

May 2006



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Company Overview



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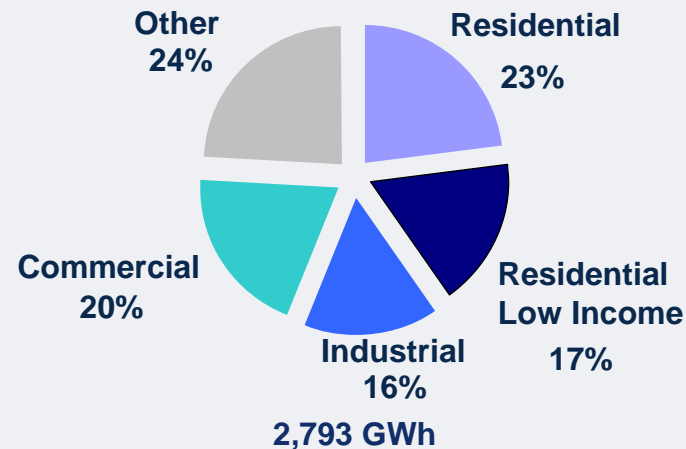
Electricity Distribution in the State of Maranhão



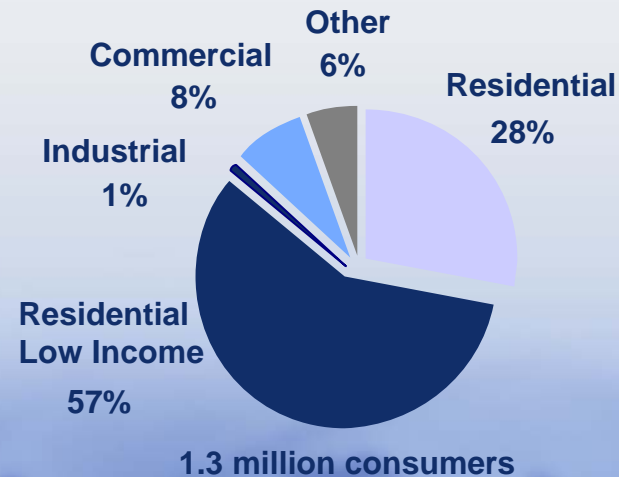
- 2nd largest distributor in Brazil's Northeast in terms of concession area (333,366 km²)
- 4th largest distributor in number of consumers
- 5th largest distributor in Northeast in terms of energy consumption
- 50,000 km of transmission lines and 647,000 poles

Note: Data from ABRADÉE, CEMAR reports. Data as of 2005.

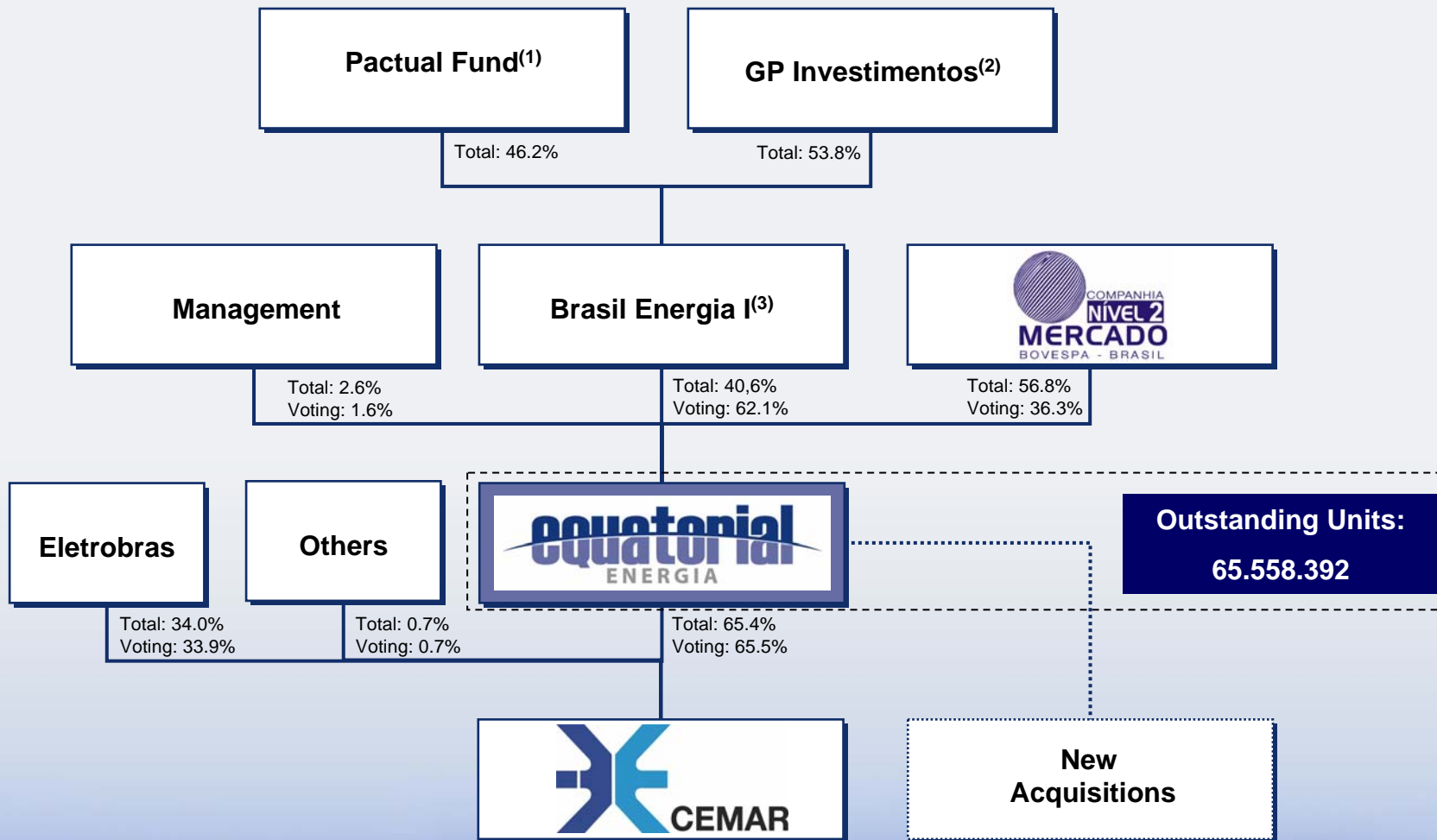
Volume Breakdown (GWh)



Consumers Breakdown



Corporate Structure



(1) Pactual Latin America Power Fund Ltd., fund managed by Pactual

(2) Funds managed by GP Investimentos

(3) Includes shares held through Tordezilhas S.A., whole owned subsidiary of Brasil Energia I

Corporate Structure (fully diluted)

Corporate Structure Comparison - Before and After Stock Option Programs Full Dilution Effects

Company	Shareholders	Before		After	
		Total	Voting	Total	Voting
Brasil Energia I ⁽³⁾	Pactual Fund ⁽¹⁾	46.2%	-	46.2%	-
	GP Investimentos ⁽²⁾	53.8%	-	53.8%	-
Equatorial Energia	Brasil Energia I ⁽³⁾	40.6%	62.1%	39.2%	60.7%
	Management	2.6%	1.6%	5.9%	3.8%
	Free Float	56.8%	36.3%	54.9%	35.5%
CEMAR	Equatorial Energia	65.4%	65.5%	65.8%	65.9%
	Eletrobras	34.0%	33.9%	33.5%	33.4%
	Free Float	0.7%	0.7%	0.7%	0.7%

Equatorial Energia

Outstanding Units	65,558,392
Outstanding Stock Options	2,340,128
Total Units (Fully Diluted)	67,898,520

Assumptions:

