Equatorial Energia S.A.

Independent Auditors' Report on Special Review of the Quarterly Information (ITR)

Quarter ended March 31, 2008

Equatorial Energia S.A.

(Publicly-held Company)

Notes to the quarterly information

Period ended March 31, 2008 and year ended December 31, 2007

Content

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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 March 31, 2008, comprising the consolidated balance sheets and the statements of income, of the cash flow , the performance 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, Resolution no. 536 of ANEEL, of August 21, 2007, the tariffs of electricity supply of its subsidiary CEMAR were readjusted in 8.08%, which included in the annual tariff readjustment of CEMAR a provisional financial component in the amount of R$ 305 thousand to cover the financial impacts deriving from the implementation of the program “Electricity for All”. CEMAR filed an appeal with ANEEL related to the tariff readjustment to be applied to the tariffs of electricity supply and use of the distribution systems, during the period from August 28, 2007 to August 27, 2008, requesting the recognition of the non-amortized balance of all the financial components granted in the annual tariff readjustment performed in August 2006 in the amount of R$ 2,964 thousand and that were not incorporated in the tariffs included in Resolution no. 536, of August 21, 2007. CEMAR has not been performing the write-off of the related financial components as it is waiting for ANEEL’s decision.

5. As described in Note 10a of the Subsidiary - CEMAR, the subsidiary considered a credit of regulatory asset in the amount of R$ 11,574 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.

6. As mentioned in note 2, on December 28, 2007, the Law 11,638 was enacted, which became effective on January 1, 2008. This Law amended, revoked and introduced new provisions to Law 6,404/76 (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 11,638/07 in the preparation of the Quarterly Information - ITR. Therefore, the accounting information contained in the ITR for the quarter ended March 31, 2008, was prepared pursuant to specific CVM instructions and does not cover all modifications in the accounting practices introduced by Law 11,638/07.The information related to previous periods, presented for comparison purposes, were adjusted to include the changes of accounts practices introduced in 2008.

May 2nd, 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

March 31, 2008 and December 31, 2007

(In thousands of Reais)

	Note	Parent Company		Consolidated	
Assets		**1T08**	**31/12/07**	**1T08**	**31/12/07**
Current assets		340,326	315,230	1,661,245	825,397
Cash and cash equivalents	5	362	139	21,413	69,652
Marketable securities	5	221,203	195,999	631,396	402,525
Consumers and resellers	6	-	-	781,554	265,685
Low income consumers	7	-	-	13,104	19,457
Services requested	11	-	-	22,459	4,063
Allowance for doubtful accounts	6	-	-	(208,445)	(23,878)
Recoverable taxes	8	6,962	7,280	124,705	61,165
Deferred income tax and social contributions	9	-	-	87,509	10,260
Inventories		-	-	7,623	4,332
Prepaid expenses	10	16	40	160,559	10,945
Dividends receivable from subsidiary		111,772	111,772	-	-
Other accounts receivable	11	11	-	19,368	1,191
Non-current assets		882,364	564,520	2,991,971	1,499,678
Long-term assets		-	-	792,892	390,648
Consumers and resellers	6	-	-	96,340	22,333
Recoverable taxes	8	-	-	90,397	62,727
Deferred income tax and social contributions	9	-	-	495,830	216,546
Disposal of goods and rights	11	-	-	163	-
Prepaid expenses	10	-	-	58,047	89,042
Judicial deposits		-	-	27,988	-
Other accounts receivable	11	-	-	24,127	-
Permanent assets		882,364	564,520	2,199,079	1,109,030
Investments	12	645,526	327,298	3,508	221
Intangible		236,110	237,222	236,110	237,222
Deffered assets		728	-	16,191	-
Property, plant and equipment	13	-	-	2,514,997	1,401,805
(-) Obligations related to the concession	13	-	-	(571,727)	(530,218)
		1,222,690	879,750	4,653,216	2,325,075
Liabilities and Shareholder's equity					
Current liabilities		150,282	152,934	885,315	584,984
Accounts payable to suppliers	14	-	-	235,430	172,153
Payroll		19	45	1,000	577
Payroll charges		1,002	1,803	23,517	17,150
Financial charges	15	-	-	19,991	6,756
Debentures	16	-	-	18,582	9,637
Loans and financing	15	-	-	65,028	24,280
Regulatory taxes	17	-	-	32,784	3,020
Taxes payable	18	372	1,889	123,443	82,740
Dividends proposed		148,719	148,719	209,538	209,541
Provision for contingencies	19	-	-	5,165	11,958
Public lighting tariff		-	-	19,986	10,781
Researches and development and Energy Efficiency Program		-	-	60,703	18,282
Other accounts payable		170	478	70,148	18,109
Non-current liabilities		-	-	2,084,644	835,547
Long-Term liabilities					
Debentures	16		-	506,906	267,300
Loans and financing	15		-	807,654	476,280
Employees pension found	24		-	207,325	-
Taxes payable	18		-	134,180	60,783
Provision for contingencies	19		-	364,887	31,184
Other accounts payable				63,692	-
Deffered income				85,097	-
Minority interest		-	-	525,752	177,728
Shareholders' equity	20	1,072,408	726,816	1,072,408	726,816
Capital		987,029	713,217	987,029	713,217
Profit reserves		13,599	13,599	13,599	13,599
Net income		71,780	-	71,780	-
		1,222,690	879,750	4,653,216	2,325,075

See the accompanying notes to the financial statements.

Equatorial Energia S.A.

Publicly-held Company

Statements of income

Periods ended on March 31, 2008 and 2007

(In thousands of Reais)

	Note	Parent Company		Consolidated	
		1T08	1T07	1T08	1T07
Revenues		-	-	828,739	276,559
Energy electric sales		-	-	760,611	272,246
Energy electric supply		-	-	27,743	510
Emergency capacity charges		-	-	(44)	153
Other revenues		-	-	40,429	3,650
Deductions		-	-	(268,246)	(81,430)
Value-Added Tax - ICMS on electricity sales		-	-	(172,578)	(42,274)
Social contribution on billings – COFINS and Social Integration Program – PIS		-	-	(54,891)	(25,726)
Consumer charges				(40,359)	(13,081)
Services Tax – ISS		-	-	(137)	(196)
Emergency capacity charges		-	-	(1)	(153)
Others				(280)	-
Net revenues		-	-	560,493	195,129
Cost of sales and/or services rendered	23	-	-	(354,716)	(96,175)
Cost of electric energy		-	-	(288,243)	(76,238)
Electric energy purchased for resale		-	-	(250,753)	(63,287)
Charge for the transmission and distribution system use		-	-	(37,490)	(12,951)
Operating cost		-	-	(66,471)	(19,937)
Personal		-	-	(12,913)	(2,620)
Material		-	-	(2,126)	(911)
Third party service		-	-	(13,366)	(4,511)
Depreciation and amortization		-	-	(36,791)	(11,439)
Leasing and rent		-	-	(16)	(142)
Others		-	-	(1,259)	(314)
Cost from third party service		-	-	(2)	-
Personal		-	-	-	
Material		-	-	(1)	
Third party service		-	-	(1)	
Depreciation and amortization		-	-	-	-
Leasing and rent		-	-	-	-
Others		-	-	-	-
Gross profit		-	-	205,777	98,954
Operating expenses	23	(1,949)	(1,956)	(80,076)	(34,772)
Selling expenses		-	-	(15,357)	(9,782)
General and administrative expenses		(769)	(838)	(28,505)	(10,104)
Management remuneration	23	(1,180)	(1,118)	(1,532)	(2,244)
Allowance for doubtful accounts and credit losses		-	-	(25,406)	(7,653)
Provision (reversal) for contingencies		-	-	(5,751)	(2,319)
Depreciation and amortization		-	-	(2,619)	(1,379)
Others operating expenses		-	-	(906)	(1,291)
Service operating result		(1,949)	(1,956)	125,701	64,182
Financial income (expenses)	23	4,051	7,277	(20,139)	(769)
Financial income		4,052	7,289	34,992	19,904
Fine charged on electric energy sale		-	-	785	1,156
Debt charges		-	-	-	-
Monetary and foreign exchange variation		-	-	(522)	(414)
Interest on loans and financing		-	-	(23,287)	(17,822)
Commission		-	-		-
Interest on shareholders' equity					
Others		(1)	(12)	(32,107)	(3,593)
Equity in income		67,851	26,852	18,510	(1,281)
Equity in income from subsidiary		68,964	28,133	18,463	-
Goodwill amortization		(1,113)	(1,281)	47	(1,281)
Operating income		69,953	32,173	124,072	62,132
Non-operating result		2,172	(69)	6,289	644
Non-operating income		2,323	-	6,574	4,195
Non-operating charges		(151)	(69)	(285)	(3,551)
Income before income tax and social contribution		72,125	32,104	130,361	62,776
Provision of income tax and social contribution tax		(345)	(1,260)	(30,330)	(18,429)
Social contribution tax		(93)	(335)	(2,844)	(4,505)
Income tax		(252)	(925)	(19,400)	(4,839)
Deferred income before income tax and social contribution		-	-	(8,086)	(9,085)
Minority interest		-	-	(28,251)	(13,503)
Reversal of interest in own capital			-		
Net income for the year		71,780	30,844	71,780	30,844
Income per share		0.23	0.16	0.23	0.16
Number of shares		316,719,790	196,675,177	316,719,790	196,675,177

See the accompanying notes to the financial statements.

Equatorial Energia S.A.

Publicly-held Company

Statements of changes in shareholders' equity

March 31, 2008 and December 31, 2007

(In thousands of Reais)

	Capital	Capital reserves	Profit reserves: Legal	Profit reserves: Unrealized	Retained earnings/ (accumulated losses)	Advance for future capital increase	Total
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 year	-	-	-	-	71,780	-	71,780
Balances at December 31, 2008	987,029	-	13,599	-	71,780	-	1,072,407

See the accompanying notes to the financial statements.

Equatorial Energia S.A.

