

EDP - ENERGIAS DO BRASIL SA.

REGULATION OF THE MANAGEMENT BODIES' COMPETENCIES AND RULES OF THE BOARD OF DIRECTORS' ADVISORY COMMITTEES

CHAPTER I - PURPOSE

Article 1 – This instrument (the “Regulations”) is intended to define specific competencies for the management bodies of EDP - Energias do Brasil S.A. (the “Company”), i.e.: the Board of Directors and Senior Management, as well as to define rules for the organization, functioning, and competencies of the Company’s Audit, Compensation, and Sustainability and Corporate Governance Committees.

Sole Paragraph – the Board of Directors’ technical and advisory committees provided for in the Corporate By-laws’ article 23 may be created by means of amendments to these Regulations.

Article 2 – The activities and competencies of the Board of Directors, of the Audit, Compensation and Sustainability, and Corporate Governance Committees, as well as of Senior Management are governed by Law no. 6404 dated December 15, 1976, as amended ("Law 6404/76"), by the Company’s Corporate By-laws, and by these Regulations, as the case may be, without prejudice of any other applicable legal and regulatory provisions. Should there be a conflict among the provisions contained in these Regulations and in the Company’s Corporate By-laws, the latter shall prevail.

CHAPTER II – THE BOARD OF DIRECTORS

SUB-CHAPTER II 1 - COMPETENCY

Article 3 – The Board of Directors organized pursuant to the Company’s Corporate By-laws is a collegiate decision-making body responsible for determining the general course of business and decisions on the Company’s strategic issues, those of its wholly-owned subsidiaries Empresa Energética de Mato Grosso do Sul S.A. - ENERSUL, Espírito Santo Centrais Elétricas – ESCELSA, and Bandeirante Energia S.A. (the "Subsidiaries"), and the Company’s vote in connection with its other controlled companies (the Subsidiaries jointly with the Company’s other controlled companies being the “Controlled Companies”).

Sole Paragraph – The Board of Directors shall be responsible for deciding on all and any topic of interest to the Company and, indirectly, to the Controlled Companies, with the exception of those which law or the Corporate By-laws attribute competency to the General Shareholders’ Meeting or to Senior Management.

SUB-CHAPTER II 2 – SPECIFIC ATTRIBUTIONS

Article 4 – Without prejudice to any other topics the competency of which is attributed to it by law or the Company’s Corporate By-laws, the Company’s Board of Directors shall have the following specific attributions:

a) for the purposes of indentation “F”, article 22 of the Company’s Corporate By-laws, to authorize the practice of the following actions by Senior Management, even when provided for in the Company’s business plan and annual budget, previously approved by its Board of Directors (the “Company’s Business Plan”):

(a.1) contracting financing, loans and/or other financial liabilities of sums in excess of R\$ 100,000,000.00 (one hundred million Brazilian reais) (considering the transaction singly or jointly with transactions in effect of the same nature, same parties, and purpose);

(a.2) re-contracting of terms and conditions, including extensions of expiry dates or accelerated expiry of financing, loans and/or other pre-existing financial liabilities of sums in excess of R\$ 100,000,000.00 (one hundred million Brazilian reais);

(a.3) the granting of financing, loans, capital advances or those of any other nature to third parties and/or to Controlled Companies, of sums in excess of R\$ 100,000,000.00 (one hundred million Brazilian reais) (considering the transaction singly or jointly with transactions in effect of the same nature, same parties, and purpose);

(a.4) the granting of guarantees in favor of third parties, including Controlled Companies, of sums in excess of R\$ 100,000,000.00 (one hundred million Brazilian reais) (considering the transaction singly or jointly with transactions in effect of the same nature, same parties, and purpose);

(a.5) pledges and encumbrances of rights, property and assets, including equity holdings, of sums in excess of R\$ 100,000,000.00 (one hundred million Brazilian reais) (considering the transaction singly or jointly with transactions in effect of the same nature, same parties, and purpose);

(a.6) investments of a permanent nature for the acquisition or any other form, in another company association, consortium, or a set of assets and rights of the nature of an undertaking, of sums in excess of R\$ 100,000,000.00 (one hundred million Brazilian reais) (considering the transaction singly or jointly with transactions in effect of the same nature, same parties, and purpose);

