



## INTRODUCTION

# ONE DAY THE ENTIRE WORLD ENERGY WILL BE RENEWABLE

One dream, one vision, one utopia. One EDP which is and now and will be in the future more and more renewable energies. And the world will be more and more its territory. A world which is greener, cleaner, more effective, and in which already in 2012, 60% of the production of its power will be renewable – the energy from the wind, the power from the water courses and sea waves, sunlight and the combustion of organic material or an ecosystem.

Over the next pages, we will present the main events, initiatives and the results of 2008, as well as the challenges faced during the year and the ones we will face over the next years. We also made a report of our policies and strategies so our audiences can understand how we intend to handles these challenges.

As manager of a product essential to the population, Energias do Brasil is concerned about offering quality without compromising future generations. Sustainability is a principle which we apply in our value chain and is the base of our growth strategy.

We understand, therefore, that the generation and distribution of power have potential to contribute in a positive way in challenges, such as preservation of natural resources, climate changes and development of surrounding communities. In 2008, we took a series of initiatives to this end and strengthened our intention to invest in the generation of clean power.

The rational use of resources and materials is also one of our concerns. For this reason, this report was printed in Curious Mistral Snow recycled paper.





## TABLE OF CONTENTS

2008 HIGHLIGHTS.....	06
INFORMATION ON THE REPORT .....	07
MESSAGE OF THE ADMINISTRATION COUNCIL.....	08
A WORD FROM THE PRESIDENT.....	10
PROFILE.....	12
COMMITMENT WITH THE CORPORATE PRINCIPLES AND SUSTAINABILITY.....	17
ENGAGEMENT OF THE INTERESTED PARTIES.....	23
STRATEGY AND OBJECTIVES.....	33
GOVERNANCE.....	37
RISKS MANAGEMENT.....	45
INTANGIBLE ASSETS.....	47
RESEARCH AND DEVELOPMENT.....	49
OPERATIONAL PERFORMANCE.....	53
ECONOMIC AND FINANCIAL PERFORMANCE.....	65
SOCIAL PERFORMANCE.....	79
ENVIRONMENTAL PERFORMANCE.....	107
ATTACHMENTS.....	125
MESSAGE FROM THE INDEPENDENT AUDITORS.....	131
CORPORATE INFORMATION.....	132
CREDITS.....	133



## 2008 HIGHLIGHTS

- Assets exchange between EDP Energias do Brasil and Grupo Rede allows the Company to undertake control over Investco, holder of Usina Hidrelétrica Lajeado granting and over Lajeado Energia. Grupo Rede, on its turn, undertakes control over Enersul. The operation is in line with the strategy to increase the Company's installed capacity.
- Creation of a business area dedicated to the prospection, development and operation of projects associated to the generation of power through renewable sources (PCHs, biomass and wind parks) in South America.
- Creation of EDP Renováveis Brasil EDP (EDPRB) for investments solely in wind energy. EDPRB is controlled by EDP Energias do Brasil and by EDP Renováveis.
- EDP Renováveis Brasil acquires Cenaeeel, holder of wind park of Água Doce and Horizonte, located in the State of Santa Catarina, with an installed capacity of 13.8 MW and possibility of expansion in more than 70 MW. The project is the first private investment in the wind industry in Brazil.
- The EDP Energias do Brasil closed the year with 1,702 MW of installed capacity, a 63% growth regarding 2007.
- Beginning of Mascarenhas (17,5 MW) and Suíça (2,3 MW) hydroelectric repowering.
- Development of investment option in two projects of thermals in natural gas in Resende (RJ) and Norte Capixaba (ES), with installed capacity of 500 MW each.
- Sale to Net Serviços de Comunicação S.A. of interest in ESC 90 Telecomunicações Ltda., a company which operates in the TV services provisioning segment in the cities of Vitória and Vila Velha, in Espírito Santo. The conclusion of the operation only waits the approval by Agência Nacional de Telecomunicações (Anatel).
- Exchange between EDP Energias do Brasil and MPX Energia S.A. of their shareholding interest in the social capital of MPX Pecém Geração de Energia S.A.
- Reduction of R\$ 117.5 million in manageable expenses (excluding depreciation and amortization), 12.3% less compared to the previous year.
- The consolidated EBITDA (profit before taxes, financial results, depreciation, amortization and non-operational results) totaled R\$ 1,363.4 million, representing a 21.4% increase regarding the same period in the previous year.
- Enerprev, a Group company which manages the supplementary pension funds of the collaborators, incorporated Fundação Escelsos and closed the year of 2008 with an equity of approximately R\$ 412 million.
- Operationalization of Instituto EDP Energias do Brasil, responsible for the coordination of socio-environmental investment policies, volunteer work and, for the consolidation of the sustainability culture.
- Delivery of the COP – Communication on Progress, document which ratifies the adhesion to the Global Pact.
- The Registration three projects of Clean Development Mechanism (MDL) in the United Nations Organizations Executive Committee.
- First sale of Verified Emissions Reductions (VER) in the voluntary carbon credits market, generating income to operate the EDP Institute.
- Permanence for the third consecutive year, in the Bovespa Corporate Sustainability Index (ISE).
- Creation of the Energia na Arte Award, which consolidates the plastic arts as the third pillars of the cultural programs.
- Structuring of the "Econnosco", internal program aimed at the awareness of the collaborators regarding the good environmental practices.
- Launching of Conciliar, program which aims at promoting the balance between work and family life of the collaborators.

## INFORMATION ON THE REPORT

GRI 3.1 | 3.2 | 3.3

The EDP Energias do Brasil Annual Sustainability Report is based on the G3 Guidelines of the Global Reporting Initiative (GRI), being the third consecutive year that the Company publishes it in this format.

GRI 3.4 | 3.5 | 3.6

GRI 3.7 | 3.8 | 3.9

The information in this report cover the period from January 1st to December 31st, 2008 and reflect the results of the inquiries made with the strategic audiences, which activities developed by the Company affect or are affected by these agents.

GRI 3.10 | 3.11 | 3.13

The structuring of the dialogues with the employees received systematization, with application of inquiries and interviews, according to directions from GRI and comprised all the regions served by the Company's subsidiaries. The results reached were mapped and the relevant subjects were defined, according to the perception of the employees, among them the main leaderships, the employees representatives and the collaborators.

The methodology used for our engagement process, consists of the exposure of themes to the audience, both internal and external, who provide an opinion regarding their relevance, according to theirs perception. The crossing of these visions (leaderships x employees) is discussed and presented, in a corporate form, considering the scope of the Company's Sustainability Report

The application of the materiality of the themes and results coming from the involvement systematized with the employees ensure to EDP Energias do Brasil a democratic channel which allows the appearance of actions which aim at improvement measures and greater interaction with the set of their audiences, contributing for the corporate and the Brazilian society development.

The information of this report comprise all the Energias do Brasil controlled companies. However, due to the assets exchange involving Enersul and Investco which took place in September 2008, the information regarding the first correspond to January 1st to August 31st, 2008, and the information regarding Investco, correspond to the last quarter of the last year. The limitation of the period determined substantially affects the comparability between the indicators and the results of 2008 and of the previous years.

The economic-financial indicators in this report are based on the Brazilian accounting standards and are audited by the company KPMG. The social and environmental indicators, contemplated by the GRI, were checked externally by PricewaterhouseCoopers, PwC.

Doubts regarding this report and its contents may be clarified at the site: [www.edpbr.com.br](http://www.edpbr.com.br).



## MESSAGE OF THE ADMINISTRATION COUNCIL

### **A year with accomplished goals**

In 2008, EDP Energias do Brasil has accomplished its major strategic goals. It clearly advanced in the development of an electrical energy leader and integrated operator and in the process of business portfolio balancing, within the specially complex and demanding economic-financial scenario.

The Company had a successful response to the three strategic vectors of EDP Group: focused growth, top efficiency and controlled risk. Year 2008 evidenced clear and solid progress in those three vectors consolidating the Company's relevance within the Group's global context.

Concerning focused growth, it is important to notice the sixty-three percent (63%) increase in our installed base, currently reaching 1702 MW. Such growth was achieved by the exchange of assets with Grupo Rede, thus allowing control of Lajeado plant, the highest hydric plant in EDP Group portfolio, with 902 MW. During 2008, we have also started the civil works in Pecém thermo-electrical plant, in Ceará, which will add more than 360 MW to the Company's generator pool – an investment option we made to quickly and efficiently answering the need of Brazilian energetic matrix. This has also been a year of development for several growth options in hydric, thermal and renewable generation for us, enlarging the projects portfolio, currently exceeding 4 GW of potential capacity.

EDP Energias do Brasil's efficiency was also strengthened in 2008. For the first time in the Company's history we have reduced managerial expenditures in three sequential quarters, closing the year with twelve point three percent (12.3%) less than the former year. This is a clear sign that we intend to position ourselves as a reference within this dimension.

Finally, risk control was strongly benefited this year. Assets exchange, which allowed business portfolio balance, was an essential contribution for this goal. Our value chain became more balanced, with about half of the business generated by energy Distribution and the other half by Generation and Marketing.

As a result of the successful action, EDP Energias do Brasil was able to increase its EBITDA by twenty-one point four percent (21.4%) compared to 2007, reaching the amount of one point thirty-six (1.36) billion Reais. The Company's best result ever.

### **A more sustainable company**

Year 2008 was a landmark of EDP Energias do Brasil's entry in the Brazilian aeolic marketplace, by means of a partnership with EDP Renováveis, the fourth highest world operator of aeolic energy. The first step was the purchase of Ceneael, with 14 MW installed base.

EDP's acknowledgment in the renewable energy global marketplace allowed us to defend legitimate realization of the specific energetic auction for aeolic energies, to be held in Brazil, for the first time, in 2009.

It is important to remind that Brazilian strategy meets the Group's world activities which, in 2008, successfully organized EDP Renováveis' IPO, the largest one held in Europe, this year, and yet facing very demanding market conditions. Also during this year it is important to emphasize that EDP was the world leader in aeolic energy growth, installing 1.4 GW capacity within its influence marketplaces. Expertise and competences developed by EDP, in the global range, within this market segment are the highest critical value for EDP in Brazil, where the high aeolic potential and strong complementation with hydroelectrical energy make aeolic energy a strategic option for Brazilian energetic matrix.

In 2008, EDP was included for the first time in Dow Jones Sustainability Indexes World and STOXX. Those are the most demanding exchange indexes in Europe and in the World and they distinguish the companies that, in each area of activity, present best performance in the matters related to sustainability, evidencing excellence in economic, environmental and social management. EDP Energias do Brasil has given an important contribution for that result, assuring, for the third consecutive year, presence in the distinct BOVESPA's Sustainability Index.

Upon building a more sustainable Company, EDP is also strengthening its work upon domain of social and cultural commitment. This is a work developed at the global range by a Foundations network: Fundação EDP in Portugal, Fundacion Hidrocarbúrico in Spain and, since 2008, Instituto EDP in Brazil. The perspective of a more fair society, environmentally and socially more balanced is the compass of our investments in this Foundations network.

#### **A challenging future**

We cannot forget that the harsh and complex economic-financial context has stressed the merit of the results accomplished by our team, which reflect the anticipation and performance capacity. I congratulate all Employees from EDP Energias do Brasil for the excellent result accomplished by the Company this year and I thank you for all the effort and hard work.



The year 2009 will certainly be challenging. Our focus will be placed on performance of growth options as well as continuous seek for top efficiency, within a controlled risk environment, to consolidate ourselves as an integrated electrical energy operator, with leadership stand in the area.

To our Shareholders, I thank you for the trust and support throughout all the Company's life instances. To our Clients, Business Partners, Regulatory and Governmental Entities, to and with whom we have been working every day, I also hereby express my gratitude. I am sure that, once again, we will continue to cooperate and work in an exemplary way.

We are aware of the long and demanding path ahead. We count with a team of unshakable will and competence to walk it up.

**ANTÓNIO MEXIA**  
President of the Council





## A WORD FROM THE PRESIDENT

GRI 1.1 | 1.2

The year of 2008 was marked by significant advances on the EDP Energias do Brasil strategy to consolidate as an integrated operator of electric power, with business portfolio balanced between the generation, distribution and commercialization of electricity and with a sustainable actuation in all dimensions of its activity.

The actions adopted with this purpose were clear and objective: we concluded an assets exchange operation with Grupo Rede, allowing access to the shareholding control of the companies which manage the Aproveitamento Hidrelétrico Luís Eduardo Magalhães, in Tocantins, adding 653 MW to our installed capacity; in addition, we kept the commitment with sustainability – a concept which guides the Company's actions – specially when making a large effort in the supplementary renewable energies area (PCHs, biomass and wind parks) and when operate the Instituto EDP, as an excellence vehicle for our social and environmental actuation.

The Company's strategy goes through a change to become a reference in the Brazilian supplementary renewable energies market, following, by the way, a path which is being taken with remarkable success by Grupo EDP, which currently holds a world leading position in wind energy. In 2008, the Group began its expansion in the Brazilian wind market, with the acquisition of 100% of Central Nacional de Energia Eólica S.A. (Cenaeel), which has two wind parks in operation in the state of Santa Catarina, with 13.8 MW of installed capacity and a 70 MW expansion project.

The adoption of social and environmentally responsible policies arises from the certainty we have that the search for profit and for economic performance is clearly compatible with the respect for the preservation of the social-environmental condition which ensure the renewable development of the society we are inserted in. These were the reasons that caused BM&F Bovespa, for the third consecutive year, to maintain in the portfolio of its Corporate Sustainability Rate (ISE) the shares of a company which, in 2007, had already joined the Global Compact and created, as the pioneer, the Instituto EDP Energias do Brasil, funded with the sale of carbon credits.

Our strategic orientation to develop renewable energy sources does not take us away, however, from the judicious evaluation of the current Brazilian energy matrix, in which is essential the need to provide an appropriate thermoelectric component. In this context, and in response to the country's demand to increase its energetic capacity to ensure the safe economic growth, we began, in 2008, the works of the Porto do Pecém (CE) thermoelectric, a mineral coal which will add 360 MW to our installed capacity. The use of mineral coal does not represent an inversion of directions or the denial of the values and proposals of EDP Energias do Brasil to follow the sustainability path. The know-how and the experience of Grupo EDP, as well as its capacity to research and use new technologies, will ensure that this thermoelectric is provided with highly effective systems and processes in the pollutants removal.

The financial crises which marked the global context at the end of 2008 had, and still has, direct reflexes in the Brazilian economy. After all, we live in a world where businesses are globalized, with connection and economical complexities never seen. EDP Energias do Brasil always guided its actuation by a policy towards the creation of value to the shareholders, with high corporate governance standards, which involves maintaining a strict control over the market, financial, legal and operational risks. Therefore, the investments foreseen for 2008 did not suffer serious biases, and our forecast is to maintain the investment plan for 2009, which includes five projects in the generation area: the continuation with the Usina Termelétrica Porto do Pecém (CE) works, the conclusion of the PCH Santa Fé (ES) works and the repowering of Rio Bonito (ES), Suíça (ES) and Mascarenhas (ES) hydroelectric plants. In the distribution area, we will continue to make the necessary contributions for the expansion and modernization of the electricity networks we operate.

The accomplishment of these goals is directly associated to the understanding that the new economic reality has changed the world – mainly the corporate world. We believe that the problem is not restricted only to a scarcity of market credit, but takes on structural change aspects which will lead us to a new paradigm. With this conviction, we will launch in December 2008 a transformation program, which aims at preparing EDP Energias do Brasil for a new development cycle, within a context that we believe will be marked by a slower growth rate of the economy and by a restrictive credit environment. This program will be a catalyzer to accelerate our growth, reinforce the effectiveness and agility of the Company and cause a cultural and behavioral change, which will make us even stronger and competitive.

The three pillars which have always based our strategy – oriented growth, higher effectiveness and controlled risk – showed to be fully appropriate to the new situation we are living in. We are a company which generates cash with an appropriate stability level and which defined, as the growth focus, the development of small and medium size projects, which ensure flexibility in the reprioritization of investments, allowing us to overcome, with advantage, the present scenario.

The current moment requires a higher level of prudence and risks assessment. We will have to increase the caution in the of future projects and investments and we will continue with the constant search for improvement of the operational effectiveness. In 2008, the manageable costs (excluding depreciation and amortization) of the Company reduced 12.3% in comparison with 2007, what represented a savings of R\$ 117.5 millions in this account. In 2009, we want to continue this work.



Our results showed that we are in the right path. During the exercise we are currently reporting, the consolidated EBITDA totaled R\$ 1.36 billion and an increase of 21.4% increase was observed regarding the previous year. The consolidated EBITDA margin increased 3.0 percentage points (p.p.), reaching the level of 27.8%.

We know that the 2008 accomplishments were only possible thanks to the unconditional adhesion of our collaborators to the Company's strategic project. We would like to register a Word of thanks and acknowledgment for the effort, dedication and professionalism employed in everything we did in 2008. We also would like to explicitly extend this acknowledgement to all the collaborators of Enersul, a distributor which ceased to be part of the EDP Group, during the sequence of assets exchange with Grupo Rede.

We believe that Brazil presents all the conditions to continue in its strong development path. The energy sector is one of the essential pillars for this intended development, which is, at the same time, sustained and sustainable. EDP Energias do Brasil is prepared to contribute with the accomplishment of this goal. We will always be in the first line of the companies which actively participate of the search for better solutions for the industry and for the Country.

We will continue to work with all the employees to accomplish our goals. With our shareholders, the commitment is to improve more and more the economic results, strengthening the trust in the Company and in its future. With our collaborators, we will continue to build together an organization with daily learning of which we are very proud of. With our partners, we wish to continue to develop value-adding projects. To our clients, we intend to reinforce the excellence of our services and the satisfaction level. In the communities where we are present we wish to always contribute for the social-environmental development.

Summarizing, we intend to continue in the construction of a more solid and competitive company, within a more fair and responsible society and within a more balanced and sustainable environment. This is our challenge. This is our commitment.

**ANTÓNIO PITA DE ABREU**  
President-Director



## PROFILE

GRI 2.1 | 2.2 | 2.3

GRI 2.4 | 2.5 | 2.6

GRI 2.7 | 2.8 | 2.9

EDP Energias do Brasil is a holding which owns investments in the energy sector and controls companies in the generation, distribution and commercialization of electricity in six states: São Paulo, Espírito Santo, Mato Grosso do Sul, Tocantins, Ceará and Santa Catarina.

Publicly traded company headquartered in São Paulo, EDP Energias do Brasil has its shares listed at São Paulo Stock Exchange (Bovespa) New Market, a segment which includes companies with the best corporate governance practices. Its efforts in the promotion of renewable energy, on the integration with its employees and on the environment preservation its permanence on the Bovespa Corporate Sustainability Rate (ISE) for the third consecutive year.

The Company's shareholding control (64.8% of the total capital) belongs to EDP – Energias de Portugal, one of the largest European operators of the electric industry and the fourth largest wind generator of the world.

To accomplish the strategic goal of expanding its generating park, the holding performed in 2008 an important assets exchange operation with Rede Energia S.A., which resulted in an increase of its total installed capacity to 1.702 MW. Energias do Brasil increased its interest in Usina Hidrelétrica Luiz Eduardo Magalhães (Lajeado Energia S.A.), starting to hold 73% of the voting capital of the power plant operator, Investco. With the acquisition, it ensured energy increase to an average of 884 MW. Grupo Rede received in exchange, the participation of EDP Energias do Brasil at Enersul, energy distributor with actuation in Mato Grosso do Sul.

The Company strategy includes not only developing its generating capacity, but also increasing the renewable and clean energy participation in its energetic matrix. In 2008, it took an important step towards the consolidation of this strategy when it created a new business area dedicated to investments in renewable energies. It is responsible for the feasibility studies and the future investments in the Hydroelectric stations (PCHs), in addition to investments in biomass and wind energy.

In June 2008, EDP Energias do Brasil, together with EDP Renováveis, constituted the company EDP Renováveis Brasil (EDPRB), which will dedicate solely to wind energy. In the same month, EDPRB acquired 100% of Central Nacional de Energia Eólica S.A. (CENAEEL), which owns two wind parks in operation in Santa Catarina, totaling 13.8 MW of installed capacity, with a 70 MW expansion project. The company Terra Verde Bionergia Participações S.A. was also constituted, which purpose is to participate of specific purpose companies for the exploitation of ethanol and electricity production and other projects which foresee the use of biomass.

Although its main focus is renewable sources energy, the Company recognizes that the Brazilian energetic matrix also needs to increase it to meet the demand resulting from the Country's growth. Therefore, it chose to invest in the development of two projects of natural gas thermals: Resende (RJ) and Norte Capixaba (ES), with an installed capacity of 500 MW each.

In this same line, it began the construction of the Porto do Pecém thermal-electric, in São Gonçalo do Amarante, Ceará. The power plant, powered by imported mineral charcoal, will add 360 MW to its generating power and will start up in 2012.

In **generation**, the Company also acts in the following undertakings: Enerpeixe S.A. (Usina Peixe Angical, no Tocantins) and Energest S.A., subholding which directly and indirectly controls 14 mills with a total installed capacity of 342.18 MW.

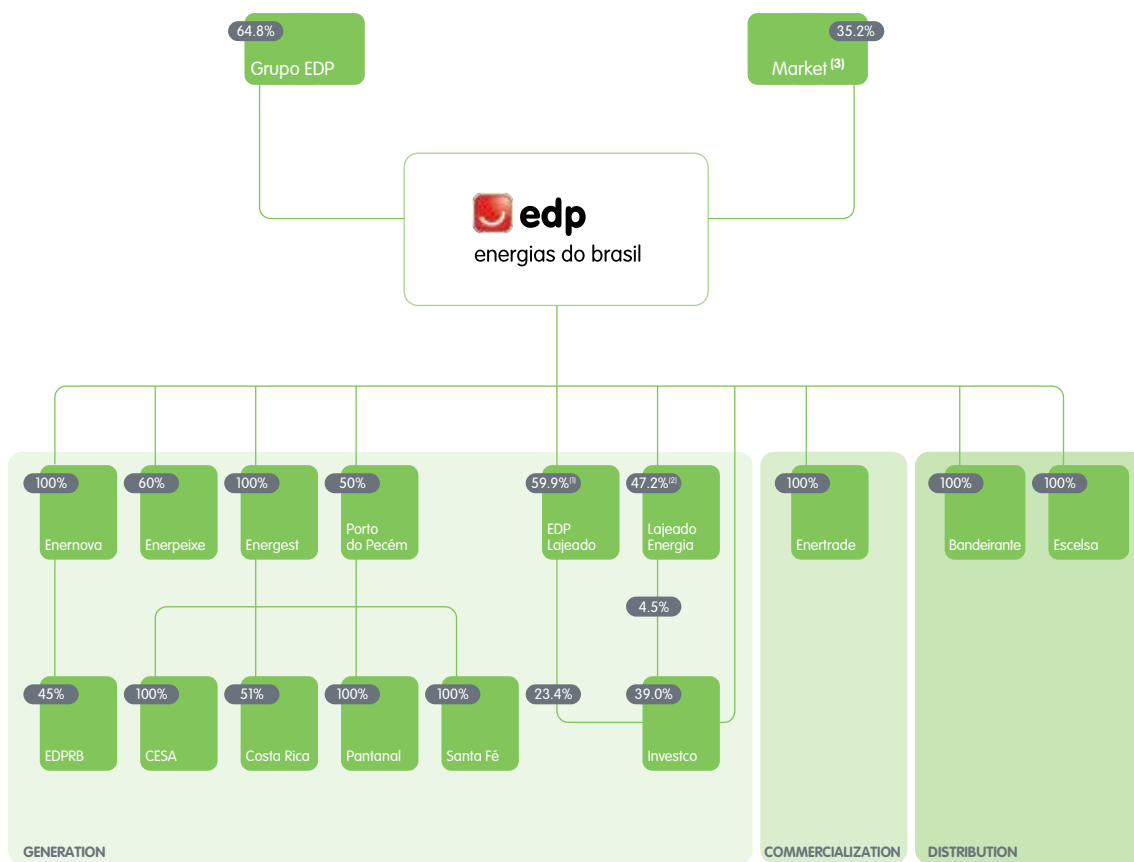
In **distribution**, it currently controls the companies Bandeirante, in São Paulo, and Escelsa, in Espírito Santo. Bandeirante serves a population of 4.6 million inhabitants in the regions of Alto Tietê, Vale do Paraíba and São Paulo North shore. Escelsa, in its turn, serves 3.2 million people in 70 cities of Espírito Santo. Together, they distributed 24,408 GWh in 2008.

In **trading**, the Company fully controls Enertrade Comercializadora de Energia S.A., which, acting in the free energy market, traded 7,282 GWh in 2008.

In 2008, the net operational income totaled R\$ 4,904.2 million, what represented an 8.3% growth regarding the previous year. The net consolidated profit was R\$ 388.8 millions, 13.7% lower than 2007, due to the additional amortization impact of the Enersul goodwill, in the amount of R\$ 129.6 millions. The EBITDA reached R\$ 1,363.4 millions, representing an increase of 21.4% compared to the previous year. The EBITDA margin increased 3.0 p.p., reaching 27.8% in the period.

### SHAREHOLDING STRUCTURE

Base date: 12.31.2008 - % do Total Capital



**Notes:**

- (1) Represents 47.2% of the direct participation by Energias do Brasil, plus 6.5% equivalent to the indirect participation of Energias do Brasil through Tocantins Energia Tocantins Energia.
- (2) EDP Lajeado and Lajeado Energia hold a joint participation of 73% in the voting capital, 62.40% in the Total Investco capital.
- (3) Includes 15,780,225 in treasury stock.  
Considers the cancellation of 6,211,400 shares; without change in the social capital, which starts to be represented by 158,805,204 shares.



PROFILE



**Main Results  
in 2008:**

- Net profit is R\$ **388.8** millions
- Net operating income is R\$ **4,904.2** millions
- Sale of **15,109** GWh of power
- Net equity of R\$ **3,542.9** millions
- Net debt of R\$ **2,390.5** millions
- Total assets of R\$ **10,469.9** millions
- Number of collaborators: **2,322**
- Installed power capacity: **1,702** MW
- Distributed power: **24,408** GWh
- People served: **7.6** millions









**COMMITMENT WITH THE CORPORATE PRINCIPLES AND SUSTAINABILITY**

“ I see every day more clearly that the EDP Group is taking steps to remarkable enhancement of ethical behavior and working hard to promote its growth with responsibility, always committed to social and environmental issues by encouraging and investing in solutions that meet the market demands of promoting, social inclusion and environmental preservation ”

Lino Henrique Pedroni Junior - Collaborator of EDP Escelsa

GRI 4.8 | 4.12

EDP Energias do Brasil, reaffirming its commitment with the sustainable development, is changing the planning into concrete actions, with the concern to maintain a visible alignment with the triple bottom line (TBL) social, environmental and economic concepts associated to a strong corporate governance and respecting the diversity.

These actions are clearly evidenced in the sustainability policy, in the sustainable development principle, in the ethics code, in the strategic map and in all its accomplishments and commitments reported in this document.

The company is aware and undertakes the challenge of advancing in the necessary and important process of continuous improvement, which requires constant innovation, promoting the evolution and learning, enriched with the participation and engagement of the interested parties.

The corporate sustainability, in addition to representing the balanced union of the economic, social and environmental interests, advances to an audacious cultural change, what values the good ideas and allows the adjustment of the “how to do” certain action, adding the sustainable concept.

EDP Energias do Brasil, guided by its principles and commitments, celebrated with the audiences with whom it relates, holds sustainability as an integral part of its strategy, strongly identified in the vision, mission and in the values of the organization.

**VISION**

To be one of the leading companies in the Brazilian energy sector, focused on creating value and sustainability.

**MISSION**

To operate in the Brazilian energy sector with high standards of excellence in customer service, providing return for shareholders, recognizing our employees and exercising corporate social responsibility.

**VALUES**







## COMMITMENT WITH THE CORPORATE PRINCIPLES AND SUSTAINABILITY

### PRINCIPLES OF SUSTAINABLE DEVELOPMENT

EDP Energias do Brasil commits itself to the following principles of sustainable development..

#### 1. Value creation

- Create value for shareholders;
- Increase productivity and efficiency and reduce exposure to risks from economic, environmental and social impacts from activities;
- Commit to providing guidance to customers and ensuring high levels of service quality;
- Integrate environmental and social issues in the planning and decision-making processes.

#### 2. Efficiency in the use of resources

- Promote the development of cleaner, more efficient energy technologies;
- Develop production based on renewable energy;
- Promote improvements in energy efficient and the rational, safe use of energy;
- Promote innovation in products, services and sustainable technologies, and share this knowledge with society.

#### 3. Protection of the environment

- Minimize the environmental impact of all Group activities;
- Participate in initiatives that contribute to preserving the environment and promoting biodiversity;
- Expand the use of environmental criteria throughout the value chain.

#### 4. Integrity

- Maintain high ethical standards in all activities;
- Respect human rights in its sphere of influence;
- Create specific codes of conduct.

#### 5. Dialogue with employees

- Ensure an open, transparent relationship based on trust with employees;
- Introduce channels for consultation and communication with employees and to act on their concerns;
- Report in a reliable, objective manner on the Group's economic, environmental and social performance.

#### 6. Management of human capital

- Maintain policies and management systems that ensure the health, safety and well-being of employees;
- Promote the development of individual skills for all employees and to reward excellence and merit;
- Abolish abusive and discriminatory practices, encourage diversity and promote inclusion in all operations and in the value chain.

#### 7. Promote access to electric energy

- Promote reliable and universal access to electricity;
- Practice a transparent and socially just pricing policy;
- Develop the best possible quality of production at the lowest possible cost.

#### 8. Support for social development

- Support social and cultural initiatives based on transparent evaluation criteria of their relevance to the community;
- Promote technological cooperation nationally and internationally;
- Support local and community development activities

## MILLENNIUM DEVELOPMENT GOALS (ODM) AND GLOBAL PACT



Signatory of the Global pact and the Millennium Development Goals, which are both initiatives of the United Nations (UN), EDP Energias do Brasil seeks to promote the human rights aligning the purposes and principles to its activities and valuing this practice between all the audiences with whom it relates.

In the selection of its social projects through the Solidary EDP Program, the Company establishes in a regulation, the association of results /United Nations as an eligibility condition to the candidate entities.

In June 2008, EDP Energias do Brasil reaffirmed, through the delivery of the Communication on Progress (COP), its intention to continue in the sustainability path and support the Global Pact principles, not only acting according to them, but also disseminating their application.

For other information on the Millennium Development Goals (ODM), the ODM Brasil Portal ([www.portalodm.com.br](http://www.portalodm.com.br)), launched in the beginning of 2009 in the Global Social Forum, presents the data related to the goals agreed by Brazil, regarding its 5,564 cities, and by other 190 member countries of the United Nations, with the purpose of improving the social, environmental and economic indicators.

### GLOBAL PACT PRINCIPLE

10 business decisions to change the planet



### CORPORATE PACT FOR INTEGRITY AND AGAINST CORRUPTION

EDP Energias do Brasil is a member of this pact since 2007, which includes 500 companies and 100 institutions. Launched in 2006 at the International Ethos Conference, it is a voluntary commitment of the companies in favor of business ethics. It is a joint initiative of Instituto Ethos, Patri Government Relations and Public Policies, of the United Nations Development Program (Pnud), of the United Nations Office against Drugs and Crime (UNODC), of the Global Economic Global Forum and of the Brazilian



## COMMITMENT WITH THE CORPORATE PRINCIPLES AND SUSTAINABILITY

Global Pact Committee. It also counts with the support of the Agência Brasileira das Agências de Publicidade (Abap) and Fundação Ford. In the site <http://www.empresalimpa.org.br>, it is possible to find a complete script with practices regarding commitments of the pact and the most recent news on the theme, in addition to articles and researches on the damages of corruption.

EDP Energias do Brasil also participates of the Corruption Prevention Companies Work Group. Among some of the GT actions, we can highlight the elaboration of a manual which is being developed since 2008. It refers to a social responsibility manual of the companies in the promotion of a public and private integrity environment. Its launching is foreseen for June of this year, at the International Ethos Conference, an international meeting which also receives contributions from the Work Group (WG), through suggestions of relevant themes to be incorporated in its program.

Still in 2008, the Company responded to the Company's Social Responsibility in the Election Process survey, contributing for the research and monitoring work carried out by Instituto Ethos and in partnership with TI – International Transparency– a non-governmental organization which main purpose is the fight against corruption.

### **BRAZILIAN CORPORATE COUNCIL FOR THE SUSTAINABLE DEVELOPMENT (CEBDS)**

EDP Energias do Brasil joined, in 2007, the World Business Council for Sustainable Development – WBCSD, an association of approximately 200 world leading companies focused on environmental excellence and on the sustainable development principals. [CEBDS Brazilian Business Council for Sustainable Development].

This council is an important forum to deepen the discussions related to the specific subjects of the sustainable development. Strategically directed to these themes, the panels are presided by representatives of the associated companies, which allow an appropriate space for the conception, discussion and implementation of joint actions.

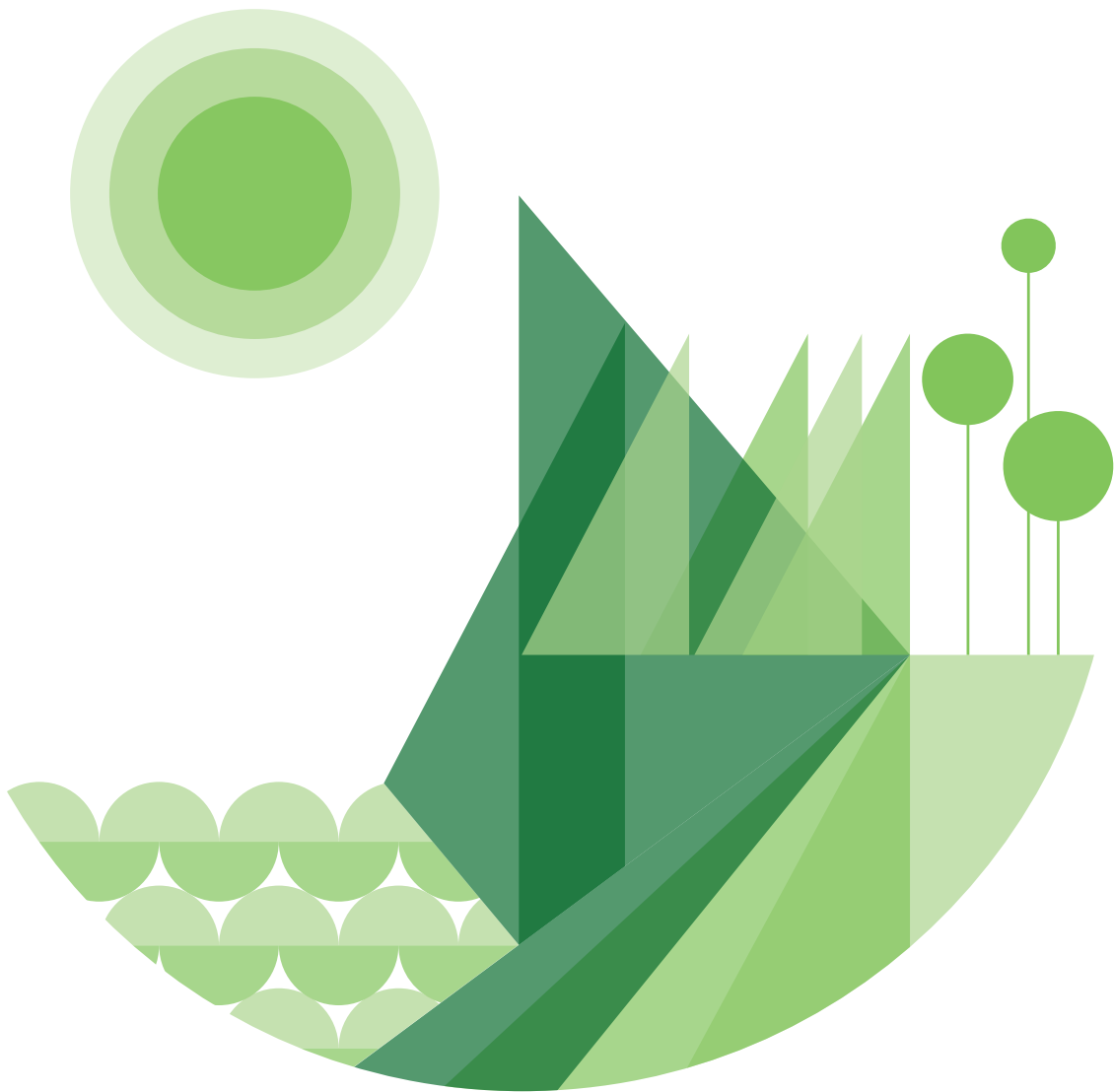
In 2008, EDP Group continued with Chronos®, qualification course in sustainable development, used by several companies throughout the world, mainly in Europe and in the United States. Chronos Brasil is the version of the course originally elaborated by the World Business Council for the Sustainable Development (WBCSD) and by the Industry Program of the Cambridge University, in England. Its translation and adjustment to the Brazilian reality was possible through the partnership between CEBDS and Petrobras (see more information in Training and Education – page 81).

### **INSTITUTO AKATU**

In 2008, the Company continued the partnership with Instituto Akatu, a non-governmental organization which purpose is to create awareness and move the Brazilian citizens regarding the conscious consumption. The work is focused on the consumer's behavior change, through communication and education. [Your Consumption Changes the World]

Instituto AKATU was one of the guests, in 2008, of the 1st EDP Energias do Brasil Suppliers Forum, in which occasion it presented data regarding waste and the importance of the awareness in the consumption of the natural resources, in addition to initiatives for the planet.





## ENGAGEMENT OF THE INTERESTED PARTIES

In the management of its businesses, EDP Energias do Brasil considers the collaboration of all the interested parties an essential item for the strategy of the organization and receives the opinion of the representatives of these audiences with respect and honesty, seeking to interact proactively and offering solutions to occasional dilemmas.

Maintaining its behavior, it undertook the commitment to hold a dialogue with the parties interested in its Sustainable Development Principles, ensuring an open and clear relationship, through several communication channels.

These communication means differ according to the audience and the subject to be discussed, with specific reports for investors, digital and printed leaflets, in addition to direct contact in meetings and forums. The Company's site presents the ethics code, the principles and values, the corporate policies, the commitments and the realizations of the Group, in addition to channels such as the Sustainability Channel and the Communication and Reporting Channel. For the internal audience, other medias are provided: Revista On (corporate magazine which also reaches a small number of the external mailing), TV On (corporate TV) and intranet.

The annual publication of the sustainability report constitutes another important communication and accounting tool.

The consolidation of the Company's sustainability culture among the employees and the promotion of its development are also part of Instituto EDP Energias do Brasil. One of the first measures was to include in the agenda the possibility to revert the sale of carbon credits to generate the Institute's income, a pioneer initiative in the Country.

### MATERIALITY OF THE SUSTAINABILITY SUBJECTS

In the beginning of 2009, in compliance with the GRI G3 guidelines, EDP Energias do Brasil carried out an inquiry process to the audiences with whom it relates. This was the second year in which the Company took this initiative, because it believes that the systematic engagement of employees strengthens the relationship between the parties and the accounting increases the receptivity and makes the report more useful to its several audiences.