Publicly-held Company

Statements of cash flows

Periods ended on March 31, 2008 and 2007

(In thousands of Reais)

	Parent Company		Consolidated	
	3/31/2008	**3/31/2007**	**3/31/2008**	**3/31/2007**
Cash flows from operating activities				
Net income	71,780	30,844	71,780	30,844
Adjustments to reconcile net income to net cash provided by (used in) operating activities:				
Depreciation and amortization	-	-	39,410	12,818
Monetary variation	-	-	-	4,305
CVA	-	-	-	2,144
Credits from income tax and social	-	-	-	9,085
Minority interest	-	-	-	13,504
Amortization of goodwill	1,113	1,281	(47)	1,281
Others	-	-	-	9,065
	1,113	1,281	39,363	52,202
Changes in assets and liabilities				
Increase in accounts receivable	(11)	-	(441,260)	(8,186)
Increase (decrease) in inventories	-	-	(3,291)	2,773
Increase (decrease) in recoverable taxes	318	(1,206)	(91,210)	(12,829)
Increase (decrease) in other accounts receivable	23	19	(521,701)	1,096
Increase (decrease) in supplies	-	-	63,277	(53,998)
Increase (decrease) in taxes payable	(1,517)	880	114,099	3,475
Increase (decrease) in other accounts payable and provisions	(1,134)	196	1,171,267	(5,153)
	(2,321)	(111)	291,181	(72,822)
Net cash provided by operating activities	70,572	32,014	402,324	10,224
Cash flows from investment activities				
Purchases of property, plant and equipment	-	-	(1,086,558)	-
Investments	(318,228)	-	(3,287)	-
Goodwill and negative goodwill	-	-	1,159	-
Deffered charges	(729)	-	(16,191)	-
Intangibles	-	-	(66,044)	-
Others	-	(28,064)	-	(66,736)
Net cash used in investment activities	(318,957)	(28,064)	(1,170,921)	(66,736)
Cash flows from financing activities				
Capital integralization	273,812	-	273,812	-
Profit reserve - subsidy	-	-	-	-
Dividends paid	-	-	-	-
Loans Payment	-	-	633,908	298,434
Subsidy	-	-	41,509	(2,585)
Net cash provided by (used in) financing activities	273,812	-	949,229	295,849
Net cash in the period	25,427	3,950	180,632	239,337
Increase in cash and cash equivalents				
At beginning of year	196,138	186,333	472,177	385,777
At end of year	221,565	190,283	652,809	625,114
Increase in cash and cash equivalents	25,427	3,950	180,632	239,337

See the accompanying notes to the financial statements.

Equatorial Energia S.A.

(Publicly-held Company)

Notes to the quarterly information

Period ended March 31, 2008 and year ended December 31, 2007

(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 Subsidiaries 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”) via RME - Rio Minas Energia Participações S/A (“RME”), 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. It will also create value through the exchange of best investment management practices, benefiting Equatorial and, consequently, its shareholders

On March 31, 2008, the Company held an investment interest of 65.22% (64.81% at December 31, 2007) 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 March 31, 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), 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 3.8 million clients, the sales of energy by Light represent more than 70% of all of the energy consumed in the state of Rio de Janeiro.

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

2 Presentation of quarterly information

The individual and consolidated quarterly information was 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 No. 11,638 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 Financial Statements.

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;

- 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 Normative Instruction 469, issued on May 02, 2008, the effects of which are demonstrated in note 28. 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 Subsidiaries, 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 Subsidiaries 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 Other, 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 consumers*

  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 Subsidiaries, valued using the equity method.

- *Intangible assets*

  Represented by the goodwill recorded on the purchase of the Subsidiary CEMAR, 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 nº 13c).

In the subsidiary Light, the balances of special liabilities coming from Reversal Reserve recorded until 1971 and was applied, until that date, in Public service of electrical energy expansion, as of the contributions received from many consumers for possibility the enterprises necessary to attend 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 Subsidiaries'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 Subsidiaries 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 plan sponsored by CEMAR are recorded on an accrual basis and in accordance with CVM Instruction 371/00. 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

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 65.22% 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

- As provided in CVM notification 01/2007, the tax incentive granted to the Subsidiary CEMAR by the Agency for Development in the Northeast - ADENE, the current Superintendence for Development in the Northeast - SUDENE, (see Note 9), recognized by CEMAR as a capital reserve, was considered in the consolidated financial statements to the results for the years, reducing income tax by R$6,367 (corresponding to Equatorial's share in the capital reserve established by this Subsidiary CEMAR);

(In thousand of Reais, unless when specified)

- 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.

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 available for use in the operations of the Company and its Subsidiaries. The investments include the fund FIQ-Araçagy, at the consolidated amount of R$364,543 (R$368,348 on December 31, 2007), of which R$194,903 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:	**31/03/2008**	**31/12/2007**	**31/03/2008**	**31/12/2007**
Cash and banks	362	139	21,413	69,652
Marketable securities	221,203	195,999	631,396	402,525
Total	221,565	196,138	652,809	472,177

(In thousand of Reais, unless when specified)

b. Composition of marketable securities:

			Parent Company		Consolidated	
Investment type	**Index**	**Maturity**	**31/03/2008**	**31/12/2007**	**31/03/2008**	**31/12/2007**
Overnight (Indirect Subsidiaries LIR e LOI)	-	Daily	-	-	198	-
CDB	CDI	Daily	-	-	105,352	681
Investment funds	-	-	221,203	195,999	516,360	374,821
LFT	-	-	-	-	6,884	27,023
Other	CDI	Daily	-	-	2,602	-
Total			221,203	195,999	631,396	402,525

6 Consumers and reseller

	Consolidated	
	31/03/2008	**31/12/2007**
Current		
Billed power supply	567,233	188,311
Unbilled power supply	92,225	24,818
Installment payment of debts	78,918	34,474
	738,376	247,603
Sales within the CCEE ambit	1,105	197
Supply and charges for the use of the electricity network	11,416	11
Credits recoverable on the tariff	12,325	-
PERCEE	113	113
Concessionaries	265	250
Services rendered	955	1,075
Checks in collection	1,373	1,021
Other	15,626	15,415
	43,178	18,082

(In thousand of Reais, unless when specified)

	Consolidated	
	31/03/2008	31/12/2007
	781,554	265,685
(-) Allowance for doubtful debts	(208,445)	(23,878)
	573,109	241,807

	Consolidated	
	31/03/2008	31/12/2007
Non-current		
Sales within the CCEE ambit	82,747	8,010
Installment payment of debts	13,593	14,323
Checks in collection	3,638	3,638
	99,978	25,971
(-) Allowance for doubtful debts	(3,638)	(3,638)
	(3,638)	(3,638)
	96,340	22,333

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.

(In thousand of Reais, unless when specified)

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 Other - 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:

Consolidated	**31/03/2008**			
	Undue	**90 days or less**	**Over 90 days**	**Total**
Residential	84,373	76,717	150,164	311,254
Industrial	16,449	12,306	52,463	81,218
Commercial	52,602	23,123	41,580	117,305
Rural	2,567	3,121	2,786	8,473
Public Power	21,294	15,871	23,798	60,963
Public lighting fee	7,411	2,833	9,046	19,290
Public service	80,420	1,798	3,088	85,305
Billed power supply and Installment payment (current and non current)	265,116	135,769	282,925	683,810

(In thousand of Reais, unless when specified)

Consolidated	**31/12/2007**			
	Undue	**90 days or less**	**Over 90 days**	**Total**
Residential	49,834	28,503	7,401	85,738
Industrial	12,860	8,647	3,912	25,419
Commercial	24,509	9,661	3,962	38,132
Rural	4,004	2,839	2,302	9,145
Public Power	5,958	6,685	1,741	14,384
Public lighting fee	4,319	1,083	321	5,723
Public service	5,959	2,226	1,585	9,770
Billed power supply and Installment payment (current and non current)	107,443	59,644	21,224	188,311

For the indirect jointly held Subsidiary Light S.E.S.A, the period for billing RTE ended in February 2008, and as a result, the company recognized losses for the amount of R$75,862 (R$70,409 to 31/12/2007). Light SESA has claims, both in the ANEEL ambit and legally, aimed at obtaining reimbursement for the losses incurred during the PERCEE.

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 March 31, 2008 the operations undertaken within the CCEE ambit create the right to a credit for the amount of R$9,115 (R$8,207 at December 31, 2007).

(In thousand of Reais, unless when specified)

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. 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 costumers

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 March 31, 2008 R$13,104 (R$19,457 as of December 31, 2007) 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**	
	31/03/2008	**31/12/2007**	**31/03/2008**	**31/12/2007**
Current				
Recoverable income tax and social contribution (d)	-	-	20,572	-
IRRF (withholding tax)	2,972	2,822	9,044	5,311
ICMS (b) - VAT	-	-	49,486	25,563
PIS (Social Integration Program) and COFINS (Social Contribution on Revenues) (c)	-	-	6,337	-
Prepaid income tax and social contribution (a)	3,860	3,641	32,376	25,234
Recoverable income tax	130	817	3,180	1,907
Other	-	-	3,711	3,150
Total	6,962	7,280	124,705	61,165

(In thousand of Reais, unless when specified)

	Parent Company		Consolidated	
	31/03/2008	31/12/2007	31/03/2008	31/12/2007
Non-current				
	-	-		-
ICMS (b) - VAT	-	-	65,657	42,472
COFINS (Social Contribution on Revenues)	-	-	20,327	16,642
PIS (Social Integration Program)	-	-	4,413	3,613
Total	-	-	90,397	62,727

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

(b) In the Subsidiary CEMAR, pursuant to Complementary Law 102, July 11, 2000, the Company has recorded ICMS recoverable on the purchase of fixed assets. In the indirect Subsidiary Light SESA, the credits arise from renegotiating the debt with CEDAE.

(c) PIS and COFINS offsettable 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 offsettable included in non-current assets refers to the exclusion of ICMS from the aforementioned calculation bases, in accordance with injunction 2006.37.00.005574-3

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

9 Deferred income tax and social contribution

Based on CVM Instruction 371/2000, CEMAR’s management considered that deferred tax assets arising from tax losses, negative bases and temporary differences 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 CEMAR, 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 realization of the principal.

In RME, 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 RME 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 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 at March 31:

(In thousand of Reais, unless when specified)

a. *Breakdown of the income tax and social contribution credits*

	Parent Company		Consolidated	
	31/03/2008	31/12/2007	31/03/2008	31/12/2007
Assets - Current and non-current				
Negative bases for income tax and social contribution	-	-	424,073	229,999
Allowance for doubtful debts	-	-	90,880	14,360
Provision for profit share	-	-	3,088	-
Provision for labor claims	-	-	14,687	700
Provision for tax contingences	-	-	60,859	179
Provision for civil contingences	-	-	36,008	13,481
Other provisions	-	-	(16,640)	(31,913)
	-	-	612,955	226,806
(-) Provision for recovery			(29,616)	-
Total	-	-	583,339	226,806
Negative bases for income tax and social contribution	-	-	-	-
Total - Consolidated	-	-	583,339	226,806

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	10,893
2009	6,563
2010	11,726
2011	20,578
2012	27,796
2013 to 2016	148,071
Total	225,627

(In thousand of Reais, unless when specified)

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 March 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	74,411
2009	45,586
2010	35,182
2011	55,252
2012	41,691
2013 to 2017	105,590
2018 to 2020	29,616
	387,327
(-) Provision for recovery	(29,616)
Total	357,712

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 as follows:

(In thousand of Reais, unless when specified)

	Parent Company		Consolidated	
	31/03/2008	**31/03/2007**	**31/03/2008**	**31/03/2007**
Profit (Loss) before income and social contribution taxes	72,125	32,104	130,273	62,845
Taxes rates	34%	34%	34%	34%
Income and social contribution taxes calculated at statutory rates	(24,523)	(10,915)	(44,293)	(21,367)
Effects of IR and CSLL on the permanent additions and exclusions	-	-	(592)	(18)
Effect of IR and CSLL on the equity in income of Subsidiaries	24,030	9,115	13,573	2,228
Difference between the calculation bases - IR and CSLL	-	-	(45)	186
Compensation of tax loss - 30% - Not recognized to results	148	540	30	542
Income and social contribution taxes	(345)	(1,260)	(30,330)	(18,429)
Current income and social contribution taxes	(345)	(1,260)	(22,244)	(9,345)
Deferred income and social contribution taxes	-	-	(8,086)	(9,085)
	(345)	(1,260)	(30,330)	(18,429)

(1) Incentive for Accelerated Depreciation

Art. 31 of Law 11,196/2005, regulated by Decree 5,988/2006, 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. 1.211, 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

The value of the tax incentive for income tax reduction is recorded directly to Capital Reserve as part of the Subsidiary CEMAR's shareholders' equity.