(a.7) to enter into agreements involving capital outlays not expressly covered by the preceding sub-items and not including financial investments, in connection with:

(a.7.1) the sale of energy, of sums in excess of R\$ 100,000,000.00 (one hundred million Brazilian reais) (considering the transaction singly or jointly with transactions in effect of the same nature, same parties, and purpose);

(a.7.2) services, acquisitions, investments in assets and rights, or expenses in general, in the normal course of Company business and/or as required to carry out its activities, of sums in excess of R\$ 75,000,000.00 (seventy-five million Brazilian reais) (considering the transaction singly or jointly with transactions in effect of the same nature, same parties, and purpose);

(a.7.2) services, acquisitions, investments in assets and rights, or expenses in general, non-recurrent and ancillary to Company activities, of sums in excess of R\$ 30,000,000.00 (thirty million Brazilian reais) (considering the transaction singly or jointly with transactions in effect of the same nature, same parties, and purpose);

(a.8) to enter into shareholders’ or quota-holders’ agreements which may in any manner restrict voting rights or the disposal of equity interests held directly or indirectly by the Company; and

(a.9) the exercise of the Company’s voting rights in the Controlled Companies’ shareholders’ or

quota-holders' meetings, in connection with the following topics: (i) the election of managers (board of directors or of senior management members, should there be no board of directors in the controlled company in question); (ii) changes in the corporate purpose; (iii) increases or decreases in equity capital; and (iv) corporate reorganizations (absorptions of companies or stocks, spin-offs, and mergers).

b) to examine prior to submission to the Controlled Companies' boards of directors (or senior management or equivalent body, as applicable), recommending or otherwise the approval for the Controlled Companies' boards of directors or senior management to practice the actions described in sub-items (a.1) to (a.9) of this article's indentation "a", save in each case if already provided for in the Company's Business Plan;

c) to examine prior to submission to the Controlled Companies' boards of directors (or senior management or equivalent body, as applicable), recommending or otherwise the approval for the Controlled Companies' boards of directors or senior management to practice any changes in the concession agreements entered into by the Controlled Companies;

d) to examine prior to submission to the boards of directors (or senior management or equivalent body, as applicable) of the Controlled Companies deemed relevant, recommending or otherwise the election of the latter's senior management;

e) to elect the members of the Audit, Compensation and Sustainability, and Corporate Governance Committees, pursuant to articles 14, 20, and 26 in these regulations, with powers to remove them at any time;

f) to approve business, financial, human resources, operating, and marketing strategies to be adopted by the Company and by the Controlled Companies;

g) to approve risk exposure limits in the energy sales activities or in transactions in the energy market; and

h) to examine or ratify, as applicable, other topics submitted to it by the Audit, Compensation and Sustainability, and Corporate Governance Committees, as well as by the Company's Senior Management.

Sole Paragraph; the Company's Business Plan subject to examination and approval by the Board of Directors, pursuant to the competency attributed to it under the Corporate By-laws, shall contain mandatorily the Controlled Companies' annual business plan, including their operating and investment plans, in addition to their multi-annual plans.

Article 5 – The Chairman of the Board of Directors shall be especially responsible for:

- a) representing the Board of Directors;
- b) coordinating the Board of Directors' activities;
- c) Deciding on issues inherent to the Board;
- d) ensuring jointly with the other board members compliance with the resolutions by the Board of Directors.
- e)

SUB-CHAPTER II.3 - TRANSACTIONS BETWEEN THE COMPANY AND ITS
CONTROLLED COMPANIES, ON THE ONE HAND, AND ON THE OTHER THE
COMPANY'S DIRECT AND INDIRECT SHAREHOLDERS

Article 6 – Unless otherwise resolved by the Board of Directors and in compliance with the applicable laws and regulations, Senior Management is hereby authorized to enter into or to approve entering into agreement between the Company and/or its Controlled Companies, on the one hand, and on the other the shareholders and entities controlled by them or directly or indirectly associated or related to them, of sums not in excess of the largest of the two, R\$ 200,000.00 (two hundred Brazilian reais) or 1% (one percent) of the Company's shareholders' equity (considering the transaction singly or jointly with transactions in effect of the same nature and purpose).

