



AES TIETÊ RECORDED NET INCOME OF R\$ 134.1 MILLION IN 2Q08, WHICH WILL BE FULLY DISTRIBUTED AS DIVIDENDS.

Comments by Mr. Alexandre Innecco – Chief Finance and Investor Relations Officer

AES Tietê registered an EBITDA of R\$ 288.9 million, 24.2% higher than the in the second quarter of 2007, while the net income of R\$ 134.1 million represents a 5.6% reduction in comparison to the same period of last year.

The increase in the IGP-M, index used to adjust the Company's financial debt, negatively impacted the net financial result and, consequently, its net income. As of July, the same index is been applied annually, to set new prices for the sale of electric energy as established in bilateral contracts with Eletropaulo. Therefore, as of the third quarter, the negative impact of the IGP-M over financial expenses will be neutralized by the results of higher electric energy prices on AES Tietê's revenues.

The distribution of 100% of the quarterly earnings (R\$ 134.1 million) as dividends was approved by the Board of Directors on August 13, 2008, reinforcing the dividend policy in effect since 2006.

↑ Volume of generated energy 28.3% higher than the assured energy	↔ Steady net revenues	↑ 24.2% increase in EBITDA	↓ 5.6% drop in Net Income	↑ Proposed Dividends of R\$134.1 million
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R\$ million	2Q08	2Q07	Chg (%)
Gross Revenues	394.7	211.3	86.8%
Net Revenues	378.3	380.7	-0.6%
Operat. Expenses	105.8	164.3	-35.6%
EBITDA	288.9	232.6	24.2%
EBITDA %	76.4%	61.1%	-
Net Income	134.1	142.1	-5.6%
Net Margin %	35.4%	37.3%	-
Shareholders' Equity	635.1	617.5	2.9%
Net Debt	606.8	732.0	-17.1%

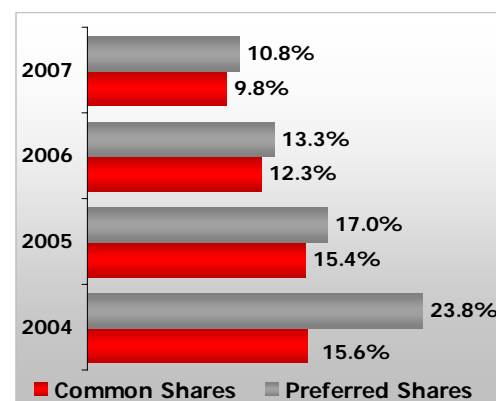
Ratios	2Q08	2Q07	Chg (%)
Net Income* / Equity (times)	1.0x	1.0x	-
Net Debt / Equity (times)	1.0x	1.2x	-
Net Debt / EBITDA* (times)	0.5x	0.7x	-
EBITDA / Financ.Exp. (times)	3.4x	28.6x	-

Operating Data	2Q08	2Q07	Chg (%)
Generated Energy - GWh	3,879.1	2,998.4	29.4%
Price (R\$/MWh)	149.7	132.0	13.4%
Capex - R\$ million	12.9	11.5	12.4%
Employees	292	286	2.1%

* last 12 months

São Paulo, August 13, 2008 - AES Tietê S.A. (BOVESPA: GETI3 and GETI4; OTC: AESAY and AESYY), today announced its results for 2Q08. The Company's operating and financial information, except where otherwise specified, is based on the consolidated figures of AES Tietê S.A. and its controlled companies AES Minas PCH Ltda and AES Rio PCH Ltda., in thousand Reais, pursuant to the Brazilian Corporate Law.

Dividend yield – start price in period



* Dividend yield – initial quotation of period

GETI3: R\$ 17.90 GETI4: R\$ 16.81 (08.10.08)	MARKET CAPITALIZATION: R\$ 6,624.1 MM	MARKET CAPITALIZATION: US\$ 4,086.2 MM
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HIGHLIGHTS IN 2Q08



Volume of generated energy 28.3% higher than the assured energy.



Net revenues recorded in the second quarter of 2008 totaled R\$ 378.3 million, stable in relation to the same period the year before. See page 06.



Operating costs came to R\$ 105.8 million in 2Q08, 35.6% below the value recorded in 2Q07. This change is explained mainly by an extraordinary expense of R\$ 92.5 million, factored in 2Q07, regarding the payment of TUSDgeração according to ANEEL Ratifying Resolution 497 of June 26, 2007. See page 06.



EBITDA came to R\$ 288.9 million in 2Q08, with a 76.4% margin, R\$ 56.3 million more than the EBITDA of the previous period in 2007. See page 08.



AES Tietê's net financial result in 2Q08 was a R\$ 65.3 million net expense versus a R\$ 10.1 million net revenue in the same period the year before. The higher IGP-M, raised 4.0 percentage points between the periods and the revenues from non-recurrent monetary variation (PIS/Cofins) in 2Q07, are the main reasons for this change. See page 08.



The Company registered a net income of R\$ 134.1 million in 2Q08, 5.6% lower than the R\$ 142.1 million obtained in the same period in 2007. See page 09.



On May 29, 2008, the Company distributed R\$ 172.8 million in dividends, corresponding to 100% of the 1Q08 net income in the following proportion: R\$ 0.43 per common share and R\$ 0.48 per preferred share.

SUBSEQUENT EVENTS



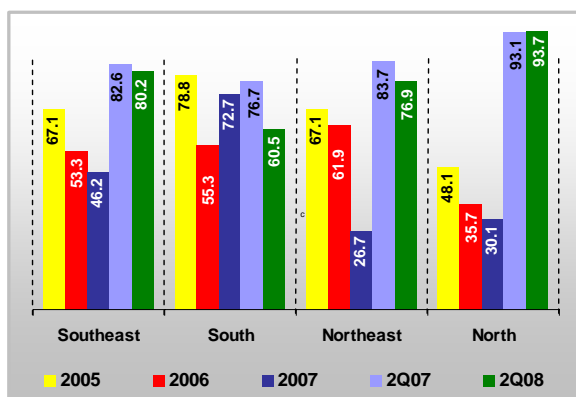
Dividends: On August 13, 2008, the Board of Directors approved the payment of dividends totaling R\$ 134.1 million and corresponding to 100% of the 1Q08 net income in the following proportion: R\$ 0.34 per common share and R\$ 0.37 per preferred share. Payment will be made as of August 28, 2008.

OPERATING CONTEXT

RESERVOIRS

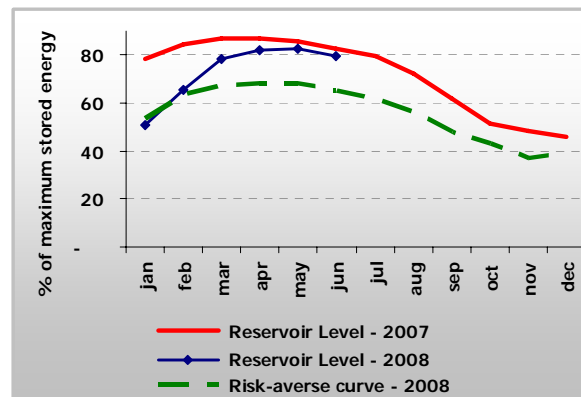
Reservoir levels in all regions of Brazil are safe, as can be seen by the graphs below. Reservoir levels in the Southeast, where AES Tietê plants are located, closed this quarter above the risk aversion curve (RAV), plotted by the National Electric System Operator (ONS). Despite the delay for the beginning of precipitation in January of this year, increase in rainfall as of the month's second fortnight ended up normalizing reservoir levels. Consequently, average prices for the Southeast practiced at the Electric Energy Trading Chamber (CCEE) fell significantly, going from R\$ 68.82/MWh in 2Q07 and R\$ 275.86/MWh in 1Q08 to R\$ 59.72/MWh in 2Q08. For 2008, the price used by the Energy Reallocation Mechanism (MRE) is of R\$ 7.77/Mwh.

