Equatorial Energia S.A.
(Public held Company)

Financial statements December 31, 2010

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Contents

Rio de Janeiro, March 29, 2011 - Equatorial Energia S.A. (BM&FBOVESPA: EQTL3) announces its results for the fourth quarter of 2010 (4Q10).

Equatorial is a holding company with investments in Companhia Energética do Maranhão (CEMAR), Geramar and Equatorial Soluções. Equatorial holds a 65.11% interest in CEMAR, the electricity distributor for the entire state of Maranhão. It also holds a 25% interest in Geramar, the company responsible for the construction and operation of two thermal plants in Maranhão with a joint installed capacity of 330MW. Non-financial information relating to Equatorial Energia and its subsidiaries and the PLPT ("Light for All Program"), as well as Management's expectations regarding the future performance of the Company and its subsidiaries were not reviewed by the independent auditors. In the service segment, Equatorial holds a 100% interest in Equatorial Soluções.

DEMAND FOR ENERGY GOES UP BY 11.0% IN 4Q10.
CONSOLIDATED ADJUSTED EBITDA TOTALS R$144.4 MILLION IN THE QUARTER.

1. Financial and Operating Highlights

- As of 2Q10, in view of Equatorial Energia's spin-off, **we have ceased to consolidate the results related to a 13.03% interest in Light** in our operating and financial information. For comparative purposes, on a pro-forma basis, we have also ceased to consolidate Light's information in our results for 4Q09, 3Q10, 2009 and 2010 in this Earnings Release.
- **Net operating revenues (NOR)** totaled R$395.5 million in 4Q10, not considering the Construction Revenues, 13.0% up on 4Q09, reflecting a 9.8% increase by CEMAR and the commercial startup of Geramar.
- CEMAR's **billed energy volume** totaled 1,094 GWh in 4Q10, 11.0% more than in 4Q09.
- 4Q10 adjusted **EBITDA** came to R$144.4 million, 15.6% higher than the adjusted amount reported in 4Q09 (see "Financial Performance - Consolidated" for more details).
- **Net income** totaled R$58.3 million in the quarter, 26.2% up on the adjusted amount reported in the same period last year (see "Financial Performance - Consolidated" for more details).
- Due to the adoption of the IFRS accounting standards, the Company's regulatory assets and liabilities from 2009 and 2010 were excluded from our numbers, generating the following effects: 2010 – Balance Sheet, negative impact (write-off) of R$35.5 million and R$18.8 million positive in the Net Income; 2009 – Balance Sheet, negative impact (write-off) of R$61.8 million and R$21.4 million positive in the Net Income.
- Equatorial's consolidated **investments** amounted to R$126.0 million in 4Q10, 13.9% down year-on-year. CEMAR's investments (excluding direct investments in the PLPT program) totaled R$67.3 million, up by 5.8%, and investments in the PLPT program stood at R$58.3 million.
- CEMAR's last-12-month **DEC and FEC** indices came to 21.8 hours and 14.1 times, respectively, in 4Q10, 7.6% and 7.2% down on the 4Q09 figures.
- CEMAR's last-12-month **energy losses** totaled 22.0% of required energy in 4Q10, 3.2 p.p. less than the 4Q09 ratio.
- In the Board of Directors' Meeting held today, the **capital raise** of 400,347 shares, due to the exercise of the Stock Option Plan. As from now, the Company's capital stock is represented by 109,226,672 common shares.
- Also in the Board of Directors' Meeting held today, the distribution proposal of **R$196.6 million in 2010 dividends** was approved, representing R**$1.80 per share**, already considering the above mentioned capital raise. This proposal will be submitted to the Company's Ordinary Shareholders' Meeting to be held in April 2011.

FINANCIAL DATA (R$MM)	4Q09	3Q10	4Q10	Chg.	2009	2010	Chg.
Total Net Operating Revenue	**781.7**	**353.4**	**797.7**	*2.1%*	**1,619.5**	**1,798.9**	*11.1%*
EBITDA	**149.4**	**126.5**	**129.4**	*-13.3%*	**479.5**	**510.2**	*6.4%*
EBITDA Margin (% net revenues)	*19.1%*	*35.8%*	*16.2%*	*-2,8 p.p.*	*29.6%*	*28.4%*	*-1,2 p.p.*
Net Income	**(12.8)**	**43.3**	**35.5**	*-377.4%*	**137.9**	**188.8**	*36.9%*
Profit Margin (% net revenues)	*-1.6%*	*12.3%*	*4.4%*	*6 p.p.*	*8.5%*	*10.5%*	*1,9 p.p.*
Net Income per Share (R$ / share)	**(0.12)**	**0.40**	**0.33**	*-369.9%*	**1.30**	**1.74**	*33.3%*
Investments							
CEMAR	63.6	48.0	67.3	*5.8%*	239.2	197.0	*-17.6%*
PLPT (CEMAR)	69.2	65.0	58.3	*-15.7%*	179.8	202.1	*12.5%*
Geramar	13.5	0.3	0.4	*-97.2%*	106.9	16.2	*-84.8%*
Total	146.3	113.3	126.0	*-13.9%*	525.8	415.4	*-21.0%*
Net Debt	**768.7**	**733.4**	**758.7**	*-1.3%*	**768.7**	**758.7**	*-1.3%*
Net Debt / EBITDA (LTM)	**1.6**	**1.4**	**1.5**	*-0,1x*	**1.6**	**1.5**	*-0,1x*

CONTENTS

2. Operating Performance

The operating information in this section is pro forma and reflects 100% of CEMAR's and 25% of Geramar's operations. We ceased consolidating Light's figures in 2Q10 due to the spin-off in April 2010.

2.1 OPERATING PERFORMANCE – DISTRIBUTION – CEMAR

ENERGY SALES

In 4Q10, billed energy volume moved up by 11.0% over 4Q09 to 1,094 GWh, for three main reasons: (i) Maranhão's economic growth, resulting in higher per capita consumption; (ii) the addition of new clients to the consumer base; and (iii) the Company's stronger efforts to fight energy losses.

In 2Q10, rainfall was substantially below the average in recent years. As a result, the average temperature in Maranhão increased, in turn pushing up energy consumption over the same quarter the year before. This effect, combined with those mentioned in the paragraph above, led to a 16.3% upturn in CEMAR's annual billed energy volume.

CONSUMPTION CLASS (GWh)	4Q09	3Q10	4Q10	Chg.	2009	2010	Chg.
Residential	455.4	485.6	507.0	*11.3%*	1,641.1	1,916.6	*16.8%*
Industrial	103.6	112.3	111.3	*7.4%*	381.9	426.4	*11.7%*
Commercial	187.6	211.2	215.5	*14.9%*	703.8	817.6	*16.2%*
Others	238.8	263.0	259.8	*8.8%*	839.6	985.6	*17.4%*
TOTAL	**985.4**	**1,072.2**	**1,093.6**	***11.0%***	**3,566.3**	**4,146.1**	***16.3%***

Number of Clients	4Q09	3Q10	4Q10	Chg.
Residential	1,482,200	1,571,006	1,598,117	7.8%
Industrial	9,566	9,844	9,878	3.3%
Commercial	115,530	122,512	123,938	7.3%
Others	80,641	89,333	90,375	12.1%
TOTAL	**1,687,937**	**1,792,695**	**1,822,308**	**8.0%**

Energy Balance

The volume of energy required by CEMAR's system came to 1,421 GWh in 4Q10, 9.8% up on the same period in 2009, virtually in line with the period increase in energy sales volume.

ENERGY BALANCE (GWh)	4Q09	3Q10	4Q10	Chg.	2009	2010	Chg.
Required Energy	1,295	1,379	1,421	*9.8%*	4,776	5,326	*11.5%*
Sales (*)	987	1,074	1,095	*11.0%*	3,572	4,151	*16.2%*
Losses	308	305	326	*5.8%*	1,204	1,174	*-2.5%*

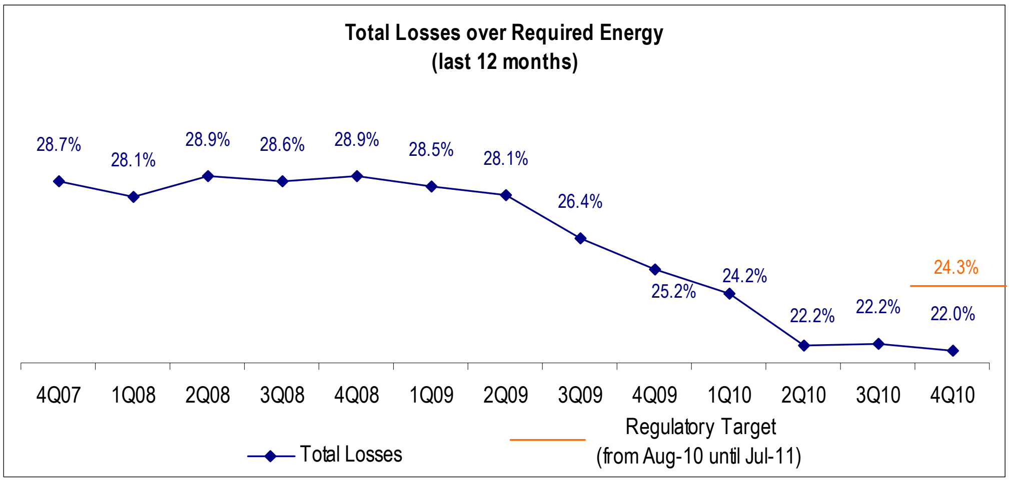
(*) Includes sales to the market, own consumption and sales to CEPISA.

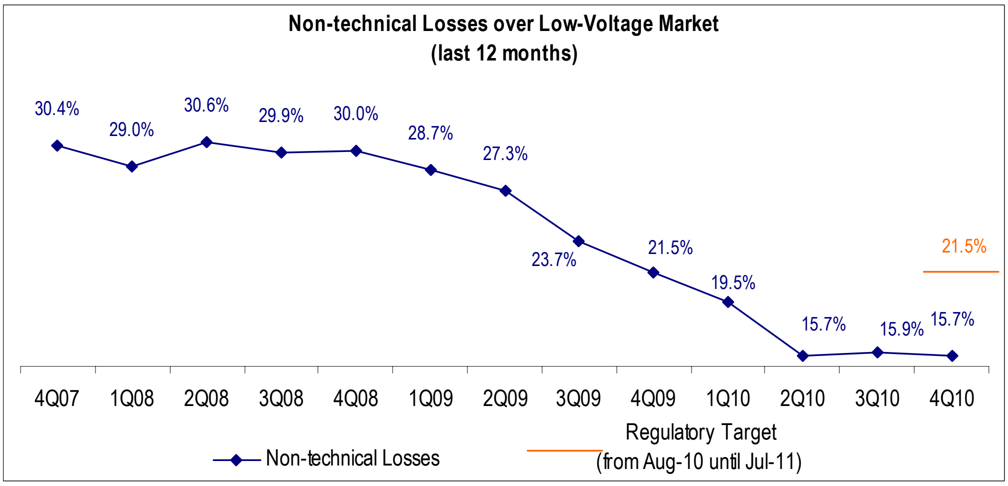
Energy Losses

In order to keep the Company's energy losses below the regulatory targets established in CEMAR's second tariff review process, the Company has stepped up its loss-combating initiatives, and several measures implemented since late 2008 have gradually produced positive results.

These measures include: i) more effective low- and high-voltage inspections, through improved target-selection procedures, such as fiscal metering, which consists in comparing the energy volume distributed by each transformer with the volume actually billed to customers connected to the same transformer; ii) the intensification of field team training; and iii) combating illegal connections and reconnections (when customers themselves reconnect supply after having been disconnected by the Company, without informing CEMAR).

Accordingly, CEMAR's energy losses for the last 12 months ended 4Q10 at 22.0% of required energy, while non-technical losses in the low-voltage market stood at 15.7%. Although we believe the Company can reduce its energy losses even further, it is reasonable to assume that such a reduction will occur at a slower pace in the coming quarters, given that the lower the level of energy losses, the harder it is to combat them, exemplified by the figures reported in recent quarters. Consequently, CEMAR has been investing in improving its intelligent energy-recovery target-selection systems, thereby ensuring greater accuracy and returns from the inspections.

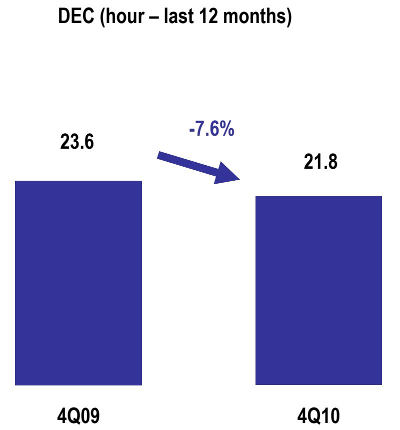


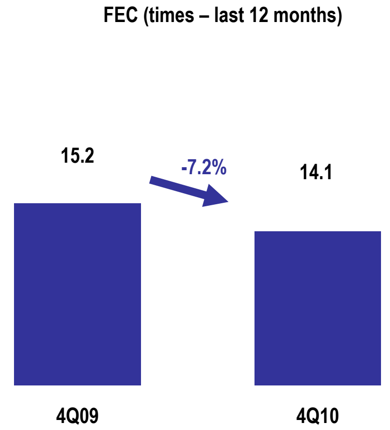


SERVICE QUALITY

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

At the close of 4Q10, last-12-month DEC stood at 21.8 hours, a 7.6% improvement over the 23.6 hours recorded at the close of 4Q09, while LTM FEC came to 14.1 times, a 7.2% year-on-year improvement.





3. Financial Performance

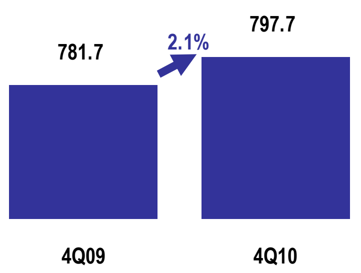
The information in this section reflects: i) 100% of CEMAR's operations, excluding 34.89% related to minority interests before net income, giving 65.11%; ii) 25.0% of Geramar's operations; and iii) 100% of Equatorial Soluções' operations.

As of 2Q10, in view of Equatorial's spin-off, we have no longer consolidated Light's figures. For comparative purposes, on a *pro forma* basis, we have also ceased to consolidate Light's information in our results for 4Q09, 3Q10, 2009 and 2010.

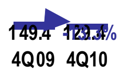
3.1 FINANCIAL PERFORMANCE – CONSOLIDATED

Consolidated Income Statement (R$MM)	4Q09	3Q10	4Q10	Chg.	2009	2010	Chg.
Gross Operating Revenues (GOR)	911.9	484.8	939.8	*3.1%*	2,077.9	2,328.9	*12.1%*
Net Operating Revenues (NOR)	781.7	353.4	797.7	*2.1%*	1,619.5	1,798.9	*11.1%*
Electric Energy Cost	(561.2)	(139.7)	(568.6)	*1.3%*	(900.6)	(954.7)	*6.0%*
Operating Costs / Expenses	(71.1)	(87.2)	(99.7)	*40.2%*	(239.4)	(333.9)	*39.5%*
EBITDA	**149.4**	**126.5**	**129.4**	*-13.3%*	**479.5**	**510.2**	*6.4%*
Other Operating Revenues/Expenses	(2.1)	(4.3)	(4.6)	*116.7%*	(15.0)	(11.6)	*-22.4%*
Depreciation	(20.3)	(25.0)	(26.9)	*32.8%*	(97.6)	(98.4)	*0.8%*
Service Income (EBIT)	127.0	97.3	97.9	*-22.9%*	367.0	400.3	*9.1%*
Financial Result	(78.8)	(9.4)	(29.8)	*-62.2%*	(80.5)	(64.0)	*-20.5%*
Operating Income	48.1	87.9	68.1	*41.5%*	286.5	336.3	*17.4%*
Goodwill Amortization	(3.6)	(1.6)	(1.6)	*-55.6%*	(3.6)	8.1	*-327.5%*
Earnings Before Taxes (EBT)	44.6	86.3	66.5	*49.2%*	282.9	344.3	*21.7%*
Income Tax / Social Contribution	(68.2)	(17.0)	(14.8)	*-78.4%*	(75.8)	(58.3)	*-23.1%*
Minority Interests	3.4	(26.1)	(16.3)	*-582.7%*	(76.6)	(97.2)	*26.9%*
Net Income	**(12.8)**	**43.3**	**35.5**	*-377.4%*	**137.9**	**188.8**	*36.9%*

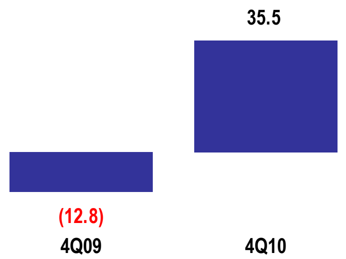
NOR (R$MM) – Quarterly



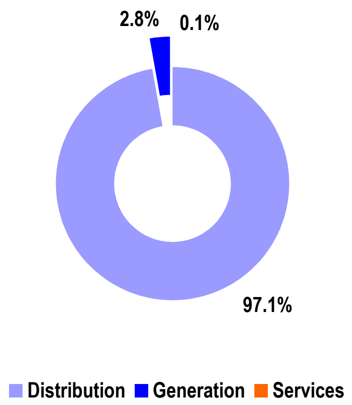
EBITDA (R$MM) - Quarterly



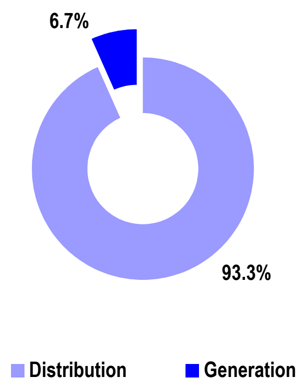
Net Income (R$MM) - Quarterly



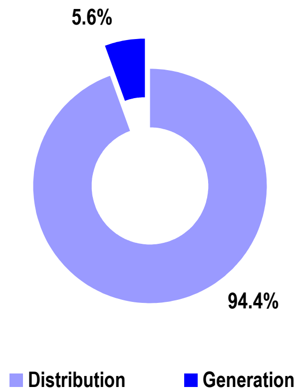
NOR per Segment* (%) – 4Q10



EBITDA per Segment* (%) – 4Q10



Net Income per Segment* (%) – 4Q10



(*) Only operating companies with positive data are considered in these graphs.

3.1.1 – Operating Revenue

OPERATING REVENUE - CONSOLIDATED (R$ MM)	4Q09	3Q10	4Q10	Chg.	2009	2010	Chg.
Gross Operating Revenue	**402.7**	**429.3**	**454.1**	***12.8%***	**1,461.9**	**1,687.1**	***15.4%***
Residential	194.4	203.4	219.4	*12.8%*	694.4	814.5	*17.3%*
Industrial	36.8	40.7	40.9	*11.0%*	136.0	153.6	*13.0%*
Commercial	89.7	97.8	104.1	*16.1%*	338.8	386.4	*14.1%*
Others	81.8	87.3	89.7	*9.8%*	292.7	332.6	*13.6%*
Supply	**1.7**	**11.4**	**27.3**	***1470.1%***	**11.9**	**42.1**	***253.6%***
Network Usage	**0.1**	**0.1**	**0.1**	***1.6%***	**0.3**	**0.4**	***9.1%***
Other Revenues	**75.5**	**32.4**	**43.7**	***-42.1%***	**171.7**	**151.2**	***-11.9%***
Low Income	30.6	31.3	30.9	*0.9%*	114.5	123.7	*8.1%*
Accrual (Amortization) of Regulatory Assets	(0.0)	(4.7)	6.7	*N/A*	(0.1)	1.9	*N/A*
Other Operating Revenues	45.0	5.8	6.2	*-86.2%*	57.3	25.5	*-55.4%*
Construction Revenues	**431.6**	**-**	**402.2**	***-6.8%***	**431.6**	**402.2**	***-6.8%***
Gross Operating Revenue - Distribution	**911.6**	**473.2**	**927.4**	***1.7%***	**2,077.4**	**2,283.0**	***9.9%***
Generation	-	9.8	12.1	*N/A*	-	40.1	*N/A*
Services	0.2	1.8	0.4	*63.9%*	0.5	5.9	*816.3%*
Gross Operating Revenue - Consolidated	**911.9**	**484.8**	**939.8**	***3.1%***	**2,077.9**	**2,328.9**	***12.1%***
ICMS	(68.8)	(75.0)	(77.7)	*12.9%*	(246.2)	(291.1)	*18.2%*
PIS/Cofins	(42.0)	(45.4)	(47.5)	*13.0%*	(149.3)	(176.4)	*18.1%*
Consumer Charges	(19.4)	(11.0)	(16.9)	*-12.7%*	(62.9)	(62.5)	*-0.6%*
Net Operating Revenue - Consolidated	**781.7**	**353.4**	**797.7**	*2.1%*	**1,619.5**	**1,798.9**	*11.1%*

Consolidated net operating revenues (NOR) totaled R$797.9 million (R$395.5 million, not considering the Construction Revenue) in 4Q10, 2.1% up on the R$781.7 million (R$350.0 million, if we do not consider the Construction Revenue) recorded in 4Q09. This account is mainly impacted by the distribution segment, which accounts for 97.1% of consolidated NOR, followed by generation (2.8%) and services (0.1%). In company terms, the percentages are exactly the same, with CEMAR representing distribution, Geramar, generation, and, Equatorial Soluções, services. (For further information on NOR, see CEMAR and Geramar's Financial Performance sections).

3.1.2 – Costs and Expenses

Consolidated operating costs and expenses came to R$699.8 million (R$297.6 million, without the Construction Revenue) in 4Q10, 6.9% more than in 4Q09. This account comprises non-manageable costs and expenses (the purchase and transportation of energy, sector charges and Construction Costs), which stood at R$564.3 million and increased by 0.4%, and manageable costs and expenses, which climbed by 55.5%.

Operating Costs / Expenses	4Q09	3Q10	4Q10	Chg.	2009	2010	Chg.
Non-manageable Costs	562.3	136.3	564.3	0.4%	904.5	943.8	4.3%
PMSO	55.6	64.9	72.1	29.8%	185.3	244.6	32.0%
Provisions and Other Operating Expenses	10.4	18.0	35.7	244.3%	48.4	79.6	64.6%
Depreciation	20.4	23.7	25.9	26.8%	97.6	94.1	-3.6%
CEMAR	**648.7**	**242.9**	**698.0**	**7.6%**	**1,235.7**	**1,362.1**	**10.2%**
CUST + Generation costs	-	2.2	2.4	N/A	-	10.0	N/A
PMSO	0.2	0.4	0.3	N/A	0.2	2.0	N/A
Depreciation	-	1.2	1.2	N/A	-	4.3	N/A
Geramar	**0.2**	**3.8**	**3.8**	**N/A**	**0.2**	**16.3**	**N/A**
PMSO	0.3	2.3	0.7	N/A	0.4	4.5	N/A
Depreciation	-	0.0	0.0	N/A	-	0.0	N/A
Equatorial Soluções	**0.3**	**2.3**	**0.7**	**N/A**	**0.4**	**4.5**	**N/A**
PMSO	5.6	7.1	(2.6)	N/A	16.3	15.7	-3.5%
Depreciation	(0.1)	0.0	(0.1)	N/A	0.0	-	N/A
Equatorial (holding)	**5.5**	**7.1**	**(2.7)**	**-149.1%**	**16.3**	**15.7**	**-3.5%**
Equatorial Consolidated	**654.7**	**256.2**	**699.8**	**6.9%**	**1,252.5**	**1,398.6**	**11.7%**

For further information on costs and expenses per Company, see CEMAR and Geramar's Financial Performance sections.

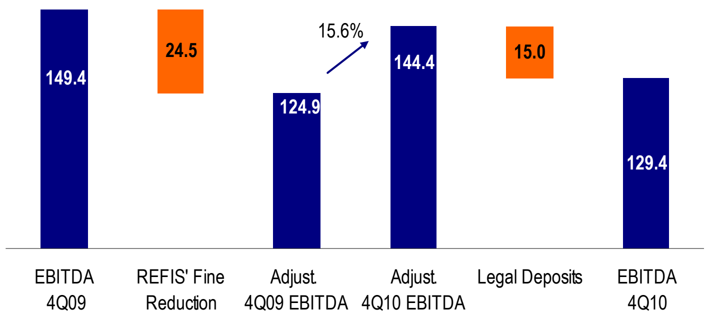
3.1.3 - EBITDA

Consolidated adjusted EBITDA totaled R$144.4 million in 4Q10, 15.6% up on adjusted 4Q09 EBITDA.

Quarterly EBITDA was adjusted as follows:

- R$24.5 million was excluded in 4Q09, we disregarded as a result of the Company's adherence to the government's Tax Recovery Program (REFIS)
- In 4Q10, we excluded R$15.0 million in expenses arising from updating the judicial legal deposit balance.

ADJUSTED EBITDA



Consolidated EBITDA (R$ million)	4Q09	3Q10	4Q10	Chg.	2009	2010	Chg.
Service Income	127.0	97.3	97.9	*-22.9%*	367.0	400.3	*9.1%*
Depreciation and Amortization	20.3	25.0	26.9	*32.8%*	97.6	98.4	*0.8%*
Other Operating Revenue/Expenses	2.1	4.3	4.6	*116.7%*	15.0	11.6	*-22.4%*
EBITDA	149.4	126.5	129.4	*-13.3%*	479.5	510.2	*6.4%*
RTD Adjustment	-	-	-	*N/A*	3.9	-	*N/A*
Regulatory Losses Adjustment	-	-	-	*N/A*	6.2	-	*N/A*
REFIS' Fine Reduction	(24.5)	-	-	*N/A*	(24.5)	-	*N/A*
Update of the Legal Deposits	-	-	15.0	*N/A*	-	15.0	*N/A*
Adjusted EBITDA	**124.9**	**126.5**	**144.4**	**15.7%**	**465.1**	**525.2**	**12.9%**

3.1.4 – Financial Result

Financial Result (R$ MM)	4Q09	3Q10	4Q10	Chg.	2009	2010	Chg.
Financial income	7.0	11.6	11.2	58.5%	35.6	41.7	17.1%
Fine charged on energy sale	12.3	12.5	15.9	29.1%	43.4	52.8	21.8%
Other financial revenues	(0.9)	2.8	1.5	-253.6%	25.1	7.0	-72.0%
Financial Revenue	**18.4**	**26.9**	**28.5**	**54.9%**	**104.1**	**101.5**	**-2.4%**
Interest on loans and financing	(21.7)	(22.2)	(22.0)	1.2%	(88.6)	(85.6)	-3.3%
Monetary and foreign exchange variation	(2.1)	(4.5)	(10.2)	397.8%	(11.5)	(28.2)	145.4%
Other financial expenses	(73.3)	(9.6)	(26.1)	-64.4%	(84.3)	(51.7)	-38.7%
Financial Expenses	**(97.1)**	**(36.3)**	**(58.4)**	**-39.9%**	**(184.4)**	**(165.5)**	**-10.2%**
Net Financial Result	**(78.7)**	**(9.4)**	**(29.8)**	**N/A**	**(80.4)**	**(64.0)**	**-20.4%**

In 4Q10, the consolidated financial result was an expense of R$29.8 million, versus an expense of R$78.7 million in 4Q09.

The main variations per company were:

- **CEMAR:** net financial expense of R$29.2 million, versus a net expense of R$73.1 million in 4Q09, a 60.1% improvement. The 4Q09 net financial result was negatively affected by the booking of R$58.8 million in fines and interest resulting from the Company's adherence to the REFIS program. Exceptionally in 4Q10, R$22.3 million was recognized under other financial expenses related to the restatement of provisions for contingencies.
- **Geramar:** the company recognized a net financial expense of R$2.9 million as a result of the loans taken out during the construction of the plants.

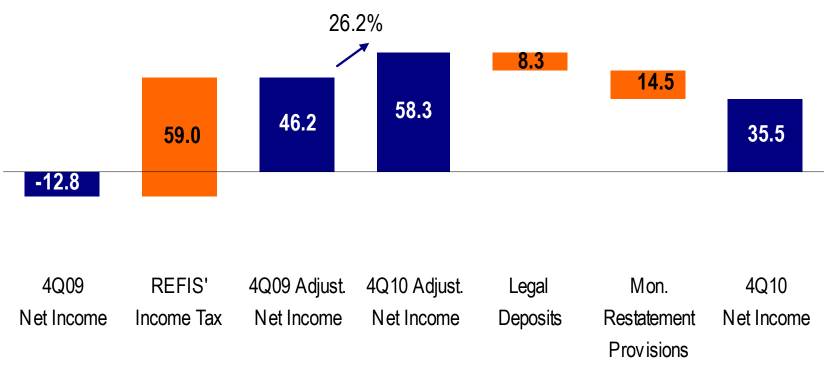
► **Equatorial (holding):** positive result of R$2.1 million, basically arising from the utilization of the Company's available cash.

3.1.5 – Net Income

The Company posted 4Q10 adjusted net income of R$58.3 million, 26.2% up on the 4Q09 figure. In the latter quarter, we excluded a net expense of R$59.0 from the adherence of the subsidiary CEMAR to the REFIS program, while in 4Q09 we did not recognize expenses of R$8.3 million from the verification and updating of judicial deposits effected in previous years to cover contingencies, and R$14.5 million from the monetary restatement of provisions for contingencies.

In 4Q10, Equatorial's earnings per share totaled R$0.33, versus a R$0.12 loss in the same quarter the year before. In 2010, earnings per share came to R$1.74, versus R$1.30 in 2009.

RECONCILIATION OF ADJUSTED NET INCOME

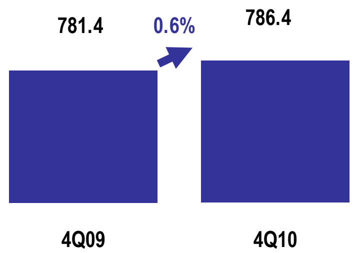


3.2 FINANCIAL PERFORMANCE – CEMAR

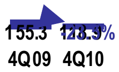
The information in this section reflects 100% of CEMAR's operations.

