KPMG

Equatorial Energia S.A.

Independent auditors' report on special review
Quarter ended September 30, 2007

(A translation of the original report in Portuguese as filed with the Brazilian Securities Exchange Commission (CVM) containing quarterly financial information prepared in accordance with accounting practices adopted in Brazil and the regulations issued by CVM)

KPMG Auditores Independentes
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Independent auditors' report on special review

(A translation of the original report in Portuguese as filed with the Brazilian Securities Exchange Commission (CVM) containing quarterly financial information prepared in accordance with accounting practices adopted in Brazil and the regulations issued by the CVM)

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

1. We have reviewed the quarterly financial information of Equatorial Energia S.A. for the quarter ended September 30, 2007, comprising the balance sheet and the consolidated balance sheet of the Company and its Subsidiary, the related statement of income and the consolidated statement of income, the management report and other relevant information, prepared in accordance with accounting practices adopted in Brazil.

2. Our review was performed in accordance with auditing standards established by the IBRACON - Brazilian Institute of Independent Auditors and the Federal Council of Accountancy, which comprised mainly: (a) inquiries and discussion with management responsible for the accounting, financial and operational areas of the Company and its Subsidiary regarding the criteria adopted in the preparation of the quarterly information; and (b) review of post-balance sheet information and events, which have, or may have, a material effect on the financial and operational position of the Company and its Subsidiary.

3. Based on our special review, we are not aware of any material changes which should be made to the aforementioned quarterly information for it to be in accordance with accounting practices adopted in Brazil and the regulations issued by the Brazilian Securities Exchange Commission (CVM), specifically applicable to the mandatory quarterly information.

4. Our review was performed with the objective of issuing a report on the quarterly financial information mentioned above. The statement of cash flows for the quarter ended September 30, 2007 represents complementary information to the aforementioned quarterly financial information, and is presented to facilitate additional analysis. This complementary information was subjected to the same review procedures applied to the aforementioned quarterly financial information and is presented fairly, in all material respects, in relation to the quarterly financial information taken as a whole.

October 31, 2007

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

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

(A free translation of the original in Portuguese)

FEDERAL GOVERNMENT SERVICE
BRAZILIAN SECURITIES COMMISSION (CVM)
QUARTERLY INFORMATION (ITR)
COMMERCIAL, INDUSTRIAL AND OTHER COMPANIES

Unaudited

Corporate Legislation
September 30, 2007

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

01.01 – IDENTIFICATION

1 - CVM CODE	2 - COMPANY NAME	3 - Federal Corporate Taxpayers' Registration Number (CNPJ)
02001-0	EQUATORIAL ENERGIA S.A	03.220.438/0001-73

4 - State Registration Number – NIRE
35300314531

01.02 - **HEAD OFFICE**

1 – ADDRESS	2 - SUBURB OR DISTRICT
Av. Colares Moreira 477	Renascença II

3 - POSTAL CODE	4 - MUNICIPALITY	5 – STATE
65075-441	São Luís	MA

6 - AREA CODE	7 – TELEPHONE	8 - TELEPHONE	9 - TELEPHONE	10 – TELEX
98	3217-2123			
11 - AREA CODE	**12 – FAX**	**13 - FAX**	**14 - FAX**	
98	3235-7161			

15 - E-MAIL
equatorial@equatorialenergia.com.br

01.03 - INVESTOR RELATIONS OFFICER (Company Mail Address)

1 – NAME
Leonardo Duarte Dias

2 – ADDRESS	3 - SUBURB OR DISTRICT
A. Colares Moreira 477	Renascença II

4 - POSTAL CODE	5 - MUNICIPALITY	6 – STATE
65075-441	São Luís	MA

7 - AREA CODE	8 – TELEPHONE	9 - TELEPHONE	10 - TELEPHONE	11 – TELEX
98	3217-2123			
12 – AREA CODE	**13 – FAX**	**14 - FAX**	**15 - FAX**	
98	3235-7161			

16 - E-MAIL
leonardo.dias@equatorialenergia.com.br

01.04 -GENERAL INFORMATION/INDEPENDENT ACCOUNTANT

CURRENT YEAR		CURRENT QUARTER			PRIOR QUARTER		
1-BEGINNING	2-END	3-QUARTER	4-BEGINNING	5-END	6-QUARTER	7-BEGINNING	8-END
01/01/2007	12/31/2007	1	01/01/2007	03/31/2007	4	10/01/2006	12/31/2006

9 - INDEPENDENT ACCOUNTANT	10 - CVM CODE
KPMG Auditores Independentes	00418-9

11 - PARTNER RESPONSIBLE	12 - INDIVIDUAL TAXPAYERS' REGISTRATION NUMBER OF THE PARTNER RESPONSIBLE
João Alberto da Silva Neto	551.696.510-15

01.01 – IDENTIFICATION

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02001-0	Equatorial Energia S.A	03.220.438/0001-73

01.05 – CAPITAL COMPOSITION

Number of shares (units)	Current Quarter	Prior quarter	Same quarter in prior year
Paid-up capital			
1 – Common	103,295,946	103,295,946	102,635,220
2 – Preferred	95,359,502	95,359,502	94,039,957
3 – Total	**198,655,448**	**198,655,448**	**196,675,177**
Treasury Stock			
4 – Common	0	0	0
5 – Preferred	0	0	0
6 – Total	**0**	**0**	**0**

01.06 – CHARACTERISTICS OF THE COMPANY

1 - TYPE OF COMPANY
Commercial, Industrial Company and Others

2 – SITUATION
Operational

3 - NATURE OF OWNERSHIP
National Holding

4 -ACTIVITY CODE
1120 – Electric energy

5 - MAIN ACTIVITY
Holding

6 - TYPE OF CONSOLIDATION
Total

7 - TYPE OF REPORT OF THE INDEPENDENT ACCOUNTANT
Unqualified

01.07 – COMPANIES EXCLUDED FROM THE CONSOLIDATED FINANCIAL STATEMENTS

1 – CVM CODE	2 - CNPJ	3 – NAME

01.08 – DIVIDENDS APPROVED AND/OR PAID DURING AND AFTER THE QUARTER (thousands)

1 – ITEM	2 – EVENT	3 - DATE APPROVED	4 – Type	5 – DATE OF PAYMENT	6 - TYPE OF SHARE	7 - AMOUNT PER SHARE (in Thousands)

01.01 – IDENTIFICATION

1 – CVM CODE	2 - COMPANY NAME	3 - Federal Corporate Taxpayers' Registration Number (CNPJ)
02001-0	Equatorial Energia S.A	03.220.438/0001-73

01.09 – SUBSCRIBED CAPITAL AND ALTERATIONS IN THE CURRENT YEAR

1 – ITEM	2 - DATE OF ALTERATION	3 - CAPITAL (IN THOUSANDS OF REAIS)	4 - AMOUNT OF THE ALTERATION (IN THOUSANDS OF REAIS)	5 -NATURE OF ALTERATION	7 - NUMBER OF SHARES ISSUED	8 - SHARE PRICE ON ISSUE DATE (IN REAIS)
01	03/08/2006	**350,542**	**30,000**	**Advance for future payment of capital increase payment**	**8,595,988**	**3.49000000000**
02	03/09/2006	**353,122**	**2,580**	**Payment of CEMAR share**	**3,122,228**	**0.8262800000**
03	03/10/2006	527,617	174,495	Profit reserve capitalization	0	0.0000000000
04	04/05/2006	**713,217**	**185,600**	**Public subscription**	**38,400,000**	**14.5000000000**
05	03/05/2007	**713,217**	**0**	**Private subscription**	**1,980,271**	**0.0000015149**

01.10 - INVESTOR RELATIONS OFFICER

1 – DATE	2 – SIGNATURE

01 - IDENTIFICATION		
1 - CVM CODE	**2 - COMPANY NAME**	**3 - National Corporate Taxpayers' Registry (CNPJ)**
02001-0	Equatorial Energia S.A	03.220.438/0001-73

02.01 - Balance Sheet - Assets (R$ thousand)

1 - Code	2 - Description	3 - 9/30/2007	4 - 6/30/2007
1	Total assets	831,929	790,826
1.01	Current assets	201,953	197,547
1.01.01	Cash and cash equivalents	195,573	191,111
1.01.01.01	Cash	-	-
1.01.01.02	Banks deposits	218	195
1.01.01.03	Payment orders	(11)	(11)
1.01.01.04	Available funds	-	-
1.01.01.05	Marketable securities	195,366	190,927
1.01.01.06	Cash in transit	-	-
1.01.02	Credits	-	-
1.01.02.01	Trade accounts receivable	-	-
1.01.02.01.01	Consumers and resellers	-	-
1.01.02.01.02	Allowance for doubtful accounts	-	-
1.01.02.02	Other credits	-	-
1.01.03	Inventories	-	-
1.01.04	Other	6,380	6,436
1.01.04.01	Taxes recoverable	6,318	6,271
1.01.04.02	Low income consumers	-	-
1.01.04.03	Prepaid expenses	64	87
1.01.04.04	Deferred income tax and social contributions	-	-
1.01.04.05	Judicial deposits	-	-
1.01.04.06	Dividends receivable from subsidiary	-	75
1.01.04.07	Other receivables	(2)	3
1.02	Noncurrent assets	629,976	593,279
1.02.01	Long term assets	-	-
1.02.01.01	Sundry receivables	-	-
1.02.01.01.01	Consumers and resellers	-	-
1.02.01.01.02	Provision for doubtful accounts	-	-
1.02.01.01.03	Taxes recoverable	-	-
1.02.01.01.04	Prepaid expenses	-	-
1.02.01.01.05	Deferred income tax and social contributions	-	-
1.02.01.01.06	Judicial deposits	-	-
1.02.01.01.07	Other receivables	-	-
1.02.01.02	Related parties	-	-
1.02.01.02.01	Associated companies	-	-
1.02.01.02.02	Subsidiaries	-	-
1.02.01.02.03	Other related parties	-	-
1.02.01.03	Other	-	-
1.02.02	Permanent assets	629,976	593,279
1.02.02.01	Investments	629,976	593,279
1.02.02.01.01	Investment in associated companies	-	-
1.02.02.01.02	Goodwill from investment in associated companies	-	-
1.02.02.01.03	Investments in the subsidiary	392,351	355,271
1.02.02.01.04	Goodwill from investment in subsidiary	237,625	238,008
1.02.02.01.05	Other investments	-	-

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1 - Code	2 - Description	3 - 9/30/2007	4 - 6/30/2007
1.02.02.02	Property, plant and equipments	-	-
1.02.02.02.01	Property, plant and equipments	-	-
1.02.02.02.02	(-)obligations related to the concession	-	-
1.02.02.03	Intangible assets	-	-
1.02.02.04	Deferred charges	-	-

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02.02 - Balance Sheet - Liabilities and Shareholders' Equity (R$ thousand)