- (i) the exercise of options to subscribe 200,201,862,409 additional shares of Cemar by members of the management team under Cemar Stock Option Plan,
- (ii) the exercise of options to subscribe 1,320,407 additional UNITs of Equatorial by members of the management team under Equatorial Stock Option Program 1 and
- (iii) the exercise of options to subscribe 1,231,114 additional shares of Equatorial by members of the management team under Equatorial Stock Option Program 2

Management

▶ Board of Directors

- Firmino Ferreira Sampaio Neto – Chairman of the Board of Directors
- Gilberto Sayão da Silva – Vice Chairman
- Octavio Côrtes Pereira Lopes
- Alessandro Monteiro Morgado Horta
- Eduardo Alcalay
- Carlos Augusto Leone Piani
- Paulo Jerônimo Bandeira de Mello Pedroso – Independent Director
- Darlan Dórea Santos - Independent Director

▶ Officers

- Octavio Côrtes Pereira Lopes – CEO
- Carlos Augusto Leone Piani – Vice President of Equatorial and President of CEMAR
- Augusto Miranda Paes Jr. – Engineering Officer
- Eduardo Francisco Lobo – HR Officer
- Leonardo Dias – CFO
- Marcelino da Cunha Machado Neto – Commercial Officer
- Sheilly Contente – Regulatory Affairs Officer

Strategy

Consolidation of distributors located in the North / Northeast / Center-West

- ▶ Acquisition of control, independently or jointly
- ▶ Opportunities for gains through: operational and financial restructuring, reduction of losses, synergy gains and above average market growth

Increased operational efficiency and reduction of losses

- ▶ Continuation of CEMAR's restructuring program, increasing productivity gains, seeking new cost reductions and reducing commercial losses

Selective assessment of investments in generation

- ▶ Heavy investments in generation will be necessary over the next few years in Brazil
- ▶ This scenario could generate attractive investment opportunities that will be analyzed by Equatorial

Strengths

**Growth prospects and
consolidation
opportunities**

**Financial strength and
solid management team
with turnaround experience**

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**Result-oriented
management model**

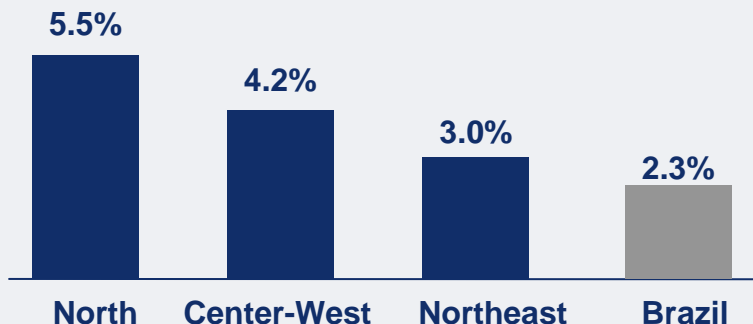
**High level of
Corporate Governance**

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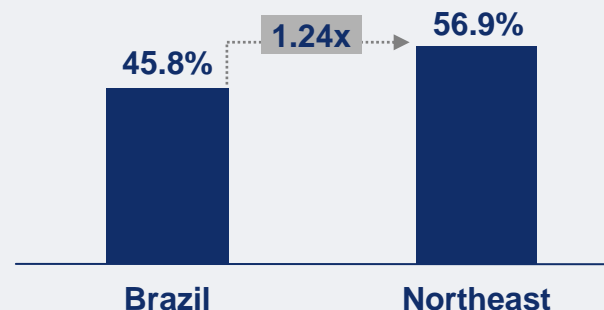
Focus on Regions with Higher Electricity Consumption Growth

ORGANIC GROWTH – MARKET

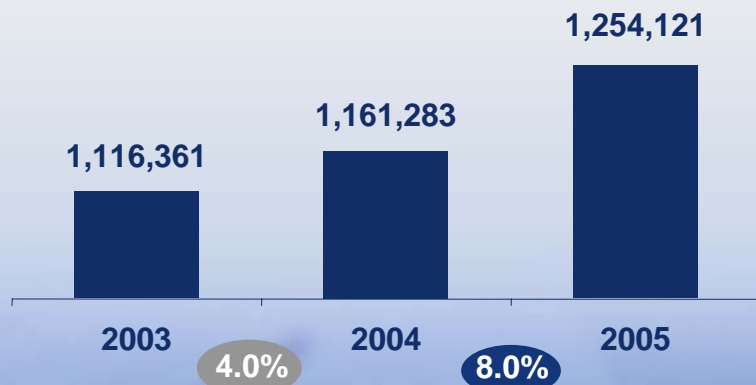
Average Growth (p.a.) in Energy Consumption -99/05



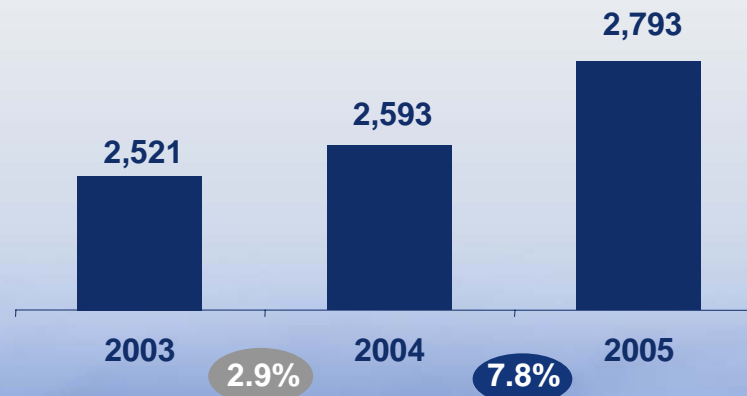
REAL GDP GROWTH – 90/04



CEMAR – NUMBER OF CONSUMERS



CEMAR – ENERGY SOLD (GWh)



Source: ABRADÉE, ANEEL, IBGE, FGV, SUDENE, CEMAR reports

Growth Through Acquisitions

Company	Control	Net Revenues (R\$ 000)	Energy Sold (GWh)	EBITDA (R\$ 000)	EBITDA Margin (%)
CELPE	Neoenergia	1,603,646	7860	388,362	24.2%
COELCE	Endesa	1,581,522	6397	344,821	21.8%
CEMAT	Grupo Rede	1,233,464	4006	322,201	26.1%
CELPA	Grupo Rede	1,124,792	4661	284,398	25.3%
COSERN	Neoenergia	619,655	3163	199,931	32.3%
CEMAR	Equatorial Energia	665,444	2793	188,578	28.3%
SAELPA	Cataguazes	492,552	2227	155,074	31.5%
ENERGIPE	Cataguazes	381,159	1647	137,072	36.0%
CELTINS	Grupo Rede	265,661	932	104,226	39.2%
CEAL	Federal Govt.	468,795	2159	85,795	18.3%
CEB	State Govt.	859,050	3799	63,846	7.4%
CERON	Federal Govt.	452,418	1439	10,177	2.2%
CELG	State Govt.	1,556,176	7050	(3,084)	-0.2%
CEPISA	Federal Govt.	376,708	1583	(25,908)	-6.9%

Source: Annual reports of North/Northeast/Center-West regions companies – Dec/2005 data