The tax incentive was obtained by CEMAR under Incentive Reports nº 289/2005 and nº 323/2005, issued by SUDENE on November 25 and December 21, 2005, respectively, which award CEMAR:

- Report 0289 - a 25% reduction of the income tax due on operations in the state of Maranhão until January 2008, and 12.5% from January 1st, 2009 until December 31, 2013; and

- Report 0323 - a 75% reduction of income tax due on operations in the state of Maranhão until the end of the 2015 calendar year, payable on the amount in excess of the installed capacity in Maranhão state.

  These incentives impose a number of obligations and restrictions that shall be observed by the Subsidiary:

  i. The benefit amount can not be distributed to the shareholders;

  ii. The amount must be recorded as a capital reserve, and capitalized until December 31 of the following year; and

  iii. The amount should be invested in activities directly related to production in the region subject to the tax incentive.

(In thousand of Reais, unless when specified)

10 Prepaid expenses

	Parent Company		Consolidated	
	31/03/2008	**31/12/2007**	**31/03/2008**	**31/12/2007**
Compensation of portion A cost variation **(a)**	-	-	40,002	9,457
Deferred tariff recomposition (RTD) **(b)**	-	-	87,850	89,042
Regulatory asset - PIS/COFINS **(c)**	-	-	1,057	-
General agreement for electricity sector	-	-	80,677	-
Debentures	-	-	2,620	-
Other	16	40	6,400	1,488
Total	16	40	218,606	99,987
Current asset	16	40	160,559	10,945
Non-current asset	-	-	58,047	89,042

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

Pursuant to Inter-ministry Administrative Rule nº 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 number 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$41,021 (R$9,457 on December 31, 2007), R$16,777 (R$3.390 on December 31, 2007) corresponds to amounts granted in the August 2007 tariff adjustment, which have been amortized since then.

(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, 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$ 841 and R$1,405 from the recovery of discounts granted to consumers from the irrigating and aquiculture class (Res. 207/2006) and Financial Adjustment from the Use of the Distribution System for exchange with CEPISA. Also there is the amount of R$4,201, that corresponds the values to reimbursed to CEMAR from the electricity tariffs to final consumers of the Exposition for price differences between sub-markets for the contracts for the purchase of electricity in the regulatory environment (CCEAR).

The other significant amount, for the total of R$11,574, 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.

	Consolidated			
	Asset			
	Current		Non-current	
	31/3/2008	31/12/2007	31/3/2008	31/12/2007
Details - CVA				
Energy Development Account - CDE	3,323	329	164	-
Fuel Consumption Account - CCC	2,521	1,915	-	-
Cost of acquisition electric energy	4,935	418	4,196	-
Charge from System Service - ESS	395	-	3,010	-
Transport of Energy by the Basic Network	834	535	-	-
PROINFA	1,371	1,095	-	-
Excess contracting of energy	288	485	-	-
Involuntary Exposure to PLD	11,574	-	-	-
PIS/COFINS	104	175	-	-
Financial adjustment TUSD	3,275	438	-	-
Financial adjustment CUSD	233	393	-	-
Frontier Adjustment Installment	51	-	-	-
Programa Luz para Todos	230	176	-	-
Other regulatory asset (1)	3,500	3,498	-	-
TOTAL - CVA	32,632	9,457	7,370	-

(b) Deferred Tariff Recomposition - 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 nº 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, ANEEL ratified the tariff adjustment, and passed the first portion of the RTD (R$42,451) through to the tariffs.

In August 2007, ANEEL homologated the tariff adjustment, transferring to the supply tariffs the amount of R$43,527, which referred to the second part for the Deferred Tariff Repositioning.

As of March 31, 2008, CEMAR reported Regulatory Assets of R$87,850 (R$89,042 on December 31, 2007). The amount was recorded as noncurrent assets due to the expected realization period.

(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 10.637/02 and 10.833/03, respectively, altered by Law 10.865/04, repassed in the annual tariff adjustment for 2007, from the indirect Subsidiaries Light SESA, through Ratification Resolution 563, of November 06, 2007, to be amortized by October 2008

(In thousand of Reais, unless when specified)

11 Other accounts receivable

	Parent Company		Consolidated	
	31/03/2008	31/12/2007	31/03/2008	31/12/2007
Current				
Advances to supplies and employees	-	-	4,550	709
Assigned Employees	-	-	331	-
Public Lighting contribution	-	-	5,488	-
Rental of real estate	-	-	556	-
Disposal of goods and rights	-	-	4,605	68
Service orders	-	-	22,459	4,063
Other	11	-	3,838	414
Total	11	-	41,827	5,254
Non-current				
PIS e COFINS - Taxes recoverable (a)	-	-	21,068	-
Goods and rights allocated for sale	-	-	163	-
Other	-	-	3,059	-
Total	-	-	24,290	-

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

The main data about investments in Subsidiaries are as follows:

	Parent Company		Consolidated	
	31/3/2008	31/12/2007	31/3/2008	31/12/2007
Shareholder's equity equivalents:				
CEMAR	365,272	327,298	-	-
RME	280,254	-	-	-
Subtotal	645,526	327,298	-	-
Other	-	-	3,508	221
Subtotal	-	-	3,508	221
Total	645,526	327,298	3,508	221

Equatorial Energia S.A.

(Publicly-held Company)

Notes to the quarterly information

(In thousand of Reais, unless when specified)

Information about Subsidiaries

	CEMAR	RME
31/3/2008		
Interest in capital(%)	65.22%	25.00%
Capital	157,727	177,327
Shareholder’s equity	560,065	280,255
Net income for the period	45,267	14,699
31/12/2007		
Interest (%)	64.81%	-
Capital	157,727	-
Shareholder’s equity	505,026	-
Net income for the year	180,077	-

Changes in investments in Subsidiaries

	CEMAR	RME
Balance on 31/12/2007	327,298	-
Acquisition by incorporation	-	273,670
Equity in the income of Subsidiaries	35,803	33,160
Gain or loss on equity in the income of Subsidiaries	2,171	
Dividends proposed	-	(26,576)
Balance on 31/03/2008	365,272	280,254

Intangible assets information

	Consolidated	
	31/3/2008	31/12/2007
Intangible data		
Goodwill (b)	240,331	241,943
Amortization	(1,112)	(1,612)
	239,219	240,331
Negative Goodwill (c)	(3,109)	(3,109)
	236,110	237,222

(In thousand of Reais, unless when specified)

Transactions with related parties

	Consolidated							
	Assets		Liabilities		Income		Expenses	
Intercompany	**31/03/2008**	**31/12/2007**	**31/03/2008**	**31/12/2007**	**31/03/2008**	**31/03/2007**	**31/03/2008**	**31/03/2007**
CEMAR								
Dividends to receive from CEMAR	111,772	111,772	-	-	-	-	-	-
Mutual agreement	-	-	111	50	-	-	-	-
Commitment to sell electricity from Cemar to Light (net)	-	-	645	807	-	-	1,402	1,430
ELETROBRÁS								
Debts with ELETROBRÁS	-	-	315,231	293,690	-	-	-	-
Charges of debts ELETROBRÁS	-	-	-	-	-	-	5,012	6,240
FASCEMAR								
Debts with FASCEMAR	-	-	28,121	28,041	-	-	-	-
Charges of debts FASCEMAR	-	-	-	-	-	-	1,062	895

13 Property, plant and equipment

	31/3/2008			31/12/2007
Activities	**Cost**	**Accumulated Depreciation**	**Net Value**	**Net Value**
Generation	239,917	(105,208)	134,709	571
Transmission	366,429	(162,892)	203,537	192,299
Distribution	2,775,695	(1,115,947)	1,659,748	798,234
Administration	131,460	(66,382)	65,078	24,519
Selling	104,429	(62,207)	42,222	6,555
In service	3,617,930	(1,512,636)	2,105,294	1,022,178
Generation	32,596	-	32,596	169

(In thousand of Reais, unless when specified)

	31/3/2008			31/12/2007
Activities	**Cost**	**Accumulated Depreciation**	**Net Value**	**Net Value**
Distribution	330,237	-	330,237	341,889
Administration	46,013	-	46,013	35,473
Selling	857	-	857	2,096
In progress	409,703	-	409,703	379,627
Total	4,027,633	(1,512,636)	2,514,997	1,401,805
(-) Obligation related to the concession	(571,727)	-	(571,727)	(530,218)
Net Total	3,455,906	(1,512,636)	1,943,270	871,587

Obligation related to the concession

	Parent Company and Consolidated	
	31/3/2008	**31/12/2007**
Reserve for reversal	25,054	7,570
Consumer contributions	30,908	-
Donations, subsidies and other	438,495	447,814
Government participation	74,833	74,834
Research and Development	2,437	-
Total	517,727	530,518

According to articles 63 and 64 of Decree 41,019, 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 nº 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 March 31,2008 the balance of disposal of goods and rights is R$163 (there wasn’t any balance on December 31, 2007).

(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$260,967, R$38,514, R$5,069 e R$5,969, respectively (R$330,611, R$36,543, R$4,771 and R$7,702 on December 31, 2007, respectively).

In the indirect Subsidiary Light SESA, the fixed assets in progress include inventories of material allocated to projects, and at March 31, 2008, amounted to R$13,074 and a provision for devaluation of inventories was recorded for the amount of R$678.

Of the total materials in storage, the amount of R$25,827 (R$24,831 on December 31, 2007), 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 March 31, 2008 is of R$958 (R$958 on December 31, 2007). 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 nº 44, of March 17, 1999, as amended by ANEEL Resolution nº 473, of March 06, 2006, are as follows:

(In thousand of Reais, unless when specified)

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 nº 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$427,415 until March 31, 2008 (R$446,105 on December 31, 2007), net of taxes. Government participation refers to federal funds received to execute electrical projects linked to the Public Electricity Service.

(In thousand of Reais, unless when specified)

In the indirect Subsidiary Light SESA, the balance for special obligations (R$60,199 at March 31, 2008) arises from the "Reserve for Reversal", constituted until 1971, which, until that date, was applied in expanding the public electricity services, and also the contributions received from various consumers to undertake the enterprises necessary to meet the requests for electricity supplies.