#### GRI 4.15

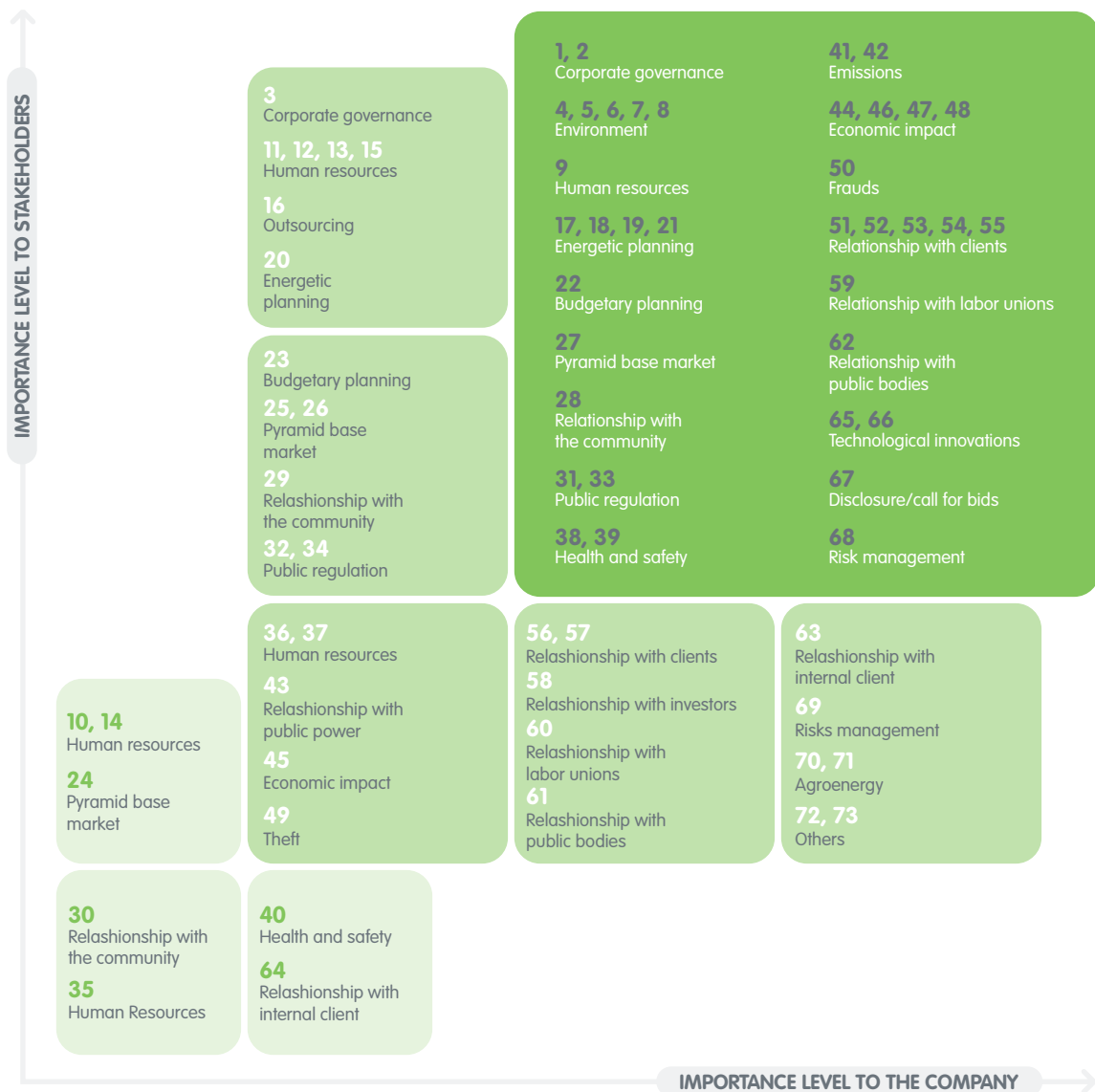
The process was based on the mapping and the prioritization of employees performed in the beginning of 2008. The several strategic audiences inquired, however, were enlarged regarding the previous year. The interviews were made in person, by email and by phone. The company sent, to employees engaged in the previous year and to new audiences, 124 questionnaires with questions regarding the relationship with the Company, the main communication channels, the quality of the answers and the most important subjects to be presented in the 2008 report.

The interviewed parties also received a table in which they should inform the importance of reporting each subject and a weight was attributed for each of these items, what allowed its correct positioning in the materiality matrix. Out of the 124 questionnaires, 59 were answered. The Group companies involved in this action were: Bandeirante, Escelsa, Energest, Enerpeixe, Enertrade and Investco. The results obtained allowed the Company to establish an adjustment in their management activities and in the sustainability report. During this process, EDP Energias do Brasil counted with the consulting from TV1 Editorial.



ENGAGEMENT OF THE INTERESTED PARTIES

MATERIALITY MATRIX



## HIGH

- |   |   |
|---|---|
| 1 Bribery and corruption                      | 41 CO2  |
| 2 Fraud                                       | 42 Other atmospheric emissions  |
| 4 Environmental management                    | 44 Jobs generation  |
| 5 Preservation                                | 46 Delinquency  |
| 6 Biodiversity                                | 47 Disclosure of the results  |
| 7 Environmental education                     | 48 Suppliers certification  |
| 8 Climate changes                             | 50 Income recovery  |
| 9 Training and development                    | 51 Customers satisfaction   |
| 17 Alternative energy sources                 | 52 Fees   |
| 18 Energetic effectiveness                    | 53 Customer service   |
| 19 Conscientious consumption                  | 54 Consumer defense code  |
| 21 Labor qualification                        | 55 Disclosure of the social projects results to the participating organizations |
| 22 Costs reduction policy                     | 59 Collective labor agreement (fulfillment)                                     |
| 27 Actions to prevent theft of lighting wires | 62 Service to defense entities  |
| 28 Social investment                          | 65 Investments in new technologies  |
| 31 Agreement fulfillment                      | 66 Research and development   |
| 33 Aneel                                      | 67 Environment  |
| 38 Accidents rate                             | 68 Non-technical losses   |
| 39 Public network safety                      |   |

## MEDIUM

- |  |   |
|--|---|
| 3 Legal compliance                     | 43 Payment of duties  |
| 11 Extra hours                         | 45 Suppliers development  |
| 12 Compensation                        | 49 Clandestine installation   |
| 13 Quality of life                     | 56 Partnership between clients and services providers                         |
| 15 Personal satisfaction               | 57 Relationship with employees  |
| 16 Labor law                           | 58 Financial statements   |
| 20 Organizational environment research | 60 Periodic reviews with labor unions   |
| 23 Resources reverted to human capital | 61 Service to the city hall   |
| 25 Social fee                          | 63 Preventive police for the optimization of the services provided internally |
| 26 Regularization                      | 69 Irregular consumption  |
| 29 Cultural sponsorship                | 70 Co-generation  |
| 32 Fines                               | 71 Integration with distributor   |
| 34 CVM/Bovespa                         | 72 Implementation of SGI for collaborators                                    |
| 36 Child labor                         | 73 Local development policies   |
| 37 Forced labor                        |   |

## LOW

- |  |                             |
|--|-----------------------------|
| 10 Diversity                             | 30 Volunteer work           |
| 14 Career development and future talents | 35 Indian rights            |
| 24 Universalization                      | 40 Protected network        |
|  | 64 Public/market disclosure |





## ENGAGEMENT OF THE INTERESTED PARTIES

In the analysis of the Materiality Matrix, the subjects indicated by the interested parties are highlighted as the most relevant and according to each dimension:

### Economic

Research and development of technological innovations; fraud; bribery and corruption; delinquency; results disclosure; costs reduction policy; agreements fulfillment (public regulation); investment in new technologies.

### Environmental

Preservation; environmental management; environmental education; climate changes; alternative energy sources; conscientious consumption; biodiversity; CO2 emissions; other emissions; investments in new technologies; disclosure of notices regarding the environment.

### Social

Personnel training and development; labor qualification; social investment; agreement fulfillment; accidents rate; public network safety; jobs generation; customer satisfaction; rates; customer service; consumer defense code; disclosure of the social projects results to the participating organizations; collective labor agreement; service to defense entities.



Below are described the main communication mechanisms of EDP Energias do Brasil with its several employees groups. With all these actions, the Company seeks to be always in contact with the sustainability demands of the audiences involved in the business, attempting, this way, to continually improve its social responsibility activities.

Audience	Subgroups	Actions	Main relevant subjects identified
Shareholders	Shareholders (controlling and minority) São Paulo Stock Exchange (Bovespa)	Disclosure of information, results and market positioning through periodic meetings, quarterly teleconferences, press releases and quarterly and annual reports.  Quarterly report on sustainability to the controlling shareholder a (EDP Energias de Portugal), as follow up of the economic, environmental and social indicators of the Group companies in Brazil.	Fraud (Corporate governance) Environmental management (Environment) Training and development (Human resources) Alternative energy sources (Strategic planning)
Internal audience	Direct and outsourced collaborators Collaborators family Labor unions	Training and awareness on social responsibility, citizenship and environment, ensuring the alignment of the Group's sustainability principles in its daily activities.  Current environment research, Sustainability Channel, and reporting channels for the event of non-compliance with the ethics code.  Cooperation and ethics in the relationship with labor unions.	Environmental management (Environment) Training and development (Human resources) Customers satisfaction (Relationship with clients) Jobs generation (Economic impact)
Clients	Clients industrial, commercial, public power and free) Consumers Council Competitors (Trader and generator) Electric Power Commerce Chamber (CCEE)	Specific channels for clients service, observing socio-economical, regional and cultural characteristics.  Call center services, service agencies and specific area to receive suggestions and complaints in the sites of the Group companies.  Periodic satisfaction surveys on the services provided.	Environment changes (Environment) Social investment (Relationship with the community) Bribery and corruption (Corporate governance) Fraud (Corporate governance)
Society	Communities in the undertakings surrounding areas NGOs and social entities Representative entities (Abradee, Abracel, Abrage, Acende, Apimec) Teaching and research institutions Cultural institutions Media	Social, cultural and environmental programs aimed at the surrounding communities, performing the monitoring of social projects.  Specific communication channels for the communities served.  Public inquiries on the undertakings.  Proactive and ethical relationship with the local, regional and national communication means and press.	Bribery and corruption (Corporate governance) Alternative energy sources (Strategic planning) Investments in new technologies (Technological innovations) Customers satisfaction (Relationship with clients)
Suppliers	Suppliers of energy, services, materials and outsourced	Agreement clauses with socio-environmental and human rights criteria for the hiring of services and products  Incentive to the adoption of the sustainability principles of the Group, of the Ethics Code, of the corporate policies and for the sustainability promotion.	Social investment (Relationship with the community) Disclosure of the social projects results to the participating organizations (Relationship with clients) Research and development (Technological innovations) Environment (Disclosure of notices)
Government	Regulating bodies (Mines and Energy Ministry; Agência Nacional de Energia Elétrica (Aneel); Agência Nacional da Água (ANA); state agencies) Development bodies and councils (public policies) Environment defense bodies, Environment Ministry, Ibama Public Ministry, Internal Revenue	Compliance with the rules established by the applicable government agencies.  Projects in partnership with city, state and federal governments aimed at the promotion of the sustainable development of the communities served.  Representation in work groups and forums for the development of sectorial and public interest policies.	Bribery and corruption (Corporate governance) Aneel (Public regulation) Disclosure of the social projects results to the participating organizations (Relationship with clients) Preservation (Environment)



PERFORMANCE INDICATORS

GRI 2.8 | EU12

	2006	2007	2008	Variation (%) 2008/2007
<b>Results (R\$ Millions)</b>				
Gross income	6,222.0	6,908.4	6,953.0	+0.6
Net income	3,984.8	4,527.6	4,904.2	+8.3
Manageable and non-manageable expenses	3,198.6	3,718.2	3,987.4	+7.2
Services results (EBIT)	786.2	809.5	916.8	+13.3
EBITDA <sup>(1)</sup>	1,073.6	1,123.0	1,363.4	+21.4
Financial result	(377.8)	(291.5)	(320.9)	+10.1
Profit before minority interest	431.4	514.8	498.2	-3.2
Net profit	394.1	450.4	388.8	-13.7
<b>Margins (%)</b>				
EBITDA margin (EBITDA/Net Income)	26.9	24.8	27.8	+3.0 p.p.
Net margin (Net profit/net income)	9.9	9.9	7.9	-2.0 p.p.
<b>Financial</b>				
Total assets (R\$ millions)	9,720.3	9,687.7	10,469.9	+8.1
Net Equity (R\$ millions)	3,705.6	3,895.8	3,542.9	-9.1
Minority interests (R\$ millions)	662.3	694.7	1,613.3	+132.2
Net debt (R\$ millions) <sup>(2)</sup>	1,879.4	1,936.8	2,390.5	+23.4
Net debt/net equity (times)	0.5	0.5	0.7	+0.2
Net debt/EBITDA (times)	1.8	1.7	1.8	+0.1
Investments (R\$ millions)	830.0	665.2	1,076.4	+61.8
<b>Shares</b>				
Total number of shares (thou)	165,017	165,017	158,805	-3.8
No. of treasury shares (thou)	-	861.3	15,780	n.d.
Net profit per share (R\$)	2.39	2.74	2.72	-0.9
Share closing price – ON (R\$)	31.97	27.62	22.60	-
Valuation in the year (%)	20.1	-9.6	-18.2	-
Market capitalization (R\$ millions)	5,275.6	4,558.5	3,589.0	-21.3
<b>Operational</b>				
<b>Distribution</b>				
Distributed energy (GWh)	23,948	25,029	24,408	-2.5
Energy sold to end clients (GWh)	14,853	15,436	15,109	-2.1
Residential	4,837	5,074	5,032	-0.8
Industrial	4,488	4,482	4,497	+0.3
Commercial	2,957	3,154	3,059	-3.0
Rural	834	921	833	-9.5
Others	1,738	1,804	1,688	-6.4
Conventional Supply (GWh)	336	376	404	+7.4
Power in transit (GWh)	8,738	9,197	8,877	-3.5
Self consumption (GWh)	21	21	17	-15.9
Average price of the energy sold to end clients (R\$/MWh) <sup>(3)</sup>	256.52	284.22	267.00	-6.1
Purchased energy (GWh)	20,038	20,572	19,916	-3.2
Technical and commercial losses (GWh)	3,560	3,903	3,026	-22.5
Technical and commercial losses (%)	12.9	13.5	12.0	-1.5 p.p.
Productivity (MWh/collaborator)	8,581	9,192	10,923	+18.8
Nº of clients/collaborator	1,116	1,178	1,271	+7.9
<b>Generation</b>				
Generated energy (GWh)	3,929	4,704	5,473	+16.4
Installed capacity (MW)	1,018.30	1,043.70	1,702.90	+63.1
Average price of the energy sold <sup>(4)</sup>	95.56	103.27	115.97	+12.3
<b>Trade</b>				
Energy sale (GWh)	6,702	7,188	7,282	+1.3
<b>Performance and Quality</b>				
Number of clients (thou)	3,114	3,207	2,583	-19.5
Energy distributed per client (MWh)	7.7	7.8	7.4	-5.6
Number of collaborators	3,010	2,920	2,322	-19.8
<b>Environmental</b>				
Investments in the environment (R\$ millions)	43.9	31.2	27.3	-12.5
<b>Social</b>				
Social Investments (R\$ millions)	9.0	8.3	8.5	+2.4

(1) EBITDA = profit before taxes, interests, depreciation, amortization and non-operational result.

(2) Net debt = gross debt – cash and securities – net regulating assets balance.

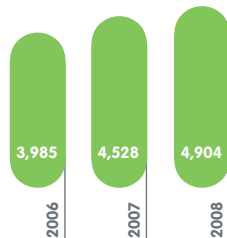
(3) Average price of the energy sold to end clients = income invoiced to the end clients/volume of energy sold to the end clients.

(4) Average price of the energy sold = energy supply income /volume of generation energy sold.

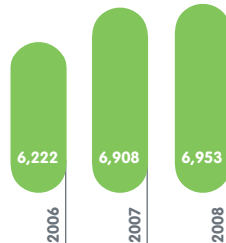
The information presented herein is in compliance with the Brazilian Corporate Law, based on the audited financial information. The operational information is not object of examination by the independent auditors.

Year of 2006 reclassified. According to Aneel Dispatch Nº 3.073 of December 28th, 2006, the energy distributors started to account from 2007 the CCC, CDE and R&D charges as "Deductions from the operational income".

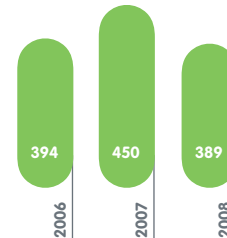
**Net Income**  
(R\$ millions)



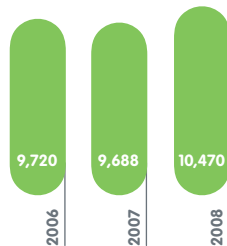
**Gross Income**  
(R\$ millions)



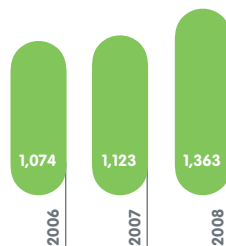
**Net Profit**  
(R\$ millions)



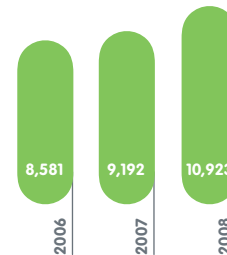
**Total Assets**  
(R\$ millions)



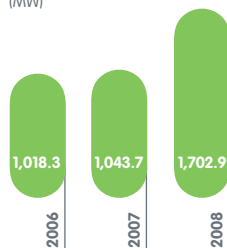
**EBITDA**  
(R\$ millions)



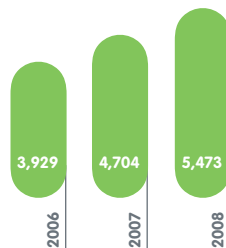
**Productivity\***  
(MWh/Collaborator)



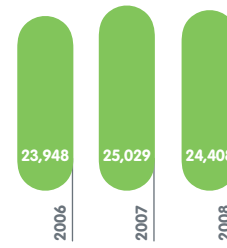
**Evolution of Installed Capacity**  
(MW)



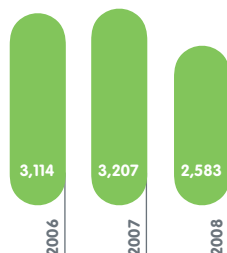
**Generated Energy**  
(GWh)



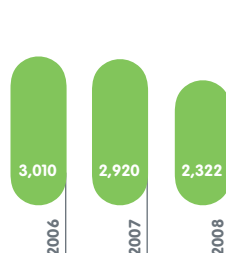
**Distributed Energy**  
(GWh)



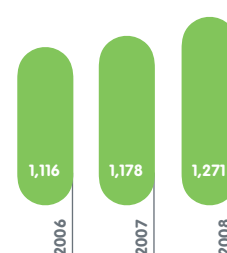
**Number of Clients**  
(Thousand)



**Number of Collaborators**



**Number of Clients/Collaborators\***

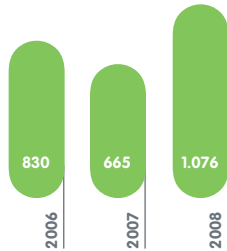


\* Data from the group distributors.

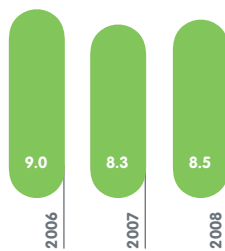


## PERFORMANCE INDICATORS

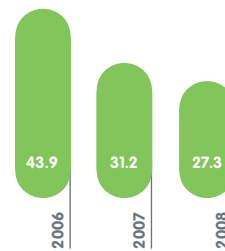
**Investments**  
(R\$ millions)



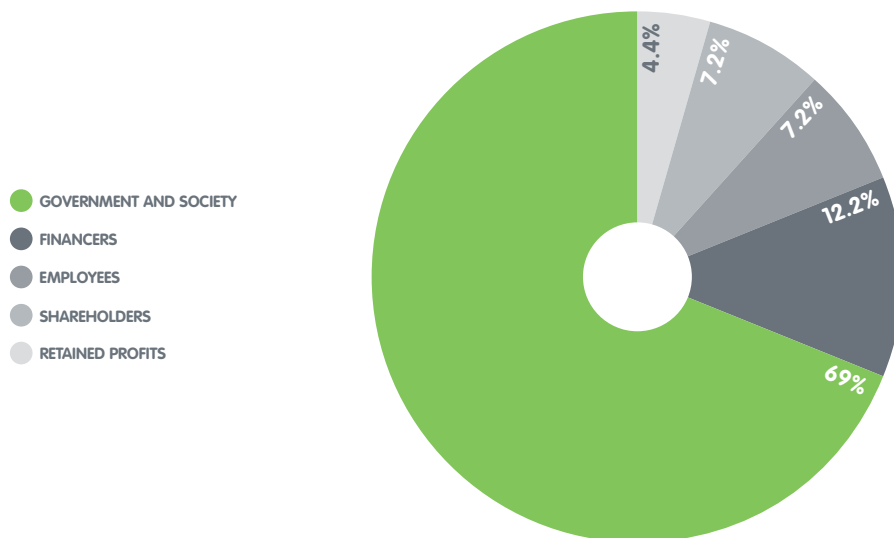
**Social Investments**  
(R\$ millions)



**Environmental Investments**  
(R\$ millions)



## Added Value Distribution









## STRATEGY AND OBJECTIVES



I've joined EDP Group just over a year and what seemed good was even better with the changes and future prospects presented in recent days. It is true that we are still amazed and in the process of assimilation and adaptation. But over all I think when this stage ends everybody will be winning: market, investors and employees. We can not talk about sustainability without bringing to game three other words, commitments, goals and results. In this sense I am happy to be part of the historical moment of the Group and hope to make this contribution with my eyes in the future.

This is sustainability.



Nelson Sasaki Machado - Collaborator of EDP Bandeirante

EDP Energias do Brasil strategy is based in three pillars: oriented growth, controlled risk and higher effectiveness. They comprise the base of the Company's action plans, which are developed in four fronts: financial; client; internal; and learning and growth. These actions, in their turn, have three factors as fundamentals: seek innovation with focus in the value chain, integrate sustainability to the business, and ensure continuous improvement in the management quality.

The first pillar is sustained in the potential growth of the Brazilian electric sector, especially regarding renewable energies. It aligns, therefore, to the country's need for energy and the promotion of the sustained growth, an essential focus of the Company's businesses.

The Sustainable Development Principles adopted by EDP Energias do Brasil show their efforts in this sense. These are the principles that leverage the Company to design a future in which its matrix is mainly comprised by clean and renewable sources. The creation of the business area aimed at investments in renewable energy was an important step for the consolidation of this future.

In the renewable energy area the Company already has 12 PCHs and two wind parks with total generating capacity of 143.8 MW. Another 29 MW are under construction and the feasibility studies are under development for 24 PCHs, which can add 538 MW to the Group's installed capacity. In this area, the Company intends to reach a leading position in the Brazilian market. This purpose is being aligned to the current context of the Brazilian electric sector, more and more focused on the alternative sources, a reflex of the growing global demand for clean energy.

In generation, another important initiative for the growth strategy in the business portfolio was the assets exchange with Grupo Rede, which resulted in the increase of the installed capacity. Following this line, the organization also seeks to increase the energy sales and commercialization services and meet the distribution market growth.

The increase on the business portfolio takes place in a controlled-risk environment. The Company adopts a high corporate governance standard and maintains the market, financial and regulatory risks under control, ensuring the creation of value to the shareholders. For that, it counts with the support of management systems aligned to the strategy and to the potentialized internal and external communication processes.

In 2008, it created the Safety and Crisis Management committee, which has the double mission of monitoring and creating means to ensure the safety of its business data and data of the involved audience, such as clients, suppliers, partners, collaborators, among others; and create tools to adjust the investments and undertakings to the current economic scenario.

To ensure the accomplishments of the goals, the Company regularly invests in quality, seeking to maximize the operational effectiveness and ensure the continuous improvement of the management quality. The effectiveness pillar also involves the strengthening of the brand of the companies and the Group, and the promotion of a value-oriented culture.





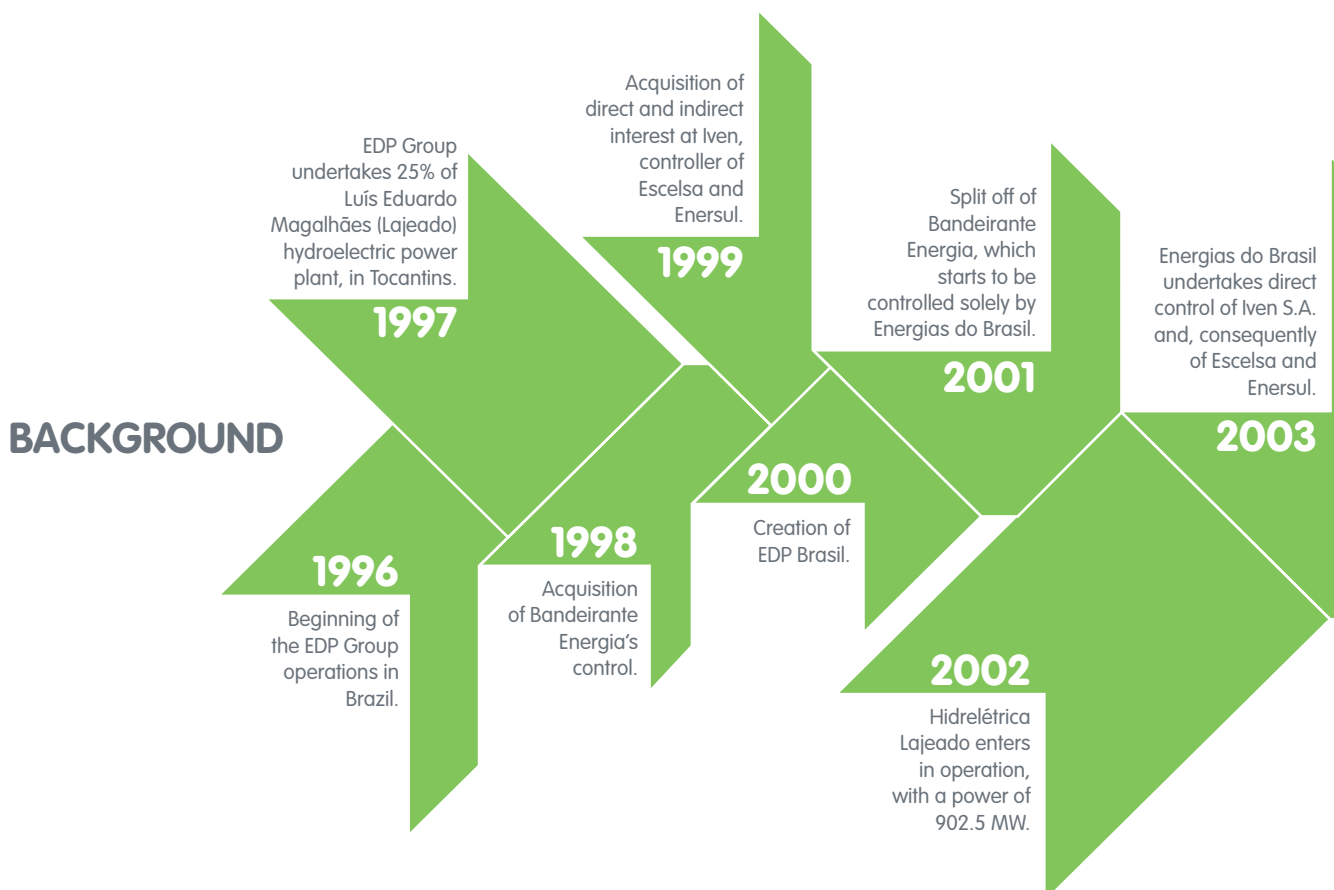
## STRATEGY AND OBJECTIVES

In 2008, EDP Energias do Brasil took its first steps towards the transformation it will go through in 2009, by the creation of a program with the purpose of making it more agile, flexible and effective. A part of this strategy is the investment in the qualification of its collaborators and in management tools which make its operations more safe and effective.

### PRIORITIES

The aspects prioritized in the organizational change program elaborated by EDP Energias do Brasil contemplate:

- 1. People and culture** – Strengthen the Group's culture, sharing the EDP values, in order to create a competitive advantage. Develop the leadership with focus in the growth, effectiveness and sustainability, committed to the results and prepared for challenging scenarios in a constantly changing environment.
- 2. Growth and valuation** – Reinforce the value of the shares traded in the São Paulo Stock Exchange, through the strengthening of the distribution and commercialization businesses and through the continuous expansion on the generation, both in conventional (hydic and thermoelectric) and renewable energies.
- 3. Organization and Effectiveness** – Continue with the operational improvement process. The initiatives to save, eliminate wastes and increase the effectiveness mean production of wealth and adding value to the business. Resize the organizational structure, making it more effective and prepared for a sustained growth.
- 4. Sustainability and innovation** – Maximize the investments in innovation, focused in new technologies and on the creativity stimulation, implementing projects which seek the balance among the economic, social and environmental interests, ensuring the business longevity and the balanced integration with all the interested parties.



## AWARDS AND ACKNOWLEDGEMENTS

GRI 2.10

### EDP Energias do Brasil

Elected **reference company in corporate responsibility in 2008** by Guia Exame de Sustentabilidade. EDP Energias do Brasil was considered one of the 20 companies with the best strategies, commitments and practices in sustainability of the country.

Elected one of the ten leading companies on the elaboration of sustainability reports in Brazil by the **Research Towards Credibility**, of Fundação Brasileira para o Desenvolvimento Sustentável (FBDS) e SustainAbility.

**Climate Changes Época Award**, granted by Época magazine. EDP Energias do Brasil was one of the 20 Brazilian companies honored as leading company in Climate Policies .

**Expo Money 2008 Award**, respect for the individual investor.

**Abrasca Award**: rated as one of the first ten companies in the 10th Award of Associação Brasileira das Companhias Abertas (Abrasca) de Melhor Relatório Anual 2007.

**National Highlight in Corporate Socio-Environmental responsibility Award**, granted by Instituto Ambiental Biosfera to the companies which develop social responsibility actions compatible with their business strategies and the policies which contribute for the community development, contemplating actions for the environment, education and generation of jobs.

**Sorriso do Bem 2008 Award**, received in the Empresas do Bem category, for its involvement with Dentistas do Bem project, of which it is a partner since March 2008, the only company out of the dental segment to support the initiative. The project serves low-income children and teenagers, up to 18 years of age, with serious mouth problems.

### Distributors

**Top Vale 2008 Award**, two trophies received by as the best essential services providing company in São José dos Campos, and best essential services providing company in the Vale do Paraíba region.

**Mogi News Alto Tietê Social Corporate Responsibility Award**, for the Bandeirante Community Education Program, for the fourth consecutive year.

**Suzano City**, tribute to Bandeirante of the Suzano City Child and Adolescent Rights Council for the development of important social projects in 2008.

**Procel Award**, received by Bandeirante, in the large size distributor category, with project "Effectiveness in Street Lights Signaling" (energy preservation).

**Abradee 2008 Award**, 2nd place in Management Quality (FNQ) for Bandeirante.

**Bandeirante Community Education Program**, elected one of the main cases selected in the 6th edition of the Brazilian Environmental Benchmarking Program. This program has the support of national (such as FNQ – Fundação Nacional da Qualidade) and international (such as PNUMA – United Nations Program for the Environment and IAPMEI – Instituto de Apoio às Pequenas e Médias Empresas e à Inovação, of Portugal) associations.

**XVIII National Electric Energy Distribution Seminar – Sendi**, two first places for the works presented by Escelsa collaborators in the areas of distribution networks maintenance and electric power supply quality.

Beginning of the Effectiveness Program, a distributors synergy project.

**2004**

Conclusion of the Peixe Angical hydroelectric processing works, in the State of Tocantins.

Energias do Brasil shares enter the ISE, Bovespa Corporate Sustainability Rate.

**2006**

Assets exchange with Grupo Rede, through which it acquires Investco's control.

Creation of the business area, dedicated to investments in renewable energy.

**2008**

**2005**

Launching of the visual identity based on the smile and change of the company's name to Energias do Brasil.

Opening of the capital, with public offer of shares in the Bovespa New Market.

**2007**

Acquisition of the Pecém thermoelectric power plant.

Inauguration of PCH São João and beginning of PCH Santa Fé construction.



## GOVERNANCE

Listed by the Bovespa Goods and Futures Exchange (BM&F) between the companies with differentiated corporate governance levels which provide organized information to the shareholders before the realization of the meetings, EDP Energias do Brasil values the transparency in the relationship with its employees. The principles that guide the Company are those instituted in its Bylaws, a document which is publicly available in its website. It contains the regulations and the rules that are used as basis for its governance policy and indicates who are the individuals responsible for its execution: the Management Council, the Executive Board of Directors, the Shareholders Meeting and the Committees.

The Company maintains only ordinary shares listed in the São Paulo Stock Exchange (BM&F Bovespa) New Market, a segment which includes the companies with the best corporate governance practices and which undertake commitments in addition to the ones determined by the corporations law. Its papers also comprise the following Bovespa lists: List of Shares with differentiated Corporate Governance – IGC and List of Shares with Differentiated Tag Along – ITAG.

For having its securities traded only at the São Paulo Stock Exchange, the Company is not obligated to provide an independent certification of the internal control environment for financial reporting. However, since 2005, the procedures and controls established by the Sarbanes-Oxley (SOX) Act are internally evaluated, with the purpose of ensuring the reliability of the financial statements.

The shareholders exercise their voting right at the General Ordinary Shares, take place on a yearly basis, and the Extraordinary meetings conducted at any time. Each share represents a vote in the meetings, which decisions are taken based on the majority of the votes. In 2008, four meetings were conducted: one ordinary and three extraordinary. In these, subjects such as the swap of assets with Grupo Rede and the amendment of 5th article of the Bylaws, were voted.

GRI 4.6

EDP Energias do Brasil is associated to the Arbitration Chamber of the Market, according to Commitment Clause included in its Bylaws, what ensures a more agile and specialized alternative, in the occurrence of conflict interests between the shareholders. Among other excellence practices offered by the Company are the 100% tag along right (inclusion in public offer for the acquisition of shares due to control alienation, for the same price paid per share at the control block), extended to all the shareholders, and the distribution of dividends of, at least, 50% of the adjusted profit (compared to 25% determined by law).

### ADMINISTRATION COUNCIL

GRI 4.1 | LA13 | 4.9

Comprised by eight members, the Administration Council has as main role establishing the policies and general guidelines of the business (including the long-term strategy), elect the Executive Board of Directors members and inspect its operation, in addition to the activities defined by law and in the Bylaws. Among its members there is one director and four independent counselors. There are seven male counselors with more than 50 years of age and a female counselor who is less than 50. They are elected by the General Meeting for one year mandates, entitled to reelection. In 2008, there were four ordinary and nine extraordinary meetings.

GRI 4.3 | 4.7

The assignment of the independent counselor follows the Bovespa and Instituto Brasileiro de Governança Corporativa (IBGC) standards: have no relationship with the company, except occasional capital interest; not be a controlling shareholder, control group member, spouse or relative up to second degree thereof, or be bound to organizations related to the controlling shareholder; not having been an employee or director of the company or any of its subsidiaries; not be supplying or purchasing, directly or indirectly, services and/or products to the company; not be an employee or director of an entity which is offering services and/or products to the company; not be a spouse or relative up to second degree of any director or manager of the company; and do not receive other compensation from the company in addition to the counselor's fee (dividends coming from occasional capital interest are excluded from this restriction).

GRI 4.10

No structured processes are maintained for the qualification of the Administration Council members, or for the performance self-evaluation. The global compensation of the counselors, which must have the approval of the General Ordinary Meeting, totaled R\$ 900 thousand for the period from April 2008 to March 2009.

**GOVERNANCE**

GRI 4.2

**Council President:** António Mexia**Counselors:** António Pita de Abreu (President-Director), Nuno Maria Pestana de Almeida Alves, Ana Maria Machado Fernandes, Francisco Roberto André Gros (independent counselor and president of the Audit Committee), Pedro Sampaio Malan (independent counselor and president of the Sustainability and Corporate Governance Committee), Modesto Souza Barros Carvalhosa and Francisco Carlos Coutinho Pitella.

**António Mexia** – President of the Council since March 2006 and also executive-president of EDP Energias de Portugal since March 2006. Also presides the EDP Energias do Brasil Compensation Committee. Was president of Associação Portuguesa de Energia from 1992 to 2002 and senior executive of companies such as Galp Energia and Transgás. Occupied, from July 2004 to March 2005, the Public Works, Transportation and Communication Ministry of the Brazilian government. From 1985 to 1989, was professor in the post-graduation course in European Studies at the Catholic University and, between 1979 to 1991, assistant in the Geneva University Economy Department.

**António Pita de Abreu** – Vice-President of the Administrating Council and President-Director of EDP Energias do Brasil from January 8th, 2008. Licensed in Electro-technical Engineering by Instituto Superior Técnico (1972), where he was Assistant and Guest Professor at the Electro-Technical Engineering and Computers Department. Undertook jobs in the Electrical Sector in 1977. Until 2006 performed the following roles: Executive Member of the EDP AC; REN – National Electric Network AC President; EDP Produção AC President; CPPE – Companhia Portuguesa de Produção de Eletricidade AC President; EDP Cogeração AC President; TER – Termoelétrica do Ribatejo AC President; EDP Distribuição – Energia AC Vice-President; EDP Energia AC President; REN – Rede Elétrica Nacional AC Executive Member; ONItelecom AC President; Edinfor AC President; Turbogás AC President and EDA – Eletricidade dos Açores AC Vogal. Currently is Vice-President of APE – Associação Portuguesa de Energia, President of the ELECPOR Board of Directors and EURELECTRIC AC member.

**Ana Maria Machado Fernandes** – Licensed in Economy by Faculdade de Economia do Porto (1986), Post-Graduated in Finances by Faculdade de Economia da Universidade do Porto and MBA from Escola de Gestão do Porto (1989). Has been an assistant at Faculdade de Economia do Porto, from 1989 to 1991. Began her professional career, in 1986, at Conselho – Gestão e Investimentos, a company of Grupo Banco Português do Atlântico, in the capitals market, investments and companies restructuring area. In 1989, undertook the responsibilities in the "Corporate Finance" area of Sociedade de Investimentos EFISA, being, later, Director of Banco EFISA. In 1992, integrated the Grupo Banco de Fomento e Exterior, as Administrator of the Investments Panel and was "Corporate Finance" Director, at BPI, between 1996 and 1998. In 1998, integrated Gás de Portugal, as Strategic Planning Director and M&A, and, in 2000, undertook the responsibilities of the Galp Business Portfolio Strategy and Management and, later, President of Galp Power and Transgás administrator. From 2004 to 2005, was Galp Energia Administrator. Is, currently, member of the EDP Group Executive Administration Council, where she was, previously, responsible for the Renewable and Gas area. Is CEO of EDP Renováveis.

**Francisco Carlos Coutinho Pitella** – Counselor since April 10th, 2007 and member of the Audit Committee. President of the Administration Council and General Director of Juruena Participações e Investimentos S.A. and President of the Energia PCH Fundo de Investimento em Participações Investments Committee. Member of the Cia. de Tecidos Norte de Minas – COTEMINAS Administration Council, and representative in Brazil of the tradings Marc Rich Investment AG, Stratton Metals Ltd. and Trafigura AG, on the import and export of ores and metals. Graduated in Engineer by Escola Nacional de Engenharia da UFRJ. Was GTD Participações S.A. Investors Relations director. Was member of Escelsa and Enersul Administration and Tac Councils. Was general Director for South America of the tradings AIOC Corporation and Marc Rich Investment AG. Was director of Vale do Rio Doce Alumínio S.A. – ALUVALE and member of the Administration Councils of the Companies Valesul Alumínio S.A. and Mineração Rio do Norte S.A. and Consulting Councils of Albras – Alumínio Brasileiro S.A. and Alunorte – Alumina do Norte do Brasil S.A.

**Francisco Roberto André Gros** – Independent counselor since September 14th, 2005 and president of the Audit Committee. Graduated in Economy (BA) by Princeton University (USA), in 1964. Is the president of Wilson Sons Administration Council, Vice-President of Globex S.A. (Ponto Frio) Administration Council and OGX Petróleo e Gás, and member of the council of companies such as Lojas Renner S.A., Fosfertil S.A., EDP – Energias do Brasil, AGCO (USA) and Wellstream (UK). Was president of Fosfertil S.A. from 2003 to 2007. Was member of the Petrobras administration council from 2000 to 2002, and President of the Company in the year of 2002. Was member of the Energy Crisis Management Chamber (GCE) and president of the Electric Sector Restructuring Committee in 2001. Exercised the position of President of Banco Nacional de Desenvolvimento Econômico e Social (BNDES) between March 2000 and December 2001. From November 1993 to February 2000, acted in the investments bank Morgan Stanley, where held the Managing Director position. Was President of Banco Central in two occasions, 1987 and from 1991 to 1992. Between 1987 and 1989, was President of Aracruz Celulose S.A. and, from July 1985 to February 1987, held the BNDES Director and BNDESPar Vice-President positions. From 1981 to 1985 was Executive-Director of Unibanco S.A., responsible for the capitals market area, and in the period from 1977 and 1981 acted as General Superintendent and Director of the Securities Commission – CVM.

**Modesto Souza Barros Carvalhosa** – Counselor since September 14th, 2005 and member of the Sustainability and Governance Committee is also a member of Universidade Federal de São Carlos and Fundação Padre Anchieta Curator Council, of the Companhia Melhoramentos de São Paulo and Câmara de Arbitragem da Bolsa de Valores de São Paulo Administrative Council. Graduated in Law at Universidade de São Paulo and Commercial and Economic Law at USP, was an USP Commercial Law Professor, legal consultant of the São Paulo Stock Exchange, president of the Brazilian Bar Association (OAB) – São Paulo Section Ethics Court and member of the OAB Constitutional Commission.

