Equatorial Energia S.A.

Independent auditor's report on special review of the quarterly information (ITR)

September 30, 2008

Equatorial Energia S.A.

(Publicly-held Company)

Notes to the quarterly information

Period ended September 30, 2008 and June 30, 2008

Contents

Management report 3 - 23

Independent auditors’ report on special review 24 - 25

Balance sheets 26

Statements of income 27

Statements of changes in shareholders’ equity 28

Statements of cash flows 29

Notes to the financial statements 30 - 114

Rio de Janeiro, November 10, 2008 - Equatorial Energia S.A. (Bovespa: EQTL3) announces its results for the third quarter (3Q08) and first nine months of 2008 (9M08).

- Equatorial is a holding company with investments in CEMAR – *Companhia Energética do Estado do Maranhão*, Light S.A. (Light) and Geranorte . Equatorial holds a 65.14% interest in CEMAR – Companhia Energética do Estado do Maranhão, the electricity distributor for the entire state of Maranhão. In the state of Rio de Janeiro, Equatorial retains 25% of Rio Minas Energia (RME), which in turn maintains a 52.25% interest in Light (base date: 09/30/08), which generates, distributes and sells electricity in the state. As of October 1, 2008, Equatorial concluded the acquisition of a 25% stake in Geranorte, an energy generation company responsible for the construction of 2 thermal plants at the State of Maranhão, with installed capacity of 330MW.
- The financial and operating information contained herein is presented in consolidated figures, pursuant to Brazilian Corporate Law, based on revised financial information. The consolidated financial information represents 100% of CEMAR's results, excluding 34.86% related to minority shareholders interests and 25% of Light's results, excluding 11.94% related to minority shareholders interests. Consolidated operating information represents 100% of both CEMAR´s and Light's results.
- In order to facilitate comparisons with the 3Q07 and 9M08, the financial information is presented on a pro-forma basis considering the same interest currently held by Equatorial in RME and by RME in Light at the end of the 3Q08.
- Equatorial's pro-forma results for the 3Q07 and 9M07 are based on Light's pro-forma results for the same periods, which exclude the reversals of provisions in the 2Q07 and 3Q07, since these were reconstituted in the 4Q07. In addition, Light's pro-forma result includes the adjustments related to Law 11,638, determined by CVM Instruction 469/08.
- The following information was not reviewed by the independt auditors: i) non-financial information relating to CEMAR, Light and the PLPT (*Programa Luz para Todos* - Light for All Program); ii) pro forma information and its comparison with the results presented in the 3Q08 and 9M08, and iii) management expectations regarding the future performance of the companies.

EQUATORIAL ENERGIA RECORDS YEAR-TO-DATE EBITDA OF R$546.9 MILLION AND NET INCOME OF R$205.5 MILLION

1. FINANCIAL AND OPERATING HIGHLIGHTS

- **Consolidated net operating revenues (NOR) totaled R$587.4 million in 3Q08, 10.3% up on the 3Q07, and R$1,698.8 million year-to-date, 7.5% more than the first nine months of last year. Year-to-date growth reflected CEMAR's 12.3% increase and Light's 4.2% upturn.**
- **CEMAR and Light SESA's billed energy volume amounted to 6,607 GWh in the 3Q08, 3.8% up year-on-year. In individual terms, CEMAR's billed volume increased by 7.3% and Light's by 3.3%. In the 9M08, the total market of both companies amounted to 20,251 MWh, compounded by CEMAR's upturn of 3.9% and Light's 0.2%.**
- **CEMAR's last-12-month energy losses totaled 28.6% in the third quarter, 0.3 p.p. less than the 3Q07 ratio of 28.9%. Light's losses came to 20.5%, maintaining the downward trajectory of the previous quarters.**
- **EBITDA grew by 24.9% year-on-year in the 3Q08 to R$208.4 million, while year-to-date EBITDA came to R$546.9 million, 11.1% up on the 9M07.**
- **Equatorial posted a consolidated net income of R$61.7 million in the 3Q08 and R$205.5 million in 9M08, 6.0% down on the first nine months of 2007.**
- **CEMAR's investments (excluding direct investments in the PLPT program) totaled R$75.7 million in the 3Q08, 56.4% higher than in 3Q07 figure, and R$172.8 million year-to-date, 38.3% more than in the 9M07. Light invested R$147.6 million in the quarter and R$405.4 million in the first nine months, around double the amount invested in the 9M07.**
- **On November 07, 2008, Equatorial filed an official request with the Brazilian Securities and Exchange Commission (CVM) for the registration of a Level 1 Sponsored American Depositary Receipt (ADR) Program (see "Subsequent Events").**

2. MAIN FINANCIAL AND OPERATING INFORMATION

FINANCIAL DATA (R$MM) (*)	3Q07	3Q08	Chg.	9M07	9M08	Chg.
Net Revenues	**532.7**	**587.4**	*10.3%*	**1,580.1**	**1,698.8**	*7.5%*
EBITDA	**166.8**	**208.4**	*24.9%*	**492.5**	**546.9**	*11.1%*
EBITDA Margin (% net revenues)	*31.3%*	*35.5%*	*4.1 p.p.*	*31.2%*	*32.2%*	*1 p.p.*
Net Operating Income	**107.7**	**127.9**	*18.7%*	**320.7**	**467.9**	*45.9%*
Operating Income Margin (% net revenues)	*20.2%*	*21.8%*	*1.5 p.p.*	*20.3%*	*27.5%*	*7.2 p.p.*
Net Income	**51.8**	**61.7**	*19.1%*	**218.5**	**205.5**	*-6.0%*
Profit Margin (% net revenues)	*9.7%*	*10.5%*	*0.7 p.p.*	*13.8%*	*12.1%*	*-1.7 p.p.*
Capex						
CEMAR	48.4	75.7	*56.4%*	125.0	172.8	*38.3%*
PLPT (CEMAR)	49.7	55.5	*11.6%*	126.7	120.9	*-4.6%*
Light	77.6	147.6	*90.3%*	198.5	405.4	*104.2%*
Total	175.7	278.8	*58.7%*	450.2	699.1	*55.3%*
Net Debt	**456.7**	**749.3**	*64.1%*	**456.7**	**749.3**	*64.1%*
Net Debt / EBITDA (LTM)	**0.6**	**1.1**	*79.0%*	**0.6**	**1.1**	*79.0%*

(*) Pro-forma, considering 100% of CEMAR´s results and 25% of Light´s results, for the 3Q07 and 9M07 and assuming the same interest currently held by Equatorial in RME and by RME in Light.

OPERATING DATA (*)	3Q07	3Q08	Chg.	9M07	9M08	Chg.
Distribution						
Billed Energy (GWh)						
CEMAR	828	889	*7.3%*	2,344	2,436	*3.9%*
Light	5,535	5,718	*3.3%*	17,783	17,815	*0.2%*
Total	6,363	6,607	*3.8%*	20,127	20,251	*0.6%*
Number of consumers (thousand)						
CEMAR	1,412	1,511	*7.0%*	1,412	1,511	*7.0%*
Light	3,855	3,929	*1.9%*	3,855	3,929	*1.9%*
Total	5,267	5,440	*3.3%*	5,267	5,440	*3.3%*
Generation						
Sales (GWh)	1,218	1,231	*1.0%*	3,688	3,652	*-1.0%*
Generation Capacity (MW)	855	855	*0.0%*	855	855	*0.0%*
Guaranteed Energy (MW)	537	537	*0.0%*	537	537	*0.0%*
Trading						
Energy Trading (GWh)	362	432	*19.5%*	1,034	1,405	*36.0%*
Number of Employees						
CEMAR	1,197	1,262	*5.4%*	1,197	1,262	*5.4%*
Light	3,986	3,741	*-6.1%*	3,986	3,741	*-6.1%*
Total	5,183	5,003	*-3.5%*	5,183	5,003	*-3.5%*

(*) Pro-forma, considering 100% of CEMAR and Light, since the 1Q07, in order to facilitate comparisons between periods.

3. OPERATING PERFORMANCE - DISTRIBUTION

The operating information in this section reflects 100% of CEMAR and Light's operations.

CONSUMPTION CLASS AND FREE CLIENTS (GWh)	3Q07	3Q08	Chg.	9M07	9M08	Chg.
Residential	344	385	*12.1%*	990	1,067	*7.9%*
Industrial	128	119	*-7.1%*	336	316	*-5.9%*
Commercial	161	177	*9.9%*	461	484	*4.8%*
Others	195	207	*6.3%*	557	569	*2.0%*
CEMAR	**828**	**889**	***7.3%***	**2,344**	**2,436**	***3.9%***
Residential	1,613	1,714	*6.3%*	5,535	5,563	*0.5%*
Industrial	485	477	*-1.8%*	1,505	1,387	*-7.8%*
Commercial	1,315	1,379	*4.9%*	4,307	4,363	*1.3%*
Others	777	774	*-0.4%*	2,406	2,382	*-1.0%*
Free Clients	1,345	1,374	*2.2%*	4,030	4,120	*2.2%*
Light	**5,535**	**5,718**	***3.3%***	**17,783**	**17,815**	***0.2%***
Residential	1,957	2,099	*7.3%*	6,524	6,630	*1.6%*
Industrial	613	596	*-2.8%*	1,841	1,703	*-7.5%*
Commercial	1,476	1,556	*5.4%*	4,768	4,847	*1.7%*
Others	972	981	*1.0%*	2,963	2,950	*-0.4%*
Free Clients	1,345	1,374	*2.2%*	4,030	4,120	*2.2%*
Total	**6,363**	**6,607**	***3.8%***	**20,127**	**20,251**	***0.6%***

ELECTRICITY MARKET - CEMAR

ENERGY SALES

Billed energy volume in the 3Q08 (excluding own consumption and supply to CEPISA) totaled 889 GWh, 7.3% more than the 828 GWh recorded in the 3Q07. The year-on-year improvement was positively impacted by the increase in residential and commercial consumption, which moved up by 12.1% and 9.9%, respectively, more than offsetting the 7.1% decline in industrial consumption.

The residential upturn was due to the 7.9% period expansion of the client base, accompanied by a 4.2% increase in average consumption. In the commercial segment, the number of clients grew by 6.4% and average consumption climbed by 3.8%.

The 7.1% drop in industrial consumption was caused by a combination of the following factors:

- A sugarcane mill, 100% of whose electricity consumption was registered as industrial, requested separate metering for its sugarcane irrigation, which was consequently billed as rural. As a result, consumption in the industrial segment fell, although this was offset by higher rural consumption;

- In the 3Q07, a pig-iron producer, which normally produces its own electricity through co-generation, had to acquire a substantial part of its needs from CEMAR due to failures in its co-generation process. Since this did not recur in the 3Q08, this client's consumption suffered a significant year-on-year decline;
- A soybean crushing plant experienced a 20% year-on-year production slide in the 3Q08, triggered by a non-recurring lack of raw material. Production was back to normal as of September.

These three factors led to a year-on-year decline of 7 GWh in industrial consumption in the 3Q08; without them, sales to industrial clients would only have fallen by 1.6%, rather than 7.1%. The segment was also affected by reduced consumption by a pig-iron producer which is implanting a co-generation system and by a food and beverage company, which relocated part of its production to Ceará.

Despite the industrial slide, the big increase in total 3Q08 sales partially offset the weak performance in the 2Q08 caused by excessive period rainfall and contributed to the 3.9% year-on-year increase in the 9M08.

Thanks to the third-quarter recovery, the Company revised its 2008 billed energy growth estimates to between 3.5% and 4.5% in 2008 and to between 5% and 7% in 2009, before leveling off at around 5% as of 2010.

ENERGY BALANCE

CEMAR's required energy volume, including own generation, totaled 1,242 GWh in the 3Q08, 6.0% up year-on-year, with consumer supply, including own consumption and supply to CEPISA, of 890 GWh, up by 7.3%.

ENERGY BALANCE (GWh)	3T07	3T08	Chg.	9M07	9M08	Chg.
Required Energy (*)	1,172	1,242	*6.0%*	3,315	3,441	*3.8%*
Sales (**)	830	890	*7.3%*	2,348	2,440	*3.9%*
Losses	342	352	*2.9%*	967	1,002	*3.6%*

(*) Includes own generation

(**) Includes energy sales to consumer segments, own consumption and supply to CEPISA

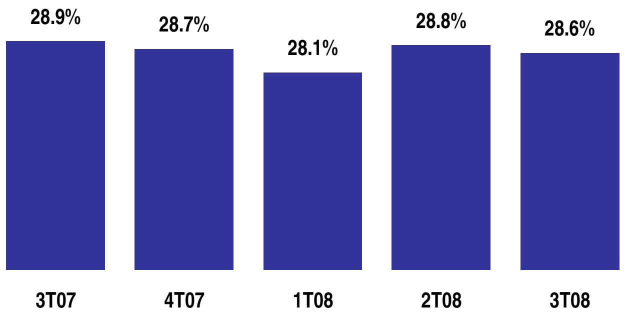
ENERGY LOSSES

Electricity losses in the 12 months through the 3Q08, excluding basic network losses, represented 28.6% of required energy, 0.3 p.p. below the 28.9% recorded through the 3Q07.

The revisions to the energy-theft combat program, begun in the 2Q08, made a substantial contribution to the quarter-over-quarter loss recovery. The new technological measures adopted, coupled with intensive training programs for the teams responsible for detecting theft in the consumption units, were chiefly responsible for the percentage loss reduction. In addition, a pilot public-lighting re-registration project in 14 municipalities had a substantial positive impact on energy savings.

The Company believes that the electricity loss ratio at the close of 2008 will be 0.5 p.p. below the 28.7% recorded at the close of 2007.

Energy Losses(*) (LTM)



(*) Over required energy

ENERGY MARKET – LIGHT

ENERGY SALES

Electricity consumption in Light's concession area (captive + free consumers) totaled 5,718 GWh, 3.3% up year-on-year. In the 9M08, total sales came to 17,815 GWh, in line with the same period the year before.

CAPTIVE MARKET

Total captive market consumption increased by 3.7% year-on-year in the third quarter, fueled by the respective 6.3% and 4.9% upturns in the residential and commercial segments, in turn caused by: i) the fact that there were 2.6 more billing days in 3Q08 than in 3Q07 for low-voltage clients; and ii) average temperatures in August 2008 were 0.9°C above the historical average for the month.

Industrial consumption fell by 1.8% due to the suspension of the *Energia Plus* program, in turn caused by the unavailability of surplus energy, which had a negative sales impact of 40 GWh. In addition, there were 2.2 days less in the high-voltage client billing calendar, which reduced 3Q08 billed volume by 11GWh.

NETWORK USAGE

Network usage billings (TUSD) came to 2,071 GWh this quarter, 1.3% higher than in the 3Q07, 66.3% of which for transportation to free market customers and the remainder to concessionaires bordering Light's concession area. The 2.2% upturn for free market clients was positively impacted by the increase in consumption by steel and mining companies, and the migration of a client from the captive market. In the 9M08, revenues edged up by 1.5% year-on-year due to increased network usage by free consumers.

FREE MARKET (GWh)	3Q07	3Q08	Chg.	9M07	9M08	Chg.
Free	1,345	1,374	*2.2%*	4,030	4,120	*2.2%*
Concessionaires (*)	699	697	*-0.3%*	1,953	1,950	*-0.1%*
TOTAL	**2,044**	**2,071**	***1.3%***	**5,983**	**6,071**	***1.5%***

(*) Network usage: Transportation for concessionaires that border Light´s concession area.

ENERGY BALANCE

Light's required energy volume (own load, including energy sales and losses), totaled 5,888 GWh in the 3Q08, 2.5% more than in the 3Q07. Required energy volume in the 9M08 fell 0.3% year-on-year, pulled down by the period reduction in sales as shown in the table below:

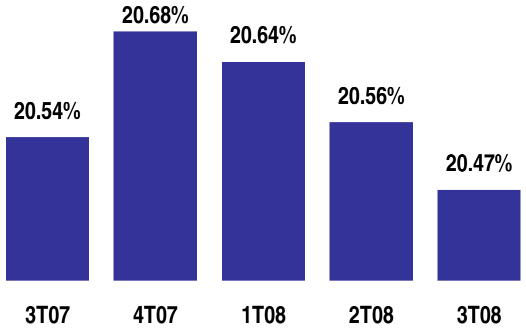
ENERGY BALANCE (GWh)	3Q07	3Q08	Chg.	9M07	9M08	Chg.
Required Energy	5,746	5,888	*2.5%*	18,667	18,613	*-0.3%*
Sales	4,190	4,344	*3.7%*	13,753	13,695	*-0.4%*
Losses (*)	1,556	1,544	*-0.8%*	4,914	4,917	*0.1%*

(*) Do not include basic network losses

ENERGY LOSSES

In the 3Q08, last-12-month losses totaled 20.47%, maintaining the downward trajectory of the previous quarters.

Energy Losses(*) (LTM)



(*) Losses over required energy + free market

In the tariff review which became effective as of November 7 last, total regulatory losses were provisionally fixed at 19.15% of required plus free market energy and non-technical losses at 13.04%, versus 15.97% and 10.87%, respectively, until then.

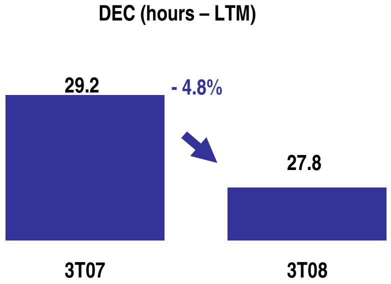
In the first nine months of 2008, thanks to the fine-tuning of various fraud-prevention measures, Light recorded a 59% year-on-year increase in recovered energy (the billing of the difference between billed energy and estimated fraudulent consumption for the period). The Company has also been implanting new metering and network protection technologies, aimed at reducing energy theft. By the end of the 3Q08, it already had 43,000 individual and centralized electronic meters communicating directly with the Metering Control Center, responsible for the automatic handling of readings, disconnections, reconnections and the identification of metering irregularities or fraud. The individualized system is used in heavily urbanized areas and the centralized one in less urbanized areas in conjunction with the replacement of the conventional network with multiplex cables and the leveling of low and high voltages, thereby preventing network access through direct connections. More than 120 km of multiplex cables had been installed by the end of September.

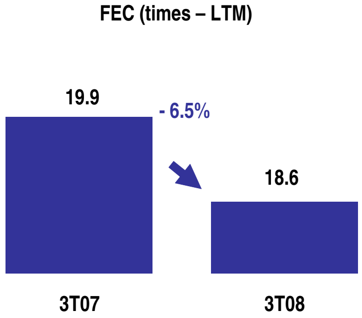
SERVICE QUALITY

The quality and efficiency of the distribution concessionaires' networks is denoted by its DEC and FEC indices. DEC refers to the equivalent length of interruptions per consumer, measured in hours per consumer for a given period, while FEC refers to the equivalent frequency of interruptions per consumer, measured as the number of interruptions per consumer for a given period.

CEMAR

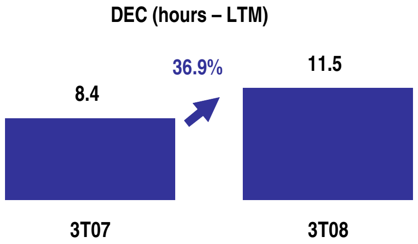
In the 3Q08, last-12-month DEC stood at 27.8 hours, 4.8% down on the 12 months through the 3Q07, while LTM FEC came to 18.6 times, a 6.5% year-on-year improvement.

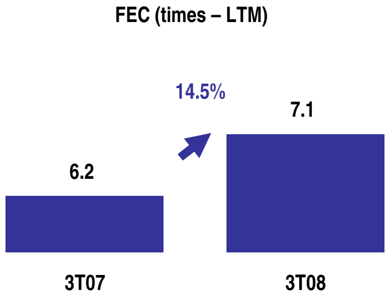




LIGHT

Light's power supply quality indicators worsened over the previous year, essentially due to the increase in the number of programmed disconnections associated with the replacement of the Company's conventional networks with compact ones. DEC climbed from 8.4 hours in the 12 months through the 3Q07 to 11.5 hours in the 12 months through the 3Q08, while LTM FEC moved up from 6.2 times to 7.1 times in the same period. In 2008, the Company will continue with its investment program, aiming to improve its distribution network and achieve a permanent position among those distributors with the country's best supply quality indicators.





4. OPERATING PERFORMANCE - GENERATION

The generation information in this section reflects 100% of Light Energia's operations.

Electricity sold in the free and regulated contracting markets totaled 1,189 GWh in the 3Q08, 0.5% down on the 3Q07 figure. Year-to-date sales moved up 1.1% year-on-year due to the 9.7% upturn in free-market sales, caused by the greater concentration of required energy sales in the 1Q08.

CCEE spot market sales are estimated at 41 GWh in the 3Q08, 84.3% up on the 3Q07, thanks to improved hydrological conditions in August compared with the same month last year.

GENERATION - Light Energia (GWh)	3Q07	3Q08	Chg.	9M07	9M08	Chg.
Regulated Market Sales	1,069	1,092	*2.1%*	3,162	3,173	*0.3%*
Free Market Sales	126	97	*-22.8%*	278	305	*9.7%*
Spot Sales (CCEE)	22	41	*84.3%*	247	174	*-29.8%*
Total	1,218	1,231	*1.0%*	3,688	3,652	*-1.0%*

5. OPERATING PERFORMANCE – ENERGY TRADING

The energy trading information in this section reflects 100% of Light ESCO's operations.

In the 3Q08, Light ESCO, recorded sales of 118 GWh to 55 customers, 169.5% up year-on-year. Of this total, 53 GWh came from sales from Light Energia's hydrological hedge. Year-to-date sales totaled 368 GWh (174 GWh from the hydrological hedge), a hefty 181.6% more than in the 9M07. Moreover, 16 new customers were added to the portfolio. Light ESCO also operated as a consultant and broker for free customers with the CCEE. These operations involved 9 clients and around 314 GWh. In the first nine months, brokerage operations generated sales of 1,037 GWh, 14.9% up year-on-year.

The 3Q08 highlight was the signing of a R$3.6 million contract with the Brazilian Academy of Letters for the upgrading of the water cooling system.

Volume - GWh	3Q07	3Q08	Chg.	9M07	9M08	Chg.
Trading	44	118	*169.5%*	131	368	*181.6%*
Broker	318	314	*-1.3%*	903	1,037	*14.9%*
Total	362	432	*19.5%*	1,034	1,405	*36.0%*

6. FINANCIAL PERFORMANCE - CONSOLIDATED

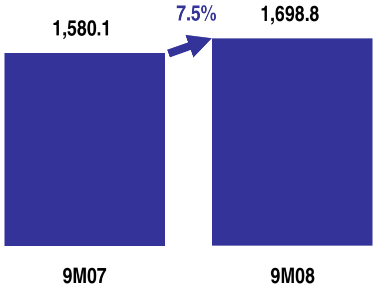
The information in this section reflects 100% of CEMAR's operations, excluding 34.86% related to minority shareholders' interests and 25% of Light's operations, excluding 11.94% related to minority shareholders' interests.

The 3Q07 and 9M07 figures in the tables and graphs are pro-forma and assume the same percentage interests that Equatorial currently retains in RME and that RME retains in Light. Equatorial's pro-forma results for the 3Q07 and 9M07 are based on Light's pro-forma results for the same periods, which exclude the reversals of provisions in the 2Q07 and 3Q07, since these were reconstituted in the 4Q07. In addition, Light's pro-forma results include the adjustments related to Law 11,638, determined by CVM Instruction 469/08.

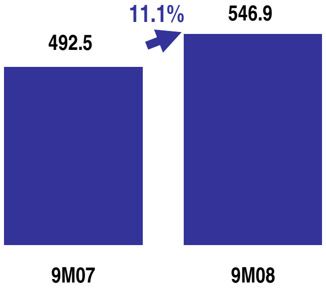
INCOME STATEMENT - CONSOLIDATED (*) (R$MM)	3Q07	3Q08	Chg.	9M07	9M08	Chg.
Gross Operating Revenues (GOR)	807.7	873.8	*8.2%*	2,443.4	2,524.9	*3.3%*
Net Operating Revenues (NOR)	532.7	587.4	*10.3%*	1,580.1	1,698.8	*7.5%*
Electric Energy Cost	(263.5)	(282.7)	*7.3%*	(787.2)	(840.5)	*6.8%*
Operating Costs / Expenses	(102.3)	(96.3)	*-5.9%*	(300.4)	(311.3)	*3.7%*
Service Income (EBIT)	126.3	166.6	*31.9%*	380.8	424.5	*11.5%*
EBITDA	**166.8**	**208.4**	*24.9%*	**492.5**	**546.9**	*11.1%*
Financial Result	(18.6)	(38.7)	*108.1%*	(60.0)	43.4	*-172.3%*
Operating Income	107.7	127.9	*18.7%*	320.7	467.9	*45.9%*
Equity Income	0.8	0.0	*-93.9%*	2.3	18.6	*717.3%*
Non-Operating Income	(2.2)	(2.6)	*18.7%*	(1.6)	1.4	*-187.9%*
Earnings Before Taxes (EBT)	106.3	125.3	*17.9%*	321.4	487.9	*51.8%*
Income Tax / Social Contribution	(41.4)	(20.4)	*-50.7%*	(27.2)	(148.7)	*447.2%*
Minority Interests	(13.1)	(43.2)	*230.0%*	(75.7)	(133.8)	*76.8%*
Net Income	**51.8**	**61.7**	*19.1%*	**218.5**	**205.5**	*-6.0%*

(*) Pro forma, considering 100% of CEMAR´s results and 25% of Light´s results, for the 3Q07 and 9M07 and assuming the same interest currently held by Equatorial in RME and by RME in Light.

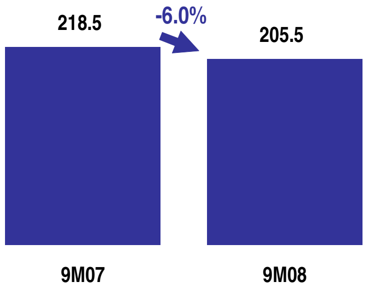
NOR (R$MM) - 9M07 - 9M08

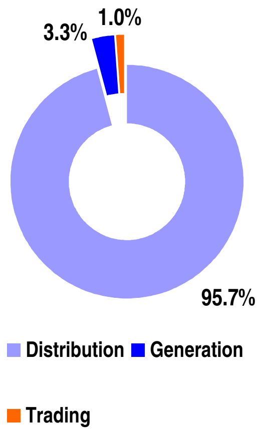


EBITDA (R$MM) - 9M07 - 9M08

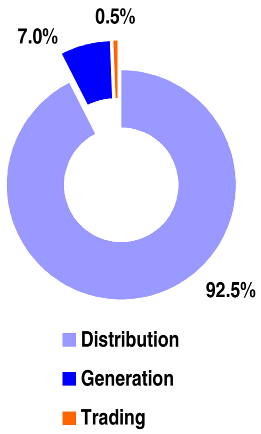


Net Income (R$MM) - 9M07 - 9M08

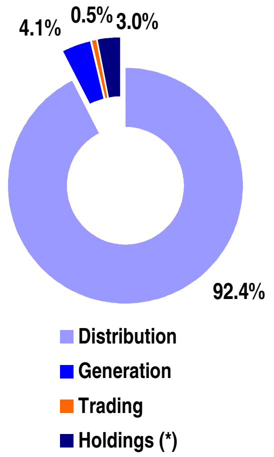




NOR per Segment (%) - 9M08

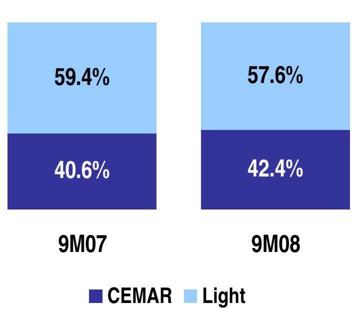


EBITDA per Segment (%) - 9M08

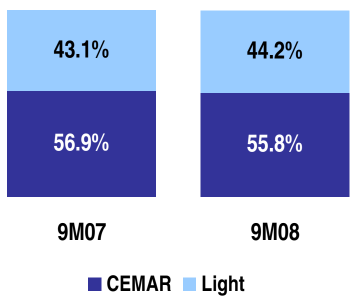


Net Income per Segment (%) - 9M08

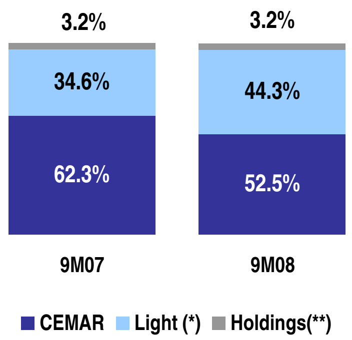
(*) Holdings: Equatorial, RME and Light S.A.



