



**CTEEP – COMPANHIA DE TRANSMISSÃO DE ENERGIA ELÉTRICA
PAULISTA
A Publicly Held Company
CNPJ nº 02.998.611/0001-04
NIRE 35300170571**

BYLAWS

CHAPTER I

**NAME, REGISTERED OFFICES, PURPOSE AND DURATION OF THE
CORPORATION**

Article 1 - CTEEP – Companhia de Transmissão de Energia Elétrica Paulista, adopting the trade name CTEEP, shall be governed by these Bylaws and by the applicable legislation.

Article 2 – The purpose of the corporation shall be to:

- I. study, plan, project, construct and operate and maintain electric energy transmission systems, lines, substations and control centers as well as the respective infrastructure;
- II. study, prepare, project, execute, explore or transfer research and development plans and programs involving any type or form of energy transportation as well as other activities correlated to available technology, whether directly or in collaboration with state or private sector bodies;
- III. explore, in isolation or in participation with other corporations, activities arising from the ancillary utilization of material or immaterial goods of which it is owner in view of the essential nature of its activity as well as the rendering of services which directly or indirectly relate to its corporate purpose;
- IV. participate in other corporations, as a partner, shareholder or quota holder; and
- V. constitute consortia or any other type of business collaboration.

Article 3 - The corporation, with an indeterminate term of duration, has its registered offices and jurisdiction in the city and state of São Paulo.

Sole Paragraph - The corporation may open and extinguish branches, regional branches, agencies, offices or representations in Brazil and overseas at the proposal of the Executive Board and resolution of the Board of Directors.

CHAPTER II

CAPITAL STOCK, SHARES AND SHAREHOLDERS

Article 4 – The subscribed and paid-in capital stock is R\$ 2,000,000,000.00 (two billion reais), divided into 152,661,565 (one hundred and fifty-two million, six hundred and sixty-one thousand, five hundred and sixty-five) shares, being 64,484,433 (sixty-four million, four hundred and eighty-four thousand, four hundred and thirty-three) common and 88,177,132 (eighty-eight million, one hundred and seventy-seven thousand, one hundred and thirty-two) preferred shares, all of them nominative, book entry with no par value.

Article 5 – The authorized capital stock is R\$ 2,300,000,000.00 (two billion three hundred million reais).

Paragraph 1 - The corporation, through resolution of the Board of Directors and regardless of any amendment to the Bylaws, is authorized to increase the capital stock up to the said limit in the caption sentence to this Article, issuing the shares corresponding to each type, complying with the proportionality of the existing shares.

Paragraph 2 – On the issue of the shares within the limit of the authorized capital, the Board of Directors shall establish:

- a. the quantity, type and class of shares;
- b. the issue price; and
- c. the remaining conditions for subscription and paying in, pursuant to Law 6.404/76.

Paragraph 3 – The provision in Paragraph 1 of this Article does not apply in the event of an increase in capital through the paying in of goods, which shall depend on the approval of the General Meeting pursuant to Law 6.404/76.

Paragraph 4 - The corporation may also issue subscription bonds, complying with the limit for authorized capital, upon the resolution of the Board of Directors.

Paragraph 5 – The shareholders that fail to effect the paying in of capital according to the established conditions shall be, *ipso jure*, considered in default and subject to the payment of interest of 1% (one percent) per month, monetary restatement according to an index to be established by the Board of Directors, and a penalty fee of 10% (ten percent), calculated on the value of the delay, without limiting other appropriate legal measures.

Paragraph 6 – By resolution of the Board of Directors, the corporation may acquire its own shares to be held in treasury or canceled, determine their resale or further placement in the market in compliance with the legal norms and other applicable provisions including those issued by the Brazilian Securities and Exchange Commission – CVM.

Paragraph 7 – Within the limit of the authorized capital and pursuant to the plan approved for the purpose by the General Meeting, the corporation may grant stock options to its members of management or employees, excluding the preemptive right of the shareholders in the granting and exercising of the stock options.