1 - Code	2 – Description	3 - 9/30/2007	4 - 6/30/2007	4 - 3/31/2007
2	Total liabilities and shareholders' equity	831,929	790,826	864,905
2.01	Current liabilities	3,978	2,773	109,524
2.01.01	Loans and financing	-	-	-
2.01.01.01	Financial charges	-	-	-
2.01.01.02	Loans and financing	-	-	-
2.01.02	Debentures	-	-	-
2.01.03	Suppliers	-	-	-
2.01.04	Taxes and social contributions payable	3,508	2,495	1,360
2.01.05	Dividends payable	-	-	107,820
2.01.06	Provisions	261	101	138
2.01.06.01	Payroll charges	261	101	138
2.01.06.02	Provision for contingencies	-	-	-
2.01.07	Related parties	-	-	-
2.01.08	Other	209	177	206
2.01.08.01	Payroll	1	8	146
2.01.08.02	Public lighting tariff	-	-	-
2.01.08.03	Consumer charges payable	-	-	-
2.01.08.04	Sundry debits	-	-	-
2.01.08.05	Energy research company	-	-	-
2.01.08.06	Researches and development	-	-	-
2.01.08.07	Energy Efficiency Program	-	-	-
2.01.08.08	Other	208	169	60
2.02	Noncurrent liabilities	-	-	-
2.02.01	Long term liabilities	-		
2.02.01.01	Loans and financing	-	-	-
2.02.01.02	Debentures	-	-	-
2.02.01.03	Provisions	-	-	-
2.02.01.03.01	Provision for contingencies	-	-	-
2.02.01.03.02	Private pension fund	-	-	-
2.02.01.04	Related parties	-	-	-
2.02.01.05	Advance for future capital increase	-	-	-
2.02.01.06	Other	-	-	-
2.02.01.06.01	Reimbursement to generator	-	-	-
2.02.01.06.02	Taxes and social contributions payable	-	-	-
2.02.02	Deferred Income	-		
2.04	Shareholders' equity	827,951	788,053	755,381
2.04.01	Capital	713,217	713,217	713,217
2.04.01.01	Subscribed capital	713,217	713,217	713,217
2.04.01.02	Capital not paid in	-	-	-
2.04.02	Capital reserves	-	-	-
2.04.03	Revaluation reserve	-	-	-
2.04.03.01	Own assets	-	-	-
2.04.03.02	Subsidiary/associated companies	-	-	-
2.04.04	Revenue reserves	11,320	11,320	11,320
2.04.04.01	Legal	5,957	5,957	5,957
2.04.04.02	Statutory	-	-	-
2.04.04.03	Contingencies	-	-	-

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1 - Code	**2 – Description**	**3 - 9/30/2007**	**4 - 6/30/2007**	**4 - 3/31/2007**
2.04.04.04	Unrealized profits	5,363	5,363	5,363
2.04.04.05	Retention of profits	-	-	-
2.04.04.06	Special for undistributed dividends	-	-	-
2.04.04.07	Other revenue reserves	-	-	-
2.04.05	Retained income	103,414	63,516	30,844
2.04.06	Advance for future capital increase reserve	-		

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03.01 - Statement of Income (R$ thousand)

1 – Code	2 – Description	3 - 07/1/2007 to 9/30/2007	4 - 1/1/2007 to 9/30/2007	5- 7/1/2006 to 9/30/2006	6 - 1/1/2006 to 9/30/2006
3.01	Gross sales and/or services revenue				
3.01.01	Energy electric supply				
3.01.02	Energy electric sales				
3.01.03	Emergency capacity charges				
3.01.04	Other revenues				
3.02	Deductions from operating revenue				
3.02.01	Value-Added Tax - ICMS on electricity sales				
3.02.02	Social contribution on billings – COFINS				
3.02.03	Social Integration Program – PIS				
3.02.04	(+) PIS/COFINS on regulatory assets				
3.02.05	Quota for Global Reversal Reserve – RGR				
3.02.06	Services Tax – ISS				
3.02.07	Emergency capacity charges				
3.02.08	(-)Consumer charges				
3.03	Net operating revenue				
3.04	Cost of sales and/or services				
3.04.01	Electric energy purchased for resale				
3.04.02	Charge for the transmission and distribution system use				
3.04.03	Cost Operating - Personal				
3.04.04	Cost Operating – Material				
3.04.05	Cost Operating - Third party service				
3.04.06	Cost Operating – Depreciation and amortization				
3.04.07	Cost Operating – Leasing and rent				
3.04.08	Cost Operating – Electric energy inspection fee				
3.04.09	Cost Operating – Others				
3.04.10	Cost Third Party Service – Personal				
3.04.11	Cost Third Party Service – Materials				

(A free translation of the original in Portuguese)
FEDERAL GOVERNMENT SERVICE
BRAZILIAN SECURITIES COMMISSION (CVM)
QUARTERLY INFORMATION (ITR)
COMMERCIAL, INDUSTRIAL AND OTHER COMPANIES

Unaudited

Corporate Legislation
September 30, 2007

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02001-0	Equatorial Energia S.A	03.220.438/0001-73

1 – Code	2 – Description	3 - 07/1/2007 to 9/30/2007	4 - 1/1/2007 to 9/30/2007	5- 7/1/2006 to 9/30/2006	6 - 1/1/2006 to 9/30/2006
3.04.12	Cost Third Party Service – Third party service				
3.04.13	Cost Third Party Service - Depreciation and amortization				
3.04.14	Cost Third Party Service - Leasing and rent				
3.04.15	Cost Third Party Service – Other				
3.05	Gross operating profit				
3.06	Operating revenue/expenses	41,122	108,309	51,841	80,678
3.06.01	Selling expenses				
3.06.01.01	Selling				
3.06.01.02	Allowance for doubtful accounts and credit losses				
3.06.02	General and administrative expenses	(1,337)	(5,108)	(1,000)	(1,697)
3.06.02.01	General and administrative expenses	(917)	(2,873)	(672)	(1,369)
3.06.02.02	Administrators' fees	(420)	(2,235)	(328)	(328)
3.06.02.03	Provision for contingencies				
3.06.02.04	Depreciation and amortization				
3.06.02.05	Others operating expenses				
3.06.03	Financial income (expenses)	5,628	17,822	6,998	(604)
3.06.03.01	Financial income	5,686	18,594	6,185	12,075
3.06.03.01.01	Financial income	5,686	18,594	6,185	12,075
3.06.03.01.02	Fine charged on electric energy sale				
3.06.03.02	Financial expenses	(58)	(772)	813	(12,679)
3.06.03.02.01	Debt charges				
3.06.03.02.02	Monetary and foreign exchange variation				
3.06.03.02.03	Interest on loans and financing				
3.06.03.02.04	Commission and other			826	(11,784)
3.06.03.02.05	Other	(58)	(772)	(13)	(895)
3.06.04	Other operating revenue				
3.06.05	Other operating expenses				
3.06.06	Equity in income	36,831	95,595	45,843	82,979

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Corporate Legislation
September 30, 2007

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1 – Code	2 – Description	3 - 07/1/2007 to 9/30/2007	4 - 1/1/2007 to 9/30/2007	5- 7/1/2006 to 9/30/2006	6 - 1/1/2006 to 9/30/2006
3.06.06.01	Equity in income from subsidiary	37,214	96,803	47,087	86,712
3.06.06.02	Goodwill amortization	(383)	(1,208)	(1,244)	(3,733)
3.06.06.03	Capital gain from subsidiary				
3.06.06.04	Other income				
3.07	Operating income	41,122	108,309	51,841	80,678
3.08	Non-operating result	(209)	(1,883)	0	0
3.08.01	Non-operating income				
3.08.01.01	Not operating income				
3.08.02	Expenses	(209)	(1,883)	0	0
3.08.02.01	Non-operating expenses	(209)	(1,883)	0	0
3.09	Income before income tax and social contribution	40,913	106,426	51,841	80,678
3.10	Provision of income tax and social contribution tax	(1,015)	(3,011)	0	0
3.10.01	Social contribution tax	(271)	(802)	0	0
3.10.02	Income tax	(744)	(2,209)	0	0
3.11	Deferred income before income tax and social contribution				
3.11.01	Deferred income before income tax and social contribution				
3.12	Participation/ Statutory contribution				
3.12.01	Participation				
3.12.01.01	Minority interest				
3.12.02	Contribution				
3.13	Reversal of interest in own capital				
3.15	Net income	39,898	103,415	51,841	80,678
	Number of shares, ex-treasury stock	198,655,448	198,655,448	198,655,177	198,655, 177
	Income per share	0,20084	0,52057	0, 26359	0,41021
	Loss per share				

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(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 September 30, 2007, the Company held a 65.02% (65.06% on June 30, 2007) interest in Companhia Energética do Maranhão ("CEMAR" or "Subsidiary"), a listed power distribution company. It holds the power distribution concession for the state of Maranhão, serving, in September 30, 2007, 1,412,361 consumers and covering an area of over 333,000 square kilometers. Public power distribution service concession contract n^{o} 060, entered into by National Electric Energy Agency - ANEEL, CEMAR and the Company, expires on August 10, 2030 and may be extended for a further maximum term of 30 years.

CEMAR was under the administrative intervention of ANEEL between August 2002 and April 2004. This intervention ended when the controlling interest in the Company was transferred. Since then CEMAR's new management has been implementing a financial and operational restructuring plan, and focusing its activities on its customers and returns for its shareholders. This restructuring plan embraces a number of actions, including renegotiation of debt agreements to lengthen debt maturity, negotiation with materials and service suppliers and implementation of a more effective policy for eliminating losses and collecting overdue credits, which has led to a more efficient collection. As a result, CEMAR went from having a deficit of R$146,527 on December 31, 2003 to having positive shareholders' equity amounting to R$603,428 as of September 30, 2007.

On March 6, 2006 ANEEL approved a corporate reorganization plan involving the indirect sale of shares representing 50% of the voting capital and 46.25% of the total capital of the Company to UBS Pactual Latin America Power Fund Ltd., a fund managed by a wholly owned subsidiary of UBS Pactual S.A, as described in Note 21.

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. Currently about 44% of the Company's common shares and 69% of its preferred shares are outstanding.

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(2) Consolidation

The consolidated quarterly information was 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 its Subsidiary CEMAR.

As of September 30, 2007 the Company's interest in CEMAR was 65.02% (65.06% on June 30, 2007). The assets, liabilities, revenues and expenses for the period were fully considered in the consolidated quarterly information.

When applicable the following consolidation procedures were also adopted:

- Elimination of interests in the shareholders' equity of the Subsidiary;
- Elimination of equity in the net income of the Subsidiary;
- Elimination of the balances of assets and liabilities among consolidated company, and
- Separate statement of minority interest in the liabilities and income statement for the period.
- As provided in CVM notification 01/2007, the tax incentive granted to the Subsidiary 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$8,173 (corresponding to Equatorial's share in the capital reserve established by this Subsidiary).