Stored Energy (%)



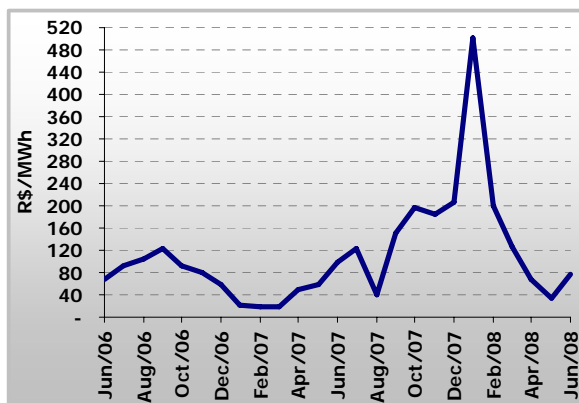
Source: Electric System National Operator – ONS Jun/08)

Risk Aversion Curve – Southeast



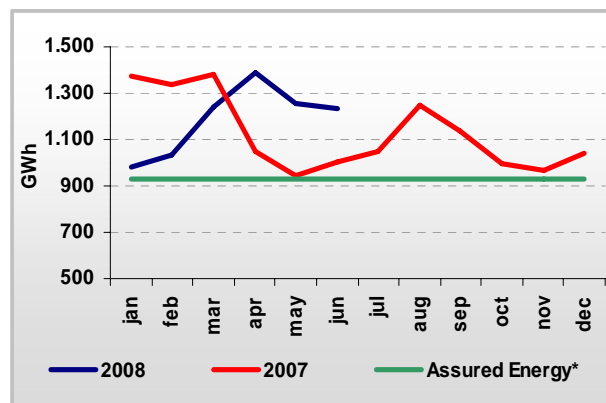
Source: Electric System National Operator – ONS (Jun 08)

CCEE Price – Southeast



Source: CCEE

Energy Generated - AES Tietê (GWh)



* Simple Monthly Average of Assured Energy

OPERATING PERFORMANCE

MAIN CHARACTERISTICS OF THE BILATERAL CONTRACT

Term of Contract

Since early 2006, all of AES Tietê's assured energy has been contracted for the long term by means of a bilateral electric energy purchase and sale contract signed with AER Eletropaulo, approved by ANEEL in 2000 and in effect until 2015. On October 30, 2003, AES Tietê and AES Eletropaulo

signed an amendment extending the term of effectiveness of the bilateral contract until June 14, 2028, when AES Eletropaulo's concession ends. This amendment was submitted to Aneel for approval. On August 24, 2005, ANEEL officially denied approval on the grounds that it is against Law 10,848 of March 15, 2004 (New Electricity Sector Model), published five months after the amendment. In order to preserve its rights, AES Eletropaulo placed a request for an administrative remedy appeal at ANEEL, and brought a lawsuit against that body's decision on October 28, 2005. On August 21, 2007, ANEEL issued Dispatch 2,467 dismissing AES Eletropaulo's administrative remedy in the records of lawsuit 48500.002935/2004-03 and upheld its decision in Dispatches 1,060 of 08.24.2005 and 1,244 of 09.20.2005, denying the Amendment to the bilateral contract. Concerning the lawsuit, Eletropaulo is still awaiting judgment of merits by a trial court.

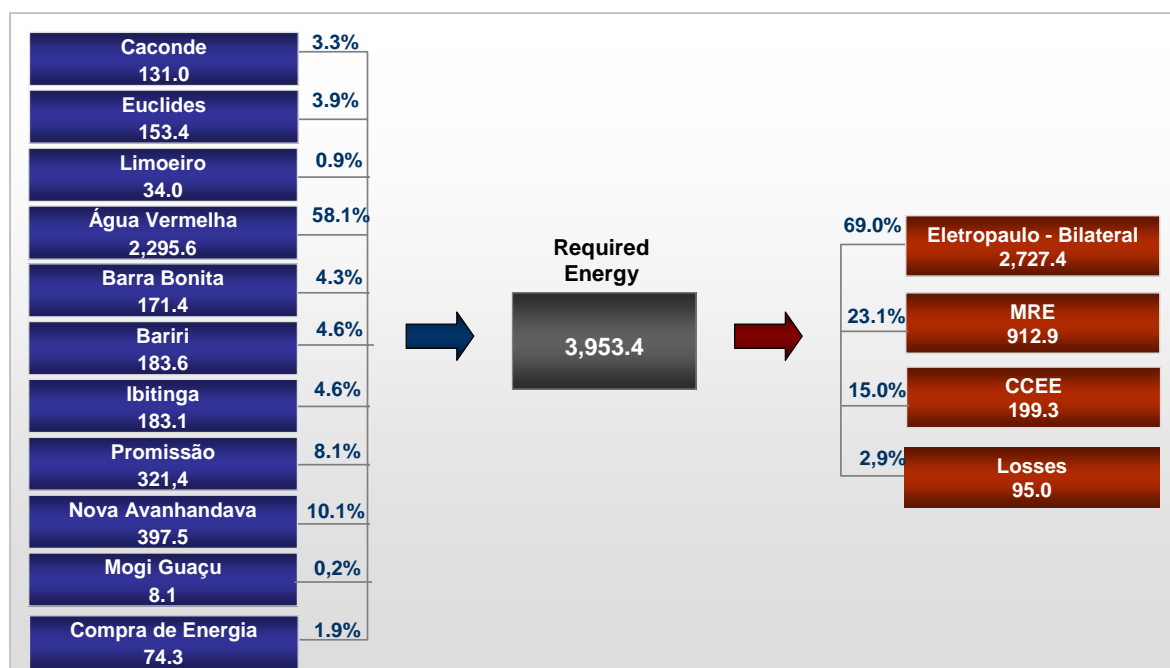
Price

The price was set upon signature of the Bilateral Contract in 2000, based on the rules then effective, which used the Normative Value (VN) as a price parameter for bilateral contracts. This price has been annually adjusted by IGP-M since then, as provided in the contract.

The annual IGP-M price adjustment of 13.44% occurred on July 4, 2008, raising the price from R\$ 131.98/MWh to R\$149.72/MWh.

ENERGY SUMMARY- 2Q08

Available Energy vs. Billed Energy (in GWh)



**After the Company's own consumption and transmission losses are deducted, the remainder is transferred first to the Energy Reallocation Mechanism - MRE and then to the Electric Energy Trading Chamber - CCEE.*

ECONOMIC AND FINANCIAL PERFORMANCE

Background – PIS/COFINS application system

On June 2006, ANEEL published Technical Note 224/2006-SFF/ANEEL concerning PIS/COFINS taxation. It is the agency's understanding that the long-term contracts with pre-established prices signed before October 2003 should be taxed in an accumulative manner (3.65% rate). The

Company has been collecting PIS/COFINS according to a non-accumulative system (9.25% rate) since November 2004, in compliance with the guidelines set by the Federal Revenue Department in Normative Instruction 468/04.

