Energisa Group

Financial and Institutional Presentation

1st Quarter 2010



One single direction,
A universe of possibilities.

Presentation

1. Energisa Group
2. Operational Aspects
3. Financial Aspects
4. Regulatory
5. Looking Ahead

One Single Direction,
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1. Energisa Group



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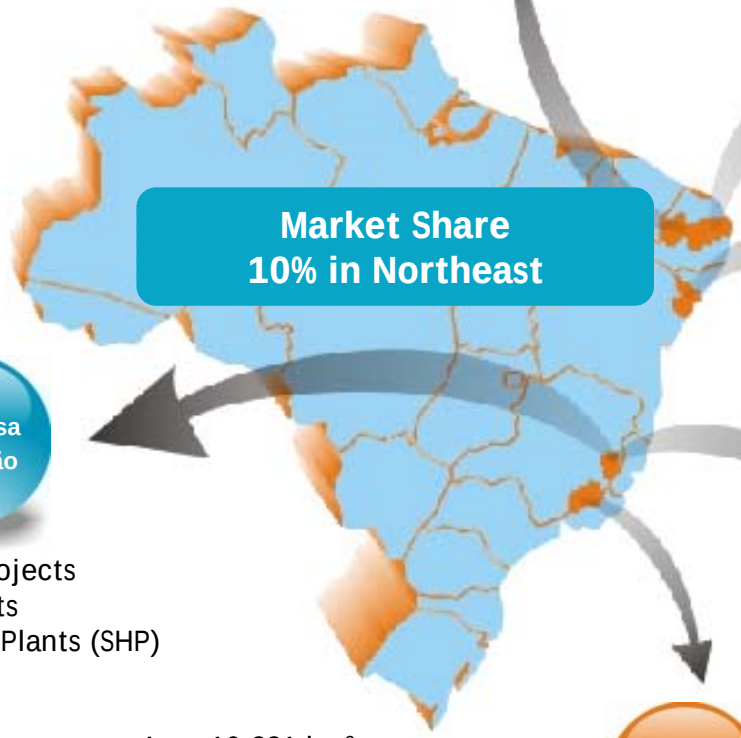
Energisa Overview

- Area: 91,180 Km²
- Consumers: 2,276 thousand
- Captive Demand (GWh)*: 6,593
- Gross Revenue (R$ MM)*: 2,640
- Power Generation: 8 MW



Energisa Borborema

- Area: 1,789 Km²
- Consumers: 162 thousand
- Captive Demand (GWh)*: 555
- Gross Revenue (R$ MM)*: 172

Energisa Paraíba

- Area: 54,595 Km²
- Consumers: 1,070 thousand
- Captive Demand (GWh)*: 2,678
- Gross Revenue (R$ MM)*: 1,095

Energisa Sergipe

- Area: 17,465 Km²
- Consumers: 578 thousand
- Captive Demand (GWh)*: 1,990
- Gross Revenue (R$ MM)*: 686

Energisa Nova Friburgo

- Area 1,000 km²
- Consumers: 92 thousand
- Captive Demand (GWh)*: 316
- Gross Revenue (R$ MM)*: 130
- Power Generation: 8 MW

Energisa Minas Gerais

- Area 16,331 km²
- Consumers: 374 thousand
- Captive Demand (GWh)*: 1,054
- Gross Revenue (R$ MM)*: 508

Energisa Geração

- Generation Projects
- 4 Wind projects
- 9 Small Hydro Plants (SHP)
- 227 MW

(*) 2009 Figures

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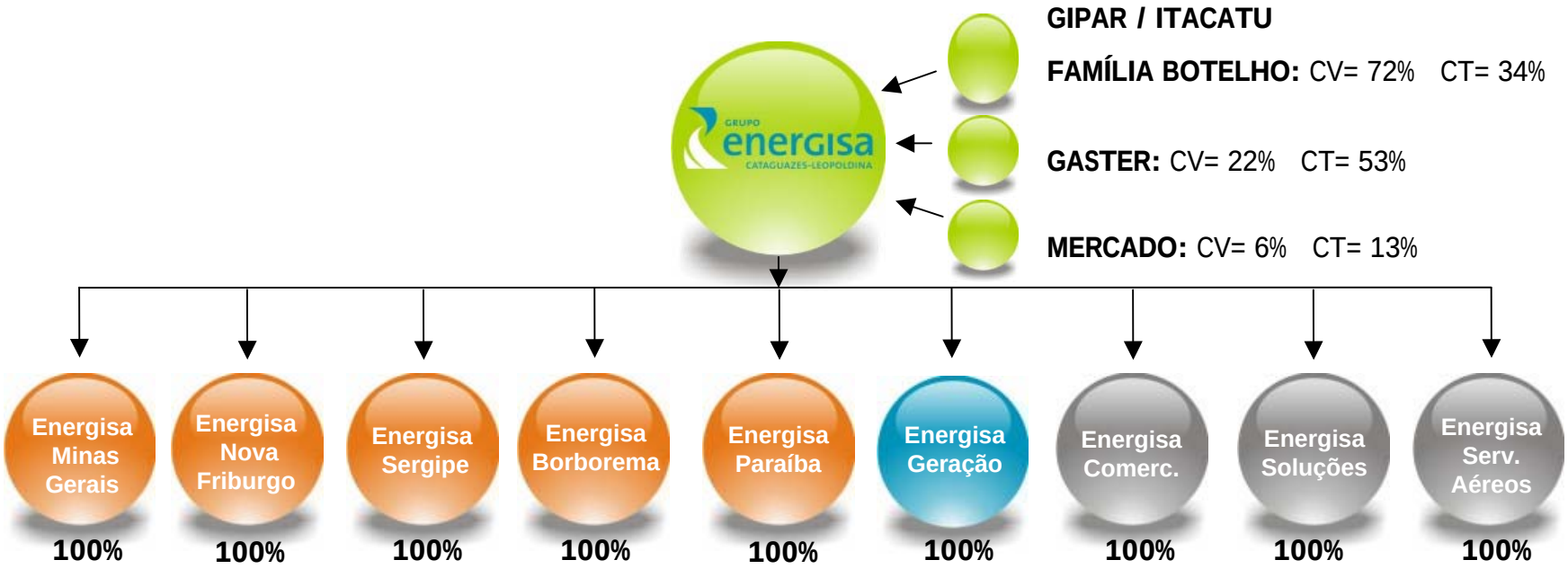
Corporate Structure

- ✓ Flat and simple ownership structure, without dividend and cash flow dilution, maintaining 100% ownership in all subsidiaries.



Holding and Corporate Services Provider

Distribution Companies

Generation Company

Sales, Energy and Inspection Services

VS: Voting Shares

TC: Total Capital

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Financial Highlights – 1Q10

- ✓ **Gross Operating Revenue**: R$ 715 billion (10,2% above 1Q09);
- ✓ **Adjusted EBITDA** *: R$ 130 million (1,0% less than 1Q09)*;
- ✓ **Net Financial Cost**: R$ 19 million;
- ✓ **Net Profit:** R$ 43 million;
- ✓ **Cash Balance**: R$ 638 million (3,0 x Short Term Debt);
- ✓ **Net Debt:** R$ 1.190 million (5,3% above 1Q09);
- ✓ **Net Debt / Adjusted EBITDA last 12 months**: 2,2 x (2,0 x in 1Q09);
- ✓ **Debt Duration:** 5,3 years (5,6 x in 1Q09); and
- ✓ **Energy Losses:** 13,1% for the last 12 months. Highlight for Energisa Paraíba (17,4%), lower historical record (LTM).

