

Financial Statements

BALANCE SHEET ON DECEMBER 31

(Amounts in thousands of reais)

	Note	Parent Company		Consolidated	
		2007	2006	2007	2006
ASSETS					
Current					
Cash and cash equivalents	5	92,913	187,273	689,154	596,323
Securities	6	-	-	9,808	9,183
Customers and concessionaires	7	-	-	908,108	976,883
Taxes and social contributions	10	64,874	59,620	366,953	312,083
Deferred income tax and social contributions	11	-	-	193,253	208,150
Dividends	29	405,243	135,753	-	-
Inventories		-	-	9,574	9,916
Collateral and linked accounts	13	2,080	2,080	16,021	16,379
Pre-paid expenses	8	253	118	52,168	142,283
Memorandum account for installment "A" costs	9	-	-	297,056	370,418
Accounts receivable from Petrobras	15	-	25,150	-	25,150
Credit for investment divestiture	16	42,823	-	42,823	-
Other credits	17	2,361	774	133,787	88,852
		<u>610,547</u>	<u>410,768</u>	<u>2,718,705</u>	<u>2,755,620</u>
Non-current					
Long term					
Securities	6	-	-	16,869	22,817
Customers and concessionaires	7	-	-	125,896	121,537
Taxes and social contributions	10	-	-	58,869	52,742
Deferred income tax and social contributions	11	-	-	694,504	732,005
Related parties	12	154,776	217,423	23,814	24,325
Advances for future capital increases	14	35,040	35,040	3,821	3,232
Collateral and linked accounts	13	2,551	2,546	221,892	239,562
Pre-paid expenses	8	-	-	28,147	45,816
Memorandum account for installment "A" costs	9	-	-	88,199	232,175
Other credits	17	5,000	-	22,364	9,614
		<u>197,367</u>	<u>255,009</u>	<u>1,284,375</u>	<u>1,483,825</u>
Permanent					
Investments	18	3,433,116	3,363,560	443,086	465,762
Tangible fixed assets	19	1,814	1,694	5,079,718	4,854,855
Intangible fixed assets	19	451	684	192,964	159,674
Deferred		-	-	544	562
		<u>3,435,381</u>	<u>3,365,938</u>	<u>5,716,312</u>	<u>5,480,853</u>
Total		<u>4,243,295</u>	<u>4,031,715</u>	<u>9,719,392</u>	<u>9,720,298</u>

	Note	Parent Company		Consolidated	
		2007	2006	2007	2006
LIABILITIES					
Current					
Suppliers	20	16,611	1,484	446,554	500,795
Debt charges	22	-	1,913	8,223	31,302
Taxes and social contributions	10	19,275	24,724	370,753	395,237
Deferred income tax and social contributions	11	-	-	6,817	86,400
Dividends	29	189,821	147,388	214,824	163,090
Debentures	21	-	-	25,408	28,189
Loans and financing	22	-	54,000	287,809	760,713
Post-employment benefits	23	-	-	21,360	24,102
Memorandum account for installment "A" costs	9	-	-	131,321	107,954
Tariff refund	24	-	-	137,354	-
Estimated personnel liabilities	25	6,667	652	64,302	66,355
Regulatory and industry charges	26	-	-	161,902	169,978
Contingency provisions	27	-	-	1,953	4,189
Other accounts payable	17	833	7,194	113,935	79,827
		<u>233,207</u>	<u>237,355</u>	<u>1,992,515</u>	<u>2,418,131</u>
Non-current					
Long term					
Suppliers	20	-	-	199	9,575
Debt charges	22	-	-	3,100	157,525
Taxes and social contributions	10	-	-	564	7,462
Deferred income tax and social contributions	11	-	-	19,812	15,744
Debentures	21	-	-	1,123,858	881,308
Loans and financing	22	-	-	1,347,277	1,299,548
Post-employment benefits	23	-	-	127,347	122,425
Memorandum account for installment "A" costs	9	-	-	36,879	34,729
Tariff refund	24	-	-	45,785	-
Related parties	12	250	1	-	-
Advances for future capital increases	14	-	-	-	1,656
Contingency provisions	27	42,251	30,038	318,421	307,812
Provision for unsecured liabilities	18	57,259	58,726	56,685	58,029
Reserve for write-offs and amortization		-	-	17,248	17,248
Other accounts payable	17	3	3	21,119	21,197
		<u>99,763</u>	<u>88,768</u>	<u>3,118,294</u>	<u>2,934,258</u>
Minority interest		-	-	694,703	662,317
Shareholders' equity					
Capital stock	28	3,182,716	3,182,716	3,182,716	3,182,716
Capital reserves		35,348	35,348	35,348	35,348
Profit reserves		716,551	487,528	716,551	487,528
Treasury shares		(24,290)	-	(24,290)	-
Accumulated profit (loss)		-	-	3,555	-
		<u>3,910,325</u>	<u>3,705,592</u>	<u>3,913,880</u>	<u>3,705,592</u>
Total		<u>4,243,295</u>	<u>4,031,715</u>	<u>9,719,392</u>	<u>9,720,298</u>

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INCOME STATEMENT FOR THE FISCAL YEARS ENDING ON DECEMBER 31

(Amounts in thousands of reais, except when noted otherwise)

	Note	Parent Company		Consolidated	
		2007	2006	2007	2006
Operating income					
Electricity supplied and billed		-	-	2,395,237	2,169,767
Electricity supplied to be billed		-	-	386,111	244,406
Transmission charges		-	-	3,966,804	3,682,422
Other operating income		-	-	146,197	125,402
		-	-	<u>6,894,349</u>	<u>6,221,997</u>
Operating income deductions					
Subsidies - CCC and CDE		-	-	(503,864)	(514,582)
Research and development		-	-	(51,496)	(62,052)
Quota for global reversal reserve		-	-	(41,669)	(40,288)
Emergency capacity charges		-	-	(25,071)	(2,378)
Taxes and charges on income		-	-	(1,758,774)	(1,617,933)
		-	-	<u>(2,380,874)</u>	<u>(2,237,233)</u>
Net operating income	30	-	-	4,513,475	3,984,764
Electric power service costs					
Electric power cost					
Electric power purchased for resale		-	-	(1,882,598)	(1,453,716)
Transmission charges		-	-	(524,314)	(557,829)
	31	-	-	<u>(2,406,912)</u>	<u>(2,011,545)</u>
Operating costs					
Personnel		-	-	(176,257)	(133,678)
Third-party materials and services		-	-	(224,592)	(183,831)
Depreciation and amortization		-	-	(274,724)	(245,365)
Other operating costs		-	-	(51,517)	(2,770)
	31	-	-	<u>(727,090)</u>	<u>(565,644)</u>
		-	-	<u>(3,134,002)</u>	<u>(2,577,189)</u>
Cost of services provided to third parties	31	-	-	(3,352)	(4,205)
Gross operating profit		-	-	1,376,121	1,403,370
Operating expenses					
Sales expenses		-	-	(125,985)	(140,397)
General and administrative expenses		(40,638)	(23,320)	(319,941)	(313,520)
Depreciation and amortization		(15,068)	(14,484)	(42,556)	(42,085)
Other net operating expenses		(4,806)	(7,597)	(81,872)	(121,217)
	31	<u>(60,512)</u>	<u>(45,401)</u>	<u>(570,354)</u>	<u>(617,219)</u>
Service income		(60,512)	(45,401)	805,767	786,151
Equity interest income		495,244	437,391	10,237	1,007
Financial income		162,605	175,607	240,784	276,712
Financial expenses		(146,655)	(190,965)	(544,482)	(654,532)
Financial Results	32	15,950	(15,358)	(303,698)	(377,820)
Operating profit		450,682	376,632	512,306	409,338
Non-operating income		14	508	7,264	10,977
Non-operating expenses		(2,352)	(8,470)	(18,984)	(21,514)
Non-operating income		(2,338)	(7,962)	(11,720)	(10,537)
Income before income tax and social contribution		448,344	368,670	500,586	398,801
Current income tax and social contributions		-	-	(161,022)	(150,035)
Deferred income tax and social contributions		-	-	19,458	1,527
	34	-	-	<u>(141,564)</u>	<u>(148,508)</u>
Net income before reversal of interest on net equity		448,344	368,670	359,022	250,293
Reversal of interest on net capital		(12,109)	25,450	136,824	181,091
Net income before minority interest and founder's shares		436,235	394,120	495,846	431,384
Minority interest		-	-	(52,460)	(34,545)
Founder's shares		-	-	(3,595)	(2,719)
Net income for fiscal year		436,235	394,120	439,791	394,120
Earning per thousand shares - R\$		2,657.45	2,388.67		

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

(Amounts in thousands of reais)

	Note	Capital stock	Capital reserve	Profit reserve	Treasury shares	Accumulated profit (loss)	Total
Balances on January 1, 2006		3,182,716	35,348	291,686	-	-	3,509,750
Adjustment of previous fiscal years		-	-	-	-	(28,364)	(28,364)
Net income for fiscal year		-	-	-	-	394,120	394,120
Profit allocation	28						
Legal reserve		-	-	18,287	-	(18,287)	-
Proposed dividends		-	-	-	-	(169,914)	(169,914)
Profit retention reserve		-	-	177,555	-	(177,555)	-
Balances on December 31, 2006		3,182,716	35,348	487,528	-	-	3,705,592
Net income for fiscal year		-	-	-	-	436,235	436,235
Profit allocation	28						
Legal reserve		-	-	21,811	-	(21,811)	-
Proposed dividends		-	-	-	-	(207,212)	(207,212)
Profit retention reserve		-	-	207,212	-	(207,212)	-
Treasury shares		-	-	-	(24,290)	-	(24,290)
Balances on December 31, 2007		3,182,716	35,348	716,551	(24,290)	-	3,910,325

The notes are an integral part of the financial statements.

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STATEMENT OF CHANGES IN FINANCIAL POSITION FOR FISCAL YEARS ENDING ON DECEMBER 31

(Amounts in thousands of reais)

	Parent Company		Consolidated	
	2007	2006	2007	2006
Sources of funds				
Operations				
Net income for fiscal year	436,235	394,120	439,791	394,120
Minority interest	-	-	52,460	34,545
Adjustment of previous fiscal year	-	(28,364)	-	(28,364)
Expenses (income) that do not affect net current assets	-	-	-	-
Customers and concessionaires	-	-	(6,396)	(39,610)
Tariff refund - provision	-	-	183,139	-
Memorandum account for cost changes of installment "A" - monetary adjustment	-	-	(5,714)	(41,527)
Suppliers - non-contracted (spot) electricity	-	-	1,834	29,840
Depreciation and amortization	15,068	14,484	317,280	287,450
Residual value of assets and rights from written off permanent assets	14	(349)	3,951	9,712
Deferred income tax and social contributions	-	-	(14,913)	13,346
Monetary variations and non-current liability interest	-	-	96,514	66,760
Contingency provisions, net of reversal	12,213	13,363	53,687	41,064
Post-employment benefits - CVM 371	-	-	5,884	213
Net shareholders' equity income	(495,244)	(437,391)	(10,237)	(1,007)
Provision for asset realization losses	-	-	-	21,187
Miscellaneous	(14,545)	(337)	6,396	(5,837)
Provision for unsecured liabilities	(1,467)	10,328	(1,344)	9,991
	<u>(47,726)</u>	<u>(34,146)</u>	<u>1,122,332</u>	<u>791,883</u>
Third parties				
Loans, financing and debentures	-	-	349,105	1,131,224
Memorandum account for changes in costs of installment "A" - allocation	-	-	37,565	12,486
Transfer from non-current to current assets	20,000	-	166,516	532,335
Transfer from current to non-current liabilities	-	11,879	160,409	145,743
	<u>20,000</u>	<u>11,879</u>	<u>713,595</u>	<u>1,821,788</u>
Shareholders				
Capital increase	-	-	-	35,763
Minority interests	-	-	-	(3,454)
Dividends from subsidiaries	425,047	157,422	-	-
Dividend reversal	(13,791)	(188,934)	-	-
Associated companies, subsidiaries and parent companies	77,563	(6)	7,489	(176)
	<u>488,819</u>	<u>(31,518)</u>	<u>7,489</u>	<u>32,133</u>
Total sources	<u>461,093</u>	<u>(53,785)</u>	<u>1,843,416</u>	<u>2,645,804</u>

	Parent Company		Consolidated	
	2007	2006	2007	2006
Use of funds				
Non-current assets				
Collateral and litigation deposits	5	-	15,782	49,145
Pre-paid expenses	-	-	5,103	176,921
Advances for future capital increases	-	5,700	3,471	1,761
Income tax and social contributions	-	-	1,045	16,534
Related parties	-	151,660	-	-
Transfer from current assets to non-current assets	-	-	10,117	27,166
Other credits	-	-	8,642	8,894
Customers and concessionaires	-	-	3,707	-
Miscellaneous	5,000	-	7,231	-
Permanent				
Increase (decrease) of investments	20,000	11,302	20,000	(27,604)
Increase (decrease) in fixed assets - deverticalization/decommissioning in progress	-	-	-	(796)
Tangible and intangible fixed assets	659	542	665,428	830,037
Liabilities linked to concessions	-	-	(108,720)	(81,683)
Deferred	-	-	(18)	(57)
Proposed minority interest dividends	-	-	3,955	15,204
Transfer of non-current liabilities to current liabilities	-	48,674	611,760	1,059,713
Treasury shares	24,290	-	24,290	-
Dividends	207,212	169,914	182,922	169,914
Total uses	257,166	387,792	1,454,715	2,245,149
Increase (Decrease) in net current capital	203,927	(441,577)	388,701	400,655
Change in current capital				
Current assets				
At end of fiscal year	610,547	410,768	2,718,705	2,755,620
At beginning of fiscal year	410,768	780,026	2,755,620	2,172,220
	199,779	(369,258)	(36,915)	583,400
Current liabilities				
At end of fiscal year	233,207	237,355	1,992,515	2,418,131
At beginning of fiscal year	237,355	165,036	2,418,131	2,235,386
	(4,148)	72,319	(425,616)	182,745
Increase (Decrease) in net current capital	203,927	(441,577)	388,701	400,655

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CASH FLOW STATEMENT FOR THE FISCAL YEARS ENDING ON DECEMBER 31

(Amounts in thousands of reais)

	Parent Company		Consolidated	
	2007	2006	2007	2006
Operating activities				
Net income for fiscal year	436,235	394,120	439,791	394,120
Minority interest	-	-	52,460	34,545
Expenses (income) not affecting cash and cash equivalents	-	-	-	-
Customers and concessionaires	-	-	88,288	(35,336)
Net deferred income tax and social contributions	-	-	(19,458)	(1,527)
Recoverable taxes and social contributions	-	-	-	(28,536)
Depreciation and amortization	15,190	14,484	317,402	287,450
Residual value of assets and rights from written off permanent assets	14	(349)	20,304	9,712
Pre-paid expenses and CVA	-	-	(35,018)	(59,407)
Suppliers	-	-	(27,834)	78,812
Loans, financing and loan charges	4,954	9,350	329,456	370,361
Provision for estimated liabilities	-	-	-	20,352
Post-employment benefits - CVM 371	-	-	5,884	42
Contingency provisions	12,213	13,363	63,155	41,069
Deferred tariffs	-	-	(102,170)	(104,104)
Tariff refund - adjustment of ratified amounts	-	-	183,139	-
Monetarily adjusted receivables	(14,667)	(851)	(14,667)	(851)
Founder's share	-	-	3,595	2,719
Equity interests	(495,244)	(437,391)	(10,237)	(1,007)
Investment losses	-	-	(3,555)	286
Reversion of provision for accounts payable	-	(2,355)	-	(2,355)
Provision for unsecured liabilities	(1,467)	9,991	(1,467)	9,991
Regulatory and industry charges	-	-	43,474	54,782
Collateral and litigation deposits - monetary adjustment	-	-	(2,226)	-
Miscellaneous	-	-	(26,791)	(6,263)
	(42,772)	362	1,303,525	1,064,855
Asset (increase) reduction				
Customers and concessionaires	-	-	164,752	199,368
Recoverable taxes and social contributions	(5,254)	(6,363)	(63,205)	(118,930)
Inventories	-	-	(777)	620
Collateral and linked accounts	(5)	(1,953)	17,656	(57,617)
Pre-paid expenses	(135)	(118)	324,141	(2,313)
Accounts receivable from subsidiaries	77,314	291	-	-
Other credits	(784)	(569)	21,685	(12,689)
Liability increase (reduction)				
Suppliers	(102)	927	(64,714)	(30,365)
Current taxes and social contribution	(5,449)	(10,867)	(45,252)	103,098
Deferred taxes and social contributions	-	-	(3,940)	(2,164)
Tariff refunds	-	-	2,982	(75,573)
Estimated personnel liabilities	6,015	(66)	1,073	2,162
Contingency provisions	-	11,879	(1,442)	7,084
Other liabilities	8,868	(721)	(78,225)	(1,497)
Cash generated from (invested in) operating activities	37,696	(7,198)	1,578,259	1,076,039
Investment activities				
Treasury shares	(24,290)	-	(24,290)	-
Additions to investment	(23,476)	(39,666)	(20,253)	(123)
Reduction in fixed assets - (2006 - reduction from 26.7% to 23.0576%)	-	-	-	27,727
Additions to tangible and intangible fixed assets	(659)	(542)	(665,428)	(830,037)
Reductions in deferred assets	-	-	18	57
Liabilities linked to concessions	-	-	108,720	60,292
Cash used in investment activities	(48,425)	(40,208)	(601,233)	(742,084)
Financing activities				
Related parties	249	(10,689)	(11,140)	12,927
Associated companies, subsidiaries and parent companies	-	-	(9,987)	34,001
Advances for Future Capital Increases	-	(5,700)	-	-
Paid dividends	(23,013)	(4,572)	(173,858)	(157,903)
Loans, financing and debentures - inflows	-	-	471,790	2,018,503
Paid loans, financing and loan charges	(60,867)	(4,356)	(1,164,156)	(2,283,314)
Loans and financing - capitalized interest	-	-	3,156	60,429
Cash used in financing activities	(83,631)	(25,317)	(884,195)	(315,357)
Increase (decrease) of cash and cash equivalents	(94,360)	(72,723)	92,831	18,598
Cash and cash equivalents at end of the fiscal year	92,913	187,273	689,154	596,323
Cash and cash equivalents at beginning of fiscal year	187,273	259,996	596,323	577,725
	(94,360)	(72,723)	92,831	18,598

STATEMENT OF ADDED VALUE FOR THE FISCAL YEARS ENDING ON DECEMBER 31

(Amounts in thousands of reais)

	Parent Company		Consolidated	
	2007	2006	2007	2006
Generation of added value	(2,338)	(7,962)	6,801,027	6,125,516
Operating income	-	-	6,894,349	6,221,997
Allowance for doubtful debts and net losses	-	-	(101,060)	(87,471)
Deferred tax credits	-	-	19,458	1,527
Non-operating	(2,338)	(7,962)	(11,720)	(10,537)
(-) Inputs purchased from third parties	(22,965)	(18,206)	(2,950,676)	(2,480,346)
Cost of purchased energy	-	-	(1,882,598)	(1,453,716)
Transmission and distribution system charges	-	-	(524,314)	(557,829)
Materials	(526)	(540)	(43,107)	(36,598)
Third party services	(16,616)	(9,094)	(353,949)	(296,787)
Other operating costs	(5,823)	(8,572)	(146,708)	(135,416)
Gross added value	(25,303)	(26,168)	3,850,351	3,645,170
Depreciation and amortization	(15,068)	(14,484)	(317,280)	(287,450)
Net added value generated	(40,371)	(40,652)	3,533,071	3,357,720
Financial income	30,573	35,993	240,784	321,409
Minority interest	-	-	(52,460)	(34,545)
Equity accounting income	495,244	437,391	10,237	1,007
Total added value to be distributed	485,446	432,732	3,731,632	3,645,591
Distribution of added value				
Labor compensation	17,835	8,374	246,545	248,442
Payroll charges (except INSS - Social Security)	768	1,114	15,827	44,703
Taxes, charges and contributions	16,288	17,238	2,640,450	2,463,779
Financial expenses	13,048	11,120	365,549	470,462
Rents	1,272	766	19,875	21,366
Founder's share	-	-	3,595	2,719
Proposed dividends	207,212	169,914	207,212	169,914
	256,423	208,526	3,499,053	3,421,385
Income for the fiscal year after dividends	229,023	224,206	232,579	224,206
	485,446	432,732	3,731,632	3,645,591

Financial Statements

NOTES TO THE FINANCIAL STATEMENTS - DECEMBER 31, 2007 AND 2006

(Amounts in thousands of reais, except when otherwise noted)

1 - Operational context

EDP - Energias do Brasil S.A., a publicly-held company established on July 24, 2000, pursues its corporate goal of investing in other companies, as a share or quota holder, as well as in electric power business and ventures in Brazil or abroad; managing energy distribution, generation, transmission and sales assets; researching, planning, developing and implementing various types of energy distribution, generation, transmission and sales projects. The Company is also able to provide business services for the energy industry in Brazil and/or abroad.

The Company held direct and indirect equity interest in the following entities, on December 31, 2007:

Companies	Consolidation	Equity Interest	% share
Distribution			
Bandeirante	full	direct	100
Escelsa	full	direct	100
Enersul	full	direct	100
Generation			
Energest	full	direct	100
CESA	full	indirect	100
Costa Rica	full	indirect	51
Pantanal	full	indirect	100
Santa Fé	full	indirect	100
EDP Lajeado	full	direct	59.93
Investco	proportional	indirect	13.82
Enerpeixe	full	direct	60
Special	not consolidated	direct	100
Sales			
Enertrade	full	direct	100
Other companies			
Enercoulo	full	direct	100
Escelsapar	full	direct	100
ESC 90	not consolidated	-	-

Enerpeixe S.A. is an electric power generating company jointly controlled with Furnas Centrais Elétricas S.A. with the goal of operating the Peixe Angical Hydroelectric Plant and the Associated Transmission System, both located in the state of Tocantins. It began its energy supply operations in March 2006, initially using energy purchased from sister companies Furnas and Enertrade and switching later to its own energy generated from its three turbines in the months of June, July and September 2006. In September 2006, it reached its total installed power of 452 MW and guaranteed power of 271 MW. Accordingly, the start of this project must be taken into consideration when comparing financial statements.

1.1 - Transfer of concession and assets of the Paraíso SHP

By means of Authorizing Resolution no. 1.092 dated October 23, 2007, ANEEL authorized the transfer of assets, rights and liabilities related to Paraíso SHP from the indirect subsidiary CESA to indirect subsidiary Pantanal Energética Ltda. The CESA Extraordinary General Meeting, held on November 30, 2007, approved the partial spin-off of the Company, according to the terms of the filing and the Accounting Assessment Report prepared by experts and issued on August 31, 2007. The meeting determined that changes in equity pertinent to CESA's spun-off portion taken over by Pantanal occurring between the report's base date of August 31, 2007, and the effective date of the spin-off and take-over, November 30, 2007, be absorbed for accounting, tax and corporate purposes by the merged company in the proportion of the changes in the respective merged assets.

The net assets transferred from CESA to Pantanal on November 3, 2007, correspond to the capital stock amount of R\$ 26,010, under the following headings:

Permanent assets:	
• Fixed assets (net)	R\$ 42,168
Current and long-term liabilities:	
• Loans, financings and debt charges	R\$ 16,158

As a result of CESA's partial spin-off and the consequent asset transfer to Pantanal, there was a reduction in CESA's capital stock from R\$ 44,500 to R\$ 19,171, with no cancellation of shares.

2 - Financial statement presentation

The individual and consolidated financial statements on December 31, 2007 and 2006, whose completion was approved at a meeting of the Board of Directors held on February 26, 2008, are presented with amounts in thousands of reais, except when noted otherwise, and prepared according to the accounting practices adopted in Brazil, based on the provisions of the Corporation Law, specific legislation issued by National Electric Energy Agency - ANEEL, and norms established by the Brazilian Securities Exchange Commission (CVM).

For the sake of comparison, the following changes were made to amounts previously presented in the 2006 financial statements:

a) In the consolidated financial statements

- (i) In compliance with ANEEL resolutions contained in Order no. 3.073, dated December 28, 2006 and effective as of January 1, 2007, consumer charges related to the Energy Efficiency Program (PEE), Research and Development (R&D), Energy Development Account (CDE) and Fuel Consumption Account (CCC), previously recorded by and applicable to the subsidiaries, in the Operational Expenses group, are now recorded in Operational Income Deductions;
- (ii) As of 2007, the balance sheet presents the Memorandum Account for Cost Changes of Installment "A" headings separately under assets and liabilities, previously entered by Bandeirante, Escelsa and Enersul subsidiaries in their net form under the Prepared Expenses heading;
- (iii) In compliance with ANEEL resolutions contained in the Accounting Manual for Electric Energy Public Service, created by Resolution no. 444, dated October 26, 2001 and supplementary instructions contained in Notice no. 2.409 of November 14, 2007, and Order no. 294 of February 1, 2008, the installment billed by distribution and generation subsidiaries to captive customers, corresponding to the tariff for use of the distribution and transmission system, previously presented in the fiscal year Income Statements in the Electric Energy Supply group, is now presented in the group Availability of the Distribution and Transmission Systems. Separate amounts for use of the distribution and transmission systems, billed to free and captive customers are presented in note 30;
- (iv) Reclassification of part of the expenses recorded in Bandeirante's Income Statement, related to Personnel Expenses, transferred from General and Administrative Expenses to Operational Costs.

b) Individual and consolidated financial statements

- (i) Presentation of the financial income from swap and hedging operations net of gains and losses.