Inasmuch as ANEEL's understanding may not be the same as that of the above-mentioned Department, AES Tietê filed a formal consultation request at the Federal Revenue Department, Appeal to the Superior Court n° 390/2006, in order to clear the discrepancies concerning the taxation system appropriate for the Company's contracts. As the reply to this Appeal was not clear and concise in relation to the request made by AES Tietê, the Company decided to file a new Consultation request at the Federal Revenue Department, n° 11610002998/2007-08 of 04.09.2007. The Company has not yet received a reply to this second consultation. Nonetheless, with the help of independent consultants, it concluded that a study shows production cost variations to be greater than the rate used for the adjustment of contracts signed prior to October 31, 2003. Hence, these contracts still maintain their pre-established prices and, consequently, the accumulative PIS/COFINS taxation system should be applied.

Accordingly, a R\$ 201.5 million payment was booked on June 30, 2007, corresponding to the reimbursement to distributors (initial and bilateral contracts) due to the change in the application system, as well as its respective tax credit related to collections made in excess totaling R\$ 206.7 million. This operation resulted in a positive R\$ 49.2 million impact on AES Tietê's net income, since the amount paid to distributors was adjusted by IGP-M while the amount corresponding to the tax credit was adjusted by the SELIC rate.

IMPACT FROM THE PIS/COFINS APPLICATION SYSTEM	R\$ million
Gross Operating Income <i>Decrease</i>	(178.2)
Operating Income Deduction <i>Fiscal credit recovery</i>	206.7
Net Income	28.5
Operating Expenses <i>Reversal of provision - Initial contracts</i>	15.3
Operating profit <i>Impact on Ebitda</i>	43.7
Financial income	43.2
Financial expenses	(12.4)
Income before taxes	74.5
Income Tax and Social Contribution	(25.3)
Net Income	49.2

GROSS OPERATING REVENUES

In the second quarter of 2008, AES Tietê recorded gross revenue of R\$ 394.7 million, 86.8% higher than that of the same period in 2007 (R\$ 211.3 million). This increase is explained mainly by the negative impact of R\$ 178.2 million in the 2Q07 gross revenue, after PIS/COFINS refunds paid to distributors, as explained above.

Disregarding this effect, the 2Q07 gross revenue would have been R\$ 389.5 million, an increase of 1.3% between the periods in comparison. Main reasons for the deceleration in the gross revenue growth rate were: (i) reduction in the price of energy sold through bilateral contract, R\$ 131.98/MWh in 2Q08, compared to R\$ 133.87/MWh in 2Q07, due to the alteration in the PIS/COFINS taxation regime to the accumulative regime (3.65% rate) occurred in June 2007; (ii) a bigger allocation of the volume of surplus energy generated in 2Q08 for the MRE at the price of R\$ 7.77/MWh (913 GWh or 74% of the excess), whereas there was no excess energy directed to MRE in 2Q07; and (iii) lower volume of energy sold through CCEE, 199GWh at an average price of R\$ 59.72 in the 2Q08, versus 229 GWh at an average price of R\$ 68.82 in 2Q07.

In comparison with 1Q08, the gross revenue fell by 4.6%, mainly explained by the higher price practiced at the CCEE in the first quarter of the year (R\$ 275.86/MWh against R\$ 59.72/MWh in 2Q08).

DEDUCTIONS FROM OPERATING REVENUES

AES Tietê recorded a deduction of R\$ 16.5 million on its revenue in 2Q08, compared to the net deduction reversion of R\$ 169.4 in the same period of 2007. This variation can be primarily explained by the change in the PIS/COFINS taxation regime, from non-accumulative (9.25% rate) to accumulative (3.65% rate), occurring in June 2007, when a R\$ 206.7 million reversal was accounted due to tax credits coming from this regime alteration. In comparison to 1Q08, deductions represented a 4.6% drop, in line with net revenue performance.

NET OPERATING REVENUES

Net operating revenue in the second quarter of 2008 totaled R\$ 378.3 million, steady in relation to the R\$ 380.7 million from the same period in the previous year.

Restatements resulting from the alteration of the PIS/COFINS tax regime in 2Q07 resulted in a positive impact of R\$ 28.5 million on the net revenue of that quarter. Disregarding this impact, the net revenue would have been R\$ 352.2 million, 7.4% less than the revenue in 2Q08. A higher volume of energy generated between these periods, 3,879.1 GWh in 2Q08 compared to 2,998.4 GWh of the same period in the year before, mainly explains this variation.

With regards to 1Q08, net revenue fell by 4.6%, mainly due to a lower average price practiced in the CCEE in 2Q08, as mentioned earlier.

OPERATING COSTS AND EXPENSES

R\$ thousand	2Q07	1Q08	2Q08	Chg (%) (2Q08 x 1Q08)	Chg (%) (2Q08 x 2Q07)
Personnel	9,143	9,254	11,342	22.6%	24.1%
Material	870	612	753	23.1%	-13.4%
Outsourced Services	7,341	8,860	8,312	-6.2%	13.2%
Financ. Comp. for Use of Water Res.	11,630	13,189	15,688	18.9%	34.9%
Power Purchased for Resale	7,784	8,496	10,105	18.9%	29.8%
Transmission and Connection	112,775	32,275	32,299	0.1%	-71.4%
Depreciation and Amortization	16,267	16,465	16,427	-0.2%	1.0%
Operational Provisions	-8,756	2,681	2,214	-17.4%	n.a.
Other Expenses	7,245	7,321	8,687	18.7%	19.9%
Cost of Goods and/or Services Sold	164,299	99,154	105,828	6.7%	-35.6%

In 2Q08, AES Tietê's **operating costs** totaled R\$ 105.8 million, 35.6% less than those recorded in the same quarter in 2007. This variation is mainly explained by an extraordinary expense of R\$ 92.5 million, registered in 2Q07, regarding payments retroactive to July 2004, of the TUSDgeração tariff according to ANEEL's Ratifying Resolution 497, from June 26, 2007.

Personnel: personnel expenses amounted to R\$ 11.3 million in the quarter, a 24.1% (R\$ 2.2 million) increase in comparison with those of 2Q07. This variation is explained largely by the recognition of the actuarial gain within the Fundação CESP's Private Pension Plan in 2Q07, in the amount of R\$ 1.6 million, as pointed by the Company's independent actuaries. Disregarding this effect, personnel expenses in 2Q07 would have amounted to R\$ 10.7 million, in which case a 5.6% increase would have resulted in 2Q08, in its turn justified by the 4.5% collective agreement dated July 2007.

In comparison to 1Q08, personnel expenses grew 22.1% (R\$ 2.1 million), mainly due to the recognition of the actuarial gain in Fundação CESP's Private Pension Plan in 1Q08 of R\$ 1.9 million, after the study prepared by the Company's independent actuaries.

Third-party services: Third-party services in 2Q08 totaled R\$ 8.3 million, a R\$ 1.0 million increase in relation to 2Q07. This rise can be explained, essentially, by: (i) legal newspaper publishing expenditure registered in 2Q08 of R\$ 0.3 thousand; (ii) R\$ 0.3 thousand in attorney fees; (iii) R\$ 0.2 thousand in environmental consulting, especially with regards to the carbon credits project, permits and higher costs with reservoir rim inspections. If compared to 1Q08, third-party expenses were 6.2% lower, mainly because of the R\$ 2.8 million spent on the biannual lock maintenance in the first quarter of this year.