(*) Adjusted EBITDA: Operating result + Depreciation + Late Charge Revenue Fee + RTE + Pension Fund Provision

LTM: Last 12 Months

2. Operational Aspects



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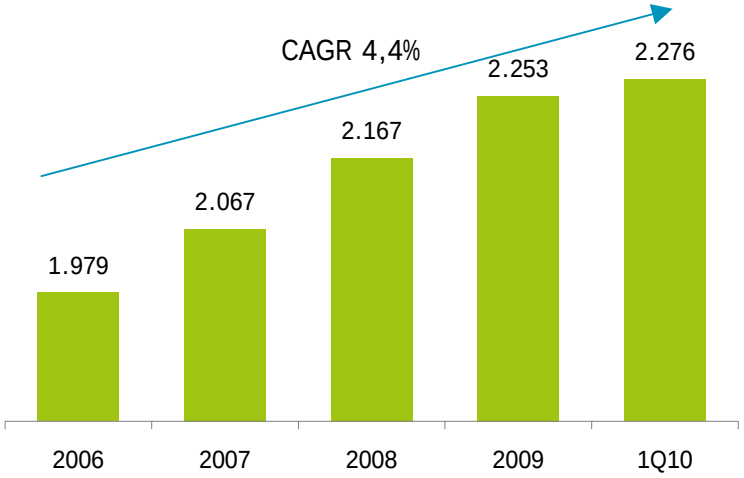
Customer Base

- ✓ Customer base and energy sales sustainable growth - characteristics of developing regions; and
- ✓ 119 thousand new customers connected through "Light for All" program until 1Q10. 138 thousand total connections projected until the end of 2010.

Number of Customers (thousand)



Consumption Distribution

Consumo	# Consumidores	GWh	
EMG	16,4%	16,6%	21% SE
ENF	4,0%	3,9%	
ESE	25,4%	32,0%	79% NE
EPB	47,0%	40,3%	
EBO	7,1%	7,1%	
TOTAL	**100,0%**	**100,0%**	

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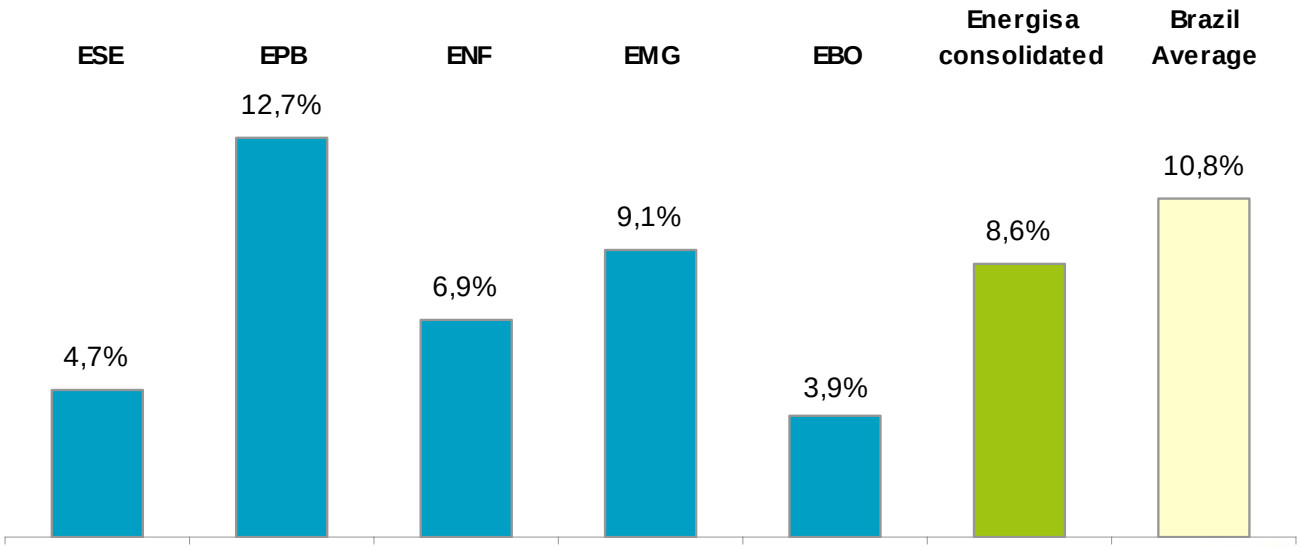
Total Energy Demand in Concession Area

- ✓ Energisa's distribution companies **operate in high growth** regions**;**
- ✓ **Consumption growth** in Energisa group areas is above the national average;
- ✓ Residential and commercial segments (with higher contribution to EBITDA) represent **66% of revenues** and 56% of the distributed energy within the group; and
- ✓ Evolution of the number of customers in the last five years (+ 4% 1Q09) is an important component of energy sales growth.

Growth of captive energy consumed 1Q10 x Brazil's Average

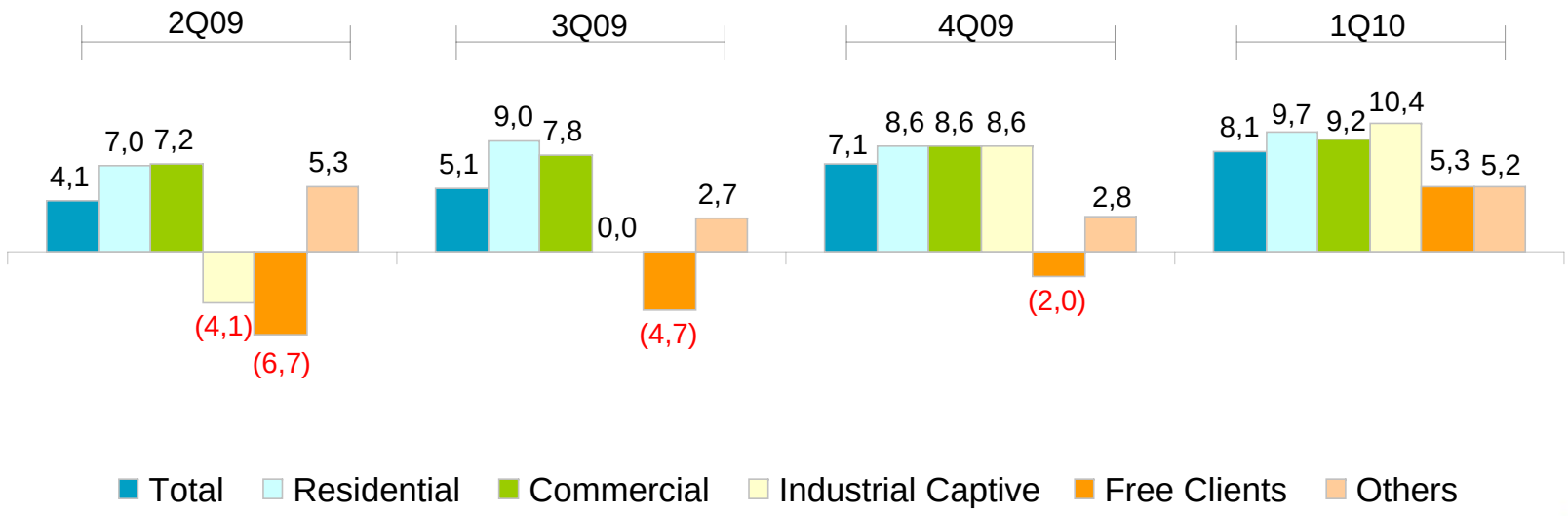


(*) Energy Demand evolution 1Q10/1Q09

Energy Demand

- ✓ The industrial segment rose by 10,4% in the 1Q10, giving solid evidence of the recover from the recent financial crises,
- ✓ Energisa's consolidated energy demand rose by 8,1% in 1Q10.