SUB-CHAPTER II.4 – THE BOARD OF DIRECTORS' SECRETARY'S OFFICE; ENTRY OF
GUESTS AND OTHER OPERATING RULES

Article 7 – The Board of Directors' meetings shall be run by qualified personnel made available by the Company. The Board of Directors' Secretary's Office shall be responsible for:

- a) organizing under the Chairman's guidance the agenda of topics to be dealt with in each meeting, obtaining and making available to the Board Members in a timely manner for their prior examination, the documentation required or related to the topics in the agenda;
- b) attending the meetings, recording the proceedings;
- c) preparing the minutes of the meetings which shall be recorded in a specific book, and remit them to the Board Members subsequent to the respective approval;
- d) remitting and receiving documentation in connection with the Board, in accordance with the Chairman's instructions;
- e) preparing the call notices in writing to the Board Members for the meetings;
- f) carrying out other activities assigned to it by the Chairman of the Board; and
- g) caring for the filing and disclosure of the minutes of the Board of Directors' meetings, to make them effective before third parties.

Article 8 – At the Chairman's invitation, persons not belonging to the Board may attend the meetings, in order to provide explanations on the topics in the agenda, such as the Company's or Controlled Companies' Senior Managers, financial, accounting, commercial, and legal advisors, as well as representatives of external auditors.

CHAPTER III – COMMITTEES

SUB-CHAPTER III.1 – PROCEEDINGS OF COMMITTEE MEETINGS

Article 9 – Committee meetings shall be convened in writing. Meetings shall be held only with the attendance of the majority of members of each Committee. A call notice shall not be required when all the members of the Committee in question shall be in attendance.

Sole Paragraph – At the Committee Chairman's invitation, persons not belonging to the Committee may attend the meetings, in order to provide explanations on the topics in the agenda, such as the

Company's Senior Managers, financial, accounting, commercial, and legal advisors, as well as representatives of external auditors.

Article 10 – Committee meetings may be held by means of conference calls, video conferences, or other means of communications, and this kind of participation shall be deemed to be personal attendance at the mentioned meeting. In this case, the members of the Committee in question with a remote attendance at the meeting shall express their votes by means of a letter, facsimile, or email which shall unmistakably identify the sender.

Article 11 – The resolutions in the meetings of each one of the Committees shall be adopted by the majority votes of the persons in attendance in each meeting, or those who have cast their vote pursuant to article 10 above.

Sole Paragraph – The resolutions adopted in the Committee meetings shall be formalized in writing.

Article 12 – In case of a vacancy in the Committees, the other members of the Committee in question may appoint by their unanimous vote any other member of the Company's Board of Directors as a replacement who shall temporarily also hold the replaced person's functions, which temporary replacement shall proceed until the definite appointment to the office as decided in the first subsequent Board of Directors' meeting.

SUB-CHAPTER III.2 – THE AUDIT COMMITTEE

SUB-CHAPTER III.2.1 - COMPETENCY

Article 13 – The Audit Committee as created by these Regulations, is a permanent committee with the responsibility of monitoring and assessing the external and internal audit activities, monitoring the Company's business risks, monitoring accounting practices and the transparency of information, as well as advising the Board of Directors in their resolutions on the above-described topics.

SUB-CHAPTER III.2.2 - COMPOSITION

Article 14 – The Audit Committee shall be composed of three members elected by the Board of Directors, and subject to removal by the latter at any time, selected among the Company's Board Members, and one of this Committee's members shall be mandatorily selected among the Board Members elected by the Company's non-controlling shareholders, if any. Board of Directors' Members who double as the Company's and/or Controlled Companies' Senior Managers shall not be members of the Audit Committee.

Sole Paragraph – The Board of Directors shall also elect the Audit Committee chairman, who shall be required to have knowledge of finance by means of academic studies or professional experience, and to remain independent in relation to the Company, its shareholders, and its Controlled Companies, and to this end shall meet the following requisites:

- (i) shall not have a labor relationship with Company or Controlled Company shareholders that hold a direct or indirect interest in excess of 5% of the Company's and/or its Controlled Companies' total capital;

- (ii) shall not have a labor relationship with the Company and/or its Controlled Companies; and
- (iii) shall not receive any direct or indirect compensation or any other consideration in specie paid by the Company and/or its Controlled Companies, with the exception of the compensation received by virtue of the performance of his/her functions in the Board of Directors, in the Audit Committee and/or in any other Company Committee.

