

ANNEX A

TO THE TREATY OF THE ITAIPU

(STATUTE OF THE ITAIPU) - MODIFICATION

(Asunción, 01.28.1986)

Asuncion, in 28 of January of 1986.
DAM-I/DEM/CAI/01/PAIN L00E05

To Excellency Mr.
Doctor Carlos Augusto Saldívar,
Minister of Foreign Affairs of the Republic of Paraguay.

With reference to Note DAM-I/DEM/DAI/10/241 (B46) (B44), of May, 11 of 1984, the Minister of the Foreign Affairs of Brazil, and the Revertive Note NR 6, of the Minister of Foreign Affairs of Paraguay, identical text and same date, and having in account what it makes use Article III, paragraph 2nd of the Treaty of Itaipu, I have the honor to lead to the knowledge of Your honor that the Government of Brazil is in agreement in modifying the Annex A (Statute of the ITAIPU), in the following way:

“STATUTE OF THE ITAIPU ”

CHAPTER I

Denomination and Object

ARTICLE 1st

The ITAIPU is a binational entity created by Article III of the Treaty signed by Brazil and Paraguay, in 26 of April of 1973, and has as parts:

- a) the Centrais Elétricas Brasileiras S.A. - ELETROBRÁS, anonymous society of the Brazilian mixing economy;
- b) the Administración Nacional de Electricidad – ANDE, Paraguayan autarchic entity.

ARTICLE 2nd

The object of the ITAIPU is the hydroelectric exploitation of the hydric resources of the Paraná riverbed, pertaining in condominium to the two countries, since and also the Salto Grande de Sete Quedas or Salto de Guaira until the estuary of the Iguazu river.

ARTICLE 3rd

The ITAIPU will be conducted for the norms established in the Treaty of 26 of April of 1973, in the present Statute and the excessively Annexes ones.

ARTICLE 4th

The ITAIPU will have, in accordance with what they make use Treaty and the its Annexes, legal, financial and administrative capacity, and also responsibility technique, to study, to project, to direct and to execute the works that have as object, to place them in functioning and to explore them, being able, for such effect, to acquire rights and to contract obligations.

ARTICLE 5th

The ITAIPU will have headquarters in Brasília, Capital of the Federative Republic of Brazil, and Assunção, Capital of the Republic of Paraguay.

CHAPTER II

Capital

ARTICLE 6th

The capital of the ITAIPU will be equivalent US\$ 100.000.000,00 (one hundred million dollar of the

United States of America), pertaining to the ELETROBRÁS and to ANDE in equal and non-transferable parts.

Unique Paragraph - the capital will be remained with constant value in accordance with made use in the paragraph 4th of Article 15 of the Treaty.

CHAPTER III

Administration

ARTICLE 7th

Are agencies of the administration of the ITAIPU the Council of Administration and the Executive Direction.

ARTICLE 8th

The Council of Administration will be composed in twelve nominated Council members:

- a) six for the Brazilian Government, of which one will be indicated by the Ministry of Foreign Affairs and two for the ELETROBRÁS;
- b) six for the Paraguayan Government, of which one will be indicated by the Ministry of Foreign Affairs and two for the ANDE;

Paragraph 1st - Brazilian General Director and Paraguayan General Director, foreseen in the article 12th, also will integrate the Council, with voice and without vote.

Paragraph 2nd - the meetings of the Council will be presided over, alternating, for a Council member of Brazilian nationality or Paraguayan and, rotating, for all the members of the Council.

Paragraph 3rd - the Council will nominate two Secretaries, a Brazilian and another Paraguayan, who will have its position, among others attributions, to certify documents of the ITAIPU in Portuguese and Spanish, respectively.

ARTICLE 9th

Compete to the Council of Administration to fulfill and to make to fulfill the Treaty and the its Annexes and to decide on:

- a) the basic lines of direction of administration of the ITAIPU;
- b) the Internal Regulation;
- c) the plan of organization of the basic services;
- d) the acts that matter in alienation of the patrimony of the ITAIPU, with previous seeming of the ELETROBRÁS and of the ANDE;
- e) the reevaluations of asset and liabilities, with previous seeming of the ELETROBRÁS and of ANDE, having in account made use in the paragraph 4th of the Article 15th of the Treaty;
- f) the bases of installment of the electricity services;
- g) the referring proposals of the Executive Direction the obligations and loans;
- h) the proposal of budget for each exercise and its revisions, presented for the Executive Direction.

