

Quarterly Information

ISA Capital do Brasil S.A.

March 31, 2010

With Review Report of Independent Auditors

“Free translation from Portuguese into English”

(A free translation from the original in Portuguese)

FEDERAL GOVERNMENT SERVICE
BRAZILLIAN SECURITIES COMISSION (CVM)

QUARTERLY INFORMATION (ITR) March 31, 2010
COMERCIAL, INDUSTRIAL AND OTHER COMPANIES

Corporate Legislation

REGISTRATION WITH THE CVM DOES NOT IMPLY ANY ANALYSIS OF THE COMPANY. COMPANY MANAGEMENT IS NOT RESPONSIBLE FOR THE ACCURACY OF THE INFORMATION PROVIDED.

01.01 – IDENTIFICATION

1 – CVM CODE 02042-7	2 – COMPANY NAME ISA CAPITAL DO BRASIL SA	3 - National Corporate Taxpayers' Registration Number - CNPJ 08.075.006/0001-30
4 – State Registration Number – NIRE 35.220.674.671		

01.02 – HEAD OFFICE

1 – ADDRESS Rua Casa do Ator, 1155 – 8º Andar		2 – SUBURB OR DISTRICT Vila Olímpia		
3 – POSTAL CODE 04546-004	4 – MUNICIPALITY SÃO PAULO		5 - STATE SP	
6 – AREA CODE 011	7 – TELEPHONE 3138-7673	8 – TELEPHONE 3138-7680	9 - TELEPHONE 3138-7619	10 - TELEX
11 – AREA CODE 011	12 – FAX 3138-7047	13 - FAX -	14 - FAX -	
15 - E-MAIL crestrepo@isacapital.com.br				

01.03 – INVESTOR RELATIONSHIPS OFFICER (Company Mail Address)

1 – NAME Cristian Restrepo Hernandez				
2 – ADDRESS Rua Casa do Ator, 1155 – 8º Andar		3 – SUBURB OR DISTRICT Vila Olímpia		
4 – POSTAL CODE 04546-004	5 – MUNICIPALITY SÃO PAULO		6 – STATE SP	
7 – AREA CODE 011	8 – TELEPHONE 3138-7673	9 – TELEPHONE -	10 – TELEPHONE -	11 - TELEX
12 – AREA CODE 011	13 – FAX 3138-7047	14 - FAX -	15 - FAX -	
16 - E-MAIL crestrepo@isacapital.com.br				

01.04 – GENERAL INFORMATION / INDEPENDENT ACCOUNTANT

CURRENT YEAR		CURRENT QUARTER			PRIOR QUARTER		
1 – BEGINNING	2 – END	3 - QUARTER	4 – BEGINNING	5 - END	6 - QUARTER	7 - BEGINNING	8 - END
01/01/2010	12/31/2010	1	01/01/2010	03/31/2009	4	10/01/2009	12/31/2009
9 – INDEPENDENT ACCOUNTANT ERNST & YOUNG AUDITORES INDEPENDENTES S.S.						10 – CVM CODE 00471-5	
11 – PARTNER RESPONSIBLE Luiz Carlos Passetti				12 – INDIVIDUAL TAXPAYERS' RESGISTRATION NUMBER OF THE PARTNER RESPONSIBLE 001.625.898-32			

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**FEDERAL GOVERNMENT SERVICE
BRAZILLIAN SECURITIES COMISSION (CVM)
QUARTERLY INFORMATION (ITR) March 31, 2010
COMERCIAL, INDUSTRIAL AND OTHER COMPANIES**

Corporate Legislation

01.01 – IDENTIFICATION

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01.05 – CAPITAL COMPOSITION

Number of shares (Thousands)	Current Quarter 03/31/2009	Prior Quarter 12/31/2009	Same quarter as prior year 03/31/2009
Paid-up Capital			
1 – Common	840,625	840,625	840,625
2 – Preferred	593,844	0	0
3 – Total	1,434,469	840,625	840,625
Treasury Stock			
4 – Common	0	0	0
5 – Preferred	0	0	0
6 – Total	0	0	0

01.06 – CHARACTERISTICS OF THE COMPANY

1 – TYPE OF COMPANY Commercial, Industrial and Other
2 – SITUATION Operating
3 – NATURE OF OWNERSHIP Foreign
4 - CODE ATIVIDADE 3120 – Equity Interest Mgmt. Company - Electric energy
5 - ATIVIDADE PRINCIPAL Holding Interest in Other Companies' Capital
6 – TYPE OF CONSOLIDATION Total
7 – TYPE OF REPORT OF THE INDEPENDENT ACCOUNTANT Without exceptions

01.07 – COMPANIES EXCLUDED FROM THE CONSOLIDATED FINANCIAL STATEMENTS

1 – ITEM	2 - CNPJ	3 – NAME
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01.08 – DIVIDENDS APPROVED AND/OR PAID DURING AND AFTER THE QUARTER

1 – ITEM	2 – EVENT	3 – DATE APPROVED	4 – TYPE	5 – DATE OF PAYMENT.	6 - TYPE OF SHARE	7 – AMOUT PER SHARE
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01.09 - CAPITAL SUBSCRIBED AND ALTERATIONS IN THE CURRENT YEAR

1- ITEM	2 – DATE OF ALTERATION	3 – AMOINT OF THE ALTERATION (in thousands of reais)	4 – VALUE OF ALTERATION (in thousands of reais)	5 – NATURE OF ALTERATION	7 – NUMBER OF SHARES ISSUED (thousands)	8 – SHARE PRICE ON ISSUE DATE (reais)
01	03/09/2010	840,198	420	HSBC Subscription	415,691	2,0207310000
03	03/19/2010	840,378	180	HSBC Subscription	178,153	2,0207310000

01.10 – INVESTOR RELATIONS OFFICER

1 – DATE	2 – SIGNATURE
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02.01 – BALANCE SHEET – Assets (R\$ Thousands)

1 – CODE	2 - DESCRIPTION	3 - 03/31/2010	4 – 12/31/2009
1	Total Assets	2,301,981	2,336,554
1.01	Current Assets	180,163	244,015
1.01.01	Cash and cash Equivalents	48,377	30,004
1.01.02	Receivables	100,957	138,113
1.01.02.01	Trade Accounts Receivable	0	0
1.01.02.02	Sundry receivables	100,957	138,113
1.01.02.02.01	Amounts Receivable from the State Finance Department	100,957	138,113
1.01.03	Inventories	0	0
1.01.04	Others	30,829	75,898
1.01.04.01	Taxes and contributions to offset	30,787	32,148
1.01.04.02	Pledges and restricted deposits	32	40,857
1.01.04.03	Prepaid expenses	0	2,871
1.01.04.04	Other	10	22
1.02	Non-current assets	2,121,818	2,092,539
1.02.01	Long-term receivables	42,760	51,329
1.02.01.01	Sundry Receivables	0	0
1.02.01.02	Receivables from related Parties	0	0
1.02.01.02.01	Associated and similar companies	0	0
1.02.01.02.02	Subsidiaries	0	0
1.02.01.02.03	Other Related Parties	0	0
1.02.01.03	Others	42,760	51,329
1.02.01.03.01	Prepaid expenses	0	9,881
1.02.01.03.02	Loans receivable	42,760	41,448
1.02.02	Permanent Assets	2,079,058	2,041,210
1.02.02.01	Investments	2,079,015	2,041,164
1.02.02.01.01	In associated and similar companies	0	0
1.02.02.01.02	In associated and similar companies – goodwill	0	0
1.02.02.01.03	In subsidiaries	0	0
1.02.02.01.04	In subsidiaries – goodwill	0	0
1.02.02.01.05	Other Investments	0	0
1.02.02.02	Property, plant and equipment	43	46
1.02.02.03	Intangible Assets	0	0
1.02.02.04	Deferred charges	0	0

FEDERAL GOVERNMENT SERVICE
 BRAZILLIAN SECURITIES COMISSION (CVM)
 QUARTERLY INFORMATION (ITR) March 31, 2010
 COMERCIAL, INDUSTRIAL AND OTHER COMPANIES

Corporate Legislation

01.01 – IDENTIFICATION

1 – CVM CODE	2 – COMPANY NAME	3 – National Corporate Taxpayers' Registration Number - CNPJ
02042-7	ISA CAPITAL DO BRASIL SA	08.075.006/0001-30

02.02 – BALANCE SHEET – Liabilities and Stockholders' Equity (R\$ thousand)

1 – CODE	2 - DESCRIPTION	3 - 03/31/2010	4 – 12/31/2009
2	Total Liabilities and Stockholders' Equity	2,301,981	2,336,554
2.01	Current Liabilities	15,778	71,634
2.01.01	Loans and Financing	827	52,819
2.01.02	Debentures	0	0
2.01.03	Suppliers	1,409	252
2.01.04	Taxes, charges and contributions	2,329	7,350
2.01.04.01	Taxes payable	2,329	7,350
2.01.05	Dividends Payable	0	0
2.01.06	Provisions	0	0
2.01.07	Payables to related parties	0	0
2.01.08	Others	11,213	11,213
2.01.08.01	Amounts payable – Secretary of the Treasury	6,891	6,891
2.01.08.02	Amounts payable – Secretary of the Treasury OPA	4,322	4,322
2.01.08.03	Others	0	0
2.02	Non-current Liabilities	405,114	1,307,518
2.02.01	Long-term liabilities	405,114	1,307,518
2.02.01.01	Loans and financing	56,370	964,997
2.02.01.02	Debentures	0	0
2.02.01.03	Provisions	0	0
2.02.01.04	Payables to related parties	0	0
2.02.01.05	Advance for future capital increase	0	0
2.02.01.06	Others	348,744	342,521
2.02.01.06.01	Amounts Payable – Secretary of the Treasury	214,347	210,522
2.02.01.06.02	Amounts Payable – Secretary of the Treasury OPA	134,397	131,999
2.03	Deferred Income	0	0
2.05	Stockholders' Equity	1,881,089	957,402
2.05.01	Paid-in capital	840,378	839,778
2.05.02	Capital reserve	1,199,400	0
2.05.03	Revaluation reserve	0	0
2.05.03.01	Own assets	0	0
2.05.03.02	Subsidiaries, affiliates and equivalent companies	0	0
2.05.04	Income reserve	117,624	117,624
2.05.04.01	Legal reserve	5,881	5,881
2.05.04.02	Statutory reserve	0	0
2.05.04.03	Provision for contingencies	0	0
2.05.04.04	Provision for unearned profit	0	0
2.05.04.05	Retained earnings	111,743	111,743
2.05.04.06	Special for undistributed dividends	0	0
2.05.04.07	Other revenue reserves	0	0
2.05.05	Equity valuation adjustments	0	0
2.05.05.01	Adjustments of marketable securities	0	0

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02.02 – BALANCE SHEET – Liabilities and Stockholders' Equity (R\$ thousand)

1 – CODE	2 – DESCRIPTION	3 - 03/31/2010	4 – 12/31/2009
2.05.05.02	Accumulated translation adjustments	0	0
2.05.05.03	Business combination adjustments	0	0
2.05.06	Retained earnings / accumulated Deficit	(276.313)	0
2.05.07	Advance for future capital increase	0	0

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1 – CVM CODE	2 – COMPANY NAME	3 - National Corporate Taxpayers' Registration Number - CNPJ
02042-7	ISA CAPITAL DO BRASIL SA	08.075.006/0001-30

03.01 – STATEMENT OF INCOME (R\$ thousands)

1 – CODE	2 – DESCRIPTION	3 - 01/01/2010 – 03/31/2010	4 - 01/01/2010 – 03/31/2010	5 - 01/01/2009 – 03/31/2009	6 - 01/01/2009 – 03/31/2009
3.01	Gross Sales and/or service Revenues	0	0	0	0
3.02	Deductions from other revenues	0	0	0	0
3.03	Net sales and/or service revenues	0	0	0	0
3.04	Cost of sales and/or services	0	0	0	0
3.05	Gross Profit	0	0	0	0
3.06	Operating Expenses/income	(253,092)	(253,092)	56,385	56,385
3.06.01	Selling	0	0	0	0
3.06.02	General and administrative	(15,687)	(15,687)	(1,469)	(1,469)
3.06.02.01	Management feed	(346)	(346)	(427)	(427)
3.06.02.02	Other general and administrative expenses	(15,341)	(15,341)	(1,042)	(1,042)
3.06.03	Financial	(298,477)	(298,477)	(13,670)	(13,670)
3.06.03.01	Financial income	90,879	90,879	33,252	33,252
3.06.03.02	Financial expenses	(389,356)	(389,356)	(46,922)	(46,922)
3.06.04	Other operating income	0	0	0	0
3.06.05	Other operating expenses	(13,992)	(13,992)	(13,992)	(13,992)
3.06.06	Equity pickup	75,064	75,064	85,516	85,516
3.07	Operating Results	(253,092)	(253,092)	56,385	56,385
3.08	Non-operating results	0	0	0	0
3.08.01	Income	0	0	0	0
3.08.02	Expenses	0	0	0	0
3.09	Profit before taxation and profit sharing	(253,092)	(253,092)	56,385	56,385
3.10	Provision for Income tax and social contribution	0	0	0	0
3.11	Deferred income tax	0	0	0	0
3.12	Statutory profit sharing and contributions	0	0	0	0
3.12.01	Profit Sharing	0	0	0	0
3.12.02	Contributions	0	0	0	0
3.13	Reversal on interest on stockholders' equity	(23,221)	(23,221)	(23,689)	(23,689)

BRAZILLIAN SECURITIES COMISSION (CVM)

QUARTERLY INFORMATION (ITR)

March 31, 2010

Corporate Legislation

COMERCIAL, INDUSTRIAL AND OTHER COMPANIES

01.01 – IDENTIFICATION

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03.01 – STATEMENT OF INCOME (R\$ thousand)

1 – CODE	2 – DESCRIPTION	3 - 01/01/2010 – 03/31/2010	4 - 01/01/2010 – 03/31/2010	5 - 01/01/2009 – 03/31/2009	6 - 01/01/2009 – 03/31/2009
3.15	Net income/loss for the period	(276,313)	(276,313)	32,696	32,696
	NUMBER OF SHARES, EXCLUDING TREASURY(thousands)	1,434,469	1,434,469	840,625	840,625
	NET INCOME PER SHARE (R\$)			0,03889	0,03889
	LOSS PER SHARE (R\$)	(0,19262)	(0,19262)		

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04.01 – CASH FLOW STATEMENT - INDIRECT - (R\$ Thousand)

1 – CODE	2 – DESCRIPTION	3 - 01/01/2010 – 03/31/2010	4 - 01/01/2010 – 03/31/2010	5 - 01/01/2009 – 03/31/2009	6 - 01/01/2009 – 03/31/2009
4.01	Cash flow from operating activities	10,859	10,859	52,635	52,635
4.01.01	Cash generated by operating activities	(24,975)	(24,975)	(7,681)	(7,681)
4.01.01.01	Net income for the period	(276,313)	(276,313)	32,696	32,696
4.01.01.02	Depreciation and amortization	12,755	12,755	721	721
4.01.01.03	Result of equity method	(75,064)	(75,064)	(85,516)	(85,516)
4.01.01.05	Residual value of permanent asset disposals and donations	13,992	13,992	13,992	13,992
4.01.01.06	Amortization of goodwill	299,655	299,655	30,426	30,426
4.01.01.07	Accounts Receivable	0	0	0	0
4.01.01.08	Inventories	0	0	0	0
4.01.01.09	Income Tax and Social Contribution Deferred	0	0	0	0
4.01.02	Increase/decrease in assets and liabilities	35,834	35,834	60,316	60,316
4.01.02.01	Trade accounts receivable	0	0	8,322	8,322
4.01.02.02	Taxes and contributions to offset	(152)	(152)	2,068	2,068
4.01.02.03	Pledges and restricted deposits	40,175	40,175	54,172	54,172
4.01.02.04	Others	12	12	(315)	(315)
4.01.02.05	Suppliers	1,157	1,157	(163)	(163)
4.01.02.06	Taxes and social charges payable	(5,358)	(5,358)	(3,771)	(3,771)
4.01.02.07	Payables	0	0	3	3
4.01.03	Others	0	0	0	0
4.02	Cash flow from investing activities	60,377	60,377	45,890	45,890
4.02.01	Purchase of property, plant and equipment	0	0	0	0
4.02.02	Interest on equity and Dividends	60,377	60,377	45,890	45,890
4.03	Cash flows from financing activities	(52,863)	(52,863)	(95,509)	(95,509)
4.03.01	New loans	0	0	0	0
4.03.02	Loans payments (including interests)	(1,252,863)	(1,252,863)	(95,509)	(95,509)
4.03.03	Payment of Capital	600	600	0	0
4.03.04	Constituição reserva de Capital Social	1,199,400	1,199,400	0	0

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04.01 – CASH FLOW STATEMENT - INDIRECT - (R\$ Thousand)

1 – CODE	2 – DESCRIPTION	3 - 01/01/2010 – 03/31/2010	4 - 01/01/2010 – 03/31/2010	5 - 01/01/2009 – 03/31/2009	6 - 01/01/2009 – 03/31/2009
4.04	Exchange Rate Variation over cash and equivalents	0	0	0	0
4.05	Increase/decrease on cash and equivalents	18,373	18,373	3,016	3,016
4.05.01	Opening balance of cash and equivalents	30,004	30,004	1,593	1,593
4.05.02	Closing balance of cash and equivalents	48,377	48,377	4,609	4,609

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05.01 - STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY - 01/01/2010 a 03/31/2010 (R\$ thousand)

1 - CODE	2 – DESCRIPTION	3 – SOCIAL CAPITAL	4 – CAPITAL RESERVE	5 – REVALUATION RESERVE	6 – PROFIT RESERVE	7 – RETAINED EARNINGS (ACCUMULATED LOSS)	8 – EQUITY VALUATION ADJUSTMENT	9 – EQUITY TOTAL
5.01	Opening Balance	839,778	0	0	117,624	0	0	957,402
5.02	Adjustments from prior years	0	0	0	0	0	0	0
5.03	Adjusted balance	839,778	0	0	117,624	0	0	957,402
5.04	Income/Loss for the Period	0	0	0	0	(276,313)	0	(276,313)
5.05	Applications	0	0	0	0	0	0	0
5.05.01	Dividends	0	0	0	0	0	0	0
5.05.02	Interest on equity	0	0	0	0	0	0	0
5.05.03	Other allocations	0	0	0	0	0	0	0
5.06	Realization of income reserve	0	0	0	0	0	0	0
5.07	Equity valuation adjustments	0	0	0	0	0	0	0
5.07.01	Adjustment of marketable securities	0	0	0	0	0	0	0
5.07.02	Accumulated translation adjustments	0	0	0	0	0	0	0
5.07.03	Business combination adjustments	0	0	0	0	0	0	0
5.08	Increase/Decrease in capital	600	0	0	0	0	0	600
5.09	Set up /Realization of capital reserve	0	1,199,400	0	0	0	0	1,199,400
5.10	Treasury stock	0	0	0	0	0	0	0
5.11	Other capital transactions	0	0	0	0	0	0	0
5.12	Others	0	0	0	0	0	0	0
5.13	Closing Balance	840,378	1,199,400	0	117,624	(276,313)	0	1,881,089

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02042-7	ISA CAPITAL DO BRASIL SA	08.075.006/0001-30

05.02 - STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY - 01/01/2010 a 03/31/2010 (R\$ thousand)