**Nuno Maria Pestana de Almeida Alves** – Licensed in Engineer and Shipbuilding (1980) and MBA (1985) at Michigan University. Started his professional career in 1988, as Technician in the Banco Comercial Português Studies and Planning Directorate, where in 1990 undertook the responsibilities as Sub-Director in the Financial Investments Directorate and in 1991 undertook the position of Investors Relations Director(DRI). In 1994 integrated the Retail – Private Coordination Directorate with the Director position. In 1996, undertook the position of Capitals Market Director of Banco CISF, Banco de Investimento do Banco Comercial Português, getting to Director of the Investment Panel in 1997. In 1999 undertook the position of AC president of CISF Dealer where remained until 2000, in which year he undertakes the position Administrator of Millenniumbcp Investimento (previously Banco CISF), with the Capitals market and Treasury Department of Grupo BCP, BCP General Director since 2000.

**Pedro Sampaio Malan** – Independent counselor since April 2006 and president of the Sustainability and Corporate Governance Committee. Graduated in Engineering by Pontifícia Universidade Católica do Rio de Janeiro in 1965, with a Ph. D. in Economy from Berkeley University, California. Member of the Administration Councils of the companies Globex S.A. (Ponto Frio); EDP Energias do Brasil; OGX Petróleo e Gás Participações S.A.; member of ALCOA consulting council; member of International Accounting Standards Committee Foundation Curator Council; former president of Unibanco Administration Council; Professor of PUC do Rio de Janeiro Economy Department; Finances Ministry from 1995 to 2002; President of Banco Central do Brasil from 1993 to 1994; special consultant and head-trader for External Debt Matters – Finances Ministry from 1991 to 1993; Executive-director of World Bank from 1986 to 1990 and from 1992 to 1993.



## GOVERNANCE



### EXECUTIVE DIRECTORATE

GRI 4.5

The Executive Directorate is responsible for the administration of the Company's businesses, execution of the Administration Council's decisions and the consequent adoption of the necessary acts to this end. Its members are elected by the Council, and its global compensation considers the accomplishment of the economic, environmental and social goals, and must be approved by the General Ordinary Meeting. The amount paid for the period from April 2008 to March 2009 totaled R\$5.1 millions.

The Bylaws determine that the Board of Directors is comprised by up to six members, who must complete an office of up to three years. In May of 2008, due to the return of Carlos Alberto Silva de Almeida Loureiro to Energias de Portugal, Luiz Otavio Assis Henriques undertook the Generation Vice-Presidency. With the resignation of Antonio José Sellare, from the position of Vice-president Director of Finances and Investors Relations on January 5th, 2009, Miguel Dias Amaro, Vice-president Director of Management Control, started to accumulate both positions. The other members took their offices in January 2008. The current Board of Directors has five members.

- President-Director: António Pita de Abreu;
- Vice-president Director of Management Control: Miguel Dias Amaro;
- Vice-President Director of Finances and Investors Relations: Miguel Dias Amaro;
- Vice-President Director of Generation: Luiz Otavio Assis Henriques;
- Vice-president Director of Distribution: João José Gomes de Aguiar;
- Vice-president Director of Commercialization: Miguel Nuno Simões Nunes Ferreira Setas

**António Pita de Abreu** – CEO as of January 8, 2008. See biography in Board of Directors.

**Miguel Dias Amaro** – Vice-president director of Management Control as of January 8th, 2008, and Finances and Investors Relations as of January 5th, 2009. Mechanical Engineer graduated from Instituto Superior de Engenharia de Lisboa (ISEL), was Corporate Internal Audit director of Portugal Telecom (PT), between October 2003 and December 2007. Before acting at PT, where he was also assistant to the executive president in 2003, worked as financial analyst of the telecommunications sector, at Espírito Santo B&M, in Madrid, from 2000 to 2002, and as deputy to the State Treasury and Finances Secretary of the Portugal Government Finances Ministry, between November 1999 and September 2000. Was financial analyst of the Cellulose and Retail sectors at Espírito Santo Research (Lisbon) between 1997 and 1999.

**João José Gomes de Aguiar** – President-Director of Bandeirante Energia and Escelsa, is EDP Energias do Brasil Vice-President since March 2005, undertaking the responsibility for the Distribution Business Unit. With a long career at Grupo EDP, where he works since 1979, has been performing roles in the engineering, design, construction and electric power generation and distribution facilities operation areas, passing by the board of directors of several Group companies, among them Companhia Portuguesa de Produção de Electricidade, Labelec and EDP Distribuição, where he went all the way the Vice-Presidency. Electrical engineer with post-graduation in Energy Economy, was a guest professor of Universidade Técnica de Lisboa and Vice-President of Associação Portuguesa de Energia.

**Luiz Otavio Assis Henriques** – Vice-president Director of Generation as of May 2008. Electrical Engineer graduated at Unicamp (Universidade Estadual de Campinas), in 1980, with post-graduation in Energetic Planning and British Privatization Model from De Monfort University of Leicester, England, began his career at Companhia Energética de São Paulo (Cesp), which he joined in 1981, and held the positions of Technical Manager of the Itapeva regional, Electric Systems Planning and Operations Manager, Commercial Manager of the Atibaia regional, Planning and Control manager of the East Department and Atibaia regional manager. After the creation of Elektro, in 1998, undertook the position of New Businesses Manager of the company. From 1999 to 2002, the executive was Trading and Risk Director of Enron, in São Paulo. Back to Elektro, was energy supply and large customers manager until August 2005, when he became Commercial and Energy Supply Director of the distributor and Director of the Trading.

**Miguel Nuno Simões Nunes Ferreira Setas** – Vice-president Director of Commercialization and New Businesses as of January 8th, 2008. Joined EDP Group in 2006, as head of the Executive Administration Council President's office. In 2007, was administrator of EDP Comercial. Was also member of EDP Inovação administration, of Portgás and Fundação EDP, where he remains as Administrator. Graduated in Physical Engineer at Instituto Superior Técnico, in Lisbon, where he also got a Master's Degree in Electro-technical Engineer and Computers. In 1996, got an MBA from Universidade Nova de Lisboa. His experience in the energy sector began in 1998 at Gás de Portugal. Was Administrator of Setgás, Executive Administrator of Lisboaagás, Marketing Director of Grupo Galp Energia, Administrator of CP – Comboios de Portugal, President of the CP – Lisboa Executive Commission and Administrator of OTLIS – Operadores de Transportes da Região de Lisboa. Started his professional life as constructor at McKinsey & Company.

#### GRI 4.9

#### ASSISTANCE COMMITTEES

The governance structure counts with three support committees – Audit Committee, Compensation Committee and Sustainability and Corporate Governance Committee –, responsible for assisting the Administration Council on the deliberations regarding the matters presented. They are comprised by three members, who are part of the Council, and who may request information and suggestions of members of the Executive Directorate or members of the Company's management body.

**Audit Committee** – Responsible for following up and evaluating the activities of the internal and external audits, monitoring the business risks and following up the accounting practices and information transparency. With a permanent nature, also establishes procedures for receipt, retention and treatment of complaints regarding the matters received by the EDP Energias do Brasil Communication and Reporting Channel. Is comprised by three members, being one an independent counselor (Francisco Gros, who holds the position of Committee President), one indicated by the controlling shareholder (Nuno Alves) and one assigned by the minority shareholders (Francisco Pitella). Four meetings were conducted in 2008.

**Sustainability and Corporate Governance Committee** – With a permanent nature, is in charge of caring for the perpetuity of the Organization, with a long-term view and sustainability, incorporating social and environmental considerations on the business and operation definition. It must also ensure the adoption of the best corporate governance practice and the highest ethical principles, aiming at increasing the company's value, facilitating the access to capital at lower costs and contributing, equally, for its perpetuity. Among its attributions, it is highlighted the proposition of the Administration Council and its members evaluation, in addition to the analysis and follow up of the businesses between the related parties. The Committee's President is an independent counselor (Pedro Malan), being the other members Ana Maria Fernandes, representative of the controlling shareholder, and Modesto Carvalhosa, indicated by the minority shareholders. The Committee met once in 2008.





## GOVERNANCE

**Compensation Committee** – Collegiate deliberation consulting committee, with a non-permanent nature, has the function of assisting the Administration Council in the deliberations regarding the EDP Energias do Brasil and its controlled companies compensation policies. Two of its members are indicated by the controlling shareholder (Antônio Mexia, who is the Committee's President, and Nuno Alves) and one independent counselor (Pedro Malan). The Committee met three times in 2008.

### DISCLOSURE POLICY

EDP Energias do Brasil discloses information in a wide and clear way, according to the rules of the financial market regulating bodies, such as the Securities Commission (CVM), Banco Central and Bovespa. Its relevant facts are disclosed so as to provide to the investors the necessary time for the decisions taking, as established in the CVM Instruction N° 358/02. The Policy for Disclosure and Maintenance of Confidentiality and the Policy for Negotiation with Securities are in compliance with CVM Instruction N° 449/07. Both aim at avoiding the abusive use of confidential and privileged information. The investors have access to information about the Company through its Investors Relations site, which discloses the quarterly results, the annual reports, the market communications, the relevant facts, press releases, as well as corporate policies and other institutional information. Every year, EDP Energias do Brasil publishes its financial statements in newspapers with large circulation, with analysis of its operational and economic performance. In 2008, the Investors Relations area performed four teleconferences for disclosure of the quarterly results, participated of conferences performed by several banks and was present at Expo Money São Paulo, an event specifically focused in individual investors.

### CORPORATE POLICIES

The Company has other policies which aim at maintaining the transparency of its businesses and improving the governance and sustainability standards. The subjects monitored by them are: sustainability; communication; environment, occupational health and safety; union labor relations; fight against corruption; bribery; against child and forced labor; against discrimination and sexual and moral harassment; diversity valorization and intangible assets. In 2008, EDP Energias do Brasil also formalized and disclosed its policy against children and teenagers abuse and sexual exploitation and changes the Dividends Distribution Policy of the Company, which started to distribute 50% of the net profit adjusted.

GRI 4.8

### ETHICS CODE

The Ethics Code is extended to all the internal and external agents involved in the Company's businesses: collaborators, clients, suppliers, society and government. Its purpose is to ensure that the actions and relationship with all the audiences are aligned with its Vision, Mission and Values, as well as with the commitments and principles that guide its management.

In addition to establish behavior rules in the relationship with these audiences, the Code states principles such as the observance of the legislation, the respect to human rights, the non discrimination, equal opportunities and prohibition of bribery and corruption practices. The contents of the Code are presented to the suppliers which work with EDP Energias do Brasil so they are aligned to its practices. Behavior that do not match the principles of the Code can be reported through the Company's site. There is an appropriate communication channel, which ensures full anonymity. The complaints received are evaluated by the Audit Committee.

GRI 4.4

The communication channel, the members of the Council assistance committee and the Investors Relations area represent means through which any interested person can send recommendations to the Council.

### INDEPENDENT AUDIT

KPMG Auditores Independentes is responsible for the independent audit of the financial statements. According to the rule established by CVM Instruction N° 381/03, the company did not provide services other than the external audit.





## RISKS MANAGEMENT

GRI 1.2 | 4.11

The EDP Energias do Brasil risks management policy comprises all its business units and is aligned to the EDP Group strategy in its global operations. The Risk Committee, represented by the Business, Environment and Sustainability directorates, is in charge of ensuring the process governance and act as a link between the senior management and the routine operation. Its function is manage and supervise all the risk factors which can cause impact in the activities and results of the Company, in addition to propose methodologies and improvements to the management system. The Risk Committee meets on a monthly basis and controls decisions taken through minutes of such meetings. For 2009, the goal is to structure the area with the creation of an Investment and Risk management Committee, which will be responsible for the integrated management of the risks.

GRI EU21

In 2008, the Company created the Safety and Crisis Management Committee, which purpose is to manage, in a integrated way, the subjects related to the global safety of the Company. Its responsibilities include disseminating the strategic safety view, evaluate the scope of the safety requirements, ensure the awareness of people and review incidents, among others. In 2008, the Committee elaborated a crisis management plan, which implementation will take place in 2009. Through an Intranet Risks Portal, the Campaign maps and identifies the main threats to its performance. The analysis and the monitoring are based in methodologies and technologies developed specifically for each type of risk. The treatment takes place through mitigation or elimination, through defense mechanisms or contingency, always specified in the Portal. The Company's routine activity risks, in their turn are monitored by the respective managers, through processes and procedures. Every material and report relevant for the risks follow up is also recorded in the Portal and updated according to the information periodicity.

### The main risks undertook and monitored are:

#### Energetic

GRI EU6

Represented by the rationing risk, balance and energy planning. For its monitoring, the Company has as tools the Energetic Risk Subcommittee and, as practices, the evaluation of the supply and demand scenario in the different actuation regions, of the macro and microeconomic variables, and the specificities of each market, in a five-year horizon; in addition to the anticipation of potential impacts over the distribution, generation and commercialization areas, so as to prepare them to ensure the energy supply, minimize impacts on the income and avoid the clients lack of supply. In 2007 and 2008, the Strategic Planning Directorate made efforts to develop methodologies and mathematical-computer models to measure the energetic risk connected to the distribution and generation areas. Currently, there are policies which limit the values in energetic risk which can be considered aiming the optimization of the Group's resources use. There is a monthly energetic risk control systematic of the distributors and the generators energetic risk model is under development.

#### Market

Characterized by the regulated clients delinquency risk, the PLD (Differences Liquidation Price) risk, non-technical losses and variation in the energy prices. The market risk is mitigated by the distributors actuation in the states of São Paulo and Espírito Santo, with economic activities and specific characteristics. Its follow up takes place through monthly reports.

#### Regulatory

The distribution and generation activities are regulated and inspected by Aneel, an autarchy of the Mines and Energy Ministry. The main regulatory risks come from the unpredictability of the fees reviews and investments determined by the regulating body. EDP Energias do Brasil maintains a Regulatory Issues area, which centralizes the relationship with Aneel and follows up the contractual aspects of the granting which might interfere with the business progress.

#### Environment

Comprises the risk of non-compliance with the environmental licensing requirements and exposure to natural disasters. All the undertakings and the generation and distribution activities are executed within parameters which ensure the minimization of environmental impacts. They follow, this way, the Group's Sustainability Policy, which provided for the environment preservation commitment.





## RISKS MANAGEMENT

### Credit

Involves the credit risk of financial counterparties. Through a formalized corporate policy, the company establishes the minimum ratings to be observed for the financial institutions in which the cash resources are applied and with which the derivatives operations are performed. In addition, the policy establishes concentration limits for investments in financial institutions, both due to the total amount of investments of the Group and net equity of the financial institutions, respecting the minimum rating levels.

### Financial

The Financial Risks Management Policy establishes the conditions and the financial assets and liabilities market risk exposure limits. Associated to the financial Management of the Group (counterparties credit, financial assets and liabilities market and liquidity), the monitoring practices are controlled by specific policies and procedures defined by the company. Its policy foresees the minimization of the exposure to financial liabilities in foreign currency and the hiring of instruments for the protection against exchange variation.

### Operational

The supply interruption risks, due to the lack of equipment, destruction of Operations center or Data Centers is managed through the IT Contingency Plan, with redundancy of the sites and servers, and Critical Materials Storage Plan. On the distributors, the System Operation Centers (COS) can be remotely operated from any unit, so as to minimize its operational risk.

### Hydrology

The Company's generating park is formed basic by hydroelectric power plants, which operation depends on the hydrological conditions. In addition, the sales income is associated tot he ensured energy, which volume is determined by the regulating body and which is described in the granting agreement. The mitigation of this risk takes place through the Energy Relocation Mechanism (MRE) applied to all the plants dispatched in the national electrical system.



## INTANGIBLE ASSETS

The observance of the EDP Energias do Brasil strategic guidelines is associated to the organization's capacity to manage its intangible assets. Its structure is formalized since 2007, through the corporate policy, which establishes mechanisms to identify, evaluate, develop and maintain these assets in line with the guiding principles of the Company.

The Corporate Strategic Map, developed through the BSC – Balanced Scorecard (Kaplan and Norton) methodology, represents in the learning and growth perspective, the assets deemed relevant for the corporate strategy, which management, accompanied by performance indicators, is carried out with the purpose of stimulating the innovation and maintenance of the Group's competitive differential. These are:

### INFORMATION CAPITAL

Represents the infra-structure and availability of the systems and information technology, necessary for the adoption and maintenance of each strategic process. Also comprises a portfolio of investments in technology which must receive priority in the allocation of financings and other resources.

In 2008, upgrades were performed regarding newer versions of the management systems (SAP R/3 and BW) at the Company's distributors and the CRM (customers relationship module) was concluded at Bandeirante. Also foreseen for 2009 is the conclusion of the SAP IS-U/CCS commercial system at Escelsa. For the technical processes, it was implemented, among others, the SDM – Mobile Dispatch System tool, which allows the submission of digital service orders to the vehicles, speeding up the service, by the field teams, of the services in the distribution network. Other systems which received improvements were the PLATOE – Operation and Engineer Platform and the SIT-Raios (performs the monitoring and real-time visualization of atmospheric discharges in the electric network).

### HUMAN CAPITAL

Refers to the knowledge necessary to the accomplishment of the EDP Energias do Brasil strategies. The organization systematizes the management of this asset in Critical Positions, Key People and Management and Production Technologies.

Critical Positions and Key People are identified through the People and Succession Planning (PPS), which purpose is to ensure the perpetuity of the businesses from the people, ensuring that at any time, there is internal availability of personnel ready to take critical positions. The PPS purposes also include to retain collaborators with differentiated performance and create mechanisms which offer growth and professional development opportunities for future successors.

#### Critical Positions

Positions which are hard to fulfill in the market, as the qualification of people to occupy them is a long-term process. These are positions in the structure which represent vulnerability points for the organization, in the absence of people prepared to take them.

There are three types of critical positions in the Company: 1. Key-positions (leadership positions with responsibility for the direction and strategy of the business); 2. Specialized functions (positions which require extremely specialized knowledge, technology or unique ability and that, for this reason, ensure the continuity of important processes for the organization); 3. Leadership: organization management positions.

#### Key-People

Collaborators belonging to the organization staff who, according to the position level, age and potential are part of one of the three groups: 1. Successors (are part of the succession plan for a Critical Position of the Organization); 2. High Potential Youngsters (people with junior and intermediary level college positions, up to 30 years of age, who present differentiated performance and strong behavior in management-related competences. Are seen as future successors for leadership positions); 3. High Performance Experts (people with senior level college positions who are not in the succession plan for not having people management profile, but who present differentiated performance and results).





## INTANGIBLE ASSETS

### GRI EU14

In 2008, The People and Succession Planning Model was created, which first step was identifying the 15 Strategic Positions of the Group and map the successors for the Boards of Directors positions. The Company also established the High Potential Youngsters (JEP) and High Performance Experts (EAP) programs, which steps consisted in mapping collaborators with profile for the programs, define specific initiatives for the development of competences and adopt a retention program. The group counted with the participation of 85 collaborators (45 JEP and 40 EAP) in the period, who received external trainings at ISE – Instituto Superior de Empresa, aimed at the development of competences, and participated of speeches with the main executives of the Company with focus in the strategic view and in the business value chain, in addition to meetings with the Company's president.

Regarding the management and production technologies, there are two kinds of knowledge: the knowledge about the business management methods and techniques, having as target the accomplishment of the strategic goals, comprises the management technology. The intellectual capital aimed at the product's characteristics, the processes and equipment developed and/or internally improved refer to the production technology. The two knowledge addition forms are maximized through investments in the Research and Development program, and in the partnerships with suppliers and with renowned teaching institutions, agreements and consulting, what allows the learning and continuous improvement.

### ORGANIZATIONAL CAPITAL

Considers the alignment of the leadership and collaborators regarding the competences necessary to the organizational culture and strategic awareness. The teamwork also comprises this capital, as a way to maximize the people's potential.

### GRI 4.5

In 2008, 100% of the managers had their variable compensation attached to the indicators related to the strategic goals of the Group. The Performance Evaluation was the tool to measure the results obtained by the manager in indicators and strategic competences, for the bonus payment.

To stimulate the teamwork, EDP Energias do Brasil promotes every year, the participation of teams, comprised by employees or students, at the GMC – Global Management Challenge. This competition, intended to identify talents, comprises 30 countries and involves strategies and management, through the virtual simulation of a company's administration. In the period, 20 teams were sponsored by the Company, which is one of the largest investors of the event.

For the reinforcement of the strategic alignment of the Company, it carried out the project "Sou EDP" ("I'm EDP"), which aimed at providing the alignment between the organization and its collaborators, so as to promote higher comprehension regarding each one's role in the strategy and, consequently, higher commitment with the results. It also sought to sensitize the collaborators regarding the values, give rise to reflections on the diversity, and stimulate the participation of each one in its challenges. Throughout 2008, the "Sou EDP" recorded 2,884 participants, what represents 97% of the staff.

### MARKETING CAPITAL

Contemplates the brand and reputation of EDP Energias do Brasil. The protection of its brands is ensured by the formalization of a global policy, which defines the criteria and formats for the disclosure of its logo. The reputation, which refers to the perception of the Company's image by the public, is measured through satisfaction researches and, occasionally, by brand value measurement surveys. Every year, the Group's distributors are evaluated by entities such as Abradee (Associação Brasileira dos Distribuidores de Energia Elétrica) and Aneel, which check the interested public return regarding aspects such as service quality, client service and social responsibility.

In 2008, My Brand, a branding company responsible for the creation of EDP's logo, conducted among the EDP no Brasil clients, a research to evaluate the attributes associated to the brand. The result, which pointed a high degree fame for the EDP brand and revealed a great association to values such as solidity (87.0%), credibility (86.5%) and competence (72.3%), served as base for a brand alignment study in Brazil.

## RESEARCH AND DEVELOPMENT

### GRI EU8

To develop new technologies, EDP Energias do Brasil structures its Research and Development (R&D) Program according to the strategic orientation of the business, seeking the improvement of corporate processes, with effectiveness gains, income growth and reduction of social impacts of its operations. The actions developed aim, also, at promoting greater safety, quality and reliability of the electric system, ensuring to the society the supply of power and easiness of access to more accessible prices.

The R&D projects are contributing to the technical qualification of the involved technicians and researchers, the elaboration of master's degrees dissertations and doctorate thesis, the publication of technical works in national and international seminars and congresses. The significant results of these projects are disclosed to the scientific community and to the other concessionaires through participation in congresses, national and international seminars and publication of articles in specialized magazines. Internally, the dissemination of this knowledge is obtained with the performance of qualification courses to the collaborators, technical journeys and seminars at the company with the effective participation of its professionals. The results are being incorporated to the policies and guidelines of the project, operation, maintenance and planning, as well as the rules and procedures of the company.

In 2008, four projects were concluded and other four new ones were initiated at Bandeirante, keeping 21 initiatives in execution, with investment in the amount of R\$ 5.7 millions. In the same period, at Escelsa, nine new R&D projects were started which, associated to other 12 pluriannual projects in progress, totaling investments in the amount of R\$ 3.4 millions.

In the research line focused in the social theme, the highlight is the project **"Epidemiologic and Geo-Processed Studies of 60Hz Electro-magnetic Fields in the occupational public and in the public in general"** (Experimental Development), in cooperation with other power distribution concessionaires in Brazil. The main purpose is to evaluate the most adverse impacts to the environment and to the human being, caused by low frequency electric and magnetic fields, coming from the medium voltage distribution networks, sub-stations and electricity sub-transmission lines, according to the rules and orientations from the international bodies applied to the Brazilian reality.

Still in the social responsibility field, the project **"Development of a low frequency and low amplitude vibrating platform for prevention of osteoporosis in post-menopause women with safety and effectiveness evaluation"** (Experimental Development), which purpose is to evaluate the benefits of electric power to the improvement of people's quality of life, specially in the treatment of osteoporosis, through low magnitude and low frequency (60 Hz) mechanical vibrations.

In the Planning and Operation segment, the project **"Development of a system for real-time automation of the evaluation of atmospheric discharges influence over disconnections of the distribution network"** (Applied Research) seeks to speed up the decision taking by the operators of the electric system, optimizing the performance evaluations of the Group distributors through post-analysis by engineering, providing support in quality improvement actions regarding the clients service, with simultaneous reduction on reimbursements (material damages) and fines (related to DEC/FEC).

In the Measurement areas, the highlight is an equipment project, already in the test phase, which will provide energy measurement concentration functions, to be installed in the electric power distribution poles. Its purpose is the improvement in the control of non-technical losses, monitoring of end consumer and identification of frauds, as well as the possibility to remotely perform the cutting and reconnection of the electric power of each monitored home, according to the operation standards to be defined by Aneel.



## RESEARCH AND DEVELOPMENT

### Main research projects in 2008

Research Line	Project Name	Estimated Value (R\$ thou)	Estimated Duration
Social	Epidemiologic and Geo-Processed Studies of 60Hz Electro-magnetic Fields in the occupational public and in the public in general	827.37	48 months
	Development of a low frequency and low amplitude vibrating platform for prevention of osteoporosis in post-menopause women with safety and effectiveness evaluation	278.62	24 months
Environmental	Development of environmental methodology and diagnosis of electric power sub-stations.	711.42	24 months
	Environmental solution for containment of transformers oil leakage.	614.84	36 months
	Development of shower powered by effective electric film.	600.22	24 months
	Improvement, manufacture and pilot application of serial heads of intelligent device to reduce the peak demand in white line equipment.	616.36	24 months
	Microbial biocorrosion and biodeterioration in metallic elements of transmission towers and sub-stations.	463.04	24 months
Measurement	Development of an electronic measurement module – mm.	362.64	24 months
	Product engineering and technology transfer for deviation detector in medium voltage.	657.77	18 months
Planning and Operation	Intelligent mobile dispatch.	365.51	18 months
	Incorporation of distributed generation in the power contracting strategy in the regulated environment.	327.47	12 months
	Expert intelligent systems for optimization of grounding systems projects.	487.20	24 months
	Intelligent systems for the analysis of load waves for demand forecast studies and networks analysis.	469.27	24 months
	Integrated system for remote control of low cost 13.8 Kv and 34.5 Kv keys and sensors.	769.17	12 months
	Development of a system for real-time automation of the evaluation of atmospheric discharges influence over disconnections of the distribution network.	855.43	24 months
	Technical/commercial analysis and diagnosis system of the impacts caused by disturbances in high, medium and low voltage overhead and underground networks on low voltage consumers – PID III.	1,906.10	24 months
Supervision, Control and Protection	Optimization of the overcurrent protection in view of the groundings diversity.	458.28	24 months
	Real-time analysis of networks, using paraconsistent logic noted for modeling of the uncertainty conditions of loadings in non-monitored points.	2,143.80	24 months
	Development of a serial head product based on the micro-controlled low voltage reconector.	1,433.52	30 months
	Improvement and application of active power filter – Part III.	749.84	24 months
Quality and Reliability	Development of a voltage regulator with electronic TAP – RECET switch.	1,040.38	24 months
	Field tests with an industrial prototype of the UPQC (Unified Power Quality Conditioner).	365.47	18 months
	Studies, development and implementation of interfaces and mathematic models in ATP environment of electric power quality problems.	682.34	24 months

More information on the projects listed may be required by electronic mail [ped@edpbr.com.br](mailto:ped@edpbr.com.br)







## OPERATIONAL PERFORMANCE

### ELECTRIC SECTOR PERFORMANCE

In 2008, the Electric System National Operator (ONS) balance showed a 2.8% growth of the electric power load, compared to 2007. Despite of the strong expansion of the GIP up to September 2008, the electric power load did not present the same intensity, mainly influenced by the Southeast/Middle-West sub-system, which faced lower temperatures during the period.

Due to the worsening of the international financial crisis over the last quarter of 2008, the load growth also suffered a negative impact, as, in a scenario with increased uncertainties and more expensive credits, the productive sectors anticipated the granting of collective vacations and made non-scheduled technical stoppages.

As a result, the growth in the consumption in the industrial sector was 2.4%, a rate that is lower than the one presented in 2007, and December presented strong retraction of 8.8% regarding the same period in the previous year. The analysis performed by Empresa de Pesquisa Energética (EPE) pointed to a global reduction of 1.8% in December. It was the first time the country presented a negative rate in the consumption evolution, since the 2001-2002 rationing.

In the year total, the EPE analysis pointed to a 3.8% increase in the final consumption, a lower rate than in the previous year. The services sector and the domestic consumption were the highlights, presenting a 6.0% and 5.3% growth, respectively.

The increased consumption by the families reflects the growth in the average consumption in each residence resulting from the greater use of electrical appliances, a reflex of the improvement in the family income. In 2008, two million new consumers were connected to the network, almost half of the North, Northeast and Middle-West regions, benefited mainly by the "Luz Para Todos" program.

The 1% difference between the load growth and the end consumption indicates that there has been a reduction in the total losses of the system. Among the factors which contributed for this reduction is the greater thermoelectric generation in 2008, which grew 52% regarding 2007 due to energetic safety reasons. It is estimated that the total losses in the National Interconnected System (SIN) during the period were 15.6% of the load measured by ONS.

### REGULATORY ENVIRONMENT

#### Rates Adjustments

**Escelsa** – In a public meeting occurred in August 5th, 2008, Aneel approved the average 12.17% readjustment in the Escelsa rates for the period between August 2008 and July 2009. Considering the financial adjustments associated to the recovery regarding previous periods, the effective average rate adjustment in the electric power invoices was 7.13%.

Such readjustment considers the effects of the changes performed during the IV Periodic Rate Review of August 2007, which went from -6.92% to -4.90%, due to the adjustments in the non-Recoverable Losses values and rate coverage for consumers of the Low Income residential sub-class, as well as the recalculation of the X Factor, which went from 1.45% to 2.03%. It must be mentioned that the results of the IV Escelsa Periodic rate Review remain provisional.

**Bandeirante** – In a public meeting occurred in October 21st, 2008, Aneel approved the average 14.48% readjustment in the Bandeirante rates for the period between October 2008 and September 2009. Considering the financial adjustments associated to the recovery regarding previous periods, the effective average rate adjustment in the electric power invoices was 15.14%.

#### Auctions

In 2008, energy auctions were performed for the rio Madeira, Santo Antônio and Jirau hydroelectric power plants which, when concluded, will add 6,450 MW to the country's installed capacity. In addition, A-3 e A-5 new energy auctions were performed (with delivery in 3 and 5 years, respectively), focused in new undertakings for generation, enlargement of the existing plants and power import. These last had the predominant presence of fuel oil plants.





## OPERATIONAL PERFORMANCE

Another relevant event of the year was the first biomass auction, mostly because it started a new power modality: the reserve energy. In this form of contracting, the energy is purchased by the system, as a way to ensure a certain surplus between the estimated consumption and the firm generation capacity, creating a kind of hedge against severe dry periods, as well as against the delay in the projects work schedule of projects which is sold directly to the distributors.

### GENERATION

Main strategic vector for the growth of the EDP Energias do Brasil businesses, the generation area closed the year of 2008 with an installed capacity of 1,702 MW. The growth regarding the 1,043 MW of installed capacity of 2007 was mainly due to the conclusion of the assets exchange operation performed between Rede Energia S.A. and Rede Power do Brasil S.A.

**Enerpeixe** - Participates with 60% of the capital at Peixe Angical hydroelectric plant, located at Rio Tocantins, built in partnership with Furnas Centrais Eléctricas. The installed capacity is 452 MW.

**Energest** - Directly and indirectly controls the EDP Energias do Brasil electric power generation assets holding 14 plants in operation, with a total power of 342.2 MW. The plants are located in the states of Espírito Santo (274.0 MW of installed capacity) and Mato Grosso do Sul (68.2 MW of installed capacity). Energest is also responsible for the management of the Mascarenhas e Suíça hydroelectric plants and Small Hydroelectric Stations (PCHs) belonging to the companies Cesa, Costa Rica and Pantanal Energia.

**Investco** - Its activity is the exploitation of the Luis Eduardo Magalhães Hydroelectric Power Plant ("UHE Lajeado"), located at Rio Tocantins, in the cities of Lajeado and Miracema do Tocantins, State of Tocantins. The plant has an installed of 902.5 MW, distributed in five generating units with a power of 180.5 MW each.

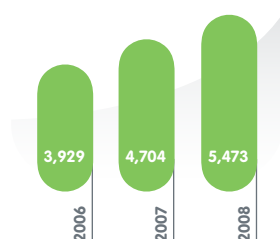
**EDP Lajeado** - Participates with 27.7% in the voting capital of Investco. The division of the commercialized electric power amount takes place proportionally to the voting capital.

**Lajeado Energy** - Participates with 45.4% in the voting capital of Investco. The division of the commercialized electric power amount takes place proportionally to the voting capital.

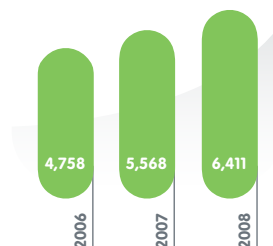
**Cenaeel** - Acquired in June 2008, has two wind parks in operation in Santa Catarina, totaling 13.8 MW of installed capacity. The operation was concluded on February 16th, 2009.

In the year, the energy volume generated by the Group plants reached 5,473,1 GWh, 16.4% above the previous year, due to the conclusion of the aforementioned assets exchange operation. For the same reason, the energy sold grew 15.1% regarding 2007, totaling 6,411.1 GWh. The net income of the generation business, not considering the eliminations, totaled R\$790.8 million, growth of 32.6% compared to 2007. The EBITDA, of R\$ 569.5 millions, recorded an evolution of 28.8%. The net profit increased 28.5% regarding 2007, totaling R\$ 288 millions.

Evolution of the  
Generated Energy  
(GWh)



Evolution of the  
Sold Energy  
(GWh)



## Installed Capacity

GRI EU1

Plants	Installed Capacity (MW)	Ensured Energy (Average MW)
<b>Enerpeixe<sup>(1)</sup></b>	<b>452.0</b>	<b>162.6</b>
UHE Peixe Angical	452.0	162.6
<b>Lajeado</b>	<b>902.5</b>	<b>380.57</b>
UHE Lajeado <sup>(2)</sup>	902.5	380.57
<b>Energest</b>	<b>212.1</b>	<b>145.9</b>
UHE Mascarenhas	180.5	127.0
UHE Suíça	31.6	18.9
<b>Energest/Cesa</b>	<b>61.9</b>	<b>34.9</b>
PCH São João	25.0	14.4
PCH Rio Bonito	16.8	8.0
PCH Fruteiras	8.7	5.6
PCH Jucu	4.8	2.9
PCH Viçosa	4.5	2.8
PCH Alegre	2.1	1.3
<b>Energest/Pantanal</b>	<b>52.2</b>	<b>35.6</b>
UHE Mimoso	29.5	20.9
PCH Paraíso	21.0	13.3
CGH São João I	0.7	0.6
CGH São João II	0.6	0.5
CGH Coxim	0.4	0.3
<b>Energest/Costa Rica</b>	<b>16.0</b>	<b>12.3</b>
PCH Costa Rica	16.0	12.3
<b>Cenaee<sup>(3)</sup></b>	<b>6.2</b>	<b>1.8</b>
Água Doce	4.1	1.2
Horizonte	2.2	0.6
<b>Total</b>	<b>1,702.9</b>	<b>883.9</b>

(1) Corresponding to 60% of guaranteed energy of EDP Energias do Brasil.

(2) Corresponding to 72.27% of guaranteed energy of EDP Energias do Brasil.

(3) Amounts corresponding to 45% of EDP Energias do Brasil at EDP Renováveis Brasil.

GRI EU1 | EU2

## Evolution of the Installed Capacity

MW	2008	2007	2006 <sup>(1)</sup>
<b>Hydric Source</b>			
Lajeado <sup>(2)</sup>	902.5	249.5	249.5
Energest	212.1	212.1	210.6
Cesa <sup>(3)</sup>	61.9	82.9	58.5
Costa Rica	16.0	16.0	16.5
Enersul (Porto Murtinho)	-	-	-
Pantanal Energética <sup>(3)</sup>	52.2	31.2	31.2
Enerpeixe	452.0	452.0	452.0
<b>Wind Source</b>			
Cenaee	6.2	-	-
<b>Total</b>	<b>1,702.90</b>	<b>1,043.70</b>	<b>1,018.30</b>

(1) Considers the disabling of the Coxim, Corumbá and Porto Murtinho thermals

(2) Corresponds to the participation in the Energias do Brasil voting capital

(3) Rectified 2007 data



**OPERATIONAL PERFORMANCE**

**Guaranteed Energy**

Average MW	2008	2007	2006
Lajeado <sup>(1)</sup>	380.57	145.6	145.6
Energest	145.9	145.9	145.9
Cesa <sup>(3)</sup>	34.9	34.9	33.8
Costa Rica	12.3	12.3	12.0
Pantanal Energética <sup>(2,3)</sup>	35.6	35.6	22.3
Enerpeixe <sup>(4,5)</sup>	162.6	162.6	162.6
Cenaeel	1.8	-	-
<b>Total</b>	<b>883.9</b>	<b>645.3</b>	<b>630.6</b>

(1) Corresponds to the participation in the EDP Energias do Brasil voting capital.  
 (2) Does not include the physical guarantee of the Coxim and Corumbá thermals (3.85 average MW).  
 (3) Rectified 2007 data.  
 (4) Rectified 2006 e 2007 data.  
 (5) Corresponding to 60% of guaranteed energy of EDP Energias do Brasil.

**GRI EU30**

The availability presented by the generation companies (percentage of time of the year in which the unit was available to generate energy, discounting all the scheduled and non-scheduled stops) between 2006 and 2008 is presented in the table below.

**Generation Availability**

% of time of the year	2008	2007	2006
Energest	94.75	95.47	92.98
Enerpeixe	86.48	91.06	89.40
EDP Lajeado	94.97	82.38	85.86

Note: Energest consolidates all the CESA, Pantanal Energética and Costa Rica assets

**QUALITY**

With the purpose of introducing innovative processes, aiming at ensuring high availability levels, EDP Energias do Brasil developed a set of initiatives, among which the highlight is, in 2008, the improvement of the air lift at Usina Hidrelétrica Mascarenhas, as well as of the log boom.

The air lift is a force pump, responsible for the removal of sediments from the bottom which promote the conformation of the lowest area of the reservoirs, facilitating the transportation of the sediments from upstream to downstream of the dam. The log boom consists of barrels and metallic structures which, placed in a row, occupy approximately the first meter of the reservoir's depth, forming a line in order to retain residues within its reach and preventing them from getting to the grillage and to the engines. The importance of this equipment lies in the fact that the residues in the grillage promote reduction in the water draining speed and, consequently, lower energy generation and availability.

The schedule for implementation of these devices at Usina Hidrelétrica Suíça was postponed to 2009, due to prioritization of the works of modernization and repowering of the generating units and associated systems of the plant.

**PROJECTS UNDER CONSTRUCTION**

**UTE Porto do Pecém I**

The strategy to increase the EDP Energias do Brasil installed capacity also includes the construction of UTE Porto do Pecém I, in the State of Ceará, in which it holds a 50% interest in partnership with MPX Energia. UTE Porto do Pecém I will use imported mineral coal and will have an installed capacity of 720 MW, of which 615 MW were sold by the Group at the A-5 auction, performed by the Electric Power Commercialization Chamber (CCEE), in October 2007. The total investment of the project will be US\$ 1.3 billion. The price reached at the auction was R\$125.95/MWh, for a 15-year-term agreement.

The structuring of the project, including the EPC (Engineering, Procurement & Construction) and financing conditions, ensured the sale of energy in attractive return conditions. The implementation schedule foresees the plant's start up before January 2012, in which date starts the energy delivery commitment undertaken at the Regulated Market.

In September 2008, the Company informed the suspension of its participation in the project Porto do Pecém II (expansion of UTE Porto do Pecém I) and its non-participation of the A-5 energy auction, performed in the same date, because it considers that, all the conditions necessary to ensure the risk-return relation required for an investment of this nature, were not met at that time.