Paragraph 1st - The Council of Administration will examine the Report Annual, the General Balance Sheet, and the demonstration of Account of the Results, elaborated for the Executive Direction, and will present them with its to seem, to the ELETROBRÁS and to the ANDE, in agreement made use in the Article 24th of this Statute.

Paragraph 2nd - The Council of Administration will take knowledge of the course of the subjects of the ITAIPU through the expositions that will be made habitually by Brazilian General Director and/or Paraguayan General Director or of that the Council requests for intermediary of them.

ARTICLE 10th

The Council of Administration will congregate itself, usually, each two months and, extraordinary, when convoked, for intermediary of the Secretaries, Brazilian General Director and/or Paraguayan General Director or the half but one of the Council members.

Unique Paragraph - The Council of Administration alone will be able to decide with validity with the presence of the majority of the Council members of each country and with equal parity of votes to the lesser present national representation.

ARTICLE 11th

The Council members will exert its functions for a period of four years, having been able to be led back.

Paragraph 1st - At any time the Governments will be able to substitute the Council members whom they will have nominated.

Paragraph 2nd - When occurring definitive avoidance of a position of Council member, the

respective Government will nominate substitute who will exert the mandate for the remaining stated period.

ARTICLE 12th

The Executive Direction, corporate of national Members of both the countries, in equal number and with the same capacity and equal hierarchy, will be composed in Brazilian General Director, Paraguayan General Director, and the Executive Directors: Technician, Legal, Administrative, Financial and of Coordination, and the Directors: Technician, Legal, Administrative, Financial and of Coordination, all with voice and vote.

Paragraph 1st - To each Executive Director, Brazilian or Paraguayan, it will correspond a Director of the other nationality.

Paragraph 2nd - The members of the Executive Direction will be nominated by the respective Governments, for proposals of the ELETROBRÁS or of the ANDE in agreement the case.

Paragraph 3rd - The members of the Executive Direction will exert its functions for a period five year, being able to be led back.

Paragraph 4th - At any time the Governments will be able to substitute the Members of the Executive Direction that they will have nominated.

Paragraph 5th - In case of absence or temporary impediment of a Member of the Executive Direction, the ELETROBRÁS or the ANDE, in agreement the case, will assign the substitute amongst the too much Members, who will have also right to the vote of the substituted Member.

Paragraph 6th - When occurring definitive avoidance of a position of Member of the Executive Direction, the ELETROBRÁS or the ANDE, in agreement the case, will indicate the substitute who, a nominated time, will exert the mandate for the remaining stated period.

ARTICLE 13th

Are attributions and duties of the Executive Direction:

- a) to give fulfillment to Treaty and the its Annexes and to the decisions to the Council of Administration;
- b) to fulfill and to make to fulfill the Internal Regulation;
- c) to practice the necessary acts of administration to the conduction of the subjects of the Entity;
- d) to consider to the Council of Administration the basic lines of direction of administration;
- e) to consider to the Council of Administration norms of administration of the staff;
- f) to elaborate and to submit the Council of Administration, in each exercise, the proposal of budget for the following exercise and its eventual revisions;
- g) to elaborate and to submit to the Council of Administration the Annual Report, the General Balance Sheet and the demonstration of Account Results of the previous exercise;
- h) to put in execution the norms and the bases for installment of the electricity services;
- i) to create and to install the offices administrative technician and/or who to judge necessary, where he will be convenient;
- j) to approve the plan global of classification of positions, capacity and wages and benefits of the employees.

ARTICLE 14th

The Executive Direction will be congregated, ordinary, at least two times to the month and, extraordinary, when convoked for one of the Generals-Directors.

Paragraph 1st - The resolutions of the Executive Direction will be adopted by majority of votes.

Paragraph 2nd - The Executive Direction will install itself in the place that to judge more adequate to the exercise of its functions.

ARTICLE 15th

The ITAIPU will be able to assume obligations or only to constitute solicitors by means of the joint signature of two Generals-Directors.

ARTICLE 16th

The fees of the Council members and the Members of the Executive Direction will be fixed by the ELETROBRÁS and for the ANDE, of common agreement.

ARTICLE 17th

Two Generals-Directors are responsible, solidarity, for the coordination, organization and direction of the activities of the ITAIPU and will represent it, in judgment or is of it, competing to them practicing all the necessary acts of ordinary management to the functioning of the Entity, with exclusion of the attributed ones to the Council of Administration and the Executive Direction. They fit to them, besides, the acts of admission and resignation of staff in its respective countries.

ARTICLE 18th

The Director Executive Technician is responsible for the conduction of the project and the construction of the work and operation of the installations.