Financial compensation for the use of water resources: expenses in 2Q08 came to R\$ 15.7 million, 34.9% and 18.9% higher than in 2Q07 and 1Q08, respectively. This increase is explained by: (i) the growth in volume of energy generated in 2Q08, to a total of 3,879.1 GWh, compared to 2,998.4 GWh in 2Q07 and 3,264.7 GWh in 1Q08; and (ii) a rise in the Updated Reference Tariff (TAR) to R\$ 60.04/MWh in 2008, from R\$ 57.63/MWh in 2007.

Financial compensation for the use of water resources is calculated by multiplying TAR (R\$ 60.04/MWh) by 6.75% of the total volume of energy generated.

Energy purchased for resale: costs with R\$ 10.1 million worth of energy purchased for resale in 2Q08 rose 29.8% and 18.9% in comparison to 2Q07 and 1Q08, respectively. This increase is a result of the increased average energy purchase tariff, climbing from R\$ 95.72/MWh to R\$ 115.22/MWh in 2008. Moreover, approximately R\$ 1.0 million was factored in from the CCEE/MRE proration of unpaid sums to generation agents due to reasons of default and/or preliminary injunctions which, in turn, increased due to a rise in energy prices in the short term market earlier this year, reaching the maximum amount permitted of R\$ 569.59/MWh.

Transmission and connection: Expenses with transmission and connection amounted to R\$ 32.3 million in 2Q08, R\$ 80.5 million less than in 2Q07. This reduction is a result of an extraordinary expense of R\$ 92.5 million regarding the payment of the TUSDgeração tariff, according to ANEEL's Ratifying Resolution 497, of June 26, 2007.

In the aforementioned resolution it was established, among other subjects, the value of the tariff for the use of the Distribution System by generation agents. Article 4 of the resolution established the TUSDgeração tariff to be paid by generation agents connected to the Basic Transmission Grid's bars or Other Transmission Facilities (DIT) shared between distribution agents, for the period comprised between July 1, 2004 and June 30, 2007.

Expenses with transmission and connection in 2Q08 remained stable in comparison to 1Q08.

On June 24, 2008, ANEEL published resolutions 670 and 671/2008, which established, among others things, the TUSTrb (Tariff for the Use of the Transmission System Components of the Basic Grid) and TUSDgeração (Tariff for the Use of the Distribution System) connection charges for the 2008/2009 tariff cycle, which in AES Tietê's case begins July 2008 and should impact the 3rd quarter in the following manner:

- 1.1 The annual connection charge, referring to exclusive use assets, of R\$ 825.6 thousand;
- 1.2 The annual TUSTrb tariff applied to components of the Basic Network of the National interconnected system, of R\$ 94.5 million, 12.5% higher than last cycle.
- 1.3 The annual TUSDg tariff, applied to generation agents connected to the Basic Transmission Network's bars or Other Transmission Facilities (DIT) shared between distribution agents, of R\$ 53.0 million, an increase of 19.6% compared to last cycle.

Operating Provisions: provisions totaled R\$ 2.2 million in 2Q08 and mainly refer to provisions for losses in accounts receivable from the RTE. This provision has been made at an amount corresponding to the remuneration from the above-mentioned receivables by the SELIC.

The R\$ 11.0 million variation observed in comparison to 2Q07, is due to a credit balance of R\$ 8.8 million from that quarter which in turn resulted from a reversal of the before-mentioned PIS/COFINS provision of R\$ 15.3 million.

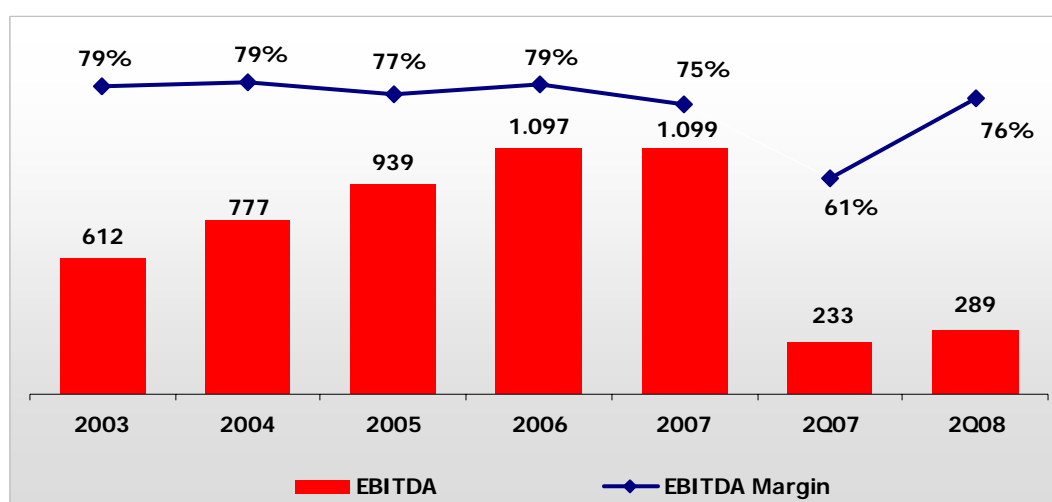
Regarding 1Q08, there is a 17.4% decrease, originating from an inferior RTE unrevised accounts receivable balance. An effect partially compensated by the elevation of the average SELIC between the periods, going from 11.18% in 1Q08 to 11.70% in 2Q08.

Other expenses: In 2Q08, other expenses came to R\$ 8.7 million, 19.9% and 18.7% superior to 2Q07 and 1Q08, respectively. This increase is explained, above all, by the donation of R\$ 1.5 million to the Casa da Cultura e Cidadania project in 2Q08.

EBITDA

AES Tietê registered an EBITDA of R\$ 288.9 million in 2Q08 with a 76.4% margin, representing a R\$ 56.3 million or 24.2% increase to the EBITDA of the corresponding 2007 period. This improved performance is explained, essentially, by the combination of two factors that took place in 2Q07: (i) an extraordinary expense of R\$ 92.5 million referring to the payment of the TUSDg, according to ANEEL's Ratifying Resolution 497; and (ii) the positive effect of R\$ 43.7 million after changes to the PIS/COFINS rate.

The Company's EBITDA was reduced in R\$ 25.0 million or 8.0% in comparison to 1Q08. This is mainly because of larger revenues from the sale of energy through MRE/CCEE in 1Q08, in its turn motivated by higher prices in the CCEE that quarter (R\$ 275.86/MWh, compared to R\$ 59.72/MWh in 2Q08), brought about by delays in initial precipitation earlier this year.



EBITDA (R\$ million) vs. EBITDA Margin

FINANCIAL RESULT

AES Tietê had a net financial expense of R\$ 65.3 million in 2Q08 compared to a R\$ 10.1 million in net revenues in 2Q07 and a net expense of R\$ 35.5 million in 1Q08. The rise of the IGP-M index is the main reason for these variations, since the financial charges of the Company's contract for the assumption of obligations are adjusted by that index.

	2Q07	1Q08	2Q08	Chg (%) (2Q08 x 1Q08)	Chg (%) (2Q08 x 2Q07)
FX rate	1.9262	1.7491	1.5919	-8.99%	-17.36%
SELIC (Average)	12.35%	11.18%	11.70%	0.52 p.p.	-0.65 p.p.
IGP-M	0.35%	2.38%	4.34%	1.96 p.p.	3.99 p.p.
LIBOR (quartely)	5.35%	3.33%	2.75%	-0.58 p.p.	-2.60 p.p.
IPCA	0.81%	1.52%	1.79%	0.27 p.p.	0.98 p.p.
IGP-DI	0.55%	2.08%	3.82%	1.74 p.p.	3.27 p.p.
TR	0.39%	0.16%	0.28%	0.12 p.p.	-0.11 p.p.