The balance sheets of CEMAR as of September 30, 2007 and June 30, 2007, and the income statements for the periods ended September 30, 2007 and 2006 are set out in condensed form below:

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02001-0	Equatorial Energia S.A	03.220.438/0001-73

	CEMAR	
	09/30/2007	**06/30/2007**
Assets	**1,682,936**	**1,555,282**
Current assets	506,713	463,350
Noncurrent assets		
Long term assets	378,124	367,020
Permanent assets	798,099	724,912
Liabilities and shareholders' equity	**1,682,936**	**1,555,282**
Current liabilities	280,608	256,723
Noncurrent liabilities	798,900	752,470
Shareholders' equity	603,428	546,089

	CEMAR	
	3T07	**3T06**
Operating revenues	327,773	315,483
Deductions	(93,899)	(67,060)
Net operating revenues	**233,874**	**248,423**
Cost of service	(116,949)	(105,719)
Gross operating income	**116,925**	**142,704**
Operating expenses	(27,712)	(47,241)
Service income	**89,213**	**95,463**
Financial expenses	(8,990)	(7,728)
Operating income	**80,223**	**87,735**
Non operating income (expense)	(1,579)	(2,922)
Income before income tax and social contribution	**78,644**	**84,813**
Income tax and social contribution	(26,958)	(18,514)
Net income for the period	**51,686**	**66,299**

The reconciliation between the consolidated results and those of the parent company for the quarter ended September 30, 2007, is presented below:

Parent company	**39,898**
Equity interest in variation in subsidiary's shareholders' equity accounts that do not affect its results:	
- Decrease in investment interest	(7)
- Receivable dividends adjustment	75
Consolidated	**39,966**

(3) Presentation of the financial statements

The individual and consolidated quarterly information was prepared 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. These financial statements incorporate the changes introduced by the following accounting standards: (i) Accounting standards and procedures 27 (NPC 27) - Presentation and Disclosure, issued by IBRACON - Institute of Independent Auditors in Brazil, on October 03, 2005, approved by CVM Decision 488, on the same date; and (ii) Accounting standards and procedures 22 (NPC 22) - Provisions, Liabilities, Contingent liabilities and Contingent assets, issued by IBRACON on October 03, 2005, approved by CVM Decision 489, on the same date.

In compliance with ANEEL Resolution 3073, December 28, 2006, effective as from January 1st, 2007, consumers charges related to the Energy Efficiency Program - PEE, Research and Development - P&D, the Energy Development Account - CDE and the Fuel Consumption account - CCC, previously recorded as operating costs, are now recorded as deductions against operating income and reclassifications are made for the amounts reported for the year ended in 2006.

(4) Summary of the main accounting practices

a) Statement of income

Operating income and expense are recognized on an accrual basis.

b) Accounting estimates

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

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1 - CVM CODE	2 - COMPANY NAME	3 - National Corporate Taxpayers' Registry (CNPJ)
02001-0	Equatorial Energia S.A	03.220.438/0001-73

c) Foreign currency

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

d) Current and non-current assets:

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

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

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

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

Low income 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).

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

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

Also included is the negative goodwill arising from the corporate reorganization process through which shares in CEMAR were purchased (see Note 12). This negative goodwill will be realized when the shares are sold or when the subsidiary is dissolved.

Property, Plant and Equipment (PP&E) - Recorded at acquisition cost plus monetary correction up to December 31, 1995, 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. The amount calculated is partly debited from net income and partly from the cost of work in progress, according to the usage of such assets.

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 15d).

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.

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

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

f) Provisions

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

g) Current and deferred income tax and social contribution

Current income tax and social contribution from the Company and its Subsidiary are calculated based on the effective income tax and social contribution rates on taxable income.

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.

(5) Marketable securities

Marketable securities refer to transactions made in first-rate Brazilian financial institutions, most of which are remunerated according to the variation of the Bank Deposit Certificates (CDI), at regular market rates and conditions, and are available for use in the operations of the Company and its Subsidiary. The investments include the fund FIQ- Araçagy, at the consolidated amount of R$342,472 (R$280,836 on 30 June, 2007), of which R$195,366 is recorded at the Parent Company, whose only quota holders are the Company and its Subsidiary. 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.

		Parent Company		Consolidated	
Financial institution	Type of investment	09/30/2007	06/30/2007	09/30/2007	06/30/2007
Banco do Nordeste	LFT	-	-	5,345	5,345
Bradesco	Investment fund	-	-	5,472	5,313
	CDB	-	-	1,076	818
CEF	Investment fund	-	-	-	45,365
Intrag-DTVM	Investment fund	195,366	190,927	342,472	280,836
UBS Pactual	Investment fund	-	-	888	846
Total		**195,366**	**190,927**	**365,544**	**338,541**

(6) Consumers and resellers

	Consolidated						
		Overdue		30/09/2007		30/06/2007	
	Undue	90 days or less	Over 90 days	Total	Allowance for doubtful debts	Total	Allowance for doubtful debts
Billed power supply							
Private Sector							
Residential	36,149	35,673	8,809	80,631	10,337	72,932	10,412
Industrial	12,276	7,310	4,933	24,519	3,531	19,573	3,966
Commercial	20,383	10,774	5,347	36,504	4,477	33,277	4,121
Rural	3,382	2,340	2,388	8,110	10	7,244	51
	72,190	**56,097**	**21,477**	**149,764**	**18,355**	**133,026**	**18,550**
Public Sector							
Public power	8,291	5,386	2,003	15,680	485	14,401	453
Public lighting fee	4,143	1,095	348	5,586	50	5,399	100
Public service	5,552	2,036	2,214	9,802	479	9,507	594
	17,986	**8,517**	**4,565**	**31,068**	**1,014**	**29,307**	**1,147**
Unbilled power supply	29,862	-	-	29,862	-	23,927	-
PERCEE	113	-	-	113	-	113	-
Emergency capacity changes	3	-	39	42	-	46	-
Progress billing	34,666	3,179	4,489	42,334	3,155	35,374	3,210
Other	673	6,854	4,110	11,637	4,731	13,200	4,663
	65,317	**10,033**	**8,638**	**83,988**	**7,886**	**72,660**	**7,873**
Subtotal - Consumers	**155,493**	**74,647**	**34,680**	**264,820**	**27,255**	**234,993**	**27,570**
CCEE (Note 6b)	8,010	-	197	8,207	197	8,620	197
Concessionaries	204	-	-	204	-	204	-
Checks in collection	-	-	4,363	4,363	4,363	4,384	4,384
Services rendered	-	-	947	947	792	1,041	792
	8,214	**-**	**5,507**	**13,721**	**5,352**	**14,249**	**5,373**
Total	**163,707**	**74,647**	**40,187**	**278,541**	**32,607**	**249,242**	**32,943**
Current assets	**141,240**	**74,647**	**36,549**	**252,436**	**28,969**	**225,348**	**29,305**
Non current assets	**22,467**	**-**	**3,638**	**26,105**	**3,638**	**23,894**	**3,638**

a) Allowance for doubtful accounts

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

Consumers with relevant debts

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

For other cases

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

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.

According to this information, transactions at the CCEE from September 2000 to December 2002 amounted to $64,986. This total includes a balance receivable by CEMAR of R$8,010, which is being legally disputed. This balance may change depending on court rulings on the interpretation of the market rules in force. Of the remaining balance, R$1,490 represents default. Of this total, a provision has been made for R$197 and R$1,293 is being judicially collected. In accordance with applicable tax rues, these amounts represent a loss, and the company is therefore eligible to a reduction of income tax/social contribution. The other transactions up to September 30, 2007 did not resulted in the right to a credit (R$413 at June 30, 2007).

Total revenue as of September 30, 2007, net of prior periods adjustments, as disclosed by CCEE, was R$1,827 (R$3,480 until September 30, 2006).

c) General Electricity Sector Agreement:

In December 2001, the Brazilian Federal Government (through the Electric Energy Crisis Management Committee - GCE) and the power generation and distribution concessionaires executed a “General Electricity Sector Agreement”, which specified the criteria for recomposing extraordinary revenue and losses resulting from the period in which the Emergency Program to Reduce Electric Energy Consumption was in force, to be achieved through a surcharge in electricity supply bills, with 2.9% being charged to residential consumers (except for the low income residential subclass) and to rural consumers, and 7.9% charged to the other consumption classes.

ANEEL Resolutions 480/2002 (loss of margin) and 001/2004 (reimbursement to the generator), approved the amounts of R$29,250 and R$33,570, respectively, for CEMAR. These losses of margin were transferred to the concessionaire and the free energy collected from consumers was passed on to the energy generators, plus the tax payable on billing and monetary correction, as established by ANEEL Resolutions 369/2002 and 36/2003. ANEEL Resolution 001/2004 established that the RTE charge would remain in the CEMAR tariff for a period of 46 months beginning December 2001 and ending October 2005. In accordance with these legal requirements, CEMAR ceased collecting the RTE charge in October 2005.

The items in the General Electricity Sector Agreement are remunerated at the *SELIC rate for Special Settlement and Custody System (BACEN)*, plus interest of 1% per annum on 90% of the balance. On December 20, 2005, ANEEL issued an Official Circular 2,212 establishing the following procedures for calculating the remuneration:

- For the item Losses of Margin, the remuneration shall be: (i) the SELIC rate (BNDES) plus interest of 1% per annum on the amount financed, which corresponds to 90% of the amounts ratified by ANEEL, and (ii) the SELIC rate (BACEN) on the 10% not financed;

- For the item Free Energy, in cases where the Generator has obtained a loan from the BNDES, the remuneration is calculated at the SELIC (BACEN) rate plus interest of 1% per annum; and for generators who have not obtained a loan, the remuneration shall only be calculated according at the SELIC (BACEN) rate; and

- For the item "Portion A", the remuneration should be appropriated using the SELIC (BACEN) rate.

In September 2005, CEMAR had already recovered the entire RTE, the uncollected amount yet to be paid the generators remaining as a liability.

Based on ANEEL/SFF Official Circulars 2,212/2005 and 074/2006, this amount was updated at the SELIC rate and recorded as suppliers - Reimbursement to the Generators.

In September 2006, CEMAR sent a letter to the generators stating the amounts that each was yet to receive (a total of R$5,297), considering 100% of the amount already collected, net of taxes and charges, based on Resolution nº 36/2003, nº 89/2003 and nº 45/2004 issued by ANEEL. On September 30, 2007, the amount remaining to be reimbursed to the generators was R$234 (R$228 on June 30, 2007).

The main items of the General Electricity Sector Agreement are summarized as follows:

	Consolidated	
	09/30/2007	06/30/2007
Assets - Tariff Recomposition (RTE)		
Loss of margin plus taxes	37,659	37,659
Free energy plus taxes	34,841	34,841
	72,500	**72,500**
Monetary restatement	20,328	20,328
Amortization of margin loss and free energy	(92,828)	(92,828)
Assets balance	**-**	**-**
Liabilities - Tariff Recomposition (RTE)		
Reimbursement to the generators-current and long-term	(33,570)	(33,570)
Amortization of the reimbursement (payment to the generators)	48,047	48,047
Monetary restatement	(14,711)	(14,705)
Liabilities balance	**(234)**	**(228)**
Total net effect of the General Electricity Sector Agreement	**(234)**	**(228)**

(7) Low income consumers

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 a result of these procedures, as of September 30, 2007, R$12,270 (R$11,860 on June 30, 2007) was receivable from ELETROBRÁS.