INCOME STATEMENT - CEMAR (R$MM)	4Q09	3Q10	4Q10	Chg.	2009	2010	Chg.
Gross Operating Revenues (GOR)	911.6	473.2	927.4	*1.7%*	2,077.0	2,282.1	*9.9%*
Net Operating Revenues (NOR)	781.4	342.8	786.4	*0.6%*	1,618.6	1,756.4	*8.5%*
Electric Energy Cost	(562.3)	(136.3)	(564.3)	*0.4%*	(904.5)	(943.8)	*4.3%*
Operating Costs / Expenses	(63.8)	(78.6)	(103.2)	*61.8%*	(218.7)	(312.6)	*43.0%*
EBITDA	**155.3**	**128.0**	**118.9**	*-23.5%*	**495.5**	**499.9**	*0.9%*
Other Operating Revenues/Expenses	(2.1)	(4.3)	(4.6)	*116.7%*	(15.0)	(11.6)	*-22.4%*
Service Income (EBIT)	132.8	99.9	88.4	*-33.4%*	382.9	394.3	*3.0%*
Financial Result	(73.1)	(8.6)	(29.2)	*-60.1%*	(87.7)	(61.4)	*-30.0%*
Operating Income	59.7	91.3	59.3	*-0.8%*	295.2	332.9	*12.8%*
Income Tax / Social Contribution	(69.9)	(16.7)	(12.5)	*-82.2%*	(75.6)	(54.3)	*-28.2%*
Net Income	**(10.2)**	**74.7**	**46.8**	**-561.0%**	**219.6**	**278.6**	**26.9%**

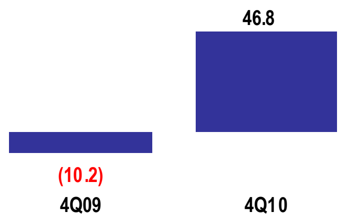
NOR (R$MM) – Quarterly



EBITDA (R$MM) - Quarterly



Net Income (R$MM) – Quarterly



3.2.1 – Operating Revenues

OPERATING REVENUE - CEMAR	4Q09	3Q10	4Q10	Chg.	2009	2010	Chg.
Energy Sales (MWh)*	**985,396**	**1,072,159**	**1,093,568**	**11.0%**	**3,566,276**	**4,146,140**	**16.3%**
Number of Clients**	**1,687,937**	**1,792,695**	**1,822,308**	**8.0%**	**1,687,937**	**1,822,308**	**8.0%**
KWh per Client	**583.8**	**598.1**	**600.1**	**2.8%**	**2,112.8**	**2,275.2**	**7.7%**
Gross Operating Revenue (R$ MM)	**402.7**	**429.2**	**454.1**	**12.8%**	**1,461.9**	**1,687.1**	**15.4%**
Residential	194.4	203.4	219.4	12.9%	694.4	814.5	17.3%
Industrial	36.8	40.7	40.9	11.1%	136.0	153.6	12.9%
Commercial	89.7	97.8	104.1	16.1%	338.8	386.4	14.0%
Other Classes	81.8	87.3	89.7	9.7%	292.7	332.6	13.6%
Supply (R$ MM)	**1.7**	**11.4**	**27.3**	**1505.9%**	**11.9**	**42.1**	**253.8%**
Other Revenues (R$ MM)	**75.7**	**32.5**	**43.9**	**-42.0%**	**171.5**	**150.7**	**-12.1%**
Low Income	30.6	31.3	30.9	1.0%	114.5	123.7	8.0%
Accrual (Amortization) of Regulatory Assets	0.1	(4.6)	6.8	N/A	0.2	2.3	-1050.0%
CVA	-	(4.7)	6.7	N/A	(0.1)	1.9	N/A
Network Usage	0.1	0.1	0.1	0.0%	0.3	0.4	33.3%
Other Operating Revenues	45.0	5.8	6.2	-86.2%	56.8	24.7	-56.5%
Construction Revenues	431.6	-	402.2	-6.8%	431.6	402.2	-6.8%
Deductions from Operating Revenues (R$ MM)	**(130.2)**	**(130.4)**	**(140.9)**	**8.2%**	**(458.3)**	**(525.7)**	**14.7%**
Net Operating Revenue (R$ MM)	**781.4**	**342.8**	**786.4**	**0.6%**	**1,618.6**	**1,756.4**	**8.5%**

* Does not consider own consumption and supply to CEPISA
** Excludes own consumption facilities

In 4Q10, gross revenues from energy sales grew by 12.8% over the same period last year, largely due to the 11.0% increase in energy sales volume and the upturn in the revenue recorded under Supply, resulting from the sale of surplus energy to the CCEE (Electric Energy Commercialization Board). Net revenues, in turn, totaled R$786.4 million (R$384.2 million, not considering the Construction Revenues), 0.6% up on 4Q09.

Due to the convergence of Brazilian accounting rules with international standards (IFRS), in 2010 revenue from construction was recognized under Gross revenue, with impact on NOR, but none in EBITDA or net income, as the same amount is discounted under in Non-Manageable Costs. In 2010, R$402.2 million was recognized, versus R$431.6 million booked retroactively in 2009.

3.2.2 – Costs and Expenses

In 4Q10, costs and expenses (manageable and non-manageable, excluding depreciation and amortization) totaled R$672.1 million (R$269.9 million, not considering the Construction Cost) equivalent to 85.5% of net revenues, 5.1 p.p. up on the 80.4% recorded in 4Q09.

Manageable Operating Costs and Expenses

Manageable costs and expenses, represented by personnel, materials, outsourced services and others (PMSO), excluding provisions for doubtful accounts and contingencies, as well as the CVA amortization and other costs, totaled R$72.1 million, 2.9 p.p. up year-on-year.

Personnel expenses came to R$18.8 million, 13.3% up on 4Q09, fueled by the 5.39% pay rise following the collective bargaining agreement in November 2010 and the change in the way these expenses are booked as a result of Regulatory Resolution 396/2010. In 4Q10, profit sharing (PLR) expenses, which totaled R$13.0 million in 9M10, were transferred to the personnel line, and an additional R$2.7 million was provisioned in 4Q10. In 9M09 R$6.4 million was booked as PLR, and in 4Q09 this amount was R$7.5 million. Up to the previous quarter, these expenses had been booked in a specific line immediately above net income.

Material expenses amounted to R$2.2 million, 8.3% down on 4Q09. The main items in this line were: i) the purchase of materials for electricity system operations and maintenance of the, totaling R$1.5 million; and ii) the purchase of equipment for customer service teams, totaling R$0.4 million.

Expenses from outsourced services moved up by 55.8% over 4Q09 to R$48.0 million, pushed by the substantial 8.0% increase in the number of clients, improvements to the quality of the distribution system and the Company's program to reduce energy losses. The main accounts composing this item were: i) legal fees (R$8.8 million); ii) standby emergency services, with technical support and electrician teams (R$5.5 million); iii) fraud-combat services, as part of the Company's loss reduction program (R$5.0 million); and iv) other smaller expenses, such as those from collection agents, maintenance of live lines, disconnection and metering services and the call center, among others.

In 4Q10, provisions for doubtful accounts (PDA) and losses came to R$10.7 million, or 2.0% of gross operating revenues (GOR), 0.6 p.p. higher than in 4Q09 result. However, PDA and losses as a percentage of GOR came to only 1.9%, a 0.4 p.p. improvement over the previous year. Revenue from construction is deducted from gross revenue when calculating these ratios.

Exceptionally in 4Q10, R$15.0 million was booked in provisions for contingencies, related to the write-off of judicial deposits constituted in previous periods to cover certain contingencies.

R$ MM	4Q09	3Q10	4Q10	Var.	2009	2010	Var.
Personnel	16.6	22.7	18.8	13.3%	52.7	76.2	44.6%
Material	2.4	1.6	2.2	-8.3%	8.6	7.7	-10.5%
Third Party Services	30.8	38.2	48.0	55.8%	107.0	149.6	39.8%
Others	5.8	2.3	3.1	-46.6%	16.9	11.1	-34.3%
PMSO	**55.6**	**64.8**	**72.1**	**29.7%**	**185.2**	**244.6**	**32.1%**
% Net Revenues	**15.9%**	**18.9%**	**18.8%**	**2,9 p.p.**	**15.6%**	**18.1%**	**2,5 p.p.**
Provisions	8.3	13.7	31.1	274.7%	33.4	68.0	103.6%
PDA and Losses	6.9	6.3	10.7	55.1%	25.4	35.9	41.3%
% Gross Operating Revenue	1.4%	1.3%	2.0%	0,6 p.p.	1.5%	1.9%	0,4 p.p.
Provision for Contingencies and Other Provisions	1.4	7.4	20.4	1357.1%	8.0	32.1	301.3%
Other Operating Expenses/Revenues	2.1	4.3	4.6	119.0%	15.0	11.6	-22.7%
MANAGEABLE COSTS AND EXPENSES	**66.0**	**82.8**	**107.8**	**63.3%**	**233.6**	**324.2**	**38.8%**
% Net Revenues	**18.9%**	**24.2%**	**28.1%**	**9,2 p.p.**	**19.7%**	**23.9%**	**4,2 p.p.**
Electricity Purchased	101.9	120.6	140.3	37.7%	383.7	461.3	20.2%
Transmission and Distribution Network Usage Charges	28.1	18.8	20.7	-26.3%	87.2	80.9	-7.2%
CVA Amortization	0.0	-4.2	0.5	N/A	-0.7	-3.7	428.6%
Other Costs	0.7	1.1	0.6	-14.3%	2.7	3.1	14.8%
NON-MANAGEABLE COSTS AND EXPENSES	**130.7**	**136.3**	**162.1**	**24.0%**	**472.9**	**541.6**	**14.5%**
% Net Revenues	**37.4%**	**39.8%**	**42.2%**	**4,8 p.p.**	**39.8%**	**40.0%**	**0.2 p.p.**
TOTAL	**196.7**	**219.1**	**269.9**	**37.2%**	**706.5**	**865.8**	**22.5%**
TOTAL (% Net Revenues)	**56.2%**	**63.9%**	**70.2%**	**14 p.p.**	**59.5%**	**63.9%**	**4.4 p.p.**

NON-MANAGEABLE OPERATING COSTS AND EXPENSES

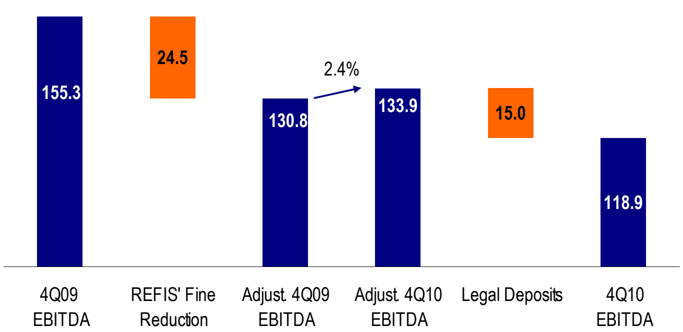
Non-manageable operating costs and expenses totaled R$564.3 million (R$162.4 million not considering the Construction Cost) in 4Q10, 0.4% more than in 4Q09, chiefly due to the increase in the volume of purchased energy to meet the 11.0% growth in captive market consumption. It is worth noting that such costs are part of Parcel A of the energy tariff. Consequently, any increase is passed on to the Company via the annual tariff adjustment index (IRT), so no financial loss is incurred.

3.2.3 - EBITDA

Adjusted EBITDA totaled R$133.9 million in 4Q10, 2.4% up on the R$130.8 million recorded in 4Q09. In this quarter we disregarded the R$15.0 million increase in expenses from provisions for contingencies due to the write-off of legal deposits made in previous years.

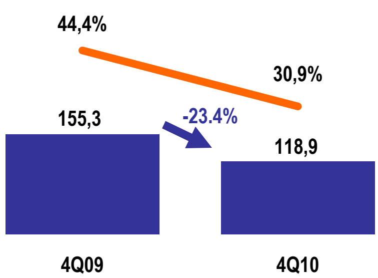
In addition to this adjustment, and as mentioned in the previous section, PLR expenses were transferred to the Personnel account in manageable costs, negatively impacting 4Q10 EBITDA by R$2.7 million. If this is excluded, EBITDA would have totaled R$136.6 million. However, we are not considering this as a non-recurring effect, as PLR will be booked according to this rule in the future.

ADJUSTED EBITDA – CEMAR

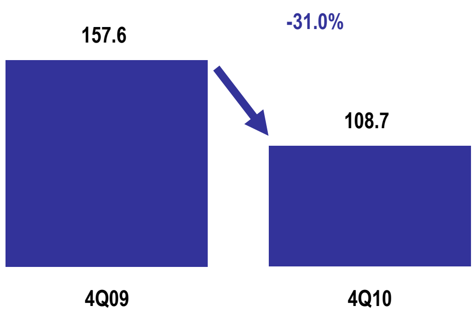


EBITDA (R$ MM)	4Q09	3Q10	4Q10	Chg.	2009	2010	Chg.
Service Income	132.8	99.9	88.4	-33.4%	382.9	394.3	3.0%
Depreciation and Amortization	20.4	23.7	25.9	27.0%	97.6	94.1	-3.6%
Other Operating Revenues/Expenses	2.1	4.3	4.6	119.0%	15.0	11.6	-22.7%
EBITDA	**155.3**	**127.9**	**118.9**	**-23.4%**	**495.5**	**500.0**	**0.9%**
RTD Adjustment	-	-	-	N/A	3.9	-	N/A
Regulatory Losses Adjustment	-	-	-	N/A	6.2	-	N/A
REFIS' Fine Reduction	(24.5)	-	-	N/A	(24.5)	-	N/A
Legal Deposits Update	-	-	15.0	N/A	-	15.0	N/A
EBITDA Ajustado	**130.8**	**127.9**	**133.9**	**2.4%**	**481.1**	**515.0**	**7.0%**

EBITDA (R$MM) and EBITDA Margin: Quarterly



EBITDA (R$) per MWh: Quarterly



3.2.4 – Financial Result

In 4Q10, the net financial result was an expense of R$29.2 million, versus an expense of R$73.1 million in 4Q09, a 60.1% improvement. The net financial result in 4Q09 was negatively affected by the booking of R$58.8 million in fines and interest resulting from the Company's adherence to the REFIS program. Exceptionally in 4Q10, R$22.3 million was recognized under other financial expenses, related to the monetary restatement of provisions for contingencies.

Currently, the Company does not have any transactions involving financial derivatives instruments.

Financial Result (R$ MM)	4Q09	3Q10	4Q10	Chg.	2009	2010	Chg.
Financial income	5.3	9.3	8.8	66.0%	19.9	32.8	64.8%
Fine charged on energy sale	12.3	12.5	15.9	29.3%	43.4	52.8	21.7%
RTD and CVA Adjustments	0.6	0.4	0.4	-33.3%	7.6	1.6	-78.9%
Other financial revenues	(1.5)	2.4	1.1	-26.7%	17.5	5.5	-68.6%
Financial Revenue	**16.7**	**24.6**	**26.2**	**56.9%**	**88.4**	**92.7**	**4.9%**
Interest on loans and financing	(21.7)	(22.2)	(22.0)	-1.4%	(88.6)	(85.6)	3.4%
Monetary and foreign exchange variation	(2.1)	(4.5)	(10.2)	-385.7%	(11.5)	(28.2)	-145.2%
Other financial expenses	(65.9)	(6.5)	(23.1)	64.9%	(76.0)	(40.1)	47.2%
Financial Expenses	**(89.7)**	**(33.2)**	**(55.3)**	**38.4%**	**(176.1)**	**(153.9)**	**12.6%**
Net Financial Result	**(73.0)**	**(8.6)**	**(29.1)**	**60.1%**	**(87.7)**	**(61.2)**	**30.2%**

3.2.5 – Income Tax and Social Contribution

In CEMAR, income tax and social contribution payable is positively impacted by the following items: i) a 75% tax reduction benefit on installed capacity expansion granted by SUDENE (Northeast Region Development Authority) in December 2005 and expanded in 2007 to include the upgrade of all installed capacity, effective through 2016; ii) a tax benefit related to accelerated depreciation, also granted by SUDENE, which allows investments in the expansion and modernization of the distribution network to be fully considered as a tax-deductible expense, effective between 2006 and 2013; and iii) the offsetting of tax loss carryforwards. It is worth mentioning that the first and second items refer to income tax only, while the third item refers both to income tax and social contribution.

Breakdown of Income Tax and Social Contribution Effective Rates

Income Tax / Social Contribution (R$MM)	4Q09	3Q10	4Q10	2009	2010
EBT	**59.7**	**91.3**	**59.3**	**295.2**	**332.9**
(-) Other Expenses	-	7.7	-	-	-
(+) REFIS	34.3	-	-	34.3	-
EBT basis (1)	**94.0**	**83.6**	**59.3**	**329.5**	**332.9**
Income Tax / Social Contribution Expenses	(69.9)	(16.7)	(12.5)	(75.6)	(54.3)
(-) REFIS (Income Tax / Social Contribution)	(38.2)			(38.2)	
(-) Deferred Tax Assets	(25.5)	(6.8)	(3.7)	(14.0)	(18.8)
= Tax Payable	**(6.2)**	**(9.9)**	**(8.8)**	**(23.4)**	**(35.5)**
(+) Fiscal Credits	4.7	-	-	4.7	4.3
= Tax - Cash Basis (2)	**(1.5)**	**(9.9)**	**(8.8)**	**(18.7)**	**(31.2)**
Effective Tax Rate = (2) / (1)	**1.6%**	**11.8%**	**14.8%**	**5.7%**	**9.4%**

In 4Q10, income tax and social contribution represented an expense of R$12.5 million. Considering the utilization of deferred tax assets, CEMAR paid R$8.8 million in these taxes, corresponding to an effective rate of 14.8%.

The 4Q10 rate is above those of previous quarters due to the recognition of R$22.3 million in financial expenses from the monetary restatement of judicial deposits in previous periods. These expenses are non-deductible for the purposes of calculating taxable income, the basis for determining income tax and social contribution.

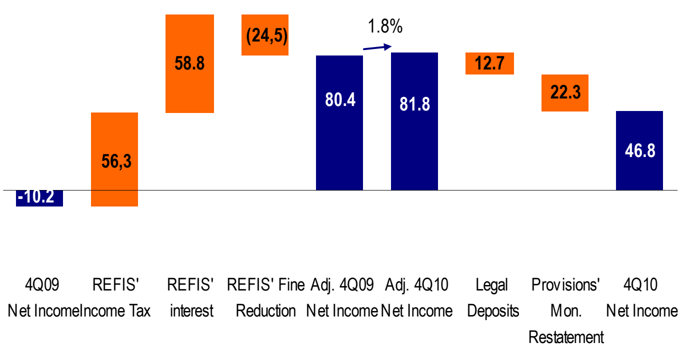
3.2.6 – Net Income

CEMAR posted 4Q10 net income of R$46.8 million, versus a net loss of R$10.2 million in 4Q09. However, these results have to need to be adjusted for certain non-recurring impacts. In 4Q10, we excluded R$15.0 million (R$12.7 million net of taxes) from the write-off of judicial deposits that affected provisions for contingencies and R$22.3 million from the monetary restatement of provisions for contingencies booked under financial expenses. In 4Q09, (i) we added R$56.3 million from the booking of income tax and social contribution debts recognized in the REFIS program, (ii) added R$58.8 million in fines and interest recognized under financial expenses due to adherence to the REFIS program, and (iii) excluded the R$24.5 million discount obtained by the Company following REFIS adherence.

Consequently, if recurring 4Q09 net income (R$80.4 million) is compared with recurring 4Q10 net income (R$70.2 million), there was a 12.7% decline.

CEMAR's earnings per share came to R$0.29 in 4Q10 and R$1.70 in 2010, versus R$1.34 in 2009.

ADJUSTED NET INCOME – CEMAR

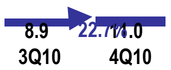


3.3 FINANCIAL PERFORMANCE - Geramar

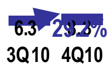
The information in this section reflects 25.0% of Geramar's operations.

INCOME STATEMENT - GENERATION (R$MM)	4Q09	3Q10	4Q10	Chg.	2009	2010	Chg.
Gross Operating Revenues (GOR)	-	9.8	12.1	N/A	-	40.1	N/A
Net Operating Revenues (NOR)	-	8.9	11.0	N/A	-	36.4	N/A
Electric Energy Cost	-	(2.2)	(2.4)	N/A	-	(10.0)	N/A
Operating Costs / Expenses	-	(0.4)	(0.3)	N/A	-	(2.0)	N/A
EBITDA	**-**	**6.3**	**8.3**	N/A	**-**	**24.4**	N/A
Depreciation	-	(1.2)	(1.2)	N/A	-	(4.3)	N/A
Service Income (EBIT)	-	5.1	7.1	N/A	-	20.1	N/A
Financial Result	-	(3.1)	(2.9)	N/A	-	(11.2)	N/A
Earnings Before Taxes (EBT)	-	2.1	4.2	N/A	-	8.9	N/A
Income Tax / Social Contribution	-	(0.0)	(2.3)	N/A	-	(3.0)	N/A
Net Income	**-**	**2.1**	**1.9**	N/A	**-**	**5.8**	N/A

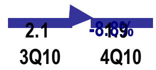
NOR (R$MM) – Quarterly*



EBITDA (R$MM) – Quarterly*



Net Income (R$MM) – Quarterly*



* Exceptionally, as this is the first year of the Company's operations, we are comparing Geramar's quarterly performance with the preceding quarter, instead of with the same quarter in 2009

3.3.1 – Operating Revenues

In 4Q10, net operating revenues (NOR) totaled R$11.0 million, resulting entirely from fixed revenues from plant availability, as no dispatch was requested by the National System Operator (ONS) during the quarter.

3.3.2 – Costs and Expenses

In 4Q10, the total costs incurred by the plants amounted to R$3.8 million, comprising costs related to the use of the transmission system (CUST), generation costs (purchase of fuel and plant operation and maintenance, among others) and, to a lesser extent, costs related to personnel, materials, outsourced services and others (PMSO).

Operating Costs / Expenses	4Q09	3Q10	4Q10	Chg.	2009	2010	Chg.
CUST + Generation costs	-	2.2	2.4	N/A	-	10.0	N/A
PMSO	0.2	0.4	0.3	N/A	0.2	2.0	N/A
Depreciation	-	1.2	1.2	N/A	-	4.3	N/A
Geramar	**0.2**	**3.8**	**3.8**	**N/A**	**0.2**	**16.3**	**N/A**

3.3.3 - EBITDA

Geramar's EBITDA totaled R$8.3 million in 4Q10, an improvement over the previous quarter, thanks to the increase in the gross revenue in the quarter.

3.3.4 – Financial Result

The 4Q10 financial result was a net expense of R$2.9 million, arising from interest on loans taken out to finance the construction of the plants.

3.3.5 – Net Income

Geramar posted 4Q10 net income of R$1.9 million, reflecting a quarter during which the plants were 100% available for generation.

4. Debt

Equatorial closed the fourth quarter with consolidated gross debt (including charges) of R$1,365.8 million, 8.4% down on the R$1,260.0 million recorded at the close of the previous quarter.

In December 2010, only 0.6% of Equatorial's consolidated gross debt, corresponding to R$8.0 million, was denominated in foreign currency (mostly U.S. dollars). Thanks to their low exchange exposure, neither CEMAR nor Equatorial has any hedge protection against the devaluation of the Real against other currencies.

Gross Debt (100% CEMAR + 25% Geramar)[1]

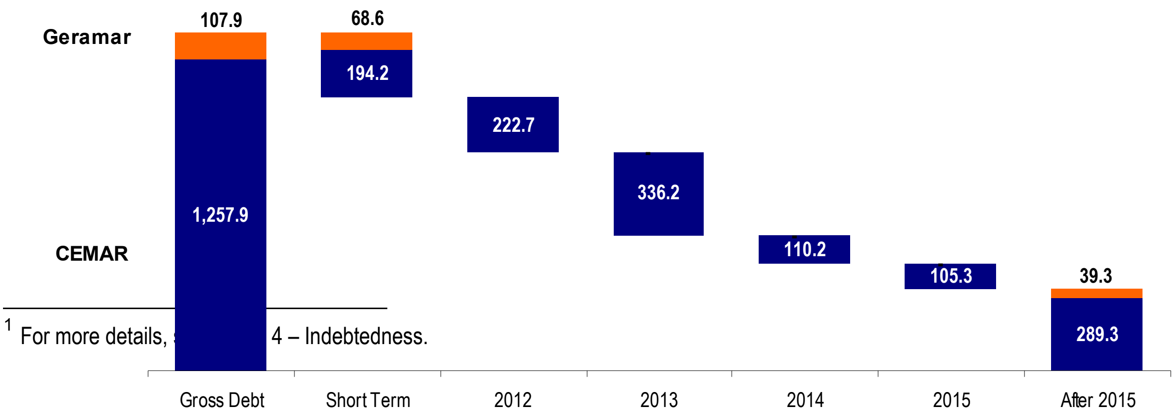
Index	Average Charges (p.a.)	Average Due Date (month/year)	Average Period (years)	Part. (%)
Foreign Currency				
Libor	1.3%	mar-22	11.5	0.2%
Fixed (US$)	6.5%	dec-21	11.2	0.4%
TOTAL (CEMAR)	**4.5%**		**11.3**	**0.6%**
Domestic Currency				
CEMAR	**10.0%**		**6.3**	**91.5%**
IGP-M	15.3%	dec-23	13.3	11.5%
TJLP	10.5%	sep-13	2.8	11.9%
Fixed (R$)	8.4%	jun-19	8.6	18.9%
RGR	6.5%	oct-17	7.0	15.3%
FINEL(**)	12.0%	dec-15	5.2	3.1%
CDI	10.3%	feb-14	3.2	30.7%
GERAMAR	**10.5%**		**5.5**	**7.9%**
CDI	12.8%	dec-10	0.0	60.0%
TJLP	7.0%	sep-24	13.7	40.0%
TOTAL	**10.0%**		**6.2**	**99.4%**
TOTAL	**10.0%**		**6.2**	**100.0%**

(*) Considering 100% of CEMAR

(**) Index that represents 20% of IGP-M + between 9.4% and 12% p.a.

Maturity	CEMAR	Geramar	Consolidated	% of Total
Short Term	194.2	68.6	262.8	19.2%
Long Term	**1,063.7**	**39.3**	**1,103.0**	**80.8%**
2012	222.7	-	222.7	16.3%
2013	336.2	-	336.2	24.6%
2014	110.2	-	110.2	8.1%
2015	105.3	-	105.3	7.7%
After 2015	289.3	39.3	328.6	24.1%
Gross Debt	**1,257.9**	**107.9**	**1,365.8**	**100.0%**
Cash	456.8	6.3	463.2	
Cash - Holding			80.7	
Cash - Equatorial Soluções			6.2	
Net Reg. Assets	57.0		57.0	
Net Debt	**744.1**	**101.6**	**758.7**	

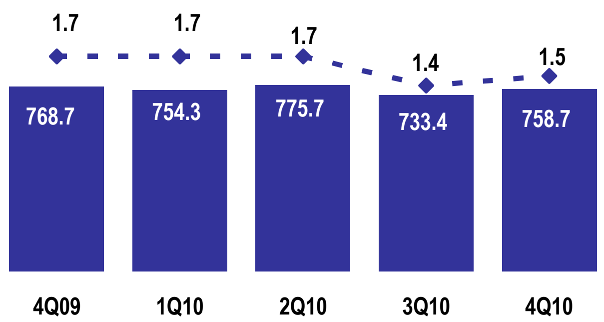
Gross Debt Maturity Schedule
(R$ million)



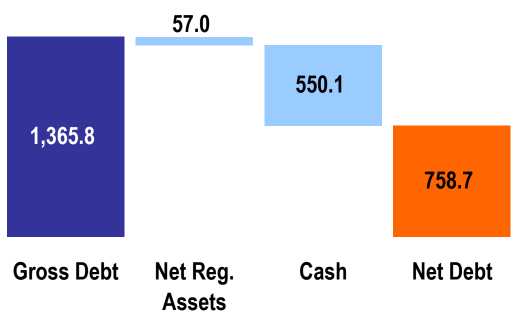
[1] For more details, 4 – Indebtedness.

Net debt, including cash and cash equivalents and net regulatory assets, totaled R$758.7 million in 4Q10, 3.4% lower than the R$733.4 million reported at the close of 3Q10, representing a last-12-month net debt/EBITDA ratio of 1.5x, versus 1.4x in the previous quarter.

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

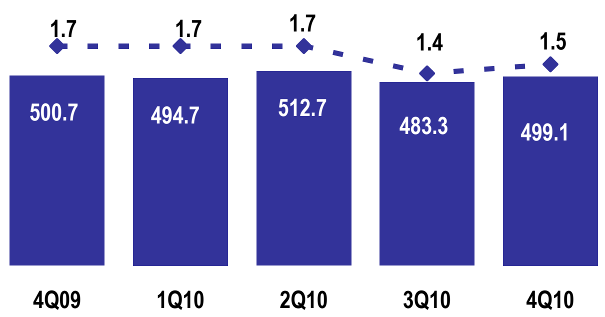


Net Debt Reconciliation (R$MM) - Consolidated (100% CEMAR + 25% Geramar)

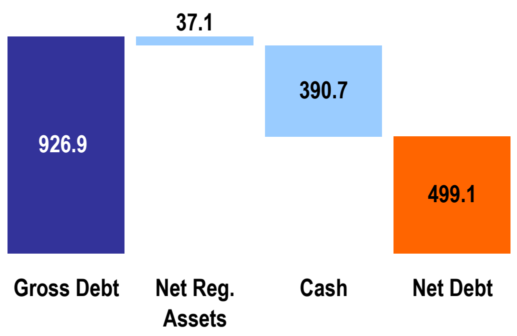


Consolidated net debt, adjusted by Equatorial's interest in CEMAR (65.11%) and Geramar (25%), totaled R$499.1 million at the close of December, representing a last-12-month consolidated net debt/EBITDA ratio of 1.5x, versus 1.4x at the close of 3Q10.

Net Debt (R$MM) and Net Debt/EBITDA (LTM) - Adjusted Consolidated (65.11% CEMAR + 25% Geramar)



Net Debt Reconciliation (R$MM) - Adjusted Consolidated (65.11% CEMAR + 25% Geramar)



5. Investments

The period investment information reflects 100% of CEMAR's figures and 25% of Geramar's. As of 2Q10, we have ceased to consolidate Light's figures.

INVESTMENTS (R$MM)	4Q09	3Q10	4Q10	Chg.	2009	2010	Chg.
CEMAR							
Own (*)	63.6	48.0	67.3	*5.8%*	239.2	197.0	*-17.6%*
Light For All Program	69.2	65.0	58.3	*-15.7%*	179.8	202.1	*12.5%*
Total	**132.8**	**113.1**	**125.6**	***-5.4%***	**418.9**	**399.1**	***-4.7%***
Geramar							
Generation	13.5	0.3	0.4	*-97.2%*	106.9	16.2	*-84.8%*
TOTAL	**146.3**	**113.3**	**126.0**	**-13.9%**	**525.8**	**415.4**	**-21.0%**

(*) Including indirect Light For All Program investments

5.1 - CEMAR

CEMAR invested R$67.3 million in 4Q10, excluding direct investments related to the PLPT, 5.8% up on the same period in 2009. Of this total, R$38.1 million was allocated to the expansion of the distribution network in the state of Maranhão, R$17.4 million to maintenance of the existing network and the remaining R$11.8 million to equipment, systems and others.

Investments in the PLPT

At the close of 4Q10, 279,000 clients were connected to CEMAR's distribution network through the PLPT, directly benefiting almost 1.4 million people in the state of Maranhão. The PLPT is already present in all of Maranhão's 217 municipalities, contributing to the development of areas isolated from the urban centers and generating wealth in these localities. In 4Q10, direct investments in the program, which include expenses with materials, freight and outsourced services, totaled R$58.3 million, 15.7% down on 4Q09.

5.2 – Geramar

Investments in 4Q10 essentially refer to plant maintenance, given that construction was concluded in 1Q10.

6. Capital Market

Equatorial Energia's shares closed 4Q10 at R$11.40, 11.2% up on the R$10.25 recorded at the end of 3Q10.

Daily traded volume averaged R$1.3 million in the 60 trading sessions ended December 31, 2010. The Company's shares are listed in the BM&FBOVESPA's Novo Mercado trading segment and in the IEE, ITAG and IGC indices.

7. New Projects

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

8. Services Provided by the Independent Auditors

The Company has not hired KPMG Auditores Independentes, its external auditors, for any other services beyond the independent audit and those services required by ANEEL. 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.

The following information was not reviewed by the independent auditors: i) CEMAR's operating information (including that related to the PLPT); ii) pro-forma financial information and its comparison with the results presented in the period, and; iii) Management's expectations regarding the future performance of the companies.