CEMAR Operational Restructuring

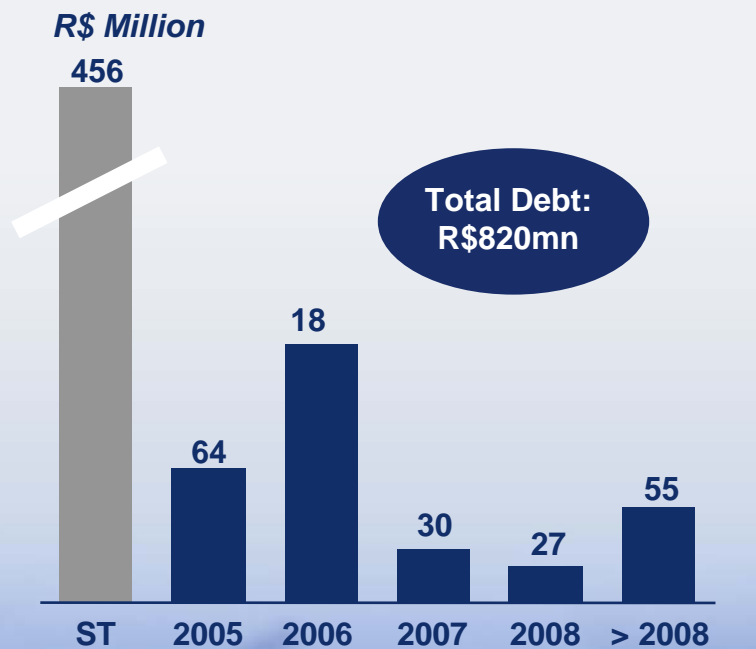


Source: CEMAR reports

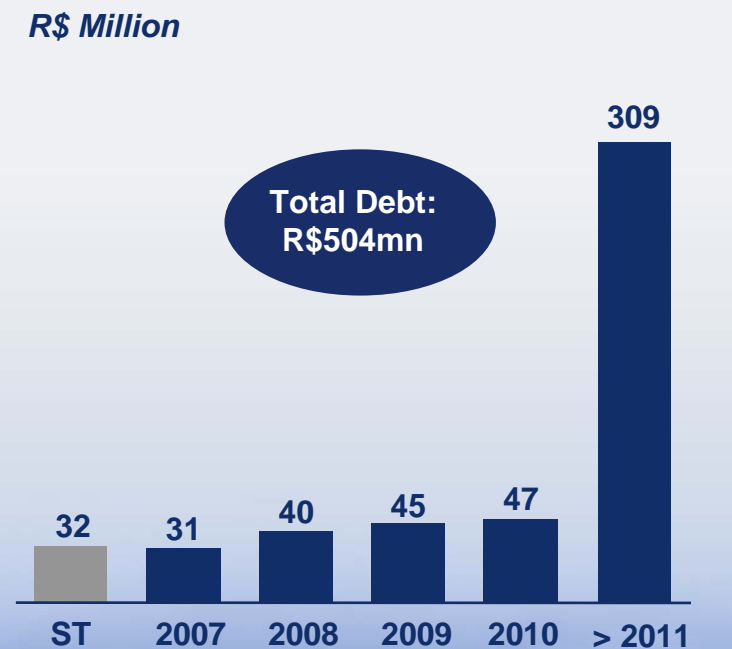
CEMAR Financial Restructuring

- ▶ Capitalization of R\$155 million
- ▶ Renegotiation of CEMAR's debt
 - Average debt duration of 10 years
 - Around 90% of debt is pegged to the IGP-M (same index used to adjust tariffs), of which 22% with 18-year maturity and cost of IGP-M + 4%

DEBT AMORTIZATION PROFILE – DEC 2003



DEBT AMORTIZATION PROFILE – DEC 2005



Source: CEMAR reports, in 2003 includes R\$ 120 million overdue payables to energy suppliers

Additional Opportunities for Value Creation

Additional opportunities for value creation

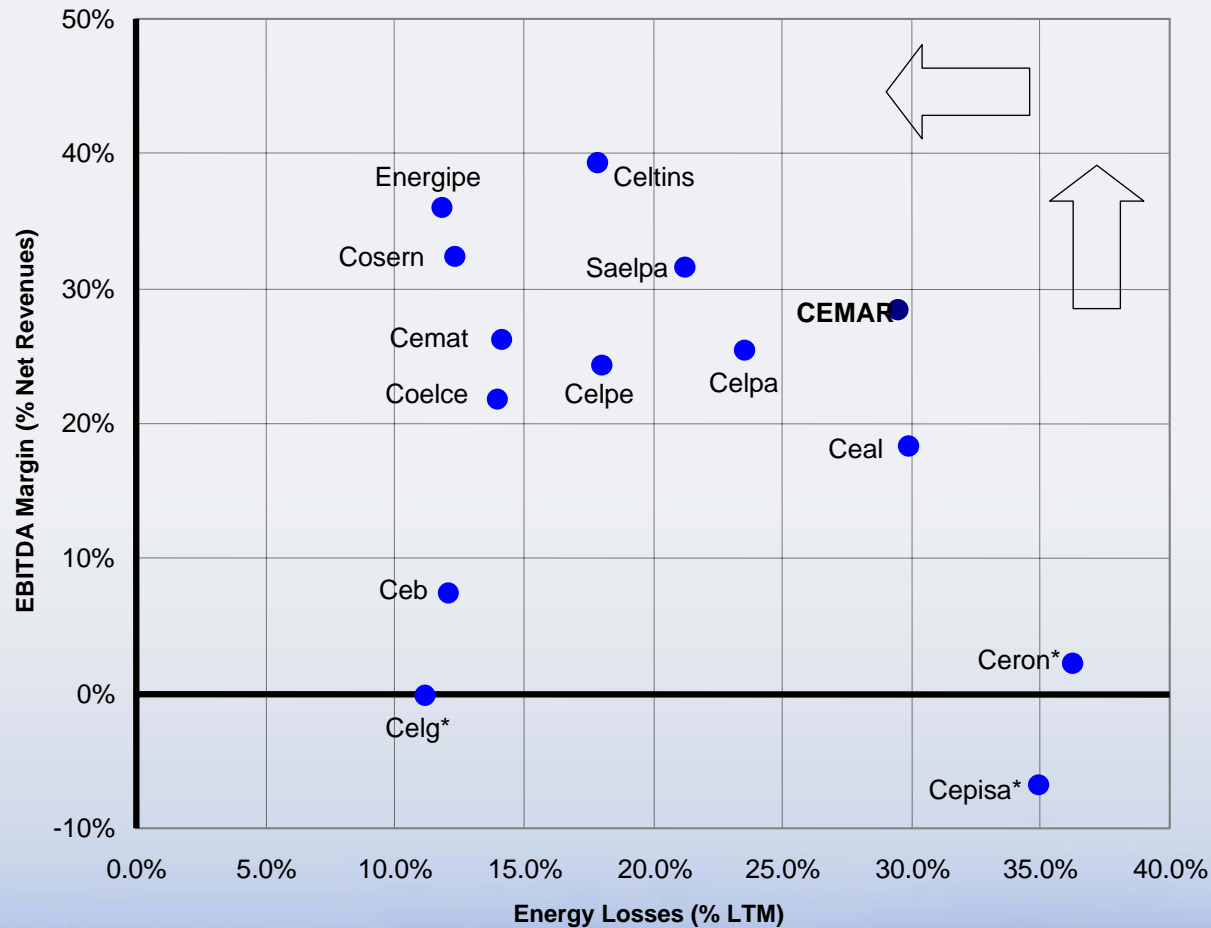
Reduction of energy losses

- ▶ **High commercial losses comparing to region average:**
 - **Inspection and auditing infrastructure revamping**
 - **Implementation of electronic meters and telemetry at high-voltage clients**
 - **Implementation of electronic meters and reinforced meters at low-voltage clients**
 - **Automated selection of targets for inspection**

Additional productivity gains

- ▶ **Process reengineering**
- ▶ **Further expense reduction**
- ▶ **New investments in technology**
- ▶ **SAP/R3 ERP system**

Energy Losses vs. EBITDA margin (2005)

