

**COPEL – Conference Call**  
**1Q08 Results**  
**May 16, 2008 – 11:00 am (Brasília time)**

**SLIDE 1**

**Operator:** Good morning and thank you for waiting. Welcome to the Conference Call of Companhia Paranaense de Energia – COPEL, for the presentation of results relating to the first quarter of 2008.

We would like to inform you that this event is being recorded and all participants will be in listen-only mode during the Company's presentation. After that, there will be a question and answer session, at which time further instructions will be given. Should any participant need assistance during this call, please press \*0 to reach the operator.

**SLIDE 2**

Before proceeding, let me mention that forward-looking statements may be made during this presentation. Such statements are based on the beliefs and assumptions of COPEL's management and on information currently available to the Company. They involve risks, uncertainties, and assumptions because they relate to future events and therefore depend on future circumstances that may or may not occur. Investors should understand that general economic conditions, industry conditions, and other operating factors could also affect the future results of COPEL and could cause actual results to differ materially from those expressed in such forward-looking statements.

I'll now turn the conference over to **Mr. Paulo Roberto Trompczynski**, Chief Financial and Investor Relations Officer, who will present COPEL's operational and financial highlights. **Mr. Rubens Ghilardi**, CEO, and **Mr. Élzio Batista Machado**, Deputy Executive Officer, are also present.

**SLIDE 3**

**Mr. Paulo:** Good morning to you all and thank you very much for participating in our conference call, which aims to present COPEL's results relating to the first quarter of 2008 and to comment on the preliminary data disclosed by ANEEL on COPEL's tariff revision.

I would like to highlight that COPEL's Accounting Statements consolidate data from the wholly-owned subsidiaries — Geração e Transmissão, Distribuição, Telecomunicações e Participações — as well as data from Compagas, Elejor, UEG Araucária and Centrais Eólicas do Paraná, companies in which COPEL retains a majority stake. As of January 2008, Dominó Holdings has also been partially consolidated, proportional to our 45% interest in its capital stock.

#### SLIDE 4

The presentation, which is being broadcast on our website ([www.copel.com/ri](http://www.copel.com/ri)) includes a brief summary of the main events of the period, comments on the energy market's performance, and information on the financial results. Afterwards, Mr. Franklin Miguel, Superintendent of Commercialization, Tariffs, and Regulatory Issues, will comment on the preliminary data disclosed by ANEEL related to our tariff revision, which shall occur in June 2008. At the end of the presentation, Mr. Rubens Ghilardi, Mr. Élzio Machado, Mr. Franklin Miguel, and I will be at your disposal to answer any questions that you may have.

#### SLIDE 5

On Slide 5 we present the main events of the period. COPEL recorded a net income of R\$256 million in the first quarter of 2008. EBITDA reached R\$448 million, representing a 34% margin on net operating revenues.

Our debt continues to be low, with a 26% debt index over shareholders' equity.

With regard to dividends, COPEL's Annual General Meeting held on April 17, 2008, approved the distribution of dividends and interest on equity relating to the fiscal year 2007 in the amount of R\$268 million, distributed by type of share, as presented on the slide that you see now.

In the area of new projects for alternative energy generation, we inform that COPEL began, in April 2008, the process of selecting alcohol and sugar power plants with a potential interest in establishing partnerships for the construction of small thermal power plants using sugarcane bagasse as fuel. COPEL's initial objective is to become a majority participant in projects of up to 120 MW (megawatts) of installed capacity, with investments totaling R\$260 million.

Lastly, we point out that as from May 7, 2008, COPEL's shares have been listed as Level 1 of Corporate Governance on the São Paulo Stock Exchange (Bovespa).

#### SLIDE 6

As we can see on slide 6, COPEL's energy market performance posted a significant increase of 6.4% in the captive market against the first quarter of 2007. The industrial and rural sectors were the highlight, growing 8.9% and 6.7%, respectively. This is due to the recovery of farming and ranching activities, reflected in the state's GDP (Gross Domestic Product), which increased 6% in 2007, while the GNP (Gross National Product) grew 5.4%. Billed power consumption to free customers served by COPEL Geração e Transmissão decreased 13.1% in view of the termination of contracts with some clients. It is worth mentioning that over recent months the Company has been negotiating with free customers in order to increase the portion of energy sold to this market.

## SLIDE 7

Regarding financial results, on Slide 7 we show COPEL's operating revenue performance. Gross revenues increased 6.5% in the first quarter of 2008 over the same period of 2007, reaching almost R\$2 billion. This was mainly due to:

- A growth in the billed energy market during the quarter;
- An increase in energy supply revenues from the billing, as of January 2008, of new energy supply contracts executed at the energy auction for the period of 2008 to 2015; and
- An increase in other operating revenues, mainly the rental revenues of UEG Araucária to Petrobras in the amount of R\$7.2 million, as well as O&M service revenues in the amount of R\$2.7 million. It is worth noting that this revenue was not even higher because UEG Araucária remained on downtime from January 13 to May 2, 2008 due to a turbine problem and the consequent anticipation of the programmed maintenance. As of May 2, UEG Araucária was placed at the disposal of Petrobras, which, pursuant to the decision of the Electric System National Operator (ONS), put the partial power available into use.