Article 6 – The preferred shares shall have the following characteristics:

- I. priority in capital reimbursement with no right to the premium in the event of liquidation of the corporation;
- II. non-cumulative priority dividend of 10% (ten percent) per year calculated on the capital applicable to this type of share;
- III. right to elect a member of the of the Fiscal Council, and respective alternate, chosen by the shareholders, in a separate voting round, pursuant to Law 6.404/76;
- IV. right to elect a member of the Board of Directors chosen by shareholders, in a separate voting round, pursuant to Law 6.404/76;
- V. right to participate in capital increases, arising from monetary restatement and capitalization of reserves and profits, under equal conditions with the common shares; and
- VI. shall have no voting rights and be irredeemable.

Article 7 – Each common nominative share is entitled to 1 (one) vote in the resolutions of General Meetings.

Article 8 – Pursuant to the legal provisions, the shareholders may convert shares of the common type into preferred shares or vice-versa, conditional on these having been paid in. The conversions shall be executed by resolution of the Board of Directors, for periods of not less than 15 (fifteen) consecutive days in accordance with the following conditions:

- a. to enjoy this entitlement, the shareholders shall have used all the rights inherent to the shares held and present identity documents at the time of conversion;
- b. at each period for the conversion of share types, the shareholder may submit requests for conversion of up to 3% (three percent) of the capital stock, the amount submitted for conversion not exceeding 5% (five percent) of the capital stock.

Article 9 – All the corporation's shares are book entry, held in a deposit account in the name of their holders, without the issue of certificates, in a financial institution authorized by the Brazilian Securities and Exchange Commission – CVM and designated by the Board of Directors.

Sole Paragraph – The corporation may authorize the depository institution responsible for the registration of the book entry shares pursuant to the limits set by the Brazilian Securities and Exchange Commission – CVM, to charge the shareholders for the cost of transfer of ownership of the book entry shares.

Article 10 – In the event of an increase in the capital stock, the right of preference to subscribe the shares corresponding to the increase in the proportion of the number of shares held shall be granted to the shareholders pursuant to Article 171 of Law 6404/76.

Sole Paragraph – The provision in this article does not apply in cases of an increase in capital within the authorized limit according to the contingencies in subitems I and II of Article 172 of Law 6.404/76.

CHAPTER III

CORPORATE ORGANS

Article 11 – the component bodies of the corporation are:

- I. the General Meeting;
- II. the Board of Directors;
- III. the Executive Board; and
- IV. the Fiscal Council.

Article 12 – The Ordinary General Meeting shall be convened by April 30 of each year, as legally required, in order to:

- a. receive the management accounts for the last fiscal year;
- b. examine, discuss and vote the financial statements, together with the opinion of the Fiscal Council;
- c. rule on the allocation of net income for the fiscal year and the distribution of dividends;
- d. elect the effective members and their alternates to the Fiscal Council;
- e. elect, as the case may be, the members of the Board of Directors; and
- f. establish the remuneration of the members of the Fiscal Council and the aggregate annual compensation and other benefits of management.

Article 13 – The General Meeting shall be convened by the Board of Directors or, in cases pursuant to the law, by shareholders or by the Fiscal Council.

Article 14 – The shareholders shall present an identity document and/or corporate acts proving their status as legal representative at the General Meetings.

Paragraph 1^o - The corporation shall waive the submission of proof of share ownership by the titleholder of book entry shares included in the list of shareholders supplied by the financial depository institution.

Paragraph 2 – In addition to other documents required under this Article, those shareholders that are participants of the fungible depository service, shall deposit at the corporation's registered offices at least 2 (two) business days before the date of the General Meeting, a statement issued at least 5 (five) days prior to the date of the General Meeting by the Brazilian Clearing and Depository Corporation or other authorized body, containing the respective shareholding participation.

Paragraph 3 – The shareholders may be represented at the General Meeting by an attorney-in-fact appointed pursuant to Paragraph 1 of Article 126 of Law 6.404/76 through a public or private instrument with certified signature, conditional on the respective mandate having been delivered to the corporation's registered offices, together with the other documents required under this Article, at least 2 (two) business days prior to the date that the General Meeting is to be held.

