Equatorial Energia S.A.
(Publicly-held Company)

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

Quarter ended September 30, 2010

Equatorial Energia S.A.

(Publicly-held Company)

Quarterly information

September 30, 2010 and June 30, 2010

Contents

Rio de Janeiro, November 9, 2010 - Equatorial Energia S.A. (BM&FBOVESPA: EQTL3) announces its results for the third quarter (3Q10) and first nine months of 2010 (9M10).

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 ELECTRIC ENERGY GOES UP BY 10.2% IN 3Q10.
CONSOLIDATED EBITDA TOTALS R$186.0 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 13.03% of Light's figures** 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 3Q09, 2Q10, 9M09 and 9M10 in this Earnings Release.
- **Net operating revenues** (NOR) totaled R$393.9 million in 3Q10, 30.6% up on 3Q09, reflecting a 27.3% increase by CEMAR and the commercial startup of Geramar.
- CEMAR's **billed energy volume** totaled 1,072 GWh in 3Q10, 10.2% more than in 3Q09.
- Third-quarter **EBITDA** came to R$186.0 million, 27.6% higher than the adjusted amount reported in 3Q09 (see "Financial Performance - Consolidated" for more details).
- **Net income** totaled R$65.3 million in the quarter, 6.0% up on the adjusted amount reported in the same period last year (see "Financial Performance - Consolidated" for more details).
- Equatorial's consolidated **investments** amounted to R$113.3 million in 3Q10, 32.4% down year-on-year. CEMAR's investments (excluding direct investments in the PLPT program) totaled R$48.0 million and investments in the PLPT program stood at R$65.0 million, up by 41.0%.
- CEMAR's last-12-month **DEC and FEC** indices came to 23.3 hours and 14.9 times, respectively, in 3Q10, 7.6% and 5.7% down on the 3Q09 figures.
- CEMAR's last-12-month **energy losses** totaled 22.2% of required energy in 3Q10, 4.2 p.p. less than the 3Q09 ratio.
- In August 2010, **CEMAR's annual tariff adjustment** was concluded, resulting in an average increase of 0.08% for consumers.
- On August 25, 2010, the **spin-off of Equatorial Energia (EQTL3) was concluded**. On that date, the Company's shareholders received 1 share of Redentor Energia (RDTR3) for each share of Equatorial they held.

FINANCIAL DATA (R$MM)	3Q09	2Q10	3Q10	Chg.	9M09	9M10	Chg.
Total Net Operating Revenue	301.6	315.8	393.9	*30.6%*	827.4	985.4	*19.1%*
EBITDA	135.7	113.4	186.0	*37.1%*	333.1	384.1	*15.3%*
EBITDA Margin (% net revenues)	*45.0%*	*35.9%*	*47.2%*	*2.2 p.p.*	*40.3%*	*39.0%*	*-1.2 p.p.*
Net Income	56.0	44.1	65.3	*16.5%*	150.5	148.7	*-1.2%*
Profit Margin (% net revenues)	*18.6%*	*14.0%*	*16.6%*	*-2 p.p.*	*18.2%*	*15.1%*	*-3.1 p.p.*
Net Income per Share (R$ / share)	0.53	0.41	0.60	*13.7%*	1.42	1.37	*-3.6%*
Investments							
CEMAR	62.2	43.4	48.0	*-22.8%*	175.6	129.7	*-26.1%*
PLPT (CEMAR)	46.1	45.7	65.0	*41.0%*	110.6	143.8	*30.1%*
Geramar	59.3	8.5	0.3	*-99.6%*	89.0	15.9	*-82.2%*
Total	167.7	97.6	113.3	*-32.4%*	375.2	289.4	*-22.9%*
Net Debt	804.7	775.7	733.4	*-8.9%*	804.7	733.4	*-8.9%*
Net Debt / EBITDA (LTM)	1.9	1.7	1.4	*-0.5 x*	1.9	1.4	*-0.5 x*

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 3Q10, billed energy volume moved up by 10.2% over 3Q09 to 1,072 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. As rainfall is normally lower in the second half, this effect did not recur in 3Q10, slowing the Company's energy consumption growth.

CONSUMPTION CLASS (GWh)	3Q09	2Q10	3Q10	Chg.	9M09	9M10	Chg.
Residential	438.9	474.6	485.6	*10.6%*	1,185.6	1,409.6	*18.9%*
Industrial	107.1	105.6	112.3	*4.9%*	278.3	315.2	*13.2%*
Commercial	194.4	200.5	211.2	*8.7%*	516.1	602.1	*16.7%*
Others	232.5	239.9	263.0	*13.1%*	600.8	725.7	*20.8%*
TOTAL	972.9	1,020.5	1,072.2	*10.2%*	2,580.9	3,052.6	*18.3%*

Number of Clients	3Q09	2Q10	3Q10	Chg.
Residential	1,466,334	1,542,031	1,571,006	7.1%
Industrial	9,637	9,746	9,844	2.1%
Commercial	115,537	120,803	122,512	6.0%
Others	76,232	86,058	89,333	17.2%
TOTAL	1,667,740	1,758,638	1,792,695	7.5%

Energy Balance

The required energy volume by CEMAR rose to 1,379 GWh in the 3Q10, growing 10.6% when compared with the same quarter of the previous year, almost the growth observed in the sold energy volume.

ENERGY BALANCE (GWh)	3Q09	2Q10	3Q10	Chg.	9M09	9M10	Chg.
Required Energy	1,247	1,286	1,379	*10.6%*	3,482	3,905	*12.2%*
Sales (*)	975	1,022	1,074	*10.2%*	2,585	3,056	*18.2%*
Losses	272	264	305	*11.9%*	896	849	*-5.3%*

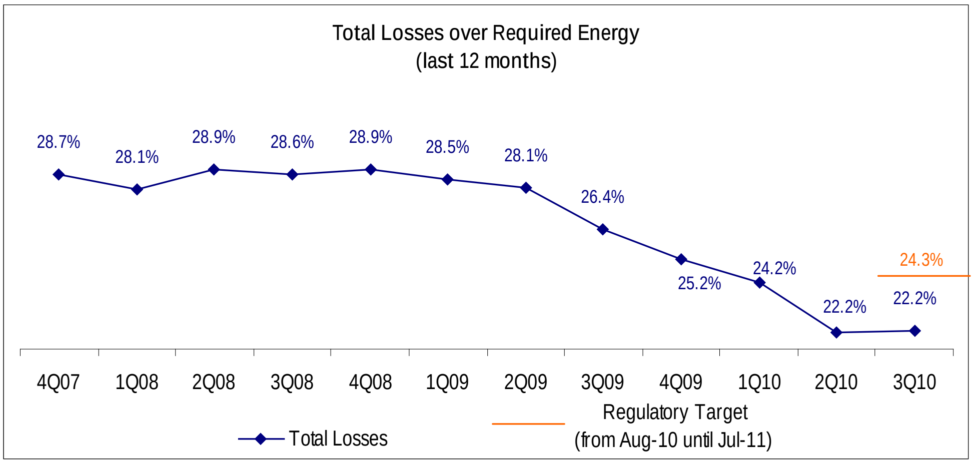
(*) Includes sales to the market, own consumption and sales to CEPISA.

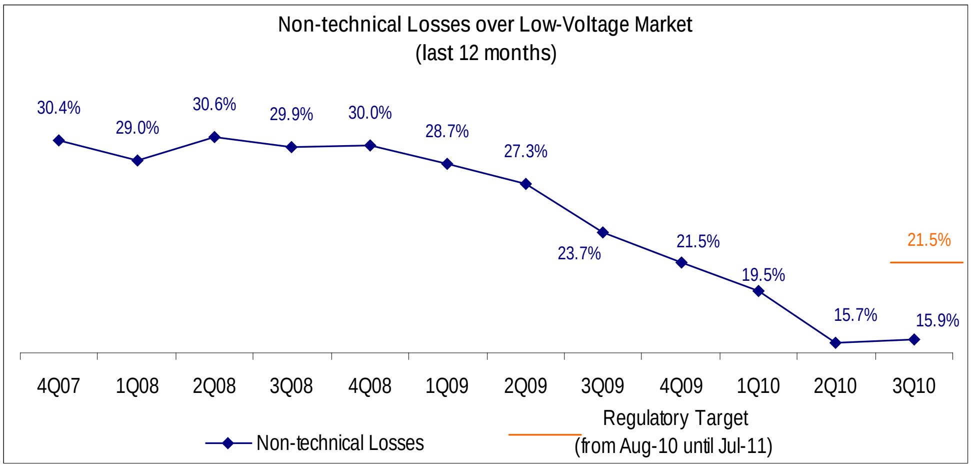
Energy Losses

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 3Q10 at 22.2% of required energy, while non-technical losses in the low-voltage market stood at 15.9%. 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 3Q10 figures. Consequently, CEMAR has been investing in improving its intelligent energy-recovery target-selection systems, thereby ensuring greater accuracy and returns from the inspections.



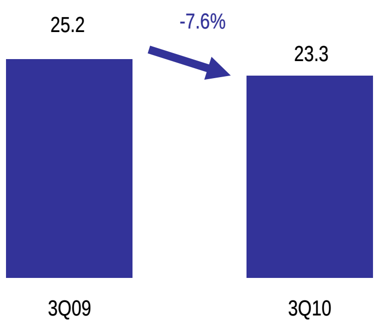


SERVICE QUALITY

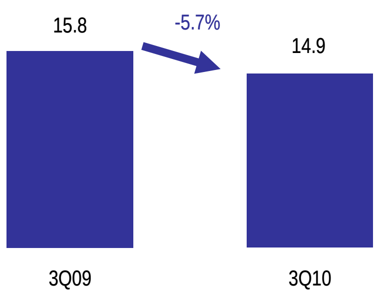
The quality and efficiency level of the distribution concessionaires' networks is denoted by the DEC and FEC indices. DEC refers to the equivalent length of interruptions per consumer, measured in hours per consumer for a given period, while FEC refers to the equivalent frequency of interruptions per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

At the close of 3Q10, last-12-month DEC stood at 23.3 hours, a 7.6% improvement over the 25.2 hours recorded at the close of 3Q09, while LTM came to 14.9 times, a 5.7% year-on-year improvement.

DEC (hour – last 12 months)



FEC (times – last 12 months)



3. FINANCIAL PERFORMANCE

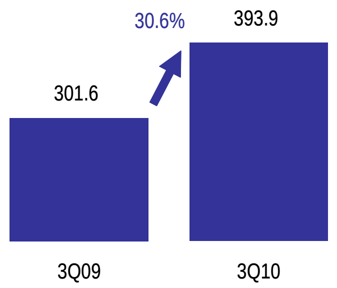
The information in this section reflects: i) 100% of CEMAR's operations, excluding 34.89% related to minority interests before net income, giving 65.11%; ii) 25.0% of Geramar's operations; and iii) 100% of Equatorial Soluções' operations.

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 3Q09, 2Q10, 9M09 and 9M10.

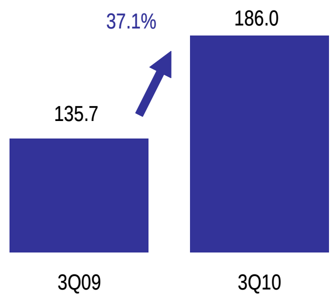
3.1 FINANCIAL PERFORMANCE – CONSOLIDATED

Consolidated Income Statement (R$MM)	3Q09	2Q10	3Q10	Chg.	9M09	9M10	Chg.
Gross Operating Revenues (GOR)	424.6	447.7	527.1	*24.1%*	1,155.6	1,374.1	*18.9%*
Net Operating Revenues (NOR)	301.6	315.8	393.9	*30.6%*	827.4	985.4	*19.1%*
Electric Energy Cost	(114.6)	(132.8)	(127.6)	*11.4%*	(338.4)	(382.7)	*13.1%*
Operating Costs / Expenses	(51.3)	(69.6)	(80.2)	*56.3%*	(155.8)	(218.6)	*40.3%*
EBITDA	135.7	113.4	186.0	*37.1%*	333.1	384.1	*15.3%*
Other Operating Revenues/Expenses	(2.2)	(0.7)	(4.3)	*96.6%*	(12.8)	(7.0)	*-45.2%*
Depreciation	(24.9)	(23.3)	(25.0)	*0.1%*	(77.3)	(71.4)	*-7.6%*
Service Income (EBIT)	108.6	89.4	156.7	*44.4%*	243.0	305.7	*25.8%*
Financial Result	(4.0)	(17.6)	(9.5)	*139.0%*	4.6	(33.8)	*N/A*
Operating Income	104.6	71.7	147.2	*40.8%*	247.6	271.9	*9.8%*
Goodwill Amortization	-	(2.3)	(1.6)	*N/A*	-	9.7	*N/A*
Earnings Before Taxes (EBT)	104.6	69.5	145.7	*39.2%*	247.6	281.5	*13.7%*
Income Tax / Social Contribution	(14.5)	1.4	(34.3)	*136.3%*	(7.5)	(39.8)	*429.1%*
Profit Sharing	(3.4)	(3.3)	(8.2)	*145.6%*	(9.7)	(14.7)	*51.5%*
Minority Interests	(30.7)	(23.5)	(37.8)	*23.3%*	(79.9)	(78.4)	*-1.9%*
Net Income	56.0	44.1	65.3	*16.5%*	150.5	148.7	*-1.2%*

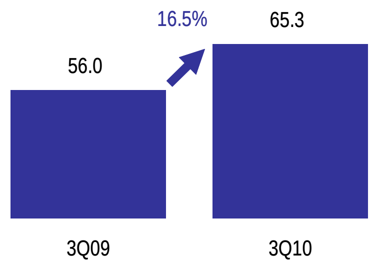
NOR (R$MM) – Quarterly



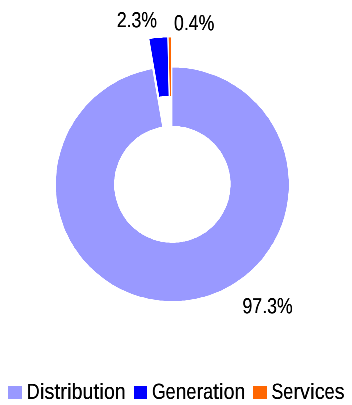
EBITDA (R$MM) - Quarterly



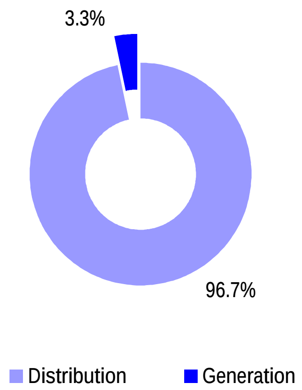
Net Income (R$MM) - Quarterly



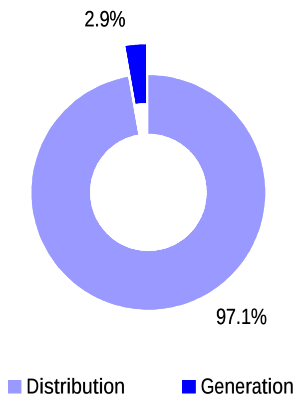
NOR per Segment* (%) – 3Q10



EBITDA per Segment* (%) – 3Q10



Net Income per Segment* (%) – 3Q10



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

3.1.1 – Operating Revenue

OPERATING REVENUE - CONSOLIDATED (R$ MM)	3Q09	2Q10	3Q10	Chg.	9M09	9M10	Chg.
Gross Operating Revenue	383.6	420.3	429.3	*11.9%*	1,059.2	1,233.1	*16.4%*
Residential	182.0	204.7	203.4	*11.8%*	500.0	595.1	*19.0%*
Industrial	35.6	37.9	40.7	*14.4%*	99.2	112.7	*13.7%*
Commercial	89.3	95.6	97.8	*9.5%*	249.1	282.3	*13.3%*
Others	76.7	82.1	87.3	*13.9%*	210.9	242.9	*15.1%*
Supply	2.3	1.8	11.4	*395.8%*	10.2	14.8	*45.4%*
Network Usage	0.2	0.0	(0.3)	*-207.5%*	0.5	(0.2)	*-143.5%*
Other Revenues	38.3	12.4	75.1	*96.1%*	85.4	93.0	*8.9%*
Low Income	29.7	31.2	31.3	*5.6%*	83.9	92.8	*10.7%*
Accrual (Amortization) of Regulatory Assets	4.3	(28.1)	38.0	*790.0%*	(10.8)	(19.1)	*77.9%*
Other Operating Revenues	4.3	9.3	5.8	*33.4%*	12.3	19.3	*57.1%*
Gross Operating Revenue - Distribution	424.4	434.6	515.5	*21.4%*	1,155.3	1,340.7	*16.0%*
Generation	-	9.9	9.8	*N/A*	-	28.0	*N/A*
Services	0.1	3.2	1.8	*1332.0%*	0.3	5.5	*-58.9%*
Gross Operating Revenue - Consolidated	424.6	447.7	527.1	*24.1%*	1,155.6	1,374.1	*18.9%*
ICMS	(67.7)	(71.7)	(75.0)	*10.9%*	(177.4)	(213.4)	*20.3%*
PIS/Cofins	(38.7)	(43.9)	(45.4)	*17.1%*	(107.3)	(128.9)	*20.1%*
Consumer Charges	(16.6)	(16.3)	(12.8)	*-22.5%*	(43.5)	(46.4)	*6.6%*
Net Operating Revenue - Consolidated	301.6	315.8	393.9	*30.6%*	827.4	985.4	*19.1%*

Consolidated net operating revenues (NOR) totaled R$393.9 million in 3Q10, 30.6% up on the R$301.6 million recorded in 3Q09. This account is mainly impacted by the distribution segment, which accounts for 97.3% of consolidated NOR, followed by generation (2.3%) and services (0.4%). 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$237.1 million in 3Q10, 22.8% more than in 3Q09. This account comprises non-manageable costs and expenses (the purchase and transportation of energy and sector charges), which stood at R$125.4 million and increased by 9.5%, and manageable costs and expenses, which climbed by 28.0%.

Operating Costs / Expenses	3Q09	2Q10	3Q10	Chg.	9M09	9M10	Chg.
Electricity Purchased for Resale	114.6	130.5	125.4	9.5%	338.4	375.1	10.9%
PMSO	44.7	50.7	57.2	28.0%	123.3	159.5	29.3%
Provisions and Other Operating Expenses	6.8	15.9	18.0	166.0%	38.0	43.9	15.6%
Depreciation	24.9	22.1	23.7	-4.6%	77.2	68.2	-11.7%
CEMAR	190.9	219.2	224.4	17.5%	576.9	646.7	12.1%
CUST + Generation costs	-	2.3	2.2	N/A	-	7.6	N/A
PMSO	-	0.7	0.4	N/A	-	1.7	N/A
Depreciation	-	1.2	1.2	N/A	-	3.1	N/A
Geramar	-	4.2	3.8	N/A	-	12.4	N/A
PMSO	0.0	0.9	2.2	N/A	0.1	3.5	N/A
Depreciation	-	0.0	0.0	N/A	-	0.0	N/A
Equatorial Soluções	0.0	0.9	2.2	N/A	0.1	3.5	N/A
PMSO	2.0	2.2	6.6	233.4%	7.4	17.0	130.6%
Depreciation	0.0	0.0	0.0	N/A	0.1	0.1	N/A
Equatorial (holding)	2.0	2.2	6.7	229.1%	7.5	17.1	128.7%
Equatorial Consolidated	193.0	226.4	237.1	22.8%	584.4	679.8	16.3%

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

3.1.3 - EBITDA

Consolidated EBITDA totaled R$186.0 million in 3Q10, 27.6% up on adjusted 3Q09 EBITDA.

The quarterly upturn was chiefly due to:

- CEMAR: given the 10.2% increase in billed energy, CEMAR's 3Q10 EBITDA increased by 36.2%. In addition, the company recognized R$61.3 million in regulatory assets, due to the annual tariff adjustment in August 2010.
- Geramar: the company's start-up in February 2010 contributed R$6.3 million to consolidated EBITDA in 3Q10.

Regarding the constitution of the aforementioned regulatory assets, we would like to highlight the R$46.6 million related to the Low Income Subsidy and R$17.6 million related to the Light For All Program Deficit (not considering the amortizations). Specifically regarding the latter, until the next Tariff Review (aug-13), both the capex remuneration and the additional costs related to the program should be granted as Financial Components in the Annual Tariff Adjustment.

Consolidated EBITDA (R$ million)	3Q09	2Q10	3Q10	Chg.	9M09	9M10	Chg.
Service Income	108.6	89.4	156.7	*44.4%*	243.0	305.7	*25.8%*
Depreciation and Amortization	24.9	23.3	25.0	*0.1%*	77.3	71.4	*-7.6%*
Other Operating Revenue/Expenses	2.2	0.7	4.3	*96.6%*	12.8	7.0	*-45.2%*
EBITDA	135.7	113.4	186.0	*37.1%*	333.1	384.1	*15.3%*
RTD Adjustment - CEMAR	3.9	-	-	*N/A*	3.9	-	*N/A*
Regulatory Losses Adjustment - CEMAR	6.2	-	-	*N/A*	6.2	-	*N/A*
Adjusted EBITDA	145.8	113.4	186.0	27.6%	343.2	384.1	11.9%

3.1.4 – Financial Result

Financial Result (R$ MM)	3Q09	2Q10	3Q10	Chg.	9M09	9M10	Chg.
Financial income	4.4	10.1	11.6	166.0%	28.6	30.5	6.9%
Fine charged on energy sale	12.8	11.8	12.5	-2.2%	31.0	36.9	18.9%
Other financial revenues	8.8	(2.2)	2.9	-66.5%	33.0	6.5	-80.4%
Financial Revenue	25.9	19.6	27.1	4.4%	92.6	73.9	-20.2%
Interest on loans and financing	(21.5)	(21.0)	(22.2)	3.2%	(66.8)	(63.6)	-4.8%
Monetary and foreign exchange variation	(2.9)	(6.7)	(4.5)	55.0%	(9.5)	(18.0)	90.6%
Other financial expenses	(5.5)	(9.6)	(9.9)	79.4%	(11.7)	(26.1)	122.7%
Financial Expenses	(29.9)	(37.3)	(36.6)	22.3%	(88.0)	(107.7)	22.4%
Net Financial Result	(4.0)	(17.6)	(9.5)	139.0%	4.6	(33.8)	N/A

In 3Q10, the consolidated financial result was a net expense of R$9.5 million, versus an expense of R$4.0 million in 3Q09.

The main variations per company were:

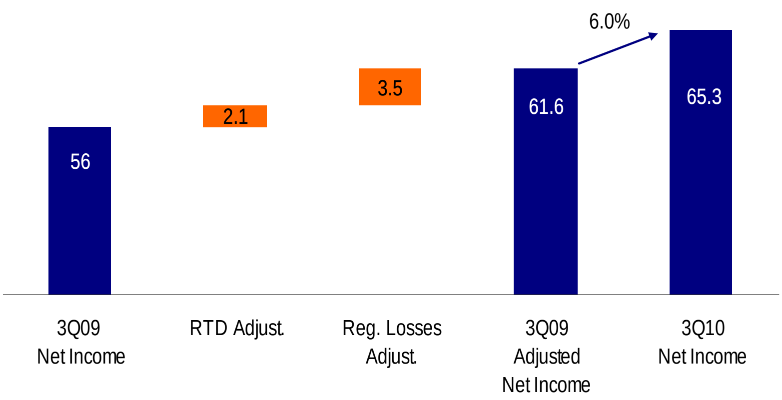
- CEMAR: net financial expense of R$8.7 million, versus a net expense of R$5.7 million in 3Q09, from financial revenues of R$24.7 million (virtually flat over 3Q09) and financial expenses of R$33.4 million (11.9% up on 3Q09).
- Geramar: the company recognized a net financial expense of R$3.1 million as a result of the loans taken out during the construction of the plants.
- Equatorial (holding): positive result of R$2.2 million, basically arising from the utilization of the Company's available cash.