Consume growth per class(%)



Obs.: Growth in respect with the same period of 2009

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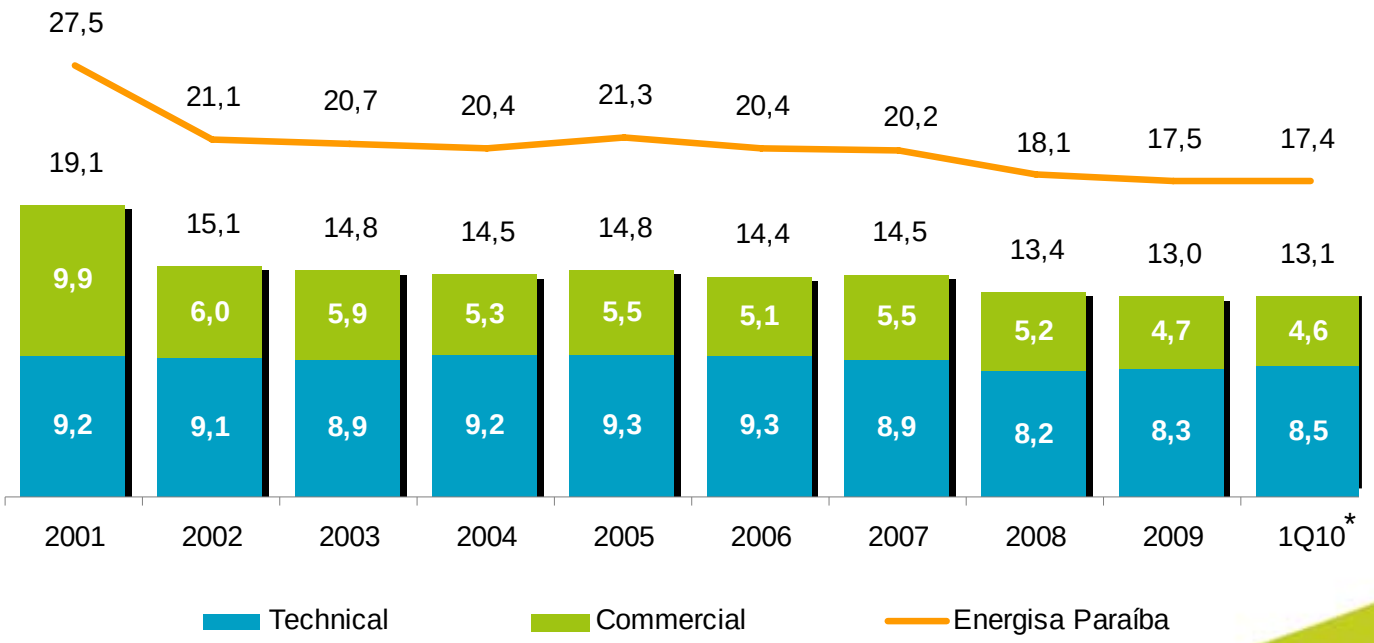
Energy Losses

- ✓ **Consolidated energy losses**: 13.1%. Except for Energisa Paraíba, none of the distribution companies within the group operate with energy losses higher than 12%; and
- ✓ **Energisa Paraíba losses** fell from 35% since 2000 (pre-privatization) to 17.4%. Each 100bps of energy losses reductions represents R$ 6 million in EBITDA per year.

Consolidated Energy Losses (%)



*1Q10: Represent the period of last 12 months

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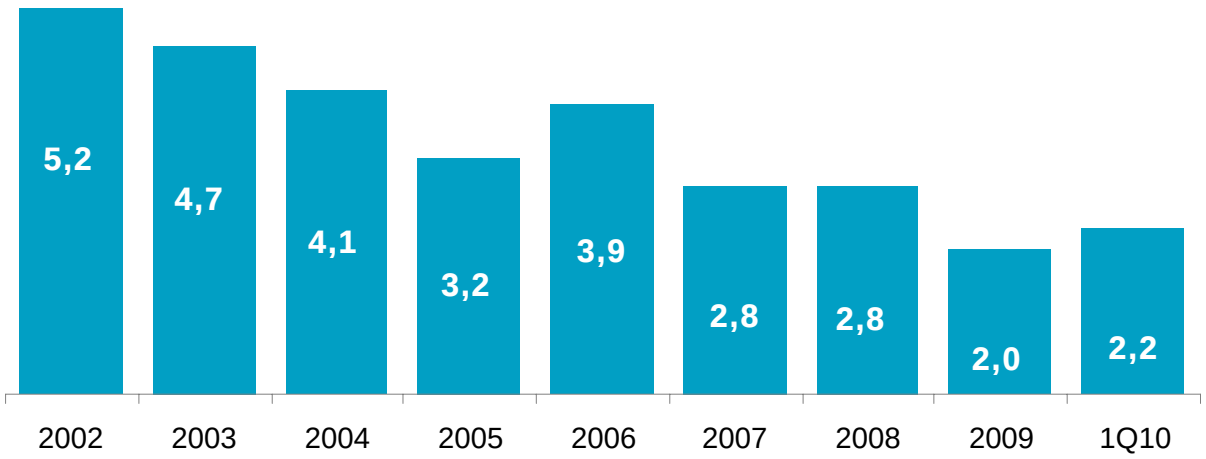
Default

- ✓ Continuous and relevant reduction of customers defaults puts Energisa Group in prominent position in the eletric sector.

Energisa Consolidated Default (% of Gross Revenue)



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3. Financial Aspects



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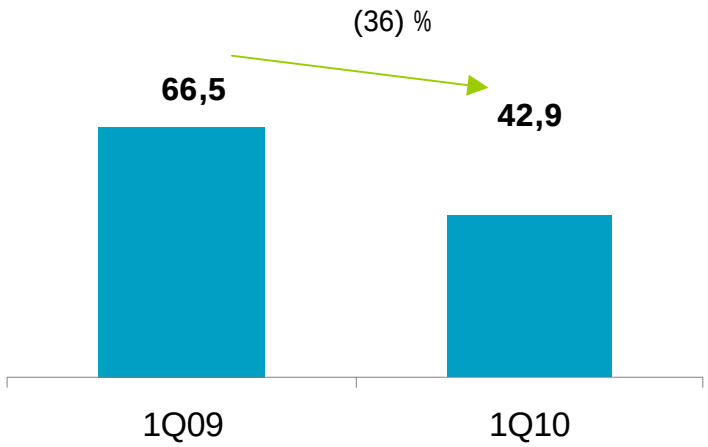
Economic and Financial Performance

Energisa Consolidated Net Profit (R$ MM)



Net Profit - R$ MM	1Q10
E. Minas Gerais	8,6
E. Nova Friburgo	1,7
E. Sergipe	8,6
E. Paraíba	23,3
E. Borborema	2,9
Energisa Consolidado	**42,9**

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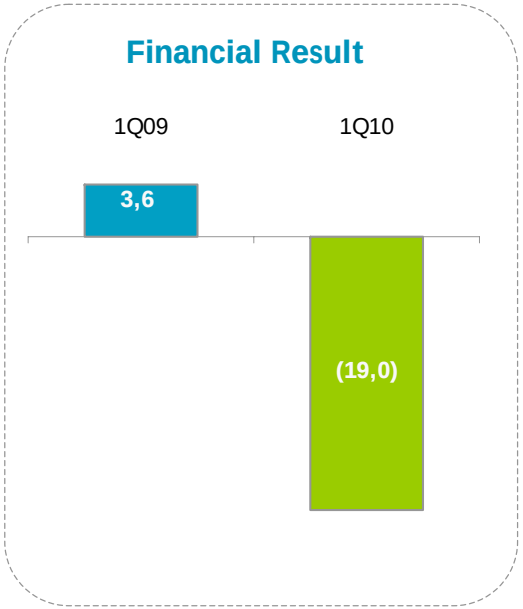
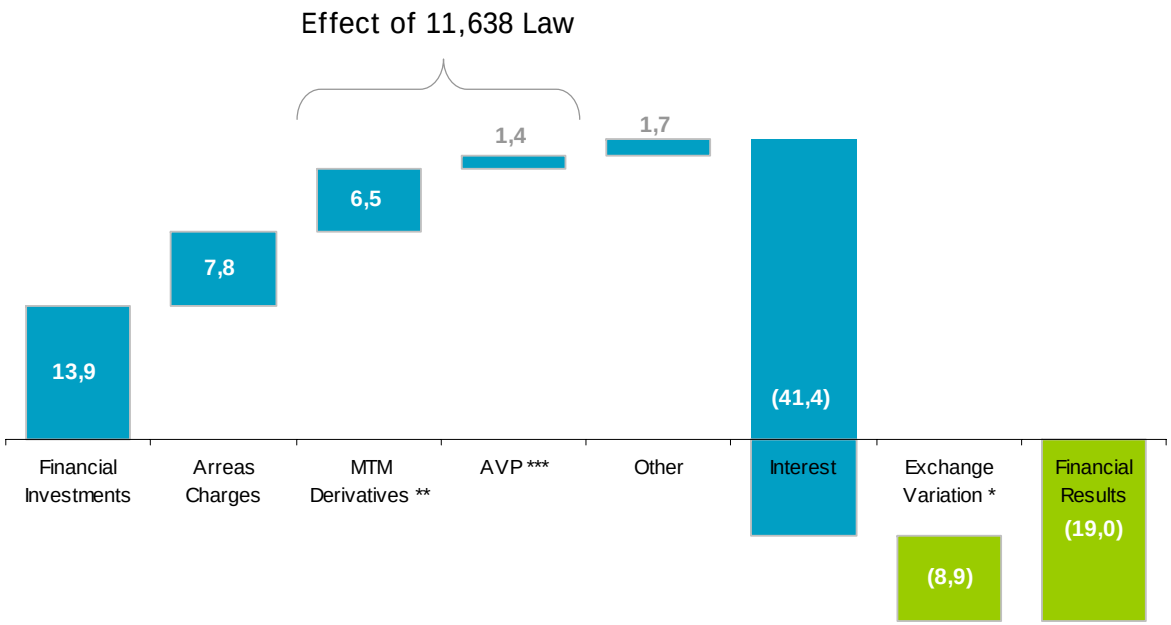
Financial Result – R$ million



Breakdown of 1Q10 financial result

(R$ MM)



(*) Net exchange variation from hedge.
(**) MTM Derivatives associated with hedging the debt in USD.
(***) Adjustment at Present Value.