(8) Taxes recoverable

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

	Parent Company				Consolidated			
	09/30/2007		06/30/2007		09/30/2007		06/30/2007	
	Current	Non current	Current	Non current	Current	Non current	Current	Non current
Withholding tax on interest-earning deposits	2,979	-	3,246	-	2,982	-	6,430	-
Prepaid income tax (a)	1,658	-	1,344	-	9,053	-	5,494	-
Prepaid social contribution (a)	1,551	-	1,551	-	13,119	-	4,749	-
IRPJ recoverable	-	-	-		-	-	13,984	-
ICMS recoverable and CIAP (b)	-	-	-	-	20,822	36,067	18,268	33,429
COFINS (Social Contribution on Revenues) (c)	-	-	-	-	-	12,715	-	9,068
PIS (Social Integration Program) (c)	-	-	-	-	-	2,760	-	1,969
Recoverable income tax and social contribution	130	-	130	-	130	-	130	-
Other	-	-	-	-	2,285	-	2,462	-
Total	**6,318**	**-**	**6,271**	**-**	**48,391**	**51,542**	**51,517**	**44,466**

(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) Pursuant to Complementary Law 102, July 11, 2000, the Company has recorded ICMS recoverable on the purchase of fixed assets.

(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.

(9) Deferred income tax and social contributions

Since May 2004, CEMAR has been undergoing a restructuring process, which began with the reorganization of the capital structure in 2004, followed by the reorganization of its operating activities. Given the above, CEMAR’s management, based on CVM Instruction 371/2000, 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, 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.

a) Breakdown of the income tax and social contribution credits

	Consolidated	
	09/30/2007	**06/30/2007**
Income tax		
Tax losses	195,173	197,884
Temporary differences	-	-
	195,173	**197,884**
Social contribution		
Negative base	24,725	27,018
Temporary differences	-	-
	27,725	**27,018**
Total	**219,898**	**224,902**
Current	6,933	11,937
Non current	212,965	212,965

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:

Recovery expectation	2007	2008	2009	2010	2011 a 2013	Total
Deferred taxes	6,933	24,173	29,249	31,892	127,651	219,898

The aforesaid technical studies are management's best estimates for future operations and for the market in which CEMAR operates. These studies were prepared in 2005, and revised at the end of 2006, and approved by CEMAR Board of Directors on December 18, 2006.

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 and Social Contribution expense debited in net income is stated as follows:

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	Parent Company				Consolidated			
	09/30/2007		09/30/2006		09/30/2007		09/30/2006	
	IR	CS	IR	CS	IR	CS	IR	CS
Profit before income and social contribution taxes	**106.425**	**106.425**	**51.840**	**51.840**	**218.210**	**218.210**	**172.496**	**172.496**
Tax rates	25%	9%	25%	9%	25%	9%	25%	9%
Income and social contribution taxes calculated at statutory rates:	**26.606**	**9.578**	**12.960**	**4.666**	**54.553**	**19.639**	**43.124**	**15.525**
Additions:								
Nondeductible expenses	758	274	-	-	66.458	23.927	44.298	15.957
Accelerated depreciation (1)	-	-	-	-	511	-		
Equity in income of subsidiary	-	-	-	-	24.200	8.712		
Exclusions:								
Reversal of provisions, RTD and regulatory assets	(24.208)	(8.706)	(60.020)	(21.607)	(84.209)	(30.298)	(53.771)	(19.358)
Accelerated depreciation (1)					(28.313)	-		
Other items:								
Tax loss and negative base carryforward	(947)	(344)	14.118	5.082	(9.961)	(6.594)	(10.095)	(3.637)
Income and social contribution taxes on income statement	**2.209**	**802**	**-**	**-**	**23.239**	**15.386**	**23.556**	**8.487**
Incentive PAT	-	-	-	-	(76)	-		
Reversion of IR 2006 accelerated depreciation effect.	-	-	-	-	(18.478)	-	(81)	-
Corporate income tax expense(IRPJ)2005	-	-	-	-	152	109		
Exclusion of Adene Incentive (2)	-	-	-	-	(8.173)	-	(7.460)	
Reversion of income tax and social contribution in 2006/2005	-	-	-	-	-	-	(6.905)	(2.488)
Expense	**2.209**	**802**	**-**	**-**	**(3.336)**	**15.495**	**9.110**	**5.999**
Tax rate (excluding deferred assets)	**2,08%**	**0,75%**	**0,00%**	**0,00%**	**-1,53%**	**7,10%**	**5,28%**	**3,48%**
Deferred tax asset	-	-	-	-	48.973	3.972	16.225	5.841
Total expense	**2.209**	**802**	**-**	**-**	**45.637**	**19.467**	**25.335**	**11.840**
Effective rate for deferred tax asset	**2,08%**	**0,75%**	**0,00%**	**0,00%**	**20,91%**	**8,92%**	**14,69%**	**6,86%**

(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'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.

- 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.

(10) Prepaid expenses

	Parent Company		Consolidated	
	09/30/2007	06/30/2007	09/30/2007	06/30/2007
Compensation of Portion A cost variation (a)	-	-	9,375	11,990
Deferred Tariff Recomposition (RTD) (b)	-	-	90,645	86,211
Regulatory Asset - PIS / COFINS (c)	-	-	-	2,773
Debentures	-	-	-	-
Insurance	64	87	188	329
Other	-	-	814	1,004
Total	**64**	**87**	**101,022**	**102,307**
Current	64	87	10,377	13,324
Noncurrent	-	-	90,645	88,983

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.

Of the amount of R$9,375 (R$11,990 on June 30, 2007), R$4,850 (R$9,309 on June 30, 2007) corresponds to amounts granted in the August 2007 tariff adjustment, which have been amortized since then. The accumulated amortization until September 30, 2007 was R$18,760 (R$18,871, for the period ended September 30, 2006).

ANEEL Resolution nº 536 dated August 21, 2007 approved CEMAR's annual tariff adjustment. Under this Resolution, the Subsidiary's tariffs were adjusted by about 8.08%, of which 8.91% corresponds to the annual tariff adjustment and -0.83% corresponds to additional financial items. The percentage of -0.83% will be applied to CVA amortization. The new tariffs have been applied since August 28, 2007, and will remain effective until August 27, 2008, when they will then be readjusted.

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.

Another relevant portion corresponds to the R$4,201 to be 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).

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 index approved (15.95%) and the index authorized for immediate pass-through to the tariffs. Under Resolution 196, ANEEL will include a specific amount (R$42,451) 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 September 30, 2007, CEMAR reported Regulatory Assets of R$90,645 (R$86,211 on June 30, 2007). The amount was recorded as noncurrent assets due to the expected realization period.

c) Regulatory Assets - PIS/COFINS:

In 2004 CEMAR recorded a regulatory asset deriving from the increase to the PIS and COFINS tax rates ("Regulatory Asset - PIS and COFINS") in accordance with the new legislation (Law nº 10637 dated December 30, 2002, Law nº 10833 dated December 29, 2003 and Law nº 10865 dated April 30, 2004). Recognition of this asset was approved under Official Circular 302, dated February 25, 2005, which recognized CEMAR's right to request the offsetting of this additional cost in the latest tariff review, which took place in August 2005. Resolution nº 196, dated August 22, 2005, included the amount required to recover this asset in the tariff. The remaining long-term balance of R$2,780 represents the losses incurred between August 1st and August 28, 2005. Subsequent to the publication of Technical Note 554 - SFF/ANEEL, which defined the criteria for calculating the financial component of the PIS/COFINS in question, the concessionaries recalculated these taxes, which identified that CEMAR has over stated an amount in its accounting records, consequently, the amount of R$2,780 was reversed from the corresponding regulatory asset.

(11) Other accounts receivable

	Parent Company		Consolidated	
	09/30/2007	**06/30/2007**	**09/30/2007**	**06/30/2007**
Services requested				
Ongoing deactivation	-	-	1,776	2,457
Ongoing sales	-	-	666	243
Ongoing services	-	-	583	78
Ongoing expenses reimbursable	-	-	44	45
	-	**-**	**3,069**	**2,823**
Other accounts receivable				
Advances to employees	-	-	1,352	1,389
Disposal of assets and rights	-	-	23	197
Other	(2)	3	2,490	2,009
	(2)	**3**	**3,865**	**3,595**
Total	**(2)**	**3**	**6,934**	**6,418**

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(12) Investments in Subsidiary, intangible assets, and transactions with related parties

The main data about investments in CEMAR and transactions with related companies is as follows :

	Parent Company	
	09/30/2007	**06/30/2007**
Subsidiary data		
In thousands of shares		
Subsidiary share breakdown :		
Common shares	16,042,732,055	16.033.444.340
Preferred shares - Class A	123,923,178	123.923.178
Preferred shares - Class B	162,572,922	162.572.922
Total shares **(a)**	16,329,228,155	16.319.940.440
In thousands of R$		
Shareholders` equity of the Subsidiary		
Capital **(a)**	157,727	157,727
Capital reserve	29,183	23,530
Profit reserve	280,509	280,509
Retained earnings	136,009	84,323
Total	603,428	546,089
	-	-
Net income	51,686	47,655
Parent Company Data		
Parent company's interest		
Total shares (in thousands)	10,617,318,360	10,617,318,360
Interest (%) **(a)**	65.02%	65.06%

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	Parent Company	
	09/30/2007	06/30/2007
Investment account changes:		
Initial balance	355,271	325.420
Equity in net income from Subsidiary	37,214	31,456
Gain on investment in Subsidiary	(209)	(1,605)
Final balance	**392,351**	**355,271**
Intangible data:		
Goodwill **(b)**	241,117	240,662
(-) Amortization	(383)	455
	240,734	241,117
Negative goodwill **(c)**	(3,109)	(3,109)
	237,625	**238,008**
Related parties:		
Dividends receivable – CEMAR	-	75
Dividends payable	-	-

	Consolidated	
	09/30/2007	06/30/2007
Related parties:		
Debt to Eletrobras **(d)**	256,692	252,282
Charges on Eletrobras debt - expense **(d)**	(3,729)	(3,863)
FASCEMAR **(e)**	28,696	28,473
Charges on FASCEMAR debt - expense **(e)**	(1,145)	(875)
Dividends payable to parent company	-	75
Accounts receivable	278	106

(a) On July 12, 2007, a total of 9,287,715,266 ordinary shares were issued from the capital of CEMAR, for the beneficiaries of its Share Purchase Option Plan, reducing the Company’s participation in its capital. The loss on investment has been reported to non operational results, for the amount of R$209

(b) The historical cost of goodwill originates from the acquisition of an 84.68% interest in CEMAR on June 30, 2000, and 4.91% on August 31, 2001, amounting to R$266,711 and R$25,099 respectively. Until the last quarter of 2005, the Company amortized goodwill on a straight line basis, over the remaining period of the subsidiary’s concession contract, given that the latter did not report profitability during the initial years of the concession. As from December 2005, one year after the end of the intervention, and since CEMAR has reported profits, amortization started to be made in proportion to the net profit curves forecast for the remaining period of the subsidiary’s concession contract.