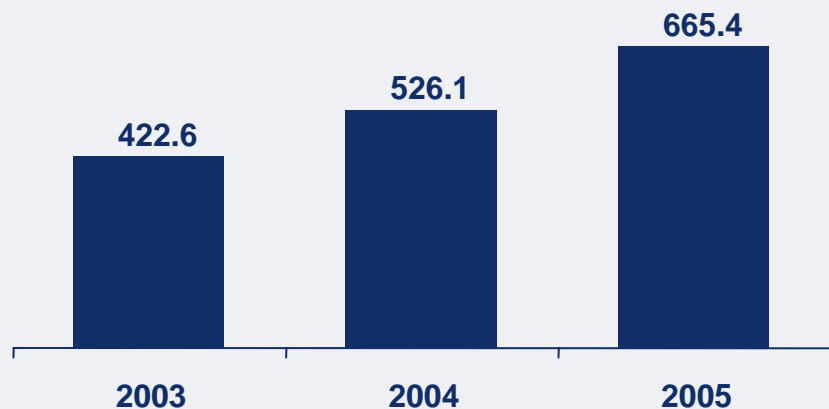


Source: ABRADÉE, Distributors from North / Northeast / Center-West regions – 2005 data

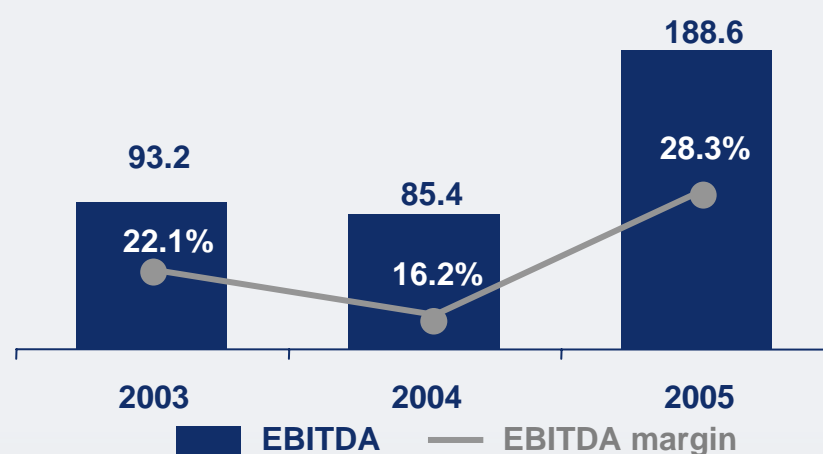
* Figures refer to 2004 Electricity Losses

Outstanding Financial Performance

NET REVENUES (R\$ Million)



EBITDA (R\$ Million)

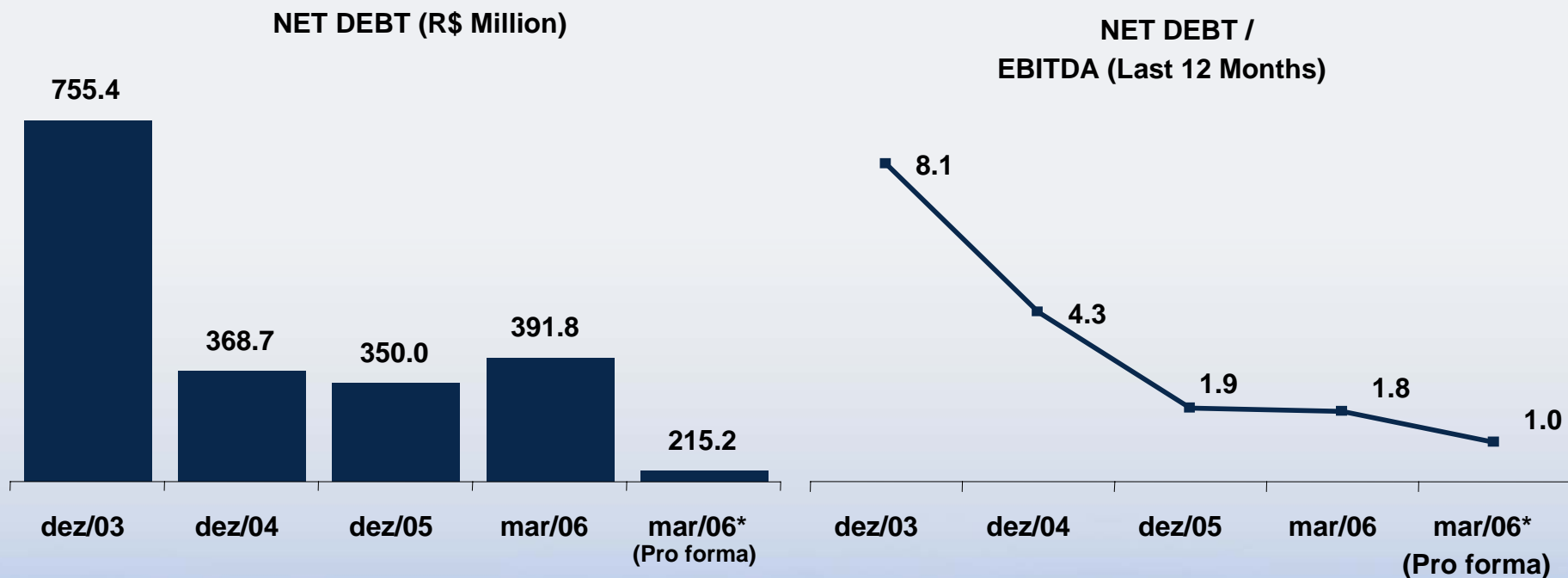


NET INCOME (R\$ Million)



Source: Equatorial reports

Financial Strength

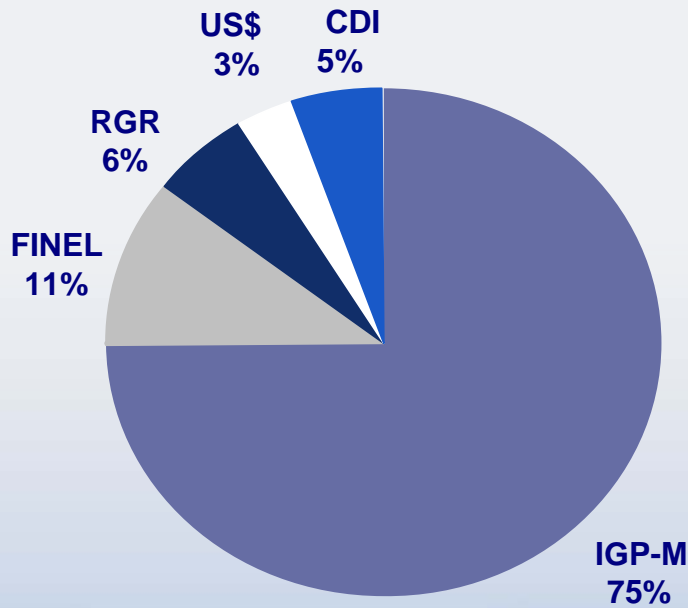


* Including net proceeds of R\$176.6 million, received in April, 2006, from the primary portion of the IPO