In order to enhance the information disclosed to the market, the Company presents, as supplementary information, the Statement of Added Value, prepared according to Notice CVM/SNC/SEP no. 01/06 and CFC Resolution no. 1.010/05, and the Cash Flow Statement, in compliance with the listing regulation of the Bovespa Novo Mercado and prepared in accordance with NPC 20 issued by IBRACON - Institute of Independent Auditors of Brazil.

3 - Summary of main accounting practices

3.1 - Financial statements

a) Cash and Cash Equivalents (Note 5)

Cash and cash equivalent are basically composed of balances maintained in bank accounts and include immediately available financial investments, including interest earned up to the balance sheet date.

b) Securities (Note 6)

Securities are recorded at cost and, making use of conservative accounting, their respective remunerations are only recognized when received. They are comprised of Private Credit Assignment Contracts corresponding to securities issued to cover order debts received by the Enersul subsidiary from various city governments in Mato Grosso do Sul.

c) Customers and concessionaires include:

- (i) Amounts billed to final consumers, distribution concessionaires and trading companies, as well as income from energy consumed but not billed (Note 7);
- (ii) Receivables related to energy sold in the Electric Power Commercialization Chamber (CCEE) (Note 7.1);
- (iii) Balance of receivables related to Extraordinary Tariff Recomposition - Loss of Income and Non-contracted Electricity (Note 4.1.1);
- (iv) Allowance for doubtful debts - The amounts were apportioned according to Accounting Instruction 6.3.2 of the Electric Energy Public Service Accounting Manual, as follows:

Customers in the following Categories	Overdue for more than
Residential	90 days
Business	180 days
Other categories	360 days

d) Inventories

Inventory materials are recorded at average purchase cost not exceeding market value. Operational and maintenance materials are classified as current assets while materials allocated to projects are classified as non-current assets under the heading of tangible fixed assets.

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e) Memorandum account for changes in cost of installment "A" - CVA (Note 9)

These costs are apportioned to income when the corresponding income is billed to consumers, as determined by Inter-ministerial Administrative Rules no. 296 and 116 dated October 25, 2001, and April 4, 2003, respectively, Law no. 10.438 of April 26, 2002 and the ANEEL supplementary resolutions.

f) Investments (Note 18)

Equity interest in subsidiaries are valued by the equity accounting method. Other investments are valued at purchase cost, net of loss provisions, when applicable.

g) Tangible and intangible fixed assets (Note 19)

Recorded at acquisition or construction cost, monetarily indexed up to December 31, 1995, deducted from accumulated depreciation, calculated using the linear method, based on accounting balances recorded in the respective Registry Units (UC) as determined by DNAEE Administrative Rule of November 30, 1994, at the annual rates contained in the table attached to ANEEL Resolutions no. 02, dated December 24, 1997, and no. 44, dated March 17, 1999.

In accordance with the provisions of the Accounting Instructions of the Electric Energy Public Service Accounting Manual and of CVM Resolution no. 193, of July 11, 1996, financial charges related to financing obtained from third parties effectively invested in fixed assets in progress are recorded within this subgroup as a cost of the respective construction. The same procedure was adopted for interest on net equity (whenever applicable) up to 1997 at Bandeirante, 2001 at Escelsa and 2003 at Enersul, which financed the ongoing construction according to the specific Electric Energy Public Service legislation.

The liabilities linked to concession, shown as offsets to fixed assets, primarily refer to funds received from consumers allocated to undertakings needed for meeting requests for electric power supply. These liabilities are directly connected to the Electric Energy Public Service Concession and, according to SFF/ANEEL Notice no. 1.314/2007, dated June 27, 2007, are now amortized as of the 2nd periodic tariff revision, at a rate defined by ANEEL corresponding to the average rate of the assets in service.

h) Other current and non-current assets

They are stated at cost or realization value, including the interest earned up to the balance sheet date, when applicable.

f) Suppliers (Note 20)

Primarily includes the balances payable to electric power suppliers, transmission charges and spot electricity payable to electric power generators.

j) Loans and financing, Loan and debenture charges (Notes 21 and 22)

Adjusted based on monetary and exchange fluctuations, including their respective charges and, whenever applicable, with hedging operation gains and losses added or deducted up to the balance sheet date.

k) Contingency provisions (Note 27)

Contingency provisions are recorded in the balance sheet as a result of a past event for which it is likely that funds are required to settle the obligation. The provisions are recorded based on the best estimates for the risk involved.

l) Other current and non-current assets

These are stated at known or required amounts, including, whenever applicable, corresponding charges, monetary and exchange changes incurred until the balance sheet date.

m) Income tax and social contribution (Notes 10, 11 and 34)

Current income tax and social contribution recorded in income are calculated at the CESA, Costa Rica and Pantanal subsidiaries based on assumed taxable income at rates determined by the legislation in force. At the subsidiary, as well as at other subsidiaries, the current tax income is calculated based on taxable income (adjusted profit) at applicable rates according to the legislation in force - 15% plus 10% on taxable income that exceeds R\$ 240 annually and the current social contribution is calculated based on taxable income before tax income using a 9% rate, both considering the offsetting of tax losses and the negative basis for social contribution, respectively, limited to 30% of taxable income.

On December 20, 2006, the Enerpeixe subsidiary obtained from the Amazon Region Development Agency (ADA) the right to a 75% reduction of the rate of Income Tax and Non-refundable Additions, calculated based on the profit of the venture, for a period of 10 years starting with the 2007 fiscal year, which the company decided to use for the 2007 fiscal year.

The deferred income tax and social contribution were recorded under the Deferred Income Tax and Social Contribution heading, based on tax losses, negative base for social contribution and temporary differences, considering the current rates for said taxes, according to the provisions of CVM Resolution no. 273, dated August 20, 1998, and CVM Instruction no. 371, dated June 27, 2002, as well as the profitability history and expectation of future taxable profit generation based on a technical feasibility study.

n) Post-employment benefits (Note 23)

As of December 31, 2001, these amounts have been determined and recorded according to the terms of CVM Resolution no. 371, dated December 13, 2002, and IBRACON's NPC 26.

Costs, contributions and actuarial liabilities, whenever applicable, are annually determined based on valuation conducted by independent actuaries. The most recent such study was carried out for the base date of December 31, 2007.

o) Reserve for reversal and amortization

This reserve refers to funds derived from the reversal and amortization reserve, set up until December 31, 1971, under the terms of SPEE regulation (Federal Decree no. 41.019/57) invested by the Bandeirante subsidiary in the expansion of Electric Energy Public Service. A 5% p.a. interest rate is applied to the reversal fund. Its possible settlement will occur according to determination of the Concession Granting Authority.

p) Treasury shares (Note 28.1)

According to CVM Instructions no. 10/80 and 358/02, treasury shares are recorded at their acquisition cost.

q) Earnings per share

Earnings per share is determined considering the total amount of shares at the balance sheet date.

r) Income earned

Income and expenses are recorded using the accrual basis of accounting. Electric power is billed to all consumers and concessionaires on a monthly basis according to the meter reading schedule and supply contracts, respectively. Energy supplied and not billed, corresponding to the period from the date of the last reading and the closing of the balance sheet is estimated and recorded as non-billed income.

s) Accounting estimates

The financial statements are prepared according to the accounting practices adopted in Brazil, based on the provisions of the Business Corporation Act. The Company's management is required to use estimates for recording certain transactions that affect assets, liabilities, income and expenses.

The final results of these transactions and information at the time of their effective realization in subsequent periods may differ due to the inaccuracies inherent to the estimation process. The Company reviews its estimates and premises on at least a quarterly basis.

The main estimates related to financial statements refer to the recording of the results from the following:

- Allowance for doubtful debts;
- Non-billed supply income;
- Transactions carried out in the environment of the Electric Power Commercialization Chamber - CCEE;
- Income loss or gain - low income;
- Regulatory assets and liabilities resulting from tariff review and readjustments;
- Recovery of deferred income tax and social contribution on tax losses, negative basis and temporary differences;
- Special obligations;
- Contingency provisions; and
- Post-employment benefits.

t) Taxation of Electric Power Commercialization Chamber (CCEE) operations

As a result of the terms of article 32 of the Provisional Measure no. 66, dated August 29, 2002, converted into Law no. 10.637, dated December 30, 2002, and Normative Instruction no. 199, dated September 12, 2002, electric power distributors, as constituent agents of the Electric Power Commercialization Chamber (CCEE), opt for special PIS and COFINS taxation on income earned from operations carried out through the CCEE.

The main effects of this option refer to the basis of calculation on net positive income and to the continuous application of rates of 0.65% and 3% for PIS and COFINS, respectively.

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3.2 - Consolidated financial statements

The consolidated financial statements were prepared in accordance with the norms established by CVM Instruction no. 247, dated March 27, 1996 and later modifications, covering EDP - Energias do Brasil S.A., its subsidiaries (as described in note 1) and the joint subsidiary Investco S.A. (in the proportion of full subsidiary EDP Lajeado Energy S.A.'s equity interest of 23.0576%). The accounting criteria adopted in its determination were uniformly applied to all individual companies of the group.

The main accounting practices adopted were the following:

- Elimination of the parent company's investment in the subsidiary companies;
- Elimination of account balances between the parent company and the subsidiaries included in the consolidation, as well as of the accounts maintained between subsidiaries;
- Allocation of minority interest in balance sheets and income statements.

4 - Regulatory assets and liabilities

The following is a summary of the regulatory assets and liabilities contained in the consolidated Balance Sheets:

	Note	Consolidated			
		Current		Non-current	
		12/31/2007	12/31/2006	12/31/2007	12/31/2006
Customers and concessionaires					
Extraordinary tariff recomposition income loss	4.1.1	-	135,326	-	81,387
(-) Provision for losses - income loss		-	(62,619)	-	(81,387)
Extraordinary tariff recomposition - non-contracted (spot) electricity	4.1.1	1,196	78,355	-	59,690
(-) Provision for losses - non-contracted (spot) electricity		-	(38,677)	-	(59,690)
Light for All Program		16,489	-	-	-
PIS and COFINS of generation companies		93	9,003	-	-
Other regulatory assets		24,560	27,444	11,292	6,239
Other credits					
Income loss - low income	17	43,063	18,419	-	-
Emergency program for reducing the consumption of electricity	17	-	9	-	-
Pre-paid expenses	8				
PIS and COFINS - rate increase		6,528	29,730	1,385	19,930
Suppliers Non-billed - deferred tariffs		31,136	95,467	10,379	-
Memorandum account for change in costs of installment "A"	9				
Installment "A"		165,453	117,893	54,620	183,552
CVA - asset		131,603	252,525	33,579	48,623
Total regulatory assets		420,121	662,875	111,255	258,344
Suppliers	20				
Non-contracted (spot) electricity		(25,473)	(123,342)	-	(68,830)
(-) Provision for losses - non-contracted (spot) electricity		-	38,677	-	59,690
Memorandum account for change in costs of installment "A"					
CVA - liability	9	(131,321)	(107,954)	(36,879)	(34,729)
Tariff refund					
Tariff refund - BRR 2003	24	(137,354)	-	(45,785)	-
Other accounts payable					
PIS and COFINS of generation companies	17	(438)	(7,195)	-	-
Income gains - low income	17	(127)	(4,627)	-	-
Other regulatory liabilities	17	(4,610)	(19)	-	-
Total regulatory liabilities		(299,323)	(204,460)	(82,664)	(43,869)
Total regulatory assets (-) liabilities		120,798	458,415	28,591	214,475

4.1 - Electric power industry general agreement

Distribution companies entered into the electric power industry general agreement on December 20, 2001, which established conditions for the resolution of contractual and administrative disagreements and eliminates the likelihood of legal or extra-legal litigation on issues related to the rationing period.

The main agreement points are as follows:

- Statement of Withdrawal/Waiver;
- Purchase Agreement for Net Contractual Surplus;
- Reimbursement Agreement for Non-contracted (spot) Electricity;
- Addendums to Initial Contracts; and
- Energy Development Account - CDE.

Based on Provisional Measure no. 14, dated December 21, 2001, converted into Law no. 10.438 of April 26, 2002, and other legal rules, the Extraordinary Tariff Recomposition (RTE) is applicable to each electric power distribution concessionaire with the goal of neutralizing the effects of income loss resulting from the Emergency Electric Power Consumption Reduction Program (PERCEE) that was in force from June 2001 to February 2002.

Simultaneously, non-manageable monthly cost changes (Installment "A") were determined along with installments for additional costs with energy purchased by means of the Electric Power Commercialization Chamber (CCEE) (non-contracted (spot) electricity) to be passed on to the generation companies.

As reimbursement for the income loss amount, non-contracted (spot) electricity and installment "A," in compliance with the provisions of Provisional Measurement no. 14 (converted into Law no. 10.438/02), an extraordinary tariff readjustment of 2.9% was granted as of January 2002 applicable to residential, rural and Public Lighting consumers (except for low-income consumers) and 7.9% for other consumers.

During the 2002 fiscal year, funds were disbursed equivalent to 90% of the amounts ratified as Lost income and "Installment

"A," related to extension of credit at PERCEE, by means of BNDES financing contracts signed in February 2002 (Note 22).

ANEEL Normative Resolution no. 1, dated January 12, 2004 and republished on June 1, 2004, corrected the amount for non-contracted (spot) electricity for the group's distributors previously approved by ANEEL Resolution no. 483, of August 29, 2002 (Note 4.1.1) to R\$ 231,666. It also modified the maximum duration of RTE in electrical power supply tariffs to 63 months for Bandeirante, 69 months for Escelsa and 73 months for Enersul from periods previously established by ANEEL Resolution no. 484, of August 29, 2002. It excluded from this deadline the amount related to changes in Installment "A" items occurring during the 2001 fiscal year and established that its recovery will take place by a mechanism equivalent to the one set forth in art. 4 of Law no. 10.438/02. It also determined that for distributors, as electric energy distribution public service concessionaires located within the National Interconnected System subject to PERCEE, this recovery shall take place immediately following the end of RTE determined by art. 4 of Law no. 10.438/02 within the necessary time period to reach the amount ratified by ANEEL Resolution no. 482 of August 29, 2002.

4.1.1 - Composition of the RTE ratified by ANEEL, representing Lost Income and Non-contracted (spot) Electricity

The RTE composition is as follows:

Consolidated							
Items	Official document number	Amount approved	Interest accumulated	Amount amortized	Write-off to loss	Balance to be amortized	
						12/31/2007	12/31/2006
Income loss	Resolutions no. 480/02, 481/02 and 01/04	514,868	390,004	(762,538)	(142,334)	-	216,713
Provision for losses		-	-	-	-	-	(144,006)
Total		514,868	390,004	(762,538)	(142,334)	-	72,707

Items	Official document number	Amount approved	Interest accumulated	Amount amortized	Write-off for loss	Balance to be amortized	
						12/31/2007	12/31/2006
Non-contracted (spot) Electricity	Resolutions no. 01/04 and 45/04 and NT 392/07	231,666	173,063	(277,534)	(125,999)	1,196	138,045
Provision for losses		-	-	-	-	-	(98,367)
Total		231,666	173,063	(277,534)	(125,999)	1,196	39,678

The maximum period of RTE electric power supply tariffs corresponding to income loss and non-contracted (spot) electricity ended in March 2007 for the Bandeirante subsidiary and in September 2007 for the Escelsa subsidiary. The unrecovered remaining balance was first recorded as a provision and later, on December 31, 2007, it was written off as a loss in accordance with Notice no. 2.409/2007-SFF/ANEEL. RTE amortization corresponding to Installment "A" from January 1, 2001, to October 25, 2001, began in April 2007 for Bandeirante and October 2007 for Escelsa.

As for the Enersul subsidiary, the RTE balance corresponding to income loss and non-contracted (spot) electricity, whose amortization period was scheduled to end on January 31, 2008, was fully amortized in advance in September 2007. As a result, RTE amortization corresponding to Installment "A" from January 25, 2001, to October 25, 2001, began in September 2007.

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Amounts referring to non-contracted (spot) electricity refer to generated electric power and are not connected to initial or equivalent contracts.

Monetary adjustments:

ANEEL Resolution no. 31, of January 24, 2002 and ANEEL Notice no. 2.212, of December 20, 2005, determine that the RTE remaining balance must be subject to the same interest rate charged the distributors in the financing operations stated in art. 5 of Provisional Measure no. 14, dated December 21, 2001, provided by the

financing program subsidized by the National Bank for Economic and Social Development (BNDES). In the absence of this financial operation, the SELIC rate should be used.

During the fiscal year, R\$ 8,129 was recorded as income loss (R\$ 40,142 in 2006) and R\$ 9,956 was recorded as non-contracted (spot) electricity (R\$ 41,193 in 2006), both as balancing entries for fiscal year income in the financial income group. Non-contracted (spot) electricity was recorded under the Suppliers heading as a balancing entry for fiscal year income in the Financial Expenses group due to the onlending to the generating companies.

The RTE liability composition is as follows:

Consolidated							
Items	Official document number	Amount approved	Interest accumulated	Amount amortized	Write-off for loss	Balance to be amortized	
						12/31/2007	12/31/2006
Non-contracted (spot) electricity	Resolutions no. 01/04 and 45/04 and NT392/07	231,666	178,313	(253,945)	(130,561)	25,473	192,172
Energy Provision free non-recoverable		-	-	-	-	-	(98,367)
Total		<u>231,666</u>	<u>178,313</u>	<u>(253,945)</u>	<u>(130,561)</u>	<u>25,473</u>	<u>93,805</u>

A current and non-current liability was recorded under the electric power suppliers heading for the same amount of non-contracted (spot) electricity recorded in the 2001 fiscal year, with a corresponding income debit under the electric power purchased for resale heading.

Non-contracted (spot) Electricity Onlending - Definition and standardization of calculation and onlending methodology:

ANEEL issued SFF/ANEEL Notice no. 2.003 on September 26, 2007, which changed the model and form of valuing and onlending non-contracted (spot) electricity amounts, replacing the provisions of SFF/ANEEL Notice no. 560/2006 of April 10, 2006, retroactively to the beginning of onlending.

The main changes include the standardization and definition of the tax and charge deductions, recording the existence of the two taxes, PIS and CONFINS, and determining a 3.65% deduction for concessionaires who pay the tax at the time of the accounting entry for the income corresponding to the ratified amount. Another change involves distribution companies, such as Bandeirante, that opted for deferment under the terms of COSIT Opinion no. 26. In this case, the tax rates are applicable at the time of billing.

As a result of recalculation based on this methodology, the amount passed on to generation companies was increased by R\$ 15,068, which was partially settled in January 2008.

The recalculation of non-contracted (spot) electricity asset and liability balances had a positive effect of R\$ 29,530, of which R\$ 13,076 was accounted for in the gross operating income group and R\$ 16,454 was accounted for in financial income, under income before taxes.

4.2 - Changes in installment "A" items

Electric power distribution concession contracts establish, in the composition of tariffs charged by the concessionaires, amounts for each item of external costs, which fall under operating expenses related to the variable known as the installment "A" of the "Tariff Readjustment Index" (IRT) formula, as shown below:

- Onlending tariff for power provided by Itaipu Binacional;
- Transportation tariff for electric power provided by Itaipu Binacional;
- Payment quota for the Fuel Consumption Account (CCC);
- Tariff for using basic network transmission facilities;
- System Service Charges (ESS);

- Purchased energy;
- Global Write-off Reserve Quota (RGR);
- Electric energy service inspection charge;
- Connection charges;
- Energy Development Account - CDE;
- Regulated Energy Purchase Contract (CCEAR); and
- Electric Power Alternative Sources Incentive Program (PROINFA).

A memorandum account was created for recording the offset of discrepancies between the amounts paid for each item, from January 1 to October 25, 2001, in light of Provisional Measures

no. 2.227 and 14 (converted into Law 10,438 of April 26, 2002), dated September 4, 2001, and December 21, 2001, respectively and ANEEL Resolution no. 90 of February 18, 2002.

The amounts are recorded as non-current assets under the Prepaid Expenses heading that had offsetting entries recorded under the Operating Expenses heading for the same purpose. For disclosure purposes in the balance sheets, the balances are presented under the memorandum account for changes of Installment "A" (Note 9).

The composition for RTE under liabilities is as follows:

Items	Official document number	Consolidated		Balance to be amortized		
		Amount approved	Interest accumulated	Amount amortized	12/31/2007	12/31/2006
Installment "A"	Resolutions no. 480/02, 481/02 and 01/04	124,906	208,852	(113,685)	220,073	301,445

Monetary adjustments:

The ratified amounts for distribution companies are adjusted under the terms defined by ANEEL Notice no. 2.212 of December 20, 2005, and R\$ 32,313 was recorded during the fiscal year (R\$ 39,558 in 2006), recorded as an offsetting entry for fiscal year income in the Financial Income group.

4.3 - Light for All Program

Refers to partial recognition granted by ANEEL by means of tariff revisions for the Bandeirante, Escelsa and Enersul subsidiaries, in consideration of the investments made in the Public Service Electric Energy Universalization Program (Note 40).

5 - Cash and Cash Equivalents

	Parent Company		Consolidated	
	12/31/2007	12/31/2006	12/31/2007	12/31/2006
Banks account transactions	82,831	3,710	248,931	219,845
Financial investments - fixed income	10,082	183,563	440,223	376,478
Total	92,913	187,273	689,154	596,323

The financial investments have maturity dates between January 2008 and April 2012 with a profitability of 98% to 101.3% of CDI (Interbank Certificate Deposit), redeemable immediately.

6 - Securities - current and non-current

The Enersul subsidiary has credit assignment contracts corresponding to securities issued to cover ordered debts issued by the state of Mato Grosso do Sul, received from various local governments for settlement of overdue and coming due electric power bills. This amount is stated in current and non-current liabilities, under the other accounts payable heading, as shown below:

	Consolidated	
	12/31/2007	12/31/2006
Current assets	10,624	10,018
ADD	(816)	(835)
ADD net balance	9,808	9,183
Current liabilities	(15)	(825)
Net current assets	9,793	8,358
Non-current assets	16,869	22,817
Total	26,662	31,175

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7 - Customers and concessionaires

Consolidated							
	Coming due balances	Overdue less than 90 days	Overdue over 90 days	Total	ADD	Balance net amount on net 12/31/2007	Balance net amount on net 12/31/2006
Current							
Customers							
Billed supply							
Residential	96,280	97,097	45,030	238,407	(47,174)	191,233	208,967
Manufacturing	31,276	28,015	24,940	84,231	(26,823)	57,408	48,706
Business, services and other activities	47,266	34,702	51,135	133,103	(51,469)	81,634	89,813
Rural	9,388	9,467	6,091	24,946	(2,675)	22,271	20,074
Government							
Federal	4,702	1,731	4,300	10,733	(2,391)	8,342	6,773
State	6,505	3,229	5,670	15,404	(4,125)	11,279	12,049
City	9,558	4,408	6,177	20,143	(4,140)	16,003	13,584
Public lighting	12,767	3,578	10,804	27,149	(5,834)	21,315	24,272
Public service	8,745	2,502	8,090	19,337	(193)	19,144	17,407
Free customers	32,000	-	-	32,000	-	32,000	20,734
Non-billed supply	245,879	-	-	245,879	-	245,879	254,378
Debt installments	48,585	2,212	24,472	75,269	(31,756)	43,513	45,293
Other credits	39,241	-	-	39,241	-	39,241	13,464
Regulatory assets							
Income loss	-	-	-	-	-	-	72,707
Non-contracted (spot) electricity	1,196	-	-	1,196	-	1,196	39,678
Other regulatory assets	37,715	-	-	37,715	-	37,715	27,444
	<u>631,103</u>	<u>186,941</u>	<u>186,709</u>	<u>1,004,753</u>	<u>(176,580)</u>	<u>828,173</u>	<u>915,343</u>
Concessionaires							
Conventional supply	29,644	3,598	57,345	90,587	(52,168)	38,419	24,632
Short-term energy	21,483	-	3,147	24,630	-	24,630	16,006
PIS and COFINS for generator companies	93	-	-	93	-	93	9,003
Transmission charges	10,189	-	-	10,189	-	10,189	11,899
Regulatory assets	3,334	-	-	3,334	-	3,334	-
Miscellaneous	3,270	-	-	3,270	-	3,270	-
	<u>68,013</u>	<u>3,598</u>	<u>60,492</u>	<u>132,103</u>	<u>(52,168)</u>	<u>79,935</u>	<u>61,540</u>
Total current	<u>699,116</u>	<u>190,539</u>	<u>247,201</u>	<u>1,136,856</u>	<u>(228,748)</u>	<u>908,108</u>	<u>976,883</u>
Non-current							
Customers							
Manufacturing	24,182	-	-	24,182	-	24,182	28,938
Business, services and other activities	54	-	-	54	-	54	107
Government							
City	12	-	-	12	-	12	12
Debt installments	49,983	-	-	49,983	-	49,983	45,813
Other credits	7,247	-	-	7,247	-	7,247	7,247
Regulatory assets							
Other regulatory assets	11,292	-	-	11,292	-	11,292	6,239
	<u>92,770</u>	<u>-</u>	<u>-</u>	<u>92,770</u>	<u>-</u>	<u>92,770</u>	<u>88,356</u>
Concessionaires							
Short-term energy	12,957	-	-	12,957	-	12,957	13,013
Miscellaneous	20,169	-	-	20,169	-	20,169	20,168
	<u>33,126</u>	<u>-</u>	<u>-</u>	<u>33,126</u>	<u>-</u>	<u>33,126</u>	<u>33,181</u>
Total non-current	<u>125,896</u>	<u>-</u>	<u>-</u>	<u>125,896</u>	<u>-</u>	<u>125,896</u>	<u>121,537</u>

The Allowance for Doubtful Debts (ADD) is considered sufficient to cover potential losses in the realization of these assets.