1 - CODE	2 – DESCRIPTION	3 - CAPITAL SOCIAL	4 – CAPITAL RESERVE	5 – REVALUATION RESERVE	6 – PROFIT RESERVE	7 – RETAINED EARNINGS (ACCUMULATED LOSS)	8 – EQUITY VALUATION ADJUSTMENT	9 – EQUITY TOTAL
5.01	Opening Balance	839,778	0	0	117,624	0	0	957,402
5.02	Adjustments from prior years	0	0	0	0	0	0	0
5.03	Adjusted balance	839,778	0	0	117,624	0	0	957,402
5.04	Income/Loss for the Period	0	0	0	0	(276,313)	0	(276,313)
5.05	Applications	0	0	0	0	0	0	0
5.05.01	Dividends	0	0	0	0	0	0	0
5.05.02	Interest on equity	0	0	0	0	0	0	0
5.05.03	Other allocations	0	0	0	0	0	0	0
5.06	Realization of income reserve	0	0	0	0	0	0	0
5.07	Equity valuation adjustments	0	0	0	0	0	0	0
5.07.01	Adjustment of marketable securities	0	0	0	0	0	0	0
5.07.02	Accumulated translation adjustments	0	0	0	0	0	0	0
5.07.03	Business combination adjustments	0	0	0	0	0	0	0
5.08	Increase/Decrease in capital	600	0	0	0	0	0	600
5.09	Set up /Realization of capital reserve	0	1,199,400	0	0	0	0	1,199,400
5.10	Treasury stock	0	0	0	0	0	0	0
5.11	Other capital transactions	0	0	0	0	0	0	0
5.12	Others	0	0	0	0	0	0	0
5.13	Closing Balance	840,378	1,199,400	0	117,624	(276,313)	0	1,881,089

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1 – CVM CODE	2 – COMPANY NAME	3 - National Corporate Taxpayers' Registration Number - CNPJ
02042-7	ISA CAPITAL DO BRASIL SA	08.075.006/0001-30

08.01 – BALANCE SHEET– Assets – Consolidated (R\$ thousand)

1 – CODE	2 – DESCRIPTION	3 - 03/31/2010	4 – 12/31/2009
1	Total Assets	7,294,998	6,821,457
1.01	Current Assets	1,271,144	794,995
1.01.01	Cash and cash Equivalents	634,402	73,238
1.01.02	Receivables	563,556	661,133
1.01.02.01	Trade Accounts Receivable	274,686	289,536
1.01.02.02	Sundry receivables	288,870	371,597
1.01.02.02.01	Amounts Receivable - Secretary of the Treasury	20,271	19,439
1.01.02.02.02	Deferred income tax and social contribution	52,620	31,472
1.01.02.02.03	Taxes and contributions to offset	175,575	245,465
1.01.02.02.04	Prepaid Expenses	11,540	5,532
1.01.02.02.05	Tax benefit - merged goodwill	28,832	28,832
1.01.02.02.06	Pledges and restricted deposits	32	40,857
1.01.03	Inventories	46,720	43,328
1.01.04	Other	26,466	17,296
1.02	Non-current assets	6,023,854	6,026,462
1.02.01	Long-term receivables	913,905	933,748
1.02.01.01	Sundry Receivables	910,710	929,365
1.02.01.01.01	Trade Accounts Receivable	48,210	62,074
1.02.01.01.02	Amounts Receivable - Secretary of the Treasury	574,749	557,027
1.02.01.01.03	Deferred income tax and social contribution	64,888	67,078
1.02.01.01.04	Pledges and restricted deposits	39,400	43,946
1.02.01.01.05	Prepaid Expenses	0	9,881
1.02.01.01.06	Tax benefit - merged goodwill	140,703	147,911
1.02.01.01.07	Loans to Get	42,760	41,448
1.02.01.02	Receivables from Related Parties	0	0
1.02.01.02.01	Associated and similar companies	0	0
1.02.01.02.02	Subsidiaries	0	0
1.02.01.02.03	Other Related Parties	0	0
1.02.01.03	Others	3,195	4,383
1.02.02	Permanent Assets	5,109,949	5,092,714
1.02.02.01	Investments	0	0
1.02.02.01.01	In associated and similar companies	0	0
1.02.02.01.02	In subsidiaries	0	0
1.02.02.01.03	Other investments	0	0
1.02.02.02	Property, plant and equipment	4,708,581	4,676,620
1.02.02.03	Intangible Assets	401,368	416,094
1.02.02.04	Deferred	0	0

01.01 – IDENTIFICATION.

1 – CVM CODE 02042-7	2 – COMPANY NAME ISA CAPITAL DO BRASIL SA	3 - National Corporate Taxpayers' Registration Number - CNPJ 08.075.006/0001-30
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08.02 - BALANCE SHEET – Liabilities and Stockholders' Equity - Consolidated (R\$ thousand)

1 – CODE	2 – DESCRIPTION	3 - 03/31/2010	4 – 12/31/2009
2	Total Liabilities and Stockholders' Equity	7,294,998	6,821,457
2.01	Current Liabilities	902,393	1,194,406
2.01.01	Loans and Financing	403,712	644,948
2.01.02	Debentures	8,075	0
2.01.03	Suppliers	64,238	71,043
2.01.04	Taxes, charges and contributions	141,422	145,726
2.01.04.01	Taxes payable	89,480	95,855
2.01.04.02	Tax installments law 11941	9,911	9,853
2.01.04.03	Regulatory charges payable	42,031	40,018
2.01.05	Dividends Payable	174,760	236,285
2.01.05.01	Interest on stockholders' equity	174,760	236,285
2.01.06	Provisions	17,573	27,688
2.01.07	Payables to related parties	0	0
2.01.08	Others	92,613	68,716
2.01.08.01	Amounts Payable - Secretary of the Treasury	6,891	6,891
2.01.08.02	Amounts Payable - Secretary of the Treasury OPA	4,322	4,322
2.01.08.03	Amounts payable – CESP Foundation	6,256	6,917
2.01.08.04	Annual Revenue Adjustment	55,519	21,277
2.01.08.05	Others	19,625	29,309
2.02	Non-current Liabilities	1,937,848	2,182,377
2.02.01	Long-term liabilities	1,937,848	2,182,377
2.02.01.01	Loans and financing	640,060	1,422,278
2.02.01.02	Debentures	550,800	0
2.02.01.03	Provisions	160,793	167,953
2.02.01.04	Payables to related parties	0	0
2.02.01.05	Advance for future capital increase	0	0
2.02.01.06	Others	586,195	592,146
2.02.01.06.01	Amounts Payable – Secretary of the Treasury	214,347	210,522
2.02.01.06.02	Amounts Payable – Secretary of the Treasury	134,397	131,999
2.02.01.06.03	Amounts Payable – CESP Foundation	10,201	13,601
2.02.01.06.04	Special Duties - Rev. / Amortization	24,053	24,053
2.02.01.06.05	Regulatory Charges	3,269	3,269
2.02.01.06.06	Tax Installments 11941	138,676	137,885
2.02.01.06.07	Negative Goodwill	45,294	49,540
2.02.01.06.08	Annual Revenue Adjustment	15,958	21,277
2.02.01.06.09	Others	0	0
2.03	Results for Future Years	0	0
2.04	Minority interest	2,573,668	2,487,272
2.05	Equity	1,881,089	957,402
2.05.01	Capital not paid	840,378	839,778
2.05.02	Capital reserve	1,199,400	0

01.01 – IDENTIFICATION.

1 – CVM CODE 02042-7	2 – COMPANY NAME ISA CAPITAL DO BRASIL SA	3 - National Corporate Taxpayers' Registration Number - CNPJ 08.075.006/0001-30
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08.02 - BALANCE SHEET – Liabilities and Stockholders' Equity - Consolidated (R\$ thousand)

1 - CODE	2 – DESCRIPTION	3 - 03/31/2010	4 – 12/31/2009
2.05.03	Revaluation reserve	0	0
2.05.03.01	Own assets	0	0
2.05.03.02	Subsidiaries/Affiliates and Equivalent entities	0	0
2.05.04	Reservation profit	117,624	117,624
2.05.04.01	Legal	5,881	5,881
2.05.04.02	Statutory	0	0
2.05.04.03	Contingencies	0	0
2.05.04.04	Provision for unearned profits	0	0
2.05.04.05	Retained earnings	111,743	111,743
2.05.04.06	Special for undistributed dividends	0	0
2.05.04.07	Other income reserves	0	0
2.05.05	Equity valuation adjustments	0	0
2.05.05.01	Adjustment of marketable securities	0	0
2.05.05.02	Accumulated translation adjustments	0	0
2.05.05.03	Business combination adjustments	0	0
2.05.06	Retained earnings / accumulated losses	(276,313)	0
2.05.07	Advance for future capital increase	0	0

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09.01 - STATEMENT OF INCOME (R\$ thousand)

1 – CODE	2 – DESCRIPTION	3 - 01/01/2010 – 03/03/2010	4 - 01/01/2010 – 03/31/2010	5 - 01/01/2009 – 03/31/2009	6 - 01/01/2009 – 03/31/2009
3.01	Gross Sales and/or service Revenues	442,374	442,374	483,324	483,324
3.01.01	Electricity network usage revenues	437,923	437,923	478,856	478,856
3.01.02	Other Revenues	4,451	4,451	4,468	4,468
3.02	Deductions from other revenues	(54,267)	(54,267)	(63,406)	(63,406)
3.02.01	Social Integration Program – PIS	(3,787)	(3,787)	(4,283)	(4,283)
3.02.02	Social Contribution Revenues - COFINS	(17,456)	(17,456)	(19,750)	(19,750)
3.02.03	Services Tax – ISS	(64)	(64)	(100)	(100)
3.02.06	Global Reversion Reserve - RGR	(11,210)	(11,210)	(11,265)	(11,265)
3.02.07	Fuel Consumption Account – CCC	(6,124)	(6,124)	(8,356)	(8,356)
3.02.08	Energy Development Account – CDE	(7,238)	(7,238)	(9,063)	(9,063)
3.02.09	Research and Development - P & D	(3,474)	(3,474)	(4,288)	(4,288)
3.02.10	Alternative Sources of Electric Energy, PROINFA	(4,914)	(4,914)	(6,301)	(6,301)
3.03	Net sales and/or service revenues	388,107	388,107	419,918	419,918
3.04	Cost of sales and/or services	(103,160)	(103,160)	(86,161)	(86,161)
3.05	Gross Profit	284,947	284,947	333,757	333,757
3.06	Operating Expenses/Income	(441,234)	(441,234)	(112,416)	(112,416)
3.06.01	Selling	0	0	0	0
3.06.02	General and administrative	(43,874)	(43,874)	(26,971)	(26,971)
3.06.02.01	Management Fees	(2,486)	(2,486)	(3,705)	(3,705)
3.06.02.02	Other general and administrative expenses	(41,388)	(41,388)	(23,266)	(23,266)
3.06.03	Financial	(381,292)	(381,292)	(68,527)	(68,527)
3.06.03.01	Financial Income	81,290	81,290	42,432	42,432
3.06.03.02	Financial Expense	(462,582)	(462,582)	(110,959)	(110,959)
3.06.04	Other operating income	5,132	5,132	4,285	4,285
3.06.05	Other operating expenses	(21,200)	(21,200)	(21,203)	(21,203)
3.06.06	Equity pickup	0	0	0	0
3.07	Operating Results	(156,287)	(156,287)	221,341	221,341

01.01 – IDENTIFICATION.

1 – CVM CODE	2 – COMPANY NAME	3 - National Corporate Taxpayers' Registration Number - CNPJ
02042-7	ISA CAPITAL DO BRASIL SA	08.075.006/0001-30

09.01 - STATEMENT OF INCOME (R\$ thousand)

1 – CODE	2 – DESCRIPTION	3 - 01/01/2010 – 03/31/2010	4 - 01/01/2010 – 03/31/2010	5 - 01/01/2009 – 03/31/2009	6 - 01/01/2009 – 03/31/2009
3.08	Non-operating Results	0	0	0	0
3.08.01	Income	0	0	0	0
3.08.02	Expenses	0	0	0	0
3.09	Profit before taxation and profit sharing	(156,287)	(156,287)	221,341	221,341
3.10	Provision for Income tax and social contribution	(52,639)	(52,639)	(82,657)	(82,657)
3.11	Deferred income tax	18,957	18,957	(2,953)	(2,953)
3.12	Statutory profit sharing and contributions	0	0	0	0
3.12.01	Participations	0	0	0	0
3.12.02	Contributions	0	0	0	0
3.13	Reversal on interest stockholders' equity	38,699	38,699	39,547	39,547
3.14	Minority interest	(125,043)	(125,043)	(142,582)	(142,582)
3.15	Net income/loss for the period	(276,313)	(276,313)	32,696	32,696
	NUMBER OF SHARES, EXCLUDING TREASURY(thousands)	1,434,469	1,434,469	840,625	840,625
	NET INCOME PER SHARE (R\$)			0.03889	0.03889
	LOSS PER SHARE (R\$)	(0.19262)	(0.19262)		

01.01 – IDENTIFICATION.

1 – CVM CODE 02042-7	2 – COMPANY NAME ISA CAPITAL DO BRASIL SA	3 - National Corporate Taxpayers' Registration Number - CNPJ 08.075.006/0001-30
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10.01 – CASH FLOW STATEMENT - INDIRECT - Consolidated(R\$ Thousand)

1 – CODE	2 – DESCRIPTION	3 - 01/01/2010 – 03/31/2010	4 - 01/01/2010 – 03/31/2010	5 - 01/01/2009 – 03/31/2009	6 - 01/01/2009 – 03/31/2009
4.01	Cash flow from operating activities	355,889	355,889	321,907	321,907
4.01.01	Cash generated by operating activities	247,826	247,826	275,126	275,126
4.01.01.01	Net income for the period	(276,313)	(276,313)	32,696	32,696
4.01.01.02	Depreciation and amortization	63,401	63,401	47,297	47,297
4.01.01.04	Minority interest	125,043	125,043	142,582	142,582
4.01.01.05	Income Tax and Deferred CS	(4,246)	(4,246)	(4,246)	(4,246)
4.01.01.06	Provision for contingencies	21,200	21,200	21,200	21,200
4.01.01.07	Amortization of discount	(18,958)	(18,958)	2,953	2,953
4.01.01.08	Amortization of goodwill	(1,834)	(1,834)	(1,465)	(1,465)
4.01.01.09	Residual value fixed assets decreased	9,822	9,822	8,304	8,304
4.01.01.10	Interest and monetary and exchange rate variations on assets and liabilities	329,711	329,711	25,805	25,805
4.01.02	Increase/decrease in assets and liabilities	108,063	108,063	46,781	46,781
4.01.02.01	Trade accounts receivable	29,942	29,942	(334)	(334)
4.01.02.02	Inventory	(3,392)	(3,392)	(7,234)	(7,234)
4.01.02.03	Amounts Receivable – Secretary of the Treasury	(16,548)	(16,548)	(10,305)	(10,305)
4.01.02.05	Taxes and contributions offset	68,345	68,345	1,350	1,350
4.01.02.06	Pledges and restricted deposits	44,727	44,727	53,306	53,306
4.01.02.07	Prepaid expenses	(8,955)	(8,955)	(7,208)	(7,208)
4.01.02.08	Others	(6,622)	(6,622)	(23,897)	(23,897)
4.01.02.09	Suppliers	(1,481)	(1,481)	(11,884)	(11,884)
4.01.02.10	Taxes and social charges payable	(6,556)	(6,556)	82,813	82,813
4.01.02.11	Regulatory charges payable	2,012	2,012	(14,581)	(14,581)
4.01.02.12	Provisions	(15,421)	(15,421)	(4,085)	(4,085)
4.01.02.13	Amounts payable Fundação CESP	(4,061)	(4,061)	(12,382)	(12,382)
4.01.02.14	Others	26,073	26,073	1,222	1,222
4.01.03	Others	0	0	0	0
4.02	Net Cash from Investment Activities	(117,059)	(117,059)	(57,397)	(57,397)

01.01 – IDENTIFICATION.

1 – CVM CODE	2 – COMPANY NAME	3 - National Corporate Taxpayers' Registration Number - CNPJ
02042-7	ISA CAPITAL DO BRASIL SA	08.075.006/0001-30

10.01 – CASH FLOW STATEMENT - INDIRECT - Consolidated(R\$ Thousands)

1 – CODE	2 – DESCRIPTION	3 - 01/01/2010 – /03/2010	4 - 01/01/2010 – 31/03/2010	5 - 01/01/2009 – 31/03/2009	6 - 01/01/2009 – 31/03/2009
4.02.01	Purchase of property, plant and equipment	(117,059)	(117,059)	(53,262)	(53,262)
4.02.02	Intangible	0	0	(4,135)	(4,135)
4.03	Investments	322,334	322,334	(198,132)	(198,132)
4.03.01	Cash flows from financing activities	723,342	723,342	66,140	66,140
4.03.02	New Loans	(1,500,869)	(1,500,869)	(188,040)	(188,040)
4.03.03	Loan payments (including interests)	(100,139)	(100,139)	(76,232)	(76,232)
4.03.04	Dividends Paid	600	600	0	0
4.03.05	Payment of Capital	1,199,400	1,199,400	0	0
4.04	Interest, monetary and exchange rate variations	0	0	0	0
4.05	Increase/Decrease in cash and equivalents	561,164	561,164	66,378	66,378
4.05.01	Cash and Equivalents opening balance	73,238	73,238	124,617	124,617
4.05.02	Cash and Equivalents closing balance	634,402	634,402	190,995	190,995

01.01 – IDENTIFICATION.

1 – CVM CODE 02042-7	2 – COMPANY NAME ISA CAPITAL DO BRASIL SA	3 - National Corporate Taxpayers' Registration Number - CNPJ 08.075.006/0001-30
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11.01 - STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY - 01/01/2010 a 03/31/2010 – Consolidated (R\$ thousand)

1 - CODE	2 – DESCRIPTION	3 - CAPITAL SOCIAL	4 – CAPITAL RESERVE	5-REVALUATION RESERVE	6 – PROFIT RESERVE	7 – RETAINED EARNINGS (ACCUMULATED LOSS)	8 – EQUITY VALUATION ADJUSTMENT	9 – EQUITY TOTAL
5.01	Opening Balance	839,778	0	0	117,624	0	0	957,402
5.02	Adjustments from prior years	0	0	0	0	0	0	0
5.03	Adjusted balance	839,778	0	0	117,624	0	0	957,402
5.04	Income/Loss for the Period	0	0	0	0	(276,313)	0	(276,313)
5.05	Applications	0	0	0	0	0	0	0
5.05.01	Dividends	0	0	0	0	0	0	0
5.05.02	Interest on equity	0	0	0	0	0	0	0
5.05.03	Other allocations	0	0	0	0	0	0	0
5.06	Realization of income reserve	0	0	0	0	0	0	0
5.07	Equity valuation adjustments	0	0	0	0	0	0	0
5.07.01	Adjustment of marketable securities	0	0	0	0	0	0	0
5.07.02	Accumulated translation adjustments	0	0	0	0	0	0	0
5.07.03	Business combination adjustments	0	0	0	0	0	0	0
5.08	Increase/Decrease in capital	600	0	0	0	0	0	600
5.09	Set up /Realization of capital reserve	0	1,199,400	0	0	0	0	1,199,400
5.10	Treasury stock	0	0	0	0	0	0	0
5.11	Other capital transactions	0	0	0	0	0	0	0
5.12	Others	0	0	0	0	0	0	0
5.13	Closing Balance	840,378	1,199,400	0	117,624	(276,313)	0	1,881,089

01.01 – IDENTIFICATION.

