

BOARD OF DIRECTORS' PROPOSAL FOR ALLOCATION OF NET INCOME VERIFIED IN 2008 AND FOR PAYMENT OF INTEREST REGARDING THE INTEGRATION BETWEEN CAPITAL AND LABOR AND INCENTIVE TO PRODUCTION.

In compliance with the current legal provisions, we have come to present the following provisions to this Board, in order for them to be taken to resolution of the Annual General Meeting:

I. Allocation of Net Income: 2008 net income, which has been ascertained pursuant to the Brazilian Corporate Law in the amount of one billion, seventy-eight million, seven hundred and forty-three thousand, two hundred and ninety-two reais and thirty-three centavos (R\$1,078,743,292,33) – which corresponds to three reais and ninety-four centavos (R\$3.9420) for each share of paid-in capital stock. The Board of Executive Officers proposes the following appropriations:

- a) Fifty-three million, nine hundred and thirty-seven thousand, one hundred and sixty-four reais and sixty-two centavos (R\$53,937,164.62), equivalent to 5% of net income, for comprising the Legal Reserve, in compliance with Article 38, item II of the By-laws;
 - b) Two hundred and twenty-eight million reais (R\$228,000,000.00) for payment of interest on own capital partially replacing the minimum mandatory dividends, pursuant to the provision in Articles 192 and 202 of Law 6,404/76; Article 9 and in its paragraph 7, of Law 9,249 as of December 26, 1995; Article 6 and in its paragraphs of the Bylaws and considering the decision already made in the 120th Board of Directors' Annual Meeting held on March 14, 2008;
 - c) Thirty-three million, eight hundred and thirty-three thousand, nine hundred and ninety-one reais and eleven centavos (R\$33,833,991.11), for complementing the value of the minimum mandatory dividends, pursuant to the provision in Articles 192 and 202 of Law 6,404/76; Article 9 in its paragraph 7, of Law 9,249, as of December 26, 1995; and Article 6 and its paragraphs of the Bylaws.
 - d) Seven hundred and sixty-two million, nine hundred and seventy-two thousand, one hundred and thirty-six reais and sixty cents (R\$762,972,136.60), corresponding to the remaining 2008 net income, as Profit Retention Reserve, which guarantees the Company's investment program.
- *The profit retention reserve aims at supplying the resource investment program in the Company's permanent assets, pursuant to Article 196 of the Brazilian Corporate Law, and it is recorded upon remaining balance retention of the net income for the year, after legal reserve, interest on own capital and dividends.*

Statement of allocations proposed is as follows:

<i>Net income for the year</i>	<i>1,078,743,292.33</i>
<i>Legal reserve (5%)</i>	<i>(53,937,164.62)</i>
<i>Interest on own capital</i>	<i>(228,000,000.00)</i>
<i>Dividends</i>	<i>(33,833,991.11)</i>
<i>Profit retention reserve for investments</i>	<i>(762,972,136.60)</i>

(Cont.)

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I.1. Interest referring to the integration between Capital and Labor and Incentive to Production: Law 10,101, as of December 19, 2000, regulates employees' profit sharing, as an instrument of integration between Capital and Labor, also an incentive to production, pursuant to Article 7, item XI of the Brazilian Federal Constitution.

In compliance with said legislation, as well as to the specific Collective Bargaining Agreement, with definitions of State Decree 978, of December 20, 2007 having been complied with, the Board of Executive Officers proposes the distribution, as profit sharing, of sixty-five million, four hundred and three thousand, five hundred and fourteen reais and three centavos (R\$65,403,541.03) to be paid to employees by the Wholly-Owned Subsidiaries. Such amount is provisioned under the Accounting Statements in item Personnel Expenses, in accordance with item 26.2 of Circular Letter CVM/SNC/SEP no. 1 of February 14, 2007.

Our opinion is that the propositions above are in compliance with current legal and statutory provisions and the Company's interests. Thus, they will be fully accepted by this Board and General Meeting.

Curitiba, March 16, 2009.

RUBENS GHILARDI
Chief Executive Officer

RONALD THADEU RAVEDUTTI
Distribution Officer

ANTONIO RYCHETA ARTEN
Administrative Officer

LUIZ ANTONIO ROSSAFA
Engineering Officer

PAULO ROBERTO TROMPCZYNSKI
Chief Financial, Investors Relations
and Interest Control Officer

RAUL MUNHOZ NETO
Energy Transmission and Generation
and Telecommunications Officer

ZUUDI SAKAKIHARA
General Counsel

MARLENE ZANNIN
Environmental and Corporate Citizenship
Officer