7.1 - Short-term power

	Consolidated		
	Assets	Liabilities	
	Sale	Purchase	System Service Charges
Balance on 12/31/2006	29,019	3,563	3,146
Increase	109,441	67,130	4,315
Settlements	(100,873)	(49,108)	(7,455)
Balance on 12/31/2007	<u>37,587</u>	<u>21,585</u>	<u>6</u>

Refers primarily to power sales and purchase transactions and system service charges carried out through the Electric Power Settlement Chamber - CCEE.

A portion of the asset values of distribution subsidiaries is subject to change depending on the outcome of ongoing lawsuits brought on by industry companies due to the interpretation of the market rules in force.

7.2 - Concessionaires - other

The non-current asset (Note 7) amount of R\$ 20,169 (R\$ 20,168 in 2006) and the current and non-current liability (Note 17) amount of R\$ 19,154 (R\$ 18,953 in 2006) refer to receivable and payable amounts, respectively, between the Bandeirante Energia S.A. subsidiary and Companhia Piratininga de Força e Luz - Piratininga, resulting from Bandeirante's partial spin-off on October 1, 2001, according to the terms established in the spin-off filing.

There are no disagreements between the parties regarding the currently recorded receivable and payable balances, which will be settled in a timely manner.

7.3 - Concessionaires - Conventional supply

Includes overdue and coming due amounts billed by the Enertrade subsidiary to Ampla Energia e Serviços S.A. - "AMPLA" (previously known as Companhia de Eletricidade do Rio de Janeiro - CERJ), totaling R\$ 56,841 (R\$ 42,867 in 2006), of which the amount of R\$ 52,168 (R\$ 40,156 in 2006) is under discussion by the parties due to disagreement on the price contracted by AMPLA from Enertrade and the amount authorized by the National Electric Energy Agency (ANEEL) for passing on to AMPLA's final consumers.

Enertrade obtained a preliminary injunction that suspended the effects of ANEEL's notice that did not recognize the price amount

contracted by AMPLA, and the Company also believes that the contract already had been tacitly approved by ANEEL under the terms of article 1, subsection 3 and 4 of its Resolution no. 22/1999. Failing to comply with this injunction, AMPLA has only partially paid the invoices issued by Enertrade, recognizing only the portion of the contracted tariff corresponding to the amount that ANEEL approved to pass on to its final customers.

Enertrade has recorded an allowance for doubtful debt in the amount under discussion, shown in the income statement under sales expenses, in the amount of R\$ 12,012 (R\$ 40,156 in 2006).

7.4 - Billing of Emergency Capacity Charges (ECE) under injunction - "Other credits"

ANEEL carried out an economic and financial audit of Escelsa and issued Audit Report 121/2007 and Notification 115/2007, both dated August 7, 2007, determining the billing and recording of emergency capacity charges suspended by preliminary injunctions filed by some manufacturing and business customers of Escelsa for the acknowledgement of their right to non-payment while this charge was in force and that it was not billed at the same time as the corresponding supplies took place. In compliance with this determination, it was billed and recorded under the other credits heading in the amount of R\$ 25,076, as an offsetting entry to current liabilities under the regulatory and industry charges heading.

8 - Pre-paid expenses

	Parent Company		Consolidated			
	Current		Current		Non-current	
	12/31/2007	12/31/2006	12/31/2007	12/31/2006	12/31/2007	12/31/2006
PIS and COFINS - rate increase	-	-	6,528	29,730	1,385	19,930
Non-billed - deferred tariffs	-	-	31,136	95,467	10,379	-
Prepaid hedging coverage	-	-	7,177	7,659	7,188	14,205
Insurance premium	46	118	1,374	-	-	-
Miscellaneous	207	-	5,953	9,427	9,195	11,681
Total	253	118	52,168	142,283	28,147	45,816

8.1 - PIS and COFINS - rate increase

Regulatory asset created by distribution companies due to changes made by Laws no. 10.637/02 and 10.833/03, which increased the PIS rate from 0.65% to 1.65% and the COFINS rate from 3% to 7.6%. These increases are passed on to the tariffs.

8.2 - Non-billed supply - deferred tariffs

As a result of the first periodic tariff review scheduled in the Enersul subsidiary's electric energy concession contract on April 8, 2003, ANEEL temporarily increased the tariff by 42.26%, 32.59% of which was applied to electric energy supply tariffs as of April 8, 2003,

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leaving the difference to be recovered in four installments of R\$ 55,253 from 2004 to 2007.

On April 8, 2004, ANEEL changed this percentage amount, also temporarily, to 43.59% and redistributed the difference in four installments of R\$ 28,389 each to be added to income in the tariff adjustments from 2004 to 2007.

On April 8, 2005, ANEEL again changed this percentage amount, now definitely, to 50.81% and redistributed the difference in four installments of R\$ 46,601 each to be added to income in the tariff adjustments from 2004 to 2007.

However, at the tariff readjustment of April 8, 2007, ANEEL carried out a new deferment of the last original installment of the 2003 tariff readjustment to be applied in the periodic tariff review of April 2008.

As a consequence of Notification no. 119/2007 and ANEEL decisions mentioned in note 24, the Company's tariff readjustment in 2003 was set at 43.23% and the amount of each installment was reduced to R\$ 27,288. Enersul's management estimates that balance of the last installment, monetarily adjusted to December 31, 2007, in the amount of R\$ 41,515, will be realized by including it in

the electric energy bills until the end of the next tariff cycle, in force until April 7, 2009, which was already scheduled within the context of Public Audience no. 008/2008.

In the fiscal year, R\$ 102,170 was apportioned (R\$ 104,104 in 2006) and R\$ 156,122 was amortized (R\$ 156,525 in 2006).

8.3 - Prepaid coverage of hedging operations

Refers to payments of adjustments to projected future financial flows, adjusted to current value, through hedging contracts for the total value of the loan from the Inter-American Development Bank - IDB (Note 22) for the Bandeirante subsidiary, as required by contract for reducing credit risk exposure by both parties. Amortization of these amounts against income is taking place during the financing payment period up to 2012.

8.4 - Miscellaneous

Refers primarily to expenses incurred with the issuance of debentures by the Bandeirante, Escelsa and Enersul subsidiaries and other financial operations whose amortization is recorded linearly within the payment period of their liabilities.

9 - CVA - Memorandum account for changes in costs of installment "A"

	Consolidated							
	Assets				Liabilities			
	Current		Non-current		Current		Non-current	
	12/31/2007	12/31/2006	12/31/2007	12/31/2006	12/31/2007	12/31/2006	12/31/2007	12/31/2006
Bandeirante								
From 1/01/2001 to 10/25/2001	75,802	82,409	-	66,047	-	-	-	-
From 9/24/2002 to 9/23/2003	-	6,679	-	-	-	2,428	-	-
From 9/24/2004 to 9/23/2005	-	209	-	-	-	246	-	-
From 9/24/2005 to 9/23/2006	3,683	55,703	-	-	1,071	15,180	-	-
From 9/24/2006 to 9/23/2007	31,692	6,145	-	18,434	46,031	3,290	-	9,870
From 9/24/2007 to 12/31/2007	2,286	-	8,170	-	3,826	-	11,479	-
Escelsa								
From 1/01/2001 to 10/25/2001	55,008	23,042	33,005	69,126	-	-	-	-
From 8/08/2002 to 8/07/2003	-	12,088	-	-	-	3,355	-	-
From 8/08/2004 to 8/07/2005	4,148	8,577	-	-	-	-	-	-
From 8/08/2005 to 8/07/2006	6,283	123,361	-	-	1,854	61,051	-	-
From 8/08/2006 to 8/07/2007	47,700	18,136	-	25,390	35,461	16,882	-	23,635
From 8/08/2007 to 12/31/2007	27,849	-	25,090	-	32,567	-	24,369	-
Enersul								
From 1/01/2001 to 10/25/2001	34,643	12,442	21,615	48,379	-	-	-	-
From 3/08/2002 to 3/07/2003	680	4,465	-	-	172	1,129	-	-
From 3/08/2004 to 3/07/2005	-	129	-	-	-	13	-	-
From 3/08/2005 to 3/07/2006	-	2,637	-	-	-	708	-	-
From 3/08/2006 to 3/07/2007	6,963	14,396	-	4,799	2,266	3,672	-	1,224
From 3/08/2007 to 12/31/2007	319	-	319	-	8,073	-	1,031	-
Total	297,056	370,418	88,199	232,175	131,321	107,954	36,879	34,729

9.1 - From 1/01/2001 to 10/25/2001 - amounts corresponding to Installment "A" items included in the context of the Electric Power Industry General Agreement, as stated in note 4.1.

9.2 - From 3/08/2002 to 12/31/2007 - the amounts are adjusted according to the SELIC rate, of which R\$ 9,753 was recorded in the fiscal year (R\$ 24,191 in 2006) as a contra entry in the Income Statement. A total of R\$ 136,442 was amortized during the fiscal year (R\$ 106,747 in 2006).

10 - Taxes and social contributions

	Parent Company		Consolidated			
	Current		Current		Non-current	
	12/31/2007	12/31/2006	12/31/2007	12/31/2006	12/31/2007	12/31/2006
Assets - Offsetable						
Income tax and social contributions - current	15,627	7,888	222,212	180,595	-	-
ICMS	-	-	38,710	31,191	58,732	52,605
PIS and COFINS	236	216	31,117	51,815	137	137
Income Tax Withholding on interest on net equity	22,227	23,344	22,227	-	-	-
Miscellaneous	26,784	28,172	52,687	48,482	-	-
Total	64,874	59,620	366,953	312,083	58,869	52,742
Liabilities - to be paid						
Income tax and social contributions - current	-	-	130,015	101,245	-	796
ICMS on rate difference	-	-	6,775	-	-	-
ICMS	-	-	120,668	124,469	-	6,666
PIS and COFINS	-	-	43,090	56,503	564	-
Withheld income tax on interest on net equity	18,766	22,925	40,993	46,269	-	-
Miscellaneous	509	1,799	29,212	66,751	-	-
Total	19,275	24,724	370,753	395,237	564	7,462

11 - Deferred income tax and social contributions

11.1 - Assets

The tax credits detailed below, based on tax losses, negative basis for social contribution and other temporary differences that will be used for reducing future tax burden, were recorded by taking the profitability history and taxable income generation of the Bandeirante, Escelsa, Enersul, Enertrade, Energest, EDP - Lajeado and Pantanal subsidiaries in the upcoming fiscal years as a basis for a maximum period of 10 years.

	Consolidated			
	Current		Non-current	
	12/31/2007	12/31/2006	12/31/2007	12/31/2006
Income tax on tax losses	22,383	24,189	249,084	263,803
CSLL on negative basis	10,232	9,869	92,591	98,367
Income tax and CSLL over other temporary differences	142,607	158,704	83,623	100,962
Income tax and CSLL on provision for social security deficit - PSAP	3,279	1,444	29,512	14,430
Income tax and CSLL on incorporated tax credits - Premium	14,752	13,944	239,694	254,443
Total	193,253	208,150	694,504	732,005

Based on technical studies of the forecasts of taxable income, calculated according to provisions of CVM Resolution no. 273, of August 20, 1998, recovery of non-current taxable credits in the following fiscal years is estimated as follows:

2009	2010	2011	2012	2013	After 2013	Non-current
230,452	192,059	77,757	63,472	55,969	74,795	694,504

On December 31, 2007, management of the subsidiaries developed a forecast of future taxable income considering present value discounts, demonstrating the realization capacity of these tax credits in the stated periods. At the Bandeirante, Escelsa and Enersul subsidiaries, these studies were approved by their respective Board of Directors, as required by CVM Instruction no. 371 of June 27, 2002. These estimates are periodically reviewed, allowing for timely alterations in the outlook for recovering these credits to be disclosed in financial statements.

11.1.1 - The tax credit from the Provision for Social Security Deficit (PSAP) refers to the portion of liabilities for benefits that exceed assets related to defined benefit-type social security plans at the Bandeirante subsidiary, whose provision on December 31, 2001 was carried out as a net equity offsetting entry, deductible by means of monthly payments, expected to end in the 2017 fiscal year. The adopted tax treatment for this provision, in existence since the 2002 fiscal year, was changed in the 2007 fiscal year. Now, it only uses a portion of the cost for active participants to calculate the excess based on the legal deduction limit equal to 20% in relation to the payroll, resulting in an increase of the balance for this heading up to the 2006 fiscal year by R\$ 17,429 and by R\$ 4,198 during this fiscal year, totaling R\$ 21,627,

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recorded as an income contra entry under the deferred income tax and social contribution heading (Note 34).

11.1.2 - The tax credit for the goodwill premium arises from:

a) at Bandeirante: from the take over of the spun-off portion of the previous parent company Enerpaulo - Energia Paulista Ltda., during the 2002 fiscal year, represented by the goodwill premium paid by Enerpaulo during the acquisition of Bandeirante shares;

b) at Escelsa: from the take over of the spun-off portion of the parent company EDP Energias do Brasil S.A. in April 2005, represented by the goodwill premium paid by merged EDP 2000 Participações Ltda. and EDP Investimentos Ltda. at the time of acquisition of shares issued by IVEN, Escelsa's parent company at the time; and

c) at Enersul: from the take over of the spun-off portion of the previous parent company Magistra Participações S.A., represented by the goodwill premium paid by Magistra when it purchased Enersul shares.

The amounts were recorded according to CVM Instructions no. 319/99 and 349/99 and, according to ANEEL requirements, will be amortized by the curve between the expectation of future income and the concession period of the Companies, which results in the annual average realization of a tax credit of R\$ 6,076 for Bandeirante until 2027, R\$ 1,902 for Escelsa until 2025 and R\$ 4,933 for Enersul until 2027.

11.1.3 - The forecast of future taxable income shows that the subsidiaries have a sufficient calculation base for full recovery of the tax credits during the period, as has been

demonstrated. However, the credits related to PSAP and goodwill premium, mentioned in notes 11.1.1 and 11.1.2, will be financially realized by 2017 and 2027 respectively, in accordance with the amortization of the amounts connected to them.

11.2 - Liabilities

	Consolidated	
	12/31/2007	12/31/2006
Income tax	17,641	70,480
Social contribution	6,351	25,372
PIS	469	1,125
COFINS	2,168	5,167
Total	<u>26,629</u>	<u>102,144</u>
Current	6,817	86,400
Non-current	19,812	15,744
Total	<u>26,629</u>	<u>102,144</u>

The deferred income tax and social contribution balances classified as liabilities arise basically from the effects of foreign exchange fluctuations at the Enersul subsidiary in relation to loans and financing and at the Escelsa subsidiary in relation to senior notes (Note 22) until the 2006 fiscal year, recorded using the accrual basis of accounting. It is excluded from the income tax and social contribution calculations since it is taxed at its effective realization.

12 - Related parties

The main asset and liability balances, as well as transactions that affected the fiscal year results, regarding operations with related parties are a result of transactions carried out under normal market conditions for the respective types of operations.

	Parent Company				Consolidated					
	Assets		Liabilities		Fiscal year income		Assets		Fiscal year income	
	12/31/2007	12/31/2006	12/31/2007	12/31/2006	2007	2006	12/31/2007	12/31/2006	2007	2006
Related parties										
Bandeirante	124	4,711	182	-	-	4,711	-	-	-	-
Escelsa	263	3,557	23	-	263	3,557	-	-	-	-
Enersul	267	2,871	41	1	107	2,932	-	-	-	-
Energgest	35,733	36,133	4	-	-	566	-	-	-	-
CESA	77,754	73,412	-	-	4,341	4,819	-	-	-	-
Pantanal	14,982	15,038	-	-	-	-	-	-	-	-
Escelsapar	1,930	1,367	-	-	161	291	-	-	-	-
Enertrade	-	56,145	-	-	-	947	-	-	-	-
ESC90	23,723	24,189	-	-	10,925	13,533	23,814	24,325	10,925	13,533
Total	<u>154,776</u>	<u>217,423</u>	<u>250</u>	<u>1</u>	<u>15,797</u>	<u>31,356</u>	<u>23,814</u>	<u>24,325</u>	<u>10,925</u>	<u>13,533</u>

The balances with the Bandeirante, Escelsa and Enersul subsidiaries refer to the sharing of expenses related to personnel, materials and third party services since early 2006, approved by ANEEL by means of Order no. 2.194, of July 13, 2007. The balances with other companies refer to financial loans.

13 - Collateral and linked accounts

	Note	Parent Company				Consolidated			
		Current		Non-current		Current		Non-current	
		12/31/2007	12/31/2006	12/31/2007	12/31/2006	12/31/2007	12/31/2006	12/31/2007	12/31/2006
Court deposits	27	2,080	2,080	2,551	2,546	2,080	4,733	192,106	213,530
Escrowed securities - National Treasury Sec.		-	-	-	-	-	-	5,947	5,848
Collateral and linked accounts		-	-	-	-	13,941	11,646	23,839	20,184
Total		2,080	2,080	2,551	2,546	16,021	16,379	221,892	239,562

14 - Advances for future capital increases

	Parent Company		Consolidated		
	Assets		Assets		Liabilities
	12/31/2007	12/31/2006	12/31/2007	12/31/2006	12/31/2006
Energest	35,040	35,040	-	-	-
Enercoutho	-	-	-	-	1,656
Couto Magalhães	-	-	1,271	1,256	-
Investico	-	-	2,550	1,976	-
Total	35,040	35,040	3,821	3,232	1,656

15 - Accounts receivable from Petrobras

Refers to the balance of the amount payable by Petrobras (Petróleo Brasileiro S.A.) for its purchase of 80% of the interest the Company held in Fafen Energia S.A. on December 27, 2004, for R\$ 96,000 (Petrobras already controlled 20% of Fafen), settled in three installments of payable promissory notes issued by Petrobras plus the accumulated change of the IGP-M price index starting on December 27, 2004 until each due date.

Partial payment has been made: the Company received the original amounts of R\$ 48,000 and R\$ 24,000 in January 2005 and December 2005, respectively, while the unpaid balance due on December 31, 2006, refers to the installment for the original amount of R\$ 24,000 due on December 27, 2006. The installment was paid on January 19, 2007, with accrued interest, as stated in the previous paragraph.

16 - Credit for investment divestiture

The Company acquired a 100% interest in the Diferencial Energia Empreendimentos e Participações Ltda. ("Diferencial"), a company that owns the Maranhão thermoelectric project, during this fiscal year for R\$ 20,000, fully paid.

During the third quarter of 2007, the Company agreed to sell 50% of its share in Diferencial to MPX Mineração e Energia Ltda. ("MPX")

for the final amount of R\$ 9,468, of which R\$ 2,500 has already been fully paid.

Simultaneously, it agreed to acquire a 50% share in the Pecém thermoelectric plant held by MPX for the final amount of R\$ 19,493, of which R\$ 5,000 has already been paid.

In the fourth quarter of 2007, it agreed to sell its remaining share to MPX for R\$ 23,500, of which it has already received R\$ 3,500. The remaining balance will be paid in four semi-annual installments of R\$ 5,000 - the first one is due in April 2008 and the last one comes due in October 2009. The installments are adjusted by the accumulated change of the daily average extra group overnight interbank deposit rate until the date payment is made.

The completion of these corporate acquisition and sale transactions depend only on ANEEL approval, which is expected in the first quarter of 2008.

The Company proceeded with capital transfers to Diferencial in the total amount of R\$ 28,763 as an advance for future capital increase for the initial investments in the venture. This amount will be reimbursed by MPX to the Company once the sale of Diferencial and the acquisition of the Pecém thermoelectric plant are completed.

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In light of the advanced stage of the divestiture of its share in Diferencial, as described above, and, according to art. 23 subsection II of CVM Instruction no. 247/96, the Diferencial subsidiary is not included in the consolidated financial statements.

17 - Other credits - Assets and other Accounts payable - Liabilities

	Parent Company				Consolidated			
	Current		Non-current		Current		Non-current	
	12/31/2007	12/31/2006	12/31/2007	12/31/2006	12/31/2007	12/31/2006	12/31/2007	12/31/2006
Other credits - Assets								
Advances for employees	118	142	-	-	2,465	2,338	-	-
Advances for suppliers	53	225	-	-	3,179	7,205	-	-
Returned checks	-	-	-	-	1,394	448	-	-
Credits receivable - customers	-	-	-	-	1,882	911	-	-
Low-income standard	-	-	-	-	1,101	972	-	-
Income loss - low income	-	-	-	-	43,063	18,419	-	-
Expenditures to be reimbursed	533	343	-	-	8,398	7,390	-	-
Energy efficiency program	-	-	-	-	8,428	-	2,198	-
RGR to be written-off	-	-	-	-	2,741	2,972	-	-
PERCEE	-	-	-	-	-	9	-	-
Assets to be divested	-	-	-	-	60	51	84	660
Deactivation in progress	-	-	-	-	3,236	6,673	-	-
Services in progress	757	-	-	-	14,718	14,045	-	-
Services provided to third parties	-	-	-	-	4,449	18,188	4,265	8,618
Payroll taxes and consignment	-	-	-	-	549	2,130	-	-
Deactivations and divestitures	-	-	-	-	2,820	-	-	-
Infrastructure sharing	-	-	-	-	1,710	-	-	-
Various premiums	-	-	-	-	2,064	-	-	-
CCC subrogation - Res. 331/2005 and notice enc. Aneel 2007	-	-	-	-	9,040	-	6,856	-
Advance on acquisition - PECEM	-	-	5,000	-	-	-	5,000	-
Miscellaneous	900	64	-	-	22,490	7,101	3,961	336
Total	2,361	774	5,000	-	133,787	88,852	22,364	9,614
Other accounts payable - Liabilities								
Advances received - divestiture of assets and rights	-	-	-	-	6,470	5,008	-	-
Public lighting contribution	-	-	-	-	17,850	15,844	-	-
Amounts payable to Piratininga	-	-	-	-	202	-	18,952	18,953
Amounts payable - Fafen Energy Provision	-	5,463	-	-	-	5,463	-	-
Various creditors - customers	-	-	-	-	24,324	8,249	-	-
Various creditors - concessionaires	-	-	-	-	7,292	-	-	-
Payroll	315	53	-	-	5,762	6,684	-	-
Employees - PL/AGO84	-	-	-	-	7	-	1,457	-
Regulatory liabilities	-	-	-	-	-	11,841	-	-
PIS and COFINS of generation companies	-	-	-	-	438	7,195	-	-
Other regulatory liabilities	-	-	-	-	4,610	19	-	-
Income gains - low income	-	-	-	-	127	4,627	-	-
Assignment of ICMS credits	-	-	-	-	8,667	1,700	-	-
Interest on mandatory loan	-	-	-	-	3,088	3,840	-	-
City governments	-	-	-	-	15	825	-	-
(credits obtained in securities issued to cover ordered debts)	-	-	-	-	-	-	-	-
Collections from third parties to pass on	-	-	-	-	8,647	-	-	-
Amounts payable Cable TV and Telephone	-	-	-	-	1,835	-	-	-
CCEE Financial Settlements	-	-	-	-	457	-	-	-
Miscellaneous	518	1,678	3	3	24,144	8,532	710	2,244
Total	833	7,194	3	3	113,935	79,827	21,119	21,197

17.1 - Income loss - low income

Law no. 10.438 of April 26, 2002, established guidelines for classifying consuming units with monthly consumption under 80 kWh as low-income residential sub-category, while Decree no. 4.336 of August 15, 2002, expanded the definition to include consuming units with monthly consumption between 80 and 220 kWh.

The Escelsa and Enersul subsidiaries are currently undergoing the ANEEL audit process that requires the examination and analysis of data and criteria for classifying customers that benefit from the reduced social tariff for periods after December 2006.

The subsidiaries are in an advanced stage of negotiations with ANEEL for a quick resolution of existing pending items and do not expect any loss in open balances on the balance sheet date.

17.2 - Granting Rights - Other

In return for having been granted rights to explore the hydroelectric potential of the Peixe Angical and Lajeado plants, respectively, the Enerpeixe and Investco subsidiaries will pay the federal government throughout the term of the contracts monthly installments equal to 1/12 (one twelfth) of the annual amount defined in contracts to be annually adjusted based on the annual change of the IGP-M price index calculated by the Getúlio Vargas Foundation (or any other index that may replace it) during October for Enerpeixe and December for Investco. The adjusted annual amount is R\$ 12,294 for Enerpeixe and R\$ 3,428 for Investco.