3.1.5 – NET INCOME

The Company posted 3Q10 net income of R$65.3 million, 6.0% up on adjusted net income in 3Q09, when the Company recognized two non-recurring items that negatively impacted its results, both of which as a result of the tariff review process concluded in August 2009. These were: i) R$2.1 million due to the negative adjustment of the deferred tariff repositioning and ii) R$3.5 million due to the adjustment of the loss trajectory in CEMAR's first cycle.

In 3Q10, Equatorial's earnings per share totaled R$0.60, versus R$0.53 in the same quarter the year before. In year-to-date terms, earnings per share came to R$1.37, versus R$1.42 in the first nine months of 2009.

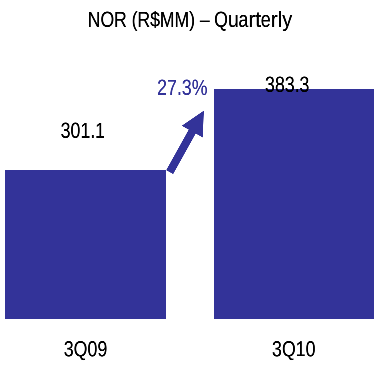
RECONCILIATION OF ADJUSTED NET INCOME

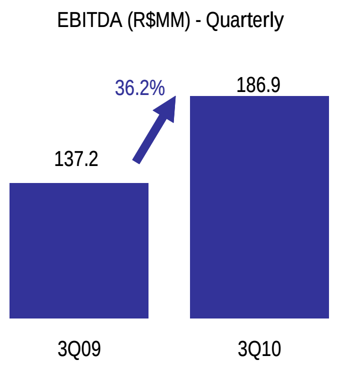


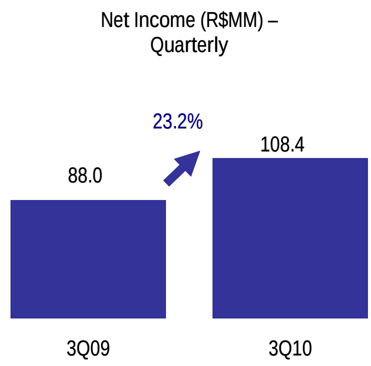
3.2 FINANCIAL PERFORMANCE – CEMAR

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

INCOME STATEMENT - CEMAR (R$MM)	3Q09	2Q10	3Q10	Chg.	9M09	9M10	Chg.
Gross Operating Revenues (GOR)	424.0	434.1	515.5	*21.6%*	1,154.9	1,339.8	*16.0%*
Net Operating Revenues (NOR)	301.1	303.4	383.3	*27.3%*	826.7	954.2	*15.4%*
Electric Energy Cost	(114.6)	(130.5)	(125.4)	*9.5%*	(338.4)	(375.1)	*10.9%*
Operating Costs / Expenses	(49.3)	(65.9)	(70.9)	*43.9%*	(148.4)	(196.3)	*32.3%*
EBITDA	137.2	107.1	186.9	*36.2%*	339.9	382.7	*12.6%*
Other Operating Revenues/Expenses	(2.2)	(0.7)	(4.3)	*96.6%*	(12.8)	(7.0)	*-45.2%*
Service Income (EBIT)	110.1	84.3	158.8	*44.2%*	249.9	307.5	*23.1%*
Financial Result	(5.7)	(16.7)	(8.7)	*52.1%*	(8.4)	(31.9)	*278.6%*
Operating Income	104.4	67.6	150.1	*43.8%*	241.4	275.6	*14.2%*
Income Tax / Social Contribution	(14.2)	2.4	(34.0)	*139.3%*	(5.5)	(38.0)	*587.0%*
Profit Sharing	(2.2)	(2.7)	(7.7)	*248.5%*	(6.4)	(13.0)	*103.3%*
Net Income	88.0	67.3	108.4	23.2%	229.5	224.6	-2.1%







3.2.1 – Operating Revenues

OPERATING REVENUE - CEMAR	3Q09	2Q10	3Q10	Chg.	9M09	9M10	Chg.
Energy Sales (MWh)*	972,902	1,020,490	1,072,160	10.2%	2,580,880	3,052,571	18.3%
Number of Clients**	1,667,740	1,758,638	1,792,695	7.5%	1,667,740	1,792,695	7.5%
KWh per Client	583.4	580.3	598.1	2.5%	1,547.5	1,702.8	10.0%
Gross Operating Revenue (R$ MM)	383.6	420.3	429.3	11.9%	1,059.2	1,233.1	16.4%
Residential	182.0	204.7	203.4	11.8%	500.0	595.1	19.0%
Industrial	35.6	37.9	40.7	14.4%	99.2	112.7	13.7%
Commercial	89.3	95.6	97.8	9.5%	249.1	282.3	13.3%
Other Classes	76.7	82.1	87.3	13.9%	210.9	242.9	15.1%
Supply (R$ MM)	2.3	1.8	11.4	395.8%	10.2	14.8	45.4%
Other Revenues (R$ MM)	38.1	11.9	74.8	96.5%	85.5	92.0	7.6%
Low Income	29.7	31.2	31.3	5.6%	83.9	92.8	10.7%
Accrual (Amortization) of Regulatory Assets	4.5	(28.0)	37.7	735.0%	(10.3)	(19.4)	-88.7%
CVA	22.9	(10.4)	25.8	12.7%	22.3	3.1	-86.0%
Network Usage	0.2	0.0	(0.3)	-207.5%	0.5	(0.2)	-143.5%
PLPT - IRT	0.8	(1.7)	14.4	1822.1%	0.7	11.1	1455.6%
RTD	(19.4)	(16.0)	(2.3)	88.1%	(33.8)	(33.4)	1.2%
Other Operating Revenues	3.9	8.8	5.8	49.0%	11.9	18.5	55.9%
Deductions from Operating Revenues (R$ MM)	(122.9)	(130.7)	(132.2)	-7.6%	(328.1)	(385.6)	-17.5%
Net Operating Revenue (R$ MM)	301.1	303.4	383.3	27.3%	826.7	954.2	15.4%
Regulatory Assets***	120.3	29.4	82.0	-31.9%	120.3	82.0	-31.9%

* Does not consider own consumption and supply to CEPISA
** Excludes own consumption facilities
*** Net Balance of Regulatory Assets and Liabilities

In 3Q10, gross revenues from energy sales grew by 11.9% over the same period last year, largely due to two factors: i) the 10.2% increase in energy sales volume; and ii) the recognition of regulatory assets included as financial components in the annual tariff adjustment in August, which includes the Low Income Subsidy and the PLPT Deficit. As already explained in previous earnings releases, these assets are fully recognized in August (when the tariff adjustment or review takes place) and are gradually amortized over the following 12 months. In 3Q10, regulatory assets of R$74.5 million were recognized, R$13.2 million of which amortized in August and September, resulting in the net recognition of R$61.3 million.

Net revenues totaled R$383.3 million, 27.3% up on 3Q09. The difference between gross revenue (11.9%) and net revenue (27.3%) growth was chiefly due to the recognition of regulatory assets in the amount of R$61.3 million, as no tax is levied on these revenues.

3.2.2 – Costs and Expenses

In 3Q10, costs and expenses (manageable and non-manageable, excluding depreciation and amortization) totaled R$200.7 million, equivalent to 52.4% of net revenues, 2.7 p.p. down on the 55.1% recorded in 3Q09.

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$57.2 million, virtually identical to 3Q09 as a percentage of net revenues.

Personnel expenses came to R$15.1 million, 40.4% up on 3Q09, fueled by the 4.18% pay rise following the collective bargaining agreement in November 2009 and the change in the way these expenses are booked as a result of Regulatory Resolution 396/2010.

Material expenses amounted to R$1.6 million, 29.2% down on 3Q09. The main items in this line were: i) the purchase of maintenance and operational materials, totaling R$1.2 million; and ii) the purchase of fuel and lubricants for support vehicles and repair and maintenance of the distribution network, totaling R$0.3 million.

Expenses from outsourced services moved up by 37.0% over 3Q09 to R$38.2 million, pushed by the substantial 7.5% increase in the number of clients, improvements to the quality of the energy distribution system and the Company's program to reduce energy losses. The main services leading to the upturn were: i) a R$3.8 million increase in fraud-combat services, as part of the Company's loss reduction program; ii) a R$0.5 million upturn in the maintenance of live lines (when the distribution line is not disconnected); and iii) a R$0.5 million increase in standby emergency services, with technical support and electrician teams.

In 3Q10, provisions for doubtful accounts (PDA) and losses came to R$6.3 million, or 1.2% of gross operating revenues (GOR), 0.7 p.p. higher than in 3Q09 result. However, PDA and losses as a percentage of GOR came to 1.9% in 9M10, a 0.2 p.p. improvement.

CEMAR reached 1,382 clients for each employee in 3Q10, 10.0% more than in 3Q09. The PMSO/client ratio moved up by 19.1%, representing a cost of R$31.9 per client.

R$ MM	3Q09	2Q10	3Q10	Chg.	9M09	9M10	Chg.
Personnel	10.7	14.5	15.1	40.4%	29.7	44.4	49.4%
Material	2.3	1.9	1.6	-29.2%	6.2	5.5	-10.4%
Third Party Services	27.9	32.7	38.2	37.0%	76.2	101.6	33.3%
Others	3.8	1.6	2.3	-39.0%	11.2	8.0	-28.7%
PMSO	44.7	50.7	57.2	28.0%	123.3	159.5	29.3%
% Net Revenues	14.8%	16.7%	14.9%	0 p.p.	14.9%	16.7%	1.7 p.p.
Provisions	4.6	15.2	13.7	199.2%	25.1	36.9	46.7%
PDA and Losses	2.1	13.0	6.3	194.2%	18.5	25.1	35.9%
% Gross Operating Revenue	0.5%	3.0%	1.2%	0.7 p.p.	1.6%	1.9%	0.2 p.p.
Provision for Contingencies and Other Provisions	2.4	2.2	7.4	203.5%	6.6	11.7	76.7%
Other Operating Expenses/Revenues	2.2	0.7	4.3	96.6%	12.8	7.0	-45.2%
MANAGEABLE COSTS AND EXPENSES	51.5	66.6	75.2	46.1%	161.3	203.4	26.1%
% Net Revenues	17.1%	21.9%	19.6%	2.5 p.p.	19.5%	21.3%	1.8 p.p.
Electricity Purchased	96.7	109.2	109.7	13.5%	278.1	316.7	13.9%
Transmission and Distribution Network Usage Charges	17.6	20.6	18.8	6.7%	59.1	60.1	1.7%
CVA Amortization	-0.4	0.0	-4.2	837.4%	-0.7	-4.2	471.1%
Other Costs	0.7	0.7	1.1	52.2%	2.0	2.5	28.6%
NON-MANAGEABLE COSTS AND EXPENSES	114.6	130.5	125.4	9.5%	338.4	375.1	10.9%
% Net Revenues	38.1%	43.0%	32.7%	-5.3 p.p.	40.9%	39.3%	-1.6 p.p.
TOTAL	166.0	197.1	200.7	20.9%	499.7	578.5	15.8%
TOTAL (% Net Revenues.)	55.1%	64.9%	52.4%	-2.7 p.p.	60.4%	60.6%	0.2 p.p.

Non-Manageable Operating Costs and Expenses

Non-manageable operating costs and expenses totaled R$125.4 million in 3Q10, 9.5% more than in 3Q09, chiefly due to the increase in the volume of purchased energy to meet the 10.2% 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.

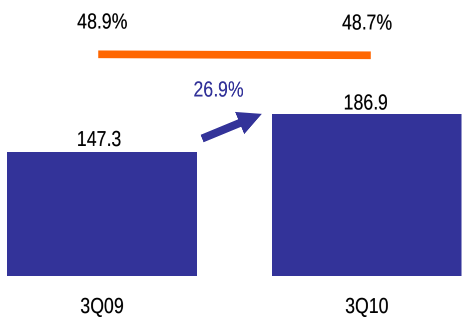
3.2.3 - EBITDA

EBITDA totaled R$186.9 million in 3Q10, 26.9% up on the R$147.3 million recorded in 3Q09, already including the adjustments in the latter quarter, mainly fueled by higher energy sales by CEMAR, lower energy losses and the higher recognition of regulatory assets (R$61.3 million, net of amortization) in the tariff adjustment process, as dealt with in section 3.1 - Operating Revenues.

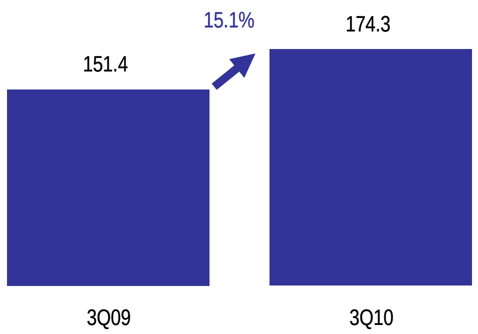
Regarding the constitution of the aforementioned regulatory assets, we would like to highlight the R$46.6 million related to the Low Income Subsidy and R$17.6 million related to the Light For All Program Deficit (not considering the amortizations). Specifically regarding the latter, until the next Tariff Review (aug-13), both the capex remuneration and the additional costs related to the program should be granted as Financial Components in the Annual Tariff Adjustment.

EBITDA (R$ MM)	3Q09	2Q10	3Q10	Chg.	9M09	9M10	Chg.
Service Income	110.1	84.3	158.8	44.2%	249.9	307.5	23.1%
Depreciation and Amortization	24.9	22.1	23.7	-4.6%	77.2	68.2	-11.7%
Other Operating Revenues/Expenses	2.2	0.7	4.3	96.6%	12.8	7.0	-45.2%
EBITDA	137.2	107.1	186.9	36.2%	339.9	382.7	12.6%
RTD Adjustment	3.9	-	-	N/A	3.9	-	N/A
Regulatory Losses Adjustment	6.2	-	-	N/A	6.2	-	N/A
Adjusted EBITDA	147.3	107.1	186.9	26.9%	350.0	382.7	9.4%

EBITDA (R$MM) and EBITDA Margin: Quarterly



EBITDA (R$) per MWh: Quarterly



3.2.4 – Financial Result

In 3Q10, the net financial result was an expense of R$8.7 million, versus an expense of R$5.7 million in 3Q09, from financial revenues of R$24.7 million (virtually flat in comparison to 3Q09) and financial expenses of R$33.4 million (up by 11.9%).

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

Financial Result (R$ MM)	3Q09	2Q10	3Q10	Chg.	9M09	9M10	Chg.
Financial income	2.6	8.0	9.3	257.5%	14.6	24.0	63.9%
Fine charged on energy sale	12.8	11.8	12.5	-2.2%	31.0	36.9	18.9%
RTD and CVA Adjustments	1.7	0.4	0.4	-74.3%	7.0	1.2	-83.2%
Other financial revenues	7.1	(2.6)	2.5	-64.7%	26.0	5.3	-79.7%
Financial Revenue	24.1	17.6	24.7	2.3%	78.7	67.3	-14.4%
Interest on loans and financing	(21.5)	(21.0)	(22.2)	-3.2%	(66.8)	(63.6)	4.8%
Monetary and foreign exchange variation	(2.9)	(6.7)	(4.5)	-55.0%	(9.5)	(18.0)	-90.6%
Other financial expenses	(5.5)	(6.6)	(6.8)	-23.2%	(10.8)	(17.6)	-62.7%
Financial Expenses	(29.9)	(34.3)	(33.4)	-11.9%	(87.1)	(99.2)	13.9%
Net Financial Result	(5.7)	(16.7)	(8.7)	-52.1%	(8.4)	(31.9)	-278.6%

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 expenses, 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)	3Q09	2Q10	3Q10	9M09	9M10
EBT	104.4	67.6	150.1	241.4	275.6
(-) Other Expenses	2.2	2.7	2.7	6.4	13.0
EBT basis (1)	102.2	64.9	147.4	235.0	262.6
Income Tax / Social Contribution Expenses	(13.9)	2.4	(34.9)	(5.3)	(38.0)
(-) Deferred Tax Assets	6.1	(12.5)	25.1	(11.9)	11.4
= Tax Payable	(7.8)	(10.0)	(9.9)	(17.2)	(26.7)
(+) Fiscal Credits	-	2.7	-	-	4.3
= Tax - Cash Basis (2)	(7.8)	(7.4)	(9.9)	(17.2)	(22.4)
Effective Tax Rate = (2) / (1)	7.6%	11.3%	6.7%	7.3%	8.5%

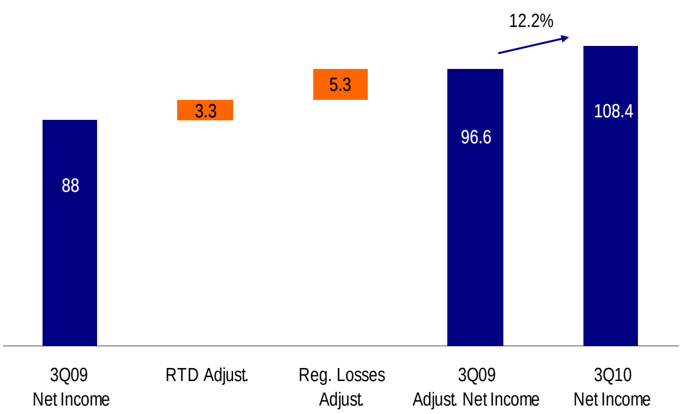
In 3Q10, income tax and social contribution represented an expense of R$34.9 million. Considering the utilization of deferred tax assets, CEMAR paid R$9.9 million in taxes, corresponding to an effective rate of 6.7%.

3.2.6 – Net Income

CEMAR posted 3Q10 net income of R$108.4 million, 23.2% higher than in 3Q09, when income was negatively affected by a non-recurring R$3.3 million from the negative adjustment of the deferred tariff repositioning and R$5.3 million from the adjustment in the 1st cycle's loss trajectory, both as a result of the tariff review process concluded in August 2009. Excluding these non-recurring effects, net income increased by 12.2% year-on-year.

CEMAR's earnings per share came to R$0.66 in 3Q10 and R$1.37 in 9M10, versus R$1.40 in 9M09.

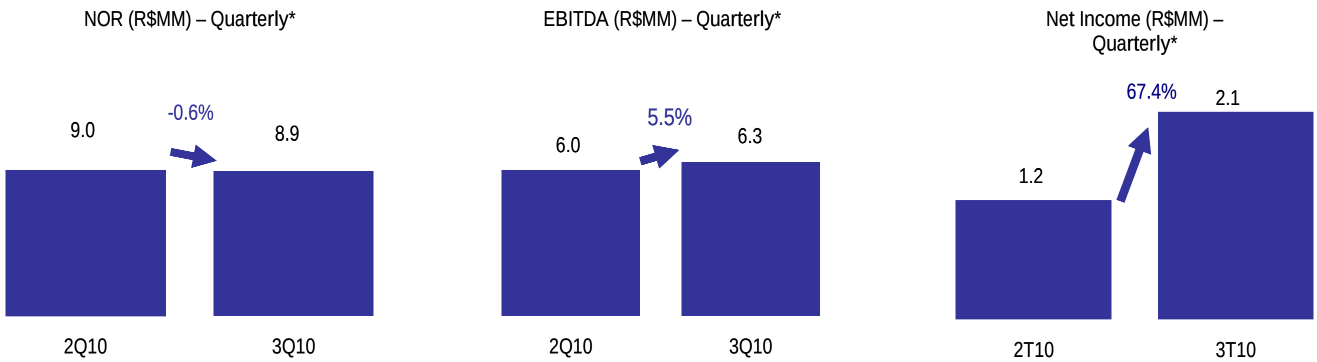
ADJUSTED NET INCOME – CEMAR



3.3 FINANCIAL PERFORMANCE - Geramar

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

INCOME STATEMENT - GENERATION (R$MM)	3Q09	2Q10	3Q10	Chg.	9M09	9M10	Chg.
Gross Operating Revenues (GOR)	-	9.9	9.8	N/A	-	28.0	N/A
Net Operating Revenues (NOR)	-	9.0	8.9	N/A	-	25.4	N/A
Electric Energy Cost	-	(2.3)	(2.2)	N/A	-	(7.6)	N/A
Operating Costs / Expenses	-	(0.7)	(0.4)	N/A	-	(1.7)	N/A
EBITDA	-	6.0	6.3	N/A	-	16.1	N/A
Depreciation	-	(1.2)	(1.2)	N/A	-	(3.1)	N/A
Service Income (EBIT)	-	4.8	5.1	N/A	-	13.0	N/A
Financial Result	-	(3.0)	(3.1)	N/A	-	(8.4)	N/A
Earnings Before Taxes (EBT)	-	1.8	2.1	N/A	-	4.6	N/A
Income Tax / Social Contribution	-	(0.6)	(0.0)	N/A	-	(0.7)	N/A
Net Income	-	1.2	2.1	N/A	-	3.9	N/A



* 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 3Q10, net operating revenues (NOR) totaled R$8.9 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 3Q10, 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	3Q09	2Q10	3Q10	Chg.	9M09	9M10	Chg.
CUST + Generation costs	-	2.3	2.2	N/A	-	7.6	N/A
PMSO	-	0.7	0.4	N/A	-	1.7	N/A
Depreciation	-	1.2	1.2	N/A	-	3.1	N/A
Geramar	-	4.2	3.8	N/A	-	12.4	N/A

3.3.3 - EBITDA

Geramar's EBITDA totaled R$6.3 million in 2Q10, an improvement over the previous quarter, thanks to the reduction in PMSO.

3.3.4 – Financial Result

The 3Q10 financial result was a net expense of R$3.1 million, arising from interest on loans taken out to finance the construction of the plants.

3.3.5 – Net Income

Geramar posted 3Q10 net income of R$2.1 million, reflecting a quarter during which the plants were 100% available for generation.

4. DEBT

Equatorial closed the third quarter with consolidated gross debt (including charges) of R$1,260.0 million, 2.8% down on the R$1,295.9 million recorded at the close of the previous quarter.