Article 15 - The General Meetings shall be presided by the Chairman of the Board of Directors or by his substitute, who shall appoint the Secretary.

Article 16 – The resolutions of the General Meeting shall be adopted by a majority of votes of those present, except where otherwise stated pursuant to Law 6.404/76 or these Bylaws, blank votes or abstentions not being counted.

Paragraph 1 - The General Meeting may only deliberate on matters included in the day's agenda, contained in the respective convening notice, except where otherwise stated pursuant to Law 6.404/76.

Paragraph 2 – The minutes of the Meetings shall be drafted to the General Meetings Minutes register in summarized format of the facts discussed and published omitting the signatures.

THE BOARD OF DIRECTORS

Article 17 - The Board of Directors shall comprise up to 10 (ten) members, all shareholders, resident or otherwise in Brazil, elected by the General Meeting, pursuant to the prevailing legal provisions.

Paragraph 1 - The Board of Directors shall elect from among its members 1 (one) Chairman and 1 (one) Vice Chairman. The positions of Chairman of the Board of Directors and Chief Executive Officer of the Company may not be accumulated by the same person.

Paragraph 2 – The annual compensation and other benefits of the members of management, approved by the General Meeting, shall be individualized by the Board of Directors.

Paragraph 3 – The employees shall be guaranteed participation on the Board of Directors and chosen by them through the appointment of a representative whose name shall be ratified by the General Meeting, pursuant to the Notice of Sale of Shares of the Capital Stock of CTEEP SF/001/2006.

Article 18 – The term of office of the members of the Board of Directors shall be 1 (one) year, members being eligible for reelection.

Paragraph 1 – The members of the Board of Directors shall be vested in their respective positions through adherence to the Instrument of Agreement of the Management referred to in the São Paulo Stock Exchange's Differentiated Practices of Corporate Governance and the signature of the instrument of investiture, drafted to the Board of Directors' minutes register.

Paragraph 2 – On termination of their term of office, the members of the Board of Directors shall remain in their positions until their successors take office.

Article 19 – In the event of a vacant position for any reason on the Board of Directors, the Chairman of the Board may fill the said vacancy *ad referendum* of the General Meeting, the substitute member holding the position for the remaining term.

Paragraph 1 – In the event of his temporary incapacity, the Chairman of the Board of Directors shall be substituted by the Vice Chairman, or, in the latter's absence, by another Director appointed by him and, in the event that no individual has been appointed, on the indication of the remaining members of the Board.

Paragraph 2 – In the event that the Chairman’s position becomes vacant, the Vice Chairman shall assume the position, remaining in the post until the Board appoints a new incumbent, the substitute member holding the position for the remaining term.

Article 20 – It shall be incumbent on the Board of Directors to:

- I. establish the corporation’s general business policy;
- II. elect, reelect, and remove from office members of the corporation’s Executive Board, establishing their individual duties, pursuant to the provisions of these Bylaws;
- III. elect, reelect and remove from office, among the Board’s Directors, the member that shall substitute the Chairman during his incapacity;
- IV. supervise the management activities of the Executive Board, at any time examining the books and documents of the corporation, soliciting information on signed contracts or those about to be signed, and any other information deemed necessary, as well as practicing any other acts;
- V. convene the General Meeting as called for pursuant to the law or when deemed convenient;
- VI. opine on the Management Report, the Financial Statements and the accounts of the Executive Board;
- VII. deliberate on the acquisition, sale or encumbrance of goods or real estate, pertaining to the assets of the corporation, the raising of funds through the issue of Promissory Notes, the obtaining of loans and financing, the constitution of encumbrance and the granting of real or personal guarantees as surety for own or subsidiary or affiliate companies, when the operation does not surpass 2% (two percent) of the paid-in capital stock;
- VIII. approve the granting of loans to third parties including subsidiaries or affiliates, when the operation surpasses 2% (two percent) of the paid-in capital stock;
- IX. approve the plans and economic-financial budgets and execution of annual and multi-year works, prepared by the Executive Board;
- X. appoint and remove from office the Independent Auditors;
- XI. submit the proposal for amending these Bylaws to the General Meeting;
- XII. deliberate on the issue, placement, price and conditions for paying in of shares and subscription bonds, obtaining the opinion of the Fiscal Council, when installed, as well as making capital calls, within the limits of the authorized capital;
- XIII. deliberate on the increase in capital, and the issue, purchase and cancellation of shares in accordance with paragraphs 1, 4, 5 and 6 of Article 5 of these Bylaws and establish the period for the exercising of preemptive rights for the subscription of issued shares, if applicable, the issue price of each share, as well as respective period and conditions for paying in;
- XIV. authorize negotiation by the Corporation with its own shares and deliberate on the issue of simple non-convertible debentures without real guarantee and share purchase options, pursuant to the prevailing legal provisions;
- XV. approve the Corporation’s participation in the capital stock of other companies, as partner, shareholder or quota holder, as well as participation in consortia or any other type of business collaboration which implies joint and several liability on the part of the company; and
- XVI. exercise the other functions that may be required of it by the General Meeting within the scope of the prevailing regulations.

Article 21 - The Board of Directors shall meet ordinarily on the dates established in the annual calendar of events, approved by the Board at its first meeting for each fiscal year, and extraordinarily whenever convened by its Chairman or through the solicitation of the majority of its members.

Paragraph 1 - The Board of Directors shall meet with a quorum of the majority of its members and shall deliberate on the basis of the majority vote of those present, the Chairman, in addition to his own vote, having the casting vote.

Paragraph 2 – The meetings of the Board of Directors may be conducted by conference call, video conferencing or any other means of communication allowing the member of the Board to be identified as well as permitting simultaneous communication with all the other persons present at the meeting. Absent Directors may also delegate their vote to other Directors.

Paragraph 3 – The Directors who participate in the meeting in the manner described above shall be deemed present for all intents and purposes, the signature on the respective minutes sent by facsimile or other electronic means deemed valid, a copy to be filed at the corporation’s registered offices together with the signed original of the minutes.

Paragraph 4 – The prior convening of the meeting may be waived if all the members of the Board of Directors are present.

EXECUTIVE BOARD

Article 22 - The corporation shall be managed by an Executive Board comprising up to 5 (five) members, being 1 (one) Chief Executive Officer, 1 (one) Chief Financial Officer and Investor Relations Director, 1 (one) Chief Administrative Officer, 1 (one) Chief Operating Officer and 1 (one) Chief of Enterprises Officer, all of whom shall exercise their functions according to the duties established in these Bylaws.

Paragraph 1 – The members of the Executive Board may be Brazilian or foreign nationals conditional on being resident in Brazil, shareholders or otherwise, and may be appointed and removed from office at any time by the Board of Directors.

Paragraph 2 – The compensation and other benefits of the members of the Executive Board shall be set in aggregate form by the General Meeting and on an individual basis by the Board of Directors.

Article 23 – The term of office of the Executive Board shall be 3 (three) years, reelection being permitted.

Paragraph 1 – The members of the Executive Board shall be vested in their respective positions through adherence to the Instrument of Agreement of the Management pursuant to the Level 1 Regulations of Corporate Governance, as well as meeting the applicable legal requirements and the signature of the instrument of investiture, drafted to the Executive Board’s minutes register.

Paragraph 2 - On termination of term of office, the members of the Executive Board shall remain in their positions until their successors take office.

Article 24 - In the event of a vacant position for any reason on the Executive Board, with the exception of that of the Chief Executive Officer, the latter may appoint the new officer *ad referendum* of the Board of Directors, the substitute officer holding the position for the remaining term of office.

