

Audit Committee – Charter

These Charter set forth the membership, procedures and duties of Copel’s Audit Committee, pursuant to *Sarbanes-Oxley Act*, approved by the Company’s Board of Directors, on May 19, 2005.

I- Membership

1. Copel’s Audit Committee duties extend to its wholly-owned subsidiaries, controlled companies, and consolidated associated companies.
2. The Committee is a permanent independent body of advisory nature, responsible for the revision and supervision of (i) financial and accounting reports presentation processes; (ii) internal control processes and risk management; and (iii) internal auditors’ duties and independent external audits.
3. The Committee reports to the Board of Directors (“Board of Directors”) and will be composed by at least 3 members elected by the Board of Directors among its peers; one member of the Committee shall be appointed President. The Committee may also include a “Financial Expert”.
 - 3.1. The Committee member’s duties are undelegable.
 - 3.2 In the event of a vacancy in the Committee, including the hypothesis in item 4.1 below, the Board of Directors will appoint a substitute member within 30 days.
4. The Committee member’s term of office is 2 years; the end of this mandate will always correspond to the end of the Board of Directors’ term of office. Reelection is allowed for four consecutive terms of office.
 - 4.1. The Board of Directors shall, at any time, dismiss any member of the Committee, should his or her independence be affected by any conflict of interest or potential conflict of interest.
5. The election of the Committee’s members will be deliberated at the Board of Directors’ meeting in which the election of the Company’s Executive Office is approved.
 - 5.1 The Committee imposes some membership restrictions. Therefore one shall not be eligible if in the past twelve months he or she:
 - a. (i) was an Executive Officer in the Company, its wholly-owned subsidiaries, controlled companies or consolidate associated companies; (ii) served as technician in charge, Officer, manager, supervisor, or any other managerial function in the independent audit of the Company , its wholly-owned subsidiaries, controlled companies and consolidated associated companies; (iii) directly or indirectly holds shares corresponding to more than ten percent of the Company’s voting capital;
 - b. is a spouse, child, parent, relative or kin of any sort of a person referred to in letter “a” above;
 - c. is a member of the Board of Directors in conflict of interest situations or potential conflict of interest situations which may affect his or her independence.
6. Members of the Committee are expressly forbidden to directly or indirectly receive any kind of payment from the Company, its wholly-owned subsidiaries, controlled companies, consolidated associated companies, except for their remuneration as Committee members or fixed amounts related to retirement plans not associated to the continuity of the services.

7. Members of the Audit Committee shall only be appointed “Financial Experts”, if they accumulate: (i) knowledge of the accounting principles usually accepted in Brazil; (ii) the ability to apply these principles to the provisions and reserves accounting; (iii) experience in financial statement drawing up, auditing, analysis or evaluation whose content and complexity similar to Copel’s or experience in the active supervision of these activities; and (iv) the knowledge of rules and procedures referring to internal controls used in the preparation of financial statements and (v) knowledge of the attributions and procedures of the Audit Committee.

7.1. The knowledge mentioned in item 7 must have been acquired academically and also through verifiable professional experience in one of the following areas: (i) accounting; (ii) auditing or (iii) financial management; as a Chief Financial Officer, head of accounting, controller, accountant or auditor; or through experience in one or more positions that involve similar activities; or experience in the active supervision of a Chief Financial Officer, head of accounting, controller, accountant or auditor, or person developing similar activities; or experience in the supervision or evaluation of a Company’s performance or accountants in relation to the drafting, auditing or evaluation of financial statements; or other relevant experiences.

8. The Board of Directors shall establish the fee for the members of the Board, as well as the budget allocated to cover its operating expenses, which may include a provision for hiring external consultants to assist the Committee in the undertaking of its duties.

II- Procedures

9. The committee shall meet at least six times a year at the call of its Chairman; the Call Notice shall include the meeting’s agenda.

9.1. The majority of the Committee’s members will constitute quorum for resolutions.

9.2. In addition to the ordinary meetings held every quarter, the Committee will schedule meetings with the Company’s Officers, independent auditors and internal audit to oversee the implementation of its recommendations or to clarify any questions they may have, including those concerning audit planning and adjustments of the necessary resources, as well as any other subject considered relevant.

9.3. The Committee will meet with any Officer or member of the independent audit, internal audit or Fiscal Council whenever deemed necessary.

10. Upon the consent of the majority of its members, the Committee is empowered to call any employee or manager for clarifications by means of a written notice sent within at least two days to the CEO and/or the Officer responsible for the area where the employee or manager belongs.

11. The Committee’s meetings minutes shall be drawn up.

11.1. Copies of the minutes will be distributed to the participants and to the Committee’s members and sent to the Chairman of the Board, the CEO and, when appropriate, to the other Officers, and filed in the area responsible for assisting the Company’s Executive Office.