ARTICLE 19th

The Executive Legal Director is the responsible one for the conduction of the legal subjects of the Entity.

ARTICLE 20th

The Executive Administrative Director is the responsible one for the Administration of the staff and the direction of the general services.

ARTICLE 21st

The Executive Financial Director is responsible for the execution of the politics the economic-financier, supplement and purchases.

ARTICLE 22nd

The Executive Director of Coordination is the responsible one for the services related with the preservation of the environment conditions in the area of the reservoir, the port execution of the projects and work and of navigation, the execution of the projects and infrastructure work, of the ways of access, the residential villages and other services and work will be attributed to it by the Executive Direction is of the area of the installations destined to the production of electric energy.

ARTICLE 23rd

The Directors will have the specific executive attributions that, of common agreement, will be delegated to them by the Executive Directors of the respective areas, with sights to the perfect achievement of the objectives of the Binational Entity.
Unique Paragraph: The Directors will remain informed of the subjects of the respective Directions and will inform on the course of that they will be trusted to them.

CHAPTER IV**Financier Exercise****ARTICLE 24th**

The financier exercise will be locked in 31 of December of each year.
Paragraph 1st - The ITAIPU will present, up to 30 of April of each year, for decision of the ELETROBRÁS and of the ANDE, the Annual Report, the General Balance Sheet and the demonstration of Account Results of the previous exercise.
Paragraph 2nd - The ITAIPU will adopt the currency of the United States of America as reference for the accounting of its operations. This reference could be substituted by another one, by means of agreement between the two Governments.

CHAPTER V**General Disposals****ARTICLE 25th**

Will be incorporated by the ITAIPU, as payment of subscribed capital on the part of the ELETROBRÁS and of the ANDE, expenditure for the related companies, previously to the constitution of the Entity, in the following works:
a) resultant studies of the Accord of Cooperation firmied in 10 of April of 1970;
b) preliminary work and services related with the construction of the hydroelectric exploitation.

ARTICLE 26th

The Council members, and Members of the Executive Direction and will not be able to exert functions of direction, administration or consultation in supplying or contracting companies of any materials and services used by ITAIPU.

ARTICLE 27th

Will be able to give to services to the ITAIPU the public officers, employees of autarchies and of

society of mixing economy, Brazilians or Paraguayans, without loss of the original bond and the benefits of retirement and/or social welfare, having in account the respective national legislation.

ARTICLE 28th

The Internal Regulation of the ITAIPU, mentioned in the Article 9th, will be approved by the Executive Direction to the approval of the Council of Administration and will contemplate, among others, the following subjects: of the countable and financial regimen; the regimen for the attainment of proposals, adjudication and act of contract of services and work, the acquisition of good, norms for the exercise of the functions of the integral ones of the Council of Administration and the Members of the Executive Direction.

ARTICLE 29th

The cases foreseen in this Statute, that could not be decided by the Council of Administration, will not be solved by the two Governments, with previous seeming of the ELETROBRÁS and of the ANDE.

2. The Statute approved for the present Agreement will have validity from the date of 17 of May of 1986 up to 17 of May of 1991.

3. In this date, by means of new Agreement, both the Governments will adopt the decision that to judge convenient on the Annex A (Statute of the ITAIPU).

4. The present Note and of Your honor, identical text and same date, constitutes Agreement between the two Governments.

Taking the opportunity to renew Your honor the protests of my higher consideration.

(a)Olavo Egydio Setúbal

(Published in "Official Gazette" of 02.20.1986, p. 2.703-06.)

PREVIOUS

ANNEX A

TO THE TREATY OF ITAIPU

(STATUTE OF THE ITAIPU)

(Asuncion, 12.27.1991)

Asuncion, in 27 of December of 1991.

NR 336

Your Excellency Mr.
Professor Doctor Aléxis Frutos Vaesken,
Minister of Foreign Affairs

Sir Minister,

With reference to the paragraphs first and second of the Note NR 146, 14 of May of 1991, and to the Revertive Note NR 1, of identical content and same date, the Ministry of Foreign Affairs of the Republic of Paraguay, and leading in account what it makes use article III, paragraph 2nd of the Treaty of Itaipu, I have the honor to lead to the knowledge of Your excellency that the Government of Brazil agrees to the Government of Paraguay to modifying the Annex (Statute of the ITAIPU) of the form as the present consists in annex Note.

2. The new Statute will have validity from 17 of May of 1992, as foreseen in its Article 31. In these conditions, it is extending until that date the validity of the current Statute.