1 – CVM CODE 02042-7	2 – COMPANY NAME ISA CAPITAL DO BRASIL SA	3 - National Corporate Taxpayers' - CNPJ 08.075.006/0001-30	Registration Number
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11.02 - STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY - 01/01/2010 a 03/31/2010 – Consolidated (R\$ thousand)

1 - CODE	2 – DESCRIPTION	3 - CAPITAL SOCIAL	4 - RESERVAS DE CAPITAL	5 – REVALUATION RESERVE	6 – PROFIT RESERVE	7 – RETAINED EARNINGS (ACCUMULATED LOSS)	8 – EQUITY VALUATION ADJUSTMENT	9 – EQUITY TOTAL
5.01	Opening Balance	839,778	0	0	117,624	0	0	957,402
5.02	Adjustments from prior years	0	0	0	0	0	0	0
5.03	Adjusted balance	839,778	0	0	117,624	0	0	957,402
5.04	Net income /loss for the period	0	0	0	0	(276,313)	0	(276,313)
5.05	Allocations	0	0	0	0	0	0	0
5.05.01	Dividends	0	0	0	0	0	0	0
5.05.02	Interest on equity	0	0	0	0	0	0	0
5.05.03	Other allocations	0	0	0	0	0	0	0
5.06	Realization of income reserve	0	0	0	0	0	0	0
5.07	Equity valuation adjustments	0	0	0	0	0	0	0
5.07.01	Adjustment of marketable securities	0	0	0	0	0	0	0
5.07.02	Accumulated translation adjustments	0	0	0	0	0	0	0
5.07.03	Business combination adjustments	0	0	0	0	0	0	0
5.08	Increase/Decrease in capital	600	0	0	0	0	0	600
5.09	Set up /Realization of capital reserve	0	1,199,400	0	0	0	0	1,199,400
5.10	Treasury stock	0	0	0	0	0	0	0
5.11	Other capital transactions	0	0	0	0	0	0	0
5.12	Others	0	0	0	0	0	0	0
5.13	Closing Balance	840,378	1,199,400	0	117,624	(276,313)	0	1,881,089

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06.01 – Notes to the quarterly information

(All amounts in thousands of reais unless otherwise indicated)

1. Operations

1.1. Corporate purpose

The corporate purpose of ISA Capital do Brasil S.A. ("ISA Capital" or the "Company") includes holding equity interest in other companies or ventures, as a member or stockholder, partnership in joint ventures, membership in consortiums, or any type of business cooperation.

In a privatization auction held on June 28, 2006 on the São Paulo Stock Exchange (BOVESPA), pursuant to Notice SF/001/2006, the São Paulo State Government, which was the majority stockholder of CTEEP - Companhia de Transmissão de Energia Elétrica Paulista ("CTEEP") up to then, sold 31,341,890,064 of its common shares, which account for 50.10% of the common shares issued by CTEEP. The winner of the auction was Interconexión Eléctrica S.A. E.S.P. ("ISA").

The financial settlement of the transaction took place on July 26, 2006 with the resulting transfer of the ownership of the aforementioned shares to ISA Capital do Brasil S.A. ("ISA Capital"), a Brazilian company controlled by Interconexión Eléctrica S.A., E.S.P., established to operate in Brazil, thus becoming CTEEP's controlling stockholder. This transaction was approved by the National Agency of Electric Energy (ANEEL) on July 25, 2006, pursuant to Authorizing Resolution No. 642/06, published in the Official Gazette on July 26, 2006.

On September 12, 2006 the Company purchased another 10,021,687 common shares issued by CTEEP, held by the Government of the State of São Paulo, and became the holder of 31,351,911,751 common shares.

On January 9, 2007 the Company acquired, through a public offering auction (OPA) for the acquisition of shares held at BOVESPA, 24,572,554,070 common shares issued by CTEEP, corresponding to 39.28% of the total of this type of shares, pursuant to the public offering notice published on December 4, 2006.

As a result of this acquisition the Company became the holder of 89.40% of the voting capital and 37.46% of the total capital of CTEEP. Thus, after the CTEEP's reverse stock split on July 12, 2007, the Company became the holder of 55,924,465 common shares.

In the extraordinary stockholders' meeting of CTEEP held on June 16, 2009, a capital increase of up to R\$ 70,551 was approved through the private issue of new shares with a par value of R\$ 45.97 each. Of the total value of the capital increase, R\$ 26,429, equivalent to 574,927 common shares, apply to the Company and were fully paid-up on August 24, 2009 through capitalization of the CTEEP's tax benefit resulting from the partial amortization of the special reserve for merged goodwill in the financial year of 2008. Under the terms of article 171 of Law No. 6404/76, CTEEP stockholders were given 30 days to exercise right of first refusal. At December 31, 2009, the Company held 56,499,392 common shares, which accounts for 37.50% of the total capital and 89.40% of the voting capital of CTEEP.

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(All amounts in thousands of reais unless otherwise indicated)

From March 9 to March 19, 2010, in order to implement the restructuring of its debt in foreign currency (bonus), the Company provided two capital increases with the issue of preferred shares at a price of R\$ 2.020731 per share, which were totally subscribed by HSBC Finance (Brazil) S.A. Banco Múltiplo, as follows:

- (i) In the Extraordinary Shareholders' Meeting held on March 9, 2010, under the terms of the Board of Director's Proposal dated March 8, 2010, a capital increase for the Company amounting to R\$ 840,000, was approved of which R\$ 420 was earmarked to capital and R\$ 839,580 was earmarked to the capital reserve, through the creation and the issue of 415,691,162 preferred redeemable shares distributed in 13 classes, with right to fixed cumulative dividends, which were subscribed and fully paid up on the same date. This increased the Company's capital from R\$ 839,778 to R\$ 840,198 divided into 1,256,316,162 shares. The reduction of the mandatory dividend from 25% to 1% and amendment to the Company's Charter was also approved at the same meeting; and
- (ii) A new Company capital increase was approved in the Board of Directors meeting held on March 19, 2010, within the authorized capital limits with the issue of 178,153,342 preferred redeemable shares distributed in 13 classes, with the right to cumulative fixed dividends to the total value of R\$ 360,000 which were subscribed and fully paid up on the same date and of which R\$ 180 was earmarked to capital and R\$ 359,820 to the Company's capital reserve account.

Accordingly, following these two increases at March 31, 2010 the Company's subscribed and fully paid up capital is R\$ 840,378 (12.31.2009 - R\$ 839,778) and is represented by 840,625,000 common shares and 593,844,504 preferred shares.

CTEEP's shares are traded on BOVESPA, Additionally, CTEEP has a Rule 144 A American Depositary Receipts (ADRs) program in the United States. The depositary bank for the ADRs is the Bank of New York, and the custodian bank is Banco Itaú S.A.

In September 2002 CTEEP joined the Level-1 Corporate Governance Practices of BOVESPA. The commitments assumed in the adoption of these corporate governance practices ensure greater transparency of CTEEP for the market, investors and stockholders, thus facilitating their monitoring of management actions.

CTEEP's preferred shares are included in the BOVESPA Index (IBOVESPA), in the Corporate Governance Index (IGC) and the Electric Energy Index (IEE).

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FEDERAL GOVERNMENT SERVICE

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06.01 – Notes to the quarterly information

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1.2. Concessions

The Company is entitled to explore indirectly the following Public Utility Concession Agreements for Electric Power Transmission:

Concessionaire	Agreement	Interest (%)	Term (years)	Maturity	Annual Revenue Allowed - RAP	
					R\$ thousand	Base
CTEEP	059/2001	37.5021	20	07/07/15	1,816,005	06/09
CTEEP	143/2001	37.5021	30	12/20/31	13,747	06/09
IEMG	004/2007	22.5175	30	04/19/37	12,339	06/09
IENNE	001/2008	9.4054	30	03/16/38	31,674	06/09
Pinheiros	012/2008	37.5021	30	10/16/38	6,421	06/09
Pinheiros	015/2008	37.5021	30	10/16/38	10,819	06/09
Pinheiros	018/2008	37.5021	30	10/16/38	2,759	06/09
IESul	013/2008	37.5021	30	10/16/38	3,866	06/09
IESul	016/2008	37.5021	30	10/16/38	6,960	06/09
IEMadeira	013/2009	19.1454	30	02/25/39	176,249	11/08
IEMadeira	015/2009	19.1454	30	02/25/39	151,788	11/08
Serra do Japi	026/2009	37.5021	30	11/19/39	21,804	05/09

Due to the acquisition of the shareholding control of CTEEP by ISA Capital do Brasil S.A. on June 28, 2006, an Amendment to Concession Agreement 059/2001 - ANEEL of CTEEP was signed on January 29, 2007, in order to reflect this reality of the new controlling stockholder. In this amendment, the conditions initially negotiated were maintained and a clause was added defining that the goodwill paid in the auction, as well as the special obligations and the amounts arising from the State Law No. 4819/58 determined in the Sale Notice SF/001/2006, will not be considered by ANEEL for evaluation of the financial and economic balance of the concession. Also due to this amendment, ISA Capital do Brasil S.A. and Interconexión Eléctrica S.A. E.S.P. (Colombia) are committed to increasing CTEEP's capital.

On May 8, 2009, through ANEEL auction No. 001/2009, at the Rio de Janeiro Stock Exchange, in public session conducted by the BM&F BOVESPA, CTEEP purchased C, D and E batches through the Porto Velho Consortium with participation from Eletronorte and Abengoa. The batches purchased are as follows:

Batch C - Porto Velho – Jauru Transmission Line

Batch C refers to the third 230 kV transmission line circuit between Jauru (Mato Grosso) and Porto Velho (Rondônia), totaling 987 km. Linha Verde Transmissora de Energia S.A. was incorporated on July 2, 2009 to develop this venture. To date, CTEEP has not paid its equity interest in Linha Verde.

This project involves an investment estimated at R\$ 380 million and Annual Revenue Allowed (RAP) of R\$ 42.7 million, based on data for May 2009. CTEEP is the holder of a 25.5% interest in the venture, and operations are projected to start in October 2011.

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Batch D - Porto Velho – Rio Branco Transmission Line

This batch refers to the second 230 kV transmission line circuit between Porto Velho (Rondônia), Abunã and Rio Branco (Acre), totaling 487 km. Rio Branco Transmissora de Energia S.A. was incorporated on July 2, 2009, to develop this transmission line. To date, CTEEP has not paid its equity interest in Rio Branco.

This project involves an investment estimated at R\$ 210 million and Annual Revenue Allowed (RAP) of R\$ 24.4 million, based on data for May 2009. CTEEP is the holder of a 25.5% interest in the venture, and operations are projected to start in October 2011.

Batch E – Jauru – Cuiabá Transmission Line and Jauru Substation

This batch refers to the 500 kV transmission line between Jauru and Cuiabá (Mato Grosso), totaling 348 km, and the Jauru 500/230 kV substation. Transmissora Matogrossense de Energia S.A was incorporated on July 2, 2009, to develop these installations. To date, CTEEP has not paid its equity interest in Matogrossense.

This project involves investment estimated at R\$ 302 million and Annual Revenue Allowed (RAP) of R\$ 27.5 million, based on data for May 2009. CTEEP holds a 5% interest in the venture. Operation start-up is projected for October 2011.

1.3. Corporate restructuring

The Board of Directors' meeting held on February 11, 2008 approved the corporate restructuring involving CTEEP, ISA Capital and ISA Participações do Brasil Ltda. ("ISA Participações"). The National Electric Power Agency (ANEEL) authorized this restructuring through ANEEL Resolution No. 1164 of December 18, 2007.

The objective of this corporate restructuring was to improve the capitalization and cash flow conditions resulting from the use of the tax benefit in CTEEP, amounting to R\$ 232,005, referring to the goodwill paid by ISA Brasil in the process of acquiring the share control of CTEEP and included the following stages:

- (a) Capital subscription of ISA Brasil in a vehicle company, ISA Participações, with the conveyance of shares held in the capital of CTEEP to the capital of ISA Participações.
- (b) Recording of a provision amounting to R\$ 450,363 in ISA Participações, corresponding to the difference between the goodwill paid of R\$ 682,368 and the tax benefit of R\$ 232,005.
- (c) CTEEP merger of ISA Participações net assets, in the amount of R\$ 232,005, represented by the tax benefit amount previously mentioned which, in accordance with the requirements of CVM Instruction 319/99 was recorded as a counterparty entry to the special goodwill on merger reserve, in stockholders' equity.

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2. Presentation of financial statements

The financial statements were approved at a Board of Directors' meeting held on May 10, 2010.

The financial statements were prepared and are presented in accordance with accounting practices adopted in Brazil, which comprise those established by the Brazilian Corporation Law (Law No. 6404/76, amended by Laws No. 9457/97, No. 10303/01, No. 11638/07 and No. 11941/09); rules and regulations issued by the Brazilian Securities and Exchange Commission (CVM); accounting pronouncements from the Brazilian FASB or IASB equivalent (CPC); and specific standards established by ANEEL applicable to electric public concessionaires.

The preparation of financial statements in accordance with accounting practices adopted in Brazil requires that management adopt estimates for recording certain transactions affecting the Company's assets and liabilities, income and expenses, as well as disclose information relating to these financial statements. Actual results of these transactions and information when effectively realized in subsequent periods may differ from these estimates.

Change in the Brazilian Corporation Law

The enactment of Laws No. 11638/07 and 11941/09 (former Executive Order No. 449/08) amended and introduced new provisions to Brazil's Corporation Law. The main purpose of these laws was to update the Brazilian Corporation Law so as to allow convergence of accounting practices adopted in Brazil into those found in international financial reporting standards issued by the International Accounting Standards Board (IASB).

Throughout 2008, CPC issued many accounting pronouncements, approved by CVM, to become effective beginning on or after January 1, 2008. These accounting pronouncements were fully adopted by the Company which, according to CVM Rule No. 565, of December 17, 2008, which approved CPC No. 13, set December 31, 2007 as its transition date for adoption of the new accounting practices.

In furtherance of this process, in the course of 2009, new accounting pronouncements were issued and approved, including, among others, those which may have greater impact on the financial statements of the Company and its subsidiaries, namely:

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CPC	Pronouncement
17	Construction Contracts
20	Borrowing Costs
21	Interim Financial Reporting
22	Segment Information
24	Subsequent Events
25	Provisions, Contingent Liabilities and Contingent Assets
26	Presentation of Financial Statements
27	Property, Plant and Equipment
30	Revenue
32	Income Taxes
33	Employee Benefits
36	Consolidated Financial Statements
37	First-time Adoption of International Financial Reporting Standards
38	Financial Instruments: Recognition and Measurement
39	Financial Instruments: Presentation
40	Financial Instruments: Disclosures
43	First-time Adoption of Accounting Pronouncements CPC 15 to 40
ICP 01	Service Concession Arrangements
ICP 08	Accounting for Proposed Dividend Distribution
ICP 10	Interpretation of First-time Adoption of Technical Pronouncements CPC 27 - Property, Plant and Equipment and CPC 28 – Investment Property

Interpretation ICPC No. 01, which establishes the principles for recognition and measurement of liabilities and assets under service concession arrangements, may substantially change future financial statements of the Company.

Given the extent and complexity of the changes introduced, the Company has been assessing their impact on its financial statements, while keeping up with discussions and debates in the market, more specifically in accounting entities and associations as well as regulators, which will likely pronounce on aspects regarding the adoption of these rules. Until further clarification is obtained on these pronouncements, the Company understands that related effects, if any, on its financial statements cannot be reliably assessed and quantified at the moment.

An additional issue the Company is analyzing in terms of adopting CPCs 38 and 39 approved by CVM Rule No. 604 on November 19, 2009, that may have an impact on financial statements is the recognition by the Company in March 2010 (Note 26) of the restructuring of foreign exchange debt (Note 18 (a)) concurrently with the issue of redeemable preferred shares.

As such, according to CVM Rule No. 603, of November 10, 2009, the Company, in preparing its 2009, amended by CVM resolution No. 626 of March 31, 2010, the company, did not elect early adoption of CPC pronouncements, interpretations and guidelines, approved by CVM, and effective for financial years beginning January 1, 2010.

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Consolidated financial statements

The consolidated financial statements were prepared in accordance with accounting practices adopted in Brazil and in a manner consistent with standards established by the CVM and include quarterly information of ISA Capital and its subsidiaries:

	Financial statement date	Interest %	
		03.31.2010	12.31.2009
Direct			
CTEEP	03/31/10	37.5021	37.5021
Indirect			
Interligação Elétrica de Minas Gerais S.A. (IEMG)	03/31/10	22.5175	22.5175
Interligação Elétrica Norte e Nordeste S.A. (IENNE)	03/31/10	9.4054	9.4054
Interligação Elétrica Pinheiros S.A. (Pinheiros)	03/31/10	37.5021	37.5021
Interligação Elétrica do Sul S.A. (IESUL)	03/31/10	37.5021	37.5021
Interligação Elétrica do Madeira S.A. (IEMADEIRA)	03/31/10	19.1454	19,1454
Interligação Elétrica Serra do Japi S.A. (Serra do Japi)	03/31/10	37.5021	37,5021

All subsidiaries had their quarterly information reviewed by our independent auditors for consolidation purposes.

Except for the IEMG, all subsidiaries were in pre-operational phase of the base date of the consolidated financial statements. Therefore the consolidated statements of income and value added include only consolidated information CTEEP and IEMG. Linha Verde Transmissora de Energia S.A., Rio Branco Transmissora de Energia S.A. and Transmissora Matogrossense de Energia S.A. are not included on consolidation since CTEEP has not yet paid its interest in these companies' capital.

The consolidated financial statements were prepared in accordance with accounting practices adopted in Brazil, consistently with the rules issued by CVM, which include:

- the elimination of receivables and payables. As well as of the revenues, costs and expenses, arising from transactions between the companies included in the consolidation;
- the elimination of the parent company's investment against the stockholders' equity of the subsidiaries; and
- the minority stockholders' interest in the net equity and net income (loss) for the year of the subsidiaries is presented separately in the balance sheet and statement of operations, respectively.

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3. Significant accounting practices

a) Determination of profit and loss

The result of these operations is calculated in accordance with the regime of competence of exercises.

b) Cash and cash equivalents

Cash and cash equivalents include cash on hand, bank deposits and highly liquid short-term investments with an immaterial risk of change, and limits used in overdraft accounts.

c) Financial instruments

(i) *Classification and measurement*

The Company's financial instruments are cash, short-term investments, trade accounts receivable, other accounts receivable, loans and financing, suppliers and other accounts payable.

The Company classifies its financial instruments under the following categories: a) measured at fair value through profit or loss; and b) loans and receivables, held-to-maturity investments and available for sale. Classification depends on the purpose for which the financial statements were acquired. Management establishes the classification of financial assets at initial recognition.

- Financial assets measured at fair value through profit or loss

Financial assets measured at fair value through profit or loss are financial assets held for active and frequent trading, classified as current assets. Gains or losses arising from variation in their fair value are presented in the statement of income under "financial income (expenses)" in the period in which they occur.

- Loans and receivable

This category comprises non-derivative financial instruments with fixed or determinable payments, not traded in an active market. They are included as current assets, except for those with maturity term exceeding 12 months after the balance sheet date (which are classified as noncurrent assets) and accounted for at amortized cost, under the effective interest rate method. Loans and receivables, both of the Company and of CTEEP, comprise loans to the parent company and affiliates, trade accounts receivable, other accounts receivable and cash and cash equivalents, except for short-term investments. Loans and receivables are accounted for at amortized cost using the effective interest rate method.