9. Disclosure Calendar

Conference Call in English
Thursday, March 31, 2011
12:00 pm (Brasília time)
11:00 am (New York time)
Telephone: +1 (412) 317-6776
Code: Equatorial
Replay: +1 (412) 317-0088
Replay code: 448639#

Conference Call in Portuguese
Thursday, March 31, 2011
2:00 pm (Brasília time)
1:00 pm (New York time)
Telephone: +0 XX (11) 3301-3000
Code: Equatorial
Replay: +0 XX (11) 3127-4999
Replay code: 50528583

- Participants should connect up approximately 10 minutes before the start of the call.
- **Slides and Webcast**: The presentation slides will be available for viewing and download on the Investor Relations section of our website http://www.equatorialenergia.com.br/ri as of the date of the calls. The calls will be transmitted live on the internet on the same site, remaining available after the event.

Contacts

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  CFO and IRO
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  Investor Relations Analyst
- **Telephones**: + 0 XX (21) 3206-6635
- **E-mail**: ri@equatorialenergia.com.br
- **Website**: www.equatorialenergia.com.br/ri

Additional Information on CEMAR

Further information on CEMAR, including a more detailed breakdown of financial and operating results, can be found in the company's Earnings Release at the following address:

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

Disclaimer

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

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

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

Accounting criteria adopted:
The information contained herein is presented in consolidated figures, pursuant to Brazilian Corporate Law, based on revised financial information. The consolidated financial information represents 100% of CEMAR's results, excluding 34.89% related to minority interests, 25% of Geramar's results and 100% of Equatorial Soluções' results.

The consolidated operating information represents 100% of CEMAR's, 25% of Geramar's and 100% of Equatorial Soluções' results.

To assure comparability between periods, the financial information for 3Q09, 2Q10, 9M09 and 9M10 is presented on a pro-forma basis, excluding the interest held by Equatorial in Light, pursuant to the spin-off on April 29, 2010.

ANNEX 1 – CONSOLIDATED INCOME STATEMENT (R$ MM)

► The results for 4Q09, 2009 and 2010 are pro forma, excluding the interest then held by Equatorial in RME.

INCOME STATEMENT (R$ MM)	4T09	3T10	4T10	2009	2010
GROSS OPERATING REVENUES	**911.9**	**484.8**	**939.8**	**2,077.9**	**2,328.9**
Electricity Sales to Final Consumer	433.3	465.8	505.9	1,576.6	1,855.2
Electricity Supply	1.7	11.4	27.3	11.9	42.1
Construction Revenues	431.6	-	402.2	431.6	402.2
Other Revenues	45.2	7.6	4.5	57.8	29.4
DEDUCTIONS FROM OPERATING REVENUES	**(130.2)**	**(131.4)**	**(142.1)**	**(458.4)**	**(530.0)**
NET OPERATING REVENUES	**781.7**	**353.4**	**797.7**	**1,619.5**	**1,798.9**
ELECTRICITY COSTS	**(561.2)**	**(139.7)**	**(568.6)**	**(900.6)**	**(954.7)**
Electricity Purchased for Resale	(101.9)	(122.5)	(142.2)	(383.7)	(469.9)
Transmission and Distribution Network Usage Charges	(28.1)	(19.1)	(21.2)	(87.2)	(82.2)
Construction Costs	(431.6)	-	(402.2)	(431.6)	(402.2)
Other non-manageable expenses	0.4	1.9	(3.0)	1.9	(0.3)
OPERATING COSTS/EXPENSES	**(71.1)**	**(87.2)**	**(99.7)**	**(239.4)**	**(333.9)**
Personnel	(21.4)	(24.3)	(20.8)	(64.6)	(88.9)
Material	(2.5)	(1.7)	(2.1)	(8.7)	(7.9)
Services	(31.5)	(45.8)	(43.8)	(109.9)	(155.8)
Provisions	(8.3)	(13.7)	(31.1)	(33.4)	(68.0)
Others	(7.4)	(1.7)	(1.8)	(22.8)	(13.3)
EBITDA	**149.4**	**126.5**	**129.4**	**479.5**	**510.2**
Other Operating Revenue/Expenses	(2.1)	(4.3)	(4.6)	(15.0)	(11.6)
Depreciation and Amortization	(20.3)	(25.0)	(26.9)	(97.6)	(98.4)
SERVICE INCOME	**127.0**	**97.3**	**97.9**	**367.0**	**400.3**
EQUITY INCOME	**(3.6)**	**(1.6)**	**(1.6)**	**(3.6)**	**8.1**
Equity Income	-	-	0.0	-	14.4
Goodwill Amortization	(3.6)	(1.6)	(1.6)	(3.6)	(6.3)
FINANCIAL INCOME	**(78.8)**	**(9.4)**	**(29.8)**	**(80.5)**	**(64.0)**
Financial Revenue	18.4	26.9	28.5	104.0	101.5
Financial Expenses	(97.3)	(36.3)	(58.4)	(184.5)	(165.5)
OPERATING INCOME	**44.6**	**86.3**	**66.5**	**282.9**	**344.3**
Social Contribution	(16.9)	(10.0)	(9.7)	(34.4)	(36.9)
Income Tax	(32.7)	(15.6)	(3.9)	(81.4)	(45.7)
Deferred Taxes	(25.6)	(6.8)	(3.8)	(14.1)	(18.9)
SUDENE Incentive	6.9	15.4	2.7	54.2	43.2
PROFIT SHARING	**3.4**	**(26.1)**	**(16.3)**	**(76.6)**	**(97.2)**
MINORITY INTERESTS	**7.4**	**-**	**-**	**7.4**	**-**
NET INCOME	**(12.8)**	**43.3**	**35.5**	**137.9**	**188.9**

ANNEX 2 – EFFECTS OF THE IFRS IN CEMAR INCOME STATEMENT (R$ MM)

Below, we highlight the main effects of the IFRS accounting in **CEMAR's** 2009 and 2010 results:

- **Contruction Revenues** (R$402.2 million) were recognized in 2010 in the Gross Revenue. This value is completely compensated since the same amount is deducted as Construction Cost in the Deductions from the Operation Revenue, with zero impact in the NOR, EBITDA and Net Income.
- The **regulatory assets write-off** positively affects Net Revenues by R$32.1 million, EBITDA by R$26.7 million and Net Income by R$18.8 million, in 2010.
- The **Profit Sharing** from employees and management are transferred to the Personnel account, reducing EBITDA, but with no effect in NOR and Net Income. In 2010, it meant 15.7 million.
- The Financial Income is affected, since the monetary restatement over Regulatory Assets or Liabilities are no longer accounted, augmenting or reducing the Net Income.
- The expense with **Deferred Taxes** rises due to the write-off of the Regulatory Assets and Liabilities, reducing the Net Income.

INCOME STATEMENT (R$ thousand) CEMAR	2009 Original	Changes	2009 IFRS	2010 Original	Changes	2010 IFRS
GROSS OPERATING REVENUES	**1,600,671**	**476,286**	**2,076,957**	**1,850,912**	**431,187**	**2,282,099**
Electricity Sales to Final Consumer	1,531,941	44,664	1,576,605	1,786,318	28,914	1,815,232
Electricity Supply	11,904		11,904	42,013	74	42,087
Emergency Capacity Charge	9		9	(2,088)		(2,088)
Construction Revenues	-	431,622	431,622	-	402,199	402,199
Other Revenues	56,817		56,817	24,669		24,669
DEDUCTIONS FROM OPERATING REVENUES	**(453,168)**	**(5,175)**	**(458,343)**	**(528,974)**	**3,228**	**(525,746)**
Deductions From Operating Revenues	(453,168)	(5,175)	(458,343)	(528,974)	3,228	(525,746)
NET OPERATING REVENUES	**1,147,503**	**471,111**	**1,618,614**	**1,321,938**	**434,415**	**1,756,353**
ELECTRICITY COSTS	**(472,524)**	**(432,004)**	**(904,528)**	**(536,084)**	**(407,704)**	**(943,788)**
Electricity Purchased for Resale	(383,298)	(382)	(383,680)	(455,823)	(5,505)	(461,328)
Transmission and Distribution Network Usage Charges	(87,226)		(87,226)	(80,861)		(80,861)
Construction Cost	-	(431,622)	(431,622)	-	(402,199)	(402,199)
Other Non-Manageable Expenses	(2,000)		(2,000)	600		600
OPERATING COSTS/EXPENSES	**(204,647)**	**(13,962)**	**(218,609)**	**(296,918)**	**(15,706)**	**(312,624)**
Personnel	(38,773)	(13,962)	(52,735)	(60,489)	(15,706)	(76,195)
Material	(8,608)		(8,608)	(7,672)		(7,672)
Services	(107,003)		(107,003)	(149,623)		(149,623)
Provisions	(33,399)		(33,399)	(68,001)		(68,001)
Others	(16,864)		(16,864)	(11,133)		(11,133)
EBITDA	**470,332**	**25,145**	**495,477**	**488,936**	**11,005**	**499,941**
Outras Receitas/Despesas Operacionais	(14,955)		(14,955)	(11,612)		(11,612)
Depreciação e Amortização	(97,593)		(97,593)	(94,051)		(94,051)
SERVICE INCOME	**357,784**	**25,145**	**382,929**	**383,273**	**11,005**	**394,278**
FINANCIAL INCOME	**(81,012)**	**(6,731)**	**(87,743)**	**(63,251)**	**1,845**	**(61,406)**
Financial Revenue	88,346		88,346	92,594		92,594
Financial Expenses	(169,358)	(6,731)	(176,089)	(155,845)	1,845	(154,000)
RESULT BEFORE INCOME TAX	**276,772**	**18,414**	**295,186**	**320,022**	**12,850**	**332,872**
Social Contribution	(34,360)		(34,360)	(35,875)		(35,875)
Income Tax	(81,308)		(81,308)	(42,788)		(42,788)
Deferred Taxes	(3,037)	(11,008)	(14,045)	(9,086)	(9,708)	(18,794)
SUDENE Incentive	54,155		54,155	43,207		43,207
PROFIT SHARING	**(13,962)**	**13,962**	**-**	**(15,706)**	**15,706**	**-**
Profit Sharing - Employees	(9,762)	9,762		(7,768)	7,768	
Profit Sharing - Management	(4,200)	4,200		(7,938)	7,938	
NET INCOME	**198,260**	**21,368**	**219,628**	**259,774**	**18,848**	**278,622**

ANNEX 3 – INCOME STATEMENT PER COMPANY (R$ MM)

- The following table reflects Equatorial's consolidation process, i.e. the sum of Equatorial Holding + 100% of Equatorial Soluções + 100% of CEMAR + 25% of Geramar+ eliminations.
- The "Minority Interest" line contains an adjustment so that Equatorial's consolidated result reflects its real stake of 65.11% in Cemar.

INCOME STATEMENT PER COMPANY (R$ MILLION)	Equatorial Holding	Geramar 25%	Equatorial Soluções 100%	CEMAR 100%	Eliminations	Equatorial Consolidated
GROSS OPERATING REVENUES	**-**	**12.1**	**0.4**	**927.4**	**-**	**939.8**
Electricity Sales to Final Consumer	-	12.1	-	493.8	-	505.9
Electricity Supply	-	-	-	27.3	-	27.3
Emergency Capacity Charge	-	-	-	(2.1)	-	(2.1)
Construction Revenues	-	-	-	402.2	-	402.2
Other Revenues	-	-	0.4	6.2	-	6.6
DEDUCTIONS FROM OPERATING REVENUES	**-**	**(1.1)**	**(0.0)**	**(140.9)**	**-**	**(142.1)**
NET OPERATING REVENUES	**-**	**11.0**	**0.4**	**786.4**	**-**	**797.7**
ELECTRICITY COSTS	**-**	**(2.4)**	**-**	**(566.3)**	**-**	**(568.6)**
Electricity Purchased for Resale	-	(1.9)	-	(140.3)	-	(142.2)
Transmission and Distribution Network Usage Charges	-	(0.5)	-	(20.7)	-	(21.2)
Construction Cost	-	-	-	(402.2)	-	(402.2)
Other Non-Manageable Expenses				(3.0)		(3.0)
OPERATING COSTS/EXPENSES	**2.6**	**(0.3)**	**(0.7)**	**(101.3)**	**-**	**(99.7)**
Personnel	(1.7)	(0.0)	(0.3)	(18.8)	-	(20.8)
Material	(0.0)	0.1	-	(2.2)	-	(2.1)
Services	4.6	(0.1)	(0.3)	(48.0)	-	(43.8)
Provisions	-	-	-	(31.1)	-	(31.1)
Others	(0.3)	(0.2)	(0.1)	(1.2)	-	(1.8)
EBITDA	**2.6**	**8.3**	**(0.3)**	**118.9**	**-**	**129.4**
Other Operating Revenue/Expenses				(4.6)		(4.6)
Depreciation and Amortization	0.1	(1.2)	(0.0)	(25.9)	-	(26.9)
SERVICE INCOME	**2.7**	**7.1**	**(0.3)**	**88.4**	**-**	**97.9**
EQUITY INCOME	**30.6**	**-**	**-**	**-**	**(32.1)**	**(1.6)**
Equity Income	32.1	-	-	-	(32.1)	0.0
Goodwill Amortization	(1.6)	-	-	-	-	(1.6)
FINANCIAL INCOME	**2.1**	**(2.9)**	**0.1**	**(29.2)**	**-**	**(29.8)**
Financial Revenue	2.1	0.1	0.1	26.2	-	28.5
Financial Expenses	(0.0)	(3.0)	(0.0)	(55.3)	-	(58.4)
RESULT BEFORE INCOME TAX	**35.4**	**4.2**	**(0.2)**	**59.3**	**(32.1)**	**66.5**
Social Contribution	0.0	(0.6)	0.0	(9.2)	-	(9.7)
Income Tax	0.1	(1.7)	(0.0)	(2.3)	-	(3.9)
Deferred Taxes	(0.0)	(0.0)	-	(3.7)	-	(3.8)
SUDENE Incentive	-	-	-	2.7	-	2.7
MINORITY INTERESTS	**-**	**-**	**-**	**-**	**(16.3)**	**(16.3)**
NET INCOME	**35.5**	**1.9**	**(0.2)**	**46.8**	**(48.5)**	**35.5**

ANNEX 4 – BALANCE SHEET (R$ MM)

ASSETS (R$ MM)	4Q09	1Q10	2Q10	3Q10	4Q10
CURRENT	**866.3**	**971.0**	**988.8**	**992.8**	**1,132.6**
Cash and Cash Equivalents	440.5	523.4	490.8	444.7	550.1
Consumers and Resellers	328.5	341.8	374.7	400.7	410.0
Inventory	5.5	5.8	5.6	5.5	8.0
Taxes Recoverable	46.2	50.1	58.3	70.3	85.4
Low Income	23.1	22.5	23.4	24.9	17.4
Other Accounts Receivable	22.4	27.3	36.1	46.7	61.8
LONG TERM ASSETS	**478.0**	**477.4**	**475.2**	**479.9**	**513.1**
Consumers and Resellers	68.2	69.3	61.8	58.6	58.2
Taxes Recoverable	119.9	120.0	124.4	133.1	140.3
Deferred Taxes - Income Tax / Social Contribution	247.5	245.7	246.1	246.1	255.8
Indemnifiable Financial Asset	33.4	33.4	33.4	33.4	50.4
Other Accounts Receivable	9.0	8.9	9.4	8.7	8.4
FIXED ASSETS	**1,370.8**	**1,338.8**	**1,360.7**	**1,456.3**	**1,511.3**
Investments	0.2	0.2	0.2	0.2	0.2
Goodwill	1,370.6	1,338.6	1,360.5	1,456.1	1,511.1
TOTAL ASSETS	**2,715.1**	**2,787.2**	**2,824.7**	**2,929.1**	**3,157.0**

LIABILITIES AND SHAREHOLDERS' EQUITY (R$ MM)	4Q09	1Q10	2Q10	3Q10	4Q10
CURRENT	**593.5**	**604.4**	**535.0**	**583.4**	**685.5**
Suppliers	183.1	116.1	150.2	174.8	174.0
Salaries	6.5	7.4	8.8	9.9	7.7
Dividends / Interest on Equity	60.8	70.5	0.4	0.4	56.7
Taxes and Social Contribution	33.8	48.7	49.3	65.8	75.1
Loans and Financing	223.8	238.6	192.1	188.7	195.8
Debentures	7.8	55.5	61.8	55.7	66.9
Public Lighting	15.7	15.5	14.6	13.2	13.5
Provision for Contingencies	3.3	2.5	1.6	2.7	27.4
Others	58.7	49.6	56.3	72.2	68.4
LONG TERM LIABILITIES	**1,321.9**	**1,293.4**	**1,299.0**	**1,301.3**	**1,433.9**
Taxes and Social Contribution	229.4	226.6	235.2	263.0	283.2
Debentures	267.3	256.6	257.4	258.1	253.1
Loans and Financing	801.6	787.0	784.6	757.6	849.9
Provision for Contingencies	2.9	2.6	1.2	2.0	14.7
Others	20.7	20.6	20.6	20.5	33.0
MINORITY INTERESTS	**(63.6)**	**18.5**	**47.8**	**58.1**	**83.9**
SHAREHOLDERS EQUITY	**863.2**	**870.8**	**942.9**	**986.3**	**953.8**
Capital Stock	548.3	552.4	566.8	566.8	566.8
Profit Reserves	274.1	280.3	280.4	280.4	414.0
Retained Earnings/Accumulated Deficit	40.8	38.1	95.7	139.0	(27.1)
TOTAL LIABILITIES AND SHAREHOLDERS EQUITY	**2,715.1**	**2,787.2**	**2,824.7**	**2,929.1**	**3,157.0**

ANNEX 5 – INDEBTEDNESS

Considering 100% of CEMAR + 25% of Geramar + 100% of Equatorial Soluções

LOANS AND FINANCING LINES (R$ MM)	4Q09				4Q10			
	S. T. - Charges	S. T. - Principal	L. T.	Total	S. T. - Charges	S. T. - Principal	L. T.	Total
FOREIGN CURRENCY	**2,214**	**81,890**	**8,325**	**92,428**	**453**	**64,975**	**7,274**	**72,701**
National Treasury	2,214	81,890	8,325	**92,428**	453	64,975	7,274	**72,701**
Others	-	-	-	**-**	-	-	-	**-**
DOMESTIC CURRENCY	**7,871**	**131,851**	**793,314**	**933,036**	**8,931**	**121,457**	**842,603**	**972,991**
Eletrobrás	15	50,784	360,221	**411,020**	-	46,113	363,295	**409,408**
Financial Institutions	7,856	76,101	411,988	**495,945**	8,931	69,680	460,901	**539,512**
Debt with Pension Fund	-	4,966	21,105	**26,071**	-	5,664	18,407	**24,071**
SUB TOTAL - LOANS AND FINANCING	**10,085**	**213,741**	**801,639**	**1,025,464**	**9,384**	**186,432**	**849,877**	**1,045,692**
Debentures	-	7,814	267,300	**275,114**	-	63,041	257,039	**320,080**
DEBT TOTAL	**10,085**	**221,555**	**1,068,939**	**1,300,578**	**9,384**	**249,473**	**1,106,916**	**1,365,773**

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

Considering 65.11% of CEMAR + 25% of Geramar + 100% of Equatorial Soluções

LOANS AND FINANCING LINES (R$ MM)	4Q09				4Q10			
	S. T. - Charges	S. T. - Principal	L. T.	Total	S. T. - Charges	S. T. - Principal	L. T.	Total
FOREIGN CURRENCY	**2,183**	**81,645**	**5,420**	**89,248**	**426**	**64,741**	**4,736**	**69,903**
National Treasury	2,183	81,645	5,420	**89,248**	426	64,741	4,736	**69,903**
Others	-	-	-	**-**	-	-	-	**-**
DOMESTIC CURRENCY	**5,125**	**85,846**	**516,516**	**607,488**	**5,815**	**79,079**	**548,608**	**633,502**
Eletrobrás	10	33,065	234,535	**267,610**	-	30,024	236,537	**266,560**
Financial Institutions	5,115	49,548	268,240	**322,903**	5,815	45,368	300,087	**351,269**
Debt with Pension Fund	-	3,233	13,741	**16,974**	-	3,688	11,985	**15,672**
SUB TOTAL - LOANS AND FINANCING	**7,307**	**167,491**	**521,937**	**696,735**	**6,241**	**143,820**	**553,344**	**703,404**
Debentures	-	5,088	174,036	**179,123**	-	41,045	182,428	**223,473**
DEBT TOTAL	**7,307**	**172,579**	**695,972**	**875,858**	**6,241**	**184,865**	**735,772**	**926,877**

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

ANNEX 6 – CASH FLOW STATEMENT

CONSOLIDATED CASH FLOW (R$MM)	4Q09	1Q10	2Q10	3Q10	4Q10
Cash and Cash Equivalents - Initial Balance	337.6	440.5	523.4	490.8	444.7
CF from Operating Activities					
Net Income	(12.8)	52.5	57.6	43.3	35.5
(+) Non Cash Expenses	23.8	24.1	25.6	26.5	28.5
Changes in Assets	(373.6)	338.0	(48.3)	(54.8)	(50.6)
Changes in Liabilities	181.6	(83.3)	78.3	96.7	87.0
(=) Cash Flow from Operating Activities	**(181.0)**	**331.2**	**113.2**	**111.8**	**100.4**
CF from Investments					
Fixed Assets	(67.1)	(29.6)	(30.9)	(24.1)	(41.3)
Others	7.1	37.5	(16.5)	(98.1)	(59.2)
(=) Cash Flow from Investments	**(60.0)**	**7.9**	**(47.4)**	**(122.2)**	**(100.5)**
CF from Financing					
Loans and Financing	*58.3*	*37.1*	*(41.8)*	*(35.7)*	*105.6*
Dividends	-	-	*(71.0)*	-	-
Capital Increase	*285.8*	*(293.4)*	*14.5*	*0.1*	*(0.1)*
Subsidies	-	-	-	-	-
(=) Cash Flow from Financing	**344.0**	**(256.2)**	**(98.4)**	**(35.6)**	**105.5**
(=) Quarterly Cash Flow	**102.9**	**82.9**	**(32.6)**	**(46.1)**	**105.4**
Cash and Cash Equivalents - Final Balance	440.5	523.4	490.8	444.7	550.1

STATUTORY AUDIT COMMITTEE

The Statutory Audit Committee from EQUATORIAL ENERGIA S.A., in its legal and statutory capacity, in accordance with the ruling in article 163 of law 6404/76, has examined the Annual Management Report, the Financial Statements and the proposed distribution of profits, and analyses of documents for the year ended December 31, 2010.

Our examination of the aforementioned statements was complemented by analyses and documents and mainly by information and clarifications provided by the independent auditors and Company management to the members of the Statutory Audit Council.

Thus, taking into consideration the independent auditors' report, issued on March 29, 2011, by KPMG Auditores Independentes, the members of the Statutory Audit Committee, unanimously, agree that the documents can be presented to the Shareholders in Ordinary General Meeting for decision making purposes.

Rio de Janeiro, March 29, 2011.

Felipe Sousa Bittencourt Paulo Roberto Franceschi Sergio Passos Ribeiro

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Independent auditors' report on the financial statements

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

We have examined the individual and consolidated financial statements of Equatorial Energia S.A. (the Company), identified as the Parent, and Consolidated, respectively, which include the balance sheet at December 31, 2010 and the related statements of income, comprehensive income, changes in shareholders' equity and cash flows for the year then ended and a summary of the main accounting practices and other explanatory information to the financial statements.

Management's responsibility for the financial statements

Company Management is responsible for the preparation and fair presentation of these individual financial statements in accordance with accounting practices adopted in Brazil and the consolidated financial statements in accordance with International Financial Reporting Standards (IFRS) issued by the *International Accounting Standards Board – IASB* and for such internal control as management determines necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

The responsibility of the independent auditors

Our responsibility is to express an opinion on these financial statements based on our audit, conducted in accordance with Brazilian and International Auditing Standards. These standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence for the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of the risk of material misstatement in the financial statements, whether due to fraud or error.

In making those risk assessments we considers internal control relevant to the preparation and fair presentation of the Company's financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of the accounting practices used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion on the individual financial statements

In our opinion, the aforementioned individual financial statements give a true and fair view of the financial position of Equatorial Energia S.A. as of December 31, 2010, its financial performance, and its cash flows for the year then ended, in conformity with accounting practices adopted in Brazil.

Opinion on the consolidated financial statements

In our opinion, the aforementioned consolidated financial statements give a true and fair view of the consolidated financial position of Equatorial Energia S.A. as of December 31, 2010, its consolidated financial performance, and its consolidated cash flows for the year then ended, in conformity with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board – IASB and accounting practices adopted in Brazil.

Emphasis

As reported in Note 3, the individual financial statements were prepared in compliance with accounting practices adopted in Brazil. In the case of Equatorial Energia S.A. these practices differ from IFRS, applicable to separate financial statements, only with respect to the evaluation of investments in subsidiaries, associated companies and joint ventures, using the equity method, whilst for purposes of IFRS, they are valued at cost or fair value.

Other issues

Statement of added value

We have also examined the individual and consolidated statements of added value for the year ended December 31, 2010, which is the responsibility of management, presentation of which is required under Brazilian corporate legislation for public held Companys and as supplementary information by IFRS, which do not require the Statement of added value to be presented. This statement were subject to the same audit procedures described above, and in our opinion, gives a true and fair view, in relation to the financial statements taken as a whole.

Fortaleza, March 29, 2011

KPMG Auditores Independentes
CRC SP-014428/O-6 S-MA

João Alberto da Silva Neto
Contador CRC RS-048980/O-0 S-MA

Equatorial Energia S.A.

(Public held Company)

Balance sheets

December 31, 2010 and 2009

(In thousands of Reais)

		Parent	Parent		Consolidated		
Assets	**Note**	**2010**	**2009**	**01.01.2009**	**2010**	**2009**	**01.01.2009**
Current							
	5						
Cash and Cash Equivalents	6	80,730	78,801	187,258	550,077	440,507	614,654
Consumers and resellers	7	(4)	-	-	455,804	373,569	879,824
Low income	8	-	-	-	17,418	23,115	30,747
Services ordered	12	-	-	-	55,335	18,279	12,291
Allowance for doubtful Receivables	7	-	-	-	(45,831)	(45,112)	(258,192)
Taxes recoverable	9	1,972	130	10,105	48,614	41,797	125,148
Taxes on profits		738	-	-	36,796	4,438	-
Deferred income tax and social contribution	10	-	-	-	-	-	67,623
Prepayments		-	16	23	959	997	1,268
Inventories		-	-	-	7,965	5,520	12,863
Regulatory assets	11	-	-	-	-	-	-
Dividends receivable		37,711	22,095	58,592	-	-	-
Other receivables		13	-	3,495	5,485	3,159	21,618
		121,160	101,042	259,473	1,132,622	866,269	1,507,844
Non Current							
Long term assets							
Consumers and resellers	7	-	-	-	58,177	68,235	102,378
Taxes recoverable	9	2,443	-	210	50,983	57,441	24,505
Taxes on profits		8,170	13,237	-	-	-	-
Deferred income tax and social contribution	10	109	-	-	252,604	253,257	664,593
Prepayments		-	-	-	-	-	-
Ragulatory Assets		-	-	-	-	-	-
Legal deposits		2	2	-	2	2	31,046
Financial Asset		-	-	-	-	-	-
Assets and Rights available for sale		-	-	-	-	522	208
Financial Asset from Concession - net		-	-	-	50,409	33,403	84,802
Other receivables		-	-	-	8,842	8,437	8,800
		10,724	13,239	210	421,017	421,297	916,332
Results from discontinued operations		-	423,443	-	-	359,165	
Property, plant and equipment	14	298	298	293	141,838	131,318	408,741
Investments	12	866,687	811,069	1,126,980	221	221	221
Intangible Assets	15	-	-	-	1,369,227	1,239,270	1,947,348
Deferred Charges	16	-	-	-	-	-	-
Total Assets		998,870	1,349,091	1,386,956	3,064,925	3,017,540	4,780,486

		Parent	Parent		Consolidated		
Liabilities	**Note**	**2010**	**2009**	**01.01.2009**	**2010**	**2009**	**01.01.2009**
Current							
Suppliers	16	151	149	190	174,047	183,065	305,330
Payroll		41	44	37	1,232	764	1,501
Provision for vacation and charges		31	81	82	6,419	5,707	19,626
Financing and borrowings	17	-	-	-	186,806	215,328	90,517
Debentures	18	-	-	-	66,941	7,814	27,836
Regulatery fees		-	-	-	5,434	2,950	37,109
Taxes and contributions payable	20	1,592	1,088	43	38,747	33,795	90,996
Taxes on Profits		-	-	1,577	36,307	-	2,415
Dividends and interest on capital	22	41,468	48,679	69,505	61,354	60,785	112,538
Provision for contingencies	21	-	-	-	27,444	3,316	9,966
Public illumination fees		-	-	-	13,493	15,704	23,679
Regulatory liabilities	11	-	-	-	-	-	-
Research and development and energy efficiency	23	-	-	-	15,890	17,138	68,244
Profit sharing		1,744	6,679	3,036	18,538	20,586	12,054
Other accounts payable		36	13	31	28,516	18,054	46,116
Rest. Capital to Shareholders		-	-	-	-	-	-
Debt Charges		-	-	-	9,009	8,497	19,760
		45,063	56,733	74,500	690,177	593,503	867,687
Non Current							
Financing and borrowings	18	-	-	-	849,877	801,639	944,053
Debentures	19	-	-	-	253,139	267,300	503,687
Taxes and contributions payable	20	-	-	-	84,329	84,230	52,303
Deferred taxes and contributions payable		50	-	-	104,577	86,542	163,192
Provision for contingencies	21	2	2	-	16,901	4,808	247,392
Research and development and energy efficiency	23	-	-	-	28,111	16,624	11,860
Other accounts payable		-	-	-	4,857	4,045	290,974
Regulatory Liabilities		-	-	-	-	-	
Discount on acquisition of investment		-	-	-	-	-	-
		52	2	-	1,341,791	1,265,188	2,213,461
Shareholders' Equity							
Capital	24	566,831	907,485	987,649	566,831	907,485	987,649
Capital reserves	24	11,936	5,003	2,611	11,936	5,003	2,611
Revenue reserves	24	374,988	379,868	322,196	374,988	379,868	322,196
Profit for the year		-	-	-	-	-	-
Adjustments to profit of the year		-	-	-	-	-	-
Accumulated Profit/Loss		-	-	-	-	-	-
Minority Interests		-	-	-	79,202	(133,507)	386,882
		953,755	1,292,356	1,312,456	1,032,957	1,158,849	1,699,338
Minority Interests							
Total Shareholders' Equity		953,755	1,292,356	1,312,456	1,032,957	1,158,849	1,699,338
Total Liabilities		998,870	1,349,091	1,386,956	3,064,925	3,017,540	4,780,486

See the accompanying notes to the financial statements

Equatorial Energia S.A.