Article 25 – It is incumbent on the Executive Board in a meeting and on the basis of a decision by a majority vote to:

- I. practice all acts necessary for the regular working of the corporation;
- II. approve the corporation’s internal charter and regulations and the levels of authority of the managers and employees for approving matters and documents;
- III. propose Management’s basic guidelines to the Board of Directors for their examination;
- IV. submit proposals to the Board of Directors for capital calls and amendments to these Bylaws;
- V. recommend to the Board of Directors the acquisition, sale or encumbrance of goods and real estate, pertaining to the assets of the corporation, the raising of funds through the issue of Promissory Notes, the obtaining of loans or financing, the constitution of encumbrance and the granting of real or personal guarantees as surety for the corporation’s own liabilities or those of subsidiary or affiliate companies, when the operation surpasses 2% (two percent) of the paid in capital stock;
- VI. recommend to the Board of Directors the granting of loans to third parties including subsidiaries or affiliates, when the operation surpasses 2% (two percent) of the paid in capital stock;
- VII. submit to the Board of Directors the fiscal year’s financial statements, the plans and annual and multi-year economic-financial budgets for the execution of works; and
- VIII. exercise the other functions that may be required of it by the Board of Directors within the scope of the prevailing regulations.

Article 26 – In performing the duties of the Executive Board, it is incumbent on:

- I. the Chief Executive Officer of the corporation: to preside and supervise the general policy of the corporation as established by the Board of Directors, coordinate the activities among the Management Divisions and provide guidance to the Divisions’ sectoral activities; and
- II. the other members of the Executive Board: to exercise the functions which the Law, the Bylaws and the Board of Directors grants to them for practicing acts necessary for the regular functioning of the Company, guiding and supervising the specific activities under their responsibility and executing specific responsibilities allocated to them by the Chief Executive Officer.

Paragraph 1 – It is incumbent on the Officer so appointed by the Board of Directors, to substitute the Chief Executive Officer during his absences or eventual incapacity.

Paragraph 2 – It is incumbent on any member of the Executive Board, in addition to exercising the powers granted to him by these Bylaws, to undertake the duties that shall be allocated to him by the Board of Directors.

Article 27 - The Executive Board shall meet when convened by the Chief Executive Officer of the corporation, with a quorum representing the majority of Board members.

Paragraph 1 – The decisions of the Executive Board are taken on a majority vote of its members present, the Chief Executive Officer, in addition to his own vote, having the casting vote.

Paragraph 2 – All Executive Board resolutions shall be included in minutes drafted to the respective register of the minutes of the Executive Board and signed by the Officers present.

Article 28 – Conditional on the legal and statutory authorities, it shall be incumbent on the Chief Executive Officer of the corporation to represent the corporation in both judicial and extra-judicial forums.

Paragraph 1 - The corporation shall always be represented in acts which involve financial responsibility or the exoneration of third parties from liability, (i) by the joint signatures of 2 (two) Officers, (ii) by the joint signatures of 1 (one) Officer and 1 (one) attorney-in-fact, (iii) by the joint signatures of 2 (two) attorneys-in-fact, in compliance with the levels of authority approved and delegated by the Executive Board in a power of attorney, and (iv) by the single signature of 1 (one) Officer, conditional on being expressly and specifically authorized by the Board of Directors to sign given documents, pursuant to the minutes of the Meeting of the Board of Directors.

Paragraph 2 – All powers of attorney shall be granted by the Chief Executive Officer jointly with another Officer, through a power of attorney with specific powers and duration, except in the cases of powers of attorney with an “*ad judicium*” clause, in which case the duration can be indeterminate, through a public or private instrument. Any of the Officers or attorneys-in-fact may, in isolation, represent, actively or passively, the corporation in court or before government offices in regular acts of the corporation.

Paragraph 3 – The Officers may not commit the corporation to business outside the scope of its corporate objective and may not commit the corporation to financing, sureties, endorsements (‘avals’) or guarantees as favors or unrelated to the businesses of the corporation or companies controlled or affiliated to the corporation.

