(A free translation of the original in Portuguese)

Companhia de Saneamento de Minas Gerais - COPASA MG

Quarterly information - ITR at March 31, 2017 and report on review of quarterly information

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Report on review of quarterly information

To the Board of Directors and Stockholders
Companhia de Saneamento de Minas Gerais - COPASA MG

Introduction

We have reviewed the accompanying parent company and consolidated interim accounting information of Companhia de Saneamento de Minas Gerais – COPASA MG ("Company"), included in the Quarterly Information Form (ITR) for the quarter ended March 31, 2017, comprising the balance sheet at that date and the statements of income, comprehensive income, changes in equity and cash flows for the quarter then ended, and a summary of significant accounting policies and other explanatory information.

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

Scope of review

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

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Companhia de Saneamento de Minas Gerais - COPASA MG

Conclusion on the interim information

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

Other matters

Statements of value added

We have also reviewed the parent company and consolidated statements of value added for the quarter ended March 31, 2017. These statements are the responsibility of the Company's management, are required to be presented in accordance with standards issued by the CVM as applicable to the preparation of Quarterly Information (ITR) and are considered supplementary information under IFRS, which do not require the presentation of the statement of value added. These statements have been submitted to the review procedures described above and, based on our review, nothing has come to our attention that causes us to believe that they have not been prepared, in all material respects, in a manner consistent with the parent company and consolidated interim accounting information taken as a whole.

Belo Horizonte, April 27, 2017

PricewaterhouseCoopers
Auditores Independentes
CRC 2SP000160/O-5 “F” MG

Guilherme Campos e Silva
Contador CRC 1SP218254/O-1 "S" MG

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1. General Information

Corporate name	COMPANHIA DE SANEAMENTO DE MINAS GERAIS
Date of adoption of the corporate name	11/14/1974
Type	Publicly-traded corporation
Previous corporate name	COMPANHIA MINEIRA DE ÁGUA E ESGOTO - COMAG
Date of establishment	7/5/1963
Federal Corporate Taxpayers' Registration Number (CNPJ)	17.281.106/0001-03
Brazilian Securities Commission (CVM) code	1944-5
CVM registration date	9/17/2003
CVM registration status	Active
Date of effectiveness of status	9/17/2003
Home country	Brazil
Country in which the securities are held in custody	Brazil

Other countries in which the securities can be traded

Country	Date of admission

Activity sector	Sanitation, water and gas services
Description of activities	Provision of sanitation services
Issuer category	Category A
Date of registration in the current category	1/1/2010
Issuer status	Operating phase
Date of effectiveness of status	9/17/2003
Type of ownership control	State-owned
Date of last change in ownership control	7/5/1963
Date of last change of the fiscal year	7/5/1963
Month/day of the end of the fiscal year	12/31
Issuer's website on the Internet	www.copasa.com.br

Newspapers in which the issuer discloses its information

Names of newspapers in which the issuer discloses its information	State
Diário do Comércio (Belo Horizonte)	MG
Diário Oficial de Minas Gerais (Minas Gerais Official Gazette)	MG

2. Address

Mail address	Rua Mar de Espanha, 525, Santo Antônio, Belo Horizonte, MG, Brasil, CEP 30330-900, Telephone (031) 32502015, Fax (31) 32501604, E-mail ri@copasa.com.br
Headquarters' address	Rua Mar de Espanha, 525, Santo Antonio, Belo Horizonte, MG, Brasil, CEP 30330-900, Telephone (031) 32502015, Fax (031) 32501604, E-mail ri@copasa.com.br

3. Marketable Securities

Shares

		Trading			Listing	
Market	**Managing entity**	**Beginning**	**End**	**Trading segment**	**Beginning**	**End**
Stock Exchange	BM&FBOVESPA	02/08/2006		New Market	02/08/2006	

4. Auditor

Does the Issuer have an auditor?	YES
CVM code	287-9
Type of auditor	National
Name/Corporate name	PricewaterhouseCoopers Auditores Independentes
Individual Taxpayers' Registration Number (CPF)/ Federal Corporate Taxpayers' Registration Number (CNPJ)	61.562.112/0006-35
Period of services	3/15/2013

Partner responsible	Period of services	CPF
Guilherme Campos e Silva	7/4/2016	714.114.966-04

5. Share Registrar

Does the Company have a service provider?	YES
Corporate name	Itaú Unibanco S.A.
CNPJ	60.701.190/0001-04
Period of services	1/1/2013
Service address	Praça Alfredo Egydio de Souza Aranha, 100, Torre Olavo Setubal, São Paulo, SP, Brasil, CEP 04344-902, Telephone (11) 27974526, Fax (11) 27973150, E-mail escrituracaoacoes@itau-unibanco.com.br

6. Investor Relations Officer or Equivalent

Name	Edson Machado Monteiro Investor Relations Officer
CPF/CNPJ	102.027.571-53
Mail address	Rua Mar de Espanha, 525, Santo Antonio, Belo Horizonte, MG, Brasil, CEP 30330-900, Telephone (031) 32502015, Fax (031) 32501604, E-mail ri@copasa.com.br
Date when the person assumed the position	2/25/2015
Date when the person left the position	

7. Stockholders' Department

CONTACT	**Edson Machado Monteiro**
Date when the person assumed the position	**2/25/2015**
Date when the person left the position	
Mail address	Rua Mar de Espanha, 525, Santo Antônio, Belo Horizonte, MG, Brasil, CEP 30330-900, Telephone (031) 32502015, Fax (31) 32501604, E-mail ri@copasa.com.br

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Company information/Capital composition

Number of shares (in thousands)	Current quarter 3/31/2017
Paid-up capital	
Common shares	126,751
Preferred shares	0
Total	126,751
Treasury shares	
Common shares	357
Preferred shares	0
Total	357

Parent company financial statements/balance sheet - assets

(R$ thousand)

1 - Code	2 - Description	Current quarter 3/31/2017	Prior year 12/31/2016
1	Total assets	10,933,028	10,940,114
1.01	Current assets	1,731,534	1,696,499
1.01.01	Cash and cash equivalents	576,729	621,673
1.01.03	Accounts receivable	1,102,189	1,018,022
1.01.03.01	Trade receivables	1,001,037	921,035
1.01.03.02	Other receivables	101,152	96,987
1.01.03.02.01	Taxes to be offset	23,514	25,311
1.01.03.02.02	Technical cooperation agreements	26,856	34,462
1.01.03.02.03	Banks and investments in connection with agreements	50,782	37,214
1.01.04	Inventories	39,768	39,774
1.01.08	Other current assets	12,848	17,030
1.01.08.03	Other	12,848	17,030
1.01.08.03.01	Advances to employees	9,330	12,754
1.01.08.03.02	Sundry	3,518	4,276
1.02	Non-current assets	9,201,494	9,243,615
1.02.01	Long-term receivables	1,266,489	1,250,833
1.02.01.03	Accounts receivable	415,124	431,512
1.02.01.03.01	Trade receivables	125,524	139,595
1.02.01.03.02	Other receivables	289,600	291,917
1.02.01.06	Deferred taxes	159,433	155,219
1.02.01.06.01	Deferred income tax and social contribution	159,433	155,219
1.02.01.09	Other non-current assets	691,932	664,102
1.02.01.09.03	Financial assets - concession agreements	632,368	604,538
1.02.01.09.04	Available-for-sale financial assets	59,564	59,564
1.02.02	Investments	48,362	34,290
1.02.02.01	Corporate investments	48,362	34,290
1.02.02.01.02	Investments in subsidiaries	48,102	34,030
1.02.02.01.04	Investments in other companies	260	260
1.02.03	Property, plant and equipment	133,737	137,922
1.02.03.01	Property, plant and equipment in operation	133,737	137,922
1.02.04	Intangible assets	7,752,906	7,820,570
1.02.04.01	Intangible assets	7,752,906	7,820,570
1.02.04.01.01	Concession agreements	6,680,875	6,679,325
1.02.04.01.02	Intangible assets in progress	1,072,031	1,141,245

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Parent company financial statements/balance sheet - liabilities and equity

(R$ thousand)

1 - Code	2 - Description	Current quarter 3/31/2017	Prior year 12/31/2016
2	Total liabilities and equity	10,933,028	10,940,114
2.01	Current liabilities	1,178,973	1,124,297
2.01.02	Trade payables	144,783	149,394
2.01.02.01	Domestic suppliers	144,783	149,394
2.01.03	Tax obligations	61,732	57,771
2.01.03.01	Federal tax obligations	59,876	55,942
2.01.03.01.02	Other federal obligations	59,876	55,942
2.01.03.03	Municipal tax obligations	1,856	1,829
2.01.04	Borrowings	548,062	511,910
2.01.04.01	Borrowings	155,008	146,441
2.01.04.01.01	In local currency	115,210	113,413
2.01.04.01.02	In foreign currency	39,798	33,028
2.01.04.02	Debentures	393,054	365,469
2.01.04.02.01	Non-convertible	393,054	365,469
2.01.05	Other obligations	223,583	222,621
2.01.05.02	Other	223,583	222,621
2.01.05.02.01	Dividends and interest on capital payable	66,539	65,406
2.01.05.02.04	Pension plan obligations	27,911	33,127
2.01.05.02.07	Public-Private Partnership	100,497	108,581
2.01.05.02.08	Sundry obligations	28,636	15,507
2.01.06	Provision	200,813	182,601
2.01.06.01	Provision for tax, social security, labor and civil contingencies	200,813	182,601
2.01.06.01.05	Taxes payable in installments	65,491	64,429
2.01.06.01.06	Provision for vacation pay and 13th month salary	107,906	99,837
2.01.06.01.07	Employee profit-sharing	27,416	18,335
2.02	Non-current liabilities	3,701,480	3,876,130
2.02.01	Borrowings	2,784,262	2,918,525
2.02.01.01	Borrowings	1,240,845	1,252,992
2.02.01.01.01	In local currency	973,608	978,717
2.02.01.01.02	In foreign currency	267,237	274,275
2.02.01.02	Debentures	1,543,417	1,665,533
2.02.01.02.01	Non-convertible	1,543,417	1,665,533
2.02.02	Other obligations	614,294	632,671
2.02.02.02	Other	614,294	632,671
2.02.02.02.03	Pension plan obligations	112,732	110,300
2.02.02.02.05	Deposits for construction	74,300	79,766
2.02.02.02.06	Public-Private Partnership	423,724	441,563
2.02.02.02.07	Sundry	3,538	1,042
2.02.04	Provision	302,924	324,934
2.02.04.01	Provision for tax, social security, labor, and civil contingencies	302,924	324,934
2.02.04.01.05	Taxes payable in installments	125,524	139,595
2.02.04.01.06	Provision for lawsuits	177,400	185,339
2.03	Equity	6,052,575	5,939,687
2.03.01	Paid-up capital	3,402,385	3,402,385
2.03.02	Capital reserves	-8,576	-8,576
2.03.02.05	Treasury shares	-8,576	-8,576
2.03.04	Revenue reserves	2,528,663	2,528,663
2.03.04.01	Legal reserve	253,060	253,060
2.03.04.05	Profit retention reserve	2,236,289	2,236,289
2.03.04.07	Tax benefit reserve	39,314	39,314
2.03.05	Retained earnings	117,349	0
2.03.06	Carrying value adjustments	12,754	17,215

Parent company financial statements/statement of income

(R$ thousand unless otherwise stated)

1 - Code	2 - Description	Current quarter 1/1/2017 to 3/31/2017	Accumulated - prior year 1/1/2016 to 3/31/2016
3.01	Revenue from sales and/or services	1,040,733	1,007,544
3.01.01	Water supply services	637,248	541,096
3.01.02	Sewage services	341,410	289,715
3.01.03	Construction revenue	62,075	176,733
3.02	Cost of sales and/or services	-574,405	-655,299
3.02.01	Cost of sales and/or services	-512,330	-478,566
3.02.02	Construction costs	-62,075	-176,733
3.03	Gross profit	466,328	352,245
3.04	Operating expenses	-209,979	-177,180
3.04.01	Selling expenses	-93,783	-82,875
3.04.02	General and administrative expenses	-106,343	-97,964
3.04.04	Other operating income	86,363	36,748
3.04.05	Other operating expenses	-94,924	-32,926
3.04.05.01	Other operating expenses	-85,834	-30,771
3.04.05.02	Employee profit-sharing	-9,090	-2,155
3.04.06	Equity in the results of subsidiaries	-1,292	-163
3.05	Profit before finance result and taxation	256,349	175,065
3.06	Finance result	-50,904	-66,767
3.06.01	Finance income	36,528	47,027
3.06.02	Finance costs	-87,432	-113,794
3.07	Profit before income tax and social contribution	205,445	108,298
3.08	Income tax and social contribution	-56,432	-18,493
3.08.01	Current	-58,501	-22,238
3.08.02	Deferred	2,069	3,745
3.09	Profit for the period from continuing operations	149,013	89,805
3.11	Profit for the period	149,013	89,805
3.99	Earnings per share (R$/share)		
3.99.01	Basic earnings per share		
3.99.01.01	Common shares	1.18000	0.75000

(A free translation of the original in Portuguese)

Parent company financial statements/statement of comprehensive income

(R$ thousand)

1 - Code	2 - Description	Current quarter 1/1/2017 to 3/31/2017	Accumulated - prior year 1/1/2016 to 3/31/2016
4.01	Profit for the period	149,013	89,805
4.02	Other comprehensive loss	-4,163	-3,942
4.02.02	Actuarial loss on retirement benefits	-4,163	-3,942
4.03	Comprehensive income for the period	144,850	85,863

Parent company financial statements/statement of cash flows - indirect method

(R$ thousand)

1 - Code	2 - Description	Accumulated - current year 1/1/2017 to 3/31/2017	Accumulated - prior year 1/1/2016 to 3/31/2016
6.01	Net cash provided by operating activities	232,176	31,088
6.01.01	Cash from operations	410,652	327,460
6.01.01.01	Profit for the period	149,013	89,805
6.01.01.02	Provision for impairment of trade receivables	48,660	33,098
6.01.01.03	Recovery of accounts written-off	-17,879	-17,801
6.01.01.04	Charges and monetary and foreign exchange rate variations, net	-662	5,028
6.01.01.05	Interest income and expenses	66,960	66,598
6.01.01.06	Deferred income tax and social contribution	-2,069	-3,744
6.01.01.07	Equity in the results of subsidiaries	1,292	163
6.01.01.08	Disposals of intangible assets and property, plant and equipment	9,566	-3,777
6.01.01.09	Depreciation and amortization	141,845	146,099
6.01.01.10	Constitution of provision	7,751	4,837
6.01.01.11	Provision for retirement benefits	11,391	8,421
6.01.01.13	Other	-5,216	-1,267
6.01.02	Changes in assets and liabilities	-178,476	-296,372
6.01.02.01	Trade receivables	-104,666	-47,466
6.01.02.02	Inventories	6	315
6.01.02.03	Taxes recoverable	1,797	3,857
6.01.02.04	Banks and investments in connection with agreements	-13,568	-7,938
6.01.02.05	Collateral for borrowings	5,430	4,694
6.01.02.06	Redemption of marketable securities/restricted financial investment	0	3,112
6.01.02.07	Receivables from subsidiaries	-269	-1,299
6.01.02.08	Other financial assets	-4,600	-4,310
6.01.02.09	Other	3,446	136
6.01.02.10	Trade payables	19,161	-26,238
6.01.02.11	Taxes and contributions	52,725	11,599
6.01.02.12	Provision for vacation pay and 13th month salary	8,069	-4,949
6.01.02.13	Employee profit-sharing	9,081	-5,079
6.01.02.14	Technical cooperation agreements	7,606	11,670
6.01.02.15	Contingencies	-15,690	-2,883
6.01.02.16	Pension plan obligations	-14,175	-15,001
6.01.02.17	Electric power and other	-10,643	-119,818
6.01.02.18	Interest paid	-64,544	-70,850
6.01.02.19	Payment of actuarial liability	-6,308	-5,973
6.01.02.20	Payment of Income tax and social contribution	-51,334	-19,951
6.02	Net cash provided by (used in) investing activities	-137,486	-108,113
6.02.05	Purchase of intangible assets and property, plant and equipment	-96,199	-93,119
6.02.06	Payment to the Public Private Partnership (PPP)	-25,923	-18,833
6.02.07	Amount received for the sale of property, plant and equipment	0	3,839
6.02.08	Capital increase in subsidiaries	-15,364	0
6.03	Net cash used in financing activities	-139,634	-85,659
6.03.01	New borrowings and debentures	24,444	60,510
6.03.02	Repayment of borrowings and debentures	-135,819	-146,169
6.03.04	Interest on capital paid	-28,259	0
6.05	Decrease in cash and cash equivalents	-44,944	-162,684
6.05.01	Cash and cash equivalents at the beginning of the period	621,673	557,085
6.05.02	Cash and cash equivalents at the end of the period	576,729	394,401

Parent company financial statements/statement of changes in equity - 1/1/2017 to 3/31/2017

(R$ thousand)

1 - Code	2 - Description	Paid-up capital	Capital reserves, options granted and treasury shares	Revenue reserves	Retained earnings	Other comprehensive income	Equity
5.01	Opening balances	3,402,385	-8,576	2,528,663	0	17,215	5,939,687
5.03	Adjusted opening balances	3,402,385	-8,576	2,528,663	0	17,215	5,939,687
5.05	Total comprehensive income (loss)	0	0	0	149,013	-4,163	144,850
5.05.01	Profit for the period	0	0	0	149,013	0	149,013
5.05.02	Other comprehensive income (loss)	0	0	0	0	-4,163	-4,163
5.05.02.09	Actuarial loss on pension benefits	0	0	0	0	-6,308	-6,308
5.05.02.11	Income tax and social contribution on actuarial loss on pension benefits	0	0	0	0	2,145	2,145
5.06	Changes in equity	0	0	0	-31,664	-298	-31,962
5.06.07	Interest on capital	0	0	0	-31,962	0	-31,962
5.06.08	Amortization of monetary restatement of adjusted assets - 96/97	0	0	0	451	-451	0
5.06.09	Deferred income tax and social contribution on adjusted assets - 96/97	0	0	0	-153	153	0
5.07	Closing balances	3,402,385	-8,576	2,528,663	117,349	12,754	6,052,575

Parent company financial statements/statement of changes in equity - 1/1/2016 to 3/31/2016

(R$ thousand)

1 - Code	2 - Description	Paid-up capital	Capital reserves, options granted and treasury shares	Revenue reserves	Retained earnings	Other comprehensive income	Equity
5.01	Opening balances	2,773,985	119,824	2,710,880	0	42,161	5,646,850
5.03	Adjusted opening balances	2,773,985	119,824	2,710,880	0	42,161	5,646,850
5.04	Capital transactions with stockholders	0	0	0	-24,719	0	-24,719
5.04.07	Interest on capital	0	0	0	-24,719	0	0
5.05	Total comprehensive income (loss)	0	0	0	89,805	-3,942	85,863
5.05.01	Profit for the period	0	0	0	89,805	0	89,805
5.05.02	Other comprehensive income (loss)	0	0	0	0	-3,942	-3,942
5.05.02.09	Actuarial loss on pension benefits	0	0	0	0	-5,973	-5,973
5.05.02.10	Income tax and social contribution on actuarial loss on pension benefits	0	0	0	0	2,031	2,031
5.06	Internal changes in equity	0	0	0	868	-868	0
5.06.08	Amortization of monetary restatement on adjusted assets 96/97	0	0	0	1,314	-1,314	0
5.06.09	Deferred income tax and social contribution on restated assets 96/97	0	0	0	-446	446	0
5.07	Closing balances	2,773,985	119,824	2,710,880	65,954	37,351	5,707,994

Parent company financial statements/statement of value added

(R$ thousand)