NOR per Company (%)
9M07 - 9M08



EBITDA per Company (%)
9M07 - 9M08



Net Income per Company (%)
9M07 - 9M08

(*) Excludes R$18.5 million in 1Q08 equity income in Equatorial from RME related to November and December/07.
(**) Holdings: Equatorial, RME and Light S.A.

NET OPERATING REVENUES (NOR)

Consolidated net operating revenues totaled R$587.4 million in the 3Q08, 10.3% up on the R$532.7 million recorded in the 3Q07. First-half NOR came to R$1,698.8 million, an 7.5% year-on-year improvement. In segment terms, 95.7% of NOR came from distribution, 3.3% from generation and 1.0% from energy trading. In company terms, Light contributed 57.6% of the total and CEMAR, 42.4%.

OPERATING COSTS AND EXPENSES

Consolidated operating costs and expenses totaled R$379.0 million in the 3Q08, 3.6% up year-on-year. Most of the upturn came from non manageable costs and expenses, which stood at R$282.7 million and increased by 7.3%, versus the 5.9% decrease for manageable costs and expenses. Consolidated operating costs and expenses totaled R$1,151.8 million year-to-date, 5.9% more than in the first nine months of 2007.

EBITDA

Consolidated EBITDA increased by 24.9%, from R$166.8 million in the 3Q07 to R$208.4 million in the 3Q08, while the EBITDA margin widened by 4.2 p.p. in the same period. 9M08 EBITDA came to R$546.9 million, 11.1% more than in the 9M07. In segment terms, distribution made the biggest contribution to the year-to-date figure, with 92.5%, followed by generation, with 7.0%, and energy trading, with 0.5%. In company terms, CEMAR accounted for 55.8% of the total and Light for 44.2%.

FINANCIAL RESULT

The consolidated 3Q08 financial result was a net expense of R$38.7 million, R$20.2 million higher than the 3Q07 expense due to the following effects in the subsidiaries:

- CEMAR: A R$7.3 million year-on-year increase in the 3Q08 net financial expense, due to: i) the R$11.2 million upturn in debt servicing charges due to the higher gross debt, which rose from R$725.9 million, in the 3Q07, to R$991.6 million; and ii) the impact of the negative exchange variation on the foreign-exchange-denominated debt (1.2% of the total debt). In the 3Q08, the Real fell by 20% against the dollar, versus a 4.5% appreciation in the 3Q07, resulting in a period exchange loss of R$ 1.5 million.
- Light: A R$43.4 million worsening of the net financial result, with a R$10.8 million impact on Equatorial, chiefly due to the following factors: i) a reduction in the monetary restatement of Parcel A, which began to be amortized in 2008; ii) a negative exchange variation of R$65.6 million (with a R$17.5 million impact on Equatorial), versus a positive variation of R$4.7 million in the 3Q07. These effects were partially offset by higher interest on financial investments and improved results from swap operations.

At the holding level, 3Q08 financial result suffered by R$2.0 million, mainly due to: i) reduced interest on financial investments in comparison with the 3Q07, with an impact of R$0.8 million; and ii) a R$0.9 million financial expense from the swap operation (more details in the following section).

The year-to-date financial result was a positive R$43.4 million, versus a negative R$60.0 million in the 9M07. It is worth noting that, in the 2Q08, Light obtained a favorable verdict from the Supreme Court regarding the expansion of the calculation base for PIS and COFINS taxes. As a result, it reversed provisions in the amount of R$432.4 million. In Equatorial, this reversal had a positive impact of R$108.1 million in the financial expenses line. Without this effect, Equatorial would have recorded a negative net financial result of R$64.7 million, R$4.7 million worse than in the 9M07.

SWAP OPERATION

On August 13, 2008, as announced in a Material Fact published on the same date, Equatorial's Board of Directors authorized the Company to enter into swap agreements with Banco UBS-Pactual in the maximum amount of R$50 million.

These swaps comprise the exchange of future financial flows between Equatorial and Banco UBS-Pactual in accordance with the following parameters, to be applied to the notional values of each contract:

- **For Equatorial**:
    - Parameter = 0.995 + (Final EQTL3 price / Initial EQTL3 price)
- **For UBS**:
    - Hypothesis 1: Final EQTL3 price > Initial EQTL3 price adjusted by the CDI (from the initial date until the maturity of the swap)
        - Parameter = 1 + % equivalent to the performance fee of the Bank * (Final EQTL3 price / Initial EQTL3 price adjusted by the CDI from the initial date until the maturity of the swap)
    - Hypothesis 2: Final EQTL3 price <= Initial EQTL3 price adjusted by the CDI (from the initial date until the maturity of the swap)
        - Parameter = 1
- **Where:**
    - EQTL3 = Equatorial Energia S.A.'s common share
    - Final EQTL3 price = the arithmetic mean of the average EQTL3 price published by the BOVESPA for the 5 business days prior to the maturity date of the swap
    - Initial EQTL3 price = average EQTL3 price on the initial date of the swap contract
    - CDI = the average daily overnight interbank deposit (DI) rate (the so-called *"over extra grupo"*) expressed as an annual percentage, based on 252 business days, calculated and published by the CETIP (Clearance and Settlement System)

In simple terms, Equatorial, by executing these swap contracts, will have a gain pegged to the variation in its share price and a loss pegged to the variation in the CDI plus a performance fee for the counterparty on that part of the appreciation of the Company's shares that exceeds the variation in the CDI during the validity period of the swap.

This operation does not involve the purchase or sale of Equatorial shares by the Company, only the exchange of financial flows between the Company and Banco UBS-Pactual. Neither are there any margin calls associated with the operation.

On September 30, 2008, the Company had seven active swap contracts with an initial value of R$5.0 million, all of which with a one-year duration.

Initial Date	Notional Value (R$ '000)	Initial Price (R$/share)	Maturity Date
29/08/08	991	14.51	08/31/09
01/09/08	1,409	14.53	09/01/09
03/09/08	422	14.53	09/03/09
04/09/08	577	14.49	09/04/09
12/09/08	800	12.51	09/15/09
16/09/08	551	12.22	09/17/09
17/09/08	274	11.75	09/18/09
Total	**5,024**		

Based on the calculation of the parameters explained above, and due to the decline in the Company's share price, which closed the 3Q08 at R$11.50, Equatorial recorded a loss of R$0.9 million in its financial result from this operation, corresponding to the difference between Equatorial's gains and losses on September 30, 2008.

Due to the impact of the global financial crisis on the capital market and the consequent substantial decline in share prices on the BOVESPA, the Company decided to suspend these operations, the last of which having been executed on September 17, 2008. The term for executing the approved contracts has already expired and was not renewed by the Board of Directors.

NET INCOME

Consolidated net income totaled R$61.7 million in the 3Q08, 19.1% up year-on-year, and R$205.5 million in the first nine months, down by 6.0% over the 9M07. Earnings per share came to R$1.96 in the 9M08.

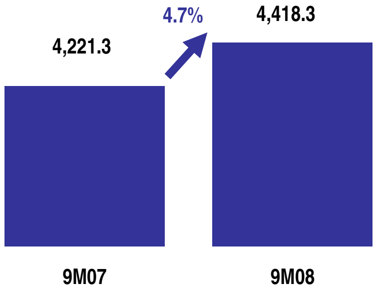
7. FINANCIAL PERFORMANCE - DISTRIBUTION

The information in this section reflects 100% of the operations of CEMAR and Light SESA.

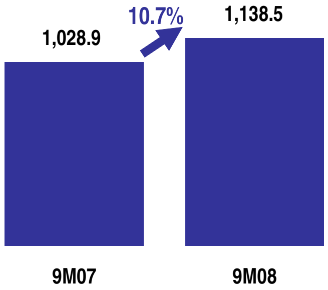
INCOME STATEMENT - DISTRIBUTION (*) (R$MM)	3Q07	3Q08	Chg.	9M07	9M08	Chg.
Gross Operating Revenues (GOR)	2,159.1	2,271.5	*5.2%*	6,844.5	6,815.6	*-0.4%*
Net Operating Revenues (NOR)	1,345.1	1,491.5	*10.9%*	4,221.3	4,418.3	*4.7%*
Electric Energy Cost	(763.7)	(787.1)	*3.1%*	(2,354.1)	(2,417.2)	*2.7%*
Operating Costs / Expenses	(269.5)	(270.2)	*0.2%*	(838.3)	(862.6)	*2.9%*
Service Income (EBIT)	206.9	339.0	*63.8%*	748.0	852.2	*13.9%*
EBITDA	**311.9**	**434.2**	*39.2%*	**1,028.9**	**1,138.5**	*10.7%*
Equity Income	(27.0)	275.5	*-1120.4%*	(104.3)	207.5	*-298.9%*
Financial Results	(33.9)	(372.4)	*998.9%*	24.9	33.6	*34.8%*
Operating Results	146.0	242.1	*65.8%*	668.6	1,093.3	*63.5%*
Non-Operating Results	(1.9)	(3.9)	*106.9%*	5.5	7.0	*25.4%*
Earnings Before Taxes (EBT)	144.1	238.2	*65.2%*	674.2	1,100.2	*63.2%*
Income Tax / Social Contribution	(60.1)	9.6	*-116.1%*	157.4	(332.2)	*-311.0%*
Net Income	**84.1**	**247.8**	*194.7%*	**831.6**	**768.0**	*-7.6%*

(*) Pro- forma, considering 100% of CEMAR and Light Distribuição (Light since the 1Q07), in order to facilitate comparisons between the quarters.

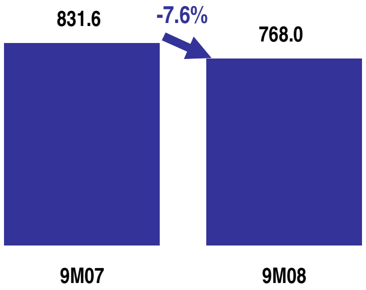
ROL (R$MM) - 9M07 - 9M08



EBITDA (R$MM) - 9M07 - 9M08



Net Income (R$MM) - 9M07 - 9M08



NET OPERATING REVENUES

Net operating revenues totaled R$1,491.5 million in the 3Q08, 10.9% up year-on-year, due to the combined effect off the following NOR variations in each company:

- Light SESA: increase of 11.2%, thanks to the upturn in billed consumption, the improved captive market consumption mix due to the 6.3% rise in the residential segment where tariffs are higher. There was also a 13.2% increase in network usage revenues, chiefly due to the retroactive billing of a plant linked to Light's network which had a R$10.2 million positive impact on net revenues.
- CEMAR: increase of 9.3%, fueled by the tariff increases of 8.08% in August/07 and 10.25% in August/08, and the 7.3% year-on-year upturn in energy sales volume.

Year-to-date NOR totaled R$4,418.3 million, 4.7% up on the 9M07. In individual company terms, Light's NOR moved up by 3.3% and CEMAR's by 12.3%.

NET OPERATING REVENUE (R$ million)	3Q07	3Q08	% Chg.	9M07	9M08	% Chg.
CEMAR	240.5	262.9	*9.3%*	642.0	721.0	*12.3%*
Light	1,104.6	1,228.6	*11.2%*	3,579.3	3,697.3	*3.3%*
TOTAL	**1,345.1**	**1,491.5**	***10.9%***	**4,221.3**	**4,418.3**	***4.7%***

COSTS AND EXPENSES

Costs and expenses (manageable and non-manageable, excluding depreciation and amortization) totaled R$1,057.2 million in the 3Q08, 2.3% up year-on-year. The 9M08 figure also climbed by 2.7%, reaching R$3,279.9 million.

OPERATING COSTS AND EXPENSES

Distributors' manageable costs and expenses, represented by personnel, materials, outsourced services and others (PMSO) and provisions for doubtful accounts and contingencies totaled R$240.0million in the 3Q08, 0.9% less than the 3Q07 in absolute terms and a 1.9 p.p. decrease as a percentage of NOR. Year-to-date manageable costs and expenses came to R$768.9 million, a 1.3% improvement over the 9M07, representing 17.4% of NOR, a 0.6 p.p. reduction.

PMSO expenses amounted to R$161.9 million in the 3Q08, 7.2% down year-on-year, and R$486.5million in the first half, down by 2.4%. The latter figure was equivalent to 11.0% of net revenues, 0.8p.p. less than in the 9M07.

CEMAR's 9M08 PMSO expenses totaled R$105.5 million, 24.5% up year-on-year, chiefly due to higher third-party service expenses, which moved up by R$12.7 million, thanks to: i) the efforts to improve the quality of energy supply services, which generated a R$1.7 million increase in expenses from the hiring of third-party stand-by electricians; ii) a R$3.0 million rise in call center, bill collection and consumption metering costs; iii) a R$1.3 million upturn in costs related to energy-loss reduction efforts; iv) a R$0.5 million rise in fraud-combat expenses, fueled by the higher number of non-paying clients registered with the SPC/SERASA; v) a R$0.7 million increase in software licensing expenses; and, vi) a R$3.3 million upturn in other administrative services (telecommunications, logistics, etc.).

Light SESA's 9M08 PMSO fell 7.9% year-on-year, thanks to the respective 23.7% and 3.9% declines in personnel and material expenses, which more than offset the 3.2% upturn in expenses from third-party services and the 27.0% increase in expenses from other services. The personnel reduction was due to higher investments and the corresponding capitalization of personnel overhead, plus the non-recurring effect in the 3Q07 of staff-reduction processes.

Losses and provisions for doubtful accounts (PDA) represented 3.6% of gross operating revenues (GOR) in the 3Q08, 1.5 p.p. up year-on-year, pushed up by the increase in Light's PDA due to the adjustment to the calculation of provisions on overdue installment payments, totaling R$34.5 million. This non-recurring factor meant that Light's PDA as a percentage of GOR totaled 4.7%, versus only 2.5% in the 3Q07. CEMAR's third-quarter PDA came to 0.3% of GOR, 1.3 p.p. down on the 3Q07 due to the Company's initiatives to combat fraud, including revising the charging policy in order to obtain payment before cutting off supply, and the success of the overdue debt negotiation process by the Company's collection area. In the first nine months, PDA amounted to 2.9% of GOR, identical to the 9M07.

R$ MM	3Q07	3Q08	Chg.	9M07	9M08	Chg.
Personnel	75.1	56.1	*-25.3%*	224.6	180.4	*-19.7%*
Material	4.9	5.3	*7.9%*	14.8	16.5	*11.5%*
Services	84.8	87.9	*3.6%*	229.8	248.3	*8.1%*
Others	9.5	12.6	*32.1%*	29.3	41.3	*41.0%*
PMSO	**174.4**	**161.9**	*-7.2%*	**498.5**	**486.5**	*-2.4%*
% Net Revenues	*13.0%*	*10.9%*	*-2.1 p.p.*	*11.8%*	*11.0%*	*-0.8 p.p.*
Provisions	67.7	78.1	*15.4%*	260.8	282.3	*8.3%*
PDA and Losses	46.2	81.8	*77.2%*	201.2	200.6	*-0.3%*
% Gross Operating Revenue	*2.1%*	*3.6%*	*1.5 p.p.*	*2.9%*	*2.9%*	*0.0 p.p.*
Provision for Contingencies and Other Provisions	21.5	-3.7	*-117.2%*	59.6	81.7	*37.2%*
MANAGEABLE COSTS AND EXPENSES	**242.1**	**240.0**	*-0.9%*	**759.2**	**768.9**	*1.3%*
% Net Revenues	*18.0%*	*16.1%*	*-1.9 p.p.*	*18.0%*	*17.4%*	*-0.6 p.p.*
Electricity Purchased (including CVA and Charges)	783.5	816.1	*4.2%*	2,425.8	2,508.1	*3.4%*
Other Costs	7.5	1.2	*-84.4%*	7.6	2.9	*-61.6%*
NON-MANAGEABLE COSTS AND EXPENSES	**791.0**	**817.3**	*3.3%*	**2,433.4**	**2,511.0**	*3.2%*
% Net Revenues	*58.8%*	*54.8%*	*-4.0 p.p.*	*57.6%*	*56.8%*	*-0.8 p.p.*
TOTAL	**1,033.2**	**1,057.2**	*2.3%*	**3,192.6**	**3,279.9**	*2.7%*

(*) Pro-forma, considering 100% of CEMAR and Light Distribuição (Light since the 1Q07), in order to facilitate comparisons between the quarters.

NON-MANAGEABLE COSTS AND EXPENSES

Non-manageable operating costs and expenses totaled R$817.3 million in the 3Q08, 3.3% up on the 3Q07, and R$ 2,511.0 million in the 9M08, 3.2% up on the 9M07. As a percentage of 9M08 NOR, they edged up by 0.8 p.p. year-on-year.

EBITDA

Consolidated 3Q08 EBITDA from distribution stood at R$434.2 million, 39.2% up on the R$311.9 million reported in the same period the year before. Consolidated year-to-date EBITDA came to R$1,138.5 million, 10.7% up on the 9M07 due to the 11.4% increase in Light's EBITDA and the 8.8% upturn in CEMAR's figure.

FINANCIAL RESULT

The 9M08 financial result from distribution was positive by R$33.6 million, 34.8% up on the R$24.9 million recorded in the same period last year. If we exclude the R$432.4 million impact of Light's 2Q08 reversal of provisions for PIS and COFINS taxes (commented on under "Financial Performance- Consolidated – Financial Result"), the net financial result would have been negative by R$398.8 million. However, if we adjust the 9M07 result for non-recurring reversals of provisions totaling R$239.3 million, we would have a net expense of R$214.4 million. In any event, the year-on-year deterioration was chiefly due to the impact of the exchange variation on a dollar-denominated intercompany loan from Light S.E.S.A. to its wholly-owned subsidiary, LIR Energy. It is worth noting that that this negative variation had no effect on Light S.E.S.A.'s net income, being offset by a positive exchange variation in LIR Energy, benefiting Light S.E.S.A.'s result through equity income.

The third-quarter net financial result was negative by R$372.4 million, also due to the above-mentioned exchange effect on the intercompany loan from Light SESA to LIR Energy.

NET INCOME

Distribution segment net income totaled R$247.8 million in the 3Q08, 194.7% up year-on-year. Year-to-date net income stood at R$768.0 million, versus R$831.6 million in the 9M07. If we exclude Light's reversal of PIS and COFINS provisions in the 2Q08, 9M08 net income would come to R$483.0 million, versus R$503.9 million in the same period last year.

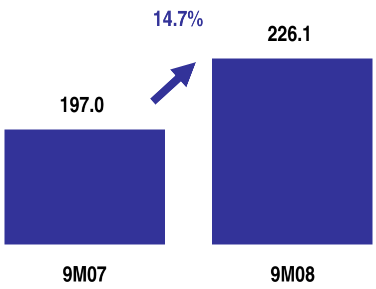
8. FINANCIAL PERFORMANCE - GENERATION

The information in this section reflects 100% of Light Energia's operations.

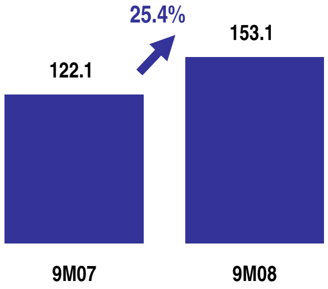
INCOME STATEMENT - GENERATION (*) (R$MM)	3Q07	3Q08	Chg.	9M07	9M08	Chg.
Gross Operating Revenues (GOR)	78.8	83.6	*6.0%*	225.5	257.6	*14.2%*
Net Operating Revenues (NOR)	67.7	73.4	*8.5%*	197.0	226.1	*14.7%*
Electricity Energy Cost	(11.0)	(10.9)	*-0.7%*	(31.4)	(31.8)	*1.5%*
Operating Costs and Expenses	(14.2)	(12.4)	*-12.7%*	(43.5)	(41.1)	*-5.5%*
Service Income (EBIT)	36.2	43.9	*21.4%*	103.1	134.4	*30.3%*
EBITDA	**42.5**	**50.2**	*18.1%*	**122.1**	**153.1**	*25.4%*
Financial Results	(9.3)	(24.0)	*157.1%*	(26.9)	(37.5)	*39.4%*
Operating Results	26.8	19.9	*-25.7%*	76.2	96.9	*27.0%*
Earnings Before Taxes (EBT)	26.7	19.9	*-25.5%*	76.2	96.9	*27.0%*
Income Tax / Social Contribution	(9.3)	(6.7)	*-28.0%*	(26.0)	(32.3)	*24.2%*
Net Income	**17.5**	**13.2**	*-24.6%*	**50.2**	**64.6**	*28.7%*

(*) Pro forma, considering 100% of Light since the 1Q07, in order to facilitate comparisons between periods.

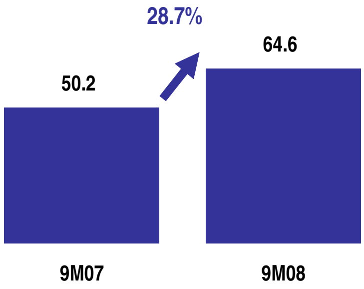
NOR (R$MM) - 9M07 - 9M08



EBITDA (R$MM) - 9M07 - 9M08



Net Income (R$MM) - 9M07 - 9M08



NET OPERATING REVENUES

Net revenues totaled R$73.4 million in the 3Q08, 8.5% higher than the R$67.7 million recorded in the 3Q07. Net revenues from electricity sold (free and regulated markets) came to R$ 70.4 million, 4.6% up year-on-year. This result was due to the combined effect of the price increases on the regulated market as a result of the adjustment of contract prices in line with the IPCA consumer price index, and the 14.7% upturn in the average spot price to R$ 107.0/MWh.

Year-to-date net revenues came to R$226.1 million, 14.7% up on the first nine months of last year, chiefly due to higher spot prices in the 1Q08.

OPERATING COSTS AND EXPENSES

Light Energia's costs and expenses totaled R$29.5 million in the 3Q08, 6.4% down on the 3Q07, chiefly due to the streamlining of the workforce which had a positive impact of around R$0.9 million on personnel costs. Costs and expenses were distributed as follows: distribution network usage (37.1%), personnel (15.5%), materials and third-party services (9.5%), and others and depreciation (37.9%). Year-to-date costs and expenses came to R$91.7 million, 2.3% down the 9M07.

EBITDA

Light Energia's 9M08 EBITDA grew 25.4% year-on-year in the first nine months, reaching R$ 153.1 million, thanks to the high spot market prices at the beginning of the year, together with the increase in the volume of electricity sold on the free market and the reduction in costs and expenses. The EBITDA margin stood at 67.7%, 5.7 p.p. up on the 9M07.

NET INCOME

Year-to-date net income came to R$64.6 million, 28.7% higher than in the first nine months of last year, while the net margin widened by 3.1 p.p. in the same period.

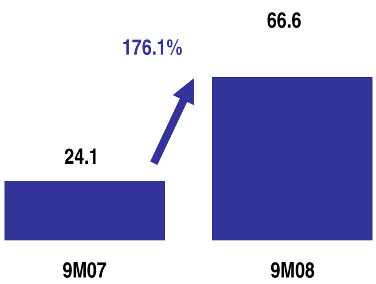
9. FINANCIAL PERFORMANCE – ENERGY TRADING

The energy trading information in this section reflects 100% of Light ESCO's operations.

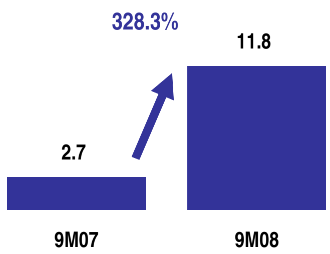
INCOME STATEMENT - ENERGY TRADING (*) (R$MM)	3Q07	3Q08	Chg.	9M07	9M08	Chg.
Gross Operating Revenues (GOR)	13.4	24.7	*11.3*	28.2	80.6	*52.4*
Net Operating Revenues (NOR)	12.0	20.1	*8.1*	24.1	66.6	*42.5*
Electricity Energy Cost	(4.5)	(17.9)	*(13.4)*	(13.3)	(50.2)	*(36.9)*
Operating Costs / Expenses	(6.4)	(2.2)	*4.2*	(8.1)	(4.7)	*3.4*
Service Income (EBIT)	0.9	(0.2)	*(1.1)*	2.1	11.1	*9.0*
EBITDA	**1.1**	**0.1**	*(1.0)*	**2.7**	**11.8**	*9.1*
Financial Results	0.1	0.1	-	0.2	0.5	*0.3*
Operating Results	1.0	(0.1)	*(1.1)*	2.3	11.6	*9.3*
Non-Operating Results	-	-	-	-	-	-
Earnings Before Taxes (EBT)	0.9	(0.1)	*(1.0)*	2.3	11.6	*9.3*
Income Tax / Social Contribution	(0.2)	0.0	*0.2*	(0.5)	(4.4)	*(3.9)*
Net Income	**0.7**	**(0.1)**	*(0.8)*	**1.8**	**7.2**	*5.4*

(*) Pro forma, considering 100% of Light since the 1Q07, in order to facilitate comparisons between periods.

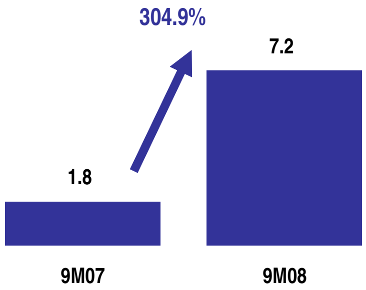
ROL (R$MM) - 9M07 - 9M08



EBITDA (R$MM) - 9M07 - 9M08



Net Income (R$MM) - 9M07 - 9M08



NET OPERATING REVENUES

Net operating revenues totaled R$ 20.1 million in the 3Q08, 67.6% up on the 3Q07, chiefly due to energy sales from Light Energia's hydrological hedge, which accounted for 53.1 GWh this quarter. NOR was also positively impacted by the beginning of operations with 16 new clients. Year-to-date NOR from energy trading totaled R$66.6 million, a substantial year-on-year increase of 176.1%, fueled by the increase in direct energy sales volume, especially from Light Energia's hydrological hedge, which amounted to 173.5 GWh. The share of resold energy has been growing continuously, reaching 81% of Light ESCO's 9M08 NOR, versus 59.0% in the same period last year.

OPERATING COSTS AND EXPENSES

Light ESCO's third-quarter operating costs and expenses totaled R$ 20.3 million, 83.3% higher than in the 3Q07, pushed by the 3Q08 recognition of energy purchase costs of R$4.2 million associated with energy revenues booked in the 2Q08. Operating costs and expenses in the first nine months came to R$55.5 million, R$23.5 million up year-on-year.

EBITDA

Light ESCO recorded a negative EBITDA of R$33 thousand in the 3Q08, versus a positive R$1.1 million in the 3Q07, jeopardized by the recognition of R$4.2 million in energy costs whose associated revenues were booked in the previous quarter. The impact on year-to-date EBITDA was therefore nil. The year-to-date EBITDA margin widened by 6.5 p.p. to 17.7%.

NET INCOME

Light ESCO posted a 9M08 net income of R$7.2 million, a massive 304.9% up on the third quarter of 2007. In the 3Q08, due to the impact mentioned above, net income was negative by R$0.1 million.

10. INDEBTEDNESS

Equatorial closed the third quarter with gross debt (including interest and charges) of R$1,538.3 million, 3.2% up on the 2Q08 figure. CEMAR received R$13.5 million from Eletrobrás to finance the PLPT (Light for All Program) and Light received FINEM financing of R$90.7 million.

On September 30, only 3.3% of Equatorial's gross debt (100% CEMAR + 25% Light), or R$50.0 million, was denominated in foreign currency (U.S. dollars), R$10.5 million of which from CEMAR and R$39.5 million from Light (considering the 25% consolidated by Equatorial).

Thanks to its exceptionally low degree of exchange exposure, the Company does not possess any hedge protection against the devaluation of the Real against the dollar.

Light's exchange exposure represented 7.1% of its total debt and the company hedges its future cash flows for the next 24 months through swap agreements with first-tier financial institutions.