ARTICLE 29 – The meetings of the Executive Board may be conducted by conference call, video conferencing or any other means of communication which allowing the Officer to be identified and permitting simultaneous communication with all the other persons present at the meeting. Absent Officers may also delegate their vote to other Officers.

Paragraph 1 - The Officers who participate in the meeting in the manner described above shall be deemed present for all intents and purposes, the signature on the respective minutes sent by facsimile or other electronic means deemed valid, a copy being filed at the corporation’s registered offices together with the signed original of the minutes.

Paragraph 2 - The prior convening of the meeting may be waived only if all the members of the Executive Board are present.

FISCAL COUNCIL

Article 30 – Pursuant to the legal provisions, the Fiscal Council shall be made up of 3 (three) to 5 (five) effective members and an equal number of alternates, with a term of office of 1 (one) year, elected by the Annual General Meeting, members being eligible for reelection.

Paragraph 1 – The Annual General Meeting shall establish the remuneration of the members of the Fiscal Council.

Paragraph 2 – One of the members of the Fiscal Council and his respective alternate shall be elected by the minority shareholders and another by the holders of the preferred shares pursuant to Law 6.404/76.

Article 31 – In the event of the position of an effective member becoming vacant or in the event of a member's incapacity, the respective alternate shall be called on to substitute the member in question.

Article 32 – The duties of the Fiscal Council are established in law and the Council shall be permanently installed.

RESPONSIBILITY OF MANAGEMENT

Article 33 - The corporation shall ensure its Officers, Members of the Board of Directors, Fiscal Councilors and employees or staff with powers delegated to them by management, receive technical juridical defense in judicial and administrative actions triggered by facts arising from or acts practiced in the course of exercising legal or institutional duties on behalf of the company.

Paragraph 1 – The guarantee of defense shall be assured event even after the party has for any reason left the post or ceased to exercise the function.

Paragraph 2 – At the discretion of the agent and conditional on there being no conflict of interests, the case for the defense shall be exercised by the corporation's in-house lawyers.

Paragraph 3 – The party may opt to engage his own lawyer, the fees of whom shall hereby be advanced or reimbursed by the corporation, according to guidelines established by the Board of Directors, pursuant to the level of fees practiced by lawyers external to the corporation.

Paragraph 4 – In addition to legal defense costs, the corporation shall bear court costs, emoluments of any nature, administrative expenses and deposits for the posting of bond.

Paragraph 5 – The party that is sentenced or declared responsible where no further appeal is possible, shall be liable to reimburse the corporation for the values disbursed, except when it can be proved that the said party acted in good faith and with the purpose of protecting the social interest.

Paragraph 6 – The provisions of this Article are applicable to the facts which occurred or acts which were practiced as from January 1 2005.

CHAPTER IV

FINANCIAL STATEMENTS AND DISTRIBUTION OF PROFITS

Article 34 – The fiscal year shall begin on January 1 and end on December 31 of each year.

Article 35 – At the end of each fiscal year, the Executive Board shall prepare the following financial statements for the corporation, in accordance with the applicable legal provisions:

- I. balance sheet;
- II. statement of changes in shareholders' equity;
- III. income statement for the fiscal year;
- IV. statement of changes in financial position; and
- V. cash flow statement.

ARTICLE 36 – Jointly with the financial statements for the fiscal year, the Executive Board and the Board of Directors shall present to the Annual General Meeting, a proposal for the allocation of net income for the fiscal year, net of deductions pursuant to Article 190 of Law 6.404/76, as called for in the provision in Paragraph 1 of the said Article, and complying with the following order of priority:

- I. 5% (five percent) for the constitution of the legal reserve which shall not surpass 20% (twenty percent) of the paid-in capital stock;
- II. establishment of a reserve for contingencies, if proposed by the management bodies, pursuant to Article 195 of Law 6.404/76;
- III. of the remaining balance, the mandatory and preferential dividend of 10% (ten percent) paid out annually on the preferred shares, to be prorated equally among them, calculated on the paid-in capital stock for this type of share;
- IV. should the remaining outstanding balance be sufficient, a mandatory dividend of 10% (ten percent) annually to the common shares, to be prorated equally among them, calculated on the paid-in capital stock for this type of share;
- V. should the remaining balance be sufficient, up to 20% (twenty percent) of the net income for the establishment of an investment reserve for expansion of the activities pursuant to Article 2, up to the limit of 10% (ten percent) of the paid-in capital stock; and
- VI. the remaining balance shall be allocated as decided by the General Meeting, contemplating the retentions permitted in law, and, in the case of distribution of this balance to the common and preferred shares, being executed in equal conditions.