In September 2010, only 0.7% of Equatorial's consolidated gross debt, corresponding to R$8.6 million, was denominated in foreign currency (mostly U.S. dollars). Thanks to their low foreign 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]

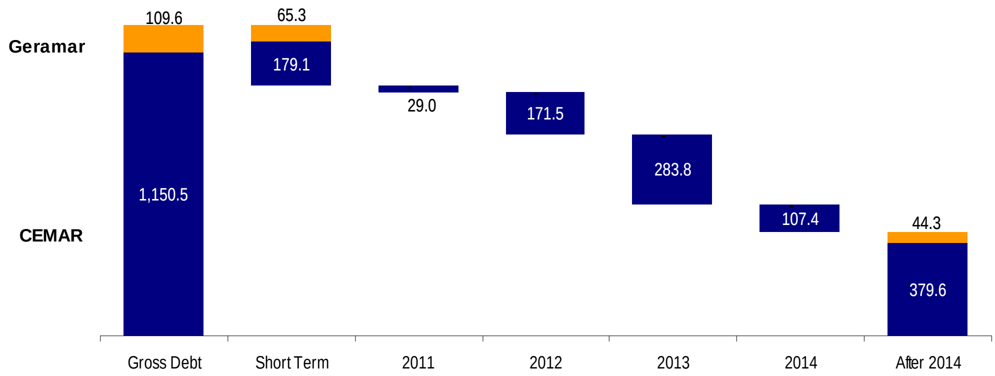
Index	Average Charges (p.a.)	Average Due Date (month/year)	Average Period (years)	Part. (%)
Foreign Currency				
Libor	1.4%	sep-21	11.2	0.3%
Fixed (US$)	6.5%	sep-21	11.2	0.4%
TOTAL (CEMAR)	4.5%		11.2	0.7%
Domestic Currency				
CEMAR	9.2%		6.7	90.6%
IGP-M	11.8%	dec-23	13.5	12.4%
TJLP	9.8%	apr-13	2.7	5.5%
Fixed (R$)	8.4%	apr-19	8.7	19.7%
RGR	6.5%	oct-17	7.2	17.0%
FINEL(**)	11.3%	dec-15	5.4	3.5%
CDI	9.8%	feb-14	3.5	32.5%
Geramar	10.6%		7.0	8.7%
CDI	13.1%	dec-10	1.0	59.6%
TJLP	7.0%	dec-25	16.0	40.4%
TOTAL	9.3%		6.7	99.3%
TOTAL	9.3%		6.8	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	179.1	65.3	244.4	19.4%
Long Term	971.3	44.3	1,015.6	80.6%
2011	29.0	-	29.0	2.3%
2012	171.5	-	171.5	13.6%
2013	283.8	-	283.8	22.5%
2014	107.4	-	107.4	8.5%
After 2014	379.6	44.3	423.9	33.6%
Gross Debt	1,150.5	109.6	1,260.0	100.0%
Cash	352.0	5.6	357.6	
Cash - Holding			81.5	
Cash - Equatorial Soluções			5.6	
Net Reg. Assets	82.0		82.0	
Net Debt	716.4	104.0	733.4	

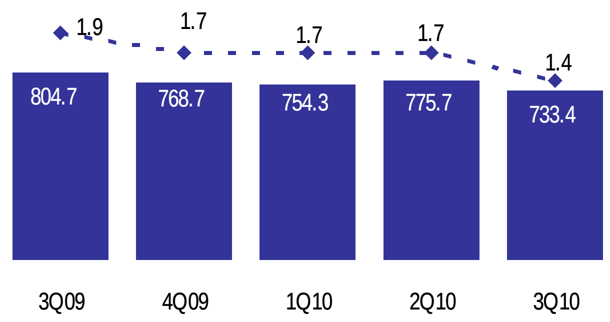
Gross Debt Maturity Schedule
(R$ million)



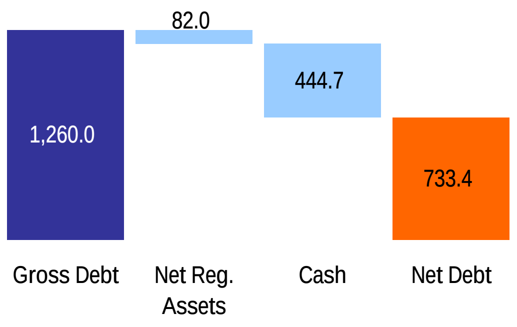
Net debt, including cash and cash equivalents and net regulatory assets, totaled R$733.4 million in 3Q10, 5.5% lower than the R$775.7 million reported at the close of 2Q10, maintaining a last-12-month net debt/EBITDA ratio of 1.4x, versus 1.7x in the previous quarter.

[1] For more details, see Annex 4 – Indebtedness.

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

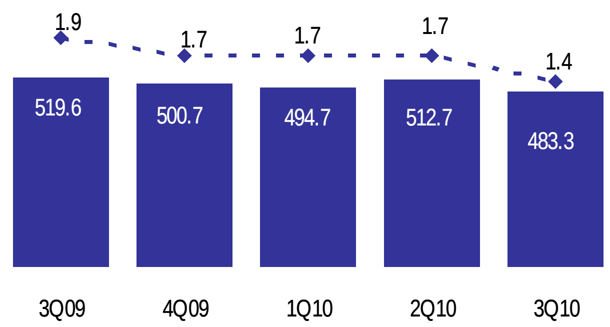


Net Debt Reconciliation (R$MM) - Consolidated (100% CEMAR + 25% Geramar)

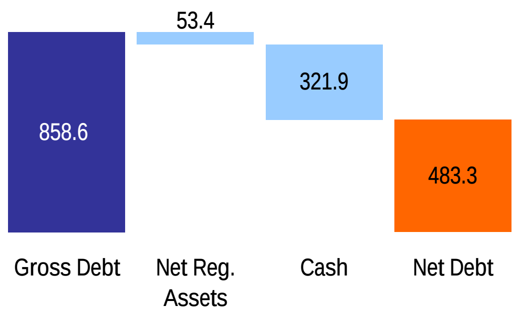


Consolidated net debt, adjusted by Equatorial's interest in CEMAR (65.11%) and Geramar (25%), totaled R$483.3 million at the close of September, representing a last-12-month consolidated net debt/EBITDA ratio of 1.4x, versus 1.7x at the close of 2Q10.

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)



6. 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)	3Q09	2Q10	3Q10	Chg.	9M09	9M10	Chg.
CEMAR							
Own (*)	62.2	43.4	48.0	*-22.8%*	175.6	129.7	*-26.1%*
Light For All Program	46.1	45.7	65.0	*41.0%*	110.6	143.8	*30.1%*
Total	108.4	89.1	113.1	*4.3%*	286.2	273.5	*-4.4%*
Geramar							
Generation	59.3	8.5	0.3	*-99.6%*	89.0	15.9	*-82.2%*
TOTAL	167.7	97.6	113.3	-32.4%	375.2	289.4	-22.9%

(*) Including indirect Light For All Program investments

6.1 - CEMAR

CEMAR invested R$48.0 million in 3Q10, excluding direct investments related to the PLPT, 22.8% down on the same period in 2009. Of this total, R$24.4 million was allocated to the expansion of the distribution network in the state of Maranhão, R$15.5 million to maintenance of the existing network and the remaining R$8.1 million to equipment, systems and others.

Investments in the PLPT

At the close of 3Q10, 264,000 clients were connected to CEMAR's distribution network through the PLPT, directly benefiting over 1.3 million inhabitants in the state of Maranhão. The PLPT is already present in 211 (97%) of Maranhão's 217 municipalities, contributing to the development of areas isolated from the urban centers and generating wealth in these localities. In 3Q10, direct investments in the program, which include expenses with materials, freight and outsourced services, totaled R$65.0 million, 41.0% up on 3Q09.

6.2 – Geramar

Investments in 3Q10 essentially refer to plant maintenance, given that construction was concluded in 1Q10.

7. Annual Tariff Adjustment - CEMAR

In August 2010, CEMAR's annual tariff adjustment was concluded. Excluding the net effect of financial components in the tariff, the average impact on consumers was 0.08%. The main items in the financial components were Low Income Subsidy (R$46.6 million) and the Light For All Program Deficit (R$17.6 million), both of which being accounted for in CEMAR's revenues for the quarter (for more details, see section 3.2.1 – Operating Revenues).

Regarding the Light For All Deficit, until the next Tariff Review (aug-13), both the investment remuneration and the additional costs related to the program should be granted as Financial Components in the Annual Adjustments.

Annual Tariff Adjustment 2010		
Basic Adjustment	6.17%	
Financial Components	5.88%	In R$ thousands
Low Income Subsidy	3.51%	46,632
Light For All Program	1.32%	17,568
Others	1.05%	13,870
Average Adjustment to Consumers	0.08%	

8. Capital Market

Equatorial Energia's shares closed 3Q10 at R$10.25, 9.4% down over the adjusted value (considering the spin-off) of R$11.31 at the end of 2Q10.

Daily traded volume averaged R$4.5 million in the 60 trading sessions ended September 30, 2010. The Company's shares are listed in the Bovespa's Novo Mercado trading segment and in the IEE, ITAG and IGC indices.

9. 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.

10. 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.

11. Disclosure Calendar

Conference Call in English	Conference Call in Portuguese
Thursday, November 11, 2010	Thursday, November 11, 2010
12:00 pm (Brasília time)	2:00 pm (Brasília time)
9:00 am (New York time)	11:00 am (New York time)
Telephone: +1 (412) 317-6776	Telephone: +0 XX (11) 3301-3000
Code: Equatorial	Code: Equatorial
Replay: +1 (412) 317-0088	Replay: +0 XX (11) 3127-4999
Replay code: 445711#	Replay code: 47197257

- 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.
- Replay: The call replays will be available from November 12 to 19, 2010. To access, please dial the above-mentioned numbers or visit our website.

Contacts

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  CFO and IRO
- Thomas Newlands
  Investor Relations Analyst
- Telephones: + 0 XX (21) 3206-6635 / 6607
- 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 3Q09, 9M09 and 9M10 are pro forma, excluding the interest then held by Equatorial in RME.

INCOME STATEMENT (R$ MM)	3Q09	2Q10	3Q10	9M09	9M10
GROSS OPERATING REVENUES	424.6	447.7	527.1	1,155.6	1,374.1
Electricity Sales to Final Consumer	417.8	433.3	508.2	1,132.8	1,334.4
Electricity Supply	2.3	1.8	11.4	10.2	14.8
Other Revenues	4.5	12.6	7.6	12.6	24.9
DEDUCTIONS FROM OPERATING REVENUES	(123.0)	(131.9)	(133.2)	(328.2)	(388.7)
NET OPERATING REVENUES	301.6	315.8	393.9	827.4	985.4
ELECTRICITY COSTS	(114.6)	(132.8)	(127.6)	(338.4)	(382.7)
Electricity Purchased for Resale	(96.7)	(111.2)	(111.6)	(278.1)	(323.4)
Transmission and Distribution Network Usage Charges	(17.6)	(20.9)	(19.1)	(59.1)	(61.0)
Other non-manageable expenses	(0.3)	(0.7)	3.1	(1.2)	1.7
OPERATING COSTS/EXPENSES	(51.3)	(69.6)	(80.2)	(155.8)	(218.6)
Personnel	(12.1)	(15.3)	(16.1)	(33.4)	(53.4)
Material	(2.3)	(2.0)	(1.7)	(6.2)	(5.8)
Services	(28.0)	(34.6)	(45.8)	(78.4)	(111.9)
Provisions	(4.6)	(15.2)	(13.7)	(25.1)	(36.9)
Others	(4.3)	(2.5)	(2.9)	(12.6)	(10.6)
EBITDA	135.7	113.4	186.0	333.1	384.1
Other Operating Revenue/Expenses	(2.2)	(0.7)	(4.3)	(12.8)	(7.0)
Depreciation and Amortization	(24.9)	(23.3)	(25.0)	(77.3)	(71.4)
SERVICE INCOME	108.6	89.4	156.7	243.0	305.7
EQUITY INCOME	-	(2.3)	(1.6)	-	9.7
Equity Income	-	-	-	-	14.4
Goodwill Amortization	-	(2.3)	(1.6)	-	(4.7)
FINANCIAL INCOME	(4.0)	(17.6)	(9.5)	4.6	(33.8)
Financial Revenue	25.9	19.6	27.1	92.6	73.9
Financial Expenses	(29.9)	(37.3)	(36.6)	(88.0)	(107.7)
OPERATING INCOME	104.6	69.5	145.7	247.6	281.5
Social Contribution	(7.9)	(10.3)	(10.0)	(17.6)	(27.1)
Income Tax	(20.7)	(15.3)	(15.6)	(48.7)	(41.7)
Deferred Taxes	(6.4)	12.5	(24.2)	11.6	(11.4)
SUDENE Incentive	20.5	14.6	15.4	47.2	40.5
PROFIT SHARING	(3.4)	(3.3)	(8.2)	(9.7)	(14.7)
MINORITY INTERESTS	(30.7)	(23.5)	(37.8)	(79.9)	(78.4)
NET INCOME	56.0	44.1	65.3	150.5	148.7

Annex 2 – 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$MM)	Equatorial Holding	Geramar 25%	Equatorial Soluções 100%	CEMAR 100%	Eliminations	Equatorial Consolidated
GROSS OPERATING REVENUES	0.0	9.8	1.8	515.5	-	527.1
Electricity Sales to Final Consumer	-	9.8	-	498.3	-	508.2
Electricity Supply	-	-	-	11.4	-	11.4
Emergency Capacity Charge	-	-	-	-	-	-
Other Revenues	0.0	0.0	1.8	5.8	-	7.6
DEDUCTIONS FROM OPERATING REVENUES	(0.0)	(0.9)	(0.1)	(132.2)	-	(133.2)
NET OPERATING REVENUES	0.0	8.9	1.7	383.3	-	393.9
ELECTRICITY COSTS	-	(2.2)	-	(125.4)	-	(127.6)
Electricity Purchased for Resale	-	(1.9)	-	(109.7)	-	(111.6)
Transmission and Distribution Network Usage Charges	-	(0.3)	-	(18.8)	-	(19.1)
Other Non-Manageable Expenses				3.1		3.1
OPERATING COSTS/EXPENSES	(6.6)	(0.4)	(2.2)	(70.9)	-	(80.2)
Personnel	(0.7)	(0.0)	(0.2)	(15.1)	-	(16.1)
Material	(0.0)	(0.1)	-	(1.6)	-	(1.7)
Services	(5.5)	(0.1)	(2.0)	(38.2)	-	(45.8)
Provisions	-	-	-	(13.7)	-	(13.7)
Others	(0.3)	(0.2)	(0.0)	(2.3)	-	(2.9)
EBITDA	(6.6)	6.3	(0.6)	186.9	-	186.0
Other Operating Revenue/Expenses				(4.3)		(4.3)
Depreciation and Amortization	(0.0)	(1.2)	(0.0)	(23.7)	-	(25.0)
SERVICE INCOME	(6.7)	5.1	(0.6)	158.8	-	156.7
EQUITY INCOME	70.4	-	-	-	(72.0)	(1.6)
Equity Income	72.0	-	-	-	(72.0)	-
Goodwill Amortization	(1.6)	-	-	-	-	(1.6)
FINANCIAL INCOME	2.2	(3.1)	0.1	(8.7)	-	(9.5)
Financial Revenue	2.2	0.1	0.1	24.7	-	27.1
Financial Expenses	(0.0)	(3.1)	0.0	(33.4)	-	(36.6)
RESULT BEFORE INCOME TAX	65.9	2.1	(0.4)	150.1	(72.0)	145.7
Social Contribution	(0.0)	-	(0.1)	(9.9)	-	(10.0)
Income Tax	(0.1)	(0.0)	(0.1)	(15.4)	-	(15.6)
Deferred Taxes	-	-	-	(24.2)	-	(24.2)
SUDENE Incentive	-	-	-	15.4	-	15.4
PROFIT SHARING	(0.5)	-	(0.1)	(7.7)	-	(8.2)
MINORITY INTERESTS	-	-	-	-	(37.8)	(37.8)
NET INCOME	65.3	2.1	(0.7)	108.4	(109.8)	65.3

ANNEX 3 – BALANCE SHEET (R$ MM)

ASSETS (R$ MM)	3Q09	4Q09	1Q10	2Q10	3Q10
CURRENT	896.8	956.5	1,028.8	1,014.3	1,073.3
Cash and Cash Equivalents	337.6	440.5	523.4	490.8	444.7
Consumers and Resellers	317.9	328.5	341.8	374.7	400.7
Inventory	11.7	5.5	5.8	5.6	5.5
Taxes Recoverable	72.9	46.2	50.1	58.3	70.3
Low Income	20.3	23.1	22.5	23.4	24.9
Regulatory Assets	112.4	84.9	52.3	20.0	75.0
Other Accounts Receivable	24.1	27.8	32.8	41.5	52.2
LONG TERM ASSETS	409.0	415.4	415.4	413.2	417.9
Consumers and Resellers	65.9	68.2	69.3	61.8	58.6
Taxes Recoverable	99.4	119.2	120.0	124.4	133.1
Deferred Taxes - Income Tax / Social Contribution	239.6	218.9	217.1	217.5	217.5
Other Accounts Receivable	4.0	9.0	8.9	9.4	8.7
FIXED ASSETS	1,612.6	1,646.8	1,612.3	1,631.9	1,725.9
Investments	0.2	0.2	0.2	0.2	0.2
Deferred	2.0	1.9	1.9	1.8	1.7
Goodwill	291.4	290.6	285.8	290.9	291.0
Fixed Assets	2,086.7	2,183.2	2,227.2	2,288.2	2,375.5
(-) Special Obligations	(767.7)	(829.1)	(902.7)	(949.2)	(942.5)
TOTAL ASSETS	2,918.4	3,018.7	3,056.4	3,059.3	3,217.1

LIABILITIES AND SHAREHOLDERS' EQUITY (R$ MM)	3Q09	4Q09	1Q10	2Q10	3Q10
CURRENT	539.8	620.0	619.3	549.0	596.7
Suppliers	183.5	183.1	116.1	150.2	174.8
Salaries	0.7	0.8	0.9	0.8	0.9
Dividends / Interest on Equity	0.4	70.5	70.5	0.4	0.4
Taxes and Social Contribution	55.6	33.8	48.7	49.3	66.2
Loans and Financing	203.7	223.8	238.6	192.1	188.7
Debentures	1.9	7.8	55.5	61.8	55.7
Public Lighting	13.7	15.7	15.5	14.6	13.2
Provision for Contingencies	3.2	3.3	2.5	1.6	2.7
Regulatory Liabilities	12.3	16.8	14.9	14.0	17.9
Others	64.8	64.4	56.1	64.2	76.1
LONG TERM LIABILITIES	1,206.5	1,321.8	1,293.4	1,299.0	1,301.7
Taxes and Social Contribution	150.4	229.3	226.6	235.2	263.5
Debentures	267.3	267.3	256.6	257.4	258.1
Loans and Financing	769.4	801.6	787.0	784.6	757.6
Provision for Contingencies	4.5	2.9	2.6	1.2	2.0
Others	14.8	20.7	20.6	20.6	20.5
MINORITY INTERESTS	285.6	254.5	271.7	295.2	337.1
SHAREHOLDERS EQUITY	886.4	822.4	872.0	916.2	981.6
Capital Stock	566.9	548.3	552.4	566.8	566.8
Profit Reserves	115.3	274.1	280.3	280.4	280.4
Retained Earnings/Accumulated Deficit	204.3	-	39.3	69.0	134.3
TOTAL LIABILITIES AND SHAREHOLDERS EQUITY	2,918.4	3,018.7	3,056.4	3,059.3	3,217.1

ANNEX 4 – INDEBTEDNESS

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

LOANS AND FINANCING LINES (R$ MM)	3Q09				3Q10			
	S. T. - Charges	S. T. - Principal	L. T.	Total	S. T. - Charges	S. T. - Principal	L. T.	Total
FOREIGN CURRENCY	0	1	9	10	0	1	8	9
National Treasury	0	1	9	10	0	1	8	9
Others	-	-	-	-	-	-	-	-
DOMESTIC CURRENCY	10	193	761	964	6	182	794	982
Eletrobrás	1	56	343	400	-	42	372	414
Financial Institutions	8	133	396	537	6	134	402	543
Debt with Pension Fund	-	5	22	27	-	5	19	25
SUB TOTAL - LOANS AND FINANCING	10	194	769	973	7	182	802	990
Debentures	-	2	267	269	-	56	214	270
DEBT TOTAL	10	196	1,037	1,242	7	238	1,015	1,260

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)	3Q09				3Q10			
	S. T. - Charges	S. T. - Principal	L. T.	Total	S. T. - Charges	S. T. - Principal	L. T.	Total
FOREIGN CURRENCY	0	0	6	6	0	0	5	6
National Treasury	0	0	6	6	0	0	5	6
Others	-	-	-	-	-	-	-	-
DOMESTIC CURRENCY	7	147	495	649	4	141	532	677
Eletrobrás	1	36	223	261	-	27	242	270
Financial Institutions	6	107	258	371	4	110	277	392
Debt with Pension Fund	-	3	14	17	-	4	12	16
SUB TOTAL - LOANS AND FINANCING	7	147	501	655	5	141	537	683
Debentures	-	1	174	175	-	36	139	176
DEBT TOTAL	7	148	675	830	5	177	677	859

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

ANNEX 5 – CASH FLOW STATEMENT

CONSOLIDATED CASH FLOW (R$MM)	3Q09	4Q09	1Q10	2Q10	3Q10
Cash and Cash Equivalents - Initial Balance	192.1	337.6	440.5	523.4	490.8
CF from Operating Activities					
Net Income	56.0	(26.2)	39.3	44.1	65.3
(+) Non Cash Expenses	24.9	24.0	24.1	25.6	26.5
Changes in Assets	(50.9)	36.8	10.7	(16.0)	(109.8)
Changes in Liabilities	120.2	86.2	(49.1)	57.2	128.1
(=) Cash Flow from Operating Activities	150.3	120.8	25.0	110.9	110.1
CF from Investments					
Fixed Assets	(167.2)	(116.9)	(67.2)	(84.3)	(112.2)
Others	(1.4)	(2.7)	4.0	(7.3)	(1.7)
(=) Cash Flow from Investments	(168.6)	(119.6)	(63.2)	(91.6)	(113.9)
CF from Financing					
Loans and Financing	*100.9*	*58.3*	*37.1*	*(41.8)*	*(35.7)*
Dividends	-	-	-	*(71.0)*	-
Capital Increase	*(10.3)*	*(18.0)*	*10.3*	*14.5*	*0.1*
Subsidies	*73.1*	*61.4*	*73.6*	*46.5*	*(6.7)*
(=) Cash Flow from Financing	163.7	101.7	121.1	(51.9)	(42.3)
(=) Quarterly Cash Flow	145.4	102.9	82.9	(32.6)	(46.1)
Cash and Cash Equivalents - Final Balance	337.6	440.5	523.4	490.8	444.7

Independent auditors' special review report

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

1. We have revised the accounting information included in the Quarterly Information (ITR) of Equatorial Energia S.A. and in the Consolidated Quarterly Information of this Company and its subsidiaries for the quarter ended September 30, 2010, which comprise the balance sheets, the statements of income, changes in shareholders´ equity and cash flows, the notes to the financial statements and the performance report, which are the responsibility of management.

2. Our review was conducted in accordance with specific standards established by IBRACON - Institute of Independent Auditors in Brazil, and the Federal Accounting Council (CFC), and consisted mainly of: (a) enquiries and discussions with management responsible for the accounting, financial and operational areas of the Company and its subsidiaries, with respect to the main criteria adopted for preparing the Quarterly Information; and (b) review of the information and subsequent events that have, or could have, significant impacts on the financial position and operations of the Company and its subsidiaries.

3. Based on our review, we are not aware of any relevant alterations that should be made to the accounting information included in the aforementioned Quarterly Information for it to be in accordance with accounting practices adopted in Brazil and the norms issued by the Securities Commission (CVM), applicable for preparing Quarterly Information.

4. As reported in Note 2, during 2009, the CVM approved various Pronouncements, Interpretations and Technical Guidelines issued by the Accounting Pronouncements Committee (CPC), effective for 2010, which altered the accounting practices adopted in Brazil. As permitted by CVM Decision 603/09, management from the Company and its subsidiaries opted to present the Quarterly Information (ITR) using the accounting practices adopted in Brazil until December 31, 2009, that is, they did not adopt these norms in force for 2010. In accordance with CVM Decision 603/09, the Company disclosed this fact in Note 2 of the ITR, together with a description of the main alterations that could have an impact on the financial statements at the end of the year, and clarifications of the reasons that prevented the presentation of estimates of the possible effects on shareholders' equity and its results.

Fortaleza, November 9, 2010

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

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

Equatorial Energia S.A.

