Equatorial Energia S.A.

Report of independent accountants on special review
Quarter ended September 30, 2006

(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)

Report of independent accountants 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
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, 2006, 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. As mentioned in Note 5c., the consolidated quarterly information includes R$8,010 thousands of subsidiary's long-term accounts receivable deriving from the commercialization of electric power within the sphere of the Electric Energy Commercialization Chamber - CCEE (formerly the Wholesale Electric Energy Market - MAE), accounted for according to the amounts provided by the CCEE and instructions issued by the Brazilian Electricity Regulatory Agency - ANEEL. The realization of this amount will be determined by the outcome of judicial proceedings brought by companies operating in the sector concerning the interpretation of market regulations.

5. Our review was performed with the objective of issue a report on the quarterly financial information above mentioned. The statement of cash flows for the quarter ended September 30, 2006 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, are presented fairly, in all material respects, in relation to the quarterly financial information taken as a whole.

6. The quarterly financial information for the quarter ended September 30, 2005, presented for comparative purposes, was not reviewed by independent auditors.

November 3, 2006

KPMG Auditores Independentes
CRC-SP-14.428/O-6-F-RJ

Vânia Andrade de Souza
Contador CRC-RJ-057.497/O-“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

Unaudit

Corporate Legislation
September 30, 2006

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				

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**
01/01/2006	12/31/2006	3	07/01/2006	09/30/2006	2	04/01/2006	06/30/2006

9 - INDEPENDENT ACCOUNTANT	10 - CVM CODE
KPMG Auditores Independentes	00418-9
11 - PARTNER RESPONSIBLE	**12 - INDIVIDUAL TAXPAYERS' REGISTRATION NUMBER OF THE PARTNER RESPONSIBLE**
Vânia Andrade de Souza	671.396.717-53

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

01.05 – CAPITAL COMPOSITION

Number of shares (units)	Current Quarter	Prior quarter	Same quarter in prior year
Paid-up capital			
1 – Common	102,635,220	102,635,220	283,430,937
2 – Preferred	94,039,957	94,039,957	283,430,936
3 – Total	**196,675,177**	**196,675,177**	**566,861,873**
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 capital increase integralization**	**8,595,988**	**3.49000000000**
02	03/09/2006	**353,122**	**2,580**	**CEMAR shares integralization**	**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**

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 – 9/30/2006	4 - 6/30/2006
1	Total assets	794,198	744,404
1.01	Current assets	184,792	180,841
1.01.01	Cash and cash equivalents	184,058	180,120
1.01.01.01	Cash	-	-
1.01.01.02	Banks deposits	109	354
1.01.01.03	Payment orders	-	-
1.01.01.04	Available funds	-	-
1.01.01.05	Marketable securities	183,949	179,766
1.01.02	Credits	-	-
1.01.02.01	Consumers and resellers	-	-
1.01.02.02	Allowance for doubtful accounts	-	-
1.01.03	Inventories	-	-
1.01.04	Other	734	721
1.01.04.01	Taxes recoverable	734	721
1.01.04.02	Low income consumers	-	-
1.01.04.03	Prepaid expenses	-	-
1.01.04.04	Deferred income tax and social contributions	-	-
1.01.04.05	Dividends receivable from subsidiary	-	-
1.01.04.06	Judicial deposits	-	-
1.01.04.07	Other receivables	-	-
1.02	Noncurrent assets	-	-
1.02.01	Sundry receivables	-	-
1.02.01.01	Consumers and resellers	-	-
1.02.01.02	Taxes recoverable	-	-
1.02.01.03	Prepaid expenses	-	-
1.02.01.04	Deferred income tax and social contributions	-	-
1.02.01.05	Judicial deposits	-	-
1.02.01.06	Other receivables	-	-
1.02.02	Related parties	-	-
1.02.02.01	Associated companies	-	-
1.02.02.02	Subsidiaries	-	-
1.02.02.03	Other related parties	-	-
1.02.03	Other	-	-
1.03	Permanent assets	609,406	563,563
1.03.01	Investments	609,406	563,563
1.03.01.01	Investment in associated companies	-	-
1.03.01.02	Investments in the subsidiary	369,328	322,241
1.03.01.03	Other investments	240,078	241,322
1.03.01.03.01	Goodwill from investment in subsidiary	291,810	291,810
1.03.01.03.02	Goodwill accumulated amortization	(48,623)	(47,379)

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1 - Code	2 - Description	3 – 9/30/2006	4 - 6/30/2006
1.03.01.03.03	Negative goodwill	(3,109)	(3,109)
1.03.02	Property, plant and equipment	-	-
1.03.02.01	Property, plant and equipment	-	-
1.03.02.02	Obligations related to the concession	-	-
1.03.03	Deferred asset	-	-

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

1 - Code	2 – Description	3 - 9/30/2006	4 - 6/30/2006
2	Total liabilities and shareholders' equity	794,198	744,404
2.01	Current liabilities	301	2,348
2.01.01	Loans and financing	-	-
2.01.01.01	Financial charges	-	-
2.01.01.02	Loans and financing	-	-
2.01.01.03	Shareholders	-	-
2.01.02	Debentures	-	-
2.01.03	Suppliers	-	-
2.01.04	Taxes and social contributions payable	21	18
2.01.05	Dividends payable	-	-
2.01.06	Provisions	-	-
2.01.06.01	Payroll charges	-	-
2.01.06.02	Provision for contingencies	-	-
2.01.07	Related parties	201	2,329
2.01.08	Other	79	1
2.01.08.01	Payroll	79	-
2.01.08.02	Public lighting tariff	-	-
2.01.08.03	Consumer charges payable	-	-
2.01.08.04	Sundry debits	-	1
2.01.08.05	Other	-	-
2.02	Noncurrent liabilities	-	-
2.02.01	Loans and financing	-	-
2.02.02	Debentures	-	-
2.02.03	Provisions	-	-
2.02.03.01	Provision for contingencies	-	-
2.02.03.02	Private pension fund	-	-
2.02.03.03	Negative working capital from subsidiary	-	-
2.02.04	Related parties	-	-
2.02.05	Other	-	-
2.02.05.01	Reimbursement to generator	-	-
2.02.05.02	Taxes and social contributions payable	-	-
2.03	Deferred income	-	-
2.05	Minority interest	793,897	742,056
2.05.01	Shareholders' equity	713,217	713,217
2.05.01.01	Capital	713,217	713,217
2.05.01.02	Subscribed capital	-	-
2.05.02	Capital not paid	-	-
2.05.02.01	Capital reserves	-	-
2.05.03	Advance for future capital increase reserve	-	-
2.05.03.01	Revaluation reserve	-	-
2.05.03.02	Own assets	-	-
2.05.04	Subsidiary/associated companies	-	-

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1 - Code	2 – Description	3 - 9/30/2006	4 - 6/30/2006
2.05.04.01	Revenue reserves	-	-
2.05.04.02	Legal	-	-
2.05.04.03	Statutory	-	-
2.05.04.04	Contingencies	-	-
2.05.04.05	Unrealized profits	-	-
2.05.04.06	Retention of profits	-	-
2.05.04.07	Special for undistributed dividends	-	-
2.05.04.07.01	Other revenue reserves	-	-
2.05.05	Revenue reserves	80,680	28,839

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03.01 - Statement of Income (R$ thousand)

1 – Code	2 – Description	3 - 7/1/2006 to 9/30/2006	4 - 1/1/2006 to 9/30/2006	5 - 7/1/2005 to 9/30/2005	6 - 1/1/2005 to 9/30/2005
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	Quota for Global Reversal Reserve – RGR	-	-	-	-
3.02.05	Services Tax – ISS	-	-	-	-
3.02.06	Emergency capacity 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	Fuel consumption quota - CCC and CDE	-	-	-	-
3.04.08	Cost Operating – Leasing and rent	-	-	-	-
3.04.09	Cost Operating – Electric energy inspection fee	-	-	-	-

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

1 – Code	2 – Description	3 - 7/1/2006 to 9/30/2006	4 - 1/1/2006 to 9/30/2006	5 - 7/1/2005 to 9/30/2005	6 - 1/1/2005 to 9/30/2005
3.04.10	Cost Operating – Others	-	-	-	-
3.04.11	Cost Third Party Service – Personnel	-	-	-	-
3.04.12	Cost Third Party Service – Materials	-	-	-	-
3.04.13	Cost Third Party Service – Third party service	-	-	-	-
3.04.14	Cost Third Party Service - Depreciation and amortization	-	-	-	-
3.04.15	Cost Third Party Service - Leasing and rent	-	-	-	-
3.04.16	Cost Third Party Service – Other	-	-	-	-
3.05	Gross operating profit	-	-	-	-
3.06	Operating revenue/expenses	51,841	80,680	26,741	49,713
3.06.01	Selling expenses	-	-	-	-
3.06.01.01	Selling	-	-	-	-
3.06.02	General and administrative expenses	(1,000)	(1,697)	(3)	(34)
3.06.02.01	General and administrative expenses	(672)	(1,369)	(3)	(34)
3.06.02.02	Administrators' fees	(328)	(328)	0	0
3.06.02.03	Allowance for doubtful accounts and credit losses	-	-	-	-
3.06.02.04	Provision for contingencies	-	-	-	-
3.06.02.05	Depreciation and amortization	-	-	-	-
3.06.02.06	Others operating expenses	-	-	-	-
3.06.03	Financial income (expenses)	6,998	(601)	4	12
3.06.03.01	Financial income	6,185	12,076	4	12
3.06.03.01.01	Financial income	6,185	12,076	4	12
3.06.03.01.02	Fine charged on electric energy sale	-	-	-	-
3.06.03.02	Financial expenses	813	(12,677)	-	-
3.06.03.02.01	Debt charges	-	-	-	-
3.06.03.02.02	Monetary and foreign exchange variation	-	-	-	-

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1 – Code	2 – Description	3 - 7/1/2006 to 9/30/2006	4 - 1/1/2006 to 9/30/2006	5 - 7/1/2005 to 9/30/2005	6 - 1/1/2005 to 9/30/2005
3.06.03.02.03	Interest on loans and financing	-	-	-	-
3.06.03.02.04	Commission and other	826	(11,782)	-	-
3.06.03.02.05	Other	(13)	(895)	-	-
3.06.04	Other operating revenue	-	-	-	-
3.06.05	Other operating expenses	-	-	-	-
3.06.06	Equity in income	45,843	82,978	26,740	49,735
3.06.06.01	Equity in income from subsidiary	47,087	86,712	26,740	49,735
3.06.06.02	Goodwill amortization	(1,244)	(3,734)	-	-
3.06.06.03	Capital gain from subsidiary	-	-	-	-
3.06.06.04	Other income	-	-	-	-
3.07	Operating income	51,841	80,680	26,741	49,713
3.08	Non-operating result	-	-	-	-
3.08.01	Non-operating income	-	-	-	-
3.08.01.01	Not operating income	-	-	-	-
3.08.02	Expenses	-	-	-	-
3.08.02.01	Non-operating expenses	-	-	-	-
3.09	Income before income tax and social contribution	51,841	80,680	26,741	49,713
3.10	Provision of income tax and social contribution tax	-	-	-	-
3.10.01	Social contribution tax	-	-	-	-
3.10.02	Income tax	-	-	-	-
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	-	-	-	-

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1 – Code	2 – Description	3 - 7/1/2006 to 9/30/2006	4 - 1/1/2006 to 9/30/2006	5 - 7/1/2005 to 9/30/2005	6 - 1/1/2005 to 9/30/2005
3.12.02	Contribution	-	-	-	-
3.13	Reversal of interest in own capital	-	-	-	-
3.15	Net income	51,841	80,680	26,741	49,713
	Number of shares, ex-treasury stock	196,675,177	196,675,177	566,861,873	566,861,873
	Income per share	0,26359	0,41022	0,04717	0,08770
	Loss per share				

(1) OPERATIONS

Equatorial Energia S.A. ("Company" or "Equatorial" or "Parent Company") has as a corporate objective the participation in other companies operating in the electric energy sector, especially in electricity distribution operations in the North, Northeast and Center West regions of Brazil.

The Extraordinary General Meeting, dated February 2nd, 2006, approved the change in the Company's corporate name from Brisk Participações S.A. to Equatorial Energia S.A.

On September 30, 2006, the Company held an investment of 65.38% (65.38% on June 30, 2006) in Companhia Energética do Maranhão ("CEMAR" or "Subsidiary"), which is a public capital company, established for the main purpose of distributing electricity. It holds the electricity distribution concession for the state of Maranhão, serving 1,327,021 consumers and covering an area of over 333,000 square kilometers. The public electricity distribution service concession contract nº 060, entered into by National Electric Energy Agency - ANEEL, CEMAR and the Company, expires on August 10, 2030 and may be by an additional extended term of 30 years.

CEMAR was under the administrative intervention of ANEEL between August 2002 and April 2004. This intervention terminated when the controlling interest in the Company changed. Since then, the new management of CEMAR has been implementing a financial and operating restructuring plan, and focusing its activities on its customers and returns for its shareholders. This restructuring embraced several areas, ranging from the renegotiation of its debt agreements, with the corresponding lengthening of its debt profile, to the renegotiation with materials and services suppliers, and implementation of a more incisive policy for collecting overdue credits, which led to a more efficient collection policy. As a consequence, CEMAR has reverted the December 31, 2003 negative working capital, at the amount of (R$146,527), and now presents a positive shareholders' equity as of September 30, 2006 of R$564,854.

On March 6, 2006 ANEEL approved the corporate reorganization, which entailed the indirect sale of shares accounting for 50% of the voting power and 46.25% of the capital of EQUATORIAL to Pactual Latin America Power Fund Ltd., a fund managed by a wholly owned subsidiary of Banco Pactual S.A., ("Pactual Fund"), as per the reorganization described in Note 18.

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 relates to 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, comprised of 1 (one) voting share (ON) and 2 (two) non-voting shares (PN). Following this operation, approximately 36.31% of the Company's voting shares and 79.26% of its non-voting shares are part of the free-float.

(2) CONSOLIDATION

The consolidated quarterly information were prepared according to the rules established by Instruction 247 issued on March 27, 1996 by the Brazilian Securities Exchange Commission – CVM, including the financial statements of the Company and its subsidiary CEMAR.

The investment held in the subsidiary CEMAR on September 30, 2006 was 65.38% (65.38% on June 30, 2006). 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 the interests in the shareholders' equity of the subsidiary;
- ✓ Elimination of the equity in the net income of subsidiary;
- ✓ Elimination of the balances of assets and liabilities among consolidated companies, and
- ✓ The minority interest in the liability and income statement for the period.

The balance sheets of CEMAR as of September 30, 2006 and June 30, 2006, and the income statements for the periods ended September 30, 2006 and 2005 are set out in condensed form below:

	CEMAR	
	09/30/2006	**06/30/2006**
Assets	**1,462,914**	**1,304,800**
Current assets	442,656	381,805
Noncurrent assets	348,065	284,656
Permanent assets	672,193	638,339
Liabilities and shareholders' equity	**1,462,914**	**1,304,800**
Current liabilities	314,915	257,004
Noncurrent liabilities	583,145	554,959
Shareholders' equity	564,854	492,837

	CEMAR	
	09/30/2006	**09/30/2005**
Operating revenues	315,483	224,908
(-) Cost of Services	(54,944)	(54,311)
Net operating revenues	260,539	170,597
Operating costs	(75,386)	(68,773)
Operating expenses	(89,690)	(65,172)
Gross operating profit	95,463	36,652
Financial expenses, net	(7,728)	4,901
Operating income	87,735	41,553
Nonoperating expense, net	(2,922)	(388)
Income before income tax and social contribution	84,813	41,165
Income tax and social contribution	(18,514)	(2,591)
Net income for the period	**66,299**	**38,574**

The reconciliation between the consolidated net income and Equatorial's net income for the quarter ended September 30, 2006 is as follows:

Parent Company	**51,841**
Equity in changes on shareholders' equity of subsidiary, with no effect on its net income :	
- Capital reserve	**(3,738)**
Consolidated	**48,103**

(3) PRESENTATION AND SUMMARY OF THE MAIN ACCOUNTING PRACTICES

The quarterly information is presented according to the accounting practices adopted in Brazil, practices derived from the Brazilian Corporation Law, rules of the Brazilian Securities Exchange Commission - CVM and the regulations established by ANEEL which apply to Public Electricity Service Concessionaires (this one only for the consolidated).

The preparation of the financial statements in accordance with accounting practices adopted in Brazil requires that management uses its judgment in determining and recording accounting estimates, such as: unbilled trade accounts receivables, allowance for doubtful accounts and provisions for contingencies, among others. The settlement of transactions involving these estimates may result in different amounts relating to the ones previously considered. Company's management and its subsidiary review the estimates on a quarterly basis.

a) Current and long-term assets:

Cash and cash equivalents - Marketable securities are recorded at cost plus income accrued up to the balance sheet date.

Consumers and resellers - Include the amounts billed to end consumers and resellers, revenue from energy supplied but not billed, use of the network, services rendered, fines and other, up to the close of the balance sheet, accounted for on the accrual basis (see Note 5).

Allowance for doubtful accounts - Calculated at amount considered adequate to cover any losses on the realization of the credits (see Note 5b).

Inventories - Recorded at average acquisition costs, adjusted for the provision for losses, when necessary, and not exceeding fair market value.