3. The present Note and of Your honor, identical text and same date, constitutes an Agreement

between the two Governments. I use to advantage the chance to renew Your honor the protests of my higher consideration.

C. E. ALVES DE SOUZA
Ambassador of Brazil

PARAGUAY –REVERTIVE NOTE N.R Nº 17, of 12.27.1991.

STATUTE OF THE ITAIPU

CHAPTER I - Denomination and Object

ARTICLE 1st - The ITAIPU is a binational entity created by Article III of the Treaty one signed by Brazil and Paraguay, in 26 of April of 1973, and has as parts:

- a) the Centrais Elétricas Brasileiras S.A. - ELETROBRÁS, anonymous society of the Brazilian mixing economy;
- b) the Administración Nacional de Electricidad - ANDE, Paraguayan autarchic entity.

ARTICLE 2nd - The object of the ITAIPU is the hydroelectric exploitation of the hydraulics resources of the Paraná riverbed, pertaining in condominium to the two countries, since and also the Salto Grande de Sete Quedas or Salto del Guairá until the estuary of the Iguacu river.

ARTICLE 3rd - The ITAIPU will be conducted for the norms established in the Treaty of 26 of April of 1973, in the present Statute and the excessively Annexes ones.

ARTICLE 4th - The ITAIPU will have, in accordance with what it makes use the Treaty and the its Annexes, legal, financial and administrative capacity, and also responsibility technique, to study, to project, to direct and to execute the works that have as object, to place them in functioning and to explore them, being able, for such effect, to acquire rights and to contract obligations.

ARTICLE 5th - The ITAIPU will have headquarters in Brasília, Capital of the Federative Republic of Brazil, and Asuncion, Capital of the Republic of Paraguay.

CHAPTER II - Capital

ARTICLE 6th - The capital of the ITAIPU will be equivalent US\$ 100.000.000,00 (one hundred million dollar of the United States of America), pertaining to the ELETROBRÁS and to ANDE in equal and non-transferable parts.

Unique paragraph - The capital will be remained with constant value in accordance with made use in the paragraph 4th of Article 15 of the Treaty.

CHAPTER III - Administration

ARTICLE 7th - Are agencies of the administration of the ITAIPU the Council of Administration and the Executive Direction.

ARTICLE 8th - The Council of Administration will be composed in twelve nominated Council members:

- a) six for the Brazilian Government, of which one will be the Brazilian General Director, one will be indicated by the two Ministry of Foreign Affairs and one will be indicated for the ELETROBRÁS;
- b) six for the Paraguayan Government, of which one will be the Paraguayan General Director, one will be indicated Ministry of Foreign Affairs and one for the ANDE;

Paragraph 1st - The meetings of the Council will be presided over, alternately, for a Council member of Brazilian nationality or Paraguayan and, rotating, for all the members of the Council.

Paragraph 2nd - The Council will nominate two Secretaries, a Brazilian and another Paraguayan, who will have its position, among others attributions, to certify documents of the ITAIPU in Portuguese and Spanish, respectively.

ARTICLE 9th - Compete to the Council of Administration to fulfill and to make to fulfill Treaty and the its Annexes and to decide on:

- a) the politics and basic lines of direction of the ITAIPU;
- b) the Internal Regulation, the Manual of Organization, the General Norm of Licitacion and the

Regulation of Staff;

c) the proposal of budget for each exercise and its revisions presented for Generals Directors;

d) the plan and the annual program of auditorship;

e) the acts that matter in alienation of the patrimony of the ITAIPU, with previous seeming of the ELETROBRÁS and the ANDE;

f) the reevaluations of asset and liabilities, with previous seeming of the ELETROBRÁS and of the ANDE, having in account made use in the paragraph 4th of article XV of the Treaty;

g) the bases of installment of the electricity services;

h) the referring proposals of the Executive Direction the obligations and loans;

i) the necessary modifications in the organizational structure in the corresponding levels or equivalents the joint supervision and departments for proposal of Generals directors.

Paragraph 1st - The Council of Administration will examine the Report Annual, the General Balance Sheet, and the demonstration of Account of the Results, elaborated for the Executive Direction, and will present them with its to seem, to the ELETROBRÁS and to ANDE, in agreement made use in the Article 26th of this Statute.

Paragraph 2nd - The Council of Administration will take knowledge of the course of the subjects of the ITAIPU through the expositions that will be made habitually by Brazilian General Director and/or Paraguayan General Director or of that the Council requests for intermediary of them.

ARTICLE 10th - The council of Administration will congregate itself, usually, each two months and, extraordinary, when convoked, for intermediary of the Secretaries, by the Brazilian General Director and/or by the Paraguayan General Director or the half but one of the Council members.