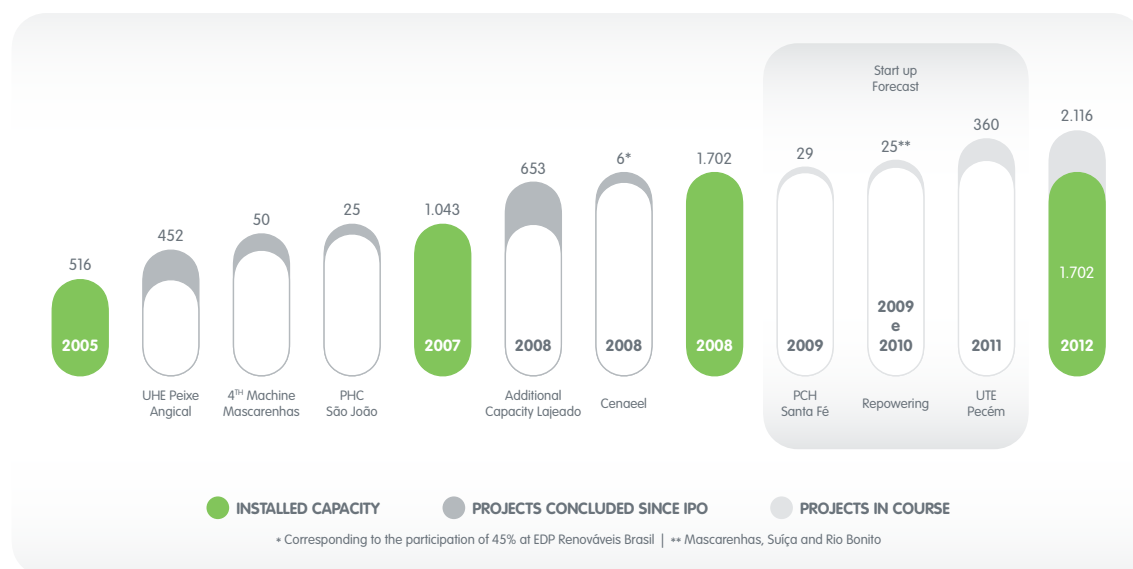
### PCH Santa Fé

In 2008, EDP Energias do Brasil continued with the construction of PCH Santa Fé, located in the State of Espírito Santo. The undertaking, which has an installed capacity of 29 MW and guaranteed energy of 16 MW in average, will receive investments of R\$120 millions. The works should be concluded in the first semester of 2009.

### Repowerings

In 2008, the repowering of the UHEs Mascarenhas (17.5 MW) and Suíça (2.3 MW) were started. The guaranteed energy of the UHEs Mascarenhas and Suíça repowering (10.6 MW in average) was contracted in the free market. The additional capacity shall be operational between 2009 and 2010. Aneel approved a viability study project for repowering o PCH Rio Bonito. When built, the PCH Rio Bonito repowering shall add 5.22 MW to the EDP Energias do Brasil installed capacity.

### Capacity Expansion



### DISTRIBUTION

The distribution activities are developed by two service concessionaires, which serve approximately 2.6 million clients, in regions that hold a total population of approximately 7.8 million people:

**Bandeirante** - Provides energy for 1.4 million clients, in 28 cities in the regions of Alto Tietê, Vale do Paraíba and North Shore of the State of São Paulo, with a population of approximately 4.6 million people. The region concentrates companies of important economic sectors, such as aviation and paper and cellulose manufacture.



**OPERATIONAL PERFORMANCE**

**Escelsa** - Serves a population of 3.2 million inhabitants in 70 out of the 78 cities of the State of Espírito Santo, with supply of energy to 1.1 million clients. The main economic activities of the region are: siderurgy, iron mining, production of paper, oil and gas.

**Granting's Profile**

State	Bandeirante	Escelsa
	São Paulo	Espírito Santo
Cities served	28	70
Inhabitants (millions)	4.64	3.20
Invoiced clients (thou)	1,438.65	1,143.92
Granting area (km <sup>2</sup> )	9,644	41,241
Distributed energy (GWh)	13,553.86	8,651.91
Energy sold to end clients - captive (GWh)	8,466.15	4,759.42
Number of collaborators	1,068	867
Productivity (clients/collaborator)	1,344	1,195

GRI EU4

**Characterization of the Electric System**

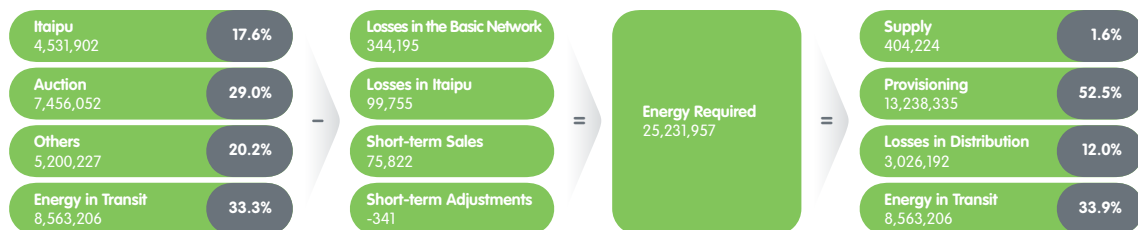
	Bandeirante	Escelsa
	São Paulo	Espírito Santo
Number of substations	59	74
Installed power (MVA)	3,153	2,714
High voltage network (km) - above or equals 69 kV	909	2,699
Medium and low voltage network - under 69 kV	25,383	52,588
Nº of distributed transformers (own and third party)	53,730	114,961
Installed power (MVA) - Own	2,740	2,075
Installed power (MVA) - Third Party	-	1,973

**Energetic Balance**

The total electric power required by the distribution system of the EDP Energias do Brasil concessionaires totaled 25,232 GWh in 2008. Out of this amount, 60.2% were distributed by Bandeirante and 39.8% by Escelsa.

The supply to end clients, self consumption and provisioning reached 13,642 GWh, representing a 16.1% decrease. The energy in transit, distributed to free clients, reached 8,563 GWh.

**Energetic Balance – 2008 (MWh)**



GRI EU10 | EU12

**Operations Performance**

The volume of energy distributed by the Group companies totaled 24.4 TWh in 2008. Not considering the Enersul numbers, the volume of energy distributed in 2008 grew 2.1% regarding 2007, mainly as a reflex of the 4.9% growth of the energy sold to the end clients and the reduction of the energy in transit volume of 2.2%, result of the economy slow down in the last quarter of 2008.

The growth of the distributed volume in the residential class was due to the number of clients and per capita consumption in the granting areas. In the commercial class, the increase of the energy volume distributed reflects mainly the growths of the services sector and per capita consumption in the Bandeirante and Escelsa regions. The rural class also presented an expressive increment in the Escelsa region, driven by the increased irrigation caused by the lack of rain and high temperatures seen during the year.

The volume of energy in transit of 2008 registered a drop in the areas of Bandeirante and Escelsa regarding the year of 2007, mainly as a result of the reduction in the industries production. It must be mentioned that until the end of the year there were no signs from the free clients for reduction in the demand established in the network use agreements of the Group's distributors.

**GRI EU3**
**Evolution of the Operations**

	2008			2007			2006		
	Clients (Nº)	Volume (MWh)	Income R\$Thou <sup>1</sup>	Clients (Nº)	Volume (MWh)	Income R\$Thou <sup>1</sup>	Clients (Nº)	Volume (MWh)	Income R\$Thou <sup>1</sup>
<b>Consolidated</b>									
Residential	2,209,541	5,031,886	1,524,018	2,714,456	5,073,602	1,706,370	2,638,467	4,836,662	1,531,776
Industrial	20,098	4,497,046	1,058,666	23,500	4,482,490	1,060,270	23,240	4,488,404	893,312
Commercial	186,957	3,058,568	903,340	240,033	3,154,374	987,408	231,753	2,956,541	835,238
Rural	145,677	833,365	161,723	200,585	920,865	192,577	193,105	834,252	169,860
Others <sup>2</sup>	20,299	1,688,416	386,487	27,972	1,804,356	440,571	26,560	1,737,553	380,070
(-) Transfer to TUSD - captive clients <sup>3</sup>	-	-	-2,332,730	-	-	-2,571,211	-	-	-2,395,022
<b>Energy sold to end clients</b>	<b>2,582,572</b>	<b>15,109,281</b>	<b>1,701,504</b>	<b>3,206,546</b>	<b>15,435,687</b>	<b>1,815,985</b>	<b>3,113,125</b>	<b>14,853,412</b>	<b>1,415,234</b>
Conventional supply	1	404,224	33,493	1	376,499	47,454	2	336,378	36,690
Energy in transit	105	8,876,765	526,560	124	9,196,691	616,258 <sup>4</sup>	112	8,737,522	562,623
(+) Transferred from captive clients <sup>3</sup>	-	-	2,332,730	-	-	2,571,211	-	-	2,395,022
Self consumption	222	17,264	1,160	353	20,529	-2,058	365	20,868	
<b>Total Energy Distributed</b>	<b>2,582,900</b>	<b>24,407,534</b>	<b>4,595,447</b>	<b>3,207,024</b>	<b>25,029,406</b>	<b>5,048,850</b>	<b>3,113,604</b>	<b>23,948,180</b>	<b>4,409,569</b>

(1) Data in R\$ refers to the income without ICMS, without RTE, without self-consumption, without ECE/EAEEF and with low income

(2) Others: Public power, more public lighting and public service

(3) Use Rate of the Distribution System – Captive clients, net of ICMS

(4) Energy in transit income: considers a few eliminations between the Group companies

**Distributed Power**

(GWh)	2008	2007	2006
<b>Distributed Power</b>	<b>24,408</b>	<b>25,029</b>	<b>23,948</b>
End Clients	62%	62%	62%
Energy in transit	36%	37%	37%
Others	2%	1%	1%

**Operational Income**

(R\$ millions)	2008	2007	2006
<b>Operational Income</b>	<b>4,595</b>	<b>5,050</b>	<b>4,410</b>
End Clients	88%	87%	86%
Energy in transit	11%	12%	13%
Others	1%	1%	1%





**OPERATIONAL PERFORMANCE**

**Commercial Processes**

The EDP Energias do Brasil distributors continued with the work for standardization of the commercial processes. In this context, after the upgrade to the newer versions of SAP R/3, BW, IS-U/CCS and CRM at Bandeirante, which contemplate the improvements coming from the Service Excellence Project, during we continued with the second step of the program, with extension of the commercial management system to Escelsa, which conclusion is expected for the middle of 2009.

Continuing with the actions for improvement in the Commercial Service, the Project Clean Stores was implemented at Bandeirante and Escelsa in 2008, with the purpose of obtaining the improvement in the commercial processes performance. The project also focuses in step-by-step activities, since their planning until the management indicators, and their performance evaluation in order to rationalize the resources and improve the quality of the services provided, using own methodology to identify the opportunities, consolidate concepts and propose new ways to carry out the procedures. The final result was the continuous improvement of the services provided, ensuring the clients satisfaction.

**Quality**

The services provisioning quality indicators remained within the standards established by the regulating body, reflecting the investments in expansion and modernization of the networks, the integration and automation of the operational center.

GRI EU28 | EU29

**Quality Indicators**

Distributor	2008				2007				2006			
	DEC (hours)	FEC (times)	TMA (min.)	Ref. Aneel (DEC/FEC)	DEC (hours)	FEC (times)	TMA (min.)	Ref. Aneel (DEC/FEC)	DEC (hours)	FEC (times)	TMA (min.)	Ref. Aneel (DEC/FEC)
Bandeirante	11.3	6.3	171	11.8/9.60	9.6	5.9	164	12.6/9.7	8.8	5.5	172	12.6/9.7
Escelsa	10.7	6.9	167	12.4/10.4	11.5	7.7	156	12.8/10.6	8.3	6.3	119	13.2/10.7

DEC: Equivalent Duration of Interruption per Client | FEC: Equivalent Frequency of Interruption per Client | TMA: Average Service Time

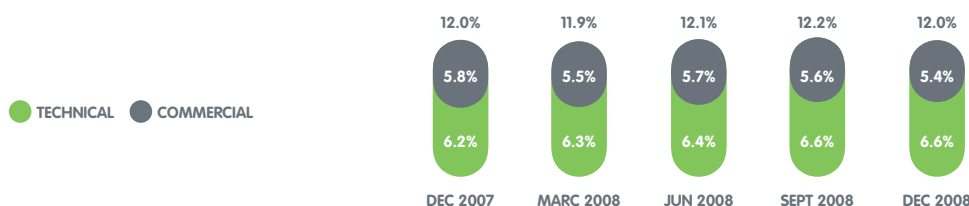
**Commercial Losses**

The losses and differences in the distribution of electric power, expressed as an average percentage of the total power required in the period, remain stable regarding the levels checked in December 2007, with highlight for reduction of 0.4 p.p. of the commercial losses, which were in 5.4%. The total losses remained in 12.0%.

In 2008, the EDP Energias do Brasil distributors disbursed a total of R\$ 44.9 millions in loss fighting programs. In the year, the Group concessionaires performed approximately 315 thousand inspections, which resulted in the removal of approximately 130 thousand clandestine connections, and in the recovery of approximately R\$ 20.4 millions. Out of the total resources directed to these programs, R\$28.4 millions went to operational investments (replacement of measurers, installation of special network, remote measurement and regularization of clandestine connections) and R\$16.5 millions for manageable expenses (inspections and removal of clandestine connections).

**Losses and Differences**

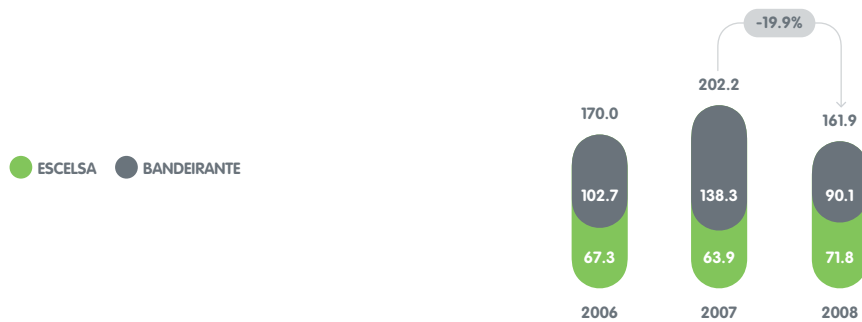
based on the average of the 12 months ended in the month



**Delinquency**

The delinquency of the EDP Energias do Brasil distributors presented in 2008 a reduction of 19.9% regarding the previous year, not evidencing the reflexes of the global economic crisis. Actions were intensified for the collection of overdue debts and the agreements with the clients were extended, in addition to offer more favorable conditions for the liquidation of the debts. The collection network was also increased, with availability of alternatives for receipt of the electricity bills in certified commercial facilities, bank correspondents and lottery agents.

(R\$ MM)



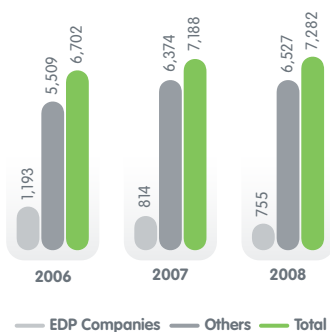
**TRADE**

Enertrade is responsible for the energy commercialization activities and provisioning of services to the free market, both within and out of the granting areas of both EDP Energias do Brasil distributors which act in the regulated market.

Enertrade presented evolution in the energy sale volume in 2008, with commercialization of 7,282,2 GWh, volume 1.3% over 2007. The net income totaled R\$ 772.5 millions, with a 25.0% growth. The EBITDA was R\$ 50.8 millions, 8.7% over the previous year. The net profit totaled R\$ 35.8 millions in 2008, an increase of 5.5% regarding 2007.

During the year, Enertrade improved services provided to the clients, comprising the viability analysis of the captive clients adhesion to the free market, energy contracting, assistance in risk analysis and management and representation of CCEE, among others. Also, projects were carried out for implementation of a new Agreements Management System.

**Energy Sales**  
(GWh)



**Energy Purchase**  
(GWh)

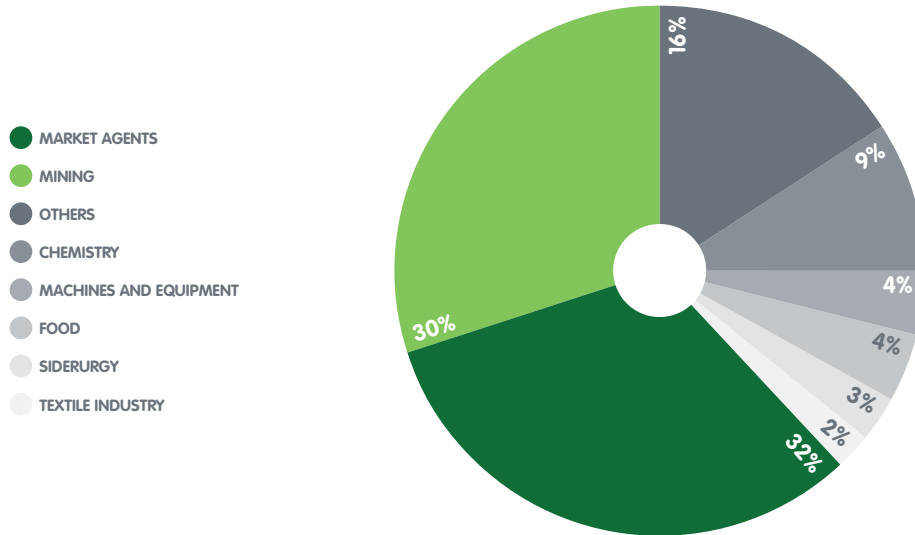




## OPERATIONAL PERFORMANCE

### Clients Activities Sector

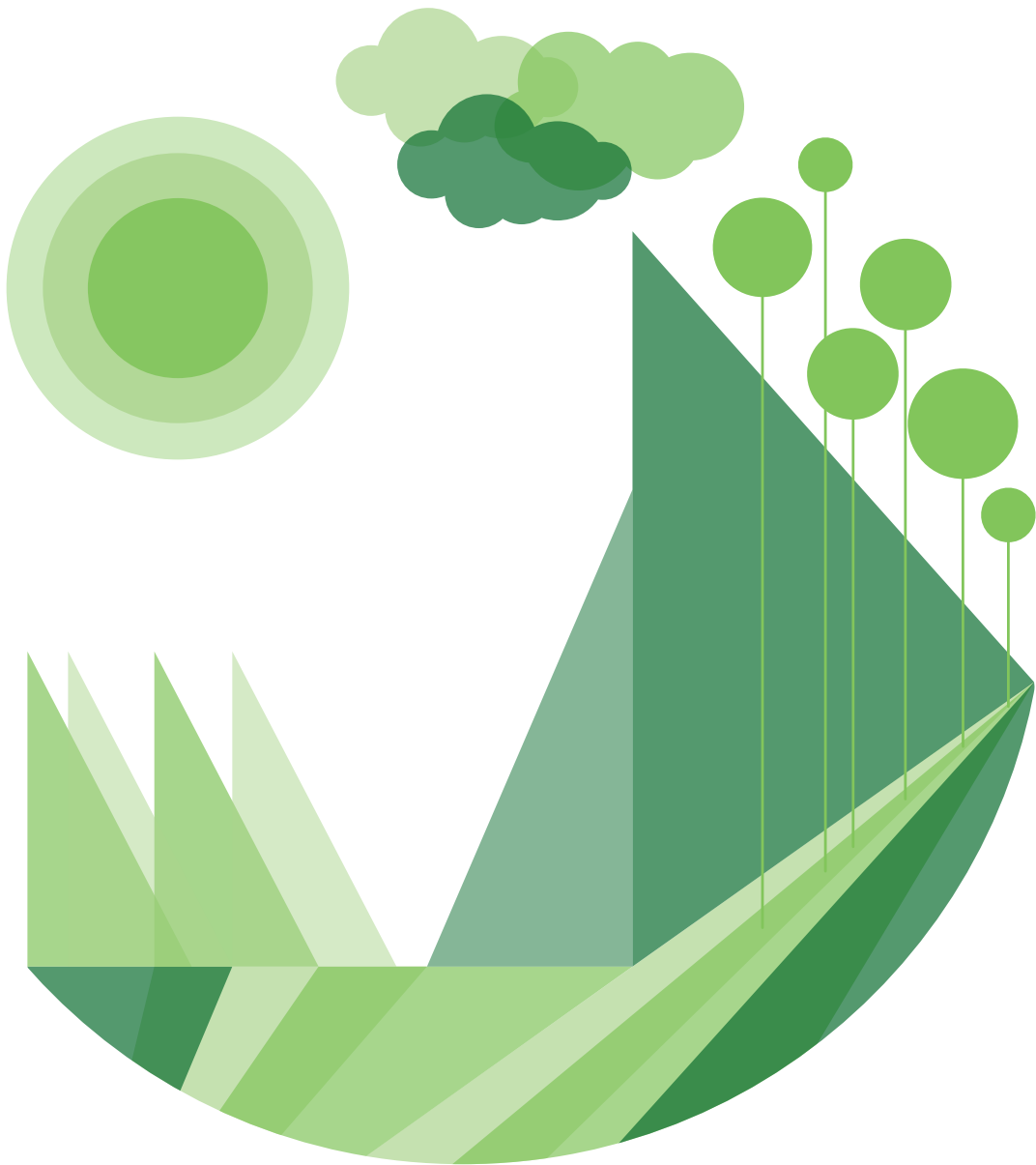
---











## ECONOMIC AND FINANCIAL PERFORMANCE

### Macroeconomic Scenario

The Brazilian economy in 2008 was marked by two distinct moments. Until September, the GIP presented a growth of 6.2% regarding the same period in the previous year, driven by the increase on the internal demand and by exports, what caused an impact over the inflation path control. In view of this scenario, during the same period, Banco Central increased the basic interest rate (Selic) from 11.25% to 13.75%.

The second moment was marked by the slow down in the economic activity over the last three months of the year, as a consequence of the financial crisis occurred mainly in the USA and in other countries of the world. In Brazil, there was a reduction in the credit lines and bank loans, with increase in the financing cost, exchange devaluation, and increase of Brazil risk, restricting the growth of the economy and industrial activity.

With the purpose of attenuating the effects of the world crisis over the Brazilian economy, in its first meeting of 2009, Banco Central do Brasil reduced the Selic in one percentage point, taking the rate to 12.75% a year.

However, the announcement, in March 2009, that the Gross Internal Product (GIP) had suffered a 3.6% percentage retraction over the last quarter of 2008 made the government reassess its interests policy and reduce the Selic again in 1.5 percentage point, taking it again to 11.25%. The drop in the GIP in the end of 2008, considered as highest in a quarter since 1996, did not prevent the rate to close the year with an accrued growth of 5.1%.

The industry, in its turn, grew 4.3% in the period, despite the slow down presented in the last quarter. Among the industry sub-sectors, the highest increase occurred in civil construction (8%), followed by electricity and gas, water, sewage and urban cleaning (4.5%).

### Analysis of the Economical-Financial Performance

Due to the assets exchange operation, the financial statements of the year contemplate a contribution of eight (8) months of the Enersul monthly results, in addition to the result equivalent to four (4) months of additional shareholding interest acquired at Usina de Lajeado, through Investco.

### Wealth Generation and Distribution

The Company is responsible for the generation of direct and indirect wealth through the compensation of its shareholders, creation of jobs, payments of taxes and contribution to the society. In 2008, the added value totaled R\$ 3,391.9 millions, distributed between the government and the society (69%), financiers (12,2%), employees (7,2%), shareholders (7,2%) and retained profits (4.4%).

The calculation of this amount considers the gross income, less the costs regarding supplies and services acquired from third parties, depreciation and amortizations, materials and equity equivalence, plus financial income.

GRI EC1





**ECONOMIC AND FINANCIAL PERFORMANCE**

**Added Value Statement (DVA)**

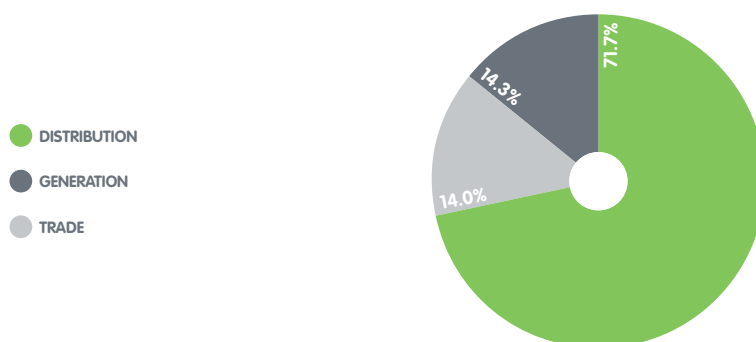
	2008	2007*
<b>Generation of added value</b>	<b>6,890,690</b>	<b>6,810,303</b>
Operational income	6,953,014	6,908,504
Provision for doubtful debts and net losses	(70,916)	(101,060)
Other income	8,592	2,859
(-) Supplies acquired from third parties	(3,173,075)	(2,970,402)
Purchased energy costs	(2,150,770)	(1,882,598)
Transmission and distribution system use fees	(512,802)	(538,469)
Materials	(46,670)	(43,107)
Third party services	(328,059)	(353,949)
Other operational costs	(134,774)	(152,279)
<b>Gross added value</b>	<b>3,717,615</b>	<b>3,839,901</b>
Depreciations and Amortizations	(446,646)	(313,568)
<b>Net added value generated</b>	<b>3,270,969</b>	<b>3,526,333</b>
Financial Income	223,942	242,463
Minority interest	(102,998)	(60,769)
Result of equity equivalence	0	0
<b>Total added value to distribute</b>	<b>3,391,913</b>	<b>3,708,027</b>
<b>Distribution added value</b>		
<b>Personnel</b>	<b>245,207</b>	<b>262,346</b>
Direct compensation	180,574	203,462
Benefits	44,727	43,084
FGTS	19,906	15,800
<b>Taxes, fees and contributions</b>	<b>2,338,309</b>	<b>2,616,795</b>
Federal	1,101,715	1,311,120
State	1,229,628	1,304,359
City	6,966	1,316
<b>Third party capitals compensation</b>	<b>413,147</b>	<b>374,847</b>
Interests	396,348	354,972
Rents	16,799	19,875
<b>Own capital compensation</b>	<b>243,742</b>	<b>210,807</b>
Interests over own capital	103,061	119,923
Dividends	134,210	87,289
Beneficiaries	6,471	3,595
	3,240,405	3,464,795
<b>Retained earnings</b>	<b>151,508</b>	<b>243,232</b>
<b>Total</b>	<b>3,391,913</b>	<b>3,708,027</b>

(\*) Rectified 2007 data

**Consolidated Income**

In 2008, the net operational income presented a 8.3% growth over the same period of the previous year, totaling R\$ 4,904.2 millions. The determining principles of the net income evolution in 2008 were:

**Net Income Distribution**



#### In Generation:

- Growth of 15.1% in the sold energy volume mainly as a consequence of the Lajeado
- Energia consolidation since September 2008;
- Average increase of 12.3% in the rates practiced; and
- Higher prices of the spot market during the first quarter of 2008.

#### In Distribution:

- Growth of 4.9% in the volume of energy sold to end clients, excluding the Enersul data;
- Regarding the free clients, the contracted demand grew 3.4% in 2008, despite the reduction in the consumption of energy in 3.5% (the rates of these consumers suffer strong impact of the demand component);
- The fees readjustments occurred in 2008 did not fully compensate the negative impact on the fees review rates occurred in 2007 (Bandeirante – October 2007 and Escelsa – August 2007);
- Exit of Enersul from the consolidation perimeter of the Group since September 2008;
- Negative impact of R\$183.1 millions accounted in the "Non-Invoiced Supply" account, regarding the reduction of Enersul BRR determined by Aneel in December 2007.

#### In Commercialization:

- The 1.3% growth in the commercialized energy volume, combined with the average energy sale price.

The distribution system use fee income – others (TUSD – others) reached R\$526.6 millions, or 14.6% below the amount registered in 2007, due to fees reviews occurred in 2007, the exit of Enersul from the consolidation perimeter since September 2008 and the transfer of load from Eletropaulo.

Despite the reduction of the energy in transit volume occurred in the last quarter of 2008, the volume drop, individually, has no impact over the TUSD income of the distributors, as this income is attached to the demand agreement with the free clients, according to Aneel Resolution 456, of November 29th, 2000: **"The concessionaire must meet the contracted demand reduction requirements not contemplated in art. 24, provided that these are made in writing at least one hundred and eighty (180) days in advance"**. Bgy the end of the year, the Group distributors had not received formal requests for demand reduction.

#### Net Operational Income

R\$ thou	12 Months		Variation (%)
	2008	2007	
<b>Supply</b>			
Residential	1,523,450	1,706,370	-10.7
Industrial	1,058,666	1,060,270	-0.2
Commercial	903,340	987,408	-8.5
Rural	161,723	192,577	-16.0
Others	387,647	438,513	-11.6
(-) Transfer to TUSD - captive clients	(2,332,730)	(2,571,211)	-9.3
Non-invoiced supply	11,165	(185,508)	-
<b>Total supply</b>	<b>1,713,261</b>	<b>1,628,419</b>	<b>5.2</b>
<b>Provisioning</b>			
Conventional	286,478	121,235	136.3
Short-term energy	120,289	104,324	15.3
Total provisioning	406,767	225,559	80.3
Supply and provisioning	2,120,028	1,853,978	14.4
Provisioning of the TUSD distribution system	2,859,290	3,187,469	-10.3
TUSD - others	526,560	616,258	-14.6
TUSD - captive clients	2,332,730	2,571,211	-9.3
Commercialization (Prov. and Supply)	635,362	496,376	28.0
Other operating income	108,723	66,651	63.1
<b>Subtotal</b>	<b>5,723,403</b>	<b>5,604,474</b>	<b>2.1</b>
(-) Deductions from the operational income	(819,247)	(1,076,844)	-23.9
<b>Net operational income</b>	<b>4,904,156</b>	<b>4,527,630</b>	<b>8.3</b>



## ECONOMIC AND FINANCIAL PERFORMANCE

### Consolidated Operational Expenses

The **operational expenses** totaled R\$3,987.4 millions in 2008, what represents a growth of 7.2% over 2007.

The **non-manageable expenses** are mainly related to the purchase of energy, to electric network use charges and to the Aneel inspection fee. In the distributors, the fee coverage is ensured by the Regulator through fees readjustments and the Compensation Account of the installment "A" - CVA Costs Variation.

The electricity purchased for resale totaled R\$2,150.8 millions, an increase of 14.2% between the periods compared, reflecting:

- (i) drop on the energy purchased from Itaipu (- R\$148.9 millions), due to reduction of the quotas allocated to the Group distributors, compared to the increase of the dollar variation;
- (ii) increase on the energy purchased in auctions (+ R\$ 65.3 millions);
- (iii) growth in the purchase of short-term energy (+ R\$ 97.5 millions);
- (iv) increase on the energy purchased from other suppliers (+ R\$ 168.8 millions);
- (v) net CVA effect (+ R\$ 75.2 millions).

In 2008, the "System Services Charges" account increased significantly as a result of the greater dispatch need of thermoelectric power plants by the National System Operator (ONS), which increase was compensated by CVA.

The **manageable expenses**, excluding depreciation and amortization, presented a significant reduction of 12.3%, totaling R\$ 834.2 millions. In 2008, EDP Energias do Brasil presented reductions in this account for four consecutive quarters, in line with the strategy announced. The detailed analysis of the manageable expenses sub-accounts variations is presented below.

The reduction of R\$36.8 millions in the **personnel** expenses account results mainly from the combination of the following effects:

- (i) lower expenses as a result of the assets exchange operation (- R\$20.5 millions);
- (ii) provision reversal in Dec/08 at Bandeirante, due to re-evaluation of the actuarial calculation (technical study) based on inputs and outputs, payments and calculations of specialized consulting regarding the adjustment in the Actuarial Liability Balance as from December 2007 to December 2008 (- R\$ 11.8 millions).

In the **material** account, the positive variation of R\$ 3.8 millions is mainly due to:

- (i) reduction of the material due to the assets exchange operation (- R\$ 4.8 millions);
- (ii) recognition of R\$ 11.2 millions at Bandeirante from the Reluz Program in Guarulhos, although with trade off in Provided Services Income. Because it is owned by the City Hall, its accounting is directly related to the program conclusion, for which reason the total recognition of the cost occurred in December/08 and did not follow the accrual basis .

In the item **third party services**, the reduction of R\$ 27.3 millions includes the effects:

- (i) expenses reduction as a result of the conclusion of the assets exchange operation (- R\$32.4 millions);
- (ii) legal consulting and audit expenses increase (+ R\$ 6.5 millions).

In the items **provisions** and **others**, the drop of R\$ 57.3 millions reflects mainly:

- (i) provisions for doubtful debts (PDD) in the controlled companies (- R\$ 24.1 millions): - R\$ 36.7 millions in distribution; + R\$ 10 millions in generation due to the non use of icms credits at lajeado and energest; and + R\$ 2.7 millions in commercialization;
- (ii) reduction of civil, tax and labor contingencies recognized by the distributors (- R\$23 millions);
- (iii) lower expenses with rents and advertising.

### Operational Expenses

(R\$ Thou)	12 Months		Variation (%)
	2008	2007	
<b>Manageable expenses</b>			
Personnel	279,004	315,796	-11.7
Material	46,922	43,107	8.9
Third Party Services	326,646	353,949	-7.7
Provisions	97,297	144,364	-32.6
Others	84,297	94,483	-10.8
	<b>834,166</b>	<b>951,699</b>	<b>-12.3</b>
Depreciation and Amortization	446,646	313,568	42.4
<b>Total manageable expenses</b>	<b>1,280,812</b>	<b>1,265,267</b>	<b>1.2</b>
<b>Non-manageable expenses</b>			
Energy Purchased for Resale	2,150,770	1,882,598	14.2
Electric Network Use Charges	512,802	538,469	-4.8
Annual Inspection Fee	21,772	13,218	64.7
Financial Off Set	21,222	18,599	14.1
<b>Total non-manageable expenses</b>	<b>2,706,566</b>	<b>2,452,884</b>	<b>10.3</b>
<b>Total expenses</b>	<b>3,987,378</b>	<b>3,718,151</b>	<b>7.2</b>

### Energy Purchased for Resale

(R\$ Thou)	12 Months		Variation (%)
	2008	2007	
Bilateral agreements	9,072	7,411	22.4
Itaipu	437,128	586,031	-25.4
Auction	663,629	598,309	10.9
PROINFA	55,629	47,061	18.2
Short-term energy - CCEE	156,719	59,211	164.7
Other suppliers	653,422	484,581	34.8
Net CVA effect	175,171	99,994	75.2
<b>Grand total</b>	<b>2,150,770</b>	<b>1,882,598</b>	<b>14.2</b>

### Electric Network Use Charges

(R\$ Thou)	12 Months		Variation (%)
	2008	2007 <sup>(1)</sup>	
Use and connection charges	484,822	514,292	-5.7
System services charge	94,537	2,794	3283.6
Net CVA effect	-66,557	21,383	-
<b>Grand total</b>	<b>512,802</b>	<b>538,469</b>	<b>-4.8</b>

(1) Reclassified data



## ECONOMIC AND FINANCIAL PERFORMANCE

### EBITDA and EBITDA Margin

In 2008, the consolidated EBITDA (profit before taxes, financial results, depreciation, amortization and non-operational results) totaled R\$ 1,363.4 million, representing a 21.4% increase regarding the same period in the previous year. The consolidated EBITDA margin increased 3 p.p.), reaching the level of 27.8%. It must be mentioned that the 2007 EBITDA was negatively affected by the Enersul BBR reduction, occurred in December 2007.

In generation, the conclusion of the assets exchange operation in September, the increase on the energy sale rates and the higher prices in the spot market in the first quarter contributed for the EBITDA growth in 2008. The generation EBITDA, excluding eliminations, totaled R\$ 569.5 millions, a 28.8% increase regarding 2007.

### Evolution of EBITDA and EBITDA Margin

(R\$ Millions)



In distribution, the EBITDA totaled R\$ 800.9 millions in 2008, a 17.9% growth regarding 2007. The expansion on the distribution area EBITDA was due to: (i) negative impact of Enersul in 2007 for the BRR reduction; (ii) exit of Enersul from the EDP Energias do Brasil investments portfolio since September 2008; (iii) greater control of manageable expenses, excluding depreciation and amortization at Bandeirante and Escelsa, this with a reduction of 8.9% and 11.2%, respectively; (iv) rates readjustments occurred in August 2008 (Escelsa) and in October 2008 (Bandeirante), against the full effect of the rates reviews occurred in 2007.

In commercialization, the EBITDA increment regarding 2007 was due to the 1.3% increase in the volume of commercialized energy and the average sale price practices, which was higher during 2008.

### Financial Result

The net consolidated financial result in 2008 was negative in R\$ 320.9 millions (negative of R\$ 291.5 millions in 2007). Excluding the Interests over Own Capital - JCP of the financial results of the two periods, the growth in 2008 was negative in R\$ 32.7 millions regarding 2007. The following factors contributed to this result:

- (i) the increase on the debt's financial expense, due to the new loans taken in 2008 for investments in distribution and generation; formal registration of the Porto do Pecém financing, and loan to cover the dissident shareholders right to recess;
- (ii) lower remuneration of the regulatory assets in 2008, due to their rate recovery and, on the other hand;
- (iii) growth of the financial investments income and moratory fines in 2008.

### Net Profit

Due to the effects analyzed, the consolidated net profit reached R\$ 388.8 millions in 2008, 13.7% below 2007. If it were not for the impact of R\$ 129.6 millions from the amortization of the Enersul goodwill, the net profit would have been R\$ 518.3 millions, 15.1% over 2007.

### Indebtedness

The gross consolidated debt totaled R\$ 3,097.5 millions in December 2008, 11.3% above the amount of December 2007.

The net debt, adjusted by the cash/applications amount and by the net balance of the regulatory assets, reached R\$ 2,390.5 millions in December 2008, an amount above the one recorded in December 2007. The cash/participations consolidated position presented a 21.1% reduction between December 2007 and December 2008, reaching R\$ 551.5 millions, which resulted from two main factors: a) repurchase of the shares occurred in October 2008 due to the exercise of the dissident shareholders recess right; and b) investments with own resources in the generation segment.

The increment in the gross debt amount consolidated in the period, in its turn, was mainly due to the formal entrance of EDP Energias do Brasil in the company Porto do Pecém S.A. (a 50%/50% partnership with MPX), which has a bridge-loan for the construction of a coal fueled thermal power plant, and also the funding of a bank credit line in October 2008 at the holding EDP Energias do Brasil, with a 14 months term, used for the partial liquidation of the dissident shareholders recess right.

Out of the total gross debt at the end of December 2008, 6.2% were expressed in foreign currency, 30.4% of which were protected from the exchange variation through hedge instruments, resulting in a net exposure of 6.6%.

### Net Debt Evolution

(R\$ millions)



It is important to mention that the non-hedged portion of the exposure in foreign currency is concentrated in the portion in North-American dollars of the bridge-loan of the affiliated Porto do Pecém S.A., which has as natural mitigator the fact that it has its repayment attached to the long-term financing in Dollars which is in the final negotiation and approval phase by Banco Interamericano de Desenvolvimento (BID). The aforementioned loan in dollars, in its turn, has already been the object of contracting both of exchange hedge and interest rate swap (from Libor to fixed rate).

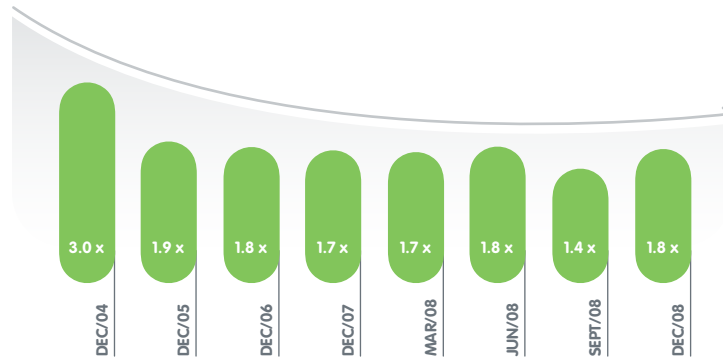
The average cost of the Group's debt was 11.4% a year. The net debt//EBITDA relation closed the month of December in 1.8 times, showing a comfortable leverage position of the Company.





## ECONOMIC AND FINANCIAL PERFORMANCE

### Net Debt/EBITDA\*



\* Last 12 months EBITDA

The debt maturities in 2009 totaled R\$ 1.088 billion, part of which (R\$ 280.6 millions) refer to the bridge-loan of the affiliated Porto do Pecém S.A., which will be liquidated with the resources from the long-term financing (project finance) under negotiation with BNDES and BID, and part refers to the bank finance took by the holding EDP Energias do Brasil in Oct/08 (R\$ 250 millions, for partial liquidation of the recess right), which shall be liquidated with the Group's cash generation throughout the year. The other maturities refer to long-term debts amortizations at the affiliated companies of the generation and distribution segments.

On December 2nd, 2008, BNDES approved a rotating credit line, under the Credit Limit Opening Agreement ("CALC") modality, for Grupo Energias do Brasil in an amount of R\$ 900 millions. It is a direct financing modality (without intermediation by a financial agent), which aims at simplifying the procedures for access to the financing lines for large groups which represent low credit risk and favorable operation history at BNDES. The Group is the first of the electric sector to obtain approval for this modality.