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	
	31/3/2008	**31/12/2007**	**31/3/2008**	**31/12/2007**
Current				
Foreign currency -Itaipú	-	-	19,977	-
UTE Norte Fluminense	-	-	16,157	-
Charges for the use of the electricity network	-	-	17,587	6,566
Sales within the CCEE ambit	-	-	25,769	1,716
Charges of system services	-	-	554	-
Free energy - Compensation of generators (note 04)	-	-	248	242
Energy auctions	-	-	61,214	37,853
Other	-	-	1,744	-
		-	143,250	46,377
Material and services	-	-	92,180	125,776
Total	-	-	235,430	172,153
	Parent Company		**Consolidated**	

	31/3/2008	31/12/2007	31/3/2008	31/12/2007
Non-current				
Free energy - Compensation of generators	-	-	55,516	-
(-) Provision for free energy	-	-	(55,516)	-
Total	-	-	-	-

15 Loans and financing

	31/03/08				31/12/07			
	Current				Current			
	Charges	Principal	Non Current	Total	Charges	Principal	Non Current	Total
Foreign currency								
National treasury (1)	1,910	4,148	40,726	46,784	211	508	10,227	10,946
Financial institutions	49	1,539	1,928	3,516	-	-	-	-
	1,959	5,686	42,654	50,298	211	508	10,227	10,946
Local currency								
ELETROBRÁS (2)	808	38,852	275,571	315,231	4,817	10,595	278,278	293,690
ELETRONORTE (3)	-	-	-	-	-	-	-	-
IFC (4)	1,371	-	135,056	136,427	-	-	-	-
BNB (5)	1,611	9,935	132,877	144,423	-	-	-	-
Financial Institutions (6)	8,591	6,305	197,625	212,521	1,728	9,107	163,804	174,639
	12,381	55,092	741,129	808,602	6,545	19,702	442,082	468,329
Debt to FASCEMAR (7)	-	4,250	23,871	28,121	-	4,070	23,971	28,041
Total	14,340	65,028	807,654	887,022	6,756	24,280	476,280	507,316
Other debts								
Debentures (8)	5,651	18,582	506,906	531,139	-	9,637	267,300	276,937
	5,651	18,582	506,906	531,139	-	9,637	267,300	276,937
Total debt	19,991	83,611	1,314,560	1,418,161	6,756	33,917	743,580	784,253

(In thousand of Reais, unless when specified)

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 March 31, 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					
	31/3/2008			31/12/2007		
	Local currency	**Foreign currency**	**Total**	**Local currency**	**Foreign currency**	**Total**
2008	47,296	6,030	53,325	28,448	699	29,147
2009	12,903	109	13,013	-	-	-
Total short-term	60,199	6,139	66,338	28,448	699	29,147

	Consolidated					
	31/3/2008			31/12/2007		
	Local currency	**Foreign currency**	**Total**	**Local currency**	**Foreign currency**	**Total**
2009	67,172	5,311	72,482	45,043	858	45,901
2010	75,411	3,892	79,303	48,401	404	48,805
2011	76,599	3,396	79,994	63,218	410	63,628
2012	92,092	2,389	94,480	43,867	208	44,075
2013	92,313	1,743	94,057	43,721	377	44,098
after 2013	333,568	25,470	359,041	192,948	7,777	200,725
Total long-term	737,155	42,201	779,356	437,198	10,034	447,232
Total (short and long terms)	797,354	48,340	845,695	465,646	10,733	476,379

(In thousand of Reais, unless when specified)

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

	Consolidated			
	31/3/2008		31/12/2007	
	R$	%	R$	%
USD	47,647	5.6%	10,733	2.3%
Currency basket BNDES	694	0.1%	-	0.0%
Foreign currency (short and long terms)	48,341	5.7%	10,732	2.3%
CDI	274,350	32.4%	27,775	5.8%
TJLP	90,766	10.7%	29,905	6.3%
Other	432,238	51.1%	407,966	85.6%
Local currency (short and long terms)	797,354	94.3%	465,646	97.7%
Total (short and long terms)	845,695	100.0%	476,379	100.0%

d. Statement of debt (without debentures)

Financing	Date of Sign	Currency (Consolidated)	Financial Charges	31/3/2008
TN - Par Bond	29/4/1996	*US$*	6.00%	17,502
TN - Collateralized lending - Par Bond	29/4/1996	*US$*	U$ Treasury	(7,123)
TN - Discount Bond	29/4/1996	*US$*	Libor + 13/16	12,229
TN - Caução - Discount Bond	29/4/1996	*US$*	U$ Treasury	(5,004)
TN - Flirb	29/4/1996	*US$*	Libor + 13/16	670
TN - C. Bond	29/4/1996	*US$*	8.00%	9,081
TN - Debit. Conv.	29/4/1996	*US$*	Libor + 7/8	7,511
TN - New Money	29/4/1996	*US$*	Libor + 7/8	660
TN - Bib	26/4/1996	*US$*	6,0000%	290
BNDES - Importation	27/3/1998	*Umbndes*	Inflation rate + 4%	695
Kfw I - Tranche A	12/8/1999	*US$*	Libor + 0.6%	-
Societe Generale II	20/7/2000	*US$*	Libor + 0.65%	1,675
KFW III , IV, e V - Tranche A/B/C	3/11/2000	*US$*	Libor + 0.65%	1,146
Deutche Bank	29/3/2000	*US$*	Libor + 4.35%	-
J.P. Morgan Tranche A/B/C		*US$*	Libor + 0.65%	-

(In thousand of Reais, unless when specified)

Consolidated

Financing	Date of Sign	Currency	Financial Charges	31/3/2008
TN - Par Bond	15/4/1994	*US$*	US$ + 6% p.y.	4,061
TN - Caução - Par Bond	-			-
TN - Discount Bond	15/4/1994	*US$*	US$ + (Six month libor + 13/16% p.y.)	2,822
TN - Flirb	15/4/1994	*US$*	US$ + (Six month libor + 13/16% p.y.)	69

Consolidated

Financing	Date of Sign	Currency	Financial Charges	31/3/2008
TN - C. Bond	15/4/1994	*US$*	US$ + 8%p.a.	2,308
TN - Debit. Conv.	15/4/1994	*US$*	US$ + (Six month libor/ + 7/8% p.y.)	1,639
TN - New Money	15/4/1994	*US$*	US$ + (Six month libor + 7/8% p.y.)	68
Foreign currency				**50,298**
ELETROBRÁS	Diverse	UFIR	5% p.a.	2,713
BNDES - FINEM	5/11/2007	TJLP	TJLP + 4.3% p.y.	60,910
CCB Bradesco	18/10/2007	CDI	CDI + 0.85%	118,496
BNDES - Rationing	28/8/2002	SELIC	SELIC +1%	-
Itaú Bank- Borrowings repass - Bndes	16/3/1999	TJLP	TJLP + 4% p.y.	-
Unibanco - Borrowings repass - Bndes	16/3/1999	TJLP	TJLP + 4% p.y.	-
Bri Bank - Borrowings repass - Bndes	16/3/1999	TJLP	TJLP + 4% p.y.	-
Bradesco Tranche A	12/7/2005	CDI	CDI + 2%	-
Bradesco Tranche B	12/7/2005	CDI	CDI + 2%	-
Unibanco - Tranche A	12/7/2005	CDI	CDI + 2%	-
Unibanco - Tranche B	12/7/2005	CDI	CDI + 2%	-
Itaú Bank - Tranche A	12/7/2005	CDI	CDI + 2%	-
Itaú - Bank Tranche B	12/7/2005	CDI	CDI + 2%	-
ELETROBRÁS	27/4/2004	RGR, FINEL and IGP-M	Varies	312,518
BNDES - FINEN	10/4/2007	TJLP	TJLP + 4.8%p.y.	28,852
BNB	23/11/2005	FNE	9.78% p.y.	134,737

(In thousand of Reais, unless when specified)

	Consolidated			
Financing	**Date of Sign**	**Currency**	**Financial Charges**	**31/3/2008**
FASCEMAR	20/4/2001	CDI	102%CDI	28,123
FINEP	13/6/2006	TJLP	TJLP + 2% p.y.	1,088
FINAME	20/4/2006	TJLP	TJLP + 9.5% p.y.	328
BNB - New head office	6/12/2007	FNE	9.78% p.y.	4,825
BNB - Hot money	19/12/2007	FNE	(50% * 9.78% p.y.) + (50% * 1.15% monthly)	4,862
IFC	1/2/2008	CDI	90.9% do CDI + 1.5% p.y.	136,427
Local currency				**833,878**
SWAP				**2,846**
Total				**887,022**
Current				**79,369**
Non-current				**807,653**

e. *Universal Rural Power Supply Program:*

By way of Resolution nº 223 dated April 29, 2003, as amended by Resolutions nº 52 dated March 25, 2004 and nº 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$557,640 (R$347,989 until December 31,2006) 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 nº 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 R$234,201.

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, which envisages the supply of electricity to 79,722 consumers. The contract totals R$272,183.

In April 2007, CEMAR also signed with Eletrobrás, contract ECFS nº 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$797,396, not including labor expenses, transportation and management, will be obtained through funds from the Global Reversal Reserve - RGR, which corresponds to an extension of credit in the amount of R$106,373; 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$691,023, as an economic subsidy, in accordance with Law 10,762, dated November 11, 2003.

Since the start of the program CEMAR has received R$122,347 under the ECF-027/2004 agreement, with R$16,316 coming from RGR funds and R$106,031 from CDE funds; and R$244,965 under the ECFS-140/2006 agreement, with R$32,662 from RGR funds and R$212,303 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.

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

Debenture Issue - Indirect Subsidiary Light SESA

Sixth Debenture Issue - interruption of the process of emission

As a result of the worsening in the conditions on the international market, which reflected on the local market, the understanding of management from Light and the coordinators of the debenture issue was that it would not be possible to conclude this issue under the terms initially planned. Thus, on 11/04/2008, Light registered with the CVM a request for the interruption of 60 business days to the period to comply with the requirements made by the CVM to conclude this Offer.

Amendment to the 5th Debenture Issue

Given that the banks coordinating the 6th debenture issue of Light SESA also represented the majority of the debenture holders of the 5th issue, at the same time as the request to interrupt the period for complying with the requirements for the 6th debenture issue, it was negotiated that these banks would agree to approve in the General Meeting of the Debenture holders, to be held during May 2008, the following alterations to the registration of the 5th issue:

I. Alteration to the amortization flow for the principal sum for the debentures

II. Maintenance of the Amortization Premium of 0.25% until January 2009, and definition of an Amortization Premium of 0.20% valid from January 2009 to July 2009.