Gross Debt (100% CEMAR + 25% Light)

Index	Average Cost (p.a.)	Average Final Date (month/year)	Average Period (years)	Part. (%)
Libor	4.7%	oct-18	10.0	1.9%
Fixed (US$)	6.7%	nov-20	12.0	2.3%
US$ Treasury	1.4%	apr-24	16.0	-1.0%
UmBNDES (**)	13.7%	mar-10	2.0	0.0%
Foreign Currency	**7.2%**		**9.5**	**3.3%**
IGP-M	16.3%	dic-23	15.0	9.6%
TJLP	10.7%	dic-13	5.0	12.1%
Fixed (R$)	8.5%	mar-17	9.0	9.7%
RGR	6.3%	apr-17	9.0	6.6%
FINEL(***)	12.2%	dic-15	7.0	3.9%
CDI	12.5%	sep-14	6.0	54.2%
SELIC	11.7%	feb-09	1.0	0.7%
Domestic Currency	**11.8%**		**7.3**	**96.7%**
TOTAL	11.7%		7.3	100.0%

(*) Considering 100% of CEMAR and 25% of Light, debt with Braslight were not considered

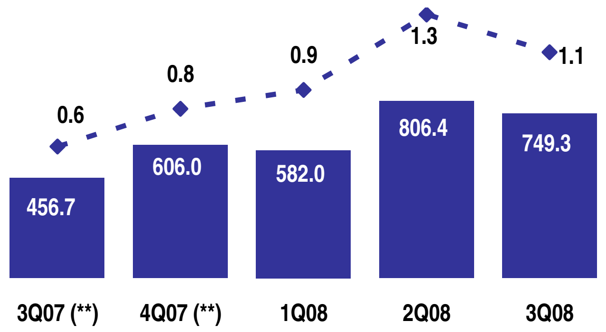
(**) BNDES monetary unit, that represents the weighed average of exchange oscillation on currency from the currency group of BNDES

(**) Index that represents 20% of the IGP-M + spread ranging from 9.4% to 14.0%

Expiration	R$ MM*	% of Total
Short Term	**125.4**	**8.1%**
Long Term	**1,413.0**	**91.9%**
2009	58.0	3.8%
2010	163.9	10.7%
2011	195.2	12.7%
2012	242.4	15.8%
After 2012	753.4	49.0%
TOTAL	1,538.3	100.0%

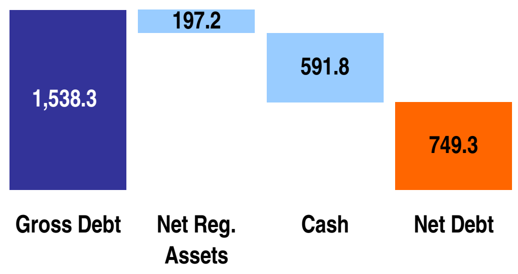
Net debt, including cash and cash equivalents and net regulatory assets, totaled R$749.3 million in the 3Q08, R$57.1 million down on the previous quarter, accompanied by a net debt/EBITDA ratio of 1.1x, 0.2x less than in the 2Q08.

Net Debt (R$MM)(*) and Net Debt/ EBITDA (LTM)
Consolidated (100% CEMAR + 25% Light)



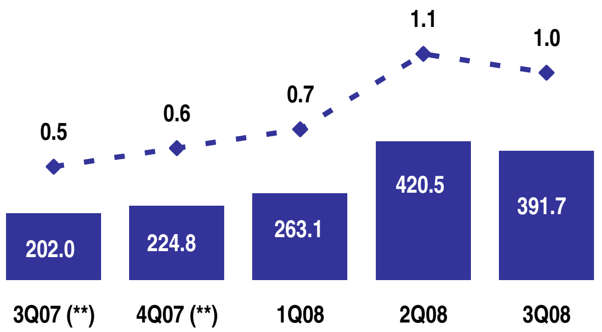
(*) Excluding the debt with Braslight
(**) Pro-forma

Conciliation of Net Debt (R$MM)
Consolidated (100% CEMAR + 25% Light)

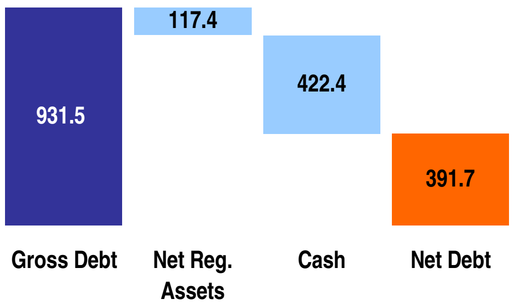


Total consolidated indebtedness, adjusted for Equatorial's interests in CEMAR (65.14%) and Light (13.06%), came to R$391.7 million in the 3Q08, 1.0x consolidated 12-month EBITDA.

Conciliation of Net Debt (R$MM)
Adjusted Consolidated (65.14% CEMAR + 13.06% Light)



Net Debt (R$MM)(*) and Net Debt/ EBITDA (LTM)
Adjusted Consolidated (65.14% CEMAR + 13.06% Light)



(*) Excluding debt with Braslight
(**) Pro-forma

11. CAPEX

CAPEX (R$MM)	3Q07	3Q08	Chg.	9M07	9M08	Chg.
CEMAR						
Own (*)	48.4	75.7	*56.4%*	125.0	172.8	*38.3%*
PLPT	49.7	55.5	*11.6%*	126.7	120.9	*-4.6%*
Total	**98.1**	**131.2**	***33.7%***	**251.7**	**293.7**	***16.7%***
Light						
Distribution	57.9	119.6	*106.4%*	161.1	351.6	*118.2%*
Generation	5.3	12.2	*128.9%*	11.3	26.6	*135.0%*
Energy Trading	0.5	0.9	*66.0%*	0.9	1.1	*22.2%*
Administration	13.8	15.0	*8.8%*	25.2	26.2	*3.8%*
Total	**77.6**	**147.6**	***90.3%***	**198.5**	**405.4**	***104.2%***

(*) Including indirect investments in PLPT

CEMAR

CEMAR invested R$75.7 million in the 3Q08, excluding direct investments related to the PLPT, 56.4% up on the same period in 2007. Year-to-date investments, using the same criterion, totaled R$172.8 million, 38.3% up year-on-year.

Investments in the PLPT

At the close of the 3Q08, 169,068 consumers were connected to CEMAR's distribution network through the PLPT, directly benefiting some 845,000 inhabitants. The PLPT is already present in 205 of Maranhão's 217 municipalities (94%), contributing to the development of areas isolated from the urban centers and generating wealth in these localities. In the 3Q08, direct investments in the program, which include expenses with materials and outsourced services, totaled R$55.5 million, 11.6% up year-on-year. In the 9M08, PLPT investments came to R$120.9 million.

Light

Light invested R$405.5 million in the 9M08, R$207.0 million more than in the same period last year. In the distribution segment, most of the funds went to: i) new connections, capacity increases and corrective maintenance, totaling R$124.0 million; ii) quality improvements (structural optimization and preventive maintenance), which absorbed R$50.8 million; and iii) loss-prevention initiatives totaling R$119.6 million. In the generation segment, R$11.4 million went to plant repairs and upgrading and R$6.8 million to the three new generation projects.

Generation Projects

Through its subsidiaries Lightger Ltda., Itaocara Energia Ltda. and Light Energia S.A., Light S.A. has entered into three Consortium Constitution Agreements with Cemig in order to build and operate the PCH Paracambi, UHE Itaocara and PCH Lajes hydroelectric projects.

The current status of these projects is as follows:

- **PCH Paracambi**: a small hydropower plant, with 25 MW of installed capacity and 20.4 average-MW of assured energy, located on the Ribeirão das Lajes river downstream from the Lajes Complex, in Paracambi in the state of Rio of Janeiro. The project is currently in the process of obtaining its Installation License and Land Clearance Permit for the construction of the reservoir. Works are expected to begin in December this year. Light ESCO is handling the sale of Light 's portion of the resulting output, part of which has already been sold on the free market.

- **PCH Lajes**: a small hydropower plant, with 17 MW of installed capacity and assured energy of around 15 average-MW. The plant is located in the Lajes Complex and will use the structure of the idle Fontes Velha plant. The Basic Project is currently being approved by ANEEL. The environmental licenses have already been obtained and the process of contracting the building works and electromechanical equipment is already under way. Operational start-up is scheduled for 2010

- **UHE Itaocara**: a hydropower plant, with 195 MW of installed capacity and 110 average-MW of assured energy, located on the Paraíba do Sul river, in the municipality of Itaocara, in the state of Rio de Janeiro, near Light S.E.S.A.'s concession area. Operational start-up is estimated for 2012 following a construction period of 36 months. Environmental licensing procedures with IBAMA are under way, the Term of Reference on the studies having already been issued.

In addition to these projects and with the aim of expanding their joint activities, Light and Cemig intend to form new consortia to take part in power plant auctions until they reach at least 300 MW of additional installed capacity. The Companies will also be studying their joint participation in third-party projects already under development.

12. CAPITAL MARKET

Equatorial Energia's shares closed the 3Q08 at R$11.50, 25.6% up on the end of the previous quarter (R$15.85). Daily traded volume averaged R$3,0 million in the 60 days ended September 30, 2008. The Company's shares are listed on the IBrX100, IEE, ITAG and IGC indices.

13. SUBSEQUENT EVENTS

3º STOCK OPTION PLANS

The Extraordinary General Meeting (EGM) of October 16, 2008, approved the creation of Equatorial's 3rd Stock Option Plan. The share subscription options to be offered under the Plan will represent, at most, 4,000,000 Equatorial shares. When the options are exercised by the Plan beneficiaries, said shares will be issued through a capital increase by the Company within the limits of authorized capital defined in the Bylaws. More details on the Plan can be found in the Minutes of the EGM in question, which is available on the websites of the Company and the CVM.

GERANORTE

On October 1, 2008, Equatorial concluded the acquisition of a 25% interest in Geradora de Energia do Norte S.A. ("Geranorte"), which is responsible for implanting and operating the Tocantinópolis and Nova Olinda Thermoelectric Plants, in the state of Maranhão, with a joint capacity of 330 MW. Geranorte's controlling consortium is composed of Equatorial (25%), Fundo de Investimentos em Participações Brasil Energia (25%) and GNP S.A. (50%) and control will be exercised through a Shareholders' Agreement.

At the A-3 energy auction in July 2007, the Tocantinópolis and Nova Olinda plants sold 240 MW (120 MW each), guaranteeing fixed annual revenues of around R$136.2 million (approximately R$68.1 million for each plant), with a base date of July 2007 and restated by the IPCA consumer price index since then.

The plants are being built by the Finnish Wärtsilä group under the EPC (Engineering Procurement Construction) system and commercial start-up is scheduled for January 2010. The total value of the project is estimated at between R$500 million and R$550 million and Equatorial's share is 25%. The Company transferred R$45 million of its own funds and the remainder will be financed through loans. Geranorte is making every effort to obtain financing from development institutions, including Banco do Nordeste do Brasil S.A. (BNB), the Amazon Region Development Authority (SUDAM) and the BNDES.

The contract with Wärtsilä corresponds to around 80% of the total project value. Of this amount, approximately 80% is denominated in Euros, corresponding to 64% of the total value, and is unhedged. However, given the change in the economic scenario triggered by the international financial crisis and the recent exchange volatility, the Company has been studying various options for reducing its exchange risk exposure.

It is worth noting that the payment schedule of the remaining foreign currency balance will only begin at the end of February 2009 and will extend until the plants begin operations in January 2010. There is no concentration of payments in any specific month.

CREATION OF LEVEL 1 AMERICAN DEPOSITARY RECEIPT (ADR) PROGRAM

As announced in a Material Fact published on November 07, 2008, Equatorial filed an official request with the Brazilian Securities and Exchange Commission (CVM) and the U.S. Securities and Exchange Commission (SEC) for the registration of a Level 1 Sponsored American Depositary Receipt (ADR) Program, involving the trading of securities pegged to the Company's common shares on the U.S. market, as approved by the Board of Directors Meeting of October 8, 2008

TARIFF REVIEW – LIGHT S.E.S.A.

Light S.E.S.A.'s new distribution tariffs, defined by the 2nd Tariff Review Cycle, came into effect on November7, 2008. The repositioning index came to 1.96% and the financial additions to 2.30%, giving an average consumer impact of 4.70%. More details on Light's tariff review can be found in the Notice to the Market published on November 5, 2008.

CONVERSION OF LIGHT S.E.S.A. DEBENTURES

The meetings of the Light S.A. Board of Directors on October 3 and November 7, 2008, ratified the conversion of 498 subscription warrants associated with the debentures from the 4th Debenture issue of Light SESA into 46,942 Light S.A. shares. As a result of this subscription, the interest of Rio Minas Energia Participações S.A. (RME) in LIght S.A. was reduced from 52.25% to 52.13%. Consequently, Equatorial's indirect stake in Light fell from 13.06% (25% of 52.25%) to 13.03% (25% of 52.13%).

14. NEW PROJECTS

Equatorial continues to seek investment opportunities in the distribution and generation segments in line with its corporate strategy of playing a leading role in the consolidation of electricity distributors in Brazil and Latin America and in supplying the country's future generation needs.

15. SERVICES PROVIDED BY THE INDEPENDENT AUDITORS

The Company has not hired KPMG Auditores Independentes, its external auditors, for any other services beyond the independent audit. The Company's hiring policy is designed to ensure the independence of the auditors in line with the prevailing regulations. Essentially, these determine that the auditors may not audit their own work, nor exercise any managerial function for their clients or promote their clients' interests.

16. DISCLOSURE EVENTS

CONFERENCE CALL IN ENGLISH	CONFERENCE CALL IN PORTUGUESE
Wednesday, November 12, 2008	Wednesday, November 12, 2008
12:00 pm (Brasília time)	2:00 pm (Nova York time)
9:00 am (Nova York time)	11:00 am (horário de Nova York)
Telephone: +1 (412) 858-4600	Telephone: +0 XX (11) 2188-0188
Code: Equatorial	Code: Equatorial
Replay: +1 (412) 317-0088	Replay: +0 XX (11) 2188-0188
Code: 424135#1	Code: Equatorial

- Participants should connect up approximately 10 minutes before the start of the call.
- **SLIDES AND WEBCAST**: The presentation slides will be available for viewing and download on the Investor Relations section of our website http://www.equatorialenergia.com.br/ir as of the date of the calls. The calls will be transmitted live on the internet on the same site, remaining available after the event.
- **REPLAY**: The call replays will be available from November 12 to November 19, 2008. To access, please dial the above-mentioned numbers.

CONTACTS

- **Carlos Augusto Piani**
  CFO and IRO (temporarily)
- **Thomas Newlands**
  Investor Relations Analyst
- **Phone:** + 0 XX (21) 3206-6635 or 3206-6603
- **E-mail**: ir@equatorialenergia.com.br
- **Website**: www.equatorialenergia.com.br/ir

ADDITIONAL INFORMATION ON LIGHT AND CEMAR

Further information on Light and CEMAR, including a more detailed breakdown of financial and operating results, can be found in these companies' individual Earnings Releases at the following addresses:

- **Light**: www.light.com.br/ri
- **CEMAR**: www.cemar-ma.com.br/ri

DISCLAIMER

Forward-looking statements are subject to risks and uncertainties and are based on the expectations of our management and on the information currently available to the Company. Forward-looking statements include information on our current intentions, beliefs or expectations as well as those of the Board of Directors and the Executive Board.

The reservations concerning forward-looking statements include information related to presumed or possible operating results, as well as declarations preceded, followed by or including such expressions as “believe", “can", “will", “continue”, “expect”, “forecast”, “intend”, “estimate” or similar.

Since they refer to future events and are therefore dependent on circumstances which may or may not occur, such statements are not a guarantee of performance. Future results and the creation of shareholder value may differ substantially from those expressed or suggested by said forward-looking statements, since many of the factors determining these results are outside the Company's control.

ANNEX 1 – CONSOLIDATED INCOME STATEMENT (R$ MILLION)

- In order to facilitate comparisons between the quarters and six-month periods, the 3Q07 and 9M07 figures are pro-forma, assuming that Equatorial held the same interest in RME as it does currently.

- Equatorial's pro-forma results for the 3Q07 and 9M07 are based on Light's pro-forma results for the same periods, which exclude the reversals of provisions in the 2Q07 and 3Q07, since these were reconstituted in the 4Q07. In addition, Light's pro-forma result includes the adjustments related to Law 11638, determined by CVM Instruction 469/08.

INCOME STATEMENT (R$ MM)	3Q07	3Q08	9M07	9M08
GROSS OPERATING REVENUES	**807.7**	**873.8**	**2,443.4**	**2,524.9**
Electricity Sales to Final Consumers	733.6	795.1	2,232.7	2,310.3
Electricity Supply	28.9	32.5	70.9	83.4
Other Revenues	45.2	46.2	139.7	131.3
DEDUCTIONS FROM OPERATING REVENUES	**(275.0)**	**(286.4)**	**(863.3)**	**(826.1)**
NET OPERATING REVENUES	**532.7**	**587.4**	**1,580.1**	**1,698.8**
ELECTRIC ENERGY COSTS	**(263.5)**	**(282.7)**	**(787.2)**	**(840.5)**
OPERATING COSTS / EXPENSES	**(102.3)**	**(96.3)**	**(300.4)**	**(311.3)**
Personnel	(28.2)	(25.0)	(87.3)	(78.2)
Material	(2.6)	(3.1)	(7.0)	(9.1)
Services	(36.2)	(39.2)	(99.1)	(113.2)
Provisions	(22.0)	(22.1)	(82.7)	(85.8)
Others	(13.3)	(6.9)	(24.3)	(25.1)
EBITDA	**166.8**	**208.4**	**492.5**	**546.9**
Depreciation and Amortization	(40.5)	(41.8)	(111.7)	(122.4)
EBIT	**126.3**	**166.6**	**380.8**	**424.5**
EQUITY INCOME	**0.8**	**0.0**	**2.3**	**18.6**
Equity Income	-	-	-	18.4
Goodwill Amortization	0.8	0.0	2.3	0.1
FINANCIAL RESULT	**(18.6)**	**(38.7)**	**(60.0)**	**43.4**
Financial Income	38.9	36.7	110.9	123.8
Financial Expenses	(57.5)	(75.4)	(170.9)	(80.4)
OPERATING RESULT	**108.5**	**127.9**	**323.0**	**486.5**
NON-OPERATING RESULT	**(2.2)**	**(2.6)**	**(1.6)**	**1.4**
Non-Operating Income	0.0	0.6	6.4	8.6
Non-Operating Expenses	(2.2)	(3.2)	(8.1)	(7.2)
INCOME BEFORE TAXES	**106.3**	**125.3**	**321.4**	**487.9**
Income Tax and Social Contribution	(41.4)	(20.4)	(27.2)	(148.7)
MINORITY INTERESTS	**(13.1)**	**(43.2)**	**(75.7)**	**(133.8)**
NET INCOME	**51.8**	**61.7**	**218.5**	**205.5**

ANNEX 2 – INCOME STATEMENT PER COMPANY (R$ MILLION)

- The following table reflects Equatorial's consolidation process, i.e. the sum of Equatorial Holding + 100% of CEMAR + 25% of RME (which in turn consolidates 100% of Light S.A.) + eliminations.

- The "Minority Interest" line contains an adjustment so that the net income of each company in Equatorial's consolidated result reflects its real stake in the companies. In the case of CEMAR, this interest amounts to 65.14% and in the case of Light S.A., it amounts to 13.06%, reflecting 25% of 52.25% (RME's stake in Light S.A.).

INCOME STATEMENT PER COMPANY (R$MM)	Equatorial Holding	Chg. 9M08	CEMAR 100%	Chg. 9M08	RME 25%	Chg. 9M08	Eliminations	Chg. 9M08	Equatorial Consolidated	Chg. 9M08
GROSS OPERATING REVENUES	**-**	**-**	**999.8**	***10.7%***	**1,525.1**	***-1.0%***	**-**	**-**	**2,524.9**	***3.3%***
Electricity Sales to Final Consumers	-	-	974.7	*9.5%*	1,335.5	*-0.5%*	-	-	2,310.3	*3.5%*
Electricity Supply	-	-	13.2	*620.0%*	70.2	*1.6%*	-	-	83.4	*17.5%*
Other Revenues	-	-	11.9	*4.4%*	119.4	*-7.0%*	-	-	131.3	*-6.0%*
DEDUCTIONS FROM OPER. REVENUES	**-**	**-**	**(278.8)**	***6.7%***	**(547.3)**	***-9.1%***	**-**	**-**	**(826.1)**	***-4.3%***
NET OPERATING REVENUES	**-**	**-**	**721.0**	***12.3%***	**977.8**	***4.2%***	**-**	**-**	**1,698.8**	***7.5%***
ELECTRICITY COSTS	**-**	**-**	**(287.2)**	***16.8%***	**(553.3)**	***2.2%***	**-**	**-**	**(840.5)**	***6.8%***
OPERATING COSTS / EXPENSES	**(6.9)**	***35.9%***	**(128.7)**	***11.2%***	**(175.7)**	***-2.1%***	**-**	**-**	**(311.3)**	***3.7%***
Personnel	(4.0)	*59.6%*	(32.5)	*5.5%*	(41.7)	*-22.7%*	-	-	(78.2)	*-10.4%*
Material	(0.0)	*790.0%*	(6.2)	*51.0%*	(2.9)	*0.2%*	-	-	(9.1)	*30.6%*
Services	(1.7)	*-7.5%*	(62.1)	*25.9%*	(49.4)	*3.0%*	-	-	(113.2)	*14.2%*
Provisions	-	-	(20.2)	*-13.5%*	(65.5)	*10.4%*	-	-	(85.8)	*3.7%*
Others	(1.2)	*60.7%*	(7.6)	*-5.8%*	(16.2)	*5.4%*	-	-	(25.1)	*3.4%*
EBITDA	**(6.9)**	***35.9%***	**305.1**	***8.8%***	**248.8**	***14.5%***	**-**	**-**	**546.9**	***11.1%***
Depreciation and Amortization	(0.1)	-	(61.0)	*25.7%*	(61.3)	*-2.9%*	-	-	(122.4)	*9.6%*
EBIT	**(7.0)**	***37.3%***	**244.1**	***5.3%***	**187.5**	***21.7%***	**-**	**-**	**424.5**	***11.5%***
EQUITY INCOME	**202.6**	***-3.8%***	**-**	**-**	**3.5**	***0.0%***	**(187.5)**	***-11.5%***	**18.6**	***717.3%***
Equity Income	205.9	*-2.8%*	-	-	-	-	(187.5)	*-11.5%*	18.4	-
Goodwill Amortization	(3.3)	*176.3%*	-	-	3.5	*0.0%*	-	-	0.1	*-93.8%*
FINANCIAL RESULT	**13.6**	***-23.5%***	**(28.4)**	***28.7%***	**58.2**	***-204.4%***	**-**	**-**	**43.4**	***-172.3%***
Financial Revenue	14.8	*-20.3%*	57.6	*27.0%*	51.4	*9.6%*	-	-	123.8	*11.7%*
Financial Expenses	(1.2)	*55.0%*	(86.0)	*27.5%*	6.8	*-106.6%*	-	-	(80.4)	*-53.0%*
OPERATING RESULT	**209.2**	***-6.3%***	**215.6**	***2.8%***	**249.1**	***144.9%***	**(187.5)**	***-11.5%***	**486.5**	***50.6%***
NON-OPERATING RESULT	**2.1**	***-218.3%***	**(3.2)**	***180.5%***	**2.5**	***91.8%***	**-**	**-**	**1.4**	***-187.9%***
Non-Operating Revenue	2.8	-	1.1	*-74.2%*	4.7	*139.5%*	-	-	8.6	*34.5%*
Non-Operating Expenses	(0.6)	*-64.3%*	(4.4)	*-21.7%*	(2.1)	*240.6%*	-	-	(7.2)	*-10.9%*
INCOME BEFORE TAXES	**211.4**	***-4.6%***	**212.4**	***1.8%***	**251.7**	***144.2%***	**(187.5)**	***-11.5%***	**487.9**	***51.8%***
Income Tax and Social Contribution	(2.2)	*-27.5%*	(72.4)	*3.1%*	(74.1)	*-266.9%*	-	*-100.0%*	(148.7)	*447.2%*
MINORITY INTERESTS	**-**	**-**	**-**	**-**	**(85.0)**	***215.6%***	**(48.8)**	***0.1%***	**(133.8)**	***76.8%***
RESULT OF THE FISCAL YEAR	**209.2**	***-4.3%***	**140.0**	***1.2%***	**92.6**	***-23.2%***	**(236.3)**	***-8.7%***	**205.5**	***-6.0%***

ANNEX 3 – BALANCE SHEET (R$ MILLION)

- In order to facilitate comparisons between the quarters, the 4Q07 figures are pro-forma, assuming that Equatorial held the same interest in RME as it does currently.

ASSETS (R$ MM)	4Q07	1Q08	2Q08	3Q08
CURRENT	**1,559.1**	**1,661.2**	**1,595.3**	**1,647.8**
Cash and Cash Equivalents	595.2	652.8	494.7	591.8
Consumers and Resellers	578.1	573.1	563.9	592.3
Inventory	7.6	7.6	10.4	12.2
Taxes Recoverable	235.6	124.7	197.9	200.5
Low Income	19.5	13.1	24.1	26.8
Regulatory Assets	10.5	78.8	106.3	52.2
Other Accounts Receivable	112.6	211.1	198.0	171.9
LONG TERM ASSETS	**881.7**	**792.9**	**698.4**	**804.8**
Consumers and Resellers	103.8	96.3	98.4	104.2
Taxes Recoverable	370.3	90.4	88.8	94.1
Deferred Taxes - Income Tax / Social Contribution	213.0	495.8	447.1	466.3
Other Accounts Receivable	194.6	110.3	64.1	140.2
FIXED ASSETS	**2,120.9**	**2,199.1**	**2,315.0**	**2,399.6**
Investments	3.5	3.5	3.5	3.4
Deferred	15.3	16.2	14.9	14.2
Goodwill	305.0	302.2	302.9	233.9
Fixed Assets	2,387.3	2,449.0	2,560.6	2,752.8
(-) Special Obligations	(590.2)	(571.7)	(567.0)	(604.8)
TOTAL ASSETS	**4,561.8**	**4,653.2**	**4,608.7**	**4,852.2**

LIABILITIES (R$ MM)	4Q07	1Q08	2Q08	3Q08
CURRENT	**1,019.3**	**886.0**	**694.7**	**750.1**
Suppliers	294.3	235.4	241.9	264.2
Salaries	14.0	1.0	1.3	1.0
Dividends / Interest on Equity	260.4	209.5	0.6	0.6
Taxes and Social Contribution	159.1	123.4	102.2	119.1
Loans and Financing	49.8	80.0	96.0	106.7
Debentures	26.0	24.2	25.1	18.6
Public Lighting	10.8	20.0	20.5	22.1
Provision for Contingencies	12.5	5.2	8.6	8.8
Regulatory Liabilities	12.4	12.3	11.2	17.2
Others	180.0	174.9	187.3	191.8
LONG TERM LIABILITIES	**1,967.6**	**2,084.0**	**2,077.4**	**2,147.9**
Taxes and Social Contribution	130.0	134.2	169.3	182.3
Debentures	511.9	506.9	511.3	506.9
Loans and Financing	684.5	807.0	858.9	906.1
Provision for Contingencies	371.6	364.9	253.1	244.0
Others	269.5	271.0	284.9	308.6
DEFERRED RESULTS	**86.2**	**85.1**	**102.9**	**115.3**
MINORITY INTERESTS	**761.8**	**525.8**	**585.0**	**628.4**
SHAREHOLDERS EQUITY	**726.8**	**1,072.4**	**1,148.7**	**1,210.4**
Capital Stock	713.2	987.0	987.6	987.6
Reserves	13.6	13.6	13.6	13.6
Retained Earnings	-	71.8	147.4	209.2
TOTAL LIABILITIES AND SHAREHOLDERS EQUITY	**4,561.8**	**4,653.2**	**4,608.7**	**4,852.2**

ANNEX 4 – INDEBTEDNESS (R$ MILLION)

Considering 100% of CEMAR and 25% of Light (Excluding the Debt with Braslight)

LOANS AND FINANCING LINES (R$ MM)	2Q08				3Q08			
	S. T. - Charges	S. T. - Principal	L. T.	Total	S. T. - Charges	S. T. - Principal	L. T.	Total
FOREIGN CURRENCY	**0.9**	**5.7**	**34.6**	**41.2**	**1.7**	**6.8**	**41.4**	**50.0**
National Treasury	0.9	4.3	33.5	**38.7**	1.7	5.1	40.2	**47.0**
Others	0.0	1.4	1.1	**2.5**	0.0	1.7	1.3	**3.0**
DOMESTIC CURRENCY	**22.1**	**67.3**	**824.3**	**913.7**	**24.4**	**73.7**	**864.6**	**962.8**
Eletrobrás	1.5	36.9	276.2	**314.6**	3.2	32.5	286.4	**322.1**
Financial Institutions	20.6	26.1	524.5	**571.2**	21.2	36.7	554.8	**612.7**
Debt with Pension Fund	0.0	4.4	23.6	**28.0**	0.0	4.6	23.4	**28.0**
SUB TOTAL - LOANS AND FINANCING	**23.0**	**73.1**	**858.9**	**954.9**	**26.2**	**80.6**	**906.1**	**1,012.8**
Debentures	6.2	18.9	511.3	**536.3**	9.8	8.8	506.9	**525.5**
DEBT TOTAL	**29.1**	**92.0**	**1,370.2**	**1,491.3**	**35.9**	**89.4**	**1,413.0**	**1,538.3**

S.T. = Short Term / L.T. = Long Term

Considering 65.17% of CEMAR and 13.06% of Light (Excluding the Debt with Braslight)

LOANS AND FINANCING LINES (R$ MM)	2Q08				3Q08			
	S. T. - Charges	S. T. - Principal	L. T.	Total	S. T. - Charges	S. T. - Principal	L. T.	Total
FOREIGN CURRENCY	**0.5**	**3.1**	**19.2**	**22.7**	**1.0**	**3.7**	**23.0**	**27.6**
National Treasury	0.5	2.4	18.6	**21.4**	0.9	2.8	22.3	**26.0**
Others	0.0	0.7	0.6	**1.3**	0.0	0.9	0.7	**1.6**
DOMESTIC CURRENCY	**12.8**	**43.3**	**512.5**	**568.5**	**13.9**	**46.6**	**534.0**	**594.5**
Eletrobrás	0.9	23.9	179.8	**204.6**	2.1	20.9	186.4	**209.4**
Financial Institutions	11.8	16.5	317.3	**345.7**	11.9	22.7	332.4	**366.9**
Debt with Pension Fund	0.0	2.9	15.3	**18.2**	0.0	3.0	15.3	**18.2**
SUB TOTAL - LOANS AND FINANCING	**13.3**	**46.3**	**531.6**	**591.2**	**14.9**	**50.3**	**557.0**	**622.2**
Debentures	3.2	11.2	301.6	**316.0**	5.5	4.6	299.3	**309.4**
DEBT TOTAL	**16.5**	**57.5**	**833.2**	**907.2**	**20.4**	**54.9**	**856.3**	**931.6**

S.T. = Short Term / L.T. = Long Term

ANNEX 5 – CASH FLOW STATEMENT (R$ MILLION)

CONSOLIDATED CASH FLOW (R$MM)	**1Q08**	**2Q08**	**3Q08**
CF from Operating Activities			
Net Income	71.8	71.9	61.7
(+) Non Cash Expenses	39.4	41.3	41.7
Changes in Assets	44.3	2.3	(61.8)
Changes in Liabilities	(349.2)	18.7	117.2
(=) Cash Flow from Operating Activities	**(193.8)**	**134.2**	**158.9**
CF from Investments			
Fixed Assets	(101.0)	(152.9)	(233.9)
Others	*2.0*	*0.6*	*69.8*
(=) Cash Flow from Investments	**(99.0)**	**(152.3)**	**(164.1)**
CF from Financing			
Loans and Financing	*145.9*	*73.1*	*47.0*
Dividends	*(50.9)*	*(209.0)*	*(0.0)*
Capital Increase	273.8	0.6	0.0
Subsidies	(18.5)	(4.7)	55.3
(=) Cash Flow from Financing	**350.4**	**(140.0)**	**102.3**
(=) Quarterly Cash Flow	**57.6**	**(158.1)**	**97.1**
Cash and Cash Equivalents - Initial Balance	595.2	652.8	494.7
Cash and Cash Equivalents - Final Balance	652.8	494.7	591.8

KPMG Auditores Independentes
R. Dr. Renato Paes de Barros, 33
04530-904 - São Paulo, SP - Brasil
Caixa Postal 2467
01060-970 - São Paulo, SP - Brasil

Central Tel 55 (11) 2183-3000
Fax Nacional 55 (11) 2183-3001
Internacional 55 (11) 2183-3034
Internet www.kpmg.com.br

Independent auditors' report on special review

To
The Board of Directors and Shareholders of
Equatorial Energia S.A.
São Luis - MA

1. We have performed a special review of the accounting information contained in the Quarterly Information - ITR (individual and consolidated) of Equatorial Energia S.A. for the quarter ended September 30, 2008, comprising the consolidated balance sheets and the statements of income, of changes in shareholders' equity, of the cash flow, the management report and the notes to the financial statements, prepared under the responsibility of its Management.