1 - Code	2 - Description	Accumulated - current year 1/1/2017 to 3/31/2017	Accumulated - prior year 1/1/2016 to 3/31/2016
7.01	Revenue	1,178,189	1,095,877
7.01.01	Sales of products and services	1,078,411	915,494
7.01.02	Other revenue	86,363	36,748
7.01.02.01	Other operating income	68,484	18,947
7.01.02.02	Recovery of accounts written-off	17,879	17,801
7.01.03	Revenue from construction of Company's assets	62,075	176,733
7.01.04	Provision for impairment of trade receivables	-48,660	-33,098
7.02	Inputs acquired from third parties	-393,199	-432,814
7.02.01	Cost of sales and services	-288,051	-390,939
7.02.02	Materials, energy, outsourced services and other	-30,933	-27,627
7.02.04	Other	-74,215	-14,248
7.03	Gross value added	784,990	663,063
7.04	Retentions	-141,845	-146,099
7.04.01	Depreciation, amortization and depletion	-141,845	-146,099
7.05	Net value added generated	643,145	516,964
7.06	Value added received through transfers	36,748	48,065
7.06.01	Equity in the results of subsidiaries	-1,292	-163
7.06.02	Finance income	38,040	48,228
7.07	Total value added to distribute	679,893	565,029
7.08	Distribution of value added	679,893	565,029
7.08.01	Personnel	248,631	222,503
7.08.01.01	Direct remuneration	157,415	137,118
7.08.01.02	Benefits	68,724	67,565
7.08.01.03	Government Severance Indemnity Fund for Employees (FGTS)	13,402	15,665
7.08.01.04	Other	9,090	2,155
7.08.01.04.04	Employee profit-sharing	9,090	2,155
7.08.02	Taxes and contributions	186,597	133,568
7.08.02.01	Federal	175,213	122,705
7.08.02.02	State	10,090	9,639
7.08.02.03	Municipal	1,294	1,224
7.08.03	Remuneration of third-party capital	95,652	119,153
7.08.03.01	Interest	87,256	113,724
7.08.03.02	Rentals	8,396	5,429
7.08.04	Remuneration of own capital	149,013	89,805
7.08.04.01	Interest on capital	31,962	24,719
7.08.04.03	Retained earnings for the period	117,051	65,086

(A free translation of the original in Portuguese)

Consolidated financial statements/balance sheet - assets

(R$ thousand)

1 - Code	2 - Description	Current quarter 3/31/2017	Prior year 12/31/2016
1	Total assets	10,940,043	10,947,481
1.01	Current assets	1,773,426	1,724,671
1.01.01	Cash and cash equivalents	604,109	638,743
1.01.03	Accounts receivable	1,116,800	1,028,551
1.01.03.01	Trade receivables	1,005,940	925,699
1.01.03.02	Other receivables	110,860	102,852
1.01.03.02.01	Taxes to be offset	23,874	25,505
1.01.03.02.02	Technical cooperation agreements	36,135	40,172
1.01.03.02.03	Banks and investments in connection with agreements	50,851	37,175
1.01.04	Inventories	40,539	40,904
1.01.08	Other current assets	11,978	16,473
1.01.08.03	Other	11,978	16,473
1.01.08.03.01	Advances to employees	9,397	12,861
1.01.08.03.02	Sundry	2,581	3,612
1.02	Non-current assets	9,166,617	9,222,810
1.02.01	Long-term receivables	1,266,489	1,250,833
1.02.01.03	Accounts receivable	415,124	431,512
1.02.01.03.01	Trade receivables	125,524	139,595
1.02.01.03.02	Other receivables	289,600	291,917
1.02.01.06	Deferred taxes	159,433	155,219
1.02.01.06.01	Deferred income tax and social contribution	159,433	155,219
1.02.01.09	Other non-current assets	691,932	664,102
1.02.01.09.03	Financial assets - concession agreements	632,368	604,538
1.02.01.09.04	Available-for-sale assets	59,564	59,564
1.02.02	Investments	260	260
1.02.02.01	Investments in subsidiaries	260	260
1.02.02.01.04	Investments in other companies	260	260
1.02.03	Property, plant and equipment	133,737	137,922
1.02.03.01	Property, plant and equipment in operation	133,737	137,922
1.02.04	Intangible assets	7,766,131	7,833,795
1.02.04.01	Intangible assets	7,766,131	7,833,795
1.02.04.01.01	Concession agreements	6,680,875	6,679,325
1.02.04.01.02	Intangible assets in progress	1,085,256	1,154,470

(A free translation of the original in Portuguese)

Consolidated financial statements/balance sheet - liabilities and equity

(R$ thousand)

1 - Code	2 - Description	Current quarter 3/31/2017	Prior year 12/31/2016
2	Total liabilities and equity	10,940,043	10,947,481
2.01	Current liabilities	1,185,867	1,131,451
2.01.02	Trade payables	149,682	154,408
2.01.02.01	Domestic suppliers	149,682	154,408
2.01.03	Tax obligations	62,435	58,321
2.01.03.01	Federal tax obligations	60,579	56,492
2.01.03.01.02	Other federal obligations	60,579	56,492
2.01.03.03	Municipal tax obligations	1,856	1,829
2.01.04	Borrowings	548,062	512,400
2.01.04.01	Borrowings	155,008	146,931
2.01.04.01.01	In local currency	115,210	113,903
2.01.04.01.02	In foreign currency	39,798	33,028
2.01.04.02	Debentures	393,054	365,469
2.01.04.02.01	Non-convertible	393,054	365,469
2.01.05	Other obligations	223,748	222,824
2.01.05.02	Other	223,748	222,824
2.01.05.02.01	Dividends and interest on capital payable	66,539	65,406
2.01.05.02.04	Pension plan obligations	27,911	33,127
2.01.05.02.07	Public-Private Partnership	100,497	108,581
2.01.05.02.08	Sundry obligations	28,801	15,710
2.01.06	Provision	201,940	183,498
2.01.06.01	Provision for tax, social security, labor and civil contingencies	201,940	183,498
2.01.06.01.05	Taxes payable in installments	65,491	64,429
2.01.06.01.06	Provision for vacation pay and 13th month salary	109,033	100,734
2.01.06.01.07	Employee profit-sharing	27,416	18,335
2.02	Non-current liabilities	3,701,601	3,876,343
2.02.01	Borrowings	2,784,262	2,918,525
2.02.01.01	Borrowings	1,240,845	1,252,992
2.02.01.01.01	In local currency	973,608	978,717
2.02.01.01.02	In foreign currency	267,237	274,275
2.02.01.02	Debentures	1,543,417	1,665,533
2.02.01.02.01	Non-convertible	1,543,417	1,665,533
2.02.02	Other obligations	614,294	632,671
2.02.02.02	Other	614,294	632,671
2.02.02.02.03	Pension plan obligations	112,732	110,300
2.02.02.02.05	Deposits for construction	74,300	79,766
2.02.02.02.06	Public-Private Partnership	423,724	441,563
2.02.02.02.07	Sundry	3,538	1,042
2.02.04	Provision	303,045	325,147
2.02.04.01	Provision for tax, social security, labor and civil contingencies	303,045	325,147
2.02.04.01.05	Taxes payable in installments	125,524	139,595
2.02.04.01.06	Provision for lawsuits	177,521	185,552
2.03	Consolidated equity	6,052,575	5,939,687
2.03.01	Paid-up capital	3,402,385	3,402,385
2.03.02	Capital reserves	-8,576	-8,576
2.03.02.05	Treasury shares	-8,576	-8,576
2.03.04	Revenue reserves	2,528,663	2,528,663
2.03.04.01	Legal reserve	253,060	253,060
2.03.04.05	Profit retention reserve	2,236,289	2,236,289
2.03.04.07	Fiscal incentive reserve	39,314	39,314
2.03.05	Retained earnings	117,349	0
2.03.06	Carrying value adjustments	12,754	17,215

Consolidated financial statements/statement of income

(R$ thousand unless otherwise stated)

1 - Code	2 - Description	Current quarter 1/1/2017 to 3/31/2017	Accumulated - prior year 1/1/2016 to 3/31/2016
3.01	Revenue from sales and/or services	1,047,089	1,014,141
3.01.01	Water supply services	642,190	546,992
3.01.02	Sewage services	342,824	289,715
3.01.03	Construction revenue	62,075	176,733
3.01.04	Revenue from finished products	0	701
3.02	Cost of sales and/or services	-581,459	-661,614
3.02.01	Cost of sales and/or services	-519,384	-484,881
3.02.02	Construction cost	-62,075	-176,733
3.03	Gross profit	465,630	352,527
3.04	Operating expenses	-210,120	-177,089
3.04.01	Selling expenses	-94,572	-83,628
3.04.02	General and administrative expenses	-107,383	-99,009
3.04.04	Other operating income	87,026	39,196
3.04.05	Other operating expenses	-95,191	-33,648
3.04.05.01	Other operating expenses	-86,101	-31,493
3.04.05.02	Employee profit-sharing	-9,090	-2,155
3.05	Profit before finance result and taxation	255,510	175,438
3.06	Finance result	-50,065	-66,809
3.06.01	Finance income	37,379	47,070
3.06.02	Finance costs	-87,444	-113,879
3.07	Profit before income tax and social contribution	205,445	108,629
3.08	Income tax and social contribution	-56,432	-18,824
3.08.01	Current	-58,501	-22,569
3.08.02	Deferred	2,069	3,745
3.09	Profit for the period from continuing operations	149,013	89,805
3.11	Consolidated profit for the period	149,013	89,805
3.11.01	Attributable to the owners of the parent company	149,013	89,805
3.99	Earnings per share (R$/share)		
3.99.01	Basic earnings per share		
3.99.01.01	Common shares	1.18000	0.75000
3.99.02	Diluted earnings per share		
3.99.02.01	Common shares	1.18000	0.75000

Consolidated financial statements/statement of comprehensive income

(R$ thousand)

1 - Code	2 - Description	Current quarter 1/1/2017 to 3/31/2017	Accumulated - prior year 1/1/2016 to 3/31/2016
4.01	Consolidated profit for the period	149,013	89,805
4.02	Other comprehensive income (loss)	-4,163	-3,942
4.02.02	Actuarial loss on retirement benefits	-4,163	-3,942
4.03	Consolidated comprehensive income for the period	144,850	85,863
4.03.01	Attributable to non-controlling interest	144,850	85,863

Consolidated financial statements/statement of cash flows - indirect method

(R$ thousand)

1 - Code	2 - Description	Accumulated - current year 1/1/2017 to 3/31/2017	Accumulated - prior year 1/1/2016 to 3/31/2016
6.01	Net cash provided by operating activities	227,611	32,221
6.01.01	Cash from operations	409,602	328,287
6.01.01.01	Profit for the period	149,013	89,805
6.01.01.02	Provision for impairment of trade receivables	49,405	33,609
6.01.01.03	Recovery of accounts written-off	-18,440	-18,312
6.01.01.04	Interest and monetary and foreign exchange rate variations, net	-662	5,730
6.01.01.05	Interest income and expenses	66,968	66,639
6.01.01.06	Deferred income tax and social contribution	-2,069	-3,744
6.01.01.08	Disposals of intangible assets and property, plant and equipment	9,566	-3,777
6.01.01.09	Depreciation and amortization	141,845	146,111
6.01.01.10	Constitution of provisions	7,801	5,072
6.01.01.11	Provision for pension benefits	11,391	8,421
6.01.01.13	Deferred income	-5,216	-1,267
6.01.02	Changes in assets and liabilities	-181,991	-296,066
6.01.02.01	Trade receivables	-105,089	-47,974
6.01.02.02	Inventories	364	62
6.01.02.03	Taxes recoverable	1,631	4,019
6.01.02.04	Banks and investments in connection with agreements	-13,676	-6,772
6.01.02.05	Collateral for borrowings	5,430	4,694
6.01.02.06	Redemption of financial assets/restricted financial investment	0	3,112
6.01.02.07	Other financial assets	-4,600	-4,310
6.01.02.08	Other	3,492	163
6.01.02.09	Trade payables	19,128	-22,693
6.01.02.10	Taxes and contributions	52,878	11,402
6.01.02.11	Provision for vacation pay and 13th month salary	8,300	-4,916
6.01.02.12	Employee profit-sharing	9,081	-5,079
6.01.02.13	Technical cooperation agreements	4,037	6,729
6.01.02.14	Contingencies	-15,833	-2,926
6.01.02.15	Pension plan obligations	-14,175	-15,001
6.01.02.16	Electric power and other	-10,763	-119,761
6.01.02.17	Interest paid	-64,554	-70,891
6.01.02.18	Payment of actuarial liabilities	-6,308	-5,973
6.01.02.19	Payment of income tax and social contribution	-51,334	-19,951
6.02	Net cash used in investing activities	-122,122	-108,113
6.02.05	Purchase of intangible assets and property, plant and equipment	-96,199	-93,119
6.02.06	Payment to the Public-Private Partnership	-25,923	-18,833
6.02.07	Amount received for the sale of property, plant and equipment	0	3,839
6.03	Net cash provided by (used in) financing activities	-140,123	-85,890
6.03.01	New borrowings and debentures	24,444	60,510
6.03.02	Repayment of borrowings and debentures	-136,308	-146,400
6.03.04	Interest on capital paid	-28,259	0
6.05	Decrease in cash and cash equivalents	-34,634	-161,782
6.05.01	Cash and cash equivalents at the beginning of the period	638,743	581,854
6.05.02	Cash and cash equivalents at the end of the period	604,109	420,072

Consolidated financial statements/statement of changes in equity - 1/1/2017 to 3/31/2017

(R$ thousand)

1 - Code	2 - Description	Paid-up capital	Capital reserves, options granted and treasury shares	Revenue reserves	Retained earnings (accumulated losses)	Other comprehensive income	Equity	Non-controlling interests	Consolidated equity
5.01	Opening balances	3,402,385	-8,576	2,528,663	0	17,215	5,939,687	0	5,939,687
5.03	Adjusted opening balances	3,402,385	-8,576	2,528,663	0	17,215	5,939,687	0	5,939,687
5.05	Total comprehensive income (loss)	0	0	0	149,013	-4,163	144,850	0	144,850
5.05.01	Profit for the period	0	0	0	149,013	0	149,013	0	149,013
5.05.02	Other comprehensive income (loss)	0	0	0	0	-4,163	-4,163	0	-4,163
5.05.02.09	Actuarial loss on pension benefits	0	0	0	0	-6,308	-6,308	0	-6,308
5.05.02.11	Income tax and social contribution on actuarial loss on pension benefits	0	0	0	0	2,145	2,145	0	2,145
5.06	Changes in equity	0	0	0	-31,664	-298	-31,962	0	-31,962
5.06.07	Interest on capital	0	0	0	-31,962	0	-31,962	0	-31,962
5.06.08	Amortization of monetary restatement on adjusted assets - 96/97	0	0	0	451	-451	0	0	0
5.06.09	Deferred income tax and social contribution on adjusted assets - 96/97	0	0	0	-153	153	0	0	0
5.07	Closing balances	3,402,385	-8,576	2,528,663	117,349	12,754	6,052,575	0	6,052,575

Consolidated financial statements/statement of changes in equity - 1/1/2016 to 3/31/2016

(R$ thousand)

1 - Code	2 - Description	Paid-up capital	Capital reserves, options granted and treasury shares	Revenue reserves	Retained earnings (accumulated losses)	Other comprehensive income	Equity	Non-controlling interests	Consolidated equity
5.01	Opening balances	2,773,985	119,824	2,710,880	0	42,161	5,646,850	0	5,646,850
5.03	Adjusted opening balances	2,773,985	119,824	2,710,880	0	42,161	5,646,850	0	5,646,850
5.04	Capital transactions with stockholders	0	0	0	-24,719	0	-24,719	0	-24,719
5.04.07	Interest on capital	0	0	0	-24,719	0	-24,719	0	-24,719
5.05	Total comprehensive income (loss)	0	0	0	89,805	-3,942	85,863	0	85,863
5.05.01	Profit for the period	0	0	0	89,805	0	89,805	0	89,805
5.05.02	Other comprehensive income (loss)	0	0	0	0	-3,942	-3,942	0	-3,942
5.05.02.09	Actuarial loss on retirement benefits	0	0	0	0	-5,973	-5,973	0	-5,973
5.05.02.10	Income tax and social contribution on actuarial loss on pension benefits	0	0	0	0	2,031	2,031	0	2,031
5.06	Changes in equity	0	0	0	868	-868	0	0	0
5.06.08	Amortization of monetary restatement on adjusted assets - 96/97	0	0	0	1,314	-1,314	0	0	0
5.06.09	Deferred income tax and social contribution on adjusted assets - 96/97	0	0	0	-446	446	0	0	0
5.07	Closing balances	2,773,985	119,824	2,710,880	65,954	37,351	5,707,994	0	5,707,994

Consolidated financial statements/statement of value added

(R$ thousand)

1 - Code	2 - Description	Accumulated - current year 1/1/2017 to 3/31/2017	Accumulated - prior year 1/1/2016 to 3/31/2016
7.01	Revenue	1,185,110	1,105,048
7.01.01	Sales of products and services	1,085,414	922,812
7.01.02	Other revenue	87,026	39,112
7.01.02.01	Other operating income	68,586	20,800
7.01.02.02	Recovery of accounts written-off	18,440	18,312
7.01.03	Revenue from the construction of Company's assets	62,075	176,733
7.01.04	Provision for impairment of trade receivables	-49,405	-33,609
7.02	Inputs acquired from third parties	-397,762	-437,707
7.02.01	Cost of sales and services	-291,748	-394,526
7.02.02	Materials, energy, outsourced services and other	-31,691	-28,376
7.02.04	Other	-74,323	-14,805
7.03	Gross value added	787,348	667,341
7.04	Retentions	-141,845	-146,111
7.04.01	Depreciation, amortization and depletion	-141,845	-146,111
7.05	Net value added generated	645,503	521,230
7.06	Value added received through transfers	38,933	48,309
7.06.02	Finance income	38,933	48,309
7.07	Total value added to distribute	684,436	569,539
7.08	Distribution of value added	684,436	569,539
7.08.01	Personnel	251,805	225,323
7.08.01.01	Direct remuneration	159,953	139,264
7.08.01.02	Benefits	69,181	67,982
7.08.01.03	Government Severance Indemnity Fund for Employees (FGTS)	13,581	15,922
7.08.01.04	Other	9,090	2,155
7.08.01.04.01	Employee profit-sharing	9,090	2,155
7.08.02	Taxes and contributions	187,914	135,187
7.08.02.01	Federal	176,365	124,038
7.08.02.02	State	10,253	9,920
7.08.02.03	Municipal	1,296	1,229
7.08.03	Remuneration of third-party capital	95,704	119,224
7.08.03.01	Interest	87,265	113,765
7.08.03.02	Rentals	8,439	5,459
7.08.04	Remuneration of own capital	149,013	89,805
7.08.04.01	Interest on capital	31,962	24,719
7.08.04.03	Retained earnings	117,051	65,086



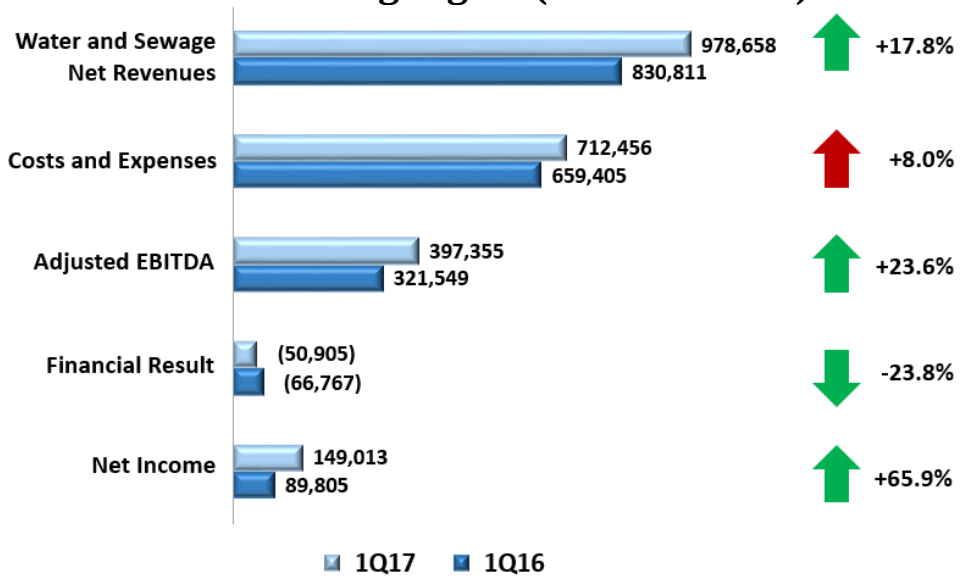
Belo Horizonte, 27 April 2017 - COPASA MG - Companhia de Saneamento de Minas Gerais - (BM&FBOVESPA: CSMG3), hereby announces its results for the first quarter of 2017 (1Q17). The financial and operational information, except where otherwise indicated, are presented in Brazilian Reais (R$) and the comparisons refer to the first quarters of 2016 (1Q16) and 2015 (1Q15). The financial statements refer to the Parent Company.

Tables containing results are available for download at www.copasa.com.br/ir.