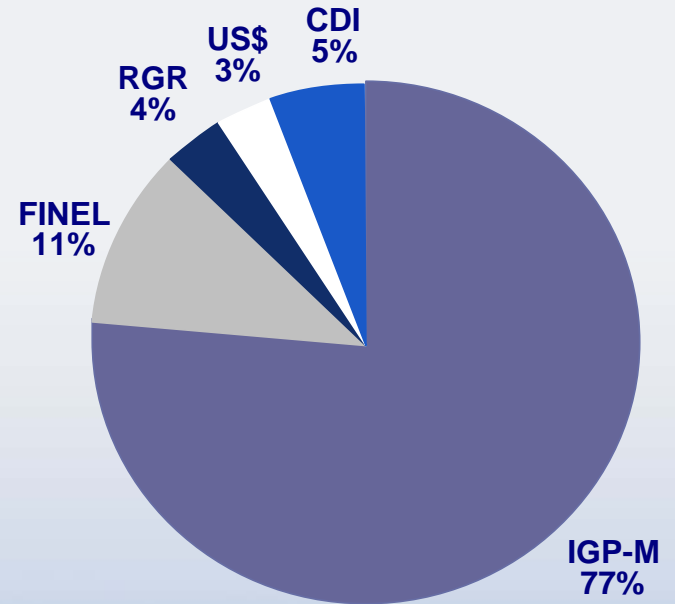
Debt Profile

75% of total debt pegged to the IGP-M and duration over 10 years

MAR/06 - R\$514.9MM



DEC/05 - R\$504.3MM



Duration: 10.1 years

High Level of Corporate Governance

- ▶ **Level 2 of the Bovespa, 100% tag-along rights**
- ▶ **Two independent Directors**
- ▶ **Performance-based variable compensation linked to shareholders' goals**
- ▶ **Stock option plan**

Financial and Operating Results

1Q06



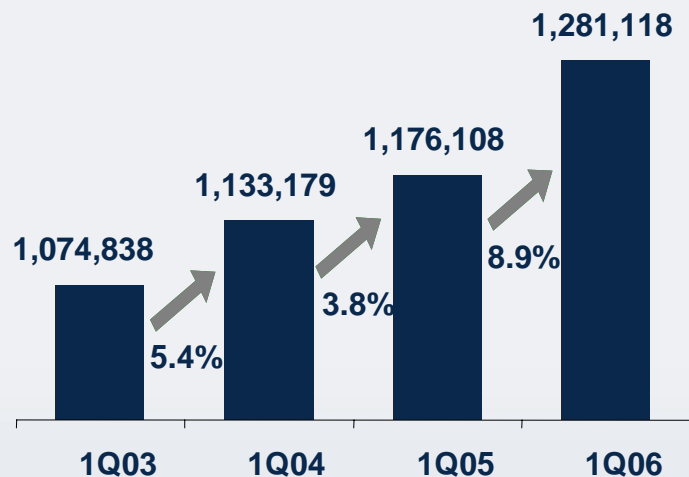
1Q06 - Highlights

- ▶ Proceeds of R\$185.6 with the primary portion of Equatorial Energia's IPO
- ▶ EBITDA of R\$67.6 MM, 94.6% higher than 1Q05
- ▶ EBITDA Margin of 37.1%, compared to 24.5% no 1Q05
- ▶ Pro Forma* Net Income of R\$21.8 MM, 127.4% higher than 1Q05, adjusted by IPO-related expenses
- ▶ Signed the 2nd contract of the "Light for Everyone" Federal Government Program, worth R\$275.4 MM

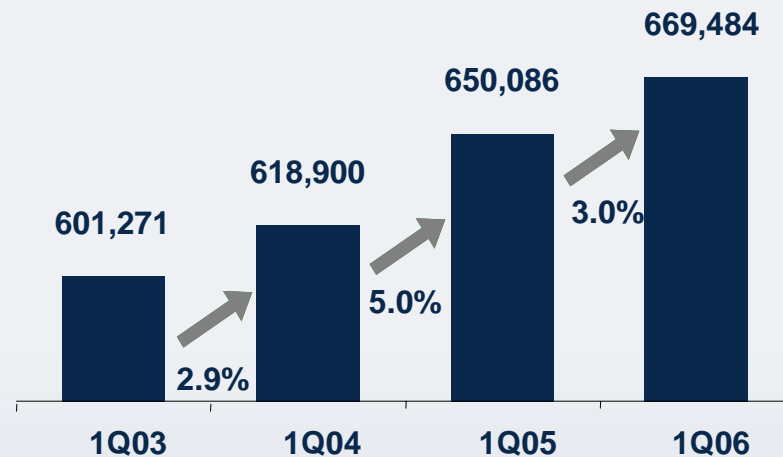
* Excluding non-recurring IPO-related expenses

Consistent growth in spite of isolated events in the industrial class

CLIENTS



MWh SALES



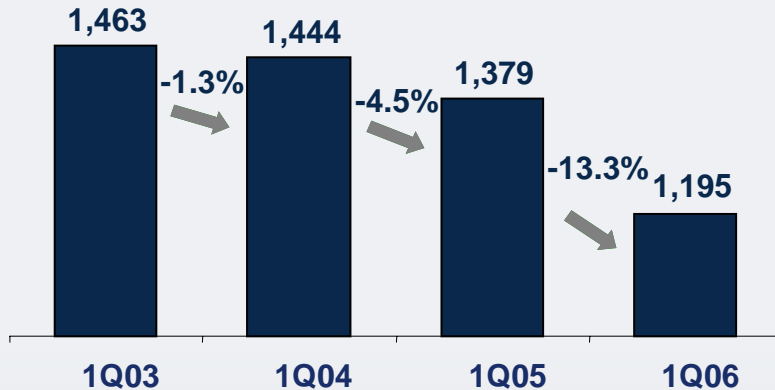
CONSUMPTION BY CONSUMER CLASS (MWh)

	1Q03	1Q04	1Q05	1Q06	% 06-05
Residential	247,756	254,294	271,076	282,450	4.2%
Industrial	102,781	102,036	101,239	85,931	-15.1%
Comercial	112,086	119,249	128,932	137,979	7.0%
Rural	15,821	18,575	20,305	21,044	3.6%
Others	122,826	124,745	128,533	142,080	10.5%
Total	601,271	618,900	650,086	669,484	3.0%

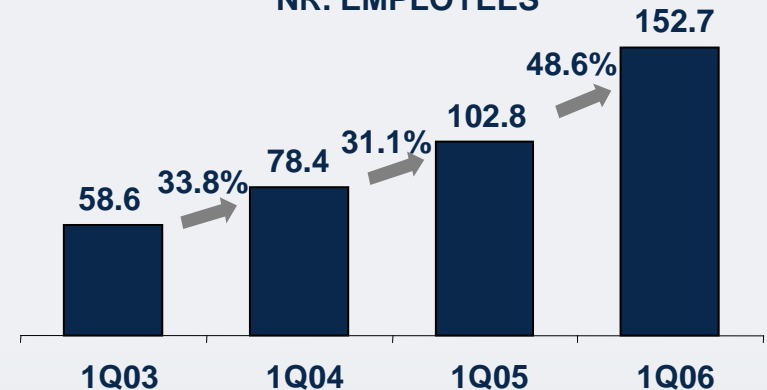
Productivity Gains

Continued restructuring process

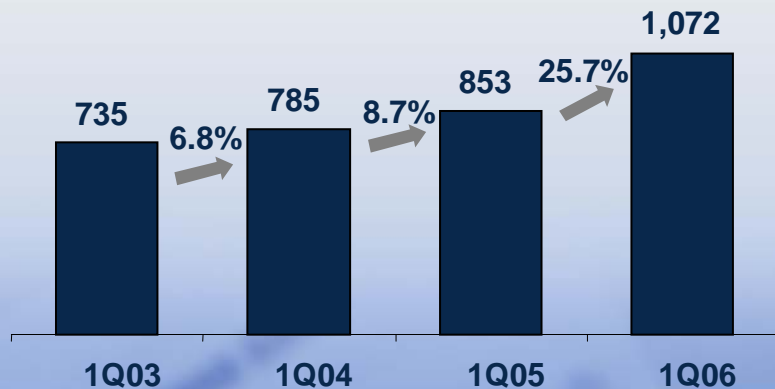
NR. OF EMPLOYEES



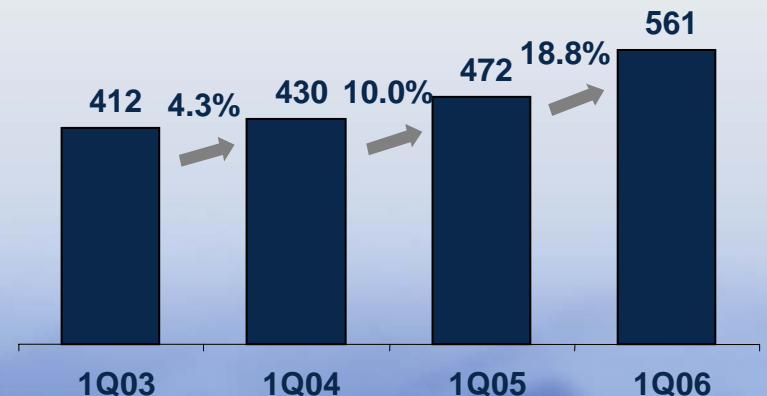
NET REVENUE (R\$ THOUSAND) / NR. EMPLOYEES