Low income consumers - Include the amounts deriving from the criteria for classifying consumer units in the low income residential subclass, as established by Law 10.438/02.

The other accounts comprising the current and long-term assets are stated at the known or calculable amounts, plus, when applicable, the corresponding charges and variations accrued up to the balance sheet date.

b) Investment

The balance includes investment in the subsidiary valued by the equity method. It also includes the goodwill recorded under the acquisition of the subsidiary, deriving from the difference between the acquisition price paid and the book value of the company acquired, in accordance with CVM Instruction 247, dated March 27, 1996. Until the last quarter of 2005 the Company amortized goodwill using the straight-line method based on the remaining term of the subsidiary's concession contract, as the subsidiary was not profitable in the first years of the concession. As from December 2005, with CEMAR having become profitable, the amortization was accounted for in proportion to the projected net income for the remaining term of CEMAR's concession contract.

It also includes the negative goodwill from the acquisition of CEMAR shares, in the process of the Company's new corporate organization (see Note 10). The realization of such amount will occur when the investment is sold or the subsidiary terminated.

c) 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 the net income and partly from the cost of the work in progress, according to the usage of such assets.

Expenditures that represent the 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 of 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, effectively applied to the property plant and equipment in progress, are recorded in this subgroup as a cost.

According to Accounting Instruction 6.3.23 of the Accounting Manual of the Public Electric Energy Service, the amount corresponding to Obligations related to the Concession is being stated as a reduction of the property, plant and equipment. These obligations include the amounts received from consumers enabling to meet the electricity supply requests work to be carried out. Government participation with respect to funds received from the Government, from the state of Maranhão and from other sources, as specific financing for electricity Generation, Transmission and Distribution projects includes funds from the Universal Electricity Access Use in Rural Zone Programs (see Note 13(f)).

d) Current and noncurrent liabilities:

Loans, financing, charges and debentures - Restated according to the monetary and/or exchange variation incurred up to the balance sheet date, in addition to the interest and other charges established in the contracts and accounted for as financial expenses up to the balance sheet date.

Provisions for contingencies - These are made according to the assessment of the potential risk of losing lawsuits in progress, based on reports prepared by external legal consultants and the legal consultants of CEMAR.

Provisions - A provision is recognized in the balance sheet when the company has a legal or constituted 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.

e) Current and deferred income tax and social contribution

The subsidiary current income tax and social contribution are calculated based on the effective income tax and social contribution rates on taxable income and considering the offsetting of tax loss carryforward and the negative basis of social contribution limited to 30% of taxable income.

In 2005 CEMAR recorded the deferred income tax and social contribution asset related to accumulated tax loss and the negative basis of social contribution carryforward and regarding the temporary differences. CEMAR's taxable profit projections, prepared by its management and approved by the Board of Directors on January 20, 2006, indicate that this asset will be realized in less than ten years. Of the assets of R$259,281 constituted in December 2005, R$22,067 was compensated by September 30, 2006.

g) 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.

h) Statement of Income

Income and expenses are recognized on an accrual basis.

(4) CASH AND BANKS AND MARKETABLE SECURITIES

Marketable securities refer to transactions made at first-rate Brazilian financial institutions, most of which remunerated according to the variation of the Bank Brazilian Interbank Offering rate (CDI), by regular market rates and conditions are available for use in the operations of the Company and its subsidiary. The investments include the fund Exclusivo FIQ- Araçagy, at the consolidated amount of R$257,154 (R$206,841 on 30 June, 2006) and R$183,949 recorded at the Parent Company (R$179,766 on 30 June, 2006), whose the only investors are the Company and its subsidiary, and its portfolio is comprised of shares from other non-exclusive investment funds. As from July 21, 2006, the fund changed its administrator to INTRAG-DTVM, a wholly-owned subsidiary of Banco Itaú S.A., and had its name changed to Fundo de Investimento Araçagy (FIQ-Araçagy).

		Parent Company		Consolidated	
Financial institution	**Type of investment**	**09/30/2006**	**06/30/2006**	**09/30/2006**	**06/30/2006**
Banco do Nordeste	LFT (*)	-	-	20,675	10,213
Bradesco	Investment fund	-	-	4,800	4,702
	CDB	-	-	585	545
HSBC	CDB	-	-	8,603	8,411
Itau	CDB	-	-	8,603	8,410
	LTN (**)	-	-	20,375	-
	Investment fund	183,949	-	257,154	-
Pactual	Investment fund	-	179,766	798	207,424
	National Treasury Bill	-	-	5,940	26,945
Banco do Brasil	CDB	-	-	-	103
Total		**183,949**	**179,766**	**327,533**	**266,753**

(*) Treasury Financial Letter
(**) Treasury Financial Note

(5) CONSUMERS AND RESELLERS

Current and long-term credit receivables originated from the electric energy sales and transmission services are composed as follows:

a) Breakdown by maturity

	Consolidated						
	09/30/2006						
		Overdue					
	Unmatured	Until 90 days	Over 90 days	**Total**	Allonwance for dountiful	**Total**	**06/30/2006**
Current							
Consumers							
Residential	26,842	20,830	14,613	**62,285**	15,449	**46,836**	41,898
Industrial	7,443	3,330	10,423	**21,196**	4,924	**16,272**	14,047
Commercial	17,162	6,989	5,954	**30,105**	5,465	**24,640**	21,551
Rural	2,762	1,779	1,801	**6,342**	590	**5,752**	4,864
Public entities	7,548	2,541	1,412	**11,501**	989	**10,512**	9,169
Public lighting	3,210	917	4,298	**8,425**	5,325	**3,100**	2,907
Public Service	4,961	1,276	1,623	**7,860**	841	**7,019**	6,079
Unbilled revenues	23,123	-	-	**23,123**	-	**23,123**	18,440
PERCEE	113	-	-	**113**	-	**113**	113
Emergencial capacity changes	1	3	412	**416**	-	**416**	432
Progress billing	7,275	1,230	5,501	**14,006**	3,124	**10,882**	12,606
Other	424	1,115	4,429	**5,968**	5,955	**13**	6,807
Subtotal	**100,864**	**40,010**	**50,466**	**191,340**	**42,662**	**148,678**	**138,913**
Concessionaries	189	-	-	**189**	-	**189**	175
CCEE (Note 5 (c))	161	-	1,490	**1,651**	1,490	**161**	958
	101,214	**40,010**	**51,956**	**193,180**	**44,152**	**149,028**	**140,046**
Checks in colletion	-	-	1,070	**1,070**	1,070	**-**	-
Services rendered	-	-	880	**880**	737	**143**	10
Total	**101,214**	**40,010**	**53,906**	**195,130**	**45,959**	**149,171**	**140,056**
Noncurrent							
Consumers							
Progress billing	8,527	-	-	**8,527**	-	**8,527**	8,527
Checks in colletion	-	-	2,546	**2,546**	2,546	**-**	-
CCEE (Note 5 (c))	8,010	-	-	**8,010**	-	**8,010**	8,010
Total	**16,537**	**-**	**2,546**	**19,083**	**2,546**	**16,537**	**16,537**
	117,751	**40,010**	**56,452**	**214,213**	**48,505**	**165,708**	**156,593**

b) Allowance for doubtful accounts

The allowance for doubtful accounts is calculated in accordance with the criteria specified by General Instruction 6.32 of the Accounting Manual of the Public Electric Energy Service are summarized below:

Consumers with relevant debts

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

For the 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.

c) Electric Energy Commercialization Chamber - CCEE

The Electric Energy Commercialization Chamber “Camara de Comercialização de Energia Elétrica” – CCEE) an exchange for the trading of electric energy surpluses (short-term energy), verified between the amounts of generation and load realized and the one contracted/projected.. It is recorded on the accrual basis with the information disclosed by CCEE. In the months when this information is not disclosed in regular term by CCEE, the amounts are estimated by CEMAR, based on the information available.

The amounts referring to operations at the Electric Energy Commercialization Chamber - CCEE were recorded taking into consideration the information disclosed by CCEE.

The operating results disclosed by CCEE between September 2000 and December 2002, amounted to R$64,986. Of this amount, there is a receivable balance of R$8,010, which is being contested judicially. This balance may be subject to change, depending on the outcome of court proceedings in progress, related to the market regulations in force. Of the uncontested balance, the amount of R$1,490 refers to non-payment, and has been provisioned for.

The total revenue until September 30, 2006, net of prior-year adjustments disclosed by CCEE, was R$3,480 (R$137 until September 30, 2005).

d) General Agreement for the Electricity Sector - RTE

In December 2001, the Brazilian Federal Government, through the Electric Energy Crisis Management Committee – ("Camara de Gestão da Crise de Energia Eletrica"- GCE) , and the electricity generating and distributing concessionaires executed the "General Agreement for the Electricity Sector", which specified the criteria for recomposing the extraordinary revenues and losses resulting from the period in which the Emergency Program to Reduce Electric Energy Consumption was in force, to be achieved through the 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 for CEMAR of R$29,250 and R$33,570, respectively. These margin losses suffered by the concessionaire and the free energy collected from the consumers are passed on to the energy generators, plus the tax payable on the billing and monetary correction, as established by ANEEL Resolutions 369/2002 and 36/2003. ANEEL Resolution 001/2004 established at 46 months for the RTE remain in the CEMAR tariff beginning December 2001 and ending October 2005. In accordance with the legal requirements, CEMAR ceased in October 2005 the RTE collection.

The items in the General Agreement for the Electricity Sector vary according to the change of the SELIC rate - Reference Rate of the Special Settlement and Custody System (BACEN), plus interest of 1% per annum over 90% of the balance. On December 20, 2005, the Official Circular 2.212 of ANEEL established the following procedures for calculating the remuneration:

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

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

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

In September 2005, CEMAR had already recovered the entire RTE balance, where the uncollected amount to pass through to the generators remained as a liability.

Based on the Ofício-Circular 2.212 such amount was updated to SELIC and recorded as suppliers - Reimbursement to the Generators.

In September 2006, CEMAR sent a correspondence to the generators informing the amounts that each one had to receive (total of R$5,297), considering 100% of the amount already collected, deduced by taxes and charges, based on the Resolutions n°36/2003, n°089/2003 and n°045/2004 issued by ANEEL. On September 30, 2006, the value to be reimbursed to the generators was R$221 (R$5.297 on June 30, 2006).

The main effects of the General Agreement for the Electricity Sector on CEMAR are summarized as follows:

	Consolidated	
	09/30/2006	**06/30/2006**
Asset - Extraordinary Tariff Recomposition		
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 loss margin and free	(92,828)	(92,828)
RTE Balance (current and noncurrent)	-	-
Liabilities		
Reimbursement to the generators-current and long-term	(33,570)	(33,570)
Amortization of the reimbursement (payment to the generators)	48,047	42,971
Monetary restatement	(14,698)	(14,698)
Liability (current and noncurrent)	**(221)**	**(5,297)**
Total net effect of the General Agreement for the Electricity Sector	**(221)**	**(5,297)**

(6) TAXES RECOVERABLE

The current and noncurrent balances due to legal prepayments or retentions are stated as follows:

	Parent Company				Consolidated			
	09/30/2006		06/30/2006		09/30/2006		06/30/2006	
	Current	Non current	Current	Non current	Current	Non current	Current	Non current
Income tax on interest-craning	576	-	566	-	9,002	-	7,821	-
Prepaid income tax	-	-	-	-	6,724	-	6,724	-
Prepaid social contribution	-	-	-	-	4,973	-	4,176	-
ICMS recoverable and CIAP	-	-	-	-	13,839	25,512	7,041	22,121
COFINS (Social Contribution on Revenues)	-	-	-	-	503		503	-
PIS (Social Integration Program)	-	-	-	-	109	-	109	-
Recoverable income tax and social contribution	158	-	155	-	158	-	155	-
Other	-	-	-	-	1,306	-	1,149	-
Total	**734**	**-**	**721**	**-**	**36,614**	**25,512**	**27,678**	**22,121**

(7) LOW INCOME CONSUMERS

On July 1, 2003, ANEEL issued Resolution 320, which added procedures to homologate the economic subsidy for consumers comprising the Low Income residential subclass. As a result of such procedures, as of September 30, 2006, the balance of R$15,190 (R$9,572 on June 30, 2006) represents the amounts receivable from ELETROBRÁS.

(8) PREPAID EXPENSES

	Consolidated	
	09/30/2006	06/30/2006
Compensation of Portion A costs variation	49,183	19,156
Deferred Tariff Revision – RTD	65,900	53,126
Regulatory assets – PIS / COFINS	2,691	2,669
Debentures	48	52
Insurance	96	193
Other	1,758	888
Total	**119,676**	**76,084**
Current	45,495	62,998
Noncurrent	74,181	13,086
	119,676	**76,084**

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

The Compensation Account for the Variation in the Values of the Items of “Portion A - CVA”, in accordance with Interministery Administrative Rule 025/02 issued by the Ministry of Mines and Energy, represents the addition of the non-manageable costs by CEMAR, 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 Compensation Account for the Variation in the Values of the Items of “Portion A - CVA”.

Of the amount of R$49,183 (R$19,156 on June 30, 2006), R$48,572 (R$8,064 on June 30, 2006) corresponds to amounts considered by ANEEL in CEMAR tariff adjustment at August 2006, which have been amortized since then. The accumulated amortization until September 30, 2006 was R$18,871 (R$11,739, until June 30, 2006).

ANEEL Resolution 369 dated August 22, 2006 authorized the CEMAR annual tariff adjustment. As per such Resolution, the subsidiary tariffs were adjusted at approximated 14.58%, of which 10.07% corresponds to the annual tariff adjustment and 4.51% corresponds to additional financial items. The percentage of 4.51% are been applied to CVA amortization.

Significant portion of the financial items included in the tariff adjustment corresponds to the CEMAR request regarding the revenue increase in order to cover the costs incurred since January 2005 in the “*Programa Luz para Todos*”, which were not included in the previous tariff. As per a previous analysis, ANEEL considered in the CEMAR 2006 tariff adjustment a financial provisory item at R$34,008, which corresponds to 4.25% increase in the tariff, or 94% of the financial items approved by ANEEL.

Other relevant portion corresponds to the amount to be reimbursed to CEMAR by ELETRONORTE, regarding the calculation review of the PIS ans COFINS regulatory asset, charged from CEMAR in the 2005 tariff review, at the amount of R$5,558.

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 is expected every four years. This process has the objective of redefining the level of the electricity supply tariffs, based on efficient operating costs and the adequate compensation from the 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 tariff repositioning of CEMAR. CEMAR’s electricity supply tariffs underwent an average restatement of 15.95%, where by way of Ratification Resolution 196 dated August 22, 2005 ANEEL only authorized the pass-through of 10.96%, with 7.16% referring to the tariff repositioning and 3.80% referring to the pass through of financial components not embraced by the periodical tariff review. The difference between the 15.95% and 10.96% has been deferred into three installments in years 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 of 15,95% and the index authorized for pass-through to the tariffs. According to Resolution 196, ANEEL shall include in Portion B of the tariff restatements for the next three years (August 2006, 2007 and 2008) a specific amount R$42,451 to compensate the difference of the deferred restatement.

In August 2006, ANEEL ratified the tariff adjustment, and passed-through the tarrif amount of R$42,451 regarding the first portion of the Deferred Tariff Repositioning – RTD.

Until September 30, 2006, CEMAR recorded as a Regulatory Asset the amount of R$65,900 (R$53,126 on June 30, 2006). The amount was recorded as noncurrent asset due to the expected realization period.

c) Regulatory Asset – 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 10.637 dated December 30, 2002, Law 10.833 dated December 29, 2003 and Law 10.865 dated April 30, 2004). This asset was recognized by the Official Circular 302, dated February 25, 2005, allowing CEMAR’s right to request the offsetting of this additional cost in the latest tariff review, which took place in August 2005. Resolution 196, dated August 22, 2005, included in the tariff the amount required to recover this asset. The remaining long-term balance of R$2,691 represents the losses incurred between August 1 and August 28, 2005, which were not considered in the latest tariff review. The subject is under consideration by ANEEL, as there are conceptual differences related to calculation base.

(9) DEFERRED INCOME TAX AND SOCIAL CONTRIBUTIONS

Since 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. As a result of this and pursuant to CVM Directive 371/2000, the management understands that the deferred tax asset deriving from tax losses, negative bases and temporary differences should be recognized in 2005.