(In thousand of Reais, unless when specified)

Financing	Date of Sign	Consolidated 31/03/2008 Principal	Charges	31/12/2007 Principal	Charges	Current	Financial Charges
BNDES - Debentures 1st Issuance (RME)	16/2/1998	7,660	183	-	-	TJLP	TJLP + 4% p.a.
BNDES - Debentures 4th Issuance (RME)	30/6/2005	1,401	1	-	-	TJLP	TJLP + 4% p.a.
Debentures 5ª Issuance (RME)	22/1/2007	246,875	5,467	-	-	CDI	CDI + 1.50%
Debentures 3ª Issuance (CEMAR)	21/3/2007	269,552	-	276,937	-	CDI	105.8% CDI
Local currency		525,488	5,651	276,937	-		
Current		18,582	5,651	9,637	-		
Non-current		506,906	-	267,300	-		

17 Regulatory fees

	Consolidated 31/03/2008	31/12/2007
Current		
Quota in Fuel Consumption Account - CCC	5,863	1,777
Energy Development Account - CDE	4,655	-
Quota in Global Reversion Reserve - RGR	2,669	1,045
Capacity and emergency purchase charges	19,399	-
Focalization Fee - ANEEL	198	198
	32,784	3,020

(In thousand of Reais, unless when specified)

18 Taxes payable

	Parent Company		Consolidated	
	31/03/2008	**31/12/2007**	**31/03/2008**	**31/12/2007**
Current				
IRRF - Withholding tax	-	-	8	-
Deferred income and social taxes	-	-	4,725	1,299
ICMS - VAT	-	-	14,867	18,834
PIS/COFINS	-	-	21,935	13,662
PIS/COFINS - PAES installments (Refis II) (a)	-	-	817	-
INSS -PAES installments (Refits II) (a)	-	-	2,001	-
REFIS/PAES (c)	-	-	1,851	1,851
Provision for income and social taxes	345	-	45,938	19,514
IRRF over interest on own capital		1,847	-	1,847
Social charges and other	27	41	28,596	24,931
Other	-	1	2,705	802
Total	372	1,889	123,443	82,740
Non-current				
Deferred income and social taxes	-	-	50,304	44,014
Deferred income and social taxes - capital gains	-	-	547	-
ICMS - VAT	-	-	-	2,777
IRPJ and CSLL - unearned overseas profits (b)	-	-	57,683	-
PIS/COFINS -PAES installments (Refis II) (a)	-	-	3,473	-
REFIS/PAES (c)	-	-	13,072	13,422
INSS - Installment PAES (Refis II) (a)	-	-	8,504	-
Other	-	-	597	570
Total	-	-	134,180	60,783

Tax recovery Program - REFIS/special installments - PAES:

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). 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 March 31, 2008 was R$4,290 (R$4,686 at December 31, 2007).

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. At March 31, 2008, 57 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 March 31, 2008, was R$10,505 (R$10,883 at December 31, 2007).

(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:

(c) 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 2.158-35, of 24.08.2001 (MP 2.158-35), for the period from 1996 to 2001;

(d) 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 2.158-35/01, 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 was for the amount of R$57,683.

In March 2008, the company Light Overseas Investment Limited (LOI) distributed dividends for the amount of U$ 19,621,526.79, equivalent to R$32,709. The dividend distribution is characterized as availability of profits for purposes of IRPJ and CSLL.

Consequently, the amount of R$7,785 was calculated and paid for IRPJ and CSLL, due on the dividend distribution.

a) 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

- Full payment of the consolidated debt installments pursuant to the rule, in addition to the taxes and social contributions overdue as of March 1st, 2003, for which any other means of payments in installations is excluded.

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.

(In thousand of Reais, unless when specified)

19 Provision for contingences

	Consolidated					
	March 31, 2008			December 31, 2007		
Nature of dispute	**Value**	**Judicial deposits**	**Net Provision**	**Value**	**Judicial deposits**	**Net Provision**
Civil and tax	324,152	15,329	308,823	34,949	5,740	29,209
Labor	54,251	14,999	39,252	13,020	8,511	4,509
Regulatory	6,336	-	6,336	9,424	-	9,424
Other	15,641	-	15,641	57,393	14,251	43,142
	400,380	30,328	370,052	114,786	14,251	86,284
Current	15,649	10,484	5,165	20,475	8,517	11,958
Non-current	384,731	19,844	364,887	36,918	5,734	31,184
	400,380	30,328	370,052	57,393	14,251	43,142

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 other, in addition to claims brought by former employees of CEMAR's contractors (joint liability) involving claims for indemnification and other.

In the indirect Subsidiary Light SESA there are 4,010 labor claims in progress (4,228 at 31/12/2007) in which the company figures as the defendant. The main demands under the labor claims involve the following matters: 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.

Light received a notification in December 2007, to respond to the terms of the public civil action (process number 01368-2007-035-01-00-8) filed by the Public Labor Ministry from the 1st Region, the purpose of which is to prevent contracting companies to provide services related to the middle activities and end activities of Light. This claim was judged valid on 04/04/08 and at the moment, judgment is pending of the stay of execution filed by Light, with a request for granting the modifying effect. The chances of success for Light are considered possible, given that the federal legislation that regulates the concession of services for generating and distributing electricity (Law 8987/95), express authorization for undertaking the contracting by the concessionaire companies, and the decisions of the Regional Labor Courts and the Higher Labor Court, in similar cases, ratifies this type of contracting, and these points are aligned with the defense argument presented in the process. Light intends to make use of the appropriate appeals, in order that its understanding of the legality of the procedures adopted by the company for contracting service entities prevails.

Civil and tax

The most representative individual provision corresponds to an “Action for Rendering of Accounts in connection with the Public Lighting Fee - TIP”, brought by the Municipal Government of São Luís against CEMAR, claiming amounts derived from collection and questioning the pass-through and investments made in the city’s public lighting network. CEMAR simultaneously filed a similar lawsuit, the records of which are attached to the court office for a single decision. The official expert has already submitted the accounting report and the parties have issued statements on the documents they submitted, and are awaiting the commencement of the evidentiary stage. A number of appeals are in progress before the Court of Appeal, where an appeal ruled to have grounds gave CEMAR the right to have its accounting assessed by the courts. CEMAR management therefore made a provision of R$19,500 (R$19,500 on December 31, 2007).

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$45,166 and R$12,569, respectively (R$42,847 and R$12,291, respectively, on December 31, 2007) 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 33,883 processes of a civil nature (33,132 in 31/12/2007), of which 8,701 are with the common State and Federal courts (Civil Claims), with requests that amount to R$77,798 and also 6,296 claims that are filed with Special Civil Courts, involving the total amount of R$66,770.

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.

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$63,480.

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").

Light SESA has questioned, since March 10, 1999, the alterations imposed by Law 9.718/98 to the method for calculating PIS and COFINS, with respect to the extension to the calculation base for these taxes and the increase in the rate for COFINS from 2% to 3%. Recently, special and extraordinary appeals were filed by the Company aimed at altering the decision by the TRF from the 2nd Region. These appeals were accepted by the TRF at the 2nd Region and are awaiting judgment by the Higher Courts.

For purposes of providing more information, management from Light SESA, emphases that the amounts recorded as a provision against the questioning of the PIS and COFINS considered in this note, the following:

(i) One of the means of a legal tax obligation no longer being demanded results from the lapse in the liability period, which is also provided in law, and as result, management and its legal advisors are responsible for evaluating the risk involved, who should express their understanding based on the concrete case considered;

(ii) Once the liability period for collecting the PIS and COFINS amount due has lapsed, the risk of loss for Light SESA from the processes that question the payment of these taxes is classified by its legal representatives as being possible, given this time lapse;

(iii) With respect to extending the calculation base for PIS and COFINS, in addition to the liability period entitling the tax authorities to demand the tax payments having lapsed, the law that introduced this increase in the base has been considered unconstitutional by all of the higher courts (STJ and STF) in thousands of cases. Consequently, Light SESA understands that it will obtain a successful outcome for this process and the risk from loss or expenses being incurred is considered remote.

After reconstituting the provisions referred to above, provisions were recorded for the following amounts at March 31, 2008:

- R$106,615 with respect to the extension of the calculation base; and
- R$51,429 with respect to the increase in the rate for COFINS from 2% to 3%.

At July 31, 2003, the Subsidiary Light SESA registered a “request for installment payments”, according to protocol number 200300003672, confirmed by the Federal Revenue Services, and made the first installment payment on the same date. The debt included in the PAES was R$12,836 (net of the reduction to the fine of 50%), which is being disputed in the administrative sphere with respect to the legality of excluding the RGR and CCC from the PIS and COFINS calculation base. The payments are being made in 120 installments. The value of the installments was calculated based on the total value of the debt over the installment period, and corrected using the variation in the Long Term Interest Rate - TJLP. The provision recorded as contingencies corresponds to the payments not included in the PAES program as a result of the discussion regarding the charge for the official fine, for which the Company did not receive a favorable decision in the administrative sphere, but judicially it received a favorable sentence against which the Treasury filed an Appeal. This amount also includes the amount corresponding to the increase in the rate for COFINS, with respect to the period April/99 to Dec/00, which is being legally disputed (note 6-c).

In August 2006, Light SESA based on an evaluation prepared by its lawyers, recorded a provision for the amount of R$3,679, which covers the period from 2001 to 2005, regarding the bonus paid by the Company to its employees as a result of the forecast expressed in the Collective Labor Agreements. In December 2007, based on a new evaluation, the amount of R$1,589 was reversed, given that the time period during which the tax authorities were entitled to record tax credits had lapsed. In March 2008, the balance for the provision was R$2,546.

In December 1999, the INSS raised tax assessments based on the argument of joint responsibility for withholding tax on services provided by contractors and also the contributions due on employee profit share. Management form Light S.A. and its subsidiaries, based on the opinion of its legal advisors, decided to record a provision. The variation in the amount between March 31, 2008 and December 31, 2007, refers to the correction using the SELIC rate.

Light SESA is legally questioning Law 7.787/89 which increased the rate for the social security contributions on payrolls, and understands that the calculation base for the social security contributions was also altered between July and September 1989. Based on the anticipated court order granted, the Company compensated the amounts payable for social security contributions. Management recorded a provision based on the opinion of its legal advisors, for the total amount recorded in the tax assessments raised by the INSS tax authorities. The variation in the amount between March 31, 2008 and December 31, 2007, refers to the correction using the SELIC rate.

In June 1992, Light SESA filed an ordinary claim against the State, aimed at declaring the non existence of the obligation to make the monetary correction provided in article 3 of Law 8.200/91, and registered in its accounting records the difference that occurred during the calendar year 1990, between the indices IPC and BTNF. The request was granted by the first and second courts. The Federal State filed a Special and an Extraordinary Appeal, and the assessments are with the Supreme Court for judgment of the Extraordinary Appeal.

In addition, in December 1992, Light SESA filed a preliminary injunction aimed at obtaining full benefit from the depreciation charges from the years 1991 and 1992, and at the same time not applying clause I of article 3 of Law 8.200/91. The injunction requested was granted. The process was judged extinct in part, without judging the merit of the cause, however, the courts granted the right to compensate the amounts incorrectly paid.