The resources approved are available for withdrawal for five years, with a total financing term of up to ten years for each withdrawal. The interest rates are comprised in the same way as in other direct operations with BNDES: financial cost (TJLP in the generation projects; combination of TJLP and IPCA, in the 80%/20% ratio, for investments in distribution) + BNDES compensation rate + credit risk rate established according to the Group rating at BNDES.

EDP Energias do Brasil will use these resources mainly for financing of investments of its distributors (Bandeirante and Escelsa), as well as for the construction of Small Hydroelectric Power Plants (PCHs) and for repowering of the existing power plants.



The relationship between EDP with the Bradesco Group companies has been conducted within the parameters of the partnership, transparency and ethics which characterize the guidelines of both institutions

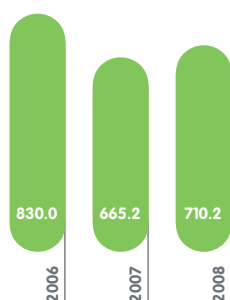


Antonio Najm Junior - Corporate Manager of Bradesco

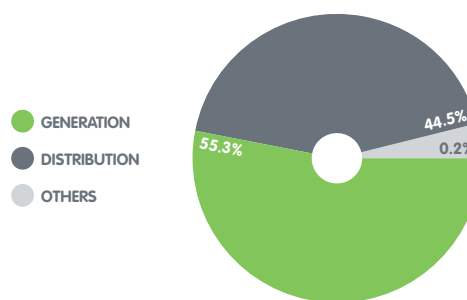
## INVESTMENTS

The EDP Energias do Brasil investments totaled R\$ 710.2 millions in 2008, 6.8% above the resources intended to the business areas of the previous year.

**Investments**  
(R\$ Millions)



**Investments per business area**



## Investments

(R\$ millions)	2008	2007	%
<b>Generation</b>	<b>229.1</b>	<b>105.9</b>	<b>116.3</b>
Enerpeixe	12.3	49.4	-75.1
Energest	167.2	51.9	224.4
Lajeado	8.8	4.6	89.5
Pecém	40.8	-	-
<b>Distribution</b>	<b>478.9</b>	<b>556.2</b>	<b>-13.9</b>
Bandeirante	160.1	173.5	-7.7
Escelsa	224.8	203.0	10.7
Enersul	94.0	179.7	-47.7
<b>Total</b>	<b>710.2</b>	<b>665.2</b>	<b>6.8</b>
Pecém (consolidation value)	366.2	-	n.d.
<b>Total</b>	<b>1.076.4</b>	<b>665.2</b>	<b>61.8</b>

The investments in generation totaled R\$ 229.1 millions in 2008, a significant increase regarding the R\$105.9 millions of 2007. The investment variation is explained as follows: (i) conclusion of the UHE Peixe Angical works; (ii) investments for the construction of PCH Santa Fê and repowering of Mascarenhas and Suíça power plants at Energest; and (iii) amounts invested in Pecém after the beginning of the consolidation in October 2008. However, it must be mentioned that due to the assets exchange between EDP Energias do Brasil for the company Differential Energia, and MPX for 50% interest at UTE Porto do Pecém, from October 2008 the highlight is the entrance in the Company's portfolio of this asset in the amount of R\$ 366.2 millions.



**ECONOMIC AND FINANCIAL PERFORMANCE**

**Investments in Distribution**

(R\$ thou)	Bandeirante	Escelsa	Enersul (*)	2008	2007
Network expansion	71,172	60,680	19,265	151,117	196,113
Network improvement	31,602	60,799	14,940	107,341	141,440
Universalization (rural+urban)	13,652	50,957	20,428	85,037	80,797
Telecom, computers and others	43,663	52,329	39,400	135,392	137,863
Subtotal	160,089	224,765	94,033	478,887	556,214
(-) Special obligations	(25,321)	(6,078)	(1,263)	(32,662)	(108,720)
Net investment	134,768	218,687	92,770	446,225	447,494

(\*) Numbers consolidated until August 31st, 2008

The investments in distribution totaled R\$478.9 millions, with reduction of 13.9% regarding 2007 for the effect of Enersul exclusion from the consolidation perimeter of the Group since September 2008. In the expansion of the distribution networks for connection of new clients and on the installation of measurement systems R\$ 151.1 millions (32%) were invested. For the network improvement, comprised mainly by equipment replacement, obsolete and depreciated meters, and redirection of networks at the end of useful life, R\$ 107.3 millions (22%) were allocated. The resources destined to urban, rural universalization and to the Luz para Todos Program, allowing connection and access by the consumers to the energy services, totaled R\$ 85.2 millions (18%). In telecommunications, computers and other activities, the investments represented R\$ 135.4 millions (28%).



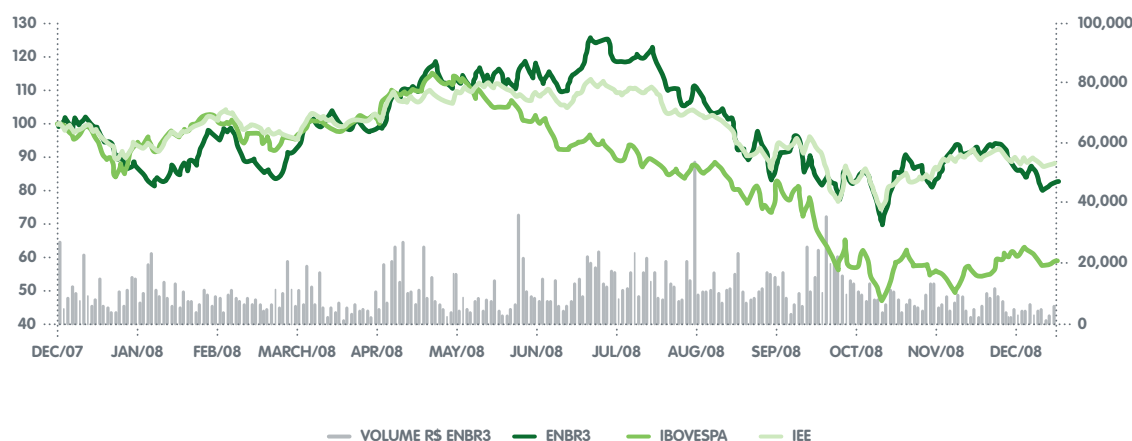
### CAPITAL MARKET

On December 31, 2008, stocks from EDP Energias do Brasil closed at R\$ 22.60, presenting eighteen point two percent (18.2%) decrease in 2008, a performance above Ibovespa's (-41.2%), but lower than Electrical Energy Index – IEE (-11.6%). Stocks retreat resulted mainly from the world economic crisis worsening along the second half of 2008. Company's market value at 2008 closing was three point six billion Reais (R\$ 3.6 billion).

Stocks were included in all 2008 trades, with ninety-eight point three million (98.3 million) traded volume and daily average of three hundred ninety-four point seven thousand (394.7 thousand) securities. Financial volume equaled two million six hundred forty-seven point nine reais (R\$ 2,647.9 million), representing daily average of ten point six million reais (R\$ 10.6 million).

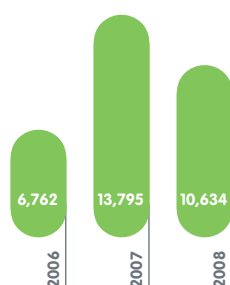
### ENBR3 x Ibovespa Performance

ENBR3 x Indexes Performance - Base 100:2008



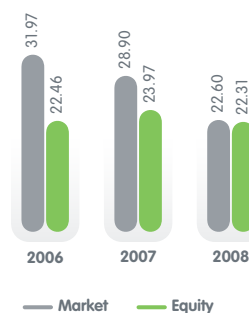
### Liquidity Evolution

(Daily Average - R\$ Thousand)



### Stock Value

(R\$)



### Shareholding Structure

On December 31st, 2008, the Company's corporate capital was represented, in total, by 158,805,204 nominal common shares. From total shares, 40,122,837 common shares are outstanding, as set forth in the Bovespa's New Market Listing Regulation.

Due to the Company's stock buyback program and exercise of the withdrawal right, 15,780,225 shares are held in treasury.



## ECONOMIC AND FINANCIAL PERFORMANCE

### Shareholding Structure

	As Off 12/31/2008		As Off 12/31/2007	
	Number of shares	Shareholding percentage	Number of shares	Shareholding percentage
EDP – Energias de Portugal (controller)	102,902,115	64.80%	102,902,115	62.36%
Outstanding Shares	40,122,837	25.27%	61,253,100	37.12%
Shares Held in Treasury	15,780,225	9.94%	861,322	0.52%
Advisors and Directors	27	0.00%	67	0.00%
<b>Total</b>	<b>158,805,204</b>	<b>100.00%</b>	<b>165,016,604</b>	<b>100.00%</b>

### Stock Buyback

#### 1<sup>st</sup> Program

In December, 2007, EDP Energias do Brasil's Board of Directors approve the purchase of common shares issued by the Company itself to be held in treasury and further cancelled and/or alienated, without corporate capital reduction. Purchase of up to 6,211,426 shares was authorized according to the legal limit set forth in article 3 of CVM Instruction N° 10/80.

On April 15, 2008, closure of such program was announced, summing up 6,211,378 shares repurchased. Considering the 22 common shares previously held in treasury, the final status was 6,211,400 shares, which were further cancelled, according to the decision taken by the Company's Board of Directors, during a meeting held on October 3, 2008.

#### 2<sup>th</sup> Program

In addition, during the same meeting held on October 3, 2008, the Company's Board of Directors approved a new buyback program for up to 5,590,306 common shares issued by the Company, without requiring corporate capital reduction, to be held in treasury and further alienated and/or cancelled. Until October 10, 2008, 2,670,000 shares had been bought back, after that date, the Company interrupted stock buyback.

### Withdrawal Right

Face to the assets exchange transaction approval, as presented in details at section "Shareholding Amendments", the shareholders contrary to the deliberation approved during the Company's Extraordinary General Meeting, held on July 17, 2008, were granted the right to withdrawal their shareholding from EDP Energias do Brasil, upon refunding of their shares' value.

Time granted to exercise the withdrawal right by the contrary shareholders ended on October 13, 2008. During that period, withdrawal right was exercised towards 13,110,225 shares issued by EDP Energias do Brasil, corresponding to three hundred twelve point three million reais (R\$ 312.3 million), paid on October 27, 2008.

For further information on the Withdrawal Right, refer to the Notice to the Shareholders dated September 11, 2008.

### Shareholders Compensation

EDP Energias do Brasil has the policy of distribution of dividends and/or interests over the own capital in the minimum amount corresponding to fifty percent (50%) of the Company's adjusted net profit, calculated compliant with article 189 of the Stocks Corporations Act, with the Brazilian Accounting Principles and CVM (Securities and Exchange Commission) rules.

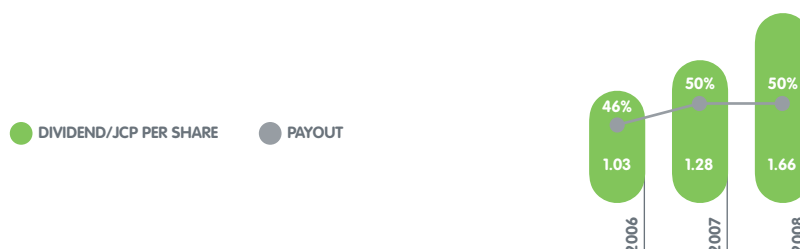
Notwithstanding the use of the above mentioned dividends distribution policy, the Company may distribute dividends and/or interests over the capital at amounts lower than fifty percent (50%) of its adjusted net profit at any fiscal year, when so required by any legal or regulatory provision or yet when so advisable due to the financial status and/or company's future perspectives, macro-economic conditions, tax reviews and adjustments, regulatory changes, growth strategy, contractual limits and other factors deemed relevant by the Board of Directors and by the shareholders of EDP Energias do Brasil.

On December 23, 2008, the Board of Directors approved payment of interests over the own capital in the amount of one hundred three, sixty one thousand Reais (R\$ 103,061) related to fiscal year 2008, corresponding to point seven hundred twenty five hundred eighty (R\$ 0.720580) per common share. JSCP shall be transferred to the minimum mandatory dividends that will be paid by the Company related to social fiscal year 2008.

In addition, on a date to be defined, the Company's Board of Directors shall approve payment of complementary one hundred thirty-four, two hundred ten thousand Reais (R\$ 134,210 thousand) dividend, corresponding to point nine hundred thirty-eight six hundred forty-five Reais (R\$ 0.9383645) per share.

It is important to remind that the shareholder's compensation in 2008 was approximately fifteen point four percent (15.4%) higher, due to cancellation of the 6,211,400 shares held in treasury, further to the withdrawal right and the second stock buyback program.

### Profit per Share and Payout



### ECONOMIC TARGETS

In 2008, EDP Energias do Brasil and its controlled companies have undertaken targets towards their economic performance. Proposals and actual results are presented below.

2008 Economic Targets	Assessment
Creation of a new business area focused on the development of renewable energies portfolio (PCHs, aeolic, biomass).	<b>Met.</b> Creation of EDP Renováveis Brasil.
Form an UHE and UTE projects pipeline (mainly gas).	<b>Met.</b> Projects of several PCHs (Small Hydroelectrical Stations) in the portfolio and two gas UTEs (Rezende and Norte Capixaba Thermoelectrical Plants).
Enlarge electricity marketing area activities.	<b>Met.</b> Market share increase and redesign of new organizational structure of Enertrade, creating an area to render services to the large clients (industrial and commercial ones).
Optimize regulatory margin consolidating service quality standards.	<b>Met.</b> Operational expenses of the Group distributors have been streamlined to Aneel's Reference Company (ER), maintaining quality standards required by the regulatory agency.

For 2009, challenges aimed by the economic performance are:

- Continued growth in the energy generation area, mainly consolidating actions upon renewable energies;
- Increase offering of technical services and energy efficiency for free and regulated clients;
- Assures proper financing of the Group's investment plan (Pecém II, PCHs, repowering)





## SOCIAL PERFORMANCE



In my opinion the main point of focus of the company is the valuation of Human Capital. Reconciliation Project, Talent Project, Scholarships Program, Vencer Program, among others, demonstrate the concern of the company with its main asset, the people.



Luiz Cunha - Collaborator of EDP Bandeirante

### EMPLOYEES

Contribute for the employees' well-being and keep proper environment for a productive life are two of EDP Energias do Brasil's major concerns. In the recent years Human Resources have experienced deep changes aiming to provide best work conditions, integration and strategic streamlining.

In 2008, foundations started to be set for the change which the Company shall experience in the years to come. Among the major changes there is the creation of a Human Capital Management directory, which guided the implemented changes, like the review of the Training and Development policies and the Scholarship, Recruiting and Screening, Positions and Salaries and Attendance programs, further to the creation of holiday's policy.

Initiatives motto was streamlining of personnel management standard to the Group's strategy, upon the assumptions of clear communication with the employees and life quality. Strategic alignment was fostered by "Sou EDP" (I'm EDP) project which provided all the employees with the information and discussion about the business' strategic goals, their values, each person's work relevance within that strategy.

Life Quality was the focus of the "Conciliar" (Conciliation) program, introduced on July 30, at all units. "Conciliar" is based upon the principle that balance between life inside and outside the workplace is an important element to create more commitment and consequently add value to the Company. It has the guiding principles of interlink between professional and family life of the employees; equal opportunities, assuring non prejudice of gender, race, nationality, age and religion; relevance of the family, people's health and well-being; citizen social liability, stimulating volunteer work practice; and flexibility of time and work environment.

Some examples of the actions implemented in 2008 and which translate those principles are the "Vale um dia de folga" (Worth one day off), where the employee can have one day free to solve private matters, within one year period; and the Volunteer Work Program, in a partnership with Instituto EDP, where the Company allows time for people to dedicate to volunteer actions. To facilitate people's life and stimulate healthcare and well-being, the Portal e-fácil has been implemented as well, having a list of partner services suppliers with prices discounts for EDP's employees.

Following the path of the cultural development, we have the "Boca Livre" (Open Mouth) program, which stimulates the employees' contact with current matters. The initiative, coordinated by Instituto EDP, fosters discussions where one guest lectures about relevant subjects like sustainability, politics, family or health in all the Group's units.

#### Employees' Profile

In December, 2008, EDP Energias do Brasil's employees' chart represented 2,322 people; twenty point five percent (20.5%) lower than in the end of the former fiscal year. The reduction reflects the change of assets between EDP Energias do Brasil and Grupo Rede, resulting into Enersul's exit from the Company's control. Everybody is contracted under the Labor Laws Consolidation system. Hires amounted to 223 and dismissals to 175 in the period. Year recorded turnover was eight point seven percent (8.7%). From total employees, 1,788 are men and 534 are women.

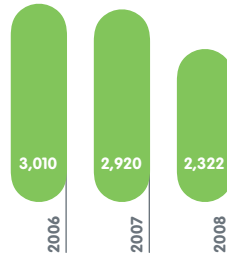
During 2008, gross payroll summed up two hundred twenty nine million Reais (R\$ 229 million), corresponding to the compensation and compulsory social contributions assigned to the employees.



**SOCIAL PERFORMANCE**

GRI LA1

**Number of Employees**



Note: Not considering the compensated Board of Directors

GRI LA1

**Company's Employees Chart**

	Bandeirante	Escelsa	Energest	Investco	Enerpeixe	Enertrade	Enemova	Holding
CLT Contracted Directors	1	0	0	0	0	0	0	4
High Management	20	8	7	1	0	3	0	5
Management	41	26	5	4	3	0	0	6
Supervisors	50	50	8	7	2	0	0	1
Professionals	203	194	40	14	14	7	4	30
Technicians	753	679	52	51	20	2	0	7
<b>Total</b>	<b>1,068</b>	<b>957</b>	<b>112</b>	<b>77</b>	<b>39</b>	<b>12</b>	<b>4</b>	<b>53</b>

**Employees by Employment Agreement**

	2008*	2007	2006
Employees	2,322	2,920	3,010
Trainees	148	180	225
Third Parties	4,265	6,141	-

(\*) Large reduction results from Enersul's exit

**Employees by Region**

	2008	2007	2006
São Paulo	1,281	1,172	1,210
Espírito Santo	943	742	1,097
Mato Grosso do Sul	21	972	757
Tocantins	77	34	-

**Employees' Turnover**

	2008*	2007	2006
<b>Chart Variation</b>			
Number of hires	223	238	86
Number of dismissals	175	328	537
Total turnover	8.7%	9.3%	16%
<b>Gender</b>			
Men	1,788	2,272	2,358
Women	534	648	652
<b>Age Range</b>			
Up to 30 years old	398	497	853
From 30 to 50 years old	1,588	1,986	2,066
More than 50 years old	336	437	91

(\*) Not including Enersul's data

**GRI LA2**
**Turnover by Controlled Company**

	2008	2007	2006
Bandeirante	7.9%	8.2%	15.3%
Escelsa	4.2%	7.4%	19.3%
Enersul	-	7.0%	19%
Energias do Brasil (Holding)	41.6%	42.9%	38%
Enertrade	12.1%	35.8%	7%
Energest	22.2%	22.0%	29.3%
Enerpeixe	25.9%	40.8%	-
Investco	19.7%	-	-

**GRI EC7**

EDP Energias do Brasil, with activities in different regions across the country practices recruiting, screening and contracting of employees at the places where it operates. For operational, technical and Professional positions use of local labor is major in the areas encompassed by the Group companies. Concerning the high management positions, preference is given to the executives of the region that receives the business unit; however, if it is not possible to have applicants with the required profile, executives are searched for in other locations.

**Training and education**
**GRI LA8**

Human capital is one of the major intangible assets of a company. Hence, EDP Energias do Brasil is committed to investing on its employees' potential through education and training programs. They aim not only technical qualification, but also streamlining to the Company's commitments and strategies.

Thus, in 2008 we have introduced the "Sou EDP" project aiming to stimulate integration and provide streamlining between the corporation and its employees in order to foster best commitment towards the results and assure performance of the strategy. "Sou EDP" project intends to sensitize employees towards values, instigate reflection about diversity, spread the Group strategy and stimulate participation in the challenges. Along the year, "Sou EDP" project has registered 2,884 participant, representing ninety seven percent (97%) of the employees.

In April, 2008 the Year Training and Development Plan has been prepared wherein each area appoints its training needs for the year. The plan encompasses internal and external technical-operational and administrative training as well as it offers technical education, college and post-degree scholarships.

**GRI LA11**

Besides the T&D Year Plan programs, corporate programs have also been performed like the "Gestores em Ação" (Managers in Motion), aimed for employees holding managerial positions. Courses in the Instituto Superior da Empresa (ISE) (Company's Superior Institute) have been offered to one hundred percent (100%) of the managers, superintendents and directors; the Advanced Management Program course from Fundação Dom Cabral for eight superintendents; and Program for Management Development from CEU - Central European University, in Spain, aimed for four directors and four superintendents.

**GRI HR3 | HR8**

During the last fiscal year, the Company also continued Chronos®, a qualification course for sustainable development prepared by Cambridge University and World Business Council for Sustainable Development (WBCSD). Aiming to integrate social and environmental commitment concepts as well as human rights, impacting the company's policies and commitments, the training reached up eighty percent (80%) of the employees, upon its conclusion, in January, 2009. To serve the employees that did not yet have access to the program, new classes will be opened during 2009. The target also defines extension of the training to suppliers seen as strategic ones.

**GRI EU14**

In 2008, the "Jovens de Elevado Potencial" (High Potential Youth) and "Especialistas de Alta Performance" (High Performance Experts) programs were started-up, both aiming to identify talents, define specific actions for competences development and implement retention program. The first one, aimed to young talents, had the attendance of 45 employees during the period, while the second one, for senior professionals, counted with 40 attendants.



**SOCIAL PERFORMANCE**

The Company also redesigned the Trainee Program, aiming to attract and develop a group of trainees with distinguished profile, able to undertake future positions in the Group and be part of the "Jovens de Elevado Potencial". The aim is to assure skilled labor renewal.

Investment on T&D, during 2008, was two point eight million reais (R\$ 2.8 million), distributed among the many Group companies and areas. During the period, values assignment was reviewed and optimized, assigning resources according to the number of employees by area and the Company's strategic goals. Also, more transparent criteria have been set for granting of scholarships linked to the positions needs and business goals.

**Investments in Training**

(R\$ Million)



GRI LA10

**Education by Domain (Man-Hour Training)**

Volume of education by domain	2008		2007		2006*	
	Hour	Hour/Employee	Hour	Hour/Employee	Hour	Hour/Employee
Management	83,556	36	17,540	06		
General Technical	55,049	24	70,930	25		
Specific Technical	45,862	20	40,057	14	315,722	137
Behavioral	17,774	08	34,961	12		
Organizational	7,054	03	22,630	08		
<b>Total</b>	<b>209,295</b>	<b>-</b>	<b>186,118</b>	<b>-</b>	<b>315,722</b>	<b>137</b>

(\*) Consolidated data – follow-up performed in another format

**Training by Position (Man-Hour)**

Position	2008		2007		2006*	
	Hour	Hour/Employee	Hour	Hour/Employee	Hour	Hour/Employee
Leadership	18,750	246	49,157	861		
Professionals	73,493	1,547	41,104	74		
Technical, Administrative and Professional	115,670	78	76,282	42	315,722	137
Practitioners and Apprentices	1,382	12	19,575	196		
<b>Total</b>	<b>209,295</b>	<b>-</b>	<b>186,118</b>	<b>-</b>	<b>315,722</b>	<b>137</b>

(\*) Consolidated data – follow-up performed in another format

## People Training and Development Actions

GRI LATI

Projects	Description	Target Audience	Frequency	Start	N° of Participants 2008
Gestores em Ação – Instituto Superior da Empresa (ISE)	Program formed by five (05) modules of management and leadership competences.	Managers, Superintendents and Directors	Modular	2007	160
Gestores em Ação – Fundação Dom Cabral – Advanced Management Program	Program aimed for groups of 4 superintendents targeting development of business management and leadership competences.	Superintendents and Directors	Modular	2007	08
Gestores em Ação – IESE (Espanha) – Program for Management Development	Program aimed for groups of 4 directors with international module in barcelona for development of business management and leadership competences.	Superintendents and Directors	Modular	2007	08
Chronos	E-learning course on sustainability matters. Also onsite lectures were held.	Employees	-	2008	1,782
GMC – Global Management Challenge	Virtual contest simulating a company administration. EDP sponsors teams of employees and students.	Employees and Sponsored	Yearly	2006	81
Sou EDP	Stimulates integration and streamline between the corporation and employees in several countries wherein the controlling group (EDP Portugal) has activities. Also aims to foster best commitment towards the expected results.	Employees	-	2008	2,884
JEP – Jovens de Elevado Potencial	Development of youth with potential to grow in EDP Group's Structure. Encompasses competences development initiatives. Aims talents retention.	Employees	Monthly	2008	45
EAP – Especialistas de Alta Performance	Development of senior experts with potential to grow in EDP Group's Structure.	Employees	Monthly	2008	40
Segurança no Trabalho – NR10 - Reciclagem (Occupational Safety – Nr10 – Recycling)	Recycling course for the employees working in the electrical system.	Technicians, Engineers, Supervisors of The Technical Area	Monthly	2008	329
PTF – Programa de Treinamento Funcional (Functional Training Program)	Aims to train the technical and behavioral competences of the non-managerial level, based upon training portfolio.	Employees	Monthly	1998	1,794
PIE – Programa de Incentivo à Educação Formal (Formal Education Fostering Program)	Stimulates formal education of the corporation's employees, with support for technical, college, post-degree and MBA courses.	Employees	Yearly	1998	98
Programa de Formação de Novos Eletricistas (New Electricians Qualification Program)	Qualification of new electricians to work in the Emergency Teams.	New Hires	Semestral	1998	51
Boca Livre	Monthly chat that gathers the employees interested in sustainability and current matters for an intelligent snack during lunch time. Presence of a guest speaker, music presentations and display of parts of movies related to ethics and social and environmental commitment.	Leadership and Employees	Monthly	2008	1,391
Programa de Integração (Integration Program)	Aims to welcome the new employees presenting the benefits, policies and organizational structure.	New Hires	Monthly	2006	226
Patrocínio de Idiomas (Languages Sponsorship)	Fostering of employees' qualification for proper use of the language during performance of their works.	Employees	Yearly	2007	13





**SOCIAL PERFORMANCE**

**GRI EU16**

**Occupational Health and Safety**

In 2008, the Projeto Unificado de Saúde e Segurança do Trabalho e Qualidade de Vida (Occupational Health and Safety and Life Quality Unified Program) was created, setting action plans focused on occupation health, life quality and safety of the employees and service providers.

Work fronts implemented in the beginning of 2009 include streamlining of measures, education and monitoring by Cipas, plans and targets to suppliers, legal compliances, unified equipment, investment on qualification, technical engineering visits and educational campaigns, among others.

The corporation continues to strengthen enforcement of the Health, Safety and Environment policy and to implement the Sustainability Integrated Management System in the business units, gathering procedures in the occupational health, safety and environment areas.

By means of Occupational Safety Programs, we have promoted awareness campaigns, trainings, health technical visits, as well as monitoring in order to keep safe and healthy environments for the employees and visitors in all the Company's operations and activities.

**GRI LA6 | LA9**

At the end of 2008, percentage of employees represented by formal safety and health committees, especially according to the regulatory standard NR-5 of the Ministry of Labor was twenty-seven point eighteen percent (27.18%). Group companies also act in tripartite committees involving the government and union centers, aiming to strengthen the preventive measures.

**GRI LA7**

**Occupational Accidents by Company**

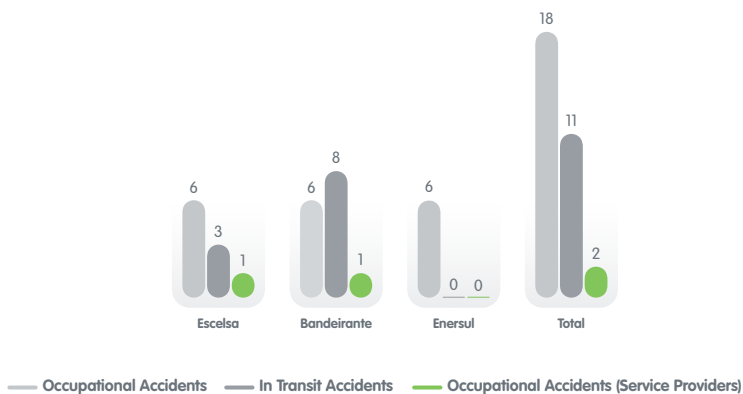
	Bandeirante	Escelsa	Enersul <sup>(1)</sup>	Energest	Enerpeixe	Investco <sup>(2)</sup>	Enertrade	Holding
Average number of own workers	1,066	952	728	95	43	73	12	55
Worked Hours	1,936,577	2,068,423	1,163,007	175,972	80,778	40,250	23,009	102,434
<b>Employees</b>								
<b>Occupational Accidents</b>								
With Leave	6	6	6	0	0	0	0	0
Without Leave	5	15	7	0	1	0	0	0
Fatal Accidents	0	0	0	0	0	0	0	0
Total Occupational Accidents	11	21	13	0	1	0	0	0
Lost Days	214	1,178	813	0	0	0	0	0
<b>Accidents in Transit</b>								
Non-Fatal	8	3	0	0	1	0	0	0
With Leave	3	2	0	0	0	0	0	0
Without Leave	5	1	0	0	1	0	0	0
Fatal Accidents	0	0	0	0	0	0	0	0
Total Accidents in Transit	8	3	0	0	1	0	0	0
Lost Days	39	15	0	0	0	0	0	0
Incident Rate (TI)	5,6	6,3	8,2	0	0	0	0	0
Severity Rate	111	570	675	0	0	0	0	0
<b>Service Providers</b>								
Fatal Accidents	1	1	0	1	0	0	0	0
Severity Rate	2,237	1,414	393	28,467	0	0	0	0

(1) Data until August, 2008

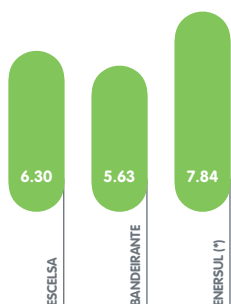
(2) Investco: Inclusion after October, 2008

### Occupational/In Transit Accidents

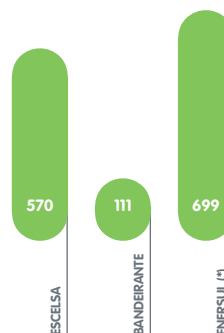
(\*) Data until August, 2008



### Incidence Rate (TI)



### Accidents Severity Rate



(\*) Data until August, 2008

#### GRI EU16

Outsourced workers and service providers attend safety lectures which approach several subjects that serve as guidance about the work standards. In 2006 and 2007 training was intensified due to adoption of NR 10 (Regulation Standard) which sets forth requirements and minimum conditions of control measures, further to preventive systems for workers that perform services in electrical facilities and with electricity. During 2008 number of qualification was reduced due to including only new hires and recycling of employees towards work procedures.

#### Outsourced Workers – Training in Health and Safety

	2008	2007	2006
Number of offered qualification*	187	960	1,625
Number of training hours offered to providers (hht)*	4,362	16,361	18,310

(\*) Data from Group distributors



**SOCIAL PERFORMANCE**

**Programs and Preventive and Risk Control Measures**

Programs and Measures	Goal	Frequency	Start	N° of Participants 2008
Healthcare Campaigns	Guidance dissemination and in loco assessment performance about themes like blood pressure, imc – corporeal mass index, ergonomics, stress, vaccination and others.	Monthly	1998	20% of the employees
Safety and Education with Service Providers	Presentations about safety, lectures, educational campaigns, safety inspections and guidance for accidents risks anticipation.	Monthly	2007	Approximately 400 outsourced personnel from the distributors
Safety and Education for Employees	Presentations about safety, approaching the major risk controls, lectures and educational campaigns.	Monthly	2006	80% of the distributors' employees
Safety Assessments	Safety assessments in the employees and providers work facilities and processes, disseminating safety as integral part of all the processes.	Monthly	2007	50% of the personnel, considering employees and outsourced
Preventive Medicine	Performance of periodical health exams in the employees, for health control in comprehensive format, considering development of the daily tasks and work environments.	Monthly	Since establishment of the EDP Companies	1,440 employees
Accidents Prevention Internal Committees	Formal and legal occupational health and safety committee, distributed in the concession cities regions, performing safety education activities and process and environment assessments.	Monthly	Since establishment of the EDP Companies	All the employees
Accidents Prevention Internal Week	Emphasis and strengthening of the concepts and behaviors towards risks controls and environments quality.	Yearly	Since establishment of the EDP Companies	Tall the employees, opening for the suppliers
Electricians Tourney	Event with one (01) day duration, competition format, with practical tests and tasks performed in structures identical to the electrical system and transmission lines. Counts with skilled judges that observe works safety and quality, valorizing the ones who perform their tasks within the safety standards without risk.	Yearly	2006	All the employees, opening for the suppliers

GRI EU18

**Environmental Climate Management**



Working in Enerpeixe represents much more than a simple employment relationship. The deal with the daily affairs of the Company and together with other officials and employees, significantly strengthen my professional and social relations with the local community. //

Claudinei Nascimento da Silva - Collaborator of Enerpeixe

In April, 2008 an Organizational Climate Survey was performed, with volunteer participation of seventy-eight percent (78%) of the employees. Results were largely disclosed in the company and generated action plans for enhancement of the items worst evaluated.

A Climate Corporate Action Plan was prepared with four main action lines based upon the most critical aspects appointed by the employees: recruiting and screening process, positions and wages policy, healthcare insurance plan and internal communication. The plan has been concluded in one hundred percent (100%) until the end of the year and resulted, among other things, in the review of recruiting and screening and positions and wages policies, as well as in the enlargement of the network qualified by the Group's healthcare plan.

Furthermore, survey results were separated by superintendence, so that each manager, together with the HR was able to analyze the enhancement points specific of his/her area and prepare an action plan reaching out up to two years. Those plans were disclosed to the employees and follow-up throughout the year.

#### **Performance Management**

In 2008, the group kept the Performance Management model based upon goals and competences. Group strategic goals were unfolded in all the corporation's levels so that each employee was appraised in relation to the results of the Group, business units, areas and individual targets as well. Competences are behaviors and attitudes presented by the employee, focusing the present and the future. They are structured in three axes: transversal competences (common to all the employees), management competences (exclusive for managers) and functional competences (separated by functional groups).

#### **GRI LA12**

Managers' appraisal followed the 270th model, i.e., they make their self-appraisal and are appraised by their hierarchical superior and peers. The other employees are appraised by the 180° model, with self-appraisal and appraisal of the immediate superior. In 2008, appraisal process reached one hundred percent (100%) of the active employees on the date of its performance.

Performance management model was reviewed in 2008. Appraisal of the entire Group will now follow 360° model, i.e., all the managers will be appraised by their immediate superior, peers, reports and will prepare their self-appraisal as well. Employees shall also be appraised by the manager, peers and will prepare their self-appraisal. New model will come into effect in 2009, when the employees shall be appraised by 2008 results.

#### **Welfare and Benefits**

#### **GRI LA3 | EC3**

Further to the benefits required by law, EDP Energias do Brasil's employees have extra benefits like private healthcare insurance plan and life insurance. In 2008, migration of the healthcare insurance plans was consolidated to one sole operator. Prospection in the regions wherein the Group companies are located resulted in an expressive increase of the attendance network. Just in the Vale do Paraíba and Alto do Tietê (SP) regions - with large concentration of employees - clinics and hospitals network went from 341 to 2,503, and the number of dentists jumped from 81 to 280.

In the same year new life insurance came into effect. Plan has the monthly premium one hundred percent (100%) paid by EDP Energias do Brasil, with insured capital 24 times the wage value, limited to four hundred thousand reais (R\$ 400 thousand).

With the new complementary welfare plan offered by the Company the employee decides to contribute with up to seven percent (7%) of the monthly wage and EDP Energias do Brasil participates with the same percentage. Yet, one hundred percent (100%) of the costs for coverage of Income by Disability and Pension by Death are covered. Group complementary welfare plans reach out 2,251 employees, which represented five point nine million Reais (R\$ 5.9 million) participation in 2008.

Group complementary welfare plans administration is under the responsibility of Funcesp, Fundação Enersul and Enerprev. Fundação Escelsos, which includes retirement plan of Escelsa's employees, has been incorporated by Enerprev. With this initiative, Enerprev closed 2008 with approximately four hundred twelve million reais (R\$ 412 million) in equity.



**SOCIAL PERFORMANCE**

**Pension Plans**

(R\$ Million)	2008	2007	2006
Present value of the actuarial obligations, totally or partially covered	-544	-598	-579
Assets fair value	502	666	563
Non-recognized actuarial losses value	41	-42	16
<b>(Deficit)/Surplus</b>			
Bandeirante	-85	-96	-98
Escelsa	83	71	59
Energisul	-	51	40
Energest	1.1	0.1	0.2

**Benefits**

(R\$ Thousand)	2008	2007
Medical and Dentist Insurance Plan	24,857	27,070
Complementary Welfare	14,069	21,458
Meals and Food	18,302	19,102
Professional Qualification and Development	3,056	4,480
Occupational Health and Safety	37	148
Nursery Allowance	307	308
Others	3,023	3,508
<b>Total</b>	<b>63,651</b>	<b>76,074</b>

(\*) Healthcare and Dentist Insurance Plan.

**Communication Channels**

GRI HR4

EDP Energias do Brasil valorizes direct contact with its employees and, for that purpose, it provides several communication channels, either by personal contact with HR Consultants responsible for areas attendance or by the internet. Eventual claims of harassment and prejudice may be forwarded by the Communication and Denounce Channel. In 2008, the channel received five reports of harassment. Denounces were analyzed by the Ethic Committee and Internal Audit and the conclusion was that they were not characterized as such or true.

**Relationship with Unions**

GRI LA4 | LA5

In 2008, EDP Energias do Brasil signed Labor Collective Agreements with all the trade associations which represent the Group companies' employees, within the base date. Agreements included plans of separate Profits and Results Sharing for managers and non-manager. Another highlight in the year was the incorporation of the supervisors into the managers' labor collective agreements. There is no specific clause in the collective agreements concerning the minimum periods to inform changes in the company's operations, nor formal procedures about the subject.

GRI HR5

The Company has a Union Relationship Policy which assures free union association and collective bargaining in all the Group companies.

**Participation into Unions**

Unions	2008	2007
Number of associates	1,140	673
% of associates	46.19%	70.62%
Number of unions	03	03

### Wage Policy

Compensation policy of EDP Energias do Brasil is analyzed by means of comparison with the wages paid in the market, aiming to keep proper competition level. Wage surveys are performed using the methodology of Hay Group consulting, which classifies positions by score according to three elements: know-how, mental process and responsibility towards results. Measuring of those three factors results into the position weight. The methodology allows measuring the relevance and complexity related to the position expected results.

The policy considers the Group's respect to differences and offer of equal development opportunities to the employees. Table below shows proportion of the lowest wage paid by the Company compared to the minimum wage.

GRI EC5

### Proportion between the Lowest Waged Paid by the Company and the Minimum Wage

	2008	2007	2006
Number of Minimum Wages	1.9	2.2	2.0

### Diversity and Equal Opportunities



We believe that the partnership established between EDP and Dandara would be an example of success by promoting gender equality, a decisive factor to build a fairer society.



Alcione de Melo - Executive Director of Centro Dandara de Promotoras Legais Populares

EDP Energias do Brasil believes that respect to individual rights is critical for a healthy work environment, and differences are essential to add value to the company. Offered development opportunities encompass all the employees, without distinction. This stand was strengthened in 2007 by the introduction of the diversity valorizing policies and policies against prejudice and harassment. Initiatives like Programa Incluir (Inclusion Program) in the Group controlled companies contribute to qualify special needed people, which have a contract for defined two (02) years period and may be definitely included in the personnel chart at any time when there is a place with the corresponding profile. In 2008, 14 people have been hired through this program.