Article 15 – The Audit Committee members' term of office shall be uniform, of one fiscal year, subject to reelection, and for this article's purpose one fiscal year shall be considered the period between two General Shareholders' Meetings. The Audit Committee members shall remain empowered in office until the election and empowerment of their successors.

Article 16 – The Audit Committee members may receive compensation for the performance of their functions in the Audit Committee, which shall be fixed by the Board of Directors, subject to the total budget approved by the General Shareholders' Meeting.

Article 17 – The Audit Committee shall normally meet once every quarter, and in special circumstances by means of a call notice by any of its members.

SUB-CHAPTER III.2.3 - ATTRIBUTIONS

Article 18 – The Company's Audit Committee shall be responsible for:

- a) submitting to the Board of Directors a proposal for the independent auditors' selection and compensation, and of the person in charge of the Company's and its Controlled Companies' internal audits.
- b) ensuring compliance with and the correct enforcement of accounting principles and practices pursuant to the legislation in force and in accordance with the guidance by the local regulating bodies;
- c) examining the Company's and its Controlled Companies' policies and annual audit plan submitted by the person responsible for the Company's and its Controlled Companies' internal audits, as applicable, in addition to its enforcement;
- d) ensuring that the internal audits' working plan are in line with the Company's and its Controlled Companies' key business risks;
- e) monitoring the Company's and its Controlled Companies' internal audit results, and devising and proposing to the Company's Board of Directors actions to be monitored by Senior Management;
- f) issuing opinions on the approval of the managers' accounts and the Company's and its Controlled Companies' financial statements, and also on specific areas that were submitted to audits;
- g) ensuring that the adjustments proposed by the independent auditors shall be fully discussed within the scope of the Audit Committee;
- h) checking the conformity and adequacy of expenses in connection with the independent

auditors;

- i) assessing the performance of the internal and external auditors;
- j) establishing procedures for receiving, preserving, and handling complaints and reports received through the Communications and Reports Channel, including maintenance of the denouncer's due secrecy and anonymity, in addition to remitting the report or complaint to the other Committees or other persons in charge in the organization and in accordance with their respective competencies, in particular the Sustainability and Corporate Governance Committee, when in connection with non-compliance with the principles of ethics, transparency, corporate governance, and sustainability; and
- k) approving in advance all the external audit services, as well as the non-audit services permitted and provided by the independent auditors.

SUB-CHAPTER III.3 – THE COMPENSATION COMMITTEE

SUB-CHAPTER III.3.1 - COMPETENCY

Article 19 – The Compensation Committee as created by these Regulations, is a collegiate resolution advisory committee of a non-permanent nature, with the responsibility of advising the Board of Directors regarding its resolutions in connection with the Company's and its Controlled Companies' compensation policies.

SUB-CHAPTER III.3.2 - COMPOSITION

Article 20 – The Compensation Committee shall be composed of three members elected by the Board of Directors, and subject to removal by the latter at any time, selected among the Company's Board Members, and the Chairman of the Board of Directors shall be mandatorily one of its members. Board of Directors' Members who double as the Company's and/or Controlled Companies' Senior Managers shall not be members of the Compensation Committee.

Sole Paragraph – The chairman of the Compensation Committee shall be the Chairman of the Company's Board of Directors.

Article 21 – The Compensation Committee members' term of office shall be uniform, of one fiscal year, subject to reelection, and for this article's purpose one fiscal year shall be considered the period between two General Shareholders' Meetings. The Compensation Committee members shall remain empowered in office until the election and empowerment of their successors.

Article 22 – The Compensation Committee members may receive compensation for the performance of their functions in the Compensation Committee.

Article 23 – The Compensation Committee shall normally meet once every year, and in special circumstances by means of a call notice by any of the Chairman.

SUB-CHAPTER III.3.3 - ATTRIBUTIONS

Article 24 – The Company's Compensation Committee shall be responsible for:

- a) coordinating the process of assessing the entire Senior Management and the Company's and Controlled Companies' key executives;
- b) Proposing a level of compensation for Senior Management and the Company's and Controlled Companies' key executives, in addition to other compensation mechanisms adequate to market practices, based on an assessment of economic and financial, environmental and social performance; and
- c) proposing the allocation of compensation among members of the Board of Directors.