Conference call with simultaneous translation
Date: 28 April 2017
10:00 AM (Brasília time)
09:00 AM (New York time)
Phones:
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CFO and IRO

Financial Highlights (R$ thousands)



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COPASA: 31 March 2017

Closure price: R$44.20
Number of shares: 126.8 million
Market value: R$5.6 billion
Daily trading volume 1Q17: R$32.5 million

Operational Highlights (Consolidated Data)

Breakdown	1Q17	1Q16	1Q17 X 1Q16
Water			
Units (1,000s)	5,106.2	5,012.8	1.9%
Distributed volume (1,000 m³)	238,371.2	230,174.7	3.6%
Measured volume (1,000 m³)	148,162.9	148,492.2	-0.2%
Network extension (km)	52,511.6	50,927.7	3.1%
Sewage			
Units (1,000s)	3,415.7	3,314.4	3.1%
Measured volume (1,000 m³)	97,883.0	97,213.4	0.7%
Treated volume (1,000 m³) (1)	63,944.8	66,007.7	-3.1%
Network extension (km)	25,795.0	24,511.5	5.2%

(1) Data refers to Parent Company only.

Comments on company performance

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Comments on company performance

1. Highlights

1.1. Tariff revision

1st Stage: authorized on 12 April 2016, by Resolution 82/2016, applied as of 13 May 2016, and resulted in a 13.9% average increase. This stage comprised adjustment for inflation, market adjustments, efficiency analysis of operating costs and changes in the tariff structure. The tariff structure changed from billing by minimum consumption to billing by two components: fixed tariff and variable tariff, based on the actual measured volume.

2nd Stage: the Public Hearing Agenda, disclosed on 5 September 2016, established three phases:

1st Phase: Finished on 22 November 2016, covered an overall approach of the tariff revision, regulatory classification, regulatory remuneration basis and asset inventory;

2nd Phase: Finished on 3 April 2017, covered operational costs, remuneration rate, tariff structure, working capital, other revenues, unrecoverable revenues and tariff incentives; and

3rd Phase: Started on 19 April 2017, with the disclosure of the Technical Notes, which will be the subject of the Public Hearing 15/2017:

- Technical Note CRFEF 51/2017: Watershed Protection Program - Regulatory treatment of the Program's actions.
- Technical Note CRFEF 52/2017: Tariff Structure - First Periodic Tariff Review of COPASA MG.
- Technical Note CRFEF 53/2017: Indicator to evaluate the payment capacity of COPASA MG's users.
- Technical Note CRFEF 54/2017: Methodology of calculation of COPASA MG's market risk.
- Technical Note CRFEF 55/2017: Tariff incentives - Methodology for the Periodic Tariff Review of COPASA MG.
- Technical Note CRFEF 56/2017: Guidelines for the evaluation of assets in the next tariff cycle.
- Technical Note CRFEF 57/2017: Tariff transfers to municipal funds - Periodic Tariff Review of COPASA MG.
- Technical Note CRFEF 58/2017: Tariff subsidy to COPANOR - Periodic Tariff Review of COPASA MG.
- Technical Note CRFEF 59/2017: Preliminary result of the First Periodic Tariff Review of COPASA MG.

The period of Public Hearing began with the disclosure of the Technical Notes and will end on 19 May 2017. During this period, two presential sessions will be held, on 27 April 2017 and 12 May 2017. The publication of the analysis and answers is scheduled for 13 June 2017, when the final result of the Tariff Review will be announced.

In relation to the Preliminary Result of the Tariff Review disclosed on 19 April 2017, the Company will make efforts for the reassessment of the following issues within the Public Hearing, without prejudice to the other points for which contributions for improvements will also be submitted:

- Calculation of the Regulatory Asset Base;
- Incorporation of the investments made within the tariff cycle;
- Exclusion of the tax benefits of the Interest on Equity (IOE) in the calculation of the WACC;
- Transfers to COPANOR; and
- Tariff transfers to municipalities.

Comments on company performance

1.2. Shareholders' remuneration

For fiscal year 2017, the Board of Directors decided, in a meeting held on 9 March 2017, for maintaining at 25% (twenty-five percent) the percentage of the Net Income, adjusted by the addition or subtraction of the amounts specified in items I, II and III of article 202 of Law 6,404/76, to be distributed as Interest on Equity (IOE).

In a meeting held on 16 March 2017, the Board of Directors approved the declaration of IOE referring to the first quarter of 2017, in the gross amount of R$32.0 million, corresponding to R$0.25288 per share. The credit date was 22 March 2017, and the payment will be made until 15 May 2017.

2. Operational Information

2.1. Concessions and operations

On 31 March 2017, the Company owned 635 water concessions, of which 626 were in operation.

The number of sewage concessions was 299, of which 249 were in operation. Throughout the 1Q17, operations of this service were started in the municipalities of Conquista, Pedras de Maria da Cruz, Brasilândia de Minas and Resende Costa, with a combined population of approximately 36,000 inhabitants. The information is detailed in the following table.

Concessions and operations (1)	Mar/2017			Mar/2016		
	Total	Parent Co.	COPANOR	Total	Parent Co.	COPANOR
Water						
Concessions	635	586	49	634	585	49
Operations	626	579	47	623	576	47
Sewage						
Concessions	299	244	55	294	239	55
Operations	249	213	36	240	205	36

(1) Only one concession/operation is considered per municipality, regardless of whether there is more than one contract, in cases of COPASA and COPANOR service in the same municipality, or if it is a contract that covers only districts and localities.

The table below shows the main operating figures and the evolution through the comparative periods. Due to the change in the tariff structure carried out in May 2016, in which the billing by minimum consumption was replaced by the fixed tariff and the variable tariff, the Company now discloses the measured volume instead of the billed volume. In previous periods, the measured volume was lower than the billed volume, due to revenues from billings by the minimum consumption of 6 m³ per consumer unit. With this new tariff structure, the billed volume is equal to the measured volume.

Comments on company performance

Breakdown – COPASA (Parent Co.)	1Q17	1Q16	1Q17 X 1Q16	1Q15	1Q16 X 1Q15
Water					
Connections (1,000)	4,130.6	4,054.4	1.9%	3,985.3	1.7%
Units (1,000)	5,006.3	4,913.7	1.9%	4,826.3	1.8%
Population served (1.000 inhabitants)	11,301.0	11,264.8	0.3%	11,245.0	0.2%
Distributed volume (1,000 m³/quarter)	234,686.2	226,448.7	3.6%	226,836.4	-0.2%
Measured volume (1,000 m³/quarter)	146,016.2	146,281.2	-0.2%	149,465.1	-2.1%
Network extension (km)	50,394.6	48,820.7	3.2%	47,314,5	3.2%
Water metering index (%)	99.7	99.7	-	99.9	-0.2 p.p.
Loss index (%) (1)	37.8	35.4	+2.4 p.p.	34.1	+1.3 p.p.
Sewage					
Connections (1,000)	2,655.4	2,572.2	3.2%	2,516.7	2.2%
Units (1,000)	3,370.4	3,270.0	3.1%	3,203.0	2.1%
Population served (1.000 inhabitants)	7,739.9	7,612.1	1.7%	7,559.0	0.7%
Measured volume (1,000 m³/quarter)	96,940.4	96,259.8	0.7%	96,046.7	0.2%
Treated volume (1,000 m³/quarter)	63,944.8	66,007.7	-3.1%	64,000.7	3.1%
Network extension (km)	24,378.0	23,101.5	5.5%	22,318.5	3.5%

(1) Difference between the distributed volume and the measured volume, divided by the distributed volume.

Breakdown – COPANOR	1Q17	1Q16	1Q17 X 1Q16	1Q15	1Q16 X 1Q15
Water					
Connections (1,000)	96.2	95.7	0.5%	90.0	6.3%
Units (1,000)	99.9	99.1	0.8%	91.9	7.8%
Population served (1.000 inhabitants)	205.3	207.7	-1.2%	213.3	-2.6%
Distributed volume (1,000 m³/quarter)	3,685.0	3,726.0	-1.1%	2,846.0	30.9%
Measured volume (1,000 m³/quarter)	2,146.7	2,211.0	-2.9%	2,154.7	2.6%
Network extension (km)	2,117.0	2,107.0	0.5%	1,490.0	41.4%
Sewage					
Connections (1,000)	43.3	42.5	1.9%	36.6	16.1%
Units (1,000)	45.3	44.4	2.1%	37.6	18.1%
Population served (1.000 inhabitants)	92.4	91.5	0.9%	88.5	3.4%
Measured volume (1,000 m³/quarter)	942.6	953.7	-1.2%	876.8	8.8%
Network extension (km)	1,417.0	1,410.0	0.5%	1,208.0	16.7%

Comments on company performance

Breakdown – Consolidated (Parent Co. + COPANOR)	1Q17	1Q16	1Q17 X 1Q16	1Q15	1Q16 X 1Q15
Water					
Connections (1,000)	4,226.8	4,150.1	1.8%	4,075.3	1.8%
Units (1,000)	5,106.2	5,012.8	1.9%	4,918.2	1.9%
Population served (1.000 inhabitants)	11,506.3	11,472.5	0.3%	11,458.3	0.1%
Distributed volume (1,000 m³/quarter)	238,371.2	230,174.7	3.6%	229,682.4	0.2%
Measured volume (1,000 m³/quarter)	148,162.9	148,492.2	-0.2%	151,619.8	-2.1%
Network extension (km)	52,511.6	50,927.7	3.1%	48,804.5	4.4%
Water metering index (%) (1)	99.7	99.7	-	99.9	-0.2 p.p.
Loss index (%) (2)	37.6	35.5	+2.1 p.p.	34.0	+1.5 p.p.
Sewage					
Connections (1,000)	2,698.7	2,614.7	3.2%	2,553.4	2.4%
Units (1,000)	3,415.7	3,314.4	3.1%	3,240.6	2.3%
Population served (1.000 inhabitants)	7,832.3	7,703.6	1.7%	7,647.5	0.7%
Measured volume (1,000 m³/quarter)	97,883.0	97,213.4	0.7%	96,923.5	0.3%
Treated volume (1,000 m³/quarter) (1)	63,944.8	66,007.7	-3.1%	64,000.7	3.1%
Network extension (km)	25,795.0	24,511.5	5.2%	23,526.5	4.2%

(1) Data refers to the Parent Company only.
(2) Difference between the distributed volume and the measured volume, divided by the distributed volume.

2.2. Employees and "Employees per Connection"

The table below shows the number of employees and the "Employees per Connection" ratio in the comparative periods:

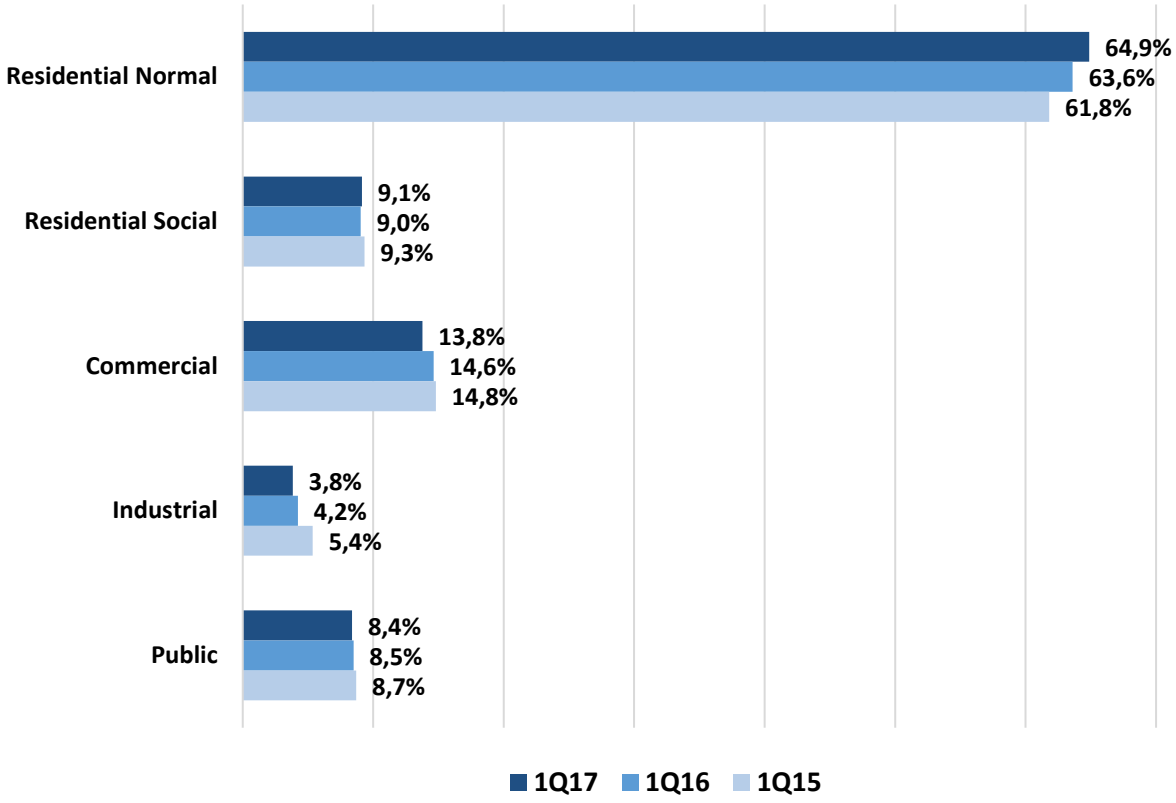
Breakdown	1Q17	1Q16	1Q17 X 1Q16	1Q15	1Q16 X 1Q15
COPASA (Parent Co.)					
Employees	11,326	11,261	0.6%	12,549	-10.3%
Employees per Connection (1)	1.66	1.70	-2.4%	1.92	-11.5%
COPANOR					
Employees	429	365	17.5%	355	2.8%
Employees per Connection (1)	3.08	2.64	16.7%	2.80	-5.7%
Consolidated (Parent Co. + COPANOR)					
Employees	11,755	11,626	1.1%	12,904	-9.9%
Employees per Connection (1)	1.69	1.72	-1.7%	1.95	-11.8%

(1) Number of employees / 1,000 connections of water and sewage.

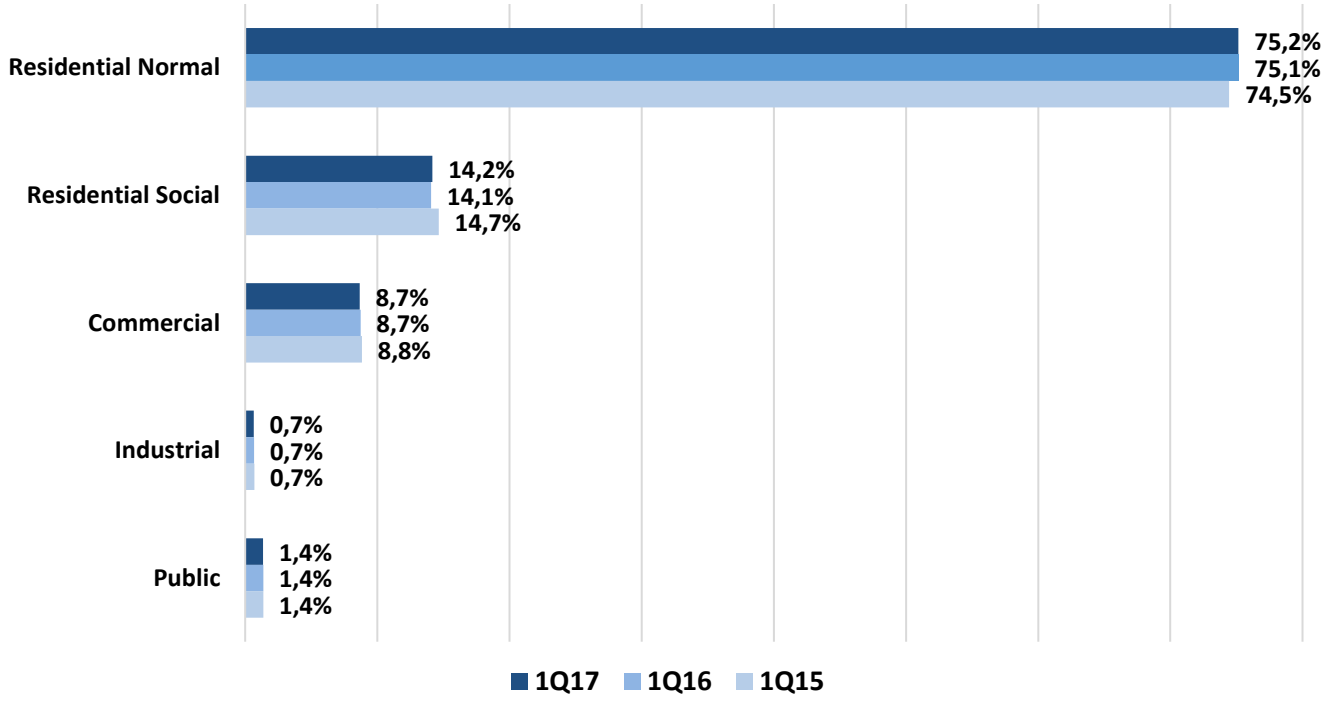
Comments on company performance

3. Customer Base

COPASA's and COPANOR's revenues per consumer category in 1Q17, versus 1Q16 and 1Q15, had the following distribution:



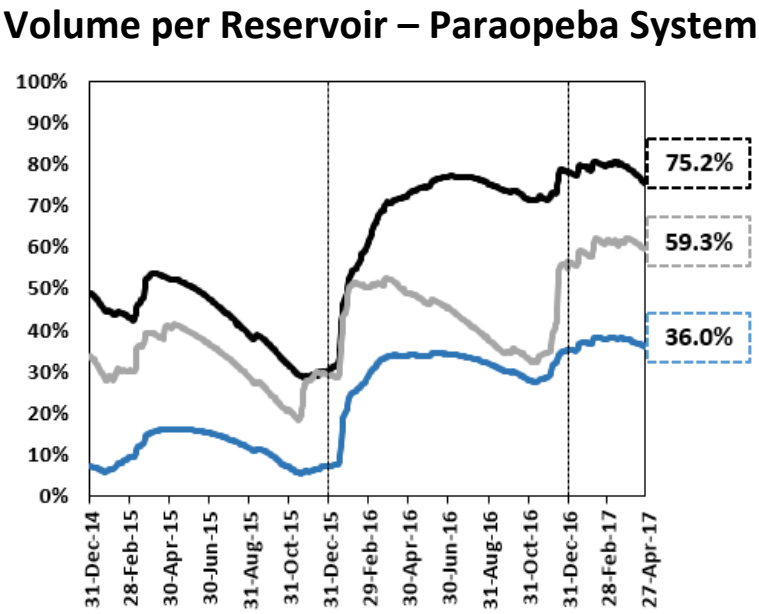
In the same period, considering the consolidated number of consumer units, the distribution is shown below:



Comments on company performance

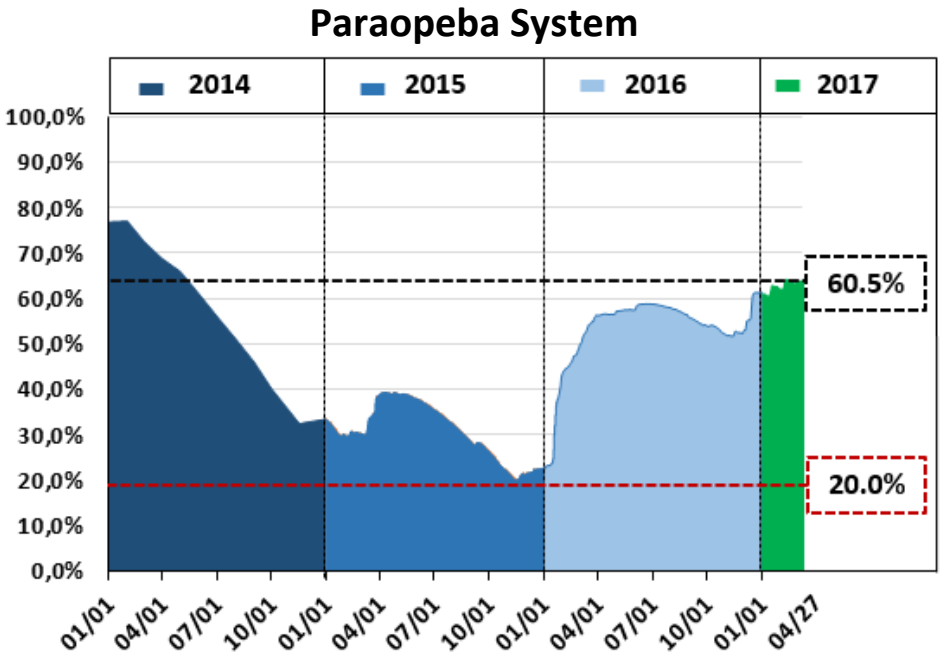
4. Hydrological Situation

The Paraopeba System consists of three reservoirs: Rio Manso, Vargem das Flores and Serra Azul, and supplies approximately 42% of the Belo Horizonte Metropolitan Area (BHMA). The graph below shows the levels of each reservoir through 2015, 2016 and 2017, until 27 April:



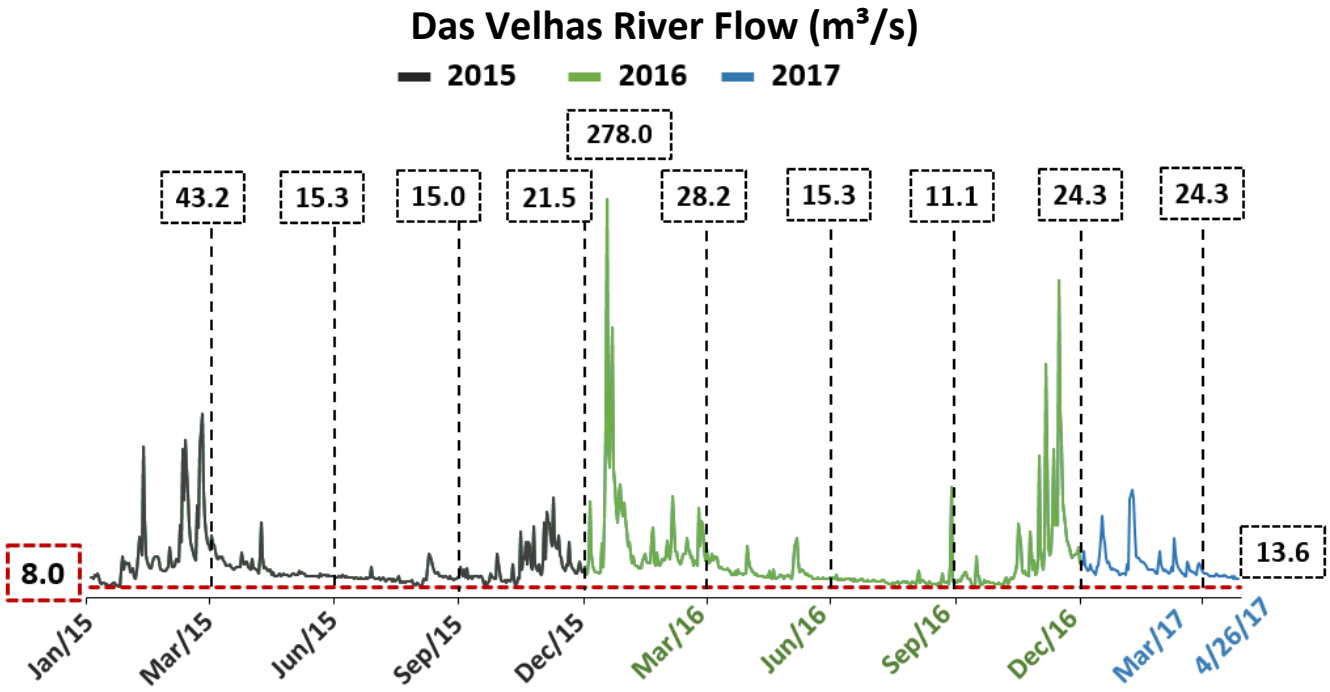
Reservoir	Dec/15	Dec/16	Apr/16	Apr/17
Rio Manso	30.2%	78.0%	72.1%	75.2%
Vargem das Flores	28.9%	56.3%	48.8%	59.3%
Serra Azul	6.9%	35.1%	33.6%	36.0%

As a whole, the volumes stored at the Paraopeba System's reservoirs have been steady above 60% in 2017, the highest level registered since June 2014. The graph below shows the volumes stored at this System:



Comments on company performance

The flow of the das Velhas River, responsible for the supply of approximately 50% of the BHMA, at the point of capture of the production system, is heavily influenced by rainfall, given its location in the upper water basin. The characteristics of this basin provide sudden flow peaks when there is rainfall in the headwaters and rapid return to normal flow. The graph below shows the evolution of the average flow rate, which reached 14.1 m³/s in the last seven days. The water collection grant at this unit is 8.0 m³/s.



In order to ensure water supply for the BHMA in the long run, COPASA MG published, in October 2016, the Call Notice for the Expression of Interest (EoI) 001/2016, which aims to obtain studies, surveys and proposals regarding alternatives to ensure the water availability in Rio das Velhas. The period of submission of EoIs ended on 17 March 2017, and the deadline for publishing the analyses is 45 days.

Considering the water situation described above, the possibility of restricting supply or applying water rationing for the population of the BHMA is ruled out.

The reservoirs in some municipalities in the East Region of the State show levels below the expected capacity for the period, as a reflex of lower rainfall levels than historical averages. Shortage cases in the interior normally have timely and accessible solutions, considering the resources available in the region.

Most of the water sources used by the Company for supply in the North Region of the State are also at low levels. The solution in this scenario depends on factors such as the existing alternative sources, the size of the municipalities and the possibility of adopting measures to restrict consumption. Given the low volumes stored at the Juramento Dam, which is the main source of water supply in the municipality of Montes Claros, wells are being drilled for immediate supply, and studies are being carried out in order to identify alternative water sources to increase water supply safety for the population in the coming years.

Comments on company performance

5. Operational Cash Flow

The EBITDA, which represents the Company's operational result, is a non-accounting measure adopted by COPASA MG, calculated in accordance with CVM Instruction 527/2012, consisting of net income (loss) plus taxes on income, financial result, depreciation and amortization and its subsidiaries' non-operating results.

Adjusted EBITDA reached R$397.4 million in 1Q17, 23.6% up from the R$321.5 million recorded in 1Q16. This is a reflex of the 17.8% increase in water and sewage net revenues in the period, which moved from R$830.8 million in the 1Q16 to R$978.7 million in 1Q17, while costs and expenses grew by only 8.0%, moving from R$659.4 million to R$712.5 million. Excluding depreciation and amortization expenses, these costs grew by 11.2%, moving from R$513.3 million to R$570.6 million.

The Adjusted EBITDA margin, calculated by dividing the Adjusted EBITDA by the sum of net revenues of water and sewage, other operating revenues and revenues of the subsidiaries, reached 37.1% in 1Q17, versus 36.7% in 1Q16.

Until June 2015, Adjusted EBITDA was calculated by subtracting construction result. As of 3Q15, construction margin was set at zero, following a regulatory decision, therefore not impacting EBITDA.

Breakdown (R$ thousands)	1Q17	1Q16	1Q17 X 1Q16	1Q15	1Q16 X 1Q15
Net income (loss) for the period	**149,013**	**89,805**	**65.9%**	**16,450**	**-**
(+) Taxes on income	56,432	18,493	-	794	-
(+) Financial result	50,904	66,767	-23.8%	81,314	-17.9%
(+) Depreciation and amortization	141,845	146,099	-2.9%	133,880	9.1%
(+) Subsidiaries[1]	(839)	385	-	1,038	-62.9%
(=) EBITDA	**397,355**	**321,549**	**23.6%**	**233,476**	**37.7%**
(-) Construction result	-	-	-	2,496	-
(=) Adjusted EBITDA	**397,355**	**321,549**	**23.6%**	**230,980**	**39.2%**
EBITDA Margin	**37.1%**	**36.7%**		**25.0%**	
Adjusted EBITDA Margin	**37.1%**	**36.7%**		**30.1%**	

(1) Sum of taxes on income, financial result and depreciation/amortization of subsidiaries.

Comments on company performance

6. Revenues

Water and sewage net revenues totaled R$978.9 million in 1Q17, against R$830.8 million in 1Q16, a 17.8% upturn. This is mainly due to:

- the 13.9% average tariff increase applied from May 2016; and
- the increase in water (1.9%) and sewage (3.1%) units.

The water and sewage measured volume per unit dropped by 2.3%, showing that, even with the normalization of water supply in the Belo Horizonte Metropolitan Area, the trend of decreasing consumption per unit has been maintained.

Please note that, due to the recording of revenue on the accrual basis, the Company's water and sewage revenues contain a "revenue to be billed" component, which consists of the estimated amounts of those revenues for the period between the date of meter reading and the end of the month of competence. After the closing of each month, the Company records the effective data, reversing the estimated amounts. This adjustment may positively or negatively affect the revenues measured in the period. This adjustment positively impacted net revenues in 1Q17 by R$22.6 million.

The chart below shows the detailed components of water and sewage net revenues:

Breakdown (R$ thousands)	**1Q17**	**1Q16**	**1Q17 X 1Q16**	**1Q15**	**1Q16 X 1Q15**
Direct Water Revenue	617,422	524,578	17.7%	471,839	11.2%
Indirect Water Revenue	19,826	16,518	20.0%	13,848	19.3%
Total Water Revenue	**637,248**	**541,096**	**17.8%**	**485,687**	**11.4%**
Direct Sewage Revenue	339,044	286,783	18.2%	247,052	16.1%
Indirect Sewage Revenue	2,366	2,933	-19.3%	2,387	22.8%
Total Sewage Revenue	**341,410**	**289,715**	**17.8%**	**249,439**	**16.1%**
Net Revenues	**978,658**	**830,811**	**17.8%**	**735,126**	**13.0%**

Comments on company performance

7. Costs and Expenses

The following chart shows the cost of services rendered and selling and administrative expenses arising from the operation of water and sewage services, in the comparative periods:

Breakdown (R$ thousands)	1Q17	1Q16	1Q17 X 1Q16	1Q15	1Q16 X 1Q15
Personnel	286,448	266,440	7.5%	293,241	-9.1%
Electricity	92,330	91,314	1.1%	69,218	31.9%
Outsourced services	98,617	88,872	11.0%	85,574	3.9%
Rio Manso PPP	10,799	13,241	-18.4%	-	-
Materials	35,483	33,513	5.9%	34,039	-1.5%
Sundry operating costs	9,569	4,440	113.8%	7,786	-43.0%
Tariff transfers to municipalities	18,582	15,881	17.0%	16,318	-2.7%
Provision for doubtful accounts	48,660	33,098	47.0%	22,522	47.0%
Tax credits	(29,877)	(33,493)	-10.8%	(28,257)	18.5%
Cost of services rendered + selling expenses + administrative expenses (excl. dep./amort.)	**570,611**	**513,306**	**11.2%**	**500,441**	**2.6%**
Depreciation and amortization	141,845	146,099	-2.9%	133,880	9.1%
Cost of services rendered + selling expenses + administrative expenses	**712,456**	**659,405**	**8.0%**	**634,321**	**4.0%**

7.1. Personnel

Personnel expenses increased by 7.5% in 1Q17 over 1Q16, reflecting the wage adjustment in May 2016, based on the National Consumer Price Index (INPC) of 9.83%, pursuant to the Collective Bargaining Agreement.

Expenses with personnel allocated to the Company's expansion units (capitalizable expenses) were R$14.7 million in 1Q16, versus R$6.6 million in 1Q17. Given that these expenses reduce the amount of Personnel expenses and are accounted as Investments, the amount of this reduction was higher in 1Q16 than in 1Q17, due to the higher volume of investments in that period, reducing the comparison base in 1Q16.

7.2. Electricity

Electricity expenses increased by only 1.1% in 1Q17 versus 1Q16, despite the 3.8% adjustment in CEMIG's tariffs in May 2016. This is due to the application of Green and Yellow flags through the 1Q17, while in 1Q16 Red and Yellow flags were applied.

Electricity consumption was of 202.3 GWh in 1Q17, a 0.78% reduction over the 203.9 GWh recorded in 1Q16.

7.3. Outsourced Services

The 11.0% increase in 1Q17 over 1Q16 was mainly due to:

a) the increase with expenses with services of maintenance and preservation of assets and systems, resulting from an adjustment of approximately 9% in service contracts, and an increase in the need for system maintenances due to the higher rainfall in 2017;

b) the upturn in expenses with leasing of vehicle fleet, which replaced the Company's fleet; and

c) the increase in expenses with publicity and advertising, reflecting the institutional campaign carried out in the period.

Comments on company performance

7.4. Rio Manso PPP

The amount of R$10.8 million in 1Q17 refers to the payment of the installments pertaining to maintenance services (OPEX) provided by the Special Purpose Entity (SPE) Odebrecht Ambiental Manso, under the Public-Private Partnership (PPP) of the Rio Manso System, whose payments of the installments began in January 2016.

The registered decrease in the amounts in the comparative periods is a reflex of the change, in 4Q16, of the accounting method of the monetary restatements of the PPP, which began to be accounted as financial expenses.

7.5. Materials

A 5.9% increase was recorded in 1Q17 over 1Q16, arising from the increased expenses with materials of maintenance and preservation of assets and systems, reflecting the maintenance operations made in several systems in the State of Minas Gerais. The increase was also caused by the upturn in expenses with fuels and lubricants, due to the increase in fuel prices and in the amount of travels made.

7.6. Sundry operating costs

The item "charge for the use of water resources", whose expenditure in 1Q17 was R$2.9 million, is the most significant within this group, and the payment for the use of water resources related to 1Q16 was anticipated for 4Q15, causing the amount recorded in this item in 1Q16 to be lower than that normally observed. The variation in the item was also impacted by increases in legal and judicial expenses, as well as expenses related to tax incentives.

7.7. Tariff transfers to municipalities

The 17.0% increase in 1Q17 over 1Q16 was in line with the variation of net revenues and reflects the recovery of the Company’s revenues, especially from the municipality of Belo Horizonte, which is the most representative basis of these transfers, as a result of the normalization of the water supply for the Belo Horizonte Metropolitan Area.

7.8. Provision for doubtful accounts

Provision for doubtful accounts increased by 47.0% in 1Q17 versus 1Q16, chiefly due to the higher default rate, combined with the upturn in revenues reported previously. The default rate reached 3.52% in March 2017, versus 3.13% in March 2016, as a result of the current economic scenario, despite the measures adopted to improve the quality of the billing management and of the collection of overdue invoices.

7.9. Tax credits

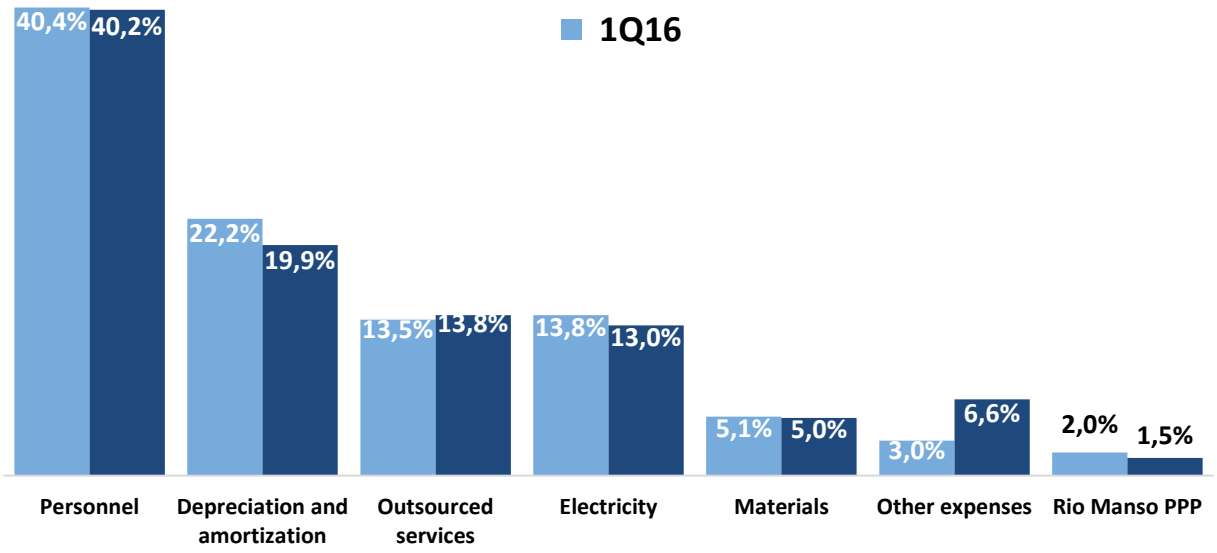
Tax credits fell by 10.8% in the comparative periods, mainly due to the decreased purchasing of machinery, equipment and other goods added to the Company’s assets.

7.10. Depreciation and amortization

In 1Q17, depreciation and amortization decreased by 2.9% in relation to 1Q16, mainly due to the end of the depreciation period of machines and equipment used in the automation of water supply systems in the Metropolitan Area of Belo Horizonte.

Comments on company performance

The following graph shows the evolution of the representativeness of each item of the Company's costs and expenses in 1Q16 and 1Q17.



8. Other Operating Revenues (Expenses)

The "Other operating revenues (expenses)" item showed a net result of R$530 thousand in 1Q17, versus R$6.0 million in 1Q16, as detailed below:

Breakdown (R$ thousands)	1Q17	1Q16	1Q17 X 1Q16	1Q15	1Q16 X 1Q15
Other operating revenues	**86,363**	**36,748**	**135.0%**	**26,707**	**37.6%**
Revenue from technical services	21	75		117	
Reversal of non-deductible provisions	61,980	10,521		3,203	
Recovery of written-off accounts	17,879	17,801		11,483	
Other revenues	6,483	8,351		11,904	
Other operating expenses	**(85,833)**	**(30,771)**	**178.9%**	**(27,724)**	**11.0%**
Non-deductible provision	(54,445)	(7,578)		(11,917)	
Non-recurring losses	(16,638)	(3,753)		(5,186)	
Other expenses	(14,750)	(19,440)		(10,621)	
Total	**530**	**5,977**	**-91.1%**	**(1,017)**	**-**

The variation recorded in the "Other operating revenues (expenses)" group is mainly due to the risk reassessments of lawsuits, carried out by the forum set up to review and validate the levels of risks and amounts indicated in those lawsuits (Contingency Forum), which resulted in a net reduction of R$7.5 million in the judicial provisions. The additions and reversals that culminated in that net reduction are described below:

Additions of R$49.7 million were made to provisions for judicial contingencies, due to risk reassessments of 98 lawsuits and to monetary restatements in the provisioned balance, mainly reflecting:

Comments on company performance

- Lawsuit filed by the Municipality of Alfenas in 2011, with fines, due to non-compliance with the deadline established by the Authorization Law and the Concession Contract for sewage system construction works in the municipality, in the amount of R$26.6 million; and
- Lawsuit filed by Mineração Fazenda do Borges in 2004 in Pedro Leopoldo, with daily fines for non-compliance with court order related to environmental recovery of sewage pollution in a private farm, in the amount of R$12.6 million.

There were also reversals in the amount of R$57.3 million, resulting from risk reassessments and write-offs of paid lawsuits, especially:

- Risk reassessments from "probable" to "possible", referring to the lawsuit for reintegration of property in the municipality of Nova Lima and, by consequence, indemnification of its market value, in the amount of R$13.9 million, and tax enforcement lawsuit filed by the National Treasury Office before the Federal Court against COPASA MG in 2015, in the amount of R$12.7 million, for the collection of a negative balance of Corporate Income Tax (IRPJ) for fiscal year 2004, whose request for compensation with the IRPJ due from January, February and March 2005, was not approved by the National Treasury; and
- Write-offs of paid lawsuits filed by COPASA, with questioning of the validity of the sanctions by the Federal Revenue Secretariat regarding the calculation basis of PIS/PASEP, in the amount of R$14.7 million, closed with unfavorable decision, as well as lawsuit filed by Mineração Fazenda dos Borges, cited in the highlights of the additions, which was closed in March 2016 with an unfavorable opinion to COPASA, by the agreement made.

9. Equity Income

Equity Income was a negative R$1.2 million in 1Q17, versus a negative R$163 thousand in 1Q16. The periods of 1Q16 and 1Q15 are affected by the extinct subsidiaries COPASA Serviços de Irrigação and COPASA Águas Minerais de Minas, dissolved on 30 September 2016 and 26 December 2016, respectively. The only remaining subsidiary is COPANOR.