GRI LA14

### Base Wages by Gender and Position

	2008			2007		
	Women (R\$)	Men (R\$)	Proportion (wages of men and women)	Women (R\$)	Men (R\$)	Proportion (wages of men and women)
Superintendent	18,299	19,030	1.04	19,104	18,196	0.95
Manager	11,373	11,588	1.02	10,095	11,004	1.09
Supervisor	6,232	6,663	1.07	5,614	5,611	1.00
Administrative/Technical	2,064	2,005	0.97	1,802	1,716	0.95
College Student/Professional	4,710	5,506	1.17	3,702	4,254	1.15
Operational	1,418	1,861	1.31	1,100	1,713	1.56
Professional Technical	2,812	2,871	1.02	2,491	2,613	1.05
People with Special Needs	693	739	1.07	616	646	1.05





**SOCIAL PERFORMANCE**

GRI LA13

**Governance Structure by Gender and Age Range**

	2008		2007	
	Honorary	Substitute	Honorary	Substitute
<b>Board of Directors</b>				
<b>Gender</b>				
Men	31	8	27	4
Women	1	1	1	-
<b>Directory</b>				
<b>Gender</b>				
Men	23		20	
Women	1		0	
<b>Age Range</b>				
Up to 30 years old	0		0	
From 30 to 50 years old	11		10	
More than 50 years old	13		10	
<b>Superintendences and Management</b>				
<b>Gender</b>				
Men	197		103	
Women	35		25	
<b>Age Range</b>				
Up to 30 years old	9		3	
From 30 to 50 years old	173		96	
More than 50 years old	50		29	

**Fostering to Volunteer Work**

The Company stimulates participation of its employees into volunteer work actions, by means of its social projects. In "EDP nas Escolas", volunteers are responsible for assessing the needs and preparing the activities planning, besides creating bonds with the communities wherein the program is developed. Qualification meetings and lectures are presented to volunteers approaching several subjects like citizenship performance and public policies. The employee that enters the EDP Volunteer Work Program receives the Volunteer Manual, a booklet presenting and explaining the role of this social change agent, further to a customized t-shirt. In 2008, more than 200 employees have participated in EDP's volunteer actions.

In the last quarter of 2008, o Instituto EDP, with the support of Human Capital Management area, prepared a study on the volunteer programs which resulted into the creation of EDP Group Volunteer Policy, approved in March, 2009. Highlight of this instrument is release of the volunteer employees for four hours per month during working hours and Company's commitment reinforcement fostering this practice.

**Programa Menor Aprendiz (Minor Apprentices Program)**

EDP Energias do Brasil has, within its controlled company's personnel chart, minor apprentices in a number proportional to the number of positions that require technical qualification, according to the specific laws. Program has triple focus: opportunities generation, social preparation and inclusion in order to facilitate entry of those youth into the work marketplace, aiming their Professional development. Program is performed by means of covenants with institutions like the Sistema "S" and entities registered with the Ministry of Labor.

Minors are granted the same benefits of the employees including healthcare insurance plan, dentist insurance plan and meal ticket, besides taking part on the events fostered by the Company like the Sports Festival.

### Human Rights

EDP Energias do Brasil has adhered to the principles of the Global Pact and Millennium Development Goals, both United Nations initiatives which invite the business community, international organizations, non-governmental organizations and other entities to undertake, adopt, support and foster exercise of the human rights. In Brazil, it has also signed the Business Pact for Integrity and Against Corruption, headed by Instituto Ethos de Empresas e Responsabilidade Social, in a partnership with other institutions (for more information, please refer to the commitments undertaken by the Company at page 19).

GRI HR5 | HR6 | HR7


With those guidelines, the Company directs its policies, processes and procedures performing practices that support the undertaken commitments, aiming to discipline and multiply the concepts throughout the business chain. EDP Energias do Brasil does not have operations identified as being at significant risk of child labor, forced labor or slavery analogous labor. It does not also relate with activities that may present risk to the freedom of association and has not registered any denounce about those practices in 2008.

GRI HR1 | HR2

In the new enterprises or in mains extension and improvement works, all the investment contracts and resulting projects include requirements related to social and environmental aspects and respect to human rights. In 2008, we have had no Record of violation of the indigenous people rights in the operations controlled by EDP Energias do Brasil.

### Responsibility in the Productive Chain



We look at EDP as a mirror for our goals of development. 

Luiz Carlos de Rezende - Director da Lig Test Serviços Elétricos

GRI HR2

EDP Energias do Brasil acts as a formation agent and inducer for enforcement of its commitments, principles and policies in all its suppliers. Besides including in the agreements with the partners clauses of respect to human rights, like forbiddance of child and slave work, sets forth social and environments requirements to be met. This initiative reaches one hundred percent (100%) of the organization's critical suppliers and monitoring of compliance with these rules is performed by means of multidisciplinary inspections and industrial assessments, both in the selection step and services performance and/or equipment purchase. In 2008, the Company traded nine hundred eighty-nine million reais (R\$ 989 million) in products and services with 5,004 suppliers.

GRI EC6

With the purpose of fostering development of the region wherein it has business, EDP Energias do Brasil formalizes, in the quotations for rendering of services or purchase of new products or equipments a rule that sets forth the priority of contracting with local suppliers, in the hypothesis of equal price, term and quality.

Suppliers are stimulated also to take part on the social projects developed by the Company contributing by means of volunteer actions, partnerships and sponsorships. In 2008, EDP Energias do Brasil held its I Suppliers Forum an instance aimed for sharing of ideas and dissemination of sustainable development practices with the purpose of strengthening the business culture.



## SOCIAL PERFORMANCE

### COMMUNITY



The relationship between the Comunitas and EDP, since 2005, has been guided by the respect and the achievement of common goals. A fully satisfying experience it is the commitment by the company with the effectiveness of its Foreign Social Investment. We are certain that the Company is placed in a prominent role, and leading in the sector of electric energy in this theme so dear to sustainability. You can say that the knowledge produced and the social interventions undertaken benefits the Company and to the communities of their surroundings. //

Thereza Lobo - Institutional Relations Director of Comunitas Partnerships for Development

#### GRI 501

EDP Energias do Brasil is committed with the development of the communities from the regions wherein it has activities. This is a commitment streamlined with the strategy of the controlling company, Energias de Portugal, which has been considering personnel development part of its implementation strategy of projects within its influence area for years.

Group business - energy generation, marketing and distribution – classify it as a provider of essential services. Thus, EDP Energias do Brasil works on providing the service to the population with quality and safety in order to assure everyone the access to this essential asset.

EDP Energias do Brasil believes that its influence on the communities where its plants are installed and on those that will be served by its distributors will be higher if there is a contribution for the educational and cultural progress of people and consequently, economic progress as well.

This Idea guides Instituto EDP Energias do Brasil, which actually started its activities in 2008, aiming to develop and coordinate policies for Environmental Investments, Social Investments, Volunteer Work and Institutional Management as well as fostering the Company's sustainability culture consolidation among employees, clients, suppliers, partners and other strategic audiences. This commitment is expressed in the eight principles of sustainable development, in effect since 2006 and already rooted on the way that the social, environmental and cultural programs are managed.

With the purpose of contributing for the communities' human capital enhancement, by means of access to school activities, for life quality improvement and for people's development so that they can have access to products, services and opportunities for income and life quality improvement, the Group has focused its social investments in education, social services and local development.

It is important to notice the support to "Dentistas do Bem" (Dentists of Good) project, which offers free odontological treatment to low income children and teenagers selected in public schools, by means of volunteer work of dentist surgeons. In 2008, the program cared for more than 5 thousand children.

Program "EDP nas Escolas" (EDP in the Schools) also follows this path, contributing for improvement of educational life of students from the elementary school from city public schools located in the area where Bandeirante has its activities. In 2008, about seventeen (17) thousand students from fifty-three (53) schools were benefited by means of school kits distribution, realization of competitions and campaigns for awareness about electrical energy, Mouth Hygiene Campaign, improvement of school environment (painting of courts, vegetable yards, etc.) and fostering of theater shows at school. For 2009 the Program is expected to be extended to the states of Espírito Santo, Tocantins, Mato Grosso do Sul and Santa Catarina, reaching twenty (20) thousand students from more than 70 (seventy) schools.

**'EDP nas Escolas' Program**

Involved Audience	2008	2007	2006
Schools	53	58	55
Students	17,000	16,000	15,200
Teachers	1,000	950	900
Volunteers	108	118	112
Partner Companies	14	16	19

To support social projects managed by organizations from the Third Sector, the Group has approved, in 2006, its external social investments policy which defines action focuses and eligibility criteria. The policy proposes public selection of projects by means of protocols disclosure in the major communication bodies. In 2008, those projects were part of the "EDP Solidária" program, compliant with the controlling company, Energias de Portugal. All the program steps, including result pointers, are assessed by independent consulting company, which assures its clearness and reliability.

With social support to projects also aimed at children and teenagers, Group companies have accomplished renewal of the Selo Empresa Amiga da Criança (Child Friend Company Stamp), certified by Fundação Abrinq.





**SOCIAL PERFORMANCE**

GRI EC9

**Social Projects – EDP Solidária**

Organization	Project's Name	Target Audience	Number of Beneficiaries 2008
ACACCI – Associação Capixaba contra o Câncer Infantil	Casa da Família da ACACCI	Children, youth and women	296
APAE Gurupi	Projeto SOS Família	Children, youth, adults, elders	269
Associação Alfabetização Solidária	Programa Fortalecendo a EJA (Educação para Jovens e Adultos)	Youth, adults, teachers from EJA and school managers of city network school	590
	Programa de Alfabetização de Jovens e Adultos	Youth and tutors for reading and writing	780
Associação de Apoio ao Programa de Capacitação Solidária	Meio Ambiente e Cidadania	Youth, technicians and partner organizations	90
	Curso em Gestão de Projetos Sociais – MS	Community leaders	40
Associação dos Amigos da Criança com Câncer	Programa Diagnóstico Precoce	Health teachers from the State	1,200
Associação Pestalozzi de Campo Grande	Interando com Arte – Continuação	Youth with special needs, women and mothers, parents and brothers	80
Associação Rede Criança	Banda Mirim	Youth	100
Cáritas Paroquial de Bataguassu – MS	Cia. de Teatro Bataguassu – Arte e Vida	Children, youth, women, mothers, elders, drug addicts	1,600
Centro Brasileiro de Desenvolvimento Esportivo e Social	Escola de Esportes e Cidadania	Children, youth, teachers and exhibitors	1,554
Centro Dandara de Promotoras Legais Populares	Promotoras Legais Populares – Módulo II	Women	400
Centro de Acolhida Maria Imaculada	Melhoria no Atendimento a Famílias em Situações de Risco Social	Children, youth, women, mothers, elders	310
Centro de Integração da Criança e do Adolescente – CICA	Arte no CICA	Children	80
ECOS – Instituto de Pesquisa e Desenvolvimento Socioambiental	Peixe na Mesa	Children, youth, women, mothers, families of fishermen and farmers	2,090
Federação de Bandas e Fanfarras – MS (Febafans)	Sintonia da Cidade – aquisição de instrumentos musicais	Children and youth	430
Fundação e Faculdades Unirg	Jovens Mulheres	Young women, Elder women and people from the community	95
Grupo de Apoio à Criança com Câncer (GACC)	GACC vai à Escola: inclusão e prevenção de mãos dadas pela vida	Children, women, mothers and drug addicts	1,650
Grupo de Assistência ao Menor Trabalhador	Aprendendo e Educando com Robótica	Youth and teachers	1,500
Instituto Crescer para a Cidadania	Projeto Aluno Cidadão	Youth and teachers	4,640
Instituto de Desenvolvimento Evangélico	Uns por Todos	Children	200
Instituto Samaritano de Educação e Cidadania Albert Schweitzer	Projeto Enter de Inclusão Digital	Children, youth, people from the community and local entrepreneurs	580

In the cultural range, the target is to foster and spread access to cultural and artistic manifestations. Prominent matter was the Energia nas Artes (Energy in Arts) prize, which consolidates plastic arts as the third Pillar of the cultural programs. The other two are reading stimulation and theater. Introduced in partnership with Instituto Tomie Ohtake, award aims to disclose Young talents in the several branches of the Brazilian plastic art. First award is expected to happen in May, 2009.

Support to theater is another pillar of investment into culture. The uniqueness is the fact that the Group provides quality shows to cities out of the commercial circuit, like Vitória (Espírito Santo), Palmas (Tocantins), Guarulhos, São José dos Campos, Taubaté and Caraguatatuba (São Paulo). In 2008, highlights were the plays "Cada um com seus problema", "Mãe é karma" and "A Cabra ou Quem é Sílvia?", and the cultural support to Cisne Negro Companhia de Dança.

#### EDP Cultura Program – Realized in 2008

Project	Location/State	Number of Presentations	Spectators/Attendants
Arte Cidadã	Espírito Santo	18 workshops, 3 show classes and 3 processions (1 per district) during 3 days	1,200 people
Br Arte & Cultura	Tocantins	Workshops, spectacles and movies display	11,946 people
Cada Um Com Seus Pobrema	São Paulo, Espírito Santo and Mato Grosso do Sul	15 presentations	8,923 spectators
Cisne Negro	São Paulo	11 presentations	7,235 spectators
Colorindo Minha Cidade	São Paulo	Arts workshops and social diagnosis	396 students from public schools
Exposição Alvaro Siza	São Paulo	3 presentations	3,081 visitors
Exposição Júlio Pomar	São Paulo	Show – from April 5 to May 18	61,396 spectators
Ler é Uma Viagem	São Paulo	13 schools 52 reading sessions 3 reading workshops	1,800 students from 1st to 4th grades 300 teachers 75 attendants
Mãe é Karma	São Paulo, Espírito Santo, Tocantins and Mato Grosso do Sul	9 presentations	2,882 spectators
Na Batucada da Vida	São Paulo	3 presentations	1,824 spectators
Prêmio Energias da Arte	Nacional	Competition for new art talents	320 registrations
O Homem, a Besta e a Virtude	São Paulo	4 presentations	824 spectators
Por Uma Vida Um Pouco Menos Ordinária	São Paulo and Espírito Santo	8 presentations	2,471 spectators
Projeto de Leitura (Letras de Luz)	60 cities – SP/ES/TO/MS	180 reading workshops Books donation 296 theater presentations	1,800 multipliers from local public schools and cultural agents 50 thousand spectators

In the environmental aspect, the Instituto supports initiatives for study and preservation of the natural patrimony within its area of activities. Currently, the Group sponsors a project about the cerrado biome, in the State of Tocantins. The Tropical Biodiversity Knowledge Center (Ecotropical) is kept in a partnership with Instituto Ecológica and Universidade de Aveiro, in Portugal.

Group social investments amounted to eight point five million reais (R\$ 8.5 million) in 2008. Social projects focused on education answered for two point nine million reais (R\$ 2.9 million), culture corresponded to three point one million reais (R\$ 3.1 million), sports received eight hundred seventeen thousand reais (R\$ 817 thousand) and the health actions received investments of seven hundred twenty-eight thousand reais (R\$ 728 thousand). Other initiatives like sponsors and support were granted nine hundred twenty-one thousand reais (R\$ 921 thou). The Company supported more than forty (40) social-environmental projects and more than twenty (20) cultural projects.



**SOCIAL PERFORMANCE****Social Carbon**

Pioneer among the companies from the electrical sector in the application of the Social Carbon methodology into social-environmental projects since application of the MDL (Clean Development Engine) and VER (Verified Emissions Reductions), EDP Energias do Brasil has strengthened this guideline in 2008 by choosing three new social projects to be implemented in 2009 within the methodology scope: the proposal of environmental recovery in the city of Baixo Guandu, creation of the sewing productive group Vila Mascarenhas, both in Espírito Santo, and qualification on sustainable handling for the PCH Paraíso neighboring community, in Mato Grosso do Sul.

Concept of Social Carbon is applied to projects that join reduction or exclusion of discharges of the steams that cause the greenhouse effect to initiatives that benefit the local communities.

Developed in a partnership with Instituto Terra, the environmental recovery project in the city of Baixo Guandu has the purpose of fostering integrated social-environmental handling of the Rio Guandu basin as well as the environmental awareness of the community and local farmers. Targets are the recovery of eight fountains, diagnosis and monitoring of the water resources quality and quantity, replant 360 seedlings of native species, qualify farmers by means of agricultural-ecological courses and events and prepare the rural properties adjustment plan.

Program of creation of the sewing productive group Vila Mascarenhas, aims to formalize a cooperative that will organize the productive line of artifact and sewing of the women from Vila Mascarenhas, a district from the city of Baixo Guandu, in order to provide new opportunities for income generation. The third project developed in the neighboring of PCH Paraíso also aims to qualify the local community, mainly the women. The focus is on showing the use of the native species in order to foster resources sustainable handling.

It is worth reminding that in 2008, the first sale of carbon credits in VER was realized, generating revenue to make the Instituto EDP Energias do Brasil operational. For 2009, we expect to trade more by the volunteer market and hold the first CER (Certified Emissions Reduction) negotiation, regulated by the Kyoto Protocol. Until 2013, approximately 900 thousand tones of CO<sub>2</sub> shall be traded, resulting from the MDL projects of São João, Paraíso and Santa Fé PHCs and the fourth machine in Mascarenhas.

GRI EC2

GRI SO3

**Corruption Fight**

Undertaken commitments reinforce the organization's concern with business transparency and ethics. The corporate policies – including the Corruption, Bribery and Subornation Fight Policy and the Code of Ethics – are available through the internet and may be consulted by the employees also at the notice boards, folders and in the intranet. Thus, the company works on providing its values and ethical principles to all the employees.

In 2008, through the "Boca Livre", we have presented "Voto consciente: o futuro da sua cidade é o seu futuro" (Conscious Vote: future of your city is your future). Presented by guest lecturers, in four cities within the business area, had the attendance of 253 employees, representing ten point eight percent (10.8%) of the personnel. The purpose was to stress the vote relevance, as it is through it that the society representatives are defined who shall administer, by a define time, the public equity.

Enforcement of the Code of Ethics and monitoring are under the responsibility of the Ethics Committee, who meets on a monthly basis. Clients, shareholders, suppliers, employees and general audience may indicate deviations and conflicts in compliance with those principles by means of the Communication and Denounce Channel.

GRI SO2 | SO4

On a yearly basis, upon preparation of the work plan, the Internal Audit assesses the several processes and considers the risks in terms of probability and impact, also considering the aspects of corruption and fraud, as a way to guide the area works and assure internal controls environment adequacy. Internal Audit yearly plan is submitted to the formal approval of the Company's Directory and Audit Committee. Measures taken in the non-compliance instances are set forth in the Ethics Committee By-laws and include disciplinary and legal penalties applicable to the relevant cases.

**Public Policies**

GRI SO5 | 4.13

Due to the fact that EDP Energias do Brasil has activities in a regulated sector, it endeavors to actively take part on the definition of rules and regulations always aiming to improve energy generation and distribution services. The Group throughout complies with the laws applicable to the electrical sector, managed by Aneel (National Agency of Electrical Energy), an agency from the Ministry of Mines and Energy.

The Company has been defending, for instance, promptness in implementation of aeolic energy ventures in Brazil, a country with great potential for this sort of alternative source. It has also putting efforts into defending the thesis of increase in the limit of the PCHs definition criterion, currently established at 30 MW. EDP Energias do Brasil believes that adoption of this

measure may bring benefits to the country. And also it can be built faster than a large sized hydroelectric plant, which meets Brazil's need to add new power to the mains, one PCH generates lower environmental impact and may be installed closer to consumption centers.

As a distribution agent, the Group actively participates in the process of tariff review, taking part in all the public hearings held by Aneel within its area of activities, including the onsite sessions wherein the interested parties may manifest their opinions and reasoning about the Tariff Repositioning Index (IRT).

The Company's public policy goes beyond the subjects related to the electrical sector and includes themes that show its commitment with sustainability. In 2008, the company took part in the preparation of the Companies Social Commitment Manual, a project coordinated by Empresa Limpa, the name given to the group of companies signatories of the Enterprise Pact for Integrity and Fight Against Corruption. Developed in a partnership with the Union General Controller, the Manual aims to foster ethics and integrity in the companies.

In December, the Group participated in Pozan, Poland, as part of the official delegation of the Brazilian government to the 14th Conference of the Parties (COP-14), from the United Nations Framework Convention on Climate Change. In special, it took part of the side event "Brazil Bioenergy: Basis for World Clean Energy", which aimed to disclose the good practices of the Brazilian companies to improve climate, as well as the governmental effort to mitigate the country's climate changes.


Group companies also have activities and representations in entities from the electrical sector like the Environmental Chamber of the Enterprise Movement Espírito Santo in Motion, Abradee (Brazilian Association of Electrical Energy Distributors) and the Instituto Acende Brasil, among others. It also takes part on associations and enterprise forums among which CEBDS (the Brazilian Enterprise Council for Sustainable Development), Instituto Ethos, Citizenship Enterprise Council, from the Industries Federation of Espírito Santo (Findes), and Instituto Akatu.

#### GRI SO6

The Group does not support political parties nor takes part in political campaigns. In 2008, we have had no Record of financial contributions, in cash, to organizations or events of this kind.



The 2007 Report demonstrates the commitment of the Company with the society in which it is inserted. This commitment goes far beyond the shareholders and includes all employees, that is characteristic of a reliable company and committed to sustainability.

Energy is an important item to people's lives, both as regards economic development as the comfort of the population. And EDP Escelsa is accompanying the growth rate of the State and providing, in a sustainable way, the basic and essential ingredient. 

Walter Lídio Nunes - President of Movimento Espírito Santo em Ação

#### Unfair Competition

EDP Energias do Brasil is committed with establishing relationships guided by respect and transparency encompassing all the interested audiences, including competitor. It has a formal and disclosed the Corruption, Bribery and Subornation Fight Policy, besides taking part as a member in the Companies Workgroup for Corruption Fight to prepare the Companies Social Commitment Manual. The initiative reflects the relevance of the matter to the Group operations and the interest upon a healthy and ethical business environment.

#### GRI SO7

In 2008, we have had no record of lawsuits due to unfair competition, practices of trust or monopoly in the Company's operations.

**SOCIAL PERFORMANCE****LIABILITY FOR THE PRODUCT**

It is visible the commitment of the EDP Escelsa professional in play activities to promote improvements that enhance the management of all processes and also bring gains for all (Contract, Contractor and Contractor's customer). This contagious all partners (service providers and their employees) and certainly reflects the rate of customer satisfaction. Moreover, it contributes substantially to the reduction of trade complaints. //

Moisés Pêso da Silveira - Supplier in electrical energy distribution networks of Engelmig Elétrica Ltda.

Energy supply safety and quality, clients trust and opinion of the regulatory agents and public authorities are intangible assets that EDP Energias do Brasil sustains by means of initiatives that evidence its responsibility and efficiency in terms of the offered services.

Quality of the services rendered by the distributors is regulated by Aneel (National Agency of Electrical Energy) which sets forth the pointers and specific standards to be complied with by the concessionaires. Concession agreements expect full compliance with the conditions set forth by the regulatory body and systematic inspection by the agency, ranging from client health and safety aspects to technical and commercial quality pointers.

Checking of service quality is done by follow-up of the defined pointers management directly related to duration and frequency of electrical energy supply interruptions. Comparison parameter are the standards set forth by Aneel.

For that purpose, distributors of EDP Energias do Brasil are equipped with modern computing systems which allow real time mains monitoring, management of complaints related to electrical energy supply interruptions and automatic verification of the service quality pointers originated from the recorded interruptions. Processes of technical services quality pointers collection and checking are ISO 9001 certified.

Service quality is also directly checked by the onsite attendance and telephone attendance. Attendance compliance is monitored in order to make sure it is correct and also work guidelines standardization and formalization.

**GRI EU24**

Besides the onsite contact and by the call centers, available 24 hours a day, the Group companies keep information about the tariffs, mains maintenances and other services on their websites. For the clients with hearing disability and speech disability, in December, 2008, we have provided a special telephone number and trained the Call Center professionals to best serve this audience. Communication takes place by the home, company or public telephone adapted for each one of the disabilities and it has been developed to make and receive text telephone messages.

Communication with the clients is guided by the Communication Policy and based upon the Group's Code of Ethics.

**Attendance Places**

	Bandeirante	Escelsa
Own shops	6	8
Third Parties' shops	11	38
Poupatempo	1	-
Third Parties' booth	7	-
Commercial Agent	-	112
<b>Total</b>	<b>25</b>	<b>158</b>

### Access Channels – Number of Attendances

	Bandeirante			Escelsa		
	2008	2007	Variation (08-07) %	2008	2007 <sup>(1)</sup>	Variation (08-07) %
Call Center	1,973,144	1,961,667	+0.6	2,179,862	2,393,000	-8.9
Audible Response (URA)	973,584	885,291	+10	746,647	868,382	-14.0
Shops/agents*	1,053,963	974,516	+8.2	872,088	857,993	+1.6
Internet (visits)	3,473,729	844,234	+311.5	937,501	692,000	+35.5
<b>Total</b>	<b>7,474,420</b>	<b>4,665,708</b>	<b>+60.2</b>	<b>4,736,098</b>	<b>4,811,375</b>	<b>-1.6</b>

(\*) Includes own shops and third parties' shops  
(1) Reclassified data

### Call Center Performance 2008

	Bandeirante		Escelsa	
	2008	2007	2008	2007
Target	95.0%	90.0%	90.0%	85.0%
INB (Basic Service Level Index)	97.9%	91.0%	97.0%	95.8%
Target	4.0%	7.0%	7.0%	8.0%
IAB (Abandonment Index)	0.6%	1.6%	0.7%	1.5%

### Clients Satisfaction Survey

GRI PR5

EDP Energias do Brasil uses two surveys as base: ISQP (Perceived Quality Satisfaction Index) from Abradee (Brazilian Association of Electrical Energy Distributors) and IASC (Aneel Clients' Satisfaction Index) from Aneel. In 2008, Group distributors have shown a fall in Abradee's survey, with increase of Bandeirante's index on the survey performed by Aneel. At IASC, both distributors have shown performance above the Brazilian average, at sixty-two point six percent (62.6%). Escelsa is prominent at ISQP, as it is above Abradee's general average (77.4) and also in Southeast's average (79.8).

### Perceived Quality Satisfaction Index (ISQP) – %

%	2008	2007	2006	2005	Comparison Reference*
Bandeirante	72.8	74.8	71.1	67.8	87.9
Escelsa	80.0	86.3	73.8	73.4	

\* Best performance among the surveyed companies with more than 500 thousand clients

### Aneel Client's Satisfaction Index (IASC) – %

%	2008	2007	2006	2005	Comparison Reference*
Bandeirante	67.2	66.7	62.3	60.0	73.8
Escelsa	63.1	67.3	60.3	55.6	

\* Best performance among the surveyed companies with more than 400 thousand clients



**SOCIAL PERFORMANCE**

**Complaints Management**

For EDP Energias do Brasil, clients manifestations, whether criticisms, compliments or complaints are important pointers of the rendered services quality measure and through those it is also possible to see improvement opportunities.

All the actual complaints are registered in the Commercial System (SAP IS-U/CCS) and analyzed, sent for proper actions to the responsible internal areas. The client is provided with an answer, positive or not, by mail (e-mail or letter) or telephone contact.

Periodically, those manifestations are consolidated and turned into a statistical report in order to feed the areas with strategic information and allow studies and assessment of the actions that enable correction of eventual deviations or processes enhancement.

**Clients' Complaints**

(Nº)	TARGET			
	2009	2008	2007	2006
Company*	334,994	340,685	615,597	830,567
ANEEL**	1,700	1,839	1,579	1,185
Justice	2,325	2,517	2,933	2,515
Procon	3,518	3,528	3,627	3,813

\* Ombudsman, Call Center and commercial shops  
 \*\* Through ANEEL's inspection agencies

**Client Health and Safety**

GRI PR1

Group corporate and management policies are focused on continuous improvement of products and services in order to assure client's health and safety. Investments on research and development and performance of awareness campaigns with the target audiences are done in order to foster interaction with the Group's operations. Communication channels including sites, call centers and electrical energy invoice provide information about the safe use of electrical energy.

**Actions for Awareness about Electrical Energy Dangers and Risks in 2008**

Actions/Campaigns/Events	Scope	Location	Number of events/ Attendants
"Pipas com Segurança"	Workshop and hover or kites that teach children how to play in a safe way, with lectures about the safe and correct use of electrical energy	Cities within Bandeirante's concession area	10 workshops/ 3,500 people
Economy and Safety Tips	Provides knowledge and tips about safe use of electrical energy	Company website and events	Web users and clients
Energy in the Community	Lecture in the communities that had their fraudulent connections rectified. The purpose is to, in a playful way, make citizens aware of the proper use of electrical energy	Cities within Bandeirante's concession area	20 events/ 13,000 people
National Week of Prevention of Accidents with Electrical Energy/Abradee	Preparation of folders and plates fixed at commercial outlets, forums, city halls, schools, shopping centers, train stations, public parks, radio broadcasting, lectures at schools, kites hovering, etc. Stresses the message of accidents prevention close to the distribution mains	Distributor's concession areas	Population of the served cities
Messages in the Electrical Energy Bill	Inclusion of messages about safe use of electrical energy	Distributor's concession areas	All the clients
Spots safety saving	Radio announcements with information about energy saving, care with electricity use, etc.	Distributor's concession areas	Population of the served cities

**GRI PR2**

There are no records of lawsuits or administrative proceedings related to the cases of non-compliance with regulations and volunteer codes that refer to the impacts caused over lifecycle health and safety or information and labeling of the Company's products and services.

**GRI EU25**

**Severe and Fatal Accidents**

In 2008, user's contact with the facilities and mains of EDP Energias do Brasil's distributors resulted in twenty-four (24) accidents, eleven (11) of which caused death. Within Escelsa's concession area, nine (09) accidents and five (05) deaths have been recorded. The distributor has two legal suits yet in process arising from deadly accidents.

In Bandeirante, during 2008, fifteen (15) accidents and six (06) deaths were recorded. In the same period, six (06) processes related to accidents and deaths generated by electrocution were recorded, four (04) of which were deadly. Although the processes have been sued in 2008, three (03) accidents took place in former years. One process was closed, within the period, with favorable award to Bandeirante.

**Accidents with the Population**

**GRI EU25**

Type of accident	Cause	Frequency
Exposure to high tension electrical energy	Activities in slabs, marquees or support works	2
	Construction, restoration of roofs, gutters	4
	Façades painting, cleaning or restoration	1
	Accidental contact	2
	Climbing or pruning trees	1
	Antennas installation or fixing	1
	Assembly, disassembly or works in scaffolds near the mains	1
	Fraudulent connections, energized cable	8
	Unauthorized intervention	1
	Other reasons, NIC*	1
Exposure to electrical energy (NIC)	Recovery of kites in towers or transmission lines	1
Car accident	Collision with the company's vehicle	1

(NIC) - Not identified or classified (ABNT NBR 14280:2001)

**GRI PR8**

**Privacy of Client's Information and Data**

A EDP Energias do Brasil assures one hundred percent (100%) safekeeping of the clients' database by means of the activities of the Committee of Information Safety and Processes, Procedures and Technology. In 2008 we have enhanced the systems access profiles monitoring tool, thus hindering any improper use of the information by unauthorized people.

In the year we have not registered any complaint of privacy violation and clients' data loss.

**GRI PR9**

**Electrical Damages**

Group distributors have registered 4,048 indemnity claims for damages generated to electrical devices in the consumer units, in 2008. From those, sixty-six percent (66%) were considered as correct after analysis of the complaint and the clients were compensated for their losses. We highlight that 2008 was specially affected by the high incidence of atmospheric discharge, causing increase in the number of PIDs and acceptance.





**SOCIAL PERFORMANCE**

**Indemnity Claims (PID) – Consolidated EDP**

	2008	2007	2006	2005
Correct	2.687	1.308	1.833	1.634
Incorrect	1.361	1.784	1.942	1.555
Total	4.048	3.092	3.775	3.189
Correct (%)	66%	42%	49%	51%

**Solved Complaints (PID) – Consolidated EDP**

Period	2008	2007	2006	2005
Up to 30 days	51.0%	99.4%	97.4%	96.3%
From 30 to 60 days	27.9%	0.5%	2.0%	3.5%
More than 60 days	21.1%	0.1%	0.6%	0.2%

GRI PR9

In 2008, Group distributors companies took part on the National Conciliation Week, held by the Courts of Justice from the states wherein they have activities. During the event, the clients had the opportunity to quickly solve legal pending matters, in a simple and reliable way. By the end of the year, 1,555 lawsuits in process in the Civil Special Courts were closed, representing disbursement of one point one million reais (R\$ 1.1 million) from the Group's distributors. In 2007, figures amounted to one point five million reais (R\$ 1.5 million).

Distributors were eighty-four percent (84%) successful in the processes closed during the period, representing eleven percent (11%) increase compared to 2007. Main reasons for civil suits relate to debits generated by electrical energy supply and energy deviation.

**Products and Services Labeling**

GRI PR3 | PR4

There is no requirement of products and services labeling procedures affecting the Company's operations.

**Marketing Communications**

GRI PR5 | PR6

EDP Energias do Brasil's communication policy includes respect to public spaces and privacy of customers and general public, requiring that the communication shall take place in order to avoid disclosure of deceitful or abusive information or publicity communication; in such a way that hinders exploration of fear or superstition and cultivate respect to the environmental values.

GRI PR7

There has been no case of non-compliance with regulations and volunteer codes related to marketing communication in 2008.

**Programs of access to energy**

GRI EC8

A EDP Energias do Brasil keeps programs that aim to foster access to energy for low income communities. The "Projeto de Regularização de Clandestinos e Eficiência Energética" (Fraudulent Connections Rectification and Energetic Efficiency Project), for instance, rectifies poor installations and consequently dangerous ones besides offering efficient consumption methods to the clients that were in irregular conditions. Energetic Efficiency projects are taken to beneficent entities and non-profit entities like elderly homes and hospital and the public lighting Efficiency and Update benefit the cities of its distributor's concession areas.

GRI EU26

In the concession areas of the distributors controlled by EDP Energias do Brasil, one hundred percent (100%) of the urban population is served by the companies' distribution mains. In the rural area, new regular connection requests are served free of charge to the population as long as the consumer unit characteristics are fit into the conditions of the Programa Luz Para Todos (Light to Everyone Program) or in the criteria set forth in the National Universalization Plan.

GRI EU27

Disconnection of the residential installations due to lack of payment in the cities covered by Escelsa amounted two hundred ten point three thousand (210.3 thousand) in 2008, representing eighteen point four percent (18.4%) of the distributor's invoiced clients.

Energy supply reestablishment in less than forty-eight (48) hours to the clients with disconnected installations reached forty-six point nine percent (46.9%). From forty-eight (48) hours to one (01) week, seventeen point three percent (17.3%) of the installations were reconnected and above that period, thirty five point eight percent (35.8%). Within Bandeirante's concession area, follow-up of this sort of information is monitored in another format and starting in 2009 data divided by disconnection duration will be made available.

#### Programa Luz Para Todos

In 2004, federal government introduced the "Programa Nacional de Universalização do Acesso e Uso da Energia Elétrica - Luz para Todos" (National Program for Universal Access to and Use of Electrical Energy - Light to Everyone) aiming to take electrical energy to the population living in the rural areas. Program is coordinated by the Ministry of Mines and Energy (MME), with the participation of Eletrobrás and its controlled companies.

Bandeirante strongly leveraged the economic and social development of the rural areas wherein it has activities and served, until now, 8,875 clients. In the initial agreement, started in June, 2004 and concluded in December, 2006, seventeen point six million reais (R\$17.6 million) were invested, including 6,351 new installations with access to electrical energy. In June, 2007, second agreement was celebrated expecting to serve other 3,706 connections totaling fourteen point five million reais (R\$ 14.5 million) to be invested until the end of 2009. With this new agreement, until the end of 2008, 2,524 connections were realized and seven point six million reais (R\$ 7.6 million) have been invested.

In Escelsa, on May 21, 2004 the Commitment Term between the Ministry of Mines and Energy, Espírito Santo State government and the distributor was signed with mediation of Eletrobrás and Aneel. The commitment sets forth the following resources sources: sixty-five percent (65%) financing to be contracted by Escelsa, with resources from RGR, ten percent (10%) resources of economic subvention from the Energetic Development Account - CDE, fifteen percent (15%) of Escelsa's own resources, as the executive agent and ten percent (10%) from Espírito Santo State government. Until now, 33,806 new clients have been connected.

#### GRI EC4

#### Attendances and Invested Resources - Programa Luz para Todos

	2008		2007		2006	
	Bandeirante	Escelsa	Bandeirante	Escelsa	Bandeirante	Escelsa
Number of Attendances	1,317	9,822	1,207	5,015	3,842	11,908
Attendance Targets	2,506	9,221	1,200	5,000	3,606	11,825
<b>Origin of the Invested Resources (R\$ Thousand)</b>						
<b>Federal Government</b>	<b>2,857</b>	<b>49,633</b>	<b>2,829</b>	<b>18,985</b>	<b>7,730</b>	<b>39,415</b>
Energetic Development Account – CDE	0	5,839	0	2,531	1,031	5,255
Global Reversion Reserve – RGR	0	43,794	2,829	16,454	6,699	34,160
<b>State Government</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>2,531</b>	<b>0</b>	<b>5,255</b>
<b>Own</b>	<b>952</b>	<b>8,759</b>	<b>943</b>	<b>3,797</b>	<b>2,577</b>	<b>7,883</b>
Others	0	0	0	0	0	0
<b>Total Applied Resources</b>	<b>3,809</b>	<b>58,392</b>	<b>3,773</b>	<b>25,313</b>	<b>10,307</b>	<b>52,553</b>
<b>Average Cost of Attendance</b>	<b>2.89</b>	<b>5.94</b>	<b>3.13</b>	<b>5.05</b>	<b>2.68</b>	<b>4.41</b>

#### Programa Baixa Renda (Low Income Program)

Featured as a benefit granted by the Federal Government to families with low purchase power, expecting application of cheaper electrical energy tariffs for clients framed within this segment.

Program guidelines expect classification of a monophasic residential consumer unit in the Low Income Residence subclass according to criteria such as consumption and capacity of the responsible person to receive financial benefits from one of the social programs of the Federal Government.



**SOCIAL PERFORMANCE**

**Low Income Tariff**

	2008		2007		2006	
	Bandeirante	Escelsa	Bandeirante	Escelsa	Bandeirante	Escelsa
Number of houses served as "low income"	121,173	245,588	125,074	249,037	137,453	258,438
Total "low income" houses from the total served houses (%)	9.19%	27.57%	9.75%	29.08%	10.98%	31.24%
Invoice revenue in the "low income" residential subclass (R\$ Thousand)	13,955	29,219	15,280	31,972	11,991	30,506
Total invoice revenue in the "low income" residential subclass compared to the total invoice revenue of the residential class (%)	1.85%	6.11%	1.94%	6.78%	1.71%	7.07%
Received subsidy (Eletrobrás), related to "low income" clients (R\$ Thousand)	1,608	53,208	3,267	1,396	2,590	13,842

**ENERGETIC EFFICIENCY**

Aiming to foster best efficiency and safety in the electrical energy use, distributors develop regular studies and projects programs about energetic efficiency at industrial, commercial, residential clients' installations and public services, besides specific projects directed to communities with lower income.

In Bandeirante, several energetic efficiency programs, among which the Programa Energia na Comunidade (Energy in the Community Program) have enabled serving of low income communities, which has been an essential contribution for reduction of fraudulent and irregular installations, very common in the needy areas.

In the second half of 2008, Bandeirante started other eighteen (18) projects including continuation of the Programa Energia na Comunidade which, from the implementation until December, 2008, served more than one hundred twelve (112) thousand families and delivered more than four hundred forty-seven (447) thousand lamps for the low income communities.

GRI EC8 | EU7 | EN6

GRI EU19

Another highlight project, celebrated between Bandeirante and CDHU (Residence and Urban Development Company) expects replacement of electrical showers by the alternative of solar heating and installation of efficient and economic lighting systems in the houses of four thousand eight hundred (4,800) families, in the cities served by the concessionaire. Started in Mogi das Cruzes, it is expected to serve one thousand twenty (1,020) houses yet in 2009, at that location. Partnership between the company and CDHU also has educational nature. Actions and events to foster awareness and instruction on efficient and safe use are part of the project. One of the emphasized items is the measures that aim to reduce invoice value for the clients.

Current projects also include improvement of lighting systems of public hospitals, elderly homes and Santas Casas de Misericórdia, located in the concession area which will bring several benefits to the users.

GRI EU19

In Escelsa, new program "Comunidade Eficiente" (Efficient Community) has been started. The purpose is to increase energetic efficiency in houses from sixty one (61) districts in Vitória metropolitan area fostering educational activities for the efficient and safe use of electrical energy, installing one hundred four thousand five hundred ninety-eight (104,598) fluorescent lamps compacted with Procel/Inmetro performance stamp, replacing the incandescent lamps, change of one hundred three (103) inefficient refrigerators by other with PROCEL stamp, donation of five thousand nine hundred four (5,904) residential inlet standards and three thousand seven hundred seven (3,707) kits with electrical material to be used in the internal installations. The project has been contributing for reduction of consumer units with fraudulent connections or electrical energy deviation and for best relationship with the clients.