(Public held Company)

Statements of income

Years ending December 31, 2010 and 2009

(In Thousands of Reais)

	Note	Parent 2010	Parent 2009	Consolidated 2010	Consolidated 2009
Operational income	25	856	456	2,328,894	2,077,918
Sale of electricity		-	-	1,853,173	1,576,615
Supply of electricity		-	-	42,013	11,905
Operational income				402,200	431,622
Other income		856	456	31,508	57,776
Deductions from operational income		(122)	(65)	(530,010)	(458,428)
ICMS on sales of electricity		-	-	(291,078)	(246,176)
PIS and COFINS		(79)	(42)	(176,102)	(149,278)
Consumer charges		-	-	(56,098)	(39,910)
Quota for RGR		-	-	(15,917)	(17,242)
ISS		(43)	(23)	(1,027)	(636)
Charge for emergency capacity		-	-	13	9
Write off of Regulatory Assets and Liabilities		-	-	3,228	(5,175)
RTE		-	-	(1,365)	-
Others		-	-	8,336	(20)
Operational net income		734	391	1,798,884	1,619,490
Costs of electrical energy service		-	-	(1,105,927)	(1,039,554)
Cost of electrical energy	26	-	-	(552,028)	(470,906)
Electrical energy ourchased for resell		-	-	(469,919)	(383,680)
Charges of use of transmition and distribution system		-	-	(82,109)	(87,226)
Cost of operations	26	-	-	(148,590)	(137,019)
Cost of operation - Personnel		-	-	(20,453)	(11,405)
Cost of operation - Materials		-	-	(5,454)	(5,878)
Cost of operation - Third party services		-	-	(39,510)	(33,241)
Cost of operation - Depreciation and amortization		-	-	(83,134)	(83,398)
Cost of operation - Leasing and rental		-	-	(106)	(33)
Others		-	-	67	(3,064)
Cost of services provided to third parties	26	-	-	(3,109)	(7)
Cost of services provided - Personnel		-	-	-	-
Cost of services provided - Materials		-	-	-	-
Cost of services provided - Third party services		-	-	-	(7)
Others		-	-	(3,109)	-
Cost of Construction		-	-	(402,200)	(431,622)
Gross operational profit		734	391	692,957	579,936
Sales expenses		-	-	(84,929)	(70,679)
Administration expenses		(2,540)	(2,873)	(77,016)	(56,324)
Personnel and management expenses		(11,312)	(11,642)	(21,831)	(14,509)
Allowance for doubtful debts and losses from unrecoverable receivables		-	-	(35,906)	(25,375)
Provision (reversal) for contingencies		-	-	(7,744)	(3,252)
Depreciation and amortization		-	-	(15,360)	(14,195)
Other operational income/expenses		(1,764)	(1,788)	(38,209)	(28,644)
Other non recurring income/expenses		(112)	-	(11,725)	-
Income from services		(14,994)	(15,912)	400,237	366,958
Financial income	26	8,219	7,153	(64,013)	(80,486)
Financial income		8,232	15,474	46,600	57,788
Fines charged on energy sold		-	-	52,817	43,365
Debt charges		-	-	-	-
Monetary and exchange variation		-	-	350	8,987
Interest on borrowings and financing		-	-	(128,329)	(98,368)
Interest on own capital			(7,412)		
Others		(13)	(909)	(35,451)	(92,258)
Equity in income of subsidaries	26	196,140	224,114	8,078	81,144
Operational Income/Expense		188,631	214,964	(348,655)	(212,320)
Operational income		189,365	215,355	344,302	367,616
Profit before income tax and social contribution		189,365	215,355	344,302	367,616
Provisions for taxes		(494)	(167)	(58,204)	(75,827)
Social Contribution	10(c)	(66)	(42)	(36,873)	(34,450)
Income tax	10(c)	(378)	(75)	(45,693)	(81,390)
SUDENE tax incentive	10(c)	-	-	43,207	54,155
Deferred taxes	10(c)	(50)	(50)	(18,845)	(14,142)
Profit before profit sharing		188,871	215,188	286,098	291,789
Net profit before minority interests		188,871	215,188	286,098	291,789
Minority interests		-	-	(97,227)	(76,601)
Reversal of interest on own capital		-	7,412	-	7,412
Net profit for the year		188,871	222,600	188,871	222,600
Profit per share (R$)		1.74	2.10	1.74	2.10
Number of shares at the end of the year		108,480	105,883	108,480	105,883
Net profit for the year per lot of one thousand shares - R$		1.74	2.10	1.74	2.10
Number of shares at end of the year		108,480	105,883	108,480	105,883

See the accompanying notes to the financial statements

Equatorial Energia S.A.

(Public held Company)

Statements of comprehensive income

Years ending December 31, 2010 and 2009

(In Thousands of Reais)

	Parent		Consolidated	
	2010	**2009**	**2010**	**2009**
Net profit before minority interests	188,871	215,188	286,098	291,789
Minority interest	-	-	(97,227)	(76,601)
Reversal of interest on own capital	-	7,412	-	7,412
Net profit for the year	188,871	222,600	188,871	222,600
Other comprehensive income	-	-	-	-
Comprehensive income for the year	188,871	222,600	188,871	222,600
Profit atributable to:				
Controlling shareholders	188,871	222,600	91,644	145,999
Minority interests	-	-	97,227	76,601
	188,871	222,600	188,871	222,600
Net profit for the year per lot of one thousand shares - R$	1.74	2.10	1.74	2.10
Number of shares at end of the year	108,480	105,883	108,480	105,883

See the accompanying notes to the financial statements

Equatorial Energia S.A.

(Public held Company)

Statements of changes in shareholders' equity

Years ending December 31, 2010 and 2009

(In Thousands of Reais)

	Capital	Capital Reserves	Revenue Reserves: Legal	Revenue Reserves: Reserve for investment and expansion	Revenue Reserves: Equity adjustments	Revenue Reserves: Additional Dividends Proposed	Adjustments from inicial Adoption of IFRS	Accumulated Profit/Loss	Total
Balances at January 1, 2009 (represented)	987,649	2,611	28,563	82,303	-	130,936	80,394	-	1,312,456
Approval of proposed dividends	-	-	-	-	-	(130,936)	-	-	(130,936)
Options granted recognized	-	2,392	-	-	-	-	-	-	2,392
Capital increase	2,139	-	-	-	-	-	-	-	2,139
Capital reduction	(82,303)	-	-	-	-	-	-	-	(82,303)
Minority interests	-	-	-	-	-	-	-	-	-
IFRS adjustments	-	-	-	-	-	-	29,250	-	29,250
Net profit for the year (represented)	-	-	-	-	-	-	-	208,991	208,991
Proposed allocations:									-
Legal reserve	-	-	10,450	-	-	-	-	(10,450)	-
Equity valuation adjustments	-	-	-	-	-	-	-	-	-
Retained earning reserves	-	-	-	147,737	-	-	-	(147,737)	-
Dividends	-	-	-	-	-	-	-	(42,221)	(42,221)
Additional dividends	-	-	-	-	-	1,171	-	(1,171)	-
Interest on own capital	-	-	-	-	-		-	(7,412)	(7,412)
Balance at December 31, 2009	907,485	5,003	39,013	230,040	-	1,171	109,644	-	1,292,356
Approval of proposed dividends	-	-	-	-	-	(1,171)	-	-	(1,171)
Options granted recognized	-	6,933	-	-	-	-	-	-	6,933
Capital increase	18,511	-	-	-	-	-	-	-	18,511
Partial spin off of net worth according to EOGM of 29/04/2010	(359,165)	-	-	-	-	-	-	(14,386)	(373,551)
Equity in income of RME in 1T10	-	-	-	-	-	-	-	-	-
Equity valuation adjustments	-	-	-	-	(27,110)	-	(109,644)	-	(136,754)
Net profit for the year	-	-	-	-	-	-	-	188,871	188,871
Proposed allocations:									-
Legal reserve	-	-	8,724	-	-	-	-	(8,724)	-
Retained earning reserves	-	-	-	-	-	-	-		-
Dividends	-	-	-	-	-	-	-	(41,440)	(41,440)
Additional dividends	-	-	-	(30,847)	-	155,168	-	(124,321)	-
Interest on own capital	-	-	-	-	-	-	-	-	-
Balances at December 31, 2010	566,831	11,936	47,737	199,193	(27,110)	155,168	-	-	953,755

See the accompanying notes to the financial statements

Equatorial Energia S.A.

(Public held Company)

Statements of cash flows - Indirect method

Years ending December 31, 2010 and 2009

(In Thousands of Reais)

	Parent		Consolidated	
	2010	**2009**	**2010**	**2009**
Operational activities				
Net profit for the year	188,872	208,991	188,872	207,283
Expenses (income) not affecting cash:				
Depreciation and amortization	-	148	98,357	174,192
Equity in income of subsidaries	(188,061)	(214,153)	-	
Stock Options	6,301	2,392	6,787	2,392
Monetary/Exchange variations - assets and liabilities	-	-	-	109,537
CVA	-	-	-	59,955
Income tax and social contribution credit	-	-	-	(7,134)
Minority interests	-	-	97,225	141,533
Amortization of goodwill	6,308	3,551	6,308	(1,088)
Alowance for doubtful debts and losses	-	-	-	86,953
Provisions for contingencies	-	-	-	18,244
	13,420	929	397,549	791,867
Changes in assets and liabilities				
(Increase) in accounts receivable	4	-	547,352	(149,064)
Decrease in inventories	-	-	1,146	3,751
(Increase) Decrease in taxes recoverable	(114)	(3,104)	61,042	9,885
(Increase) Decrease in other asset accounts	(4,560)	122,056	260,661	58,350
Increase in suppliers	3	(42)	(150,068)	18,784
Increase in taxes	554	(532)	(52,052)	108,626
Increase in accounts payable and provisions	26,326	2,674	(1,332,881)	(177,757)
	22,212	121,052	(664,800)	(127,425)
Net cash generated from operational activities	35,633	121,981	(267,251)	664,442
Investment activities				
Investments	121,427	50,168	5,097	1,416
Goodwill/Discount			(3,109.0)	
Property, plant and equipment	-	(153)	830,259	(490,142)
Deferred charges	469	-	3,454	
Intangible	237,354	-	301,658	1,873
Others	(3,109)	148	-	377
	356,140	50,163	1,137,359	(486,476)
Financial activities				
Capital paid in	(340,654)	(80,164)	(340,654)	(80,164)
Capital reserve	632	-	147	
Equity evaluation adjustments			(14,070)	
Payment of dividends and/or interest on own capital	(49,821)	(200,437)	(62,285)	(286,050)
Amortization of financing and borrowing	-	-	(551,141)	(164,407)
Borrowings and financing obtained	-	-	-	385,977
Net cash generated from (used in) financial activities	(389,844)	(280,601)	(968,003)	(144,644)
Cash generated (used in) the year	1,929	(108,457)	(97,895)	33,322
Increase (Decrease) in cash and cash equivalents				
Cash and cash equivalents at the beginning of the year	78,801	187,258	647,977	614,655
Cash nd cash equivalents at the end of the year	80,730	78,801	550,082	647,977
Increase (Decrease) in cash and cash equivalents	1,929	(108,457)	(97,895)	33,322

See the accompanying notes to the financial statements

Equatorial Energia S.A.

(Public held Company)

Statements of added value

Years ending December 31, 2010 and 2009

(In Thousands of Reais)

	Parent		Consolidated	
	2010	**2009**	**2010**	**2009**
Income				
Sales of goods, products and services	856	456	2,328,894	2,077,918
Other operational income/expenses	(1,764)	(1,788)	(38,209)	(28,644)
Provision for doubtful debts and losses from unrecoverable credits	-	-	(35,906)	(25,375)
Other non recurring income/expenses	(112)	-	(11,725)	-
Provision (reversal) of contingencies	-	-	(7,744)	(3,252)
	(1,020)	(1,332)	2,235,310	2,020,647
Supplies from third parties (including ICMS and IPI)				
Costs of products, good and services sold	-	-	(552,028)	(470,906)
Cost of construction	-	-	(402,200)	(431,622)
Material, energy, third party services and others	(2,540)	(2,873)	(156,590)	(125,239)
Sales expenses and others	-	-	5,198	(2,709)
	(2,540)	(2,873)	(1,105,620)	(1,030,476)
Gross value added (applied)	(3,560)	(4,205)	1,129,690	990,171
Depreciation, amortization and exhaustion	-	-	(98,494)	(97,593)
Net value added (applied) by the company	(3,560)	(4,205)	1,031,196	892,578
Added value received in transfer				
Equity in income of subsidaries	196,140	224,114	8,078	81,144
Reversal of revenue reserves	17,181	-	17,181	-
Financial income	8,232	15,474	99,417	101,153
Others	(13)	(909)	(35,451)	(92,258)
	221,540	238,679	89,225	90,039
Total added value to distribute	217,980	234,474	1,120,421	982,617
Distribution of added value				
Employees				
Direct remuneration	10,800	11,048	63,414	51,733
Benefits	62	88	11,654	6,737
FGTS	21	52	3,941	2,351
Others	429	454	9,934	3,758
	11,312	11,642	88,943	64,579
Taxes				
Federal	573	209	304,445	287,423
State	-	-	291,078	246,176
Municipal	43	23	1,027	636
	616	232	596,550	534,235
Remuneration of third party capital				
Interest	-	-	127,979	89,381
Rents	-	-	3,670	2,633
	-	-	131,649	92,014
Remuneration of own capital				
Interest on own capital	-	7,412	-	-
Dividends	196,608	43,392	196,608	43,392
Retained profits for the year	9,444	171,796	9,444	171,796
Minority interest in retained profits	-	-	97,227	76,601
	206,052	222,600	303,279	291,789
Value added	217,980	234,474	1,120,421	982,617

See the accompanying notes to the financial statements

Equatorial Energia S.A.

(Public held Company)

Notes to the financial statements

Years ended December 31, 2010 and 2009

(In thousands of Reais except when specified)

1 Operations

Equatorial Energia S.A. ("Company" or "Equatorial" or "Parent"), has its registered office in São Luís in the State of Maranhão, and its corporate objectives involve investing in other companies, always in the electrical energy sector, with priority given to operations involving the distribution of electricity.

On April 07, 2008, Equatorial Energia converted its preferred shares into common shares (in the proportion, 1 preferred share to 1 common share) and also grouped its shares, converting 3 common shares into 1 common share. Consequently, Equatorial started to be negotiated on the São Paulo Stock Exchange, under ticker 'EQTL3'. On April 23, 2008, the Company concluded its process to migrate from Corporate Governance Level 2 from BM&FBOVESPA to the New Market.

As reported in the Relevant Fact, dated December 30, 2009, the controllers of Equatorial, FIP PCP, and CEMIG signed a Contract for the Purchase and Sale of Shares and Other Agreements, with Equatorial acting as the consenting intervenient, aimed at the sale of the indirect investment of FIP PCP in Light.

This contract provides that FIP PCP will approve a partial spin off of Equatorial, segregating its investment interest in RME from the Company's other assets, which are its investments in CEMAR, Equatorial Soluções and Geradora de Energia do Norte S.A. This spin off was approved in the Ordinary and Extraordinary General Meeting, held on April 29, 2010 and occurred through the transfer of the Company's investment in RME to another company called Redentor Energia S.A.

The amounts spun off refer mainly to the investment that Equatorial held in RME at the base date, March 31, 2010 for the amount of R$373,552. As a result of the spin off, the equity accounts in Equatorial that decreased were as follows: Investments of R$373,552, capital of R$359,166 and retained earnings of R$14,386.

(In thousand of Reais except when specified)

Redentor's capital is represented only by common shares. Each of the Company's shareholders received one share in Redentor for each share held in the Company. There were no alterations or cancelation of rights of shares issued by Redentor in relation to the shares issued by the Company, since the shares issued by Redentor attributed to the Company's shareholders as a result of the partial spin off are entitled to the same rights and advantages attributed to the shares issued by the Company.

As from August 25, 2010, the shares issued by Redentor have been negotiated separately from the shares issued by the Company, both on the New Market segment for Corporate Governance on BM&FBOVESPA.

There were no alterations or cancelation of rights of shares issued by Redentor in relation to the shares issued by the Company, since the shares issued by Redentor attributed to the Company's shareholders as a result of the partial spin off are entitled to the same rights and advantages attributed to the shares issued by the Company.

2 Group entities

Equatorial holds the following investments:

		Investment interest		
	Note	**2010**	**2009**	**January 01, 2009**
CEMAR	**a.**	65.11%	65.12%	65.14%
RME	**b.**	-	25.00%	25.00%
Geradora de Energia do Norte	**c.**	25.00%	25.00%	25.00%
Equatorial Soluções	**d.**	100.00%	100.00%	-

Companhia Energética do Maranhão ("CEMAR"): a private economic entity, with public stock, whose main activity is the distribution of electrical energy. CEMAR's concession area is the State of Maranhão, and at December 31, 2010, it attended more than 1.7 million clients, covering an area in excess of 333 thousand Km^2. The concession contract for the distribution of electricity, number 060, agreed between the Company and Agência Nacional de Energia Elétrica - ANEEL and CEMAR, is valid until August 2030, and can extended for a further 30 years. At December 31, 2010, the Company held an investment of 65.11% (2009: 65.12%; January 01, 2009: 65.14%) in CEMAR.

Rio Minas Energia Participações S.A. (RME): On February 12, 2008, the Extraordinary General Meeting of Equatorial approved the incorporation of PCP Energia Participações S.A., a company that held an indirect interest of 13.03% in Light S.A., through RME - Rio Minas Energia Participações S.A., in which it held a 25% investment interest and which, through a shareholders' agreement, shared the control of the aforementioned company. The incorporation resulted in the investments in the energy sector in Latin America being concentrated in Equatorial, making it the only vehicle to expand its investment in the electrical energy market, through new investments and acquisitions.

Thus, the Company acquired 25% of RME - Rio Minas Energia Participações S.A., which, at December 31, 2008, held 52.13% of Light S.A. As a result of the spin off, which was approved in the Extraordinary and Ordinary General Meeting, held on April 29, 2010, and implemented through the transfer of the Company's investment in RME to a new company called Redentor Energia S.A., at December 31, 2010, the Company no longer held an investment in the capital of RME (2009: 25.00%; at January 01, 2009: 25.00%).

Geradora de Energia do Norte S.A: now operational, is the company responsible for implanting and operating the thermo-electric plants at Tocantinópolis and Nova Olinda, in the municipal of Miranda do Norte, in the State of Maranhão, with installed capacity of 330 MW, which will provide the energy for the National Interconnected System. On October 01, 2008, Equatorial acquired 25% of the capital in the Company. The consortium that controls Geranorte comprises Equatorial Energia S.A. (25%), Fundo de Investimentos em Participações Brasil Energia (25%) and GNP S.A. (50%). GNP S.A., is owned by Servtec Investimentos e Participações Ltda. (50%) and Companhia Ligna de Investimentos (50%) The control of the Company is shared and governed by the Shareholders' Agreement. At December 31, 2010, the Company held an investment of 25.00% (2009: 25.00%; at January 01, 2009: 25.00%) in Geradora de Energia do Norte.

a. **Equatorial Soluções S.A.:** Equatorial Soluções is a closed public held Company, with its registered office and court in the city of São Luís, State of Maranhão, and its main activities are: a) providing services related to electrical energy, telecommunications and data transmission; b) providing collection services for electricity bills on its own account and for third parties; and c) providing technical services related to the operation, maintenance and planning of third party electrical facilities. At December 31, 2010, the Company held 100.00% (2009:100.00%) of the shares in Equatorial Soluções.

The subsidiaries CEMAR and Equatorial Soluções, and the joint venture Geradora de Energia do Norte, are hereafter referred to in the following notes to the financial statements as "subsidiaries", when referred to together.

3 Base for preparing the financial statements

a. Statement of compliance

These financial statements include:

- The consolidated financial statements prepared in accordance with International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") and also in accordance with accounting practices adopted in Brazil (BR GAAP);

- The individual financial statements of the parent company prepared in accordance with BR GAAP; and

- The financial statements of the subsidiary CEMAR considering the specific legislation issued by the National Agency for Electrical Energy (ANEEL), according to the Accounting Manual for Public Electrical Energy Services, in compliance with the accounting concepts introduced by Laws 11,638/07 and 11.941/09 and CPCs issued in 2009 and 2010.

The individual financial statements of the parent company were prepared in accordance with BR GAAP and for the Group, these practices are different from the IFRS applicable to separate financial statements with respect to the valuation of investments in subsidiaries and joint ventures using the equity method according to BR GAAP, whilst for de IFRS they are valued at cost or their fair values.

However, there is no difference between the consolidated shareholders' equity and the results presented by the Group and the shareholders' equity and the results reported in the individual financial statements of the Parent company. Thus, the consolidated financial statements of the Group and the individual financial statements of the Parent company are presented together, in one set of financial statements.

These are the first consolidated financial statements prepared in accordance with IFRS for which Technical Pronouncement CPC 37 has been adopted.

An explanations of how the transition to IFRS standards affected the Group's equity and financial position is presented in Note 30.

On March 29, 2011, Management Board approved the individual and consolidated financial statements.

b. Basis for measurement

The parent and consolidated financial statements were prepared based on historic cost, except for the following material items recognized in the balance sheets:

- Derivative financial statements stated at fair values through profit or loss;
- Liabilities for share based payments, settled in cash, stated at fair values;
- Assets and liabilities of companies acquired as from January 01, 2009, initially recognized at fair values.
- The actuarial asset for the defined benefit is recognized as the total net assets of the plans, plus the cost of past service not recognized and actuarial losses not recognized, less actuarial gains not recognized and the present value of the defined benefit obligation.

c. Functional currency and currency for presentation purposes

The financial statements are presented in Brazilian Reais, which is the Group's functional currency. All of the financial information reported in Reais has been rounded to the closest thousand, except when stated otherwise.

d. *Use of estimates and judgments*

Preparation of financial statements in accordance with IFRS and the norms issued by the Accounting Pronouncements Committee (CPC) requires Company Management to make judgments, estimates and assumptions that affect the application of accounting policies and the amounts reported for assets, liabilities, income and expenses. The actual results could differ from these estimates.

Estimates and assumptions are revised on a continual basis. Alterations are recognized in the period in which the estimates are revised and in any future periods affected.

The information regarding uncertainties, assumptions and estimates that represent a significant risk of a material adjustment being required within the next financial year is included in the following notes:

- Note 7a – Impairment losses
- Note 10b – Use of tax losses
- Note 19 – Provisions and contingencies
- Note 25 – Measurement of defined benefit liabilities
- Note 27c- Measurement of financial instruments

e. *Restatement of ITRs from 2010 adjusted to 2010 norms*

In compliance with CVM Decision 656, of January 25, 2011, the Company presents the effects on the results and shareholders' equity for the quarters ended 31/03/2009, 30/06/2009, 30/09/2009, 31/03/2010, 30/06/2010 and 30/09/2010, from fully adopting the norms from 2010.

(In thousand of Reais except when specified)

	Parent				Consolidated			
	03.31.2010		03.31.2009		03.31.2010		03.31.2009	
	Shareholders' equity	Net profit	Shareholders' equity	Net profit	Shareholders' equity	Net profit	Shareholders' equity	Net profit
Balance prior to adopting new practices	1,245,594	39,322	1,084,761	64,323	1,245,593	39,322	1,084,761	63,020
Adjustments and reclassifications								
Pre-operational expenses		-		-				-
Partic.in the adjustments 1st adoption IFRS	(16.078)	-	(43,638)	-	(16,078)	13,183	(43,639)	(465)
Regulatory assets and liabilities	-	-	-	-	-		-	
Equity in income of subsidiary	-	13,183	-	(465)	-	-	-	-
Deferred IR and CS	-	-	-	-	-	-	-	-
	(16,078)	13,183	(43,638)	(465)	(16,078)	13,183	(43,639)	(465)
Balances after adopting new practices	1,229,516	52,505	1,041,123	63,858	1,229,515	52,505	1,041,122	62,555

(In thousand of Reais except when specified)

	Parent				Consolidated			
	06.30.2010		06.30.2009		06.30.2010		06.30.2009	
	Shareholders' equity	**Net profit**	**Shareholders' equity**	**Net profit**	**Shareholders' equity**	**Net profit**	**Shareholders' equity**	**Net profit**
Balance prior to adopting new practices	916,203	83,402	1,158,902	137,016	916,203	83,402	1,158,902	134,254
Adjustments and reclassifications								
Pre-operational expenses		-		-		-		-
Partic.in the adjustments 1st adoption IFRS	(2.581)	-	39,248	-	(2,581)	26,680	39,248	3,925
Regulatory assets and liabilities	-	-	-	-				
Equity in income of subsidiary	-	26,680	-	3,925	-	-	-	-
Deferred IR and CS	-	-	-	-	-	-	-	-
	(2,581)	26,680	39,248	3,925	(2,581)	26,680	39,248	3,925
Balances after adopting new practices	913,622	110,082	1,198,150	140,941	913,622	110,082	1,198,150	138,179

(In thousand of Reais except when specified)

	Parent				Consolidated			
	09.30.2010		09.30.2009		09.30.2010		09.30.2009	
	Shareholders' equity	Net profit	Shareholders' equity	Net profit	Shareholders' equity	Net profit	Shareholders' equity	Net profit
Balance prior to adopting new practices	981,572	148,687	1,227,044	204,282	981,572	148,687	1,227,044	200,195
Adjustments and reclassifications								
Partic.in the adjustments 1st adoption IFRS	(24.537)	-	(42,984)	-	-	-	-	-
Regulatory assets and liabilities	-	-	-	-	(24,537)	4,724	(42,984)	189
Equity in income of subsidiary	-	4,724	-	189	-	-	-	-
	(24,537)	4,724	(42,984)	189	(24,537)	4,724	(42,984)	189
Balances after adopting new practices	957,035	153,411	1,184,060	204,471	957,035	153,411	1,184,060	200,384

4 Significant accounting policies

The accounting policies described in detail below have been applied consistently for all of the periods presented in these financial statements and for the preparation of the opening balance sheet prepared at January 01, 2009, for the purpose of transition to IFRS standards and the norms issued by the Accounting Pronouncements Committee – CPC.

a. *Basis of Consolidation*

- ***Subsidiaries***

Subsidiaries are entities in which the Group has the power to determine the financial and operational policies, generally accompanied by an investment in more than half of the voting rights. The existence and effect of possible rights to vote that can be exercised or are convertible are taken into account when evaluating whether the Group controls another entity. The subsidiaries are fully consolidated as from the date on which the control is transferred to the Group. Consolidation is interrupted as from the date that control ends.

The Group uses the acquisition method for accounting for the business combinations.

The consideration for the acquisition of a subsidiary is the fair value of the assets transferred, liabilities incurred and equity instruments issued by the Group. The consideration transferred includes the fair value of any assets or liabilities resulting from a contingent consideration contract, when applicable.

Costs related to acquisitions are recorded to profit or loss as incurred. Identifiable assets and liabilities acquired and contingent liabilities assumed from a business combination are initially stated at fair values at the acquisition date. The Group recognizes minority interest in the investment acquired, at both its fair value and the proportional part of the non controlling investment interest in the fair value of the net assets of the investment acquired. Measurement of the minority interest to be recognized is determined for each acquisition made.

Any excess from the consideration transferred and from the fair value at the acquisition date of any prior investment interest in the investment in relation to the value of the group’s investment in the net identifiable assets acquired is registered as goodwill.

For acquisitions where the group attributes a fair value to the minority interests, the goodwill calculated also includes the value of any minority interest in the investment, and the goodwill is determined considering the investment of the Group and that of the minority interest. When the consideration transferred is less than the fair value of the net assets of the subsidiary acquired, the difference is recognized directly to the statement of income for the year.

Transactions between companies and balances are eliminated unless the operation demonstrates evidence of a loss of value for the asset transferred. The accounting policies of the subsidiaries are altered when necessary to ensure consistency with the policies adopted by the Group.

- ***Jointly controlled operations***

Jointly controlled operations are enterprises whose activities the Company controls, directly or indirectly, together with other investor(s) by means of a contractual agreement which requires unanimous consent for financial and operating decisions. A jointly controlled operation is a joint venture carried on by each venturer using its own assets in pursuit of the joint operations. The consolidated financial statements include the assets that the Group controls and the liabilities it incurs in the course of pursuing the joint operation, and the expenses that the Group incurs and its share of the income that it earns from the joint operation.

- ***Transactions eliminated on consolidation***

  Intra-group balances and transactions and any income and expenses arising from intra-group transactions are eliminated in preparing the consolidated financial statements. Unrealized gains arising from transactions with equity–accounting investees are eliminated against the investment to the extent of the Group’s interest in the investee. Unrealized losses are eliminated in the same way as unrealized gains, but only to the extent that there is no evidence of impairment.

- ***Individual financial statements***

  In the individual financial statements the subsidiaries are recorded using the Equity method. The same adjustments are made in the individual financial statements and in the consolidated financial statements to arrive at the same results and shareholders’ equity attributable to the parent company’s shareholders. In the case of Equatorial Energia the accounting practices adopted in Brazil applicable to the individual financial statements differ from the IFRS applicable to separate financial statements only for valuing investments in subsidiaries and by the equity method, whilst according to IFRS it is cost or fair value.

(In thousand of Reais except when specified)

- ***Minority interest in liabilities and the statement of income.***

Presented below is the statement of the change in the income of the parent company and on consolidation:

	2010	2009	at January 01, 2009
Net profit of parent at December 31	188,781	222,600	308,963
Share based payments - Light (recorded as credit directly to shareholders' equity of the indirect subsidiary Light S.A.).	-		(2,927)
Provision for fine PIS/COFINS (recorded as debit directly to shareholders' equity of indirect subsidiary Light SESA).	-	-	728
Tax effects of IRPJ and CSLL – reversal of P&D and PEE expenses (recorded as credit directly to shareholders' equity of indirect subsidiary light SESA).	-	-	(6,591)
Share based payments - CEMAR (recorded as credit directly to shareholders' equity of subsidiary CEMAR).	-		(27)
Others	-	-	(32)
Net profit on consolidation at December 31	188,781	222,600	300,114

b. *Foreign currency*

Transactions in foreign currency are translated to the functional currencies of the Group at the exchange rate on the dates of each transaction.

Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated into the functional currency at the exchange rate at that date.

The foreign currency gain or loss on monetary items is the difference between the amortized cost in the functional currency at the beginning of the year, adjusted for interest and payments during the period, and the amortized cost in foreign currency translated at the exchange rate at the reporting date.

Non monetary assets and liabilities denominated in foreign currencies that are measured at fair values are retranslated to the functional currency at the exchange rate on the date that the fair value was determined.

The foreign currency differences arising on retranslation are recognized to profit or loss. Non monetary items that are measured in terms of historic costs in foreign currency are translated at the exchange rate on the transaction date.

c. *Statement of income*

Income and expenses are recognized on the accrual basis.

Income from services rendered is rendered when earned. The billing for electricity energy for all consumers is made monthly based on the calendar for reading. Income not billed, which refers to the period between the date of the last reading and the month end, is estimated and recognized as income in the month in which the energy was consumed.

d. *Financial instruments*

a. *Non derivative financial assets*

The Group initially recognizes loans and receivables on the date they originated. All other financial assets (including assets recognized at fair value through profit or loss) are initially recognized on the date of the negotiations when the Company became one of the parties to the contractual rulings for the instrument.

The Group no longer recognizes a financial asset when the contractual rights from the cash flows from the asset have expired, or when the Group transfers the rights to receive the contractual cash flows from a financial asset under a transaction in which essentially all of the risks and benefits of ownership to the financial asset have been transferred.

Any participation that is created or retained by the Group in the financial assets is recognized as an individual asset or liability.

Financial assets and liabilities are compensated and the net value reported in the balance sheet when, and only when, the Company has the legal right to compensate the amounts and intends to liquidate on a net base or to realize the asset and liquidate the liability simultaneously.

The Group has the following non derivative financial assets: financial assets registered at fair value through profit or loss, investments and borrowings and receivables.