Result of the Subsidiaries (R$ thousands)	1Q17	1Q16	1Q15
Net revenue from sales and/or services	6,357	6,597	5,824
Other operating revenues	663	2,447	938
Operating costs and expenses	(8,883)	(8,112)	(7,799)
Other operating expenses	(268)	(722)	(985)
Net financial revenues (expenses)	839	(42)	(387)
Income tax and social contribution	-	(331)	-
Net income (loss)	**(1,292)**	**(163)**	**(2,409)**

10. Financial Result

The net financial result was a negative R$50.9 million in 1Q17, against a negative R$66.8 million in 1Q16. In 1Q17, there was no significant change in the exchange rate, resulting in exchange revenues of R$5.5 million and exchange variation expenses of R$2.0 million, thus, the favorable net result of exchange variations was of R$3.5 million. In 1Q16, there was a strong devaluation of the U.S. dollar and the euro against the real, with impacts of

Comments on company performance

R$22.4 million in foreign exchange revenues and of R$6.6 million in exchange variation expenses. As a result, the favorable result of exchange rate variations in 1Q16 was R$15.8 million.

The increase in revenues from interest and real gains on financial investments in 1Q17 compared to 1Q16, combined with the reduction of interest on loans, contributed for the improvement of the financial result in the comparative periods, despite the impacts of the aforementioned exchange variations.

Breakdown (R$ thousands)	1Q17	1Q16	1Q17 X 1Q16	1Q15	1Q16 X 1Q15
Financial revenues	**36.527**	**47.027**	**-22,3%**	**30.585**	**53,8%**
Monetary variation	3.369	4.370		3.263	
Foreign exchange variation	5.518	22.407		11.484	
Interest	4.885	1.763		1.379	
Real gains from financial investments	18.598	12.953		8.183	
Capitalization of financial assets/other	4.157	5.534		6.276	
Financial expenses	**(87.432)**	**(113.794)**	**-23,2%**	**(111.899)**	**1,7%**
Monetary variation	(16.567)	(27.949)		(22.867)	
Foreign exchange variation	(1.992)	(6.638)		(29.193)	
Interest on loans	(68.697)	(79.137)		(59.744)	
Other	(176)	(70)		(95)	
Financial result	**(50.905)**	**(66.767)**	**-23,8%**	**(81.314)**	**-17,9%**

11. Net Income

The Company recorded net income of R$149.0 million in 1Q17, over R$89.8 million in 1Q16. This result highlights the recovery trend in the Company's profitability, which was influenced by the increase in net water and sewage revenues of 17.8%, while total costs and expenses increased by 8.0%, reflecting cost control and improvement of management in the contracting processes of inputs and services.

Net income (loss) (R$ thousands)	1Q17	1Q16	1Q17 X 1Q16	1Q15	1Q16 X 1Q15
Operating result (a)	**256,350**	**175,065**	**46.4%**	**98,558**	**77.6%**
Financial result + taxes on income (b)	**(107,337)**	**(85,260)**	**25.9%**	**(82,108)**	**3.8%**
Financial result	(50,905)	(66,767)	-23.8%	(81,314)	-17.9%
Taxes on income	(56,432)	(18,493)	-	(794)	-
Net income (loss) (a) + (b)	**149,013**	**89,805**	**65.9%**	**16,450**	**-**
Earnings per share (R$)	**1.18**	**0.75**	**62.7%**	**0.14**	**-**

12. Investments

Investments made in 1Q17 by COPASA totaled R$101 million, from an estimated total of R$650 million for 2017. The amounts invested in COPANOR were R$3.1 million, of which R$1.7 million in sewage systems and R$1.4 million in water supply systems. The amount of the investment planned for the year in the subsidiary is R$40 million.

Comments on company performance

Breakdown (R$ million)	1Q17	2016	2015
Water	38	164	201
Sewage	55	218	229
Paraopeba Withdrawal – Rio Manso PPP	-	7	115
Others (1)	8	6	5
COPASA TOTAL	**101**	**395**	**550**
Rio Manso PPP	-	-	364
COPANOR	3	33	49
MAIN TOTAL	**104**	**428**	**963**

(1) Corporate and operational development programs.

The allocation of invested resources is detailed below.

12.1. Water supply systems

- continuation of the expansion of water supply systems in the municipalities of Teófilo Otoni and Montes Claros, with a total of R$4.9 million invested in these areas in the period;
- continuation of the implementation of the Viamão River Dam in Mato Verde, with investments of R$2.7 million in the period;
- continuation of the expansion of the Water Supply System in Nova Serrana, with investments in the amount of R$1.2 million in the period;
- recovery works of the treated water main pipeline that supplies the municipality of Ribeirão das Neves, totaling R$1.0 million in the period; and
- vegetative growth of distribution networks and water connections throughout the State, in the amount of R$12.4 million.

12.2. Sewage systems

- continuation of the expansion of the Integrated Sewage System of Coronel Fabriciano and Timóteo, and of the Vieira Sewage Treatment Station (Montes Claros). A combined amount of R$15.0 million was invested in these projects in the period;
- continuation of the expansion and improvement works in the Sewage Systems of Belo Horizonte and Contagem, aimed at the depollution of the Pampulha Basin, with investments of R$5.7 million in the period;
- continuation of the implementation of sewage collection networks and main interceptor pipeline in Pedro Leopoldo, with investments of R$4.8 million in the period;
- continuation of the expansion of the Sewage System of Patos de Minas, with investments of R$1.7 million in the period; and
- vegetative growth of collecting networks and sewage connections throughout the State, totaling R$15.9 million.

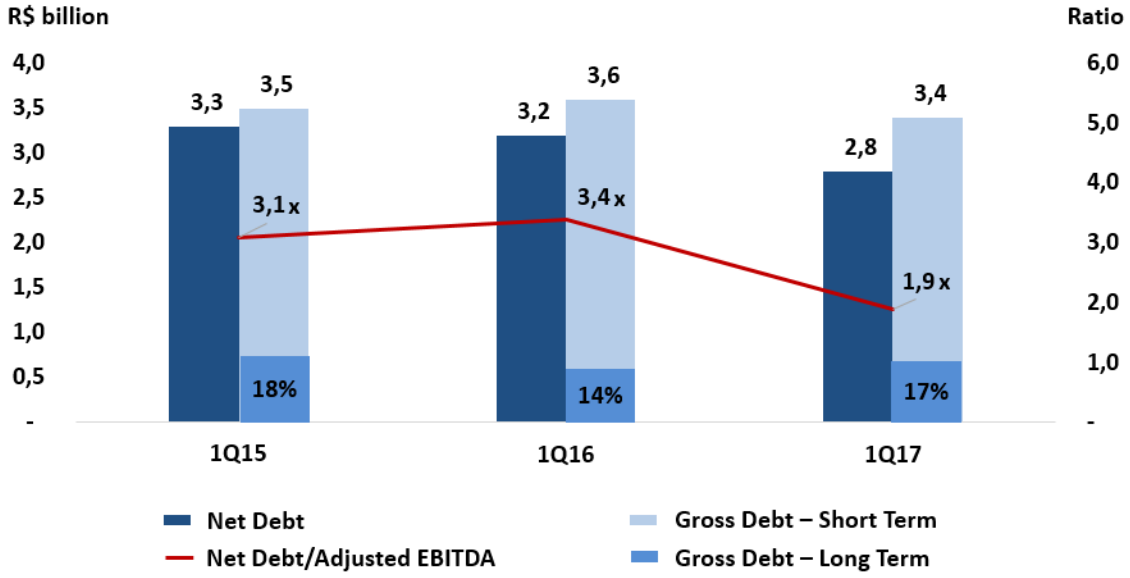
Comments on company performance

13. Debt

Gross debt moved from R$3.61 billion in March 2016 to R$3.42 billion in March 2017. Net debt was reduced in R$372 million, from R$3.22 billion in March 2016 to R$2.85 billion in March 2017. This amount of net debt is the lowest recorded since the end of 2013, reflecting the improvements in cash management and the pursuit for the Company's economic and financial balance.

The leverage ratio, measured by the "Net Debt/Adjusted EBITDA of the last 12 months" ratio, reached 1.9x in March 2017, versus 3.4x in March 2016, reflecting the decrease in net debt and the increase in Adjusted EBITDA.

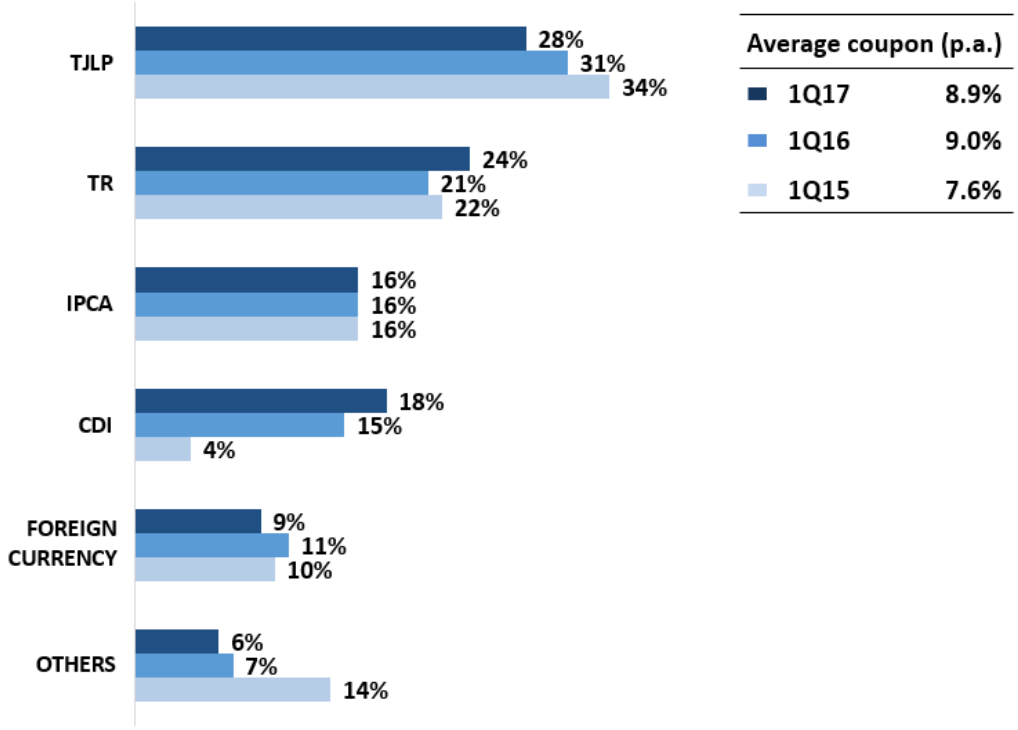
The graph below shows gross debt, net debt, the Company's Net Debt/Adjusted EBITDA ratio, and the proportion between short and long-term debts in the comparative periods. Short-term debt, which represented 14% of total debt in March 2016, represented 17% of total debt in March 2017, reflecting the amortizations due in the next 12 months, from the 9th and 10th debenture issues, which are operations contracted in 2015 and 2016.



The debt in foreign currencies represented 9.0% of the gross debt at 31 March 2017. There are no hedge operations contracted for the loan with KfW, whose debt balance was €66.9 million (R$226.9 million). The loan with Bank of New York (BNY), whose debt balance was US$25.3 million (R$80.2 million) at the end of 1Q17, is collateralized with Brazilian debt bonds, in the amount of US$21.0 million (R$68.5 million), held by Banco do Brasil, and restated by the average price of U.S. Treasury zero-coupon bonds.

The average coupon for all loans was 8.9% p.a. on 31 March 2017, a decrease from the coupon recorded in March 2016, as a reflex of the downturn of the CDI and TJLP rates, which are indices of 46% of the Company's debt. The following chart shows the evolution of the average coupon and the relative weight of the debt by contractual indices in 1Q17, 1Q16 and 1Q15.

Comments on company performance



The indexed financing lines have their respective balances pegged to the following indices:

- FGTS funds and Caixa Econômica Federal 5th Debenture Issue: TR;
- BNDES 2nd Series of the 4tha and 8th Debenture Issues, 2nd Series of the 6th, 7th and 9th Issues of Market Debentures: IPCA;
- 1st Series of the 6th, 7th and 9th Issues of Market Debentures and Single Series of the 10th Issue of Market Debentures: CDI;
- Bank of New York (BNY): USD; and
- KfW: euro.

Comments on company performance

The chart below shows the main funding lines, interest rates and remaining balance as of March 2017:

Debt – Funding lines	Issue date	Fixed rate (annual)	Variable rate (annual)	Maturity date	Outstanding balance (R$ million)	%
In national currency:						
FGTS funds [1]	[2]	7.74%	TR	2/16/2039	553.5	16.2%
FINAME	3/28/2011	3.16%	-	1/15/2025	101.1	3.0%
BNDES loan	1/15/2008	9.06%	TJLP	5/15/2025	431.9	12.6%
BNDES/3rd debenture issue	12/6/2007	2.30%	TJLP	12/16/2019	136.4	4.0%
BNDES/4th debenture issue						
1st series	7/15/2010	1.55%	TJLP	7/15/2022	135.0	3.9%
2nd series	7/15/2010	9.05%	IPCA	8/15/2022	241.9	7.1%
3rd series	7/15/2010	1.55%	TJLP	7/15/2022	178.7	5.2%
Caixa/5th debenture issue	9/20/2011	9.00%	TR	9/1/2031	255.5	7.5%
Market Debentures – 2nd series of the 6th issue [3]	2/15/2012	6.02%	IPCA	2/15/2019	94.1	2.8%
Market debentures – 7th issue						
1st series	4/15/2014	-	108.5% of CDI	4/15/2019	133.5	3.9%
2nd series	4/15/2014	7.39%	IPCA	4/15/2021	158.6	4.6%
BNDES/8th debenture issue						
1st series	6/15/2015	1.87%	TJLP	6/15/2028	65.7	1.9%
2nd series	6/15/2015	8.18%	IPCA	6/15/2028	29.7	0.9%
Market debentures – 9th issue						
1st series	8/15/2015	-	118.9% of CDI	8/15/2020	337.4	9.9%
2nd series	8/15/2015	8.68%	IPCA	8/15/2021	20.2	0.6%
Market debentures – 10th issue	9/15/2016	-	124.2% of CDI	9/15/2020	152.2	4.4%
IBM	5/25/2016	5.15%	CDI	2/26/2020	2.2	0.1%
Other liabilities:						
Libertas (private pension plan)	1/8/2001	6.00%	INPC	11/8/2021	87.3	2.6%
In foreign currency:						
Bank of New York (BNY) [4]	[5]	4.27%	USD	4/10/2024	80.2	2.3%
KfW	11/29/2011	2.07%	Euro	12/20/2023	226.9	6.6%
Total short + long term debt					**3,422.0**	**100.0%**
Cash and cash equivalents					576.7	
Net debt					**2,845.2**	

(1) FGTS funds: Caixa Econômica Federal.
(2) Several dates; 98% of the current debt balance was contracted until December 2014, and the other 2% were contracted from January 2015.
(3) 1st series was paid off in Feb/2017.
(4) Average rate (LIBOR+Spread) of various bonds.
(5) Refers to the debt acknowledgement and consolidation agreement entered into with the Federal Government on 5 August 1998, arising from commitments in foreign currency previously contracted with external creditors.

Comments on company performance

14. Quarterly Income Statement

PARENT CO. (R$ thousands)	1Q17	1Q16	1Q17 X 1Q16	1Q15	1Q16 X 1Q15
OPERATING REVENUE FROM SERVICES					
Water services	637,248	541,096	17.8%	485,686	11.4%
Sewage services	341,410	289,715	17.8%	249,441	16.1%
Construction revenue	62,075	176,733	-64.9%	164,361	7.5%
NET OPERATING REVENUE FROM SERVICES	**1,040,733**	**1,007,544**	**3.3%**	**899,488**	**12.0%**
Cost of services rendered	(512,330)	(478,566)	7.1%	(456,923)	4.7%
Construction costs	(62,075)	(176,733)	-64.9%	(161,865)	9.2%
COST OF SERVICES RENDERED	**(574,405)**	**(655,299)**	**-12.3%**	**(618,788)**	**5.9%**
GROSS INCOME	**466,328**	**352,245**	**32.4%**	**280,700**	**25.5%**
Selling expenses	(93,783)	(82,875)	13.2%	(67,769)	22.3%
General and administrative expenses	(106,343)	(97,964)	8.6%	(109,629)	-10.6%
Other operating revenues	86,363	36,748	-	26,707	37.6%
Other operating expenses	(85,834)	(30,771)	-	(29,042)	6.0%
Employees' profit sharing	(9,090)	(2,155)	-	-	-
Equity income	(1,292)	(163)	-	(2,409)	-93.2%
OPERATING EXPENSES/REVENUES	**(209,979)**	**(177,180)**	**18.5%**	**(182,142)**	**-2.7%**
EARNINGS BEFORE FINANCIAL RESULT AND TAXES	**256,349**	**175,065**	**46.4%**	**98,558**	**77.6%**
Financial revenues	36,528	47,027	-22.3%	30,585	53.8%
Financial expenses	(87,432)	(113,794)	-23.2%	(111,899)	1.7%
FINANCIAL RESULT	**(50,904)**	**(66,767)**	**-23.8%**	**(81,314)**	**-17.9%**
EARNINGS BEFORE TAXES ON INCOME	**205,445**	**108,298**	89.7%	**17,244**	-
Provision for income tax	(41,072)	(13,462)	-	(474)	-
Provision for social contribution on net income	(15,360)	(5,031)	-	(320)	-
NET INCOME FOR THE PERIOD	**149,013**	**89,805**	**65.9%**	**16,450**	-
Weighted average number of common shares	126,751,023	119,327,217	6.2%	119,327,217	-
EARNINGS PER SHARE (R$)	**1.18**	**0.75**	**62.7%**	**0.14**	-

Comments on company performance

15. Balance Sheet – Assets

PARENT CO. (R$ thousands)	3/31/2017	3/31/2016	3/31/2017 X 3/31/2016	3/31/2015	3/31/2016 X 3/31/2015
CURRENT					
Cash and cash equivalents	576,729	394,401	46.2%	277,193	42.3%
Trade accounts receivable	1,001,037	787,214	27.2%	661,028	19.1%
Inventories	39,768	45,723	-13.0%	41,988	8.9%
Taxes to offset	23,514	35,817	-34.3%	25,224	42.0%
Technical cooperation agreement	26,856	30,066	-10.7%	40,067	-25.0%
Banks and agreement investments	50,782	35,380	43.5%	23,520	50.4%
Sundry receivables	12,848	13,274	-3.2%	30,488	-56.5%
TOTAL CURRENT ASSETS	**1,731,534**	**1,341,875**	**29.0%**	**1,099,508**	**22.0%**
NON-CURRENT					
Long-term assets:					
Trade accounts receivable	125,524	167,597	-25.1%	189,185	-11.4%
Financing guarantee deposits	164,996	193,918	-14.9%	164,674	17.8%
Restricted investments	77,641	64,580	20.2%	97,261	-33.6%
Assets available for sale	59,564	41,084	45.0%	40,748	0.8%
Receivables from subsidiaries	-	25,430	-	17,012	49.5%
Deferred income and social contribution taxes	159,433	160,023	-0.4%	155,064	3.2%
Financial assets	632,368	581,724	8.7%	548,477	6.1%
Sundry receivables	46,963	53,407	-12.1%	49,454	8.0%
	1,266,489	**1,287,763**	**-1.7%**	**1,261,875**	**2.1%**
Permanent assets:					
Investments	48,362	18,780	-	12,310	52.6%
Intangible assets	7,752,906	7,943,232	-2.4%	7,679,169	3.4%
Property, plant and equipment	133,737	157,050	-14.8%	190,570	-17.6%
	7,935,005	**8,119,062**	**-2.3%**	**7,882,049**	**3.0%**
TOTAL NON-CURRENT ASSETS	**9,201,494**	**9,406,825**	**-2.2%**	**9,143,924**	**2.9%**
TOTAL ASSETS	**10,933,028**	**10,748,700**	**1.7%**	**10,243,432**	**4.9%**