(c) The difference between the book value of the shares in CEMAR received by the Company and the value determined as described in item “b” was recorded as negative goodwill (R$3,109).

(d) CEMAR has outstanding balances with its minority shareholder Eletrobrás (as described in Note 15).

(e) CEMAR has an outstanding balance with the CEMAR Employee Security and Assistance Fund - FASCEMAR (as described in Note 15).

<u>Other Subsidiary information</u>

Stock option plan - CEMAR

On December 6, 2005, CEMAR’s Board of Directors approved the “CEMAR Stock Option Plan” (the “Plan”), which was ratified at the AGE - Extraordinary General Meeting held December 23, 2005. On December 30, 2005 the Board of Directors also resolved to create a Management Committee to manage the Plan.

The Company’s managers and employees may enroll in the Plan, as yet to be defined by the management committee. The overall volume offered is up to 3% (three percent) of the common shares currently issued by the Company, corresponding to 480,917,295,334 common shares, at the original subscription price of R$0.01 per lot of 1,000 (one thousand) shares, restated by the General Market Prices Index published by the Getúlio Vargas Institute (“IGP-M/FGV”), plus interest of 8% p.a. (eight percent per annum) from May 2004 until the options are exercised. On March 23, 2006, a total of 76,385,697,078 non-allocated share subscription options were cancelled.

As reported in item “a”, in July 2007, a total of 9,287,715,266 ordinary shares were subscribed, allocated to the beneficiaries of the plan.

Of the remaining shares under the plan, 298,651,644,214 shares were subscribed, with subscription options still existing for 105,879,954,043 shares until May 03, 2009. The amount still unsubscribed represents 1.00% shareholder dilution.

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(13) Property, plant and equipment

	Average annual depreciation	09/30/2007	06/30/2007
Production:			
In Service		1,513	1,513
Accumulated depreciation	4.92%	(931)	(920)
In progress		169	169
		751	**762**
Distribution			
In Service		1,484,679	1.420.876
Accumulated depreciation	4.23%	(553,041)	(540.800)
In progress		292,471	269.092
		1,244,109	**1.149.168**
Sales:			
In Service		11,353	10,197
Accumulated depreciation	4.18%	(4,024)	(3,824)
In progress		1,242	2,000
		8,571	**8,373**
Central administration:			
In Service		41,619	40.366
Accumulated depreciation	7.93%	(15,762)	(14.290)
In progress		18,696	16.070
		44,553	**42.146**
		1,277,984	**1.200.449**
Concession obligations:			
Consumer contributions		(7,396)	(7.381)
Donations, subsidies and others		(397,877)	(393.544)
Government participation		(74,833)	(74.833)
Accumulated depreciation		-	-
		(480,106)	**(475,758)**
Total		**797,878**	**724,691**

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. On September 30, 2007, a total of R$505 was recorded as assets allocated for sale (R$ 350 on June 30, 2007).

a) Fixed assets in progress

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$265,260, R$31,939, R$6,302 and R$9,077, respectively (R$237,245, R$34,846, R$5,293 and R$9,947 on June 30, 2007, respectively).

Of the total materials in storage, the amount of R$20,862 (R$29,534 on June 30, 2007) represents material held in storage to meet the requirements of the “Programa Luz para Todos” and mainly refers to poles, transformers, cables, meters, power converters, among other items to be used for works in progress.

A provision was made for losses deriving from items which have not been used for over 180 days, in the amount of R$958 on September 30, 2007 (R$958 on June 30, 2007), recorded as a contra account of non-operating expenses. 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:

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. The donations and subsidies are mainly the amounts provided by ELETROBRÁS to finance the “Programa Luz para Todos”, to the amount of R$396,167 (R$391,833 on June 30, 2007), net of taxes. Government participation refers to federal funds received to execute electrical projects linked to the Public Electricity Service.

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.

d) Periodic tariff review

ANEEL Normative Resolution nº 234, of October 31, 2006, established new concepts and general guidelines to be observed by the public power service concessions because of the second cycle of reviewing tariffs, as provided by law and the concession contract.

As a result, the main changes introduced were:

- Base for Regulatory Remuneration

  - Shielding of the Regulatory Remuneration Base (BRR) approved in the previous cycle (BRR anterior);
  - Deduction of write-offs between the base dates for the 1st and 2nd cycles;
  - Correction of amounts remaining from previous BRR, using the IGP-M;

- Consideration of the effects of depreciation accumulated between the base dates for the 1st and 2nd cycles; and
- Additions to assets made between the base dates for the 1st and 2nd cycles.

- Remuneration of Capital: the remuneration rate for remunerated assets, defined based on weighted average cost of cost (WACC), was revised, and altered from 11.26 % to 9.95%, in real terms, after discounting inflation and taxes.
- Reintegration Quota: regulatory depreciation on assets constituted with funds from Special Obligations will not be considered in part B, which is being amortized in the accounting records.
- Operational costs: maintain the concept of reference company with proposals for improvements in relation to organizational structure, technical and commercial activities and processes and revaluation of personnel costs. Improvements are also proposed for the provision for doubtful debts (PDD) and for the course of regulatory losses, which for this cycle will be defined observing the characteristics of each concession or similar concessions.
- Factor X: Elimination of influence of Aneel Index for Consumer Satisfaction (Iasc).

(14) Suppliers

	Consolidated	
Description	**09/30/2007**	**06/30/2007**
Energy supplies and connection charges:		
Eletronorte	4,025	3,728
Chesf	7,384	7,032
Copel	3,148	2,903
Furnas Elétricas	12,053	9,662
CESP	3,844	3,544
Cemig	1,364	1,258
Others	3,949	3,474
Short-term energy	872	-
Use of the transmission system	6,534	6,024
Reimbursement to the generators-Free energy	234	228
Material and service	77,682	63,461
	121,089	**101,314**

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a) Power supply

In December 2005, the initial power supply contracts entered into by CEMAR with ELETRONORTE and CEPISA were terminated. These contracts represented an acquisition of 932,112 MWh. However, under Decree/Law 5.163 dated July 30, 2004, which now governs the electricity sector, CEMAR negotiated new Power Sale Agreements within a Regulated Environment, as detailed below:

POWER UNDER AGREEMENTS	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Chesf Auction	**148,920**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Product 2006/2012	**2,922,632**	**2,922,632**	**2,930,639**	**2,922,632**	**2,922,632**	**2,922,632**	**2,930,639**	**-**	**-**	**-**	**-**
Product 2006/2013	**1,110,517**	**1,110,517**	**1,113,560**	**1,110,517**	**1,110,517**	**1,110,517**	**1,113,560**	**1,110,517**	**-**	**-**	**-**
Product 2007/2014	**-**	**405,307**	**406,418**	**405,307**	**405,307**	**405,307**	**406,418**	**405,307**	**405,307**	**-**	**-**
Product 2008/2015	**-**	**-**	**213,451**	**212,868**	**212,868**	**212,868**	**213,451**	**212,868**	**212,868**	**212,868**	**-**
Proinfa	**12,413**	**35,302**	**104,530**	**104,244**	**104,244**	**104,244**	**104,530**	**104,244**	**104,244**	**104,244**	**104,244**
MCSD	**52,665**	**52,665**	**52,001**	**52,665**	**52,665**	**52,665**	**52,001**	**-**	**-**	**-**	**-**
MCSD 4%	**32,412**	**32,412**	**32,501**	**32,412**	**32,412**	**32,412**	**32,501**	**8,926**	**-**	**-**	**-**
MCSD Nov	**41**	**247**	**247**	**247**	**247**	**247**	**247**	**247**	**-**	**-**	**-**
New 2008/2022/2037	**-**	**-**	**25,649**	**25,579**	**25,579**	**25,579**	**25,649**	**25,579**	**25,579**	**25,579**	**25,579**
New 2009/2023/2038	**-**	**-**	**-**	**99,694**	**99,694**	**99,694**	**99,694**	**99,694**	**99,694**	**99,694**	**99,587**
New 2010/2024/2039	**-**	**-**	**-**	**-**	**369,847**	**369,847**	**370,860**	**369,847**	**369,847**	**369,847**	**369,847**
Auction A-3	**-**	**-**	**-**	**239,498**	**239,498**	**239,498**	**240,155**	**239,498**	**239,498**	**239,498**	**239,498**
Auction A-1	**-**	**16,194**	**16,238**	**16,194**	**16,194**	**16,194**	**16,238**	**16,194**	**16,194**		
MCSD_May		1,576	1,576	1,576	1,576	1,576	1,576	1,576	1,576	-	-
MCSD_LIVRE		1,397	1,397	1,397	1,397	1,397	1,397	1,397	1,397	-	-
MCSD 4% 2007			1,475	7,982	7,961	7,961	7,982	7,961	7,961	7,961	7,982
Auction alternative sources					3,888	3,888	3,899	3,888	3,888	3,888	3,899
Auction A-3 (2007)					55,937	55,937	56,091	55,937	55,937	55,937	56,091
TOTAL - MWh	4,279,600	4,578,249	4,899,682	5,232,813	5,662,464	5,662,464	5, 677,161	2,663,681	1,543,991	1,119,517	906,728

b) Power network usage charge

In 1999, the power distribution concessions signed Transmission System Usage Contracts (CUSTs) with 15 power transmission companies and the National System Operator (ONS), the operator created to conduct the planning and operations of the Brazilian power system. These contracts require them to pay for the use of the transmission assets, given the interconnection of the entire Brazilian electricity transmission system.

(15) Loans and financing

	Consolidated							
	09/30/2007				06/30/2007			
	Current				Current			
	Charges	Principal	Non current	Total	Charges	Principal	Non current	Total
Foreign currency								
National treasury (1)	426	610	11,061	12,097	218	933	11,309	12,460
	426	**610**	**11,061**	**12,097**	**218**	**933**	**11,309**	**12,460**
Local currency:								
Eletrobrás (2)	-	7,159	249,533	256,692	544	5,773	245,965	252,282
Financial Institutions (3)	1,648	2,059	155,211	158,918	1,586	116	121,948	123,650
	1,648	**9,218**	**404,744**	**415,610**	**2,130**	**5,889**	**367,913**	**375,932**
Debt to FASCEMAR (4)	-	3,948	24,748	28,696	-	3,888	24,585	28,473
Total loans and financing	**2,074**	**13,776**	**440,553**	**456,403**	**2,348**	**10,710**	**403,807**	**416,865**
Other debts								
Debentures (5)	-	2,145	267,300	269,445	-	11,110	267,300	278,410
		2,145	**267,300**	**269,445**	**0**	**11,110**	**267,300**	**278,410**
Total debt	**2,074**	**15,921**	**707,853**	**2,348**	**2,348**	**21,820**	**671,107**	**695,275**

(1) The balance with the National Treasury refers to the medium and long-term financing contracts and the interest owed to commercial banks and other foreign creditors, not deposited at the Central Bank of Brazil, pursuant to Resolutions nº 1.541/88 and nº 1.564/89 issued by the National Monetary Council (CMN), and which were exchanged for Government bonds. This debt is guaranteed by CEMAR's revenue from electricity supply.