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- Held-to-maturity investments

These refer substantially to financial assets that cannot be classified as loans and receivables, as they are traded in an active market. In this case, these financial assets are purchased given the company's intent and financial capacity to hold them to maturity. They are measured at cost of acquisition, plus interest earned and matched against P&L for the year.

Fair value

The fair value of investments with a quoted price are based on current purchase prices. For financial assets not traded in active market or without a quoted price, the Company and CTEEP determine their fair value using appropriate valuation techniques. These techniques include use of transactions recently hired with third parties, reference to other substantially similar instruments, discounted cash flow analysis, and option pricing models which use available market information as much as possible and rely the least possible on information from the entity's management.

The Company and its subsidiary assess, on the balance sheet date, if there is any objective evidence that a financial asset or group of financial assets is carried at a value higher than its recoverable amount (impairment). If there is any such evidence regarding financial assets available for sale, the cumulative loss – measured as the difference between cost of acquisition and current fair value, less any impairment loss on this financial asset previously recognized in P&L – is reclassified from equity to the statement of income.

- (ii) Derivative financial instruments and hedge activities

Initially, the derivatives are recognized at their fair value on the date when the derivatives agreement is signed. Subsequently they are remeasured at their fair value and the changes in fair value are recorded in income (loss), except when the derivatives are designated as a hedge instrument.

In the Company's case, in compliance with CVM Rule No. 566 of December 17, 2008, which approved accounting pronouncement CPC 14, derivatives were deemed as "financial derivative instruments for hedging", whereas foreign-currency-denominated debt contracts (bonds) are designated as "Hedged items", both recorded until February 2010 by their fair values. In March 2010 the Company implemented restructuring its debt in foreign currency (Bonus) that culminated in the settlement of these derivative financial instruments to hedge (Note 18 (a) and 34).

- d) Trade accounts receivable

Includes the amounts billed by Company and subsidiaries for use of the base network systems and other transmission facilities (DIT) by electric utility concessionaires and companies connected to these systems (Note 6), with average receivables turnover below 60 days, and there is no need for adjustment to present value.

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CTEEP not have any provision for doubtful accounts of customers.

e) Inventories

The materials in stock are valued and stated at average cost of acquisition, which does not exceed their replacement cost.

f) Investment

(i) *Cost and/or equity value*

The investment in CTEEP is accounted for under the equity method, based on the financial information as at the same date as the Company's financial information, recognized in income (loss) for the year as operating expense (or revenue).

In the subsidiary, while in the pre-operating stage, investments are accounted for under the cost method. Afterwards, they will be recorded under the equity method of accounting.

(ii) *Goodwill*

The goodwill or negative goodwill determined upon the acquisition of an investment is calculated as the difference between the purchase price and the book value of the net equity of the company acquired. Goodwill is based on: (i) asset appreciation, represented by the difference between the book value of the company acquired and the fair value of the assets and liabilities (recorded under Investments) and (ii) future profitability, represented by the difference between the fair value of the assets and liabilities and the purchase price (recorded under Intangible assets). The goodwill determined upon the acquisition of CTEEP is amortized over the concession period.

g) Property, plant and equipment

Property, plant and equipment items are stated at cost of acquisition and/or construction, plus price-level restatements up to December 31, 1995; interest on equity capital up to December 31, 1998, interest, monetary and exchange variation on loans and financing for property, plant and equipment in progress; net of the accumulated depreciation. Depreciation is computed on the straight-line basis, at the rates disclosed in Note 15, which consider the estimated useful lives of the assets, in compliance with the regulatory agency.

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h) Impairment of assets

The Company and its subsidiary understands that there is no indication of impairment of the recoverable amount of its property, plant and equipment and intangible assets. Nevertheless, the recoverability of these assets is tested for impairment on a yearly basis using the net present value method, including the indemnification set forth by the concession agreements for property, plant and equipment at the end of the concession period. The criteria for calculating this indemnification have not yet been defined by the Granting Power. However, in the understanding of management and of its legal advisors, said indemnification amount should approximate the residual value of property that date.

i) Other current and noncurrent assets

Are presented at their net realizable value.

The provision for loan losses consists of values considered unlikely completion date of the balance sheet.

j) Current and noncurrent liabilities

Stated at known or estimated amounts including, when applicable, accrued charges and monetary and / or exchange incurred through the balance sheet date.

Company in the principal of the loan in foreign currency was being recognized at fair value (market) and recorded by the method of hedge accounting. After the restructuring of the loan, made in March 2010, and that liability has to be shown at amortized cost.

k) Provisions

Provisions are recorded on an assessment of the likelihood of loss on ongoing lawsuits, supported by reports prepared by the legal advisors engaged by CTEEP.

l) Income and social contribution taxes

These are calculated in compliance with the provisions of applicable legislation, based on pretax income, adjusted by inclusion of non-deductible expenses and exclusion of non-taxable revenues as well as inclusion and/or exclusion of temporary differences.

m) Negative goodwill

Refers to negative goodwill recorded on acquisition of 49% of the common shares of Empresa Paulista de Transmissão de Energia Elétrica S.A. (EPTE). These shares were held by the São Paulo State Finance Department and Companhia Paulista de Administração de Ativos (CPA) and were acquired on March 26, 1999 by Companhia Energética de São Paulo (CESP). Upon the partial spin-off of CESP, these shares and the negative goodwill thereon were transferred to CTEEP. EPTE was merged into Company on November 10, 2001.

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This negative goodwill is amortized monthly, on the straight-line basis, over the concession period of EPTE, the maturity of which is December 2012.

n) Employment benefits

CTEEP sponsors pension and health care plans for its employees, which are managed by Fundação CESP. Actuarial liabilities were calculated on the projected unit credit method, as set forth by CVM Rule No. 371, of December 13, 2000.

o) Interest, monetary and exchange variation

Based on the provisions of Accounting Instruction 6,3,10, item 4, of the Accounting Manual for the Electric Energy Public Service. The interest and other financial charges. As well as monetary/foreign exchange variations, relating to financing obtained from third parties, effectively applied in property, plant and equipment in progress, comprise the costs recorded in this subgroup.

4. Obligations assumed on the acquisition of subsidiary CTEEP

Under the share purchase agreement in connection with the privatization auction described in Note 1. The Company agrees to supplement the amount paid on the purchase of CTEEP shares in the event CTEEP is released from encumbrances related to the supplement of payments to the pension plan established in Law No. 4819/58, currently challenged in court. As described in Note 37.

At March 31, 2010, the supplemental purchase price comprises two separate transactions, as follows:

- a) The amount of R\$ 221,238 (12.31.2009 - R\$ 217,413), determined on the acquisition of the first equity interest at the privatization auction held on June 28, 2006, recorded under "Amounts payable - Law No. 4819/58 - São Paulo State Finance Department", of which R\$ 6,891 (12.31.2009 - R\$ 6,891) under current liabilities and R\$ 214,347 (12.31.2009 - R\$ 210,522) under noncurrent liabilities, with a corresponding entry at the time in the amount of R\$ 188,895 under "Investments - goodwill on acquisition of subsidiary" (Note 14). The difference of R\$ 28,518 recognized in the statement of income relates to the monetary adjustment of the obligation, based on the Amplified Consumer Price Index (IPC-A) as from December 31, 2005.
- b) The amount of R\$ 138,719 (12.31.2009 - R\$ 136,321), determined on the acquisition of the third equity interest at the Public Offering auction (OPA) held on January 9, 2007, recorded under "Amounts payable - Law No. 4819/59 - OPA", of which R\$ 4,322 (12.31.2009 - R\$ 4,322) under current liabilities and R\$ 134,397 (12.31.2009 - R\$ 131,999) under noncurrent liabilities, with a corresponding entry at the time in the amount of R\$ 120,306 under "Investments - goodwill on acquisition of subsidiary" (Note 14). The difference of R\$ 16,015 recognized in the statement of income relates to the monetary adjustment of the obligation, based on the Amplified Consumer Price Index (IPC-A) as from December 31, 2005.

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5. Cash and cash equivalents

	Company		Consolidated	
	03.31.2010	12.31.2009	03.31.2010	12.31.2009
Cash and banks	18,548	808	19,190	1,218
Short-term investments	29,829	29,196	615,212	72,020
Total	48,377	30,004	634,402	73,238

Short-term investments are measured at fair value through profit or loss and refer to Bank Deposit Certificates, whose yield is linked to the Interbank Deposit Certificate (CDI) variation, with daily liquidity.

6. Trade accounts receivable – Consolidated

CTEEP's customers are electric utility concessionaries/permittees and free consumers, connected to CTEEP's facilities.

	03.31.2010	12.31.2009
Base network	305,197	333,703
Other transmission facilities - DIT	17,699	17,907
	322,896	351,610
Current	274,686	289,536
Noncurrent	48,210	62,074

The Company has no history of loss in its trade accounts receivable, which are guaranteed by collaterals and/or access to current accounts operated by the National Electric System Operator (ONS) or directly by the Company, and are segregated by maturity as follows:

	03.31.2010	12.31.2009
Falling due	315,889	346,560
Past due		
up to 30 days	607	1084
from 31 to 60 days	671	859
over 61 days	5,729	3,107
	7,007	5,050
	322,896	351,610

On January 13, 2009, CTEEP signed an acknowledgment of debt and payment agreement with delinquent distributors. This agreement requires the balance to be paid in 36 installments. Up to March 2010 all installments were received as scheduled

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7. Amounts receivable from State Finance Department – Consolidated

	03.31.2010		12.31.2009	
	Current	Noncurrent	Total	Total
Agreement for acknowledgment and consolidation of debt (i)	16,783	22,378	39,161	41,576
Sale of property (ii)	3,488	4,651	4,651	8,642
Payroll processing –				
Law No. 4819/58 (iii)	-	434,108	434,108	410,127
Labor claims – Law No. 4819/58 (iv)	-	113,612	113,612	116,121
Family allowance – Law No. 4819/58 (v)	-	2,218	2,218	2,218
Allowance for doubtful accounts	-	(2,218)	(2,218)	(2,218)
	<u>20,271</u>	<u>574,749</u>	<u>595,020</u>	<u>576,466</u>

(i) *Agreement for acknowledgment and consolidation of debt*

On May 2, 2002, an Agreement for Acknowledgement and Consolidation of Debt was entered into with the São Paulo State Finance Department, in which the State Government acknowledges and admits that it owes to the Company the amounts corresponding to the disbursements originally made by CESP - Companhia Energética de São Paulo, in the period from 1990 to 1999, for paying supplemental retirement and pension payrolls, arising from benefits under the terms of State Law No. 4819/58. The debt amount acknowledged was adjusted up to January 2002, by the variation of the Fiscal Unit of the São Paulo State Government (UFESP) and, as from February 2002, by the monthly variation of the General Market Price Index (IGP-M), plus 6% per annum. The reimbursement will be made in 120 monthly installments, starting on August 1, 2002 and with final settlement on July 1, 2012.

(ii) *Sale of property*

On July 31, 2002, a Private Sale Agreement, providing for the intended sale of a property, the recognition of liabilities and commitment to pay, was signed with the State Finance Department, in which the State Government acknowledges and admits that it owes to CTEEP an amount corresponding to the market value of the total area of the property occupied by the State Government and partially used for the construction of prison units.

Therefore, the State Government committed to reimburse CTEEP of said amount in 120 monthly installments, the first of which on August 1, 2002 and final settlement on July 1, 2012, adjusted by the monthly IGP-M variation plus interest of 6% per annum.

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(iii) *Payroll processing – Law No. 4819/58*

The amount of R\$ 434,108 refers to the remaining balance of the payroll processing for the supplemental pension plan regulated by State Law No. 4819/58, R\$ 1,426 of which through individual injunctions from January to August 2005 and R\$ 432,682 from September 2005 to March 2010, as a result of a court decision by the 49th Labor District Court of São Paulo, whose payments are made by Fundação CESP using part of the funds received from the State Government and passed on by CTEEP (Note 37 (c)). This balance will not be monetarily adjusted and no earnings will be recorded until the State Government approves its actual payment to CTEEP.

(iv) *Labor claims – Law No. 4819/58*

These refer to certain labor claims settled by CTEEP, relating to employees who retired supported by State Law No. 4,819/58, which are the responsibility of the State Government. This balance is not monetarily adjusted and no earnings will be recorded until the State Government approves its actual payment to CTEEP.

(v) *Family allowance – Law No. 4819/58*

CESP – Companhia Elétrica de São Paulo made advances for payment of monthly expenses with family allowances arising from the benefits of State Law No. 4819/58, which were transferred to CTEEP upon the partial spin-off of CESP. Considering the expectation of loss, CTEEP management recorded an allowance for doubtful accounts, in noncurrent assets, in the amount of R\$ 2,218.

8. Tax benefit – merged goodwill

The goodwill paid by the Company on acquisition of CTEEP shareholding control process (Note 14) is economically based on the expected profitability during the concession term, originating from the acquisition of the concession right granted by the Government, under paragraph 2 b of article 14 of CVM Ruling No. 247, of March 27, 1996, as amended by CVM Ruling No. 285 of July 31, 1998.

In order for the amortization of goodwill not to adversely impact the dividend flow to stockholders, a provision for maintaining integrity of its stockholders' equity (PMIPL) was recognized, in accordance with the provisions of CVM Ruling No. 349, of March 6, 2001.

Amortization of goodwill, net of reversal of the provision and of the corresponding tax effect, is neutral with respect to the result for the year and, accordingly, to the mandatory minimum dividend calculation basis.

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Goodwill totaled R\$ 689,435 at December 31, 2007 and is currently amortized by CTEEP over the remaining concession period, in monthly installments according to the projected annual future profitability and as permitted by ANEEL Resolution No. 1164 of December 18, 2007, as follows:

Year	Amortization - % p.a.		
	Concession agreement		Total
	059/2001	143/2001	
2008 to 2012	12.20	0.10	12.30
2013 to 2015	12.73	0.02	12.75
2016 to 2031	-	0.25	0.25

To better present the Company's financial position in the financial statements, the net amount of R\$ 169,535, which essentially represents the merged tax credit, was classified, in the balance sheet, in current assets and in long-term receivables as tax benefit – merged goodwill, based on its expected realization.

Change for the year ended March 31, 2010 is as follows:

	Goodwill	Provision	Net
Balances at 12.31.2009	519,834	(343,091)	176,743
Realization for the year	(21,200)	13,992	(7,208)
Balances at 03.31.2010	498,634	(329,099)	169,535
Current			28,832
Noncurrent			140,703

9. Taxes recoverable

	Company		Consolidated	
	2010	2009	2010	2009
COFINS	-	-	98,134	156,718
PIS	-	-	40,944	50,016
Income tax	30,787	32,148	32,970	35,712
Social contribution tax	-	-	969	863
Other	-	-	2,558	2,156
Total	30,787	32,148	175,575	245,465

Due to completion issues, CTEEP amended its Federal Tax Debt and Credit Returns (DCTFs) for the years 2004-2007, determining tax credits related mostly to PIS and COFINS. These credits will be offset against future tax amounts payable, and the Company estimates to have them fully recovered by July 2010.

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Change for the year ended March 31, 2010 is as follows:

Original tax credit recognized Balances at 31/12/2009	204,113
Monetary restatement	1,770
Tax credit offset from January to march	(68,120)
	<u>137,763</u>
Balances at 03/31/2010	<u>137,763</u>

10. Deferred income and social contribution taxes - Consolidated

Relate to tax credits on temporary differences in the calculation of taxable income, as shown below:

	Income tax	Social contribution tax	03/31/2010 Total	12/31/2009 Total
Provision for contingencies	39,468	14,209	53,677	56,091
Voluntary Termination Program - PDV	538	194	732	1,409
Negative goodwill	11,323	4,076	15,399	16,844
Provision for Revenue adjustment	15,958	5,745	21,703	10,639
Others	19,115	6,882	25,997	13,567
	<u>86,402</u>	<u>31,106</u>	<u>117,508</u>	<u>98,550</u>
Current			<u>52,620</u>	<u>31,472</u>
Noncurrent			<u>64,888</u>	<u>67,078</u>

These credits, both current and long-term, will be realized as the contingencies and other related events are resolved, which are estimated as follows:

2010	2011	2012	2013	2014	As from 2015
34	13	5	-	-	46

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11. Pledges and restricted deposits

Company

In January 2007 the Company raised the amount of US\$ 554 million from issue of bonds with JP Morgan and ABN AMRO Bank as agents, divided into two tranches: the first, in the amount of US\$ 200 million, with 5-year term and call option in 2010 and 2011 and the second, of US\$ 354 million, with 10-year term (Note 18).

As established in a contract, the Company made two deposits in Bank of New York worth US\$ 7,875 thousand and US\$ 15,576 thousand, as a guarantee for interest payable semiannually, in connection with the two aforesaid capital raises, respectively. These deposits on December 31, 2009 recorded in current assets, totaled R\$ 40,857 and as permitted in the contract these funds were utilized for the payment of interest that was due on January 2010. Accordingly, the remaining account balance at March 31, 2010, is R\$ 32.

As in March 2010 the Company repurchased 91.06% of the bonds maturing in 2017 and 100% of the bonds maturing in 2012 the amount to be held in this account to pay interest on the remaining half of the bonds market is around U.S. \$ 1.4 million.

Consolidated

In long-term receivables, in view of the uncertainties regarding the outcome of the lawsuits to which the deposits refer, CTEEP's procedure is to maintain these deposits at their nominal value, not recording any type of monetary restatement or interest thereon. The balance is broken down as follows:

	<u>03.31.2010</u>	<u>12.31.2009</u>
Notices of violation – ANEEL (a)	6,317	6,317
Judicial deposits (Note 20 (b))	32,885	37,431
Others	198	198
	<u>39,400</u>	<u>43,946</u>

- a) Refer to two deposits in connection with lawsuits to annul the notices of violation issued by ANEEL for disturbances in the transmission system in February 1999 and January 2002. The first one, deposited on January 17, 2000, in the amount of R\$ 3,040, was required in an annulment action filed by CTEEP against ANEEL, related to notice of violation 001/1999-SFE which had fined CTEEP under alleged violations for obstructing the inspection related to disturbances from interrupted electric power transmission and distribution over a large part of the Southeast, South and Middle West regions; noncompliance with the "inspection report" requirements; and noncompliance with the legal duty of rendering proper service. The second deposit, made on June 17, 2003, in the amount of R\$ 3,277, relates to notice of violation 005/2002-SFE, dated May 7, 2002, as a consequence of punitive administrative process brought by ANEEL, for the breakage, on January 21, 2002, of one subconductor of a 440 kV transmission line between CTEEP substations in the Power Plant of Ilha Solteira and Araraquara. CTEEP's legal advisors understand that it is not practicable to determine whether its position in both cases will prevail.

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12. Prepaid expenses

During the bond issue process concluded in January 2007 (Notes 18), the Company incurred expenses and commissions. These costs were capitalized and were fully amortized by December 2009 the term of the contract documents as described below:

	Amount US\$ million	Term	03.31.2010	12.31.2009
Bond agreement (Tranche 1)	200.0	5 years	-	7,713
Bond agreement (Tranche 2)	354.0	10 years	-	13,653
Subtotal			-	21,366
Accumulated amortization			-	(8,614)
Total			-	12,752
Current			-	2,871
Noncurrent			-	9,881

In March 2010 the project through debt restructuring - "Project REDI (note 1.3) balances were repaid in full.