Enerpeixe still has not made any payments and in December, 2007, the first due installment was accrued and entered as a miscellaneous item under the other accounts payable heading

in the amount of R\$ 1,025, with offsetting entries in the income statement under other operating costs in the amount of R\$ 567 and in financial expenses in the amount of R\$ 458. The total amount of the liability until the end of the concession contract on December 31, 2007, is R\$ 354,502.

Investco, which began payments in 2004, has paid R\$ 3,234 during the fiscal year (R\$ 3,132 in 2006), with offsetting entries in the income statement under the other operating costs heading in the amount of R\$ 1,351 (R\$ 1,351 in 2006) and financial expenses in the amount of R\$ 1,892 (R\$ 1,781 in 2006). These amounts in the consolidated financial statement were equal to the percentage amount of the share held by the parent company. The total amount of the liability until the end of the concession contract on December 31, 2007, is R\$ 65,152.

18 - Investments

18.1 - Investment transactions during the fiscal year

	Parent Company					
	Bandeirante	Escelsa	Enersul	EDP Lajeado	Enerpeixe	Energest
Balances on January 1, 2007	765,029	773,236	716,780	152,164	556,068	129,778
Write-offs	-	-	-	-	-	-
Other investments	-	-	-	-	-	-
Dividends	(231,331)	(112,655)	-	(15,859)	(12,240)	(20,727)
Reversal of dividends	-	-	13,792	-	-	-
Goodwill premium amortization	-	-	-	-	-	-
Equity accounting income	231,333	118,582	(58,056)	19,390	62,664	87,276
Balances on December 31, 2007	<u>765,031</u>	<u>779,163</u>	<u>672,516</u>	<u>155,695</u>	<u>606,492</u>	<u>196,327</u>

	Parent Company						Total
	Enertrade	Miscellaneous Investments	Discount Escelsa	Maint. prov. dividends Magistra	Goodwil premium Bandeirante	Goodwil premium Enerpeixe	
Balances on January 1, 2007	30,220	149	(2,388)	207,356	31,704	3,464	3,363,560
Write-offs	-	(20,000)	-	-	-	-	(20,000)
Other investments	-	20,000	-	-	-	-	20,000
Dividends	(32,237)	-	-	-	-	-	(425,049)
Reversal of dividends	-	-	-	-	-	-	13,792
Goodwill premium amortization	-	-	-	(12,735)	(1,458)	(116)	(14,309)
Equity accounting income	33,933	-	-	-	-	-	495,122
Balances on December 31, 2007	<u>31,916</u>	<u>149</u>	<u>(2,388)</u>	<u>194,621</u>	<u>30,246</u>	<u>3,348</u>	<u>3,433,116</u>

	Consolidated						Total
	Investco Goodwill	Miscellaneous Investments	Discount Escelsa	Maint. prov. dividends Magistra	Goodwil premium Bandeirante	Goodwil premium Enerpeixe	
Balances on January 1, 2007	217,601	8,025	(2,388)	207,356	31,704	3,464	465,762
Goodwill premium amortization	(8,367)	-	-	(12,735)	(1,458)	(116)	(22,676)
Balances on December 31, 2007	<u>209,234</u>	<u>8,025</u>	<u>(2,388)</u>	<u>194,621</u>	<u>30,246</u>	<u>3,348</u>	<u>443,086</u>

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18.2 - Direct interest - investments

	Direct interests of EDP - Energias do Brasil			
			% share	
	12/31/2007	12/31/2006	12/31/2007	12/31/2006
Company				
Bandeirante	765,031	765,029	100	100
Escelsa	779,163	773,236	100	100
Enersul	672,516	716,780	100	100
Energest	196,327	129,778	100	100
Escelsapar *	-	-	100	100
Enertrade	31,916	30,220	100	100
EDP Lajeado	155,695	152,164	59.93	59.93
Enerpeixe	606,492	556,068	60	60
Enercoto **	-	-	-	-
ESC90 ***	-	-	-	-
Other investments	149	149	-	-
Goodwill premiums and discounts	225,827	240,136		
Total	3,433,116	3,363,560		

* Escelsapar has a provision for unsecured liabilities in the amount of R\$ 201 (R\$ 334 in 2006).

** Enercoto has a provision for unsecured liabilities in the amount of R\$ 373 (R\$ 364 in 2006).

*** ESC 90 is not consolidated and has a provision for unsecured liabilities in the amount of R\$ 56,685 (R\$ 58,028 in 2006).

	Direct Interests of Energest			
			% share	
	12/31/2007	12/31/2006	12/31/2007	12/31/2006
Company				
Castelo Energética S.A.	64,352	75,913	100	100
Pantanal Energética Ltda.	13,122	12,550	100	100
Costa Rica	8,708	9,480	51	51
Santa Fé	1	-	100	-
Total	86,183	97,943		

	Direct Interests of EDP Lajeado			
			% share	
	12/31/2007	12/31/2006	12/31/2007	12/31/2006
Company				
Investco *	215,667	205,611	23.0576	23.0576
Other investments	2,214	2,214		
Goodwill premium	209,234	217,601		
Total	427,115	425,426		

* Proportionally consolidated share.

18.3 - Joint investments in subsidiaries - Investco

The balance sheet and income statement are shown below:

Summarized Balance Sheet on 12/31/2007		Summarized income statement for fiscal year ending on 12/31/2007	
ASSETS		LIABILITIES	
Current	25,976	Current	133,045
Long-term	1,417	Long-term	312,043
Permanent	1,408,554	Shareholders' Equity and funds allocated to capital increase	990,859
Total	1,435,947	Total	1,435,947
		Net operating income	205,492
		Operating expenses	(67,150)
		Net financial income	(62,347)
		Non-operating income	234
		Income tax and social contributions	(14,774)
		Net income for fiscal year	61,455

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continuation

	Average annual depreciation rates (%)	Consolidated			
		Historical cost	Accumulated depreciation	Net amount	Net amount
		12/31/2007	12/31/2006		
Fixed assets in service - intangible					
Distribution					
Software	17.82	33,530	(21,399)	12,131	18,106
Easement		9,816	-	9,816	8,862
Miscellaneous		-	-	-	952
		<u>43,346</u>	<u>(21,399)</u>	<u>21,947</u>	<u>27,920</u>
Generation					
Software	16.97	1,208	(162)	1,046	364
Easement		684	-	684	684
		<u>1,892</u>	<u>(162)</u>	<u>1,730</u>	<u>1,048</u>
Transmission					
Easement		152	-	152	152
		<u>152</u>	<u>-</u>	<u>152</u>	<u>152</u>
Sales					
Software	20.00	56,176	(42,266)	13,910	25,582
		<u>56,176</u>	<u>(42,266)</u>	<u>13,910</u>	<u>25,582</u>
Administration					
Software	15.58	161,942	(105,297)	56,645	61,123
Miscellaneous	1.79	1,591	(267)	1,324	509
		<u>163,533</u>	<u>(105,564)</u>	<u>57,969</u>	<u>61,632</u>
Total fixed assets in service		<u>8,032,267</u>	<u>(2,746,954)</u>	<u>5,285,313</u>	<u>4,810,837</u>
Fixed assets in progress					
Distribution					
Tangible		400,911	-	400,911	429,847
Intangible		4,845	-	4,845	2,868
Generation					
Tangible		66,289	-	66,289	219,268
Intangible		1,575	-	1,575	2,248
Transmission					
Tangible		495	-	495	404
Sales					
Tangible		235	-	235	2,296
Intangible		2,221	-	2,221	313
Administration					
Tangible		37,163	-	37,163	34,095
Intangible		88,615	-	88,615	37,910
Total fixed assets in progress		<u>602,349</u>	<u>-</u>	<u>602,349</u>	<u>729,249</u>
Activities not related to concession					
Goodwill premium at parent company merger		908,499	-	908,499	908,499
Provision for dividend maintenance		(908,499)	-	(908,499)	(908,499)
Amortization of the provision for dividend maintenance		160,133	-	160,133	114,509
Accumulated goodwill premium amortization		(160,133)	-	(160,133)	(114,509)
		<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Liabilities linked to concessions		(618,695)	3,715	(614,980)	(525,557)
Net total		<u>8,015,921</u>	<u>(2,743,239)</u>	<u>5,272,682</u>	<u>5,014,529</u>
Tangible fixed assets		7,653,566	(2,573,848)	5,079,718	4,854,855
Intangible fixed assets		362,355	(169,391)	192,964	159,674
Total		<u>8,015,921</u>	<u>(2,743,239)</u>	<u>5,272,682</u>	<u>5,014,529</u>

Fiscal year tangible and intangible fixed asset transactions were as follows:

	Parent Company					Net amount on 12/31/2007
	Net amount on 12/31/2006	Acquisitions	Transfer to fixed assets in service	Depreciation and amortizations	Write-offs	
Fixed assets in service - tangible						
Buildings, construction and improvements	8	-	-	(1)	-	7
Machinery and equipment	428	-	56	(94)	-	390
Vehicles	428	-	-	(186)	(14)	228
Furniture and fixtures	825	-	151	(117)	-	859
	<u>1,689</u>	<u>-</u>	<u>207</u>	<u>(398)</u>	<u>(14)</u>	<u>1,484</u>
Fixed assets in service - intangible	587	-	129	(360)	-	356
Total fixed assets in service	<u>2,276</u>	<u>-</u>	<u>336</u>	<u>(758)</u>	<u>(14)</u>	<u>1,840</u>
Fixed assets in progress - tangible	5	532	(207)	-	-	330
Fixed assets in progress - intangible	97	127	(129)	-	-	95
Total fixed assets in progress	<u>102</u>	<u>659</u>	<u>(336)</u>	<u>-</u>	<u>-</u>	<u>425</u>
Net total	<u>2,378</u>	<u>659</u>	<u>-</u>	<u>(758)</u>	<u>(14)</u>	<u>2,265</u>

Consolidated						
	Net amount on 12/31/2006	Acquisitions	Transfer to fixed assets in service	Depreciation and amortizations	Write-offs	Net amount on 12/31/2007
Fixed assets in service - tangible						
Land	89,306	-	2,425	-	-	91,731
Reservoirs, dams and water mains	941,823	-	128,680	(21,566)	-	1,048,937
Buildings, construction and improvements	434,845	-	20,384	(15,914)	(294)	439,021
Machinery and equipment	3,204,470	-	612,962	(213,648)	(19,076)	3,584,708
Vehicles	17,203	-	6,517	(6,547)	(134)	17,039
Furniture and fixtures	6,856	-	3,076	(1,742)	(21)	8,169
	4,694,503	-	774,044	(259,417)	(19,525)	5,189,605
Fixed assets in service - intangible	116,333	-	18,285	(38,899)	(11)	95,708
Total fixed assets in service	4,810,836	-	792,329	(298,316)	(19,536)	5,285,313
Fixed assets in progress - tangible	685,909	597,819	(778,635)	-	-	505,093
Fixed assets in progress - intangible	43,341	67,609	(13,694)	-	-	97,256
Total fixed assets in progress	729,250	665,428	(792,329)	-	-	602,349
Total fixed assets - tangible and intangible	5,540,086	665,428	-	(298,316)	(19,536)	5,887,662
(-) Liabilities linked to concession						
Customers' contribution	(309,048)	(22,539)	(352)	2,539	13,954	(315,446)
Federal, state and city governments' share	(80,281)	(56,702)	(1)	317	1,628	(135,039)
Donations and subsidies	(136,228)	(29,479)	353	859	-	(164,495)
	(525,557)	(108,720)	-	3,715	15,582	(614,980)
Net total	5,014,529	556,708	-	(294,601)	(3,954)	5,272,682

19.1 - Change in depreciation rates

ANEEL Normative Resolution no. 240, of December 5, 2005, determined the harmonization of annual depreciation rates for assets in use and similar characteristics of distribution and transmission services, effective as of January 1, 2007.

The accumulated decrease in depreciation expenses with fixed assets in service on December 31, 2007, was approximately 5% in comparison with the same period in the previous year.

19.2 - Assets linked to the concession

According to articles 63 and 64 of Decree no. 41.019, of February 26, 1957, the assets and facilities used in the generation, transmission, distribution, and including sales, are bound to these services and cannot be removed, assigned, granted or used as a mortgage collateral without the preliminary and express authorization of the Regulatory Agency.

ANEEL Resolution no. 20, dated February 3, 1999, regulates the disassociation of Electric Power Public Service concessions, granting preliminary authorization for disassociation of assets that are not used in the concession to be divested and requiring that payment received for their sale be deposited in a blocked account to be invested in the concession.

19.3 - Liabilities linked to concession - amortization

ANEEL Normative Resolution no. 234, of October 31, 2006, established new definitions and general guidelines to be followed by electric power public service distribution concessionaires at the periodic tariff reviews that, combined with the changes decreed by ANEEL Order no. 3.073, of December 28, 2006, and SFF/ANEEL Notices no. 236, 296 and 1314/2007, dated February 8 and 15, 2007, and June 27, 2007, respectively, determined the amortization of concession-linked liability balances effective starting at the next periodic tariff review and the use of the average depreciation rate to be defined by ANEEL.

The Enersul subsidiary will have its next periodic tariff review in April 2008. The Escelsa and Bandeirante subsidiaries, however, had their respective periodic tariff reviews in August and October 2007 and recorded amortization in the amount of R\$ 3,715 as an offsetting credit entry in operating expenses.

19.4 - Federal government assets and rights

Federal government assets managed by the Escelsa subsidiary are comprised of unproductive land and old buildings that are not in use. Their values are recorded using the Extrapatrimonial System.

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20 - Suppliers

	Parent Company		Consolidated			
	Current		Current		Non-current	
	12/31/2007	12/31/2006	12/31/2007	12/31/2006	12/31/2007	12/31/2006
Supply to resellers	-	-	203,319	192,348	-	-
Non-contracted (spot) electricity	-	-	25,473	84,665	-	9,140
CCEE (purchase of short-term energy)	-	-	21,585	3,563	-	-
Transmission charges	-	-	58,811	60,418	-	-
System service charges	-	-	6	3,146	-	-
Materials and services	16,611	1,484	137,360	156,655	199	435
Total	16,611	1,484	446,554	500,795	199	9,575

21 - Debentures

Issuer	Date			Debenture features			
	Issuance	Settlement	Frequency	Series	Amount of securities	Yield	Amount
Bandeirante	3/01/2006	4/07/2006	3 rd	Singles	25,000	104.4% of CDI	250,000
Escelsa	6/01/2006	7/05/2006	1 st	Singles	26,400	104.4% of CDI	264,000
Escelsa	7/02/2007	7/10/2007	2 nd	Singles	25,000	105.0% of CDI	250,000
Enersul	5/02/2006	6/02/2006	1 st	Singles	33,750	104.3% of CDI	337,500
Investco	11/01/2001	3/01/2002	1 st	Singles	25,000	12.80% at year	264,791

21.1 - Issuers: Bandeirante, Enersul and Escelsa - first issuance

On January 30, 2006, the Boards of Directors at Bandeirante, Enersul and Escelsa approved the opening of long-term financial credit lines by issuing debentures.

All issued debentures are simple, book, nominative, single-series, public subscription, unsecured and not convertible into shares, with no rescheduling clause.

The nominal unit value is R\$ 10,000 with a five year term, semi-annual interest payments and a grace period of 3 (three) years for payment of the principal.

The final due dates are as follows:

- Bandeirante on March 1, 2011, with equal and successive annual installments on March 1, 2009, 2010 and 2011.
- Enersul: on May 2, 2011, with equal and successive annual installments on May 2, 2009, 2010 and 2011.
- Escelsa: on June 1, 2011, with equal and successive annual installments on June 1, 2009, 2010 and 2011.

Remuneration interest over the nominal value of debentures will accrue, as shown above, based on the accumulation of the average daily extra group overnight interbank deposit rates (DIs), expressed as an annual percentage, based on 252 business

days, calculated and disclosed daily by the Clearing House for the Custody and Financial Settlement of Securities (CETIP - DI rates) calculated exponentially and cumulatively pro-rata for the business days included.

Payments corresponding to the capitalization periods are due semi-annually on September 1, 2006, November 2, 2006, and December 1, 2006, respectively, the last dates being the final payment dates.

The contracts contain clauses allowing for termination in the following situations:

- Non-compliance on the part of the Issuer of any monetary obligation contained in the contract not corrected within 1 (one) business day from the date of default;
- Non-compliance on the part of the Issuer in maintaining financial ratios (gross debt in relation to EBITDA and EBITDA during the period in addition to cash at the start of the period with contracted bank lines of credit not used at the end of the period in addition to an increase in debt amount disbursed during the period in relation to the gross financial expenses during the period along with the portion of the coming due debt during the period excluded from the financial income from monetary changes and default surcharges of energy sold during the period excluded from financial income from hedging and swap operations during the period, fully met up to now);

- (iii) Petition for bankruptcy of the Issuer filed by third parties and not duly suppressed by the Issuer within the legal deadline;
- (iv) Self-declared bankruptcy filed by the Issuer;
- (v) Liquidation, dissolution or decreed bankruptcy of the Issuer or of its direct subsidiary;
- (vi) If the Issuer proposes an out-of-court reorganization plan to any creditor or group of creditors, regardless if legal approval has been requested or obtained for such a plan; or if the Issuer files a request for legal reorganization, regardless of the granting of such a recovery process by the competent court; and
- (vii) Loss of the electric power distribution concession.

The economic effects recorded on December 31, 2007, resulting from Notification Instrument no. 119/2007, as mentioned in note 24, may lead to a contract termination situation for the Enersul subsidiary, as required by item (iii), measured semi-annually. The next measurement will be carried out at the base date of March 31, 2008, and the Company management is already acting to eliminate this risk.

21.2 - Issuer: Escelsa - second issuance

On June 14, 2007, the Board of Directors at Escelsa approved the opening of long-term financial credit lines by means of a second issuance of debentures.

The second issuance of debentures took place on July 2, 2007. The debentures are simple, book, nominative, single-series, public subscription, unsecured and not convertible into shares. The debentures of this issuance are not subject to programmed rescheduling.

A total of 25,000 debentures were issued at a unit value of R\$ 10,000.00, with full subscription of the total value of R\$ 250,000 with a term of 7 (seven) years, semi-annual interest payments and a grace period of 5 (five) years for amortization of the principal, whose maturity date is July 2, 2014. The first principal amortization of 33.33% will take place on July 2, 2012, the second one of 33.33% on July 2, 2013 and the third one, of 33.34%, on July 2, 2014. The placement was completed on July 10, 2007.

Remuneration interest on the nominal value of debentures will accrue at a rate of 105% of the accumulated daily average extra group overnight interbank deposit rates (DIs), expressed as an annual percentage, based on 252 business days, calculated and disclosed daily by the Clearing House for the Custody and Financial Settlement of Securities (CETIP - DI rates) calculated in an exponentially and cumulatively pro-rata basis for the business days

covered. The remuneration corresponding to capitalization periods will be due and payable semi-annually, with the first due date of December 2, 2007 and the last one on July 2, 2014.

The funds obtained from the distribution were fully allocated to the payment of senior notes issued by the company on July 15, 1997 with a final maturity date of July 15, 2007.

The contract contains termination clauses identical to the ones described above for the first issuance.

21.3 - Issuer: Investco

The first issuance of simple debentures not convertible into shares was registered at the Securities and Exchange Commission of Brazil (CVM) with 25,000 debentures with a unit value of R\$ 10,000, with a maturity period of 120 months starting at the date of issuance (November 1, 2001), adjusted by the IGP-M price index starting at its date of issuance. The remuneration is fixed at a 12.8% p.a. rate on the non-amortized balance of the adjusted nominal unit value.

These debentures are jointly guaranteed by Empresa de Electricidade Vale Paranapanema S.A. and EDP - Eletricidade de Portugal. The payment took place on March 1, 2002, in the total amount of R\$ 264,791.

On December 16, 2002, a 3rd Addendum to the Debenture Contract was made to modify item 4.5.1 under Clause IV and include sub-item 4.5.2.1. under Clause IV. As a result of these changes, the adjustment due on November 1, 2002, was capitalized at the nominal value of the debentures and is being paid with the programmed amortization during the period from November 1, 2003, to November 1, 2011, at 11.11% p.a.

The Board of Directors made the decision at a meeting held on October 16, 2006, to use the IGP-M - General Market Price Index and to honor the payment of remuneration interest fixed at a rate of 10.5% p.a., valid for the next remuneration period starting on November 1, 2006.

These funds were allocated to investments in fixed assets and working capital for the completion of the Luís Eduardo Magalhães HPP (Lajeado HPP).

The amounts are proportionally consolidated in EDP Lajeado at its percentage share of 23.0576%.

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21.4 - Due dates of non-current installments:

Year	Amount
2009	291,283
2010	291,283
2011	291,292
2012	83,325
2013	83,325
2014	83,350
Total	1,123,858

22 - Loans, financing and loan charges

	Parent Company	
	12/31/2006	
	Current Charges	Current Principal
Foreign currencies		
Senior Notes	1,913	41,745
	1,913	41,745
Income from Swaps		
Senior Notes	-	12,255
	-	12,255
Total	1,913	54,000

21.5 - Changes in debentures are as follows:

	Consolidated	
	Current	Non-current
Balances on December 31, 2006	28,189	881,308
Inflows	-	250,000
Charges and monetary adjustments	116,777	7,217
Amortizations	(134,225)	-
Transfer to current	14,667	(14,667)
Balances on December 31, 2007	25,408	1,123,858

Company	Consolidated								
	12/31/2007				12/31/2006				
	Charges		Principal		Charges		Principal		
	Current	Non-current	Current	Non-current	Current	Non-current	Current	Non-current	
Foreign currencies									
IDB - Inter-American Development Bank	bandeirante	1,130	-	47,556	46,351	2,080	-	57,401	113,348
Senior Notes	escelsa	-	-	-	-	11,157	-	243,416	-
BBA FMO	enersul	-	-	-	-	34	-	1,158	-
BNDES	enersul	-	-	-	-	7	-	1,429	-
European Invest Bank	enersul	28	-	2,802	193	71	-	6,297	3,615
STN-DMLP	enersul	243	-	1,456	15,921	324	-	1,757	20,974
BNDES	energest	5	-	351	644	7	-	425	1,197
BNDES	cesa	6	-	311	1,113	19	-	715	3,275
BNDES	pantanal	6	-	283	1,012	-	-	-	-
Itaú BBA S.A.	enerpeixe	5	-	1,313	-	-	-	-	-
Banco do Brasil S.A.	enerpeixe	4	-	1,094	-	-	-	-	-
BNDES	enerpeixe	17	-	4,377	-	10,804	2,161	41,654	8,331
Bradesco	enerpeixe	4	-	1,104	-	-	-	-	-
Unibanco	enerpeixe	4	-	876	-	-	-	-	-
Senior Notes	energias	-	-	-	-	1,913	-	41,745	-
		1,452	-	61,523	65,234	26,416	2,161	395,997	150,740
Brazilian currency									
Secured accounts	bandeirante	-	-	-	-	50	-	-	-
BNDES - CVA	bandeirante	18	-	2,070	2,572	-	-	-	-
BNDES - RTE	bandeirante	-	-	-	-	510	-	80,882	-
Eletrobrás	bandeirante	96	-	996	9,655	42	-	1,587	6,249
Bank Credit Certificate	bandeirante	764	-	-	102,000	788	-	-	102,000
Interest w/o reversal fund	bandeirante	73	-	-	-	73	-	-	-
BNDES	bandeirante	-	-	-	-	36	-	3,297	4,624
BNDES - RTE	escelsa	-	-	-	-	-	-	83,582	-
Eletrobrás	escelsa	382	-	7,210	50,829	-	-	5,304	37,467
Bank Credit Certificate	escelsa	1,766	-	-	40,400	-	-	-	-
Interest w/o reversal fund	escelsa	150	-	-	-	-	-	-	-
BNDES	escelsa	53	-	4,357	7,610	93	-	4,342	11,939
Banco Itaú	escelsa	-	-	-	-	-	-	-	-
Bradesco	escelsa	-	-	-	-	-	-	-	-
Unibanco	escelsa	-	-	-	-	-	-	-	-
BNDES - RTE	enersul	73	-	15,373	-	324	-	20,868	27,151
Eletrobrás	enersul	385	-	8,432	56,672	90	-	5,040	47,347
Bank Credit Certificate	enersul	347	-	-	46,400	408	-	-	46,400
Alfa Compror	enersul	-	-	-	-	295	-	3,000	-
Banco do Brasil - FCO	enersul	553	-	3,280	16,126	212	-	3,280	19,405
BNDES	enersul	177	-	12,809	31,703	303	-	33,619	34,992
Enersul Foundation	enersul	13	-	4,066	-	61	-	6,624	3,864

		Consolidated							
		12/31/2007				12/31/2006			
Company		Charges		Principal		Charges		Principal	
		Current	Non-current	Current	Non-current	Current	Non-current	Current	Non-current
Brazilian currency									
BNDES	energest	61	-	4,380	7,664	66	-	4,364	12,001
BNDES	cesa	83	-	4,727	16,547	165	-	6,736	30,315
Eletrobrás	pantanal	-	-	-	-	-	-	-	-
BNDES	pantanal	56	-	3,220	11,271	-	-	-	-
Eletrobrás	costa rica	137	-	650	2,516	87	-	572	2,965
BNDES	enerpeixe	182	1,550	46,874	398,434	-	155,364	-	649,711
Banco Itaú	enerpeixe	55	465	14,062	119,530	-	-	-	-
Bradesco	enerpeixe	46	387	11,719	99,609	-	-	-	-
Unibanco	enerpeixe	36	311	9,375	79,687	-	-	-	-
Banco do Brasil	enerpeixe	46	387	11,719	99,609	-	-	-	-
Banco da Amazônia	investco	-	-	-	-	1,043	-	3,381	10,729
BNDES	investco	1,219	-	14,576	49,028	240	-	7,969	52,418
		<u>6,771</u>	<u>3,100</u>	<u>179,895</u>	<u>1,247,862</u>	<u>4,886</u>	<u>155,364</u>	<u>274,447</u>	<u>1,099,577</u>
Income from Swaps									
IDB - Inter-American Development									
Bank	bandeirante	-	-	41,243	32,780	-	-	33,144	49,231
JP Morgan	bandeirante	-	-	4,696	949	-	-	-	-
Citibank	bandeirante	-	-	452	452	-	-	-	-
Itaú BBA S.A.	escelsa	-	-	-	-	-	-	9,890	-
Banco Santander Brasil S.A.	escelsa	-	-	-	-	-	-	13,884	-
Citibank	escelsa	-	-	-	-	-	-	1,247	-
Barif	escelsa	-	-	-	-	-	-	512	-
Merrill Lynch	escelsa	-	-	-	-	-	-	402	-
Pactual	escelsa	-	-	-	-	-	-	13,965	-
HSBC	escelsa	-	-	-	-	-	-	3,738	-
BBA FMO	enersul	-	-	-	-	-	-	1,232	-
Senior Notes	energias	-	-	-	-	-	-	12,255	-
		-	-	46,391	34,181	-	-	90,269	49,231
Total		<u>8,223</u>	<u>3,100</u>	<u>287,809</u>	<u>1,347,277</u>	<u>31,302</u>	<u>157,525</u>	<u>760,713</u>	<u>1,299,548</u>

22.1 - Additional information on EDP Energias do Brasil S.A. debt service

Senior notes - The balance on December 31, 2006, corresponded to the residual balance of the assumption of indebtedness of the Escelsa subsidiary on July 7, 2005, totaling US\$ 19,525,000 at a 10% p.a. interest rate. A currency exchange swap operation was carried out for this debt as a hedge for 103.85% of CDI over the principal plus 50% of all interest. The loan (principal and interest) and the swap operation were paid on July 13, 2007.