Paragraph 1 – The Corporation, as proposed by the Executive Board and by resolution of the Board of Directors, and *ad referendum* of the General Meeting, may raise financial statements for semi-annual, quarterly or lesser periods, at its discretion distributing interim dividends on the basis of these statements.

Paragraph 2 – The Corporation, as proposed by the Executive Board and by resolution of the Board of Directors, and *ad referendum* of the General Meeting, may distribute interim dividends for account of retained profits or a revenue reserve existing in the last annual or semi-annual balance sheet.

Paragraph 3 – It is further incumbent on the Board of Directors, at the proposal of the Executive Board, and *ad referendum* of the General Meeting, to decide at any time as to the payment of interest on shareholders equity, which may be deducted from the total dividends payable pursuant to the prevailing legislation.

CHAPTER V

LIQUIDATION

Article 37 - The corporation shall be liquidated should events occur which are envisaged in law, it being incumbent on the General Meeting to determine the form of liquidation, to appoint a liquidator and to elect the Fiscal Council, which shall be permanently installed for the duration of the period of liquidation.

CHAPTER VI

GENERAL AND TRANSITORY PROVISIONS

Article 38 – With the admission of the Company to the special listing segment denominated Level 1 of BM&FBOVESPA S.A. – Securities, Commodities and Futures Exchange (“BM&FBOVESPA S.A.”) Corporate Governance, the Company, its shareholders, Members of Management and members of the Fiscal Council, when installed, are subject to the provisions of BM&FBOVESPA Corporate Governance Level 1 Listing Regulations (“Level 1 Regulations”).

Article 39 - The events omitted in these Bylaws shall be resolved by the General Meeting and regulated pursuant to the precepts of Law 6.404/76.

Article 40 - The corporation shall comply with shareholders’ agreements filed at its registered offices, the registration of share transfers and the computation of votes cast in a General Meeting or in a meeting of the Board of Directors contrary to the terms of the said shareholders’ agreements not being permitted.

Article 41 - The corporation shall maintain a complementary Pension Plan for its employees.

Article 42 – Pursuant to Article 45 of Law 6.404/76, it is hereby established that the exercising of withdrawal rights by shareholders dissenting from resolutions taken at meetings, in the cases provided in law, shall be executed through reimbursement, calculated in accordance with the economic value of the corporation based on an evaluation undertaken by experts or specialized companies, the appointment of which shall be incumbent on the Board of Directors, *ad referendum* of the General Meeting.

Paragraph 1 – The calculation criteria and methodology to be employed for calculating the economic value of the corporation shall be determined by the specialized company that undertakes

the evaluation. It shall be incumbent on the General Meeting to approve the corresponding evaluation report on the corporation.

Paragraph 2 – The payment of the reimbursement shall be effected in accordance with the resolution of the General Meeting, in up to 6 (six) monthly and consecutive installments, the first maturing 30 (thirty) days after the date of approval of the evaluation report by the General Meeting.

Paragraph 3 – Each installment due from the corporation, in the form of a reimbursement, shall be subject to monthly interest of 0.5% and monetary restatement based on the General Price Index – Market (IGP-M), as published by the Getúlio Vargas Foundation or, in the event of extinguishment or legal impossibility of its application, according to any other index that may eventually replace it.

Article 43 – The term of office of 1 (one) year pursuant to Article 18 of these Bylaws shall be applicable to the Directors elected in a separate vote by the employees and by the holders of preferred shares only as from the Annual General Meeting held in 2008.