(2) Debt to Eletrobrás

- The contracts with ELETROBRAS mainly entail funds to construct transmission lines and substations for the Supervision, Automation and Control Program - SAC and the Energy Conservation Program. The financing is guaranteed by CEMAR's revenue and in some cases by promissory notes. All contracts were renegotiated on April 27, 2004 under a Renegotiation Agreement. The main terms of the agreement are described in item (c) of this note.

- Anticipated liquidation: On April 02, 2007, contract 2035/00 with Eletrobrás was settled in advance, for the total amount of R$87,073.

- On January 09, 2007, the first portion of the funds provided under the financing contract ECF-2522/2005 signed between CEMAR and Eletrobrás in December 2006 (for a total amount of R$58,000) were released. The first portion was equivalent to 10% of the contract, that is R$5,800. This contract is secured by funds from the Global Reversion Reserve (RGR). The cost of this loan is 7% per annum plus a variation of RGR, and the term is 7 years, with a grace period of 2 years, and amortization over 5 years. These funds are guaranteed by income, and are allocated to the direct costs of investments to improve power supply services and expand the system. There is no clause preventing early liquidation of the installments to become due.

(3) Transactions with financial institutions in local currency refer to working capital loans guaranteed by promissory notes and in some cases by receivables. The main loans from financial institutions are:

- Banco do Nordeste: In 2006, CEMAR released four installments of the loan from Banco do Nordeste do Brasil financing line, amounting to R$64,118, to finance investments to reduce technical and commercial losses, improve the quality of power supply, expand the distribution system and upgrade the information technology system. In February 2007, CEMAR obtained the fifth portion of loan, amounting to R$27,988 and in August 2007, it obtained the sixth portion of the loan, amounting to R$35,120. The funds were from Constitutional Northeast Fund (FNE). The FNE interest rate was revised at the end of 2006, and decreased from 11.9% per annum (up to December 2006), to 9.78% per annum, as from January 2007.

- “Studies and Projects Financing Agency - FINEP”: In September 2006, CEMAR received the first portion of the loan obtained from FINEP, having a principal amounting to R$1,040. The interest corresponds to TJLP + 2% a year. This loan is intended to finance investments in improvements to distribution network performance, and energy efficiency programs.

- On April 20, 2006, CEMAR obtained a loan of R$434 from Banco do Brasil, secured by funds from Industrial Financing Special Agency (FINAME) or National Bank of Social and Economic Development (BNDES). The cost of this loan is TJLP + 9.5% per annum. The total term of the loan is 5 years, with a grace period of 6 months, and amortization over 4.5 years. These funds are guaranteed by a collateral and surety from Equatorial Energia S.A, and are allocated to finance the renewal of the vehicle fleet consisting of two trucks with cranes, a trailer truck and a forklift.

- On April 10, 2007, CEMAR contracted financing for the amount of R$28,481 from Banco Itaú BBA, which are tied to funds originating from repasses from Banco Nacional de Desenvolvimento Econômico e Social – BNDES. The cost of this financing is the long term interest rate, TJLP + 4.8% per annum. The total period is for five years, with a grace period of one year, and amortization over four years. These funds are guaranteed by CEMAR's income and surety guarantee from Equatorial Energia S.A. and are to be allocated to finance the implantation of the Program to Combat Electricity Losses from the Distribution by CEMAR, the System to Manage the Distribution Network - "GEOREDE" and the Elucid Commercial System - "SOMAR UE-COM". On May 11, 2007, CEMAR received the first installment of R$7,708 and on May 21, it received a further sum of R$20,773, amounting to 100% of the value contracted. According to this contract, CEMAR has to present the following financial indicators, which have to be calculated annually based on its audited financial statements :

    a) 1st *Covenant*: Quotient between the Net Financing Indebtedness by the LAJIDA less than or equal to 4.50;

    b) 2nd *Covenant*: Quotient between the Net Financial indebtedness from the sum of net financial indebtedness with shareholders' equity less than or equal to 0.60.

	3T07	2T07	1T07	4T06
(+) Borrowings and financing	**725,848**	**695.275**	**897.592**	**594.486**
(-) Cash and cash equivalents	(198,412)	(171.858)	(434.830)	(199.443)
(-)Debt with ELETROBRÁS - ECF 1960/99	(129,388)	(125.246)	(123.914)	(121.673)
(-) Low income consumers	(12,270)	(11.860)	(10.846)	(11.273)
Net financial indebtedness	**385,778**	**386.312**	**328.002**	**262.097**
(+) Net profit	**51,686**	**47.655**	**38.980**	**49.609**
(+) Net financial results	8,990	5.047	8.045	15.073
(+) Provision for IR and CSLL	26,958	23.483	19.825	19.717
(+) Depreciation and amortization	16,840	18.900	12.818	15.426
(+) Other non operational expenses/income	1,579	292	(713)	(88)
LAJIDA	**106,053**	**95.377**	**78.956**	**99.737**
LAJIDA (12 months)	**380,123**	**384.241**	**355.308**	**344.009**
Shareholders' equity	**603,428**	**546.089**	**497.927**	**454.779**
Net financial indebtedness / LAJIDA ≤ 4,5	**1,0**	**1,0**	**0,9**	**0,8**
Net financial indebtedness / (Net financial indebtedness +PL) ≤ 0,6	**0,4**	**0,4**	**0,4**	**0,4**

(4) On March 20, 2001, the “debt acknowledgement contract” was signed between CEMAR and FASCEMAR, regarding the debt that CEMAR had with FASCEMAR deriving from the overdue payments and delayed payment of contributions as the Fund sponsor. This consolidated debt stood, as of September 30, 2007, at R$28,696 (R$28,473 on June 30, 2007) and is guaranteed by CEMAR’s receivables. The debt arising out of this contract is being repaid in 168 monthly, consecutive installments, as from April 2001, on which interest is charged at 102% of the Brazilian Interbank Rate, calculated and disclosed daily by Private Debt Custody Central (CETIP).

(5) See Note 16.

a) Scheduling of the installments of loans, financing and long-term debentures:

As of September 30, 2007, long-term debentures, financing and loans stood at R$707,853 and the maturity thereof is scheduled as denoted below:

Maturity	2007	%
2008	18,835	2.33%
2009	46,758	7.00%
2010	49,843	7.38%
2011	119,052	17.70%
2011 onwards	473,365	65.59%
Total	**707,853**	**100.00%**

b) Composition by index and currency:

Foreign currency

US dollar Index	R$ 000	US$ 000	Quarterly variation	Interest rates
Libor six monthly	12,097	6,647		Minimum rate: LIBOR as+ 0.81% p.a. Maximum rate: pre-fixed at 8% p.a.
09.30.2007	**12,097**	**6,6476,469**	2.75%%	
06.30.2007	**12,460**			

Domestic currency

Index	R$ 000	Quarterly variation	Interest rates
IGP-M	129,388		Minimum Spread: 4.0% p.a. Maximum Spread:. 13.4%p.a.
FINEL	59,761		Minimum Spread: 9.4% Maximum Spread: 14.0%p.a.
Pre-fixed - RGR	67,543		RGR: 6.0% p.a. + Administration fee: 2% p.a.
CDI	298,1410		102% of CDI
Pre-fixed : FNE	128,760		14% p.a; (with bonus for completing contract of 15%, the effective rate is 11.9% p.a.)
TJLP	30,158		TJLP + 5% p.a. (with reduction factor of 3% p.a., the spread is 2% p.a.)
09.30.2007	**713.751**	4,53%	
06.30.2007	**682.815**		

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02001-0	Equatorial Energia S.A	03.220.438/0001-73

c) Statement of Debt:

					Consolidated	
Description	**Date Signed**	**Purpose**	**Maturity date**	**Financial Charges**	**09/30/2007**	**06/30/2007**
Eletrobrás					**256,692**	**252,282**
RES 150/00-2033/00	4/27/2004	Debt Renegotiation	12/30/2015	RGR + 6.8% p.a.	2,607	2,589
RES 150/00-2034/00	4/27/2004	Debt Renegotiation	12/30/2015	FINEL + 9.4% p.a.	44,184	43,409
ECF - 1510/97	4/27/2004	Debt Renegotiation	12/30/2015	FINEL + 14.0% p.a.	528	522
ECF - 1639/97	4/27/2004	Debt Renegotiation	12/30/2015	FINEL + 11.5% p.a.	6,192	6,126
ECF - 1645/97	4/27/2004	Debt Renegotiation	12/30/2015	FINEL + 13.6% p.a.	1,067	1,054
ECF - 1960/99	4/27/2004	Debt Renegotiation	12/30/2023	IGP-M + 4.0% p.a.	129,388	125,246
ECF - 1907/99	4/27/2004	Debt Renegotiation	12/30/2015	FINEL + 11.0% p.a.	879	870
ECF - 1908/99	4/27/2004	Debt Renegotiation	12/30/2015	FINEL + 9.4% p.a.	6,911	6,844
ECF - 1473/97	4/27/2004	Debt Renegotiation	12/30/2015	RGR + 13.6% p.a.	208	207
ECF - 2522/05	11/22/3006	Debt Renegotiation	12/30/2013	RGR + 7.0% p.a.	6,014	5,939
ECFS - 027/04	6/2/2004	Cover direct costs of PLPT works	6/30/2016	RGR + 6.0% p.a.	14,412	14,820
ECFS – 176/07	4/13/2007	Cover direct costs of PLPT works	3/31/2019	RGR + 6.0% p.a.	11,640	11,640
ECF - 140/06	3/31/2006	Cover direct costs of PLPT works	3/31/2018	RGR + 6.0% p.a.	32,662	32,662
BNB	**23/11/2005**	**Modernization and Expansion**	**2/28/2017**	**11.9% p.a.**	**128,769**	93,310
National Treasury					12,097	12,460
STN 01	12/5/1997	Debt Renegotiation	11/4/2024	LIBOR SEM.+ 0.81% p.a.	2,938	3,027
STN 02	12/5/1997	Debt Renegotiation	11/4/2024	6% p.a.	4,206	4,338
STN 03	12/5/1997	Debt Renegotiation	10/4/2009	LIBOR SEM.+ 0.81% p.a.	215	221
STN 04	12/5/1997	Debt Renegotiation	10/4/2014	8% p.a.	2,523	2,590
STN 05	12/5/1997	Debt Renegotiation	10/4/2012	LIBOR SEM.+ 0.88% p.a.	2,005	2,066
STN 06	12/5/1997	Debt Renegotiation	10/4/2009	LIBOR SEM.+ 0.88% p.a.	210	218
Fascemar	**3/20/2001**	Debt Renegotiation	**3/2/2015**	**IGP-M + 12%p.a.**	**28,696**	**28,473**
Debentures 3°Issuance	**3/8/2007**	**Debt Settlement**	**3/1/2013**	**105.8% CDI**	**269,445**	**278,410**
Finep	**6/13/2006**	**Modernization and Expansion**	**6/30/2013**	**TJPL + 2%p.a.**	**1,079**	**1,053**
BNDES	**4/10/2007**	**Modernization and Expansion**	**2/15/2012**	**TJPL + 4,8%p.a.**	**28,689**	**28,885**
Banco do Brasil					**390**	**402**
Finame 01	20/04/2006	Vehicle Fleet	5/15/2013	TJLP + 9.5%p.a.	41	43
Finame 02	20/04/2006	Vehicle Fleet	5/15/2013	TJLP + 9.5%p.a.	349	359
Total debt					**725,848**	**695,275**
Current					**17,995**	**24,168**
Non-current					**707,853**	**671,107**

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02001-0	Equatorial Energia S.A	03.220.438/0001-73

d) 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 10438, 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 CEMAR has invested R$495,082 (R$443,041 until June 30, 2007) in the Universalization Program.