Comments on company performance

16. Balance Sheet – Liabilities and equity

PARENT CO. (R$ thousands)	3/31/2017	3/31/2016	3/31/2017 X 3/31/2016	3/31/2015	3/31/2016 X 3/31/2015
CURRENT					
Contractors and suppliers	144,783	125,867	15.0%	95,761	31.4%
Taxes, charges and contributions	61,732	47,868	29.0%	41,243	16.1%
Loans and financing	155,008	174,841	-11.3%	339,146	-48.4%
Debentures	393,054	304,417	29.1%	287,605	5.8%
Public-Private Partnership	100,497	65,727	52.9%	-	-
Employees' profit sharing	27,416	4,717	-	21,186	-77.7%
Provision for vacations and 13th salary	107,906	97,657	10.5%	108,609	-10.1%
Tax installments	65,491	57,462	14.0%	48,303	19.0%
Retirement benefit liabilities	27,911	25,358	10.1%	23,630	7.3%
Interest on Equity	66,539	32,309	-	5,574	-
Sundry liabilities	28,636	53,068	-46.0%	30,818	72.2%
TOTAL CURRENT LIABILITIES	**1,178,973**	**989,291**	**19.2%**	**1,001,875**	**-1.3%**
NON-CURRENT					
Long-term liabilities:					
Loans and financing	1,240,845	1,313,466	-5.5%	1,324,578	-0.8%
Debentures	1,543,417	1,716,370	-10.1%	1,480,088	16.0%
Public-Private Partnership	423,724	561,141	-24.5%	368,902	52.1%
Provision for litigation	177,400	98,800	79.6%	124,630	-20.7%
Tax installments	125,524	167,597	-25.1%	189,185	-11.4%
Retirement benefit liabilities	112,732	104,381	8.0%	123,543	-15.5%
Provision for investment losses	-	19,177	-	14,052	36.5%
Sundry liabilities	77,838	70,483	10.4%	71,745	-1.8%
TOTAL NON-CURRENT LIABILITIES	**3,701,480**	**4,051,415**	**-8.6%**	**3,696,723**	**9.6%**
SHAREHOLDERS' EQUITY					
Paid-up capital stock	3,402,385	2,773,985	22.7%	2,773,985	0.0%
Treasury shares	(8,576)	(8,576)	0.0%	(8,576)	0.0%
Revenue reserves	2,528,663	2,710,880	-6.7%	2,726,965	-0.6%
Carrying value adjustments	12,754	37,351	-65.9%	39,677	-5.9%
Retained earnings	117,349	65,954	77.9%	12,783	-
Funds for capital increase	-	128,400	-	-	-
TOTAL SHAREHOLDERS' EQUITY	**6,052,575**	**5,707,994**	**6.0%**	**5,544,834**	**2.9%**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**10,933,028**	**10,748,700**	**1.7%**	**10,243,432**	**4.9%**

Comments on company performance

17. Cash Flow Statement

	Parent Co. (R$ thousands)		
	1Q17	1Q16	1Q15
Cash flow from operating activities:			
Net income for the period	**149,013**	**89,805**	**16,450**
Adjustments to reconcile net income and net cash			
Provisions for doubtful accounts	48,660	33,098	22,522
Recovery of written-off accounts	(17,879)	(17,801)	(11,483)
Charges and monetary/exchange variation, net	(662)	5,028	32,544
Interest income and expenses	66,960	66,598	57,540
Deferred income tax and social contribution	(2,069)	(3,744)	(18,632)
Equity income	1,292	163	2,409
Net write-offs of intangible and fixed assets	9,566	(3,777)	54
Depreciation and amortization	141,845	146,099	133,880
Constitution (reversal) of provisions	7,751	4,837	14,402
Provision for retirement benefits	11,391	8,421	11,711
Deferred revenues	(5,216)	(1,267)	-
Net construction revenues margin	-	-	(2,496)
Adjusted income	**410,652**	**327,460**	**258,901**
Reduction (increase) in operating assets			
Accounts receivable from clients	(104,666)	(47,466)	15,906
Inventories	6	315	(737)
Taxes to offset	1,797	3,857	(5,395)
Banks and agreement investments	(13,568)	(7,938)	973
Financing guarantee deposits	5,430	4,694	(13,595)
Redemption of securities/restricted investments	-	3,112	1,399
Receivables from subsidiaries	(269)	(1,299)	(825)
Other financial assets	(4,600)	(4,310)	(2,983)
Other	3,446	136	(2,409)
Increase (reduction) in operating liabilities			
Suppliers	19,161	(26,238)	(22,794)
Taxes, charges, contributions and social obligations	52,725	11,599	13,978
Provision for vacations and 13th month salary	8,069	(4,949)	10,173
Employees' profit sharing	9,081	(5,079)	1,318
Technical cooperation agreement	7,606	11,670	(2,673)
Contingencies	(15,690)	(2,883)	(3,530)
Private pension plan	(14,175)	(15,001)	(14,850)
Electricity / others	(10,643)	(119,818)	(4,950)
Payment of actuarial liabilities	(6,308)	(5,973)	(5,431)
	(62,598)	**(205,571)**	**(36,425)**
Payment of income tax and social contribution	(51,334)	(19,951)	(24,562)
Interest paid	(64,544)	(70,850)	(59,277)
Net cash generated in operating activities	**232,176**	**31,088**	**138,637**
Cash flow from investing activities:			
PPP Payments	(25,923)	(18,833)	-
Capital increase in subsidiaries (COPANOR)	(15,364)	-	-
Amounts received from sale of fixed assets	-	3,839	25
Purchase of intangible and fixed assets	(96,199)	(93,119)	(133,104)
Net cash used in investing activities	**(137,486)**	**(108,113)**	**(133,079)**
Cash flow from financing activities:			
Loans, financing and debentures	24,444	60,510	77,498
Amortization of loans, financing and debentures	(135,819)	(146,169)	(134,931)
Interest on equity paid	(28,259)	-	-
Net cash used in financing activities	**(139,634)**	**(85,659)**	**(57,433)**
Increase (reduction) in cash and cash equivalents	**(44,944)**	**(162,684)**	**(51,875)**
Cash and cash equivalents at the beginning of the period	621,673	557,085	329,068
Cash and cash equivalents at the end of the period	576,729	394,401	277,193

Comments on company performance

About COPASA MG

Companhia de Saneamento de Minas Gerais – COPASA MG is a mixed-capital company, controlled by the State of Minas Gerais. The Company's activities are to plan, execute, expand, remodel and operate public sanitation services, involving water supply, sewage and solid waste. COPASA MG has concessions in about 75% of the municipalities of the State of Minas Gerais, serving a population of over 11.5 million inhabitants. COPASA MG's shares have been traded since February 2006 in the Novo Mercado, the highest corporate governance segment of BM&FBOVESPA, under the ticker CSMG3.

Contact

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Any information contained in this document regarding COPASA MG's business prospects, projections and operational and financial goals are assumptions and expectations of the Company's management, based on information currently available. They involve risks and uncertainties, since they refer to future events, and therefore depend on circumstances that may or may not occur. Changes in macroeconomic policy, legislation or other operating factors may affect the future performance of COPASA MG and lead to results that materially differ from those expressed in such considerations.

Notes to the quarterly information

01. Operations

Companhia de Saneamento de Minas Gerais ("COPASA MG", "COPASA", the "Parent Company" or "Company") is a publicly-traded corporation with state and private capital, controlled by the Government of the State of Minas Gerais, headquartered in the city of Belo Horizonte at Rua Mar de Espanha 525, Bairro Santo Antônio. The Company is engaged in planning, designing, performing, expanding, remodeling, managing and providing public services relating to water supply and sewage, and is permitted to operate in Brazil and abroad.

On April 25, 2017, the Company's Executive Board authorized the issue of the parent company and consolidated interim accounting information at March 31, 2017 and the Board of Directors approved its issue during the meeting held on April 27, 2017.

COPASA owns 100% of the subsidiary COPASA Serviços de Saneamento Integrado do Norte e Nordeste de Minas Gerais S/A ("COPANOR") - established by State Law 16,698, of April 17, 2007, engaged in planning, designing, executing, expanding, remodeling, exploring and providing public services including water supply and sewage treatment, collection, recycling, treatment and final disposal of urban, domestic and industrial waste, draining and management of rainwater in urban areas in cities of the North of Minas Gerais and the water basins of the Jequitinhonha, Mucuri, São Mateus, Buranhém, Itanhém and Jucuruçu rivers.

02. Basis of preparation and presentation of the parent company and consolidated financial information

The parent company and consolidated interim financial information is presented in thousands of Brazilian Reais (R$ 1,000), unless otherwise stated.

2.1 Basis of preparation

The Company's interim financial information includes the parent company and consolidated interim information, identified as "Parent company" and "Consolidated" respectively, and is prepared and presented in accordance with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and with the accounting practices adopted in Brazil.

The accounting practices adopted in Brazil comprise those included in the Brazilian Corporation Law and in the Pronouncements, Guidance and Interpretations issued by the Brazilian Accounting Pronouncements Committee (CPC) and approved by the Brazilian Securities Commission (CVM).

This interim accounting information should be read in conjunction with the financial statements of the Company for the year ended December 31, 2016.

Considering that there were no significant changes in relation to the composition and nature of the balances presented in the Financial Statements at December 31, 2016, the Explanatory Notes below are summarized for the period ended March 31, 2017:

04. Public service concession agreements;
06. Trade receivables;
08. Intangible assets;
09. Property, plant and equipment;
11. Loans, financing and debentures;
12. Provision for contingencies;

16. Pension plan;
17. Equity and dividends.

Additionally, the Company complied with the guidance arising from the Technical Guidance (OCPC) 07, issued by the Brazilian Accounting Pronouncements Committee (CPC) in November 2014, in the preparation of its Quarterly Accounting Information. Therefore, significant data with respect to such information are being presented and correspond to those used by the management in its activities.

The parent company and consolidated interim accounting information, referred to herein as "Parent Company" and "Consolidated", respectively, has been prepared and is being presented in accordance with the accounting standard CPC 21(R1) "Interim Financial Reporting", issued by the Brazilian Accounting Pronouncements Committee (CPC), and IAS 34 "Interim Financial Reporting", as well as with the standards issued by the Brazilian Securities Commission (CVM).

03. Summary of significant accounting policies

The main accounting policies applied in the preparation of this interim accounting information are consistent with the policies described in Note 3 to the financial statements of the Company for the year ended December 31, 2016, filed with the CVM. These policies have been consistently applied in the periods presented, unless otherwise stated.

04. Public service concession agreements

At March 31, 2017, COPASA and COPANOR had 635 concessions for the rendering of water supply services and 299 for sewage treatment.

05. Cash and cash equivalents

(a) Cash and cash equivalents

	Parent company		Consolidated	
	3/31/2017	**12/31/2016**	**3/31/2017**	**12/31/2016**
Cash and banks	16,478	43,782	16,663	44,048
Short-term bank deposit certificates	560,251	577,891	587,446	594,695
Total	**576,729**	**621,673**	**604,109**	**638,743**

At March 31, 2017, there had been no changes in the nature and conditions of cash and cash equivalents compared to the disclosures made in Note 6 to the financial statements for the year ended December 31, 2016. Accordingly, management decided not to repeat these disclosures as part of this interim accounting information.

Notes to the quarterly information

06. Trade and other receivables

The carrying amounts of the Company's trade and other receivables are exclusively denominated in Brazilian reais.

(a) Trade receivables

The aging of trade receivables is as follows:

	Parent company		Consolidated	
Amounts	**3/31/2017**	**12/31/2016**	**3/31/2017**	**12/31/2016**
Overdue	312,986	254,335	316,587	257,333
Overdue for up to 30 days	121,109	88,863	122,376	89,897
Overdue from 31 to 60 days	63,866	59,579	64,655	60,287
Overdue from 61 to 90 days	41,612	34,106	42,066	34,524
Overdue from 91 to 180 days	67,258	52,719	68,274	53,496
Overdue for more than 180 days	19,141	19,068	19,216	19,129
Not yet due	435,107	431,330	436,995	433,582
Billed amounts	748,093	685,665	753,582	690,915
Unbilled amounts	282,959	260,277	282,959	260,277
Trade receivables	1,031,052	945,942	1,036,541	951,192
(-) Provision for impairment of trade receivables	(30,015)	(24,907)	(30,601)	(25,493)
	1,001,037	921,035	1,005,940	925,699
Accounts receivable - non-current (1)	125,524	139,595	125,524	139,595
Trade receivables, net	**1,126,561**	**1,060,630**	**1,131,464**	**1,065,294**

(1) Refers to a compensation agreement entered into with the Belo Horizonte Municipal Government, as described in Note 23 to the Company's financial statements for the year ended December 31, 2016.

The changes in the provision for impairment of trade receivables were as follows:

	Parent company		Consolidated	
	3/31/2017	**12/31/2016**	**3/31/2017**	**12/31/2016**
Opening balance	**24,907**	**21,682**	**25,493**	**23,909**
Provision for impairment of trade receivables	48,660	158,278	49,405	161,286
Reversal of provision for impairment of trade receivables	-	-	-	(122)
Receivables written off during the year as uncollectible	(43,552)	(155,053)	(44,297)	(159,580)
Closing balance	**30,015**	**24,907**	**30,601**	**25,493**

The provision for impairment of trade receivables was recognized in the statement of income as selling expenses. Amounts charged to the provision account are generally written off when there is no expectation of recovering additional cash.

(b) Other receivables

Amounts charged to the provision account are generally written off when there is no expectation of recovering additional cash.

The maximum exposure to credit risk at the balance sheet date is the carrying value of each class of receivable mentioned above. The Company maintains tariff revenue as collateral for financing (letter "e" of Note 20.1 to the financial statements of the Company for the year ended December 31, 2016).

There were no changes in the nature and conditions of trade and other receivables compared to the disclosures made in Note 7 (b) to the Company's financial statements for the year ended December 31, 2016.

07. Investments

The table below presents the changes in investments and the provision for losses on investments in subsidiaries:

	12/31/2016	Equity in the results of subsidiaries[ii]	Capital increase	3/31/2017
Investments				
COPANOR [i]	34,030	(1,292)	15,364	48,102
Other	260	-	-	260
Total	**34,290**	**(1,292)**	**15,364**	**48,362**

(i) The parent company paid R$ 15.3 million on February 15, 2017. These funds are being used in works for the implementation and/or expansion of systems, and as working capital.

(ii) The equity result was negative by R$ 1,292. The taxes on profit, finance result, and depreciation/amortization of subsidiaries were negative by R$ 839 (R$ 385 in the first quarter of 2016).

08. Intangible assets

(a) The changes in intangible assets were as follow:

Notes to the quarterly information

Parent company

	Systems of						
	Water	**Sewage**	**Shared use**	**Rights of use**	**Other**	**In progress**	**Total**
At December 31, 2016	**2,697,223**	**3,410,020**	**194,352**	**264,729**	**113,001**	**1,141,245**	**7,820,570**
Additions	7,933	16,939	4,061	10,110	2,888	53,096	**95,027**
Disposals	(1)	-	-	-	-	(9,558)	**(9,559)**
Amortization	(47,239)	(61,651)	(20,417)	(5,222)	(1,017)	-	**(135,546)**
Capitalized interest	-	-	-	-	-	5,740	**5,740**
Transfers to financial assets	(1,125)	(19,821)	(748)	23	(1,559)	-	**(23,230)**
Transfers to property, plant and equipment and between intangible assets	28,688	81,395	7,834	449	(825)	(118,490)	**(949)**
Other	638	201	-	16	-	(2)	**853**
At March 31, 2017	**2,686,117**	**3,427,083**	**185,082**	**270,105**	**112,488**	**1,072,031**	**7,752,906**

Consolidated

	Systems of						
	Water	**Sewage**	**Shared use**	**Rights of use**	**Other**	**In progress**	**Total**
At December 31, 2016	**2,697,223**	**3,410,020**	**194,352**	**264,729**	**113,001**	**1,154,470**	**7,833,795**
Additions	7,933	16,939	4,061	10,110	2,888	53,096	**95,027**
Disposals	(1)	-	-	-	-	(9,558)	**(9,559)**
Amortization	(47,239)	(61,651)	(20,417)	(5,222)	(1,017)	-	**(135,546)**
Capitalized interest	-	-	-	-	-	5,740	**5,740**
Transfers to financial assets	(1,125)	(19,821)	(748)	23	(1,559)	-	**(23,230)**

Notes to the quarterly information

	Consolidated						
	Systems of						
	Water	**Sewage**	**Shared use**	**Rights of use**	**Other**	**In progress**	**Total**
Transfers to property, plant and equipment and between intangible assets	28,688	81,395	7,834	449	(825)	(118,490)	**(949)**
Other	638	201	-	16	-	(2)	**853**
At March 31, 2017	**2,686,117**	**3,427,083**	**185,082**	**270,105**	**112,488**	**1,085,256**	**7,766,131**

The amortization for the 1st quarter of 2017, as allocated to profit (loss), amounted to R$ 135,546, of which R$ 133,542 in cost of services rendered, R$ 1,947 in selling expenses, and R$ 57 in administrative expenses (R$ 135,719, R$ 47 and R$ 1,572, respectively, in the first quarter of 2016).

At March 31, 2017, additions to intangible assets, which amount to R$ 95,027, mainly relate to expansion of the water supply system of Teófilo Otoni and expansion of the water treatment system of Pedro Leopoldo, Coronel Fabriciano and Montes Claros, in addition to the implementation of interceptors in Contagem.

(b) Public-Private Partnership (PPP) - Manso River Production System

COPASA and Odebrecht Ambiental - Manso S.A., a special-purpose entity (SPE), formalized a Public-Private Partnership agreement of the administrative concession type to expand the capacity of the Rio Manso Water Production System, in the metropolitan region of Belo Horizonte, and the provision of services through this system.

During the performance of the construction work, the Company recognized the intangible asset according to the progress of the activities and with an offsetting entry in a related liability, because of the PPP agreement. Monetary adjustment expenses were capitalized in intangible assets up to the beginning of the operations on December 21, 2015.

The contributions to the SPE started to be paid in January 2016. The amortized value was R$ 25,923 at March 31, 2017 (R$ 111,507 at December 31, 2016). In the 1st quarter of 2017, the expenses arising from the agreement were recorded as follows: R$ 10.8 million as system maintenance expenses (OPEX), R$ 5.3 million as finance costs recognized in profit (loss) according to the contractual adjustment period (monetary adjustment).

09. Property, plant and equipment

The changes in property, plant and equipment were as follow:

	Parent company/Consolidated				
	Machinery and equipment	**Vehicles**	**Other**	**Land and buildings**	**Total**
At December 31, 2016	**41,249**	**12,084**	**7**	**84,582**	**137,922**
Additions	1,172	-	-	-	1,172
Disposals	(7)	-	-	-	(7)
Depreciation	(3,154)	(2,155)	(1)	(989)	(6,299)
Transfers from intangible assets	666	-	-	283	949
At March 31, 2017	**39,926**	**9,929**	**6**	**83,876**	**133,737**

The depreciation for the 1st quarter of 2017, as allocated to profit (loss), amounted to R$ 6,299, of which R$ 3,073 in cost of services rendered, R$ 2,070 in selling expenses, and R$ 1,156 in administrative expenses (R$ 8,774, R$ 5,557, R$ 1,221 and R$ 1,996, respectively, in the first quarter of 2016).

10. Tax liabilities

Taxes, contributions and social obligations are as follows:

	Parent company		**Consolidated**	
	3/31/2017	**12/31/2016**	**3/31/2017**	**12/31/2016**
National Institute of Social Security (INSS)	20,463	21,085	20,844	21,364
Social Contribution on Revenue (COFINS)	20,263	17,557	20,390	17,672
Social Integration Program (PIS)	4,374	3,779	4,401	3,804
Income tax and social contribution (IRPJ and CSLL)	8,977	7,442	9,001	7,473
Government Severance Indemnity Fund for Employees (FGTS)	2,346	4,010	2,414	4,082
Other	5,309	3,898	5,385	3,926
Current liabilities	**61,732**	**57,771**	**62,435**	**58,321**

11. Borrowings and debentures

Borrowings and debentures did not change significantly compared to the disclosures made in Note 12 to the financial statements for the year ended December 31, 2016. Accordingly, these disclosures were not included in this interim accounting information at March 31, 2017.

At March 31, 2017, the carrying values of the Company's borrowings in foreign currency total R$ 307,035, of which R$ 80,157 in U.S. dollars and R$ 226,878 in euros (December 2016 - R$ 307,303, of which R$ 82,491 in U.S. dollars and R$ 224,812 in euros).

Borrowings and debentures mature through 2038 and have an average coupon of 9.0% p.a. for the parent company and consolidated accounts (9.4% p.a. in December 2016 for the parent company and consolidated accounts). Considering the debit balance with Libertas, which amounts to R$ 87,271 (R$ 102,155 at December 31, 2016), the average coupon is 8.9% per year (9.0% in December 2016).