CLIENTS PER EMPLOYEE



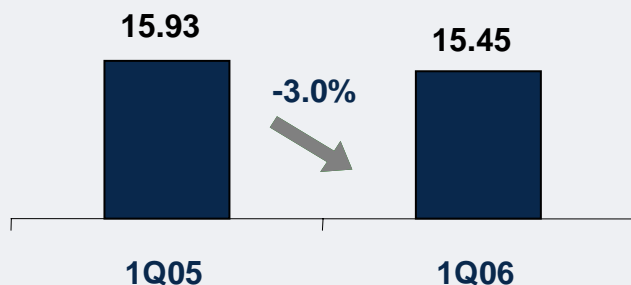
MWh SALES / NR. OF EMPLOYEES



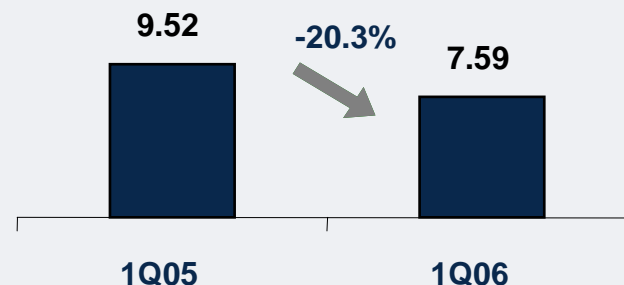
Quality of Service

Improvement in all quality indexes, specially in São Luis, Maranhão State capital

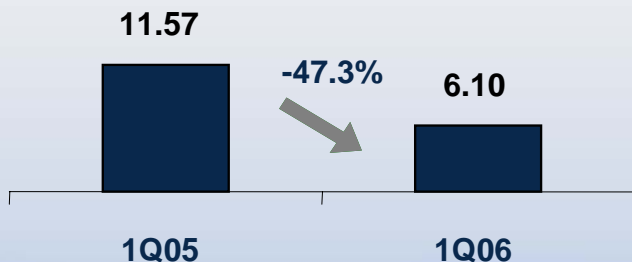
DEC - CEMAR



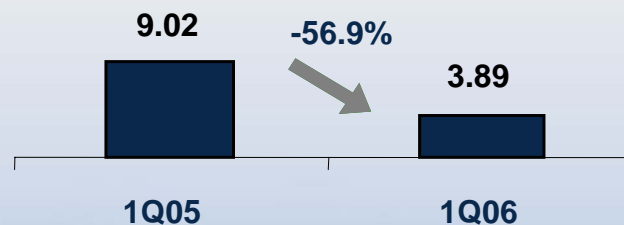
FEC - CEMAR



DEC - SÃO LUIS



FEC - SÃO LUIS

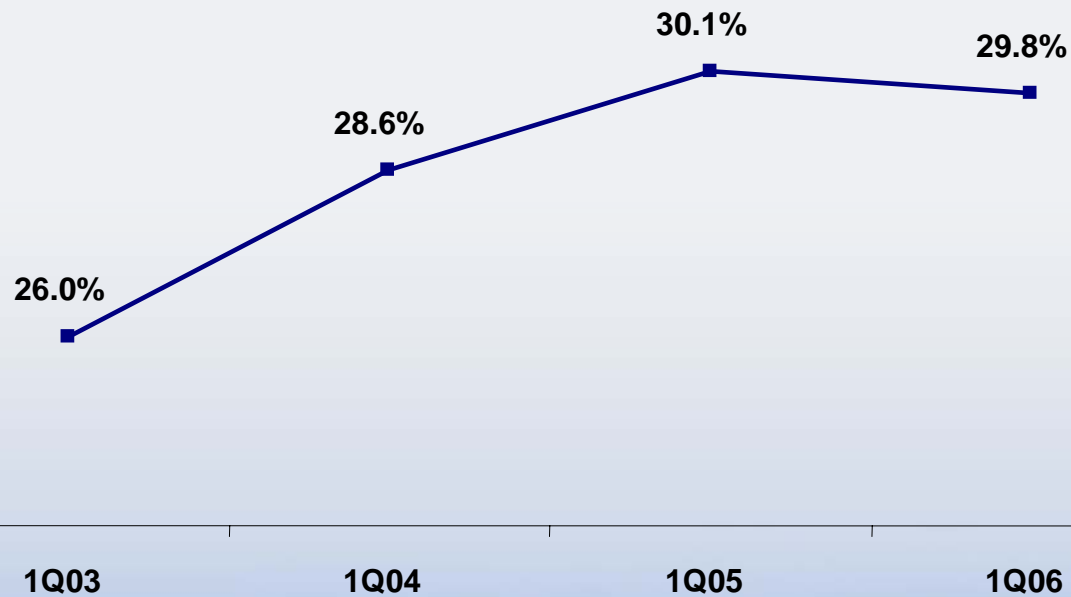


DEC – Average Duration of Interruptions (measured in hours per consumer per year)
FEC – Average Frequency of Interruptions (measured in the number of interruptions per consumer per year)