13. Loans receivable - Company and Consolidated

	03.31.2010	12.31.2009
Principal	51,146	51,146
Interest	331	8
Exchange variation	(8,767)	(9,706)
	42,760	41,448

This loan refers to the onlending to parent company of the total loan obtained in 2006 from ABN AMRO BANK, denominated in U.S. dollars, in the original amount of US\$ 23,800 thousand, payable in a lump sum on July 19, 2007 and bearing interest calculated based on the LIBOR rate plus 3% p.a. The Company maintained the same bases of adjustment for this transaction, with interest thereon received semiannually, but the principal debt maturity was renegotiated for an eight-year period, also in a lump sum.

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14. Investment

a) Information on subsidiary CTEEP

	<u>03.31.2010</u>	<u>12.31.2009</u>
Number of shares (quantity)		
Common – ON	63,199,250	63,199,250
Preferred – PN	87,457,309	87,457,309
Total	<u>150,656,559</u>	<u>150,656,559</u>
Stockholders' equity		
Capital	1,063,049	1,063,049
Capital reserve	2,054,369	2,054,369
Special goodwill reserve	205,576	205,576
Income reserves	860,999	861,686
Advance for future capital contribution	666	666
Total	<u>4,184,659</u>	<u>4,185,346</u>
Net income for the year	<u>200,074</u>	<u>828,019</u>

b) Information on the investment

Shares held - ON (Common)	56,499,392	56,499,392
Interest percentage	37,5021	37,5021
Investment	<u>1,544,341</u>	<u>1,492,498</u>
Goodwill		
Unamortized goodwill (Note 16)	329,098	343,090
Goodwill - Special reserve	205,576	205,576
Total goodwill (a)	<u>534,674</u>	<u>548,666</u>
Total investment	<u>2,079,015</u>	<u>2,041,164</u>

c) Investment changes

	<u>CTEEP</u>
Balance at December 31, 2009	2,041,164
Equity pickup	75,064
Declared dividends for the year	(23,221)
Interest on equity capital declared for the year	(13,992)
Amortization of goodwill	-
Balance at March 31, 2009	<u>2,079,015</u>

- (a) The total goodwill balance of R\$ 534,674 is classified in intangible assets in the consolidated balance sheet, net of CTEEP's special goodwill reserve in the amount of R\$ 205,576, as mentioned in Note 16. Studies conducted confirm that this goodwill will be able to be realized within the term of the concession contracts.

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15. Property, plant and equipment – Consolidated

Property, plant and equipment is broken down as follows:

	03.31.2010		12.31.2009	Average annual depreciation rates - (%)
	Cost	Accumulated depreciation	Net	
In operation				
Land	44,358	-	44,358	
Buildings, civil works and improvements	585,228	(405,222)	180,006	3,64
Machinery and equipment	5,871,187	(2,762,463)	3,108,724	2,96
Vehicles	9,828	(9,243)	585	20,00
Furniture and fixtures	26,510	(18,285)	8,225	10,00
	<u>6,537,111</u>	<u>(3,195,213)</u>	<u>3,341,898</u>	
In progress	1,395,450	-	1,395,450	
Special obligations (a)	(28,767)	-	(28,767)	
Total - Consolidated	<u>7,903,794</u>	<u>(3,195,213)</u>	<u>4,708,581</u>	

Construction in progress refers, substantially, to the ongoing expansion works of the electric energy transmission systems. Throughout 2009, CTEEP analyzed the projects recorded in Property, plant and equipment in progress and identified projects not yet completed for which a provision for losses in the amount of R\$ 18,292 was recorded in other operating expenses.

Special obligations are represented by amounts received from electric utility concessionaires and customers for investments in the concession.

Concession agreements provide for indemnification for property, plant and equipment at the end of the concession period. The criteria for calculating this indemnification have not yet been defined by the Granting Power. However, it is the understanding of Management and of its legal advisors that said indemnification amount should approximate the residual value of property, plant and equipment on that date.

Consequently, CTEEP adopts the annual depreciation rates established by ANEEL, restated in accordance with ANEEL Regulatory Resolution No. 44, of March 17, 1999, and revoked by ANEEL Regulatory Resolution No. 240, of December 5, 2006, for assets with similar use and characteristics in the area of electric power transmission and distribution.

In accordance with articles 63 and 64 of Decree No. 41019, of February 26, 1957, assets and installations used in electric power transmission are linked to these services and cannot be retired, sold or assigned or pledged as mortgage guarantees without the prior and express authorization of the regulatory agency. ANEEL Resolution No. 20, of February 3, 1999, 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 also determining that the proceeds from the sale be deposited in a restricted bank account and invested in the concession.

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16. Intangible assets – Consolidated

	<u>03.31.2010</u>	<u>12.31.2009</u>
Goodwill (Note 14 (b))	329,098	343,090
Rights-of-way	60,122	60,122
ERP – SAP implementation	11,997	12,731
Other	151	151
	<u>401,368</u>	<u>416,094</u>

Transmission line rights-of-way are associated to distribution in CTEEP's concession area, and in private urban and rural areas, imply indemnification in favor of the real estate owner. As they are permanent items, there is no amortization.

ERP implementation includes all expenditures incurred in the SAP structuring project, except for the training expenses which were charged to income. The project started in April 2008 and its completion was in February 2009, to be amortized over 5 years.

17. Recoverable amount of assets – Consolidated

Subsidiary CTEEP on December 31, 2009, tested the recoverability of its property, plant and equipment and intangible assets based on the present value of future cash flows and on the assumptions set out below.

The amounts under these assumptions represent management's assessment of future trends in the electric power sector, based both on external sources of information and historical data. Forecast cash flows were based on results of operations and projections of the Company until the end of Concession Agreement No. 059/2001, premised on:

- Organic growth compatible to historical data and Brazilian economy growth prospects;
- Indemnification for property, plant and equipment at the book value of reversible assets at the end of the concession period; and
- Average discount rate reached by a method generally adopted in the market, taking into account weighted average capital cost (WACC).

The recoverable amount of these assets exceeds their book value and therefore, there are no impairment losses to be recognized.

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18. Loans and financing

The breakdown of loans and financing is as follows:

	Company		Consolidated	
	03.31.2010	12.31.2009	03.31.2010	12.31.2009
Foreign currency				
Bonds (a)	57,297	1,017,816	57,197	1,017,816
Local currency				
BNDES				
CTEEP (b)	-	-	651,750	514,117
IEMG (c)	-	-	39,918	40,680
Promissory notes (d)				
2 nd issue	-	-	218,901	213,696
3 rd issue	-	-	-	208,029
Banco Bradesco (e)	-	-	54,760	45,717
Citibank (f)	-	-	18,953	24,537
Eletrobrás	-	-	478	491
Finance lease	-	-	1,815	2,143
	<u>57,197</u>	<u>1,017,816</u>	<u>1,043,772</u>	<u>2,067,226</u>
Current	<u>827</u>	<u>52,819</u>	<u>403,712</u>	<u>644,948</u>
Noncurrent	<u>56,370</u>	<u>964,997</u>	<u>640,060</u>	<u>1,422,278</u>

(a) Foreign Currency Debt - Bonds

(i) Issue of bonds on January 29, 2007 in the amount of US\$ 554 million.

The issue had as agents J.P. Morgan S.A. and ABN Amro Real S.A., and was divided into two tranches: one in the amount of US\$ 200 million, with 5-year term maturing in 2012, interest rate of 7.875% p.a., and call option in 2010 and 2011; and the other tranche in the amount of US\$ 354 million, with 10-year term maturing in 2017 and interest rate of 8,8% p.a.

At the time, the Company's management signed specific swap contracts to hedge against exchange rate risks in connection with the issue of the bonds described above. This swap transaction was segregated in two parts, being one to cover the principal of the bonds amounting to U.S. \$ 554.0 million and another for coverage of the semiannual interest that matured in July 2007 and January 2008:

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Hedge of principal - Swap contracts with ABN Amro Real S, A, and JP Morgan S.A. relating to the hedge of the two tranches. The first tranche, in the amount of US\$ 200 million and with a five-year term maturing in 2012, was contracted at the exchange rate of R\$ 2.1170, bearing General Market Price Index (IGP-M) plus 2.12% p.a. The second tranche in the amount of US\$ 354 million, with a ten-year term maturing in 2017, was also contracted at the exchange rate of R\$ 2.1170, bearing General Market Price Index (IGP-M) plus 1.68% p.a.. Both contracts had a Recouping partial payment clause, with maturity on February 12, 2008. Accordingly, on the maturity date, the Company paid to the referred banks the total amount of R\$ 155 million. As a result of the Recouping payment and in accordance with the rules established for the derivative transactions, these contracts were replaced by new ones containing new rates and conditions, as follows:

- *ABN Amro Real S.A.(Santander)* - on February 12, 2008. The hedge of 50% of the two tranches was contracted. The first tranche, in the amount of US\$ 100 million and maturing in 2012, was contracted at the exchange rate of R\$ 1.7573, bearing General Market Price Index (IGP-M) plus 5.0709% per annum. The second tranche, in the amount of US\$ 177 million and maturing in 2017, was also contracted at the exchange rate of R\$ 1.7573, bearing General Market Price Index (IGP-M) plus 3.0203% per annum. The recouping partial payment clause was excluded.
- *JP Morgan S.A.* - on February 12, 2008. The hedge of 50% of the two tranches was contracted. The first tranche, in the amount of US\$ 100 million and maturing in 2012, was contracted at the exchange rate of R\$ 1.7573, bearing General Market Price Index (IGP-M) plus 4.8709% per annum. The second tranche, in the amount of US\$ 177 million and maturing in 2017, was also contracted at the exchange rate of R\$ 1.7573, bearing General Market Price Index (IGP-M) plus 2.7003% per annum. The Recouping partial payment clause was maintained under the same conditions of the previous contract. Because of the Company's wish to exclude the Recouping clause from the contract, on July 28, 2008 the Company made a partial payment of R\$ 62 million. As a result of such payment, a new contract was signed on the same date, under new conditions. The hedge that until then was 50% of the two tranches changed to 50% of the first tranche only, corresponding to US\$ 100 million and maturing in 2012. This new contract was established at the exchange rate of R\$ 1,5745, bearing General Market Price Index (IGP-M) plus 5.052% p.a. The Recouping partial payment clause was excluded.
- *Deutsche Bank S.A.:* on July 28, 2008, the other part of the hedge, related to 50% of the second tranche in the amount of US\$ 177 million, maturing in 2017, was contracted by the Company with Deutsche Bank, at the exchange rate of R\$ 1.5745, bearing General Market Price Index (IGP-M) plus 3.99% p.a. This contract does not include the Recouping partial payment clause.

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Hedge of interest - a non-deliverable currency forward with JP Morgan related to the hedge of semiannual interest, with maturities in July 2007 and January 2008, corresponding to the two tranches. This hedge was contracted at the exchange rate of R\$ 2.1190 for payment in July 2007 and R\$ 2.1765 for payment in January 2008. Since then, the Company's management decided not to contract any hedge for the next semiannual interest. This situation has been constantly assessed within defined strategies and taking into consideration the economic and financial aspects and exposure limits.

As provided by CVM Rule 566, which approved accounting pronouncement CPC 14. As from July 31, 2008 the Company, recognized its derivative financial instruments (swap) and its above-mentioned foreign-currency-denominated debt contracts (bonds) under the fair value hedge accounting method.

Under this methodology, the impacts of changes in the fair value of derivatives used as hedge are recognized in income, based on the recognition of foreign-currency-denominated debt contracts (bonds) which are hedged items. The fair values are calculated by projecting the future flows of the operations (assets and liabilities) using BM&F curves and discounting these flows to present value using the BM&F future DI rate. Given the debt restructuring, discussed below, this methodology was applied until February 2010.

(a.ii) Restructuring of Foreign Debt – Bonus

In accordance with the ISA group's strategy which is intended to expand its business in Brazil, ISA Capital's management developed studies to restructure its foreign currency debt bonus in order to reduce the cost of this debt and at the same time create favorable conditions allowing expansion of the Company's activities and those of its subsidiaries.

- *Bonus of US\$ 354 million with maturity in 2017*

In February 8, 2010, the Company began to implement restructuring and announced abroad a public offer to buy back all own issue bonuses with maturity in 2017 in cash up to the total amount outstanding equivalent to US\$ 354 million. As an integral part of this transaction, as well as payment of 108.25% of market value, ISA Capital offered 2017 bonus holders that had subscribed to the public offer up to February 24, 2010, (known as the advance period) an additional amount ("Consent Fee") of 3.5% on market value. Between February 24 and March 8, 2010, the holders taking up the offer received 108.25% of the market value. At the close of the offer period there was 91.06% total adherence from the total number of bonus holders. Accordingly, under the conditions established in March 2010, the Company bought back US\$ 322.3 million, which equated to 91.06%, of a total of US\$ 354 million, leaving only 8.94% of the total bonus maturing in 2017 which was equivalent to US\$ 31.6 million.

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Spending by the Company on the buyback of 91.06% of these securities in March, of a total of US\$ 371.8 million equivalent to R\$ 665 million, comprising the following: (i) principal of US\$ 322.3 million equivalent to R\$ 577.4 million; (ii) Bonus (“Consent Fee”) of US\$ 37.7 million equivalent to R\$ 66.6 million; (iii) proportionate interest of US\$ 3.2 million equivalent to R\$ 5.7 million; and (iv) taxes levied on remittances abroad US\$ 8.6 million equivalent to R\$ 15.3 million.

Of the total bonus amount US\$ 31.6 million remains in the market, were kept at the same conditions negotiated on issue but without any type of covenant. The principal matures in 2017 and interest continues to be paid on a bi-annual basis, in January and July each year at the rate of 8.8% per year.

- Bonus of US\$ 200 million maturing in 2012

As soon as the 2017 bonus buyback program was concluded the Company utilizing the call option prerogative as provided in the 2012 maturity bonus agreement began buying back securities and within the period and conditions established bought back 100% of the total of shares which amounted to US\$ 200 million. Considering the buyback was at the effective rate of 103.938% of market value as stipulated in the indenture agreement for the exercise of call options in 2010, ISA Capital paid the equivalent of US\$ 212.6 million for the buyback of this bonus equivalent to R\$ 380.8 million comprising the following: (i) principal of US\$ 200 million equivalent to R\$ 358.2 million; (ii) bonus of US\$ 7.9 million equivalent to R\$ 14.1 million; (iii) proportional interest of US\$ 2.4 million equivalent to R\$ 4.4 million; and (iv) taxes levied on remittances of US\$ 2.3 million equivalent to R\$ 4.1 million.

- Swap contracts

In parallel with the bonus buy back process in accordance with the settlement clauses provided for in the derivative financial instruments (swap contracts), ISA Capital began negotiations with ABN Amro Real S.A. (Santander), JP Morgan S.A. and Deutsche Bank S.A., in order to settle the aforementioned swap contracts. Accordingly also in March, the Company settled 4 (four) contracts whose payments amounted to R\$ 182.4 million.

Accordingly, considering the total of US\$ 554 million in the bonus issued by the Company on January 29, 2007, only US\$ 31.6 million remained on the market maturing on 2017, and taking into consideration the existence of a loan agreement receivable from the parent company amounting to US\$ 23.8 million (Note 13), the Company’s management understands that foreign exchange exposure is very low and as such no derivative financial instrument (swap) was contracted for this purpose.

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Presented below is the breakdown of the balance by operation:

	03.31.2010	12.31.2009
Current liabilities		
Issue of bonds - semiannual interest	827	34,027
Hedge transaction - principal currency risk	-	18,792
	<u>827</u>	<u>52,819</u>
Noncurrent liabilities		
Issue of bonds – principal	56,370	875,687
Hedge transaction - principal currency risk	-	89,310
	<u>56,370</u>	<u>964,997</u>
Total liabilities	<u>57,197</u>	<u>1,017,816</u>

- (b) (i) On September 17, 2007, CTEEP signed a loan agreement with the National Bank for Economic and Social Development (BNDES), in the amount of R\$ 764.2 million, reduced to R\$ 602.2 million in December 2008. This amount accounts for 70% of the total investment, which includes system improvements, reinforcements, modernization of the current transmission system and new projects, and is part of the 2006/2008 Pluriannual Investment Plan. On October 25, 2007, R\$ 400.0 million were released, on February 25, 2008, R\$ 120.0 million, and on May 29, 2008, R\$ 82.2 million. This loan bears monthly interest of 2.3% p.a. above the Long-term Interest Rate (TJLP).

Repayment will be in 78 monthly installments from January 2009. As guarantee, CTEEP has given bank sureties contracted effective up to December 15, 2015, from the banks Bradesco, Santander and Banco do Brasil, at the cost of 0.7% p.a., with quarterly maturities.

- (ii) On November 18, 2008, CTEEP signed a loan agreement with the BNDES amounting to R\$ 329.1 million. On January 27, 2010, R\$ 160 million was released and other installments are forecast in the coming quarters. The estimated amounts earmarked to cover the investments in strengthening and modernizing the existing system and new connections to be made between January 2009 and December 2010. The charges correspond to the TJLP plus 1.8% p.a. Amortization will be over 54 monthly installments as from January 2011, with up to the beginning of amortization charges will be paid on a quarterly basis. As a guarantee CTEEP offered a bank guarantee contracted effective to June 15, 2015 together with Bradesco bank, at a cost of 1.2% p.a, maturing on a quarterly basis.
- (c) On January 14, 2009 CTEEP's subsidiary IEMG entered into a loan agreement with BNDES in the amount of R\$ 70.6 million, drawn down on March 27, 2009. This amount is aimed to finance approximately 50% of the Transmission Line (LT) between Neves 1 and Mesquita substations. This loan bears monthly interest of 2.4% p.a. above the Long Term Interest Rate – TJLP.

This loan will be amortized in 168 monthly installments due from May 15, 2009. An HSBC bank guarantee effective through March 18, 2010 was pledged as collateral for the loan.

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- (d) 2nd Issue – issued on April 24, 2009, amounting to R\$ 200 million, maturing on April 19, 2010. Nominal charges correspond to 119.5% of the CDI. The promissory notes issue costs totaled R\$ 1,692.

3rd Issue – emitted by CTEEP on July 17, 2009, amounting to R\$ 200 million, maturing on January, 2010 depending on the issue of debentures (Note 19). Nominal charges correspond to 106.5% of the CDI. The promissory notes issue costs totaled R\$ 1,295.

In accordance with the CPC in 2008, the costs of issuing the promissory notes were recorded by deducting the value of capturing and appropriate to the outcome within the transaction.

- (e) Bank credit notes for the subsidiary, IENNE with Banco Bradesco S.A.:
- (i) On July 13, 2009, subsidiary IENNE entered into a bill of credit with Banco Bradesco S.A. limited to R\$ 180 million, maturing on February, 14, 2010. Interest on this transaction will be paid on maturity, corresponding to CDI + 2.5% p.a. The transaction was guaranteed by a “Standby Letter of Credit” (SBLC).
- (ii) Issued on July 15, 2009 at a limit of R\$ 58 million maturing on February 17, 2010. Bank charges incurred on the transaction will be paid on maturity and correspond to CDI plus 2.5% p.a. A bank guarantee contracted with HSBC was offered in guarantee.

On February 17, 2010 bank credit notes mentioned above will have their maturity extended to July 30, 2010.

- (f) On July 27, 2009, subsidiary IESUL entered into a bill of credit with Citibank S.A. limited to R\$ 40 million, maturing on April, 15, 2010. Interest on this transaction will be paid on maturity, corresponding to CDI + 3% p.a.