SUB-CHAPTER III 4 – THE SUSTAINABILITY AND CORPORATE GOVERNANCE

COMMITTEE

SUB-CHAPTER III.4.1 - COMPETENCY

Article 25 – The Sustainability and Corporate Governance Committee as created by these Regulations, is a committee of a permanent nature with the responsibility of caring for the organization's continuity (a long-term vision, sustainability), embodying considerations of a social and environmental nature in its business and operations and adopting best corporate governance practices and highest ethical principles, with a view to increasing the company's value, facilitating access to capital at lower costs, and thus contributing to its continuity.

SUB-CHAPTER III.4.2 - COMPOSITION

Article 26 – The Sustainability and Corporate Governance Committee shall be composed of three members elected by the Board of Directors, and subject to removal by the latter at any time, selected among the Company's Board Members, and one of this Committee's members shall be mandatorily selected among the Independent Board Members or among those elected by the Company's non-controlling shareholders, if any.

Sole Paragraph – The Board of Directors shall also elect the Chairman of the Sustainability and Corporate Governance Committee.

Article 27 – The Sustainability and Corporate Governance Committee members' term of office shall be uniform, of one fiscal year, subject to reelection, and for this article's purpose one fiscal year shall be considered the period between two General Shareholders' Meetings. The Sustainability and Corporate Governance Committee members shall remain empowered in office until the election and empowerment of their successors.

Article 28 – The Sustainability and Corporate Governance Committee members may receive compensation for the performance of their functions in the Sustainability and Corporate Governance Committee, which shall be fixed by the Board of Directors, subject to the total budget approved by the General Shareholders' Meeting.

Article 29 – The Sustainability and Corporate Governance Committee shall normally meet once every six months, and in special circumstances by means of a call notice by any of its members.

SUB-CHAPTER III.4.3 - ATTRIBUTIONS

Article 30 – The Company’s Sustainability and Corporate Governance Committee shall be responsible for:

- a) advising the Board of Directors with regard to compliance with its responsibility in connection with long-term strategy and planning, proposing strategies and policies in favor of the Company’s and its Controlled Companies’ sustainability;
- b) disseminating the strategic concept of Sustainability or Corporate Responsibility, with a view to achieving globally accepted standards as a reference of excellence;
- c) supervising and taking on the role of a guardian of the Principles of Sustainable Development in the entire organization;
- d) including in the topics to be submitted to resolutions by the Board of Directors the visions of the parties concerned inside and outside the organization;
- e) including a vision and embodying in the organization’s decisions and strategic planning the aspects with regard to the economic and financial, environmental, and social spheres (TBL – Triple Bottom Line);
- f) supervising and assuming the role of the guardian of Ethical Principles as provided in the Company’s and Controlled Companies’ Code of Ethics, and disseminating these principles throughout the organization, inspecting their enforcement, in coordination with the functional ethics committee under the scope of the Company’s Senior Management;
- g) advising the Board of Directors, proposing policies and actions with a view to the adoption by the Company and its Controlled Companies of transparency principles, accountability, and good corporate governance practices, as well as for monitoring and inspecting their enforcement;
- h) monitoring, assessing, and inspecting internal procedures in connection with conflicts of interest, in addition to the efficacy of the assessing systems and resolution of conflicts of interest;
- i) issuing opinions in cases of conflicts of interests arising in the scope of the Company’s and Controlled Companies’ activities and of their managerial bodies, in particular with direct or indirect shareholders;
- j) issuing opinions on transactions of any nature between the Company and its direct or indirect Controlled Companies, with the exception of those (i) of a value below the largest of the two, R\$ 200,000.00 (two hundred Brazilian reais) or 1% (one percent) of the Company’s shareholders’ equity (considering the transaction singly or jointly with transactions in effect of the same nature and purpose); (ii) with the corporate purpose of marketing energy, of whatever value involved; and (iii) which from time to time, by means of a specific resolution by the Sustainability and Corporate Governance Committee shall be exempted from a prior approval, or that deserve approval of a global nature, in both cases in which there is an objective in common and the predictability of contracting on a regular basis, or in the Company’s and Controlled Companies’ normal course of business;

- k) issuing opinions on the proposal to be submitted to the Board of Directors with regard to the Company' or the Controlled Companies' sustainability and corporate governance targets, with a view to achieving globally accepted standards as a reference of excellence for the mentioned areas; and
- l) proposing to the Board of Directors an assessment procedure for the Board of Directors and its members.