22.2 - Additional information on Bandeirante service debt

IDB - Inter-American Development Bank - Foreign financing contract with the participation of a consortium of Brazilian, Portuguese and Spanish banks, signed on March 5, 2004, totaling US\$ 100 million, disbursed during the 2004 fiscal year, with a two-year grace period for starting payments of the principal and final maturity date in eight years, as follows:

- (i) Tranche "A" - US\$ 38.9 million, with the principal due quarterly in the period from May 15, 2006, to February 15, 2012, remunerated with interest calculated using the Libor rate in addition to 4.375% p.a., due quarterly as of May 15, 2004; and
- (ii) Tranche "B" - US\$ 61.1 million, with the principal due quarterly in the period from May 15, 2006, to February 15, 2009, remunerated with interest calculated using the Libor rate in addition to 4% p.a., due quarterly as of May 15, 2004.

This financing is allocated to investment projects, guaranteed by the Company's electric power supply receivables, with the establishment of covenants (ratio of total debt to total debt plus shareholders' equity, ratio of total debt to EBITDA and rate of coverage of debt payments, among other non-financial indicators), fully met up to now. Non-compliance could result in partial or full acceleration of the contract.

Currency exchange swap operations were carried out with hedging features at the J.P. Morgan Bank on March 15, 2004, and Citibank on November 13, 2003, to exchange original IDB financing charges for remunerations based on the range of 98% to 109.7% of CDI and 97.94% to 118.94% of CDI, respectively.

BNDES - RTE - Extraordinary Tariff Recomposition - contract signed on February 13, 2002, in accordance with the electric power industry general agreement and Law no. 10.438/02. During the 2002 fiscal year, R\$ 306,105 was disbursed, equal to 90% of the amount of income loss and memorandum account for change in items of installment "A" from January 1, 2001 to October 25, 2001 (Note 4.1). Interest of 1% p.a. is payable over the principal, higher than the average adjusted annual SELIC rate. The credit portion in the original amount of R\$ 250,736 and its respective interest were paid monthly since March 2002 in 55 successive monthly installments with a final maturity date of September 15, 2006, and a credit portion in the original amount of R\$ 55,369 was paid in

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9 successive monthly installments, with the first one coming due on October 15, 2006, and the last one on June 15, 2007, and during the grace period, the interest was merged into the loan principal. Both had a blocked bank account collateral equal to 3.77% of the Company's monthly billing.

Eletrobrás

(i) Light for Rural Areas Program - Contract signed on June 1, 2000. A total of R\$ 2,986 was disbursed, R\$ 1,635 of which on August 10, 2000, and R\$ 1,351 on December 6, 2004. Interest of 5% p.a. and an administration fee of 1% p.a. were charged on the adjusted balance due, both due monthly starting on September 30, 2002. The balance due was paid in 60 equal successive monthly installments, with the first one due on September 30, 2002, and the last one on August 30, 2007. Promissory notes and own income are given as collateral.

(ii) Reluz Program

a) Contract signed on December 19, 2002. R\$ 511 was disbursed on December 5, 2003. Interest of 5% p.a. and an administration fee of 1.5% p.a. are due on the adjusted due balance, both due monthly starting on July 30, 2005. The balance due will be paid in 36 equal successive monthly installments, with the first one due on July 30, 2005, and the last one on June 30, 2008. Promissory notes and own income are given as collateral.

b) Contract signed on April 9, 2007. Funds disbursed in the amounts of R\$ 61 and R\$ 547, on June 11, 2007, and August 29, 2007, respectively. Interest of 5% p.a. and an administration fee of 1.5% p.a. are due on the adjusted due balance, both due monthly starting on July 30, 2007. The due balance will be paid in 50 equal successive monthly installments, the first one due on April 30, 2008, and the last one on June 30, 2012. Promissory notes and own income are given as collateral.

(iii) Light for All Program

a) Contract signed on May 28, 2004. Line of credit in the amount of R\$ 11,523 as financing and R\$ 1,773 as economic subsidies. Funds disbursed in the amount of R\$ 7,080 as financing and R\$ 1,089 as economic subsidies. Interest of 5% p.a. and an administrative fee of 1% p.a., both due monthly, starting on July 30, 2004. The balance due will be paid in 120 equal successive monthly installments, with the first one due on August 30, 2006, and the last one on July 30, 2016. A credit reserve commission of 1% p.a. is payable on the non-disbursed balance, due on the 30th day of every month until the close of credit line. Promissory notes and own income are given as collateral.

b) Contract signed on June 25, 2007. Line of credit in the amount of R\$ 12,359, of which R\$ 3,708 was disbursed. Interest of 5% p.a. and an administration fee of 1% p.a. are due on the adjusted due balance, both due monthly starting on October 30, 2007. The due balance will be paid in 120 equal successive monthly installments, the first one due on September 30, 2009, and the last one on September 30, 2019. A credit reserve commission of 1% p.a. is payable on the non-disbursed balance, due on the 30th day of every month until the close of credit line. Promissory notes and own income are given as collateral.

Bank Credit Certificates - Contracts signed on December 5, 2006, in the total amount of R\$ 102,000, R\$ 51,000 of which is with Banco do Brasil S.A. and R\$ 51,000 with Banco Santander Banespa S.A. Interest of 105% of the change in the CDI, compounded daily, is charged on the loan amount. The principal is payable in 5 annual installments, the first one due on December 5, 2009, and the last one on December 5, 2013, and semi-annual interest from June 5, 2007 to December 5, 2013. This operation sets a covenant for a gross debt/EBITDA ratio lower than 3.5, a condition that has been met up to now. The contract conditions are identical for both financial institutions.

Swap results

JP Morgan Swap - Hedging operation with JP Morgan Bank for euro exchange fluctuation swap signed on March 15, 2004, in the amount of 12,720,000 Euros, with a final maturity date of January 2, 2009. The company pays 73.6% of the CDI on the liability position, and the Bank pays 100% of the Euro exchange fluctuation on the asset position. On July 11, 2005, this operation was rescheduled with a reduction of the CDI percentage to 59.8%.

JP Morgan hedging operations with dollar exchange fluctuation swap, where the Company pays 71.6% of CDI on the liability position, and the Bank pays 100% of the dollar's exchange fluctuation on the asset position, signed on July 28, 2004, in the amount of US\$ 586,000, with a final due date of January 2, 2009.

Citibank Swap - Hedging operations with Citibank with a dollar exchange fluctuation swap, where the Company pays 79.94% of the CDI on the liability position, and the Bank pays 100% of the dollar exchange fluctuation on the asset position, signed on November 13, 2003, in the amount of US\$ 490,000, with a final due date of January 29, 2009.

22.3 - Additional information on Escelsa debt service

Senior notes - The balance on December 31, 2006, refers to the remaining funds raised by securities known as senior notes.

The total original amount was US\$ 113,852,000 with a single maturity date in July 2007 and interest of 10% p.a. payable on a semi-annual basis on January 15th and July 15th of each year. On May 21, 1998, these securities were registered at the SEC - US Securities and Exchange Commission, according to the Securities Act of 1933. Swap operations were carried out for these securities, along with investment in negotiable instruments, in order to reduce net debt exposure. On July 7, 2005, as part of the corporate reorganization process of the Energias do Brasil group, R\$ 794,127 (US\$ 332,256,620) of the debt was transferred to the parent company, EDP - Energias do Brasil S.A. The loan (principal and interest) and the swap operation were paid on July 2007.

BNDES (Brazilian currency) - Contract signed in August 2006, with onlending through Banco Alfa, allocated to the investment program for electric energy substations, transmission and distribution. During the 2006 fiscal year, R\$ 17,320 was disbursed. An interest rate of 4.8% p.a. + TJLP (Long term interest rate) is charged on the principal and payable monthly starting on October 15, 2006, along with principal installments, with a final due date of September 15, 2010. The agreed collateral is a portion of the monthly billing of electric energy services, in the amount corresponding to a minimum of 130% of the principal installments and ancillary charges.

BNDES - RTE - Extraordinary Tariff Recomposition - Contract signed in February 2002, in accordance with the electric power industry general agreement and Law no. 10.483/02. During the 2002 fiscal year, R\$ 166,226 was disbursed, equal to 90% of the amount of income loss and memorandum account for change in items of installment "A" from January 2001 to October 25, 2001 (Note 4.1). Interest of 1% p.a. is charged on the principal, higher than the average adjusted annual SELIC rate. The credit installment in the original amount of R\$ 131,861 and its respective interest were paid since March 2002 in 59 successive monthly installments with a final due date of January 15, 2007. The credit installment in the original amount of R\$ 34,365 was paid in 11 successive monthly installments, with the first one coming due on February 15, 2007, and the last one on December 15, 2007, with interest accruing during the grace period. Both had an blocked bank account as collateral equal to 5.75% of the Company's monthly billing.

Bank Credit Certificates - Contracts signed in February 2007, in the total amount of R\$ 40,400, of which R\$ 20,200 is with Banco do Brasil S.A. and R\$ 20,200 with Banco Santander Banespa S.A. Interest of 105% of change in the CDI, compounded daily, is charged on the loan amount. The principal is payable in 5 annual installments, the first one due on February 9, 2010, and the last one on February 10, 2014, and semi-annual interest due starting on August 9, 2007 until February 10, 2014. This operation establishes a covenant of a gross debt/EBITDA ratio not higher than 3.5, which has been met up to now. The contract conditions are identical for both financial institutions.

Eletrobrás

(i) Light for All Program - 1st stage - Program created by Decree no. 4.873, of November 11, 2003, coordinated by the Ministry of Mines and Energy and operated by Eletrobrás. Contract signed on May 21, 2004, with funds disbursed in 2004 in the amount of R\$ 10,720; in 2005, R\$ 7,147; and in 2006, R\$ 4,788, totaling R\$ 22,655. An interest rate of 5% p.a. and an administrative charge of 1% p.a. is charged on the principal and payable monthly starting on October 30, 2004. Principal installments are also payable monthly, starting on August 30, 2006, until July 30, 2016, with own income and promissory notes as collateral.

(ii) Light for All Program - 2nd stage - Program created by Decree no. 4.873, of November 11, 2003, coordinated by the Ministry of Mines and Energy and operated by Eletrobrás. Contract signed on November 20, 2005, with R\$ 17,413 disbursed in 2006. An interest rate of 5% p.a. and an administrative charge of 1% p.a. is charged on the principal and payable monthly starting on April 30, 2006. Principal installments are payable monthly, starting on May 30, 2008, until April 30, 2018, with own income and promissory notes as collateral.

(iii) Reluz Program - Various contracts signed with Eletrobrás related to the Financing Program for Energy Conservation and Efficiency Projects for the towns of Vila Velha, Serra, Ibiracú, Aracruz, João Neiva, Alfredo Chaves and Santa Maria de Jetibá, in the contracted amount of R\$ 17,960. An interest rate of 5% p.a. and an administrative fee of 1% p.a. is charged on the balance due, accruing monthly during the grace period. The principal installments are due monthly starting at the end of the grace period. The first installment is due on July 30, 2002, and the last one on November 30, 2013. Collateral is composed of own income and promissory notes.

22.4 - Additional information on Enersul debt service

BNDES (Foreign currency) - Contract signed in February 2003 for construction financing in the amount of R\$ 6,663, with BNDES funds with Banco Alfa as the leader and participation of Itaú BBA, payable in 36 monthly installments at an interest rate of 4% p.a., pegged to a basket of currencies (UMBDES + floating interest rates + income tax) and paid off on October 15, 2007, with receivables and promissory note as collateral.

European Invest Bank - no. IE0.63/01 - Contract signed in April 2000, corresponding to a line of credit of US\$ 15,000,000, onlending by Itaú BBA, allocated for construction financing, payable in 11 semi-annual installments at quarterly Libor interest rates plus 5% p.a., adjusted by the currency exchange rate and ending in June 2008, with promissory note and guarantee from the parent company as collateral. **No. OB1.63/01** - Contract signed in February 2001 for a line of credit of US\$ 1,200,000, onlending by Itaú BBA, allocated for

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construction financing, payable in 11 semi-annual installments at quarterly Libor interest rates plus 4% p.a., adjusted by the currency exchange rate and ending in March 2009, with promissory note and guarantee from the parent company as collateral.

National Treasury Secretariat - STN - Medium and Long-Term Debt - DMPL - Contract signed in March 1997 in the amount of US\$ 14,615,864, related to foreign liabilities resulting from medium and long-term loan contracts with foreign creditors not deposited in the Brazilian Central Bank in the terms of Resolutions no. 1.541/88 and 1564/89, of the National Monetary Council and its norms, including installments at due dates later than December 1993, subject of an exchange for bonds issued by the Federal Government in accordance with Resolutions no. 98/92, 90/93 and 132/93, adjusted by currency exchange fluctuations informed by SISBACEN PTAX-800, option 1, floating interest based on semi-annual Libor plus 7/8 and 13/16 of 1% p.a. and fixed charges of 6% to 8% p.a. plus 0.2% commission, with semi-annual payments and ending in April 2024, with the State Government's guarantee, own income and pledge of part of the debt as collateral.

BBA - FMO - (Netherlands Development Finance Company) - On June 30, 2007, this contract, signed in October 2001, provided a line of credit of US\$ 6,500,000 with onlending by Itaú BBA, allocated to construction financing and was paid off in 11 semi-annual installments, with 8.9% p.a. interest rate, adjusted by the currency exchange. A swap operation was carried out for this loan to protect against financial risks from fluctuation of assets and liabilities, with an interest rate of 0.95% p.a. plus CDI. Both the loan and the swap operation were paid off in September 2007.

Eletrobrás

- (i) IRDs (Debt Acknowledgement Agreements) - Onlending funds from the Federal Government as financing from the Federal Electrification Fund for the Concessionaire, with payment of 80 equal quarterly installments and an interest rate of 8% p.a., ending in May 2022.
- (ii) Light for Rural Areas Program - **ECF-1.975/00** - In the amount of R\$ 25,608, for funding of the Rural Electricity Program, part of the first stage of the Light for Rural Areas Program, with interest of 6% p.a., payable in 120 installments, ending on July 30, 2012. **ECF-2.162/02** - In the amount of R\$ 1,500 related to the second stage, with interest of 6% p.a., payable in 120 installments, ending on June 30, 2015.
- (iii) Light for Rural Areas Program - **ECFS-024-B/2005** - In the amount of R\$ 18,103, awaiting the disbursement of R\$ 1,811, for funding of the Rural Electricity National Program, part of the "Light for All" Universalization Program, equal to 39.67% of the total cost of construction, payable in 120 equal and successive

monthly installments, with interest of 6% p.a. and ending on June 30, 2016, with revenue and promissory note as collateral.

ECFS-097-B/07 - Addendum - in the amount of R\$ 41,714, of which R\$ 29,200 has been disbursed, for financing the 2nd tranche of the Light for All Program - equal to 39.7% of the total cost of construction, payable in 120 equal and successive monthly installments, with interest of 6% p.a. and ending on December 30, 2018; **ECF-2480/05** - in the amount of R\$ 893, of which R\$ 89 has been disbursed, with the implementation of the Light for All Program, by means of the adaptation of the 138 kV substation of Fazenda Itamarati, payable in 60 equal and successive installments at an interest rate of 7% p.a. and ending on November 30, 2012. All ECFs have revenue and promissory notes as collateral.

BNDES - Contract no. 10/658260-5 - Signed in July 1999 for the amount of R\$ 73,300, for financing construction with funds from the BNDES (Finem/Finame) with Banco Unibanco as the leader, with participation of Banco Itaú BBA and Banco Alfa, with receivables as collateral and payable in 78 monthly installments at an interest rate of 3.85% p.a., adjusted by the TJLP (Long-term Interest Rate) and scheduled to end in February 2008, but paid off in advance on December 17, 2007. This operation established a EBITDA/gross financial expense ratio covenant that was met until the loan was paid off.

Contract no. 1001325 - Signed in February 2003 for financing construction in the amount of R\$ 27,084 with funds from the BNDES (Finem/Finame) payable in 36 monthly installments at an interest rate of 4% p.a., adjusted by the TJLP (Long-term Interest Rate) and paid off in September 2007, with receivables and promissory notes as collateral. **Contract no. 1003035 and addendums** - Signed in March 2006 for financing construction in the amount of R\$ 29,184 with funds from the BNDES (Finem/Finame) through Banco Alfa, payable in 48 monthly installments at an interest rate of 4.65% p.a., adjusted by the TJLP (Long-term Interest Rate) ending in November 2010, with receivables as collateral. This operation established covenants for gross financial debt/(gross financial debt + shareholders' equity), EBITDA/gross financial debt and EBITDA/gross financial debt ratios, disregarding the effects on EBITDA in 2007 of the BRR reduction in relation to the 2003 tariff review. All covenants have been met up to now. **Contract no. 1003207 and addendums** - Signed in August 2006 for financing construction in the amount of R\$ 17,130 with funds from the BNDES (Finem/Finame) through Banco Alfa, payable in 48 monthly installments at an interest rate of 4.8% p.a., adjusted by the TJLP (Long-term Interest Rate) ending in October 2010, with receivables and promissory notes as collateral. This operation established covenants for gross financial debt/(gross financial debt + shareholders' equity), EBITDA/gross financial debt and EBITDA/gross financial debt ratios, disregarding the effects on EBITDA in 2007 of the BRR reduction in relation to the 2003 tariff review. All covenants have been met

up to now. **Contract no. 1003269 and addendums** - Signed in October 2006 for financing construction in the amount of R\$ 20,574 with funds from the BNDES (Finem/Finame) through Banco Alfa, payable in 48 monthly installments at an interest rate of 4.80% p.a., adjusted by the TJLP (Long-term Interest Rate) ending in June 2012, with receivables and promissory notes as collateral. This operation established covenants for gross financial debt/(gross financial debt + shareholders' equity), EBITDA/gross financial debt and EBITDA/gross financial debt ratios, disregarding the effects on EBITDA in 2007 of the BRR reduction in relation to the 2003 tariff review. All covenants have been met up to now.

BNDES - Extraordinary Tariff Recomposition - Contract signed in February 2002, in accordance with the electric power industry general agreement and Law no. 10,483/02. During the 2002 fiscal year, R\$ 100,767 was disbursed, equal to 90% of the amount of income loss and memorandum account for change in items of installment "A" from January to October 25, 2001 (Note 4.1). Interest of 1% p.a. is charged on the principal, higher than the average adjusted annual SELIC rate. The credit installment in the original amount of R\$ 78,085 and its respective interest were paid on a monthly basis since March 2002, and the balance was paid off in advance in October 2006. The credit installment in the original amount of R\$ 22,682 was extended into 25 successive monthly installments with the first one due on December 15, 2006, and the last one on December 15, 2008, along with the loan interest, with 3.63% of the Company's monthly billing as collateral.

Enersul Foundation - Agreement for rescheduling and installment payment of the consolidated debt up to February 1997, amended on December 8, 2006, whose balance due was rescheduled for payment in 19 installments starting on January 18, 2007, and ending on July 18, 2008, adjusted by the Constant Amortization System (SAC). All clauses and conditions of the initial contract were maintained, with promissory note as collateral.

Banco do Brasil - FCO - Contract signed in November 2001 for financing construction with funds from FCO - Fundo Constitucional do Centro-Oeste, through Banco do Brasil, disbursing R\$ 30,000 payable in 108 equal and consecutive installments at an interest rate of 11.1987% and ending in November 2013, with the parent company's guarantee and bank endorsement as collateral.

Bank Credit Certificates - Contracts signed on December 5, 2006, and corresponding addendums, in the total amount of R\$ 46,400, of which R\$ 23,200 is signed with Banco do Brasil S.A. and R\$ 23,200 with Banco Santander Banespa S.A. Interest of 105% of change in the CDI, compounded daily, is charged on the loan amount. The principal is payable in 5 annual installments, the first one due on December 7, 2009, and the last one on December 5, 2013, and semi-annual interest due starting on June 5, 2007 to December 5, 2013. This operation creates a covenant for a gross debt/EBITDA ratio lower than 4.5. The ratio will be measured next in 2009 in reference to the 2008 fiscal year. The contract conditions are identical for both financial institutions.

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22.5 - Additional information on Enerpeixe debt service

The balance of loans and financing is from financial support from BNDES in the total amount of R\$ 670,000, approved under the terms of BNDES Board of Directors Decision no. 691/2003, dated November 10, 2003, and contracted on May 21, 2004, of which R\$ 335,000 is direct and R\$ 335,000 through financial agents, as shown in the chart below:

Sub-credit	Direct installment		Indirect installment			Total	Total
	BNDES	Itaú BBA	Banco do Brasil	Bradesco	Unibanco		
"A"	26,184	7,855	6,546	6,546	5,237	26,184	52,368
"B"	235,671	70,701	58,917	58,917	47,134	235,669	471,340
"C"	7,314	2,195	1,829	1,829	1,463	7,316	14,630
"D"	65,831	19,749	16,458	16,458	13,166	65,831	131,662
	<u>335,000</u>	<u>100,500</u>	<u>83,750</u>	<u>83,750</u>	<u>67,000</u>	<u>335,000</u>	<u>670,000</u>

The main financing conditions are as follows:

(i) Amortization:

- a) For sub-credits "A" and "C," 12 successive monthly installments with the first one due on March 15, 2007, and the last one on February 15, 2008;
- b) For sub-credits "B" and "D," 95 successive monthly installments with the first one due on March 15, 2008, and the last one on January 15, 2016.

(ii) Charges:

- a) For sub-credits "A" and "C," variable quarterly adjusted rates based on the weighted average cost of all rates and charges incurred by BNDES in foreign currency funding plus 4.5% p.a. during the term of the guarantee posted by the indirect parent company, EDP - Energias de Portugal S.A.;
- b) For sub-credits "B" and "D," Long-term Interest Rate (TJLP) plus 4.5% p.a., during the term of the guarantee posted by EDP - Energias de Portugal S.A.
- c) The above-mentioned spreads can be 6% p.a. starting from the effective date of the guarantee posted by the direct parent company EDP - Energias do Brasil S.A. replacing the guarantee from EDP - Energias de Portugal S.A., which could take place as of January 2008 only by request from the Company and EDP do Brasil S.A. This rate could be reduced to 5% p.a. if EDP - Energias do Brasil S.A. presents a minimum capitalization rate of 38% and Enerpeixe presents a debt service coverage ratio of 1.3.