Unique paragraph - The Council of Administration only will be able to decide with validity with the presence of the majority of the Council members of each country and with equal parity of votes to the lesser present national representation.

ARTICLE 11th - The Council members will exert its functions for a period of four years, having been able to be led back.

Paragraph 1st - At any time the Governments will be able to substitute the Council members whom they will have nominated.

Paragraph 2nd - When occurring definitive avoidance of a position of Council member, the respective Government will nominate substitute who will exert the mandate for the remaining stated period.

ARTICLE 12th - The Executive Direction, constituted of national Members of both the countries, in equal number and with the same capacity and equal hierarchy, will be composed in Brazilian General Director, Paraguayan General Director, and of the Directors of Engineering and Operation, of Maintenance and Work, Financial, of Suppliments, Administrative Brazilian, and Administrative Paraguayan.

Paragraph 1st - The members of the Executive Direction will be nominated by the respective Governments.

Paragraph 2nd - The members of the Executive Direction will exert its functions for a period five year, being able to be led back.

Paragraph 3rd - At any time the Governments will be able to substitute the Members of the Executive Direction that they will have nominated.

Paragraph 4th - In case of absence or temporary impediment of a Member of the Executive Direction, this will be substituted by other indicated by General-Director of the same nationality, this will indicate to the Executive Direction its substitute enters the directors of its nationality.

Paragraph 5th - When occurring definitive avoidance of a position of Member of the Executive Direction, the respective Government, as the case, will indicate the substitute who, a nominated time, will exert the mandate for the remaining stated period.

ARTICLE 13th - Are attributions and duties of the Executive Direction:

a) to give fulfillment to Treaty and the its Annexes and to the decisions to the Council of Administration;

b) to fulfill and to make to fulfill the Internal Regulation;

c) to consider to the Council of Administration the politics and basic lines of direction of administration;

d) to analyze and to submit the Council of Administration, in each exercise, the proposal of budget for the following exercise and its eventual revisions;

e) to analyze and to submit to the Council of Administration the Annual Report, the General Balance Sheet and the demonstration of Account of Results of the previous exercise;

f) to put in execution the norms and the bases for installment of the electricity services;

g) to approve the acts that imply obligations for the ITAIPU, that is considered by Generals

Directors, such as to seem of commissions of judgment of licitations;
h) to approve the joint proposals of Generals Directors on norms and administrative procedures that involve all the Entity, such as the norms of staff administration.

ARTICLE 14th - The Executive Direction will be congregated, ordinary, at least one times to the month and, extraordinary, when convoked for one of Generals-Directors.

Paragraph 1st - The resolutions of the Executive Direction will be adopted by majority of votes.

Paragraph 2nd - The Executive Direction will install itself in the place that to judge more adequate to the exercise of its functions.

ARTICLE 15th - The ITAIPU will be able to assume obligations or only to constitute solicitors by means of the joint signature of two Generals-Directors.

ARTICLE 16th - The fees of the Council members and the Members of the Executive Direction will be fixed by the ELETROBRÁS and by the ANDE, of common agreement.

ARTICLE 17th - Are attributions of the Generals-Directors:

(A) Jointly

- a) to practice, solidarity, all the necessary acts of administration to the conclusion and the functioning of the Entity, planning, organizing, coordinating, directing and controlling the execution of the politics and plans of administration approved by the Executive Direction and executed by the too much Directions in the scope of its ability, with exclusion of the attributed ones to the Council of Administration and the Executive Direction;
- b) to coordinate the process of identification and elaboration of politics and basic lines of direction of administration of the ITAIPU for appreciation of the Executive Direction, and approval of the Council of Administration;
- c) to coordinate the process of elaboration of the work plan and annual budget of the ITAIPU;
- d) to coordinate the elaboration of the plans, norms and administrative procedures of the ITAIPU, such as the norms staff administration;
- e) to coordinate the elaboration and update of the Internal Regulation, the Manual of Organization, the General Norm of Licitacion and the Regulation of Staff;
- f) to define the organizational structure and the nationality of the managers of the agencies the division level;
- g) to all assign the controlling of and any management position, except of directors;
- h) to represent the Binational one in judgment or and out of it.

(B) Separately

- a) to admit and dismiss staff from its respective nationality;
- b) to represent the ITAIPU Binacional in judgment or and out of it.

ARTICLE 18th - The Director Executive Technician is responsible for the conduction of the project and the construction of the work and operation of the installations.