* end of period

R\$ thousand	2Q07	1Q08	2Q08	Chg (%) (2Q08 x 1Q08)	Chg (%) (2Q08 x 2Q07)
Financial Income	18,235	19,250	20,655	7.3%	13.3%
Total Financial Expenses	(8,125)	(54,774)	(86,000)	57.0%	958.5%
Financial Expenses	(44,137)	(30,580)	(30,737)	0.5%	-30.4%
Currency Variation	36,012	(24,194)	(55,263)	128.4%	n.a.
Net Financial Income (Expenses)	10,110	(35,524)	(65,345)	83.9%	n.a.

Financial Revenues

Cash and cash equivalents totaled R\$ 680.3 million in June 30, 2008 and were represented by short-term operations (less than 90 days and with daily liquidity) with average return of 100% of the CDI. The 13.3% increase in the financial income in relation to the same period of last year is mainly the result of a larger average financial investments balance of R\$ 768.3 million in 2Q08 in relation to the R\$ 642.1 million in 2Q07. This was partially offset by the 0.65 percentage point drop of the average SELIC in between the periods.

With regards to 1Q08, financial income represented a 7.3% increase or R\$ 1.4 million, due to SELIC rate rise from 11.18% in 1Q08 to 11.70% in 2Q08 and to the bigger average account balance of financial investments to the amount of R\$ 768.3 million in 2Q08 compared to R\$ 737.5 million in 1Q08.

Financial Expenses

AES Tietê's financial expenses totaled R\$ 86.0 million in 2Q08, R\$ 77.9 million more than in 2Q07. This increase derives from: (i) the 4.0 percentage point rise in the average IGP-M in the period, from 0.35% in 2Q07 to 4.34% in 2Q08, given that the Company's major portion of its debt is represented by a debt assumption contract with Eletrobrás worth R\$ 1.3 billion, with debt service adjusted for inflation by the IGP-M plus 10% p.a. interest; and (ii) the positive impact of R\$ 30.8 million due to restatements resulting from the alteration of the PIS/COFINS tax regime in 2Q07.

When compared to 1Q08, financial expenses presented a 57.0% increase also as a result of IGP-M variation, which rose 1.96 percentage points during the period.

NET INCOME

The Company's net income amounted to R\$ 134.1 million in 2Q08, a result 5.6% and 22.4% inferior to 2Q07 and 1Q08, respectively. It is mainly the higher financial expenses, brought about by the elevation of IGP-M in the periods concerned, that explain the lower net income.

It is important to notice that as of 3Q08, this impact should be minimized by the higher price of the energy sold through the bilateral contract, given that it is annually adjusted by the same index, setting a price of R\$ 149.72/MWh for the 2008/2009 cycle.

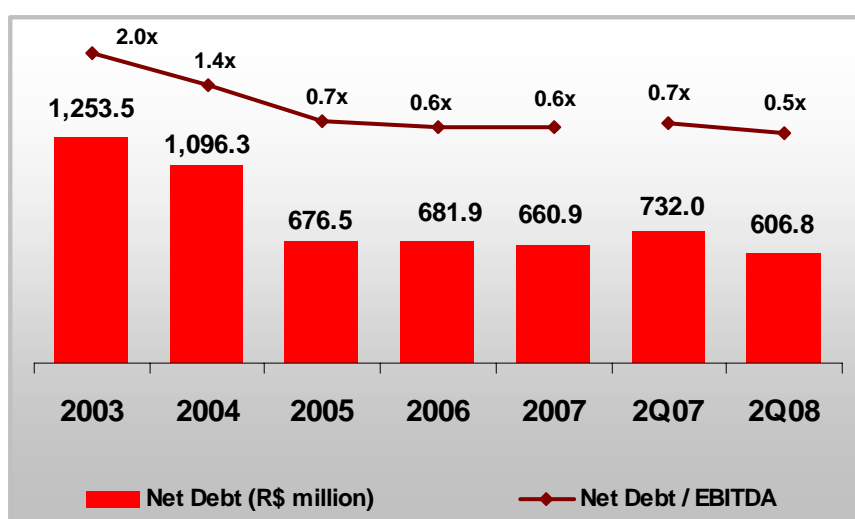
DEBT

in R\$ million				
Amount	Ceditor	Maturity	Cost	Collateral
1,287.1	Eletrobras	May, 2013	IGP-M + 10% p.a.	Receivables
0.0	FunCesp III	Sep, 2027	IGP-DI + 6% p.a.	Receivables

HIGHLIGHTS

- AES Tietê has no financing contracts with banks. Its main debt is represented by a debt assumption contract with Eletrobrás, which was inherited from the privatization process and expires on May 15, 2013. This contract pays 10% p.a. interest, and its balance is adjusted for inflation by IGP-M. The outstanding balance of this debt was R\$ 1,287.1 million on June 30, 2008.
- The Company has another debt, also inherited from the privatization process, with Fundação CESP (the legal entity that manages the Company's benefit plans). It is a debt assumption contract to finance an actuarial deficit related to the Settled Proportionate Supplementary Benefit – BSPS. The maturity of this debt was extended from 2017 to 2027 on December 22, 2006, but the effect is retroactive to January 2006. The balance of this contract is adjusted according to the variation of actuarial costs or IGP-DI, plus 6.0% interest p.a., whichever is greater. Given the recognition of actuarial gains, no outstanding balance was registered at the end of the second quarter of 2008.
- Net debt at the end of the quarter totaled R\$ 606.8 million, 17.1% less than on June 30, 2007, R\$ 660.8 million. This drop is explained by the rise in cash and cash equivalents, from R\$ 578.1 million in 2Q07 to R\$ 680.3 million in 2Q08, which, in turn, resulted from the use of tax credits from the change in the PIS/COFINS system from non-accumulative (9.25% rate) to accumulative (3.65% rate), in June 2007.

Net Debt (R\$ million) vs. Net Debt / EBITDA



CAPITAL EXPENDITURES

Investments amounted to R\$ 12.9 million in 2Q08, R\$ 1.4 million more than those carried out in 2Q07. This sum results basically from the works on the SHPPs at the Jaguari-Mirim river in São Paulo State.

Major Investments in 2Q08:

- Investments in São José and São Joaquim SHPPs, on the Jaguari-Mirim River, São Paulo State – R\$ 4.2 million;
- Rehabilitation of the Limoeiro plant's turbine and Generation Unit 01 – R\$ 1.1 million;
- Conclusion of the upgrade of the Promissão Generating Unit 2, which started in February 2007 – R\$ 0.2 million;
- Upgrade of the voltage regulators of the Generating Units of the Água Vermelha plant – R\$ 0.1 million;
- Renovation and Rehabilitation of the subsidiary Minas SHPP, specifically: Congonhal I, Congonhal II, Henrique Portugal, Paes Leme, Piraíbeira and Ribeirão – R\$ 1.7 million;

- Environmental projects, especially reforestation, archeological management and fishing management projects – R\$ 1.9 million;
- IT investments – R\$ 0.4 million.

Investments in Small Hydroelectric Power Plants in Rio de Janeiro State

- Investments of R\$ 1.0 million in 2Q08

On October 23, 2006, AES Tietê signed a Purchase and Sale Contract for Authorizations for the Exploitation of Potential Hydraulic Resources, whose rights of implementation and exploitation were approved by ANEEL on April 10, 2007, in Resolutions 868, 869 and 870. The projects have already been granted Installation Licenses by the Rio de Janeiro State Environmental Engineering Foundation – FEEMA.

