileiras S.A. - ELETROBRÁS						
Federal Government.....	264,328,120,835	58.41	17,595,460,180	20.70	281,923,581,015	52.45
BNDSPAR.....	67,789,960,070	14.98	532,937,780	0.63	68,322,897,850	12.71
National Development Fund. (FND).....	22,810,794,898	5.04	-	-	22,810,794,898	4.24
Other.....	97,582,887,747	21.57	66,862,359,370	78.67	164,445,247,117	30.60
	<u>452,511,763,550</u>	<u>100.00</u>	<u>84,990,757,330</u>	<u>100.00</u>	<u>537,502,520,880</u>	<u>100.00</u>
BNDSPAR						
National Bank for Economic and Social Development (BNDES)	<u>1</u>	<u>100.00</u>	<u>-</u>	<u>-</u>	<u>1</u>	<u>100.00</u>
BNDES						
Federal Government.....	<u>6,273,711,452</u>	<u>100.00</u>	<u>-</u>	<u>-</u>	<u>6,273,711,452</u>	<u>100.00</u>