Publicly-held Company

Balance sheets

at September 30, 2009 and June 30, 2010

(In thousands of Reais)

		Parent company		Consolidated	
Assets	**Note**	**30/09/2010**	**30/06/2010**	**30/09/2010**	**30/06/2010**
Current assets					
Cash and cash equivalent	5	63	421	19.636	24.300
Marketable securities	6	81.457	80.423	425.073	466.480
Consumers and resellers	7	(4)	(4)	443.682	421.235
Low income consumers	8	-	-	24.862	23.399
Services requested	12	-	-	39.733	29.504
Allowance for doubtful accounts	7	-	-	(43.028)	(46.533)
Recoverable taxes	9	689	584	70.333	58.306
Deferred income tax and social contribution	10	-	-	5.444	5.444
Prepaid expenses		22	30	1.748	2.491
Inventories		-	-	5.537	5.570
Regulatory assets	11	-	-	75.007	19.988
Dividends receivable		261	261	-	-
Other accounts receivable		1	1	5.229	4.096
		82.489	81.716	1.073.256	1.014.280
Non-current assets					
Long-term assets					
Consumers and resellers	7	-	-	58.618	61.845
Recoverable taxes	9	11.027	11.253	133.125	124.394
Deferred income tax and social contribution	10	-	-	217.517	217.517
Judicial deposits		2	2	2	2
Other accounts receivable		-	-	8.660	9.407
		11.029	11.255	417.922	413.165
Property, plant and equipment	14	298	298	1.432.938	1.338.980
Investimentos	12	656.820	584.862	(2.888)	(2.888)
Intangible assets	15	238.931	240.508	294.149	293.996
Deferred assets	16	358	395	1.715	1.788
Total		989.925	919.034	3.217.092	3.059.321

		Parent company		Consolidated	
Liabilities	**Note**	**30/09/2010**	**30/06/2010**	**30/09/2010**	**30/06/2010**
Current liabilities					
Accounts payable to suppliers	17	5.131	213	174.764	150.193
Payroll		41	39	923	833
Payroll charges		50	57	8.978	7.943
Loans and financing	18	-	-	188.708	192.092
Debentures	19	-	-	55.735	61.825
Regulatory taxes		-	-	7.410	4.461
Taxes payable	20	1.715	1.568	65.790	49.262
Dividends and interest on shareholders' equity	22	27	27	410	433
Provision for contingences	21	-	-	2.679	1.601
Public lighting tariff		-	-	13.241	14.552
Regulatory liabilities	11	-	-	17.905	13.983
Researches and development and Energy Efficiency Program	23	-	-	29.862	25.720
Profit sharing		1.294	844	15.039	6.913
Other accounts payable		93	81	19.852	19.168
		8.351	2.829	601.296	548.979
Non-current liabilities					
Loans and financing	18	-	-	757.631	828.155
Debentures	19	-	-	258.123	213.840
Taxes payable	20	-	-	263.049	235.191
Provision for contingences	21	2	2	1.978	1.222
Researches and development and Energy Efficiency Program	23	-	-	16.624	16.624
Other accounts payable		-	-	3.847	3.956
		2	2	1.301.252	1.298.988
Minority interest		-	-	332.972	295.151
Shareholder's equity					
Capital	24	566.831	566.831	566.831	566.831
Capital reserves	24	11.386	11.304	11.386	11.304
Profit reserves	24	269.053	269.053	269.053	269.053
Accummulated Profits		134.302	69.015	134.302	69.015
		981.572	916.203	981.572	916.203
Total		989.925	919.034	3.217.092	3.059.321

See the accompanying notes to the financial statements.

Equatorial Energia S.A.

Publicly-held Company

Statements of income

September 30, 2010 and 2009

(In thousands of Reais)

	Note	Parent company 2010	Parent company 2009	Consolidated 2010	Consolidated 2009
Revenues	25	856	456	1.374.137	2.737.352
Energy electric sales		-	-	1.334.424	2.543.941
Energy electric supply		-	-	14.780	77.737
Other revenues		856	456	24.933	115.674
Deductions		(122)	(65)	(388.717)	(927.492)
Value-Added Tax - ICMS on electricity sales		-	-	(213.419)	(560.189)
Social contribution on billings - COFINS and Social Integration Program – PIS		(79)	(42)	(128.621)	(187.210)
Consumer charges		-	-	(40.496)	(166.323)
Quota in Global Reversal Reserve - RGR		-	-	(13.711)	(12.785)
Services Tax - ISS		(43)	(23)	(819)	(480)
Emergency capacity charges		-	-	13	4
RTE		-		8.336	-
Other		-	-	-	(509)
Net revenues		734	391	985.420	1.809.860
Cost of sales and/or services rendered		-	-	(493.669)	(1.152.835)
Cost of electric energy	26	-	-	(384.368)	(938.801)
Electric energy purchased for resale		-	-	(323.361)	(879.688)
Charge for the transmission and distribution system use		-	-	(61.007)	(59.113)
Operating cost	26	-	-	(106.490)	(214.026)
Personal		-	-	(14.174)	(37.022)
Material		-	-	(4.010)	(7.497)
Third party service		-	-	(27.467)	(46.684)
Depreciation and amortization		-	-	(60.192)	(116.726)
Leasing and rent		-	-	(60)	(28)
Other		-	-	(587)	(6.069)
Cost from third party service	26	-	-	(2.811)	(8)
Material		-	-	-	(1)
Third party service		-	-	-	(7)
Other		-	-	(2.811)	-
Gross profit		734	391	491.751	657.025
Selling expenses		-	-	(52.966)	(61.452)
General and administrative expenses		(7.151)	(2.218)	(55.956)	(48.560)
Management remuneration		(8.277)	(3.703)	(11.770)	(19.615)
Allowance for doubtful accounts and credit losses		-	-	(25.140)	(64.663)
Provision (reversal) for contingencies		-	-	(5.270)	(11.510)
Depreciation and amortization		(111)	(111)	(11.232)	(17.936)
Others operating income (expenses)		(1.444)	(1.350)	(16.588)	(22.889)
Others operating income (expenses) non recurrents		(113)	(93)	(7.148)	(10.681)
Service operating result		(16.362)	(7.084)	305.681	410.400
Financial income (expenses)	26	6.121	12.901	(33.826)	(17.400)
Financial income		5.978	13.799	34.264	68.995
Fine charged on electric energy sale		-	-	36.901	46.290
Monetary and foreign exchange variation		-	-	2.113	18.439
Interest on loans and financing		-	-	(94.656)	(111.332)
Others		143	(898)	(12.448)	(39.792)
Equity in income	26	160.844	203.637	9.655	3.480
Operating income/expenses		149.869	209.063	(210.241)	(271.226)
Operating income		150.603	209.454	281.510	385.799
Income before income tax and social contribution		150.603	209.454	281.510	385.799
Provision of income tax and social contribution tax		(566)	(1.878)	(39.761)	(48.897)
Social contribution tax	10(c)	(97)	(506)	(27.125)	(29.697)
Income tax	10(c)	(469)	(1.372)	(41.345)	(82.289)
Tax subsidy from SUDENE	10(c)	-	-	40.090	47.216
Deferred income before income tax and social contribution	10(c)	-	-	(11.380)	15.873
Income before profit sharing		150.037	207.576	241.749	336.902
Profit sharing		(1.350)	(3.294)	(14.697)	(13.932)
Income before minority interest		148.687	204.282	227.052	322.970
Minority interest		-	-	(78.366)	(122.775)
Net income for the period		148.687	204.282	148.687	200.195
Income per share (R$)		1,37	1,93	1,37	1,89
Number of shares		108.480.828	##########	108.480.828	105.880.505

See the accompanying notes to the financial statements.

Equatorial Energia S.A.

Publicly-held Company

Statements of changes in shareholders' equity

at September 30, 2009 and June 30, 2010

(In thousands of Reais)

	Capital	Capital reserves	Profit reserves: Legal	Profit reserves: Investment and expansion	Retained earnings	Total
Balances at December 31, 2008	987.649	2.611	28.563	82.303	-	1.101.126
Grantee stock options	-	2.392	-	-	-	2.392
Capital increase	2.139	-	-	-	-	2.139
Capital decrease	(82.303)	-	-	-	-	(82.303)
Net income for the year	-	-	-	-	208.991	208.991
Distributions:						
Legal reserve	-	-	10.450	-	(10.450)	-
Retained earnings reserve	-	-	-	147.737	(147.737)	-
Dividends	-	-	-	-	(43.392)	(43.392)
Interest on shareholders' equity	-	-	-	-	(7.412)	(7.412)
Balances at December 31, 2009	907.485	5.003	39.013	230.040	-	1.181.541
Grantee stock options	-	6.220	-	-	-	6.220
Capital increase	18.511	-	-	-	-	18.511
Net income for the period	-	-	-	-	39.322	39.322
Balances at March 31, 2010	925.996	11.223	39.013	230.040	39.322	1.245.594
Grantee stock options	-	81	-	-	-	81
Partial Spin off of net worth according to OGM and EGM of 29/04/2010	(359.165)	-	-	-	(14.387)	(373.552)
Net income for the period	-	-	-	-	44.080	44.080
Balances at June 30, 2010	566.831	11.304	39.013	230.040	69.015	916.203
Grantee stock options	-	82	-	-	-	82
Net income for the period	-	-	-	-	65.287	65.287
Balances at September 30, 2010	566.831	11.386	39.013	230.040	134.302	981.572

See the accompanying notes to the financial statements.

Equatorial Energia S.A.

Publicly-held Company

Statements of cash flows - Indirect method

September 30, 2010 and 2009

(In thousands of Reais)

	Parent Company		Consolidated	
	2010	**2009**	**2010**	**2009**
Cash flows from operating activities				
Net income for the year	65.287	67.266	65.287	65.941
Expenses (income) not affecting cash				
Depreciation and amortization	37	37	23.380	44.067
Equity in income	(71.958)	-	-	-
Stock options	-	-	162	-
Monetary and exchange variation	-	-	-	2.774
CVA	-	-	-	(5.818)
Credits from income tax and social	-	-	-	8.892
Minority interest	-	-	22.040	38.745
Amortization of goodwill	1.577	-	2.792	(1.160)
Allowance for doubtful accounts	-	-	-	16.630
Provision (reversal) for contingencies	-	-	-	2.422
	(5.057)	67.303	113.661	172.493
Changes in assets and liabilities				
(Increase) in accounts receivable	-	-	(19.220)	(52.599)
Decrease in inventories	-	-	33	1.012
(Increase) decrease in recoverable taxes	121	(88)	(20.757)	(4.141)
(Increase) decrease in other accounts receivable	8	(205)	(69.860)	15.515
Increase in suppliers	4.919	44	24.570	39.769
Increase in taxes payable	148	242	44.386	40.456
Increase in other accounts payable and provisions	455	1.033	37.143	2.987
	5.651	1.026	(3.705)	42.999
Net cash provided by operating activities	594	68.329	109.956	215.492
Cash flows from investment activities				
Investiment	-	(68.577)	-	(73)
Property, plant and equipment	(37)	(37)	(117.339)	(131.214)
Deferred charges	37	-	73	-
Intangible assets	-	-	(2.944)	174
Other	-	37	-	94
	-	(68.577)	(120.210)	(131.019)
Cash flows from financing activities				
Capital integralization	-	152	-	152
Capital reserve	82	723	(80)	723
Dividends/ Interest on shareholders' equity paid	-	-	(23)	(116)
Amortization of loans and financing	-	-	(35.714)	143.571
Net cash provided (used) in financing activities	82	875	(35.817)	144.330
Net cash in the period	676	627	(46.071)	228.803
Increase (decrease) in cash and cash equivalents				
At beginning of year	80.844	65.724	490.780	335.018
At end of year	81.520	66.351	444.709	563.821
Increase (decrease) in cash and cash equivalents	676	627	(46.071)	228.803

See the accompanying notes to the financial statements.

Equatorial Energia S.A

(Publicly held company)

Notes to Quarterly information

September 30, 2010

(In thousands of Reais, except when stated otherwise)

1 Operations

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

On April 07, 2008, Equatorial Energia converted its preferred shares into common shares (in the proportion of, 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 the ticker ‘EQTL3’. On April 23, 2008, the Company concluded its process to migrate from Corporate Governance Level 2 of BM&FBOVESPA to the Novo Mercado.

As reported in the Relevant Fact, dated December 30, 2009, the parent company of Equatorial, FIP PCP, and CEMIG signet an agreement for the Purchase and Sale of Shares and Other Agreements, with Equatorial acting as the consenting mediator, for the purpose of selling the indirect investment held by FIP PCP in Light.

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

The amounts spun off refer mainly to the value of 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 reductions in the balance sheet accounts of Equatorial were as follows: Investments of R$373,552, capital of R$359,166 and retained earnings of R$14,386.

Redentor's capital consists only of common shares. Each of the Company's shareholders received one share in Redentor for each share held in the Company. As from August 25, 2010, the shares issued by Redentor have been traded separately from those issued by the Company, with both traded on the *Novo Mercado* for Corporate Governance from BM&FBOVESPA. There were no alterations or cancelations of the rights for the 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 have the same rights and advantages as those attributed to the shares issued by the Company.

Equatorial holds investments, as presented below:

- **Companhia Energética do Maranhão ("CEMAR"):** a private stock corporation, whose main activity is the distribution of electric energy. CEMAR's concession area is the State of Maranhão, attending, at September 30, 2010, more than 1.7 million clients and covering an area in excess of 333 thousand Km^2. The concession contract for the distribution of electricity, number 060, agreed between the Company, the National Electric Energy Agency - ANEEL and CEMAR, is effective until August 10, 2030, and can be extended for a further 30 years. At September 30, 2010, the Company held an investment interest of 65.11% (65.11% at June 30, 2010) in CEMAR.

- **Geradora de Energia do Norte S.A:** Already operational, it is the company responsible for implanting and operating two thermo-electric plants at Tocantinópolis and Nova Olinda, in the municipality of Miranda do Norte, in the State of Maranhão, with joint 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 Geranorte. 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., comprises Servtec Investimentos e Participações Ltda. (50%) and Companhia Ligna de Investimentos (50%). The control of Geranorte is shared and governed by the Shareholders' Agreement.

- **Equatorial Soluções S.A.:** Equatorial Soluções is a private company, headquartered in São Luís, Maranhão, and has the corporate objective of: a) provide service in electricity business, telecommunications and data transmission; b) collection of electricity bills in the name and on behalf of third parties and c) technical services for operation, maintenance and planning of electric installations of third parties. The parent company, Equatorial Energia S.A., holds an investment interest of 100% in this Company.

The subsidiaries CEMAR and Equatorial Soluções, and the joint venture Geradora de Energia do Norte, will hereafter be referred to in the notes below as the "Subsidiaries" when referred to together.

2 Quarterly information's' presentation

The individual quarterly information and consolidated financial statements were prepared in accordance with accounting practices adopted in Brazil, which include Brazilian Corporate Legislation, the Pronouncements, Guidelines and Interpretations issued by the Accounting Pronouncements Committee - CPC, the norms issued by the Securities Commission - CVM and specific legislation issued by the National Agency for Electric Energy - ANEEL according to the Accounting Manual of Electric Energy Public Utilities, the accounting principles introduced by Laws nº 11,638/07 and 11,941/09 have been satisfied.

Given that the Company's activities involve holding investment interests in other companies, the notes reflect, basically, the accounting practices and details of the accounts of its subsidiaries.

New pronouncements, interpretations and guidance that have been issued but that have not been adopted

Within the conversion process of the accounting practices adopted in Brazil to the international financial reporting standards (IFRS) various pronouncements, interpretations and guidance were issued during year 2009 including the mandatory application for the years ended as from December 2010 and for the 2009 financial statements to be disclosed jointly with the 2010 financial statements for comparison purposes.

As provided in CVM Decision 603/2009, of November 10, 2009, for purposes of preparing its quarterly information, the Company has adopted the accounting standards in force to December 31, 2009.

The Management has been evaluating the potential effects with respect to these pronouncements, interpretations and guidance, which may have material impact on the financial statements for the period ended September 30, 2010 and 2009 to be comparatively presented with the financial statements for the quarter ending September 30, 2010, as well as for the coming years.

Presented below are the pronouncements issued in 2009, which Company management understands could have significant impacts on its financial statements:

- Technical Interpretation ICPC 01 - Concession Contracts, establishes the general principles for recognizing and measuring the liabilities and respective rights from concession contracts. According to ICPC 01, the remuneration received or receivable by the concessionaire has to be stated at fair value, corresponding to the rights from a financial and/or intangible asset. It is not possible, at the moment, to estimate the effects from applying this norm (ICPC 01). The application of this pronouncement is being discussed among the concessionaries, accounting entities, professional bodies and the regulatory bodies but certain significant adjustments are anticipated as a result of reclassifying fixed assets as intangible and/or financial assets, recognizing income from construction and the treatment of obligations tied to the concession.

- CPC 24 - Subsequent events ICPC 08 - Accounting entries for the proposal to pay dividends. Management is required to propose the distribution of results at the end of the year. This distribution can be altered by the shareholders. According to CPC 24 the part of the dividends not declared beyond the minimum compulsory dividend and interest on own capital has to be maintained as part of shareholders´ equity, and a liability is not recognized at the end of the year.

- CPC 43 - Establishes the criteria for the initial adoption of CPCs 15 to 40 and specifies that the exceptions in relation to the international rules are limited to maintaining the equity in income of subsidiaries in the individual financial statements that hold investments valued using the equity method and maintaining deferred charges registered to December 31, 2008, until fully amortized. At the moment, in Brazil, regulatory assets and liabilities are registered, and when the regulating body establishes criteria for allocating income or expenses to subsequent periods, a regulatory asset or liability is recognized. These regulatory assets and liabilities represent a difference in GAAP between accounting standards adopted in Brazil and IFRS. Management is awaiting a position regarding the interpretation being prepared by IASB to evaluate the possible effects on its financial statements.

Authorization to conclude this quarterly information was given by the Company's directors on November 09, 2010.

3 Summary of significant accounting practices

a. *Statement of income*

Income and expenses are recognized on the accrual basis. Revenue from services rendered is recognized in the statement of income in proportion to the stage of completion of the service. Revenue is not recognized if there are significant uncertainties as to its realization.

b. *Accounting estimates*

In compliance with CVM Decision 539, of March 14, 2008, the preparation of financial statements in accordance with accounting practices adopted in Brazil requires that the Company's Management uses its judgment in determining and recording accounting estimates. Assets and liabilities subject to these estimates and assumptions include the residual value of property, plant and equipment, intangible, the allowance for decrease in the recoverable value of assets; the allowance for doubtful accounts, allowance for inventory devaluation, deferred tax assets; the provision for contingencies, the valuation of financial instruments, assets and liabilities related to employees' benefits. The settlement of transactions involving these estimates may result in a different amount due to the lack of precision inherent to the process of their determination. The Company reviews the estimates and assumptions at least once a quarter.

c. *Financial instruments*

The non-derivative financial instruments include marketable securities, investments in debt and equity instruments, accounts receivable and other receivables, including the receivables that refer to the assignment services, cash and cash equivalents, borrowings and financing, and also accounts payable and other debts (see Note 29).

Non-derivative financial instruments are recognized initially at their fair values plus any transaction costs directly attributable to the instruments that are not recognized at their fair values through results. Subsequent to the initial recognition, the non derivative financial instruments are measured as described below:

- *Instruments held to maturity*

  These are non-derivative financial assets with fixed or calculable payments with defined maturity and for which the Company has the intention and the ability to hold its debt instruments until maturity. These instruments are classified as held to maturity. Investments held to maturity are stated at amortized cost, using the effective interest rate method, less possible decreases in their recoverable value.

- *Instruments available for sale*

  The Company's investments in equity instruments and certain assets related to debt instruments are classified as available for sale. After their initial recognition, they are valued at their fair value and their fluctuations, except decreases in their recoverable value, and the differences in foreign currency of these instruments, are recognized directly in shareholders' equity, net of tax effects. When an investment ceases to be recognized, the accumulated gain or loss in shareholders' equity is transferred to income.

- *Financial instruments at fair value through income*

  An instrument is classified at its fair value through income if it is held for trading, i.e. designated as such upon initial recognition. Financial instruments are designated at their fair value through income if the Company manages these investments and takes purchase and sales decisions based on their fair value in accordance with the investment strategy and risk management documented by the Company. After initial recognition, attributable transaction costs are recognized in the income when they have been incurred. Financial instruments at fair value through income are stated at fair value, and their fluctuations are recognized in the income.

- *Loans and receivable*

  Loans and receivable should be stated at the amortized cost through the use of the effective interest rate method, less possible decreases in the recoverable value. These correspond to non-derivative financial assets with fixed or determined payments which are not traded on the active market.

d. *Foreign currency*

The Company's Management has determined that its functional currency is the Brazilian Real, in accordance with the rules established in CPC 02 - Effects of the Changes in Exchange Rates and Translation of Financial Statements, approved by the CVM Resolution 534/2008.

Transactions in foreign currency, i.e. all transactions that are not carried out in the functional currency, are translated at the exchange rate on the dates of each transaction. Monetary assets and liabilities in foreign currency are translated into the functional currency at the exchange rate on the closing date. The gains and losses from the changes in the exchange rates on the monetary assets and liabilities are recognized in the statement of income.

e. *Current and noncurrent assets*

- *Marketable securities*

  They are stated at the original values plus income earned to the balance sheet date, calculated on a pro-rata basis, which is equivalent to their market values. The financial instruments are classified as available for trading, stated at the fair value in the income statement (see Note 6).

- *Consumers and resellers*

  Trade accounts receivable are recorded at the amount billed, adjusted at present value when applicable, revenue from energy supplied but not billed, use of the network, services rendered, arrears payments and others, up to the end of the period, accounted for on the accrual basis.

- *Allowance for doubtful accounts*

  Calculated at an amount considered adequate to cover any losses on the realization of accounts receivable (see Note 7a).

- *Inventories (including Property, plant and equipment)*

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

- *Low income customers*

  Includes the amounts deriving from the criteria for classifying consumer units in the low income residential segment, as established by Law 10,438/02 (see Note 8).

- *Investments*

  Represented by the interest in the subsidiary and joint ventures, valued using the equity method (see Note 12).

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

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

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

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

In accordance with Accounting Instruction 6.3.23 of the Accounting Manual for the Public Electric Energy Service, the amount corresponding to Concession Obligations is stated as a reduction of property, plant and equipment. These obligations include amounts received from consumers for the works required to meet power supply requests, and funds received from the Government, from the state of Maranhão and from other sources, as specific financing for electricity Generation, Transmission and Distribution projects, including funds from the Light For All Program - Programa Luz Para Todos (see Note 14).

- *Intangible assets*

Stated at acquisition cost of the permanent right of way access, and the software for maintenance of the corporate systems, and in the case of the latter, after deducting accumulated amortization at the rate of 20% p.a. (see Note 15).

- *Decrease in recoverable value*

The recoverable value of property, plant and equipment; intangible assets and deferred assets is tested at least annually if there are indications of loss in value. The recoverable value of intangible assets with an indefinite useful life is tested annually, regardless of whether there are indications of loss in value or not.

f. Current and noncurrent liabilities

Current and noncurrent liabilities are stated at known or calculated amounts, plus, when applicable, the corresponding charges, monetary and/or foreign exchange variations incurred to the balance sheet date. When applicable, the current and noncurrent liabilities are stated at present values based on interest rates that reflect the term, currency and risk for each transaction. The corresponding entry for the adjustments to present value is registered against the income account that gave rise to the liability in question. The difference between the present value of a transaction and the face value of the liability is appropriated to the results over the period of the contract based on amortized cost and effective interest rate. The Company and its subsidiaries have performed studies to calculate the present value adjustments for its liabilities and after analyzing the relevance of the amounts involved, the present value adjustment was considered immaterial by Management, and was not recognized in the quarterly information. For this quarter, the present values of assets and liabilities were not corrected, given the immateriality of the amounts calculated.

- *Loans, financing, charges and debentures*

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

- *Provision for contingencies*

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

- *Other current and non-current liabilities*

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

g. *Provisions*

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

h. *Current and deferred income tax and social contribution*

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

The deferred tax assets arising from the tax loss carry forwards, negative social contribution base and temporary differences, were registered in accordance with CVM Instruction 371, of June 27, 2002, and consider past profitability and expected generation of future taxable profits based on a technical viability study approved by the management bodies.