Through its subsidiary AES Rio PCH Ltda., AES Tietê will build three Small Hydroelectric Power Plants ("SHPPs") in Rio de Janeiro State, with a total installed capacity of 52 MW and 28.97 average MW of assured energy. The Company revaluated the total investment expectation to R\$ 350 million for the next four years, R\$ 21.0 million of which had been invested by June 2008.

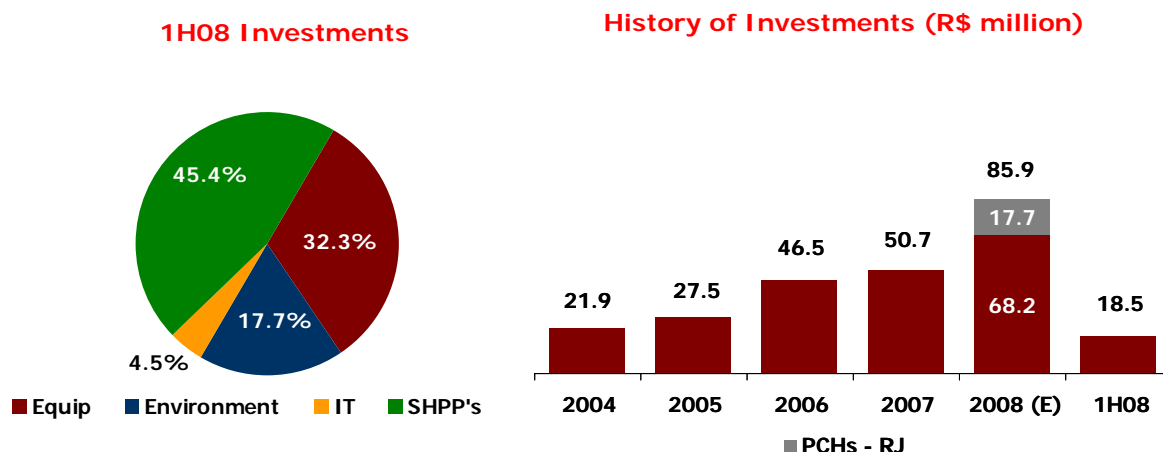
The authorization request for Vegetation Clearing was filed in June 2007 and, since then, the Company has been conducting jointly with IEF/RJ – Rio de Janeiro State Forest Institute Foundation – thorough studies about the area where the SHPPs will be built. These studies are intended to ensure the preservation of the environment and the sustainable development of the project of the three SHPPs.

The Company has been developing with IEF a common project agenda, whose maturing is in progress. At the April 2008 meeting, the parties achieved a consensus concerning the work schedule. In addition, AES Tietê updates ANEEL on the status of its projects on a monthly basis, pursuant to sector rules. Nevertheless, AES Tietê needs to obtain the vegetation clearing license before it begins the works.

Construction work is expected to last 24 months, and the commercial operations of those plants are scheduled to start in the first half of 2010.

2008 Expected Investment

The Company has been revaluating its expectation of CAPEX for the year 2008, from R\$ 224 million to R\$ 85.9 million, essentially, in reason of the postponed of the beginning of works in the 3 SHPP's in the State of Rio de Janeiro, which have a total installed capacity of 52MW.



EXPANSION REQUIREMENT

Pursuant to AES Tietê's Notice of Privatization, the Company is required to increase the installed capacity of its energy generating system ("Expansion Requirement") by at least 15% (approximately 400 MW) within 8 years starting from the execution of its Concession Franchise in December 1999. Nonetheless, regulatory restrictions imposed after privatization, especially Law no.

10,848/2004, which introduced the New Electricity Sector Model ("New Model"), have made it impossible to fulfill this requirement. Additionally, there are regional restrictions, such as insufficient water resources in São Paulo State and environmental restrictions.

Consequently, AES Tietê has been engaged in negotiations with ANEEL and the São Paulo State Government in order to bring the expansion requirement in line with the new sectorial and regulatory situation.

On 12.26.2007, AES Tietê received from ANEEL a Notice informing that an internal analysis of the Company's case had begun, with requests from the São Paulo State government: **(i)** to extend the deadline to fulfill the expansion requirement to December 2010 and **(ii)** for AES Tietê to submit an Action Plan, within three months after the approval of the amendment to the Franchise, and the expected beginning of business operations of the plants.

On June 10, 2008, AES Tietê sent a response to ANEEL, requesting a 12-month deadline to conclude studies aimed at identifying alternatives to the fulfillment of the expansion requirement, as well as a postponement of the deadline, according to this study's findings.

For such study, the Company hired a specialized consultancy aimed at analyzing expansion possibilities in São Paulo State. A preliminary report was produced and subsequently presented to AES Tietê in February 2008. Based on this report, workgroups comprised of members from AES Tietê and various São Paulo State government bodies were created with the goal of evaluating the following options:

- Hydroelectric potential,
- Co-generation opportunities, and
- Alternative energy

MANAGERIAL CASH FLOW

R\$ Million	2Q07	3Q07	4Q07	1Q08	2Q08
INITIAL CASH	683.5	571.2	589.0	633.7	814.6
Operating Cash Flow	307.9	248.9	271.2	261.5	279.3
Investments	(12.0)	(9.3)	(15.0)	(4.1)	(11.6)
Net Financial Expenses	(18.0)	(19.3)	(18.4)	(15.3)	(14.1)
Net Amortization	(48.3)	(50.8)	(52.0)	(46.2)	(45.6)
Income Tax	(16.6)	(9.8)	-	(15.1)	(16.0)
Dividends and IoE	(325.4)	(141.9)	(141.0)	-	(334.1)
Free Cash Flow	(112.3)	17.8	44.7	180.9	(142.1)
Final Cash of Parent Company	571.2	589.0	633.7	814.6	672.5
Final Cash of subsidiaries and associated Cor	28.3	4.2	4.6	6.5	7.8
Final Cash	599.4	593.2	638.3	821.0	680.3

AES Tietê's managerial cash flow represents inflows and outflows of net cash. It is a cash management tool that may present some differences in relation to accounting procedures that use the rule of competency to recognize results. This fact explains the difference between Operating Cash Generation and the Company's EBITDA.

Free cash flow in 2Q08 was negative in R\$ 142.1 million. This was mainly due to payments of dividends and interest on shareholder's equity with regards to 4Q07 and that of dividends referring to 1Q08.

The lower amount of CAPEX disbursements in 2Q08 is mainly explained by the works of the São José and São Joaquim SHPPs at the Jaguari-Mirim river in São Paulo State.

AES Tietê's consolidated cash and cash equivalents amounted to R\$ 680.3 million on 06.30.2008. They consisted of short-term operations (less than 90 days and with daily liquidity) with an average yield of about 100% of CDI.