ARTICLE 19th - The Executive Legal Director is the responsible one for the conduction of the legal subjects of the Entity.

ARTICLE 20th - The Executive Administrative Director is the responsible one for the Administration of the staff and the direction of the General Services.

ARTICLE 21st - The Executive Financial Director is responsible for the execution of the politics the economic-financier, supplement and purchases.

ARTICLE 22nd - The Executive Director of Coordination is the responsible one for the services related with the preservation of the environment conditions in the area of the reservoir, the port execution of the projects and work and of navigation, the execution of the projects and infrastructure work, of the ways of access, the residential villages and other services and work will be attributed to it by the Executive Direction is of the area of the installations destined to the production of electric energy.

ARTICLE 23rd - The Directors will have the specific executive attributions that, of common agreement, will be delegated to them by the Executive Directors of the respective areas, with sights to the perfect achievement of the objectives of the Binational Entity.

Unique paragraph: The Directors will remain informed of the subjects of the respective Directions and will inform on the course of that they will be trusted to them.

CHAPTER IV

Financial Exercise

ARTICLE 24th - The Financial exercise will be locked in 31 of December of each year.

Paragraph 1st - The ITAIPU will present, up to 30 of April of each year, for decision of the ELETROBRÁS and of the ANDE, the Annual Report, the General Balance Sheet and the demonstration of Account Results of the previous exercise.

Paragraph 2nd - The ITAIPU will adopt the currency of the United States of America as reference for the accounting of its operations. This reference could be substituted by another one, by means of agreement between the two Governments.

CHAPTER V

General Disposals

ARTICLE 25th - Will be incorporated by the ITAIPU, as payment of subscribed capital on the part of the ELETROBRÁS and of the ANDE, the expenditure realized for the related companies, previously to the constitution of the Entity, in the following works:

- a) resultant studies of the Accord of Cooperation firmied in 10 of April of 1970;
- b) preliminary work and services related with the construction of the hydroelectric exploitation.

ARTICLE 26th - The Council members, Members of the Executive Direction and other employees will not be able to exert functions of direction, administration or consultation in supplying or contracting companies of any materials and services used by ITAIPU.

ARTICLE 27th - Will be able to give to services to the ITAIPU the public officers, employees of autarchies and of society of mixing economy, Brazilians or Paraguayans, without loss of the original bond and the benefits of retirement and/or social welfare, having in account the respective national legislation.

ARTICLE 28th - The Internal Regulation of the ITAIPU, mentioned in the Article 9th, will be considered by the Executive Direction to the approval of the council of Administration and will contemplate, among others, the following subjects: of the countable and financial regimen; the regimen for the attainment of proposals, adjudication and act of contract of services and work, the acquisition of good, norms for the exercise of the functions of the integral ones of the Council of Administration and the Members of the Executive Direction.

ARTICLE 29th - The cases foreseen in this Statute, that could not be decided by the Council of Administration, will not be solved by the two Governments, with previous seeming of the ELETROBRÁS and of ANDE.

2. The Statute approved for the present Agreement will have validity from the date of 17 of May of 1986 up to 17 of May of 1991.

ANNEX A

TO THE TREATY OF ITAIPU

(STATUTE OF THE ITAIPU)

(Brasília, 04.26.1973)

CHAPTER I

Denomination and Object

Article I

The ITAIPU is a binational entity created by Article III of the Treaty signed by Brazil and Paraguay,

in 26 of April of 1973, and has as parts:

- a) the Centrais Elétricas Brasileiras S.A. - ELETROBRÁS, anonymous society of the Brazilian mixing economy;
- b) the Administración Nacional de Eletricidad – ANDE, Paraguayan autarchic entity.

Article II

The object of the ITAIPU is the hydroelectric exploitation of the hydraulics resources of the Paraná riverbed, pertaining in condominium to the two countries, since and also the Salto Grande de Sete Quedas or Salto del Guairá until the estuary of the Iguazu river.

Article III

The ITAIPU will be conducted for the norms established in the Treaty one to 26 of April of 1973, in the present Statute and the excessively Annexes ones.

Article IV

The ITAIPU will have, in accordance with what they make use Treaty and the its Annexes, legal, financial and administrative capacity, and also responsibility technique, to study, to project, to direct and to execute the works that have as object, to place them in functioning and to explore them, being able, for such effect, to acquire rights and to contract obligations.

Article V

The ITAIPU will have headquarters in Brasilia, Capital of the Federative Republic of Brazil, and in Asuncion, Capital of the Republic of Paraguay.