As a result of the impact of the "Programa Luz para Todos" on the Universalization Plan targets, and in order to shorten Universalization deadline, ANEEL issued Resolution 175, dated November 28, 2005, requesting a fresh review of the targets for the period 2005 through 2006 and setting the deadline of December 30, 2005 for concessionaires to submit a new timetable.

"Programa Luz para Todos"

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$231,620.

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 59,856 consumers. The contract totals R$275,434.

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$798,066, 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$106,462; 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$691,604, 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$87.304, which refers to contract ECFS-176/2007, with R$11.641 arising from funds from RGR and R$75.663 from CDE.

(16) Debentures (in reais)

Third Debenture Issue

The funds obtained for the amount of R$267,300,000.00 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**

a) Characteristics of the Third Debenture issue:

Issue number:	3rd issue
Series :	Single
Issue date:	03/01/2007
Due date	03/01/2013
Number:	26,730 debentures
Nominal value:	R$10,000.00
Issue Amount:	R$267,300,000.00
Class:	Subordinated
Type and form :	Registered and nominative
Guarantee	Surety provided by Equatorial Energia - Parent company of the issuing entity
Convertibility:	Non-convertible
Due date	03/01/2013
Interest	105.8% of the CDI
Payment	Six monthly, as from the issue date, on the first day of March and September of each year, with the first payment on September 01, 2007, and the last payment on March 01, 2013
Amortization Programmed	The principal will be amortized at the end of the following years: 4th, 5th and 6th; on the following dates: 03/01/2011 - 20% of the nominal value 03/01/2012 - 20% of the nominal value 03/01/2013 - 60% of the nominal value

b) Debenture covenants

The debentures issued by CEMAR in 2007 have the following covenants:

Covenant 1: Quotient resulting from the division of the Net Interest-Bearing Liabilities by 12 months EBITDA equal to or less than 2.5 (two point five)

Covenant 2: Quotient resulting from the division of EBITDA for the previous 12 months by the Net Financial Expenses equal to or greater than 1.5 (one point five).

	R$ 000			
	3T07	**2T07**	**1T07**	**4T06**
Debt	725,848	695,275	897,592	594,486
(-) Cash and cash equivalents	(198,412)	(171,858)	(434,830)	(199,443)
(-) Low income consumers receivable	(12,270)	(11,860)	(10,846)	(11,273)
(-) Regulatory assets, net	(88,298)	(96,566)	(96,558)	(103,663)
= Net interest-bearing liabilities	**426,868**	**420,991**	**355,358**	**280,107**
EBITDA	106,053	95,377	78,956	96,332
Annual adjusted EBITDA (LTM)	376,718	380,836	351,902	340,603
1º Covenant: <=2,5	**1.1**	**1.1**	**1.0**	**0.8**
Quarterly financial expense, net	23,321	30,829	11,934	10,295
Annual financial expense, net	76,379	62,444	40,653	36,792
2º Covenant: >=1,5	**4.9**	**6.1**	**8.7**	**9.3**

Nonperformance of these covenants will result in early maturity of the debentures. Until September 30, 2007 the CEMAR had complied with the limits stipulated in these covenants.

(17) Regulatory fees

	09/30/2007	**06/30/2007**
Quota in Global Reversion Reserve - RGR	1,045	801
Quota in Fuel Consumption Account - CCC	2,556	2,196
Energy Development Account - CDE	456	456
Fiscalization Fee - ANEEL	198	169
	4,255	3,622

(18) taxes Payable

	Parent Company				**Consolidated**			
	09/30/07		**06/30/07**		**09/30/07**		**06/30/07**	
	Current	**Non current**	**Current**	**Long term**	**Current**	**Non current**	**Current**	**Non current**
ISS (Tax on services)	-		-		620	563	657	674
Social charges and others	59	-	60	-	18,555		14,547	-
ICMS (Value added tax)	-	-	-	-	16,234	2,708	14,976	2,631
Provision for income tax and social contribution	3,449	-	2,435	-	24,045	-	17,676	-
IRPJ temporary differences	-		-		1,599	41,245	2,733	30,063
PIS and COFINS	-	-	-	-	14,688	-	12,986	-
REFIS/PAES **(a)**	-	-	-	-	1,851	13,760	1,851	14,087
TOTAL	**3,508**	**-**	**2,495**	**-**	**77,592**	**58,276**	**65,426**	**47,455**

(a) Tax recovery Program - REFIS / special installments - PAES:

	Consolidated	
	09/30/2007	06/30/2007
Balance at beginning of period	**15,938**	**16,110**
Payments	(506)	(502)
Corrections	179	330
Balance at End of Period	**15,611**	**15,938**
Current liabilities	**1,851**	**1,851**
Non current liabilities	**13,760**	**14,087**

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 10684/03 (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.

(19) Provisions for contingencies

a) General considerations and breakdown

	Consolidated					
	09/30/2007			06/30/2007		
Nature of dispute	**Value**	**Judicial deposits**	**Net provision**	**Value**	**Judicial deposits**	**Net provision**
Civil and tax	38,427	7,364	31,063	41,097	3,229	37,868
Labor	11,667	8,171	3,496	10,903	7,908	2,995
	50,094	**15,535**	**34,559**	**52,000**	**11,137**	**40,863**
Current	**11,667**	**9,879**	**1,788**	**12,532**	**5,577**	**6,955**
Non current	**38,427**	**5,656**	**32,771**	**39,468**	**5,560**	**33,908**
	50,094	**15,535**	**34,559**	**52,000**	**11,137**	**40,863**

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

Labor claims

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

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.

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$ 37,702 and R$11,951, respectively (R$26,112 and R$10,812, respectively, on June 30, 2007) and 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, does not present a material impact on its financial statements or the income from its operations.

(20) Research and development (P&D) and energy efficiency (Pee)

	Consolidated	
	09/30/2007	**06/30/2007**
Energy Research Company (EPE)	101	1,829
Research & Development (P&D)	7,787	6,906
Energy Efficiency Program (PEE)	10,274	9,905
Total	**18,162**	**18,640**

These refer to the amounts due and not yet applied to the Research and Technological Development Program of the Electrical Sector (P&D), in accordance with ANEEL Normative Resolution nº 219, dated April 11, 2006 and to the Energy Efficiency Program - PEE, in accordance with ANEEL Normative Resolution nº 176, dated November 28, 2005, as amended by ANEEL Normative Resolution nº 215, dated March 28, 2006.

(21) Shareholders' equity

a) Capital

Company's capital at September 30, 2007, consisted of the following:

Shareholders	Total	%	Common	%	Preferred	%
Brazil Energia 1 LLC	61,030,708	30.72%	57,420,393	55.59%	3,610,315	3.79%
Others	137,624,740	69.28%	48,875,553	44.41%	91,749,187	96.21%
	198,655,448	**100.0%**	**103,295,946**	**100.0%**	**97,359,502**	**100.0%**

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) 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.

c) Corporate reorganization

As reported in Note 1, on March 06, 2006, ANEEL approved the corporate reorganization plan, which included the indirect sale of shares representing 50% of the voting capital and 46.25% of the total capital in Brasil Energia I to UBS Pactual Latin America Power Fund Ltd. This fund is managed by a wholly owned Subsidiary of UBS Pactual S.A., ("Fundo Pactual"). This reorganization was implemented during the Extraordinary General Meeting held on March 07, 2006, which approved the incorporation, by the Company, of the shares held by SVM Participações in the Company. The objective of this incorporation was to concentrate the interest in the Company's capital in Brasil Energia I, its new controlling shareholder.

d) Public Share Offer

On March 30, 2006, the Company made a public offer of shares, through a primary public distribution of 12,800,000 new common shares and 25,600,000 registered preferred shares, with no par value, consisting of 12,800.00 UNITS, and simultaneously, a secondary distribution of 24,460,000 new common shares and 48,920,000 registered preferred shares, with no par value, (consisting of 24,460.00 UNITS) belonging to the controlling shareholders and management, both at the unit price of R$ 14.50, resulting in a total of R$540,270. Of this total R$185,600, which refers to the Primary offer, will be paid in to the Company's capital. This amount was paid up on April 05, 2006. As a result of this operation, approximately 37% of the common shares and 80% of the preferred shares in the Company are outstanding. The remaining amount refers to the Secondary offer.

This offer was made under Level 2 of Corporate Governance Practices of the São Paulo Stock Exchange - Bovespa, in the form of UNITS, consisting of 1 (one) common share (ON) and 2 (two) preferred shares (PN).

e) Stock Option Program

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. Programs are managed by a committee consisting of 3 members of the Board of Directors. The Committee has the power to establish the rules governing the options. A description of the programs is provided below.

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 2,274,561 common shares and 4,547,203 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.

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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 Program				**Second Plan**		**Total**
Options	Program 1		Program 2				
	ON	PN	ON	PN	ON	PN	
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
Option exercised (*)	(2.274.561)	(4.547.203)	(1.040.744)	(2.141.484)	-	-	(10.003.992)
Options not exercised until June 30, 2007	**659.681**	**1.321.278**	**1.231.114**	**2.402.237**	**1.111.111**	**2.222.222**	**8.947.643**

(*) Options exercised on September 30, 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 3.3%.

Administration of Plans:

The purchase option plans include ordinary and preference shares representing capital, to be managed by a committee consisting of 3 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.

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(22) Management's compensation

For the period ended September 30, 2007, Equatorial's management received compensation in the amount of R$368, recorded as staff and management expenses.

(23) Power supply

A breakdown of power supply by consumer class on September 30, 2007 is provided below:

	Consolidated					
	09/30/2007			09/30/2006		
	No. of Consumers (*)	MWh (*)	R$ mil	No. of Consumers (*)	MWh (*)	R$ mil
Residential	1,234,803	989,520	370,287	1,135,764	875,372	293,981
Industrial	9,315	335,674	105,953	9,459	276,751	81,844
Commercial	101,847	461,500	197,888	97,899	430,359	166,057
Rural	48,126	91,577	22,433	66,780	80,049	18,782
Government	15,942	157,246	66,844	14,997	148,381	55,908
Public Lighting	457	159,297	35,570	453	148,419	30,673
Public Service	1,726	149,156	44,977	1,447	147,459	39,474
Own Consumption	145	3,233	-	222	3,061	-
Supply - MAE and CEPISA			1,826			3,481
Low Income Consumers			52,804			43,414
RTE			-			(1,435)
Enc, Emergency Capacity			-			79
Other	1,234,803	989,520	370,287	1,135,764	875,372	293,981
RTD	9,315	335,674	105,953	9,459	276,751	81,844
CVA – PLPT	101,847	461,500	197,888	97,899	430,359	166,057
Total	48,126	91,577	22,433	66,780	80,049	18,782

(*) Information not reviewed by independent auditors.