Maturities of long-term portions are set out as follows:

	Company		Consolidated	
	03.31.2010	12.31.2009	03.31.2010	12.31.2009
2011	-	-	100,017	96,989
2012	20,350	348,364	151,900	444,448
2013	-	-	131,538	96,071
2014	-	-	131,538	
2015	-	-	67,309	
After 2015	36,020	616,633	57,758	784,770
Total	56,370	964,997	640,060	1,422,278

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19. Debentures

	<u>Maturity</u>	<u>Quantity</u>	<u>Remuneration</u>	<u>03.31.2010</u>
1st issue	12.15.2014	49,100	CDI + 1.3% p.a	499,659
2st issue	12.15.2017	5,760	IPCA + 8.1 p.a	59,216
Current				<u>8,075</u>
Non current				<u>550,800</u>

In December 2009, CTEEP issued 54,860 debentures amounting to a total of R\$ 548.6 million, with financial settlement in 2010. The first series will be amortized on the following dates: December 15, 2012, 2013 and 2014; and remuneration will be paid twice annually, on June 15, and December 15 each year, with the first payment at June 15, 2010.

The second series will be amortized on the following dates: June 15, 2014, December 15, 2015, 2016 and 2017; and remuneration will be paid on the following dates: June 15, 2011, 2012, 2013, 2014, December 15, 2015, 2016 and 2017.

The maturity of long-term portions is distributed as follows:

	<u>31.03.2010</u>
2011	1,098
2012	163,667
2013	163,667
2014	178,342
2015	14,675
Past 2015	29,351
	<u>550,800</u>

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20. Taxes and social charges

	Company		Consolidated	
	03.31.2010	12.31.2009	03.31.2010	12.31.2009
Income tax	141	4,902	49,355	57,191
Social contribution tax	-	-	17,791	15,923
COFINS	2,148	2,131	6,287	5,740
Scholarship program (a)	-	-	897	782
INSS	-	-	2,065	2,195
PIS	19	18	3,812	4,557
FGTS	-	-	4,601	3,847
Other	21	299	4,672	5,620
Total	2,329	7,350	89,480	95,855

(a) Refers to obligations assumed by CTEEP under an agreement with the labor unions for reimbursing its employees for costs of elementary, high school and college education.

21. Taxes in installments – Law No.11941 – Consolidated

Due to completion issues, CTEEP amended its Federal Tax Debt and Credit Returns (DCTFs) for the years 2004-2007, determining tax credits related mostly to PIS and COFINS. With a view to settling its tax debt, the Company opted to participate in the special tax installment payment program instituted by Law No. 11941, of May 27, 2009, and paid R\$ 141,162 on November 30, 2009, using the benefit of reduced fine and interest rate, totaling R\$ 42,257.

The remainder will be paid over 180 months beginning November 2009. Upon approval of the tax installment payment arrangement by Brazil's IRS, the Company will recognize revenue from the reduced fine and interest rate on the tax debt paid in installments amounting to R\$ 19,677.

Change for the quarter ended March 31, 2010 is as follows:

Original debt	147,738
Fine and interest	849
Payments	-
	148,587
Current	9,911
Noncurrent	138,676

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22. Regulatory charges – Consolidated

	<u>03.31.2010</u>	<u>12.31.2009</u>
Research and Development - P&D	32,562	30,709
Energy Development Account - CDE	2,689	2,561
Fuel Consumption Bill - CCC	2,275	2,167
Global Reversion Reserve - RGR	2,978	6,630
Alternative Energy Source Program - PROINFA	1,752	1,180
Inspection fee - ANEEL	44	40
	<u>45,300</u>	<u>43,287</u>
Current	<u>42,031</u>	<u>40,018</u>
Noncurrent	<u>3,269</u>	<u>3,269</u>

23. Provisions – Consolidated

	<u>03.31.2010</u>	<u>12.31.2009</u>
Vacation pay and social charges	13,253	15,806
Profit sharing - PLR	2,408	8,035
Voluntary termination program - PDV (a)	1,659	3,649
Sundry indemnities	309	309
Contingencies (b)	160,737	167,842
	<u>178,366</u>	<u>195,641</u>
Current	<u>17,573</u>	<u>27,688</u>
Noncurrent	<u>160,793</u>	<u>167,953</u>

(a) Voluntary termination program - PDV

CTEEP, which had 2,737 employees as of October 31, 2006, approved a Voluntary Termination Program (PDV), with an adhesion period from November 21 to November 30, 2006, obtaining participation of 1,534 employees. On March 31, 2010, the remaining balance substantially refers to 1 employee whose severance has not yet been processed, as well as the provision for medical and dental assistance that the terminated employees have the right to receive 36 months after the termination of their contracts.

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(b) Provision for contingencies--Consolidated

On a quarterly basis, contingencies are assessed and classified as regards the probability of an unfavorable outcome for the CTEEP, as follows:

Type	03.31.2010			12.31.2009		
	Provision	Judicial deposits	Net	Provision	Judicial deposits	Net
Labor (i)	142,196	(24,472)	117,724	147,344	(23,520)	123,824
Civil	4,181	-	4,181	3,994	-	3,994
Tax – IPTU (ii)	8,351	-	8,351	8,239	-	8,239
Tax – COFINS (iii)	-	(5,668)	(5,668)	-	(5,668)	(5,668)
Social security – INSS (iv)	3,142	(2,745)	397	5,398	(8,243)	(2,845)
ANEEL (v)	2,867	-	2,867	2,867	-	2,867
	<u>160,737</u>	<u>(32,885)</u>	<u>127,852</u>	<u>167,842</u>	<u>(37,431)</u>	<u>130,411</u>

Judicial deposits are recorded in noncurrent assets under "Pledges and restricted deposits".

CTEEP is a party to tax, labor and civil lawsuits, whose unfavorable outcomes are rated as possible by management, based on the assessment of its legal advisors, in the estimated amount of R\$ 92,880 (12.31.2009 - R\$ 89,385), mainly labor claims, for which no provisions have been recorded.

(i) *Labor*

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

(ii) *Tax – Municipal Real Estate Tax (IPTU)*

CTEEP recognizes a provision to cover debts with the municipal government of São Paulo, related to administrative proceedings for rectification of areas, in the amount of R\$ 8,351.

(iii) *COFINS*

CTEEP is challenging in court the constitutionality of the increase in the COFINS rate and calculation basis, in the amounts of R\$ 27,392 and R\$ 11,132, respectively. CTEEP obtained a favorable outcome regarding the increase in the calculation basis, and an unfavorable one in relation to the tax rate increase. In October 2009, CTEEP identified the amount originally deposited, and begun assessing the portion related to its restatement.

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(iv) *Social security – INSS*

On August 10, 2001, CTEEP received from the National Institute of Social Security (INSS) a delinquency notice for nonpayment of social security tax on compensation paid to its employees in the form of meal tickets, morning snack and basket of food staples for the period from April 1999 to July 2001. Accordingly, management decided to establish a provision and made a judicial deposit in the amount of R\$ 8,243, recorded in noncurrent assets, under "Pledges and restricted deposits". In January 2010, a court decision found against the Company in proceedings related to meal tickets, morning snacks and basket of food staples and part of the basic food parcel amounting R\$ 5,498. As a result the amounts deposited were converted to Federal Government proceeds and written off against net income since no provision for this contingency had been set up.

(v) *ANEEL*

CTEEP was notified by ANEEL for not meeting the deadline for installation of the 3rd bank of transformers 345/88 kV of substation (SE) Baixada Santista, authorized by ANEEL Resolution No. 197 of May 4, 2004, with a fine in the amount of R\$ 1,981, and for the noncompliance with the deadline for the start-up of the 345 kV Guarulhos – Ananguera Transmission Line, authorized by ANEEL Resolution No. 064/2005 of January 31, 2005, with a fine in the amount of R\$ 886, totaling R\$ 2,867 as of March 31, 2010.

24. Amounts payable – Fundação CESP

Based on the evaluation prepared by independent actuaries for calculating the actuarial liability, CTEEP recorded in income for the period ended March 31, 2010, won the amount of R \$ 3,401. Thus, the balance of the liability presented represents the obligation of CTEEP updated on plans for complementary and supplementary retirement and pension and health care kept from Fundação CESP.

a) Plan "A" - supplementary pension plans

Regulated by State Law 4819/58, applied to employees hired up to May 13, 1974, establishes supplementary pension plan benefits, additional leave entitlements and family allowance. The reserves necessary to cover the liabilities assumed in this plan are total responsibility of the applicable authorities of the State of São Paulo Government and therefore, with no risk and additional cost to CTEEP (Note 38).

b) Plans "B" and "B1" - supplementary pension plans

Plans "B" and "B1", regulated by Law No. 6435/77 and managed by Fundação CESP, are sponsored by CTEEP, providing supplementary pension plan benefits, the reserves of which are established under the fully-funded system.

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The Plan "B" refers to the Vested Supplementary Benefit Payout - BSPS, calculated on December 31, 1997 (CTEEP) and March 31, 1998 (EPTE), in accordance with current regulations, and its asset-liability matching was duly adjusted at the time. CTEEP is fully liable for the annual actuarial result of this plan (deficit or surplus).

On January 1, 1998 (CTEEP) and on April 1, 1998 (EPTE), CTEEP implemented Plan "B1", which defines contributions and related matching responsibilities between CTEEP and the participants, to ensure the plan's appropriate asset-liability management. This plan provides pension benefits to CTEEP's employees, former employees and related beneficiaries, in order to supplement the benefits provided by the official Social Security system.

The main characteristic is the mixed model, composed of 70% as Defined Benefit (DB) and 30% as Defined Contribution (DC). At the date of retirement the Benefit Plan of Defined Contribution (DC) becomes Defined Benefit (DB).

c) Plan PSAP – Transmissão Paulista

On January 1, 2004, the plans sponsored by CTEEP, as well as those of the extinguished EPTE, were merged financially, and the individual characteristics of the related plans maintained, thus forming the PSAP Plan - Transmissão Paulista.

25. Special obligations – Reversion/Amortization – Consolidated

Refers to funds arising from the reversion reserve, amortization and portion held at the CTEEP, of the monthly shares of the Global Reversion Reserve (RGR), related to investments of funds for expansion of the electric public utility and amortization of loans obtained for the same purpose, occurred up to December 31, 1971. The manner for the settlement of these liabilities has not been defined by the Granting Authority.

26. Stockholders' equity

a) Capital Social

The Company was organized on April 28, 2006, as a limited liability company. On September 19, 2006, the Company was incorporated as a corporation.

From March 9 to 19, 2010 a Companhia raised two capital increases from redeemable preferred shares at R\$ 2.020731 per share, that were subscribed and fully paid in by HSBC Finance (Brasil) S.A. Banco Múltiplo, as follows:

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- (i) In the Extraordinary Shareholders' Meeting held on March 9, 2010, under the terms of the Board of Director's Proposal dated March 8, 2010, a capital increase for the Company amounting to R\$ 840,000, was approved of which R\$ 420 was earmarked to capital and R\$ 839,580 was earmarked to the capital reserve, through the creation and the issue of 415,691,162 preferred redeemable shares distributed in 13 classes, with right to fixed cumulative dividends, which were subscribed and fully paid up on the same date. This increased the Company's capital from R\$ 839,778 to R\$ 840,198 divided into 1,256,316,162 shares. The reduction of the mandatory dividend from 25% to 1% and amendment to the Company's Charter was also approved at the same meeting; and
- (ii) A new Company capital increase was approved in the Board of Directors meeting held on March 19, 2010, within the authorized capital limits with the issue of 178,153,342 preferred redeemable shares distributed in 13 classes, with the right to cumulative fixed dividends to the total value of R\$ 360,000 which were subscribed and fully paid up on the same date and of which R\$ 180 was earmarked to capital and R\$ 359,820 to the Company's capital reserve account

Accordingly, after these two increases at March 31, 2010 the Company's subscribed and fully paid up capital is R\$ 840,378 (12.31.2009 - R\$ 839,778) and is represented by 840,625,000 common shares and 593,844,504 preferred shares distributed as follows:

Stockholder	Number of shares		
	Common	Preferred	Total
Interconexión Eléctrica S.A. E S P	840,624,995	-	840,624,995
Luis Fernando Alarcón Mantilla	1	-	1
Fernando Augusto Rojas Pinto	1	-	1
Guido Alberto Nule Amin	1	-	1
Ana Mercedes Villegas Mejía	1	-	-
César Augusto Ramírez Rojas	-	-	1
Alfonso Camilo Barco Muñoz	1	-	1
HSBC	-	593,844,504	593,844,504
Total	840,625,000	593,844,504	1,434,469,504

b) Capital reserve

After the decisions made on March 9 and March 19, 2010, mentioned above the Company's capital reserve account at March 31, 2010, has a balance of R\$ 1,199,400. This, as provided for in the chronology will be utilized for the realization of the redemption of redeemable preferred shares distributed in 13 classes, and may also, in accordance with shareholders and Corporate Law (Law No. 6404/76) as amended, be used for the payment of dividends for those holding the right to redeemable preferred shares.

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c) Reservation profit

<u>Allocation of net income for the year</u>	<u>03.31.2010</u>	<u>12.31.2009</u>
Legal reserve (i)	5,881	5,881
Retained profits reserve (ii)	111,743	111,743
	<u>117,624</u>	<u>117,624</u>

(i) *Legal reserve*

Set up at an amount corresponding to 5% of net income for the year, before any other allocation up to a limit of 20% of capital.

(ii) *Retained profits reserve*

After the setting up of the legal reserve and the payment of mandatory cumulative fixed dividends calculated based on the Company's charter, the remaining portion of net income calculated each year will be allocated in accordance to that established in the Company's charter and by agreement of shareholders.

27. Operating revenues – Consolidated

a) Revenues from electricity network usage

Revenue from use of electric consolidated CTEEP, accumulated in the quarter ended March 31, 2010 is composed as follows:

	<u>03.31.2010</u>	<u>03.31.2009</u>
Base network		
Existing assets	297,380	317,895
New investments	73,500	84,499
Bidder	5,438	5,489
Surplus	3,589	5,143
Revenue adjustment	2,845	4,726
Variable deduction	(2,064)	(1,109)
	<u>380,688</u>	<u>416,643</u>
Other transmission facilities - DIT		
Existing assets	27,262	24,978
New investments	9,571	9,402
Revenue adjustment	262	1,694
	<u>37,095</u>	<u>36,074</u>
Charges		
Fuel Consumption Bill – CCC	6,749	9,209
Energy Development Account – CDE	7,976	9,987
Alternative Energy Source Program – PROINFA	5,415	6,943
	<u>20,140</u>	<u>26,139</u>
	<u>437,923</u>	<u>478,856</u>

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(i) *Annual Revenue Allowed (RAP) of Miguel Reale Substation*

In December 2002 ANEEL authorized CTEEP to implement the Miguel Reale Substation Expansion project, whose investment value, which is used to calculate the RAP, was R\$ 323,236.

In September 2004, ANEEL performed an inspection in order to validate the investments made in said project and concluded that the investment amounts should be reduced, for purposes of setting a new RAP amount, retroactively to July 2004, by R\$ 232,164.

Due to the reduction in the investments in said project, the related annual amount of the RAP beginning July 2005 was then reduced by R\$ 32,251. CTEEP considers this reduction invalid and filed with ANEEL Official Circular OF/F No. 2828, of July 8, 2005, requesting its recomposition.

On March 2, 2006, through Official Circular No. 321/2006 – ANEEL's Economic and Financial Oversight Authority (SFF/ANEEL) issued its Inspection Monitoring Report (RAF) that assessed CTEEP's claim and upheld the SFF's original position.

On March 23, 2006, through Official Circular OF/F/1372/2006, CTEEP presented an appeal to ANEEL, asking for a review of the placement of that Superintendency that until the date of preparation of financial statements, did not comment.

(ii) *Periodic review of Annual Revenue Allowed (RAP)*

In accordance with Concession Agreement No. 59, executed with the Federal Government on June 20, 2001 as intermediated by ANEEL, every four years from the execution date, ANEEL will periodically review the Annual Revenue Allowed (RAP) of electric transmission related to the installations of authorized projects whose business operations commenced after December 31, 1999, for the purpose of promoting efficiency and reasonable rates, in accordance with the methodology approved by Regulatory Resolution No. 257, of March 6, 2007.

The review comprises revenue repositioning by determining:

- a) the basis for regulatory remuneration to the Base Network - New Facilities (RBNI);
- b) efficient operating costs;
- c) the optimal capital structure and the transmission companies' remuneration;
- d) the amount to be deemed as tariff reducing component – Other Revenues.

First periodic tariff review cycle

Through Resolution No. 488 of June 26, 2007, the result of the first periodic rate review of Companhia de Transmissão de Energia Elétrica Paulista - CTEEP was approved, reducing the new Annual Revenue Allowed (RAP) by 26.15%, to be applied to the Base Network - New Facilities (RBNI) and Other Facilities - New Investments (RCDM) portions effective on July 1, 2005.

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The effects of this rate recomposition were backdated to July 1, 2005. The difference in the amounts collected from July 2005 to June 30, 2007, amounting to R\$ 66,688, is being offset in 24 (twenty-four) months by means of the contractual instrument of an adjustment portion.

Second periodic tariff review cycle

The periodic rate review as contractually provided for in July 2009 was postponed to July 2010. On December 21, 2009 ANEEL published Regulatory Resolution No. 386, which establishes overall concepts, related methodologies and procedures applicable to the Second Periodic Tariff Review Cycle – RTP of electric transmission public utility.

As set forth by article 6 of Regulatory Resolution No. 386/09, the tariff review results will be effective from July 1, 2009 onwards. Taking into consideration this retroactive review and the capital cost reduction from 9.18% to 7.24% in this second cycle, the financial statements recognize a reduction in revenues by R\$ 21,277 for the period from January through March/10, matched against accounts receivable.

(iii) *Variable Deduction - PV*

The Variable Deduction - PV consists in the application of a penalty arising from operating inefficiency. The Annual Revenue Allowed (RAP) of CTEEP is subject to a PV, calculated in accordance with the unavailability of facilities and disconnections in the period. It is set forth in the Concession Agreements and regulated by Regulatory Resolution No. 270 of July 09, 2007.

(iv) *Annual revenue adjustment*

On June 25, 2009, Authorizing Resolution No. 843 was issued and established CTEEP's annual revenue allowed from the provision of base network as well as other transmission facilities, for the 12 month cycle, comprising the period from July 1, 2009 to June 30, 2010.

In accordance with this Resolution, CTEEP's annual revenue allowed (RAP) that was R\$ 1,869,134 on July 1, 2008, fell to R\$ 1,829,752 on July 1, 2009, a reduction of R\$ 39,382, or 2.1%.