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 current and long-term assets determined based on the projected future taxable income of CEMAR and subject to the limit of 30% for annual offsetting against taxable profits, except for credit deriving from temporary differences, which will be fully recovered at the realization of the principal.

a) Breakdown of the income tax and social contribution credits

	Consolidated	
	09/30/2006	**06/30/2006**
Income tax		
Tax losses	192,514	197,241
Temporary differences	7,938	12,378
	200,452	**209,619**
Social contribution		
Negative base	33,973	34,807
Temporary differences	2,789	4,349
	36,762	**39,156**
Total	**237,214**	**248,775**
Current	10,466	22,027
Long term	226,748	226,748
	237,214	**248,775**

b) Recovery expectation

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

Recovery expectation	2006	2007	2008	2009	2010	2011 a 2015	Total
Deferred taxes	2,413	19,106	24,173	29,249	31,892	130,381	237,214

The aforesaid technical studies entail the management's best estimates of the future operations of CEMAR and the market in which it operates. The studies were performed in 2005 and were approved by the Board of Directors of CEMAR in January 20, 2006. It will be reviewed by the Management for the 2006 year-end.

c) **Reconciliation of the tax expense and social contribution taxes:**

The reconciliation of the tax expense (income and social contribution taxes) calculated by applying the statutory tax and the tax expense debited in net income is stated as follows:

	Consolidated			
	09/30/06		06/30/06	
	Income tax	Social contribution	Income tax	Social contribution
Profit before income and social contribution taxes	172,497	172,497	76,565	76,565
Tax rates	25%	9%	25%	9%
Income and social contribution taxes calculated at the statutory rates	**43,124**	**15,525**	**19,141**	**6,891**
Additions:				
Nondeductible expenses	44,298	15,957	36,117	13,009
Exclusions:				
Reversal of provisions, RTD and regulatory assets	(53,771)	(19,358)	(52,543)	(18,913)
Other items:				
Tax loss and negative base carryforward	(10,095)	(3,637)	(815)	(296)
Income and social contribution taxes on income statement	**23,556**	**8,487**	**1,900**	**691**
Incentive PAT	(81)	-	-	-
Reversion of income tax and social contribution 2005 provision	(6,905)	(2,487)	-	-
Expense	**16,570**	**6,000**	**1,900**	**691**
Tax rates (Excluding the differed assets)	9.61%	3.48%	2.48%	0.90%
Deffered tax asset	16,225	5,841	-	-
Total Expenses	**32,795**	**11,841**	**1,900**	**691**
Effective tax rates (including defferred tax asset)	19.01%	6.86%	2.48%	0.90%

Income Tax Incentive

The expenses in the quarter ended September 30, 2006 related to the income tax do not consider the fiscal incentive at the amount of R$5,717 (R$2,631 in the quarter ended June 30, 2006), obtained by CEMAR from the North-East Development Agency – ("Agência de Desenvolvimento do Nordeste" – ADENE), which reduces the income taxes payable and is recorded at the subsidiary shareholders' equity as a capital reserve.

The tax incentive was obtained by CEMAR through the Constitutive Reports 0289/2005 and 0323/2005, issued by ADENE on November 25 and December 21, 2005, respectively, which award CEMAR:

- Report 0289 - a 25% reduction of the income tax due on the activity performed in the state of Maranhão until January 2008, falling to 12.5% from January 1, 2009 until December 31, 2013.
- Report 0323 - a 75% reduction of the income tax due on the activity performed in the state of Maranhão until the end of the 2015 calendar year, calculated over the excess to the installed capacity in Maranhão state.

These incentives impose a number of obligations and restrictions:

i. The benefit amount cannot be distributed to the shareholders;

ii. The amount shall be recorded as 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) Investments in the subsidiary and related parties transactions

The general information about the investments in the subsidiary CEMAR and transactions with related parties are as follows:

	Parent Company	
	09/30/3006	**06/30/2006**
In thousands of shares		
Share breakdown of the subsidiary:		
Common share	15,951,712,445	15,951,712,445
Preferred shares - Class A	123,923,178	123,923,178
Preferred shares - Class B	162,572,922	162,572,922
Total Shares (A)	16,238,208,545	16,238,208,545
In thousands of R$		
Shareholders` equity of the subsidiary		
Capital (a)	157,622	157,622
Net Income	66,299	24,394
Total	564,854	492,837
Controlling shareholder`s interest		
Total shares	10,617,318,360	10,617,318,360
Interest (%) (**a**)	65.38%	65.38%
Investment changes:		
Initial balance	322,240	305,868
Equity in net income if subsidiary	47,088	16,372
Sub-total	**369,328**	**322,240**
Goodwill **(b)**	244,432	245,676
(-) Amortization	(1,245)	(1,244)
	243,187	244,432
Negative goodwill **(c)**	(3,109)	(3,109)
Total	**609,406**	**563,563**
Related parties:		
Debt to CEMAR **(d)**	201	2,329

	Consolidated	
	09/30/3006	**06/30/2006**
Related parties:		
Debt to Eletrobras **(e)**	296,518	285,654
Charges to Eletrobras debt - expense **(e)**	(5,818)	(5,686)
FASCEMAR **(f)**	28,331	28,113
Charges on FASCEMAR debt - expense **(f)**	(1,030)	(1,023)

(a) The Directors, is May 30, 2006 Board meeting approved the capital increase within the limits of authorized capital (R$669,634) due to the partial exercise stock options regarding the CEMAR Stock Option Plan. The increase was performed with the subscription of 3,302,298,760 common shares, by the price of R$12,86 per 1 billions shares. Consequently as from March 31, 2006 CEMAR total capital is R$157,622.

(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.

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

(d) Refers to expenses incurred by Equatorial and paid by CEMAR, recorded as "Debt with related parties" in the current liability, since the payment will occur in the short-term.

(e) CEMAR has outstanding balances with its minority shareholder Eletrobrás (as described in Note 14).

(f) CEMAR has an outstanding balance with the CEMAR Pension Fund - FASCEMAR (as described in Note 14).

Other subsidiary information

CEMAR Stock Option Plan

On December 6, 2005, the CEMAR Board of Directors approved the CEMAR Share Purchase 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 the Management Committee to manage the Plan.

The Company's administrators 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, corrected by the General Market Prices Index disclosed 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 effectively exercised. On March 23, 2006, 76,385,697,078 of options subscription common shares no allocated were cancelled.

The Plan has 196,899,563,634 shares that can be subscribed until May 2009, and 207,632,034,609 shares were already subscribed.

(11) Property, plant and equipment

a) Breakdown

	Average annual depreciation	Consolidated 09/30/3006	06/30/2006
Production:			
In Service		1,513	1,513
Accumulated depreciation	4.92%	(887)	(876)
In progress		135	131
		761	**768**
Distribution - lines and networks			
In Service		1,247,700	1,190,156
Accumulated depreciation	4.23%	(498,229)	(488,886)
In progress		196,548	168,256
		946,019	**869,526**
Commercialization:			
In Service		9,267	9,347
Accumulated depreciation	4.18%	(3,265)	(3,086)
In progress		557	32
		6,559	**6,293**
Central administration:			
In Service		27,319	23,673
Accumulated depreciation	7.93%	(10,102)	(8,104)
In progress		10,151	7,419
		27,368	**22,988**
		980,707	**899,575**
Obligations related to the concession:			
Consumer contributions		(7,480)	(7,467)
Donations, subsidies and others		(226,422)	(179,157)
Government participation		(74,833)	(74,833)
		(308,735)	**(261,457)**
		671,972	**638,118**

b) Fixed assets in progress

The balance of the fixed assets in progress refers to work in progress, materials in storage, purchase in progress and prepayment of suppliers, in the amounts of R$153,998, R$48,028, R$1,475 and R$3,890, respectively (R$141,742, R$29,095, R$1,171 and R$3,830 on June 30, 2006, respectively).

Of the total materials in storage, the amount of R$45,560 (R$14,435 on June 30, 2006) represents material held in storage to meet the requirements of the "Programa Luz para Todos" and mainly refers to poles, transformers, cables, meters, energy converters, among other items to be used for the 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, 2006 (R$1,009 on June 30, 2006), recorded as a corresponding entry against non-operating expenses.

c) Obligations related to the Concession

The contributions from the consumers refer to funds received in order to execute the services required to meet electricity supply requests. The donations and subsidies include mainly the amounts passed on by ELETROBRÁS to finance "Programa Luz para Todos", to the amount of R$226,209 (R$178,945 on June 30, 2006). Government participation refers to federal funds received to execute electrical projects linked to the Public Electricity Service.

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

According to articles 63 and 64 of Decree No. 41.019, dated February 26, 1957, the assets and installations used in the production, transmission and distribution of electricity, including sales, are tied to these services, and therefore cannot be removed, sold, assigned or given in mortgage guarantee without prior express authorization from ANEEL. ANEEL Resolution No. 20/99, dated February 3, 1999, regulates the assets disposal from the Public Electricity Service, granting prior authorization for the assets which are no longer useful to the concession. On September 30 2006 there was no available for sale assets (R$1,442 on June 30, 2006 classified in other accounts receivable).

12) SUPPLIERS

Description	Consolidated	
	09/30/3006	**06/30/2006**
Energy supplies and connection charges:		
Eletronorte	1,994	2,548
Chesf	7,744	6,963
Copel	2,851	2,582
Furnas Elétricas	11,114	9,904
CESP	3,715	3,364
Cemig	1,333	1,207
Others	3,232	2,955
Short-term energy	11	-
Use of the transmition system	5,466	5,150
Reimbursement to the generators-Free energy	221	5,297
Materials and services	109,901	65,845
	147,582	**105,815**

a) Energy supply

In December 2005, the initial energy supply contracts entered into by CEMAR with ELETRONORTE and CEPISA were terminated. Such contracts represented an acquisition of 932,112 MWh. However, in accordance with Decree/Law 5.163 dated July 30, 2004, which comprises the new legislation governing the electricity sector, CEMAR negotiated new Energy Sale Agreements within a Regulated Environment, as detailed below:

CONTRACTS (MWh)	**2006**	**2007**	**2008**	**2009**	**2010**	**2011**	**2012**	**2013**	**2014**	**2015**
Chesf Auction	148,92	-	-	-	-	-	-	-	-	-
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	1,110,560	1,110,517	1,110,517	1,110,517	1,110,560	1,110,517	-	-
Product 2006/2014	-	405,307	406,418	405,307	405,307	405,307	406,418	405,307	405,307	-
Product 2006/2015	-	-	213,451	212,868	212,868	212,868	213,451	212,868	212,868	212,868
Proinfa	12,413	35,491	104,530	104,244	104,244	104,244	104,530	104,244	104,244	104,244
MCSD	52,665	51,859	52,001	51,859	51,859	51,859	52,001	-	-	-
MCSD 4%	32,412	32,412	32,501	32,412	32,412	32,412	32,501	8,926	-	-
New Energy 2009/22/37	-	-	25,649	25,579	25,579	25,649	25,579	25,579	25,579	25,579
New Energy 2009/23/38	-	-	-	138,846	138,846	138,846	139,226	138,846	138,846	138,846
New Energy 2009/24/39	-	-	-	-	369,847	369,847	370,860	369,947	369,947	369,947
A-3 Auction	-	-	-	239,498	239,498	239,498	240,155	239,498	239,498	239,498
A-5 Auction	-	-	-			162,591	163,037	162,591	162,591	162,591
TOTAL (MWh)	**4,279,558**	**4,558,218**	**4,879,748**	**5,243,763**	**5,613,610**	**5,776,201**	**5,792,026**	**2,770,225**	**1,658,781**	**1,253,474**

- **Electricity network usage charge**

  In 1999, the electricity distribution concessionaires signed with fifteen transmission companies and the National System Operator – (“Operador Nacional de Sistema” – ONS), the operator created to conduct the planning and operations of the Brazilian electricity system, the Transmission System Usage Contracts - CUST, which obliges them to pay for using the transmission assets, given the interconnection of the entire Brazilian electricity transmission system.

(13) TAXES AND SOCIAL CONTRIBUTIONS PAYABLE

	Parent Company				Consolidated			
	09/30/06		06/30/06		09/30/06		06/30/06	
	Current	Long term	Current	Long term	Current	Long term	Current	Long term
ISS (Income tax and social contribution)					463	561	935	561
Social charges and others	21	-	18	-	3,354	-	3,335	-
ICMS (Value added tax)	-	-	-	-	17,060	2,571	24,370	2,627
Provision for income tax and social contribution	-	-	-	-	18,952	-	17,716	-
PIS and COFINS	-	-	-	-	13,024	-	9,182	633
REFIS/PAES **(a)**	-	-	-	-	3,875	268	4,507	184
TOTAL	**21**	**-**	**18**	**-**	**56,728**	**3,400**	**69,045**	**4,005**

(a) Tax Recovery Program - REFIS / Special Installments - PAES (“REFIS - II”)

On November 29, 2000, CEMAR entered into the Tax Recovery Program - REFIS. This program aims to regularize of government credits, taxes and contributions managed by the Federal Tax Office – (“Secretaria da Receita Federal” – SRF) and the National Social Security Institute – (“Instituto Nacional do Seguro Social” – INSS), relating to tax events occurring up to February 28, 2000. The program established the tax credits deriving from tax losses and the negative social contribution base to settle the amount corresponding to the fines and interest included in the program, in addition to the monetary correction of the balance based on the change 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 have been put up as a guarantee.

On May 30, 2003, Law 10.684/03 (Special Installments -PAES) of the Federal Government allowed a new payment in installments of up to 180 months for debts owed to the Federal Revenue Office, National Treasury Prosecutor’s Department and the National Social Security Institute (INSS), maturing until February 28, 2003 (enrolled or not in the active debt), including debts at the stage of fiscal execution or which had been subject to previous payment in installments, plus 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, as described below:

	Consolidated	
	09/30/3006	**06/30/2006**
Balance at beginning of period/year	4,691	5,586
Payments at beginning of period/year	(632)	(990)
Monetary corretion	84	95
Balance at end of period/year	**4,143**	**4,691**
Current	**3,875**	**4,507**
Long term	**268**	**184**

By entering the Special Installment - PAES, CEMAR undertook certain obligations in accordance with the corresponding legislation, of which we highlight:

- authorization of unrestricted access, by the Federal Tax Office - SRF, to the information concerning its financial movement;
- specific fiscal monitoring, with periodical delivery in media data, including revenue information;
- regular compliance of the obligations towards the Employee Severance Fund - FGTS and the Tax on Rural Territorial Property - ITR; and
- regular payment of the consolidated debt installments pursuant to the rule, in addition to the taxes and social contributions overdue as of March 1, 2003, for which any other means of payments in installations is excluded.

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

The value of CEMAR's debt stated in the debt document concerning PAES used to include amounts already settled by CEMAR in the amount of R$11,137 which caused a difference at the mentioned amount between the amount recorded by CEMAR and the one considered by the fiscal authority. On August 4, 2006 CEMAR formally requested a review of the debt. On September 30, 2006, the "Paes Debt Statement'" emitted by the Federal Tax Office indicated the due amount of R$5,153. CEMAR is making the payments based on the informed value by the Government and is questioning the difference of R$1,010, between the amount recognized and the one informed by the Government.

(14) LOANS AND FINANCING

a) Breakdown and summary of the main operations

	Consolidated					
	09/30/2006			06/30/2006		
	Current			Current		
	Charges	Principal	Non current	Charges	Principal	Non current
Foreing Currency:						
National tesoury (1)	492	758	14,260	212	1,038	13,930
	492	**758**	**14,260**	**212**	**1,038**	**13,930**
Local currency:						
Eletrobrás (2)	225	1,932	294,361	-	3,010	282,644
Eletronorte (3)	-	22,719	131,827	-	21,408	135,484
Financial Institutions (4)	525	26	51,424	358	17	28,086
	750	**24,677**	**477,612**	**358**	**24,435**	**446,214**
Debt to FASCEMAR (5)	-	3,555	24,776	-	3,437	24,676
Total loans and financing	**1,242**	**28,990**	**516,648**	**570**	**28,910**	**484,820**
Other debts						
Debentures (6)	-	6,260	12,675	-	6,263	14,535
	-	**6,260**	**12,675**	**-**	**6,263**	**14,535**
Total debt	**1,242**	**35,250**	**529,323**	**570**	**35,173**	**499,355**

(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 the Resolutions 1.541/88 and 1.564/89 issued by the National Monetary Council – ("Conselho Monetário Nacional – CMN"), and which were exchanged for a bonus issued by the Government. This debt is guaranteed by CEMAR's revenues from electric energy sales.

(2) 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 until in April 27, 2004 through the signature of the renegotiation contract of you divide. The main terms agreed are described in item (c) of this note.

(3) ELETRONORTE

<u>Energy supply:</u>

During the second quarter of 2004, the accumulated differences between the invoices from June to December 2001, related to the adjustments regarding the rationed electricity acquired for the period January to March 2002, and the differences between the invoices from April to July 2002, the respective charges, with the balance corrected until April 14, 2004 to the amount of R$120,256, were renegotiated through the Electricity Purchase and Sale Contract executed on April 27, 2004, which established:

- Payment on May 7, 2004 of R$21,227, plus monetary correction according to the IGP-M index and nominal interest of 12% per annum pro-rata day, which is subject to maturity.

- The remaining amount of R$99,029 is being monetarily corrected by the IGP-M price, plus nominal interest of 12% per annum, and paid over 60 monthly successive installments, calculated by the French Amortization System. The due date is on 27th of each month, with the first installment due on May 27, 2004.

<u>Transfer of assets:</u>

Balance due to the transfer of assets with respect to the facilities comprising its 230 kV system ("Transfer Instrument of Assets, Rights and Facilities Through Partial Payment and Renegotiation of the Settlement of Remaining Debts"). The difference between the amount of assets transferred and CEMAR's outstanding balance to ELETRONORTE resulted in an obligation for which CEMAR offered as guarantee the amount of up to 25% of its revenue. On April 27, 2004, the "Enrollment Debt Renegotiation Agreement 0152/04-B ", as described below:

- Outstanding balance of R$61,441, corrected up to December 31, 2003 by the variation of the IGP-M price index;

- Maturity date in 12 years;

- Grace period of 3 (three) years for principal amortization, in accordance with the clauses described in the respective contractual instrument "Adjustment and Obligations Instrument"; and

- Nominal interest of 12% per annum plus monetary correction according to the IGP-M index.