Energy Losses

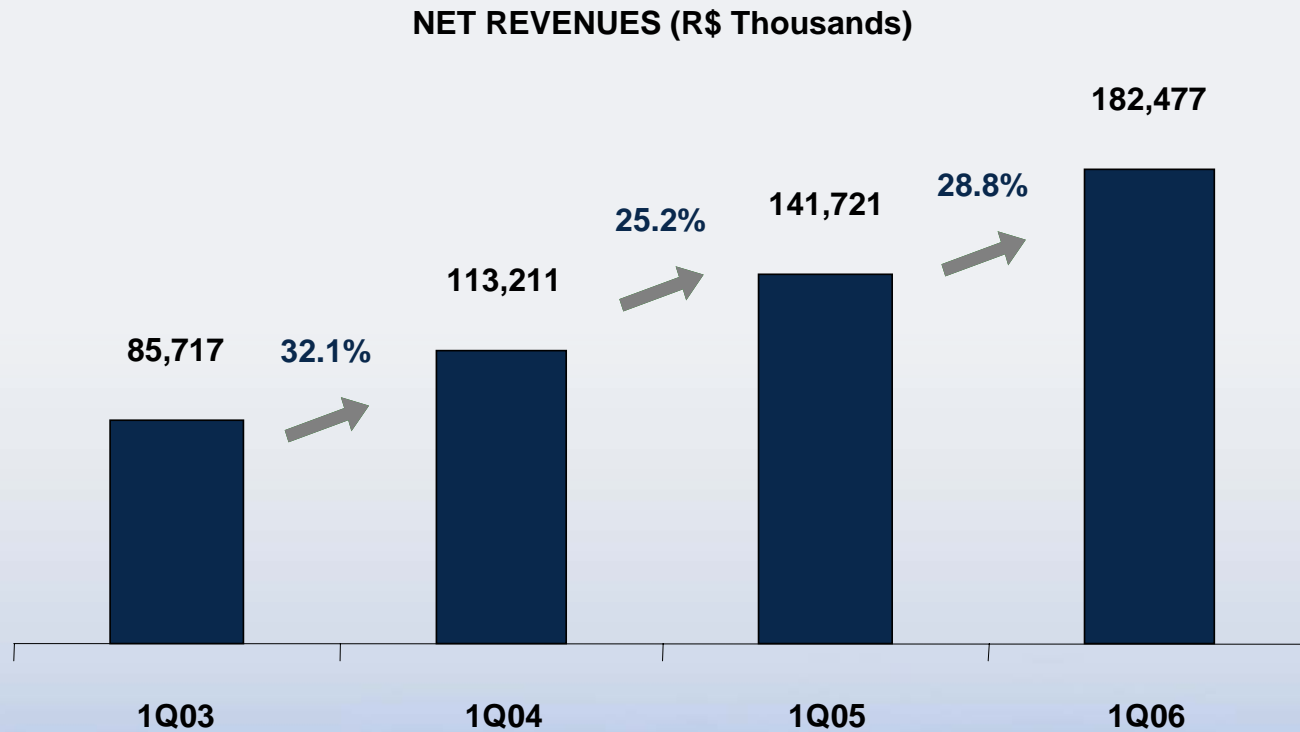
Upward trend reverted

ACCUMULATED ENERGY LOSSES - LAST 12 MONTHS



Net Revenues

Continued growth



Manageable Expenses

Operational Efficiency Gains

	1Q05	4Q05	Avg.05	1Q06
Personnel (R\$ Million)	11.6	16.4	14.2	15.2
Material (R\$ Million)	1.2	2.3	1.4	1.4
Services (R\$ Million)	15.0	16.8	15.0	13.4
Other (R\$ Million)	10.4	21.5	15.3	11.2
Total (R\$ Million)	38.1	57.0	45.9	41.2
PMSO (R\$) / Consumers	32.4	45.4	37.4	32.1
PMSO / Net Revenue	26.9%	28.4%	30.8%	22.6%

Quarterly EBITDA

Increasing growth in CEMAR's EBITDA Margin



Source: CEMAR reports

Financial Results

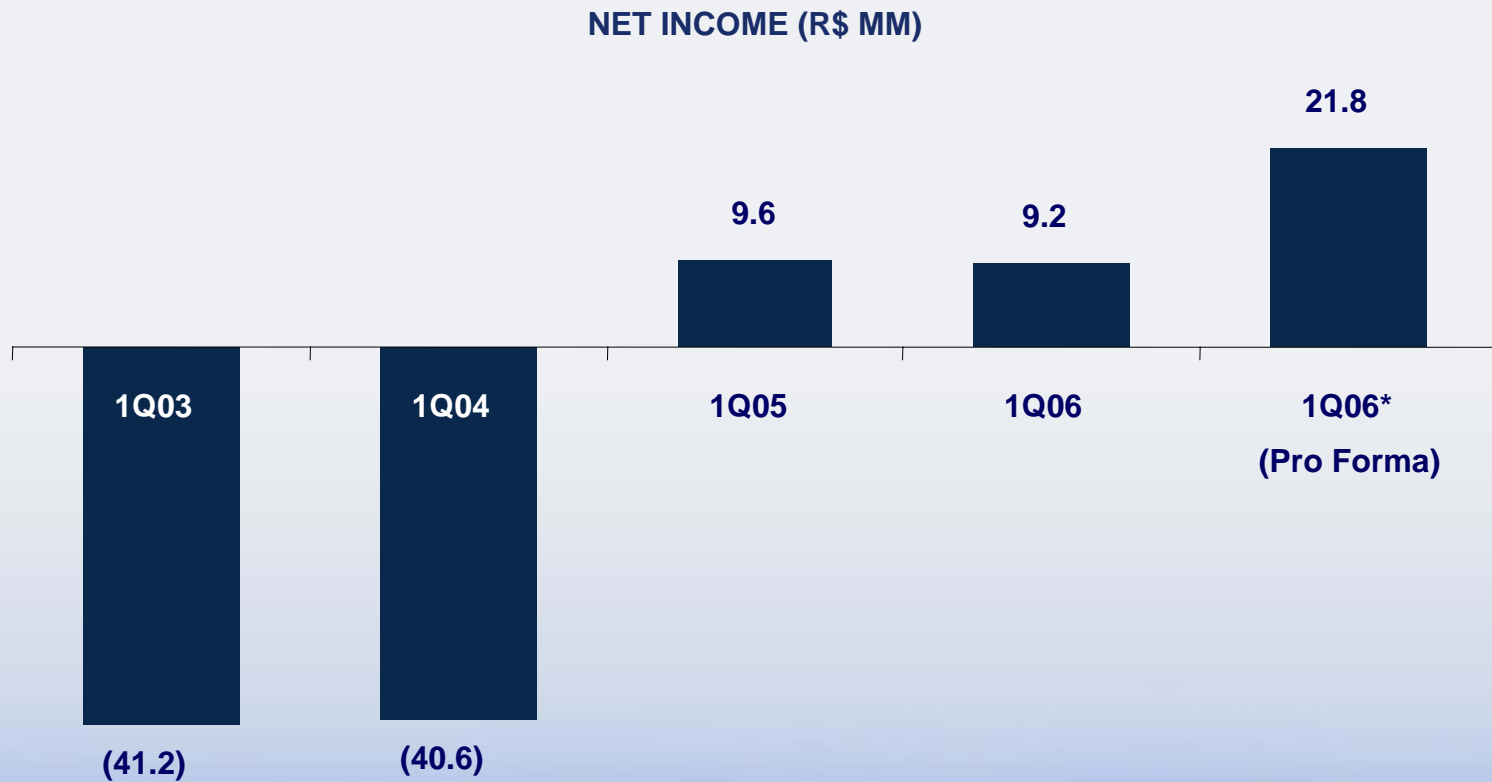
Decreasing negative financial results, excluding non-recurring IPO-related expenses

(in Million R\$)	1Q03	1Q04	1Q05	1Q06
Financial Expenses*	(55.0)	(40.9)	(21.6)	(21.1)
IPO-related Expenses	-	-	-	(12.6)
Financial Revenues	10.0	11.5	10.8	14.9
Net Financial Expenses	(45.0)	(29.5)	(10.7)	(18.8)
Net Financial Expenses Pro forma*	(45.0)	(29.5)	(10.7)	(6.2)