- **Financial assets stated at fair value through profit or loss**

A financial asset is stated at fair value through profit or loss when it is classified as held for trading or designed as such at the time of its initial recognition. Financial assets are classified as such when the Group manages these investments and takes purchase and sales decisions based on their fair values in accordance with the risk management and the investment strategy of the Group. The attributable transaction costs are recognized to profit or loss as incurred. Any changes in the fair values of these assets are recognized to profit or loss.

- **Borrowings and receivables**

Loans and receivables are financial assets with fixed or calculated payments that are not quoted on an active market. These assets are initially recognized at fair values plus any attributable transaction costs. After the initial recognition, the loans and receivables are measured at amortized cost using the effective interest method, less any impairment losses.

Loans and receivables include trade accounts receivables and other receivable, including receivables derived from service concession agreements.

- **Cash and cash equivalents**

Cash and cash equivalents include the balances for cash and financial investments, which are highly liquid, and their market values reflect the amounts stated in the balance sheet, and include income earned to the reporting date and are equivalent to their fair values.

- **Non derivative financial liabilities**

The Group initially recognizes debt securities issued and subordinated liabilities on the date they originated. All other financial liabilities (including liabilities recognized at fair value through results) are initially recognized on the date of the negotiations when the Group became one of the parties to the contractual rulings for the instrument. The Group writes off a financial liability when its contractual obligations have been withdrawn, cancelled or expired.

The Company has the following non derivative financial liabilities: loans, financing, debentures, suppliers, and other accounts payable.
These financial liabilities are initially recognized at fair value plus any attributable transaction costs. After the initial recognition, these financial liabilities are stated at amortized cost using the effective interest rate method.

- **Capital**

Common shares - classified to shareholders' equity. Additional costs directly attributable to the issue of shares and share options are recognized as deductions to equity, net of any taxes.

The minimum compulsory dividends as defined in the Statutes are recognized as liabilities.

e. *Consumers and resellers*

Includes the amounts billed to the end consumers, adjusted to present value, when applicable, the income refers to energy consumed and not billed, use of the network, services rendered, plus fines and other credits, to the end of the period, measured on an accruals basis (Note 7).

Provision for impairment losses

Registered for an amount considered sufficient by management to cover possible losses from realizing trade accounts receivable (Note 7a).

f. *Inventories*

Materials held in inventory, classified to current assets, are stated at average purchase cost, adjusted for a provision for losses, when necessary and do not exceed their market values. Whilst materials held in inventory allocated to investments are classified as fixed assets and valued at average purchase cost, net of valued added sales tax (ICMS).

g. *Indemnifiable Asset (Concession)*

The Concession Contract for Public Electrical Energy Services number 60, of August 28, 2000 and subsequent amendments, agreed between the Federal Government (Conceding Power – Granting entity) and the Company (concessionaire – Operator) regulate the exploration of public services related to the distribution of electrical energy by the Company, where:

- The contract establishes which services the operator has to provide and to whom (consumer class) the services should be provided;

- The contract establishes performance standards for rendering the public services, in relation to maintenance and improvements in the quality of services to consumers, and the operator is required, at the time of delivering the concession, to return the infra-structure in the same conditions in which it was received at the time of signing the contracts. In order to comply with these obligations, constant investments are made during the concession period. Therefore, the assets tied to the concession may have been replaced by the end of the concession;

- At the end of the concession period, the assets tied to the infra-structure should be reverted to the Conceding power through an indemnity payment; and

- The price is regulated based on tariff mechanisms established in the concession contracts based on a parametric formula (Parts A and B), and the modules for revising the tariffs are defined, which have to be sufficient to cover costs, amortization of investments and remuneration of the capital invested.

Based on the characteristics established in the concession contract for the distribution of electrical energy by the Company, Management believes it is complying with the terms for application of Technical Interpretation ICPC 01 – Concession Contracts, which provides guidelines on accounting for public service concessions to private operators, in order to reflect the electrical distribution business, covering:

a. Estimated amount of investments made and not amortized or depreciated at the end of the concession classified as a financial asset since it is an unconditional right to receive cash or another financial asset directly from the Conceding Power; and

b. Remaining amount of the financial assets (residual values) classified as an intangible asset given that recovery of such is dependent on the use of the public service, through consumption of energy by consumers, see Note 15.

The infra-structure received or constructed from the distribution activity that was originally represented by the Company's property, plant and equipment and intangible assets is recovered through two cash flows, as follows: (i) part through the consumption of energy by consumers (issue of monthly billing for energy consumed/sold) over the concession period; and (ii) part as indemnity of revertible assets at the end of the concession period, with the latter to be received directly from the Conceding Power or from whom it delegates the task.

This indemnity will be made based on the investment payments tied to revertible assets, still not amortized or depreciated, made for the purpose of guaranteeing the continuity of the service granted.

The Group recognizes a financial asset resulting from a concession contract when it has an unconditional contractual right to receive cash or another equivalent financial asset from the conceding power for the construction or improvement services provided. These financial assets are initially recognized at fair values, after the initial recognition, they are measured at amortized cost.

If the Group is paid for the construction services partially by means of a financial asset or partially by an intangible asset, then each component of the remuneration received or receivable is registered individually and initially recognized at the fair value of the remuneration received or receivable.

h. Intangible assets

- **Goodwill**
  The goodwill resulting from the acquisition of subsidiaries is included to intangible assets.

  When acquisitions were prior to January 01, 2009, the goodwill is calculated at deemet cost, which represents the amount registered according to accounting practices previously adopted.

- **Subsequent measurement**

  Goodwill is measured at cost, less accumulated impairment losses. For investment interests registered based on the equity method, the book value of goodwill is included in the book value of the investment, and any impairment loss in the investment is not allocated to any assets resulting in the goodwill being part of the book value of the investment interest registered using the equity method.

- **Service concession contracts**

  The Group recognizes an intangible asset resulting from a service concession contract when it has the right to charge for the use of that infra-structure from the concession. An intangible asset received as remuneration for services rendered from constructions or improvements under a service concession contract is initially recognized at fair value. After initial recognition, this intangible asset is stated at cost, less accumulated amortization and impairment losses.

- **Other intangible assets**

  Other intangible assets that are acquired by the Group and have a defined useful life are stated at cost, less accumulated amortization and impairment losses.

- **Amortization**

  Amortization is calculated on the acquisition cost of an asset, or another value that replaces the cost, less residual value.

Amortization is recognized to profit or loss on a straight line basis over the estimated useful lives of the intangible assets, which is not goodwill, as from the date that they are available for use. This method best reflects the standard consumption of future economic benefits incorporated within the asset. The estimated useful lives are as follows: (amortization is not calculated on a straight line basis in accordance with CPC. See note EDP for example)

Brands and patents	10-20 years

The useful life of an intangible asset in a service concession contract is the period from when the Group is able to charge the public for the use of the infra-structure until the end of the concession period. The amortization methods, useful lives and residual values are revised at the reporting date of the financial statements and adjusted when necessary.

i. Current and non current liabilities

Current and non current liabilities are stated at known or estimated amounts, plus, when applicable, the corresponding charges and monetary and/or exchange variations incurred up to the balance sheet date. When applicable, current and non-current liabilities are stated at present values, based on the interest rates that reflect the term, the currency and the risk of each transaction. The counter entry of the adjustments to present value is recorded against the accounts in the statement of income that gave rise to the aforementioned liability. The difference between the present value of a transaction and the face value of the liability is appropriated to the statement of income over the period of the transaction, based on the amortized cost and effective interest rate methods.

j. Dividend distribution

The policy for the accounting recognition of dividends is consistent with the norms provided in CPC 25 and ICPC 08, which required that proposed dividends to be paid and which are based on statutory obligations, be registered to current liabilities.
The Company's statute's establish that a minimum of 25% of annual net profit be distributed as dividends. In addition, according to the statutes, the Management Board can decide on the payment of interest on own capital and interim dividends.

Thus, at the reporting date and after the legal allocation, the Company registers a liability equivalent to the minimum compulsory dividend still not distributed during the year, and registers any proposed dividends in excess of the minimum compulsory as "additional dividend proposed" to Shareholders' equity.

Any dividend in addition to the minimum legal compulsory dividend, stated in a proposal from management made prior to the balance sheet date has to recorded to Shareholders' equity in a specific account called "additional dividend proposed". If the proposal is made after the reporting date but before the date of issuing the financial statements, this fact has to be disclosed as a subsequent event.

k. Employee benefits

- **Defined contribution plans**

  A defined contribution plan is a post employment benefit plan, according to which a legal entity pays fixed contributions to a separate entity (pension fund) and does not have a legal or constructive obligation to pay additional amounts. The obligations arising from contributions to defined contribution pension plans are recognized to the profit and loss as employee benefit expenses during the periods in which services are provided by the employees. Anticipated contributions paid are recognized as an asset, provided that a cash reimbursement or reduction to future payments occurs.

The contributions to a defined contribution plan for which maturity is anticipated for 12 months after the end of the period during which the employee provides services are discounted to their present value.

- **Defined benefit plan**

A defined benefit plan is a post employment benefit plan which is not a defined contribution plan. The Group's net liability for defined benefit pension plans is calculated individually for each plan based on the estimated value of the future benefit that the employees earned as return for services rendered in the current period and previous periods; this benefit is discounted to its present value. Any costs of past services not recognized and fair values of any assets from the plan are deduced. The discount rate is the income presented on the reporting date of the financial statements for top line debt securities and whose maturity dates are similar to the terms for the Group's obligations and which are denominated in the same currency in which the benefits are expected to be paid.

The calculation is made annually by a qualified actuary using the forecast unit credit method. When the calculation results in a benefit for the Group, the asset to be recognized is limited to the total of any costs for past services not recognized and the present value of the economic benefits available in the form of future expenses of the plan or a reduction to future contributions to the plan. To calculate the present value of economic benefits, any requirement regarding the minimum costs that have to applied to any of the Group's plans is taken into consideration. An economic benefit is available to the Group if it is realized during the life of the plan, or upon liquidation of the plan's liabilities.

- **Transactions from Share based payments**

  The fair value of benefits from share based payments is recognized on the date of granting the concession, as personnel expenses, with a corresponding increase to Shareholders' equity, for the period during which the employees acquired, unconditionally, the right to the benefits.

  The amount recognized as an expense is adjusted to reflect the number of shares for which there is the expectation that the service conditions and acquisition conditions will be met, such that the final amount recognized as an expense is based on the number shares that do in fact meet the service and acquisition conditions on the date on which the rights to payment are acquired.

l. Provisions

The Group registers provisions, which involve consideration judgment by management, for tax, labor and civil contingencies for which, as a result of a past event, it is probable that economic resources will be required to settle the obligation and a reasonable estimate can be made of the value of this obligation.

The Group is also subject to various civil and labor claims covering a wide range of issues that derive from the normal course of its business activities. The judgment of the Company is based on the opinion of its legal advisors. The provisions are revised and adjusted to take into consideration any changes in the circumstances such as the liability period applicable, conclusions from tax inspections or additional exposure identified, based on new issues or court decisions. The actual results could differ from the estimates.

m. Financial income and expenses

Financial income comprises interest income from funds invested, changes in fair values of financial assets stated at fair value through profit or loss. Interest income is recognized to profit or loss, using the effective interest rate method.

Financial expenses comprise interest expenses on borrowings, net of provisions discounted to present value, variations in fair value on financial stated at fair value through profit or loss. Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognized to profit or loss using the effective interest rate method.

n. *Income tax and social contribution*

Current and deferred income tax and social contribution are calculated based on rates of 15%, plus a surtax of 10% on taxable profit in excess of R$ 240 thousand for income tax and 9% on taxable profit for social contribution on net profit, and consider compensation of tax losses and the negative social contribution base, limited to 30% of taxable profit.

The income tax and social contribution expense includes current and deferred taxes. Current and deferred taxes are recognized to results unless they refer to items directly recognized to shareholders' equity or other comprehensive income. Current tax is the tax payable or receivable anticipated on the taxable profit or loss for the year, at the tax rates decreed or substantially decreed on the reporting date of the financial statements and any adjustments to taxes payable from prior years.

Deferred tax is recognized in relation to temporary differences between the book values of assets and liabilities for accounting purposes and the corresponding values used for tax purposes. Deferred tax is not recognized for the following temporary differences : initial recognition of assets and liabilities from a transaction that is not a business combination and does not affect the accounting or taxable profit or loss. In addition, deferred tax is not recognized for temporary tax differences resulting from the initial recognition of goodwill.

Deferred tax is measured at rates that are expected to be used for the temporary differences when they are reversed, based on the laws that were decreed or substantially decreed to the reporting date of the financial statements.

The deferred income tax and social contribution assets and liabilities are compensated only when there is an unquestionable legal right to compensate current tax assets against current tax liabilities.

A deferred social contribution and income tax asset is recognized for tax credits and temporary differences deductible and not used, when it is probable that future profits subject to taxation will be available and against which the asset will be used.

Deferred social contribution and income tax assets are revised at the reporting date and reduced when realization is no longer probable.

o. Earnings per share

Basic earnings per share is calculated based on net profit or loss attributable to the Group's controlling and non controlling shareholders and the weighted average number of common and preferred shares in circulation during the year.

Diluted earnings per share is determined based on the same weighted average number of shares in circulation, adjusted for instruments potentially convertible into shares, having a dilutive effect, for the years presented.

p. Statements of added value

The Company prepared statements of added value in accordance with technical pronouncement CPC 09 – Statement of Added Value, which are presented as an integral part of the financial statements according to BR GAAP applicable to held Companys, whilst for IFRS these statements represent additional financial information.

When new norms, amendments to norms and interpretations do not have any effect on the Group's financial statements, then it is not considered necessary to list them, since this disclosure is not considered material.

5 Measuring fair value

Several of the Company's policies and disclosures require that fair values be measured, for both financial and non financial assets and liabilities. The fair values have been determined for measurement and/or disclosure purposes based on the methods described below. When applicable, additional information on the assumptions adopted for measuring the fair values is disclosed in the specific note to that asset or liability.

a. Property, plant and equipment

The fair value of property, plant and equipment recognized, is based on market values. The market value of property is the estimated value for which an asset can be exchanged on the valuation date between known parties interested in a transaction under normal market conditions. The fair value of items of property, plant and equipment is based on the market approach and cost approaches using market prices quoted for similar items, when available, and replacement cost when appropriate.

b. Intangible assets

The fair value of intangible assets received as remuneration for energy distribution services rendered determined in a service concession contract is estimated by reference to the fair value of construction services provided. The Company adopts as fair value of construction services rendered the total construction cost, considering Brazilian market practices for electricity distribution, are equivalent to construction income. When the company receives an intangible asset and a financial asset as remuneration for energy distribution services in accordance with the concession of services, the Company estimates the fair value of the intangible asset as the difference between the fair value of the energy distribution services rendered and the fair value of the financial asset received.

The fair value of other intangible assets is based on the fair value of amortization less the fair value of the financial asset.

c. *Inventories*

The fair value of inventories acquired is determined based on the estimated sales price during the normal course of business activities, less estimated conclusion costs and sales expenses and a reasonable profit margin based on the effort required to conclude and sell the inventories.

d. *Investments in equity titles and debt securities*

The fair values of financial assets stated at fair values through profit and loss and borrowings and receivables are determined by reference to the closing prices on the reporting date of the financial statements.

e. *Accounts receivable and other receivables*

The fair values of accounts receivable and other receivables, excluding works in progress, but including receivables from service concession contracts, is estimated as the present value of future cash flows, discounted using the market interest rate on the reporting date. This fair value is determined for disclosure purposes.

f. *Non derivative financial liabilities*

The fair value, which is determined for disclosure purposes, is calculated based on the present value of the principal and future cash flows, discounted using the market interest rate determined at the reporting date of the financial statements. For liability components of convertible debt instruments, the market interest rate is determined by reference to similar liabilities that do not have conversion options. For financing leases, the interest rate is determined by reference to similar leasing contracts.

(In thousand of Reais except when specified)

g. *Share based payments*

The fair values of employee share options and rights over share valuations are measured using the Black-Scholes formula. The assumptions adopted include the share price on the measurement date, the exercise price of the instrument, expected volatility, (based on weighted average historic volatility, adjusted for expected changes due to information that is publically available), the weighted average life of the instruments, (based on past experience and general behavior of the titleholder of the option), expected dividends and a risk free rate (based on government bonds).

Service conditions and performance conditions beyond the market inherent to the transactions are not taken into consideration for determining fair value.

6 Cash and cash equivalent

	Parent			Consolidated		
	2010	2009	January 01, 2009	2010	2009	January 01, 2009
Cash available	38	31	6	25,550	22,885	28,908
Financial investments	80,692	78,770	187,252	524,528	417,622	585,747
Total	80,730	78,801	187,258	550,078	440,507	614,655

Cash and cash equivalent include cash, cash bank deposits and short term financial investments.

The financial investments refer to operations with financial institutions that operate on the domestic financial market and have low credit risk, and are remunerated at normal market rates and conditions, and are available to be used in the Group’s operations, i.e. they are readily available financial assets.

(In thousand of Reais except when specified)

The financial investments are readily convertible into known cash amounts and are subject to an insignificant risk from change in value, and redemption within a period of less than 90 days.

The Group considered these current assets to be equivalent to cash, for purposes of preparing the statement of cash flow.

7 Consumers and resellers

	Consolidated		
	2010	**2009**	**January 01, 2009**
Current			
Supplies billed	264,873	234,314	666,514
Supplies not billed	50,721	41,211	91,987
Installment debts	107,061	81,326	81,059
Subtotal	422,655	356,851	839,560
Sales within the ambit of CCEE (note 7b)	9,004	593	6,019
Supply and charges from use of electricity network	-	6	13,111
Credits recoverable from tariffs	-	-	-
PERCEE	122	119	115
Concessionaries	245	205	304
Services rendered	664	627	969
Checks with collection agencies	1,615	1,355	1,338
Other	21,478	13,813	18,408
Subtotal	33,128	16,718	40,264
	455,783	373,569	879,824

(In thousand of Reais except when specified)

	Consolidated		
	2010	**2009**	**January 01, 2009**
Provision for impairment losses	(45,831)	(45,112)	(258,192)
	409,952	328,457	621,632
Non current			
Sales within the ambit of CCEE (nota 7b)	8,010	8,010	8,010
Installment debts **(1)**	52,902	63,870	94,368
Installment debts – Present value adjustment	(2,735)	(3,645)	,
Checks with collection agencies	3,638	3,638	3,638
Provision for impairment losses	(3,638)	(3,638)	(3,638)
	58,177	68,235	102,378

(1) The debt installments have been adjusted to present values, when applicable, according to Law 11,638/07.

a. *Provisions for doubtful debts*

The provision for doubtful debts is consistent with the criteria defined according to management's best estimate and considering the General Instruction 6.3.2 of the Accounting Manual for Public Electrical Energy services, summarized below:

- **Clients with material debts**

  Individual analysis of the balance receivable from consumers by consumer class, considered difficult to recover.

(In thousand of Reais except when specified)

- **For the remaining cases, the following rules apply:**
  - Residential consumers – overdue for more than 90 days;
  - Commercial consumers - overdue for more than 180 days ; and
  - Rural, industrial consumers, public powers, public illumination and public services and other - overdue for more than 360 days .

The provision for doubtful debts in the subsidiaries was constituted for amounts considered sufficient to cover possible losses on recovery of credits.

The balances overdue and falling due that refer to the supply of electricity billed and the installment debts are distributed as follows:

	2010			
Consolidated	**Balances Due**	**Overdue Up to 90 days**	**Overdue More than 90 days**	**Total**
Residential	26,840	20,524	7,867	55,231
Industrial	31,361	15,042	6,039	52,442
Commercial	11,055	6,557	4,143	21,755
Rural	11,121	11,673	5,109	27,903
Public power	8,113	4,709	3,252	16,074
Public illumination	9,492	13,358	2,962	25,812
Public service	2,024	3,215	606	5,845
Supply billed and installment payments (CP and LP)	100,006	75,078	29,978	205,062

(In thousand of Reais except when specified)

Consolidated	2009 Balances Due	Overdue Up to 90 days	Overdue More than 90 days	Total
Residential	49,182	56,190	9,926	115,298
Industrial	12,205	6,239	3,499	21,943
Commercial	26,482	14,658	4,155	45,295
Rural	4,390	2,732	2,168	9,290
Public power	5,748	9,599	1,539	16,886
Public illumination	6,187	4,840	391	11,418
Public service	7,836	5,183	1,165	14,184
Supply billed and installment payments (CP and LP)	112,030	99,441	22,843	234,314

(In thousand of Reais except when specified)

Consolidated	At January 01, 2009 Balances Due	Overdue Up to 90 days	Overdue More than 90 days	Total
Residential	107,886	78,303	196,385	382,574
Industrial	20,203	14,206	54,042	88,451
Commercial	61,236	25,465	46,720	133,421
Rural	4,274	3,388	2,091	9,753
Public power	14,001	10,624	24,986	49,611
Public illumination	8,200	2,564	9,221	19,985
Public service	75,860	8,323	6,903	91,086
Supply billed and installment payments (CP and LP)	291,660	142,873	340,348	774,881

(*) This table does not include the installments for CEMAR which amount to R$162.451 at December 31, 2010 (R$155.927 at December 31, 2009 and R$70.252 at January 01, 2009).

The subsidiary CEMAR has a balance receivable of R$ 8,010, which is being legally disputed (between the agents CCEE/ ANEEL), and has been evaluated by the legal advisors of this subsidiary as representing a possible loss, therefore, no provision has been registered for this amount. This balance could be altered, depending on the decisions for the legal processes in progress, regarding the interpretation of market rules in force.

(In thousand of Reais except when specified)

8 Low income

On July 01, 2003, ANEEL issued Resolution 320 which added new procedures for homologation of the economic subsidy to consumers that fall within the low income category.

The program *Viva Luz*, created by the government for the State of Maranhão, was launched in November 2009, and the objective is to benefit residential consumers that have monthly consumption of up to 50 kWh, through exemption from paying electricity bills, via repasses from the government to CEMAR.

According to these procedures, at December 31, 2010 CEMAR reported R$17,418 for Low Income and R$80 for *Viva Luz* (2009: R$20.423 and R$2.692 respectively; at January 01, 2009: R$30.747 and R$0 respectively.

9 Taxes recoverable

The short term and long term balances arising from legal retentions or prepayments are demonstrated below:

	Parent Asset			Consolidated Asset		
	2010	**2009**	**at January 01, 2009**	**2010**	**2009**	**at January 01, 2009**
CURRENT						
Tax credits – IRPJ and CSL (a)				-	343	-
IRRF	1,972	-	1,285	6,763	3,163	5,074
ICMS (f)	-	-	-	36,811	38,812	34,814
PIS/COFINS	-	-	-	2	78	1
IRPJ / CSL prepaid	728	-	-	34,814	7	7
IRPJ/CSLL recoverable	10	-	8,690	1,783	1,275	9,421
Social and other charges	-	-	-	241	-	-
Other	-	130	130	4,996	2,557	1,951
Total	2,710	130	10,105	85,410	46,235	51,268

(In thousand of Reais except when specified)

	Parent			Consolidated		
	Asset			Asset		
	2010	**2009**	**at January 01, 2009**	**2010**	**2009**	**at January 01, 2009**
NON CURRENT						
Deferred IRPJ and CSLL (c)	109	-	-	252,604	253,257	259,190
IRPJ CSLL recoverable	8,170	10,685	-	8,170	10,685	-
IR on financial investment	2,284	2,393	-	2,284	2,393	-
ICMS (f)	-	-	-	39,787	41,185	62,198
Others	159	159	-	741	3,178	1,505
	10,722	13,237	-	303,586	310,698	322,893

* The amount of R$5,237 recorded to Others - Current on Consolidation, includes R$4,926 which refers to the REFIS payments, which have been homologated by the Brazilian Revenue Services (RFB).

(1) The subsidiary CEMAR has ICMS credits based on Complementary Law 102, of July 11, 2000, according to which the subsidiary and joint ventures have registered ICMS recoverable CIAP arising from the acquisitions of assets allocated to property, plant and equipment.

(2) In CEMAR, the PIS and COFINS to compensate arise from the non cumulative system established in Law 10,637/02 and 10.833/03, respectively. It should be noted that the PIS and COFINS to compensate included in non current assets refer to the exclusion of ICMS and ISS from the calculation base for these contributions, as provided in injunctions 2006.37.00.005574-3 and 2008.37.00.004357-1, respectively.

(In thousand of Reais except when specified)

(3) In the subsidiary CEMAR, the anticipated corporate income tax (IRPJ) and Social contribution on Net profit (CSLL) correspond to amounts paid, based on monthly estimated values or suspension trial balances, under the terms of article 2 of Law 9,430, of December 27, 1996 and refer to tax credits to compensate arising from reimbursements from financial investments from public organizations

10 Deferred income tax and social contribution

Management has recognized the deferred tax asset arising from tax losses and the negative bases considering the forecast taxable profit of CEMAR, prepared by its Management which indicate that this asset will be realized in less than 10 years. There is no limitation period for the recovery of these deferred tax assets.

Consequently, these tax credits have been recorded to the Company's non current assets, based on expected realization, determined based on the Company's forecast future results, observing the limit of 30% for annual compensation against taxable profits.

a. Composition of income tax and social contribution credits

	Consolidated		
	2010	**2009**	**at January 01, 2009**
Asset - Current and Non current			
IRPJ and CSLL negative base	217,518	218,941	219,488
IRPJ and CSLL temporary differences	38,284	28,595	193,736
Provision for impairment losses on clients	-	-	75,231
Provision for profit sharing	-	-	2,822
Provision for labor contingencies	-	-	14,002
Provision for tax contingencies	-	-	34,015

(In thousand of Reais except when specified)

	Consolidated		
	2010	**2009**	**at January 01, 2009**
Asset - Current and Non current			
Provision for civil contingencies	-	-	23,733
Impacts from adopting law 11,638/07	-	-	4,992
Other provisions	-	-	7,897
Total	255,802	247,536	575,916
(-) Provision for recovery	-	-	(29,616)
Total	255,802	247,536	546,300
Total Current	-	-	67,623
Total Non current	255,802	247,536	478,677

(In thousand of Reais except when specified)

b. *Expected recovery*

The subsidiary CEMAR, based on Management advise, has analyzed its tax losses, accumulated between 1990 and 2005, based on the Corporate income Tax Declaration - DIPJ and the Taxable Profit Register - LALUR, and contracted a tax specialist. As a result, at June 30, 2009, an additional credit was recognized in the balance sheet for the amount of R$ 27,415 complementing the deferred tax asset. The expected recovery of these tax credits is consistent with the limits for the forecast results of CEMAR.

Expected realization	2011	2012	2013	2014	2015	2016 to 2018	Total
Deferred taxes	62,700	19,100	21,000	14,700	19,100	80,918	217,518

Based on technical viability studies that identify full recovery of the deferred taxes, Management estimates that realization of the tax credits of R$217,518 may occur by 2018. Of this amount, the amount of R$62,700 is expected to be realized in 2011 and compensated against the amount determined by Law 11,941 with REFIS IV.

The technical viability studies were prepared by the company, examined by the Statutory Audit Committee and ratified by the Management Board on March 29, 2011

(In thousand of Reais except when specified)

c. *Reconciliation of income tax and social contribution expense:*

The reconciliation of the expense calculated from using the tax rates on the results of the Parent and Consolidated, and the corporate income tax (IRPJ) Social contribution on net profit (CSLL) expense debited to results, for the years 2010; 2009, and at January 01, 2009 is demonstrated below:

	Parent			Consolidated		
	2010	**2009**	**at January 01, 2009**	**2010**	**2009**	**at January 01, 2009**
Profit before IRPJ and CSLL (LAIR)	130,556	215,355	297,415	473,462	510,889	634,357
Results from discontinued operations	-	-	-	-	-	-
Profit sharing	-	)	(3,272)	-		(20,172)
Profit before IRPJ and CSLL (LAIR)	130,556	215,355	294,143	473,462	510,889	614,185
Combined rate for IRPJ and CSLL	34%	34%	34%	34%	34%	34%
IRPJ and CSLL at rates according to legislation in force	(44,389)	(73,221)	(100,009)	(160,977)	(173,703)	(208,823)
Effect of IRPJ and CSLL excluding permanent additions and exclusions	-	-	-	5,264	(1,387)	11,183
Effect of IRPJ and CSLL excluding Equity in income of subsidiary	43,944	73,055	100,009	43,944	73,055	50,996
Difference between calculation bases - IRPJ and CSLL	-	-	-	(47)	(41)	15
Off shore profits (Light)	-	-	-	-	-	(20,290)
Reversal of provision IRPJ and CSLL - deferred	-	-	-	-	-	-
Effect of IRPJ/CSLL on realization of timing differences from prior periods	-	-	-	11,879	-	-
Compensation of tax loss - 30% not recognized to profit or loss	-	-	-	(1,424)	(9,940)	(7,441)
Deferred tax credits not recognized CVM 371/002 - Light S.A	-	-	-			-
Tax incentives	-	-	-	46,762	54,155	47,052
Write off of tax loss – assessment	-	-	-		(18,021)	-
Adjustment for tax incentives prior years	-	-	-	(3,555)	-	-
Others	-	-	-	-		-
Subtotal	(445)	(166)	-	(58,154)	(75,882)	(127,308)
IRPJ and CSLL current to profit or loss	(445)	(166)	-	(37,162)	(61,788)	(57,432)
IRPJ and CSLL deferred to profit or loss	-	-	-	(20,992)	(14,094)	(69,876)
	(445)	(166)	-	(58,154)	(75,883)	(127,308)

(In thousand of Reais except when specified)

11 Related parties

The main asset and liability balances at December 31, 2010 and 2009, and at January 01, 2009, as well as the transactions that affected income for the years, result from operations between the Group, its subsidiaries and related parties, shareholders and related parties, key management staff (managing director and directors) and other related parties, according to CVM Decision 560, of December 11, 2008, which approved CPC 05 – Disclosure of related parties.

			2010			2009			01/jan/09		
Company	**Ref.**	**Nature of operation**	**Asset**	**Liability**	**Results**	**Asset**	**Liability**	**Results**	**Asset**	**Liability**	**Results**
ELETROBRÁS	**(a)**	Borrowings	-	409,357	33,053	-	411,138	20,391	-	340,236	17,957
		Dividends	-	18,577	-	-	33,007	-	-	46,998	-
FASCEMAR	**(b)**	Borrowings	-	24,071	3,269	-	26,071	2,919	-	27,856	3,952
		Private pension	-	-	1,895	-	-	1,630	-	-	1,194
CEMAR	**(c)**	Contract for sharing	-	83	-	-	49	-	-	114	-
		Dividends	-	36,052	-	-	64,052	-	-	91,196	-
LIGHT	**(d)**	Purchase of energy	-	-	-	-	1,107	9,273	-	1,105	8,758
		Use of network	-	-	-	-	1	9	-	-	6
		Dividends		1,383	-	-	-	-	-	-	-
GERAMAR	**(e)**	Purchase of electricity			699	-	-	-	-	-	-
EQUATORIAL SOLUÇÕES	**(f)**	Contract for sharing	27	-	-	-	-	-	-	-	-

(a) The balance with ELETROBRÁS refer to dividends payable and loan contracts with the subsidiary CEMAR. The loan contracts with ELETROBRÁS refer to specific financing lines for the Electricity Sector, and the terms are the same as those practices with other electrical energy distributors in Brazil, see Note 16.