2. Our review was performed in accordance with the specific standards established by the Brazilian Institute of Independent Auditors (IBRACON) and the Federal Accounting Council (CFC), and consisted, mainly, of: (a) inquiry of and discussion with management responsible for the accounting, financial and operational areas of the Company and its subsidiaries, regarding the principal criteria adopted in the preparation of the Quarterly Information; and (b) review of the information and subsequent events, which have or may have a material effect on the financial position and operations of the Company and its subsidiaries.

3. Based on our review, we are not aware of any material changes that should be made in the accounting information contained in the Quarterly Information abovementioned for it to be in conformity with the rules and regulations issued by the Brazilian Securities and Exchange Commission (CVM), applicable to the preparation of the quarterly information, including CVM Instruction 469/08.

4. As described in Note 10a of the Subsidiary - CEMAR, the subsidiary considered a credit of regulatory asset in the amount of R$11,270 thousand related to the difference between the Price Net of Difference (PLD) and the Notional Annual Price (VR) with respect to the exposure related to the frustrated demand in the energy auctions to meet the consumption of the period; however, although there is regulatory support, the amount of the related credit has not been ratified by ANEEL yet, which shall be analyzed in the tariff readjustment to be applied to the tariffs of electricity supply and use of distribution systems, in the period comprised between August 28, 2008 and August 27, 2009.

5. As mentioned in note 3, on December 28, 2007, the Law 11638 was enacted, which became effective on January 1st, 2008. This Law amended, revoked and introduced new provisions to Law 6404/76 (Brazilian Corporate Law) and changed the accounting practices adopted in Brazil. Although said law is already in force, certain alterations are subject to regulation to be issued by regulatory authorities to be observed by the companies. Thus, at this transition phase, CVM, by means of CVM Instruction 469/08, authorized the non-application of all provisions of Law 11638/07 in the preparation of the Quarterly Information. Therefore, the accounting information contained in the Quarterly Information for the quarter ended June 30, 2008, was prepared pursuant to specific CVM instructions and does not cover all modifications in the accounting practices introduced by Law 11638/07. The information from previous periods, which was shown for comparison, was adjusted to include changes of accounts practices introduced by Law 11638/07. However, Company’s management analyzed the effects of the referred Law, which are mentioned in the Note 3 as deferred income.

November 10, 2008

KPMG Auditores Independentes
CRC 2SP014428/O-6-S-MA

João Alberto da Silva Neto
Accountant CRC 1RS048980/O-0-T-CE-S-MA

Equatorial Energia S.A.

Publicly-held Company

Balance sheets

September 30, 2008 and June 30, 2008

(In thousands of Reais)

		Parent Company		Consolidated	
Assets	**Note**	**09/30/2008**	**06/30/2008**	**09/30/2008**	**06/30/2008**
Current assets		198,813	196,659	1,647,765	1,595,328
Cash and cash equivalent	5	186	166	15,726	21,120
Marketable securities	5	185,311	187,471	576,094	473,612
Consumers and resellers	6	-	-	825,916	783,519
Low income consumers	7	-	-	26,821	24,068
Services requested	11	-	-	25,130	22,261
Allowance for doubtful accounts	6	-	-	(233,629)	(219,612)
Recoverable taxes	8	9,164	8,957	200,541	197,902
Deferred income tax and social contributions	9	-	-	76,641	91,024
Inventories		-	-	12,223	10,431
Prepaid expenses	10	9	54	103,277	179,580
Other accounts receivable	11	4,143	11	19,025	11,423
Non-current assets		1,016,833	955,633	3,204,409	3,013,380
Long-term assets		2	5	804,828	698,423
Consumers and resellers	6	-	-	104,176	98,448
Recoverable taxes	8	2	5	94,075	88,784
Deferred income tax and social contributions	9	-	-	466,333	447,105
Disposal of goods and rights	11	-	-	208	163
Prepaid expenses	10	-	-	109,289	34,643
Judicial deposits		-	-	26,979	26,219
Others accounts receivable	11	-	-	3,768	3,061
Permanent assets		1,016,831	955,628	2,399,581	2,314,957
Investments	12	782,003	719,696	3,428	3,510
Intangible		233,885	234,997	233,885	234,997
Deferred assets		653	692	14,214	14,855
Property, plan and equipment	13	290	243	2,752,813	2,628,572
(-) Obligations related to the concession	13	-	-	(604,759)	(566,977)
		1,215,646	1,152,292	4,852,174	4,608,708

		Parent Company		Consolidated	
Liabilities and shareholder's equity	**Note**	**09/30/2008**	**06/30/2008**	**09/30/2008**	**06/30/2008**
Current liabilities		5,228	3,613	750,135	694,689
Suppliers	14	206	239	264,200	241,871
Payroll		37	36	972	1,313
Payroll charges		2,722	1,809	28,101	22,548
Financial charges	15	-	-	26,153	22,962
Debentures	16	-	-	18,639	25,061
Loans and financing	15	-	-	80,569	73,074
Regulatory taxes	17	-	-	36,440	32,478
Taxes payable	18	2,225	1,506	119,119	102,187
Dividends proposed		2	2	586	585
Provision for contingences	19	-	-	8,817	8,563
Public lighting tariff		-	-	22,110	20,526
Researches and development and Energy Efficiency Program		-	-	70,100	65,001
Others		36	21	74,329	78,520
Non-current liabilities		-	-	2,147,882	2,077,415
Long-term liabilities					
Debentures	16	-	-	506,883	511,284
Loans and financing	15	-	-	906,071	858,901
Employees pension found	24	-	-	216,802	213,079
Taxes payable	18	-	-	182,336	169,264
Provision for contingences	19	-	-	244,026	253,077
Other accounts payable		-	-	91,764	71,810
Deferred income		-	-	115,346	102,894
Minority interest		-	-	628,393	585,031
Shareholder's equity	21	1,210,418	1,148,679	1,210,418	1,148,679
Capital		987,649	987,649	987,649	987,649
Profit reserves		13,599	13,599	13,599	13,599
Net income		209,170	147,431	209,170	147,431
		1,215,646	1,152,292	4,852,174	4,608,708

See the accompanying notes to the financial statements

Equatorial Energia S.A.

Publicly-held Company

Statements of income

Periods ended on September 30, 2008 and 2007

(In thousands of Reais)

	Note	Parent Company		Consolidated	
		2008	**2007**	**2008**	**2007**
Revenues		-	-	2,524,902	903,387
Energy electric sales		-	-	2,310,280	889,870
Energy electric supply		-	-	83,360	1,826
Emergency capacity charges		-	-	-	153
Other revenues		-	-	131,262	11,538
Deductions		-	-	(826,088)	(260,903)
Social contribution on billings – COFINS and Social Integration Program – PIS		-	-	(512,705)	(137,465)
Consumer charges				(176,740)	(84,091)
Services Tax – ISS		-	-	-	(2,316)
Emergency capacity charges		-	-	(125,561)	(28,655)
Others				(11,082)	(8,376)
Net revenues		-	-	1,698,814	642,484
Cost of sales and/or services rendered	23	-	-	(926,600)	(318,154)
Cost of electric energy		-	-	(840,528)	(246,356)
Electric energy purchased for resale		-	-	(725,285)	(207,362)
Charge for the transmission and distribution system use		-	-	(115,243)	(38,994)
Operating cost		-	-	(86,070)	(71,798)
Personal		-	-	(8,694)	(7,615)
Material		-	-	(4,258)	(2,654)
Third party service		-	-	(19,239)	(16,554)
Depreciation and amortization		-	-	(52,720)	(42,731)
Leasing and rent		-	-	(16)	(414)
Others		-	-	(1,143)	(1,830)
Cost from third party service		-	-	(2)	-
Material		-	-	(1)	-
Third party service		-	-	(1)	-
Gross profit		-	-	772,214	324,330
Operating expenses	24	(7,016)	(5,108)	(347,713)	(97,610)
Selling expenses		-	-	(32,050)	(32,294)
General and administrative expenses		(1,787)	(2,873)	(90,724)	(28,719)
Management remuneration	24	(3,992)	(2,235)	(48,366)	(4,766)
Allowance for doubtful accounts and credit losses		-	-	(61,678)	(16,851)
Provision (reversal) for contingencies		-	-	(24,086)	(6,104)
Depreciation and amortization		(86)	-	(69,735)	(5,827)
Others operating expenses		(1,151)	-	(21,074)	(3,049)
Service operating result		(7,016)	(5,108)	424,501	226,720
Financial income (expenses)	24	13,628	17,822	43,424	(4,261)
Financial income		14,825	18,594	119,413	60,034
Fine charged on electric energy sale		-	-	3,484	3,896
Monetary and foreign exchange variation		-	-	(1,495)	(2,343)
Interest on loans and financing		-	-	(83,184)	(54,113)
Others		(1,197)	(772)	5,206	(11,735)
Equity in income		202,597	95,595	18,564	(1,208)
Equity in income from subsidiary		205,934	96,803	18,422	-
Goodwill amortization		(3,338)	(1,208)	142	(1,208)
Operating income		209,209	108,309	486,489	221,251
Non-operating result		2,145	(1,883)	1,444	(3,041)
Non-operating income		2,793	-	8,625	4,454
Non-operating charges		(648)	(1,883)	(7,181)	(7,495)
Income before income tax and social contribution		211,354	106,426	487,933	218,210
Provision of income tax and social contribution tax		(2,183)	(3,011)	(148,694)	(65,104)
Social contribution tax		(583)	(802)	(11,951)	(15,495)
Income tax		(1,601)	(2,209)	(68,617)	3,336
Deferred income before income tax and social contribution		-	-	(68,126)	(52,945)
Minority interest		-	-	(133,782)	(48,173)
Net income for the year		209,170	103,415	205,457	104,933
Income per share		1.98	0.52	1.94	0.53
Number of shares		105,638,030	198,655,448	105,638,030	198,655,448

See the accompanying notes to the financial statements.

Equatorial Energia S.A.

Publicly-held Company

Statements of changes in shareholders' equity

September 30, 2008 and June 30, 2008

(In thousands of Reais)

	Capital	Capital reserves	Profit reserves		Retained earnings/ (accumulated losses)	Total
			Legal	Unrealized		
Balances at December 31, 2006	713,217	-	5,957	5,363	-	724,537
Profit reserve absorption				(5,363)	5,363	-
Net income for the year	-	-	-	-	152,845	152,845
Distributions:						-
Legal reserve	-	-	7,642	-	(7,642)	-
Interest on shareholders' equity					(14,670)	(14,670)
Dividends	-	-	-	-	(135,896)	(135,896)
Balances at December 31, 2007	713,217	-	13,599	-	-	726,816
Capital increase:						
With incorporation	273,812	-	-	-	-	273,812
Profit reserves:						
Net income for the period	-	-	-	-	71,780	71,780
Balances at March 31, 2008	987,029	-	13,599	-	71,780	1,072,408
Capital increase with incorporation	620	-	-	-	-	620
Net income for the period	-	-	-	-	75,651	75,651
Balances at June 30, 2008	987,649	-	13,599	-	147,431	1,148,679
Net income for the period	-	-	-	-	61,739	61,739
Balances at September 30, 2008	987,649	-	13,599	-	209,170	1,210,418

See the accompanying notes to the financial statements.

Equatorial Energia S.A.

Publicly-held Company

Statements of cash flows

Periods ended on September 30, 2008 and 2007

(In thousands of Reais)

	Parent Company		Consolidated	
	2008	**2007**	**2008**	**2007**
Cash flows from operating activities				
Net income	61,739	39,898	61,702	39,966
Adjustments to reconcile net income to net cash provided by (used in) operating activities:				
Depreciation and amortization	38	-	41,780	16,840
Monetary variation	-	-	-	2,157
CVA	-	-	-	4,123
Credits from income tax and social	-	-	-	15,051
Minority interest	-	-	-	18,080
Amortization of goodwill	(1,113)	383	(47)	383
Others	-	-	-	787
	(1,075)	383	41,733	57,421
Changes in assets and liabilities				
Increase in accounts receivable	-	-	(48,125)	(29,642)
Increase (decrease) in inventories	-	-	(1,792)	618
Increase (decrease) in recoverable taxes	(204)	(47)	(7,930)	(3,949)
Increase (decrease) in other accounts receivable	(4,087)	28	(3,908)	(15,066)
Increase (decrease) in supplies	(22)	-	22,329	19,775
Increase (decrease) in taxes payable	719	1,013	30,004	23,325
Increase (decrease) in other accounts payable and provisions	917	267	64,916	3,056
	(2,677)	1,261	55,494	(1,883)
Net cash provided by operating activities	57,987	41,542	158,929	95,504
Cash flows from investment activities				
Purchases of property, plant and equipment	(84)	-	(233,948)	(98,075)
Investments	(62,307)	-	82	-
Goodwill and negative goodwill	2,225	-	1,159	-
Deferred charges	39	-	641	-
Intangibles	-	-	67,927	-
Others		(37,080)	-	3,207
Net cash used in investment activities	(60,127)	(37,080)	(164,139)	(94,868)
Cash flows from financing activities				
Capital integralization	-	-	-	-
Profit reserve - Subsidy	-	-	-	-
Dividends paid	-	-	-	-
Loans Payment	-	-	47,033	26,033
Subsidy	-	-	55,265	4,348
Net cash provided by (used in) financing activities	-	-	102,298	30,381
Net cash in the period	(2,140)	4,462	97,088	31,017
Increase in cash and cash equivalents				
At beginning of year	187,637	191,111	494,732	362,968
At end of year	185,497	195,573	591,820	393,985
Increase (decrease) in cash and cash equivalents	(2,140)	4,462	97,088	31,017

See the accompanying notes to the financial statements.

Equatorial Energia S.A.

(Publicly-held Company)

Notes to the financial statements

Period ended September 30 and June 30, 2008

(In thousand of Reais, unless when specified)

1 Operations

Equatorial Energia S.A. ("Company" or "Equatorial" or "Parent Company"), headquartered in São Luís, Maranhão, Brazil, has the corporate objective of acquiring and holding interests in other companies operating in the electric energy sector, especially in electricity distribution operations in the North, Northeast, Central and Western regions of Brazil.

On March 6, 2006 ANEEL approved a corporate reorganization plan involving the indirect sale of shares representing 50% of the voting capital and 46.25% of the total capital of the Company to UBS Pactual Latin America Power Fund Ltd., a fund managed by a wholly owned subsidiary of UBS Pactual S.A.

Also in the corporate area, on March 30, 2006 the Company made its Initial Public Offering (IPO). Through this Offering the Company raised R$540,270, of which R$185,600 was received by the Company through the Primary Offering, with the issue of new shares. The remaining amount was received through the Secondary Offering, referring to the sale of shares held by the controlling shareholders and management. The IPO was performed under Level 2 of the Corporate Governance Practices issued by the São Paulo Stock Exchange - Bovespa, in the form of UNITS, consisting of 1 (one) common share and 2 (two) preferred shares.

On November 5, 2007, GP Energia Brasil LP ("GP Energia") and PCP Latin America Power Fund Ltd. ("PCP Fund") entered into an agreement by means of which both parties adjusted the terms and conditions governing the transfer of GP Energia's entire interest in Equatorial Energia Holdings LLC, which indirectly controls Equatorial and CEMAR, to PCP Fund for the US$ equivalent of R$203.8 million. The transfer was authorized by ANEEL on December 18, 2007 and concluded on December 21, 2007.

On February 12, 2008, an Extraordinary Shareholders' Meeting approved the merger, into Equatorial, of PCP Energia Participações S.A., which retains a 13.06% indirect interest in Light S/A ("Light"), through RME - Rio Minas Energia Participações S.A., in which it holds a 25% interest and which, through a shareholders' agreement, shares control of said company.

The merger will concentrate investments in the Brazilian electricity sector within Equatorial, making it the unique vehicle for expanding its energy market holdings through new investments and acquisitions.

On September 30, 2008, the Company held an investment interest of 65.14% (65.17% on June 30, 2008) in Companhia Energética do Maranhão ("CEMAR"), a private stock corporation, whose main activity is the distribution of electrical energy. CEMAR's concession area is the State of Maranhão, attending, at June 30, 2008, approximately 1.5 million clients and covering an area in excess of 333 thousand Km^2. The concession contract for the distribution of electricity, number 060, agreed between the Company, the National Electrical Energy Agency - ANEEL and CEMAR, is effective until August 10, 2030, and can be extended for a further 30 years.

As stated previously, as from February 12, 2008, the Company now holds 25% in RME (Rio Minas Energia Participações S.A.), which holds 52.24% in Light S.A. Light's activities include the sale, distribution and generation of electricity in 31 municipals in the State of Rio de Janeiro, covering an area of 10,970 thousand Km^{2,} which corresponds to 25% of the State territory, including 10 million inhabitants. With approximately four million clients, the sales of energy by Light S.A. represent more than 70% of all of the energy consumed in the state of Rio de Janeiro

The subsidiary CEMAR, and the joint subsidiary RME, shall hereafter be referred to in the notes as the "Subsidiaries", when mentioned together.

2 Presentation of quarterly information

The individual and consolidated quarterly information were prepared and are presented in accordance with accounting practices in Brazil, which include the rules of Corporate Law, the complementary rules of the Securities Commission - CVM and specific legislation issued by ANEEL.

Law 11638 published in the Official Federal Gazette on December 28, 2007 changed a number of provisions in Law 6404 (Brazilian Corporate Law). The new law permits the convergence with international accounting standards, and improves the level of transparency of the Quarterly Information.

Among the major changes introduced, we highlight the following issues that in our assessment may change the presentation of our financial statements and the criteria for determination of our financial position and earnings as from the year ending 2008:

- Intangible assets and rights were segregated from the tangible ones, and permanent assets are now classified into investments, property, plant and equipment, intangible items and deferred charges;

- The caption “Equity valuation adjustments” was created under Shareholders’ Equity. Any counterparties to increases or decreases in the amount assigned to asset and liabilities items, arising from its market price valuation, will be considered as adjustments to equity while not computed in the income statement for the year in accordance with the accrual basis;

- Tax incentives will no longer be classified as a capital reserve, and will now be recognized in the income statement for the year. In view of determination by the Management bodies, the General Shareholders' Meeting may assign part of the profit corresponding to these incentives for recognition of a Fiscal Incentives Reserve, to be created as part of the profit reserves and that may be excluded from the mandatory dividend calculation basis; and

- Additionally, the criteria for valuation of assets and liabilities were changed, with the following issues worth mentioning:

    - Asset and liabilities items arising from long-term operations, as well as significant short-term operations, will be adjusted at present value, in accordance with international accounting standards;

- The recovery amount of property, plant and equipment, intangible assets and deferred charges assets and rights shall be periodically evaluated so that the company may record potential losses or carry out a review of the depreciation rates, amortization, and depletion criteria;

- Rights classified under intangible assets shall be evaluated based on the cost incurred upon purchase deducted from the balance of the respective amortization account; and

- All other financial instruments shall be evaluated based on their updated cost or adjusted in accordance with the probable realizable value, if lower.

The Company's Management is analyzing the effects that the aforementioned changes will have on its shareholders' equity and earnings for 2008, except for those already required under CVM Instruction 469, issued on May 02, 2008, which requires immediate changes to certain procedures. Under article 15 of said Instruction, regardless of the option chosen (article 1 or article 2 of Instruction 469/08), certain procedures will be mandatory for listed companies as from the first quarterly report for 2008, as follows:

a. Premiums on debentures, donations and subsidies deriving from transactions and events occurring as from 2008 must be temporarily recorded in specific deferred income accounts. The Subsidiary CEMAR recorded subsidies of R$31,337 derived from the SUDENE tax incentive for financial year 2008 under deferred income (see Note 20).

b. Share-based payments must be stated in notes to quarterly reports and financial statements, as provided in paragraph 26.10 of CVM/SNC/SEP/Official Release 01, February 14, 2007, until the CVM establishes specific rules on this matter (see Note 21.f).

c. Assets and liabilities deriving from long- and short-term (where relevant) transactions must be adjusted at present value (AVP). The subsidiary CEMAR calculated the present value adjustment of its assets and liabilities using the average market funding rate (CDI + spread) and the resulting amount, negative by R$1,612 (R$554 as of September 2007), was considered immaterial by Company Management and was not recognized in the quarterly information.

Pursuant to required by CVM Instruction 469, below is a description of the effects of Adjustment at Present Value by the Subsidiary CEMAR:

	09/30/08	**06/30/08**	**09/30/07**
Adjust at present value - Consumers	(922)	(659)	(473)
Adjust at present value - Installments payment of debts	(1,742)	(1,887)	(822)
Adjust at present value - Suppliers	1,053	870	740
Net effect	(1,611)	(1,676)	(555)

Pursuant to CVM Instruction 469, the indirect subsidiary RME recorded the present value of installment payments by customers in the quarter ended September 30, 2008. The effect on Equatorial, proportional to its indirect interest in Light, is R$1,931 (R$6,679 accumulated until September 30, 2008, of which R$4,405 was adjusted retroactively to December 31, 2007.

Effects on Light subsidiary

Shareholder's Equity	**09/30/08**	**12/31/07**	**09/30/07**
Proforma pursuant to Law 6404/76	849,515	667,087	640,201
Effects of compliance with the new law, net of IRPJ and CSLL taxes	(4,461)	(2,908)	(2,434)
Pursuant to Law 11638/07	845,054	664,179	637,767
Net income for the year/period			
Proforma pursuant to Law 6404/76	175,836	269,310	212,021
Effects (accumulated) of compliance with the new law, net of IRPJ and CSLL taxes	(1,554)	(1,597)	(1,123)
Pursuant to Law 11638/07	174,282	267,713	210,898

d. Companies sponsoring Brazilian Depositary Receipt (BDR) programs are exempted from providing the reconciliation notes required under CVM Instruction 331(5)(2)(III), April 4, 2000. The Company has no transactions of this nature.

e. The manner of applying the equity method of accounting to investments in affiliates classified as permanent assets has changed. The concept of relevance has been removed and the concept of "significant influence" introduced, allowing certain investments in affiliates and the like to be assessed using the equity method of accounting, while allowing other investments not to be assessed using this method. The company assesses its investments in the subsidiaries CEMAR and RME using the equity method of accounting because it has a significant influence on the management of these subsidiaries and an interest of over 20% in their voting stock.

In addition, the Company will take into consideration the orientation and definitions to be issued by the regulatory bodies for the practical application of this law.

3 Significant accounting policies

a. *Statements of income*

Operating income and expense are recognized on an accrual basis.

b. *Accounting estimates*

The accounting estimates were based on objective and subjective factors, based on the judgment of the management of the Company and its Subsidiary, to determine the appropriate amounts to be recorded in the financial statements. Significant items subject to these estimates and assumptions include the provision for doubtful accounts, deferred income tax and social contribution, unrealized revenue, the residual value of fixed assets and the provision for contingencies. Liquidation of the transactions involving these estimates could result in amounts that differ from the estimates, given the inaccuracies inherent to the process for determining them. Management of the Company and its Subsidiary review the estimates and assumptions at least annually.

c. *Foreign currency*

Monetary assets and liabilities denominated in foreign currencies were translated into reais at the foreign exchange rate ruling at the balance sheet date. Any differences arising from converting foreign currency were recognized to the results for the period.

d. *Current and non-current assets*

- *Marketable securities*

  Stated at cost plus realized gains/losses up to the balance sheet date.

- *Consumers and resellers*

  Include the amounts billed to end consumers, revenue from energy supplied but not billed, use of the network, services rendered, arrears payments and others, up to the end of the period, accounted for on the accrual basis (see Note 6).

- *Allowance for doubtful accounts*

  Calculated at an amount considered adequate to cover any losses on the realization of accounts receivable (see Note 6a).

- *Inventories*

  Materials held in inventory and classified as current assets, are stated at average purchase cost, adjusted by a provision for losses when necessary, and do not exceed market values. Materials in inventory allocated to investments are classified as fixed assets at average purchase cost.

- *Low income customers*

  Include the amounts deriving from the criteria for classifying consumer units in the low income residential subclass, as established by Law 10438/02 (see Note 7).

- *Investments*

  Represented by the interest in the Subsidiary, valued using the equity method.

- *Intangible assets*

  Represented by the goodwill recorded on the purchase of the Subsidiary, arising from the difference between the purchase price and the book value of the equity in the company purchased, in accordance with CVM Instruction 247, of March 27, 1996. At the end of 2005, the Company had amortized the goodwill on a straight line basis over the remaining period of the Subsidiary's concession contract, since CEMAR was not profitable during the initial years of the concession. As from December 2005, given that CEMAR began to report profits, amortization was made in proportion to the net profit curves projected for the remaining period of CEMAR's concession contract.

- *Property, plant and equipment (PP&E)*

  Recorded at acquisition cost, net of depreciation calculated according to the straight-line method, taking as a basis the account balances recorded in the corresponding Register Units - UC, as required by Administrative Rule DNAEE No. 815, dated November 30, 1994. The annual depreciation rates are given in the table attached to Resolution ANEEL No. 02, dated December 24, 1997, and No. 44, dated March 17, 1999.