CHAPTER II

Capital

Article VI

The capital of the ITAIPU will be equivalent US\$ 100.000.000,00 (one hundred million dollar of the United States of America), pertaining to the ELETROBRÁS and to ANDE in equal and non-transferable parts.

Unique paragraph - The capital will be remained with constant value in accordance with made use in the paragraph 4th of Article XV of the Treaty.

CHAPTER III

Administration

Article VII

Are agencies of the administration of the ITAIPU the Council of Administration and the Executive Direction.

Article VIII

The Council of Administration will be composed in twelve nominated Council members:

- a) six for the Brazilian Government, of which one will be indicated by Ministry of Foreign Affairs and two for the ELETROBRÁS;
- b) six for the Paraguayan Government, of which one will be indicated by the Ministry of Foreign Affairs and two for the ANDE;

Paragraph 1st - The Brazilian General Director and the Paraguayan General Director, foreseen in the article 12th, also will integrate the Council, with voice and without vote.

Paragraph 2nd - The meetings of the Council will be presided over, alternating, for a Council member of Brazilian nationality or Paraguayan and, rotating, for all the members of the Council.

Paragraph 3rd - The Council will nominate two Secretaries, a Brazilian and another Paraguayan, who will have its position, among others attributions, to certify documents of the ITAIPU in Portuguese and Spanish, respectively.

Article IX

Compete to the Council of Administration to fulfill and to make to fulfill Treaty and the its Annexes and to decide on:

- a) the basic lines of direction of administration of the ITAIPU;
- b) the Internal Regulation;

- c) the plan of organization of the basic services;
- d) the acts that matter in alienation of the patrimony of the ITAIPU, with previous seeming of the ELETROBRÁS and of the ANDE;
- e) the reevaluations of asset and liabilities, with previous seeming of the ELETROBRÁS and of the ANDE, having in account made use in the paragraph 4th of the Article XV of the Treaty;
- f) the bases of installment of the electricity services;
- g) the referring proposals of the Executive Direction the obligations and loans;
- h) the proposal of budget for each exercise and its revisions, presented for the Executive Direction.

Paragraph 1st - The Council of Administration will examine the Report Annual, the General Balance Sheet and the demonstration of Account of the Results, elaborated for the Executive Direction, and will present them with its to seem, to the ELETROBRÁS and to ANDE, in agreement made use in the Article XXIV of this Statute.

Paragraph 2nd - The Council of Administration will take knowledge of the course of the subjects of the ITAIPU through the expositions that will be made habitually by General Director or of that the Council requests for intermediary of them.

Article X

The Council of Administration will congregate, usually, each two months and, extraordinary, when convoked, by intermediary of the Secretaries, by the General Director or for the half but one of the Council members.

Unique paragraph - The Council of Administration only will be able to decide with validity with the presence of the majority of the Council members of each country and with equal parity of votes to the lesser present national representation.

Article XI

The Council members will exert its functions for a period of four years, having been able to be led back.

Paragraph 1st - At any time the Governments will be able to substitute the Council members whom they will have nominated.

Paragraph 2nd - When occurring definitive avoidance of a position of Council member, the respective Government will nominate substitute who will exert the mandate for the remaining stated period.

Article XII

The Executive Direction, consisting of national Members of both the countries, in equal number and with the same capacity and equal hierarchy, will be composed of the General Director and of the Technician, Legal, Administrative, Financial and of Coordination Directors.

Paragraph 1st - To each Director it will correspond an Adjunct Director of Brazilian or Paraguayan, different nationality of the one of the bearer.

Paragraph 2nd - The Adjunct Directors and the Directors will be nominated by the respective Governments, for proposals of the ELETROBRÁS or of the ANDE, in agreement the case.

Paragraph 3rd - The Adjunct Directors and the Directors will exert its functions for a period five year, being able to be led back.

Paragraph 4th - At any time the Governments will be able to substitute the Members of the Adjunct Directors and the Directors that they will have nominated.

Paragraph 5th - In case of absence or temporary impediment of a Director, the ELETROBRÁS or the ANDE, in agreement the case, will assign the substitute amongst the too much Directors, who will have also right to the vote of the substituted Director.

Paragraph 6th - When occurring definitive avoidance of a position of Director, the ELETROBRÁS or the ANDE, in agreement the case, will indicate the substitute who, a nominated time, will exert the mandate for the remaining stated period.