(b) The balance with FASCEMAR refer to borrowings and contributions from the sponsor CEMAR with its Complementary Private Pension Foundation - FASCEMAR. The loans contracts are described in note 16 and the terms of the CEMAR pension plan with FASCEMAR are detailed in note 25.

(c) The amounts between the subsidiary CEMAR and its Parent Equatorial refer to the contract to share human and administrative resources and are allocated in proportion to the respective expenses incurred, with the contract valid for an indeterminate period and dividends receivable.

(d) The amounts with Light Serviços de Eletricidade S.A (Light) refer to contracts to purchase electricity with CEMAR, which have been agreed under normal market terms, and valid as follows: product CCEAR 2005 320-2004 until 2012 and product CCEAR 2006 705-2004 and product 21767 until 2013.

(e) The amount with Geradora de Energia do Norte S.A. ("GERAMAR") refers to the contract to purchase electrical energy with CEMAR, which is agreed under normal market terms. The contract is: contract CCEAR Nº 5555/2007 - 29413N - 29414N valid until 2024.

(f) The amounts with Equatorial Soluções refer to the contract to share human and administrative resources and are allocated in proportion to the respective expenses incurred with CEMAR, valid for an indeterminate period;

The final parent company of the group is PCP Latin America Power S.A.

Total annual remuneration for the members of the Management Board and Company Directors was fixed at R$ 6,000, in the Extraordinary General meeting held on April 29, 2010.

(i) Policy for Remuneration of the Management Board, directors, Statutory Audit Committee.

(In thousand of Reais except when specified)

Details of each item as a proportion of total remuneration, for the year 2010.

Management Board	
Fixed remuneration:	100%
Variable remuneration:	-
Directors	
Fixed remuneration:	14%
Variable remuneration:	86%
Statutory Audit Committee	-
Fixed remuneration:	100%
Variable remuneration:	-

Remuneration paid to the Management Board, Directors and Statutory Audit Committee in 2010:

	EQUATORIAL		
2010	**Management board**	**Statutory directors**	**Total**
Number of members	10	4	14
Fixed annual remuneration	958	892	1,850
Salary or fees	958	892	1,850
Direct and indirect benefits	-	-	-
Remuneration for participation in committees	-	-	-
Other	-	-	-
Variable remuneration	-	5,613	5,613
Bonus	-	5,613	5,613
Profit sharing	-	-	-
Remuneration for participation in meetings	-	-	-
Commissions	-	-	-

2010	EQUATORIAL Management board	Statutory directors	Total
Post employment benefits	-	-	-
Share based remuneration	-	5,481	-
Total remuneration per organization	958	11,986	7,463

Equatorial Energia S.A., the parent of CEMAR, provides guarantees as the guarantor of the Company without onus on the financing contracts listed below:

INSTITUTION	VALUE OF FINANCING	% OF SURETY	START	CONCLUSION	AMOUNT LIBERATED	Balance in 4th TRI10
3rd Public Issue of Debentures	267,300	100	01/03/2007	01/03/2013	267,300	276,881
Agência Especial de Financiamento Industrial - FINAME (40/00221-7)	46	100	20/04/2006	15/05/2013	46	4
Agência Especial de Financiamento Industrial - FINAME (40/00222-5)	388	100	07/07/2006	15/05/2013	388	37
Agência Especial de Financiamento Industrial - FINAME PSI (Simplified)	776	100	25/03/2010	15/10/2019	776	783
Agência Especial de Financiamento Industrial - FINAME PSI (Conventional)	24,811	100	17/08/2010	15/04/2020	8,675	8,731
Banco Nacional de Desenvolvimento Econômico e Social - BNDES (106607040004100)	28,481	100	10/04/2007	15/02/2012	28,481	9,158
Banco Nacional de Desenvolvimento Econômico e Social - BNDES (10/473589-0)	79,663	100	11/03/2008	15/07/2013	79,651	52,173
Banco Nacional de Desenvolvimento Econômico e Social - BNDES (10.2.1736.1)	100,000	100	22/12/2010	15/12/2013	100,000	100,259
Banco do Nordeste do Brasil - BNB	136,076	100	23/11/2005	28/02/2017	136,076	97,994
Banco do Nordeste do Brasil - BNB (193.2007.4165.2386)	9,652	100	06/12/2007	06/12/2012	9,652	4,858
Banco do Nordeste do Brasil - BNB (193.2008.2808.3018)	144,939	100	05/02/2009	05/02/2021	144,939	147,104
Financiadora de Estudos e Projetos - FINEP	2,637	100	13/06/2006	30/06/2013	2,359	1,415
International Finance Corporation – IFC *	135,056	50	01/02/2008	15/01/2016	135,056	120,094
Total	929,825				913,399	819,491

* Exposure Limit of US$40,000,000.00

(In thousand of Reais except when specified)

12 Investments

The main information on the investments in subsidiaries and joint ventures is presented below:

	Parent			Consolidated		
Valued using the equity method:	**2010**	**2009**	**January 01, 2009**	**2010**	**2009**	**January 01, 2009**
CEMAR	817,228	766,893	690,831	-	-	-
RME	-	-	391,960	-	-	-
Geradora de Energia do Norte	48,519	43,990	44,190	-	-	-
Equatorial Soluções	940	186	-	-	-	-
Subtotal	866,687	811,069	1,126,981	-	-	-
Other investments	-	-	-	221	221	221
Subtotal	-	-	-	221	221	221
Total	866,687	811,069	1,126,981	221	221	221

(In thousand of Reais except when specified)

a. Information on the investments in subsidiaries and joint ventures

	CEMAR	RME	Geradora de Energia do Norte	Equatorial Soluções
Balances at January 01, 2009				
Investment in Capital (%)	65.14%	25.00%	25.00%	100.00%
Capital	252,513	709,310	88,020	-
Shareholders' equity	621,405	1,563,050	130,762	-
Results for the year	227,804	549,217	-	-
Balances at December 31, 2009				
Investment in Capital (%)	65.12%	-	25.00%	100.00%
Capital	310.278	-	88.020	1
Shareholders' equity	709.211	-	129.772	186
Results for the year	219.631	-	(990)	186
Balances at December 31, 2010				
Investment in Capital (%)	65.11%	-	25.00%	100.00%
Capital	374.346	-	139.039	370
Shareholders' equity	908.052	-	148.389	740
Results for the year	278.621	-	23.293	842

(In thousand of Reais except when specified)

b. *Changes in investments in subsidiaries and joint ventures:*

	CEMAR	RME	Geramar	Equatorial Soluções	Total
Balances at December 31, 2008 prior to adopting new practices	383,800	286,816	33,505	-	704,121
Equity in income of subsidiary	7,170	71,337	(816)	-	77,691
Dividends	64,147	33,807	-	-	97,954
Reclassification of goodwill	235,714	-	11,500	-	247,214
Balances at January 01, 2009	690,831	391,960	44,189	-	1,126,980
Balances at December 31, 2009 prior to adopting new practices	475,250	359,165	33,505	-	867,920
Equity in income of subsidiary	43,585	-	(1,015)	186	42,756
Dividends	15,897	-		-	15,897
Reclassification of goodwill	232,161	-	11,500	-	243,661
Spin off Investment RME	-	(359,165)	-	-	(359,165)
Balances at December 31, 2009 after adopting new practices	766,893	-	43,990	186	811,069
Balances at December 31, 2010 prior to adopting new practices	591,205	-	37,945	941	630,091
Equity in income of subsidiary	-	-	90	-	90
Reclassification of goodwill	226,023	-	11,331	-	237,354
Equity evaluation adjustment	-	-	(848)	-	(848)
Balances at December 31, 2010 after adopting new practices	817,228	-	48,518	941	866,687

(In thousand of Reais except when specified)

13 Indemnifiable asset (Concession)

CEMAR registered a financial asset receivable from the Conceding Power due to the unconditional right to receive cash at the end of the concession period, as provided in the contract, as indemnity for construction services performed and not received through rendering services related to the concession.

The indemnity will be made based on the investment installments tied to the revertible assets that have not been amortized or depreciated, and which were undertaken for the purpose of guaranteeing the continuity of the service assigned and determined as demonstrated below:

,	**Property, plant and equipment, net**	**Intangible assets, net**	**Indemnifiable asset (Concession)**
Balances originally published at January 01, 2009	1,078,495	47,453	-
Separation of property, plant and equipment and intangible assets according to ICPC 01 and OCPC 05	(1,078,495)	1,069,751	8,745
Balances restated in accordance with ICPC 01 and OCPC 05	-	1,117,204	8,745

(In thousand of Reais except when specified)

The changes in the balances that refer to indemnifiable assets (concession) is presented below:

	January 01, 2009	2009	Write off	Capitalization	2010
Financial asset	76,901	129,120	(1,300)	25,620	153,440
Special obligations	(68,156)	(95,717)	-	(7,314)	(103,031)
Financial asset	8,745	33,403	(1,300)	18,306	50,409

Financial asset	January 01, 2009	2009	Write off	Capitalization	2010
Generation	76,901	129,120	(1,299)	25,620	153,440
Total	76,901	129,120	(1,299)	25,620	153,440
Special obligations	(68,156)	(95,717)	-	-	(103,031)
Net fixed assets	8,745	33,403	(1,299)	25,620	50,409

Cemar’s concession is not onerous, consequently, there are no fixed financial obligations and payments to be made to the Conceding Power.

(In thousand of Reais except when specified)

14 Intangible assets

	Annual average weighted depreciation rates (%)	2010 Costs	2010 Amortization	2010 (-) Obligations tied to concession	2010 Net value	2009 Costs	2009 Amortization	2009 (-) Obligations tied to concession	2009 Net value	January 01, 2009 Net Value
In service	4.00%	2,775,236	(873,337)	(598,618)	1,303,281	2,371,045	(762,327)	(594,860)	1,013,858	1,551,306
On going	-	301,884	-	(235,951)	65,933	363,947	-	(138,535)	225,412	396,042
Total		3,077,120	(873,337)	(834,569)	1,369,214	2,734,992	(762,327)	(733,395)	1,239,270	1,947,348

The Company's intangible asset consists of the right to use assets related to the service concession contract and is being amortized until August 2030, according to ICPC01.

According to articles 63 and 64 of Decree 41.019, of February 26, 1957, the infra-structure used in the distribution of electrical energy is tied to these services, and can not be removed, assigned or given in mortgage guarantee without prior express authorization from ANEEL.

Resolution 20 from ANEEL, of 3, 1999, regulates the separation of assets from the concessions for the Public Service of Electricity, granting prior authorization for the separation of the infra-structure that no longer serves the concession, when available for sale, and determines that the proceeds from the sale should be deposited in a tied bank account for investment in the concession. At December 31, 2010, the value of assets available for sale was R$ 608 (2009: R$ 522).

(In thousand of Reais except when specified)

15 Suppliers

	Parent			Consolidated		
	2010	2009	January 01, 2009	2010	2009	January 01, 2009
Current						
Foreign currency – Repasse Itaipu	-	-	-	-	-	27,934
UTE Norte Fluminense	-	-	-	-	-	20,399
Charges from use of electricity network **(a)**	-	-	-	16,285	17,243	28,133
Sales in the CCEE ambit	-	-	-	-	-	3,279
System services charges	-	-	-	-	-	1,616
Free energy – reimbursement to generators **(b)**	-	-	-	234	261	266
Auction of energy **(c)**	-	-	-	58,829	49,467	74,584
Others	151	149	190	5,790	16,237	1,905
Total	151	149	190	81,138	83,208	158,116
Materials and services	-	-	-	92,909	99,857	147,214
Total	151	149	190	174,047	183,065	305,330

a. Supply of energy and connection charges CEMAR

According to Decree 5,163 of July 30, 2004, which includes the new legislation that regulates the electricity sector, CEMAR negotiated new contracts for the Purchase of Electricity in the Regulated Environment, as described below:

ENERGY CONTRACTED	2008	2009	2010	2011	2012	2013	2014	2015	2016
Auction Chesf	-	-	-	-	-	-	-	-	-
Product 2005/2012	2,930,639	2,922,632	2,922,632	2,922,632	2,930,639	-	-	-	-
Product 2006/2013	1,113,560	1,110,517	1,110,517	1,110,517	1,113,560	1,110,517	-	-	-
Product 2007/2014	406,418	405,307	405,307	405,307	406,418	405,307	405,307	-	-
Product 2008/2015	213,804	212,463	212,463	212,463	213,046	212,463	212,463	212,463	-
Proinfa	59,268	85,915	101,504	101,987	101,987	101,987	101,987	101,987	101,987
MCSD	91,138	91,185	97,814	96,257	95,705	20,107	10,934	7,961	7,982
New 2008/2022/2037	25,604	25,534	25,534	25,579	25,649	25,579	25,579	25,579	25,579
New 2009/2023/2038	-	99,694	99,694	99,694	99,967	99,694	99,694	99,694	99,587
New 2010/2024/2039	-	-	369,847	369,847	370,860	369,847	369,847	369,847	369,847
Auction A-3	-	225,544	219,473	221,594	222,202	221,594	221,594	221,594	222,202
Auction Alternative source	-	-	3,888	3,888	3,899	3,888	3,888	3,888	3,899
Auction A-3 (2007)	-	-	56,940	55,937	56,091	55,937	55,937	55,937	56,091

(In thousand of Reais except when specified)

ENERGY CONTRACTED	2008	2009	2010	2011	2012	2013	2014	2015	2016
Auction A-3 (2008)	-	-	-	117,471	117,793	117,471	117,471	117,471	117,793
Auction A-5 (2006)	-	-	-	162,591	163,037	162,591	162,591	162,591	162,591
Auction A-5 (2007)	-	-	-	-	438,322	437,124	437,124	437,124	437,124
Auction Santo Antonio	-	-	-	-	905	81,259	206,907	310,304	310,304
Auction Jirau	-	-	-	-	-	68,187	127,279	178,163	212,269
Auction A-5 (2008)	-	-	-	-	-	453,617	454,860	453,617	454,860
Auction A-1	16,244	16,199	16,194	16,194	16,238	16,194	16,194	-	-
Adjustment - Auction	79,470	-	-	-	-	-	-	-	-
Total – MWh	4,936,145	5,194,990	5,641,807	5,921,958	6,376,318	3,963,363	3,029,656	2,758,220	2,582,115

b. *Free Energy - Reimbursements to the Generators*

The Directors’ meeting, held on December 15, 2009, ANEEL approved the methodology and the procedures to calculate the balances for Free Electricity and Lost Income from generators and distributors after concluding the charge for the Extraordinary Tariff Recomposition (RTE) for supply charges. However, Resolution 387, of December 15, 2009, published on January 12, 2010, concluded the process to calculate the final balances for Lost Income and Free Energy and defined the values of the reimbursements between the agents, calculated by the companies, that will be validated by the Agency.

c. *Charges for use of electricity network CEMAR*

In 1999, the concessionaries for the distribution of electrical energy signed Contracts for Use of the Transmission System – CUST together with 15 other energy transmitters companies and with the National system Operator - ONS, the organization created to plan and operate the Brazilian electricity system. These contracts require that they pay for the use of transmission assets, resulting from the interconnections of the entire Brazilian electricity transmission system.

(In thousand of Reais except when specified)

16 Financing and borrowings

	Consolidated 2010				
	Current		Non current		
	Principal and Charges	Funding costs to appropriate (*)	Principal and Charges	Funding costs to appropriate (*)	Total
Foreign currency					
Nacional treasury	747	-	7,273	-	8,020
	747	-	7,273	-	8,020
National currency					
Eletrobrás	46,137	-	363,377	-	409,514
IFC	26,594	(266)	93,500	(1,081)	118,747
BNB	23,405	(268)	226,552	(1,571)	248,118
BNDES	28,440	(3)	133,149	(4)	161,582
FINEP	569	(5)	846	(7)	1,403
FINAME	120	-	6,773	-	6,893
Banco ABC	7,019	-	-	-	7,019
Banco Itaú BBA	28,800	-	-	-	28,800
Votorantim	19,311	-	-	-	19,311
	181,142	(542)	831,470	(2,663)	1,009,407
Borrowings - debt with FASCEMAR	5,664	-	18,407	-	24,071
Total borrowings and financing	186,806	(542)	849,877	(2,663)	1,033,478
Debentures	66,941	-	253,139	-	320,080
Total net	253,747	(542)	1,103,016	(2,663)	1,353,558

(In thousand of Reais except when specified)

	2009				
	Current		Non current		
	Principal and Charges	Funding costs to appropriate (*)	Principal and Charges	Funding costs to appropriate (*)	Total
Foreign currency					
Nacional treasury	790	-	8,324	-	9,114
	790	-	8,324	-	9,114
National currency					
Eletrobrás	50,799	-	360,221	-	411,020
IFC	26,625	(265)	114,278	(1,347)	139,291
BNB	28,885	(263)	238,284	(1,840)	265,066
BNDES	28,299	(3)	57,872	(7)	86,161
FINEP	571	(5)	1,411	(11)	1,966
FINAME	98	-	40	-	138
Banco Itaú BBA	5,021	-	-	-	5,021
Itaú	37,000	-	-	-	37,000
Votorantim	32,261	-	-	-	32,261
Financial institutions	13	-	104	-	117
	210,362	(536)	780,534	(3,205)	987,155
Borrowings - debt with FASCEMAR	4,966	-	21,105	-	26,071
Total borrowings and financing	215,328	(536)	801,639	(3,205)	1,013,226
Other debts					
Debentures	7,814	-	267,300	-	275,114
Total net	223,142	(536)	1,068,939	(3,205)	1,288,340

(In thousand of Reais except when specified)

	at January 01, 2009		
	Current Principal and Charges	**Non current Principal and Charges**	**Total**
Foreign currency			
Nacional treasury	6,084	46,996	53,080
Financial institutions	2,065	632	2,697
	8,149	47,628	55,777
National currency			
Eletrobrás	32,895	310,105	342,999
IFC	8,338	133,443	141,781
BNB	19,939	124,652	144,591
BNDES	31,372	170,506	201,877
FINEP	479	1,679	2,158
FINAME	100	136	236
Bradesco	3,504	112,500	116,004
ABN Amro	980	20,000	20,980
Banco ABC	-	-	-
Banco Itaú BBA	-	-	-
Itaú	-	-	-
Votorantim	-	-	-
Financial institutions	71	-	71
	97,678	873,021	970,697
Borrowings – debt with FASCEMAR	4,451	23,405	27,856
Total borrowings and financing	110,278	944,054	1,054,330
Debentures	27,836	503,687	531,523
Total net	138,114	1,447,741	1,585,853

(*) In compliance with Decision 556, of November 12, 2008, which approved CPC 08, the Group appropriated the costs of borrowings as from 2008, to results over the period, based on the amortized cost method.

Balance for National Treasury Debt

The balance with the National Treasury refers to the financing of medium and long term contracts and the interest due to commercial banks and other foreign creditors, not deposited with the Central Bank of Brazil, under the terms of Resolutions 1.541/88 and 1.564/89 from the National Monetary Council - CMN, which were the object of an exchange for a bonus issued by the Federal Government. This debt is guaranteed by CEMAR's income from the supply of electricity. At December 31, 2010 the average effective rate for this operation was 4.46% per annum (4.73% in 2009 and 5.54% at January 01, 2009).

Balance for Debt with ELETROBRÁS:

The contracts with ELETROBRÁS include:

i. Contracts ECF - 2035/00, ECF - 2034/00, ECF - 2033/00, ECF - 1510/97, ECF - 1639/97, ECF - 1645/97, ECF - 1960/99, ECF - 1907/99, ECF - 1908/99 and ECF - 1473/97, with ELETROBRÁS are guaranteed by being tied to income from CEMAR and in some cases, by promissory notes. All of these contracts were renegotiated, on April 27, 2004, through signing the Debt Renegotiation Contract. The main characteristics of the new terms agreed are described in item (c) of this note. At December 31, 2010 the average effective rate for this operation was 14.54% per annum (4.13% per annum and 2009 and 7.6% at January 01, 2009).

ii. On January 9, 2007, the first liberation of the funds under financing contract ECF-2522/2005 was made, which is for a total of R$58,000. The cost of this financing is 7% per annum, with maturity in 7 years, and a grace period of 2 years and amortization over 5 years. At December 31, 2010, the effective average rate for this operation was 7% per annum. These funds are guaranteed by income from CEMAR, and are being used to finance the direct costs of the investments to improve the supply of electricity and expand the system. There are no clauses providing for anticipated liquidation of the amortization installments due.

iii. In January 2009 the first liberation of the funds under financing contract ECF-2724/2008, was made, which is for a total of R$97,686. The cost of this financing is 7% per annum, with maturity in 7 years, and a grace period of 2 years and amortization over 5 years. At December 31, 2010 the effective average rate for this operation was 7% per annum. The effective average rate for this operation was 7% per annum. These funds are guaranteed by income from CEMAR, and are being used to finance the direct costs of the investments to improve the supply of electricity and expand the system. There are no clauses providing for anticipated liquidation of the amortization installments due.

iv. In March 2009, CEMAR agreed a Contract for the Confession of Indebtedness and Debt Recognition ECF-2728/2008, with ELETROBRÁS, for a total of R$30.731, which refers to recognition of the debt derived from the Financing Contract and Concession of Grants ECFS - 0140/2006. The balance for the contract was fully amortized in August 2010.

v In October 2009 the first liberation of the funds under financing contract ECF-2585/2006, was made, which is for a total of R$1.161.. The cost of this financing is 6.5% per annum plus the variation in the RGR, with maturity in 67 months, and a grace period of 7 months and amortization over 60 months. At December 31, 2010 the effective average rate for this operation was 6.5% per annum. These funds are guaranteed by income from CEMAR, and are being used to finance the direct costs of the Project to Improve and Expand the Public Lighting Systems for the municipal of Pinheiro.

Balance of debt with IFC

On February 28, 2008, CEMAR finalized contracting financing of R$135,056 from IFC - International Finance Corporation. The cost of the operation was fixed at 90.9% of CDI, with an additional cost of 1.5% p.a. charged as “Exposure Fee”. The total period for this financing is 8 years, with 2 years grace period. The funds are guaranteed through a trustee assignment over the Company’s receivables and a surety from the parent company Equatorial Energia S.A. At December 31, 2010, the effective rate for this operation was 10.36% per annum (10.48% per annum in 2009 12.75% at January 01, 2009).

According to this contract, CEMAR has to report certain financial indices, to be calculated annually based on the audited financial statements:

- 1st Covenant: Ratio resulting from dividing the NET FINANCIAL DEBT by the EBITDA for the last 12 months, equal to or less than 2.5 (two point five); and
- 2nd Covenant: Ratio resulting from dividing the EBITDA for the last 12 months by the NET FINANCIAL EXPENSES, of greater that or equal to 1.5 (one point five).

For the year ended December 31, 2010, the Company achieved the above indices.

Balance for debt with Banco do Nordeste do Brasil

BNB I – In 2006, Cemar contracted financing from Banco do Nordeste do Brasil – BNB, for the amount of R$136,076, for the purpose of financing investments to reduce technical and commercial losses, improve the quality of the electrical energy supply, expand the distribution system and up date information technology. The funds come from the Fundo Constitucional de Financiamento do Nordeste - FNE. These funds are guaranteed by a bank surety letter, financial investment, tied to income from CEMAR and a guarantee from its parent company Equatorial Energia S.A. At December 31, 2010, the effective rate for this operation was 8.5% per annum (8.5% per annum 2009 and 8.5% at January 01, 2009).

BNB New Head office – In December 2007, Cemar contracted financing from Banco do Nordeste do Brasil, for the amount of R$9,652, for the purpose of financing the construction of the Company’s new head office. The funds come from the Fundo Constitucional de Financiamento do Nordeste - FNE. These funds are guaranteed by a bank surety letter, financial investments and a guarantee from its parent company Equatorial Energia S.A. At December 31, 2010, the effective rate for this operation was 8.5% per annum (8.5% per annum in 2009 and 8.5 per annum at January 01, 2009).

BNB II – In March 2009, CEMAR obtained the first liberation of the loan obtained from Banco do Nordeste do Brasil - BNB, with the total amount being R$144.939 for the purpose of financing investments in its electrical energy distribution network. The funds come from the Fundo Constitucional de Financiamento do Nordeste - FNE. The interest rate from FNE is 8.50% per annum, considering the bonus for no delays in payments of 15%, due on the interest payments. These funds are guaranteed by a bank surety letter, financial investment, tied to income from CEMAR and a guarantee from its parent company Equatorial Energia S.A. At December 31, 2010, the effective rate for this operation was 8.5% per annum (8.5% per annum in 2009).

BNB Giro – In September 2009, CEMAR received liberation of the borrowings obtained from Banco do Nordeste do Brasil - BNB, for the amount of R$7,800, for the purpose of complementing the Company’s working capital funds. The balance for the contract was fully amortized in September 2010.

Balance for Debt with BNDES

On April 10, 2007, CEMAR contracted financing for the amount of R$ 28,481, from Banco Itaú BBA, tied to funds originally repassed by Banco Nacional de Desenvolvimento Econômico e Social - BNDES. The cost of the financing is the TJLP + 4.8% per annum. The total period of the loan is for 5 years , with a grace period of 1 year and amortization over 4 years. These funds are guaranteed by income from CEMAR and a guarantee from Equatorial Energia S.A. and are allocated to financing the implantation of the Program to Combat Electrical Energy Losses from CEMAR’s Distribution System, from the Management System of Distribution Networks - “GEOREDE” and from the ELUCID Commercial System - “UE-COM”. At December 31, 2010, the effective rate for this operation was 10.80% per annum (10.92% per annum in 2009 and 11.05% per annum at January 01, 2009).

According to this contract, CEMAR has to report the following financial indices, to be calculated annually based on the audited financial statements:

- 1st Covenant: Ratio from dividing the net financial debt by the EBITDA, equal to or less than 4.5; and

- 2nd Covenant: Ratio between the net financial debt and the sum of net financial debt and Shareholders' equity of greater that or equal to 0.60.

On March 11, 2008, CEMAR contracted financing for the amount of R$79,663 from Unibanco - União de Bancos Brasileiros S.A., tied to funds originally repassed by Banco Nacional de Desenvolvimento Econômico e Social - BNDES. The cost of the financing is the TJLP + 3.6% per annum. The total period of the loan is for 5 years, with a grace period of 1 year and amortization over 4 years. These funds are guaranteed by income from CEMAR, of up to 3.47% of its net income and a guarantee from Equatorial Energia S.A., and are allocated to financing the implantation of the "Expansion and Operational Quality of CEMAR" project, with investments aimed at combating commercial electricity losses, making new connections for consumers and up dating the company's technology. At December 31, 2010, the effective rate for this operation was 9.60% per annum (9.72% per annum in 2009 and 9.85% per annum at January 01, 2009).

For the year ended December 31, 2010, the Company achieved the above indices.

On December 09, 2010, CEMAR contracted financing for the amount of R$100,000 from Banco de Nacional de Desenvolvimento Econômico e Social – BNDES, tied to funds originating from the Workers' Support Fund (Fundo de Amparo ao Trabalhador) – FAT and the Participation Fund– PIS/PASEP. These funds were liberated in a single installment, on December 22, 2010. The cost of the financing is the TJLP + 4.91% per annum. The total period of the loan is for 3 years, with a grace period of 1 year and amortization over 2 years. These funds are guaranteed by income from CEMAR and a guarantee from Equatorial Energia S.A., and are allocated to finance part of the Company's working capital in 2011 and 2012. At December 31, 2010, the effective rate for this operation was 10.91% per annum.

According to this contract, CEMAR has to report the following financial indices, to be calculated annually based on the audited financial statements:

- 1st Covenant: Ratio from dividing the net financial debt by the EBITDA, equal to or less than 3.0; and

- 2nd Covenant: Ratio between the net financial debt, and the sum of net financial debt and Shareholders' equity of greater that or equal to 0.70.

For the year ended December 31, 2010, the Company achieved the above indices.

Balance of debt with FINEP

In December 2009, CEMAR received the last installment from this loan, for the amount of R$278, resulting in a total of R$2,637, which bears interest at the TJLP + 2% per annum, and is allocated to financing investments to optimize the performance of the distribution network and energy efficiency programs. The total period of the loan is for 7 with a grace period of 2 and amortization in 61 installments. This financing is guaranteed by income and a surety from the Group. At December 31, 2010, At December 31, 2010, the effective rate for this operation was 8.00% per annum. (8.12% per annum in 2009 and 8.25% at January 01, 2009).

Balance for debt with FINAME (simplified)

In September 2009, CEMAR contracted Bank Credit Notes, numbers 665897, 665904, 665919, 665928, 665930, 665940, 665952 and 665961, which amounted to R$776, from Banco Votorantim, tied to funds originating from repasses from Agência Especial de Financiamento Industrial - FINAME from Banco Nacional de Desenvolvimento Econômico e Social - BNDES. The cost of the financing is the 4.5% per annum. The total period of this financing is for 10 years, with a grace period of 2 year and amortization over 8 years. These funds are guaranteed by chattel mortgage and a guarantee from Equatorial Energia S.A., and are allocated to finance investments in key switches, transformers, measurers, fuse switches and isolators. At December 31, 2010, the effective rate for this operation was 4.5% per annum.

Balance for debt with FINAME (conventional)

In March 2010, CEMAR contracted Bank Credit Notes, numbers 664704, 664728, 664730, 664740, 664761, 664824 and 664839, which amounted to R$24,811l, from Banco Votorantim, tied to funds originating from repasses from Agência Especial de Financiamento Industrial - FINAME from Banco Nacional de Desenvolvimento Econômico e Social - BNDES. The cost of the financing is the 4.5% per annum. The total period of this financing is for 10 years, with a grace period of 2 year and amortization over 8 years. These funds are guaranteed by chattel mortgage and a guarantee from Equatorial Energia S.A., and are allocated to finance investments in key switches, transformers, measurers, fuse switches and isolators. At December 31, 2010, CEMAR had received liberations of funds amounting to R$8,675. At December 31, 2010, the effective rate for this operation was 4.5% per annum.

Balance for debt with FASCEMAR

On March 20, 2001, the contract for the debt confession between CEMAR and FASCEMAR - Fundação de Assistência e Seguridade dos Servidores da CEMAR, the Complementary Private Pension Fund, was renegotiated The generating fact for such was the debt that CEMAR had with FASCEMAR, as a results of the retentions and delays in repassing its contributions as the sponsor of the Fund. This debt is guarantee by receivables from CEMAR. The debt resulting from this contract is being paid in 168 monthly, consecutive installments, as from April 2001, and bears interest of 102% of DI over extra group, calculated and published daily by the CETIP. At December 31, 2010, the effective rate for this operation was 9.95% per annum (10.07% per annum and 12.63% at January 01, 2009).

a. *Covenants*

The subsidiary CEMAR has borrowings and financing (BNDES, IFC and 3rd issue of Debentures, CCB Bradesco, ABN Amro and BNDES-FINEN) which require that certain indices for indebtedness and interest coverage be achieved. At December 31, 2010, CEMAR had achieved all of the contractual indices required.