*excluding non-recurring IPO-related expenses

Net Income

Profitability growth, excluding non-recurring IPO-related expenses

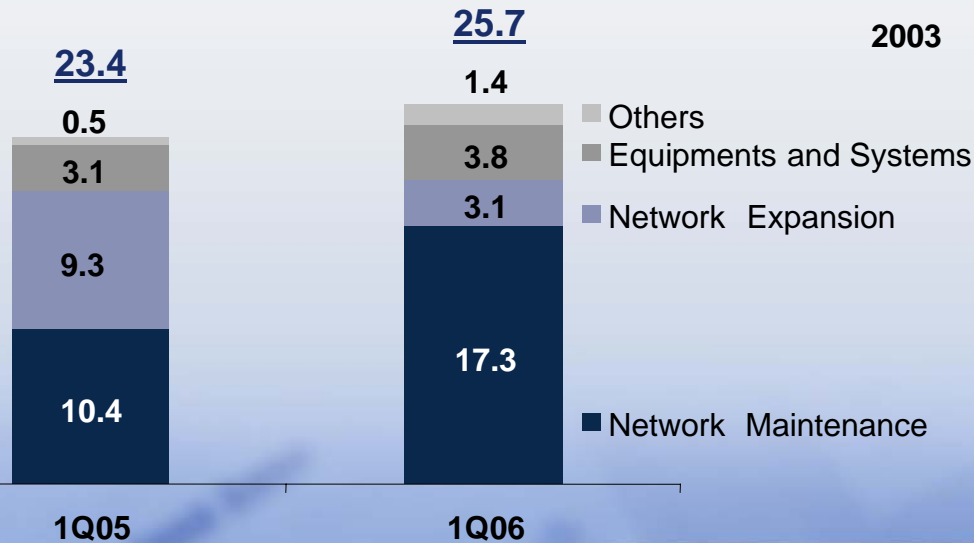


*excluding non-recurring IPO-related expenses

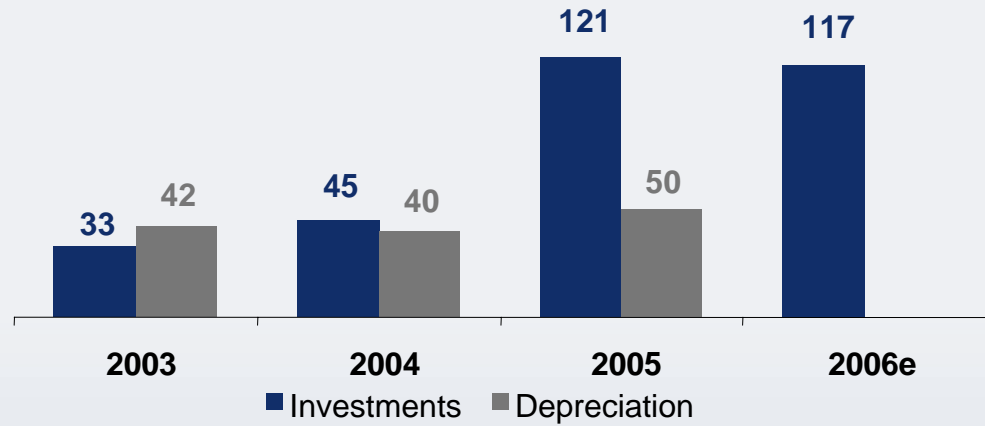
Investments

Constant investment pace

FIRST QUARTER* (R\$ Million)



ANNUAL* (R\$ Million)



Source: CEMAR Reports

* excludes Light for Everyone Program related investments

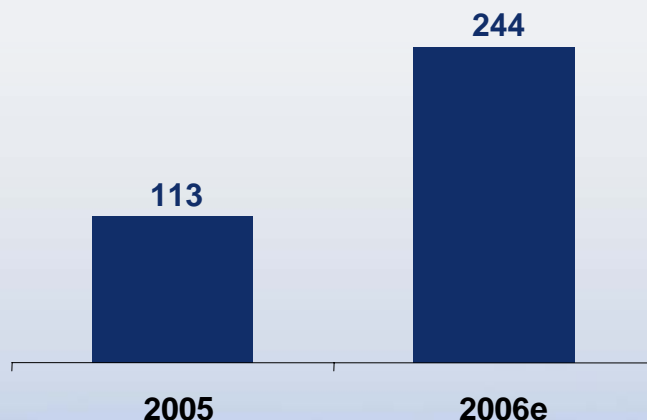
Light for Everyone Program

Second Contract signed in March 2006

- Light for Everyone Program 2006 contract: R\$275.4 million
- Funds received in 03/31/06: R\$83.6 million
- Connections under Contract: 60,000

- Subsidized Portion – CDE: R\$238.7 million
- Financed Portion – RGR: R\$36.7 million

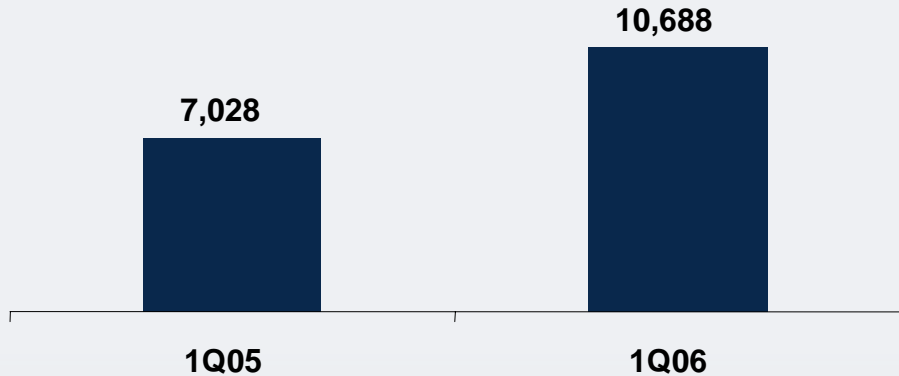
DIRECT INVESTMENTS (R\$ Million)



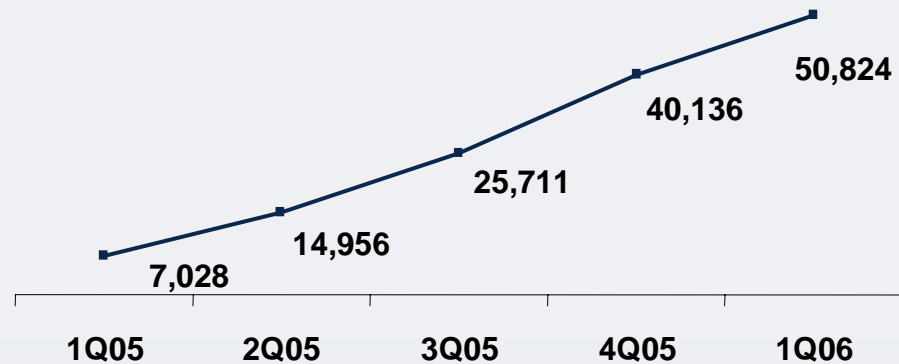
24 months of grace period and 120 months of amortization
6% p.a. effective nominal interest rate

Light for Everyone Program

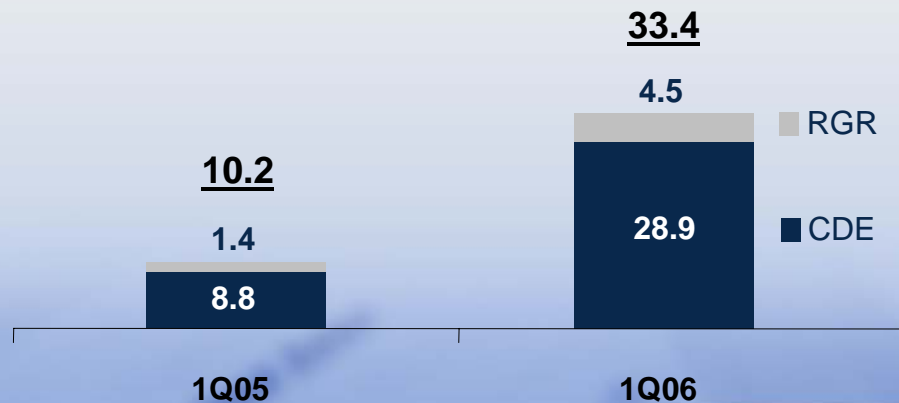
NEW CONNECTIONS: 1Q05 - 1Q06



TOTAL CONNECTIONS



DIRECT INVESTMENTS (R\$MM)



CASH FLOW

(Figures in R\$ Million)	CDE	RGR	TOTAL
Initial Amount – 12/31/05	-	-	8.9
Transfers – 1Q06	72.6	11.0	83.6
Expenditures – 1Q06	-	-	(22.0)
Final Amount – 03/31/06	-	-	70.5

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