As provided in Provisionary Measure 449/08, the Company and its subsidiary and joint ventures, opted to adopt the Transition Taxation System (RTT) for calculating taxable profit, and as such the alterations to the criteria for recognizing income, costs and expenses, calculated for determining net profit for the year do not have any effects for purposes of determining taxable profit for companies subject to RTT, and for tax purposes, the accounting criteria and methods in force at December 31, 2007, should be considered.

i. *Retirement and pension plan*

The costs relating to the retirement and pension plans sponsored by CEMAR are recorded on an accrual basis and in accordance with CVM Instruction 371/00 and IBRACON NPC 26.

The costs from sponsoring the pension plan are recognized as expenses since they refer to defined contribution plans.

j. Remuneration plan based on shares

The effects of the remuneration plan based on shares are calculated based on the fair values of the equity instruments granted and recognized in the balance sheet and statement of income, provided the contractual terms are fulfilled.

4 Consolidated financial statements

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

When applicable the following consolidation procedures were also adopted:

- Full recognition of the assets, liabilities, income and expenses for the period for CEMAR, in which it holds an investment interest of 65.11%, for Equatorial Soluções in 100%, and Geradora de Energia do Norte, of 25%, corresponding to the interest in those Companies, respectively;

- Elimination of interests in the shareholders' equity of the subsidiary and joint ventures;

- Elimination of equity pick-up;

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

- Elimination of the revenues and expenses arisen from inter-company transactions; and

- Separate statement of minority interest in the liabilities and income statement.

(In thousands of Reais, except when stated otherwise)

Presented below is the statement of the variation in the results of the parent company and on consolidation:

	2010	2009
Net profit of the parent company at September, 30	156,346	204,282
Payment based on shares - Light (registered as credit directly to the indirect subsidiary's shareholders' equity Light S.A.).	-	(3,937)
Payment based on shares - CEMAR (registered as credit directly to the indirect subsidiary's shareholders' equity CEMAR).	-	(151)
Consolidated net profit at September, 30	156,346	200,194

5 Cash and cash equivalents

	Parent company		Consolidated	
	09/30/2010	**06/30/2010**	**09/30/2010**	**06/30/2010**
Cash and banks	63	421	19,636	24,300
Total	63	421	19.636	24,300

6 Marketable securities

	Parent company		Consolidated	
	09/30/2010	**06/30/2010**	**09/30/2010**	**06/30/2010**
Marketable securities	81,457	80,423	425,073	466,480
Total	81,457	80,423	425,073	466,480

(In thousands of Reais, except when stated otherwise)

The marketable securities refer to the operations undertaken with national financial institutions, remunerated under normal market terms and rates, and are available to be used in the operations undertaken by the Company and its subsidiary and joint ventures, that is, they are financial assets held for trading, stated at fair values with effects on the results. At September 30, 2010, the committed debenture operations (fixed income securities remunerated at a % of CDI or at pre-fixed rates), reported significant results, at the amount of R$71,243.

The highly liquid short term marketable securities are readily convertible into known cash amounts, and are subject to an insignificant risk from changes in values, and are redeemable in less than 90 days.

a. Composition of marketable securities

		Parent company		Consolidated	
Institution	**Investment type**	**09/30/2010**	**06/30/2010**	**09/30/2010**	**06/30/2010**
Bradesco	CDB	10,214	9,941	26,469	26,623
Bradesco	Committed debentures	15,983	15,811	15,983	15,811
Bradesco	LFT	-	-	132	128
Bradesco	Investment funds	-	-	61,048	66,085
Pactual	CDB	-	-	1,496	1,457
Pactual	Investment funds	-	-	119	116
Itaú	Committed debentures	-	37,050	778	49,867
Itaú	CDB	-	-	53	51
Itaú	Investment funds	-	-	78,444	66,144
Itaú	CDI	-	-	2,082	798
Unibanco	Committed debentures	38,058	-	38,058	-
Votorantim	Committed debentures	17,202	17,621	85,291	70,491
Votorantim	Investment funds	-	-	6,472	6,306
Banco Nordeste	CDB	-	-	20,019	19,518
Banco Nordeste	LFT	-	-	7,069	6,893
Safra	Committed debentures	-	-	35,943	40,573
Banco do Brasil	Investment funds	-	-	5,493	31,829

(In thousands of Reais, except when stated otherwise)

		Parent company		Consolidated	
Institution	**Investment type**	**09/30/2010**	**06/30/2010**	**09/30/2010**	**06/30/2010**
Banco do Brasil	CDB	-	-	10,887	7,678
Banco Real	CDB	-	-	10,966	10,687
Banco Pine	CDB	-	-	2,162	2,105
Hsbc	CDB	-	-	13,582	13,233
Cef	Investment funds	-	-	-	30,087
Cef	CDB	-	-	834	-
Amazônia	CDI	-	-	1,693	-
Total		81,457	80,423	425,073	466,480

7 Consumers and resellers

	Consolidated	
	09/30/2010	**06/30/2010**
Current		
Billed power supply	269,211	250,894
Unbilled power supply	42,187	45,323
Installment payment of debts	103,353	98,184
Subtotal	414,751	394,401
Sales within the CCEE ambit (note 7b)	7,348	1,304
PERCEE	122	120
Concessionaries	233	219
Services rendered	648	636
Checks in collection	1,544	1,668

(In thousands of Reais, except when stated otherwise)

	Consolidated	
	09/30/2010	06/30/2010
Other	19,036	22,887
Subtotal	28,931	26,834
	443,682	421,235
(-) Allowance for doubtful debts	(43,028)	(46,533)
	400,654	374,702

	Consolidated	
	09/30/2010	06/30/2010
Non current		
Sales within the CCEE ambit (note 7b)	8,010	8,010
Installment payment of debts (1)	50,608	53,835
Checks in collection	3,638	3,638
Subtotal	62,256	65,483
(-) Allowance for doubtful debts	(3,638)	(3,638)
	58,618	61,845

(1) The installment payments for debts have been adjusted to their present values, when applicable, in accordance with Law 11,638/07.

a. Allowance for doubtful debts

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

(In thousands of Reais, except when stated otherwise)

- **Consumers with relevant debts**

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

- **For other cases:**

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

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

The balances overdue and falling due from supplies billed for electricity and installment payment of debits are distributed as follows:

	09/30/2010			
Consolidated	**Undue**	**Overdue 90 days or less**	**Overdue more than 90 days**	**Total**
Residential	51,899	58,681	15,200	125,780
Industrial	14,396	4,112	6,259	24,767
Commercial	28,329	13,793	5,115	47,237
Rural	4,885	2,835	2,881	10,601
Public Power	11,080	11,654	3,604	26,338
Public lighting fee	7,432	4,422	1,679	13,533
Public service	8,127	10,495	2,333	20,955
Billed power supply and installment payment (current	126,148	105,992	37,071	269,211

(In thousands of Reais, except when stated otherwise)

and noncurrent)

	06/30/2010			
	Undue	**Overdue 90 days or less**	**Overdue more than 90 days**	**Total**
Consolidated				
Residential	51,070	55,134	16,309	122,513
Industrial	13,019	3,704	4,179	20,902
Commercial	27,340	12,909	5,127	45,376
Rural	4,198	2,553	2,727	9,478
Public Power	10,278	9,934	2,946	23,158
Public lighting fee	7,160	6,489	1,670	15,319
Public service	7,771	4,333	2,044	14,148
Billed power supply and installment payment (current and noncurrent)	120,836	95,056	35,002	250,894

(*) These tables do not contain the CEMAR's installments payment total amount of R$157,014 at September 30, 2010 (R$155,927 June 30, 2010).

b. *Electric Energy Trade Chamber - CCEE*

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

The amount related to the operations with CCEE was booked in accordance with information released by them.

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

8 Low income customers

On July 1st, 2003, ANEEL issued Resolution 320, which provided additional procedures for approval of the economic subsidy for consumers in the Low Income residential subclass.

In November 2009, the program "Viva Luz" was launched, created by the government for the State of Maranhão, aimed at benefiting residential consumers, who have monthly consumption of up to 50 kWh, through exemption from payment of their electricity bills, by means of cash transfers from the government to CEMAR.

As result of these procedures, in September 30, 2010 CEMAR had R$22,001 of low income costumers and R$2,861 of Viva Luz (R$20,734 and R$2,665 on June 30, 2010, respectively).

(In thousands of Reais, except when stated otherwise)

9 Recoverable taxes

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

	Parent company		Consolidated	
	09/30/2010	**06/30/2010**	**09/30/2010**	**06/30/2010**
Current				
IRRF (Withholding income tax)	-	-	3,296	1,730
ICMS (value-added tax on sales and services) (1)	-	-	36,811	36,273
PIS (Social Integration Program) and COFINS (Social Contribution on Revenues) (2)	-	-	144	28
Prepaid income tax and social contribution (3)	-	-	24,273	14,767
IRPJ/CSLL recoverable	-	-	1,237	1,557
Other*	689	584	4,572	3,951
Total	689	584	70,333	58,306
Non-current				
ICMS (value-added tax on sales and services) (2)	-	-	39,848	37,628
PIS (Social Integration Program) and COFINS (Social Contribution on Revenues) (3)	-	-	81,668	74,932
IRRF (Withholding income tax)	2,284	2,284	2,284	2,283
IRPJ/CSLL Recoverable	8,743	8,969	8,743	8,969
Other	-	-	582	582
	11,027	11,253	133,125	124,394

* The amount of R$4,572 registered in Other, included in current liabilities on consolidation, includes R$1,645 for the REFIS payments, which are being homologated by the Brazilian Internal Revenue (RFB).

(1) The subsidiary CEMAR has recorded ICMS credits based on Complementary Law 102, of July 11, 2000, according to which the subsidiary and joint ventures have registered ICMS

recoverable arising from purchases of fixed assets.

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

(3) In the subsidiary CEMAR, the Corporate Income Tax (IRPJ) and Social Contribution on Net Profit (CSLL) refer to the amounts paid in a monthly basis, based on estimates or suspension trial balances, under the article 2 of Law 9,430, December 27, 1996 and refers to tax credits to be offset deriving from financial investments and governmental agencies.

10 Deferred income tax and social contribution

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

These deferred tax credits do not have a deadline for their recovery and are recorded in accordance with CVM Resolution 273, dated August 20, 1998 and CVM Instruction 371, dated June 27, 2002.

On this way, the referred credits are recorded in the Subsidiary CEMAR, as noncurrent assets based on the forecasted future taxable income of CEMAR and subject to a limit of 30% for annual offsetting against taxable profits, except for credit deriving from temporary differences, which will be fully recovered upon its realization.

(In thousands of Reais, except when stated otherwise)

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

	Consolidated	
Assets – Current and non-current	**09/30/2010**	**06/30/2010**
Negative bases for income tax and social contribu	217,517	217,517
IRPJ and CSL temporary differences	5,444	5,444
Total	222,691	222,961
Current	5,444	5,444
Non-current	217,517	217,517

b. *Recovery expectation*

The subsidiary Cemar, based on management's instruction, analyzed tax loss carryforwards, accumulated in calendar years from 1990 to 2005, by taking into account the Corporate Income Tax Returns (DIPJ) and the Taxable Income Assessment Book (LALUR), which was submitted o the analysis of a tax expert. As a result, as of June 30, 2009, an additional credit of R$ 27,415 as additional deferred tax asset was recorded in the balance sheet. The estimate of recovery of these tax credits is in line with the limits of the Cemar's forecasted results.

Based on technical feasibility studies which indicate full recovery of the deferred tax amounts, management anticipates that the tax credits for the amount of R$ 217,518 will be offset by 2018, of which, management anticipates a total of R$ 41,145 to be offset against the installment determined by Law 11,941 with REFIS IV.

CEMAR receives benefits from accelerated depreciation until 2013, a technology incentive and SUDENE benefit until 2016, which are being prioritized. Therefore, realization of the deferred taxes will be adjusted to these benefits.

(In thousands of Reais, except when stated otherwise)

The aforementioned technical studies correspond to Management's best estimates of the Company's future growth and the market in which it operates. A new technical viability study for 2010 has been prepared by the Company, which will be submitted for approval by the Board of Directors on March 24, 2010.

c. *Reconciliation of income tax and social contribution expenses*

The reconciliation of expense, calculated by applying the tax rates to the result of the Parent Company and the Consolidated, of Income Tax (IR) and Social Contribution (CS) expense debited in net income is stated, on the quarterly of 2009 and 2010 as follow:

	Parent company		**Consolidated**	
	09/30/2010	**30/09/2009**	**09/30/2010**	**30/09/2009**
Profit before income and social contribution taxes	150,605	209,454	432,700	385,799
(-) Results from discontinued operations	(38,996)	-	(38,996)	-
(-)Profit sharing	(1,350)	(3,294)	(14,697)	(13,932)
(=)Profit before income and social contribution taxes)	110,259	206,160	379,007	371,867
Taxes rates	34%	34%	34%	34%
Income and social contribution taxes calculated at statutory rates	(37,488)	(70,094)	(128,862)	(126,435)
Effects of income tax and social contribution on net income on the permanent additions and exclusions	-	(867)	9,606	24,582
Effect of income tax and social contribution on net income on the equity in income of external subsidiary	36,923	69,083	36,923	(21,845)
Difference between Calculation Basis - IR and CS	-	-	936	-
Reversal of Provision for IRPJ and CSLL - Deferred	-	-	-	29,616
Compensation of tax loss - 30% - not recognized to results	-	-	(1,424)	-
Unrecognized deferred tax credits - CVM nº 371/002 - Light S.A	-	-	7,212	(2,447)
Tax incentives	-	-	40,489	47,614
Tax incentives adjustments from previous years	-	-	(4,640)	-
Other	-	-	-	18
Subtotal	(565)	(1,878)	(39,760)	(48,897)
Current income and social contribution taxes	(565)	(1,878)	(28,380)	(64,770)
Deferred income and social contribution taxes	-	-	(11,380)	15,873
	(565)	(1,878)	(39,760)	(48,897)

- *Incentive for accelerated depreciation*

  Art. 31 of Law 11,196/2005, regulated by Decree 5,988/2006, granted an incentive for accelerated depreciation, for purposes of calculating income tax, for assets acquired between January 1st, 2006 and December 31, 2013, by corporate entities that have had projects approved that refer to installation, extension, modernization or diversification, that fall within the sectors of the economy considered priorities for regional development, in less developed micro-regions located in areas where the extinct SUDENE and SUDAM operated. Incentive accelerated depreciation consists of the full depreciation of the asset in the same year that it is purchased.

  This incentive was obtained by CEMAR through government decree 0043/2007 issued by ADENE on April 27, 2007. Under the terms of the Government decree MIN nº 1211, issued on December 20, 2006, the Ministry of National Integration listed the 217 municipalities in the State of Maranhão, that are classified as less developed micro-regions referred to in the Government decree from ADENE. Consequently, the subsidiary CEMAR has adopted the incentive for all of the 217 municipalities in the State of Maranhão.

- *Incentive for income tax reduction*

  On May 14, 2007, the Northeast Development Agency - ADENE, now the Superintendence for the Development of the Northeast - SUDENE, which belongs to the Ministry of National Integration, issued Constitutive Report 0061/2007, which granted to CEMAR an increase in the percentage reduction to income tax from 25% to 75%, justified by the total modernization of its electric facilities. This reduction is valid from 2007 until the year 2016.

(In thousands of Reais, except when stated otherwise)

The CVM, through decision 555, approved Technical Pronouncement CPC 07, which refers to government grants and assistance, and determined the book recognition of grants given in the form of reduction or exemption of taxation on income. In the subsidiary CEMAR, total income to September 30, 2010 was R$40,090 referred to the SUDENE tax incentive (R$47,216 at September 30, 2009) to form the tax incentive reserve. Law 11,638/07 eliminated Capital Reserves and Donations for Investments and created the Tax Incentive Reserve, whereby the general shareholders meeting can, following a proposal by management, allocate to the tax incentive reserve the part of net profit that arises from government subsidies or grants for investments, which can be excluded from the calculation base for compulsory dividends.

11 Regulatory assets and liabilities

		Assets	
		09/30/2010	06/30/2010
	Ref.	**Current**	**Current**
Compensation Account for Variations in the Values of Portion A Items - CVA	**(a)**	14,713	14,639
Deferred Tariff Re-composition - RTD		-	2,300
Involuntary exposure to PLD		5,958	359
Low income estimate	**(c)**	38,965	1,528
Cast iron assets		46	194
Lights for All Program – PLPT	**(b)**	14,679	247
Part of the Connection adjustment		1	-
Other		645	721
Total		75,007	19,988

(In thousands of Reais, except when stated otherwise)

		Liabilities	
		09/30/2010	06/30/2010
	Ref.	Current	Current
Compensation Account for Variations in the Values of Portion A Items - CVA	(a)	13,966	13,391
Adjustment application of loss level - 1st Cycle		-	293
Financial exposition		(109)	253
Frontier Adjustment Installment		139	39
Neutrality of Part A		2,536	-
Other		1,373	7
Total		17,905	13,983

Annual price adjustment

Agência Nacional de Energia Elétrica – ANEEL, through Homologatory Resolution number 1048, dated August 19, 2010, homologated the results from the process being considered by this Agency. As a result, CEMAR’s tariffs were adjusted by 6.17%, with an average rate of de 0.08%, being felt by the consumer, resulting from considering the financial components of 5.88%. Despite the small increase, approximately one million customers benefited from the low income social tariff, with an average decrease of 3.73% in the price of electricity. For other residential customers, the tariff increased by 0.68%. Whilst for high voltage consumers, such as industrials, the tariff increased between 2.91% and 12.28%.

a. Compensation Account for Variations in the Values of Portion A Items - CVA

The Inter-Ministry Ruling by the Treasury Ministry and Mines and Energy Ministry, number 25, of January 24, 2002, established a Compensation Account for the Variation in Values for Items from “Portion A’ - CVA, in order to register the variations in costs, both negative and positive, arising during the period between the annual tariff adjustments, for those items included in the assignment contracts for the distribution of electric energy.

(In thousands of Reais, except when stated otherwise)

	Assets		Liabilities	
	Current	**Total**	**Current**	**Total**
CVA - 08/28/2007 to 08/27/2008	-	-	(277)	(277)
CVA - 08/28/2008 to 08/27/2009	14,047	14,047	12,481	12,481
CVA - 08/28/2009 to 08/27/2010	666	666	1,762	1,762
Total at September 30, 2010	14,713	14,713	13,966	13,966
Total at June 30, 2010	14,639	14,639	13,391	13,391

CVA - Assets	**Balances at 06/30/2010**	**Remuneration**	**Constitution (Reversion)**	**Amortization**	**Balances at 09/30/2010**
CCC	8,972	152	1,331	(1,692)	8,763
CDE	497	15	142	(123)	531
ESS	1,600	-	1,190	(1,317)	1,473
Transport	2,386	37	1,048	8	3,479
Energy purchased	20	-	-	(20)	-
PROINFA	1,164	14	(173)	(538)	467
Total	14,639	218	3,538	(3,682)	14,713

CVA Liabilities	**Balances at 06/30/2010**	**Remuneration**	**Constitution (Reversion)**	**Amortization**	**Balances at 09/30/2010**
Energy purchased	13,334	239	73	(1,131)	12,515
Transpor	57	-	-	(334)	(277)
ESS	-	17	1,711	-	1,728
Total	13,391	256	1,784	(1,465)	13,966

b. Light for All Program ("Programa Luz para Todos - PLPT")

The expansion of the distribution system and increase in the dispersion level of consumers, due to the inclusion of new assets and increase in the number of consumption units served by the Light for All Program, resulted in the increase in costs from commercial and operational and network maintenance activities and in the level of non-funded investments. The deficit caused by the growth of PLPT is verified pursuant to Resolution nº 294/2007 and considered in the tariff review or adjustment processes as financial components. In August 2009, the amount of R$17,567 was granted by ANEEL in the annual tariff adjustment of 2010, taking into account the volume of such deficit.

c. Low income estimate

As of the periodic tariff review of 2009, ANEEL started to take into account an estimate of revenue supplementation in the amount of CDE incentive to cover the discounts granted to Low Income residential consumers, pursuant to Regulatory Resolution nº 89, of October 25, 2004. To CEMAR the value granted of R$ 41,149 was in the annual tariff adjustment of 2010. This concession began in August 2009 and is being amortized monthly until July, 2011.

(In thousands of Reais, except when stated otherwise)

12 Investments

The main data about investments in parent company and its subsidiaries is as follows:

	Parent company		Consolidated	
Shareholder's equity equivalents:	**09/30/2010**	**06/30/2010**	**09/30/2010**	**06/30/2010**
CEMAR	621,340	550,764	-	-
Geradora de Energia do Norte	37,438	35,366	-	-
Equatorial Soluções	1,151	1,841	-	-
Subtotal	659,929	587,971	-	-
Others	-	-	(2,888)	(2,888)
Negative goodwill	(3,109)	(3,109)		
Subtotal	656,820	584,862	(2,888)	(2,888)
Total	656,820	584,862	(2,888)	(2,888)

a. Information about subsidiary and joint ventures

	CEMAR	**Geradora de Energia do Norte**	**Equatorial Soluções**
Balances on 06/30/2010			
Interest (%)	65,11%	25,00%	100,00%
Capital	374,346	139,039	1
Shareholder's equity	845,914	141,464	1,842
Net income for the period	116,170	7,443	1,744
Balances on 09/30/2010			
Interest (%)	65,11%	25,00%	100,00%
Capital	374,346	139,039	98
Shareholder's equity	954,313	149,752	1,151
Net income for the period	224,568	15,731	1,053

(In thousands of Reais, except when stated otherwise)

b. Movement of investments in subsidiary and joint ventures

	CEMAR	Geradora de Energia do Norte	Equatorial soluções	Total
Balance on 06/30/2010	550,764	35,366	1,842	587,971
Equity in the income	70,577	2,072	(691)	71,958
Balance on 09/30/2010	621,340	37,438	1,151	659,929

13 Related parties

The main asset and liability balances at September 30, 2010 and June 30, 2010, and the transactions that affected the results for the year, from related party transactions, refer to transactions between the Company and its subsidiary and joint ventures and its related parties, between shareholders, and related parties, key professionals from management and other related parties, in accordance with CVM Decision 560, of December 11, 2008, which approved Technical Pronouncement CPC 05 - Disclosure of Related Parties.

			09/30/2010			06/30/2010		
Companies	**Ref**	**Transaction Nature**	**Assets**	**Liabilities**	**Income Statement**	**Assets**	**Liabilities**	**Income Statement**
ELETROBRÁS	**(a)**	Loans	-	414,575	17,905	-	419,588	21,031
		Dividends	-	135	-	-	135	-
FASCEMAR	**(b)**	Loans	-	24,506	2,326	-	25,209	1,691
		Private pension	-	-	1,287	-	-	845
CHESF	**(c)**	Electric energy purchased	-	2,363	57,337	-	8,401	36,237
		Distribution system use	-	167	5,249	-	793	3,661
ELETRONORTE	**(d)**	Electric energy purchased	-	1,198	28,856	-	4,308	18,470
		Distribution system use	-	820	19,537	-	3,031	13,445
FURNAS	**(e)**	Electric energy purchased	-	3,789	91,411	-	13,639	57,590
		Distribution system use	-	200	6,133	-	951	4,353
CEMIG	**(f)**	Electric energy purchased	-	689	16,777	-	2,477	10,598
		Distribution system use	-	51	1,850	-	305	1,394
CEPISA	**(g)**	Distribution system use	-	7,195	9,773	-	7,515	6,658
GERAMAR	**(h)**	Electric energy purchased		-	466		-	273

(a) The amounts with ELETROBRÁS refer to the dividends payable and loan contracts. The loan contracts with ELETROBRÁS arise from the financing lines specifically for the Electric Sector and the terms agreed are the same as those practiced with other Brazilian electric energy distributors (see Note 18).