CAPITAL MARKET

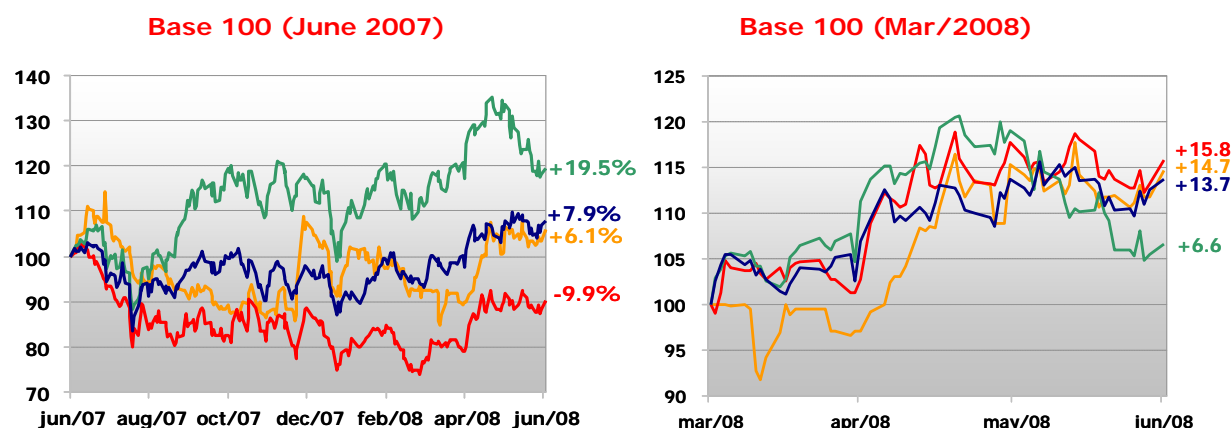
STOCK PERFORMANCE

In the second quarter of 2008, Ibovespa (BOVESPA index) performed positively and gained 6.6% by the close of the period. In the same period, AES Tietê's common shares appreciated by 14.7% and its preferred shares by 15.8%. In the past year, the Company's common shares depreciated by 1.3% and its preferred share appreciated by 1.7%. In the meantime, Ibovespa and IEE appreciated 1.8% and 10.8%, respectively, in the first six months of 2008.

Company shares were traded in 100% of the BOVESPA trading sessions in 2Q08. About 7.5 billion common shares were traded in 3.960 transactions throughout the quarter. The average daily trading volume amounted to R\$ 2.1 million, 49.9% lower than that in the previous year. About 15.6 million preferred shares were traded in 12.562 transactions. The average daily trading volume was R\$ 4.1 million, 26.6% below the average recorded in 2Q07. The Company's market value was R\$ 6.9 billion on June 30, 2008.

On February 26, 2008, the Company submitted to the Special Shareholders' Meeting a proposal for the reverse split of all Company shares, at the ratio of 250 to 1, to adapt the trading of its shares to the rules of the São Paulo Stock Exchange (BOVESPA). The reverse split was approved, and the period for shareholders to adjust fractions of shares ended on March 31. Therefore, the Company's shares have been traded at the unit price only since April 1, 2008.

AES Tietê vs. Ibovespa vs. IEE



SHAREHOLDING STRUCTURE

Shareholder	Common	%	Preferred	%	Total	%
Cia Brasileira de Energia	140,882,911	71.35%	59,447,115	32.35%	200,330,026	52.54%
Centrais Elétricas Brasileiras S.A - Eletrobrás	150,534	0.07%	30,107,690	16.38%	30,258,224	7.94%
Others (Free Float)	56,427,766	28.58%	94,237,477	51.27%	150,665,243	39.52%
Total	197,461,211	100.00%	183,792,282	100.00%	381,253,493	100.00%

BNDES participation in Brasiliana

On March 12, 2007, BNDESPAR formally notified Companhia Brasileira de Energia (CBE) that it was in the process of choosing a financial institution to coordinate the sale of its CBE stock.

On May 28, 2007, Eletropaulo and the other above-mentioned companies announced to the market that AES Corp had received the BNDESPAR notification that the latter would exercise its 'Drag Along' rights as provided in the Shareholders' Agreement. As per the same Agreement, AES Corp has preemptive purchase rights of BNDESPAR equity interest in CBE.

BNDESPAR and AES Corp. have hired financial institutions to conduct the economic and financial evaluation process of CBE. Since these evaluations differed by over 10%, a third audit company, KPMG Auditores Independentes, was hired by both BNDESPAR and AES Corp. as provided in the

shareholders' agreement. The economic and financial evaluation has been concluded, and BNDESPAR will now decide when it will write the Public Notice with the format, conditions and schedule of the operation.

AES TIETÊ INVITES:

Conference Call / Webcast

PRESENTATION:

Britaldo Soares – Chief Executive Officer

Alexandre Cesar Innecco - Finance and Investor Relations Officer

DATE: Friday, August 15, 2008

Simultaneous interpretation into English will be provided.

Time: 1:30 p.m. (BR) / 12:30 a.m. (EDT)

Connection number:

BRAZIL (55 11) 4688-6301

USA (1 800) 860-2442

Other countries: (1 412) 858-4600

CONFERENCE CODE: Tietê

Replay: (55 11) 4688-6312

Code: 810

Available: from 08.15.2008 to 08.21.2008

The presentation slides will be available for viewing and downloading on the website:

www.aestiete.com.br/ri

The conference audio will be webcast on the same sites, where it will be available after the event.

Meeting with Analysts (Apimec)

Rio de Janeiro

Date: Monday, August 18, 2008

Time: 8:30 a.m. (Brasília time) - Breakfast

Venue: Hotel Sofitel - Sala RJ II. Avenida Atlântica, 4240 - Copacabana- Rio de Janeiro

RSVP: (55 21) 2509-9596

São Paulo

Date: Monday, August 18, 2008

Time: 4:30h (Brasília time) - Cocktail

Venue: Hotel Unique – Sala Sumatra/ Bora Bora. Avenida Brigadeiro Luis Antonio, 4700

RSVP: apimecsp@apimecsp.com.br

Phone: (55 11) 3107-1571

Minas Gerais

Date: Tuesday, August 19, 2008

Time: 12:00 p.m. (Brasília time) - Lunch

Local: Hotel Mercure – Sala Kepler. Avenida do Contorno, 7315 – Lourdes – Belo Horizonte

RSVP: secretaria@apimecmg.com.br

Phone: (55 31) 3213-0693

Presentations will be made exclusively in Portuguese.

The statements herein contained with regard to business prospects of AES Tietê, projected operating and financial results and growth potential of the Company are merely forecasts based on how Company Management views future performance. Such estimates are highly dependent on market behavior and on the conditions affecting Brazil's macroeconomic performance as well as the electricity sector and the international market, and they are therefore subject to change.

AES Tietê, one of the most efficient electric energy generators in Brazil, is committed to generating energy in a clean, reliable and safe manner. Its generating assets consist of ten hydropower plants located in the central and northeastern regions of the State of São Paulo, with an installed capacity of 2,651 megawatts (MW), which corresponds to 20% of the energy generated in that state, according to the State Secretariat for Energy, Water Resources and Sanitation. In 2007, the Company generated 13,517.8 GWh of energy and recorded Net Revenues of R\$ 1.5 billion and EBITDA of R\$ 1.1 billion.