(In thousand of Reais except when specified)

b. Division of installments for borrowings, financing and Debentures falling due Current and Non current (not including financial charges)

The installments for the principal sum (excluding charges) for the borrowings and financing, note 18, mature as follows:

	Consolidated						
	2010			2009			
Value of debt	Domestic currency	Foreign currency	Total	Domestic currency	Foreign currency	Total	January 01, 2009
2009	-	-	-	-	-	-	138,450
2010	-	-	-	231,384	791	232,175	
2011	262,551	747	263,298	-	-	-	-
Total Current	262,551	747	263,298	231,384	791	232,175	138,450
2010							152,528
2011				170,139	702	170,841	236,121
2012	226,629	493	227,122	166,731	516	167,247	228,586
2013	339,375	316	339,691	278,544	331	278,875	378,302
2014	113,474	157	113,631	102,005	165	102,170	-
2015	108,768	-	108,768	-	-	-	-
2016	74,715		74,715			-	-
after 2016	235,443	6,307	241,750	346,400	6,611	353,011	453,930
Total Non current	1,098,404	7,273	1,105,677	1,063,819	8,325	1,072,144	1,449,467

(In thousand of Reais except when specified)

c. *Statement of debts*

			Consolidated			
Financier	**Date of signing**	**Currency/ index**	**Interest rate**	**2010**	**2009**	**January 01, 2009**
TN – Par Bond	29/04/1996	*US$*	6.0000%	-	3,943	23,033
TN – Pledge – Par Bond	29/04/1996	*US$*	U$ Treasury	-	(8,765)	(10,877)
TN - Discount Bond	29/04/1996	*US$*	Libor + 13/16	-	2,727	15,994
TN – Pledge – Discount Bond	29/04/1996	*US$*	U$ Treasury	-	(6,149)	(7,630)
TN – C. Bond	29/04/1996	*US$*	8.0000%	-	1,514	10,812
TN - Flirb	29/04/1996	*US$*	Libor + 13/16	-	-	292
TN - Debit. Conv.	29/04/1996	*US$*	Libor + 7/8	-		7,640
TN – New Money	29/04/1996	*US$*	Libor + 7/8	-	-	288
TN – Bib	26/04/1996	*US$*	6,0000%	-	-	358
BNDES – Imports	27/03/1998	*Umbndes*	BNDES basket + 4%	-	-	599
Societe Generale II	20/07/2000	*US$*	Libor + 0.65%	-	-	1,102
KFW III, IV and V – Tranche A/B/C	03/11/2000	*US$*	Libor + 0.65%	-	-	995
TN - Par Bond	15/04/1994	*US$*	US$ + 6% p .a	3,763	-	3,641
TN - Discount Bond	15/04/1994	*US$*	US$ + (Libor/Sem + 13/16% p. a.)	2,600	-	5,219
TN - Flirb	15/04/1994	*US$*	US$ + (Libor/Sem + 13/16% p. a.)	-	-	66
TN - C. Bond	15/04/1994	*US$*	US$ + 8% p .a	1,124	-	2,440
TN - Debit. Conv.	15/04/1994	*US$*	US$ + (Libor/Sem + 7/8% p. a.)	533	930	1,740
TN – New Money	15/04/1994	*US$*	US$ + (Libor/sem + 7/8 p.a	-	-	66
				8,020	(5,800)	55,778
Foreign currency						
ELETROBRÁS	Various	UFIR	5% p.a.	-	-	2,763
BNDES	05/11/2007	TJLP	TJLP + 4.3% p.a.	-	-	108,266
CCB Bradesco	18/10/2007	CDI	CDI + 0.85%	-	-	116,004
Various bank bonds				-	-	71
BNDES Proesco	12/12/2008	TJLP	TJLP + 2.5% p.a.	-	-	148
BNDES II	11/03/2008	TJLP	TJLP + 3.6% p. a.	52,173	72,369	68,649
ELETROBRÁS	27/04/2004	RGR, FINEL and IGP-M	Various	409,514	411,020	340,236
BNDES - FINEN	10/04/2007	TJLP	TJLP + 4.8% p. a.	9,157	17,007	24,826
BNDES – FINAME direto PSI				9,514	-	-
BNDES - PEC				100,259	-	-

(In thousand of Reais except when specified)

			Consolidated			
Financier	**Date of signing**	**Currency/ index**	**Interest rate**	**2010**	**2009**	**January 01, 2009**
BNB	23/11/2005	FNE	9.78% a. a.	97,995	116,515	135,027
FASCEMAR	20/04/2001	CDI	102% CDI	24,071	26,071	27,856
FINEP	13/06/2006	TJLP	TJLP + 2% p. a.	1,415	1,982	2,179
FINAME	20/04/2006	TJLP	TJLP + 9.5% p. a.	41	138	235
BNB - NEW SEDE	06/12/2007	FNE	9.78% p. a.	4,858	7,287	9,716
BNB - GIRO				-	5,909	-
BNB II	05/02/2009			147,104	137,458	-
IFC	01/02/2008	CDI	90.9% do CDI + 1.5% p.a.	120,094	140,903	143,659
Debentures 3rd issue				276,881	-	-
Debentures				43,199	-	-
Banco ABC				7,019	-	-
Itaú BBA	01/09/2009	CDI		28,800	5,021	-
Itaú	Various	CDI		-	37,000	-
Votorantin	Various	CDI		28,862	41,292	-
Financial institutions				-	117	-
Working capital – ABN Amro Fianlas bancárias diversas	27/08/2008	CDI	CDI + 0.95%	-	20,650	20,980
Domestic currency				1,360,956	1,040,739	1,000,615
SWAP				-	-	2,064
Total (excluding funding costs to amortize)				1.368.976	1.034.939	1,056,393
Current				262,551	204,063	110,276
Non current				1,105,678	825,140	945,053

d. Program for Universalization of Access and Use of Electricity in the Rural Zones:

ANEEL, through Resolution 223, of April 29, 2003, altered by Resolutions 52, of March 25, 2004, and 175, of November 28, 2005 established the general conditions for preparing the Plans for the Universalization of Electricity, aimed at attending new consumers, or increasing the electricity charge, regulating the rulings in articles 14 and 15 of Law 10,438, of April 26, 2002, and fixed the responsibilities of the concessionaries and license holders of the public service for the distribution of electricity. Law 10.762, of November 11, 2003, altered the priority for attending the municipals, giving emphasis to municipals with lower electricity service index and limited this attendance only to new units, with low voltage connection (less than 2.3 KW), with installed electric charge of up to 50 KW.

Since the start of the program in 2004, CEMAR has invested R$1,212,256 (R$978,378 in 2009; and R$766,543 at January 01, 2009) in the Universalization Program.

Light For All Program

Decree 4,873, of November 11, 2003, introduced the *Light for All* Program - PLPT, within the ambit of the Universalization Program, aimed at providing, by 2010, electricity to that part of the Brazilian rural population that still did not have access to this public service. The program is coordinated by the Ministry of Mines and Energy - MME and implemented through participation from Centrais Elétricas Brasileiras S.A. - ELETROBRÁS and the companies that comprise the ELETROBRÁS systems.

In August 2008, CEMAR and ELETROBRÁS signed contract number ECFS 236/2008 – 4th Tranche, which refers to the 4th stage of the Program, anticipating attending more than 67,136 consumers. The total value of the contract is for up to R$338,597, with R$ 101,579 liberated at the time of signing the contract. In April 2009, CEMAR obtained the second liberation, for the amount of R$67,719, in September 2009 the third liberation for the amount of R$67,719 and in December 2009 the fourth liberation for the amount of R$67,719, amounting to a total R$304,738. In December 2010, the effective rate for this operation was 6% per annum (6% per annum in 2009 and 6% at January 01, 2009).

(In thousand of Reais except when specified)

In January 2010, CEMAR and ELETROBRÁS signed contract ECFS number 281/2009 – 5th Tranche, which refers to the 5th stage of the Program, anticipating attending more than 37,647 consumers. The total value of the contract is for up to R$309,791, with R$92,937 liberated at the time of signing the contract. In June 2010, CEMAR obtained the second liberation, for the amount of R$61,958, amounting to a total R$154.895. At December 31, 2010, the effective rate for this operation was 6% per annum

The funds from ELETROBRÁS originated as follows:

- The amount of up to 13.21% of the total cost of the respective works from the contract stated above, for the amount of up to R$1,204,539, excluding the costs from labor, transport and own administration, which will be obtained through funds from the Global Reversal Reserve - RGR, which corresponds to the credit concession, for the amount of up to R$159,120; and

- The total amount of up to 86.79% of the total cost of the respective works, excluding the costs from labor, transport and own administration, which will be obtained through funds from the Energy Development Account - CDE, which corresponds to the concession of credit for the amount of up to R$1,045,419, as economic subsidies, according to Law 10,762, of November 11, 2003.

Since the start of the program in 2004, CEMAR has received a total of R$881.637 thousand, which refers to funds from CDE, and R$134,147 thousand, which refers to funds from RGR, with details of the contracts signed presented in the following table:

Contract	RGR installment	% RGR	CDE installment	% CDE	TOTAL
ECFS 027/2004	13,437	13.33%	87,341	86.67%	100,778
ECFS 140/2006	23,512	13.33%	152,829	86.67%	176,341
ECFS 176/2007	37,204	13.33%	241,827	86.67%	279,031
ECFS 236/2008	40,632	13.33%	264,106	86.67%	304,738
ECFS 281/2008	19,362	12.50%	135,533	87.50%	154,895
Total	134,147	13.21%	881,636	86.79%	1,015,783

(In thousand of Reais except when specified)

17 Debentures

	Consolidated		
	January 01, 2009		
	Current Principal and Charges	Non current Principal and Charges	Total
Debentures	27,836	503,687	531,523

	Consolidated		
	2009		
	Current Principal and Charges	Non current Principal and Charges	Total
Debentures	7,814	267,300	275,114

	Consolidated				
	2010				
	Current		Non current		
	Principal and Charges	Funding costs to appropriate	Principal and Charges	Funding costs to appropriate	Total
Debentures	56,409	10,532	253,139	-	320,080

(In thousand of Reais except when specified)

Third Debenture Issue - CEMAR

On March 28, 2007, the public distribution of the 3rd issue of Debentures, non convertible into shares in CEMAR was concluded. The priority for the funds obtained, for the amount of R$267,300, is mainly to make prepayments of existing debts that have more onerous conditions for the Company, and the excess funds are to implement the Company's investment program. In April 2007, prepayments were made for the amount of R$257,902, which included the contracts with Eletrobrás (2035/00); Eletronorte (protocol); Eletronorte (supply), 2nd issue of Debentures, Concórdia CCV and Fundo CCV. At December 31, 2010, the effect of this operation was 10.32% per annum (10.45% per annum in 2009 and 13.1% per annum at January 01, 2009). At December 31, 2010, the long term Debentures represented the amount of R$213,840, and maturity is programmed as follows:

Maturity	**Value**	**%**
2012	53,460	25%
2013	160,380	75%
Total	213,840	100.00%

Debentures Geradora de Energia do Norte

Financing in the form of FDA - Fundo de Desenvolvimento da Amazônia, governed by SUDAM - Superintendência de Desenvolvimento da Amazônia, for the total amount of R$334.057 was signed on November 23, 2009. It is corrected by the TJLP, plus 0.85% p.a. plus 0.15% of del credere, with amortization over 180 months. At December 31, of this amount, R$171,031 had been liberated, through the issue of 171,031,408 Debentures.

(In thousand of Reais except when specified)

The debentures have a real guarantee and personal guarantee by surety, and are convertible into preferred or common shares, if this option is expressed at the time of maturity of the six monthly installments by SUDAM, limited to 15% of each installment programmed. This financing is also guaranteed by the shareholders, by means of a pledge for the Plant and credit rights from CCEAR. The Company anticipates receiving the amount of R$163,026, for the balance for the register of debentures agreed with FDA – Amazon Development Fund, during the last quarter of 2010, and also a long term financing contract, which is at the final negotiation stage with Banco do Nordeste S/A, in the form of a FNE, for approximately R$ 83,000, Company management anticipates balancing its working capital, balancing the ratio between current asset and liabilities .

18 Taxes and contributions payable

	Parent Liabilities			Consolidated Liabilities		
	2010	**2009**	**January 01, 2009**	**2010**	**2009**	**January 01, 2009**
CURRENT						
IRRF	963	2	-	977	3	1
ICMS (f)	-	-	-	19,554	18,373	22,608
PIS/COFINS	48	-	-	8,181	6,878	19,735
PIS/COFINS –PAES installments (Refis II) (d)	-	-	-	-	-	675
INSS –PAES installments (Refis II) (d)	-	-	-	-	-	2,068
REFIS/PAES	-	-	-	1,128	1,129	1,604
Prepaid IRPJ / CSL		-	-	-	-	35,849
Provision for IRPJ / CSL	522	77	-	38,729	567	838
IRRF on JCP	-	960	1,577	-	960	1,577
Social charges and others	-	42	42	5,043	4,507	4,706
Other	59	7	1	1,442	1,378	3,750
Total	1,592	1,088	1,620	75,054	33,795	93,411

(In thousand of Reais except when specified)

	Parent Liabilities			Consolidated Liabilities		
	2010	**2009**	**January 01, 2009**	**2010**	**2009**	**January 01, 2009**
NON CURRENT						
Deferred IRPJ and CSLL (c)	50	47	-	104,577	86,542	163,192
IRPJ and CSL – unearned foreign profits (e)	-	-	-	-	-	30,010
PIS/COFINS –PAES installments (Refis II) (d)	-	-	-	-	-	2,364
REFIS/PAES	-	-	-	83,536	83,536	12,077
Other	-	-	-	793	694	614
INSS –PAES installments (Refis II) (d)	-	-	-	-	-	7,238
	50	47	-	188,906	170,772	215,495

a. *Tax Recovery Program - REFIS*

	2010	**2009**	**January 01, 2009**
Current liability	1,129	1,129	1,604
Non current liability	83,536	83,536	12,077
Total	84,665	84,665	13,681

Installment payment of taxes - Law 11.941/09

On November, 2009, CEMAR formalized its adhesion to the installment payments, considered in art. 1 of Law 11,941/2009, resulting in the compulsory and definitive withdrawal from the Special Installment payments system - PAES. Under the terms of the norms applicable to the new installment payment system, the remaining balance for the consolidated debts for special installments - PAES are to be paid in up to 180 monthly installments. Consolidation of these debts is pending conclusion by the Brazilian Revenue Services RFB.

(In thousand of Reais except when specified)

The main benefits from adhering to this new REFIS include a reduction to interest and fines for the amount of R$24,756, the possibility of settling the remaining balance for interest and fines from using tax losses, and the payment of the cash installment. The initial amount included in the REFIS was R$72,522. Given that R$34,028 will compensated by tax losses, the effective installments that will result in future cash expenses amount to R$ 38,494. This had an effect on the results for 2009 R$ 72,522, which was recognized to the following accounts:

Financial expenses	(58.784)
Income tax and social contribution	(38.260)
Other operational income	24.756
Other operational expenses	(234)

This debt, for the amount of R$38,494 will be settled in 180 installments. Consolidation of these debts is pending conclusion from the Brazilian Internal Revenue Services (RFB).

The REFIS payments, for the amount of R$2,194, have been recorded to other taxes recoverable until consolidation of the debts to be included in the installment payments has been homologated.

19 Provision for contingencies

CEMAR is the defendant in various judicial and administrative processes with various courts and government entities, arising from the normal course of its operations, involving tax, labor and civil aspects and other issues.

(In thousand of Reais except when specified)

Management, based on information from its legal advisors, analyses of pending legal demands, and with respect to labor claims, based on its prior experience of amounts claimed, has registered a provision for an amount considered sufficient to cover the probable estimated losses estimated from on going claims, as follows:

	2010			2009			January 01, 2009		
	Value of claims	**Legal deposits**	**Net provision**	**Value of claims**	**Legal deposits**	**Net provision**	**Value of claims**	**Legal deposits**	**Net provision**
Civil and tax	125,586	98480	27,106	92,476	73,240	19,236	74068	55720	18348
Labor	27,963	14,031	13,932	8,638	22,690	-14,052	11,814	8,349	3,465
Regulatory	3,305	-	3,305	2,938	-	2,938	1,067	-	1,067
	156,854	112,511	44,343	104,052	95,930	8,122	86,949	64,069	22,880
Current	38,138	10,694	27,444	15,203	11,887	3,316	15,523	6117	9,406
Non current	118,716	101817	16,899	88,849	84,043	4,806	71,426	57,952	13,474
	156,854	112,511	44,343	104,052	95,930	8,122	86,949	64,069	22,880

(In thousand of Reais except when specified)

The contingent liabilities are reported net of legal deposits, however, not all of the legal deposits are necessarily related to the contingent demands, since they may result from claims by CEMAR.

Changes in processes during the year

	January 01, 2009	2009				
	Opening balance	Addition to provision	Used (1)	Reversal (2)	Correction (3)	Closing balance
Civil and tax	32,494	7,394	(11,020)	(729)	-	28,139
Labor	11,814	1,495	(4,671)	-	-	8,638
Regulatory	1,067	2,963	(951)	(141)	-	2,938
	45,375	11,852	(16,642)	(870)	-	39,715

	2009	2010				
	Opening balance	Addition to provision	Used (1)	Reversal (2)	Correction (3)	Closing balance
Civil and tax	28,139	30,039	(24,319)	(15,022)	15,632	34,469
Labor	8,638	21,370	(8,690)	(28)	6,673	27,963
Regulatory	2,938	1,584	(652)	(565)	-	3,305
	39,715	52,993	(33,661)	(15,615)	22,305	65,737

(1) Effective costs from legal contingencies.

(2) Reversals made during the year.

(3) Monetary corrections.

Labor

Represented by claims filed by ex-employees against CEMAR, involving demands for overtime, danger risk supplements, equal pay and/or salary adjustments and others, and also claims filed by ex-employees of its contractors (joint responsibility) involving claims for indemnity and other.

Civil and tax

The most significant contingency informed in the last quarter for the amount of R$ 14,242 refers to two demands, one that refers to a claim for settlement of accounts and the other for indemnity, both arising from the agreement to charge the old Public Illumination Tariff – TIP, which were filed by the municipal of São Luís against CEMAR. The probability of loss from the first claim was altered, given the favorable decision, unanimously, of one of the recessionary claims in the High Courts for the State of Maranhão, which sentenced the Company to rescind one of the payments in question. This reversal or occurred despite the filing of a Special Appeal by the Municipal of Sao Luis. The other rescission claim filed against the decision given in the suit for settlement of accounts, did not alter significantly in the last quarter.

As a result of the status of the rescission claims reported above, the amount provisioned as the most significant individual contingency increased to R$3,221, corresponding to the indemnity claim arising from the accident with the distribution network which refers to the period prior to the privatization (1989), and which resulted in the mutilation of the members of an adolescent. The provision has been recorded to cover a sentence for material and moral damage, in addition to a pension equivalent to one minimum salary until the consumer reaches the age of 65, and includes monetary correction and interest. After the execution stage started, CEMAR reached an agreement with the plaintiff for installment payments of the total execution value, and this agreement is being fulfilled.

In addition to the ordinary increases to the provision, a further amount was included for the monetary correction of the company's legal provisions, for which a provision has been included in the financial statements of R$56,132 (2009: R$30,629; at January 01, 2009: R$38,285).

In addition to the losses provisioned as reported above, there are other contingencies for which the possibility of loss has been evaluated by Management, based on an evaluation by the Legal Department at CEMAR and its external legal advisors, as being possible and remote, for the amounts of R$74,211 and R$16,700, respectively (2009: R$47,338 and R$15,241 respectively; at January 01, 2009: R$ 45,210; R$13.089 respectively) for which no provision has been recorded.

CEMAR is subject to environmental preservation laws and the respective regulations in the Federal, State and Municipal spheres. CEMAR considers that the exposure to environment risks, based on an evaluation of the data available, in complying with the laws and regulations applicable, does not have a significant impact on its financial statements or on the results of its operations.

Regulatory

Between September 22, 2009 and October 3, 2009, ANEEL/SFE performed a Quality Investigation (Technical/Commercial). The investigation resulted in TN 015/2009-SFE/ANEEL and AI 108/2009-SFE/ANEEL, which established a fine for the amount of R$1,797. A provision was recorded for the fine in December 2009.

Furthermore, since June/2010, CCEE has started a process to determine the penalties from problems in measuring the boundaries. Given the various difficulties associated with the measurement points on the highway Presidente Dutra, CEMAR received the notification terms TN 627/2010 CCEE, TN 853/2010 CCEE and TN 1026/2010 CCEE, which refer to the problems in June, July and August 2010, respectively. The total value of the fines, for which provisions have been recorded, is R$1,284 (original value). CEMAR presented its defense for the situation which caused the penalties, and CCEE has suspended the fines to evaluate the question. Thus CEMAR is awaiting the final decision to be taken by CCEE.

Finally, on October 27, 2010, it received AI 103/2010-SFE which referred to the investigation of two performance indices for CEMAR's Attendance Center. The AI charged a penalty for the amount of R$30. Subsequently, by means of Instruction 3688, of December 02, 2010, the value of the fine was reduced to R$28. CEMAR appealed and is awaiting the final decisions from the Agency regarding the penalty.

(In thousand of Reais except when specified)

20 Dividends (Parent)

In accordance with the Statutes, the shareholders are assured a minimum compulsory dividend of 25% of net profit, adjusted in accordance with legislation in force and after deducing the allocations decided in General Meeting.
Dividends were calculated as follows:

	2010	2009	January 01, 2009
Net profit for the year	188,871	208,991	308,963
(-) prior year adjustments	-	-	(9,680)
(-) Profit from 01.01 to 31.01.10 arising for spin off	(14,376)	-	-
(-) legal reserve	(8,724)	(10,449)	(14,964)
Adjusted Profit	165,771	198,542	284,319
Minimum compulsory dividend - 25,00%	41,440	49,635	71,080
Complementary dividends	155,168	1,169	130,936
	196,608	50,804	202,016
Interest on own capital	-	7,412	11,865
Proposed dividends	196,608	43,392	190,151
Reserve for investments and expansion investments and expansion	(30,846)	147,737	82,303

(In thousand of Reais except when specified)

The balance comprises the following:

Balances at January 01, 2009	200,441
Dividends and interest on own capital:	
Declared	50,804
Withholding tax - IRRF	(960)
Paid	(200,436)
Balance at December 31, 2009	49,849
Declared	196,608
Paid	(49,821)
Balance at December 31, 2010	196,636

The Management Board approved the declaration of the proposed dividends as follows :

Value per share (lot of units in reais)

Decision	**Payment**	**Value**	**Common**
2010			
RCA 29.03. 2011	Dividends	196,608	1,80
2009			
RCA 23.12.2009	Interest on own capital (gross)	7,412	0,07
RCA 26.03. 2010	Dividends	43,392	0,40

(In thousand of Reais except when specified)

21 Research and development and energy efficiency

	Consolidated		
	2010	**2009**	**January 01, 2009**
Current			
Energy efficiency program - PEE	31,563	23,898	46,540
Research and development program - P&D	11,593	9,189	24,179
Energy research company - EPE	282	225	3,128
National fund for scientific and technology development	563	450	6,257
Total	44,001	33,762	80,104
Current	-	17,138	68,244
Non current	44,001	16,624	11,860

Refers to amounts due and not yet invested in the Technological Research and Development Program for the Electrical Sector - P&D, calculated accordance with the terms of ANEEL Normative Resolution 219, of April 11, 2006 and the Energy Efficiency Program - PEE, calculated in accordance with the terms of Normative Resolution ANEEL 176, of November 28, 2005, altered by ANEEL Normative Resolution 215, of March 28, 2006. These amounts were recorded to profit or loss.

(In thousand of Reais except when specified)

22 Shareholders' equity

a. Capital

Capital at December 31, 2010, represented R$566.831 (2009: R$907.485) and the composition by class of share and main shareholders is presented below:

Shareholder	**ON**	**%**
PCP Latin America Power S/A	58,671,559	53,91%
Squadra Investimentos	5,725,240	5.26%
Minority interest	44,429,526	40.83%
Total	108,826,325	100.00%

The Company is listed on the New Market from BM&FBOVESPA, and only has common shares in its share base, ensuring 100% "Tag Along" to minority interests in the event of merger or the transfer of the controlling interest.

Alteration to investment interest of Equatorial

On April 8, 2009, subscriptions were made for 17,250 common shares by the beneficiaries of the Third Program for the company's Stock Option Plan. Consequently, the Company's capital increased to 105,817,876 common shares, all nominative with no par value.

On June 4, 2009, subscriptions were made for 41,229 common shares by the beneficiaries of the Third Program for the company's Stock Option Plan. Consequently, the Company's capital increased to 105,859,105 common shares, all nominative with no par value.

On August 28, 2009, subscriptions were made for 21.400 common shares by the beneficiaries of the Third Program for the company's Stock Option Plan. Consequently, the Company's capital increased to 105.880.505 common shares, all nominative with no par value.

On December 01, 2009, subscriptions were made for 2.525 common shares by the beneficiaries of the Third Program for the company's Stock Option Plan. Consequently, the Company's capital increased to 105,883,030 common shares, all nominative with no par value.

On January 4, 2010, subscriptions were made for 2,098,244 common shares by the beneficiaries of the Third Program for the company's Stock Option Plan. Consequently, the Company's capital increased to 107,981,274 common shares, all nominative with no par value.

On March 4, 2010, subscriptions were made for 499.554 common shares by the beneficiaries of the Third Program for the company's Stock Option Plan. Consequently, the Company's capital increased to 108,480,828 common shares, all nominative with no par value.

b. Share purchase option plans

The information presented in this section has been adjusted for the conversion and grouping of the Company's shares, implemented on April 07, 2008, to facilitate understanding of such. On this date, the Company's capital was represented by 105,573 thousand common shares, after the conversion of one preferred share into one common share, and the subsequent grouping of three common shares into one share of the same class.

Third share option plan

The Extraordinary General Meeting (EGM) of October 16, 2008, approved the creation of the Third Share Purchase Option Plan for Equatorial (“third plan”). The share subscription options to be offered under the terms of the Plan will represent a maximum of 4,000 thousand shares in Equatorial. Once the option has been exercised by the interested parties, these shares will be issued through a capital increase in the Company, within the authorized capital limits as provided in the Statutes. Further details on the Plan can be obtained from the minutes of the EGM which approved such, and which are available on the Company’s site and the CVM site.

The beneficiaries have to use at least 50% (fifty percent) of the value of the profit sharing, performance bonus or any other form of annual variable remuneration (“PL”) to which they are entitled, net of income tax and other charges due, on the subscription of the shares included in the lots to which options have been granted. In addition, the beneficiaries have to use all of the dividends or interest on own capital received, from the shares they own and were acquired under the plan for the subscription of shares included in the lots for which the options have been granted.

On February 9, 2009, the Administration Committee for the Third Plan granted 3,819 thousand share purchase options, of which 163 thousand were subscribed on the sale date. Subsequently, on May 07, 2009, a further 181 thousand options were granted, complementing the maximum value offered under the terms of the Plan for 4.000 thousand options.

On April 8, 2009, a further 17 thousand common shares were subscribed, using the funds from dividends and interest on own capital paid by the Company for the shares belonging to the beneficiaries acquired within the ambit of the Plan, and in accordance with its clauses.

Once again, on June 4 and 8, 2009, using the funds from dividends distributed by the Company, the beneficiaries of the Plan subscribed to a further 41 thousand common shares.

On August 28, 2009, a further thousand shares were subscribed by the beneficiaries of the Plan, resulting in a balance to be subscribed within the ambit of the Plan of 3.758 thousand options at September 30, 2009.

On November 30, 2009 a further 3 thousand options were subscribed, as a result of the last dividend payment for the year 2008.

On January 4 and March 1, 2010, subscriptions were made to 2,098 thousand and 500 thousand shares within the ambit of the Share Purchase Option Plan, respectively. These subscriptions are part of the 1st and 2nd lots granted in the Plan.

On September 09, 2010, subscriptions were made to 345 thousand shares within the ambit of the Plan, which are part of the 1st and 2nd lots granted, which still have to be recognized in the next General Meeting to be held by the Company.

After these subscriptions, the balance at December 31, 2010 was 811 thousand common shares.

In summary, the information for the third share purchase option plan, the only one currently in force, is presented below:

In thousands of shares	**Third plan**	**Total**
Total shares granted under the plan	4,000	4,000
Options exercised by 31.12.2009	(204)	(204)
Balance remaining at 31.12.2009	3,796	3,796
		-
Options exercised between 01.01.2010 and 30.09.2010	(2,985)	(2,985)
Options exercised between 01.10.2010 and 31.12.2010	-	-
		-
Balance remaining at 31.12.2010	811	811

(In thousand of Reais except when specified)

Potential for dilution

According to the rules of each share option plan, the potential issue of options remaining would result in an additional dilution for the existing shareholders of Equatorial Energia S.A. equivalent to a maximum of 0.7%.

Administration of the plans

The share option plans include common shares representing capital, to be administered by a committee, comprising of 3 members of the Company's management board. The Committee has powers to establish the appropriate norms for granting the options, each year, through the Share Option Programs.

23 Supply of electrical energy

At December 31, 2010 and 2009 and at January 01, 2009, the composition of the supply of electrical energy, by consumer class, was as follows:

	Consolidated				
	MWh (*)		**R$**		
	2010	**2009**	**2010**	**2009**	**January 01, 2009**
Residential	1,916,564	1,641,064	668,927	570,877	1,085,077
Industrial	416,417	381,868	126,765	112,535	228,581
Commercial, services and others	817,592	703,755	311,694	272,992	698,769
Rural	153,892	131,010	36,659	32,025	31,063
Public power	263,207	225,770	104,824	91,627	175,829
Public illumination	308,323	256,976	62,276	53,557	69,241
Public service	258,566	225,833	75,407	67,987	111,502
Own consumption	6,246	5,436	-	-	-
MAE and CEPISA	-	-	42,013	11,934	
Low income	-	-	123,707	114,463	91,525

(In thousand of Reais except when specified)

	Consolidated				
	MWh (*)		R$		
	2010	**2009**	**2010**	**2009**	**January 01, 2009**
Other	40,081	-	71,001	58,279	181,745
RTD	-	-	(33,351)	(49,216)	(20,776)
CVA-PLPT	-	-	6,751	(943)	1,043
Constitution and amortization of CVA liability	-	-	446	5,224	(1,718)
Supply billed	4,180,888	3,571,712	1,597,119	1,341,341	2,651,881
ICMS	-	-	291,078	246,176	697,879
Supply not billed	-	-	9,510	14,314	(1,108)
Supply of energy	-	-	-	-	113,142
Total	4,180,888	3,571,712	1,897,707	1,601,831	3,461,794

(*) Information not examined by the independent auditors
ICMS and income not billed have been excluded from the above lines.

(In thousand of Reais except when specified)

24 Operational results

Operational expenses comprise the following, by nature of expense:

	Consolidated						
	Cost of service		Operational expenses		2010	2009	01.01.2009
	Energy	Operation	Sales (1)	General and administrative (2)	Total	Total	Total
Total Nature of expense							
Electrical energy purchased for resale	464,414	-	-	-	464,414	383,298	1,110,794
Personnel and administrative	20,453	-	19,048	37,660	77,161	43,875	99,600
Sales expenses - Material	5,454	-	795	1,440	7,689	8,661	12,931
Sales expenses – third party services	39,510	-	67,382	43,105	149,997	109,961	156,116
Investigation fee for electrical energy services	-	-	3,138	-	3,138	-	-
Provision for doubtful receivables	-	-	718	-	718	25,112	82,971
Provision for contingencies	-	-	-	7,744	7,744	3,252	(938)
Charges from use of transmission system	80,861	-	-	-	80,861	87,226	64,226
Losses	-	-	35,188	-	35,188		
Others	23,635	-	9,834	(1,012)	32,457	25,700	30,558
Financial results	-	-	-	11,755	11,755	73,639	6,439
Equity in income of subsidiaries – amortization of goodwill	-	-	-	-	-	3,551	(18,441)
Non recurring income and expenses	-	-	-	-	-	14,956	5,292
Depreciation and amortization	87,418	-	-	10,949	98,367	97,742	162,121
Leases and rentals	106	-	438	3,126	3,670	-	-
Total	721,851	-	136,541	114,767	973,159	876,973	1,711,669

(1) Refers to sales expenses and expenses from the provision for doubtful receivables.