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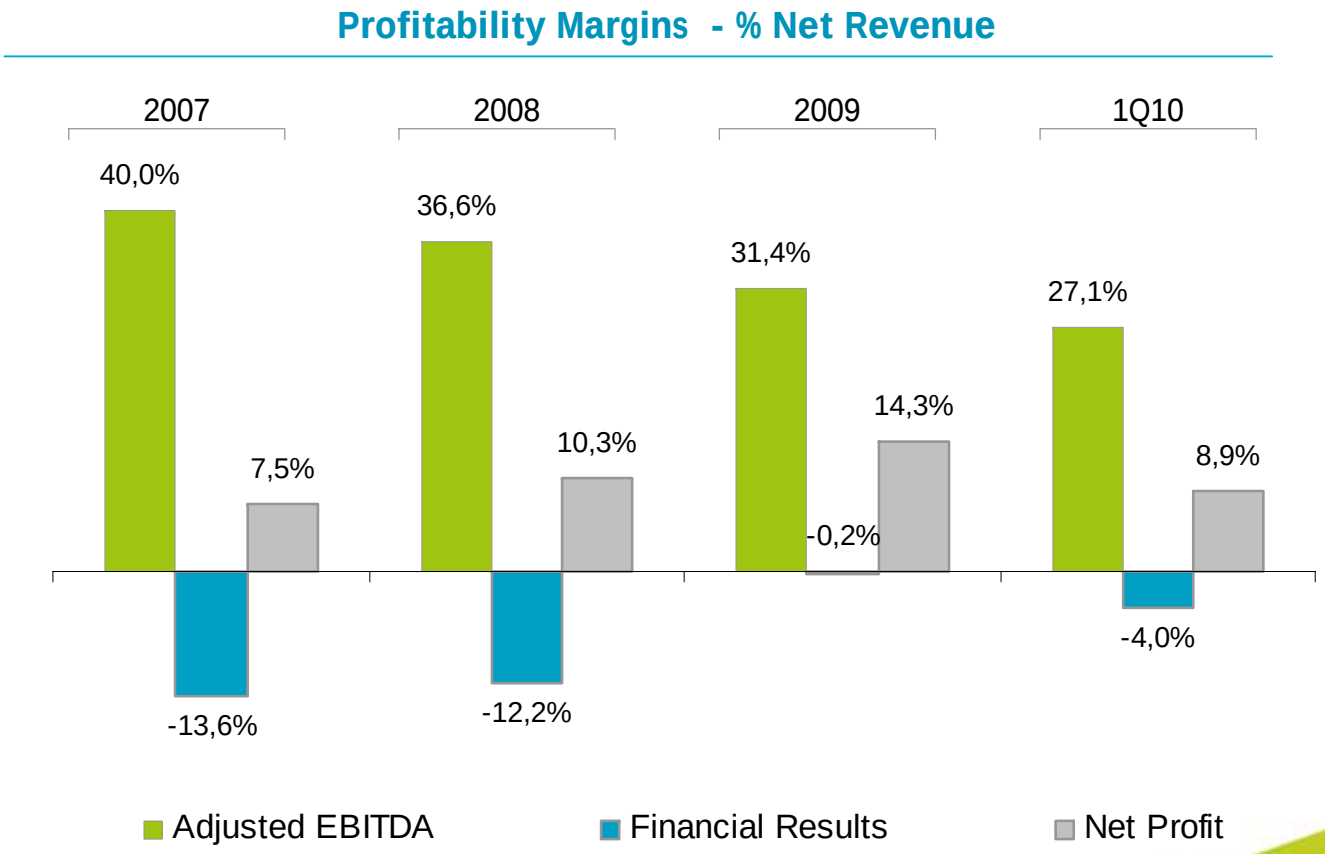
Profitability

- ✓ The improvement in financial result have compensated the negative impact of the second ANEEL cycle of revisions.



2007 – Impact of asset sale excluded.

2008 – Adjusted net profit.

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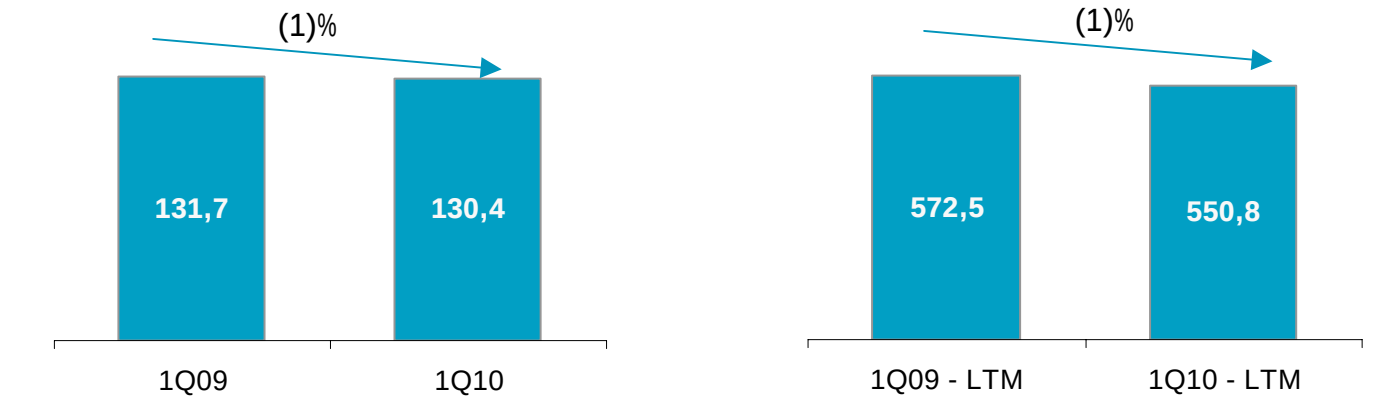
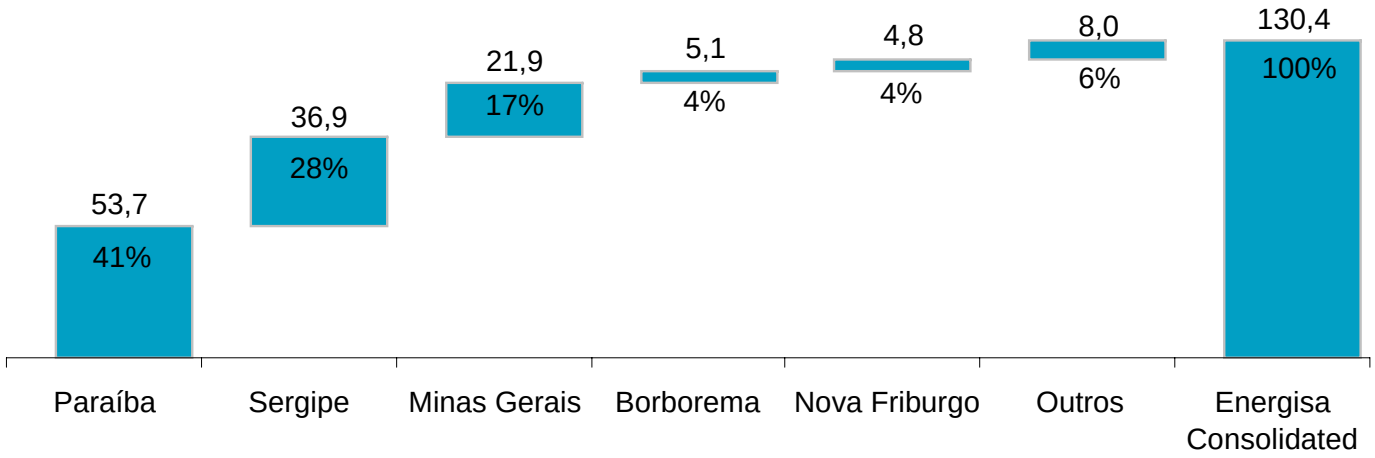
Adjusted EBITDA Performance