**SOCIAL TARGETS**

In 2008, targets undertaken by EDP Energias do Brasil, related to social performance of its controlled companies, were assessed and results are shown below.

2008 social targets	Assessment
Creation of a plastic arts award with Energias do Brasil stamp	<b>Met.</b> Creation of the Prêmio Energias na Arte (Energies in Art Award) in a partnership with Instituto Tomie Othake.
Structure and make operational the Instituto EDP Energias do Brasil	<b>Met.</b> Instituto EDP Energias do Brasil has started its activities.
Minister training on sustainability for eighty percent (80%) of the Group's employees	<b>Met.</b> Eighty percent (80%) of the Group's employees have been trained until January/09, date of course conclusion.

For 2009, challenges defined for social performance are as follows:

- Implementation of organizational transformation program with regeneration of the Group leadership and improvement of the organization's efficiency and promptness.
- Consolidation of Instituto EDP Energias do Brasil as the Company's sustainability activities vehicle.
- Consolidation of social investments performance assessment by means of the London Benchmarking Group (LBG) methodology.





## ENVIRONMENTAL PERFORMANCE



What I emphasize that is with great importance in the group are the renewable energy investment which expand the portfolio of EDP, mainly in the green generation investments, including wind power, putting Brazil on the level of the renewables energies country. It is very gratifying to be part of a group that is always innovating, and the concern of the enforcement of ethical standards in the conduct of business. //

Helena Aparecida S. Correa - Collaborator of EDP Bandeirante

EDP Energias do Brasil adopts, for its operations, measures that aim to reduce the impacts caused by its activities, seeking excellence in environmental management and acting in a responsible manner upon environmental preservation. Corporate culture expects awareness of the managers and employees, inclusion of the social-environmental component in the investment decisions and use of technologies that contribute for nature preservation.

An example of this policy enforcement was the creation, in 2008, of a new business unit specifically aimed for the development of enterprises in the renewable energy area, focused in the aeolic parks, PCHs and biomass plants. The unit answers to the growing demand for additional alternatives of energy generation, moreover renewable and clean sources.

This new segment will enable the Group to explore the carbon credit revenue generation potential from the implemented projects. In 2008, revenue generated from the first sale of those credits in the volunteer market allowed making the Instituto EDP Energias do Brasil operational, which is responsible for coordination of the environmental investment policy. The Company's intent is to apply the Social Carbon methodology in the projects coordinated by the institute.

In the same year, the Company had three MDL (Clean Development Mechanism) projects registered with the United Nations Organization Executive Committee and answered, for the third time, to the questionnaire of the Carbon Disclosure Project (CDP), evidencing its commitment with the world climate changes monitoring.

Another important initiative during the period was the introduction of Econosco, resources efficiency and economy program created in Portugal for the entire Group, aimed at making employees aware.

In 2008, EDP Energias do Brasil incorporated the aeolic source to the company's generator pool which, together with the water matrix has generating capacity totally formed by renewable energies. This is an important contribution to the Brazilian energetic matrix in terms of energy complementary alternatives besides generating lower impact in the climate changes.

### Electrical Energy Generating Sources in 2008

	EDP Energias do Brasil	Brazil*	World*
Renewable energy (hydraulic and electricity, Wood, vegetal coal sugar-cane by-products and others)	100%	86%	18%
Non-renewable energy (petroleum and by-products, natural gas, mineral coal and uranium)	-	14%	82%

\*Source: Brazilian Energetic Report from the Ministry of Mines and Energy (MME) – Preliminary results of 2008

#### GRI EN30

Investments and expenditures with environmental protection in 2008 amounted to twenty-seven point thirty-one million reais (R\$ 27.31 million). Reduction compared to 2007 is a result of accounting, at Enersul, of the data only from the first half and conclusion of some environmental programs in the generation companies.





**ENVIRONMENTAL PERFORMANCE**

**Investments and Expenditures with Environmental Protection by Type\***

(R\$ million)	2008	2007
Air and climate protection	0.00	0.02
Waste water management	0.00	0.28
Residues Management	0.42	0.24
Soil, underground water and superficial water protection and recovery	1.51	2.43
Biodiversity and landscape protection	12.17	10.21
Other environment management and protection initiatives (environmental programs)	4.96	17.80
Investigation and development in the environment area	0.00	0.20
<b>Total</b>	<b>27.31</b>	<b>31.17</b>

\* Enersul's data in 2008 refer only to the first half

**Focus on The Climate Changes**

When entering environmental commitment programs like CDP and GHG Protocol, EDP Energias do Brasil is following a national trend. In CDP, Brazilian companies participation has experienced significant increase in 2008. During the period, seventy-five (75) companies have received the questionnaire, compared to sixty (60) in 2007, and sixty (60) of them have answered it – in the prior year, forty-seven (47) answered it. This means that the country's adherence level is high, eighty-three percent (83%) a leadership position, behind only the United Kingdom which presents ninety percent (90%) adherence rate. Introduced in May, 2008, GHG protocol Brazilian program, was immediately adhered to by twenty-nine (29) national companies, which will be trained on the GHG protocol methodology to prepare the GHG inventories.

**CLIMATE CHANGES**

Companies from the electrical sector, all around the world, have been invited to present solutions towards climate changes, resulting into measures that indicate a deep change in electrical energy generation and distribution. EDP Energias do Brasil's contribution to that matter is done by means of active participation in the sector's programs and initiatives, or by participation into national and international discussions and forums.

An example of this behavior was the adherence, in 2006, to the Carbon Disclosure Project (CDP), an initiative sponsored by the Carbon Trust from the British government and by a group of foundations led by Rockefeller Foundation. With three hundred eighty-five (385) signatories, this is the largest investors' coalition in the world. By means of questionnaires sent on a yearly basis to more than three hundred companies in all the continents, CDP has collected the largest database about discharge of gases that cause the greenhouse effect in the globe and the reports, disclosed every year, offer a detailed analysis of how the large corporations stand towards climate changes. In 2008, information related to EDP Energias do Brasil was presented in the report of EDP Energias de Portugal to avoid duplicate data.

In Brazil, EDP Energias do Brasil integrates, since 2008, GHG Protocol Brazilian Program. The initiative works on fostering measurement and stimulate volunteer management of greenhouse effect gases emissions (GEE), proposing construction of a national platform to disclose the corporate GEE inventories and grants the participants access to international quality instruments and standards to account and prepare the reports.

The Program seeks compatibility with best practices and international standards like the standards and methodologies of GHG Protocol, International Organization for Standardization (ISO) and International Panel of Climate changes, adapting them to the national context.

Program Implementation is a partnership between the Brazil's Ministry of Environment, Sustainability Studies Center of Fundação Getúlio Vargas (CES/FGV), Brazilian Enterprise Council for Sustainable Development (CEBDS), World Resources Institute (WRI) and World Business Council for Sustainable Development (WBCSD).

In both programs, collected and organized data provide an overview of the strategies adopted by the companies towards the matter and about how they administer risks and opportunities generated by a future economy moved at lower carbon quantities.

Another initiative that shows EDP Energias do Brasil' stand towards climate changes was the participation as an integrant of the Brazilian government delegation in the 14th Conference of the Parties (COP-14), from the United Nations Framework Convention on Climate Change (UNFCCC), held in December, 2008 in Poznan, Poland.

#### MDL - Clean Development Mechanism

GRI EC2

In 2008, three projects of EDP Energias do Brasil were registered by the United Nations Executive Committee, and were granted permission for implementation and, hence, were certified to discharge Reduced Certified Emissions (RCEs). The projects are the 4th Machine of Mascarenhas Hydroelectrical Plan and PCH São João, both in the State of Espírito Santo, and PCH Paraíso, in Mato Grosso do Sul.

The Company has two other projects in the validation phase – PCH Santa Fé and the set of repowering projects of the Suíça, Rio Bonito plants and machines 1, 2 and 3 from Mascarenhas, all in Espírito Santo.

When summed, the projects may result into reduction of approximately nine hundred fifty thousand (950,000) tones of CO<sub>2</sub> during the first period of compliance with Kyoto Protocol (2008 – 2012) and approximately three point seven million (3.7 million) tones of CO<sub>2</sub> along its useful life.

The Company also realized, in 2008, first sale of Verified Emissions Reductions (VER) in the carbon credits volunteer market, in parallel to the definitions of Kyoto Protocol, generating about one point six million reais (R\$ 1.6 million), a revenue fully applied in Instituto EDP.

Expectation for 2009 is to continue to work in the volunteer market by trading of VERs and perform the first sale of Reduced Certified Emissions (RCEs) of the carbon credits generated by the MDL projects, traded in the market regulated by the Kyoto Protocol.

#### Atmospheric Emissions

GRI EN19 | EN20

GRI EN29

Currently, EDP Energias do Brasil's generating pool is formed by hydroelectrical plants and, thus, there is no NO<sub>x</sub> and SO<sub>x</sub> emission. Emissions of greenhouse effect generating gases (GEE) are basically originated by the fuel consumption of the vehicles fleet and electrical energy in the administrative buildings. In what concerns emission of substances that destroy the ozone layer, they are normally produced by refrigeration equipment and with low relevance for EDP Energias do Brasil.

GRI EN18

All the Group companies follow the Program for Reduction of Fuel Consumption and Program for Management of the Atmospheric Emissions, which aim to reduce emissions of the vehicular fleet. Both programs are complemented, in Escelsa, by the Intelligent Direction System, which allows monitoring of the vehicles by a board computer. Result of system collected data analysis is used to improve efficiency of vehicles use and fuel consumption. Results appoint eleven point eight percent (8%) reduction in energy consumption, measured in terajoules (TJ), compared to 2007.

Thermoelectrical plants which are under construction will apply modern methods of reduction of NO<sub>x</sub> and SO<sub>x</sub> particles emission. At Pecém thermoelectrical plant, for instance, one hundred twenty four million reais (R\$ 124 million) will be invested on pollution prevention, highlighting the FGD (Flue-Gas Desulphurization) system, a technology that will allow neutralization of polluting compounds like Sulfur dioxide.

To monitor Greenhouse Effect Gases (GEE) emission, EDP Energias do Brasil has voluntarily jointed the GHG (Greenhouse Gas) Protocol Brazilian Program in 2008. According to its guidelines, Scope 1 emissions are considered those directly generated by sources that are the company's property or controlled by it. Scope 2 are the GEE emissions generated by purchase of electricity which is consumed by the company in its administrative activities.

GRI EN17

Other indirect GEE emissions which occur in sources not belonging to the company or not controlled by it, are included in Scope 3. Mapping of other indirect emissions was started in 2009 by the quantification generated from the air transportation of employees and consumption of fuel by the outsourced companies within the Distribution business units.



**ENVIRONMENTAL PERFORMANCE**

GRI EN16

**Emissions of Greenhouse Effect Gases - GEE (t CO<sub>2</sub> eq)**

	Bandeirante		Escelsa		Enersul <sup>1</sup>		Enerpeixe		Energest		Investco		EDP Consolidated	
	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007
<b>Biomass Emissions</b>	<b>277</b>	<b>266</b>	<b>80</b>	<b>88</b>	<b>110</b>	<b>58</b>	<b>24</b>	<b>34</b>	<b>18</b>	<b>0</b>	<b>17</b>	<b>0</b>	<b>526</b>	<b>446</b>
Alcohol (Ethanol)	276.5	265.6	80.1	88.2	109.5	58.2	24.5	33.6	18.4	0.0	17.0	0.0	526	446
<b>Scope 1 Emissions</b>	<b>2,569</b>	<b>1,964</b>	<b>2,097</b>	<b>1,735</b>	<b>1,895</b>	<b>1,900</b>	<b>279</b>	<b>311</b>	<b>81</b>	<b>0</b>	<b>26</b>	<b>0</b>	<b>6,948</b>	<b>5,910</b>
Gasoline	332.8	389.8	430.4	469.8	209.9	298.4	130.4	179.0	20.0	0.0	1.4	0.0	1,125	1,337
Diesel	1,298.9	1,307.5	1,292.9	1,264.6	1,681.5	1,591.4	148.4	131.9	61.2	0.0	24.6	0.0	4,508	4,295
GNV	25.8	45.4	0.0	0.8	3.5	10.4	0.0	0.0	0.0	0.0	0.0	0.0	29	57
SF <sub>6</sub>	912.0	221.2	373.9	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	1,286	221
<b>Scope 2 Emissions</b>	<b>322</b>	<b>200</b>	<b>384</b>	<b>239</b>	<b>102</b>	<b>214</b>	<b>9</b>	<b>12</b>	<b>0</b>	<b>0</b>	<b>3</b>	<b>0</b>	<b>820</b>	<b>665</b>
Electrical Energy <sup>1</sup>	322.0	200.0	384.3	239.0	101.5	214.0	9.3	11.9	0.0	0.0	2.9	0.0	820	665
<b>Total</b>	<b>3,168</b>	<b>2,429</b>	<b>2,562</b>	<b>2,062</b>	<b>2,106</b>	<b>2,172</b>	<b>313</b>	<b>356</b>	<b>100</b>	<b>0</b>	<b>46</b>	<b>0</b>	<b>8,294</b>	<b>7,021</b>
<b>Variation</b>	<b>130.4%</b>		<b>124.2%</b>		<b>96.9%</b>		<b>87.7%</b>						<b>118.1%</b>	

(1) Emissions recalculated due to change of the emission factor and review of the Company's consumption values.  
 (2) Information from 2008 refers to the first half.

GRI EN5 | EN18

Among the initiatives to reduce GEE emissions, intensification of alcohol consumption in the vehicles fleet was highlighted. Importance of this fuel use is the promotion of CO<sub>2</sub> cycling in the atmosphere, differently from what happens with fossil fuel, which takes Carbon out of the deep underground layers.

Alcohol consumption in 2008 was thirty-eight point seventy-five percent (38.75%) higher than 2007 and such action corresponds to emission reduction of approximately five hundred twenty-six (526) tones of equivalent CO<sub>2</sub>, generated from the burn of such fuel.

**INVESTMENTS IN NEW ENTERPRISES AND OPTIMIZATION OF THE GENERATING POOL**

In the EDP Energias do Brasil generation area, 2008 highlight was the investment on the preparation and development of environmental studies for enterprises in the states of Minas Gerais, Tocantins, Goiás, Mato Grosso do Sul and Espírito Santo. They are fourteen (14) environmental studies, besides investments on update and repowering of four of the Group's plants.

Environmental studies of PCH Aparecida and PCH Santa Teresa, located in Espírito Santo, totaling 17 MW installed power are already under environmental analysis process by the licensor agency. Enterprises, when enabled, will be important for employment generation and electrical energy supply of the cities wherein they are located.

Also in 2008 we have obtained the Previous License and Installation License of the 138 kV Transmission Line SE Santa Fé/SE São Simão, as well as requested Operation Licenses for the Lien and Santa Fé Small Hydroelectric Station.

**Thermal Energy**

In 2008, EDP Energias do Brasil was granted the installation license for Pecém thermoelectric plant, issued by Ceará State Environmental Superintendence (SEMACE). The Company is developing several social-environmental partnerships with the State, among which financial support for enlargement of infrastructure and maintenance of São Gonçalo do Amarante's Botanic Garden.

Resende gas thermoelectric plant also already has previous license. In 2008, the Company celebrated a letter of intent with Resende's city hall for plant erection through which the city body undertakes to dedicate efforts in order to obtain the required environmental licenses for the enterprise installation and operation.

### Update and Repowering

Plants repowering, performed by replacement and update of equipment, has the major environmental benefit of delaying construction of new enterprises and consequently flooding of new areas. Such strategy is being adopted by EDP Energias do Brasil to increase its installed base without needing to perform new environmental impacts.

Projects of Suíça, Mascarenhas, Rio bonito and Mimoso plants, when concluded, will enable increase of 36 MW installed base, corresponding to sixteen percent (16%) of the enterprises current power, without needing to flood new areas.

Enterprise	State	Installed Power (MW)	Increase of Installed Power (MW)	Total Installed Power (MW)
UHE Suíça	Espírito Santo	31.6	3.4	35.0
UHE Mascarenhas	Espírito Santo	180.5	17.5	198.0
PCH Rio Bonito	Espírito Santo	15.8	5.2	21.0
UHE Assis Chateaubriand (UHE Mimoso)	Mato Grosso do Sul	29.5	10.0	39.5

### GRI 4.11

#### ENVIRONMENTAL IMPACTS MANAGEMENT

In the distributors, major concern is to reduce the impact of the transmissions lines over the landscape, local vegetation and fauna as the activity can be considered as low impact. One example of this initiative in the distributors' activities is the adoption of compact and isolated mains which enable reduction of interference over the vegetation and consequently intensity of coexistence pruning. About thirty-five percent (35%) of the distributors' environmental investments are directed to the protected mains.

In 2008, Bandeirante concluded the preparation of the Environmental and Social Atlas. A Benchmarking for sector, the work was performed based upon orthorectified aerial photographs at 1:10,000 scale and aimed to map the interventions under the company's transmission lines. Result appointed the presence of thirty-seven (37) irregular subnormal occupations (slams) and the presence of eighty-nine (89) remainders of natural vegetation under the 894 km of the company's high voltage mains.

To protect bird fauna, Escelsa worked on replacement of nests and installation of birds houses within the areas of the energy distribution substations. Also, perches were built in the mains located within preservation units.

### GRI EN26

Environmental Diagnosis of the Substations, developed in Bandeirante since 2004, counted with the investigation of other ten (10) substations in 2008 and amounted to thirty one (31) installations investigated since the beginning. Also in Bandeirante, third campaign of the Noise Monitoring Program counted with sampling at seventeen (17) substations during the period. From those, ten (10) substations were fully compliant with the applicable standardization and the others were submitted to environmental adaptation. Installations not compliant in 2008 will be included in 2009 monitoring cycle in order to assure that the implemented control measures were definite for solving the issue.

In order to control the impact over the specially protected areas, Group distributors have developed, in a partnership with the State Environmental Secretariats, an additional tool in the Technical Information System (SIT), which has a digital cartographic basis and with geo-references that enables real time identification and blocking of eventual interferences. System is also used for identification of connection requests that require special authorization from the environmental protection and control bodies.



**ENVIRONMENTAL PERFORMANCE**

GRI EN11

Distribution mains existing in environmental protection areas are presented in the following table.

Mains in Protected Areas	EDP Consolidated*
AT overhead lines within protected areas (km)	42
MT overhead lines within protected areas (km)	3,834
MT underground lines within protected areas (km)	9.4
Number of substations existing in classified areas (km)	12

(\*) Refer to data from Bandeirante and Escelsa

GRI EN14

Having a generator pool basically formed by hydroelectric plants, EDP Energias do Brasil is strongly committed with preservation of the affected areas. Its environmental policy expects monitoring of wild fauna and flora of the areas surrounding its plants as well as quality of the water in the tanks.

GRI EU13

Company's commitment with several initiatives for reduction of the impact that its activities cause in the biodiversity and landscape were sustained in 2008. Environmental studies related to fish fauna, limnology and terrestrial fauna were continued in the plants functioning in the States of Mato Grosso do Sul, Espírito Santo and Tocantins.

In the period, continuation of the Wild Fauna Monitoring Program in the influence area of the AHE Peixe Angical tank, located in Tocantins was very important. One of the methodologies used in the Small Predators Monitoring Sub-programs was the use of radio-telemetric system by which the captured specimens receive a radio-transmitter collar. Collected data are important to guide continuation of the actions implemented in the prior phases of the environmental programs performed in the study area and furthermore allow definition of new dimensioning standards and movement of the fauna after tank formation.

GRI EN15

Radio-transmitters collar methodology is also used to monitor the Arara-azul-grande (*Anodorhynchus hyacinthinus*) aiming to collect ecological and behavioral information about the species, which is observed in the AHE Peixe Angical tank influence area. The initiative generates subsidies for bird preservation, the only one considered under risk of extinction in the list of AHE Peixe Angelical.

Besides the monitoring and preservation activities, the Group also takes part on committees from the water basins of the areas wherein it has activities. Energest, for instance, is part of the Rio Doce Water Basin Committee and Rio Guandu Consortium. The purpose of the latter is to recover, revitalize and preserve Guandu's Basin by means of information of the riverside population in the cities of Brejetuba, Laranja da Terra, Afonso Cláudio and Baixo Guandu.

As a participant of the Rio Doce Water Basin Committee, Energest contributes with strategic planning of water resources management, encompassing several users segments and institutions that operate in the basin, within the States of Espírito Santo and Minas Gerais. The company also has a set in the State Water Resources Council, City Environmental Council of Santa Leopoldina, technical chambers and workgroups, aiming environmental preservation.

In addition, recovery actions for the degraded areas and reforestation of the tank surrounding were instituted, according to the following table.

Reforestation areas – UHE PEIXE ANGICAL	Area (ha)
Conventional Reforestation Area	90.84
Enrichment Area	11.26
Regeneration Area	145.33

Recovery of Degraded Areas	Area (ha)
UHE Peixe Angical	124.7
UHE Mimoso	19.4
PCH Paraíso	75.9
CGH São João II	10.8
CGH São João I	6.1
CHG Coxim	2.0

**GRI EN13**

**Small Hydroelectric Station (PCH) Santa Fé**

Worksite implementation of PCH Santa Fé required several service fronts and structures were opened and installed in order to serve the enterprise such as: accesses, dumping areas and areas for lending of clay. For installation of those facilities, the Environmental Control Plan (PCA) of PCH Santa Fé has been prepared.

PCA expects compliance with the licensing process requirements, which has the purpose of storing the organic soil layer for use upon recovery of the degraded areas. Organic material (vegetal soil) for vegetation recomposition will come from the scraping done in the lending areas, from the ore deposit and, when possible, from the areas of permanent structures implementation. If the stored material is not enough for recomposition, areas located in the tank region will be selected and then evaluated and authorized by the licensor environmental body.

Teams have been instructed in the identification of the fertile layer thickness used and storage site preparation with draining works and piles protection in order to avoid loss of soil and nutrients due to lixiviation, erosion and other processes.

With decommissioning of the worksites and structures starting in March, 2009, the recovery process of the areas aimed for dumping, lending areas, inhabitation areas and other structures will be started.

**GRI EN12 | EN14**

**CONSUMPTION OF NATURAL RESOURCES AND MATERIAL**

Investing on methods and technology that foster efficient consumption of natural resources and material is one of EDP Energias do Brasil's strategies. In 2008, the Company introduced Econosco, an informative campaign focused on the employees with the purpose of fostering efficient use of resources besides keeping the material and equipment recovery procedures, thus enlarging their useful lives and avoiding purchase of new ones.

**Water**

Climate changes may have adverse effects upon water availability in the world and EDP Energias do Brasil is concerned about the reasonable use of these resources in its facilities, as well as monitoring of its tanks. The Company performs yearly internal campaigns aiming to make employees aware of the relevance of water responsible consumption.

**GRI EN10**

In 2008, Escelsa reduced by nineteen point forty-five percent (19.45%) its water consumption and Bandeirante presented sixteen point sixty-nine percent (16.69%) economy compared to the prior year. Group's total water consumption, in the period, was de 82,467 cubic meters, representing nineteen point eight percent (19.8%) reduction compared to total consumption of the prior year, which was 102.872 cubic meters. However, one shall consider that total 2008 values account only for Enersul's results of the first half. EDP Energias do Brasil also has a program for water reuse in Cachoeiro do Itapemerim, with current installed base of 40,000 liters.

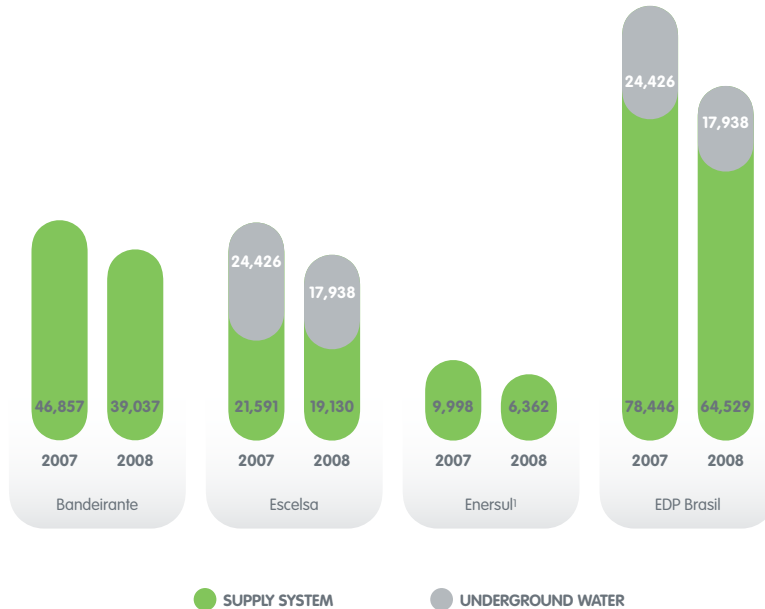


**ENVIRONMENTAL PERFORMANCE**

GRI EN8 | EN9

**Total withdrawn Water per Source**

(Water Consumption - m<sup>3</sup>)



(1) Data from 2007 has been reviewed according to the Company's invoicing information.

GRI EN5 | EN7

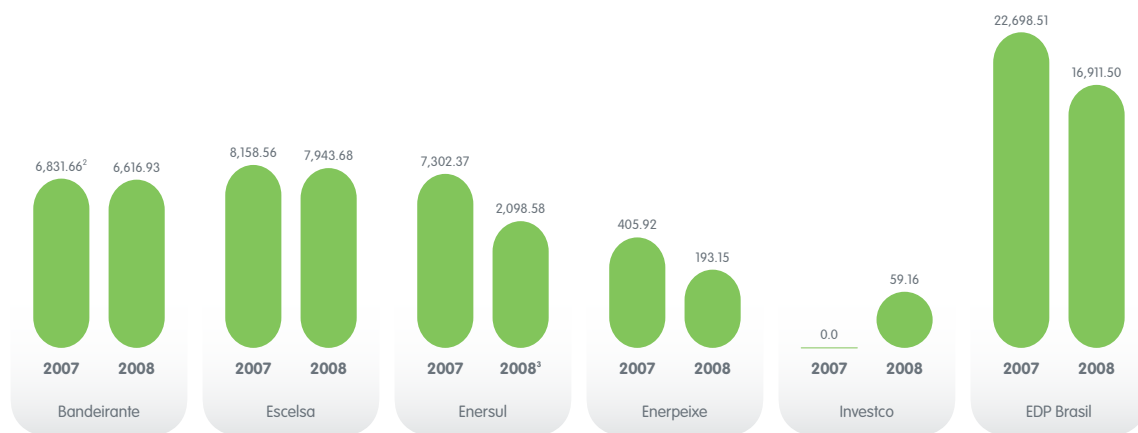
**Electrical Energy**

In 2008, EDP Energias do Brasil defined actions for electrical energy saving by means of the Econosco program. In all its units, campaigns fostering reasonable electricity and fuel use are performed. From the Group's units, Enerpeixe has shown the best result, with fifty-two point forty-two percent (52.42%) saving in the period. Bandeirante reduced consumption by three point fifteen percent (3.15%), and Escelsa by two point sixty-three percent (2.63%).

GRI EN4

**Electrical Energy Consumption**

(MWh)<sup>1</sup>



(1) Data from 2007 has been reviewed according to the Company's invoicing information.  
 (2) Change in the calculation methodology.  
 (3) Data related to the first half of 2008.



## Fuel

EDP Energias do Brasil has presented general reduction in fossil fuel consumption and increase of renewable sources fuel use – alcohol. If Enersul's and Investco's data are not accounted, which do not encompass the entire period, the Group has reduced by forty-eight point fourteen percent (48.14%) consumption of GNV and by fifteen point eighty-seven percent (15.87%) gasoline consumption. Use of alcohol, on its turn, increased by sixty-three point twenty-nine percent (63.29%) and diesel by four point ninety-four percent (4.94%).

## Fuel Consumption

	Bandeirante		Escelsa		Enersul <sup>1</sup>		Enerpeixe		Energest		Investco		EDP Consolidated	
	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007
Alcohol (L)	188,479	167,662	0	0	61,103	1,943	0	0	12,757	0	14,602	0	276,941	169,605
Gasoline (L)	188,391	220,668	243,621	265,961	118,814	168,909	73,811	101,314	11,331	0	785	0	636,752	756,852
Diesel (L)	498,933	502,216	496,615	485,770	645,895	611,288	57,019	50,656	23,500	0	9,458	0	1,731,421	1,649,930
GNV (m <sup>3</sup> )	12,528	22,083	18	374	1,723	5,055	0	0	0	0	0	0	14,269	27,512

(1) Information from 2008 refers to the first half.

For consolidation of results, electrical energy and fuel consumption is converted into energy (joule), to facilitate comparison. If data related to Enersul and Investco are not considered, the Group presented, in 2008, four point fourteen percent (4.14%) decrease in indirect energy consumption.

## GRI EN3

## Direct Energy Consumption by Source (TJ)<sup>1</sup>

	Bandeirante		Escelsa		Enersul <sup>2</sup>		Enerpeixe		Energest		Investco		EDP Consolidated	
	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007
<b>Renewable Energy (TJ)</b>	<b>4.02</b>	<b>3.58</b>	<b>0.00</b>	<b>0.00</b>	<b>1.30</b>	<b>0.04</b>	<b>0.00</b>	<b>0.00</b>	<b>0.27</b>	<b>0.00</b>	<b>0.31</b>	<b>0.00</b>	<b>5.91</b>	<b>3.62</b>
Alcohol (Etanol)	4.02	3.58	0.00	0.00	1.30	0.04	0.00	0.00	0.27	0.00	0.31	0.00	5.91	3.62
Non-renewable Energy (TJ)	24.25	25.76	25.49	25.83	26.83	27.33	4.40	5.06	1.20	0.00	0.36	0.00	82.53	83.99
Gasoline	6.07	7.11	7.85	8.57	3.83	5.45	2.38	3.27	0.37	0.00	0.03	0.00	20.53	24.40
Diesel	17.71	17.83	17.63	17.25	22.93	21.70	2.02	1.80	0.83	0.00	0.34	0.00	61.47	58.58
GNV	0.46	0.81	0.00	0.01	0.06	0.19	0.00	0.00	0.00	0.00	0.00	0.00	0.53	1.01
<b>Total Energy Consumption (TJ)</b>	<b>28.27</b>	<b>29.34</b>	<b>25.49</b>	<b>25.83</b>	<b>28.13</b>	<b>27.38</b>	<b>4.40</b>	<b>5.06</b>	<b>1.47</b>	<b>0.00</b>	<b>0.67</b>	<b>0.00</b>	<b>88.44</b>	<b>87.61</b>
<b>Direct energy saving (%)</b>		<b>3.6%</b>	<b>1.3%</b>		<b>-2.8%</b>		<b>13%</b>		<b>-</b>		<b>-</b>		<b>-0.9%</b>	

(1) In 2007, values referring to energy from fuel were calculated as indirect energy.

(2) Information from 2008 refers to the first half.



**ENVIRONMENTAL PERFORMANCE**

GRI EN4

**Consumption of Indirect Energy by Source (TJ)<sup>1</sup>**

	Bandeirante		Escelsa		Enersul <sup>2</sup>		Enerpeixe <sup>3</sup>	
	2008	2007 <sup>5</sup>	2008	2007	2008	2007	2008	2007
Consumption of Electrical Energy (kWh)	6,616,934	6,831,658	7,943,682	8,158,557	2,098,575	7,302,374	193,152	405,924
Renewable Energy (TJ)	19.77	20.41	23.74	24.38	6.27	21.82	0.58	1.21
Non-renewable Energy (TJ)	4.05	4.18	4.86	4.99	1.28	4.47	0.12	0.25
<b>Total Energy Consumption (TJ)</b>	<b>23.82</b>	<b>24.59</b>	<b>28.60</b>	<b>29.37</b>	<b>7.55</b>	<b>26.29</b>	<b>0.70</b>	<b>1.46</b>
<b>Indirect Energy Saving (%)</b>	<b>3.1%</b>		<b>2.6%</b>		<b>71.3%</b>		<b>52.4%</b>	

	Energest <sup>4</sup>		Investco		EDP Consolidated	
	2008	2007	2008	2007	2008	2007
Consumption of Electrical Energy (kWh)	0	0	59,162	0	16,911,505	22,698,513
Renewable Energy (TJ)	0.00	0.00	0.18	0.00	50.53	67.82
Non-renewable Energy (TJ)	0.00	0.00	0.04	0.00	10.35	13.89
<b>Total Energy Consumption (TJ)</b>	<b>0.00</b>	<b>0.00</b>	<b>0.21</b>	<b>0.00</b>	<b>60.88</b>	<b>81.71</b>
<b>Indirect Energy Saving (%)</b>	-		-		<b>25.5%</b>	

(1) A checking of the energy indirect consumption values was performed. In 2007, consumption of energy from fuels was wrongly calculated in this pointer.

(2) Information related to the first half of 2008.

(3) Reduction results from decommissioning of an office in São Paulo

(4) Energest's energy consumption is diluted in the distribution companies' consumption, as the offices are shared.

(5) 2007 values have been corrected according to the company's invoicing information.

**Material**

In 2008, a system was implemented in order to qualify and assess material and services providers. The system aims to define procedures for qualification, registration and assessment of providers in order to stimulate contracting of companies committed with values and principles of EDP Energias do Brasil and with aspects related to health, safety, environment and social commitment.

GRI EN1

A matrix of legal requirements directs the contracting areas and market during consulting process assuring full legal compliance of the Group's suppliers, extending to the value chain the sustainable development principles.

Among main material and equipment commonly used by the company, the following items are prominent:

Description	Unit	Bandeirante		Escelsa	
		2008	2007	2008	2007
Ironware	Kg	3,536	2,669	771	1,086
Ironware	Part	1,132,410	1,029,669	1,794,709	1,442,423
Light arm	Part	30,848	34,202	0	22
Light	Part	44,324	45,866	565	3,939
Lamps	Part	98,699	167,393	679	1,445,298
Reactor	Part	17,025	9,959	509	805
Relays	Part	33,025	105,495	348	3,521
Igniters	Part	1,582	1,618	0	0
Aluminum bare cable	Kg	143,868	167,817	554,783	427,698
Copper bare cable and wire	Kg	18,276	20,881	15,761	15,623
Aluminum covered cable	Kg	1,723,918	1,416,895	2,081,532	2,027,868
Copper covered cable and wire	Kg	640,714	1,001,035	1,795,033	1,103,472
Miscellaneous cables	Meter	251,435	263,954	2,964,425	1,849,495
Special Works* – Standard inlet kit	Set	10,145	10,603	11,014	5,403
Special works – Internal kit	Part	49,876	45,318	0	0
Keys	Part	743	1,128	28,831	21,532
Connections	Part	1,072,899	1,204,738	1,523,230	1,274,240
Steel double tee junction	Part	3,018	2,758	171	88
Double tee junction	Part	16,981	17,813	35,016	31,243
Fusible links	Part	66,813	53,660	214,389	208,902
Polymeric insulators	Part	33,579	28,880	66,627	47,142
Porcelain insulators	Part	98,544	102,527	119,922	110,943
Glass insulators	Part	324	832	3,692	2,251
Measurers	Part	117,699	131,931	57,284	71,317
Seal	Hundredth	226	81	1,889,998	1,375,498
Seal	Part	253,100	56,095	11,449	9,700
Lightning rod	Part	12,040	11,297	25,751	18,974
Posts – Concrete	Part	8,444	8,913	24,704	17,044
Posts – Wood	Part	3,616	3,108	6,180	5,146
Transformers – Distribution	Part	4,104	3,240	10,896	6,528
Transformers – Current	Part	4,094	3,635	295	765
Transformers – Power	Part	459	353	275	337

\* Special Works – Light to Everyone Program and Fraudulent Connections.



**ENVIRONMENTAL PERFORMANCE**

GRI EN2 | EN27

Measurers and transformers taken out of the system are reentered after repairs at specialized shops. Reuse of this kind of equipment contributes to reduce use of natural resources. Table below presents total measurers and transformers recovered during 2008 in Bandeirante and in Escelsa.

**Equipment Recovery in 2008**

	Bandeirante	Escelsa
Total measurers	117,699	57,284
Recovered measurers	18,958	46,203
% of recovery	16%	81%
Total transformers	4,104	10,896
Recovered transformers	1,334	1,260
% of recovery	33%	12%

**RESIDUES GENERATION**

Residues generated by the distributors' operations are identified, classified and quantified for due management, handling or final disposal. The process enables the Company to continuously reassess its residues management system and work to improve it, aiming to reduce impact of its activities.

Solid Residues Management Program kept by EDP Energias do Brasil requires decontamination of the lamps, regeneration of the used oil, burn of material PCBs (polychlorinated biphenyl) contaminated and whole recycling of metal residues. All the residues are handled and transported by trained teams, according to the standards set forth in the applicable laws. The Company does not transport harmful residues to other countries.

One of the Company's goals towards residues management is to extinguish use of askarel in its distributors. Escelsa does not operate equipment that uses that insulating material anymore. Bandeirante, on its turn, has been continuing with the gradual deactivation plan of the functioning capacitors. Forty-nine (49) units have been deactivated and they will be burnt in 2009, only one station continues to use equipment insulated with that material.

GRI EN2

Residues generated in the administrative buildings are separated by means of selective collection and forwarded to recycling or reuse.

**Generated Residues**

	Bandeirante			Escelsa			Enersul			EDP Consolidated		
	2008	2007	2006	2008	2007	2006	2008	2007	2006	2008	2007	2006
<b>Harmful residues (t)</b>	<b>59</b>	<b>24</b>	<b>19</b>	<b>1</b>	<b>86</b>	<b>77</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>60</b>	<b>111</b>	<b>97</b>
Used oil	20	0	0	0	85	57	0	0	0	20	85	57
Eliminated PCH (*)	0	0	0	0	0	20	0	0	0	0	0	20
Lamps	39	24	19	1	1	0	0	0	0	40	26	19
<b>Non-harmful industrial residues (t)</b>	<b>2,718</b>	<b>2,522</b>	<b>2,702</b>	<b>1,558</b>	<b>3,603</b>	<b>2,656</b>	<b>369</b>	<b>4,551</b>	<b>254</b>	<b>4,645</b>	<b>10,676</b>	<b>254</b>
Concrete posts	2,200	1,804	2,069	1,522	3,261	2,534	164	4,131	81	3,886	9,196	81
Metal residues	518	718	633	36	342	122	205	420	173	758	1,480	173

(\*) PCB – Polychlorinated Biphenyls - askarel.

GRI EN24 | EN22

Metal residues (iron, copper, aluminum and other metal) are properly separated and marketed with recycling and reuse companies which are responsible for reprocessing the material and putting it back into the marketplace. An interesting aspect of this process is material reinsertion into its own system. An important portion of the sold residues is reincorporated by the company's suppliers who transform them into new parts.

GRI EN22

In 2008, the Solid Residues Management Program avoided disposal of more than 4,645 tones into landfills, and a large portion was forwarded to recycling. This alternative, besides being sustainable and environmentally correct resulted into generation of additional revenue of approximately two point seventy-six million (R\$ 2.76 million) for Escelsa and Bandeirante. The amount of metal residues produced by the distributors, in 2008 is listed below:

**Metal Residues**

Tones	Bandeirante		Escelsa		Enersul		EDP Consolidated	
	2008	2007	2008	2007	2008	2007	2008	2007
Transformers and capacitors frames	8.5	1.5	18.2	0.0	38.7	29.0	65.4	30.5
Copper, bronze, brass	1.4	4.8	0.9	16.0	6.4	1.4	8.7	22.2
Aluminum	114.9	97.0	7.5	2.3	85.8	158.0	208.2	257.3
Iron and steel	260.0	479.0	ND	220.0	66.7	202.0	326.7	901.0
Metal blends	30.3	56.0	ND	0.0	0.0	119.0	30.3	86.0
Non-harmful cables	102.5	80.0	9.0	103.0	7.3	0.1	118.8	183.1
<b>Total</b>	<b>517.6</b>	<b>718.3</b>	<b>35.6</b>	<b>341.3</b>	<b>204.9</b>	<b>510</b>	<b>758.1</b>	<b>1480.1</b>

GRI EN25 | EN21

Concerning the liquid effluents, EDP Energias do Brasil complies with the applicable laws, besides adjusting its facilities to control and reduce the volume in order to contribute for water quality improvement. Effluents collection is done by a public sanitation system or by patent concrete cesspits built according to the technical standards and, hence, significant impacts are not generated from the Group companies' effluents discharge.

**ENVIRONMENTAL EDUCATION**



EDP is a company concerned with environmental sustainability issues and acts locally, through its subsidiaries, supporting projects in the area and globally through its concern with the development of clean energy technologies.