(4) Transactions with financial institutions in local currency refer to working capital loans guaranteed by promissory notes and in some cases by receivables.

- Concórdia / CCV fund: CEMAR's creditor banks, along with the aforesaid debenture holders, adhered to the "Agreement" executed on March 26, 2004 and the subsequent "Contractual Amendment", introduced on April 12, 2004, whereby the private creditors undertook to subscribe to a new debenture issue using their credits.

- "Banco do Nordeste do Brasil": In April 2006, CEMAR received the first portion of the loan obtained from Banco do Nordeste do Brasil, in the amount of R$22.630. As per the agreement, this amount is updated by 11, 9% p.a. This loan aims to finance investments in: reduction of technical ad commercial losses, improvement in the quality of the energy supply, expansion if the distribution system and technology update. In August 2006, CEMAR received second portion in the amount of R$22,231.

- Studies and Project Financing Enterprise ("Financiadora de Estudos e Projetos – FINEP"): In September 2006, CEMAR received the first tranch of the loan obtained FINEP, in the amount of R$1,040 of principal. The interests corresponds to TJLP + 2% a year. This loan aims to finance investments regarding improvements distribution network performance, and programs of energy efficiency.

(5) On March 20, 2001, the "debt acknowledgement contract" between CEMAR and FASCEMAR - Pension Fund of CEMAR, regarding the debt that CEMAR had with FASCEMAR deriving from the overdue payments and pass-through of its contributions as the Fund sponsor stood, as of September 30, 2006, at R$28,331 (R$28,113 on June 30, 2006) and is guaranteed by CEMAR's receivables. The debt arising out of this contract is being repaid in 168 monthly, consecutive installments, starting in April 2001, on which interest is charged at 102% of the Brazilian Inter bank Rate, calculated and disclosed daily by CETIP.

(6) See Note 15.

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

As of September 30, 2006 the long-term debentures, financing and loans stood at R$529,323 and the maturity thereof is scheduled as denoted below:

Maturity	09/30/06	%
2007	16,909	3.19%
2008	55,503	10.49%
2009	69,309	13.09%
2010	59,629	11.27%
After 2010	327,973	61.96%
Total	**529,323**	**100.00%**

c) Summarized Statement of Renegotiated Debts to Creditors:

Description	Signature date	Maturity date	Financing Charges	Consolidated	
				09/30/3006	06/30/2006
Eletrobrás				**296,518**	**285,654**
RES 150/00-2035/00	4/27/2004	12/30/2015	IGP-M + 13.4%pa	82,911	81,325
RES 150/00-2033/00	4/27/2004	12/30/2015	RGR + 6.8%pa	2,565	2,546
RES 150/00-2034/00	4/27/2004	12/30/2015	FINEL + 9.4%pa	42,588	42,114
ECF - 1510/97	4/27/2004	12/30/2015	FINEL + 14.0%pa	505	497
ECF - 1639/97	4/27/2004	12/30/2015	FINEL + 11.5%pa	5,954	5,874
ECF - 1645/97	4/27/2004	12/30/2015	FINEL + 13.6%pa	1,022	1,006
ECF - 1960/99	4/27/2004	12/30/2023	IGP-M + 4.0%pa	118,803	117,325
ECF - 1907/99	4/27/2004	12/30/2015	FINEL + 11,0%pa	842	831
ECF - 1908/99	4/27/2004	12/30/2015	FINEL + 9.4%pa	6,679	6,604
ECF - 1473/97	4/27/2004	12/30/2015	RGR + 13,.%pa	202	199
ECFS - 027/04	6/2/2004	6/30/2016	RGR + 6.0%pa	16,062	16,316
ECF - 140/06	3/31/2006	3/31/2018	RGR + 6.0%pa	18,385	11,017
Eletronorte				**154,546**	**156,891**
Eletronorte – enrollment	4/27/2004	8/30/2015	IGP-M + 12.0%pa	87,847	85,690
Eletronorte – Supply	4/27/2004	4/30/2009	IGP-M + 12.0%pa	66,699	71,201
BNB	**11/23/2005**	**2/28/2017**	**11.9% pa**	**45,385**	**22,988**
National Treasury				**15,510**	**15,180**
STN 01	5/12/1997	4/11/2024	LIBOR SEM.+ 0.81% pa	3,474	3,403
STN 02	5/12/1997	4/11/2024	6% pa	4,973	4,874
STN 03	5/12/1997	4/10/2009	LIBOR SEM.+ 0.81% pa	381	373
STN 04	5/12/1997	4/10/2014	8% pa	3,462	3,378
STN 05	5/12/1997	4/10/2012	LIBOR SEM.+ 0.88% pa	2,845	2,786
STN 06	5/12/1997	4/10/2009	LIBOR SEM.+ 0.88% pa	375	367
STN 07	5/12/1997	4/12/2006	LIBOR SEM.+ 0.81% pa	-	-
Fascemar (Pension Fund)	**3/20/2001**	**3/2/2015**	**102%CDI**	**28,331**	**28,113**
Debentures 2°Issuance	**9/2/2004**	**6/1/2009**	**IGP-M + 12%pa**	**18,935**	**20,798**
Concórdia CCV	**6/28/2004**	**12/30/2023**	**IGP-M + 12,0%pa**	**2,780**	**2,737**
CCV Fund	**6/28/2004**	**12/30/2023**	**IGP-M + 12,0%pa**	**2,780**	**2,737**
Finep	**6/13/2006**	**6/30/2013**	**TJPL + 2%pa**	**1,030**	**-**
Total debt				**586,815**	**535,098**

d) Universal Electricity Access and Use of Electricity in the Rural Zone Program:

By way of Resolution 223 dated April 29, 2003, as amended by Resolutions 52 dated March 25, 2004 and 175 dated November 28, 2005, ANEEL established the general conditions for drawing up Electricity Universalization Plans seeking to serve new consumer units, or raise charge, governed the provisions established by articles 14 and 15 of Law 10.438, dated April 26, 2002, to establish the responsibilities of public electricity distribution service concessionaires and authorized entities. Law 10.762 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 than 2.3 kV) with an installed charge of up to 50 KW.

Until September 30, 2006, CEMAR invested R$291,259 (R$227,742 until June 30, 2006) in the Universalisation Programe.

As a result of the impact of the "Programa Luz para Todos" on the Universalisation Plan targets, and bringing forward of the Universalisation 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.

In December 2005, CEMAR submitted to ANEEL the revised schedule for the Universalisation Plan which was approved by ANEEL.

"Programa Luz para Todos"

Presidential Decree 4.873 dated November 11, 2003, introduced the "Light for All" Program ("Programa Luz para Todos" – PLPT) within the Universalisation Plan, which by 2008 aims to provide electricity to the sections of the Brazilian rural population which do not yet have access to this public service.

The Program 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 "Light for All" Program 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 for each source of funds..

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

CEMAR is a party to the Financing and Subsidy Contract - ECFS 027/2004, signed on June 2, 2004 with ELETROBRÁS, and the amendments thereto ECFS 027-A/2004, ECFS 027-B/2004 and ECFS 027-C. This contract and the amendments thereto envisage the supply of electricity to 47,043 families. The contract totals R$231,620.

On March 2006 CEMAR signed with ELETROBRÁS the Financing and Subsidy Contract - ECFS 140/2006 – 2nd Tranche, related to the 2nd phase of the Program, which envisages the supply of electricity to 59,856 consumers. The contract totals up to R$275,434.

The ELETROBRAS funds shall be applied as follows:

- The amount equivalent to up to 11.3% of the total cost of the works in progress, estimated at R$547,804, not including labor expenses, transportation and management, shall be obtained through funds from the Global Reversal Reserve - RGR, which corresponds to the credit worth R$61,902; and

- The amount up to 73.7% of the total cost of the respective works, not including labor expenses, transportation and management, shall be obtained through funds from the Energy Development Account - CDE, which corresponds to the extension of credit worth R$485,902, as an economic subsidy, in accordance with Law 10.762, dated November 11, 2003.

Until September 30, 2006 CEMAR received R$122,347 related to the ECF-027/2004 agreement, with R$16,316 coming from RGR funds and R$106,031 from CDE fund; and received R$137,717 regarding the ECFS-140/2006 agreement, with R$18,362 GR funds and R$119,355 from CDE funds.

(15) DEBENTURES (in reais)

The debentures originally issued the amount of R$150,000,000 in June 2001 were allocated to enhance the capital structure of CEMAR to finance its working capital and investments to expand the services provided by CEMAR.

a) Details of the first debenture issue:

Nominal Unit Value:	R$10,000.00
Amount:	15,000 debentures.
Type:	With a floating guarantee.
Convertibility and Form:	Not convertible, nominative and registered.
Term and Maturity Date:	60 months, maturing on June 1, 2006.
Interest	100% of the average daily rate of the interbank deposits rate - “DI Rate”, expressed as a percentage per annum, based on 252 working days, plus an effective surcharge of 1% (one percent) per annum, based on 252 days.

b) Renegotiation:

On March 25, 2004, the 13th General Debenture Holders Meeting of CEMAR was held, at which the debenture holders in attendance jointly accounted for 99.6867% of the 15,000 (fifteen thousand) debentures in circulation resolved the following matters:

i) Of the debenture holders in attendance, who jointly accounted for 97.7068% of the debentures in circulation, approved the terms of the "Debenture Subscription Agreement and Other Agreements" ("Agreement") submitted, which was filed at the head office of the Fiduciary Agent, and re-ratified the proposal to restructure CEMAR's debts approved pursuant to the 8th General Debenture Shareholders Meeting; and

ii) The other debenture holders, Fundos Concórdia Multi Investimento Financeiro (Fund - CCV) and Concórdia S.A. Corretora de Valores Mobiliários, Câmbio e Commodities, which jointly hold 2.6666% of the debentures in circulation, agreed to adjust their credits on conditions similar to those offered to ELETROBRÁS and ELETRONORTE, by way of the agreement executed with CEMAR and SVM Participações e Empreendimentos Ltda., as detailed below.

The Extraordinary General Meeting held in April 30, 2004 accordingly approved the public issue of 73,642 debentures by CEMAR, with a nominal value of R$1,000 each, convertible into shares with a floating guarantee. These debentures were issued on September 16, 2004 in accordance with the "Deed of the Second Public Issue of Convertible Debentures of CEMAR with a Floating Guarantee", with the following details:

c) Details of the second debenture issue:

Issue number:	2nd issue
Series:	Single
Issue date:	09/16/2004
Amount:	73,642 debentures
Nominal Value:	R$1,000.00
Net Issue Amount:	R$73,642,000.00
Nominal Amount of the Premium:	R$2,223.07
Type:	With a floating guarantee

Issue type:	Simple
Issue nature:	Public
Convertibility and form:	convertible, nominative, book-entered
Term and maturity date:	60 months, with the first installment due 30 days after the issue date.
Monetary restatement	in accordance with the change of the SELIC Rate from the period February 29, 2004 until the effective payment, which occurred in September 16, 2004. As from the issuance, the restatement occurs considering the IGP-M though the bonus.
Interest:	12% per annum, as from date of payment

The debt relating the second debentures issuance, consolidated and corrected according to the variation of the "SELIC Rate between February 29, 2004 to the subscription date of the 2nd debenture issue, was R$1,084.78 for the nominal unit price, and R$2,411.55 for the respective value of the issue premium, amounting to R$3,496.34 per debenture, which was used to acquire the new debentures where the credits originally held by the subscribers were cancelled.

The total amount of R$177,591,596.20, referring to the debenture issue premium, was accounted for as capital reserve in the shareholders' equity in 2004.

d) Monitoring of the debentures convertible shares covenants

The debentures issued by CEMAR in 2004 have the following covenants:

Covenant 1: Quotient resulting from the division of the Net Remunerated Liability by the EBITDA (LTM) lower than or equal to 4.5 (four point five)

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

Subsidiary information:

Covenants - Debentures CEMAR				
	R$mil			
	3nd quarter 2006	**2nd quarter 2006**	**1st quarter 2006**	**4nt quarter 2005**
Debt	565,815	535,098	514,880	503,982
(-) Eletrobras debt	(118,803)	(117,325)	(115,605)	(113,927)
(=) Remunerated liability	447,012	417,773	399,275	390,055
(-) Cash and banks and marketable securities	(167,371)	(99,532)	(121,068)	(155,084)
(-) Low income consumers receivable	(15,190)	(9,572)	(8,869)	(9,167)
(=) Net remunerated liability	**264,451**	**308,669**	**269,338**	**225,804**
Profit from service	95,463	52,779	54,554	51,968
Depreciation	14,708	13,664	13,103	16,270
EBITDA	110,171	66,443	67,657	68,238
Non recurring expenses	10,721	13,449	5,732	7,410
Contigencies	1,766	2,274	1,462	(663)
Restructuring expenses	1,845	3,023	3,850	1,547
Allowance for doubtful accounts	7,110	8,152	420	6,837
Losses from uncollectable credits	-	-	-	(311)
Quarterly adjusted EBITDA	**120,892**	**79.892**	**73,389**	**75,648**
Annual adjusted EBITDA (LTM)	**349,821**	**283,400**	**247,741**	**216,826**
Quarterly financial expense, net	**9,386**	**9,038**	**8,073**	**7,313**
Annual financial expense, net	**33,810**	**31,823**	**30,620**	**30,066**
1º Covenant: <=4,5	**0,8**	**1,1**	**1,1**	**1,0**
2º Covenant: >=1,5	**10,3**	**8,9**	**8,1**	**7,2**

Noncompliance of these covenants will result in early maturity of the debentures. During first semester 2006 the CEMAR complied with the limits stipulated in these covenants.

(16) PROVISIONS FOR CONTINGENCIES

a) General Considerations and breakdown

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 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 per the breakdown below:

	Consolidated			
	09/30/2006		06/30/2006	
		Judicial deposits		Judicial deposits
Civil e Tax	42,532	2,368	42,392	6,327
Labor claims	9,196	10,834	8,173	4,721
	51,728	**13,202**	**50,565**	**11,048**
Current	12,325	8,115	9,985	6,327
Long term	39,403	5,087	40,580	4,721
	51,728	**13,202**	**50,565**	**11,048**

Labor claims

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

Civil and tax

The most representative individual amount corresponds to the claim regarding the Account Rendering Action for Public Lighting Fee - TIP, brought by the Municipal Government of São Luís against CEMAR, claiming the amounts arrived from the collection and questioning the pass-through and investments made in the city's public lighting network. CEMAR simultaneously filed a similar lawsuit, and 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 legal department and its external advisers, for which the chance of loss is rated as possible R$32,954 or remote R$12,269 (R$24,763 and R$11,717, respectively, on June 30, 2006) and therefore no provision for these losses has been recorded.

CEMAR is subject to the environmental protection laws and the respective municipal, state and federal regulations. CEMAR considers that the 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.

(17) RESEARCH AND DEVELOPMENT (P&D) AND ENERGY EFFICIENCY (PEE)

	Consolidated	
	09/30/06	**06/30/06**
Researches and development	7,006	5,665
Energy efficiency	9,083	8,161
Total	**16,089**	**13,826**

Refer to these amounts due not yet expensed in the Research and Technological Development Program of the Electric Section - P&D, in accordance with the Normative Resolution ANEEL no. 219, of April 11, 2006 and in the Energy Efficiency Program - PEE, in accordance with the Normative Resolution ANEEL no. 176, of November 28, 2005, altered by the Normative Resolution ANEEL no. 215, of March 28, 2006.

(18) TERM OF ADJUSTMENT

In February 18, 2004 CEMAR signed the Adjustment Agreement, whereby reviewed with ANEEL its annual goals to the ongoing distribution service indicators, regarding to each specific municipalities units in its concession area.

The ANEEL Superintendence of Economic Fiscalization understood that must charge a fine to CEMAR in the amount of R$5,671 due to noncompliance with the referred Term. On September 30, 2006, CEMAR accounted for as "Other current liabilities" the amount of R$5,783, corresponding to the fine plus interest, which was paid on October 2006.

(19) SHAREHOLDERS' EQUITY

a) Capital

On September 30, 2006, the Company's capital, fully subscribed and paid up, was R$713,217 (R$713,217 on June 30, 2006), divided as follows:

Shareholders	Total	%	Ordinary	%	Preferential	%
Brazil Energis I LLC	79,890,009	40.6%	63,706,828	62.1%	16,183,181	17.2%
Others	116,785,168	59.4%	38,928,392	37.9%	77,856,776	82.8%
	196,675,177	**100.0%**	**102,635,220**	**100.0%**	**94,039,957**	**100.0%**

Preferred shares do not entitle the holder thereof to voting rights at the Company's General Meeting; however, holders have priority under 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 to the minority shareholders in case of Company's merger or change in its shareholders.

b) Stock Option Program

On February 2, 2006 the Extraordinary General Meeting the shareholders approved, and confirmed on February 13, 2006, the creation of two programs - the First and Second Equatorial Share Purchase Option Program, which includes common shares and preferred shares comprising its share capital. Programs are managed by a committee, formed by 3 members of its Board of Directors. The Committee has the power to establish the rules concern the option. See bellow the programs description.