Energisa Consolidated Adjusted EBITDA R$ MM



Adjusted EBITDA Breakdown R$ MM



Adjusted EBITDA: Operating Result + Depreciation + Late Charge Revenue fee + RTE + Pension Fund Provision

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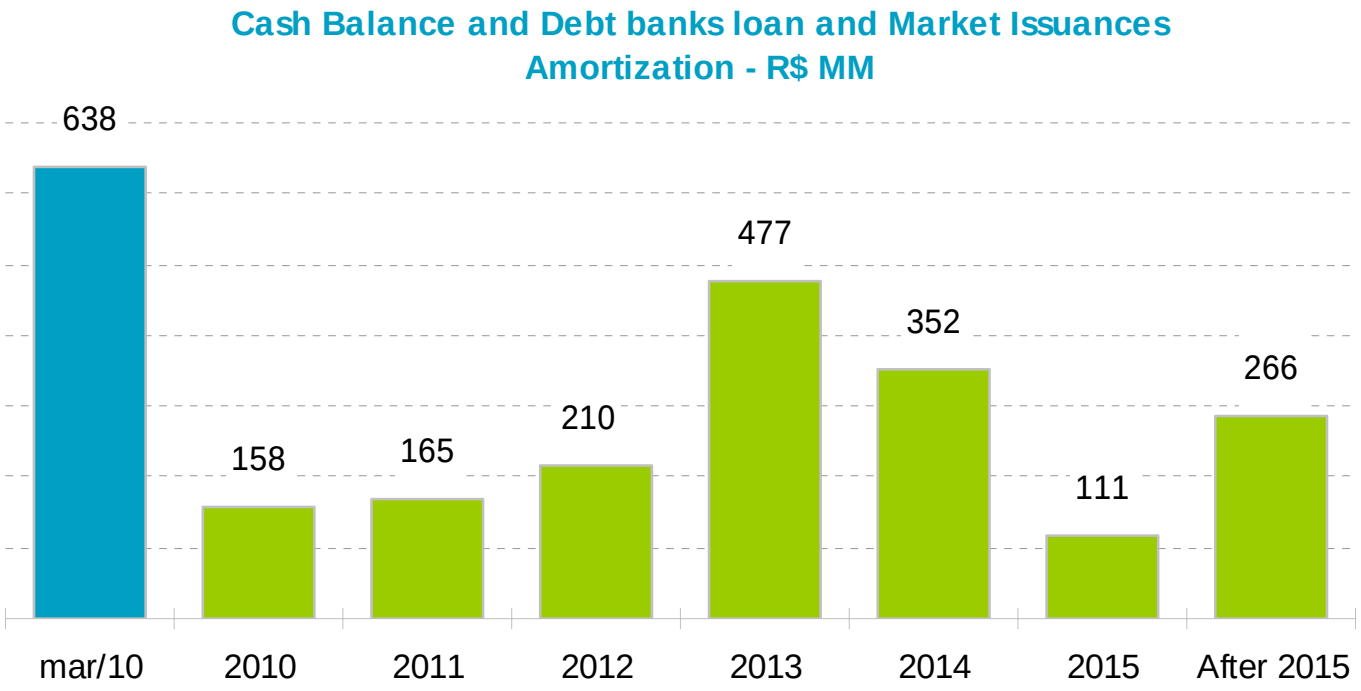
Amortization – Banks Debts and Market Issuances

✓ The 1Q10 **Cash and Market Securities** outstanding is sufficient to cover debt amortization flow until 2013.



Cash / Marktable Security Debt

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2009 Debt Issuances

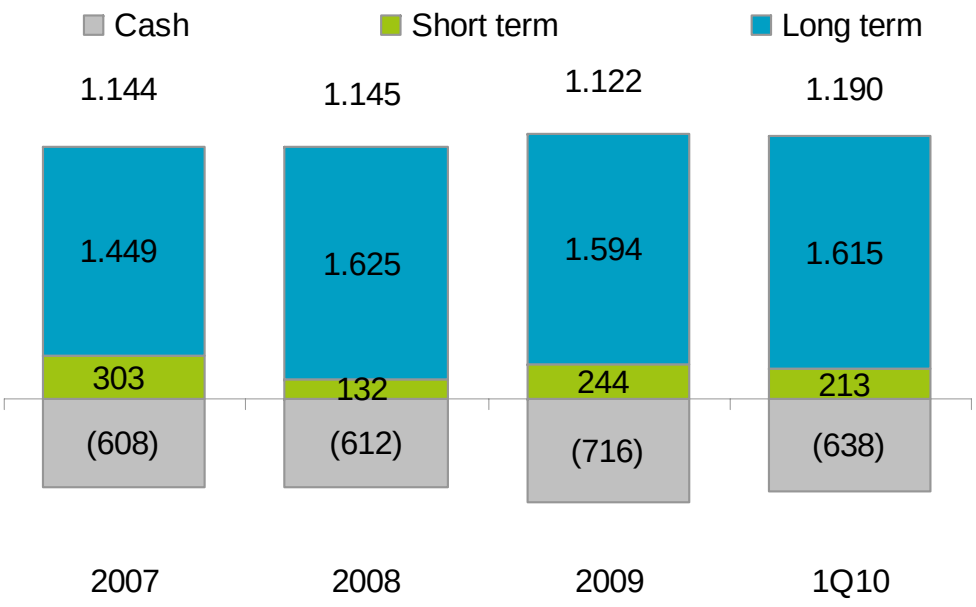
Focus: Financing of investments and Improving Capital Structure

- ✓ **FDIC III:** R$ 100 million (CDI + 0.7% - 12 years, 9 years of grace period);
- ✓ **BNB:** R$ 90 million (8% /year – 10 years, 3 years of grace period);
- ✓ **Eletrobrás:** R$ 58 million (5% /year – 10 years, 2 years of grace period) financing of the "Light for All" construction program. There's also sub-transmission financing in Paraíba and Sergipe, in the sum of R$ 44 million (5%/year – 5 years, 2 years of grace period); and
- ✓ **BNDES:** R$ 150 million (6.9% /year on average – 12.3 years on average, 1.5 years of grace period) financing the construction of 3 SHPs.
- ✓ **Debenture:** R$ 200 million (R$ 80 million in Energisa Paraíba, R$ 60 million in Energisa Minas Gerais, and R$ 60 million in Energisa Sergipe. CDI + 1,9% /year – 5 years bullet).

Debt Profile

- ✓ Short term debt represents only 11,6% of total debt;
- ✓ Average cost of debt of 10,8% per year, average duration of 5,3 years; and
- ✓ Financial debts indexed to foreign currencies are properly hedged to CDI swaps respecting the limits of exchange rate exposure.