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The breakdown of the revenue effective from July 1, 2009 to June 30, 2010 is as follows:

	Concession agreement		Total
	059	143	
Base network			
Existing assets	1,087,132	-	1,087,132
New investments	337,656	-	337,656
Bidder		13,925	13,925
Annual revenue adjustment	20,937	(178)	20,759
	<u>1,445,725</u>	<u>13,747</u>	<u>1,459,472</u>
Other transmission facilities – DIT			
Existing assets	312,757	-	312,757
New investments	56,483	-	56,483
Annual revenue adjustment	1,040	-	1,040
	<u>370,280</u>	<u>-</u>	<u>370,280</u>
	<u>1,816,005</u>	<u>13,747</u>	<u>1,829,752</u>

b) Other operating revenues

	03.31.2010	03.31.2009
Rental	3,177	1,582
Services	1,274	2,866
	<u>4,451</u>	<u>4,468</u>

28. Deductions from operating revenues – Consolidated

	03.31.2010	03.31.2009
Taxes on revenues		
COFINS	(17,456)	(19,750)
PIS	(3,787)	(4,283)
ISS	(64)	(100)
	<u>(21,307)</u>	<u>(24,133)</u>
Regulatory charges		
Fuel Consumption Bill – CCC	(6,124)	(8,356)
Energy Development Account – CDE	(7,238)	(9,063)
Global Reversion Reserve – RGR	(11,210)	(11,265)
Research and Development – P&D	(3,474)	(4,288)
Alternative Energy Source Program - PROINFA	(4,914)	(6,301)
	<u>(32,960)</u>	<u>(39,273)</u>
	<u>(54,267)</u>	<u>(63,406)</u>

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29. Costs of operation services and G&A expenses

	Company		Consolidated	
	03.31.2010	03.31.2009	03.31.2010	03.31.2009
Personnel	(544)	(460)	(42,103)	(31,300)
CVM Rule No. 371	-	-	3,401	-
Materials	-	-	(2,918)	(4,474)
Services	(2,296)	(253)	(23,902)	(19,577)
Depreciation and amortization	(3)	(3)	(50,649)	(46,579)
Amortization of expenses - bonds	(12,752)	(718)	(12,752)	(718)
Contingencies	-	-	(9,627)	(3,468)
Leases and rental	(51)	-	(2,647)	(1,993)
Other	(41)	(35)	(5,837)	(5,023)
	<u>(15,687)</u>	<u>(1,469)</u>	<u>(147,034)</u>	<u>(113,132)</u>

30. Financial income (expenses), net

	Company		Consolidated	
	03.31.2010	03.31.2009	03.31.2010	03.31.2009
Income	1,092	137	9,443	2,875
Short-term investment income	-	8,306	2,651	37,290
Monetary and exchange variation	372	1,120	2,899	2,079
Interest Receivable	23,221	23,689	-	-
Juros sobre capital próprio	-	-	-	-
Adjustment to market value – debt (bonds)	61,252	-	61,252	-
Juros Selic IR a Recuperar	616	-	616	-
Receitas Financeiras – Projeto REIDI	4,326	-	4,326	-
Other	-	-	103	188
	<u>90,879</u>	<u>33,252</u>	<u>81,290</u>	<u>42,432</u>
Expenses				
Interest payable	(14,819)	(27,850)	(31,262)	(44,872)
Hedge transactions	(23,764)	(12,473)	(23,764)	(12,473)
Interest on equity capital	-	-	(38,699)	(39,547)
Charges over Promissory notes	-	-	(5,941)	(6,992)
Charges over Debentures	-	-	(11,730)	-
IRRF on remittance of interest	(2,466)	(3,957)	(2,466)	(3,957)
PIS on interest on equity capital	(383)	(391)	(383)	(391)
COFINS on interest on equity capital	(1,765)	(1,800)	(1,765)	(1,800)
Adjustment to market value – debt (swap)	(61,252)	-	(61,252)	-
Financial expenses on REIDI Project	(280,046)	-	(280,046)	-
Monetary and exchange variation	(4,755)	-	(4,755)	-
Other	(106)	(451)	(519)	(927)
	<u>(389,356)</u>	<u>(46,922)</u>	<u>(462,582)</u>	<u>(110,959)</u>
Financial expenses, net	<u>(298,477)</u>	<u>(13,670)</u>	<u>(381,292)</u>	<u>(68,527)</u>

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31. Other operating revenues (expenses)

	Company		Consolidated	
	03.31.2010	03.31.2009	03.31.2010	03.31.2009
Revenues				
Realization of negative goodwill	-	-	4,246	4,246
Other	-	-	866	39
	<u>-</u>	<u>-</u>	<u>5,132</u>	<u>4,285</u>
Expenses				
Amortization of goodwill	(13,992)	(13,992)	(21,200)	(21,200)
Other	-	-	-	(3)
	<u>(13,992)</u>	<u>(13,992)</u>	<u>(21,200)</u>	<u>(21,203)</u>
	<u>(13,992)</u>	<u>(13,992)</u>	<u>(21,200)</u>	<u>(16,918)</u>

32. Income and social contribution taxes on net income

Company

The Company has determined tax losses and has not recognized deferred income tax and social contribution on such losses.

Consolidated

CTEEP records monthly provisions for income and social contribution taxes on an accrual basis, calculated based on monthly trial balances (for tax suspension and reduction purposes).

	03.31.2010	03.31.2009
Income before income and social contribution taxes - Consolidated	(156,287)	221,341
Tax rates	34%	34%
Expected expenses on income and social contribution taxes	-	(75,256)
Income and social contribution taxes on permanent differences:		
Company loss	(58,424)	(9,868)
CTEEP permanent differences	24,742	(486)
Effective expenses on income and social contribution taxes	<u>(33,682)</u>	<u>(85,610)</u>
Income and social contribution taxes		
Current	(52,639)	(82,657)
Deferred	18,927	(2,953)
	<u>(33,682)</u>	<u>(85,610)</u>

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33. Transactions with related parties

	Type of operation	03.31.2010		03.31.2009			
		Assets	Liabilities	Income/ (expense)	Assets	Liabilities	Income/ (expense)
Company							
Management key personnel	Short-term benefits	-	-	(346)	-	-	(460)
CTEEP	Sublease	-	17	(53)	-	15	(61)
	Provision of services	-	7	(20)	-	7	(20)
ISA	Loan (Note 13)	42,760	-	(1,311)	55,767	-	4,621
Consolidated							
Management key personnel	Short-term benefits	-	-	(2,486)	-	-	(3,219)
ISA	Loan (Note 13)	42,760	-	(1,311)	55,767	-	4,621

The Company's compensation policy does not provide for any post-employment benefits, other long-term benefits, employment termination benefits or share-based payments.

The sublease agreement comprises the area occupied by the Company at CTEEP's main building, as well as the apportionment of condominium and maintenance expenses, among others.

In 2008, a service agreement was signed including, among others, delivery of bookkeeping, tax calculation and payroll processing services.

These operations were carried out on an arm's length basis.

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34. Financial instruments

a) Identification and measurement of financial instruments

Company

The Company has derivative financial instruments (swap) such as; accounts receivable related to a foreign currency loan to its parent company; foreign currency denominated debt contracts (bonds), and bank bill of credit, in local currency, named overdraft facility.

The Company held derivative financial instruments (swap) for the sole and exclusive purpose of hedging foreign exchange risks of debts denominated in foreign currency stemming from bonus. These were settled in March 2010, at the amount of R\$ 182,390 (12.31.2009 - R\$ 108,102), stemming from the restructuring of the aforementioned debt as mentioned in Note 18 (a).

Consolidated

CTEEP operates with several financial instruments, especially cash and cash equivalents, including financial investments, trade accounts receivable, trade accounts payable and loans and financing.

CTEEP's main source of revenues is the use of its electric power transmission system by other concessionaires and agents. Its annual revenue related to the base network and other transmission facilities – DIT is defined by ANEEL, pursuant to prevailing legislation.

The carrying amounts of asset and liability financial instruments, compared with the amounts that might be obtained in active market trading, or in the absence thereof, with the net present value adjusted at the prevailing market interest rate, approximate their market values.

CTEEP does not have a policy on the use of derivative financial instruments and, in the financial year, it did not enter into agreements that may be considered derivative financial instruments.

b) Cash and cash equivalents, short-term investments, accounts receivable, other current assets and accounts payable

The amounts recorded approximate their realizable values.

c) Investment

The Company's investment consists in its interest in CTEEP's capital and is accounted for by the equity method.

CTEEP has holdings in companies in which it has strategic interest. These holdings, after the pre-operating stage, will be recorded under the equity method.

Considerations on the market value of the shares held are not applicable.

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d) Financing

The Company recognizes foreign-currency-denominated debt contracts (bonds) at its fair (market) value.

Loans and financing in reais are linked to the CDI variation and approximate their market values.

e) Risk management

The main risk factors inherent in the operations of the Company and CTEEP may be identified as follows:

Credit risk - CTEEP has agreements with the National Electric System Operator (ONS), concessionaires and other agents for regulating the provision of services related to the base network for 216 users, with a bank guarantee clause. Likewise, the Company has agreements regulating the provision of services in other transmission facilities – DIT with 30 concessionaires and other agents, with a bank guarantee clause.

Price risk - pursuant to the concession agreement, CTEEP's revenues are annually adjusted by ANEEL based on the variation of the General Market Price Index (IGP-M), and part of the revenues is subject to periodic review every four years (Note 27 (a) (ii)).

Interest rate risk – Financing held by the subsidiary CTEEP is restated by the variation in the TJLP and CDI (Notes 18 and 19).

Foreign exchange risk - CTEEP does not have financing, accounts receivable, assets denominated in foreign currency. Its exposure to the effects of any fluctuation in foreign exchange corresponding to any import of equipment is not significant.

After the restructuring of debt in foreign currency referring to the issue of bonus on the foreign market the Company's foreign exchange risk was practically neutralized. In March 2010 the Company bought back nearly all the bonus as described in Note 18 (a). Accordingly the remaining debt balance in foreign currency post-restructure is US\$ 31.6 million. Matched against this the Company has accounts receivable in foreign currency amounting to US\$ 23.8 million relating to loans receivable from its parent company (Note 13).

IGP-M Price Index Variation – Given the settlement of the derivative financial instruments swap that had each point of liability indexed of the variation in the IGP-M rate the company believes there is not risk stemming from the variation in IGP-M rate.

CDI Variation Risk – In accordance with that established in the Company's Charter the Company shall remunerate the redeemable preferred shares at the annual variation in CDI plus 1% p.a. The variation in the CDI is the cumulative result of the rates referring to interbank deposits (CDI Extra Grupo), calculated and presented by CETIP S.A. based on one year with 252 (two hundred and fifty two) working days, expressed as a percentage per year.

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35. Operating leases - Consolidated

Minimum future payments of operating vehicle and IT equipment leases of subsidiary CTEEP, in total and for each one of the periods, are as follows:

	03.31.2010	12.31.2009
Up to one year	3,120	3,876
Over one year and up to five years	904	1,243
	4,024	5,119

36. Insurance coverage - Consolidated

The specification by type of risk of CTEEP's insurance is as follows:

Type	Coverage	Amount insured - R\$ thousand	Premium - R\$ thousand
Assets	09/01/09 to 09/01/10	2,067,000	3,784
Civil liability	09/01/09 to 09/01/10	15,000	242
National transport	09/30/09 to 09/30/10	106,113	12
Collective personal accidents	05/01/09 to 05/01/10	40,566	2
Vehicles	03/02/09 to 03/02/10	Market value	33
			4,073

a) Assets

Coverage against fire and electrical damage for equipment installed in the transmission substations, buildings and their related contents, warehouses and facilities.

b) Civil liability

Coverage of the repairs for involuntary damage, personal and/or material damage to third parties, as a consequence of CTEEP's operations.

c) National transport

Coverage of damage caused to CTEEP's assets and equipment, transported within Brazil.

d) Collective personal accidents

Coverage against personal accidents to executives, interns and trainees.

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e) Vehicles

Coverage against collision, fire, theft and third parties.

37. 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. - "Eletropaulo") referring to the balance of a certain financing agreement. Eletropaulo did not agree with the criteria for monetarily adjusting said financing agreement and made escrow deposits for the amounts it understood to be due to ELETROBRÁS. In 1999 a judgment was issued on the aforementioned lawsuit, ordering Eletropaulo to pay the balance determined by ELETROBRÁS.

Under the partial spin-off explanatory record 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 acquirors.

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 to CTEEP management and its legal advisors that Eletropaulo was exclusively liable for said 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, corresponding to the amount that it understood to be owed to ELETROBRÁS regarding the balance of the aforementioned financing agreement, and allocation to EPTE's liabilities of the same amount referring to this debt.

Therefore, under the partial spin-off explanatory record of Eletropaulo, EPTE would be responsible for the transferred asset and Eletropaulo would be liable for the contingent liabilities referring to the difference between the amount demanded in court by ELETROBRÁS. In October 2001, ELETROBRÁS executed the sentence referring to the financing agreement, charging R\$ 429 million to Eletropaulo and R\$ 49 million to EPTE, on the understanding that EPTE would pay its part with the adjusted amounts of the escrow deposit. CTEEP merged EPTE on November 10, 2001, succeeding it in its rights and 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 aforementioned sentence. Due to these facts, ELETROBRÁS filed, on December 16, 2003, an Appeal to the Higher Court of Justice (STJ) and another one to the Federal Supreme Court (STF) to maintain the collection regarding Eletropaulo. Appeals similar to those of ELETROBRÁS were lodged by CTEEP.

On June 29, 2006, the STJ accepted the appeal filed by CTEEP, with respect to reversing the decision of the Court of Justice of the State of Rio de Janeiro that had excluded Eletropaulo from the execution action filed by ELETROBRÁS.

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Due to said acceptance by the STJ, on December 4, 2006 Eletropaulo filed a request for amendment of judgment, which was rejected, according to the decision published on April 16, 2007, as well as the Appeals to the STJ and the STF, which sustained the decision of the Higher Court of Justice, and which final and unappealable sentence was rendered on October 30, 2008. In view of these decisions, the execution of the decision filed by ELETROBRÁS follows its normal course as proposed.

CTEEP was instrumental in securing an evidential postponement to calculate the effective liability applicable in the partial spin-off, in view of the other parties involved in connection with the writ of execution.

With a view to requiring probative continuance to evidence the effective liability under said partial spin-off explanatory record, CTEEP proposed a declaratory judgment action in view of the other parties concerned in the collection lawsuit.

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 management and legal advisors, holds only the escrow deposit which was received as an asset from 1988 to pay for a portion of the debt, and intends to proceed in the defense of such right. On the other hand, the Company has not recognized a reserve for the remaining contingency, which it understands to be the responsibility of Eletropaulo, to which the debt is being charged by ELETROBRÁS.

38. Supplementary pension plan regulated by Law No. 4819/58

a) Material fact notices

(i) *July 19, 2005*

“In compliance with CVM Instruction No. 358/02, CTEEP - Companhia de Transmissão de Energia Elétrica Paulista clarifies aspects related to the supplementary pension plan regulated by State Law no. 4819/58. This plan applies to employees hired through May 13, 1974, as mentioned in Note 22 (i) 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 applicable 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. From January 2004 onwards, the State Finance Department began to directly process those payments, without the participation of CTEEP and Fundação CESP.

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An interim relief decision awarded by the 49th Labor Court of São Paulo was communicated to CTEEP on July 11, 2005 (lawsuit no. 1339/2005-1), authorizing Fundação CESP to resume processing the payment of benefits established by State Law no. 4819/58, according to the respective regulation, in the same manner that 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 enforcement of this decision. There is also on the website of the Regional Labor Court of São Paulo a summary of a similar decision (lawsuit SDC No. 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.

To comply with said court 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 in the amount 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 object to said judicial decisions since it understands that the responsibility for the payment of the above-mentioned benefits befalls, under applicable legislation, the State of São Paulo”.

(ii) *January 27, 2006*

“CTEEP - Companhia de Transmissão de Energia Elétrica Paulista, in accordance with CVM Ruling No. 358/02, announces a change in procedure by the State Finance Department, due to a recent understanding of the State Attorney General regarding the transfer of funds to CTEEP for compliance with the decision of the 49th Labor Court of São Paulo, which authorized Fundação CESP to resume processing of pension plan benefit payments established by State Law No. 4819/58 using funds received from the State of São Paulo and transferred by CTEEP. This matter has been previously addressed in Note 21 of the quarterly information of CTEEP as of September 30, 2005.

The State Finance Department transferred to CTEEP, on January 27, 2006, an amount lower than necessary to comply with the decision of the 49th Labor Court. The effective expenditure of CTEEP this month for purposes of said court decision was R\$ 19,725, transferred to Fundação CESP, having received R\$ 14,976 from the State Finance Department for this purpose. As informed by the State Finance Department, certain expenses were disallowed in that month due to the recent understanding by the State Attorney General regarding the State's responsibility in this case.

The decision of the 49th Labor Court currently applies to 5,528 beneficiaries. The State Finance Department continues directly paying 794 benefits established by State Law no. 4819/58. CTEEP is still endeavoring to overturn the decision rendered by the 49th Labor Court so as to transfer the responsibility for the pension plan benefit payments established by State Law No. 4819/58 back to the State Finance Department. CTEEP confirms its legal advisors' understanding that expenses derived from State Law No. 4819/58 and respective regulation are the full responsibility of the State Finance Department, and is analyzing the applicable remedies to protect the Company's interests”.

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(iii) *February 24, 2006*

“CTEEP - Companhia de Transmissão de Energia Elétrica Paulista, in accordance with CVM Instruction no. 358/2002, announces, in furtherance of the information included in the Material Fact Notice of January 27, 2006, that the State Finance Department transferred to CTEEP in February 2006 the amount of R\$ 12,802 to comply with the decision of the 49th Labor Court of São Paulo, which ruled that Fundação CESP must process the pension plan benefit payments established by State Law No. 4819/58 using the funds received from the State of São Paulo and transferred by CTEEP. In February, CTEEP's total expenditure to comply with said court decision was R\$ 19,652.

CTEEP continues its efforts to change the decision of the 49th Labor Court so as to transfer responsibility for the pension plan benefit payments established by State Law No. 4819/58 back to the State Finance Department, and to adopt other actions to protect the Company's interests”.

b) Decision awarded by the 49th Labor Court of São Paulo

On May 2, 2006, the 49th Labor Court of São Paulo rendered a decision on the above-mentioned lawsuit, considering the claim at issue partially founded and maintaining the effects of the interim relief previously granted (Material Fact Notice of July 19, 2005), in addition to ordering the payment of amounts due. On May 8, 2006, CTEEP filed a request for clarifications and amendment of judgment in regard to the said decision.

The decision from the Higher Court of Justice (STJ) handed down on June 19, 2006, declaring that the State Court System has authority to judge the labor claims filed with the Labor Court directly seeking the amounts established by State Law No. 4819/58, annulled the decision of the 49th Labor Court of São Paulo and ordered that the case be submitted to an administrative court of the State Finance Department. As a result of the STJ decision, the amounts established by State Law No. 4819/58 will once again be paid directly by the São Paulo State Finance Department and no longer by Fundação CESP through transfer from CTEEP as occurred in accordance with the decision of the 49th Labor Court of São Paulo, thus made null and void.

On June 28, 2006, the STJ granted an injunction to suspend the effects of the decision rendered by the same court on the conflict of jurisdiction on June 19, 2006. According to the notification received by CTEEP on June 30, 2006, the decision of the 49th Labor Court of São Paulo, which ordered the payment of pension plan benefits as per State Law No. 4819/58 by Fundação CESP, using cash funds from the State of São Paulo transferred by CTEEP, shall prevail.

(A free translation from the original in Portuguese)

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06.01 – Notes to the quarterly information

(All amounts in thousands of reais unless otherwise indicated)

c) Current situation

As a result of the aforementioned facts and by force of said decision of the 49th Labor Court of São Paulo, as well as the decision of the STJ, CTEEP passed on to Fundação CESP, in the period of September 2005 to March 2010, the amount of R\$ 1,325,330 for payment of benefits under State Law No. 4819/58, having received from the State Finance Department the amount of R\$ 892,648 for that purpose. The difference between the amount passed on to Fundação CESP and the amount reimbursed by the State Finance Department, of R\$ 432,682, is currently claimed by the Company at the administrative level (Note 7).