Thus, Net Operating Revenues in the first quarter of 2008 totaled R\$1.3 billion, up 5.5% from the same period last year.

## SLIDE 8

Slide 8 shows the performance of COPEL's operating cost and expense performance, which reached R\$ 969 million this quarter, or 24% higher than in the first quarter of 2007. The billing of energy purchased for resale presented a significant variation this quarter. Note that part of the energy purchased on the CCEE (R\$34 million) refers to the recomposition of the canceled electricity agreement with CIEN, which, pursuant to MME Ordinance 294, of November 28, 2006, guarantees COPEL's neutrality. Therefore, this amount, considered to be involuntary exposure in Technical Note 138 of ANEEL, which deals with the second tariff readjustment of COPEL, should be fully passed onto the June tariff. Another factor that contributed to this variation is the reversal, in the first quarter of 2007, of approximately R\$100 million relating to CIEN's cancelled bills, causing a non-recurrent effect on that quarter.

Excluding the above mentioned effects, we note that operating expenses increased by only 7% over the first quarter of 2007.

## SLIDE 9

On Slide 9, we can see the comparison between the first quarter of 2008 and that of 2007. Net income recorded by COPEL in the first quarter of 2008 was R\$256 million, down 10% from the same period of the previous year. Excluding the effects of the agreement with CIEN recorded in 2007 and the involuntary exposure to the spot market recorded this quarter, net income would have reached R\$278 million.

## SLIDE 10

On next slide we will see the EBITDA performance, which reached R\$448 million in the first quarter of 2008. Excluding the effects of the agreement with CIEN, EBITDA would have remained stable compared to the first quarter of 2007.

The EBITDA Margin, also excluding said effects, would have remained stable, reaching 37% in the first quarter of 2008.

## SLIDE 11

Slide 11 presents the profitability of Shareholders' Equity in the quarter, which reached 3.5%. Excluding the abovementioned non-recurrent effects, profitability would have reached 3.8%, or 15% per year. It also presents the operating margin performance, which reached 32% if the CIEN effects are excluded.

## SLIDE 12

On Slide 12, we present COPEL's debt profile as of March 31, 2008. Total debt recorded is almost R\$2 billion. The debt over shareholders' equity index stood at 26%. Excluding debt by Elejor and Compagas, companies consolidated with COPEL, the index would have been 20%.

## SLIDE 13

The chart presented on Slide 13 shows COPEL's net debt performance, which includes loans and financing and excludes cash balance. We would like to emphasize that in the year 2002, COPEL's net debt totaled over R\$2 billion, falling to R\$409 million at the end of the first quarter of 2008. This drop made the debt over annualized EBITDA index amount to 0.23; that is, cash generation from only one quarter would be sufficient to pay our debt.

## SLIDE 14

In the area of energy generation, COPEL's most important project is the construction of the Mauá Hydroelectric Power Plant, on the Tibagi River, which received, on March 24, 2008, an installation permit from the Environmental Institute of Paraná (IAP), and will now begin the activities of organizing the building site for construction.

In broader terms, this was COPEL's performance in the first quarter of 2008. I will now turn the floor over to Mr. Franklin Miguel, who will comment on the COPEL's second tariff revision process.

## SLIDE 15

**Mr. Franklin:** Good morning everyone. We will now comment on the preliminary data presented in ANEEL Technical Note 138, from April 23, 2008, which is about COPEL's second tariff revision cycle.

Slide 15 presents a comparison of the reference company of COPEL's first tariff revision cycle of with the reference company of this second cycle. We can see that ANEEL's preliminary proposal represents a 12% increase in the four-year period. During this period, the Amplified Consumer Price Index (IPCA) moved up 21% and the IGPM inflation index increased by 24%. Considering both indicators, we would have a reference company of R\$735 million and R\$750 million, respectively, demonstrating a potential for improvement.

## SLIDE 16

Up to December 2007, COPEL Distribuição was responsible for the operation and maintenance of assets of up to 34.5kV. After December 2007, with the split-up of COPEL Transmissão, 5,500 km of lines and 130 substations at voltages of 69 kV and 138 kV were incorporated into the Distributor. Additionally, in the period between both cycles, COPEL Distribuição invested U\$1 billion.

We would like to emphasize that ANEEL's preliminary proposal took into account the effects of the split-up of COPEL Transmissão.

## SLIDE 17

Slide 17 presents the structure of the reference company by means of a distribution company. ANEEL's proposal considered 0.6% of gross revenue, or R\$32 million, as Regulatory Default.

## SLIDE 18

Slide 18 shows the difference between the amounts of the Gross and Net Rate Asset calculated by ANEEL and the amount presented by the appraisal company hired by COPEL (ENPROL). The difference consists of an increase of R\$80 million in the B Portion due to the growth of the Regulatory Reintegration Fee and the Return on Investment.