Consolidated Net Debt Progress - R$ MM



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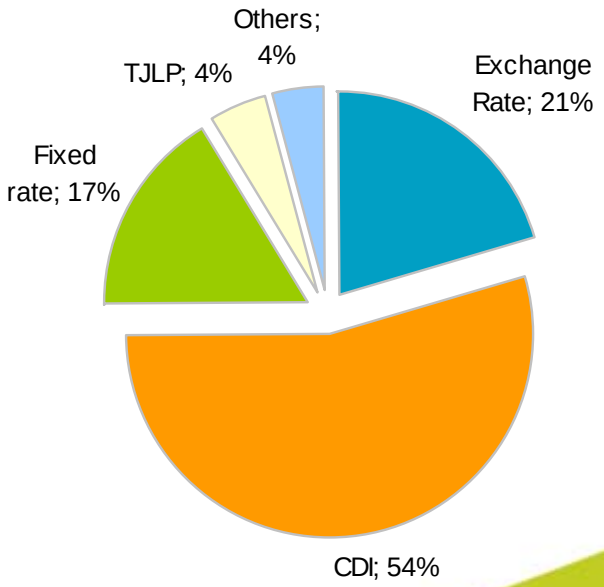
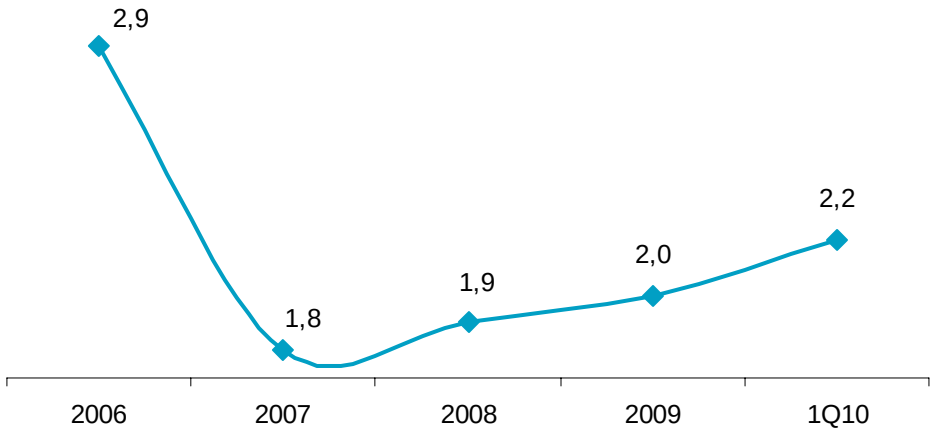


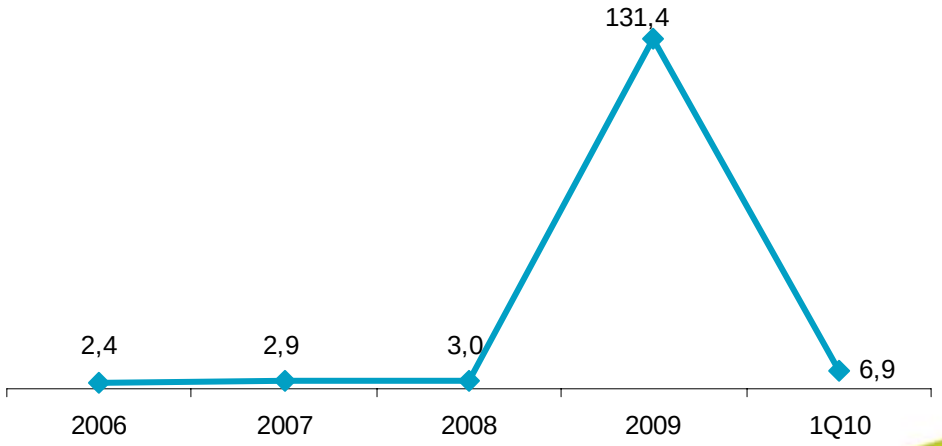
Net debt = Banks + Markets Issuances + Refinancing of Taxes + Pension Funds - Cash

Debt Profile x Adjusted EBITDA

Net debt/adjusted EBITDA



Adjusted EBITDA / Financial Result



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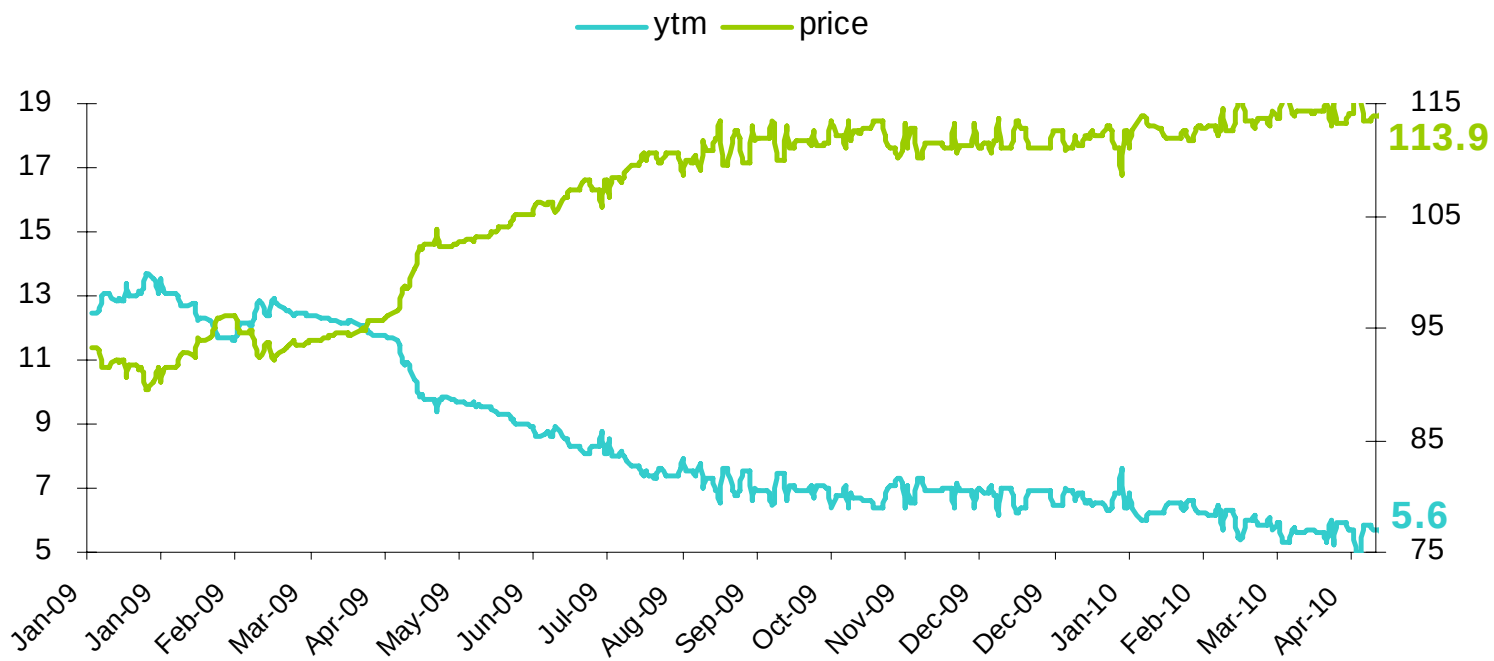
Notes Units Performance

✓ The Notes Units are trading above par value, yield of **5.6%.**



Last update: May 14th, 2010

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Ratings

✓ Risk assessment of the main rating agencies.

Agency	Scale	National		Global		Last Report
		Rating	*Perspectiva*	*Rating*	*Perspectiva*	
S&P	**Energisa S/A**	brA	Stable	BB-	Stable	jul-09
	Energisa Sergipe	brA	Stable	BB-	Stable	jul-09
	Energisa Paraíba	brA+	Positive	BB-	Positive	jul-09
	Notes Units	-	-	BB-	Stable	jul-09
	FIDC Energisa (II)	brAAAf	Stable	-	-	set-09
	FIDC Energisa 2008 (III)	brAAAf	Stable	-	-	set-09
Moody's	**Energisa S/A**	A2.br	Positive	Ba3	Stable	mar-10
	Notes Units	-	-	Ba3	Stable	mar-10
Fitch	**Energisa S/A**	A(bra)	Stable	BB-	Stable	mar-10
	Energisa Sergipe	A(bra)	Stable	BB-	Stable	mar-10
	Energisa Paraíba	A(bra)	Stable	BB-	Stable	mar-10
	Energisa Minas Gerais	A(bra)	Stable	BB-	Stable	mar-10
	Notes Units	-	-	BB-	Stable	mar-10
	Debenture Energisa 1st Issuance	A(bra)	Stable	-	-	mar-10
	Debenture Energisa 3rd Issuance	A(bra)	Stable	-	-	mar-10
	Debentures Sergipe 1st Issuance	A(bra)	Stable	-	-	mar-10
	Debenture - CVM 476*	A(bra)	Stable	-	-	mar-10