On October 20, 2005, CTEEP received from the State Attorney General Office (PGE) a copy of that agency's statement, dated October 6, 2005, regarding the consultation by the State Finance Department on the scope of said court decisions. In this statement, the PGE concludes that the decision of the 49th Labor Court of São Paulo applies subjectively to the State Finance Department, which is the defendant in the claim. Accordingly, the State Attorney General concluded that "in the current scenario, the State Finance Department is liable for the full reimbursement of the amounts disbursed by CTEEP for compliance with the court decision regarding labor claim No. 1145/2005-6, currently in progress at the 49th Labor Court of São Paulo". On the other hand, in the same statement, the PGE concludes that the decision issued by the Regional Labor Court, whose effects are suspended by the injunction obtained as a result of the Claim for Correction, does not fully apply to the State Finance Department, which was removed from the lawsuit at the plaintiff union's request. In this case, the State Finance Department should, according to the PGE, reimburse CTEEP, observing the strict limits of State Law No. 4819/58, excluding possible benefits established by the related regulation, that surpass or that are in conflict with the specific legislation.

In view of the aforementioned, it is clear that the PGE understanding of the issue, formally stated through its PGE/SF Official Letter No. 01/2006, dated February 10, 2006, and respective PGE/SF Technical Note No. 01/06, changes the understanding offered by PGE earlier and that vigeu through December 2005 for the purpose of transferring resources to CTEEP for compliance with the decision of the 49th Labor Court. According to current understanding of PGE, the State Treasury to make transfers to certain disallowances in CTEEP for transfer to the CESP Foundation for carrying out the court decision.

In October 2008, the STJ decided again for the jurisdiction of the Ordinary Courts in a Civil Class Action involving the same parties and matter, the sentence of which was subject to requests for amendment.

Except if this sentence is changed by the requests thus lodged, which Management does not consider probable, the decision of the 49th Labor Court of São Paulo will be void and the issue will be defined by the State Justice.

(A free translation from the original in Portuguese)

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According to the Material Fact Notices mentioned above, CTEEP continues its efforts to make the decision awarded by the 49th Labor Court of São Paulo null and void so as to transfer the responsibility for the pension plan benefit payment established by State Law No. 4819/58 back to the State Finance Department. CTEEP also confirms its legal advisors' understanding that the expenses arising from State Law No. 4819/58 and respective regulation are the full responsibility of the State Finance Department and is analyzing additional actions to protect the Company's interests. The Company records these disallowances as "Accounts receivable from São Paulo State Finance Department" (Note 7).

39. Subsequent events

(i) Notice to stockholders

CTEEP's Ordinary Shareholders' meeting realized on April 29, 2010, ratified dividend payments and interest on equity capital set by the Board of Directors to make payment over 2010 of dividends on income for 2009 amounting to R\$ 77,303, corresponding to R\$ 0.509143 per share.

(ii) Company Statement to the Market

"Approval for the cancellation of the Company's registration as a publically traded company as well as authorization of its Board to take the measures necessary for the delisting of the Company was approved by all shareholders at the Extraordinary Shareholders' Meeting held on May 11, 2010".

(A free translation from the original in Portuguese)

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(All amounts in thousands of reais unless otherwise indicated)

EXECUTIVE BOARD

FERNANDO AUGUSTO ROJAS PINTO
Executive Chairman

CRISTIAN RESTREPO HERNANDEZ
Chief Financial Officer and Investor Relations Officer

BOARD OF DIRECTORS

LUÍS FERNANDO ALARCÓN MANTILLA
Chairman

FERNANDO AUGUSTO ROJAS PINTO
Vice-Chairman

GUIDO ALBERTO NULE AMIN

ALFONSO CAMILO BARCO MUÑOZ

ANA MERCEDES VILLEGAS MEJIA

ACCOUNTANT

CLAUDIO LUIZ PINTO DE BARROS
CRC 1SP195071/O-4

(A free translation from the original in Portuguese)

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12.01 – Comments on Company performance - Consolidated - During the quarter

(All amounts in thousands of reais unless otherwise indicated)

Analysis of the results for the quarters ended March 31

	<u>03.31.2010</u>	<u>03.31.2009</u>
General and administrative expenses	(15,687)	(1,469)
Financial income/expenses	(297,477)	(13,670)
Other operating revenues	(13,992)	(13,992)
Resultado da Equivalência Patrimonial	75,064	85,516
Operating profit	<u>(253,092)</u>	<u>56,385</u>
Income before income tax and social contribution	<u>(253,092)</u>	<u>56,385</u>
Reversal of interest on equity capital	(23,211)	(23,689)
Net income for the period	<u>(276,313)</u>	<u>32,696</u>
Quantity of shares at the end of the period (in thousands)	<u>1,434,469</u>	<u>840,625</u>
Earnings (loss) per thousand shares at the end of the period – R\$	<u>(0,19262)</u>	<u>0,03889</u>

The Company's business purpose is to hold an equity interest in other companies or in other enterprises as a partner or shareholder, and to be an associate in joint ventures and in consortiums or any other way of corporate cooperation.

In Q110 The Company computed **General and Administrative Expenses** amounting to R\$ 15,687, mainly due to debt restructuring (Projeto RED1) recording an increase of 612.95% in relation to Q109.

Financial income totaled expenses of R\$ 297,477, compared with R\$ 13,670 no Q109, the increase substantially refers to the debt restructuring recognized in this quarter amounting to R\$ 280,046 thousand.

In the quarter, **Equity Pickup gains** for R\$ 75,064 in connection with the 37,50% equity interest in the subsidiary CTEEP.

Accordingly, **Operating Loss** for Q110 reached R\$ 252,092 versus operating income for R\$ 56,385 in Q109. Since there were no non-operating transactions and the Company did not compute Income Tax and Social Contribution payable, still considering the reversal of interest on equity capital for R\$ 23,221, loss for Q110 reached R\$ 276,313.

During Q110, the subsidiary CTEEP paid the Company interest on equity capital for R\$ 23,221.

(A free translation from the original in Portuguese)

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12.01 – Comments on Company performance - Consolidated - During the quarter

(All amounts in thousands of reais unless otherwise indicated)

Analysis of the results for the quarters ended March 31

	03.31.2010	03.31.2009
Gross operating revenues	442,374	483,324
Deductions from operating revenues	(54,267)	(63,406)
Net operating revenues		
Cost of services / general and administrative expenses	388,107	419,918
Financial expenses	(147,034)	(113,132)
Other operating revenues	(381,292)	(68,527)
Other operating revenues	(16,068)	(16,918)
Operating profit		
Income before income tax and social contribution	(156,287)	221,341
Income tax and social contribution	(33,682)	(85,610)
Reversal of interest on equity capital	38,699	39,547
Minority interest	(125,043)	(142,582)
Net income for the period	(276,313)	32,696
Quantity of shares at the end of the period (in thousands)	1,434,469	840,625
Earnings (loss) per thousand shares at the end of the period – R\$	(0,19262)	0,03889

Gross operating revenue decreased 8.5%, reaching R\$ 442,374 thousand in Q110, compared with R\$ 483,324 thousand in Q109 mainly due to a 7.7 % decrease in electricity grid usage revenue that reflects the annual adjustment by the IGP-M index for the 2008/2009 cycle and the start-up of operations for the subsidiary offset by the provision for adjustment portion, combined with a 23% decrease income stemming from regulatory charges.

Operating revenue deductions decreased 14.4%, reaching R\$ 45,267 thousand in Q110 against R\$ 63,406 thousand in Q109, due to the 16.1% decrease in regulatory charges and the 11.8% decrease in PIS and COFINS. The income tax variations mirrors the downward trend in income from the basic network and other transmission facilities while the variation in regulatory charges mirrors the fall in revenue stemming from these charges.

Net operating revenue decreased 7.6% and totaled R\$ 388,107 thousand in Q110 opposed to R\$ 419,918 thousand in Q109.

Costs of operating services and general and administrative expenses rose by 30%, amounting to R\$ 147,034 thousand in Q110 versus R\$ 113,132 thousand in Q109. This increase is driven mainly by the 74.4% rise in personnel expenses and by the increase of 177.6% in CTEEP's provisions for contingencies.

The decrease in actuarial gain in the private pension plan mainly stems from the Company's adoption of the practice to record the actuarial gain up to the limit of actuarial liability and not to recognize any actuarial asset.

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(All amounts in thousands of reais unless otherwise indicated)

Expenses with contingencies increased in relation to Q109 mainly due to the reversal of legal deposits relating to the procedures with the INSS (nota 23 (b) (iv)).

The EBITDA margin was 79,2%, totaling R\$ 307,373 thousand in Q110 in comparison with 82.5% R\$ 354,723 thousand in Q109.

Financial results were made up by expenses worth R\$ 381,292 thousand in Q110, with a increase of 456.4% versus R\$ 68,527 thousand in Q109, mainly driven by the Company's debt restructuring project - Projeto REDI (Note 18) and the increase in charges on CTEEP's debentures combined with the recognition in Q109, of the monetary restatements of the debt certificate and in accordance with payment to distributors (Note 6).

Expenses with income tax and social contribution rose by 60.7%, amounting to R\$ 33,682 thousand in Q110 versus R\$ 85,610 thousand in Q109. The effective rate of income tax and social contribution stood at 19.6% in Q110 versus 34.2% in Q109.

In connection with the aforesaid factors and after deducting the interest held by non-controlling shareholders worth R\$125,043, which comprises 62.5% of the total capital of subsidiary CTEEP, and reversal of interest on equity capital for R\$ 38,699, net income for Q110 amounted to R\$ 276,313 thousand compared to the R\$ 32,696 thousand net loss posted in Q109.

(A free translation from the original in Portuguese)

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09.01 – Interest on Subsidiary/Associated (All amounts in thousands of reais unless otherwise indicated)

1- ITEM	2 – COMPANY NAME	3 - CNPJ	4 - TYPE	5 - % PARTICIPATION ON INVESTEE'S CAPITAL	6 - % NET EQUITY OF INVESTEE
7 – TYPE OF COMPANY	8 - NUMBER OF DETAINED ACTIONS IN THE EXISTENT TRIMESTER (MIL)		9 - NUMBER OF DETAINED ACTIONS IN THE PREVIOUS TRIMESTER (MIL)		
01	CTEEP CIA. TRANSM. ENERGIA ELÉTR. PAULISTA	02.998.611/0001-04	Subsidiary	37.50	37.50
COMERCIAL INDUSTRIAL AND OTHER COMPANIES		56,499,392		56,499,392	

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20.01 – Other information considered relevant by the Company

(All amounts in thousands of reais unless otherwise indicated)

- 1) Shareholding by type and class whenever more than 5% of shares of each type and class is held either directly or indirectly up to the level of an individual

03.31.2010

Stockholders	Common		Preferred		Total	
	Quantity	%	Quantity	%	Quantity	%
ISA Interconéxion Eléctrica S.A.						
Ministério de Hacienda Y Crédito Público	569,472,561	52.08			569,472,561	52.08
Empresa Pública de Medellín	109,350,775	10.00			109,350,775	10.00
Empresa Colombiana de Petróleos - ECOPEPETROL	58,925,480	5.39			58,925,480	5.39
Treasury Stock	17,820,122	1.63			17,820,122	1.63
Other	337,912,558	30.90			337,912,558	30.90
	<u>1,093,481,496</u>	<u>100.00</u>			<u>1,093,481,496</u>	<u>100.00</u>
Empresa Pública de Medellín						
City of Medellín	4,223,308	100.00			4,223,308	100.00
Others	4	0.00			4	0.00
	<u>4,223,312</u>	<u>100.00</u>			<u>4,223,312</u>	<u>100.00</u>
Empresa Colombiana de Petróleos – ECOPEPETROL						
Ministério da Hacienda Y Crédito Público	3,008,720	100.00			3,008,720	100.00
Others	8	0.00			8	0.00
	<u>3,008,728</u>	<u>100.00</u>			<u>3,008,728</u>	<u>100.00</u>

(A free translation from the original in Portuguese)

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21.01 –Report on Special Review – No Exceptions

(All amounts in thousands of reais unless otherwise indicated)

Special Review Report of Independent Auditors on Quarterly Information

The Board of Directors and Stockholders

ISA Capital do Brasil SA

São Paulo - SP

1. We have reviewed the Quarterly Information - ITR of ISA Capital do Brasil S.A. (company and consolidated) and of its controlled, as of and for the quarter ended March 31, 2010 , which comprises the balance sheets, the statements of income, changes in stockholders' equity and statements of cash flows, management's performance report and accompanying notes. This quarterly information (ITR) is the responsibility of the Company's management.
2. Our review was conducted in accordance with specific standards established by the Brazilian Institute of Independent Auditors - IBRACON, in conjunction with the Brazilian Association of State Boards of Accountancy - CFC, mainly comprising:(a) inquiries of and discussions with the officials responsible for the accounting, financial and operational areas of the Company with respect to the criteria adopted in preparing the quarterly information; and, (b) review of information and subsequent events that had or might have had relevant effects on the financial position and results of operations of the Company.
3. Based on our review, we are not aware of any significant changes that should be made to the Quarterly Information referred to in paragraph 1 for it to be in conformity with the accounting practices adopted in Brazil and with rules set forth by the Brazilian Securities and Exchange Commission - CVM applicable to the preparation of the Quarterly Information.
4. As mentioned in Note 38, pursuant to a decision awarded by the 49th São Paulo Labor District Court, from September 2005, CESP Foundation started to process the payroll for beneficiaries of the supplementary retirement benefit plan governed by Law No. 4819/58 through funds passed on to such beneficiaries by the Company in the form adopted until December 2003. In January 2006. The São Paulo (SP) State General Attorney's Office understood that the SP State Government liability is limited to the state legal limits prescribed for retirement benefit payouts, Since then, the State Government started to disallow part of the funds passed on to the Company for this purpose. The difference between the amount paid to beneficiaries by the Company and the SP State partial disallowance is recorded in noncurrent assets, as stated in Note 7, In a decision rendered in October 2008. The Higher Court of Justice (STJ) reaffirmed the Courts of Law as the competent courts of jurisdiction in regard to Civil Class Actions involving the same parties and subject matter, a decision which was subject to requests for rehearing en banc. Grounded on the opinion of its legal advisors, the Company management understands that the State Government is fully liable to the benefit payouts under the said supplementary retirement benefit plan; as a consequence, no obligation or provision for losses on this plan was recorded in subsidiary CTEEP's financial statements.

(A free translation from the original in Portuguese)

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21.01 –Report on Special Review – No Exceptions

(All amounts in thousands of reais unless otherwise indicated)

5. As mentioned in Note 2, during 2009 the CVM approved various pronouncements, interpretations and technical guidelines issued by Brazil's FASB (CPC) effective in 2010 that amended accounting practices adopted in Brazil. As provided by CVM Rule No. 603/09, the Company's management elected to present Quarterly Information (ITR) using the standards adopted in Brazil up to December 31 2009, i.e. did not apply the standards effective for 2010. As required by the aforementioned CVM Rule No. 603/09, the Company disclosed this fact in accompanying Note 2 to the quarterly financial information and the description of the main changes that may have an impact on the financial statements at year end as well as clarification of the reasons that impede the presentation of the estimate of their possible effects in shareholders' equity and net income as required by this Rule.

São Paulo, May 11, 2010.

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



Luiz Carlos Passetti
Accountant CRC-1SP144343/O-3

(A free translation from the original in Portuguese)

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SUBSIDIARY/COLIGADA

COMPANY NAME
CTEEP CIA TRANSM ENERGIA ELÉTR PAULISTA

22.01 – INCOME STATEMENT OF SUBSIDIARY/ASSOCIATED (R\$ thousand)

1 – CODE	2 – DESCRIPTION	3 - 01/01/2010 a 03/31/2010	4 - 01/01/2010 a 03/31/2010	5 - 01/01/2009 a 03/31/2009	6 - 01/01/2009 a 03/31/2009
3.01	Gross Sales and/or service Revenues	442,374	442,374	483,324	483,324
3.01.01	Electricity network usage revenues	437,923	437,923	478,856	478,856
3.01.02	Other Revenues	4,451	4,451	4,468	4,468
3.02	Deductions from other revenues	(54,267)	(54,267)	(63,406)	(63,406)
3.02.01	Social Integration Program - PIS	(3,787)	(3,787)	(4,283)	(4,283)
3.02.02	Social Contribution Revenues - COFINS	(17,456)	(17,456)	(19,750)	(19,750)
3.02.03	Services Tax – ISS	(64)	(64)	(100)	(100)
3.02.05	Global Reversion Reserve - RGR	(11,210)	(11,210)	(11,265)	(11,265)
3.02.06	Fuel Consumption Account - CCC	(6,124)	(6,124)	(8,356)	(8,356)
3.02.07	Energy Development Account - CDE	(7,238)	(7,238)	(9,063)	(9,063)
3.02.08	Research and Development - P & D	(3,474)	(3,474)	(4,288)	(4,288)
3.02.09	Alternative Sources of Electric Energy. PROINFA	(4,914)	(4,914)	(6,301)	(6,301)
3.03	Net sales and/or service revenues	388,107	388,107	419,918	419,918
3.04	Cost of sales and/or services	(103,160)	(103,160)	(86,161)	(86,161)
3.05	Gross Profit	284,947	284,947	333,757	333,757
3.06	Operating Expenses/Income	(113,111)	(113,111)	(83,393)	(83,393)
3.06.01	Selling	0	0	0	0
3.06.02	General and administrative	(28,220)	(28,220)	(25,610)	(25,610)
3.06.02.01	Management Fees	(2,140)	(2,140)	(3,278)	(3,278)
3.06.02.02	Other general and administrative expenses	(26,080)	(26,080)	(22,332)	(22,332)
3.06.03	Financial	(82,815)	(82,815)	(54,857)	(54,857)
3.03.03.01	Financial income	13,632	13,632	32,869	32,869

(A free translation from the original in Portuguese)

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COMPANY NAME CTEEP CIA TRANSM ENERGIA ELÉTR PAULISTA
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22.01 – INCOME STATEMENT OF SUBSIDIARY/ASSOCIATED (R\$ thousand)

1 – CODE	2 – DESCRIPTION	3 - 01/01/2010 a 03/31/2010	4 - 01/01/2010 a 03/31/2010	5 - 01/01/2009 a 03/31/2009	6 - 01/01/2009 a 03/31/2009
3.06.03.02	Financial Expense	(96,447)	(96,447)	(87,726)	(87,726)
3.06.04	Other operating income	5,132	5,132	4,285	4,285
3.06.05	Other operating expenses	(7,208)	(7,208)	(7,211)	(7,211)
3.06.06	Equity in the result of investees	0	0	0	0
3.07	Operating Results	171,836	171,836	250,364	250,364
3.08	Non-operating Results	0	0	0	0
3.08.01	Income	0	0	0	0
3.08.02	Expenses	0	0	0	0
3.09	Profit before taxation and profit sharing	171,836	171,836	250,364	250,364
3.10	Provision for Income tax and social contribution	(52,639)	(52,639)	(82,657)	(82,657)
3.11	Deferred income tax	18,957	18,957	(2,953)	(2,953)
3.12	Statutory profit sharing and contributions	0	0	0	0
3.12.01	Participations	0	0	0	0
3.12.02	Contributions	0	0	0	0
3.13	Reversal on interest stockholders' equity	61,920	61,920	63,236	63,236
3.15	Net income/loss for the period	200,074	200,074	227,990	227,990
	NUMBER OF SHARES, EXCLUDING TREASURY(thousands)	149,285	149,285	149,285	149,285
	NET INCOME PER SHARE (R\$)	1.34022	1.34022	1.52721	1.52721
	LOSS PER SHARE (R\$)				

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01.02 – IDENTIFICATION

1 – CVM CODE	2 – COMPANY NAME
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