  Expenditures that represent an increase to installed capacity or useful life of the assets are considered to be permanent assets and are capitalized. Expenses on maintenance and repair are recorded in the statement of income, according to the accrual basis.

  Pursuant to Accounting Instruction 6.3.10 of the Accounting Manual for the Public Electric Energy Service, introduced by ANEEL Resolution 444, dated October 26, 2001, the interest, monetary variation and financial charges on loans taken out from third parties and applied to property plant and equipment in progress are recorded in this subgroup as a cost.

Pursuant to Accounting Instruction 6.3.23 of the Accounting Manual for the Public Electric Energy Service, the amount corresponding to Concession Obligations is stated as a reduction of property, plant and equipment. These obligations include amounts received from consumers for the works required to meet power supply requests, and funds received from the Government, from the state of Maranhão and from other sources, as specific financing for electricity Generation, Transmission and Distribution projects, including funds from the Rural Power Supply Program - Programa Luz Para Todos (see Note n^{o} 13c).

The Light's balances of special liabilities coming from financial participation of consumers, from budget foundations of Union, from federals, states and municipals allotments for the enterprises necessary to attend orders of the electrical energy supply.

- *Other current and non-current assets*

  Stated at net realizable values.

e. *Current and non-current liabilities*

- *Loans, financing, charges and debentures*

  Restated to reflect the monetary and/or foreign exchange variation incurred up to the balance sheet date, interest and other charges established in the contracts, and accounted for as financial expenses up to the balance sheet date.

- *Provision for contingences*

  Established according to the risk of losing ongoing legal disputes, based on reports prepared by external legal advisors and by the Subsidiary's legal consultants. The provision for contingencies is stated net of the related legal deposits.

- *Other current and non-current liabilities*

  Stated at known or calculated amounts, plus the related charges, monetary and/or foreign exchange variations incurred up to the balance sheet date, where applicable.

f. Provisions

A provision is recognized in the balance sheet when the Company and its Subsidiary has a legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are recorded considering the best estimates of the risk specific to the liability.

g. Current and deferred income tax and social contribution

Current income tax and social contribution are calculated based on taxable profit/CSLL base, at the rates of 25% and 9% respectively. Deferred income tax and social contribution were calculated based on tax losses, the negative base and temporary differences, at the same rates as the current taxes, and are adjusted each period to reflect the realization of these tax losses and these temporary differences.

h. Retirement and pension supplementation plan

The costs relating to the retirement and pension plans sponsored by CEMAR are recorded on an accrual basis and in accordance with CVM Instruction 371/00.

4 Consolidated quarterly information

The consolidated quarterly information were prepared according to the rules established by Instruction 247 issued on March 27, 1996 by the Brazilian Securities and Exchange Commission (CVM) and includes the financial statements of the Company and Subsidiaries.

When applicable the following consolidation procedures were also adopted:

- Full recognition of the assets, liabilities, income and expenses for the period for CEMAR, in which it holds an investment interest of 65.14% and proportional recognition of the assets, liabilities, income and expenses for the period from the date of acquiring RME, of 25%, corresponding to the percentage interest in the company;

- Elimination of interests in the shareholders' equity of the Subsidiaries;

- Elimination of equity in the net income of the Subsidiaries;

- Elimination of the balances of assets and liabilities among consolidated company;

- Separate statement of minority interest in the liabilities and income statement for the period; and

- On February 12, 2008 Equatorial Energia S.A. incorporated the company PCP Energia Participações S.A. The Balance Sheet, considered for incorporation purposes, according to the evaluation report, at book value, prepared by independent experts, was dated December 31, 2007, with the equity in the income of the subsidiary calculated for the company RME to the base date October 31, 2007. This equity in income of the subsidiary for the months of November and December, for the amount of R$18,463, was recorded directly to the results of the incorporating entity during the first semester of 2008, as established in the incorporation deed. This amount can not be eliminated on consolidation. In the second quarter of 2008, the indirect subsidiary Light SESA recorded the following amounts under shareholders' equity related adjustments to previous financial years: R$2,908 (net of IRPJ and CSLL tax) in compliance with Law 11638/07, retroactively to December 31, 2007, as a result of the present value adjustment of its long-term assets, decreasing its shareholders' equity; and R$6,591 related to the tax effects (IRPJ and CSLL) deriving from the reversal of expenses on R&D and PEE (Energy Efficiency Programs) in 2003, 2004 and 2005, in accordance with ANEEL Normative Resolution 176. The above-mentioned tax effects were also recorded under accumulated income, increasing shareholders' equity. Consolidated shareholders' equity therefore presents a net difference of R$3,683.

5 Cash and cash equivalents

Marketable securities refer to transactions made in first-rate Brazilian financial institutions, remunerated at regular market rates and conditions, and are classified as available for use in the operations of the Company and its Subsidiary. The investments include the fund FIQ-Araçagy, at the consolidated amount of R$268,635 (R$326,321 on June 30, 2008), of which R$185,311 is recorded at the Parent Company, whose only quota holders are the Company and its Subsidiary CEMAR. The fund's portfolio consists of shares of other non-exclusive investment funds. INTRAG-DTVM, a wholly-owned subsidiary of Banco Itaú, is responsible for the management and custody of the fund FIQ-Araçagy.

a. Composition of cash and cash equivalents:

	Parent Company		**Consolidated**	
Cash and cash equivalents	**09/30/08**	**06/30/08**	**09/30/08**	**06/30/08**
Cash and banks	186	166	15,726	21,120
Marketable securities	185,311	187,471	576,094	473,612
Total	185,497	187,637	591,820	494,732

b. Composition of marketable securities:

			Parent Company		**Consolidated**	
Investment type	**Index**	**Maturity**	**09/30/08**	**06/30/08**	**09/30/08**	**06/30/08**
Overnight (Indirect Subsidiaries LIR e LOI)	-	Daily	-	-	202	167
CDB	CDI	Daily	-	-	243,334	133,528
Investment funds	-	-	185,311	187,471	274,480	330,097
LFT	-	-	-	-	7,289	7,068
Committed debentures	CDI	Daily	-	-	50,319	-
Others	CDI	Daily	-	-	470	2,752
Total			185,311	187,471	576,094	473,612

6 Consumers and resellers

	Consolidated	
	06/30/08	**06/30/08**
Current		
Billed power supply	606,519	571,621
Unbilled power supply	90,155	83,825
Installment payment of debts	77,331	81,754
	774,005	737,200
Sales within the CCEE ambit	6,767	2,093
Supply and charges for the use of the electricity network	11,267	10,990
Credits recoverable on the tariff	15,117	14,173
PERCEE	114	114
Concessionaries	271	258
Services rendered	1,028	955
Checks in collection	1,289	1,262
Others	16,059	16,474
	51,912	46,319
	825,916	783,519
(-) Allowance for doubtful debts	(233,629)	(219,612)
	592,287	563,907

	Consolidated	
	09/30/08	**06/30/08**
Non-current		
Sales within the CCEE ambit	8,010	8,010
Installment payment of debts	96,166	90,438
Checks in collection	3,638	3,638
	107,814	102,086
(-) Allowance for doubtful debts	(3,638)	(3,638)
	104,176	98,448

a. Allowance for doubtful debts

The allowance for doubtful accounts is established in accordance with the criteria specified by General Instruction 6.3.2 of the Accounting Manual for the Public Electric Energy Service, as summarized below:

Consumers with relevant debts

Individual analysis of the trade accounts receivable deemed unlikely to be received, by consumption class.

For other cases

- Residential consumers - past due by more than 90 days;
- Commercial consumers - past due by more than 180 days; and
- Industrial, rural and government consumers, public lighting, public services and others - past due by more than 360 days.

The allowance for doubtful debts, in the subsidiaries, has been recorded for an amount considered sufficient to cover possible losses from realization of credits.

The balances overdue and falling due from supplies billed for electricity and installment payment of debits are distributed as follows (not including CEMAR's refinancing):

Consolidated	**09/30/08**			
	Undue	**90 days or less**	**Over 90 Days**	**Total**
Residential	92,014	70,040	185,481	347,536
Industrial	21,993	9,285	55,412	86,691
Commercial	56,480	19,819	46,231	122,531
Rural	4,916	2,286	2,678	9,881
Public Power	15,272	9,846	26,562	51,681
Public lighting fee	7,889	2,351	8,782	19,023
Public service	77,920	2,747	3,960	84,628
Billed power supply and installment payment (current and non current)	276,484	116,374	329,113	721,971

Consolidated	**06/30/08**			
	Undue	**90 days or less**	**Over 90 days**	**Total**
Residential	86,835	68,709	164,962	320,506
Industrial	16,880	10,116	56,249	83,245
Commercial	49,240	22,998	45,977	118,215
Rural	3,344	2,062	3,299	8,705
Public Power	17,461	13,500	26,168	57,129
Public lighting fee	7,484	2,227	8,836	18,547
Public service	78,961	1,907	3,703	84,571
Billed power supply and installment payment (current and non current)	260,205	121,519	309,194	690,918

(*) These tables don't contain the CEMAR's installments payment total amount of R$58,052 on September 30, 2008 (R$52,900 on June 30, 2008).

For the indirect jointly held subsidiary Light SESA, the period for billing RTE ended in February 2008. In June 2008 Light SESA wrote off the special rate re-composition and free energy items and their corresponding provisions, with no impact on the Company's income.

b. Electric Energy Trade Chamber - CCEE

The Electric Energy Trade Chamber - CCEE is where energy surpluses (short-term energy operations) - the difference between the realized and contracted/projected generation and load amounts - are traded. Surpluses are recorded on the accrual basis according to information provided by CCEE. For months when this information is not provided on time, the amounts are estimated by CEMAR, based on available information.

The amounts referring to trading at the Electric Energy Trade Chamber - CCEE were recorded based on information disclosed by CCEE. On September 30, 2008 the operations undertaken within the CCEE ambit create the right to a credit for the amount of R$14,777 (R$10,103 on June 30, 2008).

Of this total, CEMAR has a balance receivable of R$8,010, which is being legally contested (between the agents CCEE/ANEEL), and has been evaluated by the legal advisors of this subsidiary as representing a possible risk of loss, therefore, was not registered allowance for this value. This balance may be altered, depending on the decision given for the legal processes in progress, regarding the interpretation of the market rules in force.

7 Low income customers

On July 1st, 2003, ANEEL issued Resolution 320, which provided additional procedures for approval of the economic subsidy for consumers in the Low Income residential subclass. As result of these procedures, as of September 30, 2008, R$26,821 (R$24,068 on June 30, 2008) was receivable from ELETROBRÁS by the Subsidiaries.

8 Taxes recoverable

The current and non-current balances due to prepaid or withheld taxes are stated as follows:

	Parent Company		Consolidated	
	09/30/08	**06/30/08**	**09/30/08**	**06/30/08**
Current				
Recoverable income tax and social contribution (d)	-	-	25,299	27,788
IRRF	1,567	1,544	7,375	6,543
ICMS (b)	-	-	63,480	60,754
PIS (Social Integration Program) and COFINS (Social Contribution on Revenues) (c)	-	-	32,091	38,531
Prepaid income tax and social contribution (a)	2,216	1,902	60,473	52,236
Recoverable income tax	5,250	5,380	5,250	5,381
Others	131	132	6,572	6,670
Total	9,164	8,958	200,540	197,903

	Parent Company		Consolidated	
	09/30/08	**06/30/08**	**09/30/08**	**06/30/08**
Non-current				
ICMS (b)	2	5	60,285	59,791
COFINS (Social Contribution on Revenues) (c)	-	-	27,763	22,634
PIS (Social Integration Program)	-	-	6,027	6,359
Total	2	5	94,075	88,784

(a) Prepaid Income tax (IR) and Social Contribution on Net Profit (CSLL) refer to the amounts paid on a monthly basis, based on estimates or suspension trial balances, under article 2 of Law 9430, December, 27, 1996.

(b) Subsidiaries CEMAR and Light pursuant to Complementary Law 102, July 11, 2000, the Subsidiaries have recorded ICMS recoverable on the purchase of fixed assets. In the indirect subsidiary Light SESA, the value of the credits arises from renegotiating the debt with CEDAE, that represent on September 30, 2008 R$19,406 (R$22,974 on June 30, 2008).

(c) In Subsidiary CEMAR the PIS and COFINS off settable refer to the non cumulative system established by Laws 10,637/02 and 10,833/03, respectively. It should be noted that PIS and COFINS off settable included in non-current assets refers to the exclusion of ICMS and ISS from the aforementioned calculation bases, in accordance with injunctions 2006.37.00.005574-3 and 2008.37.00.004357-1, respectively.

In RME this refers to off settable tax credits deriving from corrections of the calculation bases for PIS and COFINS tax for the period from February/04 to April/08, in which certain sector-specific charges were deducted from the calculation bases for these taxes. Related to the period from November, 2008 to April, 2009, the amount referred to credits estimated are been transferred for the consumers. The amount of R$13,518 (R$16,091 on June 30, 2008) is recognized in other debts account.

(d) Refers to tax credits to compensate, arising from the reimbursements of marketable securities and from public bodies, and belonging to RME (through Light).

9 Deferred income tax and social contribution

Based on CVM Instruction 371/2002, CEMAR’s management considered that deferred tax assets arising from tax losses and negative bases were to be recognized in 2005, considering that the forecasts for CEMAR’s taxable profit, prepared by management, indicated that this asset will be realized in less than 10 years.

These deferred tax credits do not have a deadline for their recovery and are recorded in accordance with CVM Resolution 273, dated August 20, 1998 and CVM Directive 371, dated June 27, 2002. These credits are recorded in the Subsidiary, as current and non current assets based on the projected future taxable income of CEMAR and subject to a limit of 30% for annual offsetting against taxable profits, except for credit deriving from temporary differences, which will be fully recovered upon its realization.

In indirect Subsidiary Light, the refers to amounts not recognized in the accounting records between 2002 and 2006, regarding new deferred tax credits recorded on temporary differences (accounting provisions) and tax losses arising between 2002 and 2003, in compliance with CVM Instruction 371/02, given that, during this period, taxable profits had not been reported for at least 3 years during a minimum period of 5 years. As from 2007, after complying, cumulatively, with all of the conditions under this CVM regulation, RME started to recognize new deferred assets on the temporary differences and also reversed part of the provision to recover the tax credits.

In indirect Subsidiary Light the deferred taxes were recorded assuming future realization, taking into consideration:

- Tax loss and the negative CSLL base - will be compensated up to the limit of 30% per year, on the bases calculated in the coming tax years.

- Temporary differences - realization will occur at the time of making the payment or reversal of the provisions and/or the effective loss of the allowance for doubtful debts (PCLD).

The assets for deferred IRPJ and CSLL credit arise from tax losses and the negative CSLL base, and the income/expenses (temporary non deductible provisions) recognized to results, which will be added back and/or deducted from the taxable profit and the CSLL base, in future periods for purposes of calculating taxes. Presented below is the composition of the deferred assets September 30:

a. Breakdown of the income tax and social contribution credits

	Parent Company		Consolidated	
	09/30/08	**06/30/08**	**09/30/08**	**06/30/08**
Assets - Current and non-current				
Negative bases for income tax and social contribution	-	-	415,945	401,724
Allowance for doubtful debts	-	-	79,292	66,785
Provision for profit share	-	-	1,545	1,226
Provision for labor claims	-	-	16,407	14,410
Provision for tax contingences	-	-	33,917	34,403
Provision for civil contingences	-	-	22,618	21,127
Other provisions	-	-	2,866	28,070
	-	-	572,590	567,745
(-) Provision for recovery			(29,616)	(29,616)
Total - Consolidated	-	-	542,974	538,129

b. Recovery expectation

Based on technical feasibility studies which indicate full recovery of the deferred tax amounts, CEMAR's management estimates that the expectation to realize the tax credits can be denoted as follows:

CEMAR

2008	3,043
2009	8,461
2010	9,828
2011	20,578
2012	27,878
2013 to 2016	152,147
Total	221,935

To enable the indirect subsidiary Light SESA to support these deferred tax credits, it up dated the technical viability studies, after considering the realizations to September 2008, and approved by the Management Board, and considered by the Statutory Audit Council, based on forecasts prepared in December 2007, which indicate recovery within 12 years. The tax credit recorded considers that the amount will be recovered within 10 years, as defined in the CVM Instruction 371/02 and assuming there is no limitation period according to IRPJ Regulation. This study was based on expected future taxable profits, with the realization of the installments for this deferred tax asset presented below by year.

RME Consolidated

2008	67,252
2009	42,547
2010	32,542
2011	49,629
2012	25,088
2013 to 2017	50,745
2018 to 2020	82,852
	350,655
(-) Provision for recovery	(29,616)
Total	321,039

The aforesaid technical studies are management’s best estimates for future operations and for the market in with Subsidiaries operate and were approved by they respective Board of Directors.

c. Reconciliation of tax expense and social contribution taxes

The reconciliation of expense calculated by applying the tax rates to the result of the Parent Company and the Consolidated of Income Tax (IR) and Social Contribution (CS) expense debited in net income is stated, on semesters of 2008 and 2007 as follows:

	Parent Company		Consolidated	
	9/30/2008	**9/30/2007**	**9/30/2008**	**9/30/2007**
Profit (loss) before income and social contribution taxes	211,353	106,426	487,932	218,210
Taxes rates	34%	34%	34%	34%
Income and social contribution taxes calculated at statutory rates	(71,860)	(36,185)	(165,897)	(74,191)
Effects of IR and CSLL on the permanent additions and exclusions	(128)	1,559	(3,877)	2,212
Effect of IR and CSLL on the equity in income of external subsidiary	70,748	32,913	25,808	8,173
Offshore Company Income - 2008	-	-	(3,000)	-
Realization of deferred IRPJ/CSLL	-	-	(117)	-
Compensation of tax loss - 30% - not recognized to results	(943)	(1,298)	(970)	(1,298)
Prior year adjustment	-	-	(831)	-
Tax incentives	-	-	190	-
Income and social contribution taxes	(2,183)	(3,011)	(148,694)	(65,104)
Current income and social contribution taxes	(2,183)	(3,011)	(80,567)	(12,159)
Deferred income and social contribution taxes	-	-	(68,126)	(52,945)
	(2,183)	(3,011)	(148,694)	(65,104)

(1) Incentive for accelerated depreciation

Art. 31 of Law 11196/2005, regulated by Decree 5988/2006, granted an incentive for accelerated depreciation, for purposes of calculating income tax, for assets acquired between January 01, 2006 and December 31, 2013, by corporate entities that have had projects approved that refer to installation, extension, modernization or diversification, that fall within the sectors of the economy considered priorities for regional development, in less developed micro-regions located in areas where the extinct SUDENE and SUDAM operated. Incentive accelerated depreciation consists of the full depreciation of the asset in the same year that it is purchased.

This incentive was obtained by CEMAR through government decree 0043/2007 issued by ADENE on April 26, 2007. Under the terms of the Government decree MIN nº 1211, issued on December 20, 2006, the Ministry of National Integration listed the 217 Municipals in the State of Maranhão, that are classified as less developed micro-regions referred to in the Government decree from ADENE. Consequently, CEMAR has adopted the incentive for all of the 217 Municipals from the State of Maranhão.

(2) Incentive for income tax reduction

On May 14, 2007, the Agency for Development in the Northeast - ADENE, which is now the existing Superintendence for Development in the Northeast - SUDENE, which belongs to the Ministry for National Integration, issued Constitutive Report number 0061/2007, which granted CEMAR an increase in the percentage reduction to income tax from 25% to 75%, justified by the fact that all of its electrical facilities had been modernized, with this increase valid from 2007 until 2016.

The value of the tax incentive for the reduction in income tax (until the publication of CVM Instruction 469) was registered directly as a capital reserve, to shareholders' equity, by the subsidiary CEMAR. However, the publication of Law 11.638/07 and Instruction 469 resulted in the cancellation of the capital reserve allocated to donations and investment subsidies, and recommended that operations and events that occurred as from the law becoming effective, be registered to specific accounts for deferred income until the CVM issues a specific norm. Consequently, the subsidiary has registered the values of the tax incentives from SUDENE to the heading "Deferred Income".

10 Prepaid expenses

	Parent Company		Consolidated	
	09/30/08	**06/30/08**	**09/30/08**	**06/30/08**
Compensation of portion A cost variation **(a)**	-	-	66,486	54,721
Deferred tariff re-composition (RTD) **(b)**	-	-	83,432	86,636
Regulatory asset - PIS/COFINS **(c)**	-	-	-	612
General agreement for electricity sector	-	-	49,644	64,654
Charges in Debentures emission	-	-	2,338	2,479
Others	9	54	10,666	5,122
Total	9	54	212,566	214,224
Current assets	9	54	103,277	179,580
Non-current assets	-	-	109,289	34,643

(a) Compensation Account for Variation in the Values of Portion 'A' Items – CVA

Pursuant to Inter-ministry Administrative Rule 25/2002, issued by the Ministry of Mines and Energy, the Compensation for Variation in the Values of "Portion A" Items (CVA) represents the addition of non-manageable costs incurred by the Company, which will only be considered in the next tariff adjustment. In accordance with the procedures adopted by ANEEL, the tariff adjustment includes percentages to amortize the CVA recorded.

The remaining balances for CVA refer to the amounts transferred on the annual tariff adjustment for 2007, for the subsidiaries, through ANEEL Resolution 536, of August 21, 2007, which approved the readjustment for CEMAR and ANEEL Resolution 563, of November 6, 2007, which approved the adjustment for Light SESA (indirect subsidiary of RME).

Of the amount of R$66,486 (R$54,721 on June 30, 2008), R$15,561 (R$14,414 on June 30, 2008) corresponds to amounts granted in the August 2007 tariff adjustment, which have been amortized since then. In CEMAR, R$6.471 refers to the amounts that have been constituted for the tariff cycle for August/2008 to July/2009.

ANEEL, through Resolution 696, of August 26, 2008, authorized the result from the annual tariff adjustment for CEMAR. According to this Resolution, the tariffs for the Company's energy supplies were adjusted by 10.25%, being 10.06% which refers to the annual tariff adjustment and 0.19% which refers to the additional financial components. The rate of 0.19% will be applied to amortize the CVA. The new tariffs have been applied since August 28, 2008 and will be effective until August 27, 2009, when a new tariff adjustment will be implemented.

(1) On September 06, 2007 the Company filed an appeal before ANEEL referring to the adjustment to be applied to electricity supply tariffs and distribution system usage tariffs in the period August 28, 2007 to August 27, 2008. The company is seeking recognition of the unpaid balance of all financial components awarded under the annual tariff adjustment in August 2006, in amount of R$4,193, which were not added to the tariffs stated in Resolution 536 of August 21, 2007. As it is awaiting ANEEL's decision, the Company is not writing off the aforesaid financial components.

It should be noted that a significant part of the tariff adjustment granted as a financial component reflects the claim by CEMAR of the cost components incurred from the "Electricity For All Program", for the amount of R$83 and R$238 from the recovery of discounts granted to auto-producing and Financial Adjustment from the use of the Distribution System and connection with CELTRINS and CHESF.. The other significant amount, for the total of R$11,270, refers to the regulatory asset arising from the involuntary exposure to the Price of Liquidation of Differences - PLD. As from January 2008, energy purchased via contracts was insufficient to attend the market, resulting in CEMAR having to purchase energy on the SPOT market, valued at the Price of Liquidation of Differences - PLD. This exposure occurred due to the frustrations from the Auctions A-1 of 2006 and 2007, from the Adjustment Auction for 2007, and the reduction in the quotas in PROINFA by ANEEL in December 2007 (after holding the purchase auctions). Given that this exposure was involuntary, ANEEL approved, through Normative Resolution 305, of March 18, 2008, the recognition of the purchase of energy on the spot market as a contract. Within this context, the variations in the spot price are captured by the mechanism for compensating the variation in the costs of part A (CVA), generating a regulatory asset, with the tariff subject to review by ANEEL for 2008, which minimizes the impact from exposure to the PLD on the Company's results.

CEMAR has registered the following amounts as other regulatory assets: R$4,471 which refers to CVA PLPT from applying resolution 294/2007; R$1,707 adjustment for basic network; R$324 prepayments for the Measurement Campaign for type of charge for the tariff review and R$320 for the National Fund for Scientific and Technological Development - FNDCT.

	Consolidated			
	Assets			
	Current		**Non-current**	
	09/30/08	**06/30/08**	**09/30/08**	**06/30/08**
Details - CVA				
Energy Development Account - CDE	460	2,027	-	250
Fuel Consumption Account - CCC	4,406	3,000	5,639	-
Cost of acquisition electric energy	-	2,495	-	401
Charge from System Service - ESS	13,634	10,487	22,161	15,433
Transport of Energy by the Basic Network	1,522	339	-	495
PROINFA	2,349	1,654	-	(283)
Excess contracting of energy	-	90	-	-
Involuntary Exposure to PLD	11,270	11,968	-	-
PIS/COFINS	-	33	-	-
Financial adjustment TUSD	-	1,819	-	-
Financial adjustment CUSD	85	73	-	-
Frontier Adjustment Installment	-	29	-	-
Programa Luz para Todos (Lights for All Program)	4,471	104	-	-
Transport of Energy by Itaipu	- -	-	238	-
Other regulatory asset	6,735	4,521	-	-
Total - CVA	44,932	38,639	28,038	16,296

	Consolidated			
	Liabilities			
	Current		Non-current	
	09/30/08	**06/30/08**	**09/30/08**	**06/30/08**
Details - CVA				
Energy Development Account - CDE	-	-	(55)	-
Fuel Consumption Account - CCC	-	(6,919)	-	(770)
Cost of acquisition electric energy	-	-	(4,309)	-
Transport of Energy by the Basic Network	-	(450)	(1,942)	(3,225)
PROINFA	-	(2)	(469)	(350)
Price differences between submarkets (CCEAR)	-	(714)	-	-
Transfer found of over contraction of electric energy (art.38 do Dec.5.163/04)	-	(1,454)	-	-
Financial adjustment of Connection PIS/COFINS	-	(968)	-	-
Financial adjustment Transfer funds to Generators	-	(4,263)	-	-
Transport of Energy by Itaipu	-	(98)	-	(37)
Others	-	(128)	-	-
Total - CVA	-	(14,996)	(6,775)	(4,382)

(b) Deferred Tariff Re-composition - RTD

The tariff review process, established in the electricity distribution service concession contracts, took place for the first time in the case of CEMAR in August 2005, and was intended to take place once every four years. This process has the objective of redefining the level of the power supply tariffs based on efficient operating costs and so as to provide an adequate return on investments made efficiently and prudently by the companies.

CEMAR’s Tariff Review process began in 2004 and was concluded on August 22, 2005, whereupon ANEEL disclosed the new tariffs for the Subsidiary. CEMAR’s electricity supply tariffs underwent an average restatement of 15.95%. However, under Ratification Resolution 196 dated August 22, 2005 ANEEL only authorized an immediate pass-through of 7.16%, plus the external financial components to the periodic tariff review (CVA and regulatory assets) of 3.80%, resulting in a total increase in the tariff of 10.96%. CEMAR is to receive the difference in the index in three installments, during 2006, 2007 and 2008.

CEMAR records on a monthly basis the portion of the Deferred Tariff Repositioning (RTD) resulting from the difference between the average indexes approved (15.95%) and the index authorized for immediate pass-through to the tariffs (7.16%). Under Resolution 196, ANEEL will include a specific amount in Portion B of the tariff restatements for the next three years (August 2006, 2007 and 2008) to compensate the difference. In August 2006 and 2007, ANEEL ratified the tariff adjustment, and passed the first portion of the RTD (R$42,451) through to the tariffs.

In August 2008, ANEEL decided to postpone the amount to be received by CEMAR, with respect to the third installment for the amount of R$60,447, which will be granted only at the time of the 2009 periodic tariff review. The amount was recorded as non current assets based on the expected realization period.

On September 30, 2008, CEMAR had registered a regulatory asset for the total amount of R$83,432 (R$86,636 at June 30, 2008). Light (a subsidiary of RME) reported net Regulatory Assets and Liabilities of R$64,760 as of September 30, 2008 (R$70,385 as of June 30, 2008).

(c) Regulatory Assets PIS and COFINS

Refers to the increase in rates and the change in the criteria for calculating PIS and COFINS to the non cumulative basis, according to Laws 10637/02 and 10833/03, respectively, altered by Law 10865/04, transferred in the annual tariff adjustment for 2007, from the indirect subsidiary Light SESA, through Ratification Resolution 563, of November 06, 2007, to be amortized by October 2008.