* Debenture Paraíba 1st Issuance, Debenture Sergipe 2nd Issuance & Debenture Minas Gerais 7th Issuance

4. Regulatory



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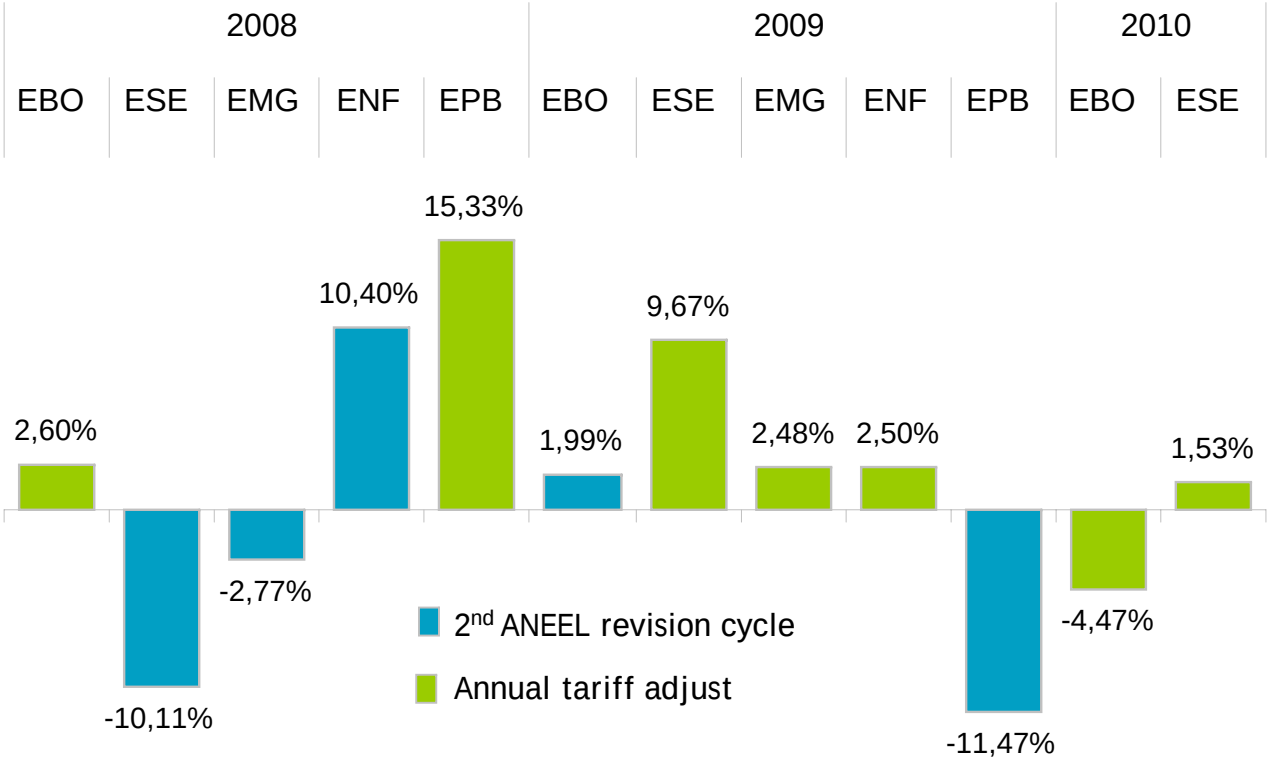
Revisions / Tariff Readjustments

(Net effect to consumers)



	EBO	ESE	EMG	ENF	EPB
Fator X	0,62%	1,46%	0,80%	0,41%	0,54%

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5. Looking Ahead: one direction and a universe of possibilities



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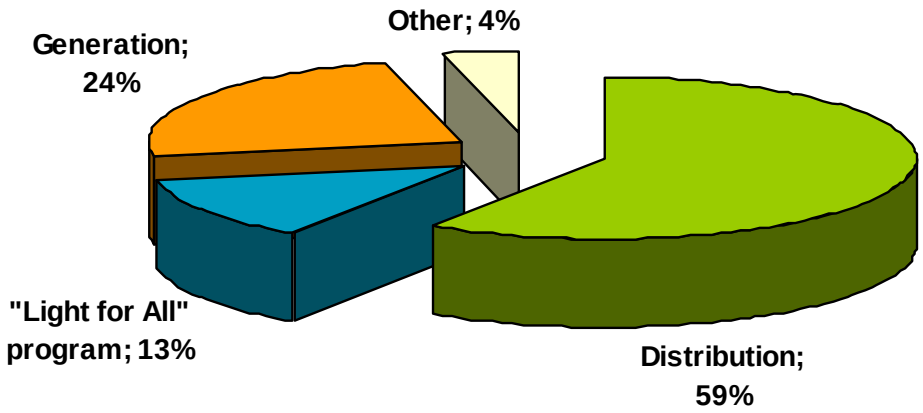
Investments – 1Q10

- ✓ **Total:** R$ 79 MM
- ✓ **Main Focus:**

1) 3 SHPs* construction (R$ 19 MM invested in 1Q10);
2) To maintain and reduce energy losses of the electric energy distribution grid, increasing the quality and reliability of the services (R$ 47 MM);
3) "Light for All" program sums R$ 10 MM;
4) Other investments R$ 3 MM.



Recurring investments in distribution amount between R$ 150-180 MM per year (excluding "Light for All" Program).

* SPH: Small Hydro Plant

Generation Capex

✓ **Strategic definition**: To preserve the ability to generate new business opportunities in renewable energy;

✓ **Energisa has a portfolio of 227 MW in renewable generation*:**

- SHP: Total of 107 MW (31 MW under construction since Mar, 2009 and other 76 MW in development)
- Wind Farms: Total of 120 MW (4 farms of 30MW each) ready to participate in public sales

*Sufficient to achieve the strategic plan target until 2014 (200MW)

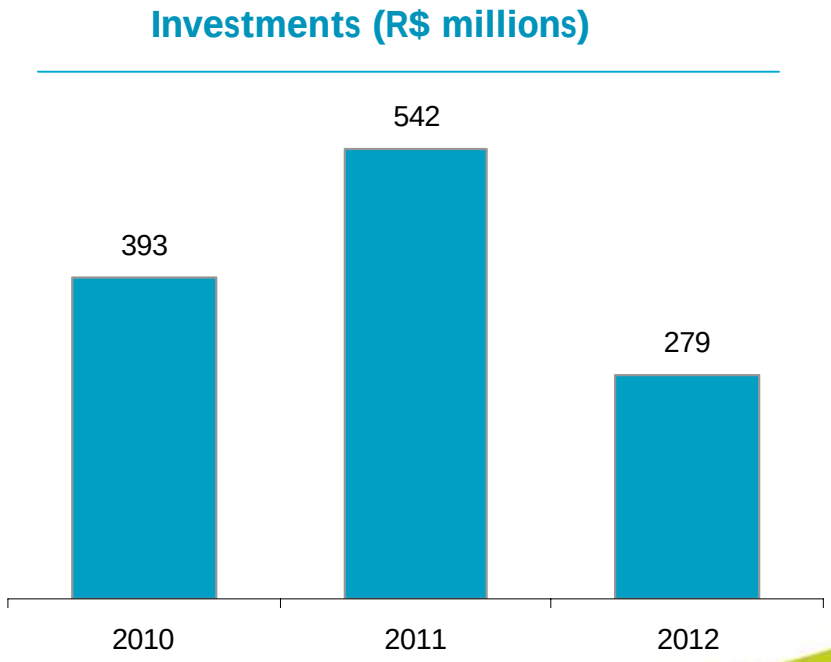
Investments 2009-2014

Stage	Instaled Capacity (MW)	N° of Projects	Capex (R$ MM)	Potencial EBITDA (R$ MM)
Under construction - 2009-10	31	3	200	25
Development (includes wind farm)	196	10	923	130
Total	227	13	1.123	155

PS: BNDES and Banco do Nortdeste should finance approximately 75% of Capex(R$842 millions)

CAPEX 2010 - 2012

- ✓ Energisa Group will invest nearly **$ 1,2 billion in the next 3 years** (R$ 393 millions in 2010, R$ 542 millions in 2011, and R$ 279 millions in 2012), of which R$ 675 MM are designated to renewable generation projects;
- ✓ **Generation CAPEX:** The wind farm projects represent approximately of R$ 500 million; SHP of Rio Grande R$ 120 millions and other SHP in development R$ 55 million.