CHAPTER IV – SENIOR MANAGEMENT

SUB-CHAPTER IV 4 – COMPETENCY AND LIMITATION OF POWERS; GRANTING OF POWERS OF ATTORNEY BY THE COMPANY; INFORMATION

Article 31 – Senior Managers shall enjoy the competencies and attributions conferred on them by law and under the Corporate By-laws, and shall respect and comply with the limitations of their powers including discretionary values, as provided in the Corporate By-laws and in these Regulations.

Article 32 – For the purposes of paragraphs and two of the Corporate By-laws' article 28, save those for legal purposes, the Company's powers of attorney shall be granted by means of public or private instruments to the Controlled Companies' appointed senior managers; to the Company's non-appointed senior managers; to the persons in charge for the Company's General Secretary's Office, to the attorneys-in-fact appointed by two Senior Managers pursuant to this article's paragraph two; and to EDP Group employees or to the Company's service providers pursuant to this article's paragraph three.

Paragraph One – Powers of attorney shall be granted for a one-year term, with the exception of those for legal purposes and those granted in compliance with contractual clauses, and the delegation of powers in whole or in part of the powers granted shall not be permitted.

Paragraph Two – Powers-of-attorney granted on behalf of the Company shall provide the grantees with powers to practice actions specified by the two Senior Managers who appointed him/her, on condition that such powers shall be limited to the area of activity of at least one of the mentioned Senior Managers.

Paragraph Three – The powers of attorney granted on behalf of the Company to EDP Group employees or to the Company's service providers shall provide the grantees with powers to practice specific actions.

Article 33 – Senior Management shall deliver to the Board of Directors all the documentation and information as requested by the latter through its Chairman, and needed for this Board to meet regularly and examine the topics under its competency, as provided for in law, in the Company's Corporate By-laws, and in these Regulations.

Article 34 – For the purposes of article 26 of the Company's Corporate By-laws, Senior Management shall normally meet once every thirty days, and in special circumstances whenever corporate interests may require.

CHAPTER V – DUTIES AND RESPONSIBILITIES BY MANAGERS

Article 35 – Managers shall keep secrecy of information to which they may have special access by

virtue of the office they hold until its disclosure to the market, and shall ensure that their subordinates and third parties shall also keep secrecy, and shall be jointly accountable with the latter.

Sole Paragraph - In the case of the resignation, removal, or expiry of a Manager's term of office, the restriction shall apply found in article 35 above, which shall be effective until the information is disclosed to the market.

Article 36 – The Managers shall act in the interests of the Company and its Controlled Companies, subject to the provisions in law and in the applicable regulations.

Article 37 – These Regulations shall be handed out to each of the members of the Board of Directors, to the Audit, Compensation, and Sustainability and Corporate Governance Committees, as well as to the Company's and the Controlled Companies' Senior Management, by means of a signature of a delivery and acknowledgement receipt. Each member of the Board of Directors, of the Audit, Compensation, and Sustainability and Corporate Governance Committees, as well as of the Company's and the Controlled Companies' Senior Management shall be committed to comply with the provisions of these Regulations, and to ensure that all the topics under their competencies are submitted to the Board of Directors and/or to the Audit, Compensation, and Sustainability and Corporate Governance Committees, as applicable.

CHAPTER VI – MISCELLANEOUS

Article 38 – The express monetary sums provided for in these Regulations shall be updated as of October 2005 inclusive, in accordance with the General Market Price Index – IGPM disclosed by Fundação Getulio Vargas, or in the absence of these, by any other index reflecting the loss of purchasing power over the period by the domestic currency.

Article 39 – These Regulations may be changed at any time by means of a resolution from the Board of Directors.

Article 40 – Any queries raised when enforcing these Regulations shall embody a matter of order and shall be settled by the Board of Directors.

Approved at the 119th Meeting of the Board of Directors' Meeting held on: January 8, 2008.

São Paulo, January 8, 2008

Antônio Luis Guerra Nunes Mexia
Chairman of the Board of Directors