ANEEL used the adjusted book value in the calculation.

We again would like to emphasize that these figures include the merger of the transmission assets.

## SLIDE 19

The following proceedings were used for the calculation of the Rate Asset Base:

- 1) retirements occurred between the base dates of the first and second tariff readjustment cycles were excluded from the Bulletproof Rate Asset Base;
- 2) after the exclusion of said retirements, year after year, the remaining amounts were updated through the IGPM inflation index investment;
- 3) cumulative depreciation between the base dates of the first and second tariff revision cycles was calculated, reaching the updated amount of the Bulletproof Rate Asset Base;
- 4) inclusions between the base dates of the first and second tariff revision cycles were evaluated in conformity with the methodology of Resolution 234/2006; and
- 5º) transmission assets were evaluated in conformity with the methodology of Resolution 234/2006.

The final amounts of the evaluation can be obtained by adding the updated amounts of the Bulletproof Rate Asset Base to the amounts of inclusions and transmission assets.

According to the preliminary amounts, COPEL's Asset Base is R\$ 8.762 billion.

#### SLIDE 20

On Slide 20, we can observe that the Regulatory Return on Equity is reflected only on the Net Rate Asset Base. The amount of 9.95% refers to the net equity compensation excluding taxes.

The Regulatory Reintegration Fee consists of depreciation and amortization quotas and represents the form of recomposing investments made for the rendering of services throughout the useful life of said assets.

The amounts calculated by COPEL are still temporary.

#### SLIDE 21

On Slide 21, we present the B Portion with all its components.

#### SLIDE 22

On the next slide, we present A Portion with all its components.

#### SLIDE 23

Regulatory EBITDA

#### SLIDE 24

On Slide 24, we can see that COPEL's preliminary tariff revision presented a -3.66% impact on the Company's cash. Considering Assessed Economic Revenues (excluding the financial effects and the CVA), the reduction totals -6.93%. The variation between the Assessed Economic Revenue and the Required Economic Revenue (so **calbed** "pure" tariffs, excluding the financial effect and the CVA) had an impact of -9.75%.

#### SLIDE 25

On Slide 25, we present a comparison between the tariff revision results of companies comparable to COPEL. Please note that the negative effect is lower for COPEL.

#### SLIDE 26

We would like to highlight, as shown on Slide 26, that the reason for the split-up of COPEL Transmissão was regulatory adjustment.

The expansion of the 69 and 138 kV system is under the responsibility of COPEL Distribuição. The investments made by the Company in this segment after 1999 did not receive compensation.

In 2005, ANEEL entered into an agreement with COPEL for the recognition of the compensation of said assets, temporarily to COPEL Transmissão, committing that they would be conveyed to COPEL Distribuição.

#### SLIDE 27

On Slide 27, we present the effects of the split-up of the COPEL Transmissão. Conceptual aspects: the increase of the B Portion added to the outstanding transmission charges must be equal to the transmission charges before COPEL Transmissão's split-up.

It is worth noting that the split-up was due to regulatory aspects.

#### SLIDE 28

Rate Asset Base only for incorporated transmission assets. Calculation of Return on Equity and Regulatory Reintegration Fee. Transmission assets increased the Regulatory Rate Asset Base.

#### SLIDE 29

The amount of the transmission charges, excluding the effects of PIS/COFINS taxes, was R\$222 million. The new transmission charges relating to the 138 kV assets, which remained at COPEL Geração e Transmissão by an ANEEL resolution, amounts to R\$13 million.

Amount of B Portion, relating to transmission assets:

Regulatory Reintegration Fee: R\$92 million

Return on Equity: R\$88 million

Increase in the Model Company: R\$88 million

The total amount of the compensation of transmission assets is close to the amount of connection charges before the split-up of COPEL Transmissão.

Therefore, it is possible to increase the Model Company.

### SLIDE 30

Slide 30 shows the amounts recognized by ANEEL before the split-up of COPEL Transmissão due to the agreement mentioned in the previous slide.

In short, these were the figures used by ANEEL for COPEL's second tariff revision cycle. I again turn the floor to Mr. Paulo Trompczynski.

### SLIDE 31

**Mr. Paulo:** I would like to thank you all for your attention. Mr. Rubens, Mr. Élzio, Mr. Franklin, and I are at your disposal to clarify any doubts regarding the results presented.

Thank you.

### Q&A SESSION

**Operator:** We will now begin the Q&A session.

Instructions

### Q&A SESSION

**Operator:** As there are no more questions from the participants, the floor is again open to Mr. **Paulo Trompczynski** for his final considerations.

### CLOSURE

**Mr. Paulo:** I would like to thank you once again for your participation and interest, and I would like to highlight the commitment of our current management to respecting our shareholders' rights and keeping the Company sound and competitive in the Brazilian energy sector. I am at your disposal should you have any other questions. Please feel free to contact our Investor Relations area. We will be glad to assist you.

Thank you very much and have a great day.

**Operator:** Ladies and gentleman, COPEL's conference call for the first quarter of 2008 has concluded. Thank you for your participation.