(iii) Collateral and obligations:

- a) Lien on shares corresponding to 60% of the capital stock of the beneficiary, held by Energias do Brasil S.A.;
- b) Lien on concession rights, including, among others:
 - The credit rights of the beneficiary, resulting from sale of power from the Peixe Angical HPP to the following companies: Bandeirante S.A., Espírito Santo Centrais Elétricas S.A. (ESCELSA), Empresa Energética de Mato Grosso do Sul S.A. (ENERSUL) and Centrais Elétricas Mato-grossenses S.A. - CEMAT;
 - Guarantees contained in the Energy Purchase Contract (CCVE).
- c) Maintain in a financial reserve account the amount equivalent to at least three months worth of installment payments, interest and charges, as well as three months of payment of the O&M Contract (Operations and Maintenance Contract), during the payment phase.
- d) Letter of guarantee of EDP - Energias de Portugal S.A., regulated by Portuguese law, which will be replaced by a guarantee from EDP - Energias do Brasil S.A. by means of compliance with contractual obligations not yet in force.

22.6 - Additional information on Investco debt service

BNDES

- (i) Financing Contract with BNDES credit line with participation of Investco shareholders and their parent companies, on September 21, 2000, in the total amount of R\$ 180,000,

with an interest rate of 4% p.a. over TJLP (Long-term Interest Rate), payable quarterly on the 15th of January, April, July and October of each year, in the period from October 15, 2002, to October 15, 2002 and on a monthly basis as of November 15, 2002. The principal is being paid in 120 successive monthly installments calculated according to the Increasing Amortization Schedule ("Tabela Price") as of November 15, 2002.

- (ii) Credit onlending contract with the BNDES signed with Banco Itaú, Bradesco, BBA Creditanstalt and Banco ABC, with participation of Investco shareholders and their parent companies, on September 21, 2000, in the amount of R\$ 120,000, at an interest rate of 4% p.a. over the TJLP (Long-term Interest Rate), payable quarterly during the grace period and monthly during the amortization period. Principal installments with a 24-month grace period are payable in 120 successive monthly installments starting on November 15, 2002. Part of the Investco S.A. common shares were pledged as collateral, along with promissory notes and assignment of contract rights.

BASA - Contracts with Banco da Amazônia S.A. signed on September 30, 1999, with participation of EEVP, CEMAT, CEB, CPEE, CELPA, CELTINS and Energest as guarantors, payable on monthly basis with a final due date of October 10, 2009, in the amount of R\$ 50,000 at an interest rate of 14% p.a., payable monthly. During the grace period, only 50% of these charges will be payable and the remaining 50% will be capitalized and added into the balance due for payment with the principal installments. Revenue of companies controlled by Rede Empresas de Energia Elétrica S.A. (parent company of Rede Lajeado Energia S.A.) and statutory lien on machinery and equipment were given as collateral.

Credit facility agreement signed on December 28, 2000, with BASA, with the participation of CELPA, CELTINS and Agro Pastoral Lajeado Ltda. ("Agro Pastoral") as mortgagors, and of Investco Shareholders as guarantors, for a total amount of R\$ 44,300, with a due date of January 10, 2011, and a payment period of 84 months, including a 36-month grace period. The first principal installment was due on February 10, 2004, and the last one is due on January 10, 2011, at an interest rate of 14% p.a., payable monthly. During the grace period, only 50% of these charges are payable, the remaining 50% are compounded and added to the balance due for payment with the principal installments. Revenue and mortgage of three Small Hydroelectric Plants (SHPs) belonging to subsidiaries of the Rede Empresas de Energia Elétrica S.A. were given as collateral.

The amounts are consolidated in EDP Lajeado in proportion to its percentage share of 23.0576%.

22.7 - Additional information on Castelo Energética S.A. (CESA) and Pantanal Energética Ltda. debt services

BNDES - Contract signed by CESA in February 2002 for the building of three Small Hydroelectric Plants (SHPs) - Viçosa and São João in the state of Espírito Santo and Paraíso in the state of Mato Grosso do Sul. R\$ 39,280 was disbursed during the 2002 fiscal year; R\$ 17,565 in 2004; and R\$ 5,635 in 2007. An interest rate of 4.5% p.a. + changes in the TJLP (Long-term Interest Rate) are due on the principal and payable monthly along with the principal payment installments with a final maturity date of July 15, 2012. The agreed guarantees are as follows: (i) guarantee of receivables from the approvals granted by ANEEL, such as the termination of permits, purchase and sale of electric power and the right to generate electric power at own SHPs; and (ii) lien on common face-value shares that comprise all of Energest S.A.'s interest in the Company. Within the context of the concession transfer from CESA's Paraíso SHP to Pantanal, stated in note 1.1, the balances of this financing for Paraíso SHP were transferred to Pantanal, along with all respective conditions established in the contract.

22.8 - Additional information on Energest debt service

BNDES - Contract signed in October 2001, onlending funds through Banco Itaú (leader), Alfa and Sudameris, allocated for investments in installing the fourth generation unit at Mascarenhas HPP. During the 2001 fiscal year, a total of R\$ 24,102 was disbursed. An interest rate of 3.5% p.a. in addition to changes in the TJLP (Brazilian currency) and 3.5% p.a. plus fluctuations in the UMBNDES (foreign currency) is due on the principal, payable monthly, along with the principal installments with a final due date of October 15, 2010. Agreed collateral consists of revenue guarantees from electric energy services provided equal to at least 1.4 (one and four tenths) times the amount of the largest installment due by the beneficiary. This operation creates a covenant of a EBITDA/net financial debt ratio lower than 3.5, a condition that has been met up to now.

22.9 - Additional information on Costa Rica debt service

Eletróbrás-Financing ECF-1.568/97 - Contract signed by Enersul on November 4, 1997 in the amount of R\$ 5,375 for financing the construction of the Costa Rica Hydroelectric Plant with funds from the Eletróbrás Investment Fund (FINEL), at an interest rate of 6.5% p.a., ending on May 31, 2014, payable in 180 equal successive monthly installments, with revenue and promissory note as collateral. Contract passed on to Costa Rica Energética by means of a specific "Debtor Discharge Agreement."

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22.10 - Due dates of Current and Non-current installments (principal and charges)

Due date	Type of currency		Total
	Brazilian	Foreign	
Current			
2008	186,666	109,366	296,032
	186,666	109,366	296,032
Non-current			
2009	207,259	40,585	247,844
2010	211,905	21,594	233,499
2011	192,727	20,108	212,835
2012	185,424	5,614	191,038
2013	166,664	536	167,200
2014	133,435	268	133,703
2015	112,937	-	112,937
After 2015	40,611	10,710	51,321
	1,250,962	99,415	1,350,377
Total	1,437,628	208,781	1,646,409

23 - Post-employment benefits

	Consolidated			
	Current		Non-current	
	12/31/2007	12/31/2006	12/31/2007	12/31/2006
Bandeirante				
BSPS - Reserves to be amortized	13,669	13,669	82,774	84,346
Social programs	3,856	5,004	-	-
Escelsa				
Retirement Assistance [AIA]	-	-	5,868	6,150
Health care and life insurance	3,835	5,399	37,444	30,871
Energest				
Retirement Assistance [AIA]	-	-	228	221
Health care and life insurance	-	30	1,033	837
	21,360	24,102	127,347	122,425

According to CVM Decision no. 371, of December 13, 2000, as of January 1, 2002, publicly-held companies are required to record liabilities from post-employment benefits based on rules set forth in IBRACON's NPC Announcement no. 26.

In order to comply with this requirement, the subsidiaries that grant post-employment benefits, such as Bandeirante, Escelsa, Enersul and Energest, hired independent actuaries to carry out an actuarial assessment of these benefits, according to the Projected Unit Credit Method.

The main premises used in the actuarial assessment of the benefits were as follows:

Economic	2007	2006
Discount rate	10.75% p.a.	10.75% p.a.
Expected rate of return of assets	between 11% and 12.45% p.a.	between 12% and 12.45% p.a.
Future salary growth	5.55% p.a.	5.55% p.a.
Growth of benefits related to social security and the benefit plan	4.5% p.a.	4.5% p.a.
Long-term medical inflation	10% p.a. in 2006, reducing linearly to 5.5% p.a. by 2015	10% p.a. in 2006, reducing linearly to 5.5% p.a. by 2015
Inflation	4.5% p.a.	4.5% p.a.
Capacity factor - salaries and benefits	100%	100%
Demographics		
Mortality table	RP 2000 Managerial	RP 2000 Generational
Disabled mortality table	RP 2000 Disability	RP 2000 Disability
Receiving disability table	TASA 27	TASA 27
Turnover table	(1)	(1)

(1) T-1 Service Table, except for: a) Enersul - nil; and b) Bandeirante - nil as of the third year after joining the benefits plan.

23.1 - Bandeirante

The Company sponsors the CESP Foundation, a closed non-profit multi-sponsored private pension entity whose goal is to manage a set of pension benefit plans for the Company's employees and former employees by means of the Complementary Paid Benefits Plan (BSPS) and the Mixed Benefits Plan, with the following main features:

- (i) The Proportional Complementary Paid Benefits Plan (BSPS) corresponds to proportional benefits of employees, calculated based on their period of employment until March 1998. The amount of R\$ 96,443 on December 31, 2007, corresponds to the portion of excess benefits above the plan's assets, according to CVM Decision no. 371, of December 13, 2000. The deficit is being financially settled in 240 months, starting in September 1997, based on payroll percentages that can be reviewed on a semi-annual basis to ensure payment of the balance during the above period.

This plan was effective until March 31, 1998. It is a Defined Benefit type plan that grants Proportional Paid Complementary Benefits (BSPS) in the form of a life annuity to participants enrolled until March 31, 1998, with amounts defined as a function of accumulated length of service until the above date once the regulatory requirements are met. The Company has full responsibility for coverage of actuarial deficiencies of this plan.

(ii) Mixed Benefit Plans - BD and CD

- BD Plan - Effective after March 31, 1998 - Defined Benefit type plan that pays out a life annuity relative to length of service accumulated after March 31, 1998, based on 70% of actual average salary of the last 36 months of employment. In case of death while employed or disability, the benefits include the entire past time of service (including that accumulated prior to March 31, 1998) and therefore does not only include the past time of service accumulated after March 31, 1998. The responsibility for coverage of the actuarial deficiencies of this plan is shared between the Company and the participants.
- CD Plan - Introduced along with the BD Plan effective after March 31, 1998, it is a pension plan of the defined contribution type up to the granting of a life annuity, pension or otherwise, and does not generate any actuarial liability for the Company. Only after granting a lifetime income, pension or otherwise, does the Pension Plan become a Defined Benefit plan and can therefore create actuarial liability for the Company.

The actuarial assessment carried out on the base date of December 31, 2007, showed that the Defined Benefit type plans were running deficits in the present value of actuarial liabilities, net of asset fair value, and non-recorded actuarial losses, as shown below:

	12/31/2007	12/31/2006
Present value of actuarial liabilities		
totally or partially covered	(406,171)	(391,882)
Fair value of assets	291,471	224,990
	(114,700)	(166,892)
Value of non-recorded actuarial losses	18,257	68,877
Deficit	(96,443)	(98,015)

In the fiscal year, R\$ 1,572 was recorded as an income credit (R\$ 3,290 in 2006), as a offsetting entry to long-term liabilities in light of a decrease in actuarial liabilities.

The following is a list of the number of participants in the Plan:

	2007	2006
Active participants	1,052	1,151
Participants receiving benefits		
With deferred benefits	156	175
Retirees and pensioners	425	341
	581	516
Total	1,633	1,667

As a sponsor, Bandeirante contributed R\$ 16,413 during the fiscal year (R\$ 17,326 in 2006), aiming to settle the installments of the

contract for adjusting the paid plan (BSPS) reserves, as well as for covering the monthly costs of the current plans.

Bandeirante - PSAP/Bandeirante's net expenditure with Retirement Complementation Plans and Pensions, to be recorded in the 2008 fiscal year, is as follows:

Current service cost	1,021
Interest costs	42,981
Expected asset yields	(33,130)
Expected employee contributions	(2,684)
Total	8,188

23.2 - Escelsa

The Company has the following post-employment benefit responsibilities:

- (i) Sponsorship of Supplementary Retirement Plans and Pensions;
- (ii) Other post-employment benefits, composed of Health Care, Life Insurance and Retirement Assistance (AIA).

23.2.1 - Supplementary Retirement Plans and Pensions

The Company sponsors the ESCELSA SOCIAL SECURITY FOUNDATION - ESCELSOS, a non-profit multi-sponsor closed private pension entity whose goal is to manage a set of pension benefit plans for the Company's employees and former employees by means of two benefit plans: Benefit Plan I, a defined benefits type plan, and Benefit Plan II, of the defined contribution type that is converted into defined benefits at the time of its conversion into a life annuity.

The actuarial assessment carried out on the base date of December 31, 2007, showed that the fair value of the assets of these pension plans is greater than the present value of the actuarial liabilities, as shown below:

	12/31/2007	12/31/2006
Present value of actuarial liabilities		
totally or partially covered	(124,413)	(119,591)
Fair value of assets	219,500	198,889
	95,087	79,298
Value of non-posted actuarial gains	(23,928)	(20,555)
Surplus	71,159	58,743

The presence of surpluses in the defined benefit pension plans reduces the risk of a potential future actuarial liability for the Company. The Company's management did not record this asset since the effective reduction of the Sponsor's contributions or future reimbursements are not ensured.

As the sponsor, Escelsa contributes a monthly payment proportional to the contribution made by the participants of the Escelsos Foundation, according to the requirements of each benefit

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plan. During the fiscal year, Escelsa contributed R\$ 2,780 (R\$ 3,063 in 2006).

The following is a list of the number of participants in the Plan:

	Plan I	Plan II	Total 2007	Total 2006
Active participants	3	1,089	1,092	1,106
Assisted participants				
Retirees and pensioners	716	192	908	1,019
	716	192	908	1,019
Total	719	1,281	2,000	2,125

23.2.2 - Other post-employment benefits

Also within the actuarial context mentioned in note 23.2.1, the following liabilities related to other post-employment benefits were measured:

- Health Care and Life Insurance - Coverage of health care, dental care, medications, life insurance and, in proven cases, of special dependents, corresponding to 50% of the Company's minimum salary;
- Retirement Incentive Assistance (AIA) - Benefit for employees admitted up to December 31, 1981, payable at termination of work contract, regardless of the cause. The AIA guarantees a lump sum payment calculated by considering the proportional time of Social Security (INSS) contribution until October 31, 1996, of compensation and INSS benefits on October 31, 1996.

The actuarial assessment of December 31, 2007 showed that the present value of actuarial liabilities, net of non-recorded losses, in the health plan, life insurance and AIA plans totaled R\$ 47,147, recorded in current and non-current liabilities as follows:

	12/31/2007	12/31/2006
Present value of totally unsecured actuarial liabilities	(64,322)	(66,826)
Net value of non-recorded actuarial losses	17,175	24,406
Total	(47,147)	(42,420)
Current	3,835	5,399
Non-current	43,312	37,021

Net expenses with these benefits, to be recorded in the 2008 fiscal year, will be as follows:

Current service cost	787
Interest costs	6,545
Expected asset yields	845
Benefits paid by the company	(6,869)
Total	1,308

23.3 - Enersul

The Company sponsors the ESCELSA SOCIAL SECURITY FOUNDATION - ESCELSOS, a closed non-profit multi-sponsor private pension entity whose goal is to manage a set of pension benefit plans for the Company's employees and former employees by means of two benefit plans: Benefit Plan I, a defined benefits plan and Benefit Plan II, of the defined contribution type that is converted into defined benefits at the time of its conversion into a life annuity.

The following is a list of the number of participants in the Plan:

	Inicial Plan	Plan II	2007	2006
Active participants	-	709	709	719
Participants receiving benefits				
With deferred benefits	1	14	15	-
Retirees and pensioners	323	32	355	352
	324	46	370	352
Total	324	755	1,079	1,071

The actuarial assessment carried out on the base date of December 31, 2007, showed that the fair value of the assets in pension plans I and II is greater than the present value of the actuarial liabilities, as shown below:

	12/31/2007	12/31/2006
Present value of totally or partially secured liabilities	(67,258)	(67,088)
Fair value of assets	154,351	139,059
Value of non-recorded actuarial gains	87,093	71,971
Surplus	(35,616)	(31,733)
	51,477	40,238

The presence of surpluses in the defined benefit pension plans reduces the risk of a potential future actuarial liability for the Company. The Company's management did not record this asset since the effective reduction of the Sponsor's contributions or future reimbursements are not assured.

As the sponsor, Enersul contributes a monthly payment proportional to the contribution made by the participants of the Enersul Foundation, according to the requirements of each benefit plan. During the fiscal year, Enersul contributed R\$ 1,691 (R\$ 1,910 in 2006).

23.4 - Energest

The Company has the following post-employment benefit liabilities:

- (i) Sponsorship of Supplementary Retirement Plans and Pensions; and
- (ii) Other post-employment benefits, composed of Health Care, Life Insurance and Retirement Assistance (AIA).

23.4.1 - Supplementary Retirement Plan and Pension

The Company sponsors the ESCELSA SOCIAL SECURITY FOUNDATION - ESCELSOS and the ENERSUL FOUNDATION, closed non-profit multi-sponsor private pension entities whose goal is to manage pension benefit plans for the Company's employees and former employees by means of two benefit plans: Benefit Plan I, a defined benefits plan and Benefit Plan II, of the defined contribution type that is converted into defined benefits at the time of its conversion into a life annuity.

The actuarial assessment carried out on the base date of December 31, 2007, determined that the fair value of the assets at both Foundations is greater than the present value of the actuarial liabilities, as shown below:

	12/31/2007	12/31/2006
Present value of totally or partially secured actuarial liabilities	(103)	(114)
Fair value of assets	226	463
	123	349
Value of non-recorded actuarial gains	(38)	(157)
Surplus	85	192

The presence of surpluses in the defined benefit pension plans reduces the risk of a potential future actuarial liability for the Company. The Company's management did not record this asset since the effective reduction of the Sponsor's contributions or future reimbursements are not assured.

As the sponsor, Energest contributes a monthly payment proportional to the contribution made by the participants of the Escelsos Foundation and the Enersul Foundation, according to the requirements of each benefit plan. During the fiscal year, Energest contributed R\$ 181 (R\$ 193 in 2006).

23.4.2 - Other post-employment benefits

Also within the actuarial context mentioned in note 23.4.1, the following liabilities related to other post-employment benefits were measured:

- Health Care and Life Insurance - Coverage of health care, dental care, medications, life insurance and, in proven cases, the existence of special dependents, corresponding to 50% of the Company's minimum salary;
- Retirement Incentive Assistance (AIA) - Benefit for employees admitted up to December 31, 1981, payable at termination of work contract, regardless of the cause. The AIA guarantees a lump sum payment calculated by considering the proportional time of Social Security (INSS) contribution until October 31, 1996, compensation and INSS benefits on October 31, 1996.

The actuarial assessment of December 31, 2007, showed that the present value of actuarial liabilities, net of non-recorded losses, in the health plan, life insurance and AIA plans totaled R\$ 1,261, recorded in current and non-current liabilities as follows:

	12/31/2007	12/31/2006
Present value of totally or partially secured actuarial liabilities	(1,902)	(1,658)
Net value of non-recorded actuarial losses	641	570
Total	(1,261)	(1,088)
Current	-	30
Non-current	1,261	1,058

Net expenses with these benefits, to be recorded in the 2008 fiscal year, will be as follows:

Current service cost	33
Interest costs	168
Amortization of non-recorded actuarial losses	45
Benefits paid by the company	(67)
Total	179

23.5 - EnerPrev

EnerPrev is a closed non-profit private pension plan entity created at the end of the 2006 fiscal year to centralize management of the supplementary pension plans of the Energias do Brasil Group. Currently, EnerPrev manages a defined contribution-type benefit plan that does not generate any actuarial liability for its sponsors.

On September 19, 2007, the Supplementary Pension Plan Secretariat (SPC) approved EnerPrev's merger of pension plans provided by the Energias Group companies, including the Escelsos and Enersul Foundations.

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EnerPrev's merger process of the Escelsos and Enersul Foundations started in November 2006 with approval from the Foundations' Board of Directors and representatives of participants and beneficiaries. The Escelsos and Enersul Foundations will maintain their structures and services until the conclusion of EnerPrev's take over of management.

24 - Tariff refund

The first cycle of periodic tariff reviews of electric energy distribution concessionaires introduced the Regulatory Remuneration Base (BRR) as one of the components to determine required income and tariffs applicable to various consumer tension categories. Installment B takes into consideration the remuneration of concessionaire's investments based on Gross BRR and the reinstatement quota of assets applied in providing services based on Net BRR.

The rules for determining Gross BRR and Net BRR for the first tariff review cycle were established by ANEEL Resolution no. 493 of September 3, 2002, with explanations provided in ANEEL Technical Note no. 178 of July 30, 2003. These rules must be followed by the ANEEL - accredited assessment company hired by the concessionaire and responsible for issuing the assessment reports.

The first periodic tariff review cycle for the Enersul subsidiary took place on April 8, 2003, and, since then, the gross sales revenue recorded was basically obtained by applying tariffs set by the tariff review and subsequent tariff adjustments, considering that the tariff review is temporary and valid until April 8, 2005, according to note 8.2. ANEEL made the BRR definitive in March 2005, and later named it the Protected Base.

As a result of the ad hoc audit carried out on the assessment reports of Enersul's Definitive Base, ANEEL issued Notification Instrument no. 119/2007 at the end of August 2007, as shown in Audit Report no. 127/2007, determining the reductions of R\$ 383.6 million in Gross BRR and R\$ 185.2 million in Net BRR as a result of non-compliances identified in the Protected Base report.

Enersul has appealed this Notification Instrument, questioning its terms and the amounts identified, which led ANEEL to determine, on December 4, 2007, the reduction of R\$ 265 million in Gross BRR and of R\$ 126 million of Net BRR, as well as an average decrease of 6.66% in tariffs charged consumers as of December 6, 2007.

Also by means of tariff reduction, there will be a refund to consumers of overbilled amounts during the period from April 2003 to December 2007, estimated at R\$ 183,139 by the Enersul subsidiary (economic impact with no tax effect).

Within the context of Public Audience no. 008/2008, ANEEL signaled that this refund will be made during the next tariff cycle and, consequently, a provision was recorded in this fiscal year splitting installments into current and non-current amounts of R\$ 137,354 and R\$ 45,785, respectively.

25 - Estimated personnel liabilities

	Parent Company		Consolidated	
	12/31/2007	12/31/2006	12/31/2007	12/31/2006
Payroll	6,409	462	58,505	60,859
INSS and FGTS	258	190	5,797	5,496
Total	6,667	652	64,302	66,355

The payroll heading basically includes the provisions for vacations and respective social charges, profit and income sharing, as well as the effects of Volunteer Termination Program (PDV) at the group companies introduced in May 2006.

PDV determines the phased scheduling of terminations in 2006 and 2007, respecting the implementation of other ongoing efficiency programs in the group companies. The number of terminations in the group companies totaled 573.

26 - Regulatory and industry charges

Payable liabilities, resulting from charges established by electric power industry legislation are as follows::

	Consolidated	
	12/31/2007	12/31/2006
Global reversal reserve quota (RGR)	3,646	3,637
Fuel consumption account quota (CCC)	14,506	38,665
Energy development account (CDE)	16,311	15,518
Financial compensation for use of water resources	3,671	3,658
Tariff charges (ECE/EAESEE)	34,151	14,456
Research and development	45,474	46,292
Energy efficiency program	43,122	46,947
ANEEL - Audit fee	1,021	805
Total	161,902	169,978

27 - Provisions for contingencies and litigation escrow accounts - Current and Non-current

The Company and its subsidiaries are parties to lawsuits and administrative proceedings at various courts and government agencies arising from their normal course of business, involving tax, labor and civil aspects and other topics.

Management for the Company and its subsidiaries, based on information provided by their legal counsel and analysis of pending

lawsuits, created provisions in amounts considered sufficient to cover estimated probable losses for ongoing legal actions, as follows:

	Parent Company						
	Liabilities				Assets		
	Write-offs				Court deposit (Note 13)		
	Balance on 12/31/2006	Additions	Payments	Reversals	Balance on 12/31/2007	12/31/2007	12/31/2006
Labor	-	-	-	-	-	5	-
Civil	-	-	-	-	-	-	-
Tax	30,038	12,213	-	-	42,251	2,546	2,546
Miscellaneous	-	-	-	-	-	2,080	2,080
Total	30,038	12,213	-	-	42,251	4,631	4,626
Current	-	-	-	-	-	2,080	2,080
Non-current	30,038	-	-	-	42,251	2,551	2,546
Total	30,038	-	-	-	42,251	4,631	4,626

	Consolidated						
	Liabilities				Assets		
	Write-offs				Court deposit (Note 13)		
	Balance on 12/31/2006	Additions	Payments	Reversals	Balance on 12/31/2006	12/31/2007	12/31/2006
Labor	39,931	44,647	(17,185)	(5,663)	61,730	36,613	35,421
Civil	72,732	16,321	(3,961)	(7,251)	77,841	9,880	9,096
Tax	199,338	21,886	(22,573)	(17,848)	180,803	141,436	171,666
Miscellaneous	-	-	-	-	-	6,257	2,080
Total	312,001	82,854	(43,719)	(30,762)	320,374	194,186	218,263
Current	4,189	-	-	-	1,953	2,080	4,733
Non-current	307,812	-	-	-	318,421	192,106	213,530
Total	312,001	-	-	-	320,374	194,186	218,263

27.1 - Labor

27.1.1 - Bandeirante

This section refers to suits filed in periods prior to January 1, 1998, according to the partial spin-off filing of Eletropaulo - Eletricidade de São Paulo S.A. Subsequently, under the terms of the filing for Bandeirante's partial spin-off, which took place on October 1, 2001, each concessionaire (Bandeirante and Piratininga) is liable for liabilities corresponding to employees allocated in the regions respectively taken on by each Company, while the corporate suits are shared in the percentage proportion of the parent companies (Bandeirante and Piratininga) as determined by their respective spin-off filing.