11 Other accounts receivable

	Parent Company		Consolidated	
	09/30/08	**06/30/08**	**09/30/08**	**06/30/08**
Current				
Advances to supplies and employees	-	-	3,626	3,290
Assigned Employees	-	-	331	331
Public Lighting contribution	-	-	5,992	5,754
Rental of real estate	-	-	360	604
Service orders	-	-	25,130	22,261
Swap deposits	4,143		4,148	
Others	-	11	4,569	1,444
Total	4,143	11	44,156	33,684
Non-current				
Others	-	-	3,058	3,060
Swap deposits			710	
Goods and rights allocated for sale	-	-	208	163
Total	-	-	3,976	3,223

12 Investments in subsidiary, intangible assets, and transactions with related parties

The main data about investments in Subsidiaries is as follows:

	Parent Company		**Consolidated**	
	09/30/08	**06/30/08**	**09/30/08**	**06/30/08**
Shareholder's equity equivalents:				
CEMAR	420,145	386,094	-	-
RME	361,858	333,602	-	-
Subtotal	782,003	719,696	-	-
Others	-	-	3,428	3,510
Subtotal	-	-	3,428	3,510
Total	782,003	719,696	3,428	3,510

a. Information about subsidiaries

	CEMAR	**RME**
Balances on 30/9/2008		
Interest (%)	65.14%	25.00%
Capital	252,513	709,310
Shareholder's equity	645,005	1,447,432
Net income for the period	139,979	370,475
Balances on 30/6/2008		
Interest (%)	65.17%	25.00%
Capital	252,513	709,310
Shareholder's equity	592,396	1,334,410
Net income for the period	87,370	257,454

b. Changes in investments in subsidiaries

	CEMAR	RME
Balances on 06/30/2008	386,094	333,603
Equity in the income of Subsidiaries	34,274	28,255
Capital loss	(223)	-
Balances on 09/30/2008	420,145	361,858

c. Intangible assets information

	Consolidated	
	09/30/08	**06/30/08**
Intangible data		
Goodwill (b)	240,331	240,331
Amortization	(3,338)	(2,225)
	236,993	238,106
Negative goodwill (c)	(3,109)	(3,109)
	233,884	234,997

d. Transactions with related parties

	Consolidated							
	Assets		Liabilities		Revenues		Charges	
Intercompany	**09/30/08**	**06/30/08**	**09/30/08**	**06/30/08**	**09/30/08**	**09/30/07**	**09/30/08**	**09/30/07**
CEMAR								
Receivable dividends from Cemar	-	-	-	-	-	-	-	-
Mutual agreement	-	-	58	50	-	-	-	-
Commitment to sell electricity from Cemar to Light (net)	-	-	1,086	912	-	-	6,246	6,153
ELETROBRÁS								
Debts with ELETROBRÁS	-	-	319,067	312,138	-	-	-	-
Charges of debts ELETROBRÁS	-	-	-	-	-	-	5,230	3,729
FASCEMAR								
Debts with FASCEMAR	-	-	27,990	27,963	-	-	-	-
Charges of debts FASCEMAR	-	-	-	-	-	-	1,080	1,145

13 Property, plan and equipment

	09/30/08			06/30/08
Activities	**Costs**	**Accumulated depreciation**	**Net value**	**Net value**
Generation	240,349	(108,264)	132,085	133,373
Transmission	1,477,874	(453,141)	1,024,733	234,049
Distribution	1,942,379	(917,205)	1,025,174	1,729,879
Administration	139,159	(54,841)	84,319	66,650
Selling	57,981	(48,199)	9,782	29,405
In Service	3,857,742	(1,581,650)	2,276,093	2,193,356
Generation	38,599	-	38,599	35,563
Distribution	380,179	-	380,179	349,062
Administration	53,555	-	53,555	48,815
Selling	4,388	-	4,388	1,776
In progress	476,721	-	380,179	435,216
Total	4,334,463	(1,581,650)	2,752,813	2,628,572
(-) Obligation related to the concession	(604,759)	-	(604,759)	(549,494)
Net Total	3,729,704	(1,581,650)	2,148,054	2,079.078

a. Obligation related to the concession

	Parent Company and Consolidated	
	09/30/08	**06/30/08**
Consumer contributions	34,162	33,728
Donations and investments subsidies	492,849	438,495
Government participation	74,833	74,833
Research and development	2,916	2,438
Total	604,760	549,494

According to articles 63 and 64 of Decree 41019, of February 26, 1957, equipment and facilities used in the sub-transmission, distribution and sale of electricity are tied to these services, and can not be removed, sold, assigned or given as mortgage guarantees without previous express authorization from ANEEL.

ANEEL Resolution 20, of February 03, 1999, regulates the detachment of the assets of Public Electricity Service concessions, granting prior authorization for the detachment of assets that no longer serve for the Concession and are to be sold, and determines that the proceeds from the sale shall be deposited in a dedicated bank account for investment in the concession. As of September 30, 2008 the balance of disposal of goods and rights is R$203 (R$163 on June 30, 2008).

(a) Fixed assets in progress

In Subsidiary CEMAR, the balance of fixed assets in progress refers to work in progress, materials in storage, purchase in progress and prepayment of suppliers, in the amounts of R$280,282, R$52,130, R$8,342 and R$6,017, respectively (R$247,454, R$53,207, R$5,119 and R$11,031 on June 30, 2008, respectively).

In the indirect subsidiary Light SESA, the fixed assets in progress include inventories of material allocated to projects, and at September 30, 2008 amounted to R$18,176 (R$16,635 on June 30, 2008) and a provision for devaluation of inventories was recorded for the amount of R$372 (R$678 on June 30, 2008).

Of the total materials in storage, the amount of R$27,559 (R$30,915 on June 30, 2008), represents material held in storage to meet the requirements of the "Programa Luz para Todos", of Subsidiary CEMAR, and mainly refers to poles, transformers, cables, meters, power converters, among other items to be used for works in progress.

A provision was made, by the Subsidiary CEMAR, for losses deriving from items which have not been used for over 180 days, with amount on September 30, 2008 is of R$1,559 (R$958 on June 30, 2008). The balance of fixed assets in progress for distribution is net of this provision.

(b) Depreciation rates

The main annual depreciation rates, according to ANEEL Resolution 44, of March 17, 1999, as amended by ANEEL Resolution 473, of March 6, 2006, are as follows:

Generation	**%**	**Distribution**			
		Lines, networks and substations - voltage < 69KV	%	Lines, networks and substations - voltage > 69KV	%
Generator	3,3				
Buildings	4,0	Condenser banks	6,7	Condenser banks	5,0
Gas turbines	5,0	Switches	6,7	Switches	3,3
Generator sets	5,9	Conductors	5,0	Conductors	2,5
Internal combustion engines	6,7	Buildings	4,0	Buildings	4,0
		Structures	5,0	Structures	2,5
Sales/administration/	**%**	Regulators	4,8	Regulators	3,5
Furniture and fixtures	10,0	Re-connectors	4,3	Re-connectors	4,3
Buildings	4,0	Transformers	5,0	Power Transformers	2,5
Vehicles	20,0	Meters	4,0	Meters	3,0

ANEEL Normative Resolution 240, issued December 05, 2005 and effective as from January 1st, 2007, determined that the same annual deprecation rates should be used for distribution and transmission assets with similar characteristics and uses. It is estimated that there will be a reduction in the annual depreciation expense for fixed assets in service of approximately 6.8%, and the consequent positive effects on results will be reflected in the fees as from the next pricing cycle.

(c) Concession obligations

The obligations related to the Public Electricity Service concession represent the amounts received from the Federal Government, State Governments, Municipal Governments and consumers, donations not dependent on a return in favor of the donator and allocations to investments in public electricity services, specifically distribution operations. The maturity date for these liabilities is established by the regulatory body for power distribution and supply concessions, and settlement will be made by the end of the concession period.

The contributions from consumers refer to funds received to execute the services required to meet electricity supply requests. In the Subsidiary CEMAR, the donations and subsidies are mainly the amounts provided by ELETROBRÁS to finance the “Programa Luz para Todos”, to the amount of R$696,476 until September 30, 2008 (R$427,415 on June 30, 2008), net of taxes. Government participation refers to federal funds received to execute electrical projects linked to the Public Electricity Service.

In the indirect subsidiary Light SESA, the Special Liabilities from the Concession included at June 30, 2008, the amount of R$17,483 which referred to the “Reserve for Reversal”, which originated from funds from RGR, and incurs financial charges which are paid annually to Eletrobrás. Consequently, the Company reclassified this amount to non current liabilities.

Because of their nature, these accounts are not financial obligations and therefore should not be included as liabilities for the purposes of determining the financial indicators.

Stated as offsets to property, plant and equipment, obligations related to the concession mainly refer to funds received from consumers to implement ventures necessary to meet electricity orders. These obligations are directly related to the public electricity service concession. According to SFF/ANEEL Circular 1,314/2007, issued June 27, 2007, they shall be amortized as from the 2nd periodical tariff review (August 28, 2008) at a rate to be specified by ANEEL corresponding to the average rate of the assets in service.

14 Suppliers

	Parent Company		Consolidated	
	09/30/08	**06/30/08**	**09/30/08**	**06/30/08**
Current				
Foreign currency - Transfer founds Itaipú	-	-	23,119	18,567
UTE Norte Fluminense	-	-	15,635	15,635
Charges for the use of the electricity network	-	-	24,653	21,413
Sales within the CCEE ambit	-	-	1,128	886
Charges of system services	-	-	1,524	554
Free energy - Compensation of generators (Note 04)	-	-	263	259
Energy auctions	-	-	71,434	61,462
Others	-	-	1,053	1,561
Material and services	206	239	125,391	121,534
Total	206	239	264,200	241,871

15 Loans and financing

	9/30/2008				6/30/2008			
	Current				Current			
	Charges	**Principal**	**Non current**	**Total**	**Charges**	**Principal**	**Non current**	**Total**
Foreign currency								
National treasury	1,703	5,136	40,177	47,016	871	4,326	33,465	38,662
Financial Institutions	28	1,691	1,272	2,991	5	1,403	1,132	2,540
	1,731	6,827	41,449	50,007	876	5,729	34,597	41,202
Local currency								
ELETROBRÁS	3,190	32,508	286,356	322,054	1,452	36,887	276,228	314,567
IFC	3,831	-	135,056	138,887	5,227	-	135,056	140,283
BNB	1,078	19,004	126,203	146,285	2,285	14,361	131,467	148,113
Financial Institutions	16,323	17,660	293,586	327,569	13,122	11,691	257,996	282,809
	24,422	69,172	841,201	934,795	22,086	62,939	800,747	885,772
Debts to FASCEMAR	-	4,570	23,421	27,991	-	4,406	23,557	27,963
Total	26,153	80,569	906,071	1,012,793	22,962	73,074	858,901	954,937
Other debts								
Debentures	6,834	11,805	506,883	525,522	6,160	18,901	511,284	536,345
	6,834	11,805	506,883	525,522	6,160	18,901	511,284	536,345
Total of debt	32,988	92,374	1,412,954	1,538,315	29,122	91,975	1,370,185	1,491,282

a. Covenants

The subsidiaries have borrowing and financing (CEMAR-BNDES and 3rd issue of debentures, indirect subsidiary Light SESA - 5th issue of debentures, CCB Bradesco and BNDES-Finen) that determine that indexes have to be maintained for the indebtedness and to cover interest. In the quarterly information ended on September 30, 2008, the subsidiaries achieved all of the contractual indexes.

b. *Scheduling of the installments of loans, financing and long-term debentures (no include financial charges*

The maturity dates for installments for the principal sum for the borrowings and financing are as follows:

	Consolidated					
	9/30/2008			**6/30/2008**		
	Local currency	**Foreign currency**	**Total**	**Local currency**	**Foreign currency**	**Total**
2008	19,198	3,189	23,387	30,828	2,922	33,750
2009	54,544	3,638	58,182	36,518	2,806	39,324
Total short term	73,742	6,827	80,569	67,346	5,728	73,074
2009	23,245	2,815	26,060	36,698	2,556	39,254
2010	127,376	4,703	132,079	101,461	3,909	105,370
2011	107,753	4,183	111,936	101,793	3,478	105,271
2012	123,913	3,094	127,007	115,719	2,572	118,291
2013	118,141	2,004	120,145	109,094	1,666	110,760
after 2013	334,166	24,652	358,818	331,005	20,415	351,420
Total long term	834,594	41,451	876,045	795,770	34,596	830,366
Total (short and long term)	908,336	48,278	956,614	863,116	40,324	903,440

c. *Composition by index and currency (no include financial charges)*

	Consolidated			
	09/30/08		06/30/08	
	R$	**%**	**R$**	**%**
USD	47,689	5.0%	39,767	4.4%
Currency basket BNDES	589	0.1%	557	0.1%
Foreign currency (short and long terms)	48,278	5.0%	40,324	4.5%
CDI	292,301	30.6%	273,003	30.2%
TJLP	178,533	18.7%	157,607	17.4%
Others	437,502	45.7%	432,506	47.9%
Local currency (short and long terms)	908,336	95.0%	863,116	95.5%
Total (short and long terms)	956,614	100.0%	903,440	100.0%

d. Statement of debt (without debentures)

			Consolidated		
Financing	**Date of sign**	**Currency**	**Financial charges**	**09/30/08**	**06/30/08**
TN - Par Bond	29/04/1996	*US$*	6,0000%	19,155	15,689
TN - Escrow - Par Bond	29/04/1996	*US$*	U$ Treasury	(8,910)	(7,314)
TN - Discount Bond	29/04/1996	*US$*	Libor + 13/16	13,225	10,951
TN - Surety ship - Discount Bond	29/04/1996	*US$*	U$ Treasury	(6,250)	(5,132)
TN - Flirb	29/04/1996	*US$*	Libor + 13/16	483	400
TN - C. Bond	29/04/1996	*US$*	8,0000%	9,856	8,034
TN - Debit. Conv.	29/04/1996	*US$*	Libor + 7/8	7,220	5,978
TN - New Money	29/04/1996	*US$*	Libor + 7/8	476	394
TN - Bib	26/04/1996	*US$*	6,0000%	289	268
BNDES - Imports	27/03/1998	*Umbndes*	BNDES basket + 4%	590	561
Societe Generale II	20/07/2000	*US$*	Libor + 0,65%	1,366	1,126
KFW III, IV, e V - Tranche A/B/C	03/11/2000	*US$*	Libor + 0,65%	1,035	852
TN - Par Bond	15/04/1994	*US$*	US$ + 6% p.a	3,013	3,562
TN - Discount Bond	15/04/1994	*US$*	US$ + (Libor/Sem + 13/16% p. y.)	4,356	2,477
TN - Flirb	15/04/1994	*US$*	US$ + (Libor/Sem + 13/16% p. y.)	110	90
TN - C. Bond	15/04/1994	*US$*	US$ + 8% p.y	2,240	1,823
TN - Debit. Conv.	15/04/1994	*US$*	US$ + (Libor/Sem + 7/8% p. y.)	1,645	1,352
TN - New Money	15/04/1994	*US$*	US$ + (Libor/Sem+ 7/8% p. y.)	108	89
Foreign currency				50,007	41,200

	Consolidated				
Financing	**Date of sign**	**Currency**	**Financial charges**	**09/30/08**	**06/30/08**
ELETROBRÁS	Various	UFIR	5% p.y.	2,987	2,431
BNDES - FINEM	05/11/2007	TJLP	TJLP + 4,3% p.y.	102,545	79,876
CCB Bradesco	18/10/2007	CDI	CDI + 0,85%	125,917	122,114
Working capital - ABN Amro	27/08/2008	CDI	CDI + 0,95%	20,257	-
Various bank sureties				51	-
BNDES II	11/03/2008	TJLP	TJLP + 3,6% p. Y.	48,283	68,224
ELETROBRÁS	27/04/2004	RGR, FINEL e IGP-M	Various	319,067	312,138
BNDES - FINEN	10/04/2007	TJLP	TJLP + 4,8%p. y.	26,764	8,424
BNB	23/11/2005	FNE	9,78% p. y.	134,741	134,741
FASCEMAR	20/04/2001	CDI	102%CDI	27,990	27,963
FINEP	13/06/2006	TJLP	TJLP + 2% p. y.	2,299	1,031
FINAME	20/04/2006	TJLP	TJLP + 9,5% p. y.	260	284
BNB - New head office	06/12/2007	FNE	9,78% p. y.	9,713	9,714
BNB - Turn	19/12/2007	FNE	(50% * 9.78% p. y.) + (50% * 1,15% p. m)	1,828	3,658
IFC	01/02/2008	CDI	90,9% do CDI + 1,5% p. y.	138,886	140,283
Local currency				961,587	910,881
SWAP				1,199	2,856
Total				1,012,793	954,937
Current				106,722	96,036
Non-current				906,071	858,901

e. *Universal Rural Power Supply Program*

By way of Resolution 223 dated April 29, 2003, as amended by Resolutions 52 dated March 25, 2004 and 175 dated November 28, 2005, ANEEL established the general conditions for drawing up Electricity Universalization Plans to serve new consumer units, or raise loads, governing the provisions established by articles 14 and 15 of Law 10,438, dated April 26, 2002, and established the responsibilities of public electricity distribution service concessionaires and authorized entities. Law 10762 dated November 11, 2003 altered the priority for serving municipalities, placing the emphasis on municipalities with a lower rate of electrification and limiting these services to new units, on a low-voltage connection (below 2.3 kV) with an installed load of up to 50 KW.

Since the start of the Program, on 2004, CEMAR has invested R$696,476 until September 30, 2008 (R$634,551 until June 30, 2008) in the Universalization Program.

“Programa Luz para Todos” - "Light for All"

Presidential Decree 4873 dated November 11, 2003, introduced the “Programa Luz para Todos” within the Universalization Plan, which aims to provide electricity to the sections of the Brazilian rural population which do not yet have access to this public service by 2008.

The Program is coordinated by the Ministry of Mines and Energy - MME and operated with the participation of Centrais Elétricas Brasileiras S.A. - ELETROBRÁS and the companies comprising the ELETROBRÁS system.

In May 2004 a Commitment was executed by the Government (Ministry of Mines and Energy), the state of Maranhão and CEMAR, with ANEEL and ELETROBRAS as intervening parties, to establish the premises for introducing the “Programa Luz para Todos” in CEMAR’s area of concession, providing electricity to 249,000 new consumers in the rural zone between 2004 and 2008. This instrument specifies the annual service targets and financial participation percentages of each of the sources of funds.

ANEEL Ordinance 416, dated August 31, 2005, approved Version 2 of the Operating Manual which establishes technical and financial criteria, procedures and priorities.

CEMAR is a party to the Financing and Subsidy Contract - ECFS 027/2004, signed on June 2, 2004 with ELETROBRÁS, and the amendments thereto (ECFS 027-A/2004, ECFS 027-B/2004 and ECFS 027-C. This contract and the amendments thereto envisage the supply of electricity to 47,043 families. The contract totals was R$100,778, including the reimbursement of R$21,568, through the debt acknowledgement contract ECFS- 2669/07.

In March 2006 CEMAR signed a Financing and Subsidy Contract with ELETROBRÁS designated as “ECFS 140/2006 - 2nd Stage”, related to the 2nd stage of the Program. This contract attended 60,035 consumers and is at the closing stage. The contract totals realized to date amounted to R$207,072, including the reimbursement of R$37.892, realized after amendment EFCS number 1740-D/2008, which decreased the physical goals for this contract.

In April 2007, CEMAR also signed with Eletrobrás, contract ECFS 176/2007 - 3rd stretch, which refers to the third stage of the program, aimed at attending more than 73,059 consumers. The total value of the contract is up to R$291,012.

The ELETROBRAS funds will be applied as follows:

- An amount equivalent to up to 13.34% of the total cost of the works in progress, estimated at R$937,459, not including labor expenses, transportation and management, will be obtained through funds from the Global Reversal Reserve - RGR, which corresponds to a loan of in the amount of R$125,057; and

- An amount equivalent to up to 86.66% of the total cost of the respective works, not including labor expenses, transportation and management, will be obtained through funds from the Energy Development Account (CDE), which corresponds to an extension of credit amounting to R$812,402, as an economic subsidy, in accordance with Law 10762, dated November 11, 2003.

Since the start of the program CEMAR has received R$100,778 under the ECF-027/2004 agreement, with R$13,437 coming from RGR funds and R$87,341 from CDE funds; and R$207,072 under the ECFS-140/2006 agreement, with R$27,610 from RGR funds and R$179,462 from CDE funds and R$145.506, which refers to contract ECFS-176/2007, with R$19,401 arising from funds from RGR and R$126,105 from CDE and R$101,579, which refer to contract ECFS-236/2008, being R$13,544 derived from RGR funds and R$88,035 from CDE funds.

16 Debentures

Third Debenture Issue - CEMAR

On March 28, 2007 the public distribution ended of the 3rd issuance of CEMAR’s non-convertible debentures.

The funds obtained for the amount of R$267,300 were initially allocated to make prepayments for existing debts that had more onerous terms for the Company, and the remaining funds were allocated to implement CEMAR’s investment program. During April 2007, pre-payments were made for the following contracts:

Contracts	**Value (R$ 000)**
ELETROBRÁS (2035/00)	87,073
ELETRONORTE (Protocol)	91,065
ELETRONORTE (Supply)	56,919
2nd Debenture issuance	16,953
CCV Agreement	2,946
CCV Fund	2,946
Total	257,902

	Consolidated						
		09/30/08		06/30/08			
Financing	**Date of sign**	**Principal**	**Charges**	**Principal**	**Charges**	**Currency**	**Financial Charges**
BNDES - 1st Debentures issuance (RME)	16/2/1998	5,752	140	7,666	374	TJLP	TJLP + 4% p.y.
BNDES - 4th Debentures issuance (RME)	30/6/2005	173	-	1,401	-	TJLP	TJLP + 4% p.y.
5th Debentures issuance (RME)	22/1/2007	242,500	6,694	243,750	5,786	CDI	CDI + 1,50%
3rd Debentures issuance (CEMAR)	21/3/2007	267,300	2,963	267,300	10,068	CDI	105,8% CDI
Local currency		515,725	9,797	520,117	16,228		
Current		8,842	9,797	8,833	16,228		
Non-current		506,883	-	511,284	-		

17 Regulatory fees

	Consolidated	
	09/30/08	**06/30/08**
Current		
Quota in Fuel Consumption Account - CCC	10,234	6,643
Energy Development Account - CDE	4,655	4,655
Quota in Global Reversion Reserve - RGR	2,991	2,634
Capacity and emergency purchase charges	18,350	18,348
Fiscalization Fee - ANEEL	210	198
	36,440	32,478

18 Taxes payable

	Parent Company		Consolidated	
	09/30/08	**06/30/08**	**09/30/08**	**06/30/08**
Current				
IRRF	-	-	2	1
Deferred income and social taxes	-	-	5,406	5,391
ICMS	-	-	26,023	15,823
PIS/COFINS	-	-	20,969	19,461
PIS/COFINS - Installment PAES (Refis II) (a)	-	-	730	777
INSS - Installment PAES (Refis II) (a)	-	-	2,046	2,029
REFIS/PAES (c)	-	-	1,721	1,850
Provision for income and social taxes	2,183	1,463	56,829	51,618
Social charges and others	42	43	2,447	2,350
Others	-	-	2,946	2,887
Total	2,225	1,506	119,119	102,187
Non-current				
Deferred income and social taxes	-	-	64,747	57,112
Deferred income and social taxes - Capital gain	-	-	547	547
ICMS	-	-	-	-
Income and social taxes - Unearned overseas profits (b)	-	-	57,992	56,615
PIS/COFINS - Installment PAES (Refis II) (a)	-	-	2,736	3,106
REFIS/PAES (c)	-	-	12,339	12,711
PIS/COFINS	-	-	35,714	30,501
Others	-	-	590	579
INSS - Installment PAES (Refis II) (a)	-	-	7,671	8,093
Total	-	-	182,336	169,264

a. Tax recovery Program - REFIS/special installments - PAES

On May 31, 2003, Law 10,684/03 (Special Installments -PAES) of the Federal Government authorized payment in installments (over a period of up to 180 months) of debts owed to the Federal Revenue Office, National Treasury Prosecutor's Department and the National Social Security Institute (INSS). In RME the period for the option for installment payments was originally established for July 31, 2003, and subsequently extended to August 29, 2003.

a. In the indirect subsidiary Light SESA the balance at September 30, 2008 was R$3,466 (R$3,883 on June 30, 2008).

With respect to the National Institute for Social Security - INSS, the Subsidiary registered a "request for installment payments" on July 31, 2003, according to protocol number 60.213.452-8. The value of the debt included in the PAES was R$14,994 (net of a reduction to the fine of 50%), which is being legally disputed in order to recover the amounts paid as SAT - Employment Accident Insurance. The payment is being made in 120 installments, and consolidation of the amount due has been approved by the INSS. Until September 30, 2008, 63 installments had been paid by RME. The value of the installments was calculated based on the total value of the debt over the period for the installment payments and corrected based on the variation in the long term interest rate - TJLP. The balance at September 30, 2008 was R$9,717 (R$10,122 on June 30, 2008).

b. On February 20, 2003, a court injunction was filed, number 2003.51.01.005514-8, with a request for a preliminary junction, in order that Light would not be required to pay IRPJ and CSLL due on:

- The profits earned by the companies Light Overseas Investment Limited (LOI) and LIR Energy Limited (LIR) prior to being effectively available, avoiding application of the rule provided in the single paragraph of article 74 of Provisionary Measure 2158-35, of 24.08.2001 (MP 2.158-35), for the period from 1996 to 2001; and

- The profits earned by the companies Light Overseas Investment Limited (LOI) and LIR Energy Limited (LIR) prior to being effectively available, avoiding the application of the rule provided in the single paragraph of article 74, caput, of MP 2158-35/01, for the calendar year 2002 onwards.

Light was granted the injunction, which was subsequently rejected in the sentence that was passed. The appeal against this sentence was received with double effect The State filed an interlocutory appeal against this decision, which was accepted. Consequently, Light filed an internal appeal, which was judged in its favor in March 2007, thus reestablishing suspension of the demand for the tax credit. The State filed a special appeal against this decision, which is pending judgment.

Currently, based on the effects of the decision given preliminary in court injunction number 2003.51.01.005514-8, which suspended the charge for IRPJ and CSLL, management is awaiting the decision by the Federal Regional Court from the 2nd Region, of the appeal filed by the National Treasury.

Based on this judicial decision, Light SESA suspended payment of Income Tax and Social Contribution, due on taxable profit for 2004, 2005, 2006 and 2007, calculated in virtue of the addition, to these tax calculation bases, of the profits earned by the companies located overseas. The provision recorded at September 30, 2008 was for the amount of R$57,992 (R$56,615 on June 30, 2008).

As part of the process of closing the company Light Overseas Investment Limited (LOI), the investor liquidated its assets and liabilities and distributed dividends of US$ 26,494, corresponding to R$44,100, of which R$32,709 was distributed in March and R$11,391 in April 2008. This distribution of dividends is considered to be a provision of income for the purposes of IRPJ and CSLL tax in Light SESA, and the amounts, calculated and paid corresponded to R$7,785 in March 2008 and R$ 2,711 in April 2008.

c. On November 29, 2000, CEMAR entered into the Tax Recovery Program - REFIS. This Program regulates government credits, taxes and contributions administrated by the Federal Tax Office - SRF and the National Social Security Institute - INSS, relating to tax events occurring up to February 28, 2000. The Program established that tax credits deriving from tax losses and the negative social contribution base were to be used to settle amounts corresponding to the fines and interest included in the Program, and that the balance was to be corrected based on the variation posted by the Long-term Interest Rate - TJLP. Payment of the tax debt ascertained, in the case of CEMAR, was being made in 60 monthly installments from March 2000, in accordance with REFIS rules. In the event the debt to REFIS is executed, the credits deriving from electricity sales were put up as a guarantee.

On May 30, 2003, Law 10,684/03 (Special Installments -PAES) of the Federal Government authorized payment in installments (over a period of up to 180 months) of debts owed to the Federal Revenue Office, National Treasury Prosecutor’s Department and the National Social Security Institute (INSS), maturing until February 28, 2003 (whether or not enrolled the active debt), including debts at the stage of tax enforcement or which had been subject to previous payment in installments, subject to monetary correction according to the TJLP. On July 31, 2003 CEMAR joined this Program opting for payment in 120 months, including the tax debts where judicial and administrative proceedings were discontinued.

Upon entering the Program, CEMAR assumed certain legal obligations, as follows:

- Authorization of unrestricted access, by the Federal Tax Office - SRF, to the information concerning its financial movement;
- Specific tax monitoring, with periodical delivery of data on electronic media, including revenue information;
- Full compliance with obligations to the Employee Severance Fund - FGTS and the Tax on Rural Territorial Property - ITR; and

The exclusion of a company from PAES will result in the immediate enforcement of the entire debt acknowledged and as yet unpaid and automatic execution of the guarantee provided.