(24) Operating results

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

	Parent Company				
	09/30/2007				09/30/2006
	Cost of electrical energy service	Sale Expenses	Administrative expenses	Total	Total
Operational costs/expenses			2,499	2,499	328
Personnel	-	-	2	2	-
Materials	-	-			-
Outsourced services	-	-	1,843	1,843	365
Fiscalization fee for electric energy services	-	-	-	-	-
Energy purchased for resale	-	-	-	-	-
Charges on use of transmission system	-	-	-	-	-
Depreciation and amortization	-	-	-	-	-
Leasing and rents	-	-	12	12	1
Provisions	-	-	-	-	-
Others	-	-	752	752	1,003
Financial results	-	-		(17,822)	604
Equity in income of Subsidiary	-	-		(95,595)	(82,979)
Total	-	-	5,108	(108,309)	(80,678)

	Consolidated				
	09/30/2007				09/30/2006
	Cost of electricity service	Selling expenses	Administrative expenses	Total	Total
Operational costs/expenses					
Personnel	7,615	7,858	17,800	33,273	41,527
Materials	2,654	881	596	4,131	3,449
Outsourced services	16,554	20,622	14,022	51,198	44,640
Fiscalization fee for electric energy services	-	1,579	-	1,579	1,276
Electricity purchased for resale	207,451	-	-	207,451	173,915
Charges on use of transmission system	38,520	-	-	38,520	35,134
Depreciation and amortization	42,731	-	5,827	48,558	41,474
Leasing and rents	414	956	601	1,971	2,147
Provisions	-	16,851	6,104	22,955	21,268
Others	1,830	(6,269)	3,514	(925)	37,627

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	Consolidated				
	09/30/2007				09/30/2006
	Cost of electricity service	Selling expenses	Administrative expenses	Total	Total
Financial results	-	-		4,261	26,435
Equity in income of Subsidiary	-	-		1,208	3,733
Total	**317,769**	**42,478**	**48,464**	**414,180**	**432,625**

(25) EMPLOYEES PENSION FUND

a) Details of the retirement plan

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.

CEMAR, as the sponsor of both pension plans, contributes a monthly amount proportional to the total amount contributed by participants. In the nine-month period ended September 30, 2007, CEMAR contributed R$434 (R$354 in the nine-month period ended September 30, 2006).

b) CVM Resolution nº 371 - Pension Plan Accounting

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.

(26) Insurance

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

Risks	Term	Amount insured	Premium
Risks named - substations and inventories	01/01/2008	104,418	312
General civil liability – Operations	01/01/2008	1,000	87
Vehicles – RCF (a)	From 02/01/2008 to 04/25/2008	(b)	43

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

(b) 13 vehicles - Market values

The Company and its Subsidiary have the practice of taking out insurance coverage for the assets subject to risk at amounts considered sufficient to cover any incidents, considering the nature of its activity. The Company’s and its Subsidiary’s insurance contracts are made in accordance with the risk management and insurance fundamentals generally employed by power distribution companies. Given their nature, the risk assumptions adopted do not comprise the scope of a quarterly information review, and were not therefore reviewed by our independent auditors.

(27) Dilution of controlling investment interest and adhesion to the BOVESPA New Market

On July 10, 2007, Equatorial Energia published a relevant fact regarding the proposed statutory reform, approved in RCA, held on the same date, the objective of which is to join and have its shares listed on the segment referred to as Bovespa New Market, and the dilution of its controlling interest on the capitals market. In an official document issued on September 18, ANEEL considered its approval unnecessary for the continuation of the process. Therefore, there are no restraints on Equatorial Energia to continue with the statutory acts necessary for joining this market segment for negotiations.

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(28) 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 operate with derivatives.

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:

<u>ASSETS:</u> Cash and banks and accounts receivable	The values of these instruments are close to market value due to their short-term maturity.
<u>LIABILITIES:</u> Loans and Financing	These credit operations are corrected in Brazil and overseas by the original currencies up to the balance sheet date; the charges are provisioned for based on fixed or floating rates in force as of September 30, 2007, both for the domestic and the international market.

(29) 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 Subsidiary and the market value of the financial instruments, whether recognized or not in the financial statements.

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

- Credit Risk: The high amounts and ageing of Government receivables constitute a risk to the liquidity and the capital structure of CEMAR. 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. The Subsidiary has not executed derivative contracts to perform a swap against this risk. However, the Subsidiary 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. The Subsidiary 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;

- 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;

- Risk of power shortages: The energy acquired and sold by CEMAR 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.

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(30) Subsequent event

a) Notification

On October 15, 2007, the Company was informed of an assessment raised by the Inland Revenue Services (IRPJ, CSLL, PIS and COFINS) for the amount of approximately R$140 million. The Company is analyzing this matter together with its legal advisors and will present its defense within the legal period, at all of the administrative courts, and if necessary, it will resort to the Judicial Power. From the evaluation made to date, the Company does not classify its chance of incurring losses as being probable.

b) Energy contracted

CEMAR participated in the Auction for New Energy A-5, held on October 16, 2007. A total of 54 MW average were contracted, being 17 MW médios of hydro electricity (30 years) at R$129.14/MWh, and 38 MW médios of thermo-electricity, at R$128.37/MWh. As a result of this auction, the Contracts to purchase electricity in the Regulated Environment consist of the following:

POWER UNDER AGREEMENTS	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Chesf Auction	**148,920**	-	-	-	-	-	-	-	-	-	-
Product 2006/2012	**2,922,632**	**2,922,632**	**2,930,639**	**2,922,632**	**2,922,632**	**2,922,632**	**2,930,639**	-	-	-	-
Product 2006/2013	**1,110,517**	**1,110,517**	**1,113,560**	**1,110,517**	**1,110,517**	**1,110,517**	**1,113,560**	**1,110,517**	-	-	-
Product 2007/2014	-	**405,307**	**406,418**	**405,307**	**405,307**	**405,307**	**406,418**	**405,307**	**405,307**	-	-
Product 2008/2015	-	-	**213,451**	**212,868**	**212,868**	**212,868**	**213,451**	**212,868**	**212,868**	**212,868**	-
Proinfa	**12,413**	**35,302**	**104,530**	**104,244**	**104,244**	**104,244**	**104,530**	**104,244**	**104,244**	**104,244**	**104,244**
MCSD	**52,665**	**52,665**	**52,001**	**52,665**	**52,665**	**52,665**	**52,001**	-	-	-	-
MCSD 4%	**32,412**	**32,412**	**32,501**	**32,412**	**32,412**	**32,412**	**32,501**	**8,926**	-	-	-
MCSD Nov	**41**	**247**	**247**	**247**	**247**	**247**	**247**	**247**	-	-	-
New 2008/2022/2037	-	-	**25,649**	**25,579**	**25,579**	**25,579**	**25,649**	**25,579**	**25,579**	**25,579**	**25,579**
New 2009/2023/2038	-	-	-	**99,694**	**99,694**	**99,694**	**99,694**	**99,694**	**99,694**	**99,694**	**99,587**
New 2010/2024/2039	-	-	-	-	**369,847**	**369,847**	**370,860**	**369,847**	**369,847**	**369,847**	**369,847**
Auction A-3	-	-	-	**239,498**	**239,498**	**239,498**	**240,155**	**239,498**	**239,498**	**239,498**	**239,498**
Auction A-5	-	-	-	-	-	162,591	163,037	162,591	162,591	162,591	162,591
Auction A-1	-	**16,194**	**16,238**	**16,194**	**16,194**	**16,194**	**16,238**	**16,194**	**16,194**		
MCSD_May		1,576	1,576	1,576	1,576	1,576	1,576	1,576	1,576	-	-
MCSD_LIVRE		1,397	1,397	1,397	1,397	1,397	1,397	1,397	1,397	-	-
MCSD 4% 2007			1,475	7,982	7,961	7,961	7,982	7,961	7,961	7,961	7,982
Auction alternative sources					3,888	3,888	3,899	3,888	3,888	3,888	3,899
Auction A-3 (2007)					55,937	55,937	56,091	55,937	55,937	55,937	56,091
TOTAL - MWh	4,279,600	4,578,249	4,899,682	5,232,813	5,662,464	5,825,055	5,840,198	2,826,272	1,706,582	1,128,108	1,069,319

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ADDITIONAL INFORMATION - Statement of cash flows for the quarters ended September 30, 2007 and 2006.

	Parent Company		Consolidated	
	3T07	3T06	3T07	3T06
CF Operacional Activities				
Net Income	**39,898**	**51,841**	**39,966**	**48,102**
Expenses (income) which not affect cash:				
Depreciation and amortization	-	-	16,840	14,707
Exchange variation	-	-	2,157	5,230
CVA	-	-	4,123	(34,511)
Credits from income tax and social	-	-	15,051	11,561
Minority Shareholders payment	-	-	18,080	22,951
Goodwill amortization	383	1,244	383	1,244
Miscellaneous	-	-	787	(11,578)
	383	**1,244**	**57,421**	**9,604**
Assets and liabilities variances				
(Increase) Decrease in accounts receivable	-	-	(29,642)	(13,178)
(Increase) Decrease in inventory	-	-	618	(1,564)
(Increase) Decrease in recoverable taxes	(47)	(12)	(3,949)	(12,325)
(Increase) Decrease in other assets accounts	28	-	(15,066)	(13,603)
Increase (Decrease) in suppliers	-	(1)	19,775	41,766
Increase (Decrease) in taxes	1,013	4	23,325	15,185
Increase (Decrease) in others accounts	267	(2,049)	3,056	20,132
	1,261	**(2,058)**	**(1,883)**	**36,413**
Net cash from operational activities	**41,542**	**51,027**	**95,504**	**94,119**
CF of Investments Activities				
Purchases of property, plant and equipments	-	-	(98,075)	(89,565)
Miscellaneous	(37,080)	(47,088)	3,207	(6,496)
Net cash from investments activities	**(37,080)**	**(47,088)**	**(94,868)**	**(96,061)**
CF of Financing Activities				
Capital integralization	-	-	-	-
Profit reserve - subsidy	-	-	-	-
Dividends Payment	-	-	-	-
Loans Payment	-	-	26,033	26,441
Subsidy	-	-	4,348	47,278
Net cash from financing activities	**-**	**-**	**30,381**	**73,719**
(=) Cash Flow	**4,462**	**3,939**	**31,017**	**71,777**
Starting cash	**191,111**	**180,120**	**362,968**	**279,652**
Final cash	**195,573**	**184,059**	**393,985**	**351,429**
Cash increase	**4,462**	**3,939**	**31,017**	**71,777**