ANNEXES – CONSOLIDATED DATA – R\$ thousand

CONSOLIDATED					
Income Statement	2007	1Q08	2Q08	V %	V %
				2Q08 x 1Q08	2Q08 x 2Q07
Gross Revenues	211,308	413,778	394,734	-4.6%	86.8%
Supply and transmission of energy	211,215	413,734	394,722	-4.6%	86.9%
Other Revenues	93	44	12	-73.3%	-87.3%
DEDUCTIONS FROM GROSS REVENUES	169,351	(17,255)	(16,453)	-4.6%	-109.7%
Net Revenues	380,659	396,523	378,281	-4.6%	-0.6%
Cost of Goods and/or Services Sold	(164,299)	(99,154)	(105,828)	6.7%	-35.6%
Personnel	(9,143)	(9,254)	(11,342)	22.6%	24.1%
Material	(870)	(612)	(753)	23.1%	-13.4%
Third party services	(7,341)	(8,860)	(8,312)	-6.2%	13.2%
Financial compensation for use of water resources	(11,630)	(13,189)	(15,688)	18.9%	34.9%
Electric power purchased for resale	(7,784)	(8,496)	(10,105)	18.9%	29.8%
Transmission and Connection	(112,775)	(32,275)	(32,299)	0.1%	-71.4%
Depreciation and amortization	(16,267)	(16,465)	(16,427)	-0.2%	1.0%
Operating Provisions	8,756	(2,681)	(2,214)	-17.4%	-125.3%
Other expenses	(7,245)	(7,321)	(8,687)	18.7%	19.9%
Gross Profit	216,360	297,369	272,452	-8.4%	25.9%
Ebitda	232,627	313,834	288,880	-8.0%	24.2%
FINANCIAL	10,110	(35,524)	(65,345)	83.9%	-746.3%
Financial Income	18,235	19,250	20,655	7.3%	13.3%
Financial Expenses	(44,137)	(30,580)	(30,737)	0.5%	-30.4%
Net monetary/exchange variation	36,012	(24,194)	(55,263)	128.4%	-253.5%
Operating Profit	226,470	261,845	207,108	-20.9%	-8.5%
NON-OPERATING RESULT	0	89	253	184.8%	n.a.
Income before Taxes/Participations	226,470	261,933	207,361	-20.8%	-8.4%
Provision for I.T.and Social Contribution	(78,203)	(85,600)	(57,068)	-33.3%	-27.0%
Deferred Taxes	(6,217)	(3,513)	(16,215)	361.5%	160.8%
Net Income	142,050	172,820	134,078	-22.4%	-5.6%

CONSOLIDATED DATA		
ASSETS	03.31.2008	06.30.2008
CURRENT ASSETS	1,093,210	933,711
CASH / CASH EQUIVALENTS	821,042	680,281
Cash and Banks		
Financial investments	821,042	680,281
ACCOUNTS RECEIVABLE	213,275	184,018
Distributors	37,021	23,367
Accounts receivable from related parties	176,254	160,651
INVENTORY	1,217	1,233
OTHERS	57,676	68,179
Taxes and social contribution	38,297	44,758
Taxes recoverable	12,994	12,820
Other credits	6,079	7,379
Pre-paid Expenses	306	3,222
LONG TERM ASSETS	204,811	202,768
Deferred taxes and social contributions	3,446	4,502
Taxes recoverable	146,757	143,697
Distributors	58	58
Escrow deposits	54,062	53,948
Other credits	488	562
PERMANENT ASSETS	1,223,925	1,219,475
Investments	2,099	2,099
Property, Plant & Equipment	1,185,083	1,176,462
Deferred Assets	36,743	40,914
TOTAL ASSETS	2,521,946	2,355,954
LIABILITIES	03.31.2008	06.30.2008
CURRENT LIABILITIES	675,913	563,534
LOANS AND FINANCING	201,453	216,577
Loans and financing	196,569	211,334
Debt servicing	4,884	5,243
SUPPLIERS	109,801	135,679
TAXES, FEES AND CONTRIBUTIONS	94,089	149,559
DIVIDENDS PAYABLE	162,891	1,614
PROVISIONS	49,805	49,688
Payroll and related charges	2,997	1,255
Estimated liabilities	6,848	9,107
Provision for R&D	29,169	30,653
Provision for lawsuits and contingencies	10,791	8,674
Liabilities with related parties	48,208	32
OTHERS	9,666	10,384
Liabilities with Fundação CESP	120	(0)
Consumer charges payable	9,546	10,384
LONG-TERM LIABILITIES	1,172,176	1,157,304
LOANS AND FINANCING	1,079,017	1,070,537
Liabilities with Fundação CESP	116	(0)
Loans and financing	1,078,901	1,070,537
PROVISIONS	46,530	47,836
OTHERS	46,628	38,931
SHAREHOLDRES EQUITY	673,857	635,115
Paid up Capital	207,227	207,227
Capital Reserves	252,364	252,364
Retained Earnings	41,446	41,446
Retained Earnings	172,820	134,078
TOTAL LIABILITIES	2,521,946	2,355,953

GLOSSARY

Aneel - Agência Nacional de Energia Elétrica (Brazilian Electric Energy Agency) an autarchy under a special regime, purpose of to regulate and inspect electric energy production, transmission, distribution and trade, safeguarding the quality of services supplied, the isonomic treatment of users and the control of the modesty of tariffs collected from consumers, always preserving the economic and financial feasibility of the agents and industry.

Electric Energy Balance – Body of information about the quantity of electric energy in MWh, detailed according to the amounts available and required by AES Tietê's electric energy market.

CCEE - Private non-profit company acting under Public Authority and regulated and inspected by ANEEL, under its Convention, designed to make electric energy purchases and sales viable between CCEE Agents, restricted to the National Interconnection System (SIN), whose creation was authorized under the terms of Art. 4 of Law 10.848, of March 15, 2004, and Decree no 5.177, of August 12, 2004.

Installed capacity of interconnected systems – Total nominal power of power generating plants and energy importing facilities in each one of the interconnected systems in the North/Northeast and South/Southeast/Midwest regions. The latter case disregards the nominal power of the binational Itaipu complex.

National installed capacity – Total installed capacity of the interconnected system, plus the installed capacity of isolated systems.

Bilateral contract – Legal instrument that formalizes electric energy purchase and sale transactions between CCEE agents, and the purpose of which is to set prices, time frames, as well as the volumes to be supplied at specific time intervals.

Initial contracts – Electric energy purchase and sale contract inherited by the power generating and distribution companies from the privatization process. According to the Electric Sector Act, the initial contracts are to be reduced at a rate of 25% per year starting in 2003.

Cust - Contract for the Use of the Transmission System to be signed by the Unit Supplied and the System National Operator (ONS). The contracting of access to the transmission systems not bound by the Initial Contracts.

EPE – Empresa de Pesquisa Energética (Energy Research Company) – A federal government-owned company subordinated to the Ministry of Mines and Energy, and created by Decree no. 5.184 of August 16, 2004 pursuant to the provisions of Act no. 10.847, dated March 15, 2004.

Megawatt (MW) – Unit of mechanic or electric power generated by thermal flux and radiant flux, and equivalent to one million watts.

MME – Ministry of Mines and Energy

MRE – Mecanismo de Realocação de Energia – Energy Reallocation Mechanism, i.e. a means to ensure the full use of energy production facilities, resulting in a process of energy transfers among power generating companies.

ONS - Electric System National Operator. A private law corporate entity authorized to carry out coordination and control activities of the electric energy generation and transmission operations, in the interconnected systems.

SHPP (Small Hydropower Plants) – Hydroelectric plants whose power is superior to 1,000 kW and equal or inferior to 30,000 kW, with a reservoir area equal or inferior to 3.0 km².

RTE - Extraordinary Tariff Reset. Temporary tariff increase authorized by art. 4 of Provisional Measure # 14, of December 21, 2001, converted into Law # 10,438, of 2002.

TUSD - Tariff for the Use of the Distribution System. Created by Aneel and adjusted yearly.

Watt (W) – Unit of mechanic or electric power generated by thermal flux and radiant flux, and equivalent to the transfer of one joule per second or to the energy produced by a one-ampere current through a one-volt potential difference; 1/746 horsepower.