19 Provision for contingences

	Consolidated					
	09/30/08			06/30/08		
Nature of dispute	**Value**	**Judicial deposits**	**Net provision**	**Value**	**Judicial deposits**	**Net provision**
Civil and tax	215,582	12,304	203,278	217,580	11,125	206,455
Labor	54,163	25,543	28,620	57,107	23,925	33,182
Regulatory	1,044	-	1,044	2,117	-	2,117
Other	19,901	-	19,901	19,886	-	19,886
	290,690	37,847	252,843	296,689	35,050	261,640
Current	13,772	4,955	8,817	12,191	3,628	8,563
Non-current	276,918	32,892	244,026	284,498	31,421	253,077
	290,690	37,847	252,843	296,689	35,049	261,640

Provisions for contingencies are intended to cover any losses evaluated as probable by Subsidiaries' legal department and by external advisers, for labor, tax and civil claims at an administrative and judicial level. The Company and its Subsidiaries managements consider that the provision for contingencies is sufficient to cover probable losses from the proceedings in progress, as described below:

Labor claims

Claims filed by former employees against CEMAR, including claims for overtime, hazardous activities, additional remuneration, salary parity/reclassification and others, in addition to claims brought by former employees of CEMAR's contractors (joint liability) involving claims for indemnification and others.

In the indirect subsidiary Light SESA there are 4,132 labor claims in progress (3,999 on June 30, 2008) in which the company figures as the defendant. The main demands under the labor claims involve the following matters: extra hours, danger supplement, equal salary, indemnity provided in Law 9.029/98, joint/individual responsibility for employees from out sourced companies, difference from fine of 40% of FGTS arising from correction for hyperinflation and overtime.

In December 2007 Light SESA was served process regarding a civil action brought by the Office of the 1st District Public Prosecutor for Labor Affairs, contesting the legality of outsourcing services related to the company's supporting activities and core business activities. A ruling in favor of the prosecutor's office was handed down on April 4, 2008. A decision was given which resulted in the ordinary appeal filed by Light being suspended. The Company's chances of winning an appeal were rated as ‘possible’ by the Company’s legal advisers.

Civil and tax

The most significant individual contingency provision recorded refers to two demands, one that refers to a claim for settlement of accounts and the other for indemnity, both arising from the agreement to charge the Public Illumination Tariff – TIP, which were filed by the municipal of as São Luís against CEMAR. The first claim filed demanded payment of the amount arising from not transferring the amounts collected for investment in the public illumination park for the city and the decision for the second claim demanded an indemnity payment as a result of CEMAR not providing, over the years, the calculations for correcting the TIP value, in order to meet the monthly cost for the public illumination service. These claims were judged against CEMAR, and the latter is in the process of settling the sentences passed.

CEMAR filed two claims to annul the judgments with the Appeal Courts in Maranhão, and it managed to obtain an injunction to suspend the execution of the indemnity process, until the claim is judged by the Courts. The progress of the claims has not altered significantly during the previous two months. Consequently, the financial statements of CEMAR include a provision of R$39,269 (R$19,500 on June 30, 2008).

In addition to the losses provisioned for above, there are other civil contingencies monitored by management, based on the assessment of Equatorial and CEMAR's legal department and external advisers, for which the chance of loss is rated as possible or remote, amounting to R$45,153 and R$13,396, respectively (R$45,127 and R$13,228, respectively, on June 30, 2008) therefore no provision for these losses has been recorded.

CEMAR is subject to environmental protection laws and the respective municipal, state and federal regulations. The Company and its Subsidiary consider that exposure to environmental risks, based on the assessment of the figures available, in compliance with the applicable laws and regulations, and does not present a material impact on its quarterly information or the income from its operations.

The indirect subsidiary Light SESA figures as the defendant in approximately 36,783 processes of a civil nature (35,372 on June 30, 2008), of which 11,031 are with the common State and Federal courts (Civil Claims), with requests that amount to R$101,561(R$98,775 on June 30, 2008) and also 25,752 claims that are filed with Special Civil Courts, involving the total amount of R$77,305 (R$73,341 on June 30, 2008).

The provision for Civil Claims includes processes in which Light SESA is the defendant, with the majority related to claims for moral and material damage, as well as questioning of the amounts paid by consumers, which have been assessed as representing probable losses, according to the evaluations prepared by the lawyers responsible, and which at the moment are measurable.

Light also has civil claims in which Management, based on the opinion of its legal advisors, believes that the risks of loss are possible, and consequently, no provision has been recorded for these claims. The amount involved from these possible claims was R$68,467 (R$65,803 on June 30, 2008).

The subsidiary light is also part to Public and Popular Civil Actions related to service rates, fees and charges, contracts, equipment, cross plans, interest and other subject matters. On September 30, 2008 the Company was unable to estimate the amounts involved in each of these actions based on the nature, scope and the chances of having to settle these claims.

The majority of the claims with the Special Civil Court refer to discussions concerning consumer relations, such as incorrect charges, incorrect electricity cuts, cuts from defaults on payments, problems with the network, various irregularities, complaints about bills, complaints about the meter measurements and problems with transferring the addressee responsible. There is a limit of 40 minimum salaries for claims being judged by the Special Civil Court. The provision recorded is based on the moving average for the previous 12 months for the value of the sentence.

There are processes of a civil nature for which some industrial consumers are questioning in the judicial sphere, the increase in the electricity tariffs approved in 1986 by DNAEE ("Cruzado Plan").

PIS/COFINS: Light SESA is part to two judicial proceedings concerning the application of these taxes under Law 9718/98, as follows:

In the first claim Light SESA questioned the alterations imposed by the Law with respect to (i) extending the calculation base for these taxes; and (ii) the increase in the COFINS rate from 2% to 3%. A definitive decision was given for the appeal filed by Light SESA with the Supreme Court, which judged the increase in the calculation based in favor of the appeal, declaring article 3, § 1, of law 9.718/98 to be unconstitutional.

In the second case, Light SESA claims that the amounts charged in a Collection Letter issued by the Federal Internal Revenue Department are barred by statute of limitations. An injunction was granted suspending collection of these amounts. This injunction was upheld by the Regional Federal Court and is currently pending a decision by the Higher Courts. A ruling on the merits is yet to be handed down by the lower court, and the company's legal advisors believe that an unfavorable ruling is possible.

As concerns the expansion of the calculation base for PIS and COFINS tax, due to the decision of the Higher Federal Court, the Light SESA reversed the corresponding provisions of R$432,358 against the "financial expense" item in the income statement for that second quarter, which resulted in an addition of R$ 108,090 to Equatorial's shareholders equity.

As of September 30, 2008, the provision of R$52,763 for the COFINS tax rate increase remained.
PIS/COFINS - RGR and CCC: This contingency provision corresponds to the portion not included in the PAES installment payments arising from a dispute over a fine. Although unsuccessful in administrative proceedings, the Company has secured a favorable decision in judicial proceedings and is awaiting a decision on an appeal. This amount also includes a portion corresponding to the COFINS tax rate increase for the period from April/99 to Dec/00, which is currently under litigation.

INSS - ACT Bonus: In August 2006, following the advice of its legal advisers, Light SESA established a provision of R$3,679 related to bonuses paid by the company to its employees in compliance with provisions contained in Collective Labor Agreements, covering the period from 2001 to 2005. In December 2007, based on a second assessment, a reversal of R$1,589 was made owing to the fact that the Tax Authority' right to charge these amounts had been barred by the statute of limitations. As of September 30, 2008, evaluating the question based on jurisprudence from the higher courts, and the fact that credits had not been constituted, a reversal was made for the total amount of R$2,614.

INSS - tax assessment notice: In December 1999 the INSS issued tax assessment notices claiming that the subsidiary is responsible for withholding tax on the services of contractors and that INSS contribution is payable on profit sharing. The legal advisors of Light S.A. and its subsidiaries believe that only part of these amounts represent sufficient risk to establish a provision. The increase seen from June 30, 2008 to September 30, 2008 is due to correction at the SELIC rate.

INSS - quarterly basis: Light SESA is contesting the legality of Law 7787/89, which increased the social security contribution rate on payroll, arguing that the law also changed the calculation base for social security contributions during the period from July to September 1989. Under preliminary awards, the amounts payable by the Company as Social Security contribution were offset. Following the advice of legal advisors, company management established a provision for the entire amount stated in the tax assessment notices issued by the INSS. The increase seen from June 30, 2008 to September 30, 2008 is due to correction at the SELIC rate.

Law 8200/91: The provision established is related to the fact that depreciation expenses for the financial years 1991 and 1992 were fully utilized, contrary to the provisions contained in Law 8200/91(3)(I). Rulings in favor of the Company have been handed down by first and second level courts. The case is currently pending a decision on an appeal brought by the Government. Base on the advice of legal advisors and an assessment of the amounts involved in the tax assessment notices, Light SESA believes that only part of these amounts represent sufficient risk to establish a provision. The increase seen from June 30, 2008 to September 30, 2008 is due to correction at the SELIC rate.

ICMS: This provision is mainly related to a judicial dispute over the applicability of State Law 3188/99, which restricted the manner of appropriating ICMS credits derived from the acquisition of fixed assets, requiring companies to appropriate these credits in portions, when this restriction is not provided in Supplementary Law 87/96. There are other tax assessment notices being disputed administratively and judicially. Based on the advice of legal advisors and an assessment of the amounts involved in the tax assessment notices, Light SESA's Management believes that only part of these amounts represent sufficient risk to establish a provision and has done so accordingly.

Social Contribution: This provision is related to (i) a dispute over the deduction of the amount paid to shareholders as interest on shareholders' equity in 1996 from the calculation base for CSLL tax, in which an injunction and a writ of mandamus have been granted pending a ruling on the Government's appeal; and (ii) failure to add to the CSLL calculation base amounts related to a PIS/COFINS provision, when the requirement to pay these amounts had been suspended. The Company's voluntary challenge and appeal have been denied. The Company filed a provisionary measure to anticipate the guarantee to the court before the filing of the tax foreclosure judicial discussion. The tax foreclosure was subsequently filed and is currently awaiting a decision as to the acceptance of the guarantee presented in the records of the provisionary measure..

Contribution for Intervention in the Economic Domain (CIDE): This refers to a provision related to CIDE and payments made to offshore companies for services. The lower court decision was unfavorable, and Light SESA is awaiting a ruling on its appeal. In December 2003 the subsidiary began paying the amounts due.

The Company and its subsidiaries are also part to tax, administrative and judicial proceedings in which the chances of loss are rated as possible by the Company's legal advisors, for which reason no provision has been established. The amount involved in these proceedings is R$138,350 (R$136,625 as of June 30, 2008).

Descriptions of tax proceedings rated as ‘possible’ and which are highly relevant or in which there were developments in the third quarter of 2008 are provided by the Subsidiary Light below:

Possible

i. IN 86. Light SESA was assessed by the Federal Internal Revenue Department for late performance of the notification to submit computer files for the financial years 2003 through 2005. The contestation was rejected and the Voluntary Appeal filed by Light is currently awaiting judgment. The value of the assessment restated up to September 2008 is R$54,000 (R$52,475 on June 30, 2008).

ii. ICMS (Aluvale). This refers to tax enforcements disputing the deferral of ICMS on electricity supplies to the consumer ALUVALE, as this is a major industrial consumer of electricity. A motion was filed against these enforcements, and is pending judgment before the lower court. As of September 30, 2008 these tax assessments involve an amount of R$38,925 (R$38,925 on June 30, 2008).

iii. Others. In addition to these cases, there are several other judicial and administrative disputes that the legal advisers have rated as possible, including (a) ICMS on low income subsidies (b) transfer of ICMS credit (company RHEEM); (c) Voluntary Disclosure of PIS, COFINS, IRPJ and CSLL; (d) ISS on regulated services. As of September 30, 2008 these disputes involve an amount of R$35,075 (R$34,975 on June 30, 2008).

Regulatory claims

Between November 27, 2006 and December 1st, 2006 ANEEL/SFE audited the Research and Development Programs in 2002/2003 (three projects) and 2003/2004 (two projects) approved by ANEEL Orders 476 dated July 26, 2003 and 828 dated October 14, 2004 and the Energy Efficiency Program in 2002/2003 (one project) and in 2003/2004 (three projects) approved by ANEEL Orders 256 dated May 8, 2003, 854 dated October 26, 2004 and 1222 dated September 15, 2005 based on the physical and financial schedules and the requisites of ANEEL's Electrical Efficiency Audit Manual. In the period December 06 to December 16, 2005, ANEEL/SFE also evaluated CEMAR's technical and commercial procedures.

ANEEL's audit issued three assessment notices referring to the violation of procedures stipulated in the R&D and Electrical Efficiency Manual, and violation of technical and commercial procedures. In order to clarify the facts and prove it correctly used the funds under these programs and complied with technical and commercial procedures, CEMAR filed appeals before ANEEL, presenting supplementary information about the matters reported by the audit and requesting the cases be shelved. In reply to the appeals, ANEEL issued writs partially in favor of CEMAR reducing the value of the technical-commercial assessments 027/2006 from R$9,424 to R$6,336, resulting in a reversal during the first quarter of 2008, of the amount of R$3,088 and a reduction to assessment 035/2007 – P&D, from R$ 1,005 to R$ 286, which resulted in the amount of R$719 being reversed in the third quarter of 2008, which was registered to the heading "other financial expenses".

In view of this and in accordance with the best accounting practices, CEMAR decided to make a provision to cover any losses resulting from the three assessment notices in question.

The Subsidiary Light has drawn attention to the regulatory contingencies deriving from administrative disputes with ANEEL:

Low income - Audit Report RF-LIGHT-04/2007-SFE issued in August 2007 by ANEEL conducted between July 02, 2007 and July 13, 2007 questioned the awarding of the corporate tariff to certain consumers in the period and consequently considered part of the subsidies approved and received by Light SESA from Eletrobrás amounting to R$66,595 to be improper. The Company made a provision of R$13,345 (R$13,345 as of June 30, 2008) to cover the risk of having to refund part of the subsidies received.

ANEEL Assessment Notice 009/2005 - The notice was issued on March 15, 2005 on the grounds that Light SESA: (i) incorporated the subsidiaries LIR Energy Limited and Light Overseas Investments (R$286) without the prior consent of ANEEL (ii) conducted transactions with these companies without the consent ANEEL - (total of R$572) and (iii) failed to comply with ANEEL's instruction to cancel the transactions and cease the company's activities - (total of R$858). The company appealed and the fine related to item (iii) was cancelled and the fines related to items (i) and (ii) were upheld. The fine related to item (ii) has been paid. Judicial proceedings have been filed in relation to the fine referring to item (i) and a judicial deposit of R$414 has been made (principal restated by the SELIC interest rates until the date the deposit was made).). After the sentence that overruled the security of MS, filed on 23/11/2007, appeals requesting clarifications were filed, but were subsequently rejected by the sentences passed on 17/12/2007.

Light filed an appeal on the merits of the case, against the sentence given, on January 25, 2008, requesting that the effects of this appeal be suspended. A decision was published on September 10, 2008, which accepted the appeal only for the returnable effect. Finally, on September 17, 2008, Interlocutory Appeal 2008.0.00.046455-8 was registered, to obtain the suspension of the appeal on the merits of the case, avoiding the identification of the amounts deposited for the claim. The interlocutory appeal was distributed to the federal court of appeals judge Daniel Paes Ribeiro, who has still not taken a decision on the request for the court order for anticipated appeal. The amount as of September 30, 2008 is R$470 (R$456 as of June 30, 2008).

20 Deferred income

Law 11638 dated December 28, 2007 eliminated the capital reserves intended for investment subsidies and donations, which now have to be recorded as revenue in the financial year they are realized in. However, according to CVM Instruction 469 issued May 02, 2008, donations and subsidies deriving from transactions and events occurring after said law was introduced shall be temporarily recorded in specific deferred income accounts until the Brazilian Securities Commission - CVM issues a specific regulation regarding the matter. In compliance with this instruction, as of September 30, 2008 the subsidiary CEMAR has recorded Deferred Income of R$31,337 (R$18,940 as of June 30, 2008) referring to tax incentives previously recorded as capital reserves.

The subsidiary RME presents deferred income of R$81,962 referring to negative goodwill on the investments Light S/A (R$77,660) and Lidil Comercial Ltda (R$4,302).

21 Shareholders' equity

a. Capital

At September 30, 2008, the composition of Company's capital consisted as following:

Shareholders	**Total**	**%**	**Ordinary**	**%**
PCP Latin America Power S/A.	58,671,561	55.54	58,671,561	55.54
Others	46.966.469	44.46	46,966,469	44.46
Total	105.638.030	100,00	105,638,030	100.00

Change in equity interest

On May 5, 2008 11,516,766,933 common shares of CEMAR were subscribed by the recipients of the Stock Option Plan. After the grouping had been approved at the General Shareholders Meeting held April 17, 2008 at the rate of 100,000 for each share, the share capital stood at a total of 115,117 common shares, The share capital therefore consisted of 161,151,762 common shares, 1,239,231 preferred Class A shares with no voting rights and 1,625,729 preferred Class B shares with no voting rights, all nominative with no par value.

b. *Retained earnings/accumulated losses*

In compliance with Law 11638/07, in the 3rd quarter of 2008 the indirect subsidiary Light SESA recorded R$6,759 (R$4,461 net of IRPJ and CSLL - see note 3), resulting from the restatement of non current assets.

As this adjustment entails a change to accounting practices, the amount of R$4,405 (R$2,908 net of IRPJ and CSLL - see note 3) was recorded retroactively as of December 31, 2007, as established by CVM Resolution 506/06.

In compliance with Normative Resolution 176 issued by ANEEL on November 28, 2005 and the approvals of the Energetic Efficiency and Research and Development Program Manuals which amended the accounting recognition criteria of said programs, in 2005 and 2006 Light SESA recorded the expenses incurred on R&D - Research and Development and PEE - Energetic Efficiency Program referring to the years 2003, 2004 and 2005 in the Shareholders' Equity. For tax purposes, these expenses were not deducted from the IRPJ and CSLL calculation base. However, our analysis concluded that these expenses could be deducted from the calculation base. As this involves a prior year adjustment, the tax effect was also recorded in the shareholders' equity for this period. The amount of R$6,591 was accordingly recorded under retained earnings in the 2nd quarter of 2008.

c. *Legal reserve*

In compliance with Law 6404/76, the reserve was recorded at the rate of 5% of the net profit before tax and Interest on shareholders’ equity for the year, up to the limit of 20% of the capital.

d. *Unrealized revenue reserves*

At December 31, 2005, as provided in Law 6404/76, based on equity in the net income of the Subsidiary, Management proposed that the income for that year, after constituting the legal reserve and allocating dividends (amounting to R$163,053), be allocated to unrealized revenue reserves. As reported in item “a”, the Ordinary and Extraordinary General Meeting held on March 10, 2006, approved the capitalization of this reserve.

At the end of 2006, part of the income for the year, after making the transfers to the legal reserve and dividends, amounting to R$5,363, was allocated to unrealized revenue reserves. This amount was entirely allocated to the declaration of dividends in the 2007 financial year.

e. *Corporate reorganization*

On February 12, 2008, the Extraordinary Shareholders General Meeting approved the following issues: (a) the conversion of the Company's entire preferred stock into common stock, to the proportion of one preferred share to one common share; (b) the grouping of shares to the proportion of one common share for each three common shares; (c) the adhesion to the rules of Bovespa's New Market (Novo Mercado) and the listing of Equatorial's shares in this segment; and (d) a change to the Company's by-laws to ensure the highest standards of corporate governance.

On February 29, 2008, the Special General Meeting ratified for the holders of the preference shares the conversion of all of the preference shares into ordinary shares.

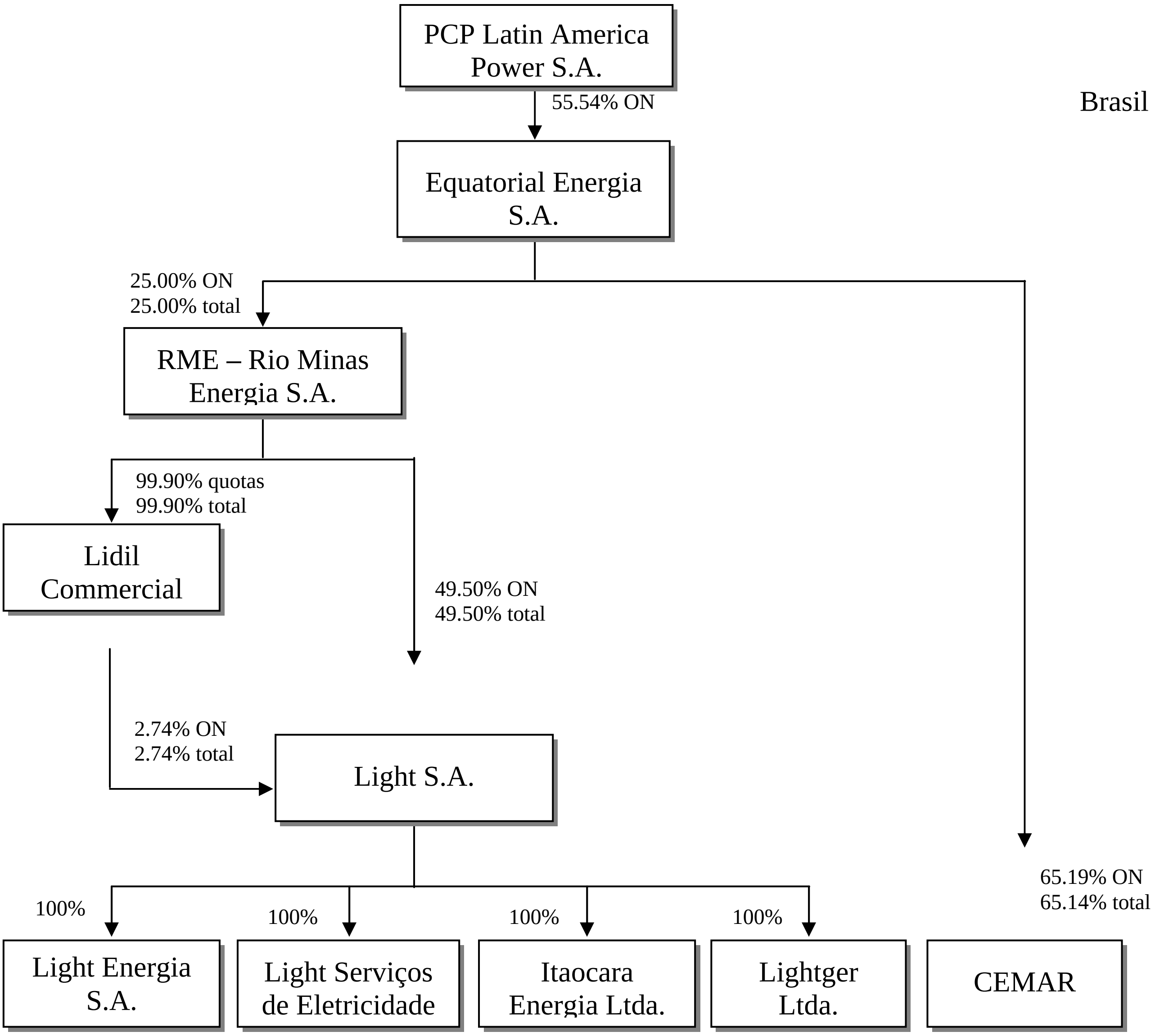
f. *Corporate restructuring*

On July 10, 2008, the controllers of Equatorial implemented a corporate restructuring that consisted of the successive liquidation of the following companies:

(i) PCP Power LLC; (ii) PCP Latin América Power Fund Limited; (iii) Equatorial Energia Holdings LLC; and (iv) Brasil Energia I LLC.

The corporate changes did not have any effect on the controlling interests in Equatorial, given that PCP Latin America Power S/A, which held an indirect interest in Equatorial of 55.54%, retained this same percentage interest, but which is now a direct interest.

Consequently, after implementing the corporate changes described above, the participation of the PCP Group in the Concessionaries and the Authorized were structured as follows:


PCP Latin America Power S.A.
55.54% ON
Brasil
Equatorial Energia S.A.
25.00% ON
25.00% total
RME – Rio Minas Energia S.A.
99.90% quotas
99.90% total
Lidil Commercial
49.50% ON
49.50% total
2.74% ON
2.74% total
Light S.A.
65.19% ON
65.14% total
100%
100%
100%
100%
Light Energia S.A.
Light Serviços de Eletricidade
Itaocara Energia Ltda.
Lightger Ltda.
CEMAR

g. *Stock option program*

The information presented in this section is adjusted based on the conversion and grouping of the Company's shares, implemented on April 07, 2008, in order to provide a better understanding of such. On this date the Company's capital was represented by 105,573 thousand ordinary shares, after converting one preference share into one ordinary share, and subsequently grouping three ordinary shares into one share of the same class.

First option plan for the acquisition of shares

On February 2, 2006 the Extraordinary General Meeting approved (and ratified on February 13, 2006) Equatorial's Stock Option Plan, for management and employees of the Company and its subsidiaries, comprising two programs - the First and Second Stock Option Programs, which include common shares and preferred shares in Equatorial. This plan may be discontinued at any time by rule of the Company's Board of Directors.

The beneficiaries entitled to participate in the Plan are administrators and employees from the Company and from the subsidiaries under its control, and have to be selected by the Plan's Management Committee.

- **Equatorial's Stock Option Plan Number 1 ("SOP 1")**

  Plan 1, which considers options to subscribe to 2,934 thousand ordinary shares (equivalent to 2,934 thousand ordinary shares and 5,868 thousand preference shares prior to the conversion and grouping referred to in the first paragraph of this note). Since May 2008, all of the shares within this Plan were subscribed by the beneficiaries, consequently, there is no balance outstanding for new subscriptions.

- **Equatorial's Stock Option Plan Number 2 ("SOP 2")**

  Plan 2, which considers options to subscribe to 2,272 thousand ordinary shares (2,272 thousand ordinary shares and 4,544 thousand preference shares, prior to the conversion and grouping) from the shares issued by Equatorial. The beneficiaries that acquired or subscribed to the shares within the ambit of Plan 2 have to make the payments using exclusively the shares that were subscribed or acquired to support the CEMAR plan. The subscription price of the shares stated in the Plan is equivalent to the average price of the Company's ordinary shares negotiated on the São Paulo Stock Exchange ("BOVESPA") during the 30 (thirty) days prior to the date of exercising the respective options.

  On June 30, 2008, the balance for share options to be subscribed under Plan 2 was 838 thousand ordinary shares, considering the grouping stated above.

  During the period from July 01, to September 30, 2008, no shares were subscribed within the ambit of Plan 2, consequently, the balance for these shares for subscription under this Plan remained at 838 thousand ordinary shares, with the initial exercise date being January 31, 2009 and the closing date being January 31, 2011.

According to the Plan, recipients of shares that have been subscribed or acquired under the Plan may only sell, transfer or by any other means dispose of the Company's shares, after the Company has been offered the pre-emptive rights to acquire them.

The Company's pre-emptive right shall only be exercised, if it so desires, to acquire all of the Shares offered by the Recipient, where the recipient undertakes to sell them to the Company at the subscription price defined above, restated by the IGP-M/FGV price index between the subscription date and the date the share price is paid, even if another purchaser is offering a better price.

Second option plan for the acquisition of shares

On April 5, 2007, the creation of a Second Option Plan for the acquisition of Equatorial shares by the management and employees of the Company and subsidiaries was approved at an Extraordinary Shareholders' General Meeting, to be selected by the Plan's Management Committee.

The recipient should use at least 50% (fifty percent) of the Profit Share, Performance Bonus or any other means of variable annual compensation (“PL”) they are entitled to, net of income tax and other applicable charges, in the subscription of the shares in the lots for which an option has been awarded. The recipients shall also use all of the dividends and interest on shareholders' equity received on their shares acquired under the Plan to subscribe the shares in the lots for which an option has been awarded.

The holder of the shares may only sell, transfer or by any other means dispose of the Company's shares originally subscribed or acquired under the Plan after the term of 2 (two) years has expired as from the date the Plan was approved by the General Shareholders Meeting.

This Plan considers options to subscribe to 1,111 thousand ordinary shares (1,111 thousand ordinary shares and 2,222 thousand preference shares, originally, prior to the conversion and grouping) issued by Equatorial. On April 05, 2007, the price of these shares to be acquired or subscribed by the beneficiaries from exercising the options was determined by the Committee at R$15.00, (originally determined at R$5.00, the price equivalent to 1/3 of 90% of the weighted average price of the Company’s units on the São Paulo Stock Exchange - BOVESPA, during the previous 30 days). This price will be accrued of monetary correction based on the Market General Price Index (IGPM/FGV), or another index based on a similar base of assessment that might be chosen by the Committee, in case the referred index stops being available or applicable, in the shortest frequency interval accepted by law, between the dates of signature and effective date of the exercise of the options.