Article XIII

Are attributions and duties of the Executive Direction:

- a) to give fulfillment to Treaty and the its Annexes and to the decisions to the Council of Administration;
- b) to fulfill and to make to fulfill the Internal Regulation;
- c) to practice the necessary acts of administration to the conduction of the subjects of the Entity;
- d) to consider to the Council of Administration the basic lines of direction of administration;
- e) to consider to the Council of Administration norms of administration of the staff;
- f) to elaborate and to submit the Council of Administration, in each exercise, the proposal of budget for the following exercise and its eventual revisions;
- g) to elaborate and to submit to the Council of Administration the Annual Report, the General Balance Sheet and Demonstration of Account of Result of the previous exercise;

h) to put in execution the norms and the bases for installment of the electricity services;
i) to create and to install the offices administrative technician and/or who to judge necessary, where he will be convenient;

Article XIV

The Executive Direction will congregate itself, usually, at least two times to the month and, unusually, when convoked for General-Director or request, to this, of one of the Directors.

Paragraph 1st - The resolutions of the Executive Direction will be adopted by majority of votes, fitting to General-Director the vote of stalemate.

Paragraph 2nd - The Executive Direction will install itself in the place that to judge more adequate to the exercise of its functions.

Article XV

The ITAIPU only will be able to assume obligations or to constitute solicitors by means of the joint signature of General Director and of another Director.

Article XVI

The fees of the Council members and the Members of the Executive Direction will be fixed by the ELETROBRÁS and for the ANDE, of common agreement.

Article XVII

The General Director is the responsible one, for the coordination, organization and direction of the activities of the ITAIPU and will represent it in judgment or is of it, competing to it practicing all the necessary acts of usual administration to the functioning of the entity, with exclusion of the attributed ones to the Council of Administration and the Executive Direction. They fit to it, besides, the acts of admission and resignation of staff.

Article XVIII

The Director Technician is the responsible one for the conduction of the project, construction of the work and operation of the installations.

Article XIX

The Legal Director is the responsible one for the conduction of the legal subjects of the Entity.

Article XX

The Administrative Director is the responsible one for the administration of the staff and the direction of the general services.

Article XXI

The Financial Director is responsible for the execution of the politics the economic-financier, suppliment and purchases.

Article XXII

The Director of Coordination is the responsible one for the conduction of the administrative management before the authorities of the two countries.

Article XXIII

The Adjunct Directors will have the attributions that, of common agreement with the respective bearers, them they will be for these commission agents.

Paragraph 1st - The Adjunct Directors will remain themselves informed of the subjects of the respective Directions and will inform on the course of that they will be trusted to them.

Paragraph 2nd - The Adjunct Directors will attend the meetings of the Executive Direction, with voice and without vote.

CHAPTER IV

Financial Exercise

Article XXIV

The financial exercise will be locked in 31 of December of each year.

Paragraph 1st - The ITAIPU will present, up to 30 of April of each year, for decision of the ELETROBRÁS and of ANDE, the Annual Report, General Balance Sheet and the demonstration of Account of Results of the previous exercise.

Paragraph 2nd - The ITAIPU will adopt the currency of the United States of America as reference for the accounting of its operations. This reference could be substituted by another one, by means of agreement between the two Governments.

CHAPTER V

General Disposals

Article XXV

Will be incorporated by the ITAIPU, as payment of subscribed capital on the part of the ELETROBRÁS and of the ANDE, the expenditure realized for the related companies, previously to the constitution of the Entity, in the following works:

- a) resultant studies of the Accord of Cooperation firmied in 10 of April of 1970;
- b) preliminary work and services related with the construction of the hydroelectric exploitation.

Article XXVI

The Council members, Directors, Adjunct Directors and others employees will not be able to exert functions of direction, administration or consultation in supplying or contracting companies of any materials and services used by ITAIPU.

Article XXVII

Will be able to give to services to the ITAIPU the public officers, employees of autarchies and of society of mixing economy, Brazilians or Paraguayans, without loss of the original bond and the benefits of retirement and/or social welfare, having in account the respective national legislation.

Article XXVIII

The Internal Regulation of the ITAIPU, mentioned in the Article IX, will be considered by the Executive Direction to the approval of the Council of Administration and will contemplate, among others, the following subjects: of the countable and financial regimen; the regimen for the attainment of proposals, adjudication and act of contract of services and work, the acquisition of good, norms for the exercise of the functions of the integral ones of the Council of Administration and of the Executive Direction.

Article XXIX

The cases foreseen in this Statute, that could not be decided by the Council of Administration, will not be solved by the two Governments, with previous seeming of the ELETROBRÁS and of the ANDE.

(Published in "Official Gazette" of 08.30.1973, p. 8.643-44.)