(a) Loans and financing

Changes in borrowings are as follows:

	Parent company		Consolidated	
	3/31/2017	12/31/2016	3/31/2017	12/31/2016
Opening balance	**1,399,433**	**1,526,872**	**1,399,923**	**1,528,517**
New borrowings	24,444	111,553	24,444	111,553
Accrued charges	21,356	88,186	21,365	88,315
Monetary and foreign exchange variations	(2,098)	(55,652)	(2,098)	(55,652)
Payment of charges	(19,899)	(89,001)	(19,909)	(89,134)
Repayment of principal	(27,383)	(182,525)	(27,872)	(183,676)
Closing balance	**1,395,853**	**1,399,433**	**1,395,853**	**1,399,923**
Current liabilities	**(155,008)**	**(146,441)**	**(155,008)**	**(146,931)**
Non-current liabilities	**1,240,845**	**1,252,992**	**1,240,845**	**1,252,992**

(b) Debentures

On March 15, 2017, a Private Instrument of Deed of the 11th Issuance of Non-convertible Debentures was formalized in the total amount of R$ 226,449, referring to the issuance of 10,000 (ten thousand) simple debentures with real guarantee divided into two series of 7,000 (seven thousand) debentures of the First Series and 3,000 (three thousand) debentures of the second series, the proceeds of which are allocated to the investment plan that includes the expansion of networks and implementation of building connections in the Water Supply and Sewage Treatment Systems in the areas where the Company operates. To conclude the operation, the Company is waiting for the formalization of the guarantee agreements that are accessory to the current instrument, as well as the related registers with the State of Rio de Janeiro Board of Trade.

Notes to the quarterly information

Changes in debentures are as follows:

	Parent company/Consolidated	
	3/31/2017	**12/31/2016**
Opening balance	**2,031,002**	**2,063,042**
New debentures	-	181,246
Accrued charges	51,344	215,134
Monetary variation	7,206	47,676
Payment of charges	(44,645)	(213,671)
Repayment of principal	(108,436)	(262,425)
Closing balance	**1,936,471**	**2,031,002**
Current liabilities	**(393,054)**	**(365,469)**
Non-current liabilities	**1,543,417**	**1,665,533**

(c) Fair value

The carrying values and fair values of borrowings and debentures are disclosed in Note 19.2.

(d) Restrictive contractual clauses - Covenants

The Company has borrowing agreements that contain restrictive covenants requiring it to maintain certain financial ratios, based on certain duly audited financial ratios, and with different periods of calculation of the results, as specified in the related agreements.

(i) Quarterly calculation with 12-month cumulative data - covenants in agreements with the BNDES:

Index	Limits	Range
EBITDA/adjusted finance costs	Equal to or greater than 3.8	Equal to or greater than 3.0
Adjusted net debt/EBITDA	Equal to or smaller than 3.0	Equal to or smaller than 3.8
Other onerous debt/EBITDA	Equal to or smaller than 1.0	Equal to or smaller than 1.3

On February 25, 2016, BNDES submitted to the Company the authorization for suspension, up to December 31, 2017, of the possibility of non-compliance with the agreed-upon covenants and related penalties, and established that, during the suspension period, the guarantee reinforcement made in 2015 would be maintained.

The following is presented in the analysis of each period of compliance with the agreement:

- 1Q16 and 2Q16 - the covenants agreed upon were not complied with
- 4Q16 and 1Q17 - the covenants agreed upon were complied with.

Despite the non-compliance with the covenants, there was no infringement in two periods out of the four periods analyzed, considering that the creditor granted an authorization, as aforementioned.

Notes to the quarterly information

(ii) Semi-annual calculation (June and December) with cumulative 12-month data - Covenants in FGTS syndicated agreements:

Index	Limits
Total debt/equity	Equal to or smaller than 1.0
EBITDA/debt service	Minimum of 1.5
Water and sewage connections/number of employees	More than 350

The verification of the indexes at March 31, 2017 is not required.

(iii) Annual calculation using cumulative data for the year

iii-a) Covenants of the 5th debenture issue (Caixa FI):

Index	Limits
Total debt/equity	Equal to or smaller than 1.0
EBITDA/debt service	Equal to or greater than 1.5
Net debt/ equity	Equal to or smaller than 1.0
Net debt/EBITDA	Equal to or smaller than 3.0
Adjusted net operating revenue/EBITDA	Equal to or greater than 36%

The verification of the indexes at March 31, 2017 is not required.

iii-b) Covenants in agreements with KfW:

Index	Limits
Total debt/equity	Equal to or smaller than 1.0
EBITDA/debt service	Equal to or greater than 1.5

The verification of the indexes at March 31, 2017 is not required.

iii-c) Covenants of the 6th and 7th debenture issues (public):

Index	Limits
Net debt/EBITDA	Equal to or smaller than 3.0
EBITDA/debt service	Equal to or greater than 1.5

The verification of the indexes at March 31, 2017 is not required.

iii-d) Covenants of the 9th and 10th issue of debentures (public):

Index	Limits
Net debt/EBITDA	Equal to or smaller than 4.0
EBITDA/debt service	Equal to or greater than 1.2

The verification of the indexes at March 31, 2017 is not required.

Notes to the quarterly information

12. Provision for contingencies

(a) Probable loss contingencies

Provisions are as follows:

	Parent company					
	3/31/2017			12/31/2016		
	Contin-gencies	Judicial deposits	Net balance	Contin-gencies	Judicial deposits	Net balance
Civil	83,915	(2,021)	81,894	61,515	(1,448)	60,067
Labor	58,160	(1,465)	56,695	56,930	(1,633)	55,297
Tax	114	-	114	26,120	-	26,120
Environmental	38,697	-	38,697	43,855	-	43,855
Total	**180,886**	**(3,486)**	**177,400**	**188,420**	**(3,081)**	**185,339**

	Consolidated					
	3/31/2017			12/31/2016		
	Contin-gencies	Judicial deposits	Net balance	Contin-gencies	Judicial deposits	Net balance
Civil	84,416	(2,021)	82,395	62,016	(1,448)	60,568
Labor	58,276	(1,961)	56,315	56,996	(1,987)	55,009
Tax	114	-	114	26,120	-	26,120
Environmental	38,697	-	38,697	43,855	-	43,855
Total	**181,503**	**(3,982)**	**177,521**	**188,987**	**(3,435)**	**185,552**

The changes in provisions are as follows:

	Parent company	Consolidated
Balance at December 31, 2016, net of judicial deposits	**188,420**	**188,987**
Additions	49,739	49,789
Reversals	(57,273)	(57,273)
Offset of judicial deposits	(3,486)	(3,982)
At March 31, 2017	**177,400**	**177,521**

The additions and reversals refer to reclassifications of risks in judicial proceedings made in the Contingency Forum established since August 2015 for the review and validation of the risks evidenced by the legal area in the proceedings against the Company, based on established case law.

Notes to the quarterly information

The additions refer to the reclassification of risk of 98 proceedings and the monetary restatement of the balance accrued, mainly:

- Lawsuit filed by the Municipality of Alfenas with a fine for non-compliance with the deadline established in the Authorization Law and Concession Agreement related to sewage network construction in the Municipality.

- Lawsuit filed by Mineração Fazenda do Borges, in Pedro Leopoldo, with a daily fine for non-compliance with the decision; it referred to the environmental recovery that should be implemented due to sewage pollution in the private farm.

Reversals arise from reclassifications of risk and write-offs of the payments, mainly:

- Reclassification of risk from "probable" to "possible", referring to a lawsuit for repossession of ownership of the property in the Municipality of Nova Lima and, secondarily, indemnification amounting to the market value of the property and Tax foreclosure action filed by the National Treasury General Counsel before the Federal Justice, against COPASA MG, in 2015, with the objective of receiving the negative balance of Corporate Income Tax (IRPJ) for 2004, which request for offset against the IRPJ unpaid in January, February and March 2005, was not approved by the National Treasury.

- Write-off of the payment referring to the lawsuit filed by COPASA, which challenged the validity of the tax assessment of the Federal Revenue Secretariat referring to the Social Integration Program (PIS)/Public Services Employee Savings Program (PASEP) calculation basis of R$ 14.7 million, finally ruled with an unfavorable decision, as well as a lawsuit filed by Mineração Fazenda dos Borges, mentioned in the indications of the additions, which was finally ruled in March/2017 with an unfavorable opinion for COPASA, according to the agreement made.

The Company is a party to several lawsuits arising in the normal course of business, and the quantity and value of these lawsuits are very varied. Lawsuits involving risks of more than R$ 5 million are listed below:

(i) Provisions for civil contingencies

These are related to claims for tangible damages or pain and suffering or claims for the reimbursement of amounts paid to the Company due to overpayment or duplicate payment. COPASA estimates the provisions based on the billed amounts subject to questioning and also on recent court decisions.

The Municipality of Alfenas filed a lawsuit for the collection of the fine, as detailed above, which amount provisioned at March 31, 2017 is R$ 26,594.

The municipality of Teófilo Otoni filed a lawsuit for annulment against the Company, claiming that the sewage tariff would be undue. Therefore, the municipality requested that the charges relating to sewage treatment services be revoked for the period from May 2006 to April 2008. Legal experts have concluded that the service had not been provided, since there had not been sewage treatment. COPASA filed a request for the extinction of the lawsuit, based on the existence of an out-of-court agreement about the debts. The process is currently with the Municipality's General Counsel. The related provision at March 31, 2017 is R$ 17,282 (R$ 17,258 in December 2016). No new relevant facts happened regarding the proceeding in 2017.

In 2015, the Prosecution Office filed a claim for indemnity due to environmental damages caused to Lagoa Central, located at the municipality of Lagoa Santa. The court decided that COPASA MG must pay the requested indemnity. Currently, there is an appeal with the Superior Court of Justice on the matter. The amount provisioned in 2017 remains at R$5,827.

Notes to the quarterly information

(ii) Provisions for labor contingencies

Most of the claims for which the Company is directly liable relate to pain and suffering and tangible damages due to occupational illnesses or accidents, overtime, commuting time, risk and health exposure premiums, prior notice payments, salary differences deriving from alleged job equality, and challenge of instances of termination for cause. The Company records, initially, provisions for all labor contingencies where the outcome is considered a possible loss. With the progress of the cases, the probabilities are ratified or modified to probable, depending on the decisions issued and/or changes in case laws.

There is a collective labor litigation in course, proceeding 0102100-74.2008.5.03.0024, at the 24th Labor Court of Belo Horizonte, linked to a public civil lawsuit, whereby SINDÁGUA and the Public Prosecution Office challenge the extinct dismissal policy and motivational program adopted by the Company, pleading for the reintegration of the employees dismissed under this policy, with the payment of salaries not yet due and already due. In this case, COPASA was successful in the court of first instance, but the decision was reversed at the court of second instance and is currently pending a decision by the Superior Labor Court. On February 24, 2017, the Superior Labor Court issued a decision, denying the Interlocutory Appeal to the Higher Courts, filed by Copasa. The likelihood of loss in this case was assessed as probable, and its amount was determined using calculations made based on legal guidelines and reasons stated by the lawyers responsible for the case. The related provision at March 31, 2017 was adjusted to R$ 27,278 (R$ 26,791 in December 2016).

The Company is currently a party to twenty-seven administrative proceedings initiated after an inspection and an assessment by officials representing the Regional Labor Office, which resulted in infringement notices alleging that the Company failed to compute the effects of overtime worked on the employees' weekly time-off pay, and that this would represent an undue salary reduction, leading to the notices and a fine for each employee found to be in the same situation. This fine, in turn, affected the Company's contributions to the FGTS, leading to another fine per employee. Proceeding 0000200-79.2007.5.03.0025, which has a higher value, is waiting for the decision of the Superior Labor Court (TST) (AIRR 240-61.2007.5.03.0025 and AIRR 241-46.2007.5.03.0025 – 7th Panel; notices 013153994, 013201310, 013201298, 013201301, 013153986 and 013153978 – MTE SRTE/MG). The related provision for this matter at March 31, 2017 amounted to R$ 6,610 (R$ 6,512 in December 2016).

(iii) Environmental provision

State Law 12,503/97 establishes that the Company, acting as a concessionaire of public services, must protect and preserve the environment by investing 0.5% of its operating revenue obtained in the municipalities where it operates, of which approximately 33% must be allocated to the reconstitution of the woods along bodies of water.

In order to mitigate the imminent risks and protect it against negative impacts on its results arising from unfavorable outcomes in judicial claims regarding the suspension of all judicial proceedings challenging the constitutionality of such Law, the Company recorded an additional provision for 2016 amounting to R$ 43,584. For determining the period to be considered in the provision, the Company adopted the assumption that, in order to comply with this law, the obligation for doing so would have a five-year statute of limitations. Accordingly, at each year end, the most recent year will be added in as a replacement of the first.

(b) Possible loss contingencies

COPASA is a party to other lawsuits for which the likelihood of loss is estimated as possible. No provision for losses on these lawsuits was recognized, as the Company believes it has a solid, legitimate defense.

Notes to the quarterly information

Ongoing proceedings at various administrative and judicial levels in which the Company is a defendant are as follows:

Nature	3/31/2017	12/31/2016
Civil **(i)**	232,684	189,253
Labor	34,961	35,945
Tax	13,730	26,269
Total	**281,375**	**251,467**

(i) Civil

This refers to lawsuits filed by customers, State and Federal prosecutors, municipalities, associations, etc., that seek jurisdictional protection with respect to different issues, except for tax- and labor-related claims, which are at various court levels, judicial courts and small claims courts, and are summarized as follows:

Individual lawsuits

The Company and its subsidiaries are parties to a significant number of individual lawsuits claiming damages for the disconnection of water service and damages caused by construction works. These lawsuits were filed in the normal course of the Company's businesses, and involve pain and suffering and tangible damages, such as for damages to property (real estate or cars) and accidents caused during activities, among other matters. Management does not believe that an unfavorable outcome in these legal actions, either individually or in the aggregate, would have a material adverse effect on results of operations, financial condition or business prospects of the Company and its subsidiaries.

Public Civil Actions and Class Actions

The Company is party to public civil actions and class actions that challenge, and seek to annul, declare void or suspend 21 of its concession agreements, namely those executed with the municipalities of Almenara, Barbacena, Campina Verde, Caratinga, Cataguases, Divinópolis, Frutal, Guidoval, Itajubá, Lavras, Leopoldina, Luz, Mateus Leme, Montes Claros, Nanuque, Patos de Minas, Ribeirão das Neves, São Gotardo, Sabará, Serra da Saudade and Ubá. All other actions were classified as possible or remote losses and, accordingly, no provisions were recognized. It is important to note that a precedent from the Court of Appeals of the State of Minas Gerais in a similar case and the opinions of renowned jurists are in favor of the Company's position that the concession agreements are lawful instruments.

13. Profit sharing

The Company records a provision for the amount to be distributed as employee profit sharing equivalent to 25% of the mandatory minimum dividends paid to stockholders, after the deduction of the legal reserve.

14. Income tax and social contribution

(a) Current income tax and social contribution

The amounts recorded in the financial statements as income tax and social contribution expenses or benefit are reconciled with the standard rates established by law, as follows:

Notes to the quarterly information

	Parent company		Consolidated	
	3/31/2017	**3/31/2016**	**3/31/2017**	**3/31/2016**
Profit (loss) before income tax and social contribution	205,445	108,298	205,445	108,629
Statutory rate	34%	34%	34%	34%
Expected income (expense) at standard rate	**(69,851)**	**(36,821)**	**(69,851)**	**(36,934)**
IRPJ and CSLL on:				
(Additions)/exclusions				
Equity in the results of investees	(439)	(56)	-	-
Realization of special monetary restatement reserve	(7)	(7)	(7)	(7)
Donations and incentives	1,774	431	1,774	431
Other (additions)/exclusions	(372)	638	(811)	364
Other reconciling items				
Interest on capital	10,867	16,809	10,867	16,809
Tax incentives	1,596	513	1,596	513
IRPJ and CSLL	**(56,432)**	**(18,493)**	**(56,432)**	**(18,824)**
Current IRPJ and CSLL	(58,501)	(22,238)	(58,501)	(22,569)
Deferred IRPJ and CSLL	2,069	3,745	2,069	3,745
IRPJ and CSLL	**(56,432)**	**(18,493)**	**(56,432)**	**(18,824)**

(b) Deferred income tax and social contribution

The amounts of temporary differences and related deferred taxes are as follows:

	Parent company/Consolidated	
Balances	**3/31/2017**	**12/31/2016**
In long-term receivables		
Temporary differences:		
Provision for impairment of trade receivables and litigation provision	210,901	213,327
Provision for losses in actuarial liabilities - comprehensive income	35,221	28,912
Provision for CPC-related adjustments	448,624	437,753
Provision for tax contingencies	59,461	64,558
Other temporary provisions - sundry	23,687	16,593
Total	**777,894**	**761,143**
Deferred income tax	194,473	190,285
Deferred social contribution	70,010	68,503
	264,483	**258,788**
In non-current liabilities		
Temporary differences:		
Deferred foreign exchange variation	17,774	17,164
Provision for CPC-related adjustments	236,653	232,456

Notes to the quarterly information

	Parent company/Consolidated	
Balances	**3/31/2017**	**12/31/2016**
Provision for CPC-related adjustments - comprehensive income	54,545	54,996
Total	**308,972**	**304,616**
Deferred income tax	77,243	76,154
Deferred social contribution	27,807	27,415
	105,050	**103,569**
Deferred IRPJ and CSLL, net	**159,433**	**155,219**

At March 31, 2017, there had been no changes in the nature and conditions of income tax and social contribution compared to the disclosures made in Note 15 to the financial statements at December 31, 2016. Accordingly, management has decided not to repeat such disclosures as part of this interim accounting information.

Possible significant factors that could modify the projections will be reviewed during the coming periods.

15. Technical cooperation agreements

The net balance of these agreements is as follows:

	Parent company		
	Receivables (assets)	**Advances (liabilities)**	**Net**
March 31, 2017			
State	61,714	(43,918)	**17,796**
Other	224,815	(215,755)	**9,060**
Total	**286,529**	**(259,673)**	**26,856**
December 31, 2016			
State	59,228	(43,778)	**15,450**
Other	216,749	(197,737)	**19,012**
Total	**275,977**	**(241,515)**	**34,462**

	Consolidated		
	Receivables (assets)	**Advances (liabilities)**	**Net**
March 31, 2017			
State	638,090	(611,015)	**27,075**
Other	224,815	(215,755)	**9,060**
Total	**862,905**	**(826,770)**	**36,135**
December 31, 2016			
State	632,035	(610,875)	**21,160**
Other	216,749	(197,737)	**19,012**
Total	**848,784**	**(808,612)**	**40,172**

At March 31, 2017, there have been no changes in the nature and conditions of technical cooperation agreements compared to the disclosures made in Note 16 to the financial statements for the year ended December 31, 2016. Accordingly, management has decided not to repeat such disclosures as part of this interim accounting information.

16. Pension plans

The related amounts and information on retirement benefit obligations are as follows:

Parent company/Consolidated		
	3/31/2017	**12/31/2016**
Non-current liabilities	112,732	110,300
Current liabilities	21,084	20,685
	133,816	**130,985**
Normal contributions	6,827	12,441
Total obligations recorded in the balance sheet	**140,643**	**143,426**

Changes in net liabilities are as follows:

Parent company/Consolidated	
Net liabilities at December 31, 2016	**143,426**
Amounts recognized in the statement of income	2,831
Actuarial losses recognized directly in other comprehensive income	6,308
Payment of interest on debt	(4,998)
Payment of principal	(1,310)
Expenses recognized in the statement of income - Contributions from COPASA	8,560
Provision for monthly contributions	11,890
Amortization - monthly contributions	(26,064)
Net liabilities at March 31, 2017	**140,643**
Current liabilities	**(27,911)**
Non-current liabilities	**(112,732)**

At March 31, 2017, there had been no changes in the nature and conditions of retirement benefit plans compared to the disclosures made in Note 17 to the financial statements at December 31, 2016.

Notes to the quarterly information

17. Equity and dividends

(a) Capital

The Company's subscribed and paid-up capital at December 31 and March 31, 2017 is R$ 3,402,386, represented by 126,751,023 registered common shares, without par value.

The Company is controlled by the Government of the State of Minas Gerais, which holds 51.2% of the Company's shares, 48.5% is outstanding in the market (free float), whereas the remaining 0.03% corresponds to treasury shares.

(b) Revenue reserves

There had been no changes in the reserves in relation to the disclosures made in Note 18 (b) to the financial statements at December 31, 2016. Accordingly, management has decided not to repeat such disclosures as part of this interim accounting information.

(c) Carrying value adjustments

There were no significant changes in the balances of the carrying value adjustments in this quarter.

(d) Remuneration of stockholders

Under the bylaws, stockholders of any class are entitled to a mandatory minimum dividend of 25% of the profit for the year, adjusted for the deduction or addition of the amounts specified in items I, II and III of Article 202 of Law 6,404/76.