These include various lawsuits that challenge policies for practices such as overtime payment, extra payment for risk premium and readmittance. The accrued balance on December 31, 2007, was R\$ 11,938 (R\$ 7,813 in 2006).

27.1.2 - Escelsa, Enersul, Energest, Cesa, EDP Lajeado and Escelsapar

These include various lawsuits that challenge topics including overtime payment, extra payment for risk premium and readmittance.

The accrued balance on December 31, 2007, was R\$ 49,792 (R\$ 31,833 in 2006).

27.2 - Civil

27.2.1 - Bandeirante, Escelsa and Enersul

These suits refer primarily to requests for refunds of amounts paid as tariff increases, filed by manufacturing customers as result of application of DNAEE Administrative Rules no. 38 of February 27, 1986, and no. 45, of March 4, 1986 - Cruzado Plan, which was effective from March to November of that year. The original amounts are adjusted according to the system used by the Judiciary Branch. Also included are suits for moral and material damage. The accrued balance on December 31, 2007, was R\$ 73,728 (R\$ 67,025 in 2006).

27.2.2 - Enertrade

Lawsuit filed by Enertrade challenges the constitutionality of the payment of the Energy Development Account (CDE) charge. The accrued balance on December 31, 2007, was R\$ 3,589 (R\$ 3,589 in 2006).

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27.3 - Tax

27.3.1 - Bandeirante

(i) COFINS - The Company is legally challenging the changes made to COFINS by Law no. 9.718 of November 27, 1998. On July 1, 1999, it obtained a preliminary injunction that allowed it to pay this tax until December 1999 according to the previous law, that is, 2% over sales, retroactively to February 1, 1999. The accrued balance referring to the additional 1% on December 31, 2007 was R\$ 53,298 (R\$ 50,713 in 2006). The Company has a court deposit for this suit in the amount of R\$ 15,468 (R\$ 14,520 in 2006).

(ii) Income tax - The Company challenges the non-deductibility of the social contribution on net income when determining income tax for the 2001 and 2002 fiscal years. The accrued balance on December 31, 2007, was R\$ 8,254 (R\$ 7,750 in 2006). The Company has a court deposit for this suit in the amount of respective provision.

(iii) ICMS - Preliminary Injunction - Gross up calculation - refers to the notice from the Secretariat of Finance of the State of São Paulo regarding the complementary tax payment related to the discrepancy in the form of collecting the ICMS due to the overturning of the preliminary injunction obtained by its predecessor Eletropaulo Eletricidade de São Paulo S.A. for a number of towns in Bandeirante's concession area for the period from January to September of 2001. The Company joined the PPI - Installment Plan Incentive Program, created by the state government of São Paulo by Decree no. 51.960/07 and benefitted from reduced fines and interest, entered as a credit in the income statement in the amount of R\$ 8,941 and settling the liability on October 10, 2007 in the amount of R\$ 13,647.

27.3.2 - Escelsa

(i) Notices issued by the INSS requiring the payment of contributions from continuous service providers, on equal footing with contracts with an employment bond. The accrued balance on December 31, 2007, was R\$ 10,239 (R\$ 16,150 in 2006).

(ii) Legal challenge by the Company of the constitutionality of the Workplace Accident Insurance (SAT). The accrued balance on December 31, 2007, was R\$ 7,670 (R\$ 7,066 in 2006).

(iii) Notice of infraction requiring the payment of the difference in CSLL for not adding to its basis of calculation for income from the 1995 fiscal year and January to April 1996, expenses corresponding to depreciation, amortization or written-off asset cost charges, related to the difference between the IPC and the National Treasury Bonds (BTNF) in 1990. The accrued balance on December 31, 2007, was R\$ 8,323 (R\$ 8,323 in 2006).

27.3.3 - Enersul

Enersul legally challenged the unconstitutionality of charging PIS on sales, taking into consideration the provisions of paragraph 3 of article 155 of the Federal Constitution. The accrued balance on December 31, 2007, was R\$ 46,419 (R\$ 46,130 in 2006).

27.3.4 - EDP - Energias do Brasil

The Company legally challenged PIS and COFINS charges on income from interest on net equity (JCP) during the 2005 and 2006 fiscal years and obtained a preliminary injunction suspending these requirements. The accrued balance on December 31, 2007, was R\$ 37,455 (R\$ 25,242 in 2006).

27.4 - Possible loss risk

Additionally, there are periodically-reviewed ongoing labor, civil and tax lawsuits whose losses were estimated as possible, and did not require the creation of provisions in the financial statements, as shown below:

	Consolidated	
	12/31/2007	12/31/2006
Labor	41,794	16,670
Civil	26,684	6,340
Tax	119,701	59,232
Total	188,179	82,242

The following lawsuits are highlighted among the main lawsuits considered to have a possible loss risk:

27.4.1 - Bandeirante

Administrative debate on ICMS credits used by the Company from July 2003 to December 2003 referring to "Electric Energy Sale Cancellation/Refund" in the amount of R\$ 58,170 and a fine on improper bookkeeping of fuel purchase invoices in the amount of R\$ 198. The Company has presented its defense and awaits a hearing.

27.4.2 - Escelsa

- Income tax - The Federal Revenue demands payment of income tax on profit from December 1995 to April 1996 resulting from Notice of Infraction FM 00505, which challenges the methodology the Company used to deduct the depreciation, amortization and costs of written-off asset charges from the income tax base related to the monetary adjustment difference amount in the 1990 base-period, between IPC and BTNF. The estimated amount for this risk is R\$ 17,663.
- INSS - INSS auditors issued social security tax collection notifications regarding the non-inclusion of independent contractors and other businesses, arguing that there is an employment bond between these service providers and Escelsa. These notifications totaled R\$ 8,088.
- City government taxes - various city governments - ISSQN collection request for the period from January 1991 to August 1995, assumed to be due on services such as issuing copies

of bills and re-notification. Also includes the requirement of payment on the area occupied by the public lighting and electric power pole network. These lawsuits total R\$ 6,241.

27.4.3 - Enersul

Legal action to obtain recognition of the Company's unquestionable right to pay PIS and COFINS under the terms of the law in force before Law no. 9.718/98, from February 1, 1999 to November 30, 2002, for PIS and from February 1, 1999 to January 31, 2004, for COFINS.

27.4.4 - EDP - Energias do Brasil

The main case is a lawsuit filed by the Company for eliminating payment of the CPMF tax on "symbolic" (simultaneous settlement) exchange operations, carried out during the corporate reorganization in the 2005 fiscal year, in the amount of R\$ 2,660.

28 - Shareholders' equity

28.1 - Capital Stock

Capital stock composition on December 31, 2007, September 30, 2007, and December 31, 2006, was as follows:

Shareholder	12/31/2007		09/30/2007		12/31/2006		Controlling parent company
	Amount of shares	% equity interest	Amount of shares	% equity interest	Amount of shares	% equity interest	
Energias de Portugal Investments and Services, Sociedad Limitada (1) (2)	38,234,188	23.17	38,234,188	23.17	38,234,188	23.17	yes
Balwerk - Consult. Econômica e Particip., Soc. Unipessoal Ltda. (1) (2)	23,545,820	14.27	23,545,820	14.27	23,545,820	14.27	yes
EDP - Energias de Portugal, S.A. (1) (2)	39,739,013	24.08	39,739,013	24.08	39,739,013	24.08	yes
Herald Securities INC. (2)	1,383,094	0.84	1,383,094	0.84	1,383,094	0.84	yes
Treasury shares (3)	861,322	0.52	22	0.00	22	0.00	
Miscellaneous (4)	61,253,167	37.12	62,114,467	37.64	62,114,467	37.64	
Total	165,016,604	100	165,016,604	100	165,016,604	100	

(1) shareholder with more than 5% of voting shares.

(2) Foreign-controlled company.

(3) The Board of Directors approved on December 18, 2007, for a period of 365 days, the acquisition of 6,211,426 shares of the Company to be kept in the treasury for later disposal and/or cancellation without capital stock reduction. The position of acquired shares in the treasury is as follows:

Acquired amount (in units)	Total amount paid for shares	Unit cost of shares in Reais			Market value of shares on 12/31/2007 ^(*)
		Minimum	Maximum	Average	
861,300	24,290	27.10	28.90	28.19	24,892

(*) Closing quote on December 28, 2007, at the unit value of R\$ 28.90 per share.

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The treasury shares do not have property rights.

(4) There are 61,253,100 shares in circulation out of a total of 165,016,604, which accounts for 37.12% of total shares.

Managers holds 67 shares, of which 28 are held by the Board of Directors and 39 by the Management Board.

Since the Initial Public Offering on July 13, 2005, the Audit Committee has not been set up.

Calculation of the amount of shares in circulation:

Shareholder	12/31/2007		09/30/2007		12/31/2006	
	Amount of shares	% equity interest	Amount of shares	% equity interest	Amount of shares	% equity interest
Amount of shares - parent companies	102,902,115	62.36	102,902,115	62.36	102,902,115	62.36
Amount of shares - reciprocal equity	-	-	-	-	-	-
Amount of shares - treasury	861,322	0.52	22	-	22	-
Amount of shares - directors and executive officers	67	-	67	-	58	-
Total shares not in circulation	103,763,504	-	102,902,204	-	102,902,195	-
Total shares	165,016,604	-	165,016,604	-	165,016,604	-
Total shares in circulation	61,253,100	37.12	62,114,400	37.64	62,114,409	37.64

28.2 - Profit allocation

The current Company dividend policy establishes a minimum payment equal to 40% (forty percent) of adjusted net income, calculated according to article 189 and the Corporation Law that can be reduced when required by legal or regulatory authorities or when recommended in light of the Company's financial situation and/or future outlook. The Company Board of Directors proposes changes to the current policy in order to increase the minimum value to 50% (fifty percent) of adjusted net income, accounting for a distribution of R\$ 207,212 this year.

Dividends to be distributed may include the amount of Interest on net equity (JCP) paid or credited individually to shareholders as net equity remuneration, as part of the dividends to be distributed by the Company, for all legal effects and under the terms of Law no. 9.249 of December 26, 1995, and subsequent regulation.

	Parent Company	
	12/31/2007	12/31/2006
Net income for fiscal year	436,235	394,120
Adjustment of previous fiscal year	-	(28,364)
Adjusted net income	436,235	365,756
Legal reserve creation - 5%	(21,812)	(18,287)
	414,423	347,469
Dividends	207,212	169,914
Intermediary dividends - JSCP (Interest on net equity)	119,923	169,914
Supplementary dividends	87,289	-
Creation of profit retention reserve	207,212	177,555
Amount of shares	164,155,282	165,016,582
Dividends per thousand shares - in reais	1,262,29	1,029,68

On December 18, 2007, the Company's Board of Directors approved an interest on net equity credit in the gross amount of R\$ 119,923, charged to dividends to be distributed by the Company at a payment date to be decided, which were recorded in financial expenses as required by tax legislation. For the purposes of these Financial Statements, this interest was reclassified as Shareholders' equity according to CVM Decision no. 207/96.

28.3 - Reserves

	12/31/2007	12/31/2006
Capital reserves		
Goodwill premium at parent company merger	35,348	35,348
Total	35,348	35,348
Profit reserves		
Profit	62,246	40,435
Profit retention	654,305	447,093
Total	716,551	487,528

28.3.1 - Profit retention reserve

Profit retention reserve has been created in accordance with art. 196 of Law no. 6.404/76 to enable the Company's investment programs determined by the capital budgets submitted to the Annual General Meetings.

28.4 - Shareholders' equity reconciliation - Parent company and Consolidated

	2007
Parent Company	3,910,325
AFAC Enercouth Provision (*)	3,555
Consolidated	<u>3,913,880</u>

(*) Refers to the provision for losses from future advances for increasing capital at Enercouth, which were recorded in income for the fiscal year.

29 - Dividends - Assets and Liabilities

	Parent Company				Consolidated	
	Assets		Liabilities		Liabilities	
	12/31/2007	12/31/2006	12/31/2007	12/31/2006	12/31/2007	12/31/2006
Bandeirante	224,046	43,567	-	-	777	777
Escelsa	105,287	38,595	-	-	52	51
Enersul	-	24,483	-	-	21	21
Energest	19,492	2,896	-	-	-	-
Enertrade	31,948	8,325	-	-	-	-
EDP Lajeado	13,999	11,453	-	-	-	-
Enerpeixe	10,471	6,434	-	-	-	-
EDP - Gestão de Produção de Energia S.A.	-	-	-	-	188	188
EDP - Energias do Brasil S.A.	-	-	-	-	636	-
Shareholders - EDP Energias	-	-	189,821	147,388	189,821	147,388
Eletrobrás	-	-	-	-	15,809	10,377
Silea Participações Ltda.	-	-	-	-	539	-
Furnas Centrais Elétricas S.A.	-	-	-	-	6,981	4,288
Total	<u>405,243</u>	<u>135,753</u>	<u>189,821</u>	<u>147,388</u>	<u>214,824</u>	<u>163,090</u>

30 - Net operating income

	Consolidated					
	Number of customers (*)		MWh (*)		R\$	
	2007	2006	2007	2006	2007	2006
Electric power supplied						
Residential	2,714,456	2,638,467	5,073,602	4,836,662	2,189,032	1,990,232
Manufacturing	23,500	23,240	4,482,490	4,488,404	1,362,659	1,203,239
Business, services and other activities	240,033	231,753	3,154,374	2,956,541	1,278,451	1,122,101
Rural	200,585	193,105	920,865	834,252	217,021	193,828
Government	22,563	21,586	612,169	560,710	253,898	217,352
Public lighting	2,764	2,438	689,525	679,396	160,397	150,396
Public service	2,645	2,536	502,662	497,447	137,354	123,704
Own consumption	353	365	20,529	20,868	-	-
Total billed supplies	<u>3,206,899</u>	<u>3,113,490</u>	<u>15,456,216</u>	<u>14,874,280</u>	<u>5,598,812</u>	<u>5,000,852</u>
(-) Extraordinary tariff recomposition (net of ICMS)						
Residential					(21,009)	(40,146)
Manufacturing					(32,283)	(73,079)
Business, services and other activities					(35,722)	(62,843)
Rural					(3,394)	(4,895)
Government					(7,579)	(13,237)
Public lighting					(1,560)	(3,365)
Public service					(3,957)	(6,957)
Own consumption					(2,058)	-
					<u>(107,562)</u>	<u>(204,522)</u>
(-) ICMS						
Residential					(461,653)	(418,310)
Manufacturing					(270,106)	(236,848)
Business, services and other activities					(255,321)	(224,020)
Rural					(21,050)	(19,073)
Government					(43,972)	(32,964)
Public lighting					(31,342)	(29,572)
Public service					(22,668)	(25,287)
					<u>(1,106,112)</u>	<u>(986,074)</u>
Total billed supplies net of RTE and ICMS					<u>4,385,138</u>	<u>3,810,256</u>

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	Consolidated					
	Number of customers (*)		MWh (*)		R\$	
	2007	2006	2007	2006	2007	2006
Electric energy supplied						
Non-billed supply					(4,115)	29,317
Non-billed - deferred tariffs					(53,952)	(52,421)
Billed supply to free customers	-	-	-	-	293,543	270,533
(-) ICMS without billed supply to free customers					(56,802)	(33,576)
Tariff refund					(183,139)	80,452
PIS and COFINS of generation companies					9,607	(16,604)
Other regulatory income					(20,444)	4,735
Income loss (gain) - low income					38,022	41,549
Tariff recomposition					8,069	(6,610)
Supply to resellers	4	2	2,238,929	2,818,765	126,476	117,206
Electric power sales					259,635	127,200
ECE and EAEEE					24,955	3,038
(-) ICMS without ECE and EAEEE					96	(601)
					<u>4,827,089</u>	<u>4,374,474</u>
Transfer to distribution system use tariff - captive customers					(3,208,559)	(2,980,552)
(-) ICMS on distribution system use tariff - captive customers					637,348	585,530
Total electric energy supplied					<u>2,255,878</u>	<u>1,979,452</u>
Availability of the distribution and transmission systems						
Distribution system use tariff - other customers	124	112	9,196,691	8,737,522	757,470	701,230
(-) ICMS on distribution system use tariff - other customers					(141,212)	(139,247)
Distribution system use tariff - captive customers					3,208,559	2,980,552
(-) ICMS on distribution system use tariff - captive customers					(637,348)	(585,530)
Connection charges					775	640
					<u>3,188,244</u>	<u>2,957,645</u>
Other operating income						
Short-term energy					99,083	78,565
Taxed services and other services					47,114	46,837
					<u>146,197</u>	<u>125,402</u>
(-) Income deductions					<u>5,590,319</u>	<u>5,062,499</u>
PEE and R&D					(51,496)	(62,052)
CCC					(286,101)	(297,532)
CDE					(217,763)	(217,050)
RGR					(41,669)	(40,288)
PIS and COFINS					(454,192)	(457,966)
ECE and EAEEE - onlending to CBEE					(25,071)	(2,378)
ISS					(552)	(469)
					<u>(1,076,844)</u>	<u>(1,077,735)</u>
Total	<u>3,207,027</u>	<u>3,113,604</u>	<u>26,891,836</u>	<u>26,430,567</u>	<u>4,513,475</u>	<u>3,984,764</u>

(*) Not audited.

31 - Operating expenses

	Parent Company			
	2007			2006
	Operating expenses			
	General and admin.	Miscellaneous	Total	Total
Manageable				
Personnel, managers and private pension entity	20,731	-	20,731	11,754
Materials	526	-	526	541
Third party services	16,616	-	16,616	9,094
Depreciation and amortization	15,068	-	15,068	14,484
Rents and leasing	1,272	-	1,272	766
Miscellaneous	1,493	4,806	6,299	8,762
Total	<u>55,706</u>	<u>4,806</u>	<u>60,512</u>	<u>45,401</u>

	Consolidated							2006
	2007							
	Service cost		Operating expenses					
	With electric power	Operations	Provided to third parties	With sales	General and admin.	Miscellaneous	Total	Total
Non-manageable								
Electric power purchased for resale								
Itaipu	586,031	-	-	-	-	-	586,031	539,388
Auction	598,309	-	-	-	-	-	598,309	566,178
PROINFA	47,061	-	-	-	-	-	47,061	23,832
Bilateral contracts	7,411	-	-	-	-	-	7,411	-
Short-term energy - CCEE	59,211	-	-	-	-	-	59,211	29,832
Other resellers	484,581	-	-	-	-	-	484,581	442,382
CVA net effect	99,994	-	-	-	-	-	99,994	(147,896)
Transmission charges								
Connection and use charge	500,137	-	-	-	-	-	500,137	506,128
System Service Charge	2,794	-	-	-	-	-	2,794	11,044
CVA net effect	21,383	-	-	-	-	-	21,383	40,657
Audit charge	-	-	-	-	-	13,218	-	10,327
Financial compensations/granting right	-	-	-	-	-	18,599	18,599	14,183
	<u>2,406,912</u>	-	-	-	-	<u>31,817</u>	<u>2,438,729</u>	<u>2,036,055</u>
Manageable								
Personnel, managers and private pension entity	-	176,257	186	-	139,353	-	315,796	339,078
Materials	-	31,414	1,385	-	10,308	-	43,107	36,598
Third party services	-	193,178	1,144	21,098	138,529	-	353,949	296,787
Depreciation and amortization	-	274,724	-	-	42,556	-	317,280	287,450
Provision for doubtful debt credit/net losses	-	-	-	101,060	-	-	101,060	87,471
Contingency provisions	-	-	-	-	-	43,304	43,304	19,419
Rents and leasing	-	12,017	-	-	7,858	-	19,875	21,366
Miscellaneous	-	39,500	637	3,827	23,893	6,751	74,608	74,389
	-	<u>727,090</u>	<u>3,352</u>	<u>125,985</u>	<u>362,497</u>	<u>50,055</u>	<u>1,268,979</u>	<u>1,162,558</u>
Total	<u>2,406,912</u>	<u>727,090</u>	<u>3,352</u>	<u>125,985</u>	<u>362,497</u>	<u>81,872</u>	<u>3,707,708</u>	<u>3,198,613</u>

32 - Financial income

	Parent Company		Consolidated	
	2007	2006	2007	2006
Financial income				
Financial investment income	11,376	21,981	54,167	49,693
PIS and COFINS on financial income	-	(13,363)	(82)	(13,417)
Monetary change and default charges for sold energy	-	-	86,420	77,885
Monetary adjustment of regulatory assets	-	-	44,292	85,856
Brazilian currency fluctuations	177	852	1,613	5,941
Foreign currency fluctuations	4	-	6,498	(316)
SELIC on cleared taxes and social contributions	3,393	2,804	11,229	3,964
SELIC on COFINS (increase of basis)	-	-	2,415	33,301
Discounts obtained	-	2	3,759	6,159
Other financial income	15,623	18,867	30,473	18,805
Interest on net equity	-	-	-	8,841
Gains from disposal of exchange securities	<u>162,605</u>	<u>175,607</u>	<u>240,784</u>	<u>276,712</u>
Financial expenses				
Debt charges	(2,819)	(4,265)	(307,420)	(316,429)
Brazilian currency fluctuations	1,668	4,048	(5,746)	(5,318)
Foreign currency fluctuations	2,950	(1)	61,506	51,555
Tax contingency and liability charges	-	(231)	1,591	(27,553)
COFINS reversal (increase of basis)	-	-	-	43,992
Swap and hedging operations	(14,029)	(9,472)	(110,364)	(110,749)
Monetary adjustment of regulatory liabilities	-	-	19,927	(50,028)
CPMF	(1,386)	(1,418)	(34,541)	(34,259)
Interest on net equity	(119,923)	(169,914)	(136,824)	(181,091)
Other financial expenses	(13,116)	(9,712)	(32,611)	(24,652)
	<u>(146,655)</u>	<u>(190,965)</u>	<u>(544,482)</u>	<u>(654,532)</u>
Total	<u>15,950</u>	<u>(15,358)</u>	<u>(303,698)</u>	<u>(377,820)</u>

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33 - Financial charges and capitalized monetary adjustments

According to Accounting Instruction no. 10, item 4, of the Electric Power Public Service Accounting Manual and CVM Decision no. 193, of July 11, 1996, the following amounts were transferred to fixed assets in progress:

	Consolidated	
	2007	2006
Charges for debts recorded in the fiscal year	311,725	373,565
Transfer to fixed assets in progress	(4,305)	(57,136)
Net effect on income	307,420	316,429
Monetary and exchange adjustments recorded in fiscal year	(55,760)	(40,852)
Transfer to fixed assets in progress	-	(5,385)
Net effect on income	(55,760)	(46,237)
Total capitalized	(4,305)	(62,521)

34 - Income tax and social contributions

	Nota	Consolidated			
		Income tax		Social contributions	
		2007	2006	2007	2006
Profit before IRPJ and CSLL		500,586	398,801	500,586	398,801
Tax rate		25%	25%	9%	9%
IRPJ and CSLL		(125,147)	(99,700)	(45,052)	(35,892)
Adjustments to reflect effective tax rate					
IRPJ and CSLL on permanent additions and exclusions					
Donations		(1,976)	(1,102)	(711)	(398)
Depreciation		(40)	(36)	(14)	(13)
Non-deductible losses		815	(699)	293	(251)
Non-deductible fines		(75)	(219)	(26)	(78)
Management bonuses		(2,996)	(916)	(1,079)	(16)
Contribution surplus - private pension		(237)	(3,134)	(85)	(1,128)
Research and development		-	7,090	-	2,553
Loss provision - studies and projects		(395)	-	(142)	-
Allowance for doubtful debts		(1,282)	(81)	(462)	(29)
Equity accounting results		3,449	932	1,242	335
Founder's share		(899)	(680)	(323)	(245)
Miscellaneous		930	(318)	334	(115)
Miscellaneous					
Non-recorded deferred IRPJ and CSLL		(4,354)	(16,413)	(1,160)	(10,340)
Change in tax treatment on PSAP	9,1	12,744		4,599	-
Adjustments to DIPJ from previous fiscal year		489	(888)	500	171
Presumed profit adjustment		12,052	8,037	3,986	2,698
Tax incentives		3,458	2,367	-	-
IRPJ and CSL expenses		(103,464)	(105,760)	(38,100)	(42,748)

35 - Management compensation

The Annual and Extraordinary General Meeting, held on April 10, 2007, approved annual and overall compensation for members of Board of Directors, their Committees and Executive Board of up to R\$ 5,500.

The annual and overall compensation for members of Board of Directors and Management Board was R\$ 3,163 (R\$ 3,054 in 2006).