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

The First Program comprises the option to subscription of 2,934,242 common shares and 5,868,481 preferred shares of Equatorial issuance, which were already allocated to the Equatorial and its subsidiary directors and officers. The shares subscription price is R$1 (one real) per 100,000 shares, restated by the General Price Index informed by Fundação Getúlio Vargas ("IGP-M/FGV"), as from March 9, 2006. The option exercise of each beneficiary of the First Program depends on the payment of the subscribed or acquired shares on the CEMAR Stock Option Plan, on the following portion: for each 1,000,000 of subscribed or acquired shares on the CEMAR Stock Option Plan, the beneficiary can exercise the option to acquire or subscribe 11,85 common shares and 23.69 preferred shares, on the SOP 1. To date were already subscribed 1,613,835 common shares and 3,227,658 preferred shares of Equatorial regarding the SOP 1.

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

The SOP 2 comprises the option to subscription of 2,271,858 common shares and 4,543,712 preferred shares of Equatorial issuance. The shares subscription price of common and preferred shares to be subscribed under the SOP 2 will be equal to average price of the common and preferred shares of the Company, negotiated at São Paulo Stock Exchange – BOVESPA on the last 30 days before the option exercise date of the relates shares, and the beneficiaries will be obliged to use, exclusively, shares subscribed or acquired on the CEMAR Stock Option Plan on the capital payment. To date, the Committee has allocated options to subscription of 2,271,858 common shares and 4,543,712 preferred shares to the Company's directors and officers. There are pending options corresponding to 360,847 common shares and 721,693 preferred shares to be allocated. Among the allocated options, 1,040,744 common shares and 2,081,484 preferred shares were subscribed with 204,329,735,847 common shares of CEMAR. This capital subscription raised the Company's participation in CEMAR from 64.96% at the end of December 31, 2005 to 65.40% at the end of March 30, 2006.

Following, the information concerning the share purchase option plans already exercised on September 30, 2006:

	First Program		Second Program	
	ON	PN	ON	PN
Number of Stock options	2,934,242	5,868,481	2,271,858	4,543,721
Exercised options (*)	(1,613,835)	(3,227,658)	(1,040,744)	(2,081,484)
Options not exercised until September 30, 2006	**1,320,407**	**2,640,823**	**1,231,114**	**2,462,228**

(*) Options exercised on March 9, 2006, see item "a"

To the extent all outstanding options under the Equatorial First Program are exercised, an additional dilution to existing shareholders of 2.0% would occur. To the extent all outstanding options under the Equatorial Second Program had been exercised, an additional dilution to existing shareholders of up to 1.5% would occur and Equatorial would increase its total interest in CEMAR by up to 1.2%.

(20) SUPPLY OF ELECTRIC ENERGY

On September 30, 2006, the breakdown of the supply of electric energy by consumer class is as follows:

	Nº of consumers (*)	MWh (*)	Thousands R$	Nº of consumers (*)	MWh (*)	Thousands R$
Residential	1,135,764	875,372	293,981	1,050,931	828,459	243,306
Industrial	9,459	276,751	81,844	9,047	315,988	76,333
Commercial	97,899	430,359	166,057	91,037	404,707	137,097
Rural	66,780	80,049	18,782	51,829	77,260	15,316
Public Entities	14,997	148,381	55,908	14,080	137,277	46,726
Public Lighting	453	148,419	30,673	420	131,327	23,607
Public Service	1,447	147,459	39,474	1,316	141,224	32,751
Own Consumption	222	3,061	-	275	3,676	-
Supply						
MAE e CEPISA			3,481			168
Low Income			43,414			35,179
RTE			(1,435)			(19,179)
Emergency Capacity Change			79			11,377
Others			8,489			7,822
RTD			40,682			5,621
CVA - ESOP ("PLPT")			36,621			-
Total	**1,327,021**	**2,109,851**	**818,050**	**1,218,935**	**2,039,918**	**616,124**

(*) Information not reviewed by auditors.

(21) COMMISSIONS AND OTHER FINANCIAL EXPENSES

The Company’s expenses referring to Investment Banks’ commissions and expenses with lawyers, auditors, consultants and offering materials amounted to R$12,609 and are recorded as “Financial Expenses”.

(22) PRIVATE PENSION FUND

a) Details of the retirement plan

CEMAR sponsors the CEMAR Pension Fund - FASCEMAR, a private, non-profit company founded to assure the supplementary benefits to those granted by government pension plans.

The corporate structure of FASCEMAR was implemented during 2005, and a new pension plan was implemented (Plano Misto de Benefícios I) as from May 2006, in the terms of contributions are defined. Since its implementation, 98% of the active participants of the Defined Benefit Plan (BD I) enrolled into “Plano Misto de Benefícios I”, as well as the CEMAR employees that did not have such benefit.

At present, BD I is mainly comprised by retired and participants in use of the benefit in April 2006.

CEMAR, as the sponsor of the both pension plans, contributes with a monthly amount proportional to the participants. In the nine-month period ended September 30, 2006, CEMAR contributed R$352 (R$368 in the nine-month period ended September 30, 2005).

b) CVM Resolution 371 - Pension Plan Accounting

In accordance with CVM Resolution 371 dated December 13, 2000, 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).

In accordance with the alternative established by the aforesaid rule, CEMAR opted to recognize the liability in the results for the period of 5 years, from 2002. CEMAR has a provision in its long-term liabilities of R$11,019 (R$11,019 on June 30, 2006) to meet the actuarial obligations to the fund, which reflects the effects of CVM Resolution 371. Such amount is equivalent to 100% of the liability.

(23) INSURANCE (not reviwed)

The specification by risk type and effectiveness date of the main insurance contracts according to the insurance brokers engaged by the Company and its subsidiary is detailed below:

Risks	Effectiveness term	Amount insured	Premium
Risks named - substations and inventories	01/01/2007	96,767	292
General civil liability – Operations	01/01/2007	1,000	90
Vehicles – RCF	01/31/2007	836	40

The Company and its subsidiary has the policy 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. Company's and its subsidiary's insurance contracts are made in accordance with the risk management and insurance fundamentals generally employed by electricity 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.

(24) FINANCIAL INSTRUMENTS – CVM INSTRUCTION 235

The book value of the financial instruments presented in the balance sheet, when compared to the amount that could be obtained from its negotiation at an active market or, in its absence, to the net adjusted present value using the interest market rate, are substantially similar to its market value.

The valuation of the main financial instruments is the following:

<u>ASSETS:</u> Cash and banks and marketable securities and accounts receivable	The values of these instruments are close to the market value due to their short-term maturity.
<u>LIABILITIES:</u> Loans and Financing	These credit operations in Brazil and overseas are corrected 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, 2006, both for the domestic and the international market.

(25) RISK FACTORS – CVM INSTRUCTION 235

Brazilian Securities Commission - CVM, thought Instruction 235, dated March 23, 1995, established the means for disclosing in notes the risk factor considerations of the companies and the market value of the financial instruments recognized or not in the financial statements.

As it is an investment holding, the Company's main risks are related to the performance of its subsidiary as detailed below.

- Credit Risk: The high amounts, in addition to the age of the receivables from Government, 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 guidance;

- Market Risk: In accordance with the regulations established by Decree Law 5.163 dated June 30, 2004, CEMAR shall 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 energy 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 Company has not executed derivative contracts to perform a swap against this risk. However, the Company 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 Company 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 of these restrictions could result in early majority of the debt;

- Risk of energy shortages: The energy acquired and sold by CEMAR is generated mainly by hydroelectric energy stations. A prolonged scarcity of rain could reduce the volume of water in the energy stations' reservoirs thereby resulting in losses due to the increased cost of acquire 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, does not envisage a new rationing program in the upcoming years.

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

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

2.01 – Consolidated Balance Sheet - Assets (R$ thousand)

1 - Code	2 - Description	3 - 9/30/2006	4 - 6/30/2006
1	Total assets	1,887,583	1,724,634
1.01	Current assets	627,247	560,317
1.01.01	Cash and banks	351,429	279,652
1.01.01.01	Cash	394	325
1.01.01.02	Banks deposits	13,868	12,513
1.01.01.03	Payment orders	449	-
1.01.01.04	Available funds	559	61
1.01.01.05	Marketable securities	327,533	266,753
1.01.01.06	Cash in transit	8,626	-
1.01.02	Credits	149,171	140,056
1.01.02.01	Consumers and resellers	195,130	177,547
1.01.02.02	Allowance for doubtful accounts	(45,959)	(37,491)
1.01.03	Inventories	4,297	2,734
1.01.04	Other	122,350	137,875
1.01.04.01	Taxes recoverable	36,614	27,678
1.01.04.02	Low income consumers	15,190	9,572
1.01.04.03	Prepaid expenses	45,495	62,998
1.01.04.04	Deferred income tax and social contributions	10,466	22,027
1.01.04.05	Dividends receivable from subsidiary	-	-
1.01.04.06	Judicial deposits	8,115	6,327
1.01.04.07	Other receivables	6,470	9,273
1.02	Long-term receivables	348,065	284,656
1.02.01	Sundry receivables	348,065	284,656
1.02.01.01	Consumers and resellers	16,537	16,538
1.02.01.02	Taxes recoverable	25,512	22,121
1.02.01.03	Prepaid expenses	74,181	13,086
1.02.01.04	Deferred income tax and social contributions	226,748	226,748
1.02.01.05	Judicial deposits	5,087	4,721
1.02.01.06	Other receivables	-	1,442
1.02.02	Related parties	-	-
1.02.02.01	Associated companies	-	-
1.02.02.02	Subsidiaries	-	-
1.02.02.03	Other related parties	-	-
1.02.03	Other	-	-
1.03	Permanent assets	912,271	879,661
1.03.01	Investments	240,299	241,543
1.03.01.01	Investment in associated companies	-	-
1.03.01.02	Investments in the subsidiary	-	-
1.03.01.03	Other investments	240,299	241,543
1.03.01.03.01	Goodwill from investment in subsidiary	291,810	291,810
1.03.01.03.02	Goodwill accumulated amortization	(48,623)	(47,379)
1.03.01.03.03	Negative goodwill	(3,109)	(3,109)
1.03.01.03.04	Other	221	221
1.03.02	Property, plant and equipment	671,972	638,118
1.03.02.01	Property, plant and equipment	980,707	899,575
1.03.02.02	Obligations related to the concession	(308,735)	(261,457)
1.03.03	Deferred asset	-	-

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

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

02,02 – Consolidated Balance Sheet - Liabilities and Shareholders' Equity (R$ thousand)

1 0 Code	2 – Description	3 - 9/30/2006	4 - 6/30/2006
2	Total liabilities and shareholders' equity	1,887,583	1,724,634
2.01	Current liabilities	315,016	257,022
2.01.01	Loans and financing	30,232	29,480
2.01.01.01	Financial charges	1,242	570
2.01.01.02	Loans and financing	28,990	28,910
2.01.01.03	Shareholders	-	-
2.01.02	Debentures	6,260	6,263
2.01.03	Suppliers	147,582	105,815
2.01.04	Taxes and social contributions payable	56,728	60,045
2.01.05	Dividends payable	53	53
2.01.06	Provisions	25,264	20,681
2.01.06.01	Payroll charges	12,939	10,696
2.01.06.02	Provision for contingencies	12,325	9,985
2.01.07	Related parties	-	-
2.01.08	Other	48,897	34,685
2.01.08.01	Payroll	415	465
2.01.08.02	Public lighting tariff	7,464	6,190
2.01.08.03	Consumer charges payable	3,820	3,407
2.01.08.04	Sundry debits	-	1
2.01.08.05	Researches and development	7,006	5,665
2.01.08.06	Energy efficiency	9,083	8,161
2.01.08.07	Other	21,109	10,796
2.02	Long-term liabilities	583,145	554,959
2.02.01	Loans and financing	516,648	484,820
2.02.02	Debentures	12,675	14,535
2.02.03	Provisions	50,422	51,599
2.02.03.01	Provision for contingencies	39,403	40,580
2.02.03.02	Private pension fund	11,019	11,019
2.02.03.03	Negative working capital from subsidiary	-	-
2.02.04	Related parties	-	-
2.02.05	Other	3,400	4,005
2.02.05.01	Reimbursement to generator	-	-
2.02.05.02	Taxes and social contributions payable	3,400	4,005
2.03	Deferred income	-	-
2.04	Minority interest	195,525	170,597
2.05	Shareholders' equity	793,897	742,056
2.05.01	Capital	713,217	713,217
2.05.01.01	Subscribed capital	713,217	713,217
2.05.01.02	Capital not paid-in	-	-
2.05.02	Capital reserves	-	-
2.05.02.01	Advance for future capital increase reserve	-	-
2.05.03	Revaluation reserve	-	-
2.05.03.01	Own assets	-	-
2.05.03.02	Subsidiary/associated companies	-	-
2.05.04	Revenue reserves	-	-
2.05.04.01	Legal	-	-
2.05.04.02	Statutory	-	-
2.05.04.03	Contingencies	-	-
2.05.04.04	Unrealized profits	-	-
2.05.04.05	Retention of profits	-	-
2.05.04.06	Special for undistributed dividends	-	-
2.05.04.07	Other revenue reserves	-	-
2.05.04.07.01	Revenue reserves	-	-
2.05.05	Accumulated earnings	80,680	28,839

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

03,01 – Consolidated Statement of Income (R$ thousand)

1 – Code	2 – Description	3 - 7/1/2006 to 9/30/2006	4 - 1/1/2006 to 9/30/2006	5 - 7/1/2005 to 9/30/2005	6 - 1/1/2005 to 9/30/2005
3.01	Gross sales and/or services revenue	315,483	818,050	224,908	616,124
3.01.01	Energy electric supply	310,435	806,462	222,524	608,102
3.01.02	Energy electric sales	2,121	3,480	12	168
3.01.03	Emergency capacity charges	1	79	-	77
3.01.04	Other revenues	2,926	8,029	2,372	7,777
3.02	Deductions from operating revenue	(54,944)	(183,263)	(54,311)	(151,514)
3.02.01	Value-Added Tax - ICMS on electricity sales	(29,164)	(105,556)	(32,368)	(87,933)
3.02.02	Social contribution on billings – COFINS	(23,410)	(61,543)	(16,830)	(40,248)
3.02.03	Social Integration Program – PIS	(5,083)	(13,362)	(3,654)	(8,721)
3.02.04	PIS and COFINS – regulatory asset	5,558	5,558	2,571	2,571
3.02.05	Quota for Global Reversal Reserve – RGR	(2,711)	(7,946)	(1,570)	(8,276)
3.02.06	Services Tax – ISS	(133)	(361)	(81)	(321)
3.02.07	Emergency capacity charges	(1)	(53)	(2,379)	(8,586)
3.03	Net operating revenue	260,539	634,787	170,597	464,610
3.04	Cost of sales and/or services	(117,348)	(316,358)	(102,838)	(300,821)
3.04.01	Electric energy purchased for resale	(62,422)	(173,429)	(54,865)	(155,666)
3.04.02	Charge for the transmission and distribution system use	(12,964)	(35,134)	(13,908)	(36,428)
3.04.03	Cost Operating - Personal	(3,334)	(9,804)	(8,592)	(22,624)
3.04.04	Cost Operating – Material	(704)	(2,579)	(631)	(2,523)
3.04.05	Cost Operating - Third party service	(5,815)	(16,519)	(6,910)	(22,297)
3.04.06	Cost Operating – Depreciation and amortization	(13,549)	(39,017)	(10,468)	(31,129)

(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
June 30, 2006

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

1 – Code	2 – Description	3 - 7/1/2006 to 9/30/2006	4 - 1/1/2006 to 9/30/2006	5 - 7/1/2005 to 9/30/2005	6 - 1/1/2005 to 9/30/2005
3.04.07	Fuel consumption quota 0 CCC and CDE	(10,103)	(25,875)	-9,382	-26,452
3.04.08	Cost Operating – Leasing and rent	(163)	(443)	-111	-383
3.04.09	Cost Operating – Electric energy inspection fee	-	-	-	-
3.04.10	Cost Operating – Others	(8,111)	(13,302)	1,363	-3,266
3.04.11	Cost Third Party Service – Personal	(17)	(21)	170	-16
3.04.12	Cost Third Party Service – Materials	(130)	(171)	79	-18
3.04.13	Cost Third Party Service – Third party service	(34)	(61)	363	-15
3.04.14	Cost Third Party Service - Depreciation and amortization	-	-	-	-
3.04.15	Cost Third Party Service - Leasing and rent	-	-	-	-
3.04.16	Cost Third Party Service – Other	(2)	(3)	54	(4)
3.05	Gross operating profit	143,191	318,429	67,759	163,789
3.06	Operating revenue/expenses	(50,702)	(147,494)	(26,206)	(87,843)
3.06.01	Selling expenses	(28,217)	(59,838)	(14,093)	(33,850)
3.06.01.01	Selling	(28,217)	(59,838)	(14,093)	(33,850)
3.06.02	General and administrative expenses	(20,511)	(57,491)	(17,018)	(43,219)
3.06.02.01	General and administrative expenses	(8,193)	(26,048)	(7,895)	(21,332)
3.06.02.02	Administrators' fees	(1,621)	(4,846)	(2,026)	(3,073)
3.06.02.03	Allowance for doubtful accounts and credit losses	(7,192)	(15,765)	(2,735)	(10,117)
3.06.02.04	Provision for contingencies	(1,766)	(5,503)	(2,542)	(3,923)
3.06.02.05	Depreciation and amortization	(1,158)	(2,457)	(457)	(1,434)
3.06.02.06	Others operating expenses	(581)	(2,872)	(1,363)	(3,340)
3.06.03	Financial income (expenses)	(730)	(26,431)	4,905	(10,774)