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Group vision

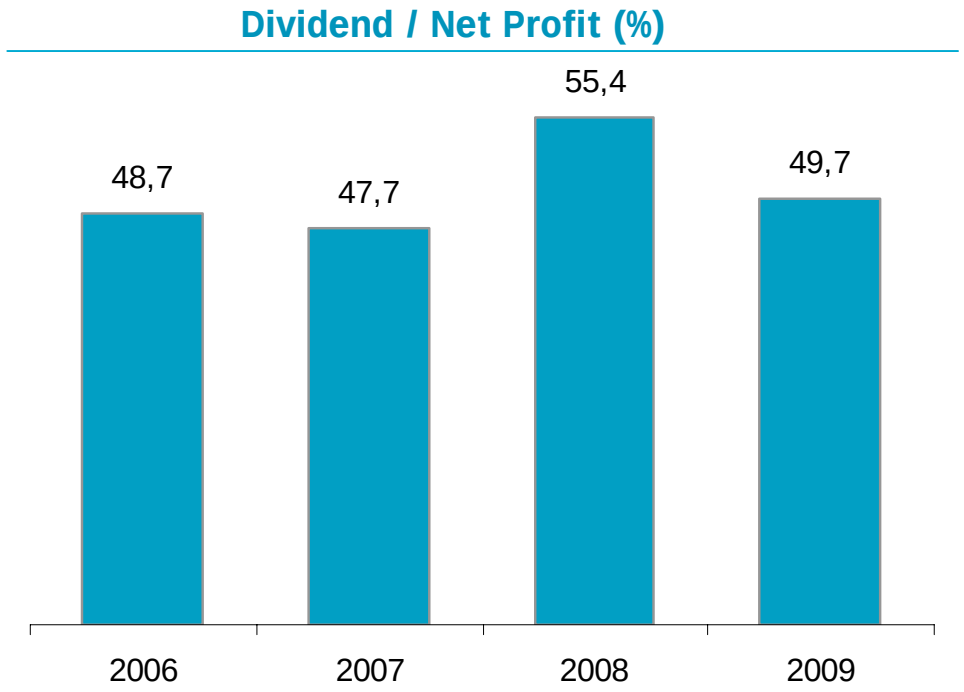
- ✓ Become the most profitable group of energy distribution within its operation regions until 2011;
- ✓ Reach 200MW of renewable energy generation in construction (small Hrydro and Wind Farm Plants) or contracted, until 2014;
- ✓ Increase its presence as services provider to third parties. Become nationally recognized, as a solution provider in the energy business, for our quality, agility and innovation until 2013; and
- ✓ Establish Energisa Energy Trader as one of the top five Brazilian traders in terms of profitability, with a portfolio higher than 130 MW Average.

Challenges for the next years

- ✓ The effects of tariff revisions might be minimized by an expressive growth in the energy market. Gains with controllable costs and energy losses reduction will be always pursued;
- ✓ Growth in the renewable generation (SHP and Wind farms) segment through the development of own project portfolio and through M&A transactions;
- ✓ Continuous capital structure improvement; and
- ✓ Increase liquidity of Energisa stocks.

Dividend Policy

- ✓ As long as there are no relevant M&A transaction, the Dividend Policy established by the Board of Directors for the next 3 years is to distribute between 25% and 50 % of the net profit. Such policy also verify Energisa's rating maintenance;

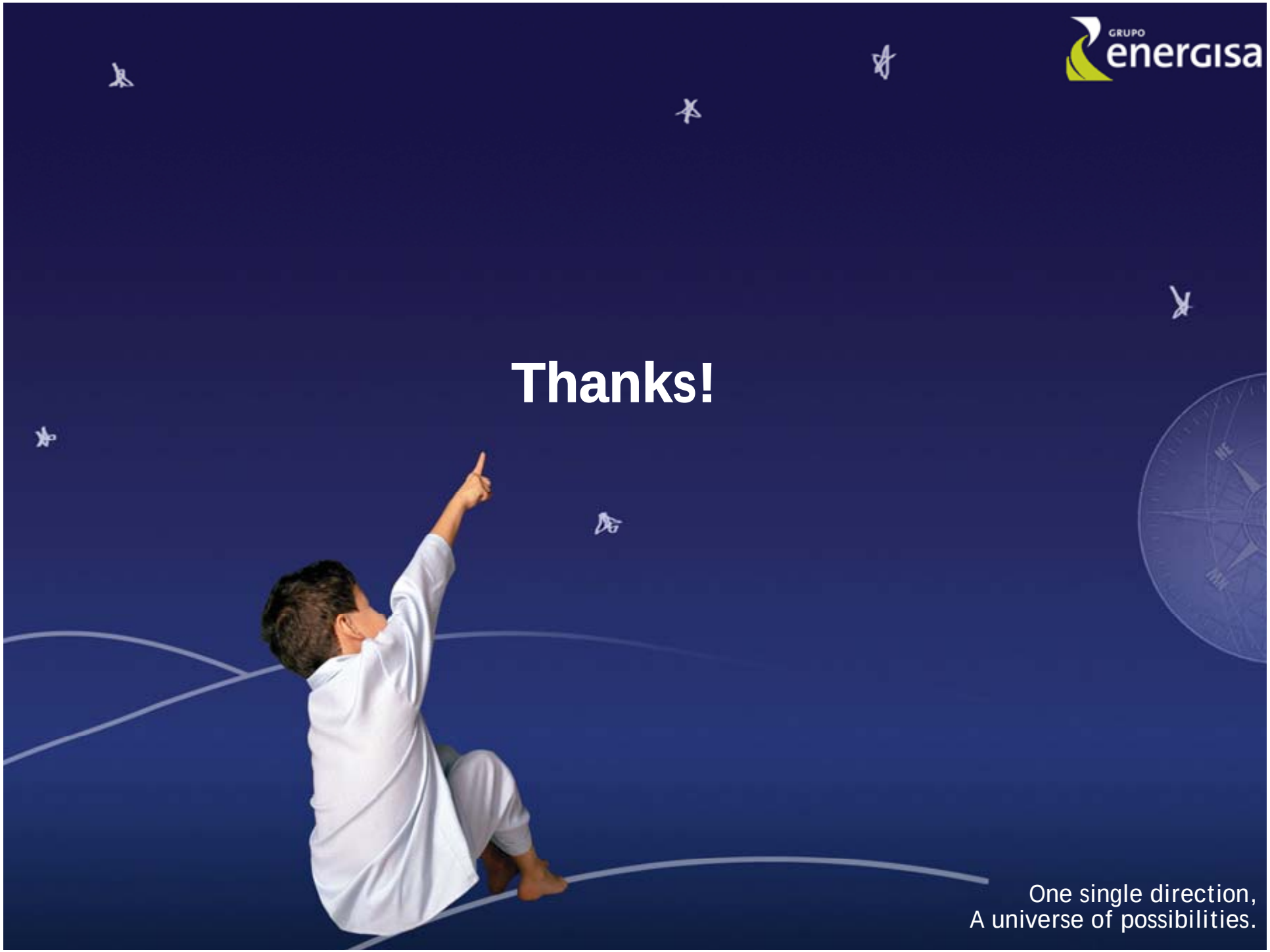


Dividends (R$ Millions)	36.6	153.4	57.4	123.4

Financial Risk Management Policy

The Board of Directors have approved the Financial Risk Management Policy which monitors several risk aspects of the financial market. Among these policies, we highlight:

- ✓ The creation of the Financial Risk Management Committee;
- ✓ Policy for minimum cash;
- ✓ Policy for investing its cash position, including counterpart risks limits;
- ✓ Policy to maintain leverage in line with the regulatory standards, assuring the maintenance of the current ratings;
- ✓ Guidance of dividends distribution;
- ✓ Policy to diversify funding sources, preserving an adequate duration of the consolidated debt;
- ✓ Policy to limit and protect obligations in foreign currencies; and
- ✓ Policy to manage derivates and limit losses.


GRUPO
energisa
Thanks!
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