36 - Insurance

The Company and its subsidiaries maintain insurance policies that provide coverage in amounts considered sufficient to cover possible significant losses of its assets and obligations, according to the opinion of specialists and the nature and degree of risk involved.

The information used to determine risks is not part of the scope of a special review of financial statements due to its nature, and consequently was not examined by our independent auditors. The main insurance coverages are as follows:

	Consolidated
	12/31/2007
Substations	766,300
Plants	975,309
Storage	44,530
Building and contents (owned)	27,140
Building and contents (third parties)	13,171
Liability	38,238
Shipments (materials)	54,800
Shipments (vehicles)	7,008
Personnel accidents	215,771

37 - Financial instruments

37.1 - General considerations

The use of instruments and operations involving interest rates is done according to management guidelines with the goal of protecting the Company and its subsidiaries from foreign exchange fluctuations against the Brazilian real in its asset and liability operations. The management believes that risk of its cash for financial investments is minimal since there is no concentration and the operations are carried out with banks widely considered as solid.

37.2 - Market value of financial instruments

Market value of the main financial instruments are close to accounting values, especially loans, financing and hedging operations (Note 22). Market values, when applicable, were calculated according to the present value of these financial instruments, including the market interest rates for risk operations and similar operations.

37.3 - Credit risk

Accounts receivables can also increase the risk exposure of the Bandeirante, Escelsa and Enersul subsidiaries. However this exposure is reduced by an extensive client base. Additionally, part of the receivable amounts related to sales transactions, energy purchases and system service charges, carried out within the CCEE, is subject to change depending on decisions of ongoing lawsuits filed by some industry companies who have challenged the interpretation of market rules of the electric power rationing program in effect from June 2001 to February 2002.

37.4 - Hedging operations

The EDP - Energias do Brasil group companies have ongoing hedging operations on December 31, 2007, with the purpose of protecting their dollar debts from foreign currency fluctuations.

37.5 - Foreign exchange risk and interest rates

A part of the Group companies' loans and financing in Brazilian currency, shown in note 22, comprises of financing from the national agencies Eletrobrás and BNDES. Considering that the market rate (or opportunity cost of capital) is defined by these agencies by taking into account risk premiums compatible with the industry activities and that due to the impossibility of seeking other alternatives or different markets and/or methodologies for its estimates for group company business or industry idiosyncrasies, the market value of this portion of domestic loans is close to their accounting value, as well as other evaluated financial assets and liabilities.

The Company and its Escelsa subsidiary also raised funds in foreign currency (US dollar) known as senior notes (Notes 22.1 and 22.3, respectively), which were maintained until July 2007. Indebtedness and income from the operations were significantly affected by the foreign exchange risk factor for the US dollar.

This risk, which existed until July 2007, resulted from the possibility of losses due to foreign currency exchange fluctuations that would increase foreign currency liability balances.

38 - Tariff readjustment and extraordinary discount in electric energy tariffs in 2007 - Enersul

38.1 - 2007 Tariff readjustment

At a public meeting on April 3, 2007, ANEEL authorized the average readjustment of tariffs of the Enersul subsidiary by 8.05% for the period from April 2007 to March 2008, covering all consumption categories (residential, manufacturing, business, rural, etc.). Considering financial adjustments already included in Enersul tariffs for the recovery of tariff differences from previous periods, the average tariff readjustment in electric power bills was 3.2%.

In this manner, ANEEL stated that the readjustment amount will be different for high and low tension consumers, as shown in the table below:

Tension levels	Aneel Readjustment	Effective readjustment on 2006 tariffs
Low tension (lower than 2.3 kV)	8.41%	3.46%
High tension (higher than 2.3 kV)	7.31%	2.58%
Average amount	8.05%	3.20%

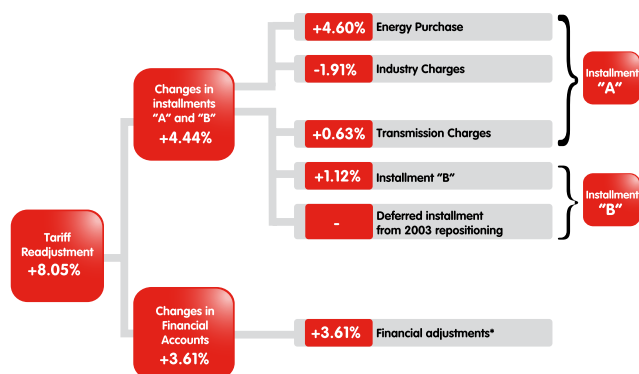
The impacts from the introduction of the Light for All Program (PLPT) in the state of Mato Grosso do Sul were partially considered, based on provisional methodology. Most of the Light for All Program impact should be entered in the periodic tariff review of April 2008.

Enersul's first periodic five-year tariff review, which took place in April 2003, applied a tariff readjustment in installments (deferment of the repositioning). The first installment, related to the IRT percentage or 32.59%, was introduced in April 2003. The other installments covering the difference between the repositioning and IRT, were to be implemented during the tariff readjustments from 2004 to 2007.

However, at this year's readjustment, ANEEL carried out a new deferment of the last original installment of the tariff repositioning of 2003 to be applied in the periodic tariff review in April 2008.

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The following chart shows the readjustment composition applied to Enersul in 2007:



* Corresponding primarily to the balance for the installment "A" (CVA) item changes account, related to the partial accounting of the impact of the Light for All Program (PLPT) and the tariff coverage supplement for increased PIS and COFINS tax rates imposed by Laws 10.637/2002, 10.833/2003 and 10.865/2004.

At a meeting on December 4, 2007, ANEEL decided to revise the Enersul tariffs approved at the tariff review in April, 2003, and determined a reduction of 6.66% in the average tariff starting on December 6, 2007. This decision is a result of Notification Instrument no. 119/2007, as stated in note 24.

38.2 - Extraordinary discount in electric power tariffs - ALMS Agreement

Enersul sealed an agreement with the Legislation Assembly of Mato Grosso do Sul where it grants a 3.014% discount in residential consumer tariffs as of September 1st until the next tariff review on April 8, 2008 and offers an "uninterruptability" contract for manufacturers providing a 5% discount on the current effective energy supply tariff for companies that join.

The discounts provided by the agreement would not be considered cumulative if a possible tariff reduction is ordered due to ANEEL's Notification Instrument no. 119/2007. This in fact did occur on December 6, 2007. The tariff reduction implemented as a result of ANEEL NI no. 119/2007 was greater and took precedence over other discounts, as stated in note 24.

39 - Periodic tariff review

ANEEL Normative Resolution no. 234, of October 31, 2006, established new definitions and general guidelines to be observed by electric power distribution public service concessionaires at the

time of their periodic tariff reviews, as determined in the terms of legislation.

As a result, the main changes introduced include:

- Protection of Regulatory Remuneration Base (BRR) approved in the previous cycle (previous BRR);
- Elimination of write-offs made between the base dates of the 1st and 2nd cycles;
- Adjustment of remaining amounts of the previous BRR using the IGP-M;
- Consideration of the accumulated depreciation effects between the base dates of the 1st and 2nd cycles; and
- Additions made the base dates of the 1st and 2nd cycles.

Also emphasized is the treatment given to the balance of the liabilities linked to the concession account as stated in note 19.3.

The remuneration rate of assets subject to remuneration, defined based on the weighted average capital cost (WACC), was revised from 11.26% to 9.95% in actual terms, discounting inflation and taxes.

The tariff review process is carried out in two stages. In the first stage, known as tariff repositioning, tariffs compatible with the coverage of efficient operating costs are established for a certain service quality level and with fair and suitable remuneration for judicious investments. The second stage consists of the calculation of Factor X, which establishes the productivity goals for the second tariff period.

39.1 - Enersul

The Enersul subsidiary is currently undergoing its periodic tariff review process, whose conclusion will result in the setting up of new tariffs for electric power and the use of the distribution system, as of April 8, 2008.

39.2 - Bandeirante

At a meeting on October 22, 2007, ANEEL approved the report that authorizes the readjustment of Bandeirante tariffs by -8.8%, for the period starting on October 23, 2007, covering all consumption categories (residential, manufacturing, business, rural, etc.).

The repositioning is the main result of tariff revision resulting from ANEEL's analysis of efficient operating costs using benchmark

company (ER) methodology, judicious investment evaluation, the Regulatory Remuneration Base (BRR) and the accounting of non-managerial costs and Installment A. In the case of Bandeirante, both the ER and the BRR were considered as temporary in light of some components that are still being evaluated by ANEEL.

Considering financial adjustments already included in Bandeirante tariffs for the recovery of tariff differences from previous periods, the average tariff readjustment in electric energy bills was -9.32% and, after the combined effect of financial adjustments in 2006 and 2007, the average perception for the consumer was -12.47%.

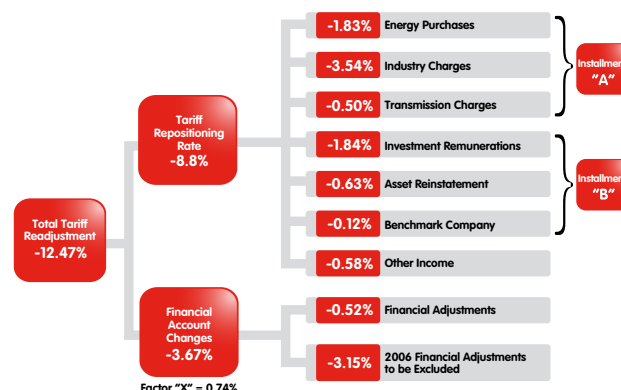
ANEEL also preliminarily established a Xe Factor of 0.74% to be used as of the tariff readjustment of 2008.

In this manner, ANEEL stated that the readjustment amount will be different for high and low tension consumers, as shown in the table below:

Tension levels		Effective average tariff readjustments for 2006
Low tension (lower than 2.3 kV)		-13.90%
A4	(higher than 2.3 kV)	-10.20%
A2		-12.33%
A1		-15.35%
Average amount		-12.47%

The following charts show the composition of the final results of the Periodic Tariff Review applied to Bandeirante in 2007:

2007 Tariff Revision	Amounts (in thousands of reais)
Confirmed income	2,146,463
Installment "A"	1,402,476
Installment "B"	567,473
Benchmark company Default	262,867
Capital remuneration	12,667
Regulatory depreciation	184,119
Regulatory depreciation	107,820
Total required income	1,969,950
(-) other income	12,443
Net required income	1,957,506
Tariff repositioning	-8.80%
2007 financial adjustment	-0.52%
2006 financial adjustment	3.15%
Total repositioning	-12.47%



Additionally, financial components associated to recoveries related to past periods were accounted for and increased income by R\$ 12,955.

39.3 - Escelsa

At a meeting on August 6, 2007, ANEEL approved the report that authorizes the revision of the Escelsa subsidiary's tariffs by -2.16%, for the period starting on August 2007, covering all consumption categories (residential, manufacturing, business, rural, etc.).

Considering financial adjustments already included in Escelsa tariffs for the recovery of tariff differences from previous periods, the average tariff readjustment in electric energy bills was -9.62%.

ANEEL also preliminarily established a Xe Factor of 1.45% to be used as of the tariff readjustment of 2008. The tariff increase was applied differently to the various client groups as a result of the Federal Government's tariff realignment policy, which calls for the gradual elimination of existing crossed subsidies among consumer categories. The government determined this policy to be introduced in the period from 2003 to 2007.

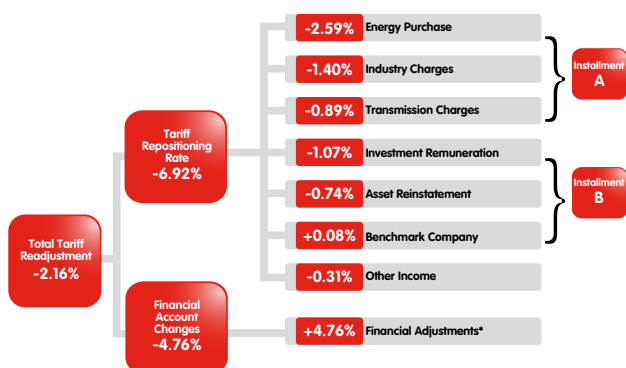
In this manner, readjustment amounts will be different for high and low tension consumers, as shown in the table below:

Tension levels	Effective readjustment on 2006 tariffs
Low tension (lower than 2.3 kV)	- 12.48%
High tension (higher than 2.3 kV)	- 6.13%
Average amount	- 9.62%

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The following chart shows the composition of the final results of the Periodic Tariff Review applied to Escelsa in 2007:

Escelsa: Breakdown of the Tariff Repositioning Rate for 2007



* Financial adjustments correspond primarily to the balance for installment "A" (CVA) item changes account, the partial accounting of the impacts of the Light for All Program (PLPT), the recomposition of tariff discounts granted as a result of ANEEL Normative Resolution no. 166/2005 and the tariff coverage complement for increased PIS and COFINS tax rates imposed by Laws 10.637/2002, 10.833/2003 and 10.865/2004.

Financial adjustment already included in the Escelsa tariffs, related to the recovery of past periods, were recorded and increased income by approximately R\$ 30,222, without considering the tax effects.

40 - National universalization program

By means of Law no. 10.438, of April 26, 2002, and Law no. 10.762, of November 11, 2003, the Federal Government instituted the National Universalization Program to provide access to electricity for all those who have a load of up to 50 kW.

40.1 - Bandeirante

In the Bandeirante concession area, the objective is to make service available by 2008. The Company's goal for the Light for All Program is to promote universal service by 2008, apart from the exceptions determined by the program.

The Commitment Agreement to operate the Light for All Program, was signed on May 19, 2004 between the Ministry of Mines

and Energy, the State Government and Bandeirante, with the participation of Eletrobrás and ANEEL. This commitment calls for financing 65% of the program with RGR funds (financing), 10% in the form of CDE economic subsidies (no return is expected), 15% from the executing agent and 10% from the State Government.

In the period from 2004 to 2006, service was provided to urban areas of all municipalities in the concession area in accordance with ANEEL Resolutions 456/2000 and 223/2003. In rural areas during the same period, R\$ 17.6 million was invested to provide service to 6,351 new customers by means of the Light for All Program. A new Commitment Agreement was established in light of the results for the 2007-2008 period, which calls for use of 75% of RGR financing from RGR, 10% of the State Government of São Paulo and 15% of Bandeirante for serving 4,200 new customers.

In 2007, R\$ 11.8 million was invested in Universalization of Access to Electric Energy Public Service, of which R\$ 3.7 million was invested in the Light for All Program, to connect 1,207 customers.

The following contracts were signed for execution of the Light for All Program:

- 2004 to 2006: Contract ECFS-019/2004 in the amount of R\$ 13,296, CDE accounting for R\$ 1,773 and RGR, R\$ 11,523. Bandeirante received R\$ 8,169 from this contract, which ended as of December 2006, but is still awaiting financial closing for settlement of differences; and
- 2007 to 2008: ECFS-184/2007 Contract in the amount of R\$ 12,359 coming from RGR. Bandeirante received R\$ 3,708 from this ongoing contract.

40.2 - Escelsa

In the Escelsa concession area, the goal is to make service a reality by 2013. The Company's goal for the Light for All Program is to promote universal service by 2008, apart from the exceptions determined by the program.

The Commitment Agreement to operate the Light for All Program, was signed on May 21, 2004, between the Ministry of Mines and Energy, the State Government and Escelsa, with the participation of Eletrobrás and ANEEL. This commitment calls for financing 65% of the program with RGR funds (financing), 10% in the form of CDE economic subsidies (no return is expected), 15% from the executing agent and 10% from the State Government.

From 2004 to 2007, service was provided in urban areas of all municipalities in the concession area in accordance with ANEEL Resolutions 456/2000 and 223/2003. In rural areas during the same period, the Light for All Program served 27,999 new customers by investing R\$ 149.47 million.

In 2007, R\$ 35.9 million was invested in the Light for All Program to connect 5,015 consumers to meet the goal agreed to with the Ministry of Mines and Energy and with the Government of the State of Espírito Santo.

The following contracts were signed for execution of the Light for All Program:

- 2004: Pioneering Projects Contract with Eletrobrás in the amount of R\$ 200, R\$ 170 of which is from CDE and R\$ 30 from own funds;
- 2004 and 2005: ECFS-031/2004 Contract and its addendums ECFS-031A, ECFS-031B, in the amount of R\$ 35,732, R\$ 4,764 of which from CDE and R\$ 30,968 from RGR. Escelsa received R\$ 3,020 from CDE and R\$ 19,634 from RGR through this contract, which ended in December 2005, but is still awaiting settlement of differences. In this contract, Eletrobrás also determines an additional R\$ 6,306 in funds for Escelsa;
- 2006 and 2007: ECFS-106/2005 Contract and its addendums ECFS-106A, 58.044, of which R\$ 7,739 is from CDE and R\$ 50,305 from RGR. Escelsa received R\$ 5,418 from CDE and R\$ 35,213 from RGR through this contract, which ended in March 2007, but is still awaiting financing settlement of differences. In this contract, Eletrobrás includes an additional R\$ 10,243 in funds for Escelsa;

- 2007: ECFS-181/2007 Contract in the amount of R\$ 101,414, of which R\$ 85,866 comes from RGR and R\$ 15,548 of own funds. No disbursements have been made under this contract; and
- 2004-2007: SEAG 027/2004 Agreement with the Government of the State of Espírito Santo for R\$ 4,764, with closing paid by the State in the amount of R\$ 4,264. SEAG 054/2005 and 197/2006 Contracts for R\$ 9,105.

40.3 - Enersul

In the Enersul concession area, the goal is to make service available by 2013. The Company's goal for the Light for All Program is to promote universal service by 2008, apart from the exceptions determined by the program.

The Commitment Agreement to operate the Light for All Program, was signed on May 21, 2004, between the Ministry of Mines and Energy, the State Government and Enersul, with the participation of Eletrobrás and ANEEL. This commitment calls for financing 35% of the program with RGR funds (financing), 40% in the form of CDE economic subsidies (no return is expected), 15% from the executing agent and 10% from the State Government.

From 2004 to 2007, service was provided to urban areas of all municipalities in the concession area in accordance with ANEEL Resolutions 456/2000 and 223/2003, which translates to a total of 74,278 households. In rural areas during the same period, 4,971 new customers were served, not including the Light for All Program. In rural areas during the same period, the Light for All Program served 22,318 new customers by investing R\$ 187.64 million.

In 2007, R\$ 32.2 million was invested in the Universalization of Access to Electric Power Public Service. Out of this total, R\$ 28.5 million was earmarked for the Light for All Program to connect 2,971 new consumers and meet the goal agreed with the Ministry of Mines and Energy and the Government of the State of Mato Grosso do Sul; R\$ 0.33 million was allocated for the completion of urban construction begun in 2006 and completed in 2007 and R\$ 3.4 million for adaptation of 5,502 km of donated private networks necessary for connecting customers in the Light for All Program.

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The following contracts were signed for execution of the Light for All Program:

- 2004: Pioneering Projects Contract with Eletrobrás in the amount of R\$ 1.368, of which R\$ 1.163 is from CDE and R\$ 205 from own funds;
- 2004 and 2005: ECFS-024 Contract and its addendums ECFS-024A, ECFS-024B, in the amount of R\$ 45,639, of which R\$ 20,689 are from CDE, R\$ 18,103 from RGR and R\$ 6,846 from own funds. Enersul received R\$ 18,620 from CDE and R\$ 16,293 from RGR through this contract, which ended in December 2005, but is still awaiting financial settlement of differences;
- 2006 and 2007: ECFS-097 Contract and its addendums ECFS-097A, ECFS-097B, in the amount of R\$ 105,161, of which R\$ 47,673 are from CDE and R\$ 41,714 from RGR and 15,774 from own funds. Enersul received R\$ 32,008 from CDE and R\$ 29,200 from RGR through this contract, which ended in December 6, 2007, but is still awaiting financial settlement of differences;
- 2004-2006: Agreement 002/04 with the Government of the State of Mato Grosso do Sul and its addendums, in the amount of R\$ 17,530, for coverage of the state's participation in the first and second stages of the Program. Enersul received R\$ 8,431 from this agreement, but is still awaiting a decision from the state government regarding settlement of the difference.

41 - Law no. 11.638/07 - changes in accounting practices

Law no. 11.638 was enacted on December 28, 2007, modifying Law no. 6.404/76 in the chapter related to disclosure and preparation of Financial Statements, changing the criteria for recording and valuing assets and liabilities, among other aspects. These changes to accounting practices will become effective on January 1, 2008, and can be summarized as follows:

- (i) pre-fixed financial assets and liabilities must be adjusted to present value when the effects are significant;
- (ii) financial leasing is now recorded as fixed assets;
- (iii) certain financial instruments and derivatives must be recorded at fair value;
- (iv) assets acquired during the process of acquiring equity interest in companies, between independent parties, are now recorded at fair value by the acquiring company;
- (v) equity accounting is now used for investments in which we have a significant influence and for companies that are part of the same group or under the same parent company; and
- (vi) asset revaluation is no longer allowed.

The effects of the application of the law mentioned in the Company's Financial Statements are being analyzed by Management, along with the application of certain changes that depend on regulation yet to be issued by competent agencies. Thus, the full impact of the changes brought about by this Law still cannot be measured.

To
The Board of Directors and Shareholders of
EDP - Energias do Brasil S.A.
São Paulo - SP

1. We have audited the balance sheets of EDP - Energias do Brasil S.A. and the consolidated balance sheets of this Company and its subsidiaries as of December 31, 2007 and 2006, and their respective income statements, statement of changes in financial position, statement of changes in shareholders' equity and statement of changes in financial position for the fiscal years ending on those dates, prepared under the responsibility of its Management. Our responsibility is to express an opinion on these financial statements. The financial statements of the jointly held indirect subsidiary, Investco S.A., on December 31, 2007 and 2006, were audited by other independent auditors, whose opinions were expressed on January 18, 2008, with no qualifications. In the financial statements for EDP - Energias do Brasil S.A., the interest in this company is evaluated by the equity accounting method and represents an investment of R\$ 129,249,000, and the share of this investment in the income in the fiscal year totaled R\$ 8,492,000 in profit. The financial statements of this investee, with total proportional assets of R\$ 331,095,000 on December 31, 2007, are included in the consolidated financial statements. Our opinion, with regard to the investment amounts and income resulting from this jointly held indirect subsidiary, as well as from the proportional assets and liabilities included in the consolidated financial statements, is based on the opinion of these auditors.

2. We conducted our audits in accordance with the auditing standards generally accepted in Brazil and included the following: (a) project planning, considering the importance of balances, volume of transactions and the accounting systems and internal control used by the Company and its subsidiaries; (b) confirmation, based on testing, of evidence and records that support the disclosed accounting values and information; and (c) the evaluation of the more representative accounting practices and estimates adopted by the Management of the Company and its subsidiaries, as well as the presentation of financial statements as a whole.

3. In our opinion, based on our audit and in the opinion of other independent auditors, the financial statements mentioned in the first paragraph present fairly, in all material aspects, the financial and equity position of EDP - Energias do Brasil S.A. and the financial and equity position of this Company and its subsidiaries on December 31, 2007 and 2006, and the results of its operations, the changes in its shareholders' equity and in financial position for the fiscal years ending on these dates, according to the accounting principals generally accepted in Brazil.

4. Our audits were conducted with the purpose to form an opinion on the above-mentioned financial statements taken as a whole. The statement of added value and cash flow statement represent supplementary information to these statements, which are not required by the accounting practices generally accepted in Brazil, and are stated to enable additional analysis. These supplementary statements were submitted to the same auditing procedures applied to the main financial statements and, in our opinion, present fairly, in all material aspects, the financial statements for the fiscal years ending on December 31, 2007 and 2006, taken as a whole.

5. As mentioned in Note no. 39 to the financial statements, as the result of the periodic tariff reviews for the Escelsa and Bandeirante subsidiaries, required by the concession contracts, ANEEL ratified the temporarily tariff repositioning at -6.92% for Escelsa and -8.80% for Bandeirante, applicable for a period starting on August 8, 2007 and October 23, 2007, respectively. The retroactive changes of these tariff reviews were recorded in the financial statements of December 31, 2007, as mentioned in the note. Nonetheless, possible effects resulting from definitive tariff changes, if they do occur, will be reflected in the equity and financial position of the Company in subsequent periods.

6. As stated in Note no. 24 to the financial statements, the Enersul subsidiary recorded a provision for refund to energy consumers of amounts billed mostly during the period from April 2003 to December 2007 in the amount of approximately R\$ 183 million, as estimated by Management. Its settlement is scheduled, at the present time, to occur during the period from April 2008 to March 2009 according to the ANEEL proposal presented at a public hearing. As a result of the recording of this ad hoc tariff refund, some restrictive debenture debt clauses, as described in Note no. 21, would have been affected if the determination had been done on December 31, 2007. The next period for confirmation of compliance to this clause will be on March 31, 2008. Management is still taking the necessary measures to resolve this issue and does not expect any changes to the classification of the Enersul debenture debt installment amount as a non-current liability due to non-compliance to restrictions.

February 25, 2008



Independent Auditors
CRC 2SP014428/0-6

José Luiz Ribeiro de Carvalho
Accountant CRC 1SP141128/0-2

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