Article 44 - The NEW CONTROLLING SHAREHOLDER, thus deemed the incumbent shareholder of the CONTROLLING BLOCK identified in item (c) of the introduction to the corporation's Share Purchase Contract, signed on July 26 2006, pursuant to (i) the Notice SF/001/2006; (ii) the corporation's Share Purchase Contract; (iii) the Concession Contracts 059/2001 and 143/2001, both signed on June 20 2001; and (iv) ANEEL's Authorization Resolution 642 of July 25 2006; and its eventual successors, on any account, including as a result of eventual subsequent assignment and transfer of shares comprising the CONTROLLING BLOCK, are obliged jointly and severally, irrevocably and unreservedly, without derogating from compliance with the specific legal norms and regulations, to adhere to and comply cumulatively with the duties and conditions established in each one of the instruments mentioned in items "i", "ii", "iii" and "iv" above, exercising to this end, if necessary, their voting rights as controlling shareholder in the corporation's General Meetings.

Sole Paragraph – Among the said duties, are herein transcribed merely by way of example some of those enshrined in item 5.3 of Notice SF/001/2006 as follows: (i) to submit for prior approval of ANEEL any alterations that may imply direct or indirect transfers or changes of ownership of the corporation's CONTROLLING BLOCK; (ii) to maintain the corporation as a joint stock company for the entire duration of the concession period, its shares to be negotiable on the Stock Exchange; (iii) to guarantee that 1 (one) member of the Board of Directors is elected by its employees should the shares of the latter be insufficient to ensure this election according to Brazilian corporate law; (iv) to maintain the corporation's registered offices in the state of São Paulo; and (v) pursuant to the law, to guarantee to officers, directors, fiscal councilors and employees or staff of the corporation that have been delegated powers to act by management, access to the corporation's documents, preserving them for the legally required periods, allowing their use, whenever needed for supporting the defense case in the event of eventual legal and administrative actions centered on facts arising from, or acts practiced in, the exercising of their legal or institutional functions.

THESE BYLAWS WERE APPROVED BY THE GENERAL MEETING FOR CONSTITUTION OF THE CORPORATION ON FEBRUARY 4, 1999, RECEIVING THE CORPORATION IDENTIFICATION NUMBER (NIRE) 353.00.170.571 ON FEBRUARY 22, 1999.

AMENDMENTS

EGM OF 03/30/1999 – FILED AT JUCESP UNDER NUMBER. 101.243/99-06 -06/24/1999
EGM OF 08/31/1999 – FILED AT JUCESP UNDER NUMBER. 153.531/99-0 –09/10/1999
EGM OF 10/28/1999 – FILED AT JUCESP UNDER NUMBER. 198.734/99-2 –11/10/1999
E/AGM OF 04/26/2000 – FILED AT JUCESP UNDER NUMBER. 85.714/00-8 -05/15/2000
EGM OF 10/31/2001 – FILED AT JUCESP UNDER NUMBER. 229.724/010-2 – 11/14/2001
EGM OF 12/19/2002 – FILED AT JUCESP UNDER NUMBER. 284.219/02-02 – 12/27/2002
E/AGM OF 04/25/2005 – FILED AT JUCESP UNDER NUMBER. 128.270/05-6 – 05/04/2005
EGM OF 02/02/2006 – FILED AT JUCESP UNDER NUMBER. 51.659/06-2 – 02/14/2006
EGM OF 08/14/2006 – FILED AT JUCESP UNDER NUMBER. 223.786/06-8 – 08/17/2006
EGM OF 07/12/2007 – FILED AT JUCESP UNDER NUMBER. 261.587/07-9 – 07/24/2007
EGM OF 07/18/2008 –FILED AT JUCESP UNDER NUMBER. 238.317/08-0 – 07/23/2008

E/AGM OF 04/15/2009 – FILED AT JUCESP UNDER NUMBER 136.769/09-3 – 04/22/2009

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