The Company has a Dividend Policy, approved by the Extraordinary General Meeting held on September 13, 2016, that also establishes, among other matters, the following:

- The Board of Directors will define, by the closure of the 1Q of each financial year, the percentage of the adjusted profit to be distributed for the year, observing the legal mandatory minimum and the maximum of 50%;
- Declaration of dividends/interest on capital will be made quarterly; and
- The payment of dividends/interest on capital in up to 60 days as from the date declared by the Board of Directors.

During the period, interest on capital was declared in the amount of R$ 31,962.

Changes in the balance of interest on capital payable are as follow:

Notes to the quarterly information

	3/31/2017	12/31/2016
Interest on capital payable at the beginning of the year/period	**65,406**	**7,590**
Proposed interest on capital	31,962	119,875
Withholding Income Tax (IRRF) levied on interest on capital	(2,570)	(5,893)
Interest on capital paid in the year/period	(28,259)	(56,164)
Other	-	(2)
Balance of interest on capital in current liabilities	**66,539**	**65,406**

(e) Earnings per share

- Basic

Basic earnings per share is calculated by dividing the profit attributable to stockholders of the Company by the weighted average number of common shares of the Company during the year, excluding common shares purchased and held as treasury shares (item (a) of this note).

Parent company/Consolidated		
	3/31/2017	3/31/2016
Profit (loss) attributable to stockholders of the Company	149,013	89,805
Weighted average number of common shares (thousands)	126,751	119,327
Basic earnings per share	**1.18**	**0.75**

- Diluted

At March 31, 2017 and 2016, the diluted earnings per share are equivalent to the basic earnings per share, because there are no marketable securities convertible into shares.

18. Segment information

The Company's management defined the operating segments used for strategic decision-making as water supply, sewage treatment and sale of products.

(i) Result

Consolidated				
	1st quarter of 2017			
	Water services	Sewage services	Reconciliation to the financial statements	Financial statement balance
Gross operating revenue	707,522	377,893	62,075	1,147,490
Deductions from gross revenue	(65,332)	(35,069)	-	(100,401)
Net operating revenue	642,190	342,824	62,075	1,047,089

Notes to the quarterly information

	Consolidated			
	1st quarter of 2017			
	Water services	Sewage services	Reconciliation to the financial statements	Financial statement balance
Costs and selling and administrative expenses	(470,313)	(251,026)	(62,075)	(783,414)
Operating profit (loss) before other net operating income	171,877	91,798	-	263,675
Other operating income (expenses), net				(8,165)
Finance result, net				**(50,065)**
Operating profit before taxes				205,445
Depreciation and amortization	47,239	61,651		108,890

	Consolidated				
	1st quarter of 2016				
	Water services	Sewage services	Sales of products	Reconciliation to the financial statements	Financial statement balance
Gross operating revenue	601,274	320,717	821	176,733	1,099,545
Deductions from gross revenue	(55,750)	(29,534)	(120)	-	(85,404)
Net operating revenue	545,524	291,183	701	176,733	1,014,141
Costs and selling and administrative expenses	(435,384)	(230,646)	(1,488)	(176,733)	(844,251)
Operating profit (loss) before other net operating income	110,140	60,537	(787)	-	169,890
Other operating income (expenses), net					5,548
Finance result, net					**(66,809)**
Operating profit before taxes					108,629
Depreciation and amortization	50,598	57,358	12	-	107,968

The impacts that the reconciliation to the financial statements caused on the gross operating revenue and costs are presented below:

	3/31/2017	3/31/2016
Gross construction revenue referring to ICPC 1 (R1) [(1)]	62,075	176,733
Construction cost referring to ICPC 1 (R1) [(1)]	(62,075)	(176,733)
Construction margin	-	-

[(1)] The construction revenue is recognized in accordance with CPC 17 (R1), "Construction contracts" (IAS 11), as per item (b) of item 3.19 of Note 3 to the Financial Statements at December 31, 2016.

Notes to the quarterly information

(ii) Intangible assets

The assets of reportable segments are reconciled to total intangible assets as follows:

	3/31/2017	3/31/2016
Water services	2,914,388	3,015,633
Sewage services	4,215,263	4,221,867
Other intangible assets	636,480	705,732
Total intangible assets	7,766,131	7,943,232

No liabilities have been allocated to the reportable segments.

19. Financial risk management

As at March 31, 2017, there had been no changes in the financial risk policies and management in relation to the disclosures made in Note 20 to the financial statements at December 31, 2016. Therefore, the information relating to: (a) liabilities subject to foreign exchange rate variations; (b) the credit quality of financial assets; and (c) the cash flow from financial instruments had also not changed significantly when compared to the disclosures made in the related Note, except for item (d), financial leverage ratios, measured by the net debt/EBITDA, which improved from 3.6x at December 31, 2016 to 1.9x at March 31, 2017. Accordingly, management decided not to repeat such disclosures in this interim accounting information as at March 31, 2017.

19.1 **Sensitivity analysis**

(a) Interest rate sensitivity

The Company analyzed the sensitivity to the effects of possible changes in interest rates to which borrowings and debentures payable are subject. With all other variables held constant, the Company's profit before tax is affected by the impact on borrowing payable subject to floating rates, as shown below:

Parent company/Consolidated				
	3/31/2017		12/31/2016	
Increase/decrease in basis points	+0.50%	-0.50%	+0.50%	-0.50%
Effect on profit before taxes (R$ thousand)	(1,502)	1,502	(1,629)	1,629

The change in basis points assumed in the analysis of sensitivity to interest rates is based on the current interest rates prevailing in the market, indicating volatility significantly higher than in previous years.

Notes to the quarterly information

(b) Foreign exchange sensitivity

The sensitivity analysis prepared by the Company is made based on the estimate of foreign exchange variation of the U.S. dollar (US$) and the euro (€) of ±10% and ±20%, respectively, regarding the debit balance of the borrowings, in the respective currencies, its results and its equity. Regarding the operation with Bank of New York (BNY), since the Company has a collateral in U.S. dollars, the amount of this collateral is deducted from the debt balance for the calculation of the sensitivity to the foreign exchange rate. With all other variables held constant, the result of the sensitivity to the foreign exchange rate, before taxes, is as follows:

Parent company/Consolidated				
Sensitivity to foreign exchange variations: 10%	**3/31/2017**		**12/31/2016**	
Currency variation US$/€	+10%	-10%	+10%	-10%
Effect on profit before taxes (R$ thousand)	(25,290)	25,290	(23,789)	23,789

Parent company/Consolidated				
Sensitivity to foreign exchange variations: 20%	**3/31/2017**		**12/31/2016**	
Currency variation US$/€	+20%	-20%	+20%	-20%
Effect on profit before taxes (R$ thousand)	(50,581)	50,581	(47,577)	47,577

19.2 Fair value estimation

Fair value of borrowings

The carrying amounts compared to the respective fair values are as follows:

	Parent company		**Consolidated**	
	3/31/2017			
	Amounts			
	Carrying amount	**Fair value**	**Carrying amount**	**Fair value**
	3/31/2017	**3/31/2017**	**3/31/2017**	**3/31/2017**
Bank borrowings	1,395,853	1,337,259	1,395,853	1,337,259
Simple debentures	1,936,471	1,867,129	1,936,471	1,867,129
Total	**3,332,324**	**3,204,388**	**3,332,324**	**3,204,388**

	Parent company		**Consolidated**	
	12/31/2016			
	Amounts			
	Carrying amount	**Fair value**	**Carrying amount**	**Fair value**
	12/31/2016	**12/31/2016**	**12/31/2016**	**12/31/2016**
Bank borrowings	1,399,433	1,335,837	1,399,923	1,337,700
Simple debentures	2,031,002	1,985,107	2,031,002	1,985,107
Total	**3,430,435**	**3,320,944**	**3,430,925**	**3,322,807**

Notes to the quarterly information

The market values of liabilities are calculated on a projected debt balance, restated at their contractual rates over the remaining months up to maturity. The amount obtained is adjusted to the present value, using the following market rates:

Parent company/Consolidated				
Lines	**Contractual rates**	**Period (months)**	**Market rate**	**Comments**
CEF/FGTS	7.74%	175	7.70%	Quoted CEF rate in Mar/17
BNDES/Borrowings	9.06%	62	12.48%	Quoted BNDES/Borrowing rate in Mar/17
FINAME	3.16%	95	12.61%	Quoted FINAME rate in Mar/17
BANK OF NEW YORK (BNY)	4.27%	86	7.70%	Quoted French Development Agency (AFD) rate in Mar/17
Simple debentures	10.72%	68	12.52%	Quoted Debenture rates BNDES and Market in Mar/17
KfW	2.07%	82	2.07%	Quoted KfW rate in Mar/17
IBM	5.15%	33	5.15%	Quoted CEF rate in Mar/17

20. Financial instruments by category

(a) Parent company

	3/31/2017			12/31/2016		
	Loans and receivables	**Available-for-sale assets**	**Total**	**Loans and receivables**	**Available-for-sale assets**	**Total**
Assets						
Cash and cash equivalents	576,729	-	**576,729**	621,673	-	**621,673**
Trade receivables	1,126,561	-	**1,126,561**	1,060,630	-	**1,060,630**
Banks and applications in connection with agreements	50,782	-	**50,782**	37,214	-	**37,214**
Restricted investments	77,641	-	**77,641**	75,395	-	**75,395**
Financial assets - concession agreements	632,368	-	**632,368**	604,538	-	**604,538**
Equity securities	-	59,564	**59,564**	-	59,564	**59,564**
Receivables from subsidiaries	-	-	**-**	-	-	**-**
Other receivables (1)	181,214	-	**181,214**	190,111	-	**190,111**
Total	**2,645,295**	**59,564**	**2,704,859**	**2,589,561**	**59,564**	**2,649,125**

(1) Except for prepayments.

Notes to the quarterly information

	3/31/2017		12/31/2016	
	Other financial liabilities	**Total**	**Other financial liabilities**	**Total**
Liabilities				
Borrowings and debentures	3,332,324	**3,332,324**	3,430,435	**3,430,435**
Trade payables	144,783	**144,783**	149,394	**149,394**
Public-Private Partnership (PPP) - Rio Manso	524,221	**524,221**	550,144	**550,144**
Contract with IBM	1,042	**1,042**	1,042	**1,042**
Total	**4,002,370**	**4,002,370**	**4,131,015**	**4,131,015**

(b) Consolidated

	3/31/2017			12/31/2016		
	Loans and receivables	**Available-for-sale assets**	**Total**	**Loans and receivables**	**Available-for-sale assets**	**Total**
Assets						
Cash and cash equivalents	604,109	-	**604,109**	638,743	-	**638,743**
Trade receivables	1,131,464	-	**1,131,464**	1,065,294	-	**1,065,294**
Banks and applications in connection with agreements	50,851	-	**50,851**	37,175	-	**37,175**
Restricted investments	77,641	-	**77,641**	75,395	-	**75,395**
Financial assets - concession agreements	632,368	-	**632,368**	604,538	-	**604,538**
Equity securities	-	59,564	**59,564**	-	59,564	**59,564**
Other receivables [(1)]	180,344	-	**180,344**	189,554	-	**189,554**
Total	**2,676,777**	**59,564**	**2,736,341**	**2,610,699**	**59,564**	**2,670,263**

[(1)] Except for prepayments.

	3/31/2017		12/31/2016	
	Other financial liabilities	**Total**	**Other financial liabilities**	**Total**
Liabilities				
Borrowings and debentures	3,332,324	**3,332,324**	3,430,925	**3,430,925**
Trade payables	149,682	**149,682**	154,408	**154,408**
Public-Private Partnership (PPP) - Rio Manso	524,221	**524,221**	550,144	**550,144**
Contract with IBM	1,042	**1,042**	1,042	**1,042**
Total	**4,007,269**	**4,007,269**	**4,136,519**	**4,136,519**

Notes to the quarterly information

21. Related party transactions

(a) Assets, liabilities, income and expenses

In addition to the agreements described in Note 15, other transactions with related parties mainly represent those carried out with the State of Minas Gerais, which is the Company's controlling stockholder (Note 18 (a) of the Company's financial statements for the year ended December 31, 2016), CEMIG, and subsidiaries. Significant balances and transactions with related parties are set out below:

	Parent company			
	3/31/2017			
	Subsidiaries		Other	
	COPANOR	Total	State of Minas Gerais	CEMIG
Assets				
Current				
Trade accounts receivable				
Billed amounts	-	-	53,322	-
Agreements	-	-	17,796	-
Sundry receivables				
Receivables from subsidiaries	942	942	-	-
Total assets	**942**	**942**	**71,118**	**-**
Liabilities				
Current				
Interest on own capital	-	-	31,962	-
Electricity	-	-	-	7,513
Total liabilities	**-**	**-**	**31,962**	**7,513**
Result				
Revenue from water supply and sewage services	-	-	32,890	-
Expenses of electric power	-	-	-	92,161

Notes to the quarterly information

	Parent company			
	12/31/2016			
	Subsidiaries		Other	
	COPANOR	Total	State of Minas Gerais	CEMIG
Assets				
Current				
Trade accounts receivable				
Billed amounts	-	-	44,600	-
Agreements	-	-	15,450	-
Sundry receivables				
Receivables from subsidiaries	673	673	-	-
Total assets	**673**	**673**	**60,050**	**-**
Liabilities				
Current				
Interest on own capital	-	-	62,505	-
Electricity	-	-	-	31,284
Total liabilities	**-**	**-**	**62,505**	**31,284**
Result				
Revenue from water supply and sewage services	-	-	134,673	-
Interest and gains on monetary variation	1,147	1,147	-	-
Expenses of electric power	-	-	-	373,252

Balances and transactions with related parties are conducted at prices and under conditions considered by management to be similar to those prevailing in the market, except for financial settlement, which may occur through special negotiations (offsetting of accounts).

(b) Key management compensation

	3/31/2017	3/31/2016
Compensation	51	955
Welfare benefits (*)	1	38
Total	**52**	**993**

(*) It refers to meals, health, and post-employment benefit.

Notes to the quarterly information

22. Commitments

The Company has entered into contracts for new construction works under which obligations are recorded as the services are rendered. The main outstanding contracts with contractors and suppliers at March 31, 2017 are listed below:

Contractors	Amount	Date of the signature	Term in months
Sonel Engenharia S/A	27,824	12/22/2014	36
Prefisan Ltda.	18,865	1/5/2015	24
Faz Publicidade Ltda.	17,500	11/22/2016	12
Lamar Engenharia e Comércio Ltda.	15,881	8/11/2015	20
Seisan Engenharia	14,826	12/16/2015	20
Prefisan Ltda.	10,475	5/18/2015	19
Construtora Teme Ltda.	10,470	8/21/2015	18
Construtora Oliveira Ribeiro Ltda.	5,913	7/25/2016	12
Construtora Oliveira Ribeiro Ltda.	2,546	2/16/2017	20
Projeções Projetos e Construções Ltda.	2,133	3/15/2017	12

23. Transactions not involving cash and cash equivalents

During the first quarter of 2017 and 2016, the Company and its subsidiaries carried out the following non-cash investing and financing activities which are not reflected in the statement of cash flows:

	Parent company/Consolidated	
	3/31/2017	3/31/2016
PPP transactions (Note 8)	-	1,906
Capitalized interest (Note 8)	5,740	6,210
Offsetting of accounts with the State of MG	15,543	-

24. Revenue

The reconciliation between gross and net sales and services revenue is as follows:

	Parent company		Consolidated	
	3/31/2017	3/31/2016	3/31/2017	3/31/2016
Gross revenue from water supply and sewage services	1,078,411	915,494	1,085,415	921,991
Gross revenue from the sale of products	-	-	-	821
Construction revenue	62,075	176,733	62,075	176,733
Total gross revenue	**1,140,486**	1,092,227	**1,147,490**	**1,099,545**
Taxes on sales and unconditional discounts granted	(99,753)	(84,683)	(100,401)	(85,404)
Net revenue	**1,040,733**	1,007,544	**1,047,089**	**1,014,141**

Notes to the quarterly information

The Company's other operating income for the years ended March 31, 2017 and 2016 is set out below:

	Parent company		Consolidated	
	3/31/2017	3/31/2016	3/31/2017	3/31/2016
Reversal of non-deductible provision	61,980	10,520	61,980	10,622
Recovery of accounts written off	17,879	17,801	18,440	18,312
Reimbursement for health program	6	180	6	180
Other income	6,498	8,247	6,600	10,082
Total other operating income	**86,363**	**36,748**	**87,026**	**39,196**

25. Expenses by nature

	Parent company		Consolidated	
	3/31/2017	3/31/2016	3/31/2017	3/31/2016
Salaries and social charges	286,448	266,440	290,317	269,844
Materials	35,483	33,513	36,552	34,276
Third-party services	201,746	193,427	204,989	196,261
General expenses	28,076	20,321	28,263	20,630
Depreciation and amortization	141,845	146,099	141,845	146,111
Provisions for doubtful accounts	48,660	33,098	49,405	33,691
Provision for obsolescence	75	-	88	35
Construction costs (*)	62,075	176,733	62,075	176,733
Cost of products sold	-	-	-	461
Litigation provision	69,773	10,334	69,823	10,577
Equity in the results of investees	1,292	163	-	-
Employees' profit sharing	9,090	2,155	9,090	2,155
Other	16,061	20,437	16,278	20,916
Operating expenses	**900,624**	**902,720**	**908,725**	**911,690**
(-) Tax credits	**(29,877)**	**(33,493)**	**(30,120)**	**(33,791)**
Operating expenses, net	**870,747**	**869,227**	**878,605**	**877,899**
Costs	**574,405**	**655,299**	**581,459**	**661,614**
Expenses	**296,342**	**213,928**	**297,146**	**216,285**

(*) Breakdown of construction costs:

	Parent company/Consolidated	
	3/31/2017	3/31/2016
Salaries and social charges	5,056	11,477
Materials	10,767	6,061
Equipment	1,851	5,470
Third-party services	39,446	147,789
Financing costs	4,766	5,728
Other	189	208
Total construction costs	**62,075**	**176,733**

26. Employee benefit expenses

	Parent company		Consolidated	
	3/31/2017	3/31/2016	3/31/2017	3/31/2016
Salaries	157,415	137,118	159,953	139,265
Social security costs	46,907	46,080	47,602	46,663
Government Severance Indemnity Fund for Employees (FGTS)	13,402	15,665	13,581	15,921
Pension plan contributions	8,560	8,110	8,560	8,112
Workers' meal program	38,545	35,710	38,889	36,035
Healthcare plan	15,919	14,673	16,022	14,760
Other benefits	5,700	9,084	5,710	9,088
Total	**286,448**	**266,440**	**290,317**	**269,844**
Number of employees (unaudited)	11,326	11,261	11,736	11,625

27. Finance income and costs

Finance income and costs can be summarized as follows:

	Parent company		Consolidated	
	3/31/2017	3/31/2016	3/31/2017	3/31/2016
Interest income	4,885	1,763	5,074	1,053
Income from financial investments	18,598	12,953	19,293	13,744
Monetary and foreign exchange rate gains	8,888	26,777	8,897	26,777
Income from financial assets/other	5,669	6,735	5,669	6,735
Taxes on finance income	(1,512)	(1,201)	(1,554)	(1,239)
Total revenue	**36,528**	**47,027**	**37,379**	**47,070**
Interest expenses	(68,697)	(79,137)	(68,706)	(79,178)
Monetary and foreign exchange rate expense	(18,559)	(34,587)	(18,559)	(34,587)
Other expenses	(176)	(70)	(180)	(114)
Total expenses	**(87,432)**	**(113,794)**	**(87,445)**	**(113,879)**
Net finance result	**(50,904)**	**(66,767)**	**(50,066)**	**(66,809)**

28. Notes to the annual financial statements that are not repeated in this interim accounting information

Pursuant to Circular CVM/SNC/SEP 003/2011, the Company has disclosed the explanatory notes considered to be relevant in the context of the "Basic Accounting Pronouncement - Conceptual Framework for Financial Statements". All of the information the omission or distortion of which could influence a user's economic decisions has been duly disclosed in this interim accounting information, which should be read in conjunction with the financial statements at December 31, 2016.

An index providing the exact location of the explanatory notes in respect of which the information has not been repeated in this interim financial information, because it was redundant or not significant, is set out below:

Note 4 - Critical accounting estimates and judgments
Note 23 - Water supply and sewage services in Belo Horizonte
Note 25 - Insurance