Ednilson Paulino Queiroz - Military Police Captain and PhD on Ecology and Conservation, partner on the environmental education project

In 2008, EDP Energias do Brasil introduced Econosco, an internal campaign that aims to stimulate the employees in the adoption of good environmental practices in their daily routines through attitudes like waste selective collection and water, electrical energy, fuel and paper saving. Program assumptions disclosure is done through the intranet, by means of direct campaigns to the employees with subjects related to the relevance of small attitudes that favor the environment and the need to apply inside and outside the workplace best sustainability practices defended by the Company. Along the year, Econosco has organized energy saving measures, like reduction of air conditioning use and reduction of material consumption.

**ENVIRONMENTAL PERFORMANCE**

In order to make employees familiar with the concepts related to sustainability, there is also Chronos®, e-learning program that aims to qualify the employees on sustainable development. In January, 2009, date of course conclusion, eighty percent (80%) of the employees had been trained.

For the communities served by EDP Energias do Brasil, the "Nas Águas do Rio Doce" project was continued through cooperation of Energest and the Espírito Santo State Secretariat of Education and Sports and Baixo Guandu City Hall, which aims to foster adoption of social-environmental projects in the schools with the community's participation.

Eleven (11) schools located in the city and in Mascarenhas were involved, with the participation of more than one hundred (100) teachers and three thousand (3,000) students, with the main purpose of implementing new guidelines of the National Policy of Environmental Education. As a complement, one hundred twenty (120) booklets were distributed during the qualification course and more than twenty-five (25) follow-up visits to schools were realized.

<b>Environmental education and awareness</b>	<b>2008</b>
Number of served elementary school, high school and technical courses units	11
Percentage of served schools	100
Served students	3,800
Percentage of served students	100
Qualified teachers	99
Applied Resources (R\$ Thousand)	105.68

GRI EU21 | EU22

GRI EU20

**MONITORING OF LIFE QUALITY AND NEGOTIATION FORUM**

In our administration, which is now beginning, we placed on alert for a relationship of broad partnership, so together we can route all the possible benefits to the city of Peixe. It will be beneficial to both parties. Peixe city wil search to receive from Enerpeixe/EDP all possible attention. //

Neila Pereira dos Santos - Municipal Mayor of de Peixe (TO)

Resettled Population Life Quality Monitoring Environmental Program, in progress since September, 2005, follows-up and assesses life conditions of the one hundred seven (107) families reallocated as a result of the Hydroelectrical Use (AHE) Peixe Angical implementation.

Monitoring follows-up pointers like access to public services, population health conditions, access to water supply sources, sanitation, leisure and cultural activities, transportation, safety, education, residence, feeding standard, characterization of the productive systems and production infrastructure of the rural areas.

In 2008 last monitoring campaign of resettled population life quality was performed and we found improvements in the families' life conditions concerning residence, water supply, basic sanitation (waste destination) and access to education. Data are not conclusive yet in terms of production conditions and they shall be presented in the Environmental Program Final Report, expected for the first semester of 2009.

### Negotiation Forum

Negotiation Forum is a collegiate committee formed by participants from the licensor public body IBAMA – Brazilian Institute for the Environment and Renewable Natural Resources and inspectors (Federal and State Public Ministry), representatives of other public bodies, city public powers and affected populations.

During 2008 two semestral meetings were held in the scope of the Negotiation Forum of AHE Peixe Angical to discuss subjects not included in the Environmental Programs. During those meetings, among several approached issues and requests, the following themes were highlighted: Life Quality Monitoring, Technical Assistance to the Resettled Population and Access to Human Water Consumption and for Animal Quench.

### Environmental Incidents

In 2008, six (06) accidents have been registered with oil leakage in the Group's companies. Escelsa registered four (04) casualties with distribution transformers as a result of equipment theft. Although all the preventive procedures had been adopted, the events were promptly approached by the environmental impacts teams and were classified as non-relevant.

In Bandeirante, two (02) events have been registered in 2008, from which the accident in the city of Guarulhos was important. The volume of oil lost in the accident was estimated at three thousand (3,000) liters, largely burnt during the fire. Environmental contention measures avoided that the split oil reached the surrounding water bodies. Corrective measures included cleaning of the area with a product recommended by USEPA (United States Environmental Protection Agency), which aims to allow biodegradation of the oil in a short period of time.

GRI EN23

### Spills

	Bandeirante			Escelsa			Enersul			EDP Consolidated		
	2008	2007	2006	2008	2007	2006	2008	2007	2006	2008	2007	2006
Leakages	2	1	0	4	2	1	ND	1	0	6	4	1
Oil volume (L)	3,000	600	0	150	100	400	ND	1,700	0	3,150	2,400	400

As prevention, in order to assure financial resources for solving eventual liabilities caused by environmental accidents, EDP Energias do Brasil's distributors have contracted complementary insurance policy which expects coverage of expenses up to four point seven million reais (R\$ 4.7 million).

The generation business unit registered rupture of part of the barriers from PCHs São João I and São João II. In operation since the decade of 1960, PCHs present installed power of 1.26 MW and are located in São João River, nearby the city of Ponta Porá, in State of Mato Grosso do Sul. Sudden increase of water volume of São João river exceeded the water storage limit of the lakes and generated fall of the banks surrounding the barriers due to outflow of several dams located near the mills. After performing the required fixing, the mills resumed operation in December, 2008.

GRI EN28

### Compliance

By the end of 2008, Group companies accounted for seventeen (17) judicial and administrative environmental suits in progress. From those, four (04) were started during the fiscal year. From the demands received along the year, two (02) of them related to assessments due to trees deforestation and pruning in Escelsa's concession area and one public civil suit and one restraining order relate to punctual enterprises environmental licenses whereto EDP Energias do Brasil is a party. The other Group's companies do not have records of administrative or judicial penalties with environmental nature, in the period.





## ENVIRONMENTAL PERFORMANCE

### Administrative (ADM) and Judicial (JUD) Demands in the Companies of the Group Energias do Brasil (EN28)

	Bandeirante		Escelsa		Energest		Enerpeixe		Enernova		Enertrade		Holding		EDP Consolidated	
	ADM	JUD	ADM	JUD	ADM	JUD	ADM	JUD	ADM	JUD	ADM	JUD	ADM	JUD	ADM	JUD
Total Processes	0	0	11	2	0	0	0	4	0	0	0	0	0	2	11	8
Total Processes 2008	0	0	2	0	0	0	0	0	0	0	0	0	0	2	2	2
<b>Grand Value (R\$ Thousand)</b>	<b>0</b>	<b>0</b>	<b>183.9</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>183.9</b>	<b>0.0</b>

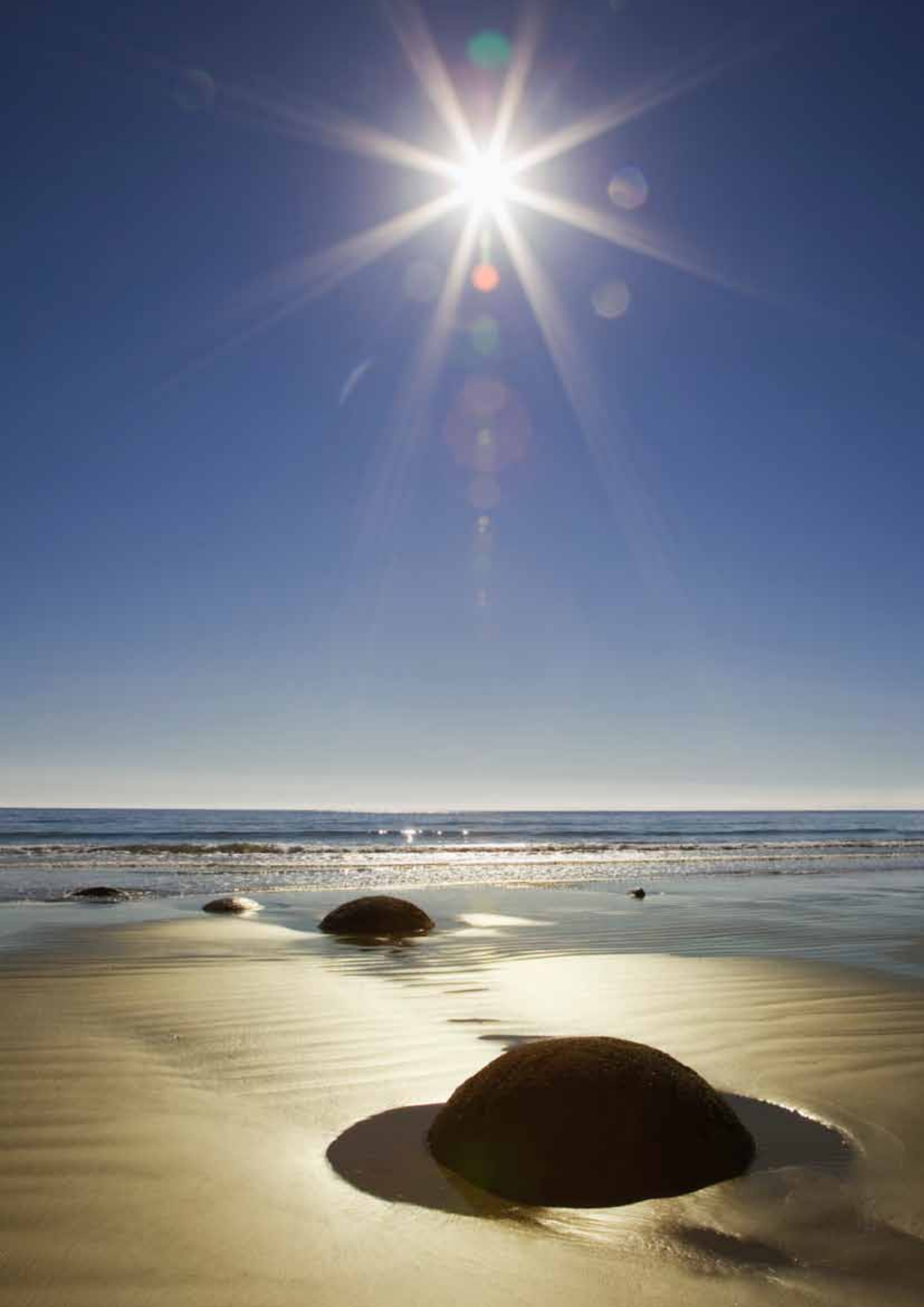
### ENVIRONMENTAL TARGETS

In 2008, commitments undertaken by the Company concerning environmental performance of its controlled companies were assessed and results are shown below.

2008 Environmental Targets	Assessment
Permanence in the Enterprise Sustainability Index (ISE), from São Paulo Stock Exchange.	<b>Met.</b>
Enforcement of all procedures in the Sustainability Integrated Management System scope, with ISO 14001 and OHSAS 18001 (process of substations operation and maintenance) certification, at five (05) substations (255 MVA) of the distributors and in the Group's generating plants (43% of the installed power).	<b>Partially met.</b> Implementation of Sustainability Integrated Management System procedures and performance of certification audits in three (03) substations of Bandeirante distributor and in Peixe Angical Hydroelectrical Plant.

For 2009, EDP Energias do Brasil proposes the following challenges, for the environmental performance of its controlled companies:

- Continue to be in the Enterprise Sustainability Index (ISE) of São Paulo Stock Exchange;
- Certify, at least, one generation and one distribution asset;
- Increase EDP Energias do Brasil's participation in the carbon world market.





## ATTACHMENTS

### YEARLY SOCIAL BALANCE SHEET/2008 - COMPANY: ENERGIAS DO BRASIL (CONSOLIDATE)



1 - Calculation Basis	2008 Value (thousand Reais)			2007 Value (thousand Reais) <sup>(1)</sup>		
Net revenue (RL)	4,904,156			4,527,630		
Operational Results (RO)	595,902			517,999		
Gross payment sheet (FPB)	229,051			260,351		
2 - Internal Social Pointers	Value (thousand)	% over FPB	% over RL	Value (thousand)	% over FPB	% over RL
Food	18,302	7.99%	0.37%	19,102	7.34%	0.42%
Compulsory social charges	64,899	28.33%	1.32%	72,308	27.77%	1.60%
Private welfare	14,069	6.14%	0.29%	21,458	8.24%	0.47%
Healthcare	24,857	10.85%	0.51%	27,070	10.40%	0.60%
Occupational health and safety	37	0.02%	0.00%	148	0.06%	0.00%
Education	0	0.00%	0.00%	0	0.00%	0.00%
Culture	0	0.00%	0.00%	0	0.00%	0.00%
Qualification and Professional development	3,056	1.33%	0.06%	4,480	1.72%	0.10%
Nursery or nursery allowance	307	0.13%	0.01%	308	0.12%	0.01%
Profits or results sharing	19,173	8.37%	0.39%	14,077	5.41%	0.31%
PDV - Volunteer dismissal program	205	0.09%	0.00%	-4,838	-1.86%	-0.11%
Others	3,023	1.32%	0.06%	3,508	1.35%	0.08%
Total internal social pointers	147,928	64.58%	3.02%	157,621	60.54%	3.48%
3 - External Social Pointers	Value (thousand)	% over RO	% over RL	Value (thousand)	% over RO	% over RL
Education	2,905	0.06%	0.06%	2,808	0.54%	0.06%
Culture	3,117	0.52%	0.06%	3,621	0.70%	0.08%
Health and sanitation	728	0.12%	0.01%	237	0.05%	0.01%
Sports	817	0.14%	0.02%	65	0.01%	0.00%
Fight of hunger and food safety	30	0.01%	0.00%	0	0.00%	0.00%
Others	891	0.15%	0.02%	1,610	0.31%	0.04%
Total of contribution for the society	8,487	1.42%	0.17%	8,342	1.61%	0.18%
Taxes (excluding social charges)	1,932,528	324.30%	39.41%	2,559,397	494.09%	56.53%
Total - External social pointers	1,941,015	325.73%	39.58%	2,567,739	495.70%	56.71%
4 - Environmental Pointers	Value (thousand)	% over RO	% over RL	Value (thousand)	% over RO	% over RL
Investments related with company production/operation	17,625	2.96%	0.36%	29,699	5.73%	0.66%
Investments in external programs and/or projects	9,686	1.63%	0.20%	1,471	0.28%	0.03%
Total of environmental investments	27,310	4.58%	0.56%	31,170	6.02%	0.69%
Concerning definition of 'yearly targets' to reduce residues, general consumption in the production/operation and increase efficiency in natural resources use, the company	( ) does not have targets ( ) complies from 0 to 50%	( ) complies from 51 to 75% (x) complies from 76 to 100%	( ) does not have targets ( ) complies from 0 to 50%	( ) does not have targets (x) complies from 76 to 100%	( ) complies from 51 to 75%	( ) complies from 76 to 100%
5 - Pointers of the Functional Chart	2008			2007		
Number of employees at the period end	2,322			2,920		
Number of hires during the period	223			238		
Number of outsourced personnel	4,265			6,141		
Number of trainees	148			180		
Number of employees older than 45 years old	819			917		
Number of women working with the company	534			647		
% of high positions held by women	14.06%			22.19%		
Number of black people working with the company (2)	365			533		
% of high positions held by black people	4.69%			4.11%		
Number of disabled people or special needed people	88			133		
6 - Relevant information about corporate citizenship exercise	2008			2009 Targets		
Relation between the higher and the lower compensation in the company	44.72			44.30		
Total number of labor accidents <sup>(3)</sup>	46			0		
Social and environmental projects developed by the company were defined by:	( ) direction (x) direction and managements	(x) direction and managements	( ) all the employees	( ) direction (x) direction and managements	(x) direction and managements	( ) all the employees
Safety and salubrity standards in the work environment were defined by:	(x) direction and managements	( ) all the employees	( ) everybody + CIPA	(x) direction and managements	( ) all the employees	( ) everybody + CIPA
Concerning freedom of association, right to collective bargaining and workers internal representation, the company:	( ) does not get involved	(x) follows OIT rules	( ) stimulates and follows OIT	( ) will not get involved	( ) will follow OIT rules	(x) will stimulate and follow OIT
Private welfare includes:	( ) direction	( ) direction and managements	(x) all the employees	( ) direction	( ) direction and managements	(x) all the employees
Profits or results sharing includes:	( ) direction	( ) direction and managements	(x) all the employees	( ) direction	( ) direction and managements	(x) all the employees
Upon suppliers' selection, the same ethical and social and environmental commitment standards adopted by the company:	( ) are not considered	( ) are suggested	(x) are required	( ) will not be considered	( ) will be followed	(x) will be required
Concerning participation of the employees in volunteer work programs, the company:	( ) does not get involved	( ) supports	(x) organizes and stimulates	( ) will not get involved	( ) will support	(x) will organize and stimulate
Total number of consumers' complaints and criticisms:	In the company <sup>(4)</sup> 340,685	In Procon <sup>(4)</sup> 3,528	In the Justice <sup>(4)</sup> 2,517	In the company 334,994	In Procon 3,518	In the Justice 2,325
% of the served or solved complaints and criticisms:	In the company 98.9%	In Procon 93.2%	In the Justice 28.6%	In the company 98.9%	In Procon 93.2%	In the Justice 28%
<b>Total added value to distribute (in R\$ thousand):</b>	<b>In 2008: 3,391,913</b>			<b>In 2007: 3,708,027</b>		
<b>Distribution of Added Value (DVA):</b>	69% government 7% employees 7% shareholders 13% third parties 4% withheld			71% government 7% employees 5% shareholders 10% third parties 7% withheld		
7 - Other Information						
(1) Year 2007 - Reclassified (Gross Payroll and Added Value to Distribute).						
(2) In 2007, we have considered the number of blacks and mulattos working with the Company.						
(3) Number of accidents which happened in Enersul until August, 2008 and the accidents in Investco after September, 2008.						
(4) Include data from Bandeirante and Escelsa.						



**ATTACHMENTS**

**BRAZILIAN ACCOUNTING STANDARD NBCT-15 – PERIOD 2008**

**Information with Social and Environmental Nature**

<b>Gross Compensation* (R\$ Thousand)</b>				
Employees				164,152
Officers				13,817
Outsourced				-
Autonomous				-
Total				177,969
<b>Entity Compensations (R\$)</b>				
Higher				ND
Lower				ND
Higher/lower ratio				44,72
<b>Expenses (R\$ Thousand) with Employees Related to</b>				
	Employees	Officers	Outsourced	Autonomous
Social charges	64,899	5,427	-	-
Food	18,302	-	-	-
Transportation	2,991	-	-	-
Private welfare	14,069	-	-	-
Health	24,857	-	-	-
Occupational safety and health	37	-	-	-
Education	-	-	-	-
Culture	-	-	-	-
Professional qualification and development	3,056	-	-	-
Nursery or nursery allowance	307	-	-	-
Pdv – volunteer dismissal program	205	-	-	-
Plr	19,173	-	-	-
Others	32	-	-	-
<b>Personnel Chart</b>				EDP Total
Hires				223
Dismissals				175
Trainees				148
Special needed people				88
Outsourced service providers				4,265
Percentage of head positions from the male gender (%)				85.94%
Percentage of head positions from the female gender (%)				14.06%
<b>Classification by gender</b>				
Male employees				1,788
Female employees				534
<b>Classification by age</b>				
Employees younger than 18 years old				0
Employees from 18 to 35 years old				727
Employees from 36 to 60 years old				1,472
Employees older than 60 years old				7
<b>Classification by education level</b>				
Illiterate employees				0
Employees with concluded elementary school				153
Employees with concluded high school				189
Employees with concluded technical education				1109
Employees with concluded college degree				785
Employees with concluded post-degree				87
<b>Labor Suits</b>				
Total labor suits petitioned against the entity				387
Number of processes considered as applicable				220
Number of processes considered as non-applicable				175
Total value of indemnities and penalties paid by legal order (R\$)				4,121,773
<b>Relationship with the Community</b>				
Investments in education (R\$ Thousand)				2,905
Investments in culture (R\$ Thousand)				3,117
Investments in health and sanitation (R\$ Thousand)				728
Investments in sports and leisure (R\$ Thousand)				817
Investments in food (R\$ Thousand)				30
Others				891
<b>Relationship with Clients</b>				
Number of complaints directly received by the entity				340,685
Number of complaints received through consumer protection and defense agencies				3,528
Number or served complaints – in the Company (%)				98.9%
Number or served complaints – in Procon (%)				93.2%
Number or served complaints – in the Justice (%)				28.6%
Amount of penalties and indemnities to clients, ordered by consumer protection and defense agencies or by the justice (R\$)				1,159,093
Measures taken by the entity to solve or minimize the complaints				ND
<b>Relationship with Environment</b>				
Investments and expenditures with maintenance to improve the environment (R\$ Thousand)				24,403
Investments and expenditures with environmental education for employees (R\$ Thousand)				3
Investments and expenditures with environmental education for the community (R\$ Thousand)				176
Investments and expenditures with other environmental projects (R\$ Thousand)				2,728
Quantity of environmental, administrative and judicial processes instituted against the entity				17
Value of the penalties and indemnities related to environmental matter, administratively or judicially decided (R\$)				600,000
Environmental liabilities and contingencies				ND
(*) Gross Compensation = wages, bonus, additional, allowances, awards, 13 <sup>th</sup> wage and PLR (Profits and Results Sharing)				

**SUSTAINABILITY REPORTING GUIDELINES AND GLOBAL IMPACT TABLE OF CORRESPONDENCE**

1. STRATEGY AND ANALYSIS		Page
1.1	Statement from the CEO	10
1.2	Primary impacts, risks and opportunities	10, 17, 45
2. ORGANIZATIONAL PROFILE		Página
2.1	Name of organization	12
2.2	Primary brands, products and services	12
2.3	Operational structure, including main divisions, operating units, subsidiaries and joint ventures	12
2.4	Location of organization's headquarters	12
2.5	Countries where it operates	12
2.6	Type and legal nature of ownership	12
2.7	Markets served	12
2.8	Relevant information on size of organization	12, 28, 75
2.9	Primary changes during the period covered in size, structure or shareholder participation	12
2.10	Awards received over the period covered by the report	35
EU1	Installed capacity, broken down by primary energy source and by regulatory regime	55
EU2	Net energy output broken down by primary energy source and by regulatory regime	55
EU3	Number of residential, industrial, institutional and commercial customer accounts	59
EU4	Length of above and underground transmission and distribution lines by regulatory regime	58
EU5	Allocation of CO2e emissions allowances or equivalent, broken down by carbon trading framework	108
3. REPORT PROFILE		Page
3.1	Period covered by report	7
3.2	Date of most recent report	7
3.3	Report issue cycle (annual, biannual, etc.)	7
3.4	Contact information for questions regarding report content	7
FOCUS AND SCOPE OF REPORT		Page
3.5	Process for defining report content	7
3.6	Boundary of the report	7
3.7	Explanations of any specific limitations regarding the scope of the report	7
3.8	Basis for development of report with regard to joint venture, divisions, subsidiaries, leased or outsourced facilities, and other organizations that could affect the comparisons between periods	7
3.9	Data measurement techniques and the bases of calculations, including assumptions and techniques underlying estimations applied to the compilation of the Indicators and other information in the report	7
3.10	Explanations of the consequences of any reformulations of information supplied in previous reports and the reasons behind these reformulations	7
3.11	Significant changes in comparison with previous years with regard to scope, limit or measurement methods for the report	7
3.12	GRI content summary	127
3.13	Policy and current practice with regard to seeking external assurance for the report	7
4. CORPORATE GOVERNANCE, COMMITMENT AND ENGAGEMENT		Page
4.1	Structure of organization's governance	37
4.2	Chairman of the Board	38
4.3	Board members who are independent or not company officers	37
4.4	Mechanisms so that shareholders and employees can make recommendations or provide guidance to the highest level of governance	42
4.5	Linkage between compensation for members of the highest governance body, senior managers, and executives	40, 48
4.6	Processes in place for the highest governance body to ensure conflicts of interest are avoided	37
4.7	Process for determining the qualifications and expertise of the Board	37
4.8	Mission and statement of values, codes of conduct	17, 42
4.9	Top management procedures for supervising economic, environmental social performance and compliance with international norms, codes of conduct and principles	37, 41
4.10	Processes for evaluating the Board, particularly with respect to economic, environmental, and social performance	37
COMMITMENTS TO EXTERNAL INITIATIVES		Página
4.11 (GC7)	Precautionary principle	45, 111
4.12	Externally developed economic, environmental, and social charters, principles, or other initiatives	17
4.13	Memberships in associations	96
EMPLOYEE ENGAGEMENT		Página
4.14	List of the groups of employees engaged by the organization	27
4.15	Basis for the identification and selection of employees the company engages	23
4.16	Approaches to employee engagement	27
4.17	Key topics and concerns	27
ECONOMIC PERFORMANCE		Página
Management access		
Availability and Reliability		
EU6	Management approach to ensure short and long-term electricity availability and reliability	45
Demand-Side Management		
EU7	Demand-side management programs including residential, commercial, institutional and industrial programs	104
Research and Development		
EU8	Research and development activity and expenditure aimed at providing reliable electricity and promoting sustainable development	49

LEGEND:

Core Indicators      Additional Indicators      GRI Additional Indicators      Global Impact Table of Correspondence



**ATTACHMENTS**

Economic Performance		
EC1	Direct economic value generated and distributed	65
EC2	Financial implications and other risks and opportunities for the organization's activities due to climate change	96, 107, 108, 109
EC3	Coverage of the organization's defined benefit plan obligations	87
EC4	Significant financial assistance received from government	103
Market Presence		
EC5	Range of ratios of standard entry level wage compared to local minimum wage at significant locations of operation.	89
EC6	Policy, practices, and proportion of spending on locally-based suppliers at significant locations of operation.	91
EC7	Procedures for local hiring and proportion of senior management hired from the local community at locations of significant operation.	81
Indirect Economic Impacts		
EC8	Development and impact of investment in infrastructure and services offered primarily to benefit the public through commercial engagement	102, 104
EC9	Understanding and description of significant indirect economic impacts	94
Availability and Reliability		
EU10	Planned capacity (WW) against projected electricity demand over the long term, broken down by energy source and regulatory regime	58
System Efficiency		
EU12	Transmission and distribution losses as a percentage of total energy	28, 58
<b>ENVIRONMENTAL PERFORMANCE INDICATORS</b>		<b>Página</b>
Materials		
EN1	Materials used by weight or volume	116
EN2 (GC8, GC9)	Percentage of materials used that are recycled input materials	118
EN3	Direct energy consumption broken down by primary source of energy	115
EN4	Indirect energy consumption by primary source	114, 116
EN5 (GC8, GC9)	Energy saved due to conservation and efficiency improvements	110, 114, 115, 116
EN6 (GC8, GC9)	Initiatives to provide energy-efficient or renewable energy based products and services, and reductions in energy requirements as a result of these initiatives	104
EN7 (GC8, GC9)	Initiatives to reduce indirect energy consumption and reductions achieved	114
Water		
EN8	Total water withdrawal by source	114
EN9	Water sources significantly affected by withdrawal of water	114
EN10 (GC8, GC9)	Percentage and total volume of water recycled and reused	113
Biodiversity		
EN11	Location and size of land owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	112
EN12	Description of significant impacts of activities, products, and services on biodiversity	113
EU13	Biodiversity of offset habitats compared to the biodiversity of the affected areas	112
EN13 (GC8)	Habitats protected or restored	113
EN14 (GC8)	Strategies, measures in force and future plans for management of impacts on biodiversity	107, 112, 113
EN15	Number of IUCN Red List species and national conservation list species with habitats in areas affected by operations, by level of extinction risk	112
Emissions, effluents and waste		
EN16	Total direct and indirect greenhouse gas emissions by weight	110
EN17	Other relevant indirect greenhouse gas emissions by weight	110
EN18 (GC8, GC9)	Initiatives to reduce emission of greenhouse gases and reductions achieved	109, 110
EN19	Emissions of ozone-depleting substances by weight	109
EN20	NO, SO, and other significant air emissions by type and weight	109
EN21 (GC8)	Total water discharge by quality and destination	119
EN22 (GC8)	Total weight of waste by type and disposal method	119
EN23	Total number and volume of significant spills	121
EN24	Weight of transported	119
EN25	Identity, size, protected status, and biodiversity value of water bodies	119
Products and services		
EN26 (GC8, GC9)	Initiatives to mitigate the environmental impacts of products and services	111
EN27 (GC8, GC9)	Percentage of products sold and their packaging materials that are reclaimed	118
Compliance		
EN28	Monetary value of fines	121
Transport		
EN29	Significant environmental impacts of transporting products and other goods	109
Geral		
EN30 (GC8)	Total environmental protection expenditures and investments by type	107
<b>SOCIAL PERFORMANCE INDICATORS</b>		<b>Página</b>
Labor practices and dignified work		
Employment		
EU14	Programs and processes to ensure the availability of a skilled workforce	48, 81
EU16	Policies and requirements regarding health and safety of employees and employees of contractors and subcontractors	84, 85
LA1	Total workforce by employment type, employment contract, and region	80
LA2 (GC6)	Total number and rate of employee turnover by age group, gender, and region	79, 81
EU18	Percentage of contractor and subcontractor employees that have undergone relevant health and safety training	86
LA3	Benefits offered	87

LEGEND:

Core Indicators      Additional Indicators      GRI Additional Indicators      Global Impact Table of Correspondence



Labor/Management Relations		
LA4 (GC3)	Percentage of employees covered by collective bargaining agreements	88
LA5(GC3)	Minimum notice period(s) regarding operational changes, including whether it is specified in collective agreements	88
Occupational safety and health		
LA6	Percentage of employees represented by formal safety and health committees composed of managers and workers that provide oversight and guidance for occupational health and safety programs	84
LA7	Rates of injury, occupational diseases, lost days, and absenteeism, and number of workrelated fatalities by region	81
LA8	Education and training	84
LA9	Health and safety topics	
Training and education		
LA10 (GC6)	Average number of training days per year, per employee by functional category	82
LA11	Programs for skills management and lifelong learning	81, 83
LA12	Percentage of employees that receive regular performance evaluations and career development	87
LA13 (GC6)	Composition of governance bodies and breakdown of employees	37, 90
LA14 (GC6)	Ratio of basic salary of men to women	89
HUMAN RIGHTS		
Investment and purchasing practices		
HR1 (GC1, GC2)	Percentage and total number of significant investment contracts that include clauses regarding human rights or that were submitted to a human rights evaluation	91
HR2 (GC1, GC2)	Percentage of companies hired and critical vendors that were submitted to evaluations regarding human rights and measures taken	91
HR3 (GC1)	Employee training on policies and procedures	81
Nondiscrimination		
HR4 (GC1, GC6)	Total number of cases of discrimination and measures taken	88
Freedom of Association and Collective Bargaining		
HR5 (GC1, GC3)	The right to exercise freedom of association and collective bargaining	88, 91
Child labor		
HR6 (GC1, GC5)	Risk for incidents of child labor	91
Forced and Compulsory Labor		
HR7 (GC1, GC4)	Risk for incidents of forced or compulsory labor or similar	91
Security Practices		
HR8 (GC1, GC2)	Percentage of security personnel trained concerning aspects of human rights	81
HR9 (GC1)	Incidents of violations involving rights of indigenous people	91
SOCIETY PERFORMANCE INDICATORS		
Community		
EU19	Employee participation in the decision making process related to energy planning and infrastructure development Approach to managing the impacts of displacement	103, 104
EU20		120
Disaster/Emergency Planning and Response		
EU21	Contingency planning measures, disaster/emergency management plan and training programs, and recovery/restoration plans	45, 120
SO1	Scope, and effectiveness of any programs and practices that assess and manage the impacts of operations on communities	92
EU22	Number of people physically or economically displaced and compensation, broken down by type of project	120
Corruption		
SO2 (GC10)	Percentage and total number of business units analyzed for risks related to corruption	96
SO3 (GC10)	Percentage of employees trained in organization's anti-corruption policies and procedures	96
SO4 (GC10)	Actions taken in response to incidents of corruption.	96
Public Policy		
SO5	Public policy positions and participation in public policy development and lobbying	96, 108, 109
SO6	Total value of financial and in-kind contributions to political parties, politicians, and related institutions by country	97
Anti-Competitive behavior		
SO7	Total number of legal actions for anticompetitive behavior, anti-trust, and monopoly practices	97
Conformity		
SO8	Monetary value of significant fines and total number of non-monetary sanctions for noncompliance with laws and regulations	95
PRODUCT RESPONSIBILITY PERFORMANCE INDICATORS		
Access		
EU23	Programs, including those in partnership with government, to improve or maintain access to electricity and customer support services	103
Provision of information		
EU24	Practices to address language, cultural, low literacy and disability related barriers to accessing and safely using electricity and customer support services	98
Customer health and safety		
PR1	Life cycle stages in which health and safety impacts of products and services are assessed for improvement	100
PR2	Total number of incidents of non-compliance with regulations and voluntary codes concerning health and safety impacts of products and services	101
EU25	Number of injuries and fatalities to the public involving company assets, including legal judgments, settlements and pending legal cases of diseases	101

LEGEND:

Core Indicators      Additional Indicators      GRI Additional Indicators      Global Impact Table of Correspondence



**ATTACHMENTS**

Product and service labeling core		
PR3	Type of product and service information required by procedures	102
PR4	Total number of incidents of non-compliance with regulations and voluntary codes	102
PR5	Practices related to customer satisfaction, including results of surveys measuring customer satisfaction	99, 102
Marketing communications		
PR6	Programs for adherence to laws, standards, and voluntary codes	102
PR7	Total number of incidents of non-compliance with regulations and voluntary codes concerning marketing communications	102
Customer privacy		
PR8	Total number of substantiated complaints regarding breaches of customer privacy	101
Compliance		
PR9	Monetary value of significant fines for noncompliance with laws and regulations concerning the provision and use of products and services with laws and regulations	101, 102
Access		
EU26	Percentage of population unserved in licensed distribution or service areas	102
EU27	Number of residential disconnections for non-payment, broken down by duration of disconnection and by regulatory regime	102
EU28	Power outage frequency	60
EU29	Average power outage duration	60
EU30	Average plant availability factor by energy source and by regulatory regime	56

LEGEND:

Core Indicators      Additional Indicators      GRI Additional Indicators      Global Impact Table of Correspondence

**Indicators Not Available (N/D)**

Indicator	Rating	Justification
<b>LABOR PRACTICES AND DECENT WORK DISCLOSURES</b>		
Employment		
EU15 – Percentage of employees eligible to retire in the next 5 and 10 years broken down by job category and by region	N/D	The method of calculation is performed in another format. From 2009 it will be available as required.
EU17 – Days worked by contractor and subcontractor employees involved in construction, operation & maintenance activities	N/D	The monitoring is done per hour worked and is not segregated by activity. From 2009 will be available as required.

**Indicators Not Applicable (N/A)**

Indicator	Rating	Justification
<b>PLANT DECOMMISSIONING</b>		
EU9 – Provisions for decommissioning of nuclear power sites	N/A	The Company is not in possession of assets to generate nuclear power, or operates power plants with this technology.
<b>SYSTEM EFFICIENCY</b>		
EU11 – Average generation efficiency of thermal plants by energy source and by regulatory regime	N/A	The Company is not in possession of assets to generate nuclear power, or operates power plants with this technology.

**Application level of GRI**

EDP Energias do Brasil, attending to GRI/G3 guidelines, self-declares have reaching the level A+. The economic and financial data were audited by KPMG, and the social and environmental, by PricewaterhouseCoopers.

**C      C+      B      B+      A      A+**

Self-declares



Examined by others



Examined by GRI



## MESSAGE FROM THE INDEPENDENT AUDITORS

To: Management of  
**EDP Energias do Brasil S.A.**

### Introduction

We were hired to provide assurance on non-financial social and environmental information published in the EDP - Energias do Brasil S.A. Annual Report for 2008, prepared under the responsibility of group management. This responsibility includes the design, introduction and maintenance of internal controls for the appropriate preparation and presentation of the Annual Report 2008 and the application of suitable criteria. Our responsibility is to issue a limited assurance report on the non-financial information published in the EDP - Energias do Brasil S.A. Annual Report for 2008.

### Procedures

The work of limited assurance was carried out in accordance with Assurance Procedures and Norms NPO-01 issued by IBRACON, the Institute of Independent Auditors of Brazil and, therefore, covered: (i) the planning of work considered relevant and the volume of information presented in the 2008 annual report for EDP - Energias do Brasil S.A.; (ii) the understanding of internal controls, (iii) finding, based on tests, evidence that supports the quantitative and qualitative data in the 2008 Annual Report; (iv) interviews with the managers responsible for compiling the information; and (v) crosschecking the financial information with accounting records. As such, the procedures applied above were considered sufficient to allow a limited level of assurance and, consequently, do not cover those required for the issue of a broader assurance of the report, as set down in Assurance Norms and Procedures NPO-01.

### Scope and Limitations

The objective of our work was to verify and evaluate whether the social and environmental performance indicators in the 2008 Group's Annual Report, with regard to obtaining quality information, measurements and calculations of quantitative information are in compliance with the following criteria: (i) Brazilian Accounting Norm NBC T 15 - Social and Environmental Information; and (ii) guidelines for sustainability reports from the Global Reporting Initiative (GRI G3). The opinions, background information, descriptive information are subjective evaluations and do not fall within the scope of the work done.

Based on our review, we did not find any relevant change that should be made in the social and environmental indicators contained in the 2008 Annual Report for EDP - Energias do Brasil S.A. for the fiscal year ending December 31, 2008, so that these indicators could be presented appropriately, in all material aspects, with regard to the criteria used.

### Conclusion

Based on our review, we did not find any relevant change that should be made in the social and environmental indicators contained in the 2008 Annual Report for EDP - Energias do Brasil S.A. for the fiscal year ending December 31, 2008, so that these indicators could be presented appropriately, in all material aspects, with regard to the criteria used.

São Paulo, May 20, 2009.

**PRICEWATERHOUSECOOPERS** 

PricewaterhouseCoopers Ltda.  
CRC 2SP018638/O-1

**Manuel Luiz da Silva Araújo**  
Accountant CRC 1RJ039600/O-7



## CORPORATE INFORMATION

### Board of Directors

Antônio Mexia – President  
Antônio Pita de Abreu  
Ana Maria Machado Fernandes  
Francisco Carlos Coutinho Pitella  
Francisco Roberto André Gros  
Pedro Sampaio Malan  
Modesto Souza Barros Carvalhosa  
Nuno Maria Pestana de Almeida Alves

### Management Board

Antônio Pita de Abreu – CEO  
Miguel Dias Amaro – Executive Vice President of Management Control, Finance and Investor Relations  
Luiz Otavio Assis Henriques – Executive Vice President of Generation  
João José Gomes de Aguiar – Executive Vice President of Distribution  
Miguel Nuno Simões Nunes Ferreira Setas – Executive Vice President of Sales and New Business

### Investor Relations

MANAGER-EXECUTIVE  
Maytê Souza Dantas de Albuquerque

### ANALYSTS

Cleverson Murakawa  
Rogério Pacheco

**Tel.: (55) 11 2185-5907 - [ri@edpbr.com.br](mailto:ri@edpbr.com.br)**

### Address

Rua Bandeira Paulista, 530  
04532-001 – Itaim Bibi – São Paulo – SP – Brasil  
Tel. (55) 11 2185-5900  
[www.edpbr.com.br](http://www.edpbr.com.br)

**Bovespa stock symbol:** ENBR3

### Shareholder services

Banco Itaú  
Department of United Services  
Av. Eng. Armando de Arruda Pereira, 707 – 10º andar  
Torre Eudoro Villela  
04344-902 - São Paulo - SP  
Tel. (55) 11 5029-7780

### Independent Auditors

KPMG (Financial indicators)  
PricewaterhouseCoopers (Social and environmental indicators)

### Publication of Company Information

Diário Oficial Estado de São Paulo  
Jornal Valor Econômico

## CREDITS

### **Published by**

EDP Energias do Brasil S.A.

### **Project Management**

Instituto EDP Energias do Brasil

### **Coordenation of the Global Reporting Initiative (GRI) Content**

Instituto EDP Energias do Brasil

### **Editorial Content**

Instituto EDP Energias do Brasil

TV1 Editorial

AT Consultoria e Comunicação S/S Ltda.

### **Collaboration**

The EDP Institute thanks to all employees of the various boards which contributed to the provision of information for this report, as well to our employees for their testimonials.

### **Graphic Design**

HPP Euro RSCG - Portugal

### **Layout and Publishing**

EDP Energias do Brasil

Felici Design Estratégico e Comunicação

Luz Publicidade

The EDP brand was adopted in June 2009 by all companies of the holding in Brazil. In the Stock Exchange, the company will continue using the name Energias do Brasil, as its corporate name will remain the same.

Copyright © 2009 EDP Energias do Brasil S.A.



energias do brasil

[www.edpbr.com.br](http://www.edpbr.com.br)