At the same time as the judicial claims, in November 1994, Light SESA received an assessment, to prevent the lapse of the liability period in relation to IRPJ, ILL and CSLL for the amount equivalent to 34,385,484.36 UFIR's, and these assessments were rejected. The administrative decision did not recognize the rejection with respect to the IRPJ and CSLL, but judged the entry for ILL and the charge for the official fine to be incorrect. On July 06, 2007, a Voluntary Appeal was filed. Management from Light SESA, based on the opinion of its lawyers and an investigation of the amounts involved in the assessment, understands that only part of this amount represents a probable risk, for purposes of recording a provision. The variation in the amount between March 31, 2008 and December 31, 2007, refers to the correction using the SELIC rate.

Since 1999 and until to date, Light SESA has been subject to various tax investigations by the Secretary for the State of Rio de Janeiro in relation to ICMS. The assessments received to date and not paid are being contested in the administrative and judicial spheres. Management from Light SESA, based on the opinion of its legal advisors and investigation of the amounts involved in the assessments, understands that only part of these amounts represents a probable risk, for which a provision has been recorded. The amounts reported in this line refer to the two processes, for which provisions have been recorded. The variation in the amount refers to the correction using the UFIR-RJ, and the reversal of the provision of R$1,383 in July 2007 due to the favorable legal decision for the process disputing the tax assessment arising from mislaid invoices ("Verdinhas").

In September 2004, the State of Rio de Janeiro filed an assessment against Light demanding the ICMS differences arising from not reversing the credits, which is required as a result of the loss of electricity. Light presented its rejection of the assessment which was judged in its favor at the 1st administrative court and the entry was cancelled. An official appeal by the Treasury to the Taxpayers Council is still required. The amount involved in the process at March 31, 2008, was R$23,250 and no provision has been recorded. The variation in the amount between March 31, 2008 and December 31, 2007, refers to the correction using the SELIC rate.

In February 2000 Light SESA filed a preventative court injunction, aimed at preventing the credits arising from the adjustments made to the DIPJ for the calendar year 1996 from being disallowed, thus guaranteeing the deduction from the CSLL calculation base of the amount paid as interest on own capital to the shareholders during the calendar year 1996, in the same way as that for IRPJ. The injunction requested was granted. In September 2002, a favorable sentence was given in part to the company, permitting compensation of the overpayments made for CSLL. The Federal State has filed an appeal which has still not been judged.

In July 2001, Light SESA received an assessment, to prevent the lapse of the liability period, for the amount of R$4,321, since the tax investigation authorities from the federal revenue services considered the fine of 75%, and at the time the correct amount was R$3,096, which, corrected to March 31, 2008, amounts to R$4,850. This assessment was rejected, and a decision was given partially in favor of the company, in relation to the charge for the fine of 75%. A Voluntary Appeal was filed, which is awaiting judgment.

In addition, in July 2001, Light SESA received an assessment for not adding back to the CSLL calculation base the amounts that referred to the COFINS provision, for which the demand for payment had been suspended. The rejection and the voluntary appeal filed were judged incorrect and the Company has evaluated the possibility of a legal discussion. The provision was recorded in July 2006, for the amount of R$1,649, which is being corrected by the SELIC rate. The balance for the provision corrected to March 31, 2008, was R$1,725. The variation refers to the correction using the SELIC rate between 2008 and 2007.

In September 2002, Light SESA filed a court injunction aimed at suspending the demand to pay the CIDE credit (Contribution for Intervention in the Economic Domain), due on payments made overseas for services rendered, and eventually, definitively granting the injunction to avoid payment of the tax.

The injunction was rejected and the judgment at the lower courts was also given against the company. Light SESA filed an appeal which is awaiting judgment. As from December 2003, payments for the amounts due have been made. The variation in the amount refers to the correction using the SELIC rate.

The Company also has tax, administrative and judicial processes, in which management, based on the opinion of its legal advisors, understands that the risk of loss is possible, and consequently, no provision for these processes has been made. The amount involved from these processes is R$124,025. The more significant cases which continue to have an impact on the first semester of 2008, are presented below:

(i) the Tax foreclosures, numbers 2002/100-004,452-2, 2002/100-004,451-0, 2002/100-001,685-0, 2002/100-001,684-84, and Administrative Process number E-04/109635/00, discuss the postponement of ICMS (SEF Resolution number 1,610, of June 22, 1989) on the supply of electricity to the consumer Vale do Rio Doce Alumínio S.A. - ALUVALE, given that it is an electro intensive industrial consumer.

The tax foreclosures were guaranteed by bank surety letters. Appeals were filed against these foreclosures, which are pending judgment at the lower courts. The amount involved for these foreclosures at March 31, 2008 was R$38,925, and the lawyers responsible for the claim estimate the risk of loss to be possible, and no provision has been recorded.

(ii) In June 2007, Light SESA received an assessment from the Federal Internal Revenue Secretary for the amount of R$47,400, and the value of the assessment corrected to March 2008 was R$51,175, as a result of not responding on a timely basis to the summons that referred to the submission of electronic files (IN 86) for the years 2003 to 2005. The Company and its legal advisors have evaluated the chances of loss from this process to be possible. The impugnation was rejected. The Company is currently awaiting judgment of the Voluntary appeal filed by Light.

(iii) In May 2007, Light SESA obtained a favorable decision at the lower administrative courts for the process for IN86 with respect to the year 2001, and the value of the assessment, corrected to March 2008, was R$14,700. As a result of the favorable decision, given unanimously, the evaluation given by the lawyers changed from possible to remote. The process is at the official appeal stage.

(iv) The Central Bank, in accordance with the usual procedure, and based on its preliminary conclusions on the financial operations undertaken by Light SESA between 1997 and 1998, for purposes of acquiring Eletropaulo Metropolitana S.A., with these operations undertaken in strict compliance with Brazilian legal and accounting principles, notified the Federal Internal Revenue services and the office for the attorney general for the State of Rio de Janeiro, with each of these having started their respective administrative proceedings, as described in the following paragraphs. It is important to clarify that after Light SESA had presented the necessary to the Central Bank, the latter restored in full the Registration Certificates that referred to the securities issued overseas, as a result of the aforementioned operations, and considered that they were undertaken in accordance with Brazilian foreign exchange rules.

The criminal investigation has been considered by the MPF (Regional Office for the Attorney General for the 2nd Region) since 18.05.2005, with the final report from the police authorities dated April 15, 2005, rejecting the financial offense (art. 22 of law 7492/86). Light SESA hopes that the MPF, and everything indicates that the procedure will continue as such, and it is awaiting the final results from the tax administrative process, as reported in the following graph, consistent with the guidelines expressed by the Supreme Court in the decision of HC 85299/RJ.

With respect to the notification sent to the Federal Revenue Secretary, the latter, on December 14, 2004, filed an assessment against Light SESA for the total amount of R$120,458 which referred to payment of income tax due on the interest paid to the subsidiaries Light Overseas Investment Limited (LOI) and LIR Energy Limited (LIR), arising from the titles issued benefiting from the reduction to the rate for withholding tax to zero. Light SESA presented its rejection of the assessment. The decision given by the first administrative courts required that the entry be maintained. On August 11, 2005, Light SESA filed, with the Taxpayers Council from the Treasury Ministry, a Voluntary Appeal, which was judged on October 19, 2006, with the cause decided in favor of Light SESA. The National Treasury filed a Special Appeal with the Higher Chamber for Tax Appeals with the Treasury Ministry, which is still pending judgment. However, the fine filed was rejected definitively.

On November 27, 2006, the Federal Internal Revenue Secretary raised another assessment against Light, originating in Administrative Process number 18471.001351/2006-51, for the historic amount of R$18,597, demanding the IRPJ and CSL differences arising from incorrectly appropriating financial expenses in the years 2001 and 2002. Considering that the new assessment was based on the same arguments as those used in the first assessment, of July 10, 2007, a decision was published by the Federal Internal Revenue Office (lower courts), judging the assessment unfounded. The process is currently awaiting judgment of the Official Appeal filed by the Federal Internal Revenue with the Taxpayers Council (2nd courts). The amount involved in this process, at March 31, 2008, was R$19,675, and the lawyers responsible for the claim estimate the risk of loss to be remote, consequently no provision has been recorded.

In November 2006, as reported in item “iv” above, SRFB filed an assessment with respect to IRPJ and CSLL, disallowing part of the financial expenses for the period, related to operations with the companies LIR/LOI. As a result of disallowing the expenses, the taxable results of the Company in 2001 altered from a loss to a profit. Consequently, the IRPJ credit, being disallowed, no longer existed, but became a “balance payable”.

The collection letters were considered by the firm responsible for the administrative process that refers to the disallowing of the financial expenses, and the Subsidiary is awaiting a judicial evaluation of these new charges. The administrative process that refers to the disallowing of financial expenses has been evaluated as representing a remote loss, as reported in item “iv” above. The amount involved from these charges was R$17,566.

Regulatory

Between November 27, 2006 and December 01, 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 08, 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. As of February and April 2008, ANEEL issued favorable outcomes, in part, for CEMAR reducing the value of the assessments from R$9,424 to R$6,336, resulting in a reversal of the provision for contingences of R$3,089

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.

Light has reported its regulatory contingencies arising from the provision for reimbursement to low income consumers, recorded at December 31, 2007, and two Assessments raised by ANEEL, which are in progress, against Light SESA:

a) Low income **-** At December 31, 2007, ANEEL homologated the amounts to be subsidized that refer to the loss of income from May 2002 to July 2007 as a result of charging the social tariffs. These homologations were made based on various Court Orders, with the last one being number 2.760, of August 30, 2007, resulting in the amount ratified of R$66,595, which has been reimbursed by ELETROBRÁS to Light SESA, using funds from sector charges included in the tariffs charged by the concessionaries.

With respect to the Investigation Report RF-LIGHT-04/2007-SFE, of August 2007, issued by ANEEL, based on the investigation performed between 02/07/2007 and 13/07/2007, which, due to the difference in the understandings with respect to regulations and legislation, questioned the concession of the social tariff to some consumers during the period, and consequently, considered part of the subsidiaries ratified and received to be incorrect. As a result, the Company recorded a provision for the amount of R$9,044, to cover the risk of having to reimburse part of the Subsidiary received.

b) Assessment number 009/2005 was raised on March 15, 2005, based on the argument that Light SESA had: (i) recorded without previous authorization from ANEEL the Subsidiaries companies LIR Energy Limited and Light Overseas Investments (R$286); (ii) undertaken operations with these companies without authorization from ANEEL - (total R$572); and (iii) had not complied with the rulings of ANEEL to cancel the operations and terminate these companies' activities - (total de R$858).

Light SESA, did not agree with the allegations filed by ANEEL, and presented its counter arguments. After considering the appeal filed by LIGHT in a public meeting, the Directors from ANEEL decided to exclude the fine associated with item (iii), but maintain the fines associated with items (i) and (ii).