(b) The amounts with FASCEMAR refer to borrowings and contributions between CEMAR and FASCEMAR. The loan contracts are described in Note 18 and the terms of the pension plan between CEMAR and FASCEMAR are presented in Note 27.

(c) The amounts with Companhia Hidroelétrica do São Francisco - CHESF refer to the contracts to purchase electric energy and use of the network, which are agreed under normal market terms. The products contracted from CHESF are: CCEAR 2005 nº 82/2004 valid until 2012, CCEAR 2006 nº.460/2004 valid until 2013, CCEAR 2007 nº 770/2004 valid until 2014, CCEAR 2008 nº 1,158/2005 valid until 2015 e A-1 nº 3,172/2006 valid until 2014 and CCEAR 2009 nº 27220 valid until 2016.

(d) The amounts with Centrais Elétricas do Norte do Brasil S.A. - ELETRONORTE refer to the contracts to purchase electric energy, which are agreed under normal market terms and also use of the network. The contracts are: contract product CCEAR 2005 nº 184/2004 valid until 2012, contract product CCEAR 2006 nº 565/2004 valid until 2013, contract product CCEAR 2007 nº 863/2004 valid until 2014, contract product CCEAR 2008 nº 1226/2005 valid until 2015 and contract product A-1 nº 3193/2006 valid until 2014.

(e) The amounts with Furnas Centrais Elétricas S.A. - FURNAS, refer to the contracts to purchase electric energy, which are agreed under normal market terms and also use of the network. The contracts are: contract CCEAR 2005 nº 286/2004 valid until 2012, contract CCEAR 2006 nº 670/2004 valid until 2013, contract CCEAR 2007 nº 925/2004 valid until 2014, contract P8-Nova nº 1833/2005 valid until 2037 and contract CCEAR 2009 nº 27219 valid until 2016.

(f) The amounts with Cemig Geração e Transmissão S.A. - CEMIG refer to the contracts to purchase electric energy, which are agreed under normal market terms and also use of the network. The contracts are: contract CCEAR 2006 nº 390/2004 valid until 2013, o contract CCEAR 2008 nº 1056/2005 valid until 2015 and contract CCEAR 2009 nº 3293 valid until 2016.

(g) The amounts with Companhia Energética do Piauí - CEPISA refer to use of the network.

(h) The amount with Geradora de Energia do Norte S.A. ("GERAMAR") results from the contract to purchase electricity, which was agreed under normal market conditions. The contract is: contract CCEAR Number 5555/2007 - 29413N - 29414N in force until 2024.

Total remuneration paid to the parent company's management during the quarters ended September 30, 2010 and 2009 is presented below:

	09/30/2010	**09/30/2009**
Current Benefits	4,022	3,634
Post employment benefits (Private pension)	42	-
	4,064	3,634

Equatorial Energia S.A., the parent company of CEMAR, provides guarantees as the cosignatory for the Company for the financing contracts listed below:

In thousands of Reais

Institution	**Value**	**Endorsement (%)**	**Initiation**	**End**	**Amount released**	**Balance on 3rd quarter**
3rd debenture issue	267,300	100	01/03/2007	01/03/2013	267,300	269,575
Special Agency for Industrial Financing FINAME (40/00221-7)	46	100	20/04/2006	15/05/2013	46	7
Special Agency for Industrial Financing FINAME (40/00222-5)	388	100	07/07/2006	15/05/2013	388	58
Special Agency for Industrial Financing- FINAME PSI (Simplified)	776	100	25/03/2010	15/10/2019	776	783

(In thousands of Reais, except when stated otherwise)

Institution	Value	Endorsement (%)	Initiation	End	Amount released	Balance on 3rd quarter
Special Agency for Industrial Financing- FINAME PSI (Conventional)	24,811	100	17/08/2010	15/04/2020	2,916	2,927
Banco de Desenvolvimento do Nordeste - BNDES (106607040004100)	28,481	100	04/10//2007	02/15/2012	28,481	11,117
Banco de Desenvolvimento do Nordeste - BNDES (10/473589-0)	79,663	100	03/11/2008	07/15/2013	79,651	57,207
Banco do Nordeste do Brasil - BNB	136,076	100	11/23/2005	02/28/2017	136,076	102,597
Banco do Nordeste do Brasil - BNB (193,2007,4165,2386)	9,652	100	12/06/2007	12/06/2012	9,652	5,464
Banco do Nordeste do Brasil – BNB (193,2008,2808,3018)	144,939	100	02/05/2009	02/05/2021	135,800	137,828
Financer for studies and projetcs - FINEP	2,637	100	06/13/2006	06/30/2013	2,359	1,557
International Finance Corporation – IFC *	135,056	50	02/01/2008	01/15/2016	135,056	116,947
Total	829,825				798,501	706,067

* Exposure Limit of US$40,000,000,00

14 Property, plant and equipment

Fixed assets, by activity, comprises the following:

	Consolidated			
	09/30/2010			06/30/2010
	Costs	**Accumulated Depreciation**	**Net Value**	**Net Value**
Activities				
Generation	144,797	(648)	144,149	145,064
Distribution	2,665,556	(785,019)	1,880,537	1,671,405
Administration	59,627	(19,543)	40,084	40,030
Selling	9,357	(3,970)	5,387	5,567
In service	2,879,337	(809,180)	2,070,157	1,862,066
Distribution	287,548	-	287,548	417,506
Administration	7,569	-	7,569	7,522

(In thousands of Reais, except when stated otherwise)

	Consolidated			
	09/30/2010			06/30/2010
	Costs	Accumulated Depreciation	Net Value	Net Value
Selling	10,176	-	10,176	1,107
In progress	305,293	-	305,293	426,135
Total	3,184,630	(809,180)	2,375,450	2,288,201
Special Obligations linked to the concession (c)	-	-	(942,512)	(949,221)
Total	3,184,630	(809,180)	1,432,938	1,338,980

The substitution of the consolidated fixed assets is demonstrated below:

	Balance on 06/30/2020	Additions	Write-offs	Transfer: Capitalization	Transfer: Inventories	Balance on 09/30/2010
In Service						
Generation	145,704	2,214	-	-	-	147,918
Distribution	2,433,283	-	10,267	222,005	-	2,665,555
Selling	9,358	-	-	-	-	9,358
Administration	58,839	86	-	706	-	59,631
Subtotal	2,647,184	2,300	10,267	222,711	-	2,882,462
(-) Depreciation						
Generation	(644)	(3,127)	-	-	-	(3,771)
Distribution	(761,878)	(26,666)	3,526	-	-	(785,018)
Selling	(3,790)	(180)	-	-	-	(3,970)
Administration	(18,508)	(1,038)	-	-	-	(19,546)
Subtotal	(784,820)	(31,011)	3,526	-	-	(812,305)
Total	1,862,364	(28,711)	13,793	222,711	-	2,070,157

(In thousands of Reais, except when stated otherwise)

	Balance on 06/30/2020	Additions	Write-offs	Transfer		Balance on 09/30/2010
				Capitalization	Inventories	
In Progress						
Distribution	359,997	42,160	(19,216)	(221,957)	55,715	216,699
Selling	1,106	9,069	-	-	-	10,175
Administration	7,236	1,052	-	(754)	48	7,582
Stcok of Investments	57,498	69,054	-	-	(55,715)	70,837
Subtotal	425,729	121,335	(19,216)	(222,711)	48	305,293
Total	2,288,201	92,624	(5,423)	-	48	2,375,450

According to articles 63 and 64 of Decree 41,019, of February 26, 1957, equipment and facilities used in the sub-transmission, distribution and sale of electricity are tied to these services, and cannot be removed, sold, assigned or given as mortgage guarantees without previous express authorization from ANEEL

ANEEL Resolution 20, of February 03, 1999, regulates the detachment of the assets of Public Electricity Service concessions, granting prior authorization for the detachment of assets that no longer serve for the Concession and are to be sold, and determines that the proceeds from the sale shall be deposited in a dedicated bank account for investment in the concession.

In the subsidiary CEMAR, on September 30, 2010, there is no balance of disposal of goods and rights (R$522 on June 30, 2010).

(In thousands of Reais, except when stated otherwise)

a. Fixed assets in progress

In Subsidiary CEMAR, the balance of fixed assets in progress refers to work in progress, materials in storage, purchase in progress and prepayment of suppliers, in the amounts of R$234,444, R$66,797, R$0 and R$4,053 respectively (R$368,327, R$53,986, R$0 and R$3,524 on June 30, 2010, respectively). Of the total materials in storage, the amount of R$54,399 (R$41,384 on June 30, 2010), represents material held in storage to meet the requirements of the "Programa Luz para Todos", of Subsidiary CEMAR, and mainly refers to poles, transformers, cables, meters, power converters, among other items to be used for works in progress. A provision was made, by the Subsidiary CEMAR, for losses deriving from items which have not been used for over 180 days, with amount at September 30, 2010 of R$4,559 (R$3,959 at June 30, 2010). The balance of fixed assets in progress for distribution is net of this provision.

b. Depreciation rates

The main annual depreciation rates, according to MCSPE - Equity Control Manual of the Electric Energy Sector, as amended by ANEEL Resolution 367, of June 2, 2009, are as follows:

	%	**Distribution**			
Generation					
			%		**%**
Generator	3.3	Condenser Banks	6.7	Condenser Banks	5.0
Buildings	4.0	Switches	6.7	Switches	3.3
Gas Turbines	5.0	Conductors	5.0	Conductors	2.5
Generator Sets	5.9	Buildings	4.0	Buildings	4.0
Internal combustion engine	6.7	Structures	5.0	Structures	2.5
Sales/ Administration	%	Regulator	4.8	Regulator	3.5
Furnitures and fixtures	10.0	Re-connectors	4.3	Re-connectors	4.3
Buildings	4.0	Transformers	5.0	Power transformers	2.5
Vehicles	20.0	Meters	4.0	Meters	3.0

c. *Obligation related to concession*

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

The contributions from consumers refer to funds received to execute the services required to meet electricity supply requests. The donations and subsidies are mainly the amounts provided by ELETROBRÁS to finance the "Programa Luz para Todos", to the amount of R$851,125 (R$857,625 at June 30, 2010), net of taxes. Government participation refers to federal funds received to execute electric projects linked to the Public Electricity Service. Because of their nature, these accounts are not financial obligations and therefore should not be included as liabilities for the purposes of determining the financial indicators.

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

(In thousands of Reais, except when stated otherwise)

15 Intangible assets

a. *Goodwill from concession asset*

	Parent company		Consolidated	
	09/30/2010	06/30/2010	09/30/2010	06/30/2010
Goodwill based on expected future profitability				
Goodwill on the purchase of CEMAR	291,810	291,810	291,710	291,810
Goodwill on the purchase of Energia do Norte	11,500	11,500	11,500	11,500
Accumulated Amortization	(64,379)	(62,802)	(64,279)	(62,802)
Subtotal	238,9311	240,508	238,931	240,508
Other Intangible (b)	-	-	55,218	53,488
Total	238,931	240,508	294,149	293,996

The historic cost of goodwill refers to the acquisitions of CEMAR, on June 30, 2000 and Geranorte, on October 01, 2008. This refers to the future benefit acquired from the right to exploit the concession and is classified as intangible assets with a defined useful life. The goodwill is being amortized based on the forecast net profit curve for the concessionaires over the remaining period of the concession.

b. *Other intangible*

Considering the activities, the intangible is constituted as follow:

	Consolidated			
	09/30/2010			06/30/2010
Intangible Activity	**Costs**	**Accumulated Amortization**	**Net Value**	**Net Value**
Distribution	36,300	(12,884)	23,416	20,890
Administration	35,953	(21,763)	14,190	11,009

(In thousands of Reais, except when stated otherwise)

	Consolidated			
	09/30/2010			06/30/2010
Intangible Activity	**Costs**	**Accumulated Amortization**	**Net Value**	**Net Value**
Selling	8,922	(5,358)	3,564	4,009
In Service	81,175	(40,005)	41,170	35,908
Distribution	4,875	-	4,875	7,601
Generation	-	-	-	
Administration	8,025	-	8,025	9,409
Sales	1,148	-	1,148	570
In Service	14,048	-	14,048	17,580
Total intangible net	95,223	(40,005)	55,218	53,488

The intangible asset in the subsidiary CEMAR comprises software, amortized at the rate of 20% p.a. rights of way (not depreciated) and others.

16 Deferred Charges

Deferred charges, at September 30, 2010, consist of R$358 (R$395 at June 30, 2010) which refer to the parent company's restructuring costs and R$1,357 (R$1,393 at June 30, 2010) of joint venture, Geranorte arising from pre-operational expenses.

	Parent company		Consolidated (Reclassified)	
	09/30/2010	**06/30/2010**	**09/30/2010**	**06/30/2010**
Deferred Charges				
Financial charges	-	-	530	530
Organization/administration/others	-	-	594	594
Tax charges	-	-	119	119
Insurance	-	-	531	531
Techincal consulting	-	-	70	70
Travel and acomodation	-	-	18	18
Pre-operational income	-	-	(405)	(405)
Restructuring costs	740	740	740	740
Amortization	(382)	(345)	(482)	(409)

(In thousands of Reais, except when stated otherwise)

Total	358	395	1,715	1,788

17 Accounts payable to suppliers

	Parent company		Consolidated	
	09/30/2010	06/30/2010	09/30/2010	06/30/2010
Current				
Charges of system services**(a)**	-	-	15,291	16,235
Free energy – Compensation of generators **(b)**	-	-	282	276
Energy auctions **(c)**	-	-	57,985	51,577
Others	5,131	213	13,021	8,680
Total	5,131	213	86,579	76,768
Materials and services	-	-	88,185	73,425
Total	5,131	213	174,764	150,193

(In thousands of Reais, except when stated otherwise)

a. *Energy supply and connection charges in CEMAR*

Pursuant to Decree Law nº 5,163, of July 30, 2004, which is part of the new legislation that governs the electric energy sector, CEMAR negotiated new agreements for the Purchase of Electric Energy in the Regulated Environment, as described below:

Energy contracted	**2010**	**2011**	**2012**	**2013**	**2014**	**2015**	**2016**
Product 2005/2012	2,922,632	2,922,632	2,930,639	-	-	-	-
Product 2006/2013	1,110,517	1,110,517	1,113,560	1,110,517	-	-	-
Product 2007/2014	405,307	405,307	406,418	405,307	405,307	-	-
Product 2008/2015	212,463	212,463	213,046	212,463	212,463	212,463	-
PROINFA	101,504	101,987	101,987	101,987	101,987	101,987	101,987
MCSD	97,814	96,257	95,705	20,107	10,934	7,961	7,982
New 2008/2022/2037	25,534	25,579	25,649	25,579	25,579	25,579	25,579
New 2009/2023/2038	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	219,473	221,594	222,202	221,594	221,594	221,594	222,202
Auction Source Alternative	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
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	16,194	16,194	16,238	16,194	16,194	-	-
Auction de ajuste	-	-	-	-	-	-	-
Total - MWh	5,641,807	5,921,958	6,376,318	3,963,363	3,029,656	2,758,220	2,582,115

b. *Free Energy - Reimbursement Payable to Generation Companies*

ANEEL approved, in the meeting of the Board of Executive Officers held on December 15, 2009, the method and procedures for calculation of balances of Free Energy and Revenue Loss of generation and distribution companies after the conclusion of collection of the Extraordinary Tariff Recomposition (RTE) in energy supply tariffs. However, Resolution number 387, of December 15, 2009, published on January 12, 2010, concluded the process for calculation of final balances of Revenue Loss and Free Energy and defined the reimbursement amount payable to agents, as calculated by the companies, which will be approved by the Agency.

c. *Power network use charges in CEMAR*

In 1999, electric energy distribution companies have entered into the Agreements for Use of the Transmission System (CUST) with 15 energy transmission companies and the National System Operator (ONS), the agency created to plan and operate the Brazilian electric energy system, whereby the distribution companies are required to pay for the use of the transmission assets due to the interconnection of the entire Brazilian electric energy transmission system.

(In thousands of Reais, except when stated otherwise)

18 Loans and financing

	Consolidated							
	09/30/2010					06/30/2010		
	Current		Non-current			Current	Non-current	
	Principal and charges	Funding costs to apportion (*)	Principal and charges	Funding costs to apportion (*)	Total	Principal and charges	Principal and charges	Total
Foreign currency								
National Treasury	866	-	7,782	-	8,648	812	8,243	9,055
Financial Institutions	-	-	-	-	-	-	-	-
	866	-	7,782	-	8,648	812	8,243	9,055
Local currency								
Eletrobrás	41,871		372,749		414,620	41,031	378,674	419,705
IFC	23,447	(266)	93,500	(1,148)	115,533	26,174	103,889	128,583
BNB	23,259	(266)	222,630	(1,639)	243,983	25,245	227,849	251,121
BNDES	28,193	(3)	43,823	(8)	72,008	28,221	47,113	75,325
FINEP	569	(5)	987	(8)	1,543	569	1,128	1,683
FINAME	83	-	-	-	83	97	776	873
Banco ABC	7,001	-	-	-	7,001	7,561	-	7,561
Banco Itaú BBA	29,127	-	-	-	29,127	28,775	-	28,775
Itaú	-	-	-	-	-	-	-	-
Votorantim	29,127	-	-	-	29,127	28,838	-	28,838
Financial Institutions	24	-	88	-	112	-	-	-
	182,749	(540)	760,620	(2,800)	913,185	186,511	759,429	942,465
Loans - debt with FASCEMAR	5,445	-	19,061	-	24,506	5,307	19,902	25,209
Total	189,060	(540)	760,620	(2,800)	946,340	192,630	787,574	976,729
Total, net	188,708		757,631			192,092	784,637	

(*) In accordance with Decision 556, of November 12, 2008, which approved Technical Pronouncement CPC 08, the subsidiary CEMAR accrued the costs that refer to borrowings obtained in 2008 to results, over the period of the funding, based on the amortized cost method.

(In thousands of Reais, except when stated otherwise)

The Company accrued the costs from obtaining loans, for the amount of R$4,527 at September 30, 2010 (R$4,527 at September 30, 2009), with the remaining balance registered to liabilities to accrue for the amount of R$3,340 at September 30, 2010 and (R$3,875 at September 30, 2009).

					Value of debt	
Institution	**Contractual rates % p.a.**	**Transaction costs incurred**	**Balance of transaction costs to appropriate**	**Maturity**	**09/30/2010**	**06/30/2010**
BNB Nova Sede	10%	207	50	6/12/2012	5,464	6,071
BNB II	10%	2,174	1,856	5/2/2021	137,828	137,828
FINEP	TJLP + 2%	31	12	30/6/2013	1,556	1,698
BNDES II	TJLP + 3,6%	15	8	15/7/2013	57,207	62,255
IFC	90.9% do CDI + 1.5%	2,100	1,414	15/1/2016	116,947	130,063
Total		4,527	3,340		319,002	337,915
Current			540		48,824	51,575
Non-current			2,800		270,178	286,341

Balance for National Treasury Debt

The National Treasury balance 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 of the National Monetary Council - CMN, which were the object of an exchange for a bonus issued by the Government. This debt is guaranteed by CEMAR’s income from the supply of electricity. At September 30, 2010, the average effective rate for this operation was 4.49% per annum (4.50% per annum at June 30, 2010).

Balance for Debt with ELETROBRÁS:

The 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 refer basically to fund, to construct transmission lines and substations, for the Supervision, Automation and Control Program - SAC and the Energy Conservation Program. The financing is guaranteed by income earned by CEMAR, and in some cases, by promissory notes. All of these contracts were renegotiated on April 27, 2004, through the signing of a Debt Renegotiation Contract. The main characteristics of the new terms agreed are described in item (c) of this note. At September 30, 2010 the average effective rate for this operation was 11.62% per annum.

The average effective rate for the contracts with ELETROBRÁS, at September 30, 2010, was 8.97% per annum (7.93% per annum at June 31, 2010). The main contracts with ELETROBÁS include:

i. On January 9, 2007, the first liberation of funds from the financing contract ECF-2522/2005 occurred, agreed between CEMAR and ELETROBRÁS. In June 2009, the fourth liberation of this contract occurred, for the amount of R$7,273 and in December 2009 the fifth liberation occurred, for the amount of R$3,495. This contract is tied to resources from the Global Reserve Reversal - RGR. The cost of this financing is 7% per annum, plus the variation in the RGR. The debt matures in 7 years, and has a grace period of 2 years and is being amortized over 5 years. At September 30, 2010 the average effective rate for this operation was 7% per annum. These funds are guaranteed by income earned by CEMAR, and have been allocated to finance the direct costs of investments to improve the supply of electricity and expand the system. There is no contractual clause that provides for the anticipated settlement of the installments outstanding;

ii. In January 2009, the first liberation of funds from the financing contract ECF-2724/2008, occurred, agreed between CEMAR and ELETROBRÁS, for the total amount of R$97,686. The first liberation corresponds to 10% of the value of the contract, that is R$9,769. In June 2009 CEMAR received the second liberation, for the amount of R$20,065; in December 2009 it received the third liberation, for the amount of R$14,711 and in June 2010 the fourth liberation, for the amount of R$8,442. This contract is tied to resources from the Global Reserve Reversal - RGR. The cost of this financing is 7% per annum, plus the variation in the RGR. The amount matures in 7 years, and has a grace period of 2 years and is being amortized over 5 years. At September 30, 2010 the average effective rate for this operation was 7% per annum. These funds are guaranteed by income earned by CEMAR, and have been allocated to finance the direct costs of investments to improve the supply of electricity and expand the system. There is no contractual clause that provides for the anticipated settlement of the installments outstanding.

iii. In March 2009, CEMAR agreed a confession of indebtedness and debt recognition contract, ECF-2728/2008, with ELETROBRÁS, for the total amount of R$30,731, which referred to recognition of the debt arising from the Contract for Financing and Concession of Subsidy ECFS - 0140/2006. The balance for this contract will be adjusted by the SELIC rate, maturing in 16 months, with a grace period of 4 months, and amortization over 12 months. At September 30, 2010 the effective rate for this operation was 6.5% per annum (8.82% per annum at June 30, 2010). The balance on the contract was fully amortized in August 2010.

iv. In October 2009, the first liberation of funds from the financing contract ECF-2585/2006, occurred, agreed between CEMAR and ELETROBRÁS, for the total amount of R$1,161. The first liberation corresponds to 10% of the value of the contract, that is R$116. This contract is tied to resources from the Global Reserve Reversal - RGR. The cost of this financing is 6.5% per annum, plus the variation in the RGR. The amount matures in 67 months, with a grace period of 7 months and is being amortized over 60 months. At September 30, 2010 the average effective rate for this operation was 6.5% per annum. These funds are guaranteed by income earned by CEMAR, and have been allocated to finance the direct costs of the Project to Improve and Expand the Public Lighting Systems for the municipality of Pinheiro.

(In thousands of Reais, except when stated otherwise)

Balance for debt with IFC

On February 28, 2008, CEMAR concluded the contracting of financing for the amount of US$80,000,000.00 with IFC - International Finance Corporation, for the purpose of financing part of the investments made in 2007, and part of the investments forecast for 2008/2009. The loan was granted in Brazilian Reais, for the amount of R$135,056, based on the selling PTAX of 1.6882 on February 26, 2008. The cost of the operation was fixed at 90.9% of the CDI, through a foreign exchange swap by IFC, bearing an additional cost of 1.5% p.a. for the “Exposure Fee”. The term for this financing is 8 years, and it has a two year grace period. The funds are guaranteed by trustee assignment over Cemar’s receivables, and by a surety from its parent company Equatorial Energia S.A. At September 30, 2010, the effective rate for this operation was 9.91% per annum (9.49% per annum at June 30, 2010).