(2) Refers to the net results from administrative expenses, personnel, management fees, provision (reversal) to contingencies, depreciation and amortization, and other operational expenses (income).

25 Private Pension Entity

a. *Characteristics of the retirement plan*

CEMAR is the sponsor of FASCEMAR - Fundação de Assistência e Seguridade dos Servidores da CEMAR, a Complementary Private pension Fund, a corporate entity, non profit organization, the purpose of which, as a closed complementary pension entity, is to administer and execute Benefit Plans that refer to pensions.

During 2005, FASCEMAR was totally restructured, which resulted in the implantation and operation of a new pension plan – Mixed Benefit Plan I, in the form of defined contributions, as from May 2006. Since being implanted, adhesion of 98% of the active participants of the Defined Benefit Plan I (Plan BD I) has been achieved and of employees from CEMAR who did not receive this benefit.

Currently, the majority of the participants of Plan BD I are retired individuals who were receiving the benefits in April 2006.

CEMAR, as the sponsor, pays, every month, to the two plans, a normal equivalent contribution to the total contributions paid by the participants who are employed by the company. At December 31, 2010, this amounted to R$608 (2009: R$1,630; at January 01, 2009: R$1,449).

b. *CVM Decision 600*

In accordance with CVM Decision 600 of October 07, 2009, as from 2011 public held Companys are required to disclose in their financial statements the liabilities derived from benefits to which their employees are entitled, based on the rules established in pronouncement CPC33 from the Accounting Pronouncements Committee.

(In thousand of Reais except when specified)

Presented below is the movement of actuarial obligations from the benefits plans:

1. **Accounting policy adopted by the entity for recognition of actuarial gains and losses**

   The amount recognized for actuarial gains or losses will correspond to the part of the gain or loss that exceeds the greater of 10% of the present value of the actuarial liability and 10% of the fair value of the plan's assets, in accordance with item 92 of the pronouncement..

2. RECONCILIATION OF ASSETS AND LIABILITIES RECOGNIZED IN THE BALANCE SHEET AT THE END OF THE YEAR	**IMPACT RECOGNIZED**		
	31/12/2010	**31/12/2009**	**31/01/2009**
2.1. Present value of actuarial liabilities with coverage	100,478,410	96,814,547	99,774,919
2.2. Present value of actuarial liabilities unsecured	-	-	-
2.3. Present value of actuarial liabilities	100,478,410	96,814,547	99,774,919
2.4. Fair value of assets from plan	93,598,215	85,884,447	83,531,740
2.5. Present value of obligations in excess of fair value of assets (2.3 - 2.4)	6,880,195	10,930,100	16,243,179
2.6. Actuarial (gains) or losses not recognized	-	-	-
2.7. Cost of past service not recognized	-	-	-
2.8. Increase in liability from adopting this pronouncement not recognized	-	-	-
2.9. Actuarial liability / (asset) net			
a) Total Actuarial liability / (asset) net to be provisioned (2.5 - 2.6 -2.7 -2.8) (*)	6,880,195	10,930,100	16,243,179
b) Actuarial liability / (asset) provisioned	24,071,023	26,039,748	27,857,348
c) Additional actuarial liability / (asset) (a - b)	(17,190,828)	(15,109,648)	(11,614,169)

(*) In the case of an asset, it can only be recognized by the sponsor if the regulation permits a reduction to future contributions or that can be reimbursed to the sponsor

3. PERIOD FOR RECOGNITION AS FROM (in years)	**31/12/2010**	**31/12/2009**	**31/01/2009**
3.1. Actuarial (Gains) or losses not recognized	N/A	N/A	N/A
3.2. Cost of past service not recognized	N/A	N/A	N/A

(In thousand of Reais except when specified)

2. RECONCILIATION OF ASSETS AND LIABILITIES RECOGNIZED IN THE BALANCE SHEET AT THE END OF THE YEAR			
	IMPACT RECOGNIZED		
3.3. Increase in liability from adopting this pronouncement not recognized	N/A	N/A	N/A
4. RETURN EXPECTED FROM ASSETS AT THE START OF THE YEAR			
4.1. Fair value of assets from plan at the end of the year	93,598,215	85,884,447	83,531,740
4.2. Contributions expected from participation for the following year	30,501	33,458	20,468
4.3. Contributions expected from the sponsor for the following year	42,867	46,231	28,304
4.4. Benefits expected for the following year	9,654,393	9,115,217	8,646,411
4.5. income expected from assets (4.1 * interest + (4.2 + 4.3 - 4.4) * interest /2)	12,832,713	11,757,486	11,449,157
5. INTERST ON ACTUARIAL LIABILITIES FOR THE FOLLOWING YEAR			
5.1. Fair value of Actuarial liability at the end of the year	100,478,410	96,814,547	99,774,919
5.2. Benefits expected for the following year	10,137,113	9,570,978	9,078,732
5.3. **Interest** on actuarial liabilities (5.1 * interest - 5.2 * interest /2)	10,781,313	10,399,284	10,761,617
6. EXPENSE RECOGNIZED FOR THE FOLLOWING YEAR			
6.1. Cost of current service (including interest)	7,267	10,357	12,109
6.2. Contributions expected from participation for the following year	30,501	33,458	20,468
6.3. interest on actuarial liabilities	10,781,313	10,399,284	10,761,617
6.4. income expected from assets	12,832,713	11,757,486	11,449,157
6.5. Cost of amortizations			
a) (Actuarial (gains) or losses not recognized	-	-	-
b) Cost of past service not recognized	-	-	-
c) Increase in liability from adopting this pronouncement not recognized	-	-	-
d) Total (a + b + c)	-	-	-
6.6. Total expense recognized (6.1 - 6.2 + 6.3 - 6.4 + 6.5d)	(2,074,634)	(1,381,303)	(695,899)

(In thousand of Reais except when specified)

SUMMARY OF DATA REGISTERED FOR PARTICIPANTS
(amounts in R$)

ACTIVE PARTICIPANTS	31/12/2010	31/12/2009	31/01/2009
Number	37	53	64
Average age (years)	49	49	48
Average service period (years)	22	21	24
Average future service period (years)	8	7	7
Average monthly salary	2,790	2,780	2,123
Annual payroll (12 x)	1,238,741	1,347,625	1,377,851
PARTICIPANTS AWAITING BENEFIT	n/a	n/a	n/a
PARTICIPANTS/BENERFICIARIES RECEIVING BENEFITS			
Number	658	666	662
Average age (years)	65	63	64
Average monthly benefit	1,014	946	903
Annual payroll of benefits (13 x)	8,674,208	8,189,773	7,768,564

ACTUARIAL ASSUMPTIONS ADOPTED FOR THE CALCULATIONS

	31/12/2010	31/12/2009	31/01/2009	
Rate for discounting actuarial liability	11.30%	11.30%	11.30%	p.a. (6.0% real and 5.0% inflation)
Rate for income expected from plan's assets:	14.45%	14.45%	14.45%	p.a. (9.0% real and 5.0% inflation)
Index for estimated salary increase :	6.05%	6.05%	6.05%	p.a. (1.0% real and 5.0% inflation)
Index for estimated benefits increase:	5.00%	5.00%	5.00%	p.a. (0.0% real and 5.0% inflation)
General mortality biometric table:	AT-2000 M	AT-2000 M	AT-2000 M	
Invalidity mortality biometric table:	AT-83 M	AT-83 M	AT-83 M	
Biometric table for start of invalidity:	Light (average)	Light (average)	Light (average)	
Turnover rate expected :	zero	zero	zero	
Probability of joining pension plan:	100% on first Eligibility	100% on first Eligibility	100% on first Eligibility	

ADDITIONAL INFORMATION

No additional information available

26 Insurance

The specifications by type of risk and validity of the main insurance policies, according to the insurance brokers contracted by Equatorial and the subsidiary CEMAR are demonstrated below:

- **EQUATORIAL:**

Risks	Maturity of policies	Amounted secured (R$ thousand)	Premiums
Civil responsibility - D&O	07/06/2011	10,000	32,0
Equatorial head office - RJ	22/04/2011	2,789	1,0

- **CEMAR:**

Risks	Maturity of policies	Amounted secured (R$ thousand)	Premiums (R$ thousand)
Sated risks – Sub-stations, inventories and infra-structure	01/01/2011	131,490	596
General Civil responsibility - Operations	01/01/2011	7,000	90
Vehicles	01/02/2011	(a)	70

CEMAR adopts the policy of contracting insurance coverage for assets subject to risks for amounts considered sufficient to cover possible damages, considering the nature of its activity. The company's insurance is contracted according to the risk management assumptions and insurance generally used by electricity distribution companies. The risk assumptions adopted, given their nature, are not part of the scope of an audit of financial statements and, accordingly, were not examined by our independent auditors.

(In thousand of Reais except when specified)

27 Financial instruments

a. *General considerations*

In compliance with CVM Decision 604, of November 19, 2009, which approved Technical Pronouncements CPC 38, 39 and 40, the Company has analyzed its financial instruments, as follows: Cash and cash equivalent, borrowings and financing, debenture obligations, suppliers, concession assets, and consumers and resellers, and has made adjustments to its accounting records, when necessary.

These instruments are managed by means of operational strategies and internal controls, aimed at ensuring liquidity, profitability and security. The control policy consists of continually accompanying the terms contracted compared to the market terms.

b. *Policy for using derivatives*

Equatorial does not hold derivative operations, but they can be used to provide protection against variations in macro-economic indices and foreign exchange quotations, if necessary.

c. *Fair value of financial instruments*

In accordance with CVM Instruction 475, the accounting balances and market values of the financial instruments included in the balance sheet at December 31, 2010; 2009 and at January 01, 2009 have been identified as follows:

	Consolidated					
	2010		2009		January 01, 2009	
ASSET	Accounting	Market	Accounting	Market	Accounting	Market
Cash and cash equivalents	550,078	550,078	440,507	440,507	614,655	614,655
Consumers and resellers	455,783	455,783	373,569	373,569	879,824	879,824
Financial asset of the concession	50,409	50,409	33,403	33,403	8,745	8,745
Total assets	1,056,270	1,056,270	847,479	847,479	1,503,224	1,503,224

(In thousand of Reais except when specified)

	2010		2009		January 01, 2009	
LIABILITIES	**Accounting**	**Market**	**Accounting**	**Market**	**Accounting**	**Market**
Suppliers	174,047	174,047	183,065	183,065	305,330	305,330
Borrowings and financing	1,239,731	1,242,934	1,048,561	1,051,682	1,048,561	1,048,561
Debentures	320,080	320,080	346,114	346,114	531,523	531,523
Total liabilities	1,733,858	1,737,061	1,577,740	1,580,861	1,885,414	1,885,414

Cash and cash equivalents - classified as financial assets and not stated at fair values. The market values reflect the amount reported in the balance sheet.

- **Consumers and resellers** – arise directly from the Company's operations, and are classified as receivables, and stated at original values, subject to allowances for losses and present value adjustments, when applicable.

- **Financial asset of concession** – classified as borrowings and receivables, stated at original values, subject to allowances for losses and present value adjustments, when applicable.

- **Suppliers** – arise directly from the Company's operations, and are classified as financial liabilities, not stated at fair values.

- **Borrowings and financing** – borrowings and financing are obtained to generate resources to finance the Company's investment programs and when necessary, to manage short term requirements. They are classified as financial liabilities, not stated at fair values and recorded at amortized values.

- **Debentures –** classified as financial liabilities not stated at fair values, and registered at amortization value.

(In thousand of Reais except when specified)

d. Cash and cash equivalents

The Group's cash equivalents are highly liquid financial investments, and the market values reflects the amounts reported in the balance sheet. They comprise cash funds and financial investments.

The Group maintains the cash equivalents for the *intention* of meeting its short term cash commitments.

The Group's financial investments are short term and highly liquid. They are convertible into a known cash amount, and indexed to the CDI, which is considered a risk free rate. Therefore, all of the financial investments have been classified as cash equivalents.

	Parent			Consolidated		
	2010	**2009**	**January 01, 2009**	**2010**	**2009**	**January 01, 2009**
Cash funds	38	31	6	25,550	22,885	28,908
Financial investments	80,692	78,770	187,252	524,528	417,622	585,747
Total	80,730	78,801	187,258	550,078	440,507	614,655

e. Risk factors - CVM Instruction 475

Since it is a holding company, the main risks of the Company are related to the performance of its subsidiary and joint ventures. In accordance with CVM Instruction 475, the risk factors of the subsidiary CEMAR were detailed as demonstrated below:

Credit risk – The high balances, and the ages of the receivables from consumers and resellers represent a risk for the liquidity and capital structure of the company. Management accompanies the positions outstanding and to mitigate risks of default, the Company uses all of the collection tools permitted by the regulatory body, such as cutting off supplies due to defaults, negotiation of outstanding balances. To mitigate the risks from the financial institutions that hold its funds or financial investments, the Company only selects institutions evaluated as low risk by rating agencies. The Company preserves its concession assets in accordance with the legislation in force and monitors the possible definitions in the rules for the reversal of the concession.

Liquidity risk – the liquidity risk illustrates the Company's ability to liquid the liabilities assumed. To determine the Company's ability to fulfill the commitments assumed, the flows for the due dates of funds obtained and other liabilities have to be disclosed. Further information on the borrowings obtained by the Company is reported in notes 16 and 17.

The Company has obtained funds from its commercial activities and from the financial market, allocated mainly to its investment program and management of its cash for working capital and financial commitments.

The administration of financial investments focuses on short term instruments, to ensure maximum liquidity and to cover expenses falling due.

Administration of the Company's cash and the reduced volatility in receiving and making payments throughout the year, provide the Company with stability in its flows, thus reducing its liquidity risk.

Market risk – Market risks are associated with the variations in interest rates and debt indices, exchange risks, and also include limits on indebtedness defined in the contracts, for which any non compliance could result in anticipated maturity, as described below.

Foreign exchange risk – This risk derives from the possibility of the Company incurring losses from variations in exchange rates. CEMAR's existing foreign exchange exposure is 0.64% of its debt. CEMAR continually monitors exchange rates and market interest rates in order to evaluate the need for contracting derivatives to protect against the risk of variations in these rates.

CEMAR only has one foreign currency debt, which is not material in relation to the Company's total indebtedness, amounting to 0.64% of its debt, and derived from its contract with the National Treasury Secretary - STN

The sensitivity of this debt has been demonstrated in five scenarios.

As required by CVM Instruction 475, presented below is a scenario with the actual rates reported at December 31 2010 (Probable Scenario) plus two scenarios with appreciation of 25% (Scenario II) and 50% (Scenario III) in the exchange quotation considered.

In addition, two more scenarios have been included with the inverse effect to that determined in the instruction, to illustrate the effects of a depreciation of 25% (Scenario IV) and 50% (Scenario V).

Foreign exchange variation risk						**R$ thousand**
Operation	**Risk**	**Probable Scenario**	**25%**	**50%**	**-25%**	**-50%**
FINANCIAL LIABILITIES						
STN	USD	620	(1.385)	(3.391)	2.625	4.630

Reference for FINANCIAL LIABILITIES	**Rate in 2010**	**25%**	**50%**	**-25%**	**-50%**
Dollar USD/R$	1.666	2.083	2.499	1.250	0.833

Risk from anticipated maturity – CEMAR has borrowings, financing and debenture contracts, with covenants that, in general, require it to maintain certain financial indices at specific levels. Non compliance with these indices could result in anticipated maturity of the debts. Management accompanies its positions and forecasts its future indebtedness to take preventative action for the indebtedness limits reported in Note 6 (Borrowings and financing) and Note 17 (Debentures).

Cash flow or fair value risk associated with Interest rates

The variations in the economy's interest rates affect the Company's financial assets and liabilities. Presented below are the impacts of these variations on the profitability of the Company's financial investments and on its indebtedness in domestic currency.

The sensitivity of the Company's financial assets and liabilities is illustrated in five scenarios.

(In thousand of Reais except when specified)

In accordance with CVM Instruction 475, presented below is a scenario with actual rates reported at December 31, 2010 (probable scenario) plus two scenarios with appreciation of 25% (Scenario II) and 50% (Scenario III) to these indices.

In addition, two other scenarios are presented with the reverse effect determined in the instruction to demonstrate the effects of a depreciation of 25% (Scenario IV) and 50% (Scenario V) to these indices.

Risk of cash flows or fair value associated with interest rate

Operation	Risk	probable Scenario	Scenario II	Scenario III	Scenario IV	Scenario V
FINANCIAL ASSETS						
Financial investments	CDI	32,748	40,935	49,122	24,561	16,374
FINANCIAL LIABILITIES						
Borrowings, financing and debentures						
ECF - 2034/00	FINEL	(3,188)	(3,365)	(3,543)	(3,010)	(2,832)
ECF - 1510/97	FINEL	(55)	(57)	(59)	(53)	(51)
ECF - 1639/97	FINEL	(536)	(559)	(583)	(513)	(490)
ECF - 1645/97	FINEL	(109)	(113)	(117)	(105)	(101)
ECF -1960/99	IGP-M	(17,970)	(21,969)	(25,969)	(13,970)	(9,971)
ECF - 1907/99	FINEL	(73)	(76)	(79)	(69)	(66)
ECF - 1908/99	FINEL	(483)	(509)	(535)	(457)	(431)
FASCEMAR	CDI	(3,270)	(3,815)	(4,359)	(2,726)	(2,182)
FINEP	TJLP	(132)	(152)	(172)	(112)	(92)
FINAME 01	TJLP	(1)	(1)	(2)	(1)	(1)
FINAME 02	TJLP	(12)	(12)	(13)	(11)	(11)
BNDES I	TJLP	(1,359)	(1,489)	(1,618)	(1,229)	(1,100)
IFC	CDI	(10,296)	(12,740)	(15,898)	(7,851)	(5,407)
BNDES II	TJLP	(5,784)	(6,522)	(7,260)	(5,045)	(4,307)
BNDES PEC*	TJLP	(10,789)	(12,208)	(13,627)	(9,371)	(7,952)
DEBENTURES 3rd ISSUE	CDI	(26,925)	(33,397)	(39,870)	(20,452)	(13,979)
Total financial expenses (assets + liabilities)		(48,234)	(56,049)	(64,582)	(40,414)	(32,599))

* Considering the impact of the financial expense from the first year for analysis purposes.

(In thousand of Reais except when specified)

Reference for FINANCIAL ASSETS and LIABILITIES	**Rate in 2010**	**25%**	**50%**	**-25%**	**-50%**
CDI (% 12 months)	9.75	12.19	14.63	7.31	4.88
TJLP (% 12 months)	6.00	7.50	9.00	4.50	3.00
IGP-M (% 12 months)	11.32	14.15	16.98	8.49	5.66

Impact of sensitivity on results and Shareholders' equity		
Scenarios	**Results for the year (profit / loss)**	**Shareholders' equity**
Probable Scenario	-	-
Scenario II	(4,875)	(4,520)
Scenario III	(9,331)	(8,237)
Scenario IV	4,037	3,174
Scenario V	8,492	9,207

Sensitivity analysis for the subsidiary GERAMAR:

Impact of sensitivity on results and Shareholders' equity			
Scenarios	**Net profit**	**Results for the year (profit / loss)**	**Shareholders' equity**
Probable Scenario	61,733	-	-
Scenario II	62,599	866	1,072
Scenario III	63,294	1,561	1,932
Scenario IV	60,684	(1,049)	(800)
Scenario V	59,630	(2,103)	(1,604)

f. Capital Management

The Group manages its capital in order to maximize the return for its investors by optimizing the level of indebtedness and equity, seeking an efficient capital structure and maintaining indebtedness and debt coverage indices at levels that optimize return on capital for its investors and guarantee liquidity for the Group.

Capital management is based on accompanying three financial indicators, establishing the maximum limits that do not compromise the Group's operations:

- Net debt / EBITDA
- Net debt / (Net debt + Shareholders' equity)
- Short term debt / Total debt

28 Statements of added Value

As required by BRGAAP applicable to public stock companies and as additional information for purposes of IFRS, the company has prepared the statements of added value .

These statements, based on macroeconomic concepts, seek to present the company's contribution towards forming the Gross Domestic Product, by determining the different values added by the Company and received from other entities and the distribution of these amounts to its employees, government bodies, leasers of assets, creditors for borrowings, financing and debt securities, controlling shareholders and minority interests and other remuneration that is considered the transfer of wealth to third parties. This added value represents the worth created by the Company, in general, measured by income from the sale of goods and services rendered, less the related supplies acquired from third parties, including the added value produced by third parties and transferred to the entity.

(In thousand of Reais except when specified)

29 Explanation of transition to IFRS

As stated in Note 4a, these are the first financial statements of the Group prepared in accordance with the IFRS.

The accounting policies established in Note 5, were applied in preparing the financial statements for the year ended December 31, 2010, for the comparative information presented in these financial statements for the year ended December 31, 2009 and for preparing the opening balance sheet in IFRS for the financial position at January 01, 2009 (date of transition for the Group).

In preparing the statement of the opening financial position in IFRS, the Group adjusted the amounts previously presented in the financial statements prepared in accordance with accounting practices previously adopted. An explanation of how the transition from the previous accounting practices to IFRS affected the financial position, the financial performance and cash flows of the Group is presented in the following tables and in the notes that accompany the tables.

Reconciliation of balance sheet according to the IFRS and the new accounting pronouncements:

		January 01, 2009		
Current	**Note**	**Previous GAAP**	**Effect of Transition to IFRS**	**IFRS 31.12.2009**
Assets				
Cash		28,908	-	28,908
Cash and cash equivalents		585,747		585,747
Consumers and resellers		896,818	(16,994)	879,824
Low income		30,747	-	30,747
Provision for doubtful debts		(258,192)	-	(258,192)
Taxes recoverable		192,771	(67,623)	125,148
Regulatory assets		137,447	(137,447)	-
Other prepayments		984	284	1,268

(In thousand of Reais except when specified)

		January 01, 2009		
Current	**Note**	**Previous GAAP**	**Effect of Transition to IFRS**	**IFRS 31.12.2009**
Deferred tax credits		67,623	-	67,623
Dividends receivable		-	-	-
Inventories		12,863	-	12,863
Other receivable – Services ordered		22,260	(9,969)	12,291
Other receivables – Other		21,920	(302)	21,618
		1,739,896	(232,051)	1,507,845
Non current				
Long term assets				
Consumers and resellers		102,378	-	102,378
Taxes recoverable		103,470	(78,965)	24,505
Income tax and social contribution		478,677	185,916	664,593
Legal Deposits		31,046	-	31,046
Other receivable – Other		7,917	883	8,800
Prepayments		1,091	(1,091)	-
Regulatory assets		104,617	(104,617)	-
Assets available for sale		-	208	208
Financial Assets from Concession		-	84,802	84,802
		829,196	87,136	916,332
Results from Discontinued Operations				-
Investments		3,625	(3,404)	221
Deferred Charges		3,831	(3,831)	-

(In thousand of Reais except when specified)

		January 01, 2009		
Current	**Note**	**Previous GAAP**	**Effect of Transition to IFRS**	**IFRS 31.12.2009**
Property, plant and equipment		2,117,868	(1,709,127)	408,741
Intangible Assets		364,905	1,582,443	1,947,348
		3,319,425	(46,783)	3,272,642
Total asset		5,059,321	(278,834)	4,780,487

		January 01, 2009		
Liabilities and shareholders' equity	**Note**	**Previous GAAP**	**Effect of Transition to IFRS**	**IFRS 31.12.2009**
Current				
Suppliers		305,330	-	305,330
Payroll		1,501	-	1,501
Provision for vacation and social security charges		19,626	-	19,626
Financing and borrowings		110,276	(19,759)	90,517
Debentures		27,836	-	27,836
Regulatory fees		37,109	-	37,109
Taxes and contributions payable		97,401	(6,405)	90,996
Taxes on profits		-	2,415	2,415
Dividends		309,387	(196,849)	112,538
Provision for contingencies		9,966	-	9,966
Fee for public illumination		23,679	-	23,679
Regulatory liabilities		55,086	(55,086)	-

(In thousand of Reais except when specified)

		January 01, 2009		
Liabilities and shareholders' equity	**Note**	**Previous GAAP**	**Effect of Transition to IFRS**	**IFRS 31.12.2009**
Research and development and energy efficiency		68,244	-	68,244
Profit sharing		12,054	-	12,054
Debt charges			19,760	19,760
Other accounts payable		59,641	(13,525)	46,116
		1,137,136	(269,449)	867,687
Non current				
Non current liabilities				
Financing and borrowings		944,053	-	944,053
Debentures		503,687	-	503,687
Taxes and contributions payable		204,301	(151,998)	52,303
Deferred Tax Debits - IR/CSLL		-	163,192	163,192
Provision for contingencies		243,778	3,614	247,392
Regulatory liabilities		430	(430)	-
Other accounts payable		288,076	2,898	290,974
Discount on acquisition of investments		83,911	(83,911)	-
Research and development and energy efficiency		11,860	-	11,860
		2,280,096	(66,635)	2,213,461

(In thousand of Reais except when specified)

		January 01, 2009		
Liabilities and shareholders' equity	**Note**	**Previous GAAP**	**Effect of Transition to IFRS**	**IFRS 31.12.2009**
Minority shareholders		540,963	(540,963)	-
Shareholders' equity				
Capital		987,649	-	987,649
Capital reserves		2,611	-	2,611
Revenue reserves		110,866	211,331	322,197
Accumulated profits and losses		-	-	-
Minority shareholders		-	386,882	386,882
		1,101,126	598,213	1,699,339
Total liability and shareholders' equity		5,059,321	(278,834)	4,780,487

		2009		
Asset	**Note**	**Previous GAAP**	**Effect of Transition to IFRS**	**IFRS 31.12.2009**
Current				
Cash		30,045	(30,045)	-
Cash and cash equivalents		617,932	(177,425)	440,507
Consumers and resellers		918,623	(545,054)	373,569
Low income		26,940	(3,825)	23,115
Provision for doubtful debts		(249,575)	204,463	(45,112)
Taxes recoverable		156,928	(115,131)	41,797

(In thousand of Reais except when specified)

		2009		
Asset	**Note**	**Previous GAAP**	**Effect of Transition to IFRS**	**IFRS 31.12.2009**
Taxes on profit		-	4,438	4,438
Regulatory assets		149,447	(149,447)	-
Other prepayments		1,497	(500)	997
Deferred tax credits		63,747	(63,747)	-
Dividends receivable		-	-	-
Inventories		9,112	(3,592)	5,520
Other receivable – Services ordered		51,255	(32,976)	18,279
Other receivable - Other		24,339	(21,180)	3,159
		1,800,290	(934,021)	866,269
Non current				
Long term assets				
Consumers and resellers		142,685	(74,450)	68,235
Taxes recoverable		129,429	(71,988)	57,441
Deferred income tax and social contribution		413,960	(166,424)	247,536
Legal Deposits		32,767	(32,765)	2
Other receivables – Others		11,140	(2,703)	8,437
Prepayments		415	(415)	-
Regulatory assets		9,030	(9,030)	-
Assets available for sale		-	522	522
Financial assets from concession		-	33,403	33,403
		739,426	(323,850)	415,576

(In thousand of Reais except when specified)

Asset	Note	2009 Previous GAAP	 Effect of Transition to IFRS	 IFRS 31.12.2009
Results from Discontinued Operations		-	359,165	359,165
Investments		2,209	(1,988)	221
Deferred		3,454	(3,454)	-
Property plant and equipment		2,433,821	(2,302,503)	131,318
Intangible Assets		364,120	875,150	1,239,270
		3,543,030	(1,397,480)	2,145,550
Total Assets		5,343,320	(2,331,501)	3,011,819

Liabilities and shareholders' equity	Note	2009 Previous GAAP	 Effect of Transition to IFRS	 IFRS 31.12.2009
Current				
Suppliers		324,115	(141,050)	183,065
Payroll		1,598	(834)	764
Provision for vacation and social security charges		17,966	(12,259)	5,707
Financing and borrowings		273,112	(57,784)	215,328
Debentures		31,917	(24,103)	7,814
Regulatory fees		30,648	(27,698)	2,950
Payable taxes and contributions		105,090	(71,295)	33,795

(In thousand of Reais except when specified)

		2009		
Liabilities and shareholders' equity	**Note**	**Previous GAAP**	**Effect of Transition to IFRS**	**IFRS 31.12.2009**
Taxes on profits		-	-	-
Dividends		122,211	(61,426)	60,785
Provision for contingencies		3,316	-	3,316
Fee for public illumination		28,555	(12,851)	15,704
Regulatory liabilities		26,768	(26,768)	-
Research and development and energy efficiency		74,632	(57,494)	17,138
Profit sharing		20,586	-	20,586
Debt charges		-	8,496	8,496
Other accounts payable		55,893	(37,839)	18,054
		1,116,407	(522,905)	593,502
Non current				
Long term liabilities				
Financing and borrowings		1,053,190	(251,551)	801,639
Debentures		558,740	(291,440)	267,300
Taxes and contributions payable		305,238	(221,008)	84,230
Deferred Tax Debits - IR/CSLL		-	80,822	80,822
Provision for contingencies		154,005	(149,197)	4,808
Regulatory liabilities		3,698	(3,698)	-
Other accounts payable		278,520	(274,475)	4,045
Discount on acquisition on investments		76,162	(76,162)	-
Research and development and energy efficiency		16,624	-	16,624
		2,446,177	(1,186,709)	1,259,468
Minority interests		599,195	(599,195)	-

Equatorial Energia S.A.

(Public held Company)

Notes to the financial statements

(In thousand of Reais except when specified)

		2009		
Liabilities and shareholders' equity	**Note**	**Previous GAAP**	**Effect of Transition to IFRS**	**IFRS 31.12.2009**
Shareholders' equity				
Capital		907,485	-	907,485
Capital reserves		5,003	-	5,003
Revenue reserves		269,053	110,815	379,868
Accumulated profits and losses		-	-	-
Minority shareholders		-	(133,507)	(133,507)
		1,181,541	(22,692)	1,158,849
Total liabilities and shareholders' equity		5,343,320	(2,331,501)	3,011,819

Equatorial Energia S.A

(Public held Company)

Management Board

Alessandro Monteiro Morgado Horta

Alexandre Gonçalves Silva

Carlos Augusto Leone Piani

Celso Fernandez Quintella

Firmino Ferreira Sampaio Neto

Gilberto Sayão da Silva

Paulo Jerônimo Bandeira de Mello Pedrosa

Statutory Audit Committee

Effective

Felipe Sousa Bittencourt

Paulo Roberto Franceschi

Sergio Passos Ribeiro

Equatorial Energia S.A

(Public held Company)

Executive directors

Ana Marta Horta Veloso
Director

Eduardo Haiama
Director of finances and investor relations

Firmino Ferreira Sampaio Neto
Managing Director

Tinn Freire Amado
Director

Controllership management

Leonardo da Silva Lucas Tavares de Lima Controllership manager CPF 023.737.554-08	Geovane Ximenes de Lira Accountant CRC PE-012996-O-S - MA