Light SESA decided to make the payment for the fine associated with item (ii), which was made by means of a bank deposit for the amount of R$809 (original value corrected by the SELIC rate until the payment date). However, following the recommendations given by its legal advisors, it filed a judicial claim against the fine associated with item (i), and has made a legal deposit for the amount of R$414 (original value corrected by the SELIC rate until the deposit date). It is currently awaiting judgment of the appeal included in the injunction filed. The amount at March 31, 2008 was R$443.

On June 05, 2007, an assessment was raised (AI number 028/2007), with a fine for the amount of R$73, in relation to a specific consumer unit, alleging that Light SESA did not reestablish the electricity supply within the regulatory period. Light SESA, did not agree with the allegation raised by ANEEL, and presented its counter arguments and is awaiting judgment of its appeal filed against the assessment raised. The value at March 31, 2008 was R$81.

(In thousand of Reais, unless when specified)

20 Shareholder's equity

a. Capital

On February 12, 2008, the Extraordinary General Meeting approved the incorporation of PCP Energia by the Company. As a result of the incorporation, a capital increase in the company was approved for the amount of R$273,812, through the issue of 114,984,004 new shares, being 57,492,002 ordinary shares and 57,492,002 preference shares, nominative, registered and with no par value, for the issue price of R$ 2.3813 per share. As a result, the Company's capital increased from R$713,217 to R$987,029, resulting in the company's capital being represented by 161,421,890 ordinary shares and 154,118,854 preference shares, all nominative, registered and with no par value. The increase in the Company's capital was subscribed and paid up in full by PCP Energia, and the shares issued will be granted to the shareholders of PCP Energia.

On February 12, 2008, the Extraordinary General meeting approved the capital increase in the Company for the amount of R$7.00, through the issue of 1,178,946 shares, for the price of R$5.9375, per lot of one million shares, being 392,982 ordinary shares and 785,964 reference shares, nominative, registered and with no par value, to be subscribed by the beneficiaries of the Second Program for the First Equatorial Plan, and paid up, under the terms of the subscription bulletin, through the exchange of capital in the Company of 72,459,097,549 ordinary shares issued by CEMAR.

Company's capital at March 31, 2008 consisted of the following:

Shareholders	Total	%	Common	%	Preferred	%
Brasil Energia I LLC	61,030,708	19.27%	57,420,393	35.49%	3,610,315	2.33%
PCP Latin América	114,984,004	36.30%	57,492,002	35.53%	57,492,002	37.11%
Other	140,704,978	44.43%	46,902,477	28.98%	93,802,501	60.55%
Total	316,719,690	100.00%	161,814,872	100.00%	154,904,818	100.00%

Preferred shares do not entitle the holder thereof to voting rights at the Company's General Meeting; however, holders have priority to the distribution of minimum and mandatory dividends of 25% of net income, adjusted according to the legislation in force and deducted from the amounts of profit allocation determined by the General Meeting. The Company enrolled in Level 2 of the São Paulo Stock Exchange - BOVESPA, and granted 100% tag-along rights to the minority shareholders in the event of a merger or change in ownership.

b. *Alteration in the corporate interest*

On January 31, 2008, a total of 7,430,172,212 ordinary shares were issued from the capital of CEMAR and on February 12, 2008, a SWAP was implemented between the 72,459,097,549 ordinary shares in CEMAR and shares in Equatorial, with both operations undertaken by the beneficiaries of the Share Purchase Option Plan. Thus, the capital is now represented by 16,103,659,467,017 ordinary shares, 123,923,178,175 preference shares Class A, with no voting rights, and 162,572,922,331 preference shares Class B, with no voting rights, all nominative with no par value. As a result, the investment interest held by Equatorial in its Subsidiary increased from 64.81% to 65.22%.

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 nº 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. *Stock option program:*

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, comprising two programs - the First and Second Stock Option Programs, which include common shares and preferred shares in Equatorial.

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

  The First Program provides options for subscription of 2,934,242 common shares and 5,868,481 preferred shares in Equatorial. To date, 2,908,503 common shares and 5,814,553 preferred shares in Equatorial have been subscribed under SOP 1.

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

  SOP 2 provides options for subscription of 2,271,858 common shares and 4,543,712 preferred shares in Equatorial. Of the allocated options, 1,040,744 common shares and 2,141,484 preferred shares were subscribed with 204,329,735,847 common shares in CEMAR.

(In thousand of Reais, unless when specified)

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.

This Plan comprises the options for the subscription of 1,111,111 common shares and 2,222,222 preferred shares issued by Equatorial. As of April 5, 2007, the price of these shares for the acquisition or subscription by the beneficiaries, due to the exercise of the option, was determined by the committee in R$5.00 (five reais), price equivalent to 1/3 (one third) of 90% of the UNITs price weighted average at São Paulo Stock Exchange (BOVESPA) in the prior 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.

Information on the stock option plans is summarized below:

	First Plan				Second Plan		
	Program 1		Program 2				
In unit of stocks	**ON**	**PN**	**ON**	**PN**	**ON**	**PN**	**Total**
Number of Purchase options	2,934,242	5,868,481	2,271,858	4,543,721	1,111,111	2,222,222	**18,951,635**
Options exercised (*)	(2,908,503)	(5,814,553)	(1,433,726)	(2,927,448)	-	-	**(13,084,230)**
Options not exercised until March 31, 2008	25,739	53,928	838,132	1,616,273	1,111,111	2,222,222	**5,867,405**

(*)Options exercised on December 31, 2007, see item "e" above.

Potential for dilution

According to the rules for each option plan and the respective estimated subscription prices, 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%.

(In thousand of Reais, unless when specified)

Administration of plans

The purchase option plans include ordinary and preference 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.

21 Management's compensation

For the first quarterly ended on March 31, 2008, Equatorial's management received compensation in the amount of R$82 (R$112 on March 31, 2007), recorded as staff and management expenses.

22 Power supply

A breakdown of power supply by consumer class of Subsidiaries on March 31, 2008, is provided below:

	Consolidated			
	MWh (*)		R$	
	2008	2007	2008	2007
Residential	847,584	1,353,021	268,324	95,014
Industrial	215,654	463,059	51,183	25,622
Commercial	534,800	633,679	169,304	50,120
Rural	28,048	134,830	6,312	5,919
Government	133,915	217,738	38,061	18,211
Public lighting	97,640	214,594	16,608	9,343
Public service	118,076	201,896	25,544	11,493
Own consumption	5,234	4,409	-	-
Supply MAE and CEPISA	-	-	378	1,826
Low income consumers	-	-	19,644	16,677
RTD	-	-	(3,567)	4,464
CVA-PLPT	-	-	-	(8,075)

(In thousand of Reais, unless when specified)

	Consolidated			
	MWh (*)		R$	
	2008	2007	2008	2007
Other	-	-	-	305
Suplly billed	**1,980,951**	**3,223,226**	**591,413**	**229,093**
ICMS - VAT	-	-	171,310	42,274
Unbilled power supplied	-	-	(2,112)	879
Total of Supply	**1,980,951**	**3,223,226**	**760,611**	**272,246**

(*) Information not reviewed by independent auditors.

23 Operating results

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

	Parent Company					
	Cost of Services		Operating charges		31/3/2008	31/3/2007
	Electric Energy	For operation	Sales	Administrative		
Cost/expense's nature						
Energy purchased for resale	-	-	-	-	-	-
Personnel and management's	-	-	-	(1,180)	(1,180)	(1,118)
Materials	-	-	-	-	-	-
Outsourced services	-	-	-	(276)	(276)	(553)
Allowance for doubtful debts	-	-	-	-	-	-
Provision for contingences	-	-	-	-	-	-
Charges on use of transmission system	-	-	-	-	-	-
Other	-	-	-	(493)	(493)	(285)
Financial results	-	-	-	-	4,051	7,277
	-	**-**	**-**	**(1,949)**	**2,102**	**5,321**
Depreciation and amortization	-	-	-	-	-	-
Total	**-**	**-**	**-**	**(1,949)**	**2,102**	**5,321**

(In thousand of Reais, unless when specified)

	Consolidated					
	Cost of Services		Operating charges		31/3/2008	31/3/2007
	Electric Energy	**For operation**	**Sales**	**Administrative**		
Cost/expense's nature						
Energy purchased for resale	**(273,350)**	**-**	**-**	**-**	**(273,350)**	**(63,287)**
Personnel and management's	-	**(12,913)**	(3,526)	(10,996)	(27,435)	(12,876)
Materials	-	**(2,126)**	(434)	(423)	(2,983)	(1,586)
Outsourced services	-	**(13,366)**	(10,081)	(12,980)	(36,427)	(16,364)
Allowance for doubtful debts	-	**-**	**(25,406)**	-	**(25,406)**	**756**
Provision for contingences	-	-	-	**(5,751)**	**(5,751)**	**(10,728)**
Charges on use of transmission system	-	**(14,893)**	-	-	**(14,893)**	**(12,951)**
Other	-	**(1,275)**	(1,316)	(6,544)	(9,135)	(1,094)
Financial results	-	-	-	-	(20,139)	(769)
	(273,350)	**(44,573)**	**(40,763)**	**(36,694)**	**(415,519)**	**(118,899)**
Depreciation and amortization	-	**(36,791)**	**(68)**	**(2,551)**	**(39,410)**	**(12,818)**
Total	**(273,350)**	**(81,364)**	**(40,831)**	**(39,245)**	**(454,929)**	**(131,717)**

24 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 nº 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 Subsidiaries

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		
	PLAN A/B	**PLAN C**	**TOTAL**
Braslight actuarial liabilities on December 31, 2007:	**577.890**	**314.025**	**891.915**
Amortizations on Quarter	(15.002)	(5.042)	(20.044)
Atualizations on Quarter	27.054	11.743	38.797
Braslight actuarial liabilities on March 31, 2008:	**589.942**	**320.726**	**910.668**
Current			**81.370**
Non-current			**829.298**

According to the actuarial evaluation report issued on January 10, 2008, the actuarial deficit of BRASLIGHT at December 31, 2007, was R$1,001,048, which, net of the contractual liability value stated previously, resulted in recognition of an additional actuarial liability of R$109,133.

25 Insurance

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

Equatorial's Insurance:

Risks	**Term**	**Amount insured (R$ 000)**	**Premium (R$ 000)**
Civil responsability - D&O	8/7/2008	10,000	95

CEMAR's Insurance:

Risks	Term	Amount insured (R$ 000)	Premium (R$ 000)
Risks named - substations and inventories	1/1/2009	105,701	160
General civil liability - Operations	1/1/2009	7,000	227
Vehicles (a)	From 01/02/08 to 26/04/08	(b)	39

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

(b) Vehicles - Market value

The Company and its Subsidiaries 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 Subsidiaries'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 March 31, 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 March 31, 2008, the insurance coverage contracted by Light SESA, considered sufficient by Management, has been summarized as follows:

	Term		**Amount**	**Premium**
Risk	**From**	**To**	**insured (US$'000)**	**(US$'000)**
Operating risks	31/10/2007	31/10/2008	1.017,50	626
Directors & Officers (D&O)	10/8/2007	10/8/2008	30,00	123
Civil and General Responsaibility	25/9/2007	25/9/2008	10,00	299

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.