Under the terms of this contract CEMAR has to report certain financial indices, to be calculated annually, based on its audited financial statements:

- 1st Covenant: a ratio, from dividing the NET FINANCIAL DEBT by the EBITDA for the previous 12 months, of less than or equal to 2.5 (two and a half); and
- 2nd Covenant: a ratio, from dividing the EBITDA for the previous 12 months by the NET FINANCIAL EXPENSES, of greater than or equal to 2.0 (two).

	3Q10	**2Q10**	**1Q10**	**4Q09**
Gross debt *	1,150,456	1,187,222	1,186,412	1,217,266
(-)Cash and cash equivalents	(352,047)	(403,719)	(381,954)	(357,467)
(-)Low income receivable	(24,862)	(23,399)	(22,490)	(23,115)
(-)Net regulatory assets	(81,964)	(29,405)	(59,905)	(68,094)
= Financial debt, net	691,583	730,699	722,064	768,590
EBITDA**	186,902	107,069	88,774	130,436
EBITDA adjusted for the previous 12 months	513,181	463,507	452,380	470,336
1st Covenant: <=2,5	1,4	1,6	1,6	1,6
Financial expense, net for the quarterly	29,340	11,244	27,839	11,480
Financial expense, net for the previous 12 months	79,903	83,877	83,810	93,283

(In thousands of Reais, except when stated otherwise)

	3Q10	2Q10	1Q10	4Q09
2nd Covenant: >=2,0	6,4	5,5	5,4	5,0

* Corresponds to the gross debt from loans and financing (presented in this note 18) and the gross debt for debentures (see note 19).

** EBITDA calculated according to the financing contract, and refers to profit before interest, taxes and amortization, excluding other non recurring income and expenses. The other non recurring income and expenses refer to write offs and disposals of fixed assets.

Balance for debt with Banco do Nordeste do Brasil

The funds were obtained from the Constitutional Fund for Financing for the Northeastern Region - FNE. These funds are guaranteed by a bank surety letter, short term investments, CEMAR's income and a guarantee from its parent company Equatorial Energia S.A. At September 30, 2010, the effective interest rate for this operation was 8.5% per annum (8.5% per annum at June 30, 2010).

BNB Nova Sede - The funds were obtained from the Constitutional Fund for Financing for the Northeastern Region - FNE. These funds are guaranteed by a bank surety letter, short term investments, CEMAR's income and a guarantee from its parent company Equatorial Energia S.A. At September 30, 2010, the effective interest rate for this operation was 8.5% per annum (8.5% per annum at June 30, 2010).

BNB II - In March 2009, CEMAR received the first liberation of the loan obtained from Banco do Nordeste do Brasil - BNB, for the amount of R$37,008; in September 2009 it received the second installment, for the amount of R$69,247; and in December 2009 the third installment, for the amount of R$29,545, for the purpose of complementing the financing for investments to be made in the electricity network. The funds were obtained from the Constitutional Fund for Financing for the Northeast - FNE. The interest rate for FNE is 8.50% per annum, considering the bonus for full performance of the contract of 1.5%, on the interest payment. These funds are guaranteed by a bank surety letter, short term investments, CEMAR's income and a guarantee from its parent company Equatorial Energia S.A. At September 30, 2010, the effective interest rate for this operation was 8.5% per annum (8.5% per annum at June 30, 2010).

BNB Giro - In September 2009, CEMAR received the liberation of the loan 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 on the contract was fully amortized in September 2010.

Balance for Debt with BNDES

On April 10, 2007, CEMAR contracted financing of R$ 28,481, from Banco Itaú BBA, tied to funds originating from transfers from the National Bank for Economic and Social Development - BNDES. The cost of this financing is TJLP + 4.8% per annum. The total term is 5 years, with a grace period of 1 year, and amortization over 4 years. These funds are guaranteed by CEMAR's income, and a surety guarantee from Equatorial Energia S.A. These funds have been allocated to finance the implantation of the Program to Combat Electricity Losses from CEMAR's distribution system, the distribution network management system - "GEOREDE" and the ELUCID Commercial System - "UE-COM". At September 30, 2010, the effective rate for this operation was 10.80% per annum (10.80% per annum at June 30, 2010).

According to this contract CEMAR has to present the following financial indices, to be determined annually, based on its audited financial statements:

- 1st Covenant: a ratio between net financing indebtedness and EBITDA of less than or equal to 4.50; and
- 2nd Covenant: a ratio between of net financing indebtedness and the sum of net financial indebtedness and shareholders' equity of less than 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 originating from transfers from the National Bank for Economic and Social Development - BNDES. The cost of this financing is TJLP + 3.6% per annum. The total term is 5 years, with a grace period of 1 year, and amortization over 4 years. These funds are guaranteed by CEMAR's income, for the amount of up to 3.47% of net income and a surety provided by Equatorial Energia S.A., and are allocated to finance the implantation of the project "CEMAR Operational Expansion and Quality", with investments aimed at combating the electricity sales losses, connecting new consumers and updating the Company's technology.

(In thousands of Reais, except when stated otherwise)

On September 14, 2009, CEMAR received the last liberation of funds for the amount of R$12,451. At September 30, 2010, the effective interest rate for this operation was 9.60% on year (9.60% at June 30, 2010).

According to this contract CEMAR has to present the following financial indices, to be determined annually, based on its audited financial statements:

- 1st Covenant: a ratio between net financing indebtedness and EBITDA of less than or equal to 2.50; and

- 2nd Covenant: a ratio between of net financing indebtedness and the sum of net financial indebtedness and shareholders' equity of less than or equal to 0.60.

The Covenants for the loans with BNDES are presented below:

	3Q10	2Q10	1Q10	4Q09
(+)Loans and financing and debentures	1,150,456	1,187,222	1,186,412	1,217,266
(-)Cash and cash equivalents	(352,047)	(403,719)	(381,954)	(357,467)
(-)Debt with ELETROBRÁS - ECF 1960/99	(155,757	(152,155)	(147,561)	(143,164)
(-)Low income	(24,862)	(23,399)	(22,490)	(23,115)
Net financial indebtedness	617,790	607,949	634,407	693,520
(+)Net profit	112,482	67,309	48,861	(31,230)
(+)Net financial results	8,740	16,705	6,425	72,595
(+)Provision for income and social taxes	34,947	(2,420)	6,437	59,012
(+)Profit sharing	7,676	2,676	2,676	7,552
(+)Depreciation and amortization	23,747	22,095	22,351	20,395
(+)Other expenses/revenues non recurrents *	4,310	704	2,024	2,980
EBITDA	186,902	107,069	88,774	130,436
EBITDA (12 Months)	513,181	463,507	452,380	470,333
Equity	958,396	845,914	778,605	729,744
Net financial indebtedness / EBITDA ≤ 4,5	1,2	1,3	1,4	1,5
Net financial indebtedness / Net financial indebtedness +Equity) ≤ 0,6	0,4	0,4	0,4	0,5

* The other non recurring income and expenses refer to the write offs and disposals of fixed assets.

Balance for debt with FINEP

In December 2009 CEMAR received the last installment for this loan, for the amount of R$278, resulting in a total of R$2,637, which incurs interest at the TJLP rate + 2% per annum, and is being used to finance investments to improve the performance of the distribution network and energy efficiency programs. The term for this financing is 7 years, with a grace period of 2 years and amortization in 61 installments. This financing is guaranteed by the Company's income and a surety from Equatorial Energia S.A. At September 30, 2010, the effective interest rate for this operation was 8.00% per annum (8.00% per annum at June 30, 2010).

Balance for the debt with FINAME (simplified)

In September 2009, CEMAR contracted Bank Credit Notes, numbers 665897, 665904, 665919, 665928, 665930, 665940, 665952 and 665961, which, together, amount to R$776, from Banco Votorantim, tied to funds originating from transfers from the Special Agency for Industrial Financing - FINAME from the National Bank for Economic and Social Development - BNDES. The cost of this financing is 4.5% per annum. The total period for this financing is 10 years, and it has a grace period of 24 months, with amortization over 8 years. These funds are guaranteed by chattel mortgage and surety guarantee from Equatorial Energia S.A., and are allocated to finance investments in switchgear, transformers, interceptors, key fuse reclosers and isolators. At September 30, 2010, the effective interest rate for this operation was 4.5% per annum.

Balance for the debt with FASCEMAR

On March 20, 2001, the contract for the debt acknowledgement was renegotiated between CEMAR and FASCEMAR -Assistance and Social Security Foundation for CEMAR's employees, the Complementary Pension Fund, with the event that gave rise to such being the debt that CEMAR held with FASCEMAR, arising from the retentions and delays in transferring its contributions as the sponsor of the Fund. This debt is guaranteed by CEMAR's receivables. The debt arising from this contract is being paid in 168 monthly, consecutive installments, as from

(In thousands of Reais, except when stated otherwise)

April 2001, and bears interest equivalent to 102% of the DI over extra group, calculated and published daily by the CETIP. At September 30, 2010, the effective rate for this operation was 4.5% per annum (8.96% per annum at June 30, 2010).

a.

a. Covenants

The subsidiary CEMAR have borrowings and financing (BNDES, IFC e 3rd debenture issue CCB Bradesco, ABN Amro and BNDES-Finem) which require that certain indebtedness indicators and interest coverage be maintained. During the quarter ended September 30, 2010 CEMAR fulfilled all the indicators required under contract.

b. Scaling of current and non current installments for borrowings, financing and debentures (not including financing charges)

The installments that refer to the principal sums for borrowings, financing and debentures (see Note 18) fall due as follows:

	Consolidated					
	09/30/2010			06/30/2010 (Reclassified)		
	Local currency	Foreign currency	Total	Local currency	Foreign currency	Total
2010	171,195	685	171,880	171,958	725	172,683
Total Current	171,195	685	171,880	171,958	725	172,683
2011	28,763	342	29,105	63,205	363	63,568
2012	171,543	504	172,047	170,797	342	171,139
2013	284,019	323	284,342	283,110	342	283,452
2014	107,797	162	107,959	106,797	171	106,968
2015	103,252	-	103,252	102,353	-	102,353
after 2015	270,958	6,451	277,409	266,908	7,025	273,933
Total Non-current	966,332	7,782	974,114	993,170	8,243	1,001,413

(In thousands of Reais, except when stated otherwise)

Total	1,137,527	8,467	1,145,994	1,165,128	8,968	1,174,096

c. *Statement of debts (does not include the funding costs to amortize)*

Consolidated					
Financing	**Date of sign**	**Currency**	**Financial charges**	**09/30/2010**	**06/30/2010**
TN - Par Bond	04/15/1994	*US$*	US$ + 6% p.a.	3,908	4,077
TN - Discount Bond	04/15/1994	*US$*	US$ + (Libor/Sem + 13/16% p.a.)	2,670	2,818
TN – C. Bond	04/15/1994	*US$*	US$ + 8%a ,a	1,341	1,391
TN - Debit Conv.	04/15/1994	*US$*	US$ + (Libor/Sem + 7/8% p.a.)	729	769
Foreign currency				8,648	9,055
BNDES II	03/11/2008	TJLP	TJLP + 3.6% p.a.	60,903	62,255
ELETROBRÁS	04/27/2004	RGR, FINEL and IGP-M	Various	414,620	419,705
BNDES - FINEN	04/10/2007	TJLP	TJLP + 4,8% p.a.	11,117	13,079
BNB	11/23/2005	FNE	9.78% p.a.	102,597	107,226
FASCEMAR	04/20/2001	CDI	102%CDI	24,506	25,209
FINEP	06/13/2006	TJLP	TJLP + 2% p.a.	1,556	1,697
FINAME	04/20/2006	TJLP	TJLP + 9.5% p.a.	83	873
BNB - NOVA SEDE	12/06/2007	FNE	9.78% p.a.	5,464	6,071
BNB - GIRO				-	1,969
BNB II	02/05/2009			137,828	137,828
IFC	02/01/2008	CDI	90.9% CDI + 1.5% p.a.	116,947	130,063
Banco ABC				7,001	7,561
Itau BBA	09/01/2009	CDI		29,126	28,775
Votorantin	Various	CDI		29,175	28,838
Instituições Financeiras				112	
Local currency				941,032	971,149
Total (does not include the funding costs to amortize)				949,680	980,204
Current				189,060	200,995
Non-current				760,620	787,574

d. *Universal Rural Power Supply Program*

By way of Resolution 223 dated April 29, 2003, as amended by Resolutions 52 dated March 25, 2004 and 175 dated November 28, 2005, ANEEL established the general conditions for drawing up Electricity Universalization Plans to serve new consumer units, or raise loads, governing the provisions established by articles 14 and 15 of Law 10,438, dated April 26, 2002, and established the responsibilities of public electricity distribution service concessionaires and authorized entities. Law 10,762 dated November 11, 2003 altered the priority for serving municipalities, placing the emphasis on municipalities with a lower rate of electrification and limiting these services to new units, on a low-voltage connection (below 2.3 kV) with an installed load of up to 50 KW.

Since the start of the Program, on 2004, CEMAR has invested R$1,145,475 (R$ 1,071,111 until June 30, 2010) in the Universalization Program.

"Programa Luz para Todos" **- "**Light for All**"**

Presidential Decree 4,873 dated November 11, 2003, introduced the "Programa Luz para Todos" within the Universalization Plan, which aims to provide electricity, until 2010, to the sections of the Brazilian rural population which do not yet have access to this public service.

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

In August 2008, CEMAR signed with ELETROBRÁS, the contract ECF nº. 236/2008 - 4th Series, which referred to the 4th stage of the program, which forecast attending more than 67,136 consumers. The total value of the contract is up to R$338,597, with the amount of R$101,579 liberated at the time of signing the contract. In April, 2009, the subsidiary CEMAR received the second liberation, in the amount of R$67,719 and at September, 2009 the third liberating, in the amount of R$67,719 and at December, 2009 the forth liberation in the amount of R$67,719. Totaling the amount of R$304,738 in releases until June 30, 2010. At September 30, 2010, the effective rate to this operation was 6% per annum (6% per annum at June 30, 2010).

In January 2010, CEMAR and ELETROBRÁS signed the contract ECFS 281/2009 - 5th *Tranche*, which referred to the 5th stage of the Program, aimed at attending more than 37,647 consumers. The total value of the contract is 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 totaling R$ 154,895. At September 30, 2010, the effective interest rate for this operation was 6% per annum.

The ELETROBRÁS´ resources are originate as shown below:

- An amount equivalent to up to 13.33% of the total cost of the respective contracts referred to above, for the amount of up to R$ 1,204,539, not including labor expenses, transportation and management, will be obtained through funds from the Global Reversal Reserve - RGR, which refers to the concession of credit, for the amount of up to R$ 160,565, and

- An amount equivalent to up to 86.67% of the total cost of the respective works, not including labor expenses, transportation and management, will be obtained through funds from the Energy Development Account (CDE), which corresponds to an extension of credit amounting to R$783,035, as an economic subsidy, in accordance with Law 10,762, dated November 11, 2003.

Since the start of the program CEMAR has received R$100,778 under the ECF-027/2004 agreement, with R$13,437 coming from RGR funds and R$87,341 from CDE funds; R$176,341, R$176,341, under the ECFS-140/2006 agreement, with R$23,505 from RGR funds and R$152,836 from CDE funds; R$279,031, which refers to contract ECFS-176/2007, R$37,193 arising from funds from RGR and R$241,838 from CDE; and R$304,738, refer to contract ECFS-236/2008, with R$40,632 derived from RGR funds and R$264,106 from CDE; and R$154,895, refer to contract ECFS-281/2009, with R$19,362 derived from RGR and R$135,533 from CDE.

(In thousands of Reais, except when stated otherwise)

19 Debentures

	Consolidated							
	09/30/2010					06/30/2010 (Reclassified)		
	Current		Non-current			Current	Non-current	
	Principal and charges	Funding costs to apportion	Principal and charges	Funding costs to apportion	Total	Principal and charges	Principal and charges	Total
Debentures	55,735	-	258,123	-	313,858	61,825	257,358	319,183

Third debenture issue - CEMAR

On March 28, 2007 the public distribution ended of the 3rd issuance of CEMAR's non-convertible debentures. The funds obtained for the amount of R$267,300 were initially allocated to make prepayments for existing debts that had more onerous terms for the subsidiary, and the remaining funds were allocated to implement Company's investment program. At September 30, 2010 the effective rate for this operation was 9.78% from CDI (9.47% per annum at June 30, 2010). At September 30, 2010, debentures in the long term amounted to R$213,840, and the respective maturity dates are scheduled as described below.

Debentures Geradora de Energia do Norte

The financing contract, obtained in the form of FDA – Amazon Development Fund, managed 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 long term interest rate - TJLP, plus 0.85% p.a. plus 0.15% for *del credere*, with amortization anticipated over 180 months. At September 30, 2010, of this total, R$ 171,031 had been liberated, through the issuance of 171,031,408 debentures.

(In thousands of Reais, except when stated otherwise)

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

Maturity	**Value**
2012	53,460
2013	160,380
Total	213,840

20 Taxes payable

	Parent company		**Consolidated**	
	09/30/2010	**06/30/2010**	**09/30/2010**	**06/30/2010**
Current				
Deferred income and social taxes	-	-	(3,975)	(7,186)
ICMS	-	-	24,452	21,888
	-			
PIS/COFINS	49	49	8,798	7,360
REFIS/PAES	-	-	1,128	1,128
Provision for income and social taxes	643	500	27,891	17,965
Withholding income tax - Interest on shareholders’ equity	960	960	960	960
Social charges and other		-	4,502	5,263
Other	64	59	2,034	1,884

(In thousands of Reais, except when stated otherwise)

	Parent company		Consolidated	
	09/30/2010	06/30/2010	09/30/2010	06/30/2010
Current				
Total	1,715	1,568	65,790	49,262

	Parent company		Consolidated	
Non-current	09/30/2010	06/30/2010	09/30/2010	06/30/2010
Deferred income and social taxes	-	-	94,708	73,762
Installment Payment - Law 11.941/09	-	-	83,536	-
REFIS/PAES	-	-	-	83,536
PIS/COFINS	-	-	84,047	77,149
Other	-	-	758	744
Total	-	-	263,049	235,191

a. *Tax Recovery Program - REFIS*

	09/30/2010
Current Liability	1,128
Non current liability	83,536
Total	84,664

Installment of taxes - Law 11,941/09

On November 28, 2009, CEMAR formalized its adhesion to the installment payment scheme considered in article 1 of Law 11,941/2009, resulting in the compulsory and definitive waiver of the Special Installment Scheme - PAES. Under the terms applicable for the new installment payments, the remaining balance for the consolidated debts from the Special Installment Scheme - PAES will be paid in up to 180 monthly installments. Consolidation of these debts is pending conclusion by the Brazilian Internal Revenue Services – RFB.

(In thousands of Reais, except when stated otherwise)

The primary benefits from the inclusion in the new REFIS were the reduction of interest and fine in the amount of R$ 24,756, the possibility to pay the outstanding installment of interest and fine by using tax losses, in addition to the own disbursement of cash in installments. The original amount included in REFIS was R$ 72,521. Taking into account that 34,028 will be offset against tax losses, the actual installment payment will result in future cash disbursements of R$ 38,493.

This debt, for the amount of R$38,493 will be settled in 180 installments. The consolidation of these debts is pending conclusion by the Brazilian Internal Revenue Services - RFB). The REFIS payments in the amount of R$ 1,645 are registered to the account for other taxes recoverable, until the consolidation of the debts included in the installment payment program has been homologated.

21 Provision for contingencies

Cemar is party (defendant) to legal claims and administrative processes with various courts and government bodies, arising from the normal course of its operations, involving tax, labor and civil aspects and other issues.

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

	09/30/2010			06/30/2010		
	Value	**Judicial deposit**	**Net provision**	**Value**	**Judicial deposit**	**Net provision**
Civil and tax	26,701	12,506	14,195	28,393	10,973	17,420
Labor	12,110	26,088	(13,978)	8,587	26,161	(17,574)
Regulatory	4,440	-	4,440	2,975	-	2,975
	43,251	38,594	4,657	39,955	37,134	2,821

(In thousands of Reais, except when stated otherwise)

	09/30/2010			06/30/2010		
	Value	Judicial deposit	Net provision	Value	Judicial deposit	Net provision
Current	16,366	13,687	2,679	14,982	13,381	1,601
Non-current	26,885	24,907	1,978	24,973	23,753	1,220
	43,251	38,594	4,657	39,955	37,134	2,821

The contingent liabilities are stated net of legal deposits, however, not all of the legal deposits necessarily refer to the liability demands, but may be the result of claims by Cemar.

Movement of processes

	06/30/2010	09/30/2010			
	Initial Balance	Increase in provision	Use (1)	Reversion (2)	Final Balance
Civil and tax	28,391	1,960	(3,652)	-	26,699
Labor	8,589	6,649	(3,126)	-	12,112
Regulatory	2,975	1,465	-	-	4,440
	39,955	10,074	(6,780)	-	43,251

(1) Effective costs form legal contingencies.

(2) Reversals realized during the quarter.

Labor claims

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

Civil and tax

The most significant individual contingency provision recorded R$15,894, refers to two demands, one that refers to a claim for settlement of accounts and the other for indemnity, both arising from the agreement to charge the Public Illumination Tariff - TIP, which were filed by the municipal of as São Luís against CEMAR. The first claim filed demanded payment of the amount arising from not transferring the amounts collected for investment in the public illumination park for the city and the decision for the second claim demanded an indemnity payment as a result of CEMAR not providing, over the years, the calculations for correcting the TIP value, in order to meet the monthly cost for the public illumination service. These claims were judged against CEMAR, and the latter is in the process of settling the sentences passed.

CEMAR filed two claims to annul the judgments with the Appeal Courts in Maranhão. In September 2009, the Court, confirming the injunction that had been granted previously, and gave a favorable sentence in the lower courts for the recessionary claim filed against the decision given for the indemnity claim filed by the Municipal for São Luis. An appeal can still be filed against this decision with the higher courts. The other recessionary claim, filed against the decision given in the claim for settling accounts, has not altered significantly during the previous three months. Consequently, the financial statements of CEMAR include a provision of R$32,540 (R$30,696 at June 30, 2010).

In addition to the losses provisioned for above, there are other civil contingencies monitored by Management, based on the assessment of Cemar's legal department and external advisors, for which the chance of loss is rated as possible and remote, amounting to R$51,112 and R$14,866, respectively (R$49,636 and R$14,866 respectively, at June 30, 2010) therefore no provision for these losses has been recorded.

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

Regulatory claims

In the period from September 22, 2009 to October 03, 2009, ANEEL/SFE carried out the Quality inspection (Technical/Commercial). The Inspection resulted in TN nº 015/2009-SFE/ANEEL and AI nº 108/2009-SFE/ANEEL, which established the payment of a fine in the amount of R$1,797. The value of the fine was provisioned in December 2009.

In addition, since June, /2010 CCEE has been involved in the process for determining the penalties from problems related to measuring frontiers. Given the various difficulties associated with the measurement points for the Presidente Dutra, CEMAR received notification terms TN 627/2010 CCEE, TN 853/2010 CCEE and TN 1026/2010 CCEE, regarding the problems from June, July and August 2010, respectively. The total value of the fines, for which a provision has been registered, is R$ 1,284 (original value). CEMAR presented its defense for the situation that gave rise to the penalties and CCEE suspended the charges in order to evaluate the question. Thus, CEMAR is awaiting a final decision from CCEE.

22 Dividends and interest on shareholder's equity (Parent company)

The Annual General Meeting was held on March 29, 2010, which approved the proposal to distribute minimum compulsory dividends together with interest on own capital, equivalent to 25% of adjusted net profit, after the legal reserve of R$10,449, amounting to a total of R$50,804. Of the total amount for dividends, a payment was made in May 2010 for the amount of R$49,821, resulting in a balance of R$27 outstanding.