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3.06.03.01	Financial income	16,636	52,273	20,036	45,876
3.06.03.01.01	Financial income	18,806	46,060	11,438	28,964
3.06.03.01.02	Fine charged on electric energy sale	(2,170)	6,213	8,598	16,912
3.06.03.02	Financial expenses	(17,366)	(78,704)	(15,131)	(56,650)
3.06.03.02.01	Debt charges	-	-	(4)	(12)
3.06.03.02.02	Monetary and foreign exchange variation	(1,394)	(1,697)	264	(1,660)
3.06.03.02.03	Interest on loans and financing	(11,482)	(55,891)	(14,238)	(51,823)
3.06.03.02.04	Commission and other	826	(11,782)	-	-
3.06.03.02.05	Other	(5,316)	(9,334)	(1,153)	(3,155)
3.06.04	Other operating revenue	-	-	-	-
3.06.05	Other operating expenses	-	-	-	-
3.06.06	Equity in income	(1,244)	(3,734)	-	-
3.06.06.01	Equity in income from subsidiary	-	-	-	-
3.06.06.02	Goodwill amortization	(1,244)	(3,734)	-	-
3.06.06.03	Capital gain from subsidiary	-	-	-	-
3.06.06.04	Other income	-	-	-	-
3.07	Operating income	92,489	170,935	41,553	75,946
3.08	Non-operating result	(2,922)	(4,469)	(387)	597
3.08.01	Non-operating income	11	427	1	321
3.08.01.01	Not operating income	11	427	1	321
3.08.02	Expenses	(2,933)	(4,896)	(388)	276
3.08.02.01	Non-operating expenses	(2,933)	(4,896)	(388)	276

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3.09	Income before income tax and social contribution	89,567	166,466	41,166	76,543
3.10	Provision of income tax and social contribution tax	(6,953)	(22,570)	(2,591)	(2,591)
3.10.01	Social contribution tax	(1,776)	(6,000)	(691)	(691)
3.10.02	Income tax	(5,177)	(16,570)	(1,900)	(1,900)
3.11	Deferred income before income tax and social contribution	(11,561)	(22,067)	-	-
3.11.01	Deferred income before income tax and social contribution	(11,561)	(22,067)	-	-
3.12	Participation/ Statutory contribution	(22,950)	(44,259)	(11,834)	(24,239)
3.12.01	Participation	(22,950)	(44,259)	(11,834)	(24,239)
3.12.01.01	Minority interest	(22,950)	(44,259)	(11,834)	(24,239)
3.15	Net income for the period	48,103	77,570	26,741	49,713

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COMMENTS ON CONSOLIDATED PERFORMANCE

São Luis, November 3, 2006 – Equatorial Energia S/A (Bovespa: EQTL11) announces its results for the third quarter (3Q06) and first nine months of 2006 (9M06). Equatorial Energia is a holding company whose subsidiary CEMAR - Companhia Energética do Maranhão retains the electricity distribution concession for the entire state of Maranhão. The information contained herein are presented in consolidated figures, pursuant to the Brazilian Corporate Law, based on reviewed financial data. The non financial figures of CEMAR, as well as those related to the "Light for All" program ("Luz para Todos" Program - PLPT), the annexes and management expectations regarding the future performance of the Company were not reviewed by the independent auditors.

EQUATORIAL ENERGIA RECORDS ITS BEST EVER PERFORMANCE IN THE 3Q06, WITH EBITDA OF R$109.2 MILLION, 129.5% UP ON THE 3Q05, AND AN EBITDA MARGIN OF 41.9%

FINANCIAL AND OPERATING HIGHLIGHTS

- Net revenues totaled R$260.5 million in the third quarter, 52.7% up year-on-year.
- CEMAR's tariffs were adjusted by 14.58% on August 28, being the first company authorized to recognize the tariff impact of the PLPT.
- Manageable costs and expenses (excluding depreciation and amortization) amounted to R$47.0 million, equivalent to 18.0% of period net revenues, 2.7 p.p. less than the 20.7% recorded in the 3Q05.
- EBITDA came to R$109.2 million, 129.5% up on the R$45.6 million reported in the 3Q05.
- EBITDA margin of 41.9%, up by 15.2 p.p. compared to the 3Q05.
- Net income stood at R$48.1 million, 80.0% up on the 3Q05 figure of R$26.7 million.
- Investments (excluding direct investments related to the PLPT) totaled R$31.5 million in the 3Q06, 26.5% up on the R$24.9 million invested in the 3Q05.
- CEMAR's PLPT reached 80,500 connections in September 2006 and direct investments related to the program totaled R$58.1 million in the third quarter, 80,3% up year-on-year.
- CEMAR's year-to-date DEC (equivalent length of interruptions) and FEC (equivalent frequency of interruptions) improved substantially, falling 11.9% and 23.4%, respectively, over the 9M05.
- CEMAR successfully concluded the implementation of the mySAP ERP System in September.

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COMMENTS ON CONSOLIDATED PERFORMANCE

MAIN FINANCIAL AND OPERATING DATA

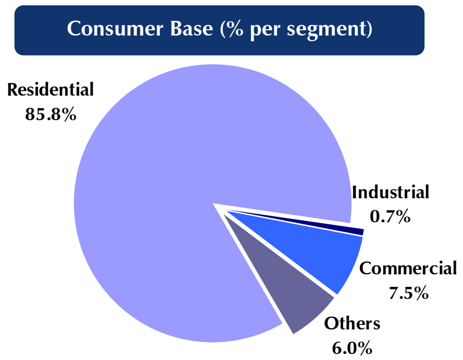
FINANCIAL DATA (in millions of R$)	3Q05	3Q06	% Chg.	9M05	9M06	% Chg.
Net Revenues	170,6	260,5	52,7%	464,6	634,8	36,6%
EBITDA	47,6	109,2	129,5%	119,3	242,5	103,3%
EBITDA Margin (% of Net Revenues)	27,9%	41,9%	15,2 p.p.	25,7%	38,2%	12,5 p.p.
Operating Result	41,6	92,5	122,7%	91,7	199,2	117,3%
Operating Margin (% of Net Revenues)	24,4%	35,5%	11,1 p.p.	19,7%	31,4%	11,7 p.p.
Net Income	26,7	48,1	80,0%	49,7	77,8	56,5%
Profit Margin (% of Net Revenues)	15,7%	18,5%	2,8 p.p.	10,7%	12,3%	1,6 p.p.
Capex CEMAR (Ex. Light for All Direct Capex)	24,8	31,5	26,5%	69,7	80,8	15,9%
Capex Light for All (Direct)	32,2	58,1	80,3%	76,2	117,9	54,8%
Consolidated Net Debt	356,9	105,1	-70,6%	356,9	105,1	-70,6%
Consolidated Net Debt / EBITDA LTM	2,4x	0,3x		2,4x	0,3 x	

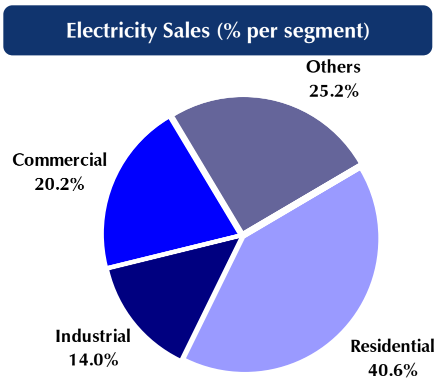
OPERATING DATA	3Q05	3Q06	% Chg.	9M05	9M06	% Chg.
Energy Sold (MWh - Ex. Own Consumption)	708.949	739.500	4,3%	2.036.244	2.106.789	3,5%
Number of Consumers	1.218.935	1.327.021	8,9%	1.218.935	1.327.021	8,9%
Number of Employees	1.348	1.145	-15,1%	1.348	1.145	-15,1%

MARANHÃO ELECTRICITY MARKET

Electricity Sales

CEMAR closed the third quarter with 1,327,021 consumers, 8.9% up on September 30, 2005 – an addition of 108,086 new consumers in 12 months, 54,866 of which thanks to the PLPT. Billed electricity volume for the quarter (excluding own consumption) totaled 739.500 MWh, 4.3% up on the 3Q05. In the first nine months, billed volume reached 2,106,789 MWh, 3.3% up year-on-year.





COMMENTS ON CONSOLIDATED PERFORMANCE

CONSUMPTION CLASS (MWh)	3Q05	3Q06	% Chg.	9M05	9M06	% Chg.
Residential	**283,102**	**300,342**	**6.1%**	**828,460**	**875,372**	**5.7%**
Industrial	**108,861**	**103,575**	**-4.9%**	**315,988**	**276,751**	**-12.4%**
Commercial	**140,436**	**149,695**	**6.6%**	**404,706**	**430,359**	**6.3%**
Others (ex. own consumption)	**176,550**	**185,889**	**5.3%**	**487,089**	**524,308**	**7.6%**
TOTAL	**708,949**	**739,500**	**4.3%**	**2,036,244**	**2,106,789**	**3.5%**

All segments recorded an increase in billed volume, except for the industrial, whose consumption fell by 4.9% over the 3Q05. However, this decline was much less than the 17.6% slide in the previous quarter, thanks to the relevant 3Q06 year-on-year upturn in consumption by the pig-iron industry (14.7%), as well as by Itapicuru Cement Plant (4.6%) and Itajubara Sugar Mill (58.6%).
Sales to the residential segment climbed 6.1%, year-on-year, fueled by the addition of approximately 84,800 consumers to CEMAR's network, equivalent to 6.4% of the client base. The commercial segment did equally well, recording a year-on-year upturn of 6.6%, or 1.2 p.p., thanks to the correlation with residential consumption and the addition of new clients in the city of São Luis (two shopping malls and one hypermarket).
Maintaining the tendency of the 2Q06, the Company recorded a 5.9% increase in third-quarter electric energy load, 1.3 p.p. higher than the Brazilian average and 2.8 p.p. more than the Northeast region.

	Year	1Q	2Q	3Q	9M
Brasil Electric Energy Load (GWh)*	**2006**	**104,999**	**100,980**	**140,886**	**346,865**
	2005	**99,900**	**99,538**	**134,671**	**334,109**
	% Chg.	**5.1%**	**1.4%**	**4.6%**	**3.8%**
Northeast Region Electric Energy Load (GWh)*	**2006**	**15,079**	**14,476**	**20,396**	**49,951**
	2005	**14,512**	**14,323**	**19,777**	**48,612**
	% Chg.	**3.9%**	**1.1%**	**3.1%**	**2.8%**
CEMAR Electric Energy Load (MWh)	**2006**	**966,504**	**983,932**	**1,085,808**	**3,036,244**
	2005	**926,615**	**966,722**	**1,024,914**	**2,918,251**
	% Chg.	**4.3%**	**1.8%**	**5.9%**	**4.0%**
CEMAR Electricity Sales (MWh - ex. own consumption)	**2006**	**669,484**	**697,806**	**739,500**	**2,106,789**
	2005	**650,086**	**677,208**	**708,949**	**2,036,244**
	% Chg.	**3.0%**	**3.0%**	**4.3%**	**3.5%**

* data from the Integrated National System
Source: ONS (National System Operator) and CEMAR

Tariff Adjustment

On August 28, 2006, CEMAR's consumer tariffs were adjusted by 14.85% for the period between August/06 and July/07 via ANEEL Resolution n. 369 of August 22, 2006, detailed in ANEEL Technical Note n. 228 of August 16, 2006. Taking into account the previous financial components and those conceded in this adjustment, the average tariff increase on electricity bills was 10.68%.
CEMAR was the first distributor to obtain ANEEL authorization to incorporate the impact of the PLPT on costs and investments into its tariff base. The adjustment recognized a financial component of R$ 34.0 million, which pushed up the average electricity tariff by 4.25%.
The following table shows a detailed breakdown of the adjustment.

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COMMENTS ON CONSOLIDATED PERFORMANCE

<table>
<tr><th colspan="5">CEMAR - Breakdown of 2006 Tariff Adjustment</th></tr>
<tr><td rowspan="6">Tariff Adjustment: 14.58%</td><td rowspan="4">Pass-through of Part A and B Variation: 10.07%</td><td>2.98%</td><td>Energy Purchases</td><td rowspan="2">Part A</td></tr>
<tr><td>1.08%</td><td>Sector and Transmission Charges</td></tr>
<tr><td>5.84%</td><td>RTD</td><td rowspan="2">Part B</td></tr>
<tr><td>0.17%</td><td>Part B</td></tr>
<tr><td rowspan="2">Variation in Financial Accounts: 4.51%</td><td>4.25%</td><td>Universalization</td><td rowspan="2">Financial Components</td></tr>
<tr><td>0.26%</td><td>Other Financial Adjustments</td></tr>
</table>

Variable	2005	2006	% Chg.
Annual Adjustment	R$726,415,379.06	R$799,593,865.83	10.07%
Part A	R$346,846,807.11	R$376,320,022.91	8.50%
Part B	R$379,568,571.94	R$423,273,842.92	11.51%
Financial Adjustments	-	R$36,046,002.22	4.51%

Electricity Balance

CEMAR’s required energy volume, plus its own generation, totaled 1,085,933 MWh in the 3Q06 and 3,036,609 MWh year-to-date, with respective consumer supply, including own consumption and supplies to CEPISA of 741,243 MWh and 2,111,835 MWh.

Electricity Balance (MWh)	3Q05	3Q06	% Chg.	9M05	9M06	% Chg.
Required Energy *	1,025,098	1,085,933	5.9%	2,918,825	3,036,609	4.0%
Sales **	710,355	741,243	4.3%	2,040,182	2,111,835	3.5%
Losses	314,743	344,690	9.5%	878,644	924,775	5.3%

* includes own generation
** includes energy sales to consumer classes, own consumption and supply to CEPISA

Electricity Losses

Electricity losses in the last 12 months, excluding basic network losses, amounted to 29.9% in the 3Q06, 0.5 p.p. down on the same period in 2005.
It is worth pointing out that, if we disconsider the impact of Itapagé Celulose’s stoppage, the loss ratio would have been 29.7%.
In addition to those mentioned in the previous quarter, we came up with several new initiatives to improve electric energy recovery. The number of high-tension clients equipped with telemetering technology, which severely limits fraud in this category, reached the 1000 mark (64.4% of total); we increased our inspection and fraud-combating efforts, focusing on São Luis, which accounts for 35.2% of CEMAR’s required energy; and we implemented an Intelligence Unit, allowing us to concentrate our efforts on those consumers with the highest loss-reduction potential.

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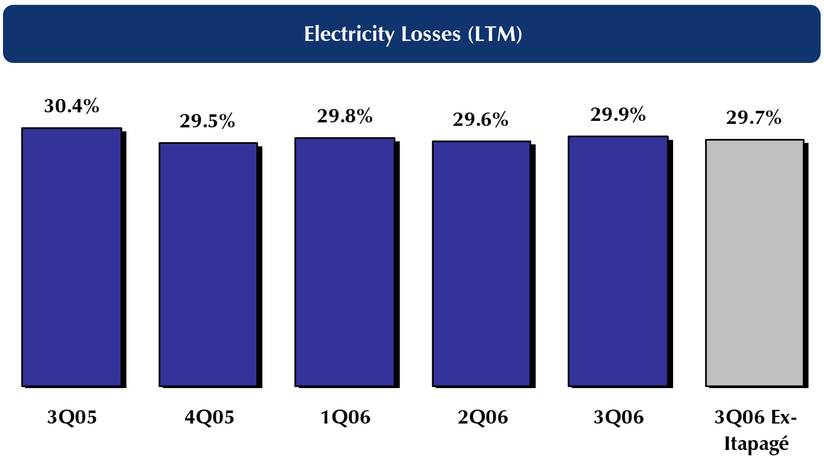
COMMENTS ON CONSOLIDATED PERFORMANCE



Average Revenues per MWh

In the 3Q06, gross revenue (including ICMS, PIS and COFINS taxes) averaged R$334.4/MWh, 15.6% more than the R$289.2/MWh recorded in the 3Q05. The nine-month figure averaged R$323.4/MWh, 15.8% up year-on-year.

AVG. GROSS REVENUE (R$/MWh)*	3Q05	3Q06	% Chg.	9M05	9M06	% Chg.
Residential	304.0	348.0	14.4%	293.7	335.8	14.4%
Industrial	256.4	307.4	19.9%	241.6	295.7	22.4%
Commercial	349.1	399.6	14.4%	338.8	385.9	13.9%
Others	247.3	282.8	14.3%	243.1	276.2	13.6%
Total	289.2	334.4	15.6%	279.3	323.4	15.8%

* includes PIS, COFINS and ICMS Taxes

Average Cost per MWh

The average year-to-date electricity acquisition cost (excluding transport and net of PIS and COFINS taxes) stood at R$54.90 per MWh, 6.3% up year-on-year.