In April 2008, within the ambit of the second Plan, a total of 38 thousand of the Company’s ordinary shares were subscribed, at the price of R$16.14 per share, equivalent to a total price of R$ 620 thousand (six hundred and twenty thousand reais). The market value of the shares on the closing date for the subscription was R$17.70.

On June 30, 2008 the balance to be subscribed within the ambit of the second plan 1,073 thousand ordinary shares.

During the period between July 01, and September 30, 2008, no subscriptions were made to the shares under the second plan, consequently, the balance to be exercised remained at 1,073 thousand ordinary shares. The period to exercise this balance is from April 05, 2008 to April 05, 2013.

Information on the stock option plans is summarized below:

	First Plan		Second Plan	
	Program 1	Program 2		Total
In thousand of stocks				
Number of Purchase options	2,935	2,272	1,111	6,318
Options exercised until September 30, 2007	(2,275)	(1,041)	-	(3,316)
Options not exercised until September 30, 2007	660	1,231	1,111	3,002
Options exercised between October 01, 2007 and June 30, 2008	(660)	(393)	(38)	(1,091)
Options not exercised until June 30, 2008	-	838	1,073	1,911
Options exercised between July 01, 2008 and September 30, 2008	-	-	-	-
Options not exercised until September 30, 2008(*)	-	838	1,073	1,911

Potential for dilution

According to the rules for each option plan, the potential issue of the remaining options would result in an additional dilution for the existing shareholders of Equatorial Energia S.A. equivalent to a maximum of 1.08%, not considering the potential dilution of the stock option plans of CEMAR and Light.

According to the rules of each stock option plan of our investors, CEMAR and Light, the potential issuance of the remaining options would result in further dilution for its current shareholders equal to a maximum of 0.15% and 4.0% respectively.

Administration of plans

The purchase option plans include ordinary shares representing capital, to be managed by a committee consisting of three members of the Company's Board of Directors. The Committee has powers to establish appropriate rules with respect to granting options, every year, through the Share Options Programs.

22 Management's compensation

For the third quarterly ended on September 30, 2008, Equatorial's management received compensation in the amount of R$301 (R$368 on September 30, 2007), recorded as staff and management expenses.

23 Power supply

A breakdown of power supply by consumer class of Subsidiaries on September 30, 2008, is provided below:

	Consolidated			
	MWh (*)		**R$**	
	2008	**2007**	**2008**	**2007**
sidential	2,458,105	989,520	794,475	306,637
Industrial	662,723	335,674	165,877	89,913
Commercial	1,574,833	461,500	510,950	160,019
Rural	97,208	91,577	21,717	19,798
Government	403,376	157,246	125,410	58,563
Public lighting	294,613	159,297	50,690	28,804
Public service	355,840	149,156	80,740	36,697
Own consumption	16,271	3,233	-	-
Supply MAE and CEPISA	-	-	-	-
Low income consumers	-	-	65,534	52,803
Others	-	-	(104)	196
RTD	-	-	(12,634)	11,369
CVA-PLPT	-	-	4,364	(20,630)
Constitution and amortization of CVA liability	-	-	(3,627)	2,180
Billed power supply	5,862,969	2,347,203	1,803,392	746,349
ICMS	-	-	509,829	137,465
Unbilled power supply	-	-	(2,941)	6,056
Total of Supply	5,862,969	2,347,203	2,310,280	889,870

(*) Information not reviewed by independent auditors.

24 Operating results

The operating costs and expenses, segregated by nature, are presented below:

	Parent Company					
	Cost of Services		Operating charges		09/30/08	09/30/07
	Electric Energy	For operation	Sales	Administrative		
Cost/expense's nature						
Energy purchased for resale	-	-	-	-	-	-
Personnel and management's	-	-	-	(3,988)	(3,988)	(2,235)
Material	-	-	-	(24)	(24)	(3)
Outsourced services	-	-	-	(1,706)	(1,706)	(1,593)
Allowance for doubtful debts	-	-	-	-	-	-
Provision for contingences	-	-	-	-	-	-
Charges on use of transmission system	-	-	-	-	-	-
Others	-	-	-	(1,212)	(1,212)	(1,277)
Financial results	-	-	-	13,628	13,628	17,822
	-	-	-	6,668	6,668	12,714
Depreciation and amortization	-	-	-	(86)	(86)	-
Total	-	-	-	6,612	6,612	12,714

	Consolidated					
	Cost of Services		Operating charges		09/30/08	09/30/07
	Electric Energy	For operation	Sales	Administrative		
Cost/expense's nature						
Energy purchased for resale	(725,285)	-	-	-	(725,285)	(207,362)
Personnel and management's	-	(34,994)	(11,206)	(31,975)	(78,175)	(33,009)
Material	-	(6,600)	(1,334)	(1,180)	(9,114)	(4,132)
Outsourced services	-	(40,743)	(32,473)	(39,996)	(113,212)	(50,948)
Allowance for doubtful debts	-	-	(61,678)	-	(61678)	(16,851)
Provision for contingences	-	-	-	(24,086)	(24,086)	(6,104)
Charges on use of transmission system	(115,243)	-	-	-	(115,243)	(38,994)
Others	-	(4,194)	(1,170)	(19,700)	(24,064)	(9,806)
Financing results	-	-	-	43,424	(43,424)	(4,261)
	(840,528)	(86,531)	(107,861)	(73,513)	(1,108,433)	(371,467)
Depreciation and amortization	-	(52,720)	(202)	(69,533)	(122,455)	(48,558)
Total	(840,528)	(139,251)	(108,063)	(143,046)	(1,230,888)	(420,025)

25 Employees pension fund

a. *Details of the retirement plan CEMAR*

CEMAR sponsors the CEMAR Employee Security and Assistance Fund - FASCEMAR, a private, non-profit entity founded to provide and manage benefits in supplementation of government pension plans, as a closed supplementary pension fund.

The corporate structure of FASCEMAR was reorganized in 2005, and a new pension plan was implemented (Plano Misto de Benefícios I) as from May 2006, under the defined contribution system. Since its implementation, 98% of the active participants of the Defined Benefit Plan (BD I) and employees that had no pension benefits have subscribed to the "Plano Misto de Benefícios I".

At present, BD I is used mainly by retirees and participants using the benefit in April 2006.

In accordance with CVM Resolution 371 dated December 13, 2000, as from the year 2001, listed companies have been required to include in their financial statement the liabilities deriving from the benefits to which employees are entitled based on the rules established in NPC 26 issued by the Brazilian Institute of Independent Auditors (IBRACON).

CEMAR does not have a balance to cover pension fund obligations, since the actuarial calculations prepared at December 31, 2006, in accordance with CVM Decision 371, did not identify the existence of an actuarial liability.

b. Details of the retirement plan of indirect Subsidiary

Light SESA, indirect subsidiary of RME, is the sponsor of the Social Security Foundation - BRASLIGHT, a closed complementary social security entity, a non profit making entity, the purpose of which is to guarantee retirement income to employees from the Light Group related to the Foundation and pensions to their dependents.

BRASLIGHT was established in April 1974, and has three Plans - A, B and C - implanted in 1975, 1984 and 1998 respectively, with approximately 96% of the active participants from the plans A and B transferring to plan C.

At the moment the effective plans are Plans A and B, which are defined benefit plans and C, which is mixed benefit.

On October 02, 2001, the Secretary for Complementary Social Security approved the contract for balancing the technical deficit and the refinancing of the reserves for amortization, which are being paid in 300 monthly installments, as from July 2001, corrected by the variation in the IGP-DI (with one month difference) and actuarial interest of 6% per annum.

The movements reported during this quarter to the net actuarial liability, are as follows:

	Consolidated	Current	Non-current
Pension Plan at March 31, 2008	227,667	20,343	207, 325
Amortization in the Quarter	(5,381)	(5,381)	-
Restatement in the Quarter	11,876	1,060	10,816
Transfer from non current to current	-	5,062	(5,062)
Current contributions	25	25	-
Pension Plan at June 30, 2008	234,187	21,109	213,079
Amortization in the Quarter	(5,395)	(5,395)	-
Restatement in the Quarter	9,674	870	8,804
Transfer from non current to current	-	5,081	(5,081)
Current contributions	24	24	-
Pension Plan at September 30, 2008	238,489	21,689	216,802

According to the actuarial evaluation report issued on May 09, 2008, the actuarial deficit of Braslight at April 30, 2008 was R$261,900, which, net of the contractual liability value stated previously, resulted in recognition of an additional actuarial liability of R$5,975 in the second quarter, which amounted to R$33,258 on September 30, 2008.

26 Insurance

The main insurance coverage obtained by the Company and its Subsidiary CEMAR are described below:

Equatorial's Insurance

Risks	Terms	Amount insured (R$ 000)	Premium (R$ 000)
Civil Responsibility - D&O	08/07/2009	10,000	50
Equatorial's head office - RJ	20/05/2009	2,789	1.9

CEMAR's Insurance

Risks	Terms	Amount insured (R$ 000)	Premium (R$ 000)
Risks named - Substations and inventories	01/01/2009	105,701	160
General civil liability - Operations	01/01/2009	7,000	227
Vehicles (a)	From 01/02/08 to 01/02/09	(b)	70

(a) The company has one vehicle insurance policies. We detailed above the period covered by this policies.

(b) 73 Vehicles - Market value

The Company and its Subsidiary have the practice of taking out insurance coverage for the assets subject to risk at amounts considered sufficient to cover any incidents, considering the nature of its activity. The Company's and its Subsidiary's insurance contracts are made in accordance with the risk management and insurance fundamentals generally employed by power distribution companies.

The indirect subsidiary, Light SESA, at September 30, 2008, had insurance coverage for its main assets, which included:

- Insurance against Operational Risks - covers material damage to assets caused by fire, explosion, debris, floods, earthquake, breakage to machinery and electrical damage.

- All of the assets from the Light Group are insured against Operational Risks, with "All Risks" coverage, with the exception of the transmission and distribution lines.

- Civil Responsibly for Management and Directors (D&O) - The objective is to protect the executives against losses and damage arising from their activities as advisors, directors and managers of the Company.

- Civil and General Responsibility - for the purpose of paying indemnity in the event the Company has to bear civil responsibility under sentence passed in court or an agreement authorized by the insurance company, regarding reimbursement for involuntary damage, physical damage to individuals and/or material damage caused to third parties and related to pollution, contamination or unexpected leakages.

- Insurance for International Transport - Embarkation of cargo/equipment, Financial Guarantee Insurance - Sale of Energy (6 policies) and Fire insurance - leased real estate.

At September 30, 2008, the insurance coverage contracted by Light SESA, considered sufficient by Management, has been summarized as follows:

	Term			
Risk	**From**	**To**	**Amount insured (US$'000)**	**Premium (US$'000)**
Operating risks (1)	10/31/2007	10/31/2008	1,017.50	626
Directors & Officers (D&O)	08/10/2008	08/10/2009	30.00	123
Civil and General Responsibility	09/25/2008	09/25/2009	10.00	277

(1) This policy was renewed on October 08, 2008, and is effective until October 31, 2009, and the amount insured was altered to US$1,068 thousand and the premium was altered US$524.

Given their nature, the risk assumptions adopted do not comprise the scope of a quarterly information review, and were not therefore reviewed by our independent auditors.

27 Financial Instruments - CVM Instruction 235

a. *General considerations*

The Company’s financial instruments are restricted to Marketable securities, swaps, loans and financing and debentures, with any gains and losses obtained from these operations recorded on an accruals basis.

The purpose of using instruments and derivative operations involving indexers is to protect the results from operations involving the Company’s assets and liabilities.

b. *Market value of financial instruments*

The book value of the financial instruments presented in the balance sheet, when compared to the amounts that could be obtained if they were traded in an active market or, when this data is not available, to the net present value (adjusted using the market interest rate), are substantially similar to their market value.

The valuation of the main financial instruments is as follows:

Assets Marketable securities	The values of these instruments are close to market value due to their short-term maturity.
Liabilities Loans and financing	These credit operations are corrected in Brazil and overseas by the original currencies up to the balance sheet date; the charges are provisioned for based on fixed or floating rates in force as of September 30, 2008, both for the domestic and the international market.

In compliance with CVM Instruction 235/95, the accounting balances and the market values of the financial instruments included in the balance sheet at September 30, 2008 are shown below:

	Consolidated			
	09/30/08		06/30/08	
Description	**Book value**	**Market value**	**Book value**	**Market value**
Assets				
Marketable securities	575,629	575,629	473,612	473,612
Swaps	4,847	4,725	-	-
	580,476	580,354	473,612	473,612
Liabilities				
Loans and financing	996,105	998,176	941,526	941,667
Debentures	518.688	518,688	530,185	530,185
Swaps	1,199	1,187	2,857	2,852
	1,515,992	1,518,051	1,474,568	1,474,704

c. *Risk factors - CVM Instruction 235*

By way of Directive nº 235 dated March 23, 1995 the Brazilian Securities Commission (CVM) established the means for disclosing in notes the risk factors of the Company and its Subsidiary and the market value of the financial instruments, whether recognized or not in the quarterly information.

As a holding company, the Company's main risks are related to the performance of its Subsidiary as detailed below:

- **Credit risk -** The high amounts and ageing of Government receivables constitute a risk to the liquidity and the capital structure of its Subsidiaries. Management monitors outstanding situations and records provisions for the necessary cases in accordance with ANEEL's guidance;

- **Market risk -** Pursuant to the regulations established by Decree Law 5163 dated June 30, 2004, CEMAR will acquire the energy required to serve its market at 100% of the contractual coverage, through the existing contracts (initial contract and 2002 auction) and the regulated environmental auction. Therefore, the configuration of the power market, especially relating to any rise in demand during the period 2005 to 2006, represents a risk for CEMAR. The current context of the amounts receivable deriving from CCEE transactions should also be observed;

- **Interest rate risk -** This risk originates from the possibility of the Company suffering losses due to variations of the interest rates, which increase financial expenses on loans and financing obtained in the market.

  CEMAR has not executed derivative contracts to perform a swap against this risk. However, CEMAR does continuously monitor the market interest rates in order to assess any requirement to use derivatives to protect itself against the risk of variation to these rates. CEMAR considers that the high cost associated with fixed interest rates and the prospects of lower domestic interest rates due to the macroeconomic scenario in Brazil justifies its option for loan operations contracted at floating interest rates.

  The indirect subsidiary Light SESA, has foreign currency financing and borrowings, and uses derivative financial instruments (swap operations) to reduce the risks from foreign exchange variations, which reported a gain of R$2,331 during the 3rd quarter of 2008 (loss of R$5,955 during the period of nine months of 2007). The net value of the swap operations, effective September 30, 2008 is negative, for the amount of R$483 (negative, R$13,971 on September 30, 2007).

- **Risk of early maturity -** CEMAR has loan agreements, financing and debentures with restrictive clauses which in general require the maintenance of economic and financial indexes at certain levels. Noncompliance with these restrictions could result in early maturity of the debt; and

- **Risk of power shortage -** The energy acquired and sold by its Subsidiaries is generated mainly by hydroelectric power plants. A prolonged scarcity of rain could reduce the volume of water in the power plant reservoirs thereby resulting in losses due to the increased cost of acquiring energy or falling revenue due to the adoption of a new rationing Program. Due to the current level of the reservoirs, the National Electricity System Operator - ONS has not forecast a new rationing Program for the upcoming years.

d. Derivative instruments

As reported above, for the indirect subsidiary Light SESA, the only derivative instrument used is the foreign exchange swap without cash, with its notional value aligned to the hedging policy approved by the management board, and which seeks to protect the foreign currency debt service falling due over the next 24 months.

Of the total debt with third parties, including swaps, approximately R$37 MM (7.12%), refers to the foreign currency debt.

As reported in the Relevant Fact published on August 13, 2008, management from Equatorial authorized, on the same date, the Company to agree swap contracts with Banco UBS-Pactual, for the total maximum value of R$50 million.

These swaps consist of exchanging the results from future financial flows between Equatorial and Banco UBS-Pactual, according to the following parameters, to be applied to the notional value of each contract:

- **For Equatorial:** Parameter = 0.995 + (final quotation EQTL3/initial quotation EQTL3)

- **For UBS:**

  - **Hypothesis 1**: final quotation EQTL3 > initial quotation EQTL3 corrected by the CDI (from the initial date until the maturity date of the swap).
    Parameter = 1 + % that refers to the Bank's performance rate * (final quotation EQTL3/initial quotation EQTL3 corrected by the CDI, from the initial date until the maturity date of the swap).

- **Hypothesis 2:** final quotation EQTL3 <= initial quotation EQTL3 corrected by the CDI (from the initial date until the maturity date of the swap).
  Parameter = 1

- **Where:**
  - EQTL3: ordinary share in Equatorial Energia S.A.
  - Final quotation EQTL3 = arithmetic average price of EQTL3, published by BOVESPA, during the 5 business days immediately prior to the maturity date of the swap.
  - Initial quotation EQTL3 = average quotation on the initial date of the swap contract.
  - CDI = average daily rate of inter bank deposits (DI) for one day "over extra group", expressed as an annual percentage rate, base 252 business days, calculated and published by CETIP.

In order to better understand the operation, it can be interpreted that Equatorial, upon agreeing these swap contracts, then holds an asset tracked to the variation in the price of its shares and a liability tracked to the variation in the CDI plus a performance rate for the counterparty, when the share variation exceeds the CDI variation, during the period of the swap contract.

This operation does not involve the purchase or sale of shares in Equatorial by the Company. The contract only provides for the exchange of financial flows between the Company and Banco UBS-Pactual. There are no margins calls associated with this operation.

At September 30, 2008, the Company had 7 swap contracts in force, resulting in a total notional value of R$5.0 million. All of the contracts agreed are valid for a period of one year.

Initial date	**Notional value (R$ 000)**	**Initial quotation (R$/stock)**	**Maturity**
08/29/08	991	14.51	31/08/09
09/01/08	1,409	14.53	01/09/09
09/03/08	422	14.53	03/09/09
09/04/08	577	14.49	04/09/09
09/12/08	800	12.51	15/09/09
09/16/08	551	12.22	17/09/09
09/17/08	274	11.75	18/09/09
Total	5,024		

Based on the parameter calculations presented above, and given the fall in the price of the Company's shares, which closed 3T08 quoted at R$11.50, Equatorial registered a loss of R$894 thousand to financial results, from this operation. This amount corresponds to the difference between the asset and liability recorded by Equatorial at September 30, 2008.

As a result of the impact of the international crisis on the capitals market and the consequent expressive fall in the quotations for assets listed with the BOVESPA, the Company decided to interrupt the execution of these operations, with the last contract agreed on September 17, 2008.

28 Subsequent events

a. New investments - GERANORTE

On September 24, 2008, Equatorial, through a Communication to the Market, stated that it had concluded the process to acquire 25% of the shares representing the capital in the company Geradora de Energia do Norte S.A. ("Geranorte"), the company responsible for implementing and operating the thermoelectric plants in Tocantinópolis and Nova Olinda, in the State of Maranhão, with installed capacity of 330 MW, which was formalized on October 01, 2008.

The consortium that controls Geranorte consists of Equatorial (25%), Fundo de Investimentos em Participações Brasil Energia (25%) and GNP S.A. (50%). The control of Geranorte will be shared and governed through a shareholders' agreement.

During the Auction A-3, held in July 2007, a total of 240 MW were sold (120 MW from each plant), guaranteeing annual fixed income of approximately R$136.2 million (approximately R$68.1 million for each plant) for the base date July 2007 and corrected by the IPCA from then on.

The plants are being constructed by the Finish group Wärtsilä, under the EPC system (Engineering Procurement Construction) and should be commercially operational in January 2010.

The total value of the project is approximately R$500 million and the investment interest held by Equatorial (25%), corresponds to approximately R$125 million. The Company invested R$45 million, using its own funds and the balance will be financed through loans. Geranorte is making every effort to obtain financing lines from financial institutions such as Banco do Nordeste do Brasil S.A. (BNB), Superintendência do Desenvolvimento da Amazônia (SUDAM – Superintendence for Developing the Amazon) and Banco Nacional de Desenvolvimento Econômico e Social (BNDES – National Bank for Economic and Social Development).

The contract with Wärtsilä, which is being paid in Euros, corresponds to approximately 80% of the total value of the project. When the contract was agreed (August 2008), the Company opted not to contract hedge operations for these payments, given that, at the time, a significant devaluation of the Brazilian real, within the short term, was not anticipated.

However, with the change in the economic scenario caused by the international financial crisis and the recent fluctuations in the exchange rates, the Company is evaluating alternatives to mitigate the foreign exchange risk.

It is worth noting that the timetable for paying the remaining foreign currency balance starts only as from the end of February 2009, and extends until the plants become operational in January 2010. Payments are not concentrated in one specific month.

b. Creation of Program for American Depositary Receipts (ADRs) Level 1

As disclosed in the Relevant Fact published on November 07, 2008, Equatorial presented to the Securities Commission – CVM and the U.S. Securities and Exchange Commission – SEC, a request to register a Depositary Receipts Sponsored Program Level 1, to negotiate shares on the America market that are tracked to ordinary shares issued by the Company, as determined in the Company's management board meeting held on October 08, 2008.

Citibank N.A. ("Citibank") will be the depositary institution for the ADR in the USA. The certificates will initially be issued at the rate of 1 (one) Depositary Share for 1 (one) ordinary share.

The ADRs can be negotiated on the North American over the counter exchange, as soon as the program has been approved by the CVM and SEC.

This operation does not represent an increase in capital or the issue of new shares in the Company.

c. 3rd Share Option Plan

The Extraordinary General Meeting (EGM) of October 16, 2008, approved the creation of Equatorial's third option plan. The share subscription options to be offered under the terms of the Plan will represent a maximum of 4,000 thousand shares in Equatorial. Once the options have been exercised by the interested parties, these shares will be issued by means of a capital increase in the Company, within the limits of the authorized capital provided in the Statutes. Further details on the Plan are available in the minutes of the EGM, which approved this plan, available on the Company's site and the CVM site.

d. Tariff review in the indirect subsidiary Light Serviços de Eletricidade S/A

During the public meeting held on November 04, 2008, ANEEL established the structural tariff repositioning for Light Serviços de Eletricidade S/A at 1.96%, which will become effective on November 07, 2008. After taking into consideration the additional financial charges of 2.3%, the impact on the tariff is 4.27%. As a result of removing a financial component from the tariff base of -0.41%, which had been added to the 2007 annual adjustment, the average effect on the tariff for consumers corresponds to 4.70%.

With respect to the additional financial charges, it is worth noting that ANEEL granted the administrative appeal filed by Light for the 2007 adjustment. Under this appeal, the company requested that the CVA Energy be recalculated for the period 2005 and 2006. The impact of this decision was R$76.8 million, representing an additional tariff of 1.48%, effective for 12 months.

The following table presents the results of the tariff adjustment for Light.

Tariff adjustment	
1. Income confirmed	R$ 1,275,710
2. Income required (Part A + Part B)	R$ 1,305,557
Part A	R$ 882,962
Part B	R$ 422,595
3. Other Income	R$ 4,805
4. Net income required (2 - 3)	R$ 1,300,752
5. Tariff adjustment [(4 - 1)/1]	**1.96%**
6. Financial components	R$ 29,797
7. Tariff adjustment with financial effects (5 + 6/4)	**4.27%**

In addition, ANEEL fixed the component Xe of Factor X, to be applied as a reduction, in real terms, from Part B to subsequent adjustments, from 2009 to 2012, at 0%.

It should be noted that the tariff adjustment and the value of component Xe are provisionary. The definitive amounts will be established after concluding the improvements proposed to the tariff review methodology, which is the object of Public Hearing 052/2007.

e. *Proposed dividends – Light S/A*

On November 07, 2008, the Management Board from the indirect subsidiary Light approved the dividends declared, for the amount of R$316,097 million, with respect to the profits retained in the balance sheet at December 31, 2007

f. *Register of ADR's Program*

On October 10, 2008, the indirect subsidiary Light presented to the CVM a request to register the Depositary Receipts Sponsored Program Level 1 for negotiating the Company's shares on the American stock exchange. Banco Bradesco acts as the custodian institution for the shares issued by the Company in Brazil and Citibank is the depositary institution in the United States of America, and is responsible for issuing the respective certificates, at the rate of 1 (one) Depositary Share for every 1 (one) ordinary share.

g. *Share conversion*

On October 03, and November 07, 2008, the conversion was approved of 498 bonuses, from the debenture subscription from the 4th debenture issue in the indirect subsidiary Light SESA, into 46,942 shares issued by Light S.A. The total number of shares issued increased from 203,462,739 to 203,933,778 ordinary shares with no par value, and capital increased from R$2,220,355 to R$2,225,819.

h. *Liberation of CEMAR financing*

On October 30, 2008, CEMAR received the third part of the financing contracted from Unibanco – União de Bancos Brasileiros S.A., tracked to funds originating from the transfer by Banco Nacional de Desenvolvimento Econômico e Social – BNDES, for the amount of R$20,000. The cost of this financing is TJLP + 3.6% per year. The total period for the financing is five years and three months, with a grace period of 15 months, and amortization over 48 months. These funds are guaranteed by income from CEMAR and a surety guarantee from Equatorial Energia S.A., and are allocated to finance investments to combat electricity sales losses, connecting new consumers and up dating the Company's technology.

29 Adhesion to the new market

Equatorial Energia transferred from Level 2 of BOVESPA corporate governance to the New Market on April 23, 2008, given the adherence to best corporate governance practices and demonstrating its commitment to transparency towards its investors and shareholders.

30 Statements of cash flows

	Parent Company		**Consolidated**	
	09/30/2008	**09/30/2007**	**09/30/2008**	**09/30/2007**
Cash flows from operating activities				
Net income	61,739	39,898	61,702	39,966
Adjustments to reconcile net income to net cash provided by (used in) operating activities:				
Depreciation and amortization	38	-	41,780	16,840
Monetary variation	-	-	-	2,157
CVA	-	-	-	4,123
Credits from income tax and social	-	-	-	15,051
Minority interest	-	-	-	18,080
Amortization of goodwill	(1,113)	383	(47)	383
Others	-	-	-	787
	(1,075)	**383**	**41,733**	**57,421**
Changes in assets and liabilities	-	-		
Increase in accounts receivable	-	-	(48,125)	(29,642)
Increase (decrease) in inventories	-	-	(1,792)	618
Increase (decrease) in recoverable taxes	(204)	(47)	(7,930)	(3,949)
Increase (decrease) in other accounts receivable	(4,087)	28	(3,908)	(15,066)
Increase (decrease) in supplies	(22)	-	22,329	19,775
Increase (decrease) in taxes payable	719	1,013	30,004	23,325
Increase (decrease) in other accounts payable and provisions	917	267	64,916	3,056
	(2,677)	**1,261**	**55,494**	**(1,883)**
Net cash provided by operating activities	**57,987**	**41,542**	**158,929**	**95,504**

	Parent Company		Consolidated	
	09/30/2008	**09/30/2007**	**09/30/2008**	**09/30/2007**
Cash flows from investment activities				
Purchases of property, plant and equipment	(84)	-	(233,948)	(98,075)
Investments	(62,307)	-	82	-
Goodwill and negative goodwill	2,225	-	1,159	-
Deferred charges	39	-	641	-
Intangibles	-	-	67,927	-
Others		(37,080)	-	3,207
Net cash used in investment activities	**(60,127)**	**(37,080)**	**(164,139)**	**(94,868)**
Cash flows from financing activities				
Capital integralization	-	-	-	-
Profit reserve - subsidy	-	-	-	-
Dividends paid	-	-	-	-
Loans Payment	-	-	47,033	26,033
Subsidy	-	-	55,265	4,348
Net cash provided by (used in) financing activities	-	-	102,298	30,381
Net cash in the period	**(2,140)**	**4,462**	**97,088**	**31,017**
Increase in cash and cash equivalents				
At beginning of year	187,637	191,111	494,732	362,968
At end of year	185,497	195,573	591,820	393,985
Increase (decrease) in cash and cash equivalents	**(2,140)**	**4,462**	**97,088**	**31,017**

Equatorial Energia S.A.

(Publicly-held Company)

Composition of the Management Board

Gilberto Sayão da Silva
Alessandro Monteiro Morgado Horta
Firmino Ferreira Sampaio Neto
Ana Marta Horta Veloso
Paulo Jerônimo Bandeira de Mello Pedrosa
Darlan Dórea Santos
Alexandre Gonçalves Silva

Board of Directors

Carlos Augusto Leone Piani - President
Leonardo Duarte Dias - Finance Directors and Investor Relationship
Patricia Pugas de Azevedo Lima - Director
Tinn Freire Amado - Director

Geovane Ximenes de Lira
Accountant PE-012996-O-S