(In thousands of Reais, except when stated otherwise)

23 Researches and development and energy efficiency program

	Consolidated	
	09/30/2010	**06/30/2010**
Current		
Energy efficiency program – PEE	29,503	27,539
Researches and development - P&D	13,187	12,401
Energy research company – EPE	1,266	801
Science and technology development national found	2,530	1,603
Total	46,485	42,344
Current	29,862	25,720
Non-current	16,624	16,624

Refer to amounts due and not yet invested in the Program for Technical Research and Development in the Electric Sector - P&D, determined in accordance with ANEEL Normative Resolution 219, of April 11, 2006 and the Energy Efficiency Program - PEE, determined in accordance with the terms of ANEEL Normative Resolution 176, of November 28, 2005, altered by ANEEL Normative Resolution 215, of March 28, 2006.

24 Shareholders' equity

a. Capital

At September 30, 2010, capital represents R$566,831 (R$566,831 at June 30, 2010) and the composition, by class of share and main shareholders, is presented below:

Shareholders	Common Shares	%
PCP Latin America Power S/A	58,671,559	54,08%
Squadra Investimentos	5,725,240	5,28%
Minorities	44,084,029	40,64%
Total	108,480,828	100,00%

The Company is listed on the BM&FBOVESPA *Novo Mercado*, and has exclusively common shares; guaranteeing 100% “Tag Along” to minority shareholders in the event of mergers or the transfer of the controlling interest.

Change in subsidiary’s equity interest

On April 8, 2009, a total of 17,250 common shares were subscribed to, by the beneficiaries of the Company’s Third Share Purchase Option Program. As a result, the Company’s capital was represented by 105,817,876 common shares, with no par value.

On June 4, 2009, a total of 41,229 common shares were subscribed to, by the beneficiaries of the Company’s Third Share Purchase Option Program. As a result, the Company’s capital was represented by 105,859,105 common shares, with no par value.

On August 28, 2009, a total of 21,400 common shares were subscribed by the beneficiaries of the Company’s third share purchase option program. Consequently, the Company’s capital increased to 105,880,505 common shares, with no par value.

On December 1, 2009, 2,525 common shares were subscribed due to the beneficiaries of the Company’s Third Stock Option Plan. Accordingly, the Company’s capital stock was divided into 105,883,030 registered common shares, without par value.

On January 4, 2010, 2,098,244 common shares were subscribed due to the beneficiaries of the Company’s Third Stock Option Plan. Accordingly, the Company’s capital stock was divided into 107,981,274 registered common shares, without par value.

On March 4, 2010, 499,554 common shares were subscribed due to the beneficiaries of the Company’s Third Stock Option Plan. Accordingly, the Company’s capital stock was divided into 108,480,828 registered common shares, without par value.

b. Capital reserve

In compliance with CVM Decision 562, of December 17, 2008, which approved Technical Pronouncement CPC 10, the Company has recorded as Capital reserve the total amount of R$11,304, being the amount of R$6,220, recorded on first quarter of 2010, R$81 on second quarter of 2010 and R$82 on third quarter of 2010 (R$2,392 in 2009), which referred to the options granted recognized.

c. Profit reserve - Legal reserve

The reserve was recorded at the rate of 5% of the net profit before tax and Interest on shareholders' equity for the year, as determined by corporate legislation and defended by the Management Board, up to the limit of 20% of the capital.

Of the income reported for 2009, R$10,450 was allocated to constitute the legal reserve, and based on the Management Board Meeting, held on dia March 26, 2010 for the purpose of increasing capital approved in the Annual and Extraordinary General Meeting at April 29, 2010.

d. Reserve for investment and expansion

This was constituted from part of the income from 2008 not distributed, as provided in the Company's statutes, for the amount of R$82,302, for the purpose of partially financing the investments included in the Company's development plan. In 2009, the amount of R$147,737 was added to this reserve.

e. Stock option program

The information presented in this section is adjusted based on the conversion and grouping of the Company's shares, implemented on April 7, 2008, in order to provide a better understanding of such. On this date the Company's capital was represented by 105,573 thousand common shares, after converting one preferred share into one common share, and subsequently grouping three common shares into one share of the same class.

First option plan for the acquisition of shares

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

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

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

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

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

  Plan 2, which considers options to subscribe to 2,060 thousand common shares (2,060 thousand common shares and 4,120 thousand preferred shares, prior to the conversion and grouping) from the shares issued by Equatorial. The beneficiaries that acquired or subscribed to the shares within the ambit of Plan 2 have to make the payments using exclusively the shares that were subscribed or acquired to support the CEMAR plan. The subscription price of the shares stated in the Plan is equivalent to the average price of the Company's common shares negotiated on the Futures and Commodities Exchange ("BM&FBOVESPA") during the 30 days prior to the date of exercising the respective options.

Do not having more subscription in the Program compass, at September 30, 2010, the balance for share options to be subscribed under Program 2 was 626 thousand common shares, considering the grouping stated above, with the initial exercise date being January 31, 2009 and the closing date being January 31, 2011.

According to the Plan, recipients of shares that have been subscribed or acquired under the Plan may only sell, transfer or by any other means dispose of the Company's shares, after the Company has been offered the pre-emptive rights to acquire them. The Company's pre-emptive right shall only be exercised, if it so desires, to acquire all of the Shares offered by the Recipient, where the recipient undertakes to sell them to the Company at the subscription price defined above, restated by the IGP-M/FGV price index between the subscription date and the date the share price is paid, even if another purchaser is offering a better price.

Second option plan for the acquisition of shares

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

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

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

This Plan considers options to subscribe to 1,044 thousand common shares (1,044 thousand common shares and 2,088 thousand preferred shares, originally, prior to the conversion and grouping) issued by Equatorial. On April 05, 2007, the price of these shares to be acquired or subscribed by the beneficiaries from exercising the options was determined by the Committee at R$15.00, (originally determined at R$5.00, the price equivalent to 1/3 of 90% of the weighted average price of the Company's units on the Futures and Commodities Exchange Stock Exchange - BM&FBOVESPA, during the previous 30 days). This price will be accrued of monetary correction based on the Market General Price Index (IGPM/FGV), or another index based on a similar base of assessment that might be chosen by the Committee, in case the referred index stops being available or applicable, in the shortest frequency interval accepted by law, between the dates of signature and effective date of the exercise of the options.

On March 05, 2009, the Company's management board approved the cancellation of the Second Plan, given: i) the non compliance of the terms of the concession specified in the Second Plan, 692 thousand options granted cannot be exercised; and ii) that the other options granted within the ambit of the Second Plan were replaced by options granted as part of the Third Plan.

Third stock option plan

The Extraordinary General Meeting, of October 16, 2008, approved the creation of the 3rd Stock Option Plan for Equatorial. The options for subscribing to shares to be offered under the terms of the Plan will represent a maximum of 4,000 shares in Equatorial. Once the option has been exercised by the interested parties, the shares will then be issued through a capital increase in the Company, within the authorized capital limits provided in the Statutes. Further details on the Plan can be obtained from the minutes of the EGM, which approved the plan, and which are available on the Company's site and also the CVM site.

The beneficiaries have to use at least 50% (fifty percent) of the value of the profit share, performance bonus or any other form of annual variable ("PL") to which they are entitled, net of income tax and other charges due, on the subscription of shares included in the lots for which the option has been granted. In addition, the beneficiaries should use all of the dividends, interest on own capital received, for the shares owned, and acquired within the ambit of the plan for the subscription of shares included in the lots for which the options have been granted.

On February 09, 2009, the Management Committee for the Third Plan granted 3,819 thousand share purchase options, of which 163 thousand were subscribed on the same date. After, on May 07, 2009, a further 181 thousand options were granted, complementing the maximum value to be offered under the terms of the Plan.

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

Again, on June 04 and 08, 2009, using funds derived from the dividends distributed by the Company, the beneficiaries of the Plan subscribed to a further 41 thousand common shares.

On August 28, 2009, a further 21 thousand options were subscribed by the beneficiaries of the plan, and consequently, the balance at September 30, 2009, for subscription within the ambit of this plan, was 3,758 thousand options.

On November 30, 3 thousand additional options were subscribed due to the payment of the last installment of dividends relating to 2008.

On January 04 and March 01, 2010, a total of 2,098 thousand and 500 thousand shares were subscribed within the ambit of the Share Purchase Option Plan, respectively. These subscriptions are part of the 1st and 2nd lots granted under the Plan.

(In thousands of Reais, except when stated otherwise)

Accordingly, the remaining balance to be subscribed, as of September 30, 2010 is 1,156 thousand shares.

The information that refers to the first, second and third share purchase option plans is summarized below:

	First plan				
In thousand of stocks	**Program 1**	**Program 2**	**Second plan**	**Third plan**	**Total**
Number of Purchase option	2,934	2,060	1,044	4,000	10,038
Options exercised until 09/30/2009	(2,934)	(1,434)	(38)	(201)	(4,607)
Cancellations and transfer from 2nd to 3rd Plan	-	-	(1,006)	-	(1,006)
Remaining balance at 30/09/2009	-	626	-	3,799	4,425
Options exercised between 10/01/2009 and 09/30/2010	-	-	-	(2,643)	(2,643)
Remaining balance at 09/30/2010	-	626	-	1,156	1,782

Potential for dilution

According to the rules for each option plan, the potential issue of the remaining options would result in an additional dilution for the existing shareholders of Equatorial Energia S.A. equivalent to a maximum of 1.6%.

(In thousands of Reais, except when stated otherwise)

Administration of plans

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

25 Power supply

A breakdown of power supply by consumer class of Subsidiaries at September 30, 2010 and 2009, is provided below:

	Consolidated			
	MWh (*)		R$	
	09/30/2010	30/09/2009	09/30/2010	30/09/2009
Residential	1,409,599	1,885,186	491,468	885,010
Industrial	315,155	444,308	93,529	157,775
Commercial	602,093	1,306,165	229,000	544,701
Rural	110,229	50,084	26,604	24,526
Government	192,178	319,426	76,406	146,301
Public lighting	229,497	194,375	45,871	57,662
Public service	192,242	261,359	55,790	89,074
Own consumption	4,582	13,953	-	-
Low income consumers	-	-	14,780	83,870
Others	-	-	92,830	116,174

(In thousands of Reais, except when stated otherwise)

	Consolidated			
	MWh (*)		R$	
	09/30/2010	30/09/2009	09/30/2010	30/09/2009
RTD	-	-	52,597	(33,765)
CVA-PLPT	-	-	(33,351)	714
Constitution and amortization of CVA liability	-	-	11,103	22,293
Supply billed	3,055,575	4,474,856	1,159,741	2,094,335
ICMS	-	-	213,419	558,255
Unbilled supply	-	-	976	7,023
Power supply	-	1,013,000	214,395	77,739
Total	3,055,575	5,487,856	1,374,136	2,737,352

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

26 Operating results

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

	Parent company	
	09/30/2010	30/09/2009
Cost/expense's nature		
Personnel and management's	8,277	3,703
Material	18	24
Outsourced services	7,133	2,194
Other	1,446	1,350
Financial income	(6,121)	(12,901)
Equity income	(160,844)	(203,637)
Non recurrent income and expenses	113	93
	(149,978)	(209,174)

Depreciation and amortization	111	111
Total	(149,869)	(209,063)

(In thousands of Reais, except when stated otherwise)

	Consolidated					
	Cost of service		Operating charges		09/30/2010	30/09/2009
	Electric Energy	For operation	Sales (1)	Administrative (2)	Total	Total
Cost/expense's nature						
Energy purchase for resale	323,361	-	-	-	323,361	879,688
Personnel and management's	14,174	-	13,016	26,228	53,418	79,074
Material	4,010	-	708	828	5,546	10,072
Outsourced services	27,467	-	42,674	38,839	108,980	125,488
Allowance for doubtful debts	-	-	(2,084)	-	(2,084)	64,664
Provision for contingences	-	-	-	5,270	5,270	11,510
Charges on use of transmission system	60,122	-	-	-	60,122	59,113
Losses	-	-	27,224	-	27,224	-
Other	4,244	-	(3,434)	18,411	19,221	35,187
Financial results	-	-	-	33,927	33,927	17,402
Equity income – goodwill amortization	-	-	-	(9,655)	(9,655)	(3,480)
Non recurrent income and expenses	-	-	-	7,148	7,148	10,681
	433,378	-	78,104	120,996	632,478	1,289,399
Depreciation and amortization	63,299	6	-	8,125	71,430	134,662
Total	496,677	6	78,104	129,121	703,908	1,424,061

(1) Refers to sales expenses and expenses from the allowance for doubtful receivables.
(2) Refers to the net results from administrative, personnel, and management expenses, the provision (reversal) for contingencies, depreciation and amortization, and other operational expenses (income).

27 Employees pension fund

Details of the retirement plan

Complementary Pension Fund, a not for profit private corporate entity, which, as a closed complementary pension entity, is responsible for administering and executing the Pension Benefit Plans.

(In thousands of Reais, except when stated otherwise)

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

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

CEMAR, as the sponsor, monthly collects a regular equivalent contribution paid by the Participants of both plans included in its staff. At September 30, 2010, this amount totaled R$442 (R$378 at September 30, 2009).

28 Insurance coverage

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

- **EQUATORIAL:**

Risks	Maturity	Amount insured (R$ thousands)	Premium (R$ thousands)
Civil Responsibility - D&O	06/07/2011	10,000	32,0
Equatorial’s head office - RJ	04/22/2011	2,789	1,0

- **CEMAR:**

Risks	Maturity	Amount insured (R$ thousands)	Premium (R$ thousands)
Risks named - substations and inventorie	01/01/2011	131,490	596
General civil liability - operations	01/01/2011	7,000	90
Vehicles	02/01/2011	(a)	70

The Company and its Subsidiary have the practice of taking out insurance coverage for the assets subject to risk at amounts considered sufficient to cover any incidents, considering the nature of its activity. The Company's and its Subsidiary's insurance contracts are made in accordance with the risk management and insurance fundamentals generally employed by power distribution companies. The risk premises adopted, given their nature, do not fall within the scope of special review of the quarterly information, and consequently, were not reviewed by our independent auditors. The Company has a vehicle insurance policy. We described above the period comprising the maturity date of such policy. The policy refer to 73 vehicles, insured at market value.

The Company and its subsidiary CEMAR adopt the policy to contract insurance for assets subject to risks for amounts considered sufficient to cover possible accidents, considering the nature of its activities. The Company's and its subsidiary's insurance is contracted in accordance with insurance and risk management principles generally adopted by electricity distribution companies. The risk assumptions adopted, given their nature, are not part of the scope of the audit of the financial statements, and consequently, were not audited by our independent auditors. In January and February 2010, the insurance policies for the subsidiary CEMAR were renewed for another year under the same terms.

29 Financial instruments - CVM Instruction nº 475 and CVM Deliberation nº 566

a. *General considerations*

In compliance with CVM Decision 566, of December 17, 2008, which approved Technical Pronouncement CPC 14, and CVM Instruction 475, the Company analyzed its financial instruments, as follows: marketable securities, swaps, borrowings and financing, and debenture obligations, and made the necessary adjustments to its accounting registers, 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 permanently accompanying the terms contracted compared to the market terms.

(In thousands of Reais, except when stated otherwise)

b. Policy for using derivates

Equatorial only uses derivative operations in two situations: 1- to offer protection against variations in the macro-economic indexers and foreign currency quotations; and 2- for swaps of financial flows tied to the performance of the Company's own shares.

c. Market value of financial instruments

In compliance with CVM Instruction 475, the accounting balances and the market values of the financial instruments included in the balance sheet at September 30, 2010 and June 30, 2010 are shown below:

Consolidated				
	09/30/2010		06/30/2010 - Reclassified	
Description	**Book**	**Market**	**Book**	**Market**
Assets				
Marketable securities	425,073	425,073	466,480	466,480
Swaps				
Liabilities	946,339	949,522	1,020,247	1,020,247
Loans and financing	313,858	313,858	275,665	275,665

- **Marketable securities -** These are classified as financial assets available for sale, and are not stated at fair values. The market values reflect the amount registered in the balance sheet. The sensitivity of this financial instrument is presented in note "d" below.

- **Borrowings and financing in domestic currency -** These are classified as financial liabilities and not stated at fair values, but registered at their amortized values. The market values of these borrowings are equivalent to their book values, since they refer to financial instruments with exclusive characteristics, derived from their respective financing sources.

- **Debentures -** These are classified as financial liabilities, and are not stated at fair values, but registered at their amortized values.

- **Swaps -** These are classified as derivative instruments, the objective of which is to protect the foreign currency variations and the exchange of financial flows tied to the performance of the Company's own shares. The market value of the swap operations was determined using marking information available and the normal pricing methodology: for the asset part (in North American dollars), evaluation of the notional value to the maturity date and discounted to the present value at clear coupon rates, published in the BM&F bulletins. The market values of operations involving the exchange of financial flows, were measure using the *Black and Scholes model*. The sensitivity of these operations to risk factors has been detailed in note "d" below.

d. Risk factors - CVM Instruction 475

Since the Company is an investment holding company, its main risks refer to the performance reported by its subsidiary and joint ventures. In compliance with CVM Instruction 475, the Company's risk factors have been detailed below:

- **Credit risk -** The high balances, and also the aging of the receivables, represent a risk to the liquidity and capital structure of the subsidiary and joint ventures. Management accompanies the positions outstanding and registers provisions when necessary, based on orientation from ANEEL;

- **Market risk -** In accordance with the regulation under Decree Law 5,163, of June 30, 2004, CEMAR has to purchase the electricity required to attend its market for 100% of the contractual coverage, through existing contracts (initial contract and auction in 2002) and auction of the regulated environment. Consequently, the configuration of the energy market, mainly with respect to a possible increase in demand in 2009, represents a risk for CEMAR. Furthermore, the existing context for amounts receivable should be considered, as a result of the transactions with CCEE;

- **Interest rate risks -** This risk arises from the possibility of the subsidiary and the joint ventures incurring losses as a result of variations in interest rates, which increase the financial charges for the borrowings and financing obtained on the market.

The Company has not agreed derivative contracts to perform swaps against this risk. However, it continually monitors the market interest rates in order to evaluate the need to contract derivatives to protect against fluctuations in these rates. The Company considers that the high cost associated with contracting pre-fixed rates and the prospects of a reduction in domestic interest rates indicated by the Brazilian macro-economic scenario, justify its option for floating rates.

- **Risk from anticipated maturity -** The Company has borrowing and financing contracts and debentures with covenants, which, in general, require that economic-financial indices have to be maintained at specified levels. Non compliance with these covenants could result in anticipated maturity of the debts; and

- **Risk from energy shortage -** The electric energy purchased and sold by the subsidiaries and joint ventures, is basically, generated by hydro-electric plants. A prolonged shortage of rain, caused by a change in the hydrologic system, could reduce the volume of water at the plant reservoirs and could result in losses arising from an increase in energy costs or a decrease in income as a result of adopting a new rationing program. Given the existing water levels at the reservoirs, the National Operator of the Electricity System - ONS, does not anticipate any form of rationing program for the coming years.

Variations in the foreign exchange and interest rates affect both the Company's financial assets and liabilities. Presented below are the impacts from these variations on the profitability of marketable securities, borrowings and financing and the derivative operations.

e. Sensitivity analysis of financial instruments

Interest earnings bank deposits

The Sensitivity of Equatorial's financial assets has been demonstrated using five scenarios.

In compliance with CVM Instruction 475, we present a scenario using the actual interest rates at December 31, 2008 (probable scenario), and two other scenarios, with an increase of 25% (scenario II) and 50% (scenario III) in the indexers.

(In thousands of Reais, except when stated otherwise)

We have also included two further scenarios that reflect the opposite to that determined in the instruction, in order to demonstrate the effects from a depreciation of 25% (scenario IV) and 50% (scenario V) to these indexers.

Equatorial						
Operation	**Risk**	**Probable scenario**	**Scenario II**	**Scenario III**	**Scenario IV**	**Scenario V**
Financial assets	CDI	3,801	4,767	5,715	2,853	1,914
Reference to financial assets and liabilities		**Rate in 09/30/2010**	**+ 25%**	**+ 50%**	**- 25%**	**- 50%**
CDI %		8.79	10.99	13.19	6.59	4.40

Sensitivity analysis for variations in interest rates

The sensitivity of the CEMAR's financial assets and liabilities has been demonstrated in five scenarios. In compliance with CVM Instruction 475, we present a 'probable' scenario and two other scenarios, with an increase of 25% (scenario II) and 50% (scenario III) in the indexers.

We have also included two further scenarios that reflect the opposite to that determined in the instruction, with a depreciation of 25% (scenario IV) and 50% (scenario V) in these indexers.

		Thousand R$				
Operation	**Risk**	**Probable scenario**	**Scenario II**	**Scenario III**	**Scenario IV**	**Scenario V**
Financial assets						
Marketable securities	CDI	14,693	18,426	22,090	11,029	7,397
Financial liabilities						
Loans, financing and debentures						
ECF - 2034/00	FINEL	(759)	(887)	(1,014)	(632)	(505)
ECF - 1510/97	FINEL	(13)	(14)	(15)	(11)	(10)
ECF - 1639/97	FINEL	(125)	(142)	(158)	(108)	(91)
ECF - 1645/97	FINEL	(26)	(28)	(31)	(23)	(20)

(In thousands of Reais, except when stated otherwise)

		Thousand R$				
Operation	**Risk**	**Probable scenario**	**Scenario II**	**Scenario III**	**Scenario IV**	**Scenario V**
ECF -1960/99	IGP-M	(3,602)	(6,410)	(9,217)	(795)	2,013
ECF - 1907/99	FINEL	(17)	(19)	(22)	(15)	(12)
ECF - 1908/99	FINEL	(110)	(128)	(147)	(91)	(72)
ECF - 2728/08	SELIC	(23)	(23)	(23)	(23)	(23)
FASCEMAR	CDI	(635)	(1,164)	(1,692)	(107)	421
FINEP	TJLP	(32)	(54)	(76)	(10)	12
FINAME 01	TJLP	(-)	(-)	(1)	(-)	(-)
FINAME 02	TJLP	(3)	(3)	(4)	(2)	(1)
BNDES I	TJLP	(317)	(475)	(632)	(160)	(3)
IFC	CDI	(2,708)	(4,975)	(5,732)	(440)	317
BNDES II	TJLP	(1,400)	(2,209)	(3,019)	(590)	219
DEBENTURES 3th ISSUE	CDI	(7,504)	(13,512)	(19,519)	(1,497)	12,015

Reference to financial assets and liabilities	**Rate in 09/30/2010**	**+ 25%**	**+ 50%**	**- 25%**	**- 50%**
CDI (% 12 months)	9.25	11.56	13.88	6.94	4.63
SELIC (% 12 months)	9.27	11.59	13.91	6.95	4.64
TJLP (% 12 months)	6.00	7.50	9.00	4.50	3.00
IGP-M (% 12 months)	7.77	9.71	11.66	5.83	3.89

Equatorial Energia S.A

(Companhia aberta)

Board of Directors

Carlos Augusto Leone Piani

Firmino Ferreira Sampaio Neto

Gilberto Sayão da Silva

Alessandro Monteiro Morgado Horta

Paulo Jerônimo Bandeira de Mello Pedrosa

Celso Fernandez Quintella

Alexandre Gonçalves Silva

Composition of the Audit Committee

Effectives Members	Substitute Members
Felipe Sousa Bittencourt	José Guilherme Cruz Souza
Paulo Roberto Franceschi	Marcos Antonio Krauss
Sergio Passos Ribeiro	Bruno Augusto Sacchi Zaremba

Equatorial Energia S.A

(Companhia aberta)

Executive Officers

Firmino Ferreira Sampaio Neto
Chief Executive Officer

Eduardo Haiama
Chief Financial and Investor Relations Officer

Tinn Freire Amado
Executive Officer

Ana Marta Horta Veloso
Executive Officer

Controller's Department Management

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