III- Duties

12. It is the Committee's duty to oversee (i) the quality and integrity of the Company's financial statements; (ii) the compliance with legal and regulatory requirements; (iii) the performance, independence and quality of the Independent Audit company hired to issue opinion on the financial statements; (iv) the internal audit's performance and quality; and (v) the quality and efficiency of internal control and risk management systems. Thus, the Committee is in charge of the following tasks:
 - a. establish a series of procedures necessary to attain its goals.
 - b. participate in the Company's independent audit service hiring process, giving an opinion on the payment and the eventual substitution, and consenting prior approval to the hiring of independent audit of consolidated companies in Copel's accounting statements;
 - c. revise the Company's yearly and quarterly financial statements , as well as notes, management reports, and opinions of the independent audit company and the Fiscal Council, prior to their publication;
 - d. supervise the work of the internal audit and independent audit company, in order to evaluate its effectiveness and verify their compliance with the law, regulations and bylaws;
 - e. monitor the hiring of employees and service providers who had been part of the staff of the independent audit company which provides or has provided audit services to the Company in the past twelve months;
 - f. annually revise and give the Board of Directors suggestions on the hiring policy for other services that may be provided by the independent audit company auditing the Company's financial statement, and a list of these services, approved in advance by the Committee;
 - g. suggest to Copel's Board of Directors the implementation and promotion of internal disclosure of the procedures for the reception and treatment of information on relevant mistakes and frauds related to accounting, auditing and internal controls and on failure to comply with legal devices, regulations, and internal rules, establishing specific procedures to protect reporters as well as their anonymity and information confidentiality;
 - h. recommend the Board the correction or improvement of policies, practices, and procedures established within the Committee's scope of duties;
 - i. verify the implementation of the recommendations made by the independent audit company, Copel's internal audit and the Committee itself;
 - j. hold annual discussions with the independent audit company about the report on: (i) the Company's internal quality control procedures; (ii) its independence; (iii) peer quality review; (iv) government authorities and regulators' questioning; and (v) the relationship between this independent audit company and the Company;
 - k. revise the major policies, practices and accounting principles adopted by Copel in the financial statement preparation, including any meaningful changes in the application or selection of such policies, practices and principles yearly;
 - l. review alternative accounting treatments annually in the light of the generally accepted accounting principles applicable to financial information, including of balance sheet arrangements and pro forma or

- adjusted information, its effects on financial statements and the criteria used to disseminate them , in addition to the accounting treatment eventually recommended by the independent audit company;
- m. establish arbitration mechanisms and solve any conflict between the independent audit Company, the Board of Directors and Copel's Executive Office;
 - n. review, jointly with the Executive Office, internal audit and independent audit company, the scope, the work planning, and the staff allocated to undertake the job;
 - o. oversee the performance, organization, responsibilities planning, results, budgets, and the qualification of the internal audit staff;
 - p. recommend the substitution of the person in charge of the Company's internal audit;
 - q. discuss with the Executive Office any relevant government or regulatory questioning or monitoring , including pending processes related to the auditing process and the measures adopted to amend them;
 - r. meet with the Board of Directors, the Fiscal Council, and the Executive Office, at their call or on the Committee's own initiative, in order to discuss policies, practices and procedures related to the Committee's responsibilities;
 - s. review the Company's risk evaluation and management policies yearly;
 - t. report on the work developed and give an account of the main facts, through its Chairman to the Board of Directors and the Fiscal Council in the meetings that appreciate financial statements;
 - u. follow the Government Agencies supervision and monitoring; and
 - v. execution of duties and any other acts deemed necessary to fulfill its responsibilities.
13. The Committee may hire or request the hiring of external experts, and follow such process, ensuring the work integrity and confidentiality.
- 13.1 The work of external consultants does not exempt the Committee of its responsibilities.
14. The Committee must, individually or jointly with an independent audit company hired by the Company, formally inform the Company's Management Bodies of within a maximum of 3 business-days the identification, existence or evidences of: (i) failure to comply with legal and regulatory rules, which put Copel's business continuity or its wholly-owned subsidiaries at risk; (ii) frauds of any kind perpetrated by the management; (iii) relevant frauds perpetrated by employees or third parties; and (iv) oversights which result in relevant mistakes in financial statements.
15. The Committee will be regularly provided with reports issued by the independent audit company and by the internal audit, in compliance with the procedures adopted and with the law and regulations.
16. In the supervision of risk management and internal control systems, the Committee will evaluate: (i) the efficiency in resource usage and in the establishment of controls that protect the Company against eventual losses in view of the risks of its respective activities; (ii) the issuance of reports on the appropriateness of the information and decision-making processes; and (iii) the compliance of the Company's operations and businesses with the legislation, regulations and its respective policies.

17. In the semesters finishing on June 30 and December 31, the Committee will prepare the “Audit Committee Report”, containing the following information: (i) its activities in the period, including the analysis of these activities’ efficiency; (ii) evaluation of the efficiency of risk management and internal control systems and, pointing out possible deficiencies; (iii) description of the recommendations presented to the Executive Office, highlighting the ones which were not incorporated and their respective justifications; (iv) evaluation of the independent audit company and the internal audit effectiveness , verifying if their work has been undertaken in compliance with the law , the regulation and the Company’s bylaws, highlighting possible deficiencies; and (v) evaluation of financial statements, focusing on the compliance with the Brazilian generally accepted accounting principles and on the fulfillment of ANEEL and ANATEL’s requirements, highlighting possible deficiencies.
18. The summary of the “Audit Committee Report” will be published along with the Company’s financial statements and will contain its main information.
19. The “Audit Committee Report” will be available for the Board of Directors and the Fiscal Council for the at least a 5-year period counting from its conclusion.