AVERAGE ELECTRICITY ACQUISITION COST	3Q05	3Q06	% Chg.	9M05	9M06	% Chg.
Electricity purchased* (Millions of R$)	54.9	62.4	13.8%	155.7	173.4	11.4%
Contracted MWh	1,027,806	1,114,944	8.5%	2,961,742	3,138,255	6.0%
R$/MWh	53.4	56.0	4.9%	51.6	54.9	6.3%

*Net of PIS/COFINS

Electricity Purchases

CEMAR purchased additional energy totaling 3,698,054 MWh as of 2011 at the A-5 Energy Auction on October 10, 2006, comprising 1,182,582 MWh (78,839 MWh/year) of thermal energy, to be used between 2011 and 2026 at an average cost of R$137.44/MWh and 2,515,472 MWh (83,849 MWh/year) of hydro energy at R$120.86/MWh to be used from 2011 until 2041.

CONTRACTS (MWh)	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
TOTAL - MWh	4,279,558	4,558,218	4,878,748	5,243,763	5,613,610	5,776,201	5,792,026	2,778,225	1,658,781	1,253,474

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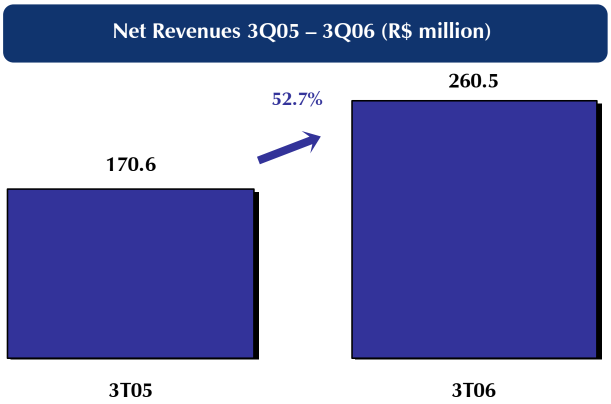
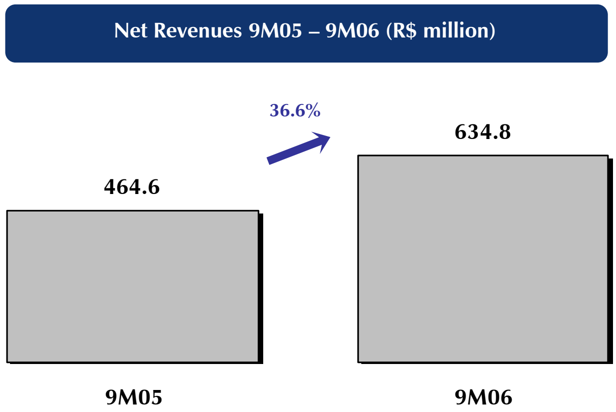
COMMENTS ON CONSOLIDATED PERFORMANCE

ECONOMIC AND FINANCIAL PERFORMANCE

Net Revenues

Net revenues totaled R$260.5 million in the 3Q06 and R$634.8 million in the 9M06, 52.7% and 36.6% up year-on-year respectively. The increases were chiefly due to the positive impact of the late August/05 tariff increase, which totaled 15.95%; b) the recognition of the financial component to offset the tariff impact of the PLPT, totaling R$34.0 million; and c) the 4.3% year-on-year upturn in the volume of electricity sold in the 3Q06.





Operating Costs and Expenses

Third-quarter operating costs and expenses (manageable and non-manageable, excluding depreciation and amortization) totaled R$151.2 million, or 58.0% of net revenues, 14.0 p.p. down on the 72.0% of net revenues (R$122.8 million) recorded in the same period of 2005. In the first nine months, the figure stood at R$392.0 million, or 61.8% of net revenues, 12.5 p.p. down year-on-year.

R$ Million	3Q05	3Q06	% Chg.	9M05	9M06	% Chg.
Personnel	13.4	10.8	-19.4%	36.8	32.8	-10.8%
Material	0.8	1.1	29.3%	3.3	3.4	4.4%
Services	13.8	16.8	22.1%	43.1	45.5	5.4%
Others	1.1	1.9	78.1%	7.0	7.6	9.4%
PMSO	29.0	30.6	5.2%	90.2	89.4	-0.9%
PMSO (% of Net Revenues)	*17.0%*	*11.7%*	*-5,3 p.p.*	*19.4%*	*14.1%*	*-5,3 p.p.*
Provisions	5.3	8.9	67.9%	14.0	20.9	49.3%
Restructuring Expenses	1.1	1.8	67.7%	3.8	8.7	128.0%
Other Non Recurring Expenses	0.0	5.7	N/A	0.0	5.7	N/A
MANAGEABLE COSTS AND EXPENSES	35.4	47.0	32.6%	108.0	124.7	15.4%
MANAGEABLE COSTS AND EXPENSES (% Net Revenues)	*20.8%*	*18.0%*	*-2,7 p.p.*	*23.2%*	*19.6%*	*-3,6 p.p.*
Electricity Purchased	54.9	62.4	13.8%	155.7	173.4	11.4%
Charges for the Use of the Transmission and Distribution System	13.9	13.0	-6.8%	36.4	35.1	-3.6%
Fuel Consumption Account - CCC	8.3	9.2	11.7%	23.1	22.8	-1.6%
Energy Developement Account - CDE	1.1	0.9	-22.3%	3.3	3.1	-6.4%
CVA Amortization	7.4	7.1	-3.9%	15.5	18.9	21.4%
Others	2.0	11.7	474.2%	3.3	14.2	335.5%
NON-MANAGEABLE COSTS AND EXPENSES	87.6	104.4	19.1%	237.3	267.5	12.7%
NON-MANAGEABLE COSTS AND EXPENSES (% of Net Revenues)	*51.4%*	*40.1%*	*-11,3 p.p.*	*51.1%*	*42.1%*	*-8,9 p.p.*
TOTAL	123.0	151.3	23.0%	345.3	392.2	13.6%

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COMMENTS ON CONSOLIDATED PERFORMANCE

Manageable Costs and Expenses

The Company’s manageable costs and expenses, represented by personnel, materials, services (outsourced) and others – PMSO (excluding provisions, restructuring costs and other non-recurring expenses, detailed below) totaled R$30.6 million in the 3Q06, up 5.2% year-on-year, and R$89.4 million in the 9M06, down 0.9% year-on-year. As a percentage of net revenues, however, the figures fell by 5.3 p.p. in both periods, respectively.

Personnel expenses, excluding the costs associated with staff restructuring, fell 18.5% between the 3Q05 and 3Q06, from R$13.2 million to R$10.8 million, due to the 15.1% reduction in the number of direct employees, from 1,348 on September 30, 2005 to 1,145 on September 30, 2006. In year-to-date terms, these expenses fell 9.6% over the 9M05, from R$36.3 million to R$32.8 million. Restructuring expenses totaled R$8.7 million in the 9M06, 128.0% more than the R$3.8 million recorded in the same period the year before.

Outsourced service expenses amounted to R$16.8 million in the third quarter, 22.1% above the 3Q05 figure of R$13.8 million, chiefly due to the increase in costs related to emergency services and round-the-clock distribution network maintenance services.

In the 3Q06, CEMAR incurred non-recurring expenses of R$5.7 million from the payment of a fine for the partial non-compliance with Cooperation Agreement 1/2004 signed by ANEEL and CEMAR in March/04. This agreement, negotiated and entered into when CEMAR was under ANEEL’s intervention, established, among other items, the 2004 and 2005 municipal targets for the DEC and FEC indicators (equivalent length of interruption and equivalent frequency of interruption, respectively). Some of the targets were not met by CEMAR, resulting in the above-mentioned fine. The agreement was wound up on December 31, 2005, and CEMAR is currently not liable to any additional penalties.

Provisions (PDA and provisions for contingencies) totaled R$8.9 million in the 3Q06, R$3.5 million more than in the same three months last year. Of this total, R$1.8 million came from provisions for contingencies. Period PDA amounted to R$7.1 million, equivalent to 2.7% of net revenues.

Non-Manageable Costs and Expenses

Non-manageable operating costs and expenses totaled R$104.4 million in the third quarter, 19.1% up on the R$87.6 million recorded in the 3Q05. In the first nine months, they amounted to R$267.5 million, 12.7% more than the 9M05 figure of R$237.3 million.

Expenses from energy purchases (including constitution of the CVA) came to R$62.4 million and R$173.4 million in the 3Q06 and 9M06, moving up by 13.8% and 11.4%, respectively. The 4.4% year-on-year increase in 9M06 purchased energy volume and the 6.3% upturn in the average energy acquisition cost in the same period contributed to this performance.

In the 3Q06, CCC (Fuel Consumption Account) disbursements, including the constitution of the CVA, totaled R$9.2 million, 11.7% up on the same three months in 2005. In the case of the CDE (Energy Development Account), there was no significant change between the two periods. In the 9M06, these disbursements came to R$22.8 million and R$3.1 million, respective year-on-year reductions of 1.6% and 6.4%.

Other non-manageable operating costs and expenses came to R$14.2 million in the 9M06, R$10.9 million more than the R$3.3 million recorded in the same period the year before, chiefly due to a R$8.9 million CVA Liability for PIS/COFINS recorded in the 3Q06.

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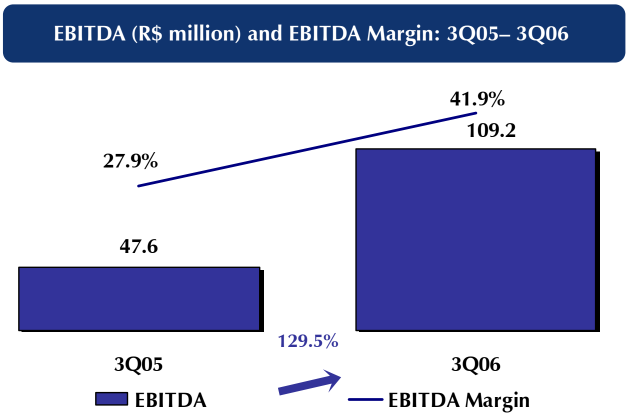
Constitution and Amortization of the CVA) and Regulatory Assets/Liabilities 1

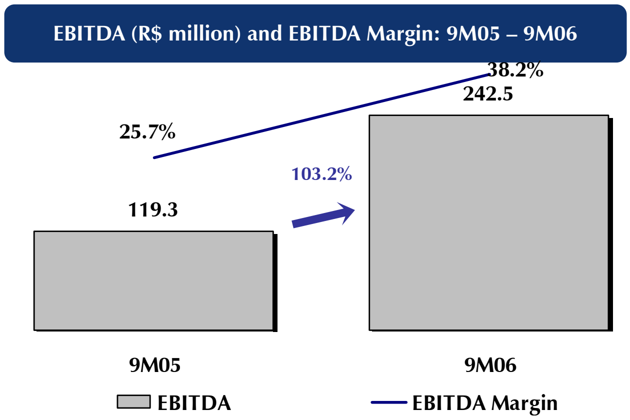
In the 3Q06, following the tariff adjustment in August, regulatory assets and liabilities and CVAs were booked, amounting to a net expense of R$10.3 million. The main components were: a) a regulatory liability of R$3.3 million related to ANEEL's change in PIS/COFINS taxes on energy supplies calculation methodology; and b) the non-recognition by ANEEL of R$5.6 million in PIS/COFINS collected to the generators, which will now be returned to the consumers.
Amortization of the CVA totaled R$7.1 million in the 3Q06, 3,9% down year-on-year, and R$18.9 million in the 9M06, up 21.4% year-on-year.

CVA (R$ million)	3Q05	3Q06	% Chg.	9M05	9M06	% Chg.
CVA	(0.6)	(10.3)	1513.1%	3.7	(1.2)	-133.1%
Amortization	(7.4)	(7.1)	-3.9%	(15.5)	(18.9)	21.4%

EBITDA

EBITDA totaled R$109.2 million in the 3Q06 and R$242.5 million in the 9M06, 129.5% and 103.2% higher, respectively, than the R$47.6 million and R$119.4 million reported in the same periods in 2005. The EBITDA margin (% of net revenues) stood at 41.9% in the 3Q06, up by 15.2 p.p. year-on-year, and 38.2% in the 9M06, up by 12.5 p.p.





Financial Result

The Company's financial result was R$0.7 million negative in the 3Q06, compared to a positive R$4.9 million in the 3Q05.

Financial revenues decreased by 37.9% between the two periods, from R$20.0 million, in the 3Q05, to R$16.6 million.

1 The increase in certain non-manageable costs and expenses referring to Parcel A of CEMAR's tariff is not connected with the Company's annual tariff adjustments. Consequently, these costs and expenses generate disbursements which diverge from those expected during the period between tariff increases. These differences are recorded in the Compensation Account for the Variation in Parcel A Items ("CVA") and updated until the following adjustment, when they are passed on to the tariff. The main costs and expenses expected in Parcel A and not connected with our adjustment are: CCC, CDE, Electric Energy and Basic Network Use. After being passed on to the tariff, the CVA balances are amortized as the disbursed differences are recovered.

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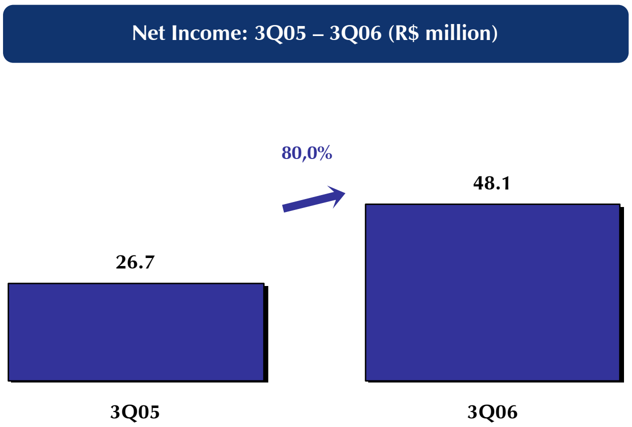
Financial expenses increased by 14.6% in the 3Q06, from R$15.1 million to R$17.3 million, primarily due to the R$64.2 million increase in the gross debt between October/05 and September/06.

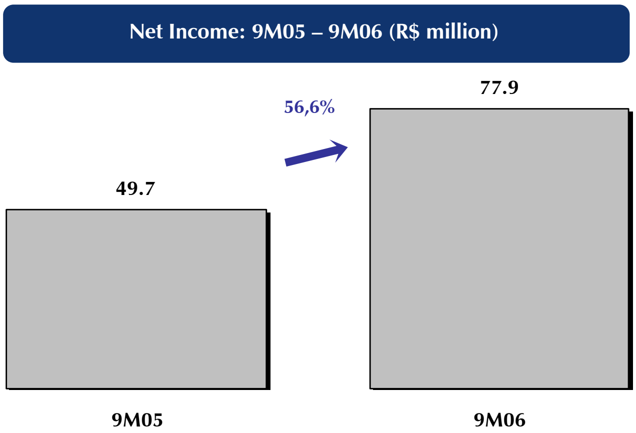
Income Tax and Social Contribution

In the 3Q06, expenses from income tax (IR) and social contribution on net income (CSLL) totaled R$18,5 million in the 3Q06 and R$44,6 million in the 9M06.
These expenses include the amortization of deferred tax credits booked in 2005 pursuant to CVM Instruction 371/2000. In the 3Q06, CEMAR amortized R$11.6 million, giving a total 9M06 amortization of R$22.1 million.
IR expenses in the 3Q06 did not consider tax benefits of R$5.7 million obtained from ADENE (Northeast Development Agency), which were deducted from taxes payable (cash effect) in the quarter and recorded as Capital Reserve under Shareholders' Equity. In the 9M06, these benefits totaled R$11.4 million.
Effective IR and CSLL disbursements (cash basis) totaled R$7,5 million and R$20,5 million respectively in the 3Q06 and 9M06, with respective effective rates of 8,4% and 12,3%.

Income Tax / Social Contribution (in millions of R$)	1Q06	2Q06	3Q06	9M06
Expense Income Tax/ Social Contribution (1)	12.6	13.5	18.5	44.6
(+) Reversal in Tax Provision 2005	-	3.1	6.3	9.4
(-) Deferred Tax Asset	(3.8)	(6.7)	(11.6)	(22.1)
(-) ADENE Incentive	(3.0)	(2.7)	(5.7)	(11.4)
= Tax / Cash Basis (2)	5.8	7.2	7.5	20.5
Earnings Before Tax (3)	33.7	43.2	89.6	166.5
Effective Income Tax/Social Contibution - Cash Basis - (1)/(3)	37.4%	31.3%	20.7%	26.8%
Effective Tax Rate (%) - Accrual Basis - (2)/(3)	17.2%	16.7%	8.4%	12.3%

Net Income
The Company posted a net income of R$48.1 million in the 3Q06, versus R$26.7 million in the 3Q05, an increase of 80.0%, and R$ 77.9 million in the first nine months, 56.6% up year-on-year.





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INDEBTEDNESS

The Company's total debt, including servicing charges, amounted to R$565.8 million in the 3Q06, R$ 30.7 million, or 5.7%, more than in the 2Q06. The net debt, considering cash and banks and net regulatory assets, stood at R$105.1 million in the 3Q06, 41.4% down on the 2Q06 figure of R$179.4 and 70.6% less than the R$356.9 recorded in the 3Q05.

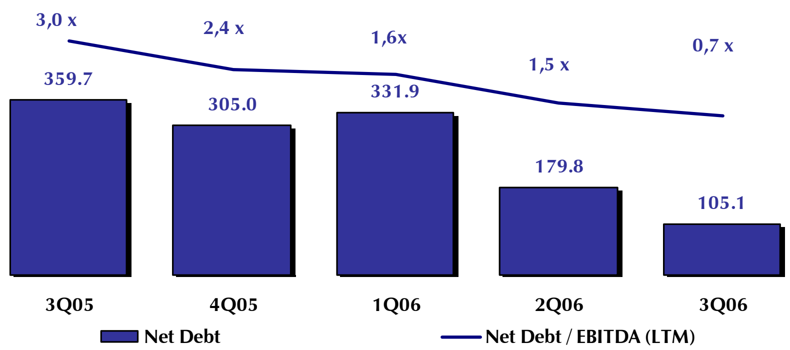
Gross Debt – 3T06

Maturity	Thousands of R$	Total %
Short Term	**36,492**	**6.4%**
Long Term	**529,323**	**93.6%**
2007	16,909	3.0%
2008	55,503	9.8%
2009	69,309	12.2%
2010	59,629	10.5%
After 2010	327,972	58.0%
Total	**565,815**	**100.0%**

Reference	Avg. Spread (p.a.)	Avg. Due Date (mth/yr)
6-month LIBOR	0.8%	Nov-06
IGP-M (3 years)	12.0%	Nov-09
IGP-M (9 years)	12.7%	Nov-15
IGP-M (17 years)	4.4%	Nov-23
TJLP	2.0%	Nov-13
Pre Fixed (R$)	11.9%	Nov-17
RGR	0.1%	Oct-17
Pre Fixed(US$)	3.5%	Jun-17
FINEL	1.8%	Feb-08
CDI	0.3%	Nov-15

The gross debt moved up because of the freeing of the second R$22.2 million tranche of a financing line granted by the BNB (Banco do Nordeste do Brasil) to CEMAR. However, CEMAR maintained the quality of its debt profile: an attractive average cost (12.2% p.a. in the last 12 months or 73.2% of the CDI – Brazilian Interbank Offered Rate) with an average maturity of 10.2 years. It is concentrated in the long term, with a mere 6.7% being due in the short term. Despite the increase in debt, third-quarter cash generation, allied to Equatorial Energia's cash equivalents lifted the 12-month consolidated net debt/EBITDA ratio 0.3x, or net debt of R$105.1 million. Adjusted for Equatorial's interest in its subsidiary, the Company's net debt fell to just R$4.9 million.

Net Debt (R$ million) and Net Debt / EBITDA (LTM)



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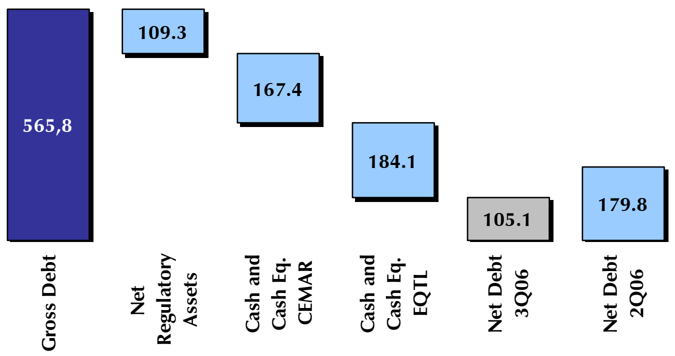
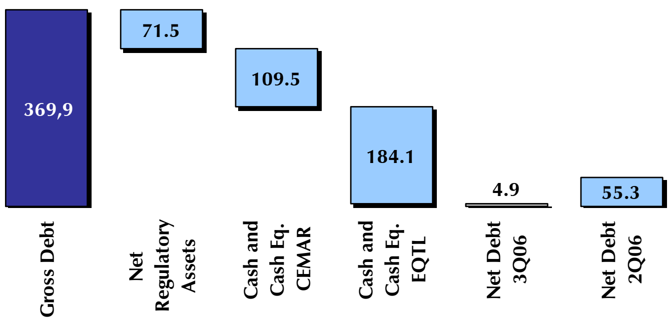
Net Debt Conciliation (R$ million)



Net Debt Conciliation - Ownership Adjusted (R$ million)



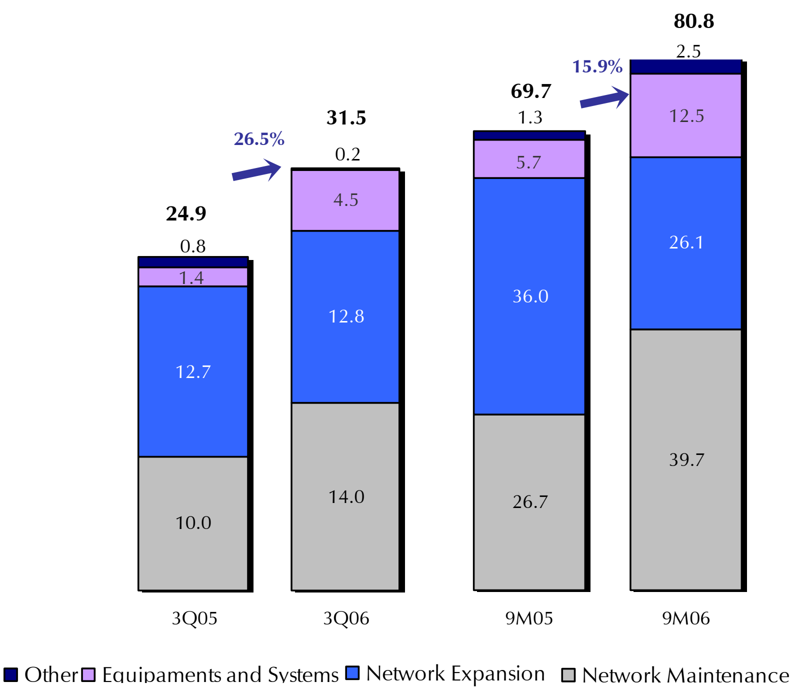
CAPEX

CEMAR's Capex

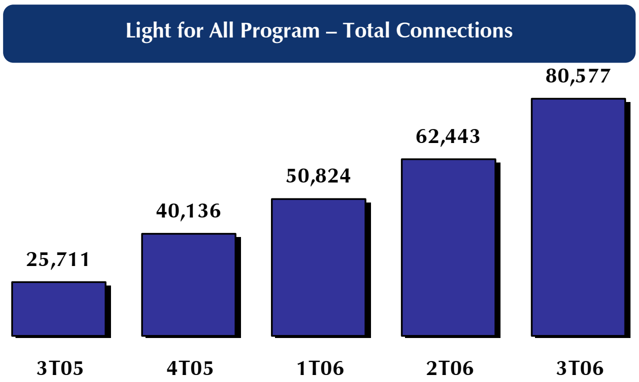
CEMAR's investments, excluding those directly related to the PLPT, totaled R$31.5 million in the 3Q06, 26.5% more than the R$24.9 million invested in the 3Q05. In the first nine months, they totaled R$80.8 million, up by 15.9% year-on-year.

We estimate annual investments, once again excluding those directly related to the PLPT, of R$120 million.

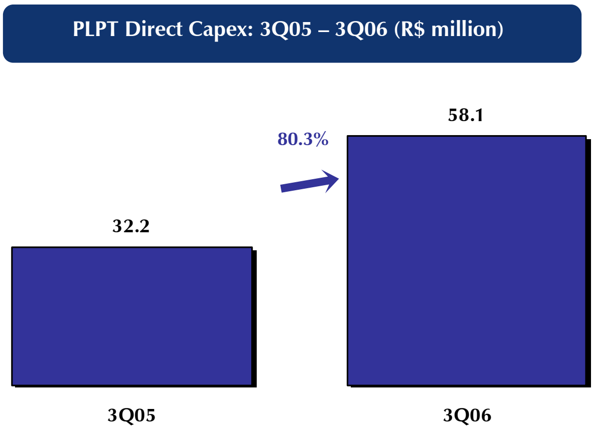
CEMAR Capex: 3Q05 – 3Q06 and 9M05 – 9M06 (R$ Million)

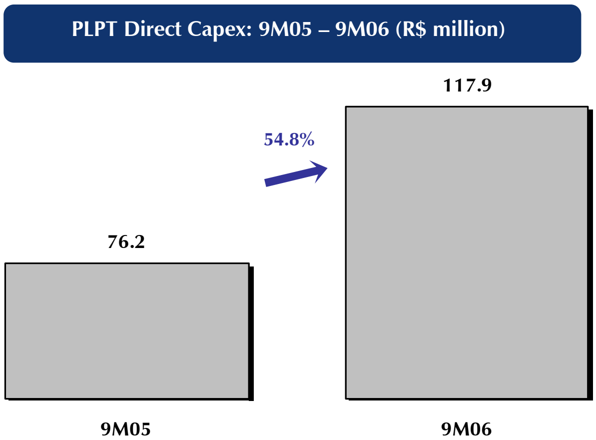


PLPT
At the close of the third quarter, 80,577 consumers were connected to CEMAR's distribution network through the PLPT, directly benefiting some 403,000 inhabitants. The PLPT is already present in 161 of Maranhão's municipalities, contributing to the development of areas isolated from the urban centers and generating wealth in these localities.



In the 3Q06, direct investments in the PLPT, which includes expenses with materials, outsourced services and related taxes, totaled R$58.1 million, permitting the addition of 18,134 new consumer connections, 68.6% higher than the 3Q05 figure. In the 9M06, these investments reached R$ 117.9 million, 54.8% up year-on-year.





OPERATING QUALITY

DEC and FEC

CEMAR's distribution network quality and efficiency is evidenced by its DEC and FEC indices. DEC refers to the equivalent length of interruptions per consumer, measured as the average length of interruptions in hours per consumer per year, while FEC refers to the equivalent frequency of interruptions per consumer, measured as the number of interruptions per consumer

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per year). The concessionaires' acceptable DEC and FEC levels are defined by ANEEL and published in the bill of each consumer.

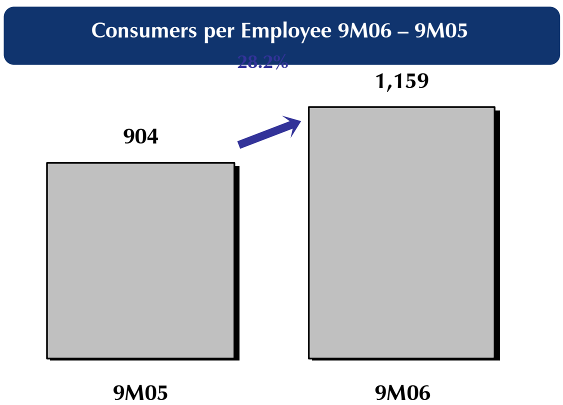
DEC (Hours)	3Q05	3Q06	% Chg.	9M05	9M06	% Chg.
CEMAR	10.8	7.8	-27.4%	39.8	35.1	-11.9%
São Luis Group	7.3	5.7	-20.9%	26.8	18.1	-32.7%

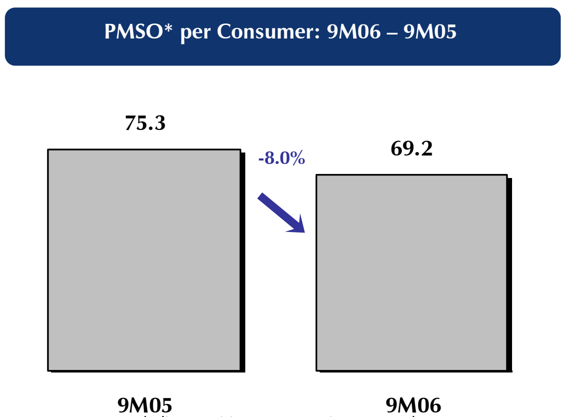
FEC (# of times)	3Q05	3Q06	% Chg.	9M05	9M06	% Chg.
CEMAR	7.4	5.3	-28.2%	24.7	18.9	-23.4%
São Luis Group	7.9	5.6	-29.6%	23.8	13.5	-43.2%

In the 3Q06, the DEC and FEC came to 7.8 hours (h) and 5.3 times (x), 27.4% and 28.2% down, respectively, on the same period in 2005. In the first nine months, they stood at 35.1h and 18.9x, 11.9% and 23.4% down by year-on-year, respectively.
In São Luis, the DEC and FEC measured 5.7h and 5.6x in the 3Q06, a 20.9% and 29.6% decrease over the 3Q05. In the 9M06, the DEC fell from 26.8h to 18.1h, down by 32.7% year-on-year, and the FEC from 23.8x to 13.5x, down by 43.2%.

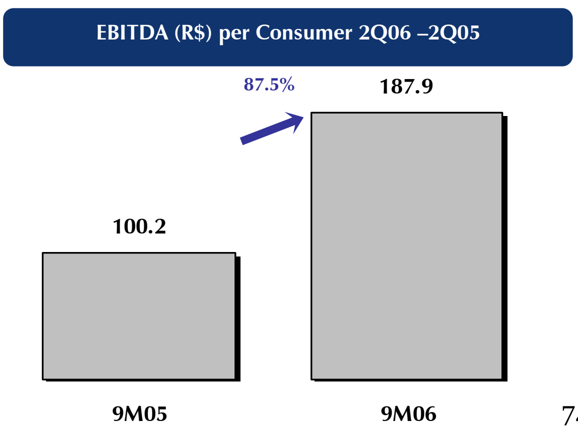
Operating Efficiency

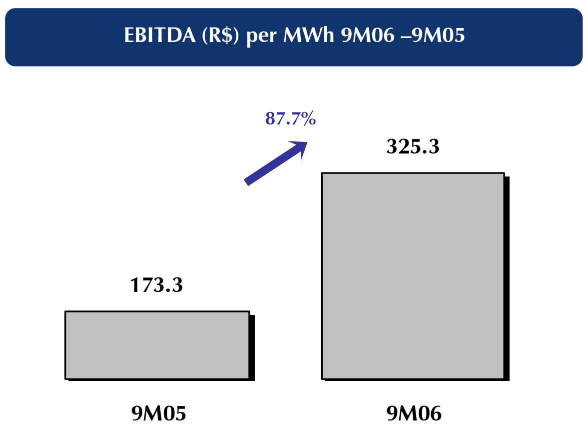
The restructuring efforts continues to yield efficiency gains. Comparing the first nine months of 2006 to 2005, the Company posted: a) 87.5% improvement in the EBITDA per Consumer index; b) 28.2% growth in the Consumer per Employee ratio; c) EBITDA per MWh increased by 87.7%; and d) 8,0% reduction in Manageable Costs and Expenses (excluding provisions, restructuring costs and other non-recurring expenses) per consumer.





* excluding provisions, restructuring costs and non-recurring expenses





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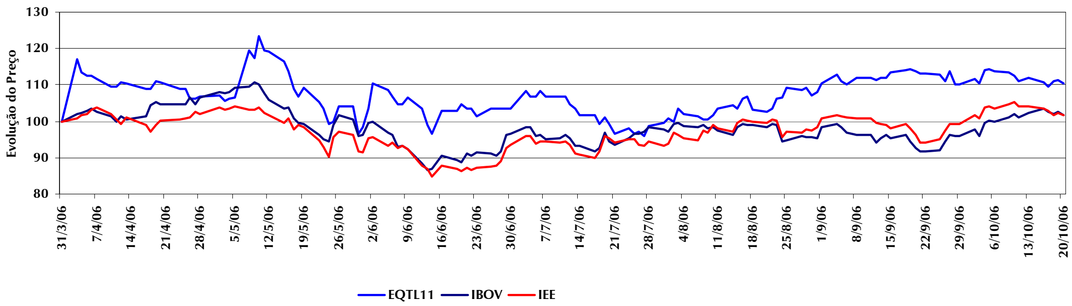
CAPITAL MARKET

Equatorial Energia's UNITS have performed consistently well, generating returns above those of the IBOVESPA (Bovespa Index) and the IEE (Electric Power Index). Between March 31 last, when the Company's IPO was priced, and October 20, the UNITS appreciated by 10.34%, 8.52 p.p. above the IBOVESPA and 8.76 p.p. above the IEE, which moved up 1.82% and 1.58%, respectively, in the same period. In the 60 days and 30 days through October 20, daily traded volume averaged R$1.8 million and R$1.9 million, respectively.

UNIT Price Trends and Comparison with Market Benchmarks (March 31, 2006 = 100)



CORPORATE GOVERNANCE

An Extraordinary Shareholders' Meeting on October 31, 2006, elected two new members to the Company's Board of Directors.
Mr. Ronaldo Iabrudi, who is Chairman of the Board of Contax and has also presided over the Telemar Group, was elected as an independent member.
Ms. Ana Marta Veloso was elected to replace Mr. Carlos Piani, who resigned from the Board on September 28, 2006. Ms. Veloso is an executive officer at Banco Pactual and sits on the Board of Rio Minas Energia S.A. and Light S.A. She worked for many years at the BNDES, managing the holdings of BNDESPar, and has been a Board member for Klabin S.A., Acesita, CVRD (Substitute) and Valepar.
Mr. Carlos Piani remains as CEO of CEMAR and a Director and member of the Board of Equatorial Energia S.A.

SERVICES PROVIDED BY THE INDEPENDENT AUDITORS

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