26 Concentration of Equatorial and CEMAR's control

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.

27 Financial Instruments - CVM Instruction nº 235

a. General considerations

The Company's financial instruments are restricted to cash and cash equivalents, consumers and resellers, 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. The Company does not currently undertaken derivative operations, however RME (through Light SESA) has derivative financial instruments.

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:

(In thousand of Reais, unless when specified)

Assets: Cash and banks and Accounts receivable	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 March 31, 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 March 31, 2008 are shown below:

Consolidated

	31/3/2008		31/12/2007	
Description	**Book value**	**Market value**	**Book value**	**Market value**
Marketable securities	631.396	631.396	402.525	402.525
Loans and financing	892.673	892.673	507.316	507.316
Debentures	525.488	525.488	276.937	276.937

Risk factors - CVM Instruction nº 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 Subsidiaries and the market value of the financial instruments, whether recognized or not in the quarterly informations.

As a holding company, the Company's main risks are related to the performance of its Subsidiaries 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 nº 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. RME, thorough 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 loss of R$364 during the 1st semester of 2008 (loss of R$3,719 during the 1st semester of 2007). The net value of the swap operations, effective at March 31, 2008, is negative, for the amount of R$2.846 (negative, R$11,349 at March 31, 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.

28 Subsequent events

a) *New investments - GERANORTE*

The Management Board for Equatorial approved the proposal to purchase 25% of the shares representing the capital in the company Geradora de Energia do Norte S.A. (GERANORTE). GERANORTE is the company responsible for implanting and operating the thermo-electric plants at Tocantinópolis and Nova Olinda, in the State of Maranhão, with installed capacity of 330 MW, which will provide energy for the National Interconnected System. The purchase is dependent on: (i) performing a legal and financial audit, by Equatorial, at GERANORTE, (ii) finalization of the negotiations of the terms and conditions of the operation between the parties; and (iii) previous authorization by the National Electricity Agency - ANEEL."

b) New loan and financings

- Banco do Nordeste do Brasil - New Head Office: in April 2008, CEMAR obtained the last liberation of the loan obtained from Banco do Nordeste do Brasil, for the amount of R$4,898, for the purpose of financing the construction of the Company's new head office. The funds derive from the Northeast Constitutional Fund - FNE, which, as from January 2008, bear interest at the rate of 8.50% p.a., considering the bonus for complying with the repayments, of 15% on the interest payments. These funds are guaranteed by a bank surety letter and a surety guarantee from Equatorial Energia S.A.

- BNDES - On April 30, 2008, CEMAR received the first installment, for the amount of R$ 30,500, for the financing of R$ 79,663, contracted on March 11, 2008, CEMAR contracted the financing of R$79,663 from Unibanco - União de Bancos Brasileiros S.A., which is tied to funds originating from the transfer by Banco Nacional de Desenvolvimento Econômico e Social - BNDES. The cost of this financing is TJLP + 3.6% per annum. The total period is for 5 years and three months, with a grace period of 15 months, and amortization in 48 months. These funds are associated with revenues of the Subsidiary CEMAR. They are the guarantee of Equatorial Energia S.A., and are designed to finance facilities to new consumers, technology actualization for the Company and prevention of electric energy commercial loss. On April 30, 2008, CEMAR received the first installment of the financial amounting of R$30,500.

c) Dividends

On 17, April 2008, CEMAR held an Ordinary General meeting, which approved the distribution of R$172,467 in dividends for the year 2007, to be paid on May 05, 2008. This amount corresponds to a proposal to distribute 100% of the net profit for the year, after: i) the prior year adjustments (R$2.6 million) and ii) deducting the legal reserve (R$5.0 million).

d) Share Grouping

CEMAR intends to group its shares during the first semester of 2008. The grouping will not result in any alterations to the Company’s capital, since the purpose is to standardize the negotiation parameters adopted by the São Paulo Stock Exchange ("BOVESPA"), given the requirement to adjust the unit value of the share quotation to a more adequate level from the market’s point of view.

The Company's shares will be grouped in the proportion of 100,000 (one hundred thousand) shares for every 1 (one) share for the respective type and class, such that the 16,103,659,467,017 ordinary shares, 123,923,178,175 preference shares, class A, with no voting rights and 162,572,922,331 preference shares, class B, with no voting rights, all nominative with no par value, representing the Company's capital will be transformed into 161,036,594 ordinary shares, 1,239,231 preference shares, class A, with no voting rights and 1,625,729 preference shares, class B, with no voting rights, all nominative with no par value, with the exception of possible adjustments given the treatment to be adopted in the case of fractions of shares.

The holders of the new shares originating from the grouping will have the same rights as those currently guaranteed by the Company's Statutes for shares of the respective type and class.

e) Effects of Law 11,638/07

On May 02, 2008, the Securities Commission published CVM Instruction 469 which governs the application of law 11.638/07. CEMAR analyzed the rulings under this instruction and concluded that the main aspects that could have effects on its quarterly financial information refer to the Capital Reserve, arising from the subsidies for investments for the amount of R$9,762 during the first quarter of 2008, which will be reclassified as deferred income, and the adjustment to present value of current and non current assets and liabilities. The latter item considered mainly the accounts for installments (accounts receivable), taxes recoverable (ICMS) and suppliers. For the Subsidiary, CEMAR the effects are presented in the following table:

(In thousand of Reais, unless when specified)

Balance sheet effects:

	CEMAR			
	Group	**Book value on 31/03/2008**	**Adjusts/ Reclassifications**	**Adjusted value on 31/03/2008**
Installments of accounts receivable	Assets	50,675	(2,185)	48,490
Recoverable taxes - ICMS	Assets	68,716	(1,638)	67,078
Suppliers	Liabilities	(118,611)	1,110	(117,501)
Income of period	Income	(45,267)	2,713	(42,554)
Capital reserves	Shareholder’s equity	(71,517)	9,762	(61,755)
Differed income	REF	-	(7,049)	(7,049)

For comparative purposes, we show below the effects of Instruction CVM 469 on first quarter of 2007:

	CEMAR			
	Group	**Book value on 31/03/2007**	**Adjusts/ Reclassifications**	**Adjusted value on 31/03/2007**
Installments of accounts receivable	Assets	30,280	(1,306)	28,974
Recoverable taxes - ICMS	Assets	49,660	(1,184)	48,476
Suppliers	Liabilities	(103,581)	969	(102,612)
Capital reserves	Shareholder’s equity	(20,712)	4,064	(16,648)
Differed income	REF	-	2,544	2,544

Management from Light believes that it is still not possible to determine the effects of these alterations on the Results and Shareholders’ equity for the quarter ended March 31, 2008. However, Management from Equatorial presents below a preliminary estimate of the possible effects of law 11.638/07 on Light, based on the premises adopted by CEMAR.

(In thousand of Reais, unless when specified)

	Group	Light Book value on 31/03/2008	Adjusts/ Reclassifications	Adjusted value on 31/03/2008
Installments of accounts receivable	Assets	11,6573	(5,026)	111,546
Recoverable taxes - ICMS	Assets	-	-	-
Suppliers	Liabilities	(467,274)	4,373	(462,901
Income of period	Income	(26,009)	2,713	(23,296)

	Group	Consolidated Book value on 31/03/2008	Adjusts/ Reclassifications	Adjusted value on 31/03/2008
Installments of accounts receivable	Assets	167,248	(7,211)	160,036
Recoverable taxes - ICMS	Assets	68,716	(1,638)	67,078
Suppliers	Liabilities	(585,885)	5,483	(580,402)
Income of period	Income	(71,276)	5,426	(65,850)

f) Tax contingences

On April 14, 2008, Light received two collection letters issued by the Federal Brazilian Revenue Services, (SRFB), which referred to the rejection of the two compensations made in 2003, for the IRPJ credit for the calendar year 2001 against PIS and COFINS debits. During this period (2001) there was a negative IRPJ balance for the amount of R$7,173, which referred to the IRRF prepayments and payments on an estimated basis, given that a tax loss was calculated.

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.

(In thousand of Reais, unless when specified)

30 Statements of Cash flows

	Parent Company		Consolidated	
	31/3/2008	31/3/2007	31/3/2008	31/3/2007
Cash flows from operating activities				
Net income	71,780	30,844	71,780	30,844
Adjustments to reconcile net income to net cash provided by (used in) operating activities:				
Depreciation and amortization	-	-	39,410	12,818
Monetary variation	-	-	-	4,305
CVA	-	-	-	2,144
Credits from income tax and social	-	-	-	9,085
Minority interest	-	-	-	13,504
Amortization of goodwill	1,113	1,281	(47)	1,281
Others	-	-	-	9,065
	1,113	**1,281**	**39,363**	**52,202**
Changes in assets and liabilities				
Increase in accounts receivable	(11)	-	(441,260)	(8,186)
Increase (decrease) in inventories	-	-	(3,291)	2,773
Increase (decrease) in recoverable taxes	318	(1,206)	(91,210)	(12,829)
Increase (decrease) in other accounts receivable	23	19	(521,701)	1,096
Increase (decrease) in supplies	-	-	63,277	(53,998)
Increase (decrease) in taxes payable	(1,517)	880	114,099	3,475
Increase (decrease) in other accounts payable and provisions	(1,134)	196	1,171,267	(5,153)
	(2,321)	**(111)**	**291,181**	**(72,822)**
Net cash provided by operating activities	**70,572**	**32,014**	**402,324**	**10,224**
Cash flows from investment activities				
Purchases of property, plant and equipment	-	-	(1,086,558)	-
Investments	(318,228)	-	(3,287)	-
Goodwill and negative goodwill	-	-	1,159	-
Deffered charges	(729)	-	(16,191)	-
Intangibles	-	-	(66,044)	-
Others	-	(28,064)	-	(66,736)
Net cash used in investment activities	**(318,957)**	**(28,064)**	**(1,170,921)**	**(66,736)**
Cash flows from financing activities				
Capital integralization	273,812	-	273,812	-
Profit reserve - subsidy	-	-	-	-
Dividends paid	-	-	-	-
Loans Payment	-	-	633,908	298,434
Subsidy	-	-	41,509	(2,585)
Net cash provided by (used in) financing activities	273,812	-	949,229	295,849
Net cash in the period	**25,427**	**3,950**	**180,632**	**239,337**
Increase in cash and cash equivalents				
At beginning of year	196,138	186,333	472,177	385,777
At end of year	221,565	190,283	652,809	625,114
Increase in cash and cash equivalents	**25,427**	**3,950**	**180,632**	**239,337**

Equatorial Energia S.A.

(Publicly-held Company)

Notes to the quarterly information

(In thousand of Reais, unless when specified)

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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 - Chief Executive Officer
Leonardo Duarte Dias - Chief Financial Officer and Investor Relationship
Patricia Pugas de Azevedo Lima